

# Overview:

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## Fiscal and Budgetary Actions

North Carolina General Assembly  
1993 Session

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

Raleigh, N.C.



# **OVERVIEW:**

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## **FISCAL AND BUDGETARY ACTIONS**

**NORTH CAROLINA GENERAL ASSEMBLY  
1993 SESSION**

**PREPARED BY THE  
FISCAL RESEARCH DIVISION  
OF THE NORTH CAROLINA GENERAL ASSEMBLY**

**RALEIGH, NORTH CAROLINA**





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Department of Administration  
Cultural Resources  
Lieutenant Governor  
Governor's Office  
General Assembly  
Department of Insurance  
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Board of Elections  
Office of Administrative Hearings  
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## 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.

**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).

**Continuation Budget:** The part of the State budget necessary to continue the current level of services when adjusted for inflation, mandated rate increases such as Social Security, annualization of programs and operation of new facilities.

**Current Operations:** Cost associated with the daily activity of programs supported by the State, such as salaries, utilities, and travel.

**Disproportionate Share Funds:** Share (DSH) funds are Medicaid payments made to health care providers who deliver services to large numbers of uninsured patients.

**Entitlements:** Payment or benefit granted by law to individuals or political subdivisions (i.e. cities, counties, local districts).

**Expansion Budget:** The part of the budget which provides for new programs, expansion of existing programs, and salary and benefit increases.

**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

## **GLOSSARY (Continued)**

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. 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.

**Non-Recurring:** Term used to denote one-time revenues (windfalls, reversions) or one-time expenditures (grant-in-aid, capital).

**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.

**Recurring:** Term used to denote revenues and expenditures that will be continuing.

**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.

## 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 1993-95 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, and Revenues"; "Federal Block Grants"; "Legislative Actions: General Fund Appropriations"; "Legislative Actions: Highway Fund Appropriations"; "Salaries and Benefits"; "Capital Improvements", "Revenue Bills"; and, "Appendix".

Section One, "Total Budget" summarizes the fiscal actions authorized by the General Assembly for the 1993-95 biennium.

Section Two, "The Economy and Revenues", describes the economic and financial backdrop against which the actions detailed in subsequent sections are conducted.

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.

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

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, "Capital Improvements" provides a departmental listing of capital projects approved during the 1993 Session. It also includes a list of the general obligation bonds which will be allocated accordingly if favored by a majority of the voters in November 1993.

Section Eight, "Revenue Bills" provides a listing of bills authorizing various tax changes. Five-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 1993-95 BIENNIUM

(IN MILLIONS)  
1993 SESSION

1993-94 1994-95

## TOTAL BUDGET

(Includes Operating and Capital  
Appropriations, General Fund, Highway  
Fund, Federal Funds, Prison Bonds,  
Fees, Departmental Receipts, etc.)

\$16,714.8 \$16,538.9

## GENERAL FUND

Operating	8,674.1	8,779.5
Local Governments Shared Revenues/ Reimbursements	236.8	236.8
Pay Day Restoration	214.2	-
Capital Improvements - Appropriations	109.0	-
Capital Improvements - Repair/Renovations Reserve	57.0	-
<b>Total</b>	<b>9,291.1</b>	<b>9,016.3</b>

## PRISON BONDS

87.5 -

## HIGHWAY FUND

975.6 951.7

## HIGHWAY TRUST FUND\*

387.7 \* 409.4 \*

## FEDERAL FUNDS

4,516.4 4,727.5

## DEPARTMENTAL RECEIPTS

(tuition fees {University, Community  
College}, patient fees, licenses, fines,  
other dedicated receipts)

1,456.5 1,434.0

\*Does not include Transfer to General Fund.

# **SUMMARY OF THE BUDGET 1993-95 BIENNIUM**

(IN MILLIONS)  
1993 SESSION

	1993-94	1994-95
<b>GENERAL FUND TAX REVENUES</b>	<b>\$8,238.8</b>	<b>\$8,775.6</b>
% Increase		
Economic Base *	6.2	6.5
Real Economic Growth	2.7	3.0
Inflation	3.5	3.5

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

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

	<i>Actual</i>	<i>Economic Base*</i>
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
1991-92	9.7	5.3
1992-93	6.1	7.0

<b>HIGHWAY FUND REVENUES</b>	<b>\$944.6</b>	<b>\$961.3</b>
% Increase	0.3%	1.8%

# SUMMARY OF APPROPRIATIONS GENERAL FUND AND HIGHWAY FUND

	1993-94	1994-95
Senate Bill 27, Chapter 321 "Continuation and Expansion Budget Appropriations for Current Operations..."		
General Fund		
Sec. 3 Current Operations	\$9,025,073,307	\$9,01,344,686
Highway Fund		
Sec. 4 Maintenance and Operations	958,703,093	951,700,000
Highway Trust Fund		
Sec. 5	557,700,000	579,400,000

## Senate Bill 26, Chapter 561 "Capital Improvements"

General Fund		
Sec. 4 Capital Improvements	\$102,486,790	0
Sec. 6 Nonrecurring Appropriations	106,537,599	0
Highway Fund		
Sec. 5 Capital Improvements	\$16,927,100	0

## Senate Bill 14, Chapter 542 "Education, Clean Water, and Parks Bond Act of 1993."

Subject to Vote of the People	\$740,000,000
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The following pages identify House and Senate Bills which were incorporated into the bills listed above.

# **BILLS INCORPORATED INTO SB 26 (CHAPTER 561)**

<u>S-Bill</u>	<u>Legislator</u>	<u>H-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
S 0039	Speed	H 0034	Agric Education Dept Transfer Funds	200,000	0	
S 0135	Martin, W		Clarify Correction Enterprises	0	0	S 76
S 0310	Martin, W.		GPAC/Employee Classification/Fund	0	0	S 24
S 0333	Martin, R.		Rural Economic Development Center/OIC's	75,000	0	
S 0426	Martin, W.	H 0295	Golf Course Funds, Indian Cultural Center	750,000	0	
S 0449	Warren	H 0255	Teacher Training Task Force	10,000	0	
S 0454	Seymour	H 0475	Adoption Resources Center—Children's Home Society	500,000	0	
S 0471	Seymour	H 0425	Piedmont Triad Regional Water Authority	500,000	0	
S 0486	Martin, R.	H 0477	Eastern Ag. Center Funds	3,400,000	0	
S 0503	Perdue	H 0479	Rural Economic Development	2,250,000	0	
S 0530	Plyler	H 0655	Agriculture Medical Waste Funds (Gov.'s Recommendations)	712,900	0	
S 0553	Daniel	H 0260	Piedmont Agricultural Center	4,400,000	0	
S 0556	Hoyle	H 0478	NC Housing Trust Fund	2,500,000	0	
S 0567	Lee	H 0597	Carrboro Farmers Market	236,000	0	
S 0713	Kerr	H 1229	Wayne County Forestry Bldg./Eq Shed	162,500	0	
S 0814	Daniel		Repairs/Renovation Reserve	57,000,000	0	Also SB 27
S 0827	Perdue	H 0512	UNC Infection Control Fund	75,000	0	
S 0835	Hunt	H 0871	Minority/Women Contract Study	950,000	0	
S 0850	Plyler		Stanly County Airport Authority	275,000	0	
S 0858	Lee	H 0846	Chinqua Penn Funds-Planning for re-opening	75,000	0	
S 0869	Plyler	H 0979	Master Application/Business License Office	350,000	0	
S 0888	Tally	H 1186	State Veterans Home	3,000,000	0	S 31
S 0926	Ballance	H 1159	Regulate Hog Operations Study	15,000	0	
S 0926	Ballance	H 1159	Regulate Hog Operations (Study only funded)	85,000	0	
S 1004	Soles	H 1255	Columbus Co. Gas Line Funds	1,000,000	0	
S 1014	Plexico	H 0916	WCU MCNC Link-Capital (equipment) Incorporated into H1422	0	0	
S 1049	Parnell	H 0146	Park Land Acquisition Funds	2,100,000	0	
S 1069	Shaw		Child Protective Services (Grant Moses Cone Hospital)	60,000	0	
S 1100	Walker		Office of State Personnel Funds	0	0	S 24
S 1106	Conder	H 1259	ECU Minges Coliseum Funds	2,500,000	0	
S 1120	Edwards	H 1246	Process Leadership Program Funds at Fayetteville State	50,000	0	
S 1137	Gulley	H 1334	Expansion of Computerized Linkage	750,000	0	
S 1138	Lee		UNC CH Bicennennial Funds	250,000	0	
S 1170	Perdue	H 1415	Water Resources Development Funds	9,088,000	0	

# **BILLS INCORPORATED INTO SB 26 (CHAPTER 561)**

<u>S-Bill</u>	<u>Legislator</u>	<u>H-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
S 1173	Parnell	H 1376	Construct Southeastern Farmers' Market/Ag. Center	2,500,000	0	
S 1177	Winner, D.	H 1427	Arboretum Funds	2,000,000	0	
S 1183	Speed	H 1387	Mycotoxin Analyses/Research	160,000	0	
S 1191	Cochrane		Davidson Forestry Funds	231,700	0	
S 1217	Winner, D.		UNC Asheville Land Purchase	2,000,000	0	
S 1219	Odom	H 1366	SBI Complex Funds (Lab only funded)	18,600,000	0	
S 1239	Odom		National Guard Armory Funds	524,700	0	
S 1240	Odom		Aerial Reserve Equipment Funds	275,000	0	
S 1247	Sherron		World Trade Center	100,000	0	
S 1258	Daniel		NCSU Centennial Center Matching	5,000,000	0	
S 1294	Daniel	H 0510	Museum of Albemarle Construction	1,000,000	0	S 35
<u>H-Bill</u>	<u>Legislator</u>	<u>S-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
H 0034	James	S 0039	Agric Education Dept Transfer Funds	200,000	0	
H 0063	James		Tidewater Research/Ext. Center-Greenhouses/headhouses	500,000	0	
H 0064	James		Ag. Ext. program at NCSU-Transfer College between colleges	200,000	0	
H 0146	DeVane	S 1049	Park land Acquisition Funds	2,100,000	0	
H 0226	Brown, D.		Eradicate Hydrilla In Lake Gaston (Use Water Res. Funds)	0	0	
H 0255	Barnes	S 0449	Teacher Training Task Force	10,000	0	
H 0260	Bowman	S 0553	Piedmont Agricultural Center	4,400,000	0	
H 0295	Sutton	S 0426	Golf Course Funds, Indian Cultural Center	750,000	0	
H 0425	Gist	S 0471	Piedmont Triad Regional Water Authority	500,000	0	
H 0475	Miller	S 0454	Adoption Resources Center—Children's Home Society	500,000	0	
H 0477	Rogers	S 0486	Eastern Ag. Ctr Funds (received \$300,000 Planning last yr)	3,400,000	0	
H 0478	Hunter, H.	S 0556	NC Housing Trust Fund	2,500,000	0	
H 0479	Hunter, H.	S 0503	Rural Economic Development	2,250,000	0	
H 0510	James	S 1294	Museum of Albemarle Construction	1,000,000	0	S 35
H 0512	Nye	S 0827	UNC Infection Control Funds	75,000	0	
H 0526	Redwine		Farm Loan Reserve Interest Use	0	0	S 97
H 0527	Redwine		Farm Loan Reserve Fund	1,000,000	0	
H 0531	Robinson		Caldwell Comm College—Truck Driver Training Range	50,000	0	
H 0597	Hackney	S 0567	Carrboro Farmers Market	236,000	0	
H 0655	Bowen	S 0530	Agriculture Medical Waste Funds (Gov's Recommendation)	712,900	0	

# **BILLS INCORPORATED INTO SB 26 (CHAPTER 561)**

<u>H-Bill</u>	<u>Legislator</u>	<u>S-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
H 0660	Gist		A&T Agric Research Funds	500,000	0	
H 0777	Michaux		Credit for Prior Year Safekeepers Payments	0	0	S 74
H 0789	Rogers		Terrell Bldg. Renovations-UNC CH	496,000	0	
H 0846	Cole	S 0858	Chinqua Penn Funds—Planning for re-opening	75,000	0	
H 0871	Michaux	S 0835	Minority/Women Contract Study	950,000	0	
H 0878	Luebke		Falls Lake Watershed Study	150,000	0	
H 0916	Ramsey	S 1014	WCU MCNC Link-Capital (equipment) Incorporated into H1422	0	0	
H 0979	Redwine	S 0869	Master Application/Business License Office	350,000	0	
H 1159	Hunter, H.	S 0926	Regulate Hog Operations Study	15,000	0	
H 1159	Hunter, H.	S 0926	Regulate Hog Operations (Study only funded)	85,000	0	
H 1170	Redwine		NCSU-Turfgrass research	250,000	0	
H 1182	Ramsey		Graham County Forestry Funds (Bldg.)	89,000	0	
H 1186	Kinney	S 0888	State Veterans Home	3,000,000	0	S 31
H 1192	Nesbitt		School Technology Funds	5,000,000	0	
H 1214	Hunter, H.		Economic Development	3,025,000	0	
H 1218	Bowen		Southeastern Agricultural (reallocation)	0	0	S 96
H 1223	Rogers		Somerset Place-Reconstruction	300,000	0	
H 1228	Nye		Future Farmers Funds	300,000	0	S 60
H 1229	Baddour	S 0713	Wayne County Forestry Bldg/Eq Shed	162,500	0	
H 1234	Holt		Child Care Resources-Referral Funds	500,000	0	
H 1246	Richardson	S 1120	Process Leadership Program Funds at Fayetteville State	50,000	0	
H 1252	Gottovi		NC Clean Water Funds	0	0	S 23
H 1255	Hill	S 1004	Columbus Co. Gas Line Funds	1,000,000	0	
H 1258	Redwine		Beaver Control Program/Funds	146,000	0	S 111
H 1259	Redwine	S 1106	ECU Minges Coliseum Funds	2,500,000	0	
H 1269	Holt		Displaced Homemaker Funds	375,000	0	
H 1271	Preston, J.		NC Board of Health Funds	0	0	S 108
H 1280	Nye		Parent Volunteer Grant Funds	100,000	0	
H 1281	Nye		Senior Centers' Maintenance/Renovation/Upkeep (\$10,000 ea.)	100,000	0	
H 1294	Arnold		Rocky Mt. Farmers's Market Fund Reallocation	0	0	S 94
H 1296	Green		Blind at-risk Children at Gov Morehead School	300,000	0	



# **BILLS INCORPORATED INTO SB 26 (CHAPTER 561)**

<u>H-Bill</u>	<u>Legislator</u>	<u>S-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
H 1297	Hunter, H.		Biotechnology Initiative Funds for Black Colleges/Univ.	1,000,000	0	
H 1298	Hunter, H.		Development Banking Funds	1,000,000	0	
H 1315	Kuczmariski		Cued Speech Center, Wake County	95,000	0	
H 1316	Kuczmariski	S 1024	Baille Literacy/Establish Resource Center	300,000	0	
H 1322	Bowman		Alamance Dispute Settlement Center	5,000	0	
H 1325	Nesblitt		Construct new wing for voc/ed/recreation-Women's unit at BM	0	0	S 75b
H 1329	Baddour		Classification/Compensation Study	0	0	S 24
H 1334	Bowman		Expansion of Computerized Linkage	750,000	0	
H 1339	Fussell		Senior Citizens Grants (See HB 1281)	0	0	
H 1340	Miller, G.		Microelectronics Center ATM Networking Technology	2,000,000	0	S 101
H 1348	DeVane		Cotton promotion Funds Appropriation (GS 106-435)	0	0	S 95
H 1350	Baddour		Parent-Child Centers (Headstart Program)	1,100,000	0	
H 1354	Holt		Sheltered Workshops Capital Needs	500,000	0	
H 1366	Diamont	S 1219	SBI Complex Funds (Lab only funded)	18,600,000	0	
H 1367	Nesbitt		WNC Farmers Market-Truck Shed & Wholesale Bldg. Addition	697,415	0	
H 1368	Nesbitt		Western Ag Center-Covered show-ring/parking area/etc.	2,580,000	0	
H 1369	Nesbitt		Fletcher Crop Station Capital	258,000	0	
H 1374	Cummings		Historic Sites (Local) Preservation	1,000,000	0	S 36
H 1376	DeVane	S 1173	Construct Southeastern Farmers' Mkt/Ag Center	2,500,000	0	
H 1380	Hunter, R.		NC Court Commission	54,438	0	
H 1383	Jenkins		Rural Tourism Development	200,000	0	
H 1387	James	S 1183	Mycotoxin Analyses/Research	160,000	0	
H 1405	Warner		Law Officers' Hall of Fame	45,000	0	
H 1415	Gottovi	S 1170	Water Resources Development Funds	9,088,000	0	
H 1418	Richardson		Juvenile Justice Pilot Project	30,000	0	
H 1420	Hunter, H.		Child Care Loans/Funds	500,000	0	
H 1422	DeVane		MCNC Network to Campuses	2,118,000	0	S 6
H 1427	Colton	S 1177	Arboretum Funds	2,000,000	0	
H 1437	Crawford		Western NC Genetic Center	355,000	0	Also SB 27
H 1440	McAllister		Minority Bond Pilot Program	0	0	S 39

# **BILLS INCORPORATED INTO SB 27 (CHAPTER 321)**

<u>S-Bill</u>	<u>Legislator</u>	<u>H-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
S 0003	Daniel		Caring for Children (Health Insurance)	500,000	500,000	
S 0006	Daniel	H 1232	Rural/Primary Care Initiatives	2,160,000	2,160,000	
S 0006	Daniel	H 1232	Rural/Primary Care Initiatives	2,100,000	2,100,000	S 101.3
S 0047	Albertson	H 0073	Inmate Incentive Pay (from \$1 to \$3 per hour)	0	0	S 175
S 0048	Perdue	H 0134	Local Financial Security	0	0	S 26
S 0072	Parnell	H 0086	Hazardous Materials Emergency Response	2,639,818	948,343	
S 0080	Plexico	H 0009	Independent Living Program (Expand to statewide)	554,000	1,243,392	
S 0098	Perdue		Shellfish Enhancement Program	240,149	127,962	
S 0104	Plyler	H 0108	Cancer Control Program	100,000	100,000	
S 0105	Plyler	H 0109	Cancer Control Program Eligibility Expansion	1,450,000	1,664,000	
S 0134	Martin, W.	H 0306	UNC Inventory GPAC	0	0	S 76
S 0144	Martin, W.	H 0306	State Surplus Management System Implementation	60,000	0	
S 0156	Plexico	H 0119	WCU-Mountain Aquaculture Funds	200,000	200,000	S 96
S 0180	Winner, D.		Emergency Judges' Per Diem	0	0	S 200.3
S 0197	Warren	H 0212	ECU Med School Receipts	0	0	S 87
S 0197	Warren	H 0264	ECU Medical School Receipts use	0	0	S 87
S 0209	Martin, W.	H 0375	ICF/MR Reimbursement Methodology Changed	0	0	
S 0224	Plexico	H 0106	Establish Need-Based Cytotechnology Scholarships	0	0	S 101.4
S 0226	Plexico	H 0128	Cancer Control Advisory Funds	75,000	75,000	
S 0239	Martin, W.	H 0299	Integrated Tax Admin. GPAC	0	0	
S 0240	Martin, W.	H 0301	Consolidate Community Correction Programs	0	0	S 178.1
S 0243	Martin, W.	H 0274	Prison Consolidation	0	0	S 177
S 0244	Martin, W.	H 0369	Marine Affairs to DEHNR GPAC	0	0	S 28
S 0253	Martin, W.	H 0330	Strategic Planning Process GPAC	0	0	
S 0254	Speed	H 0197	Tobacco Farm Life Museum Grant-in-aid	15,000	0	
S 0260	Martin, W.	H 0330	GPAC/Capital Budget Process	0	0	
S 0261	Martin, W.	H 0330	Program Budgeting GPAC	0	0	
S 0268	Martin, W.	H 0299	Revenue-End In-Person Assistance GPAC	0	0	S 44
S 0269	Martin, W.	H 0299	Revenue Office Consolidation GPAC	0	0	S 44
S 0270	Martin, W.	H 0315	Community Colleges Costs GPAC	0	0	
S 0271	Martin, W.	H 0315	Community Colleges Accountability Measures	0	0	
S 0280	Martin, W.	H 0370	MRC Reduction/Community Based	0	0	
S 0281	Martin, W.	H 0370	MRC Downsizing	0	0	
S 0283	Martin, W.	H 0370	Downsized MH Institutions—Shift to Community Based	0	0	

# **BILLS INCORPORATED INTO SB 27 (CHAPTER 321)**

<u>S-Bill</u>	<u>Legislator</u>	<u>H-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
S 0311	Martin, W.	H 0288	GPAC/Annual Employee Survey	0	0	
S 0369	Martin, W.	H 0373	Cultural Resources Security Officers Civilianized GPAC	0	0	S 34
S 0370	Martin, W.	H 0378	Reorganize DPI GPAC	0	0	S 144.1
S 0412	Martin, W.	H 0330	Evaluate Program Results GPAC	0	0	
S 0420	Perdue	H 0259	Seafood Laboratory Program Funds	125,000	125,000	S 99
S 0421	Seymour	H 0348	Grassroots Science Programs-Grants to Museums	450,000	450,000	S 260.2
S 0423	Richardson	H 0350	Emergency Assistance Funds (AFDC)	500,000	500,000	
S 0450	Warren	H 0285	School Admin. Standards Funds	150,000	250,000	
S 0451	Warren	H 0258	School Leadership Academy	150,000	0	
S 0456	Speed	H 0386	Dental Hygienists funds for 3 counties	44,081	44,081	
S 0460	Warren	H 0253	Principal Fellow Funds (Implementation of HB 254)	198,000	1,190,000	
S 0469	Richardson	H 0223	ARC of North Carolina, Inc., for LIFEguardianship Program	35,000	35,000	
S 0494	Cooper	H 0359	Child Fatality Prevention System-establish in 10 counties	112,685	146,987	
S 0503	Perdue	H 0479	Rural Economic Development (Industrial Dev. Fund included)	1,000,000	-	
S 0504	Perdue	H 0294	GPAC/Economic Development	200,000	200,000	
S 0520	Albertson	H 0511	Expand Domestic Markets for Ag. Products (Gov's Rec.)	164,597	155,408	
S 0527	Harris		Increase Retirement Formula/COLA for Retirees (SCS 527)	0	0	
S 0534	Walker	H 0530	Aid to Public Libraries	250,000	250,000	S 38
S 0541	Richardson	H 0628	Early Intervention-EHNR	100,000	200,000	
S 0541	Richardson	H 0628	Early Intervention-DHR	5,751,634	6,257,507	
S 0548	Kerr	H 1261	OSHA Funds (Includes Gov's Recommendation)	939,000	970,620	
S 0573	Odom	H 0444	Diploma Nursing Program	200,000	200,000	S 124.1
S 0605	Seymour	H 0641	Art in State Buildings (Establish Formula/Selection Process)	0	0	
S 0614	Richardson	H 0381	Nurses' Salary Adjustment Fund	892,196	892,196	
S 0615	Odom		Death benefit Date Change	0	0	S 74.2
S 0640	Cooper	H 0482	Fire/Rescue Commission Staff Permitted	0	0	S 41
S 0644	Cooper	H 0722	Early Intervention for Deaf	250,000	274,000	
S 0662	Perdue	H 0676	NCSU Textbook Publication Funds-Humanities Ext. Program	204,000	174,000	
S 0665	Gunter	H 0640	Teacher Assistant Salary Schedule	0	0	S 133
S 0669	Cooper	H 0582	Differentiated Pay Funds	38,827,392	38,827,392	
S 0674	Walker	H 0719	Children's Immunization (Gov's Supplemental Item)	3,500,000	7,200,000	
S 0695	Ballance	H 0738	HIV (Medication for eligible Persons)	350,000	350,000	
S 0745	Sherron		Food Protection Program (Gov's Recommendations)	445,000	509,415	
S 0781	Winner	H 0782	Legal Education Assistance Funds	25,000	0	

# **BILLS INCORPORATED INTO SB 27 (CHAPTER 321)**

<u>S-Bill</u>	<u>Legislator</u>	<u>H-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
S 0810	Daniel		Caswell/Person Court District 9A	261,186	322,883	
S 0814	Daniel		Repairs/Renovation Reserve	57,000,000	0	SB 27/26
S 0815	Daniel		Restore June 30 Pay Day	214,200,000	0	S 21.1
S 0826	Perdue	H 1176	Travel and Tourism Funds (Governor's Recommendations)	1,000,000	500,000	
S 0847	Parnell		Sentencing Commission Extended	0	0	S 200.1
S 0870	Plyler	H 1222	Milk Sanitation Program Funds (Personnel Costs)	183,608	183,608	
S 0896	Odom	H 0931	Indigent Persons' Attorney Fee Fund	0	0	S 195
S 0934	Conder	H 1177	Mental Health Study and Coalition 2001 Plan	9,875,239	9,187,175	
S 0938	Sands	H 1304	Hosiery Technology Center within Comm. College System	0	0	S 116
S 0962	Daniel	H 0388	Legislative Retirement Option	0	0	
S 0964	Walker	H 0725	Community Based Services Expansion, Youth Services	500,000	500,000	
S 0967	Lee	H 0557	Teacher Academies for Training PS Teachers Created	200,000	200,000	S 142
S 0969	Daniel	H 1195	Small and Low-Wealth Schools	13,000,000	13,000,000	
S 0979	Tally	H 1211	Local and State Water Supply/Mgmt Studies, etc.	498,034	474,681	
S 1001	Winner, L.	H 1237	Juvenile Sex Offender Funds (HB 1331 Rep. Baddour)	500,000	500,000	
S 1002	Winner, L.		School Technology Commission	300,000	0	
S 1005	Carpenter		Acquaculture Production In western N.C.—See H119/S156	0	0	S 96
S 1029	Walker	H 0534	Adolescent Parenting Funds—Social Services	300,000	300,000	
S 1029	Walker	H 1217	Infant Mortality Funds	453,000	604,000	
S 1029	Walker	H 1217	Infant Mortality Funds	2,142,889	1,125,000	
S 1038	Odom	H 1233	Harriet's House Funds	200,000	0	
S 1040	Perdue	H 0534	Adolescent Parenting Funds	75,000	75,000	
S 1052	Sherron		Geodetic Survey Funds	50,000	50,000	
S 1085	Walker	H 1328	Data Control Clerks/Computer Sys. analysts—Corp. Div.	117,702	113,500	
S 1086	Walker	H 1377	State Treasurer Office Personnel (Gov's Expansion Recomm.)	693,663	1,161,411	
S 1102	Walker	H 0361	Social Worker Caseload	2,000,000	2,000,000	
S 1104	Walker	H 1414	Crime Control Funds	500,000	0	
S 1107	Martin, R.		Pitt Mediation Center Funds	0	0	S 200.2
S 1109	Walker	H 0535	MH/MR/SA-Trng In Home and Community Living Arrangements	200,000	200,000	
S 1110	Daniel	H 1441	Educational Consortia Funds	600,000	600,000	S 101.2
S 1127	Gunter	H 1308	Public School Access to Learning Link (Public Television)	100,000	100,000	S 100
S 1131	Walker	H 0009	DD Independent Living Funds (See S0080)	0	0	
S 1133	Walker	H 0596	Personal Needs Allowance Increase	200,000	200,000	
S 1205	Perdue	H 1203	School Employees Convert Leave (HCS 1307 Below)	1,000,000	1,000,000	

# **BILLS INCORPORATED INTO SB 27 (CHAPTER 321)**

<u>H-Bill</u>	<u>Legislator</u>	<u>S-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
H 0009	Ramsey	S 0080	Independent Living Program (Expand to statewide)	554,000	1,243,392	
H 0009	Ramsey	S 1131	DD Independent Living Funds	0	0	
H 0063	James		Tidewater Research Personnel	500,000	500,000	S 90
H 0073	Cunningham	S 0047	Inmate Incentive Pay (from \$1 to \$3 per hour)	0	0	S 175
H 0086	Hightower	S 0072	Hazardous Materials Emergency Response	2,639,818	948,343	
H 0106	Dickson	S 0224	Establish Need-Based Cytotechnology Scholarships	0	0	S 101.4
H 0108	Dickson	S 0104	Cancer Control Program	100,000	100,000	
H 0109	Dickson	S 0105	Cancer Control Program Eligibility Expansion	1,450,000	1,664,000	
H 0119	Jenkins	S 0156	WCU-Mountain Aquaculture Funds	200,000	200,000	S 96
H 0128	Bowman	S 0226	Cancer Control Advisory Funds	75,000	75,000	
H 0134	Nesbitt	S 0048	Local Financial Security	0	0	S 26
H 0147	DeVane		State Parks (Funded Architect)	42,000	42,000	
H 0147	DeVane		State Parks (Funded Clerical Staff for Parks)	343,132	525,860	
H 0197	Daughtry	S 0254	Tobacco Farm Life Museum Grant-in-aid	15,000	0	
H 0212	Rogers	S 0197	ECU Med School Receipts	0	0	S 87
H 0223	Fitch	S 0469	ARC of North Carolina, Inc., for LIFEguardianship Program	35,000	35,000	
H 0253	Barnes	S 0460	Principal Fellow Funds (Implementation of HB 254)	198,000	1,190,000	
H 0258	Barnes	S 0451	School Leadership Academy	150,000	0	
H 0259	Smith	S 0420	Seafood Laboratory Program Funds	125,000	125,000	S 99
H 0264	Nesbitt	S 0197	ECU Medical School Receipts Use	0	0	S 87
H 0268	Diamont		Tax Proceeds from Hwy Trust Fund	7,000,000	7,000,000	S 164
H 0274	Diamont	S 0243	Prison Consolidation	0	0	S 177
H 0285	Barnes	S 0450	School Admin. Standards Funds	150,000	250,000	
H 0288	Blue	S 0311	GPAC/Annual Employee Survey	0	0	
H 0294	Barnes	S 0504	GPAC/Economic Development	200,000	200,000	
H 0299	Hensly	S 0239	Integrated Tax Admin GPAC	0	0	
H 0299	Hensly	S 0269	Revenue Office Consolidation GPAC	0	0	S 44
H 0299	Hensly	S 0268	Revenue-End In-Person Assistance GPAC	0	0	S 44
H 0301	Hensly	S 0240	Consolidate Community Correction Program	0	0	S 178.1
H 0306	Hensly	S 0134	UNC Inventory GPAC	0	0	S 76
H 0306	Hensly	S 0144	State Surplus Management System Implementation	60,000	0	
H 0315	Miller, G.	S 0271	Community Colleges Accountability Measures	0	0	
H 0315	Miller, G.	S 0270	Community Colleges Costs GPAC	0	0	
H 0330	Diamont	S 0253	Strategic Planning Process GPAC	0	0	

# **BILLS INCORPORATED INTO SB 27 (CHAPTER 321)**

<u>H-Bill</u>	<u>Legislator</u>	<u>S-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
H 0330	Diamont	S 0261	Program Budgeting GPAC	0	0	
H 0330	Diamont	S 0412	Evaluate Program Results GPAC	0	0	
H 0330	Diamont	S 0260	GPAC/Capital Budget Process	0	0	
H 0333	Nye		Project TEACCH	150,000	150,000	
H 0334	Nye		Autism Camp Operating Funds-Summer School	49,000	49,000	
H 0348	Easterling	S 0421	Grassroots Science Programs-Grants to Museums	450,000	450,000	S 260.2
H 0350	Easterling	S 0423	Emergency Assistance Funds (AFDC)	500,000	500,000	
H 0359	Easterling	S 0494	Child Fatality Prevention System-establish in 10 counties	112,685	146,987	
H 0361	Easterling	S 1102	Social Worker Caseload	2,000,000	2,000,000	
H 0369	Robinson	S 0244	Marine Affairs to DEHNR GPAC	0	0	S 28
H 0370	Robinson	S 0280	MRC Reduction/Community Based	0	0	
H 0370	Robinson	S 0281	MH/CB Initiatives—Shift cont. funds to Community Based	0	0	
H 0370	Robinson	S 0282	MRC Downsizing	0	0	
H 0370	Robinson	S 0283	Downsized MH Institutions—Shift to Community Based	0	0	
H 0373	Robinson	S 0369	Cultural Resources Security Officers Civilianized GPAC	0	0	S 34
H 0375	Robinson	S 0209	ICF/MR Reimbursement Methodology Changed	0	0	
H 0378	Robinson	S 0370	Reorganize DPI GPAC	0	0	S 144.1
H 0381	Barnes	S 0614	Nurses' Salary Adjustment Fund	892,196	892,196	
H 0386	Moore	S 456	Dental Hygienist Funds	44,081	44,081	
H 0388	Mavretic	S 0962	Legislative Retirement Option	0	0	
H 0422	Wilkins		4-H Youth Development Funds	250,000	0	
H 0438	Fussell		Nurse Anesthetist Training (AHEC's)	50,000	50,000	S 98
H 0444	Michaux	S 0573	Diploma Nursing Program	200,000	200,000	S 124.1
H 0454	Hightower		Incorporated into HB 0086	0	0	
H 0460	DeVane		State Park-Lumber River Staff	151,000	165,000	
H 0479	Hunter, H.	S 0503	Rural Economic Development (Industrial Dev. Fund included)	1,000,000	0	
H 0481	DeVane		Agriculture's Automated Network	126,940	0	
H 0482	DeVane	S 0640	Fire/Rescue Commission Staff Permitted	0	0	S 41
H 0511	James	S 0520	Expand Domestic Markets for Ag. Products (Gov's Rec.)	164,597	155,408	
H 0513	Nye		Single Portal of Entry for DD Services	1,076,250	1,435,000	
H 0515	Nye		Home Care Licensure Funds (implements 1991 Act)	121,000	121,000	
H 0530	Gottovi	S 0534	Aid to Public Libraries	250,000	250,000	S 38
H 0534	Hunter, H.	S 1040	Adolescent Parenting Funds	75,000	75,000	
H 0534	Hunter, H.	S 1029	Adolescent Parenting Funds—Social Services	300,000	300,000	



# **BILLS INCORPORATED INTO SB 27 (CHAPTER 321)**

<u>H-Bill</u>	<u>Legislator</u>	<u>S-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
H 0535	Nye	S 1109	MH/MR/SA-Trng In Home and Community Living Arrangements	200,000	200,000	
H 0557	Black		Center for Advancement of Teaching	200,000	200,000	
H 0557	Black	S 0967	Teacher Academies for Training PS Teachers Created	200,000	200,000	S 142
H 0577	Crawford		Allows Grassroot Arts Funds be used for Salaries (GS 143B-125)	0	0	S 33
H 0579	Flaherty		Dental Hygienist Funds	44,081	44,081	
H 0582	Barnes	S 0669	Differentiated Pay Funds	38,827,392	38,827,392	
H 0596	Nye	S 1133	Personal Needs Allowance Increase	200,000	200,000	
H 0615	Kuczmarski		Parents as Teachers Program	100,000	0	
H 0626	Easterling		Adoption Subsidy Increase (from \$200 to \$265 per month)	648,540	670,303	
H 0628	Easterling	S 0541	Early Intervention-EHNR	100,000	200,000	
H 0628	Easterling	S 0541	Early Intervention	5,751,634	6,257,507	
H 0640	Colton	S 0665	Teacher Assistant Salary Schedule	0	0	S 133
H 0641	Colton	S 0605	Art In State Buildings (Establish Formula/Selection Process)	0	0	
H 0652	Baddour		NG Disaster Training (Use of C&E Funds)	0	0	S 181
H 0662	Gist		A&T Transportation Institute	250,000	0	
H 0667	Miller, G.		Prequalify bidders for projects on State Capital Bldg.	0	0	S 27
H 0676	Barnes	S 0662	NCSU Textbook Publication Funds-Humanities Ext. Program	204,000	174,000	
H 0683	Wainwright		Craven County innovative & Alternative Demonstration Prog.	25,000	25,000	
H 0718	Easterling		Early Childhood Initiatives (Governor's Recommendations)	20,000,000	27,640,000	
H 0719	Easterling	S 0674	Children's Immunization (Gov's Supplemental Item)	3,500,000	7,200,000	
H 0722	Green	S 0644	Early Intervention for Deaf	250,000	274,000	
H 0725	Diamont	S 0964	Community Based Services Expansion, Youth Services	500,000	500,000	
H 0729	Nesbitt		Small Employer Health Plan/Other Initiatives	5,500,000	2,500,000	
H 0738	Hunter, H.	S 0695	HIV (Medication for eligible Persons)	350,000	350,000	
H 0782	Michaux	S 0781	Legal Education Assistance Funds	25,000	0	
H 0809	Cummings		Childhood Hunger Study (UNC CH School of Public Health)	0	0	S 94
H 0834	Diamont		Safe School Grant Funds (Aid to Local Unit-Grants)	2,500,000	2,500,000	S 139
H 0931	Holt	S 0896	Indigent Persons' Attorney Fee Fund	0	0	S 195
H 1050	Richardson		DNA Database and Databank	113,197	34,000	
H 1063	Fitch		Economic and Family Justice (Access to Civil Justice Act)	250,000	250,000	
H 1176	Gottovi	S 0826	Travel and Tourism Funds (Governor's Recommendations)	1,000,000	500,000	
H 1177	Hunter, H.	S 0934	Mental Health Study and Coalition 2001 Plan	9,875,239	9,187,175	
H 1188	Nesbitt		Exceptional Children's Formula Revised	5,583,598	4,583,598	S 134-5
H 1193	Crawford		NC Arts Council Funds	0	0	

# **BILLS INCORPORATED INTO SB 27 (CHAPTER 321)**

<u>H-Bill</u>	<u>Legislator</u>	<u>S-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
H 1195	Rogers	S 0969	Small and Low-Wealth Schools	13,000,000	13,000,000	
H 1202	Nesbitt		State Employees Convert Leave (HCS 1307 below)	0	0	
H 1203	Nesbitt	S 1205	School Employees Convert Leave (HCS 1307 below)	1,000,000	1,000,000	
H 1208	Hunter, R.		Mobile Preschool Program	50,000	0	
H 1211	DeVane	S 0979	Local & State Water Supply/Mgmt Studies, etc.	498,034	474,681	
H 1217	Diamont	S 1029	Infant Mortality Funds	453,000	604,000	
H 1217	Diamont	S 1029	Infant Mortality Funds	2,142,889	1,125,000	
H 1218	Bowen		Southeastern Agricultural Marketing	151,978	121,402	
H 1222	DeVane	S 0870	Milk Sanitation Program Funds (Personnel Costs)	183,608	183,608	
H 1223	Rogers		Somerset Place-Staff	70,545	70,545	
H 1231	Nesbitt		School-Based Administrators Pay	0	0	S 132
H 1232	Diamont	S 0006	Rural/Primary Care Initiatives	2,160,000	2,160,000	
H 1232	Diamont	S 0006	Rural/Primary Care Initiatives	2,100,000	2,100,000	S 101.3
H 1233	Holt	S 1038	Harriet's House Funds	200,000	0	
H 1237	Easterling	S 1001	Juvenile Sex Offender Funds (HB 1331 Rep. Baddour)	500,000	500,000	
H 1243	Ramsey		State Mileage Allowance to IRS allowance	0	0	S 24
H 1260	Walnwright		Martin Luther King Commission (Funds Only)	75,000	75,000	
H 1261	Nesbitt	S 0548	OSHA Funds (Includes Gov's Recommendation)	939,000	970,620	
H 1265	Culp		Soil Survey Positions Funds	100,354	0	
H 1277	Diamont		UNC Conifer/Pest Mgmt Funds (NCSU Cooperative Extension)	64,000	64,000	S 95
H 1279	Nye		Head Injury Projects/Fund-MHDDSA	300,000	300,000	
H 1298	Hunter, H.		Development Banking Funds	1,500,000	0	
H 1304	Bowman	S 0938	Hosiery Technology Center within Comm. College System	0	0	S 116
H 1306	Barnes		Raise Floor Salary for Lowest Paid Employees	135,500	135,500	S 68
H 1307	Lee/Nesbitt		Formula Increase/COLA for Retirees/Leave Conversion	0	0	
H 1308	Alphin	S 1127	Public School Access to Learning Link (Public Television)	100,000	100,000	S 100
H 1328	Baddour	S 1085	Data Control Clerks/Computer sys. analysts—Corp. Div.	117,702	113,500	
H 1331	Baddour		Pilot Extended Year Program on 3 campuses	200,000	300,000	
H 1331	Baddour		Juvenile Sex Offender Funds (See HB 1237 Rep. Easterling)	0	0	
H 1333	DeVane		Additional Staff/Equipment	528,905	542,815	
H 1335	Wright		Rabies Vaccine Globulin for Medically Indigent	25,000	25,000	
H 1346	Gottovl		Enhance Activities to control HIV, AIDS, STD and TB	250,000	250,000	
H 1349	Baddour		Diabetes Program at UNC CH School of Medicine	225,000	225,000	S 97

# **BILLS INCORPORATED INTO SB 27 (CHAPTER 321)**

<u>H-Bill</u>	<u>Legislator</u>	<u>S-Bill</u>	<u>Title</u>	<u>FY 93-94</u>	<u>FY 94-95</u>	<u>Section</u>
H 1367	Nesbitt		Western Farmers Market staff	53,752	53,752	
H 1371	Robinson		Mountain Area Fire Fighting positions (3)	132,728	132,728	
H 1377	Baddour	S 1086	State Treasurer Office Personnel (Gov's Expansion Recom.)	693,663	1,161,411	
H 1381	Black		NC REAL Enterprises (WTTF Appropriation of \$300,000 each yr.)	0	0	S 306
H 1414	Baddour	S 1104	Crime Control Funds	500,000	0	
H 1437	Crawford		Western NC Genetic Center	120,000	120,000	Also SB 26
H 1441	Jeffus	S 1110	Educational Consortia Funds	600,000	600,000	S 101.2
H 1444	Nesbitt		Earthquake Program	48,750	65,000	
H 1463	Gottovi		CAMA Commission/Env. Index	100,000	50,000	
H 1466	Nesbitt		Western NC Regional Economic Dev. Commission	600,000	1,250,000	
H 1485	Holt		NG Pension Fund Actuarial Needs	65,234	65,234	

# **BILLS INCORPORATED INTO SB 14**

<u>S-Bill</u>	<u>Legislator</u>	<u>H-Bill</u>	<u>Title</u>	<u>FY 93-94</u>
S 0081	Warren	H 0238	ECU-Purchase of Rose High School Property	5,000,000
S 0082	Warren	H 0239	ECU Library Construction	28,900,000
S 0712	Kerr	H 1230	Wayne CC Campus Building	6,328,622
S 0723	Cochrane	H 0682	Film School Construction-NC School of the Arts	6,999,200
S 0946	Carpenter	H 1198	Tri-Country CC Classroom Bldg/Child Care Center	480,000
S 1047	Plexico		Blue Ridge CC Allied Health Building	5,000,000
S 1177	Winner, D.	H 1427	Arboretum Funds	2,500,000
S 1182	Warren		Beaufort CC Student Services Center	2,900,000

<u>H-Bill</u>	<u>Legislator</u>	<u>S-Bill</u>	<u>Title</u>	<u>FY 93-94</u>
H 0238	Rogers	S 0081	ECU-Purchase of Rose High School Property	5,000,000
H 0239	Rogers	S 0082	ECU Library Construction	28,900,000
H 0603	Beall		Haywood CC Classroom	1,100,000
H 0664	Miller, G.		Education, Clean Water bond Act (See SB 14)	0
H 0682	Gray	S 0723	Film School Construction-NC School of the Arts	6,999,200
H 0893	Lee		Richmond CC Arts Bldg. Fund	2,251,414
H 0917	Ramsey		Southwestern CC General Classroom Building	2,000,000
H 0917	Ramsey		Southwestern CC Classroom, lab, & office Bldg. Swain Co.	900,000
H 0918	Ramsey		WCU Belk Bldg. Completion	3,280,200
H 0918	Ramsey		WCU Moore Hall (Phase II) Renovations	2,043,900
H 0918	Ramsey		WCU Renovate Camp Lab School	1,896,500
H 0918	Ramsey		WCU Reid Gym Renovations	2,379,400
H 1198	Jenkins	S 0946	Tri-County CC Classroom Bldg/Child Care Ctr (See SB 946)	480,000
H 1199	Jenkins		Tri-County/Graham Class/Lab/Student Building	480,000
H 1230	Baddour	S 0712	Wayne CC Campus Building	6,328,622
H 1242	Hightower		Anson CC Auditorium Funds (SB 14 has Advanced Tech. Ctr.)	2,998,465
H 1266	Braswell		James Sprunt CC Funds—Small Business Ctr/Library/Etc.	3,708,406
H 1295	Hunt, J.		Caldwell Comm College Classroom/Lab Watagua Co. Campus	2,261,539
H 1427	Colton	S 1177	Arboretum Funds	2,500,000
H 1491	Black		Central Piedmont Sciences Lab Bldg. Expansion	3,950,000

## EARMARKING OF THE YEAR-END GENERAL FUND CREDIT BALANCE

### Savings Reserve

Budget Reform legislation enacted by the 1991 Session of the General Assembly required, beginning with the 1992-93 fiscal year, that one-fourth of the year end General Fund credit balance be appropriated to a Savings Reserve Account until the account reached five percent of the preceding year's General Fund operating budget. This legislation was amended by the 1992 Session to allow the State Controller to earmark one-fourth of this sum to the Savings Reserve Account, beginning with the 1991-92 year end General Fund credit balance

### Permanent Reserve for Repairs/Renovations

Budget Reform legislation also required the Office of State Budget and Management to recommend to the 1993 General Assembly a method to establish a permanent reserve for repairs and renovations of state buildings. The recommendation proposed was that one-fourth of the unreserved (after Savings Reserve allocation has been made) year-end General Fund credit balance — or 1.5% of the replacement value of General Fund facilities — whichever lower, be reserved annually by the State Controller for the Repairs and Renovations Reserve Account. General Statutes 143-15.2 and 143-15.3A, and 143.11 were rewritten to establish, fund, and direct the use of these criteria to determine Reserve allocations.

	<u>Year-End Credit Balance</u>	<u>Savings Reserve</u>	<u>Repairs/ Renovations</u>	<u>Unreserved Balance</u>
	(In Millions)			
1991-92	\$164.8	\$ 41.2*	\$ -	\$123.6
1992-93	537.3	134.3	57.0	346.0
1993-94				
Allocations for Pay Day				
Restoration		-121.0		
Balance		\$54.5*A		

\* Does not include \$.4 million in Direct Appropriation to Savings Reserve Account.

<sup>A</sup> Sec. 83 of Senate Bill 27, Chapter 321 allows the appropriation of \$10,602,697 from the Savings Reserve Account for 1993-94 to East Carolina University School of Medicine for hospital teaching costs, if the State Medicaid Plan Amendment affecting Pitt County Memorial Hospital reimbursement at full cost due to its status as a primary affiliated teaching hospital of a state-operated medical school is not approved by the Health Care Financing Agency.

## CONDITION OF GENERAL FUND

		1993-94 Non- Recurring	Total	1994-95 Total*
Unreserved Credit Balance Beginning July 1	\$ -	\$346.0	\$346.0	\$ -
Revenue				
Tax Revenue	8,238.8	-	8,238.8	8,775.5
Non-Tax Revenue	249.3	103.8	353.1	270.1
Highway Trust Fund Transfer	170.0	-	170.0	170.0
Highway Fund Transfer	9.9	-	9.9	10.3
Transfer from Savings Reserve	-	121.0	121.0	-
<b>Total Availability</b>	<b>\$8,668.0</b>	<b>\$570.8</b>	<b>\$9,238.8</b>	<b>\$9,225.9</b>
Appropriations				
Current Operations - Departments	8,216.7	219.7	8,436.4	8,578.2
Salary Increase Compensation	106.5	34.2	140.7	111.0
Payroll Restoration to June 30	-	214.2	214.2	-
Other Reserves (net)	1.2	3.5	4.7	1.2
Debt Service	92.3	-	92.3	89.1
Capital Improvements	-	109.0	109.0	-
Local Government	236.8	-	236.8	236.8
<b>Total Appropriations</b>	<b>\$8,653.5</b>	<b>\$580.6</b>	<b>\$9,234.1</b>	<b>\$9,016.3</b>
Unappropriated Balance	\$14.5	(9.8)	\$4.7	\$209.6

\* Recurring only; non-recurring availability will be generated through unexpended appropriations (reversions) for 1993-94.

## **BUDGET REFORM COMPLIANCE CHECKLIST**

### **SPENDING LIMITATION**

The use of conservative revenue estimates and the spending of nonrecurring revenues for one-time expenditures only keeps the authorized operating budget under the spending limit of 7% of the estimated income of N.C. residents.

### **REPAIR/RENOVATION RESERVE**

The 1991 budget reform package mandated the creation of a permanent mechanism to fund the repair and maintenance of state facilities. The 1993-94 budget accomplishes this by specifying that lesser of 1/4 of each year's credit balance remaining or 1.5% of replacement value will be earmarked for these needs.

### **FISCAL TRENDS COMMISSION**

The 1991-92 Fiscal Trends Commission identified a number of population, caseload, and economic trends that will adversely affect the state's fiscal picture during the next decade. The "limited resources" fiscal outlook provided by the Commission and the GPAC affected the 1993-94 budget deliberations.

### **UNFUNDED LIABILITY**

The authorized budget moves the payday for state employees and community college personnel back to the date prior to the 1989-91 budget crisis. This will eliminate \$214 million of unfunded liabilities from the state's balance sheet, thereby strengthening the state's financial position. The budget also contains a provision expressing legislative intent to eliminate in the final 1994-95 budget the \$114 million in liability for deferral of the 12th month of teacher payroll.

### **LONG-TERM FISCAL NOTES**

The use of five-year fiscal estimates for regular fiscal notes (including incarceration legislation) and 20-year notes for proposed state buildings has become standard practice.

### **SECOND-YEAR BUDGET GROWTH**

The authorized biennial budget limits second-year (1994-95) spending for salary increases and all other expansion budget items to the first-year amount. This complies with the budget reform provision designed to defer major second-year expansion budget decisions until the fiscal outlook is updated during the short session.

### **REVENUES ESTIMATES**

For 1992-93 revenue collections came in 2.6 percentage points ahead of schedule, or .7 percentage points ahead on economic basis (6.9% growth versus 6.2% forecast). The 1993-94 estimates, based on a consensus estimating process, take a cautious stance by using the same 6.2% economic growth forecast as that used for the 1992-93 budget, and by taking a conservative position on determining the nonrecurring portion, of 1992-93 overcollections.

## **BUDGET REFORM COMPLIANCE CHECKLIST (Continued)**

### **RECURRING/NONRECURRING ITEMS**

In addition to adjusting the revenue base for nonrecurring revenue collections, the authorized operating budget addresses nonrecurring spending items by:

1. Treating Medicaid disproportionate share monies as nonrecurring from the outset.
2. Using 1992-93 ending credit balance to fund one-time items only.

### **PUBLICATION OF REVENUE ESTIMATES**

Following the tradition begun in 1991, the revenue availability sources and growth rates are outlined in the appropriations bill.



# **ECONOMY AND REVENUES**

SUPP 133 374 130/073

## ECONOMIC OUTLOOK AND GENERAL FUND REVENUES

### 1992-93 EXPERIENCE

The General Fund revenue estimate for 1992-93 was a consensus estimate made by the Fiscal Research Division and the Office of State Budget and Management. The estimate complied with the intent of the 1991 legislative budget reform package to restore fiscal integrity to the state budget process by getting back to the conservative revenue-estimating philosophy used prior to the 1989-91 budget crisis.

The result is that General Fund revenues came in 2.6 percentage points above the budget estimate:

	(\$ Million) Budgeted	(\$ Million) Actual	(\$ Million) Difference
Tax	\$7,692.5	\$7,883.0	+\$190.5
Non-Tax	217.7	230.3	+ 12.6
Total	\$7,910.2	\$8,113.3	+\$203.1

This performance is typical of the experience of budgets in the 1970's. About 30% of the surplus (\$60 million) was due to a stronger-than-estimated state economy (6.9% state economic growth versus budgeted 6.2%). Most of this improvement came from the employment sector through job growth and increases in the number of hours worked.

The remaining \$144 million of overcollections was the result of special factors. The primary issue involved tax-planning considerations resulting from the November, 1992 election. The prospect of higher marginal tax rates starting in 1993 led many wealthy taxpayers to beef-up their 1992 liability at the expense of 1993 and future years. This was accomplished by accelerating income from future years and deferring deductions. This led to a sharp increase in estimated payments by high-income individuals in December and January and final payments in April, 1993. In addition, income tax refunds were lower than the amount based on historical patterns.

### OUTLOOK FOR 1993-94

The 1993-94 revenue estimates are based on the same philosophy as that used during 1992-93 budget deliberations.

The economic growth rate assumption remains 6.2% (3.5% inflation plus 2.7% real growth). The surplus last year from federal tax planning considerations was addressed by factoring the estimated amount out of the 1992-93 collection base. In cases where our analysis could not determine whether the overcollections were permanent (versus one-time), the surplus was put in the nonrecurring column. Thus, the 1993-94 forecast was built on two layers of conservatism.

Implicit in the economic growth rate assumption is a continuation of the slow-recovery, low-inflation environment of the last two years. The current recovery continues to be unique in terms of both weakness and for the number of times the recovery has faltered (3 times in 2 years). These trends have occurred despite short-term interest rates that are the lowest in over two decades and long-term rates (including mortgage rates) that are the lowest since the mid-1970's. The major problem continues to be the lack of confidence on the part of consumers and businesses, even in the face of continued improvement in housing, retail sales, auto purchases, and capital investment in machinery and equipment. One reason could be media publicity from white-collar layoffs. In fact, small business job growth, especially in services, has more than offset declines in large-scale manufacturing.

**GENERAL FUND REVENUES — ACTUALS AND 1993-94 ESTIMATES  
(\$ MILLION)**

	<b>92-93 Actual</b>	<b>1993-94 Baseline Estimate</b>	<b>1993-94 Legis. Actions</b>	<b>1993-94 New Total</b>	<b>% of Total</b>
<b>TAX:</b>					
Personal Income	\$3,992.0	\$4,158.4	\$-34.0	* \$4,124.4	50.1%
Sales & Use	2,344.2	2,455.7	—	2,455.7	29.8
Corporate Income	429.8	472.2	39.4	511.6	6.2
Franchise	419.9	445.9	—	445.9	5.4
Insurance	198.8	200.6	—	200.6	2.4
Alcoholic Beverage	159.1	158.5	—	158.5	1.9
Intangibles	120.6	120.6	—	120.6	1.5
Inheritance	89.6	92.4	—	92.4	1.1
Soft Drink	34.5	34.5	—	34.5	0.4
License	26.8	30.0	—	30.0	0.4
Tobacco Products	42.9	38.4	—	38.4	0.5
Deed Stamp	10.4	13.2	—	13.2	0.2
Gift	13.6	12.0	—	12.0	0.1
Other	0.8	1.0	—	1.0	—
<b>TOTAL - TAX</b>	<b>\$7,883.0</b>	<b>\$8,233.4</b>	<b>\$5.4</b>	<b>\$8,238.8</b>	<b>100.0%</b>
<b>NON-TAX:</b>					
Investment Income	\$75.7	\$78.0	\$7.0	\$85.0	
Judicial Department	76.3	78.6	5.9	84.5	
Disproportionate Share	—	93.2	—	93.2	
Other	78.3	79.6	10.8	90.4	
<b>TOTAL - NON-TAX</b>	<b>\$230.3</b>	<b>\$236.2</b>	<b>\$23.7</b>	<b>\$253.1</b>	
<b>TOTAL REVENUES</b>	<b>\$8,113.3</b>	<b>\$8,469.7</b>	<b>\$29.1</b>	<b>\$8,591.9</b>	

\* \$34 million of local reimbursement earmarking was shifted from corporate income tax to personal income tax.



Other factors contributing to the persistent slow-growth economic recovery include:

1. The continued surplus of commercial and industrial real estate
2. Recessionary conditions in many overseas markets.
3. Cuts in defense spending
4. The weakness of the California economy (12% of domestic economy)
5. The slowdown in state and local government spending

The specifics of the economic outlook are shown below:

	% Change Unless Noted Otherwise		
	1992-93 Estimated	1992-93 Actual	1993-94 Estimated
<b>U.S. Indicators</b>			
Real Economic Growth	+ 2.2	+ 2.6	+ 2.6
Inflation	+ 3.5	+ 3.1	+ 3.1
Corporate Profits	+ 13.2	+ 8.4	+ 10.4
Housing Starts	+ 6.4	+ 16.5	+ 8.2
Auto Sales	+ 14.2	+ .9	+ 6.0
Short-Term Interest Rates (Actual Rate)	4.1%	3.1%	3.5%
Long-Term Interest Rates (Actual Rate)	8.2%	7.2%	6.6%
<b>North Carolina Data</b>			
Personal Income	+ 5.5	+ 6.7	+ 6.6
Employment	+ 1.6	+ 2.6	+ 2.5
Average Hourly Earnings - Manufacturing	+ 3.5	+ 3.6	+ 3.7

**GENERAL FUND REVENUES  
AND PERCENT OF INCREASE OVER PRIOR YEAR  
(IN MILLIONS)**

	<u>1992-93 Actual</u>	<u>% of Increase</u>	<u>1993-94 Authorized</u>	<u>% of Increase</u>	<u>1994-95 Authorized</u>	<u>% of Increase</u>
<b>Tax Revenues:</b>						
Inheritance	\$ 89.6	2.2%	\$ 92.4	3.1%	\$99.3	7.5%
Licenses	26.8	(9.4)	30.0	11.9	30.6	2.0
Tobacco Products	42.9	6.2	38.4	(10.5)	37.2	(3.1)
Soft Drink	34.5	6.3	34.5	-	35.4	2.6
Franchise	420.0	3.2	445.9	6.2	479.0	7.4
<b>Income:</b>						
Individual	3,992.0	11.4	4,124.4	3.3	4,398.4 <sup>A</sup>	6.6
Corporate	<u>429.8</u>	(29.1)	<u>511.6</u>	19.0	<u>574.9</u>	12.4
<b>Subtotal</b>						
<b>-Income</b>	<b>4,421.8</b>	<b>5.6</b>	<b>4,636.0</b>	<b>4.8</b>	<b>4,973.3</b>	<b>7.3</b>
<b>Sales and Use</b>						
Beverage	2,344.1	8.5	2,455.7	4.8	2,597.2	5.8
Gift	159.1	0.7	158.5	(0.4)	158.0	(0.3)
Insurance	13.6	87.1	12.0	(11.8)	12.8	6.7
Intangibles	198.8	(2.5)	200.6	0.9	209.3	4.3
Freight Car Lines	120.6	7.5	120.6	-	128.4	6.5
Real Estate	.4	(13.8)	.5	25.0	.5	-
Conveyance	10.4	19.9	13.2	26.9	14.1	6.8
Miscellaneous	<u>.4</u>	<u>8.3</u>	<u>.5</u>	<u>25.0</u>	<u>.5</u>	<u>-</u>
<b>Total Tax Revenue</b>	<b>\$7,883.0</b>	<b>6.0%</b>	<b>\$8,238.8</b>	<b>4.5%</b>	<b>\$8,775.6</b>	<b>6.5%</b>
<b>Non-tax Revenue:</b>						
Investment Income	\$75.7	32.3%	\$85.0	12.3%	\$97.3	14.5%
Judicial Department	76.3	7.0	84.5	10.7	92.4	9.3
Disproportionate						
Share Receipts	158.7*	-	93.2	100.0	-	(100.0)
DHR Private Hospital						
Donation Fund	-	-	10.0	100.0	-	(100.0)
Miscellaneous	<u>78.4</u>	<u>9.8</u>	<u>80.4</u>	<u>2.6</u>	<u>80.4</u>	<u>-</u>
<b>Total Nontax Revenue</b>	<b>\$230.4</b>	<b>15.3%</b>	<b>\$353.1</b>	<b>53.5%</b>	<b>\$270.1</b>	<b>(23.5%)</b>
<b>Transfer from High-</b>						
<b>way Fund</b>	\$9.4	8.0%	\$9.9	5.3%	\$10.3	4.0%
<b>Transfer from High-</b>						
<b>way Trust Fund</b>	<u>170.0</u>	<u>-</u>	<u>170.0</u>	<u>-</u>	<u>170.0</u>	<u>-</u>
<b>Total Revenue</b>	<b>\$8,292.8</b>	<b>6.1%</b>	<b>\$8,771.8</b>	<b>5.8%</b>	<b>\$9,226.0</b>	<b>5.2%</b>

\* Non-add, unbudgeted departmental receipts during 1992-93 thereby a reversion.

<sup>A</sup> Reflects increased day care credit.

## THE HIGHWAY FUND

### 1992-93 EXPERIENCE

Total certified revenues for 1992-93 for the Highway Fund were \$924.1 million. As of June 30, 1993, actual Highway Fund revenues totaled \$942.2 million, a revenue surplus for the year of \$18.1 million:

	(In Millions)		
	1992-93 Estimate	Actual	Difference
Motor Fuels Taxes	\$628.4	\$648.7	\$20.3
Licenses & Fees	272.7	268.6	\$(3.8)
Investment Income	16.0	17.6	\$ 1.6
<b>TOTAL HIGHWAY FUND</b>	<b>\$924.1</b>	<b>\$942.2</b>	<b>\$ + 18.1</b>

The surplus in revenue collections came primarily from motor fuel tax revenues, which came in at \$20.3 million above estimate. The surplus occurred because the underlying assumptions used to forecast motor fuel taxes for 1992-93 were conservative. The forecast assumed no growth in fuel consumption and an average variable fuel tax rate over the fiscal year of 4.7 cents/gallon.

License and fee revenues lagged slightly below estimates. Some portion of the shortfall is due to differences between revenue sources transferred from the Highway Fund to the Highway Trust Fund and actual revenue losses from new highway use tax exemptions enacted within the last three years.

There have been many increases in motor vehicle fees since 1989's fuel tax and vehicle sales tax increases in the Highway Trust Fund legislation. Among fee increases have been the authorization of permanent trailer plates with a new \$75 fee, a 25% increase in the fee for copies of motor vehicle records, a \$5 increase in the cost of learner's permits, duplicate licenses and ID cards, and significant increases in overweight/oversize permits and fuel tax registration fees. Most recent fee increases in the Highway Fund have been enacted to neutralize newly-created exemptions in the highway use tax in the Highway Trust Fund. Traditional Highway Fund revenue sources are increasingly being transferred to the Trust Fund instead of remaining to support appropriations in the Highway Fund.

### OUTLOOK FOR 1993-94

Total Highway Fund revenue for the 1993-95 biennium is forecast to increase 0.3% in 1993-94 and 1.8% in 1994-95.

The variable component of the fuel tax is forecast to increase from 4.7 cents to 4.9 cents in 1993-94 and to 5.1 cents in 1994-95. Fuel consumption rates are forecast to increase 0.6% in 1993-94 and 0.8% in 1994-95. These assumptions are in line with U.S. Department of Energy projections for the same period. Nationally, the USDOE expects motor fuel demand to increase about 1.0% per year from 1992 to 1994. Continued growth in highway travel averaging 2.5% over that period is expected to be the result of continued improvements in the economy and continued reductions in the real cost of fuel per mile driven. In 1993, USDOE predicts a slight increase in average annual motor gasoline prices of only 1 cent per gallon, but in 1994, higher crude oil prices and lower stocks are expected to add another 3 cents per gallon to the average annual price.



Regarding fuel prices, 1993 will be the second winter season under the new oxygenated gasoline regulations mandated by the 1990 Clean Air Act Amendments. The oxygenated season extends from November through February for 39 designated carbon monoxide nonattainment areas nationwide.

On average, gasoline prices were 3 to 5 cents higher in nonattainment areas compared to other regions during 1992's experience with the new regulations. There are 2 nonattainment areas in North Carolina comprising 11 counties in the Raleigh-Durham and Greensboro-Winston-Salem-High Point areas. Diesel fuel prices are expected to rise by 3 to 4 cents per gallon beginning October 1, 1993. That date marks the implementation of new low-sulfur content requirements for on-highway diesel fuel, another requirement of the 1990 Clean Air Act Amendments.

After several years of consumer cautiousness, pent-up demand for automobiles is expected to cause a moderate growth spurt in motor vehicle license and fee collections, but collections are expected to return to normal trend lines in the current slow-growth, low-inflation environment in 1994-95. Expected revenue growth in 1993-94 and 1994-95 is 4.9% and 2.0%, respectively.

#### HIGHWAY FUND REVENUE — ACTUALS AND ESTIMATES

	(In \$ Millions)					
	<u>Actual</u> <u>1992-93</u>	<u>% Of</u> <u>Increase</u>	<u>Authorized</u> <u>1993-94</u>	<u>% Of</u> <u>Increase</u>	<u>Authorized</u> <u>1994-95</u>	<u>% Of</u> <u>Increase</u>
<b>Motor Fuels:</b>						
Motor Fuels Tax	\$637.3		\$628.6		\$639.1	
Gasoline Inspection Fee	10.4		9.9		10.0	
Highway Use Registration Fee	1.0		.7		.6	
<b>Total Motor Fuels Tax</b>	<b>\$648.7</b>	<b>(0.3)</b>	<b>\$639.2</b>	<b>(1.5)</b>	<b>\$649.7</b>	<b>1.6</b>
<b>Licenses and Fees:</b>						
Staggered Registration	\$112.8		\$118.6		\$119.2	
Truck Licenses	43.2		44.0		44.2	
International Reg. Plan	32.2		35.0		37.0	
Title & Registration Fees	10.3		10.9		11.1	
Driver Licenses	53.0		55.5		56.6	
Restoration Fees	5.2		5.0		5.0	
Process Service Fees	3.4		4.1		4.5	
Equipment Inspection Fees						
Auto Safety Equipment	3.1		3.8		4.0	
Exhaust Emission	2.3		1.9		2.0	
Dealers Licenses	1.2		1.0		1.1	
Overweight/Size Permits	1.2		1.0		1.1	
Motor Carrier Safety	.7		.7		.7	
Penalties	6.7		6.4		6.5	
Miscellaneous	.6		.9		1.0	
<b>Total Licenses &amp; Fees</b>	<b>\$275.9</b>	<b>1.0</b>	<b>\$288.9</b>	<b>4.9</b>	<b>\$294.7</b>	<b>2.0</b>
Investment Income	\$17.6	(10.2)	\$16.5	(-6.3)	\$16.9	0.0
<b>Total Highway Fund Revenue</b>	<b>\$942.2</b>	<b>(0.1)</b>	<b>\$944.6</b>	<b>0.3</b>	<b>\$961.3</b>	<b>1.8</b>



## HIGHWAY TRUST FUND REVENUES

### 1992-93 EXPERIENCE

Highway Trust Fund collections for 1992-93 were \$571.9 million. Certified revenues established by the State Budget Office in agreement with the Fiscal Research Division were \$544.9 million. At the end of 1992-93, the Trust Fund showed a surplus of \$27.0 million.

	(\$ in Millions)		
	1992-93 Estimate	Actual	Difference
Motor Fuels Taxes	\$205.9	\$212.4	\$6.5
Highway Use Tax	258.0	273.3	15.3
Title Fees	63.0	62.1	-(0.9)
Investment Income	18.0	24.1	6.1
<b>TOTAL TRUST FUND</b>	<b>\$544.9</b>	<b>\$571.9</b>	<b>+ \$27.0</b>

Conservative revenue estimates account for the overcollections in both the motor fuel tax and the highway use tax. The same assumptions used to forecast fuel tax collections in the Highway Fund were used for the Trust Fund (see Highway Fund explanation).

In addition, the 1992-93 forecast allowed for only a 6.5% increase in highway use tax collections. Uncertainty over economic performance and previous difficulties in forecasting this revenue source were the reasons behind the conservative approach taken in the 1992-93 forecast. Actual 1992-93 statistics showed a 12.8% increase in highway use tax revenues.

### 1993-94 OUTLOOK

Highway Trust Fund revenues are expected to total \$557.7 million in 1993-94 and \$579.4 million in 1994-95. Highway use tax revenues are forecast to increase 5.3% and 2.5% above the 1992-93 estimate in 1993-94 and 1994-95 respectively. Although vehicle sales gained in strength during the last half of 1993, until it is evident that the economy is moving along a steady growth pattern, the forecasts for this revenue source will continue to be conservative.

	(In Millions)					
	<u>Actual</u> <u>1992-93</u>	<u>% Of</u> <u>Increase</u>	<u>Authorized</u> <u>1993-94</u>	<u>% Of</u> <u>Increase</u>	<u>Authorized</u> <u>1994-95</u>	<u>% Of</u> <u>Increase</u>
Motor Fuels Tax	\$212.4	(0.5)	\$209.5	(1.4)	\$213.1	1.7
Motor Vehicle Use Tax	273.2	12.7	271.7	(0.6)	278.5	2.5
Title Fees:						
Certificates of Title	51.6	6.0	54.1	4.8	54.9	1.5
Misc. Reg. Fees	7.9	6.8	8.2	3.8	8.5	3.7
Lien Recording Fees	2.7	12.5	2.7	0.0	2.8	3.7
Investment Income	23.1	4.3	11.5	(52.3)*	12.0	4.3
Transfer from Hwy Fund					9.6	
<b>Total Highway Trust</b>						
Fund Revenue	\$571.9	6.4	\$557.7	(2.5)	\$579.4	3.9

\* Expected Investment income has been reduced by \$7 million to reflect the transfer of \$170 million to the General Fund in an annual lump-sum payment beginning July 1, 1993 pursuant to G.S. 105-187.9.



# **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.

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

1993-94

## DEPARTMENT OF HUMAN RESOURCES:

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

Social Services Block Grant	\$ 5,514,782
Alcohol and Drug Abuse and Mental Health Services Block Grant	23,907,526
Mental Health Services for the Homeless Block Grant	531,000
Community Youth Activity Program Block Grant	92,091

### *DIVISION OF ECONOMIC OPPORTUNITY*

Low Income Energy	1,737,187
Social Services Block Grant	197,421
Community Services Block Grant	9,886,100

### *DIVISION OF SOCIAL SERVICES*

Low Income Energy Block Grant	24,857,972
Social Services Block Grant	45,079,112

### *DIVISION OF FACILITY SERVICES*

Preventive Health Services Block Grant	451,915
Social Services Block Grant	12,489,508
Low Income Energy Block Grant	209,116
Child Care Development Block Grant	20,316,667

### *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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**FEDERAL BLOCK GRANT PROGRAM (1993 Actions, Continued)**

**1993-94**

**DEPARTMENT OF ADMINISTRATION:**

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

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

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

**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:**

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



## CHANGES TO THE MEDICAID PROGRAM

Expenditures for the Medicaid Program totaled \$2.84 billion in FY 1992-93, an increase of 15% over FY 1991-92 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 during a period of slow economic recovery.

The General Assembly increased total requirements for the Medicaid Program to \$3.5 billion in FY 1993-94 and FY 1994-95 and appropriated \$860.5 million and \$1 billion for the program in FY 1993-94 and FY 1994-95 respectively.

During its deliberations on the proposed budget, the General Assembly adopted General Fund reductions totaling \$33 million in FY 1993-94 and \$35.8 million in FY 1994-95. These reductions represent cuts inflationary increases for medical care providers, savings associated with the success of the Carolina Access Program, and modifications to reimbursement policy for Intermediate Care for the Mentally Retarded.

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

- o Funds to support payment for parenting education for families with children under the age of three.
- o Funds for a toll free Medicaid Hot Line for families who have questions regarding services for children and referral to providers who accept Medicaid.
- o Funds for the planning and design of an eligibility system that will support expanded coverage for children, persons over age 65 and the disabled in the event expansions are funded by the General Assembly.

## DISPROPORTIONATE SHARE FUNDS

Disproportionate Share (DSH) Funds are Medicaid payments made to health care providers who deliver services to large numbers of uninsured patients. DSH payments to health care providers are made in addition to payments for services rendered to Medicaid eligible patients. Congress originally authorized the payments as a funding mechanism to offset the cost of uncompensated care for health care providers, particularly hospitals, thereby assuring access to health care for the uninsured.

Current federal law (HR 3595) permits states to draw federal funds up to a maximum allotment which is established by the federal Health Care Financing Agency (HCFA). The law allows states to match federal funds for DSH payments with direct appropriations or with funds appropriated to a governmental unit for the delivery of health care to the uninsured. States are required to obtain approval of their state plan for drawing DSH payments from the Health Care Financing Agency (HCFA).

North Carolina's Plan uses general funds appropriated to the state's four psychiatric hospitals (Dix, Broughton, Cherry and Umstead) as the non-federal match with which the state will draw disproportionate share payments. HCFA approved North Carolina's Plan effective October 1, 1993. DSH payments to the State totaled a net gain of \$159 million in federal funds for FY 1992-93.

**CHANGES TO THE MEDICAID PROGRAM (1993 Actions, Continued)**

For FY 1993-94, the states gain from DSH payments to the Department of Human Resources is expected to total \$207.4 million in federal revenue. Section 21.3 of Chapter 321 of the 1993 Session Laws stipulates that appropriations to the Medicaid program which become available due to federal Disproportionate Share receipts will be deposited into the General Fund as non tax revenue for appropriation by the General Assembly.

**LEGISLATIVE ACTIONS:**  
**GENERAL FUND APPROPRIATIONS**



## GENERAL FUND APPROPRIATIONS CONTINUATION BUDGET

### CONTINUATION BUDGET — GOVERNOR'S RECOMMENDATIONS

In mid-February, Governor James B. Hunt submitted his 1993-95 budget recommendations to the General Assembly. The proposed continuation budget totaled \$8.448 billion and \$8.726 billion respectively each to be reduced by \$100 million by implementing Government Performance Audit Committee recommendations and agency efficiency reductions. Major changes in the recommended budget were as follows:

	(In Millions)	
	1993-94	1994-95
Full Funding of Salary Related Items/ Annualization of Positions	\$48.3	\$50.9
Correction — Inmate Medical Services from Consultants and through Contracts	3.6	4.2
Judicial System — Annualization of Positions, Legislatively Required Automatic Increases for Assistant/Deputy Clerks	2.8	4.9
Supplies — Inflationary Adjustments	4.5	8.4
Utilities — Inflationary Adjustments	1.7	7.9
Data Processing Services	1.0	1.0
Correction — Outside Housing of Inmates in Local Jails	2.6	4.3
Motor Vehicle Replacement	5.1	3.0
Other Equipment	(2.1)	(2.3)
One-Time Appropriations (Includes \$5 million equipment and books for community colleges)	(27.8)	(27.8)
Reserve for Operation of New Facilities (Correction \$31.6 Million/\$59.6 Million)	46.0	79.8
UNC Overhead Receipts — Further Phase-Out of Receipts Contribution to the General Fund	2.6	5.2
Public Schools:		
Average Daily Membership (ADM) — Increase from 1,104,682 to 1,119,870 to 1,141,800	31.3	82.6
Senate Bill 2 — Differential Pay	(29.5)	(29.5)
Exceptional Children — Increase in Funded Headcount	4.7	8.5
Average Teacher Salaries (Based upon 3rd Pay Period)	(4.7)	(4.9)
Aid to Families with Dependent Children (AFDC) Payments — Utilization Increase and Federal Financial Participation (FFP) Decrease	5.4	9.3
Rest Homes — Utilization Increase	1.7	2.7
Child Day Care Services (Federal Family Support Act) — Utilization Increase	21.0	31.0

# **GENERAL FUND APPROPRIATIONS (Continued)**

<b>Medicaid:</b>	<b>1993-94</b>	<b>1994-95</b>
Inflation and Utilization Increase in Assistance Payments	144.3	295.2
One-Time Donations Made by Private Hospitals in 1992-93*	65.6	65.6
Jordan-Adams — Inflationary Increases for Local Programs	1.6	3.2
Reduce Reserve for savings by reducing positions vacated by retirement by 30%	9.5	9.5
Net all other	(5.4)	(0.8)
<b>TOTAL</b>	<b>\$333.8</b>	<b>\$611.9</b>

\* Under a federally allowed program which expired September 30, 1992, private hospitals in North Carolina "donated" funds to the Medicaid program. These funds were used to match federal funds in order to make additional payments to those hospitals which served a disproportional high number of indigents. A portion of the funds (\$65 million) was used as State funds to balance the 1992-93 Medicaid budget. The "donation" provision is no longer allowed and State funds are recommended in the Continuation budget to replace them. (See also Page 41, Disproportionate Share Funds)

## **CONTINUATION BUDGET — LEGISLATIVE ACTIONS**

Legislative actions to the continuation budget reflect changes summarized as follows:

<b>Increases:</b>	<b>1993-94</b>	<b>1994-95</b>
1. Average daily membership increase above level funded in Governor's recommendation - to 1,125,028 to 1,148,930	\$11.1	\$15.3
2. Restore salary reduction made during 1992-93 for teaching, library and leadership positions of the University System (30% cut for positions vacated by retirement).	2.8	2.8
3. Revenue — Increased collection fees and additional position(s)	—	.1
Subtotal — Increases	\$13.9	\$18.2
<b>Reductions:</b>		
1. Departmental Receipt Increases Offsetting Appropriations Needs	(31.6)	(22.6)
2. Program/Position Reductions	(99.9)	(115.6)
Subtotal - Reductions	(131.5)	(138.2)
<b>NET DECREASE</b>	<b>(\$117.6)</b>	<b>(\$120.0)</b>

# GENERAL FUND APPROPRIATIONS (Continued)

These changes are itemized by department in this Section. The revised continuation budget for 1993-94 totaled \$8.330 billion, an increase of \$216 million (a 2.7% increase) over the 1992-93 authorized appropriation of \$8.114 billion. Year 1994-95 totaled \$8.606 billion or \$492 million more than 1992-93 (a 6.1% increase).

## EXPANSION BUDGET — GOVERNOR'S RECOMMENDATIONS

(In Millions)				
		1993-94	1994-95	
		Recurring	Non-Recurring	Recurring Non-Recurring
1.	Salary Increase/Teacher Salary Schedule/Bonus	\$112.6	\$34.2	\$117.1 —
2.	Differentiated Pay	—	38.8	— \$38.8
3.	Basic Education Program	30.0	—	30.0 —
4.	School Bus Replacements	—	24.3	— 26.4
5.	Textbook Purchases	—	5.7	5.9 —
6.	Exceptional Children	5.6	—	5.6 —
7.	Work Force Preparedness	7.7	8.4	37.0 13.4
8.	Community College Enrollment Increase (Net)	9.6	—	22.0 —
9.	University Tuition Increase	(8.3)	—	(17.3) —
10.	University Enrollment Increases/Schedule of Priorities	8.1	22.0	16.8 15.3
11.	State Accounting System	—	5.0	— 5.0
12.	Early Childhood Education and Development Initiatives	20.0	—	40.0 —
13.	Child Protective Services	1.0	—	1.0 —
14.	Day Care Staff Ratios	2.8	—	2.8 —
15.	Day Care Income Eligibility	1.8	—	1.8 —
16.	Monitoring Compliance Staff	.3	—	.7 —
17.	Quality Day Care Incentives	1.4	—	1.4 —
18.	Teacher Education and Compensation Helps	1.0	—	1.0 —
19.	Rural Health/Primary Care	2.2	—	2.2 —
20.	JOBS Program	1.3	—	1.3 —
21.	Rest Home Rate Increase	4.8	—	4.8 —
22.	Mental Health Study Commission/Coalition 2001	6.0	—	9.0 —
23.	Willie M	2.4	—	18.3 —
24.	Thomas S	11.8	—	18.3 —
25.	Boot Camps	1.7	—	3.8 —
26.	Inmate Construction Program	3.4	3.9	3.3 .2
27.	Industrial Recruitment Competitive Fund	—	5.0	— 10.0
28.	Industrial Development Fund	—	2.0	— 2.0
29.	Travel and Tourism	—	1.5	1.5 —

# GENERAL FUND APPROPRIATIONS (Continued)

	1993-94		1994-95	
	Recurring	Non-Recurring	Recurring	Non-Recurring
30. Center for Community Self-Help	—	2.0	—	2.0
31. Immunization for All Children	5.0	—	10.9	—
32. Debt Service (Prison Bonds)	8.8	—	8.6	—
33. Reserve for Local Government	21.7	—	30.6	—
34. Rural Economic Dev. Act	—	2.8	—	—
35. Investment Manufacturing Technology Match	—	1.0	—	—
36. Industrial Equipment and Training and Economic Development	—	15.8	—	—
37. Reserve for Education Technology	—	20.0	—	—
38. Housing Trust Fund	—	1.0	—	—
Capital Projects	—	146.9	—	—
All Other	45.4	20.1	55.6	42.8
<b>TOTAL RECOMMENDATIONS</b>	<b>\$308.1</b>	<b>\$360.3</b>	<b>\$420.8</b>	<b>\$155.9</b>

## EXPANSION BUDGET — LEGISLATIVE ACTIONS

The General Assembly made two decisions which dramatically impacted the second year's recommendations: (1) No non-recurring items were to be funded; and, (2) No new expansion of programs or salary increases were to be approved.

Listed below are programs as approved for the 1993-95 biennium.

	1993-94		1994-95
	Recurring	Non-Recurring	Recurring
1. Salary Increase/Teacher Salary Schedule/Bonus	\$112.1	34.2	\$116.5
2. Differentiated Pay	—	38.8	38.8
3. Basic Education Program	10.0	—	10.0
4. School Bus Replacements	—	24.0	—
5. Textbook Purchases	5.7	—	5.9
6. Exceptional Children	4.6	1.0	4.6
7. Work Force Preparedness	8.5	8.4	8.5
8. Community College Enrollment Increase (Net)	7.7	—	7.7
9. University Tuition Increase	(9.9)	—	(20.9)
10. University Enrollment Increases/Schedule of Priorities	36.7	10.8	47.4
11. State Accounting System	—	4.2	—
12. Early Childhood Education and Development Initiatives	15.3	4.7	27.6



**GENERAL FUND APPROPRIATIONS (Continued)**

	1993-94		1994-95
	Recurring	Non-Recurring	Recurring
13. Child Protective Services	2.0	—	2.0
14. Day Care Staff Ratios	1.4	—	2.2
15. Day Care Income Eligibility	—	—	—
16. Monitoring Compliance Staff	.3	—	.4
17. Quality Day Care Incentives	—	—	—
18. Teacher Education and Compensation Helps	—	1.0	—
19. Rural Health/Primary Care	2.2	—	2.2
20. JOBS Program	2.9	—	6.7
21. Rest Home Rate Increase	4.8	—	4.8
22. Mental Health Study Commission/ Coalition 2001	9.3	1.6	10.8
23. Willie M	2.1	.3	4.5
24. Thomas S	10.8	—	16.2
25. Boot Camps	.8	.4	2.8
26. Inmate Construction Program	1.5	1.2	1.7
27. Industrial Recruitment Competitive Fund	—	5.0	—
28. Industrial Development Fund	—	1.0	—
29. Travel and Tourism	.5	.7	.5
30. Center for Community Self-Help	—	2.5	—
31. Immunization for All Children	3.2	.3	7.2
32. Debt Service (Prison Bonds)	8.8	—	8.6
33. Reserve for Local Government	—	—	—
34. Rural Economic Development Act	—	2.8	—
35. Investment Manufacturing Technology Match	—	1.0	—
36. Industrial Recruitment — Restricted Reserve for Automobile Manufacturing Company Relocation	—	35.0	—
37. Education Technology Equipment for Libraries	—	5.0	—
38. Housing Trust Fund	—	2.5	—
39. Pay Day Restoration	—	214.2	—
40. Low Wealth/Small Schools	13.0	—	13.0
41. Child Fatality Prevention	.1	—	.1
42. Infant Mortality	1.2	1.4	1.7
43. PL 99-457 Early Intervention	6.1	—	6.7
44. Cancer Control Program	1.6	—	1.8
45. Regional (3) Economic Development Commission	1.8	—	3.8
46. Global TransPark Development Zone	—	7.5	—
47. Bond Election Expense	—	1.0	—
48. Health Care Initiatives	2.0	3.5	2.0
49. Juvenile Sex Offenders Treatment	.5	—	.5
50. Safe School Grants	2.5	—	2.5
51. Court Personnel	8.7	.6	10.9
Capital Improvements	—	109.0	—
All Others	44.2	57.0	50.5
<b>TOTAL EXPANSION/NON-RECURRING</b>	<b>\$323.0</b>	<b>\$580.6</b>	<b>\$410.2</b>

# GENERAL FUND APPROPRIATIONS — 1993-94

	1993-94 CONTINUATION SENATE BILL 27	1993-94 REDUCTIONS & TRANSFERS SENATE BILL 27	1993-94 EXPANSION SENATE BILL 27	1993-94 NON-RECURRING SENATE BILL 26	1993-94 TOTAL
<b>EDUCATION</b>					
Board of Governors	\$1,184,069,864	(\$27,309,806)	\$42,465,813	\$2,495,000	\$1,201,720,871
Community Colleges	393,630,457	(5,822,353)	24,989,837	—	412,797,941
Public Education	3,445,213,790	(1,736,386)	113,989,220	6,245,565	3,563,712,189
<b>TOTAL — EDUCATION</b>	<b>\$5,022,914,111</b>	<b>(\$34,868,545)</b>	<b>\$181,444,870</b>	<b>\$8,740,565</b>	<b>\$5,178,231,001</b>
<b>HUMAN RESOURCES</b>	<b>\$1,686,618,219</b>	<b>(\$53,626,682)</b>	<b>\$71,468,233</b>	<b>\$7,000,000</b>	<b>\$1,711,459,770</b>
<b>JUSTICE &amp; PUBLIC SAFETY</b>					
Judicial	\$232,428,819	(\$352,800)	\$15,846,835	\$35,000	\$247,957,854
Correction	565,579,166	(11,785,921)	4,954,435	—	558,747,680
Justice	53,540,802	(1,751,786)	2,263,118	545,000	54,597,134
Crime Control & Public Safety	26,860,503	(703,639)	3,363,802	—	29,520,666
<b>TOTAL — JUSTICE &amp; PUBLIC SAFETY</b>	<b>\$878,409,290</b>	<b>(\$14,594,146)</b>	<b>\$26,428,190</b>	<b>\$580,000</b>	<b>\$890,823,334</b>
<b>NATURAL AND ECONOMIC RESOURCES</b>					
Labor	\$12,705,854	(\$397,682)	\$1,467,643	\$750,000	\$14,525,815
Agriculture	42,614,251	(1,008,857)	1,407,267	1,396,000	44,408,661
Commerce	27,135,913	(1,132,884)	13,080,949	3,925,000	43,008,978
MCNC	16,000,000	(320,000)	—	6,618,000	22,298,000
Biotechnology Reserve	7,157,547	(143,151)	—	2,000,000	9,014,396
Rural Economic Development	1,500,000	(30,000)	—	7,575,000	9,045,000
EHNHR	198,874,660	(3,820,984)	12,269,989	951,000	208,274,665
<b>TOTAL — NATURAL AND ECONOMIC RESOURCES</b>	<b>\$305,988,225</b>	<b>(\$6,853,558)</b>	<b>\$28,225,848</b>	<b>\$23,215,000</b>	<b>\$350,575,515</b>

	1993-94 CONTINUATION SENATE BILL 27	1993-94 REDUCTIONS & TRANSFERS SENATE BILL 27	1993-94 EXPANSION SENATE BILL 27	1993-94 NON—RECURRING SENATE BILL 26	1993-94 TOTAL
<b>DEPARTMENT OF TRANSPORTATION</b>					
Aid to Railroads	\$100,000	(\$3,695)	—	—	\$96,305
Aeronautics	10,783,237	(2,266,666)	—	—	8,516,571
Global TransPark	—	—	—	7,500,000	7,500,000
<b>TOTAL — DEPARTMENT OF TRANSPORTATION</b>	<b>\$10,883,237</b>	<b>(\$2,270,361)</b>	<b>—</b>	<b>\$7,500,000</b>	<b>\$16,112,876</b>
<b>GENERAL GOVERNMENT</b>					
Administration	\$53,249,273	(\$2,802,827)	\$855,000	\$1,420,433	\$52,721,879
Cultural Resources	41,400,998	(715,912)	1,670,545	2,600,000	44,955,631
General Assembly	21,385,599	(250,000)	100,000	3,745,601	24,981,200
Office of the Governor	4,475,772	(114,639)	1,230,000	37,500,000	43,091,133
Office State Budget & Management	3,405,824	(93,842)	—	2,160,000	5,471,982
Office of State Planning	1,537,714	(20,991)	63,396	—	1,580,119
Insurance	14,114,720	(666,000)	191,420	—	13,640,140
Lieutenant Governor	551,423	(18,421)	65,000	—	598,002
Administrative Hearings	1,950,197	(20,958)	—	—	1,929,239
Revenue	55,043,269	(1,198,774)	3,409,800	—	57,254,295
Rules Review Commission	263,792	(5,276)	—	—	258,516
Secretary of State	4,962,766	(202,318)	117,702	350,000	5,228,150
Auditor	7,393,837	(116,441)	1,124,181	—	8,401,577
Controller	6,681,992	(626,561)	350,000	4,200,000	10,605,431
Board of Elections	545,539	—	—	1,000,000	1,545,539
State Treasurer	5,492,873	(259,490)	634,306	—	5,867,689
Special Contributions	5,437,248	—	—	—	5,437,248
<b>TOTAL —GENERAL GOVERNMENT</b>	<b>\$227,892,836</b>	<b>(\$7,112,450)</b>	<b>\$9,811,350</b>	<b>\$52,976,034</b>	<b>\$283,567,770</b>
<b>RESERVES</b>					
Contingency and Emergency	\$1,125,000	—	—	—	\$1,125,000
Salary Adjustment	500,000	—	—	—	500,000
Salary Increases	—	—	\$112,052,142	—	112,052,142
Compensation Bonus	—	—	34,244,460	—	34,244,460
Lowest Paid Employee	1,400,724	—	—	—	1,400,724
Reserve for Bloodborne Pathogens	2,000,000	(1,000,000)	—	—	1,000,000

	1993-94 CONTINUATION SENATE BILL 27	1993-94 REDUCTIONS & TRANSFERS SENATE BILL 27	1993-94 EXPANSION SENATE BILL 27	1993-94 NON-RECURRING SENATE BILL 26	1993-94 TOTAL
<b>RESERVES (Continued)</b>					
Reserve Retiree 30% Reduction	(\$10,000,000)	\$2,752,702	—	—	(\$7,247,298)
Wage Floor — Lowest Paid Employees	—	—	135,500	—	135,500
Reserve — Health Care Initiatives	—	—	5,500,000	—	5,500,000
Reserve — Public Schools' Employees' Sick Leave Bank	—	—	1,000,000	—	1,000,000
Retirement Rate Change	—	—	1,316,400	—	1,316,400
<b>TOTAL — RESERVES</b>	<b>(\$4,974,276)</b>	<b>\$1,752,702</b>	<b>\$154,248,502</b>	—	<b>\$151,026,928</b>
Debt Service	\$83,501,058	—	\$8,762,500	—	\$92,263,558
Reserve for Restoration of Pay Dates — June 1994	—	—	\$214,200,000	—	\$214,200,000
<b>TOTAL CURRENT OPERATIONS</b>	<b>\$8,211,232,700</b>	<b>(\$117,573,040)</b>	<b>\$694,589,493</b>	<b>\$100,011,599</b>	<b>\$8,888,260,752</b>
 <b>LOCAL GOVERNMENT TAX REIMBURSEMENT</b>					
	\$236,824,154	—	—	—	\$236,824,154
<b>CAPITAL IMPROVEMENTS</b>	—	—	—	\$109,012,790	\$109,012,790
<b>GRAND TOTAL</b>	<b>\$8,448,056,854</b>	<b>(\$117,573,040)</b>	<b>\$694,589,493</b>	<b>\$209,024,389</b>	<b>\$9,234,097,696</b>

# GENERAL FUND APPROPRIATIONS — 1994-95

	1994-95 CONTINUATION SENATE BILL 27	1994-95 REDUCTIONS & TRANSFERS SENATE BILL 27	1994-95 EXPANSION SENATE BILL 27	1994-95 TOTAL
<b>EDUCATION</b>				
Board of Governors	\$1,193,945,658	(\$26,113,646)	31,746,741	\$1,199,578,753
Community Colleges	393,646,998	(5,822,353)	16,589,837	404,414,482
Public Education	<u>3,501,014,053</u>	<u>(6,382,425)</u>	<u>83,891,800</u>	<u>3,578,523,428</u>
<b>TOTAL EDUCATION</b>	<b>\$5,088,606,709</b>	<b>(\$38,318,424)</b>	<b>\$132,228,378</b>	<b>\$5,182,516,663</b>
 <b>HUMAN RESOURCES</b>	 <b>\$1,854,653,994</b>	 <b>(\$49,597,192)</b>	 <b>\$92,518,000</b>	 <b>\$1,897,574,802</b>
 <b>JUSTICE &amp; PUBLIC SAFETY</b>				
Judicial	\$235,112,520	(\$352,800)	\$15,956,390	\$250,716,110
Correction	602,236,033	(17,147,201)	5,489,763	590,578,595
Justice	52,038,131	231,709	2,087,244	54,357,084
Crime Control & Public Safety	<u>26,836,975</u>	<u>(578,332)</u>	<u>1,188,577</u>	<u>27,447,220</u>
<b>TOTAL — JUSTICE &amp; PUBLIC SAFETY</b>	<b>\$916,223,659</b>	<b>(\$17,846,624)</b>	<b>\$24,721,974</b>	<b>\$923,099,009</b>
 <b>NATURAL AND ECONOMIC RESOURCES</b>				
Labor	\$12,714,621	(\$397,770)	\$1,513,435	\$13,830,286
Agriculture	42,803,376	(1,140,114)	1,289,977	42,953,239
Commerce	27,160,918	(1,134,410)	5,887,315	31,913,823

	1994-95 CONTINUATION SENATE BILL 27	1994-95 REDUCTIONS & TRANSFERS SENATE BILL 27	1994-95 EXPANSION SENATE BILL 27	1994-95 TOTAL
MCNC	16,000,000	(320,000)	—	15,680,000
Biotechnology Reserve	7,157,547	(143,151)	—	7,014,396
Rural Economic Development	1,500,000	(30,000)	—	1,470,000
EHNR	<u>202,809,288</u>	<u>(2,811,224)</u>	<u>15,471,426</u>	<u>215,469,490</u>
<b>TOTAL — NATURAL AND ECONOMIC RESOURCES</b>	<b>\$310,145,750</b>	<b>(\$5,976,669)</b>	<b>\$24,162,153</b>	<b>\$328,331,234</b>
 <b>DEPARTMENT OF TRANSPORTATION</b>				
Aid to Railroads	\$100,000	—	—	\$100,000
Aeronautics	10,783,237	(1,766,666)	—	9,016,571
Air Cargo	—	—	—	—
<b>TOTAL — DEPARTMENT OF TRANSPORTATION</b>	<b>\$10,883,237</b>	<b>(\$1,766,666)</b>	<b>—</b>	<b>\$9,116,571</b>
 <b>GENERAL GOVERNMENT</b>				
Administration	\$54,119,528	(\$2,599,528)	\$1,010,060	\$52,530,060
Cultural Resources	42,086,042	(1,056,817)	1,670,545	42,699,770
General Assembly	24,982,877	(250,000)	—	24,732,877
Office of the Governor	4,495,442	(115,033)	1,480,000	5,860,409
Office State Budget & Management	3,530,825	(96,342)	—	3,434,483
Office of State Planning	1,538,034	(20,997)	87,196	1,604,233
Insurance	14,130,127	(1,366,000)	234,012	12,998,139
Lieutenant Governor	553,302	(18,459)	65,000	599,843
Administrative Hearings	1,954,545	(21,045)	—	1,933,500
Revenue	55,103,203	(1,499,032)	310,000	53,914,171
Rules Review Commission	263,871	(5,278)	—	258,593
Secretary of State	4,925,984	(201,583)	113,500	4,837,901
Auditor	7,430,882	(116,441)	531,260	7,845,701
Controller	6,687,578	(626,561)	350,000	6,411,017

	1994-95 CONTINUATION SENATE BILL 27	1994-95 REDUCTIONS & TRANSFERS SENATE BILL 27	1994-95 EXPANSION SENATE BILL 27	1994-95 TOTAL
Board of Elections	545,885	—	—	545,885
State Treasurer	5,498,735	(259,899)	1,105,918	6,344,754
Special Contribution	5,437,248	—	—	5,437,248
<b>TOTAL —GENERAL GOVERNMENT</b>	<b>\$233,284,108</b>	<b>(\$8,253,015)</b>	<b>\$6,957,491</b>	<b>\$231,988,584</b>
<b>RESERVES</b>				
Contingency and Emergency	\$1,125,000	—	—	\$1,125,000
Salary Adjustment	500,000	—	—	500,000
Salary Increases	—	—	\$116,549,560	
Compensation Bonus	—	—	—	116,549,560
Lowest Paid Employee	1,400,724	—	—	1,400,724
Reserve for Bloodborne Pathogens	2,000,000	(1,000,000)	—	1,000,000
Reserve Retiree 30% Reduction	(10,000,000)	2,752,702	—	(7,247,298)
Wage Floor — Lowest Paid Employees	—	—	135,500	135,500
Reserve - Health Care Initiatives	—	—	2,000,000	2,000,000
Reserve - Public Schools' Employees'				
Sick Leave Bank	—	—	1,000,000	1,000,000
Retirement Rate Change	—	—	1,316,400	1,316,400
<b>TOTAL —RESERVES</b>	<b>(\$4,974,276)</b>	<b>\$1,752,702</b>	<b>\$121,001,460</b>	<b>\$117,779,886</b>
Debt Service	\$80,516,283	—	\$8,597,500	\$89,113,783
Reserve for Restoration of Pay Dates — June 1994	—	—	—	—
<b>TOTAL CURRENT OPERATIONS</b>	<b>\$8,489,339,464</b>	<b>(\$120,005,888)</b>	<b>\$410,186,956</b>	<b>\$8,779,520,532</b>
<b>LOCAL GOVERNMENT TAX     REIMBURSEMENT</b>	<b>\$236,824,154</b>	<b>—</b>	<b>—</b>	<b>\$236,824,154</b>
<b>GRAND TOTAL</b>	<b>\$8,726,163,618</b>	<b>(\$120,005,888)</b>	<b>\$410,186,956</b>	<b>\$9,016,344,686</b>

## MAJOR INITIATIVES

### EARLY CHILDHOOD PROGRAMS

**Local Public-Private Partnerships** — The 1993 Session provided support for twelve early childhood pilot projects. This initiative proposes that local public-private partnerships develop plans to provide high quality day care to every child who needs it. The State is to provide increased subsidies for day care centers and to encourage them to upgrade their programs. When fully implemented statewide, this program is estimated to cost from \$200 million to \$250 million annually.

1993-94	\$20,000,000
1994-95	\$27,640,000

**Day Care Staff-Infants/Toddlers Ratios** — Ratios for day care staff to child are lowered to provide one staff person for every five infants; one for every six one-year old; and, one for every ten two-year olds.

1993-94	\$1,400,000
1994-95	\$2,216,293

**Child Day Care Credit Expansion** — Beginning in January 1994 parents making \$40,000 or less will be entitled to an expanded tax credit for child day care.

1994-95	\$4,000,000
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**Immunization** — Staff positions and funds to purchase pharmaceuticals were approved in efforts to fully immunize all of North Carolina's children. The program includes an eight-year phase-in of recommended dose of Measles, Mumps, Rubella (MMR) vaccine for children.

1993-94	\$3,500,000
1994-95	\$7,200,000

**At-Risk Child Care Matching Funds** — Support to allow the State to receive all entitlements for this purpose at the current federal financial participation rate.

1993-94	\$126,000
1994-95	186,200

**Monitoring Compliance Staff** — Adds staff to monitor and provide technical assistance to child day care centers and homes.

1993-94	\$300,000
1994-95	\$438,672

**TEACH Funds** — Provide support for the Teacher Education and Compensation Helps Early Childhood Project to allow child day care teachers to seek continuing education.

1993-94	\$1,000,000
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## MAJOR INITIATIVES (Continued)

### HEALTH CARE

**Caring Program for Children** — State funds, together with corporate grants of \$360,000 will allow this statewide, non-profit program to provide health insurance for children of "working poor" families — those who earn too much to qualify for Medicaid but not enough to afford medical insurance. For \$264 a year per child, the program pays for immunizations, office visits, diagnostic testing, outpatient surgery and emergency care. These funds will cover approximately 2,200 of the estimated 168,000 children not receiving care.

1993-94	\$500,000
1994-95	\$500,000

**Cancer Control Fund** — The 1993 Session doubled this fund, money set aside for poor working people who are believed to have cancer but can't afford to be diagnosed or who are known to have cancer but can't afford treatment. This will allow approximately 12,000 people to be served, compared to 5,600 people served in 1992-93. The additional support will change the guidelines to include incomes up to 100 percent of the federal poverty level - about \$14,350 for a family of four or \$9,430 for a family of two. Of those who meet the income requirements, only those who have been diagnosed for - or already have - cancers with high rates of survival receive the funds.

1993-94	\$1,450,000
1994-95	\$1,645,000

#### Health Care Reform Bill —

- (1) **New Health Planning Commission** — Established a new health planning commission headed by the Governor to study proposals for universal health care that would provide insurance for every State resident, including a managed competition, a plan which would operate through a system of community-based health organizations funded by the State.
- (2) **Small Employers' Insurance** — This law also encourages small businesses to join alliances (regional cooperatives) to increase their bargaining power when negotiating for employee health care insurance. A State board will authorize the alliances and regulate the health plans.
- (3) **Uniform Claim Form** — The Department of Insurance is required to develop a uniform claim form to be used by all health providers.
- (4) **Antitrust Protection** — The bill also provides antitrust protection to hospitals that work with other hospitals and health-care providers to reduce costs and avoid duplication of services.
- (5) **Primary Care Doctors** — Each of the State's four medical schools are required to develop plans to turn out more primary care doctors rather than specialists.

1993-94	\$5,500,000
1994-95	\$2,000,000

**Nursing and Rest Homes** — Under a new law the State will be allowed to hire temporary managers to correct problems at homes for the elderly and disabled.

## MAJOR INITIATIVES (Continued)

**Physician Referrals** — Under a new law, doctors are barred from referring patients to labs or diagnostic centers in which they have a financial interest.

**Certificate of Need Limited** — The State must now decide which hospitals in a given area may purchase medical equipment and establish services based on need regardless of its associated costs. Prior to this change, any hospital was free to buy equipment and set up services without State permission as long as they could do it for less than \$2 million.

**Illegal to Obstruct Access to Health Clinics** — Effective October 1993, it will be a misdemeanor to block access to a health care facility in a manner that deprives or delays a person from obtaining or providing health care. Penalties increase with successive violations; a third offense is a felony.

## INDUSTRIAL RECRUITMENT

**Automotive Technology Center** — Echoing the pioneer economic development efforts in the 1950s which created the Research Triangle Park, Governor Hunt proposed a "Center for Advanced Automotive Technology", visioned to be a combined research center and campus offering training in auto design, manufacturing, testing, marketing and service. Specifically, this facility and its state-of-the-art equipment, including a telecommunications network to link the Center to training locations throughout the State, was presented as an incentive to lure Mercedes-Benz to the State. Mercedes plans to build a \$300 million facility within the U.S. boundaries. The facility will employ about 1,500 people to manufacture approximately 60,000 vehicles annually. Legislative approval for the financial incentive includes restrictions stating that no funds can be expended until the Governor receives a written, binding agreement from a major automobile manufacturing company to build a plant in North Carolina.

1993-94	\$35,000,000
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**Global TransPark Development Zones** — Program to assist local areas surrounding the Global TransPark air cargo facility in Lenoir County to Develop infrastructure.

1993-94	\$7,500,000
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**Regional Economic Development Commissions** — Authorized are three regional commissions for the most economically distressed areas in the State at a cost of \$.6 million in 1993-94 and \$1.25 million in 1994-95 for each.

- (a) The Western Commission covers Buncombe, Cherokee, Clay, Cleveland, Graham, Haywood, Henderson, Jackson, McDowell, Macon, Madison, Polk, Rutherford, Swain, Transylvania, and Yancey Counties.
- (b) The northeast region covers Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington Counties.
- (c) The southeast region covers Bladen, Brunswick, Columbus, Cumberland, Hoke, New Hanover, Pender, Richmond, Robeson, Sampson, and Scotland Counties.

## MAJOR INITIATIVES (Continued)

The role of each Commission is to develop a plan to promote its area to an industry that may wish to locate within the State in order to directly or indirectly benefit from employment gains.

Future plans call for adding two more commissions — one specifically for minorities and another for the northwest.

1993-94	\$1,800,000
1994-95	\$3,750,000

**Unemployment Insurance Rates Reduction** — Because of surplus funds, the unemployment insurance rate was reduced by 30%.

Tax Reduction	\$171 Million
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**Local Bonds to Finance Infrastructure for Industry** — In November 1993, voters will be able to support a constitutional amendment that will allow cities and towns to sell bonds to finance infrastructure improvements needed for new industry. Increased property taxes paid by the business would be used to pay off the bonds.

**Jobs Tax Credit Expanded** — Seventeen more counties will be able to offer a jobs tax credit as an incentive for businesses to locate there. Presently only 33 of the State's most economically distressed counties have this option. Companies that add a minimum of nine new jobs get a \$2,800 per-job credit on their State income taxes.

**Industrial Development Loan and/or Grant Fund Doubled** — Companies that renovate existing facilities in the State's 50 most distressed counties can receive a grant or loan equal to \$2,400 for each new job created, or a maximum of \$250,000 — up from \$1,200 per job previously.

**Industrial Recruitment Fund** — Established a reserve to be used to lure companies to North Carolina. These funds can be used for moving costs, infrastructure and installing telecommunications equipment.

1993-94	\$5,000,000
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**Start-up of an "Electronic Information Highway"** — This system will link businesses, schools, and other groups through a statewide telecommunications network.

1993-94	\$4,100,000
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**Workforce Preparedness** — Funds are to be used for the purposes of promoting competitive salary levels for training personnel, to provide necessary books and equipment for job training and academic instruction and to provide child care for qualifying students who are seeking to enhance their skills.

1993-94	\$16,900,000
1994-95	\$8,500,000

## MAJOR INITIATIVES (Continued)

**Specialized Technology Centers** — Manufacturing industries are to be assisted by specialized technology centers.

1993-94	\$200,000
1994-95	\$200,000

**London Air Route** — The General Assembly provided from the Highway Fund a reserve to help American Airlines obtain a route to London out of Raleigh-Durham International. This set aside allows RDU to be a player in competition for the route while Durham city and county, Raleigh, and Wake County are trying to put together a package of monetary contributions.

1993-94	\$5,000,000
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**Microelectronics Center** — Support to launch joint projects between the State and corporations such as MCI.

1993-94	\$2,000,000
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## *STRUCTURED SENTENCING ACT*

**Effective Date January 1995** — This proposal establishes a grid that judges will use to determine sentences for offenders. The grid ranks crimes according to severity and offenders by their prior records. This Act, with one exception will eliminate parole. The exception, in the case of a life sentence, a judge will have the discretion of ordering life without parole or life with the opportunity for parole after 25 years.

Theoretically, the system is designed to incarcerate more violent criminals while sentencing more people convicted of misdemeanors to alternative forms of punishment.

A judge will impose both minimum and maximum sentences. The offender will be able to earn time off the maximum but could serve no less than the minimum.

Annual Cost Estimate \$30 Million

# **EDUCATION**



## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$393,630,457</b>	<b>\$393,646,998</b>
<b>Continuation Budget Changes:</b>		
1. <b>State Board Reserve</b> — Reduce the State Board of Community College's reserve fund for innovative and pilot projects by 10%.	(100,000)	(100,000)
2. <b>Department of Community Colleges Vacant Positions</b> — Eliminate 3 vacant positions in the Department. Positions eliminated are: <ul style="list-style-type: none"><li>- Education Consultant II</li><li>- Office Assistant III</li><li>- Extension Educ. Training Specialist IV</li></ul>	(106,876)	(106,876)
3. <b>Community Services Block Grant</b> — Reduce the Block Grant by one-half. The programs offered by this fund are hobby and leisure courses, not related to job training skills. About 40% of those enrolled are senior citizens who take these courses free of charge. Others are charged a fee that varies by college. The other program offered by this fund is the Visiting Artist program. Approximately \$500,000 was spent for that purpose during the 1991-92 fiscal year.	(1,952,298)	(1,952,298)

DEPARTMENT OF COMMUNITY COLLEGES (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
4. <b>Other Departmental Savings —</b>		
(a) Data processing savings	(\$40,000)	(\$40,000)
(b) Inventory reduction	(400)	(400)
5. <b>Administrative Cuts —</b> Reduce the formula allotment for senior administrators and administrators of programs from a ratio per 110 FTE to one based on every 125 FTE. (It would cut less than 30 equivalent positions statewide.)	(1,563,777)	(1,563,777)
6. <b>Prison Education Profit Cuts —</b> Community Colleges receive funds for teaching prisoners if they are on the rolls at the 20% point of the class. Many of them are transferred to other prisons after the start of classes, but the colleges still receive FTE for them for the entire course. If they were paid only for the actual hours taught, there would be substantial savings every year.	(1,000,000)	(1,000,000)
<b>TRANSFER:</b>		
1. Transfer Sheltered Workshop Funds from Community Colleges to the Department of Human Resources	(1,059,002)	(1,059,002)
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>(\$5,822,353)</b>	<b>(\$5,822,353)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$387,808,104</b>	<b>\$387,824,645</b>

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**EXPANSION BUDGET**

1. <b>Enrollment Increases —</b> Fully funds the enrollment increases of 3,485 FTE during the 1992 fiscal year.	\$7,689,837	\$7,689,837
2. <b>Hospital Nursing Diploma Program —</b> Subsidy for five hospital-based nurse training programs.	200,000	200,000
3. <b>Specialized Technology Centers for Manufacturing —</b> Funds for specialized technology centers to assist manufacturing industries.	200,000	200,000



**DEPARTMENT OF COMMUNITY COLLEGES (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
4. <b>Workforce Preparedness - Child Care Grants —</b> To provide child care grants to community colleges.	\$1,500,000	\$1,500,000
5. <b>Workforce Preparedness - Competitive Salary Levels —</b> To provide additional faculty salary funds.	6,000,000	6,000,000
6. <b>Workforce Preparedness - Counselor Positions —</b> To fund additional counselor positions.	1,000,000	1,000,000
7. <b>Workforce Preparedness - Equipment and Books —</b> To provide additional funds for equipment and books. (\$6.2 million - equipment 2.2 million - books)	8,400,000 NR	—
<b>NON-RECURRING EXPANSION</b>	<b>\$8,400,000</b>	<b>—</b>
<b>RECURRING EXPANSION</b>	<b>\$16,589,837</b>	<b>\$16,589,837</b>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$24,989,837</b>	<b>\$16,589,837</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$412,797,941</b>	<b>\$404,414,482</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

- Section 102**      **Course Repetition Policy —** Limits the number of times a person may take a community college occupational extension course to twice without paying the full per student cost. It allows an exemption for students repeating courses necessitated by licensure or recertification requirements.
- Section 103**      **Audit Policies —** Tightens up the policies used by community college program auditors to ensure better compliance with State and federal laws and regulations. In addition, it imposes a 25% penalty on audit exceptions.
- Section 104**      **Community College In-Plant Training —** Approves the program restrictions adopted by the State Board in order to bring the in-plant training program in line with legislative intent. It also allows overhead charges to be increased from 15% to 25%. In addition, it requires the State Board to make a written finding that each in-plant training program is operating with the public interest predominating over the private interest of the company.
- Section 105**      **Prison Education —** Changes the method of counting full-time equivalent students (FTE) in the prison system to a contact hour basis and requires the State Board to develop a plan for the delivery of appropriate education in correctional facilities.

**DEPARTMENT OF COMMUNITY COLLEGES (1993 Actions, Continued)**

- Section 106**      **Huskins Program** — Requires the State Board to have a study made of all Huskins bill courses taught at high schools to determine if there is any duplication in vocational, technical, or advance placement courses. In addition, the Board shall assure that all Huskins bill courses are actually college level work.
- Section 107**      **Community College Sheltered Workshop Funds Transferred** — Directs DHR to allocate funds transferred to those sheltered workshops that received funds from community colleges in the fall of 1992. It also provides that community colleges may offer only compensatory education and literacy programs in sheltered workshops.
- Section 108**      **Remediation Measures** — Directs the State Board of Community Colleges to study the issue of tests and proficiency levels for placing students in developmental courses.
- Section 109**      **Community College Accountability Measures** — Requires the State Board to establish standards for institutional performance on certain accountability measures and to follow-up on colleges that fall below the standards. In addition, it requires the Board to direct colleges to create an accountability measurement that will provide data on graduate placement rates and employer, graduate and early leaver's satisfaction with the college's training programs.
- Section 110**      **Maintenance of Plant** — Codifies the policy on maintenance of plant that provides funds to colleges whose out-of-county student headcount served on the main campus exceeds 50% of the total student headcount.
- Section 111**      **Operating Appropriations/Not Used For Recreation Extension** — Requires all recreation programs to be offered on a self-supporting basis.
- Section 112**      **Full-Time Equivalent Teaching Positions/Community Colleges** — Allows the faculty-student ratio for curriculum programs to be determined by the funds available in the appropriations bill and sets the occupational extension ratio at 1 to 23.
- Section 113**      **Books and Equipment Appropriations/Revert After One Year** — Allows community colleges two years to spend their books and equipment funds.
- Section 114**      **Tech Prep Implementation** — Requires the Department of Public Instruction and the Department of Community Colleges to each provide \$50,000 each fiscal year to the Tech prep Leadership Development Center at Richmond Community College.
- Section 115**      **Community College Faculty Salaries** — Requires each community college to pay its full-time curriculum faculty an average salary equal to the amount appropriated for the curriculum instructional unit value. The amount in the budget for that unit value for 1993-94 is \$34,262. It also allows the State Board of Community Colleges to grant exemptions to those colleges that are unable to meet this requirement if they provide sound educational reasons for non-compliance.

**DEPARTMENT OF COMMUNITY COLLEGES (1993 Actions, Continued)**

- Section 116**      **Hosiery Technology Center Funds** — Allocates \$50,000 of the funds appropriated for specialized technology centers to be used for a Hosiery Technology program to provide assistance to hosiery manufacturers in the State.
- Sections 117-120**   **GPAC/Community Colleges** — Implements many of the GPAC recommendations for Community Colleges:
- o      Directs the State Board to develop a tuition and fee policy that keeps these expenses to less than 20% of the per capita student funding;
  - o      States that the goal of the General Assembly is to increase per student funding as money is available;
  - o      Directs the State Board to develop a program-based funding system; adopt guidelines for multi-campus and off-campus centers; and study the structure of the system based on a regional review of program needs to eliminate unnecessary duplication.
  - o      Requires the Board to develop a plan for a Challenge Grant Scholarship Fund.
- Section 124**      **Proration of FTE Reimbursements/Minimum Class Size Study** — Directs the State Board to develop a plan to prorate the FTE earnings to colleges based on their respective costs when they operate a joint program or when one college offers a program on another college's campus.
- It also requires the Board to study the issue of minimum class size.
- Section 124.1**      **Assistance to Hospital Nursing/Fund Distribution** — Sets out the method of allocation for the hospital-based diploma nursing funds.
- Section 124.2**      **Student Census Date** — Changes the student census date for reporting FTE hours from the 20% point to the 30% of the class.

**SENATE BILL 26 (Chapter 561)**

- Section 50**      **Certain Refugees State Residents for Community College Tuition Purposes Continued** - Allows persons designated as refugees to continue their classification as residents for tuition purposes at community colleges. It deletes the original sunset provision in the law.
- Section 51**      **Books and Equipment Appropriations/Changes in Specifications Regarding Reverting** - Allows community colleges five years rather than two to spend their equipment appropriations. In addition, it prohibits the transfer of equipment funds for other purposes.

## PUBLIC EDUCATION

*STATUTORY AUTHORITY: General Statutes, Chapter 115C*

The State Board of Education consists of 13-members (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.

The major duties of the board 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$3,445,213,790</b>	<b>\$3,501,014,053</b>
<b>Continuation Budget Changes:</b>		
1. <b>DPI Reorganization</b> — Reorganize DPI and reduce positions. Reduction of 86 positions over the biennium. 57 General Fund supported positions.	(763,366)	(1,781,186)
2. <b>Rent Savings</b> — Savings from moving offices from rental space into the new education building.	(58,251)	(58,251)
3. <b>Contracts</b> — Reduce Contracts and Grants.	(67,562)	(67,562)
4. <b>Inservice Training</b> — Reduce Inservice Training.	(35,418)	(35,418)
5. <b>Teacher Fellows Commission</b> — Reduce balance in Trust Fund for Teaching Fellows Program. Balance was created by repayments of loans. This action does not reduce the number of scholarships available each year.	(700,000)	(500,000)
6. <b>Prospective Teacher Scholarship Loan Program</b> — Reduce balance in Trust Fund from repayments. This action does not reduce the number of scholarships available each year.	(17,040)	(17,040)
7. <b>SIPS Charges</b> — Reduce data processing charges by 30%.	(300,000)	(300,000)
8. <b>Inventory Reductions</b> — Reduce inventories in the Department of Public Instruction.	(17,500)	(17,500)
9. <b>Pupil Transportation</b> — Reduce funds appropriated for pupil transportation program based on current fuel prices.	(2,500,000)	(2,500,000)

**PUBLIC EDUCATION (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
10. <b>Career Development</b> — Continue phase-down of funds. Reduce to 5% in FY 1994-95. Only the following systems receive funds under this budget item: Burlington, Alexander, Buncombe, Burke, Chowan, Tarboro, Greene, Roanoke Rapids, Harnett, Haywood, Mecklenburg, Montgomery, New Hanover, Orange, Perquimans, Salisbury-Rowan. All other systems are eligible to participate in the 2% distribution of differentiated pay funds, if those funds are provided in the expansion budget.	—	(7,836,901)
11. <b>Stipend - Recruiting Office</b> — Eliminate the allotment of \$300 per high school. If this function is necessary, teachers could choose to make this a part of their differentiated pay plan at the high school.	(124,398)	(124,398)
12. <b>ADM Adjustment</b> — Fund additional public school enrollment, beyond the average daily membership increases provided in the Governor's recommended continuation budget.	11,064,190	15,250,246
13. <b>Average Salaries</b> — Recalculation of average salaries for public schools based on the December 1992 payroll. The Governor's recommended budget was based on earlier payroll calculations.	(8,217,041)	(8,394,415)
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>(\$1,736,386)</b>	<b>(\$6,382,425)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$3,443,477,404</b>	<b>\$3,494,631,628</b>

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**EXPANSION BUDGET**

Department of Public Instruction

1. <b>Testing</b> — Additional funds to complete implementation of the End-of-Course End-of-Grade Testing Program.	\$1,789,760	\$1,789,760
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Public School Fund

2. <b>Differentiated Pay</b> — Provide differentiated pay for employees in the public schools. Participation in differentiated pay is based on the local school improvement plan.	38,827,392 NR	38,827,392
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**PUBLIC EDUCATION (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
3. <b>Teacher Longevity</b> - Increase support at rates established by the teacher salary schedule. This does not change the rate, but rather fully funds longevity at current budget projections.	\$7,000,000	\$7,000,000
4. <b>Basic Education Program</b> — Increase counselors, social workers, and other instructional support personnel to help reduce violence in the public schools.	10,000,000	10,000,000
5. <b>Low-Wealth School System</b> — Provide additional supplemental funding to low wealth school systems. Funding formula was modified by the 1993 General Assembly.	9,000,000	9,000,000
6. <b>Small School Systems</b> — Provide additional supplemental funding for small county school systems.	4,000,000	4,000,000
7. <b>Exceptional Children</b> — Increase funding amounts for both handicapped and academically gifted students. Add \$1 million in non-recurring funds to those systems with handicapped children over the 12.5% cap.	4,583,598	4,583,598
	<u>1,000,000</u> NR	
	5,583,598	
8. <b>Textbook Purchase</b> — Increase funding for textbooks to \$28 per student in grades 1-12, and \$28 per student in kindergarten.	5,732,985	5,901,050
9. <b>Supplies and Materials</b> — Increase funding for supplies, materials, and equipment.	2,500,000 NR	—
10. <b>Safe School Grants</b> — Provide funds for safe school grants to assist local schools in reducing school violence.	2,500,000	2,500,000
11. <b>Tech Prep</b> — Increase Tech Prep funding. State and \$3 million in federal funds will provide for expansion of this program in the current biennium.	100,000	100,000
12. <b>Governor's Schools</b> — Increase funding for the Governor's Schools.	100,000	100,000
13. <b>Mobile Preschool Pilot Program</b> — Establishes pilot mobile preschool program in McDowell County.	50,000 NR	—
14. <b>Parent-as-Teachers</b> — Establishes pilot parent-as-teacher program in two school districts, Wake and Rutherford County.	100,000 NR	—

**PUBLIC EDUCATION (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
15. <b>Task Force on Teacher Staff Development</b> — Funds the task force established under Section 141 of the 1993 Appropriations Act.	\$300,000 NR	—
16. <b>Staff Development Fund</b> — Provides additional funds for staff development in all school systems.	2,000,000 NR	—
17. <b>Model Teacher Consortium</b> — Add Bertie County to the existing consortium in northeastern North Carolina.	15,000	15,000
18. <b>School Buses</b> — Funds for school bus replacements. This funding plus the funds in the continuation budget are designed to return the state to its normal replacement cycle on school buses.	24,015,485 NR	—
19. <b>School Technology Commission</b> — Funds the commission to study the use of technology in the public schools. This Commission is established under Section 135 of the 1993 Appropriations Act.	300,000 NR	—
20. <b>Public School Forum</b> — Support for additional administrative costs associated with the Teaching Fellows Program.	75,000	75,000
21. <b>Advanced Placement Tests</b> — Funds pilot program on advancement placement tests. Requires one-to-one local match.	550,000 NR	—
22. <b>Cued Speech Center of Wake County</b> — Funds for transition services.	95,000 NR	—
23. <b>Small School Supplemental Funding</b> — Hold harmless Jackson and Ashe Counties for FY 1993-94 only.	600,565 NR	—
24. <b>Library Technology Funds</b> — Funds to improve the technology in public school libraries.	5,000,000 NR	—
<b>NON-RECURRING EXPANSION</b>	<b>\$75,338,442</b>	<b>—</b>
<b>RECURRING EXPANSION</b>	<b>\$44,896,343</b>	<b>\$83,891,800</b>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$120,234,785</b>	<b>\$83,891,800</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$3,563,712,189</b>	<b>\$3,578,523,428</b>

PUBLIC EDUCATION (1993 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILLS — 1993

SENATE BILL 27 (Chapter 321)

- Section 125**      **Freshman Performance Reports Made Available To Parents of High School Students** — Rewrites G.S. 115C-12(18)c to require local boards of education to provide parents and the general public with freshman performance data provided by institutions of high education.
- Section 126**      **Career Development Funds: 1994-95 Reduction** — Reduces funding for school systems receiving career development funds to 5% of certified payroll in FY 1994-95. For the FY 1993-94 school year these systems will receive funding at 7% of the certified payroll. Provides that the intent of the General Assembly is that employees not receive less in salary and bonus in FY 1994-95 than they receive in FY 1993-94.
- Section 127**      **Teacher Salary Schedules** — Revises the teacher salary schedule by increasing the beginning salary of the first year teacher with a bachelor's degree to \$20,002 per 10 month school year, and adjusting all the remaining steps on the schedule. The schedule as in previous years is based on years of experience and degrees, with 2% between each step. Longevity payments remain at 1% of base salary for teachers with between 10-14 years of state service; 1.5% for 15-19 years; 2% for 20-24 years; 2.5% for 25 years and above. Increases the payments for advanced degrees to \$126 per month for a six year degree, and \$256 per month for a doctoral degree.
- Section 128**      **Teacher Recruitment Statutes Repealed** — Repeals the statutes dealing with the Office of Teacher Recruitment.
- Section 129**      **Allocation of Funds for Merged Career Development Pilot Projects** — Provides for funding allocation following the merger of a career ladder and non-career ladder school system. The merged system receives a share of both Career Development and differentiated pay funds following the merger. For FY 1993-94 this section applies in only Rowan and Edgecombe counties.
- Section 130**      **Reorganization of the Department of Public Instruction** — Provides the Superintendent of Public Instruction with the authority to reorganize the department and reduces the budget by 57 state funded positions.
- Section 131**      **Continue Model Teacher Consortium** — Adds Bertie County to the model teacher consortium established in Northeastern North Carolina by the 1991 General Assembly.
- Section 132**      **School-Based Administrator Salaries** — Establishes a salary schedule for school-based administrators, principals and assistant principals.
- The entry level salary for assistant principals is 3% higher than the graduate level teacher with four years of experience. There is approximately 2% between each step of the salary schedule. As the teacher salary schedule increases in future years, the assistant principal's salary schedule will increase maintaining this same relationship.



## **PUBLIC EDUCATION (1993 Actions, Continued)**

An assistant principal is placed on the schedule based on their total number of years of experience as a certified public school employee. The beginning salary for an assistant principal under the new schedule, when it is fully implemented will be \$23,710 for a 10 month contract and \$28,452 for a 12 month contract.

Placement of the principal salary schedule is based upon three factors. The number of state funded teachers and assistant principals supervised by the principal; the total years of experience as a certified public school employee; and an additional step for each three years of experience as a principal.

In FY 1993-94 initial placement for principals and assistant principals on the schedule is governed by the following rules. If placement would result in less than a 1% increase, the increase will be at least 1%. If placement would result in an increase of greater than 3%, the individual will be placed on the highest grade and step where the salary is not greater than 3%. Additional salary increases that result from promotions during the FY 1993-94 will be limited to a maximum of 3%.

Principals who are moved from a larger to a smaller school are moved on the schedule, as if they had spent their entire career in the smaller school. If the move is to a larger school the same rule applies.

Out-of-state principals who move to North Carolina are assigned to the new schedule based on separate rules set out in this section.

Principals and assistant principals will continue to receive \$126 per month for a six year degree and \$253 per month for a doctoral degree.

Longevity pay for principals remains the same as provided to all state employees, other than teachers.

This section also eliminates the provision in state law that require that superintendents be paid at least 1% more than the highest state paid principal. Superintendents previously receiving these payments will continue, as long as they meet the criteria established under the original statute.

The section also provides that the Joint Legislative Education Oversight Committee may consider and recommend salary schedules for the other school administrators.

### **Section 133**

**Salaries for Noncertified Public School Employees** — Requires that by the 1995-96 school year local boards of education place state-allotted office support personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the State Board of Education. The average salary paid to each category must equal the state allotted amount. The average salary paid in FY 1993-94 in each category must be 2% higher than the average salary paid in that category during FY 1992-93. The State Board of Education must report on the implementation of this provision to the General Assembly in 1994 and 1995.

## **PUBLIC EDUCATION (1993 Actions, Continued)**

### **Section 134**

**Exceptional Children Funds** — Establishes the allocation of funds for exceptional children for FY 1993-94 in the following manner. Academically gifted \$641.26 per child for 3.9% of the FY 1992-93 average daily membership, regardless of the number of gifted children identified. The total number of children for which funds are allocated are 43,114.

Handicapped children will receive \$1,923.79 per child for the lesser of the number identified or 12.5% of average daily membership. The maximum number of children for which funds are allocated are 125,316. Each system that is above the 12.5% cap will receive an additional \$418.76 per child in nonrecurring funds to be used for non recurring expenditures on behalf of handicapped children.

The recurring funding for gifted and handicapped will also be increased by the funds from the salary increase reserve. **When these funds are added to the expansion funds, the total per child allocation for academically gifted will be \$652.18 and for the handicapped, \$1,956.52.**

The State Board of Education is required to study the funding for handicapped and gifted children and report to the Commission on Children with Special Needs and the education appropriations subcommittees of House and Senate by March 15, 1994.

### **Section 134.1**

**School Counselor Funds** — Establishes the requirement that the \$10 million in funds for instructional support personnel be used first for counselors, then for social workers and other instructional support personnel to help reduce school violence.

### **Section 135**

**School Technology Commission Created** — Creates the Commission on School Technology located administratively in the Department of Public Instruction, but the commission will exercise its powers independently of the department. The Commission is composed of 16 members, including four appointed by the Speaker of the House and four by the President Pro Tempore of the Senate. The Cochairmen of the commission come from the appointees of the House and Senate. For the FY 1993-94 fiscal year only one member of the House and one member of the Senate shall be appointed to the commission. The commission shall prepare a requirements analysis on the use of learning and instructional management technologies in the public schools. The Commission shall submit a progress report to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee by March 15, 1994 and a final report by May 15, 1994 on the plan that it develops. Funds in the amount of \$300,000 for FY 1993-94 were appropriated for the operation of the commission.

### **Section 136**

**Low Performing Units** — Requires the State Board of Education to use up to \$1,200,000 in funds appropriated as Aid to Local School Administrative Units to provide staff development activities and technical assistance to school systems identified as low performing or on warning status. School systems that fall into these two categories

## **PUBLIC EDUCATION (1993 Actions, Continued)**

must use both low wealth supplemental and small school system funding to implement their approved plan for improving student performance and dropout prevention.

**Section 137**      **Mobile Preschool Pilot Program** — Funds a mobile preschool pilot program in McDowell County for FY 1993-94, and requires a report to the General Assembly on the program by March 1, 1995.

**Section 138**      **Supplemental Funding in Low-Wealth Counties/Small School System Supplemental Funding** — Establishes a new formula to allocate the \$18,000,000 in Low Wealth Supplemental Funding appropriated. New formula is based on three weighted components: the county's revenue base per student (40%); the per capita income of the county (50%); and an adjustment for property tax density (10%). When these three components are added together, if a county is below the state average then it is eligible for Low Wealth Supplemental Funding.

The effort that a county must make to qualify for funding was also changed in by this provision. A county may now receive 100% funding by having an effective tax rate at greater than the state average, or by having an appropriation per student that is greater than what would be expected given the county's wealth. The remaining eligible counties receive proportional funding as a percentage of what they actually appropriate versus what they could appropriate given their county revenues.

The amount that a county would receive if the allocation formula were funded at 100% is calculated by comparing the state average appropriation per pupil with what a county could appropriate given their overall wealth. An eligible county receives a pro rata share based on the total that the General Assembly actually appropriates. Appendix Table, Page 323, provides an example of how the formula is calculated and the amounts that each county will receive in FY 1993-94.

The formula for supplemental funding for small schools was reenacted with only minor changes over the FY 1992-93 formula. This change provided two additional teachers to those extremely small counties that have a density of less than four students per square mile. Appendix Table, Page 331, provides the amounts that each county will receive in FY 1993-94.

**Section 139**      **Safe Schools** — Provides \$2.5 million for each year of the biennium as competitive grants to school systems for innovative programs that make schools safe for students and employees. Grants may be made to a single school system or groups of systems in amounts ranging from \$50,000 to \$100,000. Grant recipients must be selected prior to January 1, 1994. The State Board of Education must report on the use of these funds to the Joint Legislative Oversight Committee prior to March 15, 1994 and January 15, 1995.

This section also adds a provision to the General Statutes requiring the State Board of Education to monitor and compile an annual report on acts of violence in the public schools.

## **PUBLIC EDUCATION (1993 Actions, Continued)**

Another statutory change requires the State Board to develop a list of conflict resolution and mediation models for use in the public schools.

- Section 140**      **Parents-as-Teachers Programs** — Establishes two Parents as Teachers Pilot Programs, one in Wake County school district and the other in the Rutherford County school district. Funds are provided only for FY 1993-94. Both systems must report to the State Board of Education and the General Assembly prior to March 1, 1995.
- Section 141**      **Teacher Academy/Task Force on Teacher Staff Development** — Creates within the Department of Public Instruction a 20 member Task Force on Teacher Staff Development. The purpose of the task force is to develop a Teacher Academy Plan that includes a statewide network of comprehensive professional development for teachers in school leadership and subject matter areas. The Task Force must report on its plan to the Joint Legislative Education Oversight Committee by March 1, 1994. Funds are appropriated for the operation of the commission, and for the department to begin implementation of the teacher academy program. Authorization for the task force expires July 1, 1995.
- Section 142**      **Expand NCCAT Services** — Appropriates \$200,000 for each year of the biennium to expand the professional development programs offered by the North Carolina Center for the Advancement of Teaching. The provision also provides the authorization for five pilot projects to assist local schools in dealing with professional development problems identified by school based committees.
- Section 143**      **Staff Development Funds** — Provides an additional \$2 million in nonrecurring funds for staff development held outside of the regular 200-day school calendar. This section establishes a limit of \$10 per hour for the stipend, with a maximum of \$60 per day.
- Section 144**      **Scotland County School Pay Date Changed** — Allows Scotland County to establish the fifteenth day of each month as the payday for all 10 months employees paid on a monthly basis.
- Section 145**      **Brunswick County School Pay Date Changed** — Allows Brunswick County to establish the fifteenth day of the month as the a payday for all 10 month teachers and all 10 month employees of the school system.
- Section 144.1**      **Study of GPAC Recommendations Regarding Reorganization of State Education Agencies** — The Joint Legislative Commission on Governmental Operations may review the GPAC recommendations on the reorganization of state education agencies.
- Section 144.2**      **Local School Improvement Plans** — Makes a number of changes in the Performance Based Accountability Program to include: Parents on local advisory boards shall not be school employees and shall reflect the racial and socioeconomic composition of the school district; teachers on the advisory shall be selected by secret ballot; and closer alignment of systemwide and building level staff development plans.

## **PUBLIC EDUCATION (1993 Actions, Continued)**

Principals are required to notify all affected building level personnel of the amounts available for differentiated pay, and at the end of the fiscal year provide a report to the same personnel on the disbursement of these funds.

If the local school board makes available to individual schools staff development funds, these funds must be spent in accordance with the building level improvement plan. Principals must also report on the availability and the disbursement of staff development funds.

Adds six additional members to the Site Based Management Task Force. Appointment source is identified in the provision.

### **Section 143.3**

**Driver Education Study** — Requires the Legislative Research Commission to study the driver education program offered in the public schools. Study will include the efficiency of the program's operation; impact of offering driver education outside of the regular school day; the overall cost of the program; and a five year projection estimate of the program cost.

## **SENATE BILL 26 (Chapter 561)**

### **Section 52**

**Small School System Formula/Hold Harmless Provision** — Allocates funds to Jackson and Ashe Counties under the small school system supplemental funding formula as a one year hold harmless against the loss of the funds. Establishes a legislative finding that the Department of Revenue did not provide the information to the Department of Public Instruction in sufficient time to allow notification of these school systems of the impending loss of funds. Expresses legislative intent to provide these hold harmless funds for FY 1993-94 only.

### **Section 53**

**New Hanover County Pay Dates Changed** — Allows New Hanover County to establish the 15th day of each month as the payday for all 10 month teachers and teacher assistants.

### **Section 54**

**Payment of Career Development Bonuses** — Allows payment of bonuses in former Career Development Pilot Projects to take place on a monthly basis. Previous statute required that the bonuses be paid no more frequently than quarterly.

### **Section 55**

**CPR Instruction** — Requires the State Board of Education to study and report to the Joint Legislative Education Oversight Committee on the requirements of local boards of education to provide for the teaching of cardiopulmonary (CPR) resuscitation and the Heimlich maneuver. Report must be submitted prior to May 1, 1994.

### **Section 56**

**Differentiated Pay Funds/Reversion** — Alters the date that differentiated pay funds must revert to the state. Differentiated pay funds allocated for bonuses will remain available until November 30 of the subsequent fiscal year. Differentiated pay funds used for staff development will revert on August 31 of the subsequent fiscal year. If the

**PUBLIC EDUCATION (1993 Actions, Continued)**

local school improvement plan calls for bonuses that are not paid because of a failure to meet local goals to be used for staff development, then these funds remain available until November 30 of the subsequent fiscal year.

- Section 57**      **Noncertified School Employee Study** — Provides that the Joint Legislative Education Oversight Committee may study the employment, training, evaluation, and dismissal of noncertified employees. The committee may report its findings to the 1994 session of the General Assembly.
- Section 58**      **Teacher Training Task Force** — Makes certain changes in the membership of the Teacher Training Task Force established by the 1991 General Assembly. These changes include adding four teachers currently employed in the North Carolina public schools. Provides \$10,000 to complete the work of the task force. The task force submits its final report to the Joint Legislative Education Oversight Committee by April 1, 1994.
- Section 59**      **Public School Library Technology Funds** — Provides \$5,000,000 to enhance the availability of technology to public school libraries. Funds are allocated to local school districts based on average daily membership.
- Section 60**      **North Carolina Future Farmers of America Funds** — Appropriates \$300,000 to the North Carolina Future Farmers of America Foundation, Inc. for the North Carolina Future Farmers of America Center for development, repairs, and renovations. Requires a one-to-one match.
- Section 61**      **Flexibility in Reorganizing Department of Public Instruction Positions** — Allows the Superintendent of Public Instruction to transfer state and federal funds between the Department of Public Instruction and Aid to Local School Administrative Units so as to improve organizational performance within the department. The transfers must be approved by the State Board of Education and the Director of the Budget, and are subject to the conditions of federal laws and grants.
- Section 62**      **Advanced Placement Pilot Program/Matching Funds** — Provides funds to improve advanced placement programs in North Carolina public schools. Funds require a local match at a one-to-one ratio.
- Section 63**      **Payroll Deduction Clarification Continued** — Provides that authorization for employees to have association dues withheld from their checks each payroll period will continue until revoked by the employee.

# UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

*STATUTORY AUTHORITY: General Statutes, Chapter 116*

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

The President of the University of North Carolina is the chief administrative officer of the University. He establishes administrative organizations to carry out the policies of the University. In carrying out his duties and responsibilities, the president is assisted by his staff officers and by the chancellors of the 16 constituent institutions.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$1,184,069,864</b>	<b>\$1,193,945,658</b>
<b>Continuation Budget Changes:</b>		
1. Across-the-board reduction of 0.59% except for AHEC	(6,481,337)	(6,533,454)
2. Budget overhead receipts at latest estimates	(858,065)	(859,066)
3. Eliminate motor vehicle purchases	(257,980) NR	—
4. Budget more realistic receipts for summer schools	(600,000)	(600,000)
5. UNC-General Administration Budget increase in overhead receipts	(275,000)	(400,000)
6. Nurse Scholars Program: Reduce funding one year due to fund balance	(500,000) NR	—
7. Aid to Private Medical Schools: Hold to 1992-93 actual use	(262,000)	(383,000)
8. Reduce pilot shellfish enhancement project to level requested	—	(103,927)
9. Reduce funding for endowment for Center for Alcohol Studies	(150,000)	(150,000)
10. Eliminate Reserve for WUNC-FM building because funding for public radio on UNC campuses was eliminated 1991-93	(7,821)	(55,442)
11. Reduce other Reserves for new facilities due to delays in estimated completion dates	(488,452) NR	51,785
12. Realign AHEC budget. Shift 1% of funds in Health Sciences Support budget on campus to 4 primary care residencies \$60,000 (each year)	—	—

UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>13. ECU Medical School - Hospital Teaching Costs —</b>		
(a) <b>Teaching Hospital Costs —</b> Change State Medicaid Plan to reimburse Pitt Hospital for full costs for all Medicaid patients, in exchange for elimination of State reimbursement for bad debts, residents, and unreimbursed Medicaid costs for non-Pitt County patients. Counties pay at regular Medicaid rate.	(\$15,929,151)	(\$17,080,542)
Less State Match for Medicaid	5,420,994)	5,865,713)
Net Savings	(\$10,508,157)	(\$11,214,829)
(b) Funds to continue support for residents at Pitt County Memorial Hospital.		
	<b>1994-94</b>	<b>1994-95</b>
Requirements	10,000	10,000
Less		
Receipts	(10,000)	(10,000)
Appropriations	-0-	-0-
<b>14. UNC Hospitals —</b> Reduce appropriation due to change in Medicaid reimbursement for full costs.	(1,500,000)	NR
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>(\$21,888,812)</b>	<b>(\$20,247,933)</b>
<b>TRANSFER:</b>		
1. Transfer funds to Department of Human Resources from ECU Medical School budget for State match for additional Medicaid payments to Pitt County Memorial Hospital.	(5,420,994)	(5,865,713)
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>(\$27,309,806)</b>	<b>(\$26,113,646)</b>
<b>PLUS TRANSFERS - RECURRING</b>	<b>(\$24,563,374)</b>	<b>(\$26,113,646)</b>
<b>NON-RECURRING</b>	<b>(\$2,746,432)</b>	
<b>REVISED CONTINUATION BUDGET</b>	<b>\$1,156,760,058</b>	<b>\$1,167,832,012</b>



UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS (1993 Actions, Continued)

	1993-94 General Fund		1994-95 General Fund
<b>EXPANSION BUDGET</b>			
<b>1. Enrollment and Schedule of Priorities -</b>			
(a) Funds for schedule	\$47,498,197		\$47,449,834
	36,703,874 R		47,449,834 R
	10,794,323 NR		
(b) <u>Tuition Increase</u>			
In-State: 3% first year;			
3.3% second year			
Out-of-State: 6.5% each year	(9,944,127)		(20,882,836)
Subtotal: Schedule of Priorities:			
General Fund	37,554,070		26,566,998
	26,759,747 R		26,566,998 R
	10,794,323 NR		
<b>2. Aid to Students Attending Private Colleges —</b>			
Funds grants at authorized levels	1,055,000		1,055,000
<b>3. Education Leadership Task Force</b>			
(a) Principal Fellows	198,000		1,190,000
(b) School Leadership Academy	15,000 NR		—
(c) School Administrators Training Program			
Reforms	122,000		101,000
(d) School Administrators Professional			
Standards Board	150,000		250,000
Subtotal	\$470,000 R		\$1,541,000 R
	\$15,000 NR		
<b>4. N. C. State</b>			
a. <u>Non-Wovens Cooperative Research Center</u>			
Funds to match National Science Foundation			
grant for textile research	250,000 NR		—
b. <u>Pulp and Paper</u>			
(\$300,000 each year from overhead receipts)	—		—
c. <u>Furniture Manufacturing and Management Center</u>			
(\$500,000 each year from overhead receipts)	—		—
d. <u>Seafood Enhancement Pilot Project</u>	8,000 NR		—
e. <u>Study Alternative Sewage Disposal Systems</u>	50,000 NR		—

**UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
f. <u>NCSU/Textbooks</u> — Funds for preparation and publication of social studies textbooks for grades 4-7 (HB 676/SB 662)	\$204,000	\$174,000
<b>5. N.C. A&amp;T State —</b>		
a. Matching funds for Transportation Institute to match federal grant of \$1 million (HB 662)	250,000 NR	—
b. Agricultural Research and Extension Development (HB 660)	500,000 NR	—
c. Support for Applied Manufacturing and Education Center	3,500,000 NR Non-Add *	—
<b>6. N.C. School of Science and Mathematics</b>		
(a) Funds for salary schedule	125,000	125,000
(b) Funds for campus security	70,743	70,743
<b>7. Agricultural Programs</b>		
(a) Research staff for Tidewater Research Station (HB 65)	500,000	500,000
(b) Funds for 4-H Youth Development program for camp operation (HB 422)	250,000 NR	—
(c) Conifer Integrated Pest Management (HB 1277)	64,000	64,000
(d) Seafood Laboratory Funds (HB 259/SB 420)	125,000	125,000
(e) Study abatement of swine farm odors (HB 1159/SB 926)	85,000 NR	—
(f) Turfgrass research (HB 1170)	250,000 NR	—
<b>8. UNC at Chapel Hill —</b>		
(a) Project TEACCH (HB 333)	150,000	150,000
(b) Support of Bicentennial Observance	250,000 NR	—
(c) Infectious Disease Control Program for Training (SB 827)	75,000 NR	—
<b>9. Mountain Aquaculture (HB 119/SB 156/SB 1005)</b>	200,000	200,000
<b>10. Nurse Anesthetists (HB 438)</b>	50,000	50,000

UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
11. <b>Diabetes Program</b> (HB 1349)	\$225,000	\$225,000
12. <b>Learning Link</b> (HB 1308/SB 1127)	100,000	100,000
13. <b>Teacher Academy</b> —		
(a) N. C. Center for the Advancement of Teaching for training trainers (HB 557)	200,000	200,000
14. <b>Educational Consortia</b> —		
(a) Fund 4 additional campuses (Appalachian State, East Carolina, N.C. Central, and UNC-Charlotte) (HB 1441/SB 1110)	600,000	600,000
(b) One-time support for educational consortium at UNC-Chapel Hill	150,000 NR	—
15. <b>Freshman Scholars Program</b> at Fayetteville State, N.C. A&T State, N.C. Central, Pembroke, Winston-Salem State	1,000,000 NR	—
16. <b>Teacher Training Task Force</b> (HB 255/ SB 449)	10,000 NR	—
17. <b>Fayetteville State</b> — Process Leadership Program Training Funds (HB 1246/SB 1120)	50,000 NR	—
18. <b>UNC Board</b> — Planning grant for Chinqua-Penn Plantation reopening (HB 846/ SB 858)	75,000 NR	—
19. <b>Winston-Salem State</b> — State support for cooperative effort to establish research parks in Winston-Salem area	3,026,000 NR Non-Add *	—
<b>TOTAL RECURRING EXPANSION</b>	<b>\$30,898,490</b>	<b>\$31,746,741</b>
<b>TOTAL NON-RECURRING EXPANSION</b>	<b>\$14,062,323</b>	<b>—</b>
<b>TOTAL EXPANSION</b>	<b>\$44,960,813</b>	<b>\$31,746,741</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$1,201,720,871</b>	<b>\$1,199,578,753</b>

\* Non-Add: Certified as capital improvements

UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS (1993 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL — 1993

SENATE BILL 27 (Chapter 321)

- Section 75**      **UNC Academic Provisions** - Exempts teaching faculty positions from budget cuts due to retirements.
- Section 76**      **Inventory** - Directs review of management of disposable inventory as recommended by Government Performance Audit Committee.
- Section 77**      **Computer Network Management** - Board of Governors must review plans for computer network for potential integration into statewide network as recommended by Government Performance Audit Committee.
- Section 78**      **Wake Forest and Duke Medical School Assistance/Funding Formula** - Outlines the amount of funds to be granted to each school per student. Requires all medical schools to prepare plans to help encourage more North Carolina residents to enter primary care disciplines. Charges Board of Governors to help provide more primary care residencies, and to monitor progress toward increasing the proportion of medical school graduates entering primary care.
- Section 80**      **Aid to Private Colleges/Procedures** - Sets limits on aid to students attending private colleges at \$1,150 for Legislative Tuition Grants and \$450 for need-based contractual scholarship program. Transfers administration of need-based program from UNC-General Administration to State Education Assistance Authority.
- Section 81**      **N.C. State/Competitive Industry** - Appropriates funds from overhead receipts for Furniture Manufacturing and Management Center (\$500,000 each year) and Pulp and Paper Program (\$300,000) each year.
- Section 82**      **New Degree Programs** - Directs Board of Governors to spend at least \$1.4 million each year for new degree programs already approved.
- Section 83**      **East Carolina University Medical School/Hospital Teaching Costs** - Contingency appropriation for reimbursements to Pitt County Memorial Hospital should planned changes in State Medicaid plan be disapproved by federal agency.
- Section 84**      **Allied Health Personnel Study/AHEC** - Directs Area Health Education Centers Director to recommend how to increase graduates from allied health programs at UNC and community colleges.
- Section 85**      **Principal Fellows Program** - Creates program of scholarships of \$20,000 per year for two years for participants in school administrator training programs. Fellows to be selected by Commission established in this section.
- Section 86**      **School Leadership Academy** - Creates Joint Committee of Board of Governors and State Board of Education to study creation of School Leadership Academy for ongoing training of school administrators.
- Section 87**      **ECU Medical School Receipts** - Directs disposition of three types of receipts at East Carolina School of Medicine.

**UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS (1993 Actions, Continued)**

**Section 89**

**UNC Graduation Rates/Undergraduate Teaching -**

- (a) Requires UNC Board of Governors to require all UNC campuses to set goals to have all full-time undergraduates taking at least 15 credit hours per semester.
- (b) Directs UNC Board to develop plan for charging higher tuition to students taking more than 110% of required credit hours for graduation.
- (c) Directs UNC Board to allocate \$250,000 each year from non-state funds for faculty teaching awards.
- (d) Any funds from expansion budget allocated for Distinguished Professors Endowments must be for endowed chairs recognizing excellence in undergraduate teaching.
- (e) No funds from enrollment increase allocations may be used for research or public service activities.
- (f) Private colleges must report number of years students are using Legislative Tuition Grants.

**Section 90-93,  
96-101.3**

Allocate funds from UNC Expansion Reserve for the following purposes:

Section	Purpose	1993-94	1994-95
90	Agricultural Tidewater Resource Station	\$500,000	\$500,000
91	Libraries and Library Network	\$11,084,000	\$2,605,677
92	Public Television Pre-Educational Program	43,472	43,472
93	Funding Levels at 7 Campuses	1,000,000	1,000,000
96	Mountain Aquaculture Programs	200,000	200,000
97	Diabetes Program at UNC-CH School of Medicine	225,000	225,000
98	Nurse Anesthetist Training	50,000	50,000
99	Seafood Laboratory at Morehead City	125,000	125,000
100	Learning Link (Computer-based interactive system) for public schools	100,000	100,000
101	N.C. Central School of Law	800,000	800,000
101.1	Salaries for Teaching Faculty	7,100,000	7,100,000
101.2	Educational consortia at 4 campuses	600,000	600,000
101.3	AHEC Rural and Primary Care Training Programs	2,100,000	2,100,000

**UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS (1993 Actions, Continued)**

- Section 94**      **UNC Hunger Study** - Allocates \$50,000 from UNC-CH overhead receipts for childhood hunger study in North Carolina by School of Public Health.
- Section 95**      **Christmas Tree Production** - Requires N.C. State to continue previous level of technical assistance to Christmas tree growers.
- Section 101.4**    **Cytotechnology Scholarships** - Clarifies that students studying for positions in field of cytotechnology are eligible for scholarship loans under existing program.
- Section 101.5**    **University of North Carolina Education Study/Funds** - Creates Legislative Study Commission to review undergraduate education, university funding, and quality of university education. Allocates \$100,000 for work of the Commission.

**SENATE BILL 26 (Chapter 561)**

- Section 43**      **UNC-CH Educational Consortium** — Adds UNC at Chapel Hill to list of schools receiving funds.
- Section 44**      **UNC Educational Consortia** — Requires reports from all campuses receiving funds for these purposes, including assessment of educational improvements by May 15, 1994.
- Section 45**      **Swine Farm Odor Abatement Study** — Directs N.C. State Agricultural Research Service to study abatement of odors from swine farms and impact of these farms on water supplies.
- Section 46**      **Freshman Scholars Program** — Allocates \$200,000 each to 5 campuses (Fayetteville State, N.C. A&T State, N.C. Central, Pembroke State and Winston-Salem State) as one-time funding. Purpose is to provide incentives for high school students to strive to attend college by guaranteeing tuition, fees and cost of books for freshman year.
- Section 47**      **Engineering Graduate Research Center Funds** — Allows up to \$1,500,000 already appropriated for this facility to be used immediately for equipment purchases for the facility.
- Section 48**      **UNC-Asheville Land Funds** — States that \$2,000,000 in funds for land acquisition for this campus are for future growth.
- Section 49**      **N.C. A&T State Applied Manufacturing Center** — Limits use of State funds appropriated (\$3,500,000) to facility owned and controlled by the campus. No funds are to be expended prior to presentation of plans to Joint Legislative Commission on governmental Operations.

# **GENERAL GOVERNMENT**





## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$53,249,273</b>	<b>\$54,119,528</b>
<b>Continuation Budget Changes:</b>		
1. Reduce line-items to effect GPAC recommendation to reduce supply inventories by 30% over 3 years:		
Office of the Secretary	(2,089)	(2,089)
State Property Office	(300)	(300)
State Construction	(500)	(500)
Facility Management	(35,340)	(35,340)
Purchase and Contract	(300)	(300)
Veterans Affairs — Administration	(271)	(271)
Subtotal	<u>(38,800)</u>	<u>(38,800)</u>
2. Budget equipment reserve transfer as a receipt:		
Facility Management	(72,673)	—
Landscape Services	(40,117)	—
Purchase and Contract	(23,000)	—
North Carolina Aquariums	(38,460)	—
Veterans Affairs — Administration	(7,006)	—
Subtotal	<u>(181,256)</u>	<u>—</u>
3. <b>State Personnel</b> — Reflect savings due to 30% cut in SIPS rates.	(80,000)	(80,000)
4. Reduce salary reserve:		
Facility Management	(21,729)	(21,729)
5. Adjust non-critical positions to first step of pay grade:		
Office of the Secretary	(5,741)	(5,741)
Office of Fiscal Management	(3,282)	(3,282)
State Construction	(13,823)	(13,823)
Office of State Personnel	(\$29,690)	(\$29,690)
Facility Management	(29,772)	(29,772)

DEPARTMENT OF ADMINISTRATION (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
Landscape Services	(864)	(864)
Purchase and Contract	(2,832)	(2,832)
Veterans Affairs — Administration	(20,628)	(20,628)
Low-Level Radioactive Waste Management Authority	(1,309)	(1,309)
Subtotal	(107,941)	(107,941)
6. Reduce line-item expenditures, including position deletions where noted, as proposed by the Department as the Governor's efficiency reductions:		
Office of the Secretary	(27,528)	(27,586)
Office of Financial Management	(16,988)	(17,024)
Department of Administration — Personnel Positions	(8,654) (-.25)	(8,654) (-.25)
Executive and Organizational Development	(750)	(750)
Agency for Public Telecommunications	(13,572)	(13,600)
Office of State Personnel Positions	(121,706) (-2.0)	(121,706) (-2.0)
State Construction Positions	(54,138) (-1.0)	(54,138) (-1.0)
State Property Office Positions	(18,268) (-1.0)	(18,276) (-1.0)
Facility Management	(352,306)	(368,889)
Landscape Services	(16,342)	(16,346)
James Knox Polk Building	(1,612)	(1,624)
Purchase and Contract	(80,879)	(81,020)
State Surplus Property	(6,975)	(6,980)
General Services — Administration	(4,856)	(4,869)
State Capital Police Positions	(37,298) (-2.0)	(37,298) (-2.0)
Council on the Status of Women	(9,893)	(9,893)
Rape Crisis Program	(11,616)	(11,616)
Human Relations Commission	(13,042)	(13,042)
Youth Involvement	(8,612)	(8,612)
Governor's Advocacy Council	(2,500)	(2,500)
Veterans Affairs — Administration Positions	(46,750) (-1.0)	(46,750) (-1.0)
Domestic Violence	(23,247)	(23,247)
Juvenile Law Study Commission	(160)	(160)
Board of Ethics	(888)	(888)
Governor's Advocacy Council — Disabilities	(10,747)	(10,300)
Students Against Driving Drunk	(2,652)	(2,666)
Commission on Indian Affairs	(7,828)	(7,834)
Board of Science and Technology	(14,621)	(14,630)
Low-Level Radioactive Waste Management	(14,310)	(14,338)
Subtotal — Savings	(928,738)	(945,236)
— Positions	(-7.25)	(-7.25)

DEPARTMENT OF ADMINISTRATION (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
7. Increase underbudgeted receipts:		
Facility Management	(\$8,000)	(\$8,000)
James Knox Polk Building	(40,368)	(40,368)
8. Reduce other services:		
Office of the Secretary	(38,220)	(38,220)
Office of Fiscal Management	(10,000)	(10,000)
9. <b>DOA Personnel Office</b> — Reduce office furniture and equipment.	(500)	(500)
10. <b>Executive and Organization Development</b> — Eliminate General Fund support for program.	(36,780)	(36,780)
11. <b>Information Services</b> — Reduce unemployment compensation, supplies and data processing services.	(5,975)	(5,975)
12. <b>State Construction</b> — Reduce data processing services and communications.	(8,720)	(8,720)
13. <b>State Property Office</b> — Reduce repairs and maintenance (\$2,000) and other fixed charges (\$400).	(2,400)	(2,400)
14. <b>State Building Commission</b> — Reduce other contracted services.	(5,200)	(5,200)
15. <b>Facility Management</b> —		
(a) Reduce utilities to reflect revised needs based upon continued vacancies in Old Education and Revenue Buildings.	(271,602)	(261,602)
(b) Reduce supplies (other and vehicle operating) and service/maintenance contracts.	(57,600)	(57,600)
16. <b>Purchase and Contract</b> — Reduce data processing and equipment.	(39,000)	(23,000)
17. <b>State Surplus Property</b> —		
(a) Reduce contracted services and office furniture and equipment.	(11,075)	(11,070)
(b) Charge an assessment to user agencies to support program.	(330,722)	(331,018)
18. <b>General Services Administration</b> — Reduce unemployment compensation and office furniture/equipment	(5,604)	(7,104)

**DEPARTMENT OF ADMINISTRATION (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
19. <b>Office of Marine Affairs — Effect GPAC recommendation to eliminate program.</b>	(\$167,961) (-3.0)	(\$169,541) (-3.0)
20. <b>North Carolina Aquariums —</b>		
(a) Reduce office furniture.	(5,000)	(2,000)
(b) Defer purchases of data processing equipment and software.	(24,628)	(10,272)
21. <b>Governor's Advocacy Council - Children and Youth — Reduce travel (\$2,000), printing and binding (\$3,000), and workers' compensation (\$86).</b>	(5,086)	(5,086)
22. <b>Veterans Affairs - Administration — Reduce temporary pay and unemployment compensation, workers' compensation and other operating expenditures.</b>	(17,756)	(15,785)
23. <b>Domestic Violence — Reduce service/maintenance contracts (\$578) and other fixed charges (\$945).</b>	(1,523)	(1,523)
24. <b>Board of Ethics — Reduce supplies (\$100), travel (\$200), and communications (\$659).</b>	(959)	(959)
25. <b>Governor's Advocacy Council - Disabilities — Reduce temporary pay, printing and binding, repairs, advertising and other fixed charges.</b>	(4,923)	(5,110)
26. <b>Students Against Driving Drunk — Reduce non-salary line-items.</b>	(3,500)	(3,500)
27. <b>Commission on Indian Affairs — Reduce unemployment compensation and non-salary line-items.</b>	(10,117)	(10,117)
28. <b>Board of Science and Technology — Reduce overtime and temporary pay and non-salary line-items.</b>	(25,007)	(24,998)
29. <b>N.C. Low-Level Radioactive Waste Management Authority — Reduce non-salary line-items.</b>	(125,884)	(129,156)
<b>CONTINUATION BUDGET CHANGES</b>	<b>(\$2,802,827)</b>	<b>(\$2,599,528)</b>
<b>POSITION CHANGES</b>	<b>(-10.25)</b>	<b>(-10.25)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$50,446,446</b>	<b>\$51,520,000</b>

DEPARTMENT OF ADMINISTRATION (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>EXPANSION BUDGET</b>		
1. <b>State Personnel Study</b> — Review current practices and policies, addressing issues of equity, flexible compensation, and family-supportive programs.	\$25,000 NR	—
2. <b>Employee Survey</b> — Establish ongoing survey to track morale, attitudes, and perceptions of state workforce.	5,000	5,000
3. <b>North Carolina Aquariums</b> — Provide for increased maintenance and enhanced education services at the three aquariums.	450,000	450,000
4. <b>Veterans Cemetery</b> — Provide support to open cemetery at Ft. Bragg.	—	240,060 (4)
5. <b>Martin Luther King, Jr. Commission</b> — Provide staff and support for the establishment of this commission.	75,000 (1/2)	75,000 (1/2)
6. <b>Surplus Property</b> — Computer equipment upgrade.	60,000 NR	—
7. <b>State Building Commission</b> — Increase operating budget to defray additional meeting costs.	15,000	15,000
8. <b>Facilities Condition Assessment</b> — Add one three person team in the Office of State Construction to evaluate repair and renovation needs.	225,000 (3)	225,000 (3)
9. <b>Domestic Violence Grants</b> — Adds funds to accommodate new program grantees.	95,433	—
10. <b>Displaced Homemakers</b> — Establishes pilot project for displaced homemakers.	375,000 NR	—
11. <b>State Government Disparity Study</b> — Funds study of participation by minority owned and women owned businesses in State purchasing and contracting activity.	950,000 NR	—
<b>EXPANSION RECURRING</b>	<b>\$770,000 (3.5)</b>	<b>\$1,010,060 (7.5)</b>
<b>EXPANSION NON-RECURRING</b>	<b>\$1,505,433</b>	<b>—</b>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$2,275,433 (3.5)</b>	<b>\$1,010,060 (7.5)</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$52,721,879</b>	<b>\$52,530,060</b>

**DEPARTMENT OF ADMINISTRATION (1993 Actions, Continued)**

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1993**

**SENATE BILL 27 (Chapter 321)**

- Section 27**      **State Capitol Restoration** — Permits the Department of Administration to prequalify bidders for restoration projects at the Capitol.
- Section 28**      **Office of Marine Affairs' Transfer to the Department of Environment, Health, and Natural Resources** — Transfers the Office of Marine Affairs and the State aquariums from the Department of Administration to the Department of Environment, Health, and Natural Resources.
- Section 29**      **Department of Administration Employee Training** — Requires that \$3,000 of the funds appropriated to the Division of Information Services be used to support employee training.
- Section 30**      **Allocation of Rape Crisis Center Funds** — Sets guidelines for administration of Rape Crisis funds.
- Section 31**      **Domestic Violence Center Funds** — Sets guidelines for administration of Domestic Violence funds.
- Section 32**      **Parking Revenues** — Allows the use of parking receipts to subsidize vanpools and transit passes.
- Section 32.1**    **Martin Luther King, Jr. Commission Funds** — Requires that at least two-thirds of funds appropriated to the Martin Luther King, Jr. Commission be used for program development and support.

**SENATE BILL 26 (Chapter 561)**

- Section 29**      **Evaluation of Design and Contract Work for Community College** — Changes powers and duties of the State Building Commission.
- Section 30**      **Domestic Violence Center Funds** — Changes date establishing eligibility for Domestic Violence Program grantees from July 1, 1990 to July 1, 1993.
- Section 31**      **State Veterans Home** — Requires that funds appropriated for State Veterans Home be used to construct a facility of at least 150 beds and declares legislative intent to make no further appropriations for operations or capital improvements.
- Section 32**      **Legislative Review Required for Certain Conveyances of State Land** — Changes statutes governing acquisition and disposal of State property.

**DEPARTMENT OF ADMINISTRATION (1993 Actions, Continued)**

**Section 33**      **Indian Cultural Center Funds** — Prescribes use of funds for purchase of land; changes lease requirements affecting the Indian Cultural Center.

**Section 34**      **Old Education and Old Revenue Building Renovation Report** — Requires that the Office of State Construction shall report to the Joint Legislative Commission on Governmental Operations regarding expenditure of planning funds for building renovation.

# 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 public notices of rulemaking and the administrative rules themselves.

	1993-94 General Fund	1994-95 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$1,950,197	\$1,954,545
Continuation Budget Changes:		
1. Reduce salary reserve.	(3,954)	(3,954)
2. Reduce various line-items as proposed by the Department as the Governor's efficiency reductions.	(17,004)	(17,091)
CONTINUATION BUDGET CHANGES	(\$20,958)	(\$21,045)
REVISED CONTINUATION BUDGET	\$1,929,239	\$1,933,500

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NO EXPANSION



## 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.

	1993-94 General Fund	1994-95 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$263,792	\$263,871
Continuation Budget Changes:		
1. Adjust various line items as proposed by the Department as the Governor's efficiency reductions.	(5,276)	(5,278)
Revised Continuation Budget	\$258,516	\$258,593

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NO EXPANSION

## DEPARTMENT OF CULTURAL RESOURCES

*STATUTORY AUTHORITY: General Statutes, Chapter 143-B, Article 2*

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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$41,400,998</b>	<b>\$42,086,042</b>
<b>Continuation Budget Changes:</b>		
1. Reduce line-items to effect GPAC recommendation to reduce supply inventory by 30% over 3 years:		
Office of the Secretary	(100)	(100)
Administrative Services	(30)	(30)
Archives and History — Administration	(400)	(400)
State Historic Sites	(19,772)	(19,772)
Tryon Palace	(340)	(340)
Archaeology and Historic Preservation	(200)	(200)
Museum of History	(2,000)	(2,000)
Museum of Art	(990)	(700)
North Carolina Arts Council	(700)	(700)
North Carolina Symphony	(20)	(20)
State Library — Technical Services	(400)	(400)
State Library — Services to Blind, Handicapped and Institutions	(770)	(770)
Services to Public Libraries	(100)	(100)
Subtotal	(25,822)	(25,822)
2. Reduce salary reserve:		
Office of the Secretary	(4,758)	(4,758)
Archives and History — Administration	(2,836)	(2,836)
Subtotal	(7,594)	(7,594)
2. Reduce line-item expenditures including position deletions as proposed by the Department as the Governor's efficiency reductions:		
Archives and History — Administration	(12,000)	(12,000)
Historical Publications	(12,918)	(13,468)
Archives and Records	(48,440)	(47,136)
Positions	(-2.0)	(-2.0)
State Historic Sites	(67,658)	(80,732)
Tryon Palace Restoration Complex	(11,302)	(11,784)

DEPARTMENT OF CULTURAL RESOURCES (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
Archaeology and Historic Preservation	(\$23,604)	(\$21,202)
Museum of History	(31,480)	(31,480)
Eastern Office	(3,230)	(3,366)
Western Office	(6,458)	(6,734)
Museum of Art	(27,261)	(27,878)
North Carolina Arts Council	(19,898)	(19,898)
State Library — Administration	(3,500)	(2,500)
State Library — Information Services	(15,120)	(15,120)
State Library — Technical Services	(15,340)	(15,340)
State Library — Services to Blind, Handicapped, and Institutions	(14,625)	(14,625)
Reserve — History Museum	(11,037)	(16,365)
<b>Subtotal — Savings</b>	<b>(323,871)</b>	<b>(339,628)</b>
— Positions	(-2.0)	(-2.0)
4. Shift motor vehicles operations to Motor Fleet Management Administrative Services:		
Administrative Services	—	(14,500)
Archives and Records	(13,025)	—
State Historic Sites	(30,000)	(80,000)
Tryon Palace Restoration	(10,000)	—
Archaeology and Historic Preservation	(22,000)	—
Museum of History	—	(28,500)
State Library — Services to Blind, Handicapped and Institutions	—	(9,500)
Subtotal	(75,025)	(132,500)
5. Reduce non-critical positions to first step of salary grade:		
Museum of History	(11,200)	(11,200)
North Carolina Arts Council	(635)	(635)
Services to Public Libraries	(6,201)	(6,201)
Subtotal	(18,036)	(18,036)
6. Civilianize guard positions:		
Archives and Records	—	(1,891)
Museum of Art	—	(10,713)
Subtotal	—	(12,604)
7. <b>Historical Publications</b> — Increase underbudgeted receipts.	(6,000)	(6,000)
8. Reduce various operating expenditure line-items:		
Office of the Secretary	(1,442)	(1,442)
Administrative Services	(1,788)	(1,788)
Public Affairs	(1,890)	(1,890)
Archives and History — Administration	(1,000)	(1,000)

DEPARTMENT OF CULTURAL RESOURCES (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
Archives and Records	(\$4,750)	(\$4,750)
Tryon Palace Restoration	(17,745)	(17,745)
Archaeology and Historic Preservation	(2,250)	(2,250)
Museum of History	(20,189)	(20,189)
Eastern Office	(555)	(555)
North Carolina Arts Council	(1,100)	(1,100)
State Library — Administration	(18,701)	(17,901)
State Library — Technical Assistance	(1,000)	(1,000)
State Library — Services to Blind, Handicapped and Institutions	(500)	(500)
Subtotal	(72,910)	(72,110)
9. <b>Unconditional Grants</b> — Eliminate program of grants to Confederate Museum (\$200), Confederate Cemetery (\$350), and Moore's Creek Battleground (\$468).	(1,018)	(1,018)
10. <b>Reserve</b> — History Museum (to accommodate delayed opening and shift expansion items out of continuation budget).	(48,700)	(144,306)
11. <b>Reserve</b> — Historic Sites (to correspond with projected site operations and shift expansion items out of continuation budget).	(68,677)	(179,524)
12. <b>Reserve</b> — Art Museum (to shift operating expansion to expansion budget).	(68,259)	(117,675)
<b>CONTINUATION BUDGET CHANGES</b>	(\$715,912)	(1,056,817)
<b>POSITION CHANGES</b>	(-2)	(-2)
<b>REVISED CONTINUATION BUDGET</b>	<b>\$40,685,086</b>	<b>\$41,029,225</b>

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EXPANSION BUDGET

1. <b>Electronic Records Program</b> — Extend current records management activity to include electronic records.	\$100,000 (2)	\$100,000 (3)
2. <b>N.C. Symphony</b> — Increase grant to North Carolina Symphony.	650,000	650,000
3. <b>North Carolina Arts Council/Education Outreach</b> — Provide funding for education outreach; increase Grassroots Art program.	600,000 (2)	600,000 (2)

DEPARTMENT OF CULTURAL RESOURCES (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
4. <b>Aid to Libraries</b> — Add support for grants to local libraries.	\$250,000	\$250,000
5. <b>Somerset Place</b> — Add staff at Somerset Place historic site.	70,545 (2)	70,545 (2)
6. <b>Reserve for Grants to Local Historical and Cultural Organizations</b> — Adds grants support to Arts Council program and funds grants program for historical organizations.	2,000,000 NR	—
7. <b>Andrew Jackson Memorial</b> — Provides grant to non-profit support organization for operations and maintenance.	100,000 NR	
8. <b>Lost Colony Matching Funds</b> — Provides funds for Lost Colony outdoor drama.	500,000 NR	
<b>EXPANSION RECURRING</b>	<b>\$1,670,545</b> (6)	<b>\$1,670,545</b> (7)
<b>EXPANSION NON-RECURRING</b>	<b>\$2,600,000</b>	<b>—</b>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$4,357,933</b> (6)	<b>\$1,670,545</b> (7)
<b>TOTAL OPERATING BUDGET</b>	<b>\$44,955,631</b>	<b>\$42,699,770</b>

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SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993

SENATE BILL 27 (Chapter 321)

- Section 33**      **Repeal Restriction on Grassroots Arts Program** — Deletes provision of Chapter 1008, 1977 Session Laws that prohibits the use of State-appropriated Grassroots Arts funds to pay for personnel positions.
- Section 34**      **Cultural Resources Security Officers** —Requires that job responsibilities of Department of Cultural Resources security officers be redefined so law enforcement certification requirement no longer applies and that positions be removed from the Law Enforcement Retirement System.
- Section 35**      **Department of Cultural Resources Vehicles** — Transfers all passenger-carrying vehicles from the Department of Cultural Resources to the Division of Motor Fleet Management on or before December 31, 1993.

**DEPARTMENT OF CULTURAL RESOURCES (1993 Actions, Continued)**

- Section 37**      **North Carolina Symphony Funds** — Requires the Symphony to expand programming into economically depressed rural counties and low-wealth school districts, and provides for a reduction in performance fees.
- Section 38**      **State Aid to Public Libraries Funds** — Allows local units to reduce library budgets without loss of State grant aid when the reduction is part of overall cutback caused by local economic conditions and fiscal constraints.

**SENATE BILL 26 (Chapter 561)**

- Section 35**      **Museum of the Albemarle** — Explains appropriation for the Museum of the Albemarle; provides that funds may be used for land purchase.
- Section 36**      **Local Historical Organization Grants** — Establishes competitive grant-in-aid program for local historical organizations, requires administrative guidelines, and sets grant maximum at \$50,000.
- Section 37**      **Local Cultural Organizations** — Allocates \$1,000,000 to the General Support Program of the North Carolina Arts Council.
- Section 38**      **Somerset Place Funds/Memorial** — Allocates \$2,000 to provide an appropriate memorial at Somerset Place.

## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$21,385,599</b>	<b>\$24,982,877</b>
<b>Continuation Budget Changes:</b>		
1. Reduce operating budget by 1%.	(250,000)	(250,000)
<b>Revised Continuation Budget</b>	<b>\$21,135,599</b>	<b>\$24,732,877</b>

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## EXPANSION BUDGET

1. <b>Study Commission on Status of Education at University of North Carolina</b> — Fund Study Commission activities.	\$100,000	NR	—
2. <b>Legislative Studies</b> — Provides funding for legislative study commissions.	500,000	NR	—
3. <b>Reserve Increase</b> — Increases reserve funds.	2,000,000	NR	—
4. <b>Courts Commission</b> — Provides for operating expenses of Courts Commission.	54,438	NR	—
5. <b>Swine Study</b> — Funds partial cost of swine industry odor study.	15,000	NR	—
6. <b>Economic Incentives Study</b> — Funds analysis of economic incentives used to attract new industry.	100,000	NR	—

**GENERAL ASSEMBLY (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
7. <b>GPAC Reserve</b> — Provides funds to begin implementation of several GPAC recommendations including performance budgeting and personnel reclassification.	\$1,076,163 NR	—
<b>EXPANSION RECURRING</b>	—	—
<b>EXPANSION NON-RECURRING</b>	\$3,845,601	—
<b>TOTAL EXPANSION BUDGET</b>	\$3,845,601	—
<b>TOTAL OPERATING BUDGET</b>	\$24,981,200	\$24,732,877
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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1993**

**SENATE BILL 27 (Chapter 321)**

**Section 22**      **Budget Practices Study Commission** — Creates an independent study commission to evaluate the effectiveness of the Executive Budget Act; requires report to 1994 Session.

**SENATE BILL 26 (Chapter 561)**

**Section 20**      **GPAC Recommendations** — Provides that G.S. 143-16.3 shall not apply to proposals implementing recommendations of the Government Performance Audit Committee.

**Section 21**      **Fiscal Note Requirement Amended** — Requires estimate of space costs in fiscal notes on new programs.

**Section 103**      **Study on Economic Incentives to Lure Industry** — Creates Legislative Study Commission to study the use of economic incentives to lure industry to the State; requires report to General Assembly by April 15, 1994.



## OFFICE OF THE GOVERNOR

STATUTORY AUTHORITY: Article III, Section 5, North Carolina Constitution

This agency consists of the following two major administrative units:

- **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.
- **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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$4,475,772</b>	<b>\$4,495,442</b>
<b>Continuation Budget Changes:</b>		
1. Reduce various line-items including supplies, travel, equipment, printing, and others as proposed by the Department as the Governor's efficiency reductions:		
Administration	(57,205)	(57,599)
Dues to National Organizations	(3,000)	(3,000)
Western Governor's Office	(2,672)	(2,672)
Office of Citizen Affairs	(11,128)	(11,128)
Office of Local Government Advocacy	(3,191)	(3,191)
Division of Non-Public Education	(3,647)	(3,647)
Raleigh Executive Residence	(9,040)	(9,040)
Subtotal	(89,883)	(90,277)
2. Extend further reductions to various line-items:		
Administration	(1,600)	(1,600)
Western Governor's Office	(6,779)	(6,779)
Office of Citizen Affairs	(10,775)	(10,775)
Division of Non-Public Education	(4,602)	(4,602)
Western Executive Residence	(1,000)	(1,000)
b Subtotal	(24,756)	(24,756)
<b>CONTINUATION BUDGET CHANGES</b>	<b>(\$114,639)</b>	<b>(\$115,033)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$4,361,133</b>	<b>\$4,380,409</b>

OFFICE OF THE GOVERNOR (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>EXPANSION BUDGET</b>		
1. <b>Workforce Preparedness</b> — Establish an office to coordinate workforce preparedness activities.	\$200,000	\$200,000
2. <b>Ombudsman</b> — Establish an office to provide communications between Governor and State employees.	80,000 (1)	80,000 (1)
3. <b>Cities in Schools</b> — Contribute State funds to non-profit organization that addresses needs of high-risk youth.	200,000	200,000
4. <b>Standards Commission</b> — Funds for the Education Standards and Accountability Commission.	500,000	500,000
5. <b>Center for World Languages and Cultures</b> — Create a Center to provide foreign language training.	250,000	500,000
6. <b>Housing Trust Fund</b> — Adds funds to support loan program.	2,500,000 NR	—
7. <b>Automobile Manufacturing</b> — Establishes restricted reserve to be used to attract new automobile manufacturing facility.	35,000,000 NR	—
<b>EXPANSION RECURRING</b>	<b>\$1,230,000</b>	<b>\$1,480,000</b>
<b>EXPANSION NON-RECURRING</b>	<b>\$37,500,000</b>	<b>—</b>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$38,730,000 (1)</b>	<b>\$1,480,000 (1)</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$43,091,133</b>	<b>\$5,860,409</b>
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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

- Section 39**            **Council of Government Funds** — Specifies conditions for distribution of grants to Councils of Government.
- Section 39.1**        **World Language Center Funds** — Sets forth match conditions attending appropriation for the World Language Center; expresses legislative intent that Center shall become self-supporting.

**OFFICE OF THE GOVERNOR (1993 Actions, Continued)**

- Section 39.2**            **Cities in Schools Funds** — Requires that \$150,000 of the \$200,000 appropriation for Cities in Schools be matched with non-state funds.
- Section 39.3**            **North Carolina Education Standards and Accountability Commission** — Amends Chapter 117 of the 1993 Session Laws.

**SENATE BILL 26 (Chapter 561)**

- Section 27**            **Automobile Manufacturing Facility Funds** — Directs that \$35,000,000 appropriated to the Office of the Governor for industrial recruitment of a major automobile manufacturing firm be placed in a restricted reserve account and specifies a number of conditions for access to and expenditure of these funds.
- Section 28**            **Governor's Office Economic Initiatives** — Exempts the Total Quality Management Program, the Governor's Executive Institute, and the Economic Development Institute from provisions of G.S. 143-16.3.

OFFICE OF STATE BUDGET AND MANAGEMENT

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$3,405,824</b>	<b>\$3,530,825</b>
<b>Continuation Budget Changes:</b>		
1. Reduce salary reserve.	(24,439)	(24,439)
2. Reduce non-critical vacant position to first step of salary grade.	(1,287)	(1,287)
3. Reduce various expenditure line-items as proposed by the Department as the Governor's efficiency reductions.	(68,116)	(70,616)
<b>CONTINUATION BUDGET CHANGES</b>	<b>(\$93,842)</b>	<b>(\$96,342)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$3,311,982</b>	<b>\$3,434,483</b>

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**EXPANSION BUDGET**

1. <b>Science and Math Alliance</b> — Provides State matching funds for ongoing NSF project.	\$800,000 NR	—
2. <b>Adoption Resources Center</b> — Grant to Children's Home Society for adoption program targeting hard-to-place children.	500,000 NR	—
3. <b>Future Farmers of America</b> — Funds development, repairs, and renovations at Future Farmers of America Center.	300,000 NR	—
4. <b>Piedmont Triad Regional Water Authority</b> — Grant to purchase land for regional water supply.	500,000 NR	—
5. <b>Child Protective Services</b> — Grant for equipment purchase.	60,000 NR	—
<b>EXPANSION RECURRING</b>	—	—
<b>EXPANSION NON-RECURRING</b>	<b>\$2,160,000</b>	—
<b>TOTAL EXPANSION</b>	<b>\$2,160,000</b>	—
<b>TOTAL OPERATING BUDGET</b>	<b>\$5,471,982</b>	<b>\$3,434,483</b>

OFFICE OF STATE BUDGET AND MANAGEMENT (1993 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993

SENATE BILL 27 (Chapter 321)

**Section 17.1**      **Repairs/Renovation Reserve Created** — Amends G.S. 143-15.3A to create a Repairs and Renovations Reserve Account; transfers to that account one-fourth of year-end General Fund credit balance; specifies uses.

SENATE BILL 26 (Chapter 561)

**Section 22**      **Expenditure of Funds from Reserve for Repairs and Renovations** — Specifies conditions governing expenditures from Repairs and Renovations reserve; requires reports to the Joint Legislative Commission on Governmental Operations.

**Section 22.1**    **Renovation of Butler Hall at Elizabeth City State University** — Requires that funds from the Repairs and Renovations Reserve be expended at Elizabeth City State University.

**Section 23**      **Local Water/Sewer Funds** — Sets forth conditions governing the distribution of water and sewer grant funds.

**Section 24**      **Reserve for GPAC Recommendations** — Specifies uses to which funds appropriated to the General Assembly as a Reserve for GPAC recommendations may be put.

**Section 25**      **Contingency Fund for Bond Election Expenses Only** — Provides that funds appropriated to the Contingency and Emergency Fund in Senate Bill 27 can be used only to reimburse counties for the expense of a statewide bond referendum.

**Section 26**      **Unobligated Balance of Certain Funds Transferred** — Provides that unobligated balances accruing under G.S. 143-23.2 shall be deposited as a non-tax revenue.

**Section 60**      **North Carolina Future Farmers of America Funds** — Sets conditions, including match requirement, on appropriation to Future Farmers of America.

**Section 75**      **Repair and Renovation Funds** — Allocates \$5,000,000 from the Repair and Renovation Reserve to the Department of Correction for facilities repair and renovation.

OFFICE OF STATE PLANNING

	1993-94 General Fund	1994-95 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$1,537,714	\$1,538,034
Continuation Budget Changes:		
1. Reduce salary reserve.	(7,423)	(7,423)
2. Reduce various expenditure line-items (postage, data processing, and printing) as proposed by the Department as the Governor's efficiency reductions.	(13,568)	(13,574)
CONTINUATION BUDGET CHANGES	(\$20,991)	(\$20,997)
REVISED CONTINUATION BUDGET	\$1,516,723	\$1,517,037
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EXPANSION BUDGET		
1. Replace ARC Funds — Replace federal funds now used to support staff in Office of State Planning.	\$63,396	\$87,196
TOTAL OPERATING BUDGET	\$1,580,119	\$1,604,233

## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$14,114,720</b>	<b>\$14,130,127</b>
<b>Continuation Budget Changes:</b>		
1. <b>Administration</b> — Reduce supplies and travel line-items by \$5,000 each.	(10,000)	(10,000)
2. <b>Medical Database Commission</b> — Reduce travel by \$4,000 each year and data processing.	(37,000)	(43,586)
3. <b>Company Services</b> —		
(a) Eliminate fifteen receipt-supported vacant positions (\$676,468)	— (-15.0)	— (-15.0)
(b) Eliminate one vacant appropriation supported position.	(34,137) (-1.0)	(34,137) (-1.0)
(c) Reduce budgeted increases for travel (\$17,390), communications (\$2,000), and equipment (\$6,000).	(25,390)	(25,390)
4. <b>Agent Services</b> — Reduce contracted temporary services (\$15,000) and office furniture (\$2,000).	(17,000)	(17,000)
5. <b>Consumer Services</b> — Reduce communication and data processing by \$15,000 each.	(30,000)	(30,000)
6. <b>Field Services</b> —		
(a) Eliminate four vacant investigator positions.	(177,270) (-4.0)	(177,270) (-4.0)
(b) Reduce travel.	(617)	(617)

**DEPARTMENT OF INSURANCE (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
7. <b>Engineering</b> — Reduce other fixed charges (\$2,000) and office furniture/equipment (\$5,000).	(7,000)	(7,000)
8. <b>Fire and Rescue Services</b> — Reduce communications (\$2,000), other fixed charges (\$13,000), and equipment (\$5,400).	—	(21,000)
9. <b>Reserves and Transfers</b> — Reduce appropriation to Consumer Protection Fund per G.S. 58-2-215.	(327,586)	(1,000,000)
<b>CONTINUATION BUDGET CHANGES</b>	<b>(\$666,000)</b>	<b>(\$1,366,000)</b>
<b>POSITION CHANGES — APPROPRIATED</b>	<b>(-5)</b>	<b>(-5)</b>
<b>POSITION CHANGES — RECEIPTED</b>	<b>(-15)</b>	<b>(-15)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$13,448,720</b>	<b>\$12,764,127</b>

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**EXPANSION BUDGET**

1. <b>Field Service Operations</b> — Add staff and computer support.	\$148,427 (3)	\$187,317 (3)
2. <b>Company Services</b> — Add staff and support.	42,993 (1)	46,695 (1)
<b>EXPANSION RECURRING</b>	<b>\$191,420 (4)</b>	<b>\$234,012 (4)</b>
<b>EXPANSION NON-RECURRING</b>	<b>—</b>	<b>—</b>
<b>TOTAL EXPANSION</b>	<b>\$191,420 (4)</b>	<b>\$234,012 (4)</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$13,640,140</b>	<b>\$12,998,139</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

**Section 40**

**Unbudgeted Receipts Revert to General Fund** — Restricts expenditure of departmental receipts to amounts approved by the General Assembly and requires that excess receipts be reverted to the General Fund.



**DEPARTMENT OF INSURANCE (1993 Actions, Continued)**

**Section 41**      **Fire/Rescue Commission Staff** — Allows the Fire and Rescue Commission to reimburse members of its certification board for travel and subsistence expense.

**Section 42**      **State Controller Review of Insurance Chart of Accounts** — Requires that the Office of State Controller review the chart of accounts used by the Department of Insurance and report to the General Assembly and the Department of Insurance.

**SENATE BILL 26 (Chapter 561)**

**Section 39**      **Minority Bond Study** — Directs the Department to study the need for a program that would help minority contractors to acquire surety bonds; requires report to the 1994 Session.

**Section 40**      **Safety Grants Coordinator** — Allows the Department of Insurance to establish the position of Grants Coordinator; provides for funding from the Department of Insurance fund.

## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$551,423</b>	<b>\$553,302</b>
<b>Continuation Budget Changes:</b>		
1. Reduce various line-items as proposed by the Department as the Governor's efficiency reductions	(11,028)	(11,066)
2. Reduce various line-items for operations.	(7,393)	(7,393)
<b>Continuation Budget Changes</b>	<b>(\$18,421)</b>	<b>(\$18,459)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$533,002</b>	<b>\$534,843</b>

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## EXPANSION BUDGET

1. Intergovernmental Relations Coordinator - Legislative Liaison — Establish a position.	\$65,000 (1)	\$65,000 (1)
<b>TOTAL OPERATING BUDGET</b>	<b>\$598,002</b>	<b>\$599,843</b>

## SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1993

### SENATE BILL 27 (Chapter 321)

#### Section 43

**Certain Lieutenant Governor Appropriations Not to be Transferred**  
— Prohibits transfer of funds appropriated for Other Services and for Service and Maintenance Contracts to other uses.

## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$55,043,269</b>	<b>\$55,103,203</b>
<b>Continuation Budget Changes:</b>		
1. Reduce non-critical vacant positions to first step of salary grade:		
Administration	(1,778)	(1,778)
Accounting	(460)	(460)
Management Information Services	(21,511)	(21,511)
Individual Income, Inheritance and Gift Tax	(5,278)	(5,278)
Field Operations	(1,832)	(1,832)
Tax Research	(2,521)	(2,521)
Subtotal	(33,380)	(33,380)
2. Effect GPAC recommendations to reduce supply inventory by 30% over 3-year period:		
Management Information Services	(5,000)	(5,000)
General Services	13,827	(13,827)
Subtotal	(18,827)	(18,827)
3. Reduce various line-items including the deletion of positions as proposed by the Department as the Governor's efficiency reductions:		
Internal Audit	(4,000)	(4,000)
Accounting	(21,766)	(21,766)
Positions	(-1.0)	(-1.0)
Management Information Services	(193,111)	(193,111)
Positions	(-1.0)	(-1.0)
General Services	(166,128)	(167,327)
License and Gift Tax	(24,593)	(24,593)
Positions	(-1.0)	(-1.0)
Corporate Income and Franchise Tax	(78,097)	(78,097)
Positions	(-1.0)	(-1.0)

DEPARTMENT OF REVENUE (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
Individual Income, Heritance and Gift Tax	(135,049)	(135,049)
Positions	(-3.0)	(-3.0)
Sales and Use Tax	(60,461)	(60,461)
Positions	(-2.0)	(-2.0)
Field Operations (GPAC Recommendations)	(356,410)	(356,410)
Positions	(-8.0)	(-8.0)
Property Tax	(6,000)	(6,000)
Controlled Substance Tax	(3,000)	(3,000)
Subtotal — Savings	(1,048,615)	(1,049,814)
— Positions	(-17.0)	(-17.0)
4. Field Operations —		
(a) Reduce salary reserve.	(41,038)	(41,038)
(b) Eliminate additional small field offices.	—	(336,410)
		(-8.0)
(c) Increase tax technician positions	37,351	74,702
	(1.0)	(2.0)
5. Adjust non-salary line items:		
Administration: Collection Fees Increased	30,000	30,000
Management Information Services:		
Advertising and Data Processing		
Services	(16,000)	(16,000)
General Services	(106,661)	(106,661)
Individual Income, Inheritance		
and Gift Tax	(1,604)	(1,604)
Subtotal	(94,265)	(94,265)
CONTINUATION BUDGET CHANGES	(\$1,198,774)	(\$1,499,032)
POSITION CHANGES	(-16)	(-23)
REVISED CONTINUATION BUDGET	\$53,844,495	\$53,604,171
*****		

EXPANSION BUDGET

1. Electronic Funds Transfer — Implement electronic funds transfer to expedite collections.	\$400,000	\$310,000
	(5)	(5)

**DEPARTMENT OF REVENUE (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>2. Integrated Tax Administration System —</b> Integrate data processing systems to increase efficiency and provide better taxpayer service.	3,009,800 NR	—
<b>EXPANSION RECURRING</b>	<b>\$400,000</b> (5)	<b>\$310,000</b> (5)
<b>EXPANSION NON-RECURRING</b>	<b>\$3,009,800</b>	<b>—</b>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$3,409,800</b> (5)	<b>\$310,000</b> (5)
<b>TOTAL OPERATING BUDGET</b>	<b>\$57,254,295</b>	<b>\$53,914,171</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

**Section 44**      **Revenue Field Office Closures and Consolidations** — Requires the Department to analyze the effect of field office consolidation and to report results to the General Assembly on or before March 31, 1994.

## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$4,962,766</b>	<b>\$4,925,984</b>
<b>Continuation Budget Changes:</b>		
1. Reduce various line-items as proposed by the Department as the Governor's efficiency reductions:		
Publications: Printing	(15,000)	(15,000)
Business License Office: Utilities	(2,824)	(3,108)
Land Records Management	(81,431)	(80,412)
Subtotal	(99,255)	(98,520)
2. <b>Corporations</b> — Reduce communications line-item to effect GPAC recommendation to reduce inventories by 30% over three years.	(263)	(263)
3. Reflect savings due to 30% cut in SIPS rate:		
General Administration	(4,000)	(4,000)
Publications	(1,000)	(1,000)
Securities Registration	(5,000)	(5,000)
Uniform Commercial Code	(15,000)	(15,000)
Business License Office	(4,000)	(4,000)
Notary Public Commission	(4,000)	(4,000)
Subtotal	(100,000)	(100,000)
4. <b>General Administration</b> — Increase budgeted receipts.	(500)	(500)
5. <b>Reduce Repairs and Maintenance:</b>		
General Administration	(500)	(500)
Corporations	(400)	(400)
Uniform Commercial Code	(400)	(400)
Subtotal	(1,300)	(1,300)

DEPARTMENT OF SECRETARY OF STATE (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
6. Publications — Reduce other services.	(1,000)	(1,000)
CONTINUATION BUDGET CHANGES	(\$202,318)	(\$201,583)
REVISED CONTINUATION BUDGET	\$4,760,448	\$4,724,401

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EXPANSION BUDGET

1. Corporations Division — Increase staff to meet growing workload.	\$117,702 (4)	\$113,500 (4)
2. Business License Office — Computer system development and equipment purchase.	350,000	—
EXPANSION RECURRING	\$117,702 (4)	\$113,500 (4)
EXPANSION NON-RECURRING	\$350,000	—
TOTAL EXPANSION BUDGET	\$467,702 (4)	\$113,500 (4)
TOTAL OPERATING BUDGET	\$5,228,150	\$4,837,901

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SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993

SENATE BILL 26 (Chapter 561)

Section 41 Business License Office/Master Application System — Defines the duties and responsibilities of the Business Licenses Office.

# 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$7,393,837</b>	<b>\$7,430,882</b>
<b>Continuation Budget Changes:</b>		
1. Reduce salary reserve.	(10,633)	(10,633)
2. Reduce line-items to effect GPAC recommendation to reduce inventories by 30% over 3 years.	(2,400)	(2,400)
3. Implement proposals by the Department to achieve the Governor's efficiency reductions:		
(a) Field Audit: Transfer two Assistant State Auditor positions from appropriations-support to receipts.	(72,968)	(72,968)
(b) Field Audit: Reduce travel line-item.	(24,440)	(24,440)
Subtotal — Savings	(97,408)	(97,408)
4. Administration — Reduce travel line-item.	(6,000)	(6,000)
<b>CONTINUATION BUDGET CHANGES</b>	<b>(\$116,441)</b>	<b>(\$116,441)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$7,277,396</b>	<b>\$7,314,441</b>
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## EXPANSION BUDGET

1. <b>Hotline Support</b> — Provide toll-free access and add positions to reduce investigations backlog.	\$88,116 12,800 NR (2)	\$105,935 — (2)
2. <b>Performance Audit Capability</b> — Add performance auditors to meet expanding responsibilities.	227,928 (5) 32,000 NR	249,248 (5) —



**DEPARTMENT OF STATE AUDITOR (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
3. <b>Financial Audit Capability</b> — Add financial auditors to meet expanding responsibilities.	162,246 (4)	176,077 (4)
4. <b>DP Equipment</b> — Purchase Local Area Network and other equipment.	601,091 NR	—
<b>EXPANSION RECURRING</b>	<u>\$478,290</u> (11)	<u>\$531,260</u> (11)
<b>EXPANSION NON-RECURRING</b>	<u>\$645,891</u>	<u>—</u>
<b>TOTAL EXPANSION</b>	<u>\$1,124,181</u> (11)	<u>\$531,260</u> (11)
<b>TOTAL OPERATING BUDGET</b>	<b>\$8,401,577</b>	<b>\$7,845,701</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

**Section 45**      **Information from Private Organizations Receiving State Funds;  
Information from State Departments and Agencies Providing  
State Funds — Clarifies G.S. 143-6.1.**

## 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.

	1993-94 General Fund	1994-95 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$545,539	\$545,885

Continuation Budget Changes:

NONE

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### EXPANSION

1. Contingency Fund — Reimburses local government for cost incurred in Bond Election.

	1,000,000	—
TOTAL OPERATING BUDGET	\$1,545,539	\$545,885

### SENATE BILL 26 (Chapter 561)

#### Section 25

**Contingency Fund for Bond Election Expenses Only** — Provides that funds appropriated to the Contingency and Emergency Fund in Senate Bill 27 can be used only to reimburse counties for the expense of a statewide bond referendum.

# 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$6,681,992</b>	<b>\$6,687,578</b>
<b>Continuation Budget Changes:</b>		
1. Reduce salary reserve.	(57,584)	(57,584)
2. Reduce non-critical vacant positions to first step of salary grade.	(22,840)	(22,840)
3. Reduce line-items to effect GPAC recommendation to reduce supply inventories by 30% over 3 years.	(800)	(800)
4. Reflect savings due to 30% cut in SIPS rate.	(500,000)	(500,000)
5. Reduce various line-items	(45,337)	(45,337)
<b>CONTINUATION BUDGET CHANGES</b>	<b>(\$626,561)</b>	<b>(\$626,561)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$6,055,431</b>	<b>\$6,061,017</b>
*****		
<b>EXPANSION BUDGET</b>		
1. <b>Technical Staff for State Accounting System</b> — Add staff to support accounting system implementation.	\$350,000 (6)	\$350,000 (6)
2. <b>State Accounting System Reserve</b> — Continues installation of new State accounting system.	4,200,000 NR	—
<b>EXPANSION RECURRING</b>	<b>\$350,000 (6)</b>	<b>\$350,000 (6)</b>
<b>EXPANSION NON-RECURRING</b>	<b>\$4,200,000</b>	<b>—</b>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$4,550,000 (6)</b>	<b>\$350,000 (6)</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$10,605,431</b>	<b>\$6,411,017</b>

# 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$10,930,121</b>	<b>\$10,935,983</b>
<b>Continuation Budget Changes:</b>		
1. Consolidate administrative cost of the Fire and Rescue Pension Fund with the Retirement Operation as proposed by the Governor's efficiency reduction.	(233,318)	(233,727)
2. <b>Local Government Operations</b> — Reduce salary reserve.	(83)	(83)
3. Reduce non-critical positions to first step of pay grade:		
General Administration	(370)	(370)
Investment Management	(7,169)	(7,169)
Bank Operations	(370)	(370)
Subtotal	(7,909)	(7,909)
4. Reduce line-items to effect GPAC recommendations to reduce inventory by 30% over 3 years:		
General Administration	(111)	(111)
Investment Management	(125)	(125)
Banking Operations	(134)	(134)
Local Government Operation	(210)	(210)
Subtotal	(580)	(580)
5. <b>General Administration</b> — Reduce supplies.	(3,000)	(3,000)
6. <b>Investment Management</b> — Reduce printing and binding.	(400)	(400)

DEPARTMENT OF STATE TREASURER (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
7. <b>Local Government Operations</b> — Reduce other supplies (\$5,000); travel (\$7,000); service and maintenance (\$1,200); and, office furniture/equipment (\$1,000).	(14,200)	(14,200)
<b>CONTINUATION BUDGET CHANGES</b>	<b>(\$259,490)</b>	<b>(\$259,899)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$10,670,631</b>	<b>\$10,676,084</b>

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**EXPANSION BUDGET**

1. <b>Local Government Operations</b> — Increase staff to meet growing workload (funded with non-tax revenues).	\$144,670 (3)	\$182,859 (3)
2. <b>Retirement Systems</b> — Improve record storage and retrieval in retirement system management.	2,050,000 NR (Receipts)	100,000 (Receipts)
3. <b>Investment Management</b> — Increase effectiveness of investment management operations (funded with non-tax revenues).	489,636 (1)	923,059 (1)
4. <b>Escheat Fund Administration</b> — Add clerical position to assist with tangible property received.	50,357 (1) (Receipts)	55,493 (1) (Receipts)
<b>EXPANSION RECURRING — APPROPRIATION</b>	<b>\$634,306 (4)</b>	<b>\$1,105,918 (4)</b>
<b>EXPANSION RECURRING -- RECEIPTS</b>	<b>50,357 (1)</b>	<b>155,493 (1)</b>
<b>EXPANSION NON-RECURRING -- RECEIPTS</b>	<b>\$2,050,000</b>	<b>—</b>
<b>TOTAL OPERATING BUDGET — APPROPRIATION</b>	<b>\$11,304,937</b>	<b>\$11,782,002</b>

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# **HUMAN RESOURCES**

## INTERNAL RESOURCES



## 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 Correction to Human Resources and, in 1978, the Division of Medical Assistance was created by an 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$1,686,618,219</b>	<b>\$1,854,653,994</b>
<b>Continuation Budget Changes</b>		
<b>Department-Wide</b>		
1. Eliminate Jordan-Adams inflationary reserve.	(1,317,842)	(2,652,819)
2. Reduce line-items to effect GPAC recomendation to reduce supply inventories by 30% over 3 years		
Vocational Rehabilitation	(10,200)	(10,200)
Services for the Blind	(9,500)	(9,500)
Secretary's Office	(2,700)	(2,700)
Division of Services for the Deaf	(18,100)	(18,100)
Division of Youth Services	(48,700)	(48,700)
Division of Facility Services	(2,700)	(2,700)
Social Services	(22,200)	(22,200)
MM/DD/SAS	<u>(680,200)</u>	<u>(680,200)</u>
Subtotal	(794,300)	(794,300)
3. Reflects savings due to 30% cut in SIPS rate.		
Vocational Rehabilitation	(25,001)	(25,001)
Services for the Blind	(3,425)	(3,425)

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
Secretary's Office	(8,079)	(8,079)
Aging	(1,234)	(1,234)
Services for the_Blind	(5,142)	(5,142)
Youth Services	(15,864)	(15,864)
Facility Services	(4,331)	(4,331)
Social Services	(740,888)	740,888)
Medical Assistance	(20,693)	(20,693)
MM/DD/SAS	<u>(45,343)</u>	<u>(45,343)</u>
Subtotal	(870,000)	(870,000)
4. Defer vehicle replacement purchases		
MH/DD/SAS	(1,393,901)	(973,495)
Services for the Deaf	<u>(452,823)</u>	<u>(151,670)</u>
Subtotal	(1,846,724)	(1,125,165)

**Division of MH/DD/SAS**

5. Downsize psychiatric hospitals by:		
(a) eliminating sufficient number of positions in psychiatric hospitals to generate savings.	(1,500,000)	(1,500,000)
(b) discharging residents in ICF/MR Unit at Broughton Hospital to community placements.	(360,199)	471,043
6. Downsize MR centers by reducing census by 4%.	(230,000)	(900,000)
7. Convert Caswell Center infirmary and extended care beds to ICF/MR.	(568,000)	(568,000)
8. Replace GF appropriation with block grant funds for program for pregnant women and their children at Butner ADATC.	(800,000)	(800,000)
9. Adjust patient receipts in mental hospitals to more realistic levels.	(3,994,014)	(3,420,109)
10. Medicaid Managed Care: Accelerate expansion of Carolina Access Program and explore use of other managed care options.	(2,900,000)	(3,000,000)
	(8)	(8)

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>Division of Medical Assistance</b>		
11. Reduce funding for prescription drug to reflect continuation needs only.	(1,100,000)	(1,300,000)
12. Carry forward unexpended donations from FY 92-93 to FY 93-94 and adjust state appropriations.	(7,500,000) NR	(-0-)
13. FY 92-93 cost per eligible is lower than forecasted. Reduce projected increases due to change.	(12,327,250)	(19,134,134)
14. Increase receipts by increasing administrative staff in areas such as third-party recovery unit. Net savings.	(500,000) (45)	(1,000,000) (45)
15. Change rate method for ICF/MR reimbursement by implementing direct/indirect reimbursement caps for ICF/MR beds.	(1,400,000)	(1,500,000)
16. Reduce inflationary increases budgeted for medical care providers.	(6,200,000)	(6,200,000)
17. Downsize MR Centers by reducing census by 4%.	(600,000)	(2,400,000)
18. Discharge residents in ICF/MR Unit at Broughton Hospital to community placements.	(439,801)	(1,271,043)
<b>Division of Social Services</b>		
19. Special Assistance to Adults: Reduce FY 93-94 continuation budget due to lower than expected rate of growth in caseloads and payments in FY 92-93.	(1,333,640)	(1,290,352)
20. Aid to Families With Dependent Children: Reduce continuation budget to reflect lower than expected rate of growth in payments and payment amounts in FY 92-93.	(619,336)	(625,495)
21. Equalizing Fund: Adjust payments to reductions in the AFDC budget.	(67,470)	(68,137)
22. Child Support Receipts Increased: Adjust appropriations due to increased child support collections for AFDC recipients.	(315,234)	(381,948)

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
23. Foster Care Receipts Increased: Adjust appropriations to reflect increased federal Title IV E receipts. State funds were overmatched because federal funds were not available.	(593,969)	(563,949)
24. Child Welfare Funds Increased: Adjust appropriations to reflect an increase in federal Child Welfare funds.	(278,899)	(377,499)
<b>Division of Facility Services</b>		
25. Reduce the projected increases for entitlement day care program.	(11,000,000)	(5,000,000)
<b>Division of Youth Services</b>		
26. Increase receipts for Juvenile Detention services allowing for decrease in state appropriation.	(250,000)	(250,000)
27. Adjust the continuation budget increase for items funded under the Prison Bond.	(400,000) NR	-0-
<b>TRANSFERS:</b>		
1. Transfer from Eastern Carolina Medical School to Division of Medical Assistance: State funds to support Medicaid reimbursement to Pitt County Hospital at full cost. Pitt County Hospital is a primary affiliated teaching hospital of a state operated Medical School.	5,420,994	5,865,713
Transfer from the Department of Community Colleges to Department of Human Resources, Division of Mental Health, Developmental Disabilities and Substance Abuse Services for allocation to those sheltered workshops that received Community College funds in the fall quarter of 1992.	1,059,002	1,059,002
<b>TOTAL CONTINUATION BUDGET CHANGES</b>	<b>(\$45,726,682) (7,900,000) NR</b>	<b>(\$49,597,192)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$1,632,991,537</b>	<b>\$1,805,056,802</b>

DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>EXPANSION BUDGET</b>		
<b>Division of Facility Services</b>		
1. <b>Early Childhood Education and Development Initiative</b> — Funds for a public/private partnership for children and families, and to develop a long term strategic plan for early childhood development.	\$15,330,000 4,670,000 NR (8)	\$27,640,000 (8)
2. <b>Day Care Staff Ratios</b> — Funds to lower the child/staff ratios for infants and children one and two year old receiving center based care.	1,400,000	2,216,293
3. <b>At-Risk Child Care Matching Funds</b> — Funds to enable the state to receive all of the federal At-Risk Child Care funds available at the current federal financial participation rate.	126,000	186,200
4. <b>Monitoring Compliance Staff</b> — Funds to add staff to monitor and provide technical assistance to child care centers and homes.	300,000 (10)	438,672 (10)
5. <b>Home Care Licensing</b> — Funds to continue the Home Care Licensing Act of 1991.	121,000	121,000
6. <b>Headstart Funds</b> - Funds for 5 additional Headstart Parent and Child Centers.	1,100,000 NR	-
7. <b>Child Care Resources</b> - Funds to develop resources and referral service in unserved and underserved counties and to fund existing resources and referral services.	500,000 NR	-
8. <b>Children Grant Funds</b> - Funds to provide grants to programs serving children-at-risk and child care capital needs.	200,000 NR	-
9. <b>TEACH Funds</b> - Funds for the Teacher Education and Compensation Helps Early Childhood project to allow child day care teachers to seek continued education.	1,000,000 NR	-
10. <b>Community Volunteer Program for Parent Involvement</b> - Funds to support the development of the volunteer program for parent involvement.	100,000 NR	-

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>Secretary's Office</b>		
<b>Office of Rural Health and Resources</b>		
<b>Rural Health Recruitment Funds</b>		
11. <b>Rural Health Stipends</b> — Funds to provide stipends to medical residents, nurse midwives, physician assistants, and family nurse practitioners who will serve in medically underserved areas of the state.	450,000	450,000
12. <b>Rural Health Financial Incentive Funds</b> — Funds to provide financial incentives, such as loan repayment and moving expenses for primary care professionals who serve in rural or medically underserved areas of the state.	500,000	500,000
13. <b>Support for Health Centers</b> — Funds to provide support for health centers in rural and medically underserved areas of the state.	800,000	800,000
14. <b>Rural Health Scholarship Fund</b> — Funds to establish scholarships for North Carolina medical students who agree to serve in rural and medically underserved areas of the serve.	250,000	250,000
15. <b>Community Primary Care Program</b> — Funds to establish a Community Primary Care Program to encourage development of community primary care clinics. Funds will be used for planning grants to counties wanting to meet the primary care needs of their communities.	160,000	160,000
<b>Division of Social Services</b>		
16. <b>Expansion of Jobs Opportunity and Basic Skills (JOBS) Program</b> — Funds to serve more people and implement new federal AFDC - Unemployed Parent work requirement.	2,856,881	6,738,145
17. <b>Rest Home Rate Increase</b> — Funds to increase rest home rates effective July 1, 1993. The recommended rate increase would adjust the maximum monthly rate for domiciliary care facilities from \$889 to \$938 for ambulatory residents and from \$928 to \$979 for semi-ambulatory residents.	4,750,000	4,750,000

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
18. <b>Child Protective Services</b> — Funds to strengthen Child Protective Services by providing additional social worker positions in local Departments of Social Services.	2,000,000	2,000,000
19. <b>State/County Special Assistance Personal Needs</b> — Funds to adjust the personal needs allowance of persons participating in the State/County Special Assistance Program.	200,000	200,000
20. <b>Adoption Assistance Program</b> — Funds to raise the payment made to families who adopt children with special needs from \$200 to \$265 per month effective 7/1/93.	648,540	670,303
21. <b>Emergency Assistance Program</b> — Funds to extend the availability of AFDC-EA program.	500,000	500,000
22. <b>Infant Mortality/Adolescent Parenting Program</b> — Funds to expand the program to 8 additional counties. Up to \$10,000 may be used for administrative costs in the Division of Social Services.	300,000	300,000
23. <b>State Abortion Fund</b> - Funds to support the provision of services for low income women.	788,000	788,000
<b>State Aid to Non-State Agencies</b>		
24. <b>Uplift, Inc.</b> — Funds to provide a grant-in-aid to a Greensboro based organization which provides technical assistance to counties to better use existing resources for families and children.	300,000 NR	—
25. <b>Autism Society of North Carolina</b> — Grant-in-aid to the Autism Society to support a Children/Adult Summer Camp program.	49,000	49,000
26. <b>Caring for Children Program</b> — Grant-in-Aid to support the purchase of health insurance for 1,748 low income children who do not qualify for Medicaid.	500,000	500,000

DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>Mental Health</b>		
27. <b>Coalition 2001:</b>		
(a) <b>Core Services for Adult Mentally III —</b> Provision of basic services recommended in the State Plans adopted by MH Study Commission. 70% of funds allocated to area programs on a per-capita basis; 30% allocated using "catch-up" formula approved by MH Study Commission.	\$1,300,000	\$1,300,000
(b) <b>HUD Group Homes for Mentally III —</b> Start-up and operating funds for 5 group homes and 1 apartment project.	— 300,000 NR	460,000 —
(c) <b>Services for the Hearing-Impaired and         Mentally-III —</b> Funds to maintain current program, to hire additional staff, and to provide residential and inpatient services.	238,563	350,000
(d) <b>Core Services for Child Mentally III —</b> Provision of basic services recommended in the State Plans adopted by MH Study Commission. 70% of funds allocated to area programs on a per-capita basis; 30% allocated using "catch-up" formula approved by MH Study Commission.	1,300,000	1,300,000
28. <b>Willie M. Services —</b> Funds for additional day treatment/education slots and residential services for class members, including a second secure 14-16 bed residential program.	2,127,671 272,329 NR (41)	4,500,000 — (41)
29. <b>Nurses Pay Adjustment —</b> Funds to implement salary adjustments for nurses in DHR institutions based on revised entry rates and special minimum rates which became effective August 1, 1991.	892,196	892,196



DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
30. <b>Mental Health Facility Funds</b> - Funds for capital needs of area mental health programs.	2,000,000 NR	
<b>Developmental Disabilities (DD)</b>		
31. <b>Coalition 2001:</b>		
(a) <b>Core Services for Adult DD</b> — Provision of basic services recommended in the State Plans adopted by MH Study Commission. 70% of funds allocated to area programs on a per-capita basis; 30% allocated using "catch-up" formula approved by MH Study Commission.	700,000	700,000
(b) <b>HUD Group Homes for Developmentally Disabled</b> — Start-up and operating funds for 17 new group homes, 3 ICF/MR homes and supplemental operating funds and ADAP funds for 16 homes previously developed.	577,420 1,058,000 NR	920,500
(c) <b>United Cerebral Palsy Funds</b> — The Division shall use these funds to contract with United Cerebral Palsy of North Carolina for the operation and expansion of their children's centers and Independent Living Program.	400,000 290,000 NR	400,000 —
(d) <b>DD Training Funds</b> — Training Funds for in-home and community living arrangements, provided in conjunction with the Developmental Disabilities Training Institute of the Division of Continuing Education at UNC. (HB 535)	200,000	200,000
(e) <b>Funds for Head Injury Projects</b> — Funding for up to 3 developmentally disabilities head injury projects, selected by the Department based upon the need of head injury clients. Funds may be used for supported employment, assisted living and other client needs. (HB 1279)	300,000	300,000

DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>Developmental Disabilities (DD) (Continued)</b>		
(f) <b>Single Portal</b> — Funds for the area mental health programs to coordinate the entrance and exit of DD clients to residential and day/night services.	1,076,250	1,435,000
(g) <b>Residential Subsidy for DD Clients</b> - Funds to pay for room and board for clients who are able to move to less restrictive and costly housing.	136,256	181,675
(h) <b>Life Guardianship Program</b> — Funds to expand legal guardianship services to developmentally disabled persons.	35,000	35,000
32. <b>PL 99-457 Funds</b> — Funds to continue the implementation of early childhood intervention services as required by PL 99-457. (HB 628)	4,886,667	4,886,667
33. <b>Thomas S. Funds</b> — Funds to provide services for class members residing in State psychiatric hospitals, MR Centers, the Special Care Center and those receiving inadequate community-based services.	10,760,000	16,248,842
34. <b>Sheltered Workshops Capital Funds</b> - Funds for capital needs at community-based facilities that operate vocation rehabilitation services for adult developmental activity programs (ADAP). \$76.28 per slot for 6,554 slots. Each program shall submit a budget for these funds for approval to the Department of Human Resources.	500,000 NR	-
<b>Substance Abuse Services</b>		
35. <b>Coalition 2001:</b>		
(a) <b>Core Services for Adult Substance Abusers</b> — Provision of basic services recommended in the State Plans adopted by MH Study Commission. 70% of funds allocated to area programs on a per-capita basis; 30% allocated using "catch-up" formula approved by MH Study Commission.	780,000	780,000

DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
(b) <b>Public/Private Partnership Initiative —</b> Funds to purchase substance abuse services in halfway houses, residential facilities and inpatient hospitals operated by the private treatment community.	\$500,000	\$500,000
(c) <b>Women's Substance Abuse Services —</b> Funds to expand the number of residential services available to women and their children.	260,000	260,000
(d) <b>Core Services for Child and Adolescent Substance Abusers —</b> Provision of basic services recommended in the State Plans adopted by MH Study Commission. 70% of funds allocated to area programs on a per- capita basis; 30% allocated using "catch-up" formula approved by MH Study Commission.	1,500,000	1,500,000
<b>Division of Services for the Deaf and Hard of Hearing</b>		
36. <b>PL 99-457 Funds —</b> Funds for early childhood intervention services for deaf and hearing impaired children as required by federal law. (HB 628)	527,970 (16)	645,723 (16)
37. <b>Early Intervention: Deaf Funds —</b> Funds to establish and operate Early Intervention and Educational Resource Centers.	250,000 (7)	274,000 (7)
38. <b>Pilot Deaf Program —</b> Funds to establish a pilot extended year program	200,000	300,000
39. <b>Deaf Funds -</b> Funds to meet critical educational and support services needs of deaf children and adults.	800,000 NR	
<b>Division of Services for the Blind</b>		
40. <b>PL 99-457 —</b> Funds for early childhood intervention services for blind and visually impaired children. (HB 628)	336,997 (8.5)	725,117 (8.5)
41. <b>Governor Morehead School -</b> Funds for braille textbooks and a resource center for visually impaired children.	300,000 NR	-

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>Division of Vocational Rehabilitation</b>		
42. <b>Independent Living Program</b> — Funds to develop and implement additional Independent Living Programs.	554,000 (16)	1,243,392 (16)
<b>Division of Youth Services</b>		
43. <b>Juvenile Sex Offender</b> — Funds to provide treatment to juveniles adjudicated delinquent for committing an act that is a sex offense crime.	500,000	500,000
44. <b>Community Based Alternative Funds</b> — Funds for the expansion of community-based services for youth at risk of coming into contact with the juvenile justice system.	500,000	500,000
<b>Division of Medical Assistance</b>		
45. <b>Infant Mortality:</b>		
(a) <b>Parenting Education Funds</b> — to support the addition of parenting education as a Medicaid reimbursable services for Medicaid eligible families with children under age 3.	378,000	504,000
(b) <b>Medicaid Hot Line</b> — Funds to develop public education materials and a toll free hot line to inform Medicaid eligible families with children about the Healthy Children and Teens program and to link them with providers who accept Medicaid.	75,000	100,000
46. <b>Medicaid Planning Funds</b> - Funds to support planning and design of the Eligibility Information System in the event of expanded coverage for the uninsured.	200,000 NR	-
<b>Division of Aging</b>		
47. <b>In-Home Funds</b> — Funds to provide additional in-home aid services and caregiver support.	1,000,000	1,000,000
48. <b>Ombudsmen Funds</b> — Funds for the long-term care Ombudsmen Program.	256,493	318,275

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1993**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>49. Senior Citizens' Funds</b> - Funds for Senior Citizen Centers' maintenance, renovation and upkeep. Funds shall be allocated based on need. No center shall receive more than \$10,000.	300,000 NR	-
<b>TOTAL DHR EXPANSION FUNDS</b>	<b>\$64,577,904</b> <b>\$13,890,329 NR</b>	<b>\$92,518,000</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$1,711,459,770</b> <b>(161.5)</b>	<b>\$1,897,574,802</b> <b>(161.5)</b>

**SENATE BILL 27 (Chapter 321)**

**Section 208**      **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,

**Section 209**      **Thomas S** — Modifies last year's provision on Thomas S by clarifying the types of clients for whom Thomas S funds can be spent, placing a cap on the funds that can be expended on some of these clients, and by prescribing specific reporting requirements.

Section C has been added, requiring the Division to develop and implement a prospective unit cost reimbursement method for allocating Thomas S funds to area mental health programs. This brings the Thomas S program more in line with how the Willie M program is administered.

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

- Section 210**      **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 quarterly to the Fiscal Research Division on transfer authorized by this Section.
- Section 211**      **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 212**      **Specialized Residential Centers' Bed Conversion** — Authorizes the department to use funds made available as a result of the conversion of State-supported beds in specialized residential centers to ICF/MR beds to increase the State subsidy provided to centers.
- Section 213**      **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 214**      **Liability Insurance** — Allows the Departments of Human Resources, Correction, 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. It also provides similar coverage to medical residents who are in training at the Department's institutions.
- Section 215**      **Non-Medicaid Reimbursement** — Provides for two exceptions to the requirement that providers of medical services under various State programs be reimbursed at the Medicaid rates:
1.    Contracts or agreements for medical services for non-Medicaid patients and the purchases of medical equipment and other medical supplies for non-Medicaid eligible patients.
  2.    Medical services provided to residents of State facilities.
- In these two cases, reimbursement rates shall be at or as close as possible to Medicaid rates. It also sets income eligibility standards for the Medical Eye Care Program, the Clozaril Drug program and other non-Medicaid funded rehabilitation programs.

## DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)

- Section 216**      **Developmental Day Centers' Grant-in-Aid** — The General Assembly is implementing PL 99-457 - Education of the Handicapped Law. Under that law, 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 217**      **Short-Term Loan Fund for ICF/MR Facilities** — Implements a recommendation of the Department's report on ICF/MR facilities and would allow a revolving loan fund to be used for housing alternatives less costly than ICF/MR group homes.
- Section 218**      **Planning and Pilot Implementation of an Integrated Funding** — Implements a recommendation of GPAC to downsize the State's psychiatric hospitals by pilot testing an integrated funding system. Under this managed-care approach, area mental health authorities would have the responsibility and the resources to meet the total treatment needs of their clients, including inpatient psychiatric care. The Department will report back to the Appropriations Committee on the results of this pilot test.
- Section 219**      **Child Support Funds** — Relates to a consent judgment involving the allocation of late child support payments and prescribes reporting requirements and the use of unexpended funds in the non-reverting fund account established for this program.
- Section 220**      **Pioneer Funding** — Incorporates into the General Statutes the funding policies and procedures adopted by the General Assembly as the "Pioneer Funding System" as implemented through a 5-year phase-in scheduled in the 41 area mental health authorities.
- The provision also establishes an area authority appeals panel, appointed by the Secretary of Human Resources, to hear and resolve disputes between the area authorities and their contractors or their clients.
- Section 221**      **Developmental Disabilities Training Requirements** — Requires the Division to develop training requirements for those who will be implementing the Developmental Disabilities Plan and that the training be administered by the Developmental Disabilities Training Institute at UNC Chapel Hill.
- Section 221.1**      **Ownership, Custody, Control of Vehicles Purchased by the Division of Vocational Rehabilitation Services** — Gives permission to the Division of Vocational Rehabilitation Services to purchase its own vehicles rather than use the State operated motor vehicle pool.
- Section 222**      **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.

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

- Section 223**      **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, pre-delivery and post partum home visits as reimbursable services.
- Section 224**      **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 225**      **Pharmacy Dispensing Increase** — This provision sets the dispensing fee at \$5.60.
- Section 226**      **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 227**      **Medicaid Inpatients Hospital Reimbursement** — Requires the Department to implement a budget-neutral Diagnosis-Related Group methodology.
- Section 228**      **N.C. Family Support Act** — Establishes a methodology for calculating AFDC benefits.
- Section 229**      **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 230**      **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 231**      **Foster Care Board Rate** — Establishes foster care board rate at \$265 per month.
- Section 232**      **Emergency Assistance** — Establishes limitations on expenditures for Emergency Assistance Program.
- Section 233**      **Food Stamp Outreach** — This provision directs the Department of Human Resources to continue the Food Stamp Outreach program.
- Section 234**      **Child Protective Services** — This provision allocates funds appropriated to counties for child protective services and establishes limitations on county expenditure of these funds. See Section 14 of Chapter 561 (Senate Bill 26) for technical correction.
- Section 235**      **Adoption Subsidy** — Establishes adoption subsidy at \$265 per month.



DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)

- Section 236**      **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 237**      **County Matching Requirements for Child Protective Services** — This provision establishes a match requirement for counties for child protective services.
- Section 238**      **Carolina Access Program/Eye Care** — This provision exempts optometrists from the Carolina Access program. See Section 92 of Chapter 561 for language repealing this provision.
- Section 238.1**    **Limiting ERISA Plan Requirements** — This provision prohibits self-insured health plans from declaring that they will pay health care providers after Medicaid. The language is consistent with ERISA requirements and with Medicaid law and regulation.
- Section 239**      **Domiciliary (Rest Home) Rate Increase** — Provides the language identifying the maximum monthly rates for ambulatory rest home residents at \$938 and semi-ambulatory at \$979, effective July 1, 1993.
- Section 240**      **Rest Home Payment Method** — Requires DHR to develop a plan for a vendor payment method for domiciliary care facilities. Outlines what the proposed methodology shall include. Also requires the Department to report to the General Assembly and include a five-year fiscal impact of the cost of implementing the vendor payment.
- Section 241**      **Pilot Subsidy to Domiciliary Homes for Services to Developmentally Disabled Residents** - This provision requires the Department to conduct a pilot study of the need for a subsidy for developmental disabled persons residing in homes for the aged and disabled and family care homes. This subsidy would help pay for the special habitative services these residents need.
- Section 242**      **DHR Monitoring Domiciliary Care Facilities' Compliance with Licensure Requirements** — Directs local DSS directors and the Division of Facility Services to monitor domiciliary care facilities for compliance with licensure law.
- Section 243**      **Caregiver Support Claims** — Outlines how \$1,008,000 in SFY 1993-94 and SFY 1994-95 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 244**      **Senior Center Outreach** — Outlines how \$403,800 in SFY 1993-94 and SFY 1994-95 is to be used for the purpose of enhancing senior citizen center programs.

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

- Section 245**      **Rural/Primary Care Initiatives** — This provision encourage the establishment of rural hospital networks by authorizing DHR to establish such a program. The development of this program would encourage hospitals with underutilized bed capacity to downsize and to concentrate on the development of primary care services. In addition, the provision allows hospitals to collaborate to meet the health care needs of the community without duplicating levels of care provided in other network hospitals.
- Section 246**      **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 247**      **Day Care** — Prohibits day care service funds from being used for administrative costs and encourages efficiency in the purchase of care.
- Section 248**      **Day Care Rates** — Identifies the requirements for the establishment of rules for the monthly schedule of payments for the purchase of day care services.
- Section 249**      **Day Care Allocation Formula** — Describes how the Department will allocate child day care funds based on a allocation formula.
- Section 250**      **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 251**      **Community-Based Alternatives Participation** — Requires the Department to certify that CBA funds are not used to duplicate or supplant other programs within a county.
- Section 252**      **Supplemental Head Start Funds** — Requires that supplemental Head Start funds be allocated to existing programs.
- Section 253**      **County Day Care Encouragement** — Outlines the General Assembly intention to encourage counties to aggressively use all of their initial child care allocation and requires the Department to re-evaluate its allocation/reversion/reallocation timetable. Requires the Department to report to the Legislative Commission on Governmental Operations and to the Fiscal Research Division on the implementation of this Section.
- Section 254**      **Early Childhood Education and Development Initiatives** — Describes how the Department is to implement the Early Childhood Initiative in 12 pilot counties and identifies the types of allowable child care services that can be funded. Authorizes lower staff-child ratios for infants and toddlers and provides religious sponsored day care facilities with a one-year delay in complying with the lower ratios.

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

- Section 255**      **Early Childhood Education and Development Initiatives Plan** — Allows counties that participate in the Early Childhood Initiatives to use the county's allocation of State and federal child care funds to subsidize child care according to the county's Early Childhood Initiative Plan as approved by the Department.
- Section 256**      **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 257**      **Early Childhood Education and Development Initiatives Quality Assurance/Accountability** — Directs the Department to develop and implement a performance based evaluation system to evaluate the Early Childhood Initiative.
- Section 258**      **Health Centers' Purchase of Medications** — Allows State rural health centers and other federally funded health centers to purchase medication by participating in contracts administered by the Department of Administration.
- Section 259**      **Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives** — Establishes a legislative commission to oversee the activities of the Early Childhood Initiatives.
- Section 259.1**     **State Abortion Fund Eligibility Criteria** — Establishes the eligibility limitations on the State Abortion Fund and limits spending to \$1,212,000 in each year of the biennium.

**SENATE BILL 26 (Chapter 561)**

- Section 14**      **Child Protective Services** — This provision makes a correction to Section 234 of Chapter 321 (Senate Bill 27).
- Section 15**      **Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives** — This provision makes technical changes to Section 259 of Chapter 321.
- Section 83**      **Head Start Capital Funds - 1993-94** — This provision allocates capital funds for non-profit agencies administering Head Start programs.
- Section 86**      **Commitment of Foreign National Counselor Notice** — This provision corrects the statute, identifying the proper authority to whom the Governor is to send information regarding a client who is a resident of one of the Department of Human Resources 24-hour facilities and is not a citizen of the United States.

**DEPARTMENT OF HUMAN RESOURCES (1993 Actions, Continued)**

- Section 87**      **Juvenile Secure Custody Study** — This provision directs the Department of Human Resources and the Administrative Office of the Courts to conduct a study of secure custody facilities for juveniles and to report the results of the study to the 1993 General Assembly by May 1, 1994.
- Section 88**      **ICF/MR Facilities CON Bed Limit** — Allows those 30 bed facilities who have applied for a Certificate of Need for additional ICF/MR beds to expand their facilities capacity to 32 beds. This will result in the addition of new ICF/MR beds without the normal start-up and construction costs.
- Section 89**      **Commission for the Blind Changes** — This provision makes changes to G.S. 143B-157 and G.S. 143B-158.
- Section 90**      **Area Authorities' Local Plans Extended Scheduled** — Extends by 6 months the time period in which the area mental health authorities are to complete their service implementation plan.
- Section 91**      **Consent Judgment Focus Class Agreement/Thomas S** — Allows the Department of Human Resources to enter into an agreement with the court to change the Thomas S court order by capping the class membership at approximately 1,000 members and by preparing assessments and evaluations themselves instead of being required to contract out for these services. Several million dollars a year should be saved as a result of these changes.
- Section 92**      **Carolina Access Change Repealed** — This provision repeals Section 238 of Chapter 321 (Senate Bill 27).
- Section 93**      **Distribution Specifications for Area Mental Health Program Capital Funds** — This provision establishes requirements for the distribution of capital funds for area mental health programs.
- Section 94**      **Governor Morehead School Funds** — This provision authorizes the transfer of funds from Repairs and Renovations Fund for repairs and renovation of the Governor Morehead School.

# **JUSTICE & PUBLIC SAFETY**



## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$565,579,166</b>	<b>\$602,236,033</b>
<b>Continuation Budget Changes:</b>		
1. Reduce funds to effect GPAC recommendation to reduce supply inventories.	(1,834,700)	(1,834,700)
2. Reduce funds for staff positions in area offices and Caledonia Complex Office in order to effect GPAC recommendation. Additional positions will be reduced in future years if recommended consolidation of small prison units is authorized.	(387,333) (-12)	(737,337) (-23)
3. Reduce the following line items for Substance Abuse Services.		
2210 Food	(13,305)	(13,305)
2310 Instructional Supplies	(5,000)	(5,000)
2650 Office Supplies	(2,000)	(2,000)
3110 Travel	(5,000)	(5,000)
3210 Telephone	(10,000)	(10,000)
3250 Postage	(6,000)	(6,000)
3510 Bldg. Maintenance	(5,000)	(5,000)
3590 Major Repairs	(6,495)	(6,495)
4120 Rent	(9,200)	(9,200)
Subtotal	(62,000)	(62,000)
4. Reduce funds for positions and operating costs associated with the following recommendations:		
a. Reduce funds for operation of new facilities due to projected changes in completion dates. These are one-time savings for the 1993-95 biennium and will need to be reappropriated in the future.		
NCCIW	(79,205) NR	—
Greene	(186,282) NR	—
Lumberton	(708,263) NR	—
Odom	(124,851) NR	—

DEPARTMENT OF CORRECTION (1993 Actions, Continued)

	1993-94 General Fund		1994-95 General Fund	
Marion (Completion date has moved forward)	23,906	NR	\$751,005	NR
Pasquotank	(47,679)	NR	(3,436,510)	NR
Per diem inmate costs	(713,079)	NR	(1,806,810)	NR
SUBTOTAL	(1,835,453)	NR	(4,492,315)	NR
b. Close Triangle Correctional Center, as a result of a settlement agreement, due to the deterioration of the physical plant.	(1,196,621) (-138)		(3,662,482) (-138)	
c. Reduce funds due to closing four modular housing units at Haywood, Rutherford, Cabarrus, and Durham prison units.	(102,080) (-4)		(102,080) (-4)	
d. Reduce funds due to custody reduction in modular units.	(563,041) (-22)		(563,041) (-22)	
e. Reduce custody staffing, from three correctional officers to two on second and third shifts, in six medium security dormitories due to a reduction in inmate population as a result of dayroom construction.	(300,521) (-12)		(306,240) (-12)	
f. Reduce positions at Halifax Correctional Center and Sampson Correctional Center due to redesignation of facilities from medium to minimum custody.	(1,046,827) (-41)		(1,046,827) (-41)	
g. Abolish new positions funded but not established at Triangle, Polk, and Western Youth Institution.	(329,606) (-13)		(329,606) (-13)	
h. Reduce current operating line items in food service, training, and purchase of equipment.	(2,200,747)		(580,004)	
i. Adjust funding for staffing at new facilities by eliminating positions currently in the reserves to operate new facilities being constructed with the \$75M and the \$103M bond funds.	(753,520) (-42)		(1,409,720) (-57)	



DEPARTMENT OF CORRECTION (1993 Actions, Continued)

	1993-94 General Fund		1994-95 General Fund	
j. Abolish positions vacant on June 30, 1993.	(\$824,147)		(\$824,147)	
	(-29)		(-29)	
5. Defer funds needed for vehicle replacement.	(85,325)		(932,702)	
6. Reduce funds due to a 30% reduction in State Information Processing rates.	(514,000)		(514,000)	
Subtotal - Continuation Budget Changes	(10,200,468)		(12,904,886)	
	(1,835,453)	NR	(4,492,315)	NR
<b>TOTAL CONTINUATION BUDGET REDUCTIONS</b>	<b>(\$12,035,921)</b>		<b>(\$17,397,201)</b>	
<b>TOTAL POSITIONS REDUCED</b>	<b>(-313)</b>		<b>(-339)</b>	
<b>TRANSFER:</b>				
1. Transfer funds for support of Summit House a residential center for females at high risk of incarceration who are placed on probation.	\$250,000		\$250,000	
<b>TOTAL TRANSFERS</b>	<b>\$250,000</b>		<b>\$250,000</b>	
<b>TOTAL CONTINUATION BUDGET CHANGES</b>	<b>(\$11,785,921)</b>		<b>(\$17,147,201)</b>	
<b>TOTAL NET POSITION CHANGES</b>	<b>(-313)</b>		<b>(-339)</b>	
<b>REVISED CONTINUATION BUDGET</b>	<b>\$553,793,245</b>		<b>\$585,088,832</b>	

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EXPANSION BUDGET

1. Expand boot camp program for non-violent offenders ages 16-25 by 180 slots (90 at Morrison Youth Camp and 90 at Western Youth Institution.)	\$751,733		\$2,804,501	
	390,000	NR		
	(33)		(71)	
2. Funds for positions and operating costs for Central Engineering and the Division of Prisons to implement an inmate construction program. Costs for construction supplies and materials will be included in individual capital projects.	1,511,876		1,709,262	
	1,193,826	NR		
	(9)		(9)	
3. Provide one additional Parole Case Analyst and one additional clerk in each year of the biennium due to increased number of inmates being considered for parole.	164,000		112,000	
	(2)		(4)	

DEPARTMENT OF CORRECTION (1993 Actions, Continued)

	1993-94 General Fund		1994-95 General Fund
4. Fund new positions in the Controller's Office to implement the new state accounting system, to automate manual accounting systems, manage data sub-systems, and implement internal and administrative controls.	\$243,000 (5)		\$214,000 (5)
5. Funds for a pilot community-based treatment program for alcohol and drug abusers on probation or parole.	200,000	NR	—
6. <b>Summit House -</b>			
(a) Expand day center non- residential services at the Greensboro site to include women on probation and parole in Guilford and surrounding counties.	150,000		150,000
(b) Provide funding for planning and site selection to establish satellite programs in Mecklenburg and Wake Counties by July 1, 1994.	150,000	NR	—
(c) Appropriate \$250,000 in State funds to share the operational costs of each satellite program.	—		500,000
6. Appropriate funds to share operating expense of Harriet's House, a transitional home for female ex-offenders and their children.	200,000	NR	-0-
<b>TOTAL EXPANSION BUDGET</b>	<b>\$2,820,609</b>		<b>\$5,489,763</b>
<b>TOTAL NEW POSITIONS</b>	<b>\$2,133,826</b> (49)	NR	<b>—</b> (89)
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$558,747,680</b>		<b>\$590,578,595</b>
<b>TOTAL NET POSITIONS</b>	<b>(-264)</b>		<b>(-250)</b>

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SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1993

SENATE BILL 27 (Chapter 321)

- Section 175**      **Inmate Incentive Pay** — Allows inmates working in Prison Enterprises to be paid up to \$3.00 per day instead of \$1.00/day.
- Section 177**      **Consolidation of Prison Facilities** — Department of Correction is to develop and implement plans to close Granville, Halifax, Person, Warren and Vance prison units and consolidate them into one facility.

**DEPARTMENT OF CORRECTION (1993 Actions, Continued)**

**SENATE BILL 26 (Chapter 561)**

- Section 73**      **Renovation of Polk Youth Center** — Directs that when inmates have been relocated from Polk Youth Center, the existing facility shall be used as a minimum custody unit.
- Section 74**      **Credit for Safekeeper Medical Expense Payments** — Allows counties which paid the State for medical care for safekeepers prior to the date of this act to receive credit for that payment.
- Section 75**      **Repair and Renovation Funds** — Allows the Department to use up to \$5 million of the Repair and Renovation Reserve for its facilities.

## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$26,860,503</b>	<b>\$26,836,975</b>
<b>Continuation Budget Changes:</b>		
<b>National Guard</b>		
1. Reduce funds for legal fees.	(252)	(400)
2. Reduce funds for janitorial supplies and building maintenance.	(655)	(766)
3. Reduce construction and repair supply funds.	(3,205)	(3,205)
4. Reduce motor vehicle operation costs.	(447)	(447)
5. Adjust funding for in-state and out-of-state travel, subsistence, and other travel expenses.	(1,650)	(1,650)
6a. Reduce costs for fuel oil, natural gas/propane, water and sewer services, and other utilities.	(5,359)	(6,227)
b. Additional reduction for fuel oil to comply with GPAC recommendation.	(35,300)	(35,300)
7. Reduce funds for printing and reproduction.	(158)	(158)
8. Reduce funds for repairs and maintenance.	(1,520)	(1,520)
9. Adjust costs for other unit expenses.	(243)	(243)
10. Reduce funds for dues and subscriptions.	(300)	(300)
<b>Civil Air Patrol</b>		
11. Reduce funds for repairs and maintenance.	(1,003)	(1,003)
<b>Butner Public Safety</b>		
12. Reduce costs for uniforms, arms, etc.	(1,376)	(1,376)
13. Adjust costs for motor vehicle operation.	(2,247)	(2,247)
14. Reduce office material and supply costs.	(53)	(53)

**DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
15. Reduce costs for other materials and supplies.	(\$570)	(\$570)
16. Reduce in-state subsistence funds.	(128)	(128)
17. Reduce costs for telephone service.	(642)	(642)
18. Reduce funds for electricity, fuel oil, natural gas/propane, and water & sewer services.	(1,544)	(1,667)
19. Reduce printing and reproduction funds.	(40)	(40)
20. Reduce funds for repairs and maintenance.	(1,682)	(1,682)
21. Reduce costs for educational expenses, laundry service, and other services.	(220)	(220)
22. Reduce funds for office machine rental.	(255)	(255)
23. Adjust funds for dues, subscriptions, awards, trophies, and other expenses.	(112)	(112)
24. Reduce funds for office furniture and equipment.	(255)	(255)
25. Reduce funds for communication and other equipment.	(875)	(875)
<b>Alcohol Law Enforcement</b>		
26a. Reduce vehicle replacement funds.	(272,369)	(91,298)
b. Reduce trade-in allowance. Receipt	(86,900) Receipt	(30,900)
Subtotal — Item 26	(185,469)	(60,398)
<b>Emergency Management</b>		
27. Reduce funds for other personal services.	(3,628)	(3,628)
28. Reduce funds for motor vehicle supplies.	(400)	(400)
29. Reduce costs for office supplies and materials.	(3,400)	(3,400)
30. Adjust funds for other materials and supplies.	(1,450)	(1,450)
31. Reduce funds for in-state and out-of-state travel, subsistence, and other travel expenses.	(8,860)	(8,879)
32. Reduce cost for telephone service.	(5,000)	(5,000)
33. Reduce printing and reproduction costs.	(3,161)	(3,161)

**DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
34. Reduce funds for repairs and maintenance.	(\$1,000)	(\$1,000)
35. Reduce office machine rental costs.	(200)	(200)
36. Reduce office furniture and equipment.	(1,732)	(1,732)
37. Adjust cost for data processing equipment.	(1,216)	(1,216)
38. Reduce funds for other equipment.	(600)	(600)
<b>Victim and Justice Services</b>		
39. Eliminate three positions in the Community Services Program (includes related benefits).	(116,384)	(116,384)
	(-3)	(-3)
40. Reduce in-state travel and subsistence.	(8,505)	(7,000)
41. Reduce funds for telephone service.	(16,467)	(16,467)
42. Reduce printing and reproduction funds.	(7,000)	(7,000)
<b>Governor's Crime Commission</b>		
43. Adjust in-state and out-of-state travel and subsistence.	(13,500)	(13,500)
44. Reduce costs for telephone service.	(3,000)	(3,000)
45. Reduce printing and reproduction funds.	(3,000)	(3,000)
46. Reduce cost for repairs and maintenance.	(3,000)	(3,000)
<b>Crime Prevention</b>		
47. Reduce funds for supplies and materials.	(300)	(300)
48. Adjust costs for in-state and out-of-state travel, subsistence, and other travel.	(4,926)	(4,926)
49. Reduce funds for telephone services and postage.	(750)	(750)
50. Reduce costs for printing and reproduction.	(500)	(500)
51. Reduce funds for repairs and maintenance.	(100)	(100)
<b>TOTAL CONTINUATION BUDGET CHANGES</b>	<b>(\$453,639)</b>	<b>(\$328,332)</b>
	<b>(-3)</b>	<b>(-3)</b>

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>TRANSFER:</b>		
1. <b>Victim and Justice Services</b> — Transfer funds for Summit House, a community-based residential alternative program, to the Department of Correction from the Department of Crime Control and Public Safety.	(\$250,000)	(\$250,000)
<b>TOTAL REDUCTION AND TRANSFER</b>	(\$703,639)	(\$578,332)
<b>TOTAL POSITION CHANGES</b>	(-3)	(-3)
<b>REVISED CONTINUATION BUDGET</b>	\$26,156,864	\$26,258,643

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**EXPANSION BUDGET**

1. <b>National Guard</b> — Provide funds to meet National Guard Pension Fund requirements.	\$65,234	\$65,234
2. <b>Emergency Management</b> —		
(a) Appropriate State funding to provide 50% match each fiscal year to continue the Earthquake Preparedness and Mitigation Program. Effective October 1, 1993.		
Requirements	111,621	130,000
Federal Receipts	62,871	65,000
Appropriation	48,750	65,000
(b) Authorize funds to establish six (6) Hazardous Materials Regional Emergency Response teams. Fund an Industrial Hygienist position (effective 9-1-93) and three (3) additional Emergency Management Officer positions (effective 4-1-94) to provide 24-hour coverage.	172,418	948,343
	(4)	(4)
	2,467,400	NR
3. <b>Victim and Justice Services</b> —		
(a) Provide additional funding for the Crime Victims Compensation Fund to meet increased number of claims.		
Requirements	700,000	—
Federal Receipts	200,000	—
Appropriation	500,000	NR

**DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
(b) <b>Victim and Justice Services —</b>		
Appropriate additional funds to reimburse the increased number of claims received by the Rape Victims Assistance Program.	\$110,000	\$110,000
<b>TOTAL EXPANSION BUDGET - RECURRING</b>	<b>\$396,402</b>	<b>\$1,188,577</b>
	(4)	(4)
<b>- NON-RECURRING</b>	<b>\$2,967,400</b>	<b>—</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$29,520,666</b>	<b>\$27,447,220</b>



DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY (1993 Actions, Continued)

	1993-94 Highway Fund	1994-95 Highway Fund
<b>HIGHWAY PATROL</b>		
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$90,027,001</b>	<b>\$91,563,386</b>
<b>Continuation Budget Changes:</b>		
1. Reduce funding in the following areas:		
a. Bedding and Linen	(3,000)	(3,000)
b. Uniforms, Arms, etc.	(150,000)	(150,000)
c. Food Products & Services	(9,000)	(9,000)
d. Fuels and Lubricants	(141,374)	(153,794)
e. Tires and Tubes	(30,000)	(30,000)
f. Parts and Labor	(30,000)	(30,000)
g. Office Materials & Supplies	(10,000)	(10,000)
h. Other Materials & Supplies	(30,000)	(30,000)
i. Other Materials & Supplies - MVO	(10,000)	(10,000)
j. Other Materials & Supplies - Radio	(10,000)	(10,000)
k. Telephone Service	(10,000)	(10,000)
l. Repairs and Maintenance	(50,000)	(50,000)
m. Data Processing Equipment Rent	(10,000)	(10,000)
n. Other Expenses	(40,000)	(40,000)
o. Office Furniture & Equipment	(20,000)	(20,000)
p. Data Processing Equipment	(52,476)	(51,360)
q. Communications Equipment	(100,000)	(100,000)
r. Other Equipment	(30,000)	(30,000)
s. Other Equipment - MVO	(20,000)	(20,000)
t. Automobiles	(144,420)	(148,480)
<b>TOTAL CONTINUATION BUDGET CHANGES - HIGHWAY FUND</b>	<b>(\$900,270)</b>	<b>(\$915,634)</b>
<b>REVISED CONTINUATION BUDGET - HIGHWAY FUND</b>	<b>\$89,126,731</b>	<b>\$90,647,752</b>

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**EXPANSION BUDGET**

1. <b>Funding Operational Costs For New Headquarters for Troop H</b> — Appropriate funds for telecommunication, garage and radio personnel for the new Troop H headquarters in Monroe to be completed by November, 1993. Telecommunication and radio positions effective September 1, 1993 and mechanic positions effective November 1, 1993.	\$1,004,672 (30)	\$799,198 (30)
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**DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY (1993 Actions, Continued)**

	<b>1993-94 Highway Fund</b>	<b>1994-95 Highway Fund</b>
2. <b>Additional Highway Patrol Troopers —</b> Provide funds for additional Highway Patrol troopers, effective September 1, 1993.	2,539,922 (50)	2,154,624 (50)
<b>TOTAL EXPANSION BUDGET - HIGHWAY FUND</b>	<b>\$3,544,594</b>	<b>\$2,953,822</b>
<b>TOTAL NEW POSITIONS</b>	<b>(80)</b>	<b>(80)</b>
<b>TOTAL OPERATING BUDGET - HIGHWAY FUND</b>	<b>\$92,671,325</b>	<b>\$93,601,574</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

- Section 179**      **Report on Community Service Workers** — Directs the Department of Crime Control and Public Safety to report quarterly each fiscal year of 1993-95 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 180**      **Rape Victims Assistance Program** — Effective June 30, 1994 the Department is authorized to use up to \$150,000 in Contingency and Emergency funds to pay invoices for hospital and emergency room services provided to rape victims and to provide rape evidence collection kits for hospital emergency rooms.
- Section 181**      **National Guard Disaster Training** — Amends G.S. 166A-6 to allow the Governor with concurrence of the Council of State to authorize Contingency and Emergency funds to provide training in preparation for State disasters to the National Guard.
- Section 182**      **Report by Highway Patrol Division** — Requires the Department of Crime Control and Public Safety, Highway Patrol Division, to prepare a written report by April 30, 1994 for the Senate and House Appropriations Committees on Justice and Public Safety and the Joint Appropriations Committee on Transportation. The report shall include: long-range staffing requirements; current and revised plans for

## **DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY (1993 Actions, Continued)**

trooper assignments to counties; a plan for reciprocity with local law enforcement officers, including training of local officers by the Division; justification for all categories of special assignments and development of a rate of reimbursement for services; and, justification of the annual automatic pay increase to sworn Division personnel. Also requires the Department to present the report to the two (2) Appropriations Committees and for the Committees to meet within five (5) days of the full Appropriations Committees ' convening to receive the report.

**Section 183**      **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.

**Section 184**      **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 185**      **Automated Administration of the Crime Victims Compensation Fund** — Directs the Department to develop or acquire software to automate claims management and reimbursement. Requires system capabilities to include the ability to track individual applications from initial filing through disposition of claims, including claims investigations and third-party reimbursements. Also requires a report by March 31, 1994 to the House and Senate Appropriation Committees on Justice and Public Safety that identifies the automated system installed, the status of bringing claims administration on-line, and documents the system's ability to track claims procedures.

## **SENATE BILL 26 (Chapter 561)**

**Section 77**      **Alcohol Law Enforcement Officer Access to Public Information Network** — Provides language to allow the Department to use \$46,800 from forfeiture funds available in 1993-94 for Alcohol Law Enforcement officers to access the Public Information Network.

## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$232,428,819</b>	<b>\$235,112,520</b>
<b>Continuation Budget Changes:</b>		
1. Reduce employer retirement contribution for the Consolidated Judicial Retirement System by 1.2% for FY 1993-94 and FY 1994-95. The rate for the 1993-95 biennium would then be:		
Normal	14.75%	
Accrued Liability	7.55%	
Death Benefit	.53%	
Health Insurance	2.00%	
Total	24.83%	
	(352,800)	(352,800)
2. The Committee considered reducing funds in the amount of \$200,000 for each year of the biennium in order to effect GPAC recommendation to consolidate computer network transmission lines. In lieu of taking this action, the Committee recommends the special provision titled "AOC Network Transfer Study".		
<b>TOTAL CONTINUATION BUDGET CHANGES</b>	<b>(\$352,800)</b>	<b>(\$352,800)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$232,076,019</b>	<b>\$234,759,720</b>

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## EXPANSION BUDGET

1. Funds to support new Judicial Department personnel.	\$7,395,582	\$9,348,641
	535,500 NR	
	(244)	(255)
2. Expand services of the General Court of Justice's Court Information System.	1,078,979	1,258,955
	67,812 NR	
	(6)	(6)

**JUDICIAL DEPARTMENT (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
3. Provide ongoing adequate support for constitutionally mandated indigent defense services.	\$1,000,000	\$2,575,887
4. Annualize funds for the existing child custody and visitation mediation programs pursuant to G.S. 7A-494.	154,873 (2)	154,873 (2)
5. Continue the statewide expansion of court-ordered non-binding arbitration programs pursuant to G.S. 7A-37.1.	143,553 (1.5)	143,553 (1.5)
6. Expand grants to Community Penalties Programs to provide services to 10-12 additional counties.	400,000	400,000
7. Provide funds for operating costs previously funded with lapsed salaries.	1,300,000	1,300,000
8. Replace office equipment and data processing equipment.	3,061,628 NR	—
9. Transfer funds from Indigent Persons' Attorney Fee Fund for new public defender and appellate defender personnel. (No additional funds are needed. \$466,230 will be transferred in FY 93-94 and \$471,989 in FY 94-95.)	— (11)	— (11)
10. Transfer funds from Special Capital Case Rehearing Fund to the Indigent Persons' Attorney Fee Fund. (No additional funds will be needed. \$1,100,000 will be transferred in FY 93-94.)	—	—
11. Expand access to civil justice for indigents.	250,000	250,000
12. Increase daily compensation for emergency judges from \$150/day to \$200/day.	77,722	81,598
13. Provide funds for a regional mediation and dispute settlement center located in Pitt County to serve eastern North Carolina.	40,000	40,000
14. Provide funds for a salary adjustment for clerks of court due to the revision of county population brackets.	80,000	80,000

**JUDICIAL DEPARTMENT (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
15. Provide funds to establish District 9A.	\$216,468	\$322,883
	44,718 NR	
	(5)	(5)
16. Provide funds to expand Alamance Dispute Settlement Center mediation into schools.	5,000	—
17. Funds to begin a dispute mediation pilot program for students in junior and senior high schools in Cumberland County.	30,000	—
<b>TOTAL EXPANSION BUDGET</b>	<b>\$12,137,177</b>	<b>\$15,956,390</b>
	<b>\$3,744,658 NR</b>	<b>—</b>
<b>TOTAL NEW POSITIONS</b>	<b>(269.5)</b>	<b>(280.5)</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$247,957,854</b>	<b>\$250,716,110</b>
<b>TOTAL NEW POSITIONS</b>	<b>(269.5)</b>	<b>(280.5)</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

<b>Section 199</b>	<b>Emergency Special Superior Court Judges</b> — Allows appellate division judges to serve as emergency special judges.
<b>Section 200.1</b>	<b>Sentencing Commission Extended</b> — Extends Sentencing and Policy Advisory Commission until July 1, 1994.
<b>Section 200.3</b>	<b>Emergency Judges' Per Diem Increase</b> — Increases per diem of emergency judges from \$150 per day to \$200 per day.
<b>Section 200.4</b>	<b>Transfer Caswell and Person Counties to Newly Created Judicial and Prosecutorial Districts 9A</b> — Creates new district 9A, composed of Caswell and Person Counties by transferring Caswell from 17A (Caswell/Rockingham) and Person from 9 (Person/Granville/Vance/Warren/and Franklin).
<b>Section 200.5</b>	<b>Add Additional Superior Court Judges/Special Superior Court Judges</b> — Adds superior court judges in districts 3B, 10A, 15A, 17B, 20B, and 25B to be appointed by the Governor effective no earlier than November 1, 1993; adds superior court judge for 27B to be elected to take office January 1, 1995; and, adds two special superior court judges to be appointed November 1, 1993.
<b>Section 200.6</b>	<b>Add Additional District Court Judges</b> — Adds district court judges in Districts 1, 8, 10, 12, 18, and 30 to be appointed by the Governor no earlier than November 1, 1993; adds district court judges for districts 3A, 6B, 19A, 19C, 20, 22, and 26 to be elected to take office December, 1994.

**JUDICIAL DEPARTMENT (1993 Actions, Continued)**

**Section 200.7      Add Additional Assistant District Attorneys/Change Prosecutorial District 19A and Create Prosecutorial District 19C** — Adds a total of eleven assistant district attorneys, effective January 1, 1994, in prosecutorial districts 1, 10, 11, 15B, 18, 19B, 20, 22, 25, 26, and 28. Establishes new prosecutorial district 19C (Rowan) and leaves Cabarrus as 19A effective January 1, 1995.

## 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

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$53,540,802</b>	<b>\$52,038,131</b>
<b>Continuation Budget Changes:</b>		
<b>Administration</b>		
1. Reduce in-state travel funds.	(3,000)	(3,000)
2. Reduce printing and reproduction costs.	(4,000)	(4,000)
<b>Legal Services</b>		
3. Reduce funds for data processing supplies to comply with GPAC recommendation.	(3,000)	(3,000)
4. Reduce funds for building repairs.	(5,000)	(5,000)
5. Reduce funds for applications support.	(5,000)	(5,000)
6. Reduce service contract funds for computer maintenance.	(20,000)	(20,000)
<b>State Bureau of Investigation</b>		
7. Reduce funds for airplane supplies.	(40,000)	(40,000)
8. Reduce funds for data processing supplies to comply with GPAC recommendation.	(29,900)	(29,900)
9a. Adjust funding for motor vehicle replacement.	(1,835,086)	532,709
b. Reduce trade-in allowance receipts to agree with reduction/increase in vehicle replacement in (a) above.	(290,700) Receipt	(88,600) Receipt
Subtotal — Item 9	(1,544,386)	444,109
10. Increase budgeted receipts:		
(a) Terminal Rental fee.	(50,000)	(50,000)
(b) ID Kit Rental.	(1,000)	(1,000)



**DEPARTMENT OF JUSTICE (1993 Actions, Continued)**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
(c) Private Protective Services fees.	(\$15,000)	(\$15,000)
(d) State Applicant fees.	(15,000)	(15,000)
<b>Training and Standards</b>		
11. Reduce in-state travel funds for staff.	(4,000)	(4,000)
12. Reduce funds for data processing supplies to comply with GPAC recommendation.	(4,500)	(4,500)
13. Reduce funds for utilities/electricity at the Justice Academy.	(4,000)	(4,000)
14. Reduce funds for building repairs.	—	(5,000)
15. Reduce service and maintenance contract funds.	(4,000)	(4,000)
<b>TOTAL CONTINUATION BUDGET CHANGES</b>	<b>(\$1,751,786)</b>	<b>\$231,709</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$51,789,016</b>	<b>\$52,269,840</b>

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**EXPANSION BUDGET**

1. **Attorney Positions/Salary Adjustment -**  
Provide funds to add attorney positions to create a Citizens Rights Division; to meet increased caseloads in the Labor, Special Prosecutions, and Consumer Protection/Anti-Trust Sections; and to support the Paralegal position handling Low Level Radioactive Waste cases. Per this section, the Attorney General is given the authority to allocate funding in the preceding manner or to provide salary adjustments for attorney positions in the Legal Services Section.  

	\$936,000	\$936,000
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2. **Legal Automation System -**Provide staff and support for completion of the legal automation system. Positions include:  

	344,052	353,724
	(3)	(3)

  - 1 - Computer Systems Admin.
  - 1 - Hardware Specialist
  - 1 - System Specialist

DEPARTMENT OF JUSTICE (1993 Actions, Continued)

	1993-94 General Fund		1994-95 General Fund
3. <b>SBI - Laboratory Services</b> - Provide essential laboratory personnel and support needed to respond to increased demand for analysis. Restores 3 positions and equipment cut in the 1991 Session.	\$488,230 278,099 (6)	NR	\$684,980 — (6)
4. <b>Sheriff's Standards Section</b> - Restore commission funding cut in the 1990 Session to reimburse Commission members, and provide additional operating funds.	30,000		30,000
5. <b>North Carolina Justice Academy</b> - Provide legal training to county law enforcement officers to prevent protracted legal proceedings, lost cases, and civil litigation. Funds restore Criminal Justice Coordinator position cut in the 1990 Session.	46,810 1,730 (1)	NR (1)	48,540 — (1)
6. <b>SBI - Fund State match requirement for federal grant to support DNA Database and Databank Project.</b>	113,197 (3)		34,000 (6)
7. <b>Legal Services</b> - Appropriate funds to the North Carolina Legal Education Assistance Foundation to provide loan repayment assistance for attorneys employed full-time in law-related public service positions.	25,000	NR	—
8. <b>Litigation Expense</b> - Reserve for expenses related to redistricting.	500,000	NR	—
9. <b>Law Enforcement Officers Hall of Honor</b> - Grant to support activities relative to promotion, planning, construction, administration, and maintenance.	45,000	NR	—
<b>TOTAL EXPANSION BUDGET</b>	<b>\$1,958,289</b>		<b>\$2,087,244</b>
<b>TOTAL NEW POSITIONS</b>	<b>\$849,829</b> (13)	NR	— (16)
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$54,597,134</b>		<b>\$54,357,084</b>

DEPARTMENT OF JUSTICE (1993 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993

SENATE BILL 27 (Chapter 321)

- Section 201**      **SBI Funds/Spending Priorities** — Directs first priority for overtime payments to SBI agents in Field Investigation Division, and second, to continue overtime payments to supervisory personnel receiving overtime payments as of June 30, 1993. Limits payments to a maximum of \$5,200 annually per individual.
- Section 202**      **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 203**      **Private Protective Services and Alarm Systems Licensing Board Pay for Use of State Facilities and Services** — Clarifies that boards pay for use of physical facilities and services provided by the State Bureau of Investigation.
- Section 204**      **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 205**      **Department of Justice to Report on Attorneys' Fees** — Directs the Department to make a report to the 1994 Session of the General Assembly and annually thereafter on efforts to secure attorneys' fees to support the Consumer Anti-Trust Section.
- Section 206**      **Transfer Legal Counsel from Banking Commission to Department of Justice** — Identifies personnel, funding, equipment, and related items that support positions transferred to the Department. Directs the Banking Commission to continue to provide adequate space for personnel. Amends G.S. 53-96 to transfer authority for assigning legal assistance to the Commissioner of Banks from the Governor to the Attorney General.
- Section 207**      **Department of Justice Salary Funds** — Appropriates \$936,000 each year of the 1993-95 biennium. Allows the Attorney General to use funds to (1) create new positions and provide support costs; (2) adjust salaries of existing positions through range revisions, reclassifications, or market analyses; or, (3) support a combination of new positions and salary adjustments. The Attorney General must report personnel actions quarterly to the Fiscal Research Division. All actions related to option (1) must be completed by June 30, 1994, and for option (2) by December 31, 1993.

DEPARTMENT OF JUSTICE (1993 Actions, Continued)

SENATE BILL 26 (Chapter 561)

- Section 81**      **Centralized Utilization of Legal Publications** — Directs the Attorney General and Director of the Budget to conduct a review of legal publications used by State departments. The review should assess the most efficient use of legal publications, the potential to provide centralized access, and the cost related to centralization. Requires the Attorney General and Director of the Budget to report findings and recommendations to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and Fiscal Research Division by March 31, 1994.
- Section 82**      **Law Enforcement Hall of Honor Funds** — Appropriates \$45,000 for 1993-94 to the North Carolina Law Enforcement Hall of Honor Foundation for promotion, planning, construction, administration, and maintenance.
- Section 83**      **Banking Commission Legal Counsel Technical Correction** — Rewrites Section 206(b) of Chapter 321 of the 1993 Session Laws to further amend G.S. 53-96 to clarify that the Commission will reimburse the Department of Justice for costs incurred to support the attorney assigned to the Commission.

# **NATURAL AND ECONOMIC RESOURCES**



## 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, agriculture research stations, and many inspection and regulatory activities.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$42,614,251</b>	<b>\$42,803,376</b>

### **Continuation Budget Changes:**

#### **Plant Industry Division**

1. Eliminate State Aid for Multiflora Rose Program.	(65,000)	(67,014)
2. <b>Fertilizer Registration Penalty</b> — Adjust under-budgeted receipts.	(50,000)	(50,000)
3. <b>Operating Reserve for Biological Control Facility</b> — Reduce reserve due to 6 months delay in renovation.	(32,500)	—

#### **Food and Drug Division**

4. <b>Drug Registration Fee</b> — Adjust underbudgeted receipts.	(45,000)	(45,000)
5. <b>Pesticide Program</b> — Reduce funding after 1/1/95 for interagency (Agriculture/EHNR) study of effect of pesticides on groundwater due to projected study completion.	—	(87,685) (-3)

#### **State Farms/Research Stations Division**

6. <b>State Farms</b> — Adjust underbudgeted receipts for sale of farm products.	(50,000)	(50,000)
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#### **Marketing Division**

7. <b>Morehead City Seafood Office</b> — Close and eliminate 2 positions (Retain 1 position and support).	(98,928) (-2)	(98,928) (-2)
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DEPARTMENT OF AGRICULTURE (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>Marketing Division</b>		
8. <b>Markets</b> — Adjust underbudgeted receipts for (a) Farmers Market admissions (25,000); (b) Charlotte Farmers' Market (15,000); (c) Western Agricultural Center for horse facility rental (50,000).	(\$90,000)	(\$90,000)
<b>Department-wide</b>		
9. <b>Motor Vehicles</b> — Defer funds for motor vehicles purchase.	(467,094)	(541,153)
10. Reduce inventory by 30% over 3 years.	(92,235)	(92,235)
11. <b>Vacant Positions Reduction</b> — Reduce to first step.	(17,891)	(17,891)
12. Reduce Salary Reserve.	(209)	(208)
<b>TOTAL CONTINUATION BUDGET CHANGES (GENERAL FUND)</b>	<b>(\$1,008,857) (-2)</b>	<b>(\$1,140,114) (-5)</b>
<b>TOTAL CONTINUATION BUDGET (GENERAL FUND)</b>	<b>\$41,605,394</b>	<b>\$41,663,262</b>
<b>HIGHWAY FUND REDUCTIONS</b>		
1. <b>Standards Division</b> — Eliminate two positions for oxygenated gasoline program - increased availability in Highway Fund.	(69,251) (-2)	(69,251) (-2)
<b>TOTAL CONTINUATION BUDGET CHANGES (HIGHWAY FUND)</b>	<b>(\$69,251) (-2)</b>	<b>(\$69,251) (-2)</b>

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**EXPANSION BUDGET**

**Food and Drug Division**

1. <b>Food Inspection</b> — Increase food inspection in retail food stores and carry out mandates of the federal Nutritional Labeling and Education Act.	\$445,000 (10)	\$509,415 (10)
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DEPARTMENT OF AGRICULTURE (1993 Actions, Continued)

	1993-94 General Fund		1994-95 General Fund
2. <b>Laboratory</b> — Funds for analysis of livestock feeds and products for mycotoxins.	\$160,000	NR	—
<b>Marketing Division</b>			
3. <b>Domestic Marketing</b> —			
(a) Expand assistance to local and state farmers' markets and media promotion of North Carolina products.	164,597 (3)		155,408 (3)
(b) Establish Southeastern Agriculture Marketing Office in Sampson County to provide assistance to farmers and agricultural processors.	151,978 (2)		121,402 (2)
4. <b>Western North Carolina Farmers' Market</b> — Add security guard and a maintenance mechanic position.	53,752 (2)		53,752 (2)
<b>Grassroots Science Program</b>			
5. Grant-in-Aid to nine areas of the State for regional science museums to promote outreach science projects for unserved communities. (NOTE: Effective August 1, 1993, this grant-in-aid and program were transferred to DEHNR)	450,000		450,000
<b>Administration</b>			
6. Expand office automation network.	126,940	NR	—
<b>Grant-in-Aid</b>			
7. <b>N.C. Tobacco Museum, Kenly</b> — Provide support funds. (NOTE: Effective August 1, 1993, this grant-in-aid was transferred to DEHNR)	15,000	NR	—
8. <b>Carrboro Farmers' Market</b> — Funds for new farmers' market.	236,000	NR	—
<b>Agricultural Finance Authority</b>			
9. Funds to expand the Farm Loan Reserve Fund	1,000,000	NR	—
<b>TOTAL EXPANSION —RECURRING</b>	<b>\$1,265,327</b>		<b>\$1,289,977</b>
<b>TOTAL EXPANSION —NON-RECURRING</b>	<b>\$1,537,940</b>		<b>—</b>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$2,803,267</b> (17)		<b>\$1,289,977</b> (17)
<b>TOTAL OPERATING BUDGET</b>	<b>\$44,408,661</b>		<b>\$42,953,239</b>

DEPARTMENT OF AGRICULTURE (1993 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILLS — 1993

SENATE BILL 27 (Chapter 321)

- Section 260**      **Timber Sales Funds for Maintenance of State Farms Forest Lands** — Allows Agriculture to use timber receipts to increase the budget for maintenance of State Farm forest lands from \$30,000 to \$50,000 in 1993-94 and 1994-95.
- Section 260.1**    **Capital Bill Contents** — Changes the statutes to require that certain net proceeds are to be appropriated in the CAPITAL IMPROVEMENT APPROPRIATIONS ACT not the Current Operations Appropriations Act. The net proceeds affected are:
- Sale of Land or Timber  
                    Purchase of Agricultural Lands
- Section 260.2**    **Grassroots Science Program** — Allocates \$450,000 in grant-in-aid funds each year among ten regional science museums.

SENATE BILL 26 (Chapter 561)

- Section 94**      **Reallocation of 1988 Funds for Rocky Mount's Farmers' Market for Rocky Mount Business Development** — Authorizes the \$700,000 appropriated in 1988 to the Rocky Mount Business Development Authority (RMBDA) for construction of a farmers' market in Rocky Mount to be loaned by the RMBDA to the City of Rocky Mount for construction of a farmers' market/vegetable and fruit processing facility for local farmers.
- Section 95**      **Warehouse Act Funds** — Revises General Statutes to allow the interest received on funds collected for operation of the State agricultural warehouse system to be used for capital projects and non-recurring expenditures. Also authorizes use of \$900,000 in interest for capital and non-recurring projects in 1993-94.
- Section 96**      **Reallocate Funds Appropriated for Agricultural Facilities** — Authorizes the use of \$1,000,000 appropriated in 1992 for construction of a Southeastern Shipping Point Facility for two different purposes: \$90,000 for a grant-in-aid to the Town of Roseboro for water and sewer services and \$910,000 for a grant-in-aid to Sampson County for construction of a livestock sale facility.
- Section 97**      **Authorize the Agricultural Finance Authority to Use the Interest from the Reserve for Farm Loans for Administrative Expenses**

## DEPARTMENT OF COMMERCE

*STATUTORY AUTHORITY: General Statutes, Chapter 143B-429*

The head of the Department is the Secretary of the Department of Commerce 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$27,135,913</b>	<b>\$27,160,918</b>
<b>Continuation Budget Changes:</b>		
<b>Industrial Commission</b>		
1. <b>Ombudsman Position</b> — Eliminate vacant position, as duties will be assigned to Executive Secretary position.	(51,123) (-1)	(51,187) (-1)
<b>International Trade</b>		
2. Rent of real property (Hong Kong office).	(10,000)	(10,000)
<b>Division of Community Assistance</b>		
3. Transfer housing programs including HOME and its appropriated match to Housing Finance Agency. Positions will be receipt supported in Agency.	(562,916) (-12)	(564,378) (-12)
<b>Department-Wide</b>		
4. Reduce salary reserve.	(42,018)	(42,018)
5. Reduce inventory.	(25,300)	(25,300)
6. Reduce vacant positions to 1st step.	(76,364)	(76,364)
7. Reduce positions as part of GPAC recommendation on coordination and reorganization of Commerce.	(189,079) (-4)	(189,079) (-4)
8. Reduce regional offices and staffing as part of GPAC recommendation.	(176,084) (-4)	(176,084) (-4)
<b>TOTAL CONTINUATION BUDGET CHANGES</b>	<b>(\$1,132,884) (-21)</b>	<b>(\$1,134,410) (-21)</b>
<b>REVISED CONTINUATION BUDGET</b>	<b>\$26,003,029</b>	<b>\$26,026,508</b>

DEPARTMENT OF COMMERCE (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>EXPANSION BUDGET</b>		
<b>Economic Development Programs</b>		
1. <b>Entrepreneurial Development Board</b> — Provide staff, staff support and Board support for new board.	\$205,919 (3)	\$205,919 (3)
2. <b>Technology Extension Project</b> — Fund planning for development of Technology Extension Project.	250,000 NR	—
3. <b>Economic Development Planning</b> — Fund new positions and associated cost of new economic development planning effort.	300,000 (3)	200,000 (3)
<b>Business and Industry Development</b>		
4. <b>West Coast Office</b> - Fund new office.	155,030	161,396
5. <b>Western N.C. Economic Development</b> - Increase funding.	120,000 (2)	120,000 (2)
6. <b>Industrial Building Renovation Fund</b> — Increase funding.	1,000,000 NR	—
7. <b>Industrial Recruitment Competitive Fund</b> — Creation of new fund to aid in recruitment of vital and significant businesses/industries as determined by the Governor.	5,000,000 NR	—
<b>Division of Travel and Tourism</b>		
8. <b>Tourism Promotion</b> —		
(a) Fund second shift supervisor for Toll-Free Operation at Women's Prison and increase funding for postage, printing and advertising.	500,000 (1)	500,000 (1)
(b) Fund one-time special travel advertising.	500,000 NR	—
9. <b>Rural Tourism Development Grants</b> — Funding for new program.	200,000 NR	—
<b>International Division</b>		
10. <b>Mexico Office</b> — Establish new office.	150,000	150,000
11. <b>World Trade Center</b> — Fund grant-in-aid.	200,000 NR	—

DEPARTMENT OF COMMERCE (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
12. <b>Furniture Export Program</b> — Establish new program.	200,000 (2)	250,000 (2)
<b>Film Office</b>		
13. <b>Film Industry Council</b> — Fund support for Council.	50,000 (1)	50,000 (1)
<b>Grants-in-Aid</b>		
14. <b>Center for Community Self-Help</b> —		
(a) Funds to increase statewide lending program for small businesses and other economic development projects.	1,500,000 NR	—
(b) Additional funding for statewide lending program for small businesses and other economic development projects.	1,000,000 NR	—
15. <b>Land Loss Prevention Project</b> — Funds to provide free legal representation to low income, financially distressed small farmers.	300,000 NR	—
16. <b>N.C. Coalition of Farm and Rural Families</b> — Funds to foster economic development within the state's rural farm communities.	250,000 NR	—
17. <b>N.C. Institute for Minority Economic Development</b> — Funds to foster minority economic development within the State.	350,000 NR	—
18. <b>N.C. Institute for Minority Economic Development</b> — Funds to foster minority economic development within the state.	200,000 NR	—
19. <b>Western N.C. Regional Economic Development Commission</b> — Fund the activities of new commission.	600,000	1,250,000
20. <b>Northeastern N.C. Regional Economic Development Commission</b> - Fund the activities of new commission.	600,000	1,250,000
21. <b>Southeastern N.C. Regional Economic Development Commission</b> — Fund the activities of new commission.	600,000	1,250,000
22. <b>Reserve for Economic Development Initiatives</b> — Funding for projects in Columbus and Stanly Counties.	1,275,000 NR	—

DEPARTMENT OF COMMERCE (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>Air Cargo Marketing</b>		
23. <b>Air Cargo Marketing</b> — Continue 2 positions, promotional advertising and program support costs.	500,000 (2)	500,000 (2)
<b>Administration</b>		
24. <b>Investment in Manufacturing Technology</b> — Funds to match new federal funds available to assist in development and deployment of technology.	1,000,000 NR	—
<b>TOTAL RECURRING EXPANSION</b>	<b>\$3,980,949</b>	<b>\$5,887,315</b>
<b>TOTAL NON-RECURRING EXPANSION</b>	<b>\$13,025,000</b>	<b>—</b>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$17,005,949</b> (14)	<b>\$5,887,315</b> (14)
<b>TOTAL OPERATING BUDGET</b>	<b>\$43,008,978</b>	<b>\$31,913,823</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1993**

**SENATE BILL 27 (Chapter 321)**

<b>Section 296</b>	<b>Industrial Development Fund/Local Match</b> — Requires that local recipients demonstrate to the Department that it would be an economic hardship to match State funding with local funds.
<b>Section 297</b>	<b>N.C. Manufacturing Directory Proceeds</b> — Authorizes the Department of Commerce to use excess proceeds from the sale of the N.C. Manufacturing Director for industrial promotional advertising.
<b>Section 298</b>	<b>Home Program Matching Funds</b> — Sets priorities for allocating appropriated funds to match the HOME federal housing program. The provision also: 1) requires an annual report on the HOME program, 2) prohibits use of State funds for a match if a match is not required by Congress, and 3) allows carry forward of match funds due to federal program years.
<b>Section 299</b>	<b>Community Development Block Grant Reports</b> — Requires the Department of Commerce to make quarterly reports on the Community Development Block Grant to the Appropriations Committees.

**DEPARTMENT OF COMMERCE (1993 Actions, Continued)**

**Section 300**      **Tourism Promotion Funds** — Continues the selection criteria and maximum grant amounts for tourism promotion grants that were established in 1991.

**Section 301**      **Petroleum Overcharge Attorney Fees** — Extends for the next biennium the current procedures for paying for attorney fees for litigation related to the petroleum overcharge funds.

**Section 302**      **Petroleum Overcharge Funds Allocation** — Allocates approximately \$10.1 million dollars of Petroleum Overcharge Funds (Exxon and Stripper Well funds) over the next 2 years for energy conservation. The provision continues the allocation of Diamond Shamrock Overcharge Funds for the administration of oil overcharge funds by the Energy Division and it mandates reporting to the General Assembly.

**Section 305**      **Housing Programs Transfer** — Transferred 4 housing programs to the Housing Finance Agency including changes in the statutes of the HFA and the Housing Coordination and Policy Council.

**Section 305.1**      **Housing Program Reimbursement** — Directs the HFA to use receipts to reimburse Commerce for its costs for the program affected by Section 305 between July 1 and ratification of Senate Bill 27 to ensure that the total General Fund cut for housing is taken.

**Section 306**      **Worker Training Trust Fund** — Directs appropriations from the Worker Training Trust Fund for purposes itemized in the provision. The recommended appropriations are:

	<b>1993-94</b>	<b>1994-95</b>
ESC	\$5,539,964	\$5,539,964
ESC (SOICC System)	225,000	—
Commerce-Employment and Training	2,400,000	2,400,000
Labor	1,000,000	1,000,000
Human Resources (JOBS)	2,826,658	1,528,067
Community Colleges	1,746,000	1,746,000
NC REAL Enterprises	300,000	300,000
<b>TOTAL</b>	<b>\$14,037,622</b>	<b>\$12,514,031</b>

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

**Section 307**      **Tourism Advertising Program** — Directs the Department of Commerce to address promotion of tourism in the State's rural areas in the Department's tourism advertising program.

**Section 308**      **Community Self-Help Funds** — Allocates \$1,500,000 the first year of the biennium to the Center for Community Self-Help for a statewide lending program for small businesses and for other economic development projects in rural and depressed communities in North Carolina. The provision requires a dollar-for-dollar match, sets forth auditing schedules, and requires reports to various legislative committees.

**Section 309**      **Western North Carolina Regional Economic Development Commission** — Creates a new Western North Carolina Regional Economic Development Commission to serve 16 western counties.

**DEPARTMENT OF COMMERCE (1993 Actions, Continued)**

The Commission's responsibilities include developing a regional economic development plan and developing and evaluating economic development alternatives for the region. Also requires an annual report to the General Assembly on the Commission's work.

**Section 309.1**

**Northeastern North Carolina Regional Economic Development Commission** — Creates a new Northeastern North Carolina Regional Economic Development Commission to serve 16 northeastern counties. The Commission's responsibilities include developing a regional economic development plan, adopting a tourism plan, and developing and evaluating economic development alternatives for the region. The provision requires an annual report to the General Assembly on the Commission's work.

**Section 309.2**

**Southeastern North Carolina Regional Economic Development Commission** — Creates a new Southeastern North Carolina Regional Economic Development Commission to serve 11 southeastern counties. The Commission's responsibilities include developing a regional economic development plan and developing and evaluating economic development alternatives for the region. The provision requires an annual report to the General Assembly on the Commission's work.

**Section 310**

**Economic Development Funds** — Allocates appropriations for the first year of the biennium to 3 non-state entities for economic development.

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

The provision requires quarterly reports to Governmental Operations on the use of these funds.

**Section 311**

**Technology Extension Project Development** — Authorizes the Department of Commerce to develop a new Technology Extension project. This provision requires Commerce to coordinate with existing small business programs as Commerce develops this new project.

**Section 313**

**Economic Development Board/Plan** — Expands the membership and duties of the current Economic Development Board. Also requires the Board to prepare a strategic economic development plan and the provision specifies certain components, input and information that shall be part of the plan.

**Section 314**

**Five-Year Economic Development Plans** — Requires the Department of Commerce to develop 5 five-year economic development plans: 1 each for 4 regions of the State and 1 for the State's minority communities. In addition, the Department must develop plans that assume spending \$25 million in each of the 4 regions over 5 years and spending \$25 million in the State's minority communities over 5 years. The Department is to report to Governmental Operations and Fiscal Research by March 1, 1994.

**Section 314.1**

**Study State Ports Status as Separate Agency** — Directs the Economic Development Board to study the State agency status of the Port Authority. The Board is to make a report to Governmental Operations by April 1, 1994.



**DEPARTMENT OF COMMERCE (1993 Actions, Continued)**

- Section 314.2**      **Study Continued Necessity for Ports Railway Commission** — Directs the Economic Development Board to study whether the Ports Railway Commission is necessary. The Board is to make its report to Governmental Operations by April 1, 1994.
- Section 314.3**      **Industrial Recruitment Competitive Fund** — Sets out what this Fund shall be used for. It requires quarterly reports to Governmental Operations on the use of the Fund

**SENATE BILL 26 (Chapter 561)**

- Section 98**            **Rural Tourism Development Funds** — Establishes and allocates \$200,000 for new Rural Tourism Development Grant Program.
- Section 100**        **Promote Tourism throughout the State** — Directs the Department to review its tourism advertising program to ensure all areas of State are promoted and to give appropriate consideration to minority-owned businesses when expanding promotion funds. It also requires a quarterly report to the Joint Legislative Commission on Governmental Operations.
- Section 102**        **Study Expansion of Economic Development Commission** — Directs the Department to survey regional economic development commissions, to develop a plan regarding these commissions and to establish a formula for funding regional economic development commissions. The plan should be submitted to the General Assembly by March 1, 1994.
- Section 103**        **Study on Economic Incentives to Lure Industry** — Creates the Legislative Study Commission on Economic Incentives to Lure Industry. It directs the Commission to study various items and to report to the General Assembly by April 15, 1994.
- Section 104**        **Economic Development Funds** — Allocates \$1,000,000 for Center for Community Self-Help and \$350,000 to the N.C. Institute for Minority Economic Development. It also sets forth disbursing and reporting requirements.

**DEPARTMENT OF COMMERCE —**

**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.

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$16,000,000</b>	<b>\$16,000,000</b>
<b>Continuation Budget Changes:</b>		
1. Grant-in-Aid — Reduce state appropriation by 2%.	(320,000)	(320,000)
<b>TOTAL CONTINUATION BUDGET CHANGES</b>	<b>(\$320,000)</b>	<b>(\$320,000)</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$15,680,000</b>	<b>\$15,680,000</b>

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**EXPANSION BUDGET**

**Reserve Funds for Capital Needs  
and Communications**

1. Grant-in-Aid			
a. Funds to conduct a joint telecommuni- cations research and development project with MCI Corporation.	\$2,000,000	NR	—
b. Funds for upgraded equipment for the Supercomputer, Telecommunications and Microelectronics Programs.	2,500,000	NR	—
c. Funds to connect 6 universities to the MCNC CONCERT Telecommunications Network (Pembroke State, ECSU, WCU, FSU, NCCU, UNC-G.).	2,118,000	NR	—
<b>TOTAL EXPANSION BUDGET —NON-RECURRING</b>	<b>\$6,618,000</b>	<b>NR</b>	<b>—</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$22,298,000</b>		<b>\$15,680,000</b>

**DEPARTMENT OF COMMERCE —**  
**MCNC (MICROELECTRONICS CENTER OF NORTH CAROLINA) (1993 Actions, Continued)**

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

**Section 295**      **MCNC** — Directs that MCNC report quarterly to the Joint Legislative Commission on Governmental Operations on all program activities and requires that MCNC provide budget information to the Office of State Budget and Management for preparation of the biennial budget. The provision also allocates State appropriations by program; requires that the \$4,768,966 in State funds appropriated for the Microelectronics program be matched on a dollar-for-dollar basis; and, authorizes MCNC to take a \$320,000 budget reduction from any program. Also requires that MCNC report in 1993-94 and 1994-95 any planned shifts in State funding between programs to Governmental Operations thirty days before a change.

**SENATE BILL 26 (Chapter 561)**

**Section 101**      **MCNC Capital Equipment** — Allocates \$4,500,000 in capital expenditures among three MCNC programs — Telecommunications, Supercomputer, and Microelectronics. Requires that \$1,000,000 of \$2,000,000 allocated to the Microelectronics Program for a joint MCNC/MCI Corporation research project be held in a reserve account by the Office of State Budget and Management and not released unless MCI relocates a new billing facility in North Carolina by June 30, 1994.

**DEPARTMENT OF COMMERCE —  
N.C. BIOTECHNOLOGY CENTER**

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

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$7,157,547</b>	<b>\$7,157,547</b>
<b>Continuation Budget Changes:</b>		
1. <b>Grant-in-Aid — Reduce state appropriation by 2%.</b>	(143,151)	(143,151)
<b>TOTAL CONTINUATION BUDGET</b>	<b>\$7,014,396</b>	<b>\$7,014,396</b>

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**EXPANSION BUDGET**

1. <b>Biotechnology Initiative for Public Minority Universities — Funding for new program for biotechnology at public historically black universities and Pembroke State University.</b>	<b>\$1,000,000 NR</b>	<b>—</b>
2. <b>Grants Programs — One-time funding for increase in grant programs.</b>	<b>1,000,000 NR</b>	<b>—</b>
<b>TOTAL EXPANSION BUDGET —NON-RECURRING</b>	<b>\$2,000,000</b>	<b>—</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$9,014,396</b>	<b>\$7,014,396</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

**Section 303**

**Biotechnology Center —** Directs the Biotechnology Center to recapture funds spent (make loans) in support of successful research efforts in the private sector. It authorizes the Center to provide funding for biotechnology and related bioscience applications under its Economic and Corporate Development Program. The provision mandates quarterly reports to the Joint Legislative Commission on

**DEPARTMENT OF COMMERCE —**  
**N.C. BIOTECHNOLOGY CENTER (1993 Actions, Continued)**

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

**SENATE BILL 26 (Chapter 561)**

**Section 99      Biotechnology Funds for Minority Universities —** Allocates \$1,000,000 for new biotechnology initiative for State's public minority universities and sets forth program direction and requirements. It also requires report to the General Assembly by March 15, 1994.

**DEPARTMENT OF COMMERCE —**  
**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.

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>
<b>Continuation Budget Changes:</b>		
1. <b>Grant-in-Aid —</b> Reduce state appropriation by 2%.	(30,000)	(30,000)
<b>TOTAL CONTINUATION BUDGET</b>	<b>\$1,470,000</b>	<b>\$1,470,000</b>

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**EXPANSION BUDGET**

1. <b>Rural Economic Development Act —</b> Funds for additional rural development programs.	\$2,825,000	NR	—
2. <b>Economic Development Funding —</b> Funds to support economic development activities in minority neighborhoods and communities.	4,750,000	NR	—
<b>TOTAL EXPANSION BUDGET - NON-RECURRING</b>	<b>\$7,575,000</b>		—
<b>TOTAL OPERATING BUDGET</b>	<b>\$9,045,000</b>		<b>\$1,470,000</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

**Section 304**

**Rural Economic Development Center —** States that the Rural Economic Development Center is appropriated \$1.47 million in each year of the biennium and that no more than \$400,000 shall be used for administrative costs. The Center must report quarterly to the Joint Legislative Commission on Governmental Operations and shall provide its budget information to the Office of State Budget for preparation of the biennial budget. This provision limits the Rural Economic Development Center's use of the interest earned on its appropriated State funds for administration.

**DEPARTMENT OF COMMERCE —  
RURAL ECONOMIC DEVELOPMENT CENTER (1993 Actions, Continued)**

**SENATE BILL 26 (Chapter 561)**

**Section 104            Economic Development Funds — Allocates \$4,750,000 as follows:**

Community Development Corporations Previously Funded	\$1,300,000
Community Development Corporations Not Previously Funded	\$100,000
Housing Counseling Demonstration Project	\$150,000
Community Development Initiative	\$2,000,000
N.C. Association of Community Development Corporations	\$200,000
N.C. Minority Credit Union Support Center, Inc.	\$300,000
Microenterprise Loan Program	\$650,000
Rural Economic Development Center's Administrative Costs	\$50,000

It also sets forth disbursing and reporting requirements.

**Section 104.1        Directs the Center to establish new programs and allocates funding  
as follows:**

Supplemental Funding Pilot Program	\$1,650,000
Short-Term Capacity Pilot Project	\$600,000
Child Day Care Loan Guarantee Act of 1993	\$500,000

The provision includes program and reporting requirements. It also allocates job training funds as follows:

Opportunities Industrialization Center of Wilson	\$25,000
Opportunities Industrialization Center of Rocky Mount	\$25,000
Pitt-Greenville Opportunities Industrialization Center	\$25,000

The OIC's must report quarterly to the Joint Legislative Commission on Governmental Operations.

## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$198,874,660</b>	<b>\$202,809,288</b>
<b>Continuation Budget Changes:</b>		
<b>Albemarle/Pamlico Estuarine Study</b>		
1. Reduce aid to counties, other contracts/ grants, transfers to Environmental Management.	(6,249)	(6,364)
<b>Office of Waste Reduction</b>		
2. Reduce contracts & grants.	(18,871)	(19,217)
<b>Division of Coastal Management</b>		
3. Reduce supplies, telephone, postage, photo services, and legal advertising.	(29,362)	(29,900)
<b>Division of Environmental Management</b>		
4. <b>Administration</b> — Reduce contracted personal services, travel, and service & maintenance contracts.	(12,623)	(12,854)
5. <b>Lab</b> — Increase under-budgeted receipts for DEM Lab Certification fees.	(75,000)	(75,000)
6. <b>Lab</b> — Reduce equipment.	(25,245)	(25,708)
7. <b>Air Quality</b> — Reduce supplies, travel, printing, lease purchases, and service contracts.	(26,823)	(27,315)
8. <b>Groundwater</b> — Reduce construction and repair.	(37,868)	(38,562)
9. <b>Water Quality</b> — Shift one position including benefits to federal funds.	(55,224) (-1)	(56,237) (-1)
10. <b>Agriculture and EHNR Interagency Pesticide Study</b> — Reduce funding after 1/1/95 for interagency (Agriculture/EHNR) study of effect of pesticides on groundwater due to projected study completion.	—	(66,731) (-2)



**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>Division of Land Resources</b>		
11. <b>Administration</b> — Reduce supplies, travel, lease purchases, service contracts, and subscriptions.	(\$5,354)	(\$5,453)
12. <b>Geological Survey</b> — Reduce supplies, travel, telephone, printing, repairs, property rental, equipment, and subscriptions.	(17,206)	(17,517)
13. <b>Land Quality</b> — Reduce supplies, travel, telephone, printing, repairs, subscriptions, and equipment.	(39,322)	(40,035)
14. <b>Geodetic Survey</b> — Reduce travel, fuel purchases, motor vehicle parts, and supplies.	(17,305)	(17,634)
<b>Division of Radiation Protection</b>		
15. Reduce personal services, printing, and supplies.	(16,947)	(17,929)
<b>Division of Solid Waste Management</b>		
16. Reduce supplies, travel, telephone, equipment, grants, etc.	(109,385)	(111,391)
<b>Division of Forestry</b>		
17. Reduce Supplies and Tires in Field Organization.	(6,654)	(6,658)
18. Eliminate rental of 1 air tanker used for Fire Suppression in Field Organization.	(90,000)	(90,000)
19. Reduce Equipment in Field Organization.	(94,500)	(98,000)
<b>Division of Marine Fisheries</b>		
20. <b>Research</b> — Reduce contracted personal services.	(2,970)	(4,563)
21. <b>Development</b> — Reduce motor vehicles.	(17,860)	—
22. <b>Development</b> — Reduce boats and trailers.	—	(17,052)
23. <b>Administration</b> — Reduce contracted personnel services.	(7,000)	(7,000)
<b>Executive Offices</b>		
24. Eliminate 2 clerical positions in Executive Offices.	(80,653) (-2)	(80,653) (-2)
<b>Administrative Services</b>		
24. Reduce supplies.	(303)	(2,400)

**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
26. Reduce contracts/grants.	(\$33,448)	(\$33,448)
<b>Department-Wide</b>		
27. Reduce salary reserve.	(234,118)	(234,118)
28. Reduce inventory.	(84,472)	(84,472)
29. Reduce SIPS rates by 30%.	(80,000)	(80,000)
30. Reduce vacant positions to 1st step.	(305,577)	(305,577)
<b>Division of Maternal and Child Health</b>		
31. <b>WIC Program</b> — Reduce appropriation for food supplements as federal government pays for food supplements.	(1,392,889)	—
<b>Division of Adult Health</b>		
32. <b>Migrant Health</b> — Eliminate 1 contract administrator position since federal contract funds have been transferred to DHR.	(55,562) (-1)	(55,562) (-1)
33. <b>Kidney Dialysis</b> — Reduce funding for Medicare copayments.	(114,986)	(117,726)
<b>Public Health Laboratory</b>		
34. Reduce Educational, Medical & Agricultural Supplies line.	(31,984)	(31,984)
<b>Epidemiology Division</b>		
35. <b>Injury Control</b> — Reduce equipment funding for purchase of intoxilizer machines used as part of the statewide chemical and alcohol testing program.	(350,860)	(355,850)
<b>Office of Environmental Education</b>		
36. Reduce salary and benefits of vacant Director's position.	(54,356)	(54,528)
<b>Jordan-Adams</b>		
37. Eliminate non-salary inflationary increases.	(290,008)	(583,786)
<b>TOTAL CONTINUATION BUDGET CHANGES</b>	<b>(\$3,820,984) (-4)</b>	<b>(\$2,811,224) (-6)</b>
<b>TOTAL CONTINUATION BUDGET</b>	<b>\$195,053,676</b>	<b>\$199,998,064</b>

**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>EXPANSION BUDGET</b>		
<b>Division of Radiation Protection</b>		
1. <b>Low-Level Radioactive Waste Site Assessment and Permitting</b> — Expand consultant services in the Division of Radiation Protection to evaluate site assessment data.	\$100,000 NR	\$200,000
2. <b>Technical Assistance Grants</b> — Continue grants to Richmond, Chatham, and Wake Counties for their Site Designation Review Committees.	300,000 NR	—
<b>Solid Waste Management Division</b>		
3. <b>Permitting Staff</b> — Expand staff and support to implement and enforce municipal solid waste landfill requirements.	505,397 (10)	603,400 (10)
<b>Office of Waste Reduction</b>		
4. <b>Technical Assistance</b> — Expand staff and support for providing waste reduction assistance to private industry and local government.	500,000 (10)	500,000 (10)
<b>Epidemiology Division</b>		
5. <b>Immunization</b> —		
(a) Funding for positions and support and pharmaceuticals to fully immunize all children in North Carolina. Includes eight year phase-in of recommended second dose of Measles, Mumps, Rubella (MMR) vaccine for children aged 8-18. (See SB 26, Sec. 109 for other authorized use of funds.)	3,200,000 (7)	7,200,000 (7)
(b) One-time purchase of data processing and other equipment.	300,000 NR	—
6. <b>Communicable Disease</b> — Expand HIV/AIDS, TB, and Sexually Transmitted Disease services and programs.	250,000 (3)	250,000 (3)
7. <b>Environmental Epidemiology</b> — Provide aid-to-counties for human rabies shots for the medically indigent.	25,000	25,000

**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>Soil and Water Division</b>		
8. <b>District Supervisors</b> — Increase funding for travel expenses of Soil and Water district supervisors.	\$75,000	\$75,000
9. <b>Soil Survey</b> — Fund three soil survey specialist positions that are currently federally funded.	100,354 (3)	—
<b>Division of Forest Resources</b>		
10. <b>Forest Development Act</b> — Restore funding (after 1-time 1991 reduction) to fully match forest products assessments.	700,000	700,000
11. <b>Regional Staff</b> — Fund 2 positions, support and program costs for helicopter fire fighting and prevention program in Region 3 (western third of State).	132,728 (2)	132,728 (2)
<b>Division of Parks and Recreation</b>		
12. <b>Architect</b> — Fund position and support.	42,000 (1)	42,000 (1)
13. <b>Operations Staff</b> — Complete staffing of Clerk positions at all State parks.	343,132 (23)	525,860 (23)
14. <b>Lumber River State Park</b> — Fund positions at the park which currently has no staff.	151,000 (3)	165,000 (3)
<b>Division of Coastal Management</b>		
15. <b>Coastal Futures Committee</b> - Provide staff and support for year-long efforts of the Committee.	50,000 NR	—
<b>Division of Maternal and Child Health</b>		
16. <b>Rural Obstetrical Care Incentive Program</b> — Expand program by increasing payments, number of counties served and maximum amount a county may receive.	400,000	400,000
17. <b>Infant Mortality</b> —		
(a) Replace Maternal and Child Health federal funds.	1,392,889 NR	—
(b) Fund additional grants for comprehensive adolescent health care projects (six month funding in 1993-94).	375,000	750,000

**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
(c) Expand Women's Preventive Health Services Program to increase funding for contraceptive services.	\$300,000	\$300,000
(d) <b>N.C. Coalition on Adolescent Pregnancy</b> — Increase grant-in-aid.	75,000	75,000
(e) <b>Governors Commission on Reduction of Infant Mortality</b> — Fund study of the extent that each county's health and social services systems meet the needs of pregnant women, infants, and young children.	50,000 NR	—
18. <b>Child Fatality Prevention System</b> — Establish the multi-disciplinary child fatality review and prevention system in ten counties.	112,685 (1)	146,987 (1)
19. <b>Western N.C. Genetics Center</b> —		
(a) Establish the Center as the provider of regional genetic services for the western counties.	120,000	120,000
(b) Start-up costs for new center.	355,000 NR	—
20. <b>Early Intervention</b> — Add nutritionists at some Developmental Evaluation Centers to complete multi-disciplinary teams statewide (six month funding for 1993-94).	100,000 (5)	200,000 (5)
<b>Center for Health and Environmental Statistics</b>		
21. <b>Environmental Index</b> — Fund preparation and printing of report.	50,000 (1)	50,000 (1)
<b>Environmental Health Division</b>		
22. <b>Milk Sanitation</b> — Consolidate milk inspection at State level and provide funding to meet federal requirements for local and industry labs.	183,608 (1)	183,608 (1)
23. <b>On-Site Wastewater</b> — Fund county alternative on-site sewage system demonstration project in eastern N.C. established prior to 1990.	25,000	25,000
<b>Administration</b>		
24. <b>Cancer Advisory Committee</b> — Fund support of new board.	75,000 (1)	75,000 (1)

**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
25. Falls Lake Watershed —Reserve for study.	\$150,000 NR	\$ —
<b>Adult Health Division</b>		
26. Cancer Control —		
(a) Fund diagnosis and treatment component of program to fully cover annual costs of program.	100,000	100,000
(b) Expand eligibility for diagnosis and treatment of people at or below 100% of the Federal poverty level (1994-95 is 12 months funding).	1,450,000	1,664,000
27. Home Health Care — Provide medications for medically indigent, non-Medicaid eligible people infected with HIV/AIDS.	350,000	350,000
<b>Division of Water Resources</b>		
28. Water Supply Planning —		
(a) Expand local and state water supply planning and regional water supply and water management studies.	363,034 (6)	315,881 (6)
(b) Match federal funds for collection of water resource data through the U.S. Geological Survey Cooperative Program and other efforts.	135,000	158,800
<b>Division of Land Resources</b>		
29. Geodetic Survey — Provide additional support for surveying and mapping.	50,000	50,000
<b>Dental Health</b>		
30. Dental Services —		
(a) Provide funds and support for state dental hygienist position to serve Franklin, Vance, and Granville Counties.	44,081 (1)	44,081 (1)
(b) Provide funds and support for state dental hygienist position to serve Alexander and Caldwell Counties.	44,081 (1)	44,081 (1)

**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
<b>Wildlife Resources Commission</b>		
31. <b>Beaver Control Project</b> — Extend pilot project by one year.	\$146,000 NR	—
<b>TOTAL EXPANSION —RECURRING</b>	<b>\$10,377,100</b>	<b>\$15,471,426</b>
<b>TOTAL EXPANSION —NON-RECURRING</b>	<b>\$2,843,889</b>	<b>—</b>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$13,220,989</b>	<b>\$15,471,426</b>
	<b>(79)</b>	<b>(76)</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$208,274,665</b>	<b>\$215,469,490</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

- Section 7**      **NER Block Grant Provisions** — This provision appropriates the federal block grant funds in the NER area. The Block Grants are the Job Training Partnership Act, the Community Development Block Grant, the Preventive Health Block Grant and the Maternal and Child Health Block Grant.
- Section 260.1**      **Capital Bill Contents** — Changes the statutes to require that certain net proceeds are to be appropriated in the CAPITAL IMPROVEMENT APPROPRIATIONS ACT not the Current Operations Appropriations Act. The net proceeds affected are:
- Sale of Park Land  
Purchase of Park Land
- Section 261**      **Technical Review Committee Appointments** — Revises the statutes to allow the Director of Marine Fisheries and the Executive Director of the Wildlife Resources Commission to send designees to represent them on the Technical Review Committee, which reviews technical specifications for "best management practices" in the Agriculture Cost Share Program.
- Section 262**      **Hazardous Waste Inspectors** — Authorizes the Department to hire additional "resident" inspector positions as new commercial hazardous waste facilities are permitted or existing facilities are expanded.
- Section 263**      **Oyster Management** — This provision makes changes to the Marine Fisheries Commission statutes to ensure representation on the Commission of the seafood processing and distribution industry and of shellfish interests.
- Section 264**      **Funds to Study Effectiveness of CAMA** — Directs that the \$50,000 appropriation for the Coastal Futures Committee be matched on the basis of \$2 of non-State funds for every \$1 of State funds.

**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

- Section 265**      **Funds for Voluntary Remedial Actions** — Authorizes EHNR during Fiscal Year 1993-94 to contribute, from the Inactive Hazardous Sites Cleanup Fund, 10% of the costs, not to exceed \$50,000 per site, to a voluntary remedial action program at up to three high priority sites. Also requires the Department to report to the General Assembly on the sites selected and the amount of the contribution made from the Fund.
- Section 266**      **Superfund Program Funds** — Authorizes EHNR, 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 a report to the Joint Legislative Commission on Governmental Operations within 30 days of expenditure of these funds.
- Section 267**      **Governor's Waste Management Board's Assets Transferred** — Transfers the assets of the Governor's Waste Management Board to the Office of Environmental Education. The Governor's Waste Management Board is abolished in other legislation.
- Section 268**      **Hazardous Waste Reduction and Management Plan** — Directs that EHNR must do 2 things before issuing additional hazardous waste permits: Adopt a hazardous waste reduction and management plan and determine that additional hazardous waste treatment capacity is needed.
- Section 269**      **Dental Health Program** — Establishes in the statutes the 1991 Session provision that required the public dental health program to emphasize services to pre-school and school-age children.
- Section 270**      **Communicable Disease Control Aid-to-Counties Flexibility** — Authorizes EHNR to combine three Aid-to-Counties Funds - Acute Communicable Disease, Tuberculosis, and Sexually Transmitted Disease - into one Communicable Disease Aid-to-Counties Fund. Also requires EHNR to report to the Joint Legislative Commission on Governmental Operations on the use of these funds and the effectiveness of combining the three funds.
- Section 271**      **Pharmaceutical Funds/Sexually Transmitted Disease Control Program** — Allows EHNR to transfer \$90,000 from pharmaceuticals in the TB program to the sexually transmitted disease control program for pharmaceuticals, if necessary.
- Section 272**      **DWI Test Changes** — Continues language from the 1991 Session authorizing funding of the alcohol testing program in EHNR from a portion of the drivers license revocation fee with two changes. First, the amount to be appropriated from the revocation fee for equipment was reduced by approximately \$350,000 in 1993-94 and \$355,000 in 1994-95. Second, language was added to require that if funds collected exceed appropriations, the excess funds will revert to the General Fund.
- Section 273**      **Asbestos Hazard Management Funds** — The asbestos hazard management program oversees the inspection and removal of asbestos from buildings. Continues appropriation of the fees collected under General Statute 130A, Article 19 for support of the program.



**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

- Section 274**      **Eligibility Standards for Participation in Department Reimbursement Programs Established** — In previous Sessions, the General Assembly has set the eligibility and income limits for certain health care programs in the Department. This provision authorizes the Commission for Health Services to establish the eligibility standards.
- Section 275**      **Maternal and Child Health Program Funds Do Not Revert** — Establishes in the statute last Session's special provision that Children's Special Health Services funds do not revert. This is needed because contracts and third party reimbursements do not follow the State fiscal year.
- Section 276**      **Adolescent Pregnancy Prevention Projects** — Establishes in the statute last Session's special provision on Adolescent Pregnancy Prevention projects. There is no change from the previous provision which covered the allocation formula, local maintenance of effort, local public participation and an outside evaluation of the projects funded.
- Section 277**      **Liability Insurance Premiums** — Allows the Department to use lapsed salaries to pay for medical liability insurance for its medical personnel. Also requires State Budget to make a report on medical liability insurance statewide. The report is due to Governmental Operations by January 7, 1994.
- Section 278**      **Purchase of Vaccines** — Encourages EHNR to purchase childhood vaccines from North Carolina companies when comparable quality vaccines are available in North Carolina at prices the same or lower than non-State companies.
- Section 279**      **WIC Program Funds** — Reallocates \$0.5 million in the first year and \$1.2 million in the second year that was appropriated for food supplements in the Women, Infants and Children (WIC) nutrition program. Since the federal government is paying for the food supplements, the State funds will be used for start-up costs of new WIC programs, renovation or rent of WIC space at the local level, physician prescribed special formulas and the required State match to the WIC farmers' market program.
- Section 280**      **Lead Poisoning Prevention Funds** — Reallocates \$331,000 in the first year and \$1 million in the second year that was appropriated for food supplements in the Women, Infants and Children (WIC) nutrition program. Since the federal government is paying for the food supplements, the \$1.0 million will be used to expand the Lead Poisoning Prevention Program.
- Section 281**      **Commission for Health Services Vaccination Rules** — Requires the Commission for Health Services to adopt rules ensuring that health care providers cannot charge an unreasonable administrative fee for the administration of free vaccines and limiting any additional charges.
- This provision also eliminates statutory language that allows the Secretary of EHNR to charge a fee for vaccines and establishes in the statutes the authority of the Commission for Health Services and the Secretary to adopt rules for administration of vaccines.

(1993 Actions, Continued)

- Section 282**      **Immunization Receipts** — Allows EHNR to use any additional Medicaid receipts or refunds from a federal excise tax on vaccines to accelerate the schedule for providing MMR vaccines - Measles, Mumps and Rubella - to children aged 8 to 18; pay for costs of purchasing vaccines if costs for vaccines increase beyond current charges; and, partially fund a registry to track immunizations.
- Section 283**      **Rural Obstetrical Care Incentive** — Allows the Rural Obstetrical Care Incentive program (Rocky Program) to use the additional \$400,000 appropriated each year for 3 items: 1) increasing the maximum allowable payment to each provider, 2) increasing the number of counties served and 3) increasing the amount any 1 county may be allocated.
- Section 284**      **Infant Mortality Funds** — Provides the implementing language for the infant mortality appropriations for EHNR.
- Section 285**      **Child Fatality Prevention System** — Implements the recommendations of the Child Fatality Task Force: (1) Phase-in a multidisciplinary State child fatality prevention system by establishing community child protection teams in each county; (2) Add one member to the Child Fatality Task Force; and, (3) Repeal the Child Fatality Task Force effective February 1, 1995.
- Section 286**      **On-Site Wastewater Systems** — Allocates \$25,000 each year of the biennium for a county demonstration project for alternatives to on-site sewage systems (septic tanks).
- Section 287**      **Immunization Plan** — Requires EHNR to report to the Joint Legislative Commission on Governmental Operations by November 1, 1993 on their long-range plan for implementing the universal immunization program for children, including a schedule for completing major phases of the program and an estimate of long-range program costs.
- Section 288**      **Cancer Coordination and Control** — Creates a new 24-member Advisory Committee on Cancer Coordination and Control. The Advisory Committee's duties related to cancer coordination and control include: recommending a statewide plan, identifying and examining problems, examining financing and access to services, and identifying health promotion and disease prevention strategies.
- Section 289**      **Soil and Water Conservation District Supervisors' Expenses** — Mandates that EHNR use \$289,594 for supervisors' expenses, including expansion funds of \$75,000 each year of the biennium.
- Section 290**      **Sales Tax Transfer to Wildlife Resources Fund** — The General Statutes authorize an annual transfer from State sales and use tax funds to the Wildlife Resources Fund based on estimated revenue from the sale of hunting and fishing equipment. This provision updates the statutes to allow the same amount of tax revenue transferred in 1992-93 to be transferred in 1993-94 (approximately \$3.7 million) plus the cost of any legislatively approved salary increase and also establishes the 1993-94 allocation as the new base amount for 1994-95 (approximately \$4 million).

**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

- Section 291**      **Coastal Boating Guide** — This provision directs the Wildlife Resources Commission to publish and distribute the NC Coastal Boating Guide using available Wildlife funds.
- Section 292**      **Dismal Swamp State Park** — Requires the Division of Parks and Recreation to update the master plan for the Dismal Swamp State Park. It also requires the Division to make sure the Dismal Swamp fire lines are adequately maintained.
- Section 293**      **B.R.I.D.G.E. Youthful Offenders/Park Maintenance** — Directs that \$100,000 be used for the BRIDGE Youthful Offenders Program to do maintenance and repairs in State Parks. The funds are reallocated from the pilot project to work county jail inmates in the State Parks.
- Section 294**      **Parks Receipts** — Requires that any unanticipated pine straw or timber receipts from the State Parks be used for maintenance of the State Parks.

**SENATE BILL 26 (Chapter 561)**

- Section 105**      **Agriculture Cost Share Program Funds** — Specifies that \$40,000 of the current appropriations for the Agriculture Cost Share Program will be used to install best management practices for a Rural Clean Water Demonstration project in New Hanover County.
- Section 106**      **Technical Assistance Grants** — Notwithstanding G.S. 104G-19(d), EHNR may provide technical assistance grants to Richmond, Chatham, and Wake Counties for their site designation review committees.
- Section 107.1**    **Falls Lake Watershed Study** — Establishes that the scope and parameters for the Falls Lake Watershed Study shall be determined by the governing boards of Wake and Durham Counties and the Cities of Durham and Raleigh. If the governing boards cannot agree by October 1, 1993, then the Secretary of EHNR shall make the determination.
- Section 108**      **Boards of Health Funds** — Authorizes EHNR to use up to \$100,000 for a grant-in-aid to the Association of N.C. Boards of Health for continuing Board of Health orientation, leadership, and educational development programs.
- Section 109**      **Immunization Program Funding** — Allows EHNR to use up to \$1,000,000 of the funds appropriated for a statewide childhood immunization program in Chapter 321, Senate Bill 27, for related outreach and monitoring activities. Also requires EHNR to report on planned outreach expenditures and activities to the Joint Legislative Commission on Governmental Operations before expenditures can be made.

**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1993 Actions, Continued)

- Section 111**      **Expand/Extend Beaver Control Program** — Continues pilot program to control beaver damage on private and public land until December 1, 1994. Expands program to include Pender and Robeson Counties and continues program in Bladen, Brunswick, Columbus, and Sampson Counties.
- Section 115**      **Fire Tower - Transfer** — Directs the Department to transfer in fee simple by gift a fire tower to the East Howellsville Volunteer Fire Department, Inc.
- Section 116**      **Transfer Museum of Natural Sciences** — Transfers the Museum from the Department of Agriculture to the Department of Environment, Health, and Natural Resources.

## 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.

	1993-94 General Fund	1994-95 General Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$12,705,854</b>	<b>\$12,714,621</b>
<b>Continuation Budget Changes:</b>		
<b>Elevator Division</b>		
1. <b>Inspection Fees</b> — Adjust underbudgeted receipts.	(27,812)	(27,900)
2. <b>Inspection Fees</b> — Increase inspection fees.	(135,000)	(135,000)
<b>Occupational Safety and Health Division</b>		
3. <b>OSHA Indirect Receipts</b> — Increase estimate of amount of overhead receipts to be received from federal OSHA.	(100,000)	(100,000)
4. <b>OSHA Director Position</b> — Eliminate vacant Director position and support. (Deputy Commissioner is performing duties.)	(28,000) (-1)	(28,000) (-1)
<b>Apprenticeship Division</b>		
5. <b>Apprenticeship Management and Supervision</b> — Reduce management levels by eliminating vacant field supervisor position and support.	(30,000) (-1)	(30,000) (-1)
<b>Department-wide</b>		
6. <b>Vacant Positions Reduction</b> — Reduce to first step (OSHA and Apprenticeship).	(74,989)	(74,989)
7. <b>Inventory Reduction</b> (OSHA only).	(1,881)	(1,881)
<b>TOTAL CONTINUATION BUDGET CHANGES</b>	<b>(\$397,682) (-2)</b>	<b>(\$397,770) (-2)</b>
<b>TOTAL CONTINUATION BUDGET</b>	<b>\$12,308,172</b>	<b>\$12,316,851</b>

DEPARTMENT OF LABOR (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
<b>EXPANSION BUDGET</b>		
<b>Occupational Safety and Health Division</b>		
1. <b>Consultation/Education and Training</b> — Provide 100% state funding for positions and support to expand safety and health consultative services and education and training programs to industry and government.	\$575,000 (11)	\$606,620 (11)
2. <b>Staff Expansion</b> — Expand staff and support in all programs in N.C. OSHA Program — Education and Training; Consultative Services; Compliance; Management Information and Evaluation; and, OSHA Review Board.	364,000 (8)	364,000 (8)
<b>Workers Discrimination Division</b>		
3. <b>Staff Expansion</b> — Provide funding to carry out 1992-93 statutory change that prohibits "retaliatory discrimination" against employees who make good faith claims against an employer.	266,643 (6)	275,815 (6)
<b>Administration</b>		
4. <b>Toll Free Hotline</b> — Provide funding for staff to handle citizen inquiries on labor regulations by operating a toll-free hotline.	40,000 (2)	40,000 (2)
5. <b>Assistant Deputy Director of Administration</b> — Establish position and provide support funds.	65,000 (1)	70,000 (1)
6. <b>Research and Statistics</b> — Fund increased data processing needs and expenses, including one position and support.	157,000 (1)	157,000 (1)
7. <b>Computer Network</b> — Reserve funds to expand computer network.	750,000 NR	—
<b>TOTAL EXPANSION BUDGET</b>	<b>\$2,217,643 (29)</b>	<b>\$1,513,435 (29)</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$14,525,815</b>	<b>\$13,830,286</b>

**DEPARTMENT OF LABOR (1993 Actions, Continued)**

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993**

**SENATE BILL 27 (Chapter 321)**

**Section 315**      **OSHA Positions** — Allows the Department of Labor to fund OSHA Safety and Health Inspectors with 100% State funds if Labor certifies to the State Budget Office that no federal match is available. Also directs that State funding be reduced if additional federal funds are received.





# STATEWIDE RESERVES

STATE OF NEW YORK

## 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.

30% SALARY REDUCTION FOR POSITIONS VACATED BY RETIREMENT DURING 1992-93	1993-94 General Fund	1994-95 General Fund
CONTINUATION RECOMMENDATION	(\$10,000,000)	(\$10,000,000)
1. To restore salary reductions made during 1992-93 by exempting teaching, library, and academic leadership positions during 1993-95.	2,752,702	2,752,702
REVISED CONTINUATION RECOMMENDATION	(\$7,247,298)	(\$7,247,298)

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### EXPANSION

#### 1. Compensation Increases

##### (a) Cost-of-Living Adjustment - 2%

<u>Public Education</u>		
Teacher Salary Schedule	\$42,443,217	\$42,443,217
Non-Teaching	15,031,955	15,031,955
	<u>\$57,475,172</u>	<u>\$57,475,172</u>
<u>Community Colleges</u>		
EPA	6,980,471	7,615,059
<u>University System</u>		
EPA	12,842,338	14,009,823
SPA	6,230,732	6,797,163
<u>State Employees</u>		
SPA	19,208,391	20,954,608
<u>Judicial</u>		
EPA	3,485,693	3,802,574
<u>Other</u>		
EPA	92,260	100,648
<u>General Assembly</u>		
EPA	155,417	212,845
<u>Locally Operated Programs</u>	<u>5,581,668</u>	<u>5,581,668</u>
<b>TOTAL</b>	<b>\$112,052,142</b>	<b>\$116,549,560</b>

##### (b) Reserve for Wage Floor for Lowest Paid Employees

135,500	135,500
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**STATEWIDE RESERVES — OFFICE OF STATE BUDGET AND MANAGEMENT**

	<b>1993-94 General Fund</b>	<b>1994-95 General Fund</b>
(c) Incentive Compensation Bonus - 1%		
Public Education	\$7,515,977	—
Community Colleges	3,807,529	—
Board of Governors	7,004,912	—
All Other State Employees	<u>15,916,042</u>	—
<b>TOTAL</b>	<b>\$34,244,460 NR</b>	—
 2. Reserve to Support Costs Related to Establishing Sick Leave Banks for Public School Employees, Effective January 1, 1994	 1,000,000	 1,000,000
 4. Reserve for Restoration of Pay Day to June 30, 1994		
Community Colleges and SPA/EPA State Employees	214,200,000	-
 4. Statewide Health Insurance Initiative Reserve	 5,500,000	 2,000,000
 5. Retirement Rate Change		
Fund State Matching Rate Change from 10.93 to 10.96%	1,316,400	1,316,400

These expansion items are discussed in detail in the Salaries and Benefits Section.

	1993-94 General Fund	1994-95 General Fund
<b>DEBT SERVICE</b>		
CONTINUATION RECOMMENDATION	\$83,501,058	\$80,516,283
 <b>EXPANSION</b>		
1. Requirements for \$87.5 Million Prison Bonds	\$8,762,500	\$8,597,500
<b>TOTAL REQUIREMENTS</b>	<u>\$92,263,558</u>	<u>\$89,113,783</u>

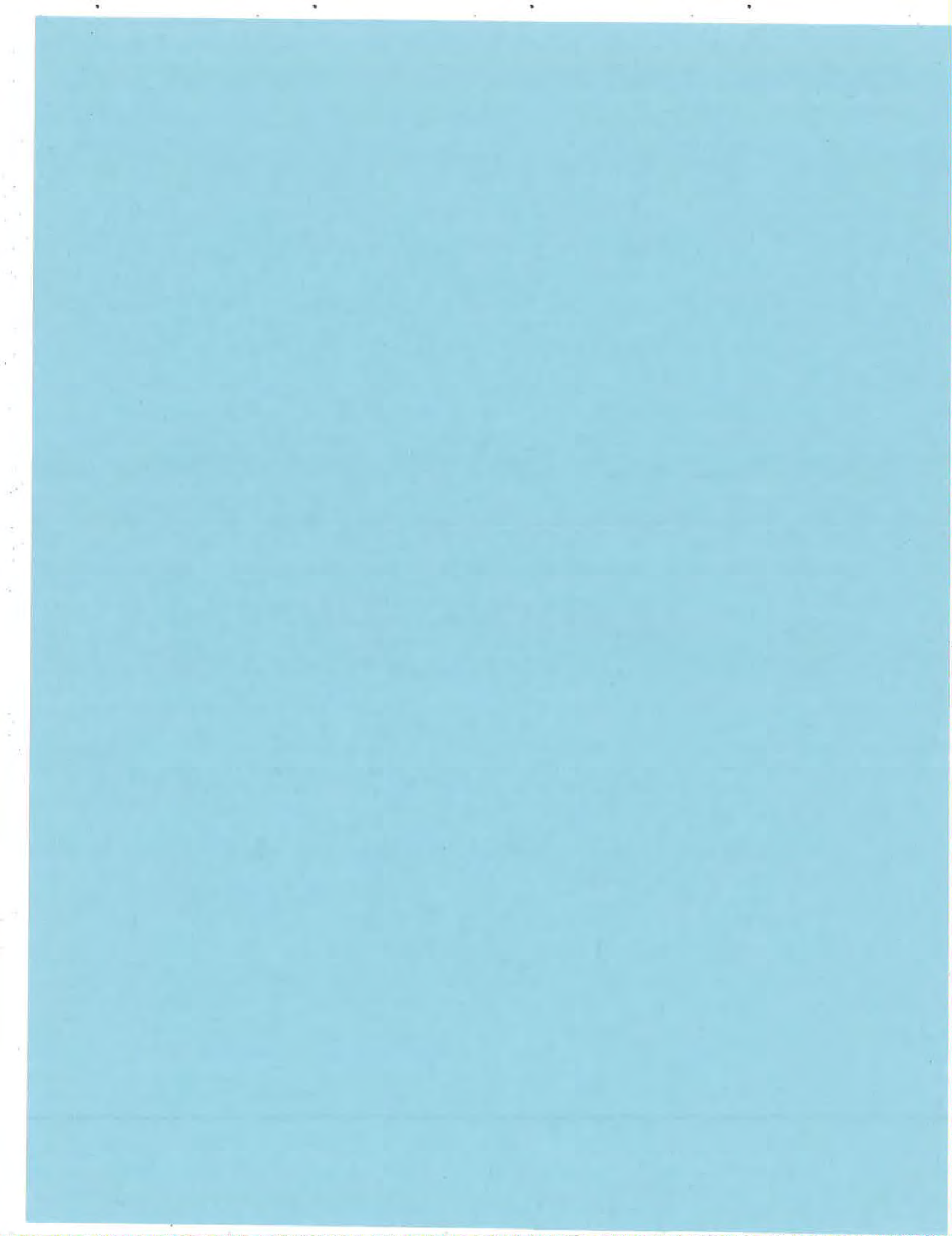


**LEGISLATIVE ACTIONS:**  
**HIGHWAY FUND APPROPRIATIONS**





# **TRANSPORTATION**



## DEPARTMENT OF TRANSPORTATION

*STATUTORY AUTHORITY: General Statutes, Chapter 20, 63, 136 and 143B*

The Department of Transportation is responsible for all modes of travel in North Carolina except for the State Ports. The two largest divisions in the Department are the Division of Highways and the Division of Motor Vehicles. In 1993, the Governor created a Deputy Secretary for Transit, Rail and Aviation to stress the importance of transportation modes other than highways. This new Deputy also oversees the Ferry Division, the Aviation Division, the Bicycle Program, and the Public Transportation and Rail Division.

The Governor appoints the Secretary of Transportation to direct the Department of Transportation and its 13,600+ employees and to chair the Board of Transportation. The Board of Transportation is a 23 member body that 1) approves the Transportation Improvement Program (TIP) which is a 7-year plan of all major transportation improvement projects; 2) allocates highway construction and maintenance funds; 3) awards all highway construction contracts; and, 4) assists the Secretary in the performance of his duties.

The Division of Highways is responsible for all highway construction and maintenance operations including bridge maintenance and ferry service. Highway construction is guided by the Highway Trust Fund enacted by the 1989 General Assembly. The Trust Fund's goals are 1) complete a 3,600 mile intrastate system of four-lane roads; 2) widen and improve 113 miles of existing interstate highways; 3) build multi-lane loops and connectors near 7 major cities; 4) pave all unpaved secondary roads by 2006; and, 5) provide additional funds for municipal streets.

The Division of Motor Vehicles is responsible for registering all motor vehicles and issuing drivers licenses to all qualified North Carolina drivers. This division also certifies school bus drivers, collects traffic accident data, administers the International Registration Plan for trucks, and enforces motor carrier laws.

	1993-94 Highway Fund	1994-95 Highway Fund
<b>GOVERNOR'S RECOMMENDED CONTINUATION BUDGET</b>	<b>\$922,873,731</b>	<b>\$916,556,999</b>
<b>Continuation Budget Changes:</b>		
<b>Transportation Administration</b>		
1. <b>Public Affairs</b> — Abolish Information and Communications Specialist I position	(38,264) (-1)	(38,264) (-1)
2. <b>Personnel</b> — Abolish vacant Agency Safety Program Director III position	(49,402) (-1)	(49,402) (-1)
3. <b>Adopt-A-Highway</b> — Reduce purchases of litter bags and vests	(33,000)	(33,000)
4. <b>Secretary's Office</b> - Eliminate the following positions		
Special Assistant - Operations		
Secretary IV		



DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)

	1993-94 Highway Fund	1994-95 Highway Fund
(3) Special Assistant - Regional Affairs Agency General Counsel Director Citizen Affairs Public Information Asst. V	(\$443,744) (-8)	(\$443,744) (-8)
5. <b>Fiscal</b> - Abolish vacant Clerk III position	(22,619) (-1)	(22,619) (-1)
6. <b>Management Information Systems</b> — Reduce SIPS payments due to lower utilization and lower SIPS rates	(600,000)	(600,000)
7. <b>General Services</b> —		
(a) Reduce Water, Heat, Power	(50,000)	(50,000)
(b) Reduce Janitorial Services	(100,000)	(100,000)
(c) Budget receipts - reimbursement by others	(5,000)	(5,000)
8. <b>Asst. Secretary for Administration</b> —		
(a) Abolish Admin. Asst. I (Travel Coordinator)	(31,882) (-1)	(31,882) (-1)
(b) Increase administrative allotment from Highway Trust Fund for costs of Century Center Complex	(33,550)	(33,550)
9. <b>Transportation Planning Office</b> —		
(a) Abolish Assistant Secretary - Planning position	(79,799) (-1)	(79,799) (1)
(b) Abolish Secretary IV position	(28,824) (-1)	(28,824) (-1)
<b>Transportation Operations</b>		
10. <b>State Highway Administrator</b> — Reduce professional fees	(1,000)	(1,000)
11. <b>Chief Engineer - Operations</b> — Eliminate Operations Reserve	(125,000)	(125,000)
12. <b>Asst. Highway Administrator - Preconstruction</b> — Abolish vacant Staff Highway Engineer position	(75,567) (-1)	(75,567) (-1)

**DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)**

	<b>1993-94 Highway Fund</b>	<b>1994-95 Highway Fund</b>
<b>13. Highway Design —</b>		
(a) Reduce educational expenses	(\$3,000)	(\$3,000)
(b) Reduce Travel Expenses	(20,000)	(20,000)
(c) Budget receipts for sale of maps, plans, specs	(10,000)	(10,000)
<b>14. Maintenance —</b>		
(a) Reduce building supplies	(5,000)	(5,000)
(b) Reduce rental of equipment	(5,000)	(5,000)
(c) Eliminate vacant Transportation Engineer II position	(64,119) (-1)	(64,119) (-1)
<b>15. Construction —</b>		
(a) Reduce temporary labor	(5,467)	(5,467)
(b) Reduce repairs and service	(25,000)	(25,000)
<b>16. Traffic Engineering — Eliminate rental of land</b>	(500)	(500)
<b>17. Right of Way — Reduce temporary labor</b>	(5,000)	(5,000)
<b>18. Support Services — Abolish State Highway Safety Engineer</b>	(52,495) (-1)	(52,495) (-1)
<b>19. Division of Highways —</b>		
(a) Reduce building supplies	(37,112)	(37,112)
(b) Reduce repairs and service to equipment	(5,000)	(5,000)
<b>Transportation Construction and Maintenance</b>		
<b>20. Ferry Division - Operations — (Fund 5300): Reduce overtime pay (\$75,000), temporary labor (\$300,000), and the cost of the Cedar Island-Ocracoke route (\$125,000)</b>	(500,000)	(500,000)
<b>21. Special Appropriation for Highways — Eliminate reserve</b>	(5,000)	(5,000)
<b>22. Federal Aid Matching - Reduce Federal Aid Matching Funds</b>	(10,971,734)	(10,971,734)



**DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)**

	<b>1993-94 Highway Fund</b>	<b>1994-95 Highway Fund</b>
<b>Governor's Highway Safety Program</b>		
23. <b>Planning and Administration -Reduce travel</b>	(\$2,940)	(\$2,940)
<b>Division of Motor Vehicles</b>		
24. <b>Commissioner's Office —</b>		
(a) Abolish Chief Deputy II position	(83,358) (-1)	(83,358) (-1)
(b) Abolish Asst. Commissioner position	(84,029) (-1)	(84,029) (-1)
(c) Reduce temporary labor	(6,197)	(6,197)
(d) Reduce printing	(50,000)	(50,000)
(e) Budget receipts for sale of N.C. law books	(30,000)	—
25. <b>Vehicle Registration —</b>		
(a) Abolish 6 vacant positions	(143,257) (-6)	(143,257) (-6)
(b) Reduce temporary labor	(50,000)	(50,000)
(c) Reduce photographic supplies	(25,000)	(25,000)
26. <b>Driver Licensing —</b>		
(a) Abolish vacant Clerk Typist III position	(21,802) (-1)	(21,802) (-1)
(b) Eliminate 2 Driver License positions	(86,486) (-2)	(86,486) (-2)
(c) Reduce Uniform Fund	—	(5,000)
27. <b>Traffic Records — Abolish 4 vacant positions</b>	(86,362) (-4)	(86,362) (-4)
28. <b>International Reg. Plan — Reduce overtime pay</b>	(2,825)	(2,825)
<b>Transportation Reserves</b>		
29. <b>Driver Education — Reduce spending to the 1992-93 authorized level</b>	(1,316,229)	(1,316,229)
30. <b>State Treasurer — Reduce payment for sales tax exemption due to adjustment in sales tax growth rate</b>	(200,000)	(200,000)

DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)

	1993-94 Highway Fund	1994-95 Highway Fund
31. <b>Unforeseen Events</b> — Reduce reserve for asphalt plant cleanup due to slow pace of spending existing funds	(500,000)	—
32. <b>Highway Patrol</b> — Reduce transfer for Division's operating expenses	(900,270)	(915,634)
<b>Other</b>		
33. <b>GPAC Savings</b>		
— Eliminate one Accounting Manager position in the Fiscal Section by July 1, 1993	(80,517) (-1)	(80,517) (-1)
— Eliminate four positions in Management Assessment and Compliance by December 31, 1993	(68,574) (-4)	(137,149) (-4)
— Eliminate four positions in the Division of Highways — 2000 series by July 1, 1993	(191,211) (-4)	(191,211) (-4)
Subtotal	(340,302) (-9)	(408,877) (-9)
* — Eliminate 149 permanent positions in the Division of Highways - 3000 series by July 1, 1993.	(3,210,943) (-149) NON-ADD	(3,210,943) (-149) NON-ADD
* — Eliminate 30 permanent hourly positions in the Division of Highways - 3000 series by July 1, 1993. Permanent hourly jobs are not included in position totals in the budget.	(438,400) NON-ADD	(438,400) NON-ADD
* Because these are work order positions, there will be no direct savings to the Highway Fund. However, money will become available in the maintenance and construction accounts. Since fringe benefits are not budgeted for 3000 series positions, only salaries are subtracted.		
<b>TOTAL CONTINUATION REDUCTIONS</b>	<b>(\$17,361,135)</b>	<b>(\$16,920,074)</b>
<b>TOTAL CONTINUATION BUDGET</b>	<b>\$905,512,596</b>	<b>\$899,636,925</b>



DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)

	1993-94 Highway Fund	1994-95 Highway Fund
<b>EXPANSION BUDGET</b>		
<b>Transportation Administration</b>		
1. Provide travel and office expenses for the new Safety Director in the Office of the Secretary	\$14,800	\$14,800
2. Expand the imaging processing system in the Fiscal Section to enable the scanning of payroll forms.	168,957	33,000
3. Increase the Management Information Systems staff and pay the expenses to service new and existing systems.	1,055,181 (10)	881,591 (10)
4. Provide funding to develop a new Vehicle Registration System.	3,701,000	2,059,000
5. Provide supplemental funding to purchase additional computer hardware for the Driver License System.		
— Data Processing Equipment	310,486	—
— Operations Reserve	640,000	—
6. Expand Planning capacity for Public Transit and Rail.	87,229 (2)	86,629 (2)
7. Increase project management capacity for public transit and rail.	88,739 (2)	88,739 (2)
<b>Transportation Operations</b>		
8. Pay the expenses for additional safety personnel in the Occupational Safety and Emergency Planning Unit.	47,150	42,800
9. Fund special traffic engineering equipment for the Traffic Engineering Unit.	52,400	4,500
<b>Maintenance</b>		
10. Restore the reduction in Spot Safety required to balance the budget for the 1992-93 fiscal year	2,000,000	2,000,000



**DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)**

	<b>1993-94 Highway Fund</b>	<b>1994-95 Highway Fund</b>
11. Increase funding for highway maintenance in the various highway systems as follows:		
— Primary System	\$4,215,907	\$6,279,766
— Secondary System	7,409,776	11,037,164
— Urban System	1,149,793	1,712,663
<b>Division of Motor Vehicles</b>		
12. Replace microfilm equipment in the Traffic Records Section.	—	17,640
13. Conform with OSHA standards to provide protection from bloodborne pathogens for the Enforcement Unit.	82,278	13,454
— 520 officers to be vaccinated for Hepatitis B in 1993-94		
14. Acquire imaging and optical disk storage filing for the Enforcement Unit	164,000	11,000
15. Replace data processing equipment for the Enforcement Unit.	48,000	—
16. Computerize weigh station functions — Enforcement unit.	241,945	32,617
17. Acquire data processing equipment for additional counties for the Motor Vehicle Exhaust Emission Inspection Unit.	19,900	3,500
<b>Reserves and Transfers</b>		
18. Fund a Transportation Study in the Piedmont-Triad area in order to accelerate the regional transportation planning efforts underway in the Triad involving the High Point, Greensboro, and Winston-Salem MPOs.	222,750	346,500
19. Transfer to the Department of Crime Control and Public Safety:		
(a) Fund the operating cost and new equipment for the new Troop "H" Headquarters.	1,004,672	799,198
(b) Fund 50 new trooper positions.	2,539,922	2,154,624

DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)

	1993-94 Highway Fund	1994-95 Highway Fund
20. Create reserve for Compensation Increase to reflect a two percent increase for positions supported from the Highway Fund. This number includes Compensation Increase for Driver Ed. (\$145,710)	7,109,156	7,109,156
21. Create reserve for a one percent Incentive Compensation Bonus.	3,481,723	—
22. Create reserve for Retirement formula change.	113,000	113,000
<b>Rail Program</b>		
23. Provide supplemental funds for the Rail Program:		
— Rail Safety Inspection Program for one rail safety supervisor and two rail safety inspectors as called for in HB 155 and SB 62.		
NOTE: These bills were not approved.	190,000	190,000
— State funds to rehabilitate short line railroads and funding for a rail industrial access program.	210,000	210,000
<b>Public Transportation</b>		
24. Fund formula assistance for urban public transit maintenance. Thirteen cities and one regional transit authority are included.	3,000,000	3,000,000
25. <b>Rural Public Transportation</b> — Expand state participation in the funding of vehicles to allow a 70-20-10 federal-state-local funding ratio. Capital equipment is currently funded at 70-15-15. Additional funds would allow for the purchase of additional vehicles to meet the increased transportation demands placed on systems by programs serving the transportation disadvantaged, such as the JOBS Program.	300,000	300,000
26. Assist in the Purchase of vehicles for Rural Human Service (Section 16) transportation systems. Standard vans for FY 94 are estimated to cost \$18,000. Increased funding would allow for the purchase of 24 additional vehicles. Forty-six (46) North Carolina counties are eligible for this program.	400,000	400,000



**DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)**

	<b>1993-94 Highway Fund</b>	<b>1994-95 Highway Fund</b>
27. Assist small urban fixed route systems including AppalCART (Town of Boone), City of Salisbury, and City of Wilson with funding percentages comparable to those provided to urban transit systems.	\$100,000	\$100,000
28. Increase funding available for the Elderly and Disabled Transportation Assistance Program, which provides assistance to local governments for transportation services to the elderly and disabled. Services provided include transportation to regional medical facilities, employment, and training. Currently ninety-seven (97) counties receive funding from this program.	500,000	500,000
29. Expand general public transportation provided to citizens in rural areas (under 50,000 population). The provision of state funds will enable citizens in rural areas to have better access to employment, medical facilities, and education and training opportunities. There are currently twenty-two (22) rural general public transportation systems serving thirty-eight (38) counties.	300,000	300,000
30. Increase total available to match federal and local public transportation capital and planning projects.	500,000	500,000
31. <b>Air Cargo Authority</b> — Pay the continuing cost for promotion of the Global TransPark and other administrative cost of the Authority.	750,000	750,000
32. Increase funding of Small Urban and Discretionary Construction projects. (See Special Provision)	10,971,734	10,971,734
33. Increase Highway and Bridge maintenance.	2,641,000	—
34. <b>International Air Service</b> — Reserve for promotion and development.	5,000,000	—
<b>TOTAL EXPANSION</b>	<b>\$60,831,498 (14)</b>	<b>\$52,063,075 (14)</b>
<b>TOTAL OPERATING BUDGET</b>	<b>\$966,344,094</b>	<b>\$951,700,000</b>

DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)

	1993-94	1994-95
<b>EQUIPMENT FUND</b>		
1. <b>Equipment Unit - Abolish 2 vacant Mechanic II positions</b>	(\$56,989)	(\$56,989)
	(-2)	(-2)
Reduce Motor Fuel and lubricant	(500,000)	(500,000)
2. <b>Transfer from the Equipment Fund to the Highway Fund.</b>	(10,000,000)	—
<b>EQUIPMENT FUND REDUCTIONS</b>	<b>(\$10,556,989)</b>	<b>(\$556,989)</b>
	(-2)	(-2)

NOTE: These funds will remain in the Equipment Fund and may be used for equipment purchase.

**GPAC SAVINGS**

Done ✓	** — Eliminate 8 positions in the Division of Highways - Equipment Unit by July 1, 1993	(218,897)	(218,897)
		(-8)	(-8)
		NON-ADD	NON-ADD
	** — Eliminate 14 Equipment Operations Supervisors in the Equipment Unit on June 30, 1994	—	(589,456)
			(-14)
			NON-ADD

\*\* Because these positions are funded by the Equipment Fund, there will be no savings to the Highway Fund. Savings in this account can be used for the purchase of new equipment.

DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)

	1993-94	1994-95
<b>HIGHWAY TRUST FUND</b>		
<b>CONTINUATION REDUCTIONS</b>		
1. <b>Public Affairs</b> — Eliminate the following positions*:		
— Information and Communications Specialist I	0 (-1)	0 (-1)
— Artist Illustrator II	0 (-1)	0 (-1)
2. <b>Management Assessment</b> —		
(a) Reduce educational expenses	(\$4,000)	(\$4,000)
(b) Reduce subsistence	(5,000)	(5,000)
(c) Reduce travel	(4,000)	(4,000)
3. <b>Civil Rights</b> — Eliminate professional fees	(15,000)	(15,000)
4. <b>Chief Engineer - Programs</b> — Eliminate water, heat, power	(11,794)	(11,794)
<b>TOTAL REDUCTIONS</b>	<b>(\$39,794)</b> <b>(-2)</b>	<b>(\$39,794)</b> <b>(-2)</b>

\* These positions were created after the Governor submitted his budget to the General Assembly; thus, no funding is in the base budget. DOT has agreed to abolish the positions and return the funds to the Highway Trust Fund.

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**EXPANSION BUDGET**

1. Increase the capacity of the Purchasing Section. The need for this increase is a result of the creation of the Highway Trust Fund.	\$58,328 (2)	\$58,328 (2)
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DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)

	1993-94 General Fund	1994-95 General Fund
1. <b>Aid to Railroads</b> — Reduce aid based on previous year's dividends	(\$3,695)	—
2. <b>Aid to Airports</b> — Reduce aid based on new provision on aviation appropriation	(2,266,666)	(\$1,766,666)
<b>GENERAL FUND REDUCTIONS</b>	<u>(\$2,270,361)</u>	<u>(\$1,766,666)</u>

DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS — 1993

SENATE BILL 27 (Chapter 321)

- Section 18**                    **Highway Fund Availability** — Establishes the Highway Fund availability at \$963.63 million in FY 1993-94 and \$951.7 million in FY 1994-95.
- Section 145**                **Permanent Hourly Worker Status** — Requires the Department of Transportation (DOT) to convert permanent hourly Highway Maintenance Workers to permanent full-time status. All permanent hourly workers receiving satisfactory job appraisals will be placed in permanent positions by January 1, 1994.
- Section 146**                **Repeal Additional Funds to Division of Motor Vehicles (DMV)** — Repeals G.S. 20-97 which allowed the Department of Transportation to expend \$15,000 for emergencies.
- Section 147**                **Rename North Carolina Elderly and Handicapped Transportation Assistance Program** — Changes G.S. 136-44.27 by substituting the word "disabled" for the word "handicapped" to rename the program the NC Elderly and Disabled Transportation Assistance Program.
- Section 148**                **Small Urban Construction Program Funds** — Establishes criteria for expenditure of \$14 million in small urban funds and \$6 million in discretionary funds. Requires that members of the General Assembly be notified of projects in their districts prior to action by the Board of Transportation. Any funds used for rural secondary road construction are not subject to the county allocation formula. Quarterly reports are to be made to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.
- Section 149**                **Implementing Selected GPAC Recommendations** — Requires DOT to report on the following issues:
- 1) The reorganization of civil rights-related functions within the Department;
  - 2) Plan to consolidate part-time driver licensing offices across the State;
  - 3) Plans to enhance efficiency of the Vehicle Registration Process;
  - 4) Plan to freeze preconstruction positions and contract out the balance of its preconstruction work to private engineering firms;
  - 5) Plan meeting the construction needs of the Highway Trust Fund program with a minimum of new construction staff in the DOT and increasing the use of outside contract forces;
  - 6) Plan to consolidate the equipment section resources associated with the 14 division garages and those 14 Department county garages located nearby;



DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)

- 7) Plan on maintenance staffing and on ways to increase efficiency within the maintenance work force.

Also directs the Secretary of Transportation to realign the Traffic Services sections in the 14 Divisions so that signal/traffic control personnel report to the Assistant Traffic Engineer and the pavement markings/signs personnel report to the Traffic Services Supervisor.

Section 150

**Equipment Fund Transfer** — Transfers \$10,000,000 from the DOT's Equipment Fund to the Highway Fund for the 1993-94 fiscal year.

Section 151

**DOT to Report on Billboard Fees** — Provides that the DOT report to the Joint Legislative Transportation Oversight Committee on the fees that it would need to adequately fund the billboard program.

Section 152

**DMV to Report on Personnel Effects of New Computer System** — Provides that DOT report to the Joint Legislative Transportation Oversight Committee on the savings to be realized in FY 1994-95 from a computer upgrade of the Driver Licensing and Vehicle Registration systems.

Section 153

**Modify Aviation Appropriation** — Changes the procedure for allocating General Fund aid to airports. Formerly, DOT received an appropriation based on a Department of Revenue estimate of the sales and use tax paid by the aviation industry on aircraft, aircraft parts, aviation fuel and accessories. This provision would establish a base year grant amount of \$8.4 million and allow it to change as the state sales tax changes. The 1994-95 fiscal year grant is equal to the 1993-94 fiscal amount adjusted by the estimated sales tax inflation rate of 5.7%.

Section 154

**DOT to Report on the Use of Inmate Labor** — Provides that DOT report to the Joint Legislative Transportation Oversight Committee on the use of minimum and medium custody inmates. The report should 1) report requirements placed on the Department by statute and the state policy on the employment of prisoners, 2) report whether the use of inmate labor is cost effective, 3) report whether the cost sharing arrangement with Corrections is equitable with respect to the contributions from the DOT and the Highway Fund, and 4) conduct a cost-effective analysis comparing the cost and productivity of using inmate labor versus using temporary highway maintenance workers.

Section 155

**Branch Agent Transaction Rate** — Establishes a \$.92 per transaction compensation rate for contract agents for the issuance of plates and certificates and collection of the highway use tax. This provision further delineates those activities defined as a transaction.

Section 156

**Highway Fund Allocations by Controller** — Requires the DOT Controller to allocate sufficient funds to eliminate all overdrafts on state maintenance and construction projects.



**DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)**

- Section 157**      **Cash Flow Highway Fund and Highway Trust Fund 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 158**      **Highway Fund Limitations on Overexpenditures** — Provides 10% allowance over- or under-expenditures of funds without prior consultation with the Advisory Budget Commission. Requires report to the Joint Legislative Transportation Oversight Committee for over- or under-expenditures greater than 10%. Over-expenditures for the purpose of adding positions shall also be reported.
- Section 159**      **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 Transportation Oversight Committee and the Fiscal Research Division by May 15, 1994.
- Section 160**      **Highway Fund Adjustments to Reflect Actual Revenue** — 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 Transportation Oversight Committee on the use of the reserve.
- Section 161**      **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 162**      **DOT Exemption From General Statutes for Experimental Project-Congestion Management** — Exempts from bidding and contracting laws a project on I-77 in the Charlotte urban area designed to reduce congestion, improve safety, and increase response time and services when accidents occur.
- Section 163**      **DOT to Report on DMV Enforcement Section** — Requires DOT to report to the Joint Legislative Transportation Oversight Committee on efforts to restructure the Enforcement Section of the Division of Motor Vehicles.
- Section 164**      **Disposition of Tax Proceeds From the Highway Trust Fund** — Deposits into the General Fund the interest from the \$170 million transferred from the Highway Trust Fund to the General Fund each year. Since 1989 the interest on the \$170 million had remained in the Trust Fund.
- Section 165**      **DMV Enforcement Efficiency Implementation Report** — Requires DOT to report to the Appropriations Committees on Transportation and the Fiscal Research Division on the implementation of the 1993-94 expansion budget requests for computer equipment, computerized vehicle weighing systems, and the Optical Disk File Storage System.

DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)

- Section 166**      **Major Resurfacing and Maintenance Projects to be in Transportation Improvement Program (TIP)** — Requires DOT to report to the Appropriations Committees on Transportation and the Fiscal Research Division on a plan to include major resurfacing projects and major bridge and highway maintenance projects on the primary system in the Transportation Improvement Program issued pursuant to G.S. 143B-350(f)(4).
- Section 167**      **Piedmont Triad Transportation Study** — Directs the Board of Transportation to allocate \$222,750 in the 1993-94 fiscal year and \$346,500 in the 1994-95 fiscal year for a study of the transportation needs of the Piedmont Triad Area involving the metropolitan planning organizations of High Point, Greensboro, and Winston-Salem. A final report is to be made to the Board of Transportation and the General Assembly by May 31, 1995.
- Section 168**      **State Highway Facilities Naming/Renaming Moratorium** — Requires the Board of Transportation to study the issue of naming or renaming bridges, highways and other facilities on the State highway system. After this study, the Board shall adopt guidelines for the naming or renaming of these entities, and until that time; there shall be a moratorium on the naming or renaming of bridges, highways, and other facilities on the State highway system.
- Section 169.1**      **Secondary Road Funds Eligibility Modification** — Directs DOT to maintain the streets and highways on the state highway system that are in municipalities established since 1989 that are ineligible for Powell Bill funds due to lack of a property tax. The state will also pave the unpaved state roads in these towns according to the paving priorities in each county.
- Section 169.2**      **Joint Legislative Transportation Oversight Committee** — Changes G.S. 120-70.50 by changing the name of the Joint Legislative Highway Oversight Committee to the Joint Legislative Transportation Oversight Committee. Expands the Committee's powers to review all transportation related matters and to oversee the spending of Highway or Highway Trust funds.
- Section 169.3**      **Visitor and Welcome Center Funds** — Provides that \$325,000 for the 1993-94 fiscal year and \$375,000 for the 1994-95 fiscal year shall be transferred from the Special Registration Plate Fund to visitor centers in Camden, Brunswick, Macon, Watauga, and Caswell counties.
- Section 169.4**      **Farm Equipment Dealer Plate Usage** — Allows a dealer who sells, trades, or services farm tractors to use a dealer license plate on a vehicle that is owned by the dealer and used to haul farm tractors or other farm-related equipment.
- Section 169.5**      **Some Temporary Ferry Division Positions Converted to Permanent Full-Time Positions** — Allows the Secretary of Transportation to convert temporary Ferry Division employees to permanent full-time status if they have been working full-time for 24 months. There are 16 positions that this provision could affect.



**DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)**

**Section 224**      **Purchase Transportation Services for Pregnant Women and Children on Medicaid** — Continues the annual \$300,000 appropriation from the General Fund to DOT for the purchase of transportation services for pregnant women and children on Medicaid.

**SENATE BILL 26 (Chapter 561)**

**Section 5**      **Capital Improvements/Highway Fund** — (b) Allows DOT to buy land and to begin the design of a new office complex in Winston-Salem using the proceeds from the sale of land in Rowan County.

(c) Authorizes the use of proceeds from the sale of land in Goldsboro for construction of a maintenance facility in Nashville.

**Section 7**      **Highway Fund Availability Increase** — Increases the beginning credit balance by \$12 million due to over-collections in the Highway Fund primarily from the gasoline tax.

**Section 64**      **DOT to Develop Criteria for Nonbetterment Contributions** — Requires DOT to study the issue of relocating utility lines owned by counties and water and sewer districts. The Department is to develop criteria for state participation in relocating the above based on the district's or county's ability to pay, the per capita income of the population served, and the supporting tax base. DOT is to report on the developed criteria by October 1, 1993, to the Joint Legislative Transportation Oversight Committee.

**Section 65**      **Highway Fund and Highway Trust Fund Small Project Bidding** — Allows the Department of Transportation to select three Small Business Enterprises from which to receive bids on projects of \$300,000 or less. Of these three, the contract would be awarded to the lowest bidder. Waives the bond requirement for contracts awarded under the provision. Requires a report to the Joint Legislative Transportation Oversight Committee on the implementation of this provision.

**Section 66**      **Management Assessment and Compliance Positions Recreated** — Allows DOT to recreate three positions in the Management Assessment and Compliance unit that were abolished by the Appropriations Committee.

**Section 67**      **Reserve for Promotion and Development of International Air Service** — Creates a \$5 million reserve in DOT to acquire, promote and develop international air service to North Carolina.

**Section 68**      **Planning Funds for Replacement Trestle** — Appropriates \$250,000 from the General Fund to plan the replacement of the railroad trestle from Radio Island in Morehead City.

**Section 69**      **Highway 264 Rest Area** — Permits the purchase of land with the Appropriation that was made for this rest area in 1989.

**DEPARTMENT OF TRANSPORTATION (1993 Actions, Continued)**

- Section 70**      **DOT Vehicles Exemption** — Exempts DOT from minimum mileage utilization requirements and requires quarterly reports to the Joint Legislative Commission of Governmental Operations and the Joint Legislative Transportation Oversight Committee.
- Section 71**      **Transportation Oversight Study Diesel Fuel Consumption** — Directs the Joint Legislative Transportation Oversight Committee to study the taxation of diesel fuel in North Carolina versus the fuel tax policy of other South Atlantic states.
- Section 72**      **Global TransPark Zone Infrastructure Funds** — Appropriates \$7.5 million from the General Fund to a trust account for the Global TransPark Development Zone for economic development projects and infrastructure construction projects.

# **SALARIES AND BENEFITS**



## SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE

### A. SALARY INCREASES

- (1) Across-the-Board Salary Increase — The 1993 Session of the General Assembly enacted the following General Fund and Highway Fund appropriations to provide a salary increase effective July 1, 1993 for employees paid from State funds:

	1993-94	1994-95
General Fund	\$112,052,142	\$116,549,560
Highway Fund	7,109,156	7,109,156
<b>TOTAL</b>	<b>\$119,161,298</b>	<b>\$123,658,716</b>

- (2) Compensation Bonus — The 1993 Session of the General Assembly enacted the following General Fund and Highway Fund appropriations to provide a one-time compensation bonus of 1% of the employees' annual salary to be paid in either in December 1993 or June 1994 to all State, university, community college and school system employees. Assistant principals and principals who did not receive a 2% increase as a result of their placement on their new salary schedule will receive the difference between their percentage increase and 2% not to exceed 1%. Teachers will not receive the one-time compensation bonus.

	1993-94
General Fund	\$34,244,460
Highway Fund	3,481,723
<b>TOTAL</b>	<b>\$37,726,183</b>

- (3) Restoration of June 30 Paydate — The 1993 Session of the General Assembly appropriated \$214,200,000 from the General Fund so that State employees, university and community college employees will be paid on June 30, 1994 instead of July 1, 1994 for service rendered in June of 1994.
- (4) State Comprehensive Pay Plan for Employees Whose Salaries are Set in Accordance with the State Personnel Act — The 1993 Session of the General Assembly enacted legislation which establishes a structured program to award salary increases of two percent to employees subject to the State Personnel Act. The Comprehensive Compensation System consists of three components: career growth recognition award, cost of living adjustment, and performance bonus. An employee may receive all three adjustments within a 12-month period, if the employee's performance evaluation equals or exceeds the level of performance required for each component. Available monies to fully fund the components of the plan will be assigned first to the growth recognition award, then to cost-of-living adjustments, and lastly to performance bonuses.

The legislation creates an 11-member Task Force on the Implementation of a Comprehensive Compensation System for State Employees in the Office of the Governor. Its purpose is to develop a plan for moving State employees into the System and to report to the Governor and the General Assembly on that plan before March 1, 1994.

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(1993 Actions, Continued)

The legislation further requires the Office of State Personnel to study the State Personnel System, including employee classifications, salary schedules, pay equity, pay inequities, and placement of employees under the Comprehensive Compensation System in accordance with years of experience. The legislation was effective upon ratification, July 18, 1993, with the portions concerning salary issues being applicable to compensation earned on or after July 1, 1994.

**B. GENERAL SALARY INCREASES**

- (1) Employees Whose Salaries are Set in Accordance with the State Personnel Act — The 1993 Session of the General Assembly authorized a 2% across-the-board salary increase for all State employees whose salaries are set in accordance with the State Personnel Act, effective July 1, 1993.
- (2) Employees Whose Salaries are Not Set in Accordance with the State Personnel Act — The 1993 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 2% across-the-board effective July 1, 1993.
- (3) Employees of the University System Exempt from the State Personnel Act — The 1993 Session authorized funds for an average annual salary increase of 2% effective July 1, 1993, for employees of the University System whose salaries are exempt from the State Personnel Act effective July 1, 1993, to be awarded to individuals based on the rules of the University Board of Governors.
- (4) Community College Institutional Employees — The 1993 Session authorized funds for an average annual salary increase of 2% effective July 1, 1993, for institutional employees of the Community College System effective July 1, 1993.
- (5) Employees of the Public Schools —
  - (a) Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, Evaluators and Program Administrators — The 1993 Session of the General Assembly appropriated funds for a 2% across-the-board salary increase effective July 1, 1993, for superintendents, assistant superintendents, associate superintendents, supervisors, directors, coordinators, evaluators and program administrators.
  - (b) Principals and Assistant Principals — The 1993 Session of the General Assembly appropriated funds to establish a salary schedule for school-based administrators only for principals and assistant principals. The entry level salary for assistant principals is 3% higher than the graduate level teacher with four years of experience. There is approximately 2% between each step of the salary schedule. As the teacher salary schedule increases in future years, the assistant principal's salary schedule will increase maintaining this same relationship. An assistant principal is placed on the schedule based on their total number of years of experience as a certified public school employee. The beginning salary for an assistant principal under the new schedule, when it is fully implemented, will be \$23,710 for a 10 month contract and \$28,452 for a 12 month contract.



**SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE**  
(1993 Actions, Continued)

Placement of the principal salary schedule is based upon three factors. The number of state funded teachers and assistant principals supervised by the principal; the total years of experience as a certified public school employee; and an additional step for each three years of experience as a principal.

Initial placement in 1993-94 for principals and assistant principals on the schedule in 1993-94 is governed by the following rules. If placement would result in less than a 1% increase, the increase will be at least 1%. If placement would result in an increase of greater than 3%, the individual will be placed on the highest grade and step where the salary is not greater than 3%. Additional salary increases that result from promotions during the 1993-94 fiscal year will be limited to a maximum of 3%.

Principals who are moved from a larger to a smaller school are moved on the schedule, as if they had spent their entire career in the smaller school. If the move is to a larger school the same rule applies.

Out-of-state principals who move to North Carolina are assigned to the new schedule based on separate rules set out in this section.

Principals and assistant principals will continue to receive \$126 per month for a six year degree and \$253 per month for a doctoral degree.

The provision in the law that require that superintendents be paid at least 1% more than the highest state paid principal was eliminated. Superintendents previously receiving these payments will continue, as long as they meet the criteria established under the original statute.

The 1993 General Assembly also provided that the Joint Legislative Education Oversight Committee may consider and recommend salary schedules for the other school administrators.

The salary schedule for the 1993-94 fiscal year is as follows:

Step	Asst. Prin.	Prin. I	Prin. II	Prin. III	Prin. IV	Prin. V	Prin. VI	Prin. VII
0	—	—	—	—	—	—	—	—
1	—	—	—	—	—	—	—	—
2	—	—	—	—	—	—	—	—
3	—	—	—	—	—	—	—	—
4	\$2,371	—	—	—	—	—	—	—
5	2,418	—	—	—	—	—	—	—
6	2,466	—	—	—	—	—	—	—
7	2,515	—	—	—	—	—	—	—
8	2,565	\$2,565	—	—	—	—	—	—
9	2,616	2,616	—	—	—	—	—	—
10	2,668	2,668	\$2,721	—	—	—	—	—
11	2,721	2,721	2,775	—	—	—	—	—
12	2,775	2,775	2,831	\$2,888	—	—	—	—
13	2,831	2,831	2,888	2,946	\$3,005	—	—	—
14	2,888	2,888	2,946	3,005	3,065	\$3,126	—	—
15	2,946	2,946	3,005	3,065	3,126	3,189	—	—
16	3,005	3,005	3,065	3,126	3,189	3,253	\$3,318	—
17	3,065	3,065	3,126	3,189	3,253	3,318	3,384	\$3,452

**SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE**  
(1993 Actions, Continued)

Step	Asst. Prin.	Prin. I	Prin. II	Prin. III	Prin. IV	Prin. V	Prin. VI	Prin. VII
18	3,126	3,126	3,189	3,253	3,318	3,384	3,452	3,521
19	3,189	3,189	3,253	3,318	3,384	3,452	3,521	3,591
20	3,253	3,253	3,318	3,384	3,452	3,521	3,591	3,663
21	3,318	3,318	3,384	3,452	3,521	3,591	3,663	3,736
22	3,384	3,384	3,452	3,521	3,591	3,663	3,736	3,811
23	3,452	3,452	3,521	3,591	3,663	3,736	3,811	3,887
24	3,521	3,521	3,591	3,663	3,736	3,811	3,887	3,965
25	3,591	3,591	3,663	3,736	3,811	3,887	3,965	4,044
26	3,663	3,663	3,736	3,811	3,887	3,965	4,044	4,125
27	3,736	3,736	3,811	3,887	3,965	4,044	4,125	4,208
28	3,811	3,811	3,887	3,965	4,044	4,125	4,208	4,292
29	3,887	3,887	3,965	4,044	4,125	4,208	4,292	4,378
30	3,965	3,965	4,044	4,125	4,208	4,292	4,378	4,466
31	4,044	4,044	4,125	4,208	4,292	4,378	4,466	4,555
32	—	4,125	4,208	4,292	4,378	4,466	4,555	4,646
33	—	—	4,292	4,378	4,466	4,555	4,646	4,739
34	—	—	4,378	4,466	4,555	4,646	4,739	4,834
35	—	—	—	4,555	4,646	4,739	4,834	4,931
36	—	—	—	4,646	4,739	4,834	4,931	5,030
37	—	—	—	—	4,834	4,931	5,030	5,131
38	—	—	—	—	—	5,030	5,131	5,234
39	—	—	—	—	—	—	5,234	5,339
40	—	—	—	—	—	—	5,339	5,446
41	—	—	—	—	—	—	—	5,555

**SCHEDULE FOR PLACEMENT**

GRADE	CLASSIFICATION	NUMBER OF TEACHERS SUPERVISED
1	Assistant Principal	
2	Principal I	Less than 11 Teachers
3	Principal II	11-21 Teachers
4	Principal III	22-32 Teachers
5	Principal IV	33-43 Teachers
6	Principal V	44-54 Teachers
7	Principal VI	55-65 Teachers
	Principal VII	More than 65 Teachers.

- (b) Teachers — The 1993 General Assembly appropriated funds equivalent to an average annual salary increase of 3% for teachers effective July 1, 1993. The teacher salary schedule was revised by increasing the beginning salary of the first year teacher with a bachelor's degree to \$20,002 per 10 month school year, and adjusting all the remaining steps on the schedule.

**SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE**  
(1993 Actions, Continued)

The schedule as in previous years is based on years of experience and degrees, with 2% between each step. The schedule increases the payments for advanced degrees to \$126 per month for a six year degree, and \$256 per month for a doctoral degree. The teacher salary schedule is as follows:

**TEACHER SALARY SCHEDULE**  
(Effective July 1, 1993)

<b>"A" TEACHERS</b>		<b>"G" TEACHERS</b>	
<i>Years of Experience</i>	<i>1993-94 Salary</i>	<i>Years of Experience</i>	<i>1993-94 Salary</i>
00	\$2,002	00	\$2,127
01	2,042	01	2,170
02	2,083	02	2,213
03	2,125	03	2,257
04	2,168	04	2,302
05	2,211	05	2,348
06	2,255	06	2,395
07	2,300	07	2,443
08	2,346	08	2,492
09	2,393	09	2,542
10	2,441	10	2,593
11	2,490	11	2,645
12	2,540	12	2,698
13	2,591	13	2,752
14	2,643	14	2,807
15	2,696	15	2,863
16	2,750	16	2,920
17	2,805	17	2,978
18	2,861	18	3,038
19	2,918	19	3,099
20	2,976	20	3,161
21	3,036	21	3,224
22	3,097	22	3,288
23	3,159	23	3,354
24	3,222	24	3,421
25	3,286	25	3,489
26	3,352	26	3,559
27	3,419	27	3,630
28	3,487	28	3,703
29 +	3,557	29 +	3,777

**SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE**  
(1993 Actions, Continued)

TEACHERS AT SIX-YEAR DEGREE LEVEL		TEACHERS AT DOCTORAL DEGREE LEVEL	
Years of Experience	1993-94 Salary	Years of Experience	1993-94 Salary
00	\$2,253	00	\$2,380
01	2,296	01	2,423
02	2,339	02	2,466
03	2,383	03	2,510
04	2,428	04	2,555
05	2,474	05	2,601
06	2,521	06	2,648
07	2,569	07	2,696
08	2,618	08	2,745
09	2,668	09	2,795
10	2,719	10	2,846
11	2,771	11	2,898
12	2,824	12	2,951
13	2,878	13	3,005
14	2,933	14	3,060
15	2,989	15	3,116
16	3,046	16	3,173
17	3,104	17	3,231
18	3,164	18	3,291
19	3,225	19	3,352
20	3,287	20	3,414
21	3,350	21	3,477
22	3,414	22	3,541
23	3,480	23	3,607
24	3,547	24	3,674
25	3,615	25	3,742
26	3,685	26	3,812
27	3,756	27	3,883
28	3,829	28	3,956
29 +	3,903	29 +	4,030

- (c) Noncertified Employees Except School Bus Drivers — The 1993 Session authorized funds for a 2% across-the-board salary increase effective July 1, 1993, for non-certified employees of the public schools except school bus drivers. The General Assembly also requires that by the 1995-96 school year, local boards of education place state-allotted office support personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the State Board of Education. The average salary paid to each category must equal the state allotted amount. The average salary paid in 1993-94 in each category must be 2% higher than the average salary paid in that category during 1992-93. The State Board of Education must report on the implementation of this provision to the General Assembly in 1994 and 1995.
- (d) School Bus Drivers — The 1993 Session appropriated funds so that the pay rates adopted by local boards of education for school bus drivers for the 1993-94 year could be increased by 2% on or after July 1, 1993.

**SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE**  
(1993 Actions, Continued)

**C. SPECIFIED SALARY INCREASES**

- (1) Legislators — Beginning with the 1995 General Assembly, legislators will receive the following annual salaries by action of the 1993 Session of the General Assembly, which reflect the same 2% annual salary increase authorized for state employees by the 1993 Session.

<b>Legislator</b>	<b>New Salary</b>
House Speaker	\$36,334
Senate President Pro Tempore	36,334
House Speaker Pro Tempore	20,704
Senate Deputy President Pro Tempore	20,704
House & Senate Majority Leaders	16,236
House & Senate Minority Leaders	16,236
Other Legislators	13,287

Even with the increases in legislative salaries authorized by the 1993 Session for members in 1995, North Carolina still has the distinction of having among the lowest paid legislators in the nation.

- (2) Governor — The 1993 Session of the General Assembly authorized a 2% salary increase for the Governor from \$91,938 to \$93,777 effective July 1, 1993.
- (3) Judicial Personnel — The 1993 Session provided a 2% salary increase for the following officials of the Judicial Department, effective July 1, 1993. These new annual salaries are:

<b>Officials</b>	<b>New Salary 1993-94</b>
Chief Justice, Supreme Court	\$93,777
Associate Justice, Supreme Court	91,855
Chief Judge, Court of Appeals	88,930
Judge, Court of Appeals Judge, Senior	86,996
Regular Resident Superior Court	79,823
Judge, Superior Court	77,289
Chief Judge, District Court	68,256
Judge, District Court	65,674
District Attorney	71,965
Assistant District Attorney — An average of	46,738
Administrative Officer of the Courts	79,823
Assistant Administrative Officer of the Courts	65,160
Public Defender	71,965
Assistant Public Defender — An average of	46,738
<b>Superior Court Clerks</b>	<b>New Salary 1993-94</b>
Less than 100,000 population	\$48,391
100,000 to 149,999 population	54,621
150,000 to 249,999 population	62,247
250,000 and above population	68,256

**SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE**  
(1993 Actions, Continued)

In addition to providing a 2% across-the-board increase, the 1993 General Assembly changed the salary schedule for court clerks by increasing the population categories from three to four. By increasing these population categories, four Clerks were authorized to receive an additional \$7,626 annual salary increase and five Clerks were authorized to receive an additional \$6,009 annual salary increase.

<b>Assistant Superior Court Clerks</b>	<b>New Salary 1993-94</b>
Minimum	\$20,712
Maximum	35,967

<b>Deputy Superior Court Clerks</b>	<b>New Salary 1993-94</b>
Minimum	\$16,560
Maximum	27,705

The 1993 General Assembly increased the minimum annual salary for Deputy Clerks by 2% and the maximum annual salary for Assistant and Deputy Clerks by 2%, and provided that only those at the maximum of the salary schedule would receive the 2% increase. All other Assistant and Deputy Clerk will receive an annual step increase in the salary schedule.

<b>Magistrates</b>	<b>New Salary 1993-94</b>
Less than 1 year's service	\$17,399
1 or more but less than 3 years' service	18,293
3 or more but less than 5 years' service	20,092
5 or more but less than 7 years' service	22,075
7 or more but less than 9 years' service	24,290
9 or more but less than 11 years' service	26,702
11 or more years' service	29,333

- (4) Council of State — The 1993 Session of the General Assembly provided a 2% across-the-board salary increase for members of the Council of State effective July 1, 1993. These new annual salaries are:

<b>Council of State</b>	<b>New Salary 1993-94</b>
Lieutenant Governor	\$77,289
Attorney General	77,289
Secretary of State	77,289
State Treasurer	77,289
State Auditor	77,289
Superintendent of Public Instruction	77,289
Agriculture Commissioner	77,289
Insurance Commissioner	77,289
Labor Commissioner	77,289

**SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE**  
(1993 Actions, Continued)

- (5) Governor's Cabinet — The 1993 Session of the General Assembly authorized a 2% across-the-board salary increase for members of the Governor's Cabinet, effective July 1, 1993, as follows:

<b>Cabinet</b>	<b>New Salary 1993-94</b>
Administration Secretary	\$77,289
Commerce Secretary	77,289
Correction Secretary	77,289
Crime Control Secretary	77,289
Cultural Resources Secretary	77,289
Human Resources Secretary	77,289
Environment, Health and Natural Resources Secretary	77,289
Revenue Secretary	77,289
Transportation Secretary	77,289

- (6) Certain Executive Officers — Based upon the Separation of Powers Act of 1983, as amended, the new annual salaries, effective July 1, 1993, for certain executive officials are as follows, which include the 2% annual salary increase authorized by the 1993 Session of the General Assembly:

<b>Officials</b>	<b>New Salary 1993-94</b>
State Controller	\$120,301
Chairman, Alcoholic Beverage Control Commission	74,389
Commissioner of Motor Vehicles	74,389
Commissioner of Banks	74,389
Chairman, Employment Security Commission	74,389
State Personnel Director	77,289
Chairman, Parole Commission	67,926
Members of the Parole Commission	62,712
Chairman, Industrial Commission	66,837
Members of the Industrial Commission	65,209
Executive Director, Agency for Public Telecommunications	62,712
General Manager, Ports Railway Commission	56,628
Executive Director, Art Museum	76,225
Executive Director, Wildlife Resources Commission	64,205
Executive Director, Housing Finance Agency	92,063
Executive Director, Agricultural Finance Authority	72,406
Director, Office of Administrative Hearings	65,674

- (7) Salary Increases for Legislative Principal Clerks, Sergeants-at-Arms, and Reading Clerks — The annual salaries of the Principal Clerks in the House of Representatives and Senate were increased by 2% to \$47,620 effective July 1, 1993. Likewise, the salaries of the Sergeants-at-Arms and Reading Clerks in the House of Representatives and Senate were increased to \$223 per week effective July 1, 1993.

**SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE**  
(1993 Actions, Continued)

- D. Salary Increase Funds to Local Governments — At a General Fund cost of an additional \$5,581,668 for 1993-94, the 1993 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 1993-94.
- E. Wage Floor for the Lowest Paid State Employees — The 1993 General Assembly raised the hiring rate of Salary Grade 50 to \$12,877, Salary Grade 51 to \$12,977, and Salary Grade 52 to \$13,079, effective July 1, 1993.



## **BENEFIT CHANGES FOR STATE AND LOCAL PERSONNEL**

### **CONVERT EXCESS ANNUAL LEAVE TO SICK LEAVE**

The 1993 Session of the General Assembly allowed all school employees and State employees to convert any excess annual vacation leave over 240 hours or 30 days as of June 30th of each year for school employees and December 31st of each year for State employees to sick leave. This additional sick leave can be used for salary continuation purposes if needed or, if not used, can be used to increase the creditable service at retirement by one month for each 20 days or portion thereof. The maximum number of sick leave days that can be added at retirement is 12 days for each year the member has contributed to the system.

### **SICK LEAVE BANKS**

The 1993 Session of the General Assembly directed the State Board of Education to adopt rules for the establishment of sick leave banks for school employees by local boards of education effective January 1, 1994. Employees who elect to join and deposit sick leave would be eligible to withdraw leave after exhaustion of personal sick and annual leave in the event of emergency or catastrophic illness or accident. The appropriation was \$1 million for 1993-94 and \$1 million for 1994-95.

### **LEAVE FOR NON-CERTIFIED SCHOOL PERSONNEL**

The 1993 Session of the General Assembly permitted teacher assistants and other instructional personnel who do not require a substitute to use annual leave when the students are scheduled to be in school.

### **ROLL-OVERS TO 401(K) PLAN**

The 1993 Session of the General Assembly clarified the law that would allow the Department of State Treasurer and the Board of Trustees of the Supplemental Retirement Income Plan to accept funds transferred from other qualified plans to the Supplemental Retirement Income Plan if the other qualified plan allows for transfers and the transfer will not jeopardize the qualified status of our plan. Since 1989, when State income tax laws were changed, allowing transfers will not have adverse tax consequences to the State.

### **FICA SAVING TO BE USED FOR ADMINISTRATIVE CHARGES**

The 1993 Session of the General Assembly continued to allow the Director of the Budget to use savings, through December 31, 1994, 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.

### **EFFECTIVE DATE OF HIGHER DEATH BENEFIT CHANGES**

The 1993 Session of the General Assembly changed the effective date of the death benefit changes enacted in 1988 from August 1, 1988 to the date of ratification which was July 12, 1998. This date change resulted in a higher death benefit payable to 16 beneficiaries of teachers and state employees who died between these dates at a one-time cost of \$186,000 to be paid from the Death Benefit Plan.

### EXPENSE ALLOWANCES INCREASED FOR LEGISLATORS

Effective upon the convening of the 1995 Session of the General Assembly, the monthly expense allowances will be increased for legislators. The new allowances will be:

Legislators	Monthly Expense
House Speaker	\$1,346
Senate President Pro Tempore	1,346
House Speaker Pro Tempore	796
Senate Deputy President Pro Tempore	796
House & Senate Majority Leaders	634
House & Senate Minority Leaders	634
Other Legislators	532

The increased expense allowances generally reflect a 2% increase in rates over the ones authorized for the 1993 Session of the General Assembly. Such an increase was in keeping with established State policy that legislators should be compensated with percentage salary and expense increases equal to salary increases authorized for employees of the State, which increased 2% for 1993-94 by action of the 1993 General Assembly.

### MILEAGE RATE INCREASED

Effective August 1, 1993, the 1993 General Assembly increased the mileage rate for State employees using private automobiles from 25¢ to the business standard mileage rate set by the Internal Revenue Service which presently is 28¢ per mile. Also, effective upon the convening of the 1995 Session of the General Assembly the mileage rate for weekly round-trips from residence to Raleigh for legislators will be increased to the business standard mileage rate set by the Internal Revenue Service which presently is 28¢ per mile.

## RETIREMENT AND PENSION CHANGES FOR STATE AND LOCAL PERSONNEL

### A. CURRENTLY-EMPLOYED EMPLOYEES

- (1) Benefit Accrual Rate Increased — Effective July 1, 1993, the benefit accrual rate, or retirement formula, was increased in the Teachers' and State Employees' Retirement System from 1.70% to 1.71% of average final compensation per year of creditable service. The effect of this increase will be to increase the annual retirement allowance of all employees who retire on and after July 1, 1993 by 0.6%. The General Assembly funded the increase with an additional appropriation and with unencumbered actuarial gains within the System, as of December 31, 1991. The increase cost some \$9.5 million annually from the General Fund and \$810,000 from the Highway Fund for active employees.
- (2) Additional Employer Contributions to the University Employee Optional Retirement Program — The 1993 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 6.46% to 6.50% of an employee's compensation, effective July 1, 1993. Such a change was made at a cost to the General Fund of some \$102,000 for 1993-94 to be financed out of existing appropriations to the University System.
- (3) Additional Employer Contributions to the Teachers' and State Employees' Retirement System — The 1993 Session of the General Assembly increased the State's employer contribution rate for the Teachers' and State Employees' Retirement System from 8.35% to 8.38% of total employees' compensation, effective July 1, 1993. This additional contribution was needed in addition to actuarial gains within the System, as of December 31, 1991. Such a change was made at an annual cost for 1993-94 of some \$1,316,400 from the General Fund and \$113,000 from the Highway Fund.
- (4) Convert Excess Annual Leave to Sick Leave — The 1993 Session of the General Assembly allowed all school employees and State employees to convert any excess annual vacation leave over 240 hours or 30 days as of June 30th of each year for school employees and December 31st of each year for State employees to sick leave. This additional sick leave can be used for salary continuation purposes if needed or, if not used, can be used to increase the creditable service at retirement by one month for each 20 days or portion thereof. The maximum number of sick leave days that can be added at retirement is 12 days for each year the member has contributed to the system. The General Assembly funded this conversion of leave with an additional appropriation and with actuarial gains within the System, as of December 31, 1991 at an annual cost of some \$7.9 million from the General Fund and \$675,000 from the Highway Fund.
- (5) Guaranteed Return of Member's Contributions — The 1993 Session of the General Assembly provided that in the event of the death of the retiree and/or the designed beneficiary, regardless of which option is selected, any remaining contributions and interest of retirees, will be paid to a named beneficiary. These changes eliminated some options and modified some other options available to retirees on or after July 1, 1993.

## RETIREMENT AND PENSION CHANGES FOR STATE AND LOCAL PERSONNEL

(1993 Actions, Continued)

The General Assembly funded the guaranteed return of contributions with an additional appropriation and with actuarial gains within the System, as of December 31, 1991 at an annual cost of some \$4.8 million from the General Fund and \$413,000 from the Highway Fund.

- (6) Retirement Contributions Reduced to the Consolidated Judicial Retirement System — The 1993 Session of the General Assembly reduced the employer contribution rate to the Consolidated Judicial Retirement System effective July 1, 1993 by 1.2% of covered salary. The rate reduction reduced the General Fund appropriation by \$352,800.
- (7) Legislator's Service Purchase — The 1993 Session of the General Assembly allowed any active or retired member of the Legislative Retirement System who served during January 1985 to purchase this one month of service. Contributions were not made to the Retirement System for this month due to delaying the convening of the 1985 Session until February. The General Fund cost to allow this benefit is \$27,200.
- (8) Firemen's and Rescue Squad Workers' Pension Fund — The 1993 Session of the General Assembly allowed members of the Firemen's and Rescue Squad Workers' Pension Fund to purchase any service for which they do not have credit by paying the "full actuarial" cost.

### 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, 1993, 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, 1992. In addition, beneficiaries who retired after July 1, 1992, and before June 30, 1993, were authorized an increase in their retirement allowances on July 1, 1993, equal to a pro-rated amount of the 1.6% increase provided to those who retired on or before July 1, 1992. 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 1992-93. 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, 1991: Teachers' and State Employees' - \$11.8 million annually from the General Fund and \$1 million annually from the Highway Fund; Consolidated Judicial - \$106,000 annually; and Local Governmental Employees' - \$2.1 million annually.

## RETIREMENT AND PENSION CHANGES FOR STATE AND LOCAL PERSONNEL

(1993 Actions, Continued)

- (2) Cost-of-Living Adjustment in Retirement Allowances for Retired Legislators — Effective July 1, 1993, 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, 1993, comparable to the same type of increases granted to retired beneficiaries of the Teachers' and State Employees' Retirement System. In addition, beneficiaries who retired after January 1, 1993, and before June 30, 1993, were authorized an increase in their retirement allowances on July 1, 1993, equal to a pro-rated amount of the 1.6% increase provided to those who retired on or before January 1, 1993. The increase was granted at an annual cost of \$24,000.
- (3) Additional Increase in Retirement Allowances for Retired Teachers and State Employees Corresponding to an Increase in the Benefit Accrual Rate — Effective July 1, 1993, retired beneficiaries of the Teachers' and State Employees' Retirement System had their retirement allowances increased by 0.6% to reflect the increase in the benefit accrual rate for currently-employed employees to 1.71% which was authorized by the 1993 General Assembly, effective July 1, 1993. This additional retirement allowance increase was funded out of unencumbered actuarial gains available to the Retirement System as of December 31, 1991, at an annual cost of \$4.6 million from the General Fund and \$391,000 from the Highway Fund.

## STATE EMPLOYEE HEALTH BENEFIT CHANGES

STATUTORY AUTHORITY: *General Statutes, Chapter 135, Article 3*

- A. Plan Financing: Based upon the financial projections of the Teachers' and State Employees' Comprehensive Major Medical Plan that the basic self-insured program of benefits would have cash balances of over \$192 million beginning fiscal year 1993-94, over \$210 million beginning fiscal year 1994-95, and almost \$135 million beginning fiscal year 1995-96, no additional funding was provided to the Plan for the 1993-95 biennium. The Plan's Executive Administrator attributed the Plan's favorable financial experience to: (1) a higher than necessary claims projection by the Plan's former consulting actuaries, William M. Mercer, Inc., whose contract with the Plan terminated September 30, 1993; (2) Plan benefit changes enacted by the 1991 Session of the General Assembly had a greater impact on claim costs than was projected; and (3) the general downturn in economic conditions, coupled with no employee pay increases for 1991 and very limited pay increases for state employees in 1992, had a dampening effect on the utilization of medical services.

Consequently, the basic self-insured program of health benefits that covers more than 85% of the Plan's total participants is not projected to have a premium increase any time before October, 1995. Not since October, 1991, will the basic self-insured program experience a premium increase based upon the Plan's projections. However, for the some 15% of the Plan's participants who have alternative prepaid HMO health benefit coverage, premium amounts paid by employees and retired employees are expected to increase, effective October 1, 1993, 10%-40% for those enrolled by Kaiser Permanente, 14%-72% for those enrolled by PruCare of Charlotte, 15%-91% for those enrolled by Partners National Health Plan; 4%-25% for those enrolled by Physicians Health Plan; 2%-6% for those enrolled by Carolina Physicians Health Plan; and 6%-29% for those enrolled by Maxicare. The premium increases by HMOs are in addition to the some \$1.7 million subsidy to HMOs by participants enrolled in the basic self-insured program because of HMOs' "enrollment of younger, better-risk members" as reported by the Plan's Executive Administrator. Furthermore, some of the HMOs are expected to reduce benefits, effective October 1, 1993, by increasing member copayments, by adding member copayments, and by reducing the number of covered visits.

B. Basic Plan Changes:

- (1) **Non-Contributory Premiums for UNC Public School Principal Fellow Leaves**: Effective July 1, 1993, the 1993 Session of the General Assembly directed that employees on official leaves of absence while completing a full-time program of public school administration be allowed to continue their health benefits on a non-contributory rather than a contributory basis. Such programs involve the Principal Fellows Program, a two-year scholarship loan program administered in conjunction with the University of North Carolina's State Educational Assistance Authority. Up to 50 scholarship loans may be first granted for 1994-95.
- (2) **Direct Benefit Payments to State, County, and Municipal Agencies Providing Services**: The 1993 Session of the General Assembly directed the Plan to make its benefit payments directly to state, county, or municipal agencies providing health care services covered by the Plan on and after October 1, 1993.

**STATE EMPLOYEE HEALTH BENEFIT CHANGES (1993 Actions, Continued)**

- (3) **Uniform Provider Claim Forms:** Effective January 1, 1994, the Plan will be required to use uniform claim forms or formats developed by the Department of Insurance for all claims submitted by health care providers whose services are covered by the Plan. In addition, all denied claims for provider services require written notification of such denial to both the provider of the services and the Plan members for whom the services were rendered.
- (4) **Services by Allied Mental Health Professionals Employed by Any Licensed Physician Covered:** Effective January 1, 1993, the 1993 Session of the General Assembly covered the mental health services of psychiatric nurses, social workers, and masters-degree psychological associates under the direct employment and supervision of any licensed physician or certified doctor of psychology. Prior to this change, such allied mental health services were covered by the Plan only when the professionals were in the direct employment of a licensed psychiatrist or certified doctor of psychology.
- (5) **Direct Benefit Payments to Psychiatric Nurses and Certified Clinical Social Workers Providing Services:** The 1993 Session of the General Assembly directed the Plan to reimburse certified clinical social workers and psychiatric nurses for covered mental health and chemical dependency services without requiring such professionals to be under the direct employment and supervision of a licensed physician or doctor of psychology. The change was made effective October 1, 1993.
- (6) **Direct Benefit Payments to Advanced Practice Registered Nurses:** Effective October 1, 1993, licensed or certified registered nurse practitioners, nurse midwives, and psychiatric and mental health nurses were directed by the 1993 General Assembly to be reimbursed directly by the Plan for covered services without requiring certification by an attending physician, provided the service is performed within the nurse's lawful scope of practice and when the service is not performed while the nurse is a regular employee of a licensed physician, hospital, skilled nursing facility, intermediate care facility, or a home health care agency.
- (7) **Preferred Providers of Institutional and Professional Medical Care and Services Exempted from State Statutes Governing State Departments, Institutions and Commissions:** Effective July 1, 1993, the Teachers' and State Employees' Comprehensive Major Medical Plan's preferred provider contracts for institutional and professional medical care and services were exempted from the State's Executive Budget Act, Purchase and Contract laws, Public Contract laws, Tort Claims Act, Public Meeting laws, and all other provisions of Chapter 143 of the North Carolina General Statutes. However, the exemption was not made applicable to any such contract litigation or administrative proceedings in progress before July 1, 1993. In addition, all hospitals are to have an opportunity to contract with the Plan on a preferred provider basis if they meet contract requirements. The Plan was further directed to implement a diagnostic-related grouping (DRG) or a refined diagnostic-related grouping (RDRG) reimbursement system for hospitals in lieu of a hospital preferred provider network by January 1, 1995.





# **CAPITAL IMPROVEMENTS**



**CAPITAL IMPROVEMENTS  
(Excluding Bonds)**

	<i>General Fund</i>	<i>Highway Fund</i>	<i>Federal Funds</i>	<i>Local/ Other</i>	<i>Authority</i>
<b>ADMINISTRATION</b>					
1. Old Education and Revenue Buildings- Planning Reserve for Repairs/ Renovations	1,000,000				Ch. 561
2. State Veterans' Cemetery - Fort Bragg	468,400		751,100		Ch. 561
3. State Share - Reserve for Veterans' Home	3,000,000				Ch. 561
4. GPAC Prison Facility Consolidation - Planning and Design	2,000,000				Ch. 561
5. Western Government Center - Planning and Design	1,000,000				Ch. 561
6. Indian Cultural Center - Purchase of Land/ Redesign of Center for site specific	750,00				Ch. 561
7. Government Mall Complex Supplement	150,000				Ch. 561
8. Public Telecommunications - Upgrade Satellite System	314,000				Ch. 561
<b>TOTAL</b>	<b>8,682,400</b>	<b>—</b>	<b>751,100</b>	<b>—</b>	
<b>AGRICULTURE</b>					
1. Medical Waste Incinerators - Animal Labs	712,900				Ch. 561
2. Pesticide Storage Buildings - Research Stations and Farms	399,200				Ch. 561
3. Shop and Equipment Storage Facility - Upper Mountain Research Station	-			323,300	Ch. 561
4. Dairy Milking Parlor - Umstead Research Station	-			213,000	Ch. 561

	<i>General Fund</i>	<i>Highway Fund</i>	<i>Federal Funds</i>	<i>Local/ Other</i>	<i>Authority</i>
<b>AGRICULTURE (Continued)</b>					
5. Shop/Storage - Horticultural Crops Research Station	-				
6. Western Agricultural Center - Covered Show Ring/ Parking Area/ Construction of Restrooms and Showers and Development of N. C. Mountain Fair	2,580,000			168,900	Ch. 561
7. Tidewater Research Station - Greenhouse and Headhouse Construction	500,000				Ch. 561
8. Southeastern Farmers' Market and Agricultural Center - Development	2,500,000				Ch. 561
9. Western Farmers' Market Truck Shed, Wholesale Buildings and WNCDA Office on State Property Site Development	697,415				Ch. 561
10. Triad Farmers Market - Development	4,400,000				Ch. 561
11. Eastern N. C. Agricultural Center Development	3,400,000				Ch. 561
12. Livestock Facility Planning	50,000				Ch. 561
<b>TOTAL</b>	<b>15,239,515</b>	-	-	<b>705,200</b>	
<b>COMMUNITY COLLEGES</b>					
1. Regional Truck Driver Training Facility	50,000				Ch. 561
<b>TOTAL</b>	<b>50,000</b>	-	-	-	
<b>CORRECTION</b>					
1. Odom Correctional Center - Dayrooms	381,500				Ch. 561
2. Water/Wastewater Improvements	1,000,000				Ch. 561
<b>TOTAL</b>	<b>1,381,500</b>	-	-	-	

	<i>General Fund</i>	<i>Highway Fund</i>	<i>Federal Funds</i>	<i>Local/ Other</i>	<i>Authority</i>
<b>CRIME CONTROL AND PUBLIC SAFETY</b>					
1. National Guard Armory Replacement - Kinston	524,700		2,848,300	524,700	Ch. 561
2. National Guard - Aerial Reserve Equipment for Emergency Support Missions	275,000				Ch. 561
3. National Guard - Underground Storage Tanks Removal	71,400				Ch. 561
4. Highway Patrol - Replacement of Underground Storage Tanks		350,000			Ch. 561
<b>TOTAL</b>	<b>871,100</b>	<b>350,000</b>	<b>2,848,300</b>	<b>524,700</b>	
<b>CULTURAL RESOURCES</b>					
1. Museum of History - Core Exhibition Design and Construction	5,424,100				Ch. 561
2. Museum of the Albemarle - Complete Design	1,000,000				Ch. 561
3. State Historic Sites:					
a) Somerset Place, Washington County Development	300,000				Ch. 561
b) Elizabeth II - Master Plan Implementation Design	250,000				Ch. 561
<b>TOTAL</b>	<b>6,974,100</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>ENVIRONMENT, HEALTH, AND NATURAL RESOURCES</b>					
1. State Parks - Reserve for Construction Projects for Health, Safety, Access Improvements and Land Acquisition	2,100,000				Ch. 561
2. Small Watershed Grants	1,180,000				Ch. 561
3. Solid Waste Grants	500,000				Ch. 561

	<i>General Fund</i>	<i>Highway Fund</i>	<i>Federal Funds</i>	<i>Local/ Other</i>	<i>Authority</i>
<b>ENVIRONMENT, HEALTH AND NATURAL RESOURCES (Continued)</b>					
4. Forestry - District and County Headquarters Buildings/Equipment Sheds (Scotland, Henderson, Mitchell, Graham, Wayne, Davidson and Fayetteville)	1,448,100				Ch. 561
5. Water Resources (Civil Works) - Reserve for Planning, Construction Projects, Operations and Maintenance Projects and Feasibility Studies	7,908,000				Ch. 561
6. Geological Survey Repository - Core Sample Storage Addition	434,600				Ch. 561
7. Partnership for the Sounds	846,000				Ch. 561
8. Aquariums Expansion - Planning	250,000				Ch. 561
<b>TOTAL</b>	<b>14,666,700</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>HUMAN RESOURCES</b>					
1. Reserve - Life Safety/Certification Improvements	1,000,000				Ch. 561
2. Dix Hospital - Male Wing Completion	1,457,300				Ch. 561
3. Eastern N. C. School for Deaf - Student Activity/Recreation Complex-Design	250,000				Ch. 561
4. Umstead Hospital: Sewer Plant Upgrade Design	250,000				Ch. 561
<b>TOTAL</b>	<b>2,957,300</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>JUSTICE</b>					
1. Justice Academy - B Dorm Repairs and Equipment				321,800	Ch. 561
2. SBI Lab - New Construction	18,600,000				Ch. 561
<b>TOTAL</b>	<b>18,600,000</b>	<b>—</b>	<b>—</b>	<b>321,800</b>	

	<i>General Fund</i>	<i>Highway Fund</i>	<i>Federal Funds</i>	<i>Local/ Other</i>	<i>Authority</i>
<b>STATE BUDGET AND MANAGEMENT</b>					
1. Planning Funds - Replacement of Morehead Trestle (N. C. Ports Railway Commission)	250,000				Ch. 561
2. State Telecommunications System Network Development	4,100,000				Ch. 561
<b>TOTAL</b>	<b>4,350,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>TRANSPORTATION</b>					
1. Upgrade Facilities to meet ADA standards		1,678,600			Ch. 561
2. Highway Building, Raleigh					
a) Replace two elevators		350,500			Ch. 561
b) Renovations		400,000			Ch. 561
3. Acquire 20 acres of land in Garner for DOT Warehouse		250,000			Ch. 561
4. Division of Highways:					
a) Statewide - Replace roofs		391,000			Ch. 561
b) Town of Union - Construct Traffic Control Facility		818,000			Ch. 561
c) Sylva - Design Roadside Environmental Facility		31,000			Ch. 561
d) Sandy Ridge - Construct Equipment Shop		717,000			Ch. 561
e) Nashville - Construct Maintenance Facility		546,000		222,000	Ch. 561
f) Creswell - Construct Equipment Repair Shop		739,000			Ch. 561
g) Spindale - Construct Equipment Shop		747,000			Ch. 561
5. Division of Motor Vehicles					
a) Statewide - Replace roofs		76,100			Ch. 561
b) Resurface Parking Lots at 6 locations		120,900			Ch. 561



**TRANSPORTATION (Continued)**

**Division of Motor Vehicles (Continued)**

c) Renovate DMV Offices:

- (1) Durham
- (2) Salisbury
- (3) Raleigh

<i>General Fund</i>	<i>Highway Fund</i>	<i>Federal Funds</i>	<i>Local/ Other</i>	<i>Authority</i>
	197,000			Ch. 561
	197,000			Ch. 561
	1,677,000			Ch. 561
<hr/>	<hr/>	<hr/>	<hr/>	
—	8,936,100	—	222,000	

**TOTAL**

**UNIVERSITY - BOARD OF GOVERNORS**

1. North Carolina State University				
a) Centennial Center State Match	5,000,000			
b) Renovations and Equipment for Dearstyne and Ricks Hall	200,000			Ch. 561
c) Additional Parking for the Engineering Graduate Research Center				Ch. 561
d) Residence Halls Bathroom Renovations			1,746,300	Ch. 451
e) Barrier Removal Projects			1,782,400	Ch. 451
f) Acquisition, Renovation, and Re-furbishment of the Mission Valley Inn for Student Housing and Office Space			3,000,000	Ch. 451
g) Agricultural Program - Horticultural Crops Research Station at Fletcher	258,000		15,000,000	Ch. 451
2. University of North Carolina at Chapel Hill				Ch. 561
a) Renovations to Terrell Building	400,000			
b) Modernization of Laboratories, Institute of Marine Sciences				Ch. 561
c) New Radio station for WUNC-FM			2,232,100	Ch. 451
			1,366,300	Ch. 451



	<i>General Fund</i>	<i>Highway Fund</i>	<i>Federal Funds</i>	<i>Local/ Other</i>	<i>Authority</i>
<b>UNIVERSITY - BOARD OF GOVERNORS (Continued)</b>					
3. School of the Arts					
a) Education Building for Film School	7,900,000				Ch. 561
4. University of North Carolina at Asheville					
a) Land Purchase	2,000,000				Ch. 561
University of North Carolina at Greensboro					
a) Student Housing, Phase II				9,058,300	Ch. 451
b) Residence Halls Renovations				2,013,100	Ch. 451
c) McIver Street Parking Deck				5,708,600	Ch. 451
5. North Carolina Arboretum					
a) Development	2,000,000				Ch. 561
6. North Carolina Central University					
a) Biology and Biomedical Center	4,200,000				Ch. 561
7. University of North Carolina - Public Television					
a) Tower, Stokes County	1,006,175				Ch. 561
8. East Carolina University					
a) Renovation of Minges Coliseum	2,500,000			9,227,600	Ch. 561/ 451
b) Fiber Optic Network - East Campus				13,109,300	Ch. 451
9. North Carolina Agricultural and Technical State University					
a) Manufacturing and Education Center	3,500,000				Ch. 561
(b) Fitness and Wellness Center				5,269,600	Ch. 451
10. Winston-Salem State University					
a) Research Parks	3,026,000				Ch. 561
Appalachian State University					
a) Concrete Repairs in Brewer Stadium				1,227,900	Ch. 451
b) Renovation and Refurbishment of Cafeteria in Welborn Hall				2,926,900	Ch. 451

	General Fund	Highway Fund	Federal Funds	Local/ Other	Authority
<b>UNIVERSITY — BOARD OF GOVERNORS (Continued)</b>					
University Hospitals at Chapel Hill					
a) Women's Hospital, Children's Hospital and Support Space Advance Planning and Design					
Board of Governors				5,758,066	Ch. 451
a) Advance Planning	3,250,000				Ch. 561
<b>TOTAL - UNIVERSITY</b>	<b>35,240,175</b>	<b>—</b>	<b>—</b>	<b>79,426,466</b>	
<b>TOTAL - DIRECT APPROPRIATIONS</b>	<b>\$109,012,790</b>	<b>\$9,286,100</b>	<b>\$3,599,400</b>	<b>\$81,200,166</b>	
<b>REPAIRS AND RENOVATIONS RESERVE</b>					
1. Office of State Budget and Management	25,650,000	—	—	—	
2. Board of Governors	31,350,000	—	—	—	
<b>GRAND TOTAL</b>	<b>\$166,012,790</b>	<b>\$9,286,100</b>	<b>\$3,599,400</b>	<b>\$81,200,166</b>	

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## SENATE BILL 26

## ADMINISTRATION

### Section 31

**State Veterans Home** — (a) States intent that no State funds will be appropriated to support operating cost of facility;  
(b) States intent that no additional State funds will be appropriated for construction of this facility which must have at least 150 beds capacity.

## **ADMINISTRATION (Continued)**

- Section 33**      **Indian Cultural Center** — Allows use of up to \$50,000 by the North Carolina Indian Cultural Center, Inc. for administrative and operating expenses. Balance of funds are to be used for land purchase, an environmental study and design if necessary.
- Section 34**      **Old Education and Old Revenue Buildings Renovation Report** — Requires Office of State Construction to report to the Joint Legislative Commission on Governmental Operations by October 1, 1993, the extent to which renovations are necessary for occupancy.

## **CULTURAL RESOURCES**

- Section 35**      **Museum of the Albemarle** — Allows use of funds for land purchase in downtown Elizabeth City if necessary, for facility location and for design and construction.
- Section 38**      **Somerset Place Funds/Memorial** — Requires \$2,000 be allocated to provide an appropriate memorial at site.

## **ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**

- Section 23**      **Local Water/Sewer Funds** — Allows transfer, not to exceed \$6,800,000, from the 1993-94 appropriation for Local Government Shared Revenue to the Clean Water Revolving Loan and Grant Fund for the purpose of matching federal funds if the "Education, Clean Water and Parks Bond Act" is not approved by the majority of qualified voters during November, 1993.
- Section 107**      **Water Resources Development Project Funds** — Identifies civil works projects and their anticipated costs as follows: (1) Wilmington Harbor Deepening study, \$612,000; (2) Morehead City Harbor Deepening, \$3,825,000; (3) Jordan Lake Water Supply Repayment, \$130,000; (4) Wilmington Harbor Ocean Bar Deepening, \$1,016,000; (5) Aquatic Plant Control, \$150,000; (6) Wrightsville Beach Renourishment, \$400,000; (7) Wanchese Channel Maintenance, \$280,000; (8) State-Local Projects, \$300,000; (9) North Channel Maintenance Dredging, \$523,000; (10) Hamlet City Lake, \$377,000; (11) Cape Fear Above Wilmington Channel Maintenance, \$100,000; (12) Wilmington Harbor 25-Foot Project, \$125,000; and, (13) Dare County Beaches, \$70,000. Watershed projects are identified as follows: (1) Limestone Creek, Duplin County, \$180,000; (2) Deep Creek, Yadkin County, \$250,000; (3) Town Fork, Stokes County, \$400,000; and, (4) Meadow Branch, Robeson County, \$350,000. If projects identified are delayed or cost less than shown, the

## ENVIRONMENT, HEALTH, AND NATURAL RESOURCES (Continued)

### Section 107 (Continued)

Department may use funds for feasibility studies, other projects whose schedules have advanced, or state-local projects. Requires quarterly report on projects' status beginning October 1, 1993 to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division and the Office of State Budget and Management.

**Section 110 Partnership for the Sounds** — Requires funds be used to provide architectural, engineering and development services for the design and construction of the Estuarine Educational Center in Beaufort county, the Lake Mattamuskeet Lodge in Hyde County, and the Walter B. Jones Center for the Sounds in Tyrrell County. Allows the use of up to \$60,000 for contracted personal services.

**Section 112 Parks Capital Improvements** — Limits land purchases to inholdings, corridor linkages and critical areas within the existing boundaries or buffer area. Prior to obligating or expending any funds, the Department must report on the proposed use to Joint Legislative Commission on Governmental Operations and to the Office of State Budget and Management.

**Section 113 State Parks** — Allows Department to use up to \$50,000 for operating expenses associated with the acquisition of land.

**Section 114 Forestry Headquarters** — Directs funds be used to replace District 6 Headquarters in Fayetteville and for county headquarters in Davidson, Graham, Henderson, Mitchell, Scotland, and Wayne Counties. Allows Graham County project to use force account construction. Funds remaining after these projects are completed may be used for repairs or replacement of facilities in other counties.

**Section 115 Fire Tower Transfer** — Allows transfer of the East Robeson Fire Tower and the land on which the tower is located to the East Howellsville Volunteer Fire Department, Inc.

## STATE BUDGET AND MANAGEMENT

**Section 68 Planning Funds for Replacement Trestle** — Requires use of funds to plan for the replacement of the wooden trestle over the Newport River on the Beaufort and Morehead Railroad with a modern concrete trestle. Requires the Attorney General and the Department of Transportation to identify legal issues related to this project with report to the Joint Legislative Commission on Governmental Operations to be made by March 1, 1994 on options available to resolve those issues.

## UNIVERSITY — BOARD OF GOVERNORS

- Section 48**      **UNC (Asheville Land Funds)** — Requires \$2,000,000 be used for purchase of additional property at this facility to allow for future campus growth.
- Section 49**      **North Carolina Agricultural and Technical State University Applied manufacturing Facility** — Requires that facility be owned and controlled by said institution. The Board of Governors must develop a detailed plan for the facility and present this plan to the Joint Legislative Commission on Governmental Operations prior to the expenditure of the appropriation.

## REPAIRS AND RENOVATION RESERVE

- Section 22**      **Expenditure of Funds from Reserve for Repairs and Renovations** — Allocates 55% of the Reserve funds to the Board of Governors of the University of North Carolina and the remaining 45% to the Office of State Budget and Management. Allows the Board of Governors to allocate funds for facilities not supported from the General Fund upon determining that sufficient funds are not available from other sources thereby warranting General Fund assistance. Requires both the Board of Governors and the Office of State Budget and Management to report proposed allocations and any changes thereto to the Joint Legislative Commission on Governmental Operations and to Fiscal Research Division.
- Section 22.1**    **Renovation of Butler Hall at Elizabeth City State University** — Directs the Board of Governors to allocate \$2,006,175 from the Repairs/Renovation Reserve for this project.
- Section 75**      **Repair and Renovation Funds** — Rewrites Section 170 of Chapter 321 of the 1993 Session Laws to direct that Office of State Budget and Management allocate up to \$5,000,000 for repairs and renovations of correctional facilities. Requires a verifiable ten percent goal for participation by minority and women contractors in these projects. Report on the latter required quarterly to the Joint Legislative Commission on Governmental Operations. Also requires the Office of State Budget and Management to transfer \$412,000 to the Department of Correction for repairs and renovations to the Black Mountain Women's Correctional Center.
- Section 93.1**    **Governor Morehead School Funds** — Requires the Office of State Budget and management to transfer \$2,700,000 from the Reserve for Repairs and Renovations to the Department of Human Resources for improvements at the Governor Morehead School.



**PRISON BONDS APPROPRIATIONS  
\$87.5 MILLION OF THE \$200.0 MILLION PROCEEDS  
AUTHORIZED BY CHAPTER 935 OF THE 1989 SESSION LAWS**

	<b>Custodial Level</b>	<b>Beds</b>	<b>Authorization</b>
<b>NEW FACILITIES</b>			
Eastern Processing Center at Vanceboro - Planning and Design	Medium		
Hyde Correctional Center	Medium	520	
Polk Replacement	Medium	228	
East Work Facility	Minimum	500	
West Work Facility	Minimum	500	
Boot Camp - West	Minimum	90	
<b>FACILITY EXPANSIONS</b>			
Franklin	Medium	104	
Harnett	Medium	104	
Johnston	Medium	104	
Lumberton	Medium	104	
Morrison	Medium	208	
NCCIW	Medium	50	
Bladen	Minimum	100	
Caldwell	Minimum	50	
Carteret	Minimum	100	
Cherry	Minimum	100	
Davidson	Minimum	50	
Fountain	Minimum	100	
Greene	Minimum	50	
Pasquotank	Minimum	200	
Robeson	Minimum	50	
Rowan	Minimum	50	
Rutherford	Minimum	50	
Sanford	Minimum	50	
Umstead	Minimum	100	
Wake	Minimum	50	
Wilkes	Minimum	50	
			\$85,059,948
<b>CONTINGENCIES</b>			
			2,440,052
<b>TOTAL</b>		<b>3,662</b>	<b>\$87,500,000</b>

**EDUCATION, CLEAN WATER, AND PARKS BOND ACT OF 1983  
GENERAL OBLIGATION BONDS  
SUBJECT TO A VOTE OF THE PEOPLE  
(SENATE BILL 14, CHAPTER 542)**

Chapter 542 of the 1993 Session Laws authorizes the issuance of bond proceeds totaling \$740 million if favorably approved by a majority of the voters in a statewide referendum to be held on the first Tuesday after the first Monday of November 1993. This act offers the State an opportunity to provide support for some state and local capital needs while favorable market conditions exist. These conditions include the lowest interest rates in two decades (5.5% now versus 13% in early 1980s) and the decline of the State's general obligation debt from \$937 million in 1983 to \$667 million today. On a per capita basis, this is the seventh lowest in the United States (fifth lowest when compared to statewide property valuation). It is anticipated that the construction activity financed by the bonds will provide a \$1.1-\$1.5 billion one-time stimulus to the economy. Roughly 12% of this activity would normally come back in the form of additional state and local revenue.

The net average annual debt service on the bonds (after \$10 million per year of loan repayments by local governments) is \$60 million. Like a fixed-rate mortgage, this requirement remains constant over the 17-year life of the bonds, while the state revenues used to pay the debt service will rise 6% per year. Thus, the \$60 million requirement is equivalent to \$35 million when adjusted for future revenue growth.

Proceeds of the issuance are to be allocated as follows:

- |        |  |               |
|--------|--|---------------|
| (1)    | Capital improvements for the constituent and affiliated institutions of the University of North Carolina or for the board of Governors of the University of North Carolina   | \$310,000,000 |
| (2)    | Grants to individual community colleges to finance the costs of community college capital improvements   | \$250,000,000 |
| (3)(a) | State matching funds required to receive federal wastewater or water supply assistance funds and to provide additional funding for the Clean Water Revolving Loan and Grant Fund established in Chapter 159G of the General Statutes or to provide funding by grants and loans to local government units | \$45,000,000  |
| (3)(b) | Loan and grants to local government units to finance all or a portion of the cost of construction, and reconstruction of water supply systems, wastewater collection systems, wastewater treatment works, and water conservation projects  | \$100,000,000 |
| (4)    | Capital improvements in the form of repairs, renovations, new construction, and land acquisition (limited to 30% of the proceeds) for existing State parks and recreation areas.   | \$35,000,000  |

## BOARD OF GOVERNORS

Proceeds from University Improvement Bonds are to be allocated and expended for the following:

<u>Constituent or Affiliated Institution or Board of Governors Capital Improvements</u>	<u>Projected Allocation</u>
Appalachian State University	
Academic Support Services Building	\$ 8,794,900
Science/Mathematics Complex, Phase I	15,000,000
East Carolina University	
Addition to Joyner Library	28,900,000
Land	5,000,000
Elizabeth City State University	
Fine Arts and Mass Communications Building	6,432,600
Fayetteville State University	
Residence Hall Renovations	9,479,600
North Carolina A&T State University	
School of Technology Classroom/Laboratory Building	7,961,900
Renovation of Bluford Library Building	5,051,400
North Carolina Central University	
Conversion of Women's Gymnasium in Support of Academic prorams	1,970,900
Chidley Hall Complex	9,018,300
North Carolina School of the Arts	
School of Filmmaking Production Facility	6,999,200
North Carolina State University at Raleigh	
Engineering Graduate Research Center	34,918,200
Agricultural Communications Building	4,484,900
Agricultural Programs - Laboratory Animal Facilities	4,484,100
Pembroke State University	
New Administrative Office Building	5,723,300
Repairs and Renovations to Business Administration Building	422,700
The University of North Carolina at Asheville	
Conference Center	3,974,400
Physical Education Building (Health Promotion)	5,475,600
The North Carolina Arboretum	2,500,000
The University of North Carolina at Chapel Hill	
New Building, School of Business Administration	13,490,900
Addition to Lineberger Cancer Research Center	8,119,900
Carolina Living and Learning Center for Autistic Adults, Phase II	1,190,400
Addition to School of Dentistry	8,887,100
Area Health Education Centers - Construction Grants	3,370,800
The University of North Carolina at Charlotte	
Classroom and Academic Support Facility	22,610,400
The University of North Carolina at Greensboro	
New Music Building	23,357,000



**GENERAL OBLIGATION BONDS (Continued)**

<u>Constituent or Affiliated Institution or Board of Governors Capital Improvements</u>	<u>Projected Allocation</u>
The University of North Carolina at Wilmington	
Physical Sciences Building and Renovation of DeLoach Hall	\$18,522,900
Construct West Wing of Bear Hall and Renovation West End of Bear Hall	992,050
Western Carolina University	
Completion of Belk Building and Asbestos Removal	3,280,200
Renovate Moore Hall, Phase II	2,043,900
Renovate Camp Lab School	1,896,500
Renovate Reid Gym	2,379,400
Winston-Salem State University	
Student Services/Cafeteria/Student Union Complex	6,073,350
Renovations to O'Kelly Library	1,119,500
North Carolina School of Science and Mathematics	
Educational Technologies Center and Auditorium	8,073,700
Board of Governors	
Other Critical Needs (Projects to be designated by the Board)	12,000,000
UNC Center for Public Television	
Improvements to Facilities	6,000,000
<b>TOTAL</b>	<b>\$310,000,000</b>

**COMMUNITY COLLEGES**

Community College Bond proceeds are to provide grants totaling \$226.1 million to units as shown below. The remaining \$23.9 million bond proceeds are to be appropriated by legislative action in 1994 or at any subsequent session based upon consideration of the recommendations of the Legislative Study Commission on Community College Capital needs in its report to be submitted to the General Assembly by April 1994.

<u>College</u>	<u>Capital Improvement</u>	<u>Projected Allocation</u>
Alamance CC	Phase III - LRC Expansion	\$3,309,855
Anson CC	Advanced Technology Center	2,998,465
Union Cty.	Advanced Technology Center	2,500,000
Asheville-Buncombe TCC	Classroom/Lab/Office Building	5,000,000
Beaufort County CC	Student Services Center	2,900,000
Bladen CC	Allied Health Care Center	1,015,472
Blue Ridge CC	Allied Health building	5,000,000
Transylvania Cty.	Classroom/Office Building	502,225
Brunswick CC	Allied Health/Classroom	4,000,000
Caldwell CC & TI	Classroom/Lab Building	6,100,000
Watauga County	Classroom/Lab Building	2,261,539

# **GENERAL OBLIGATION BONDS (Continued)**

<u>College</u>	<u>Capital Improvement</u>	<u>Allocation</u>
Cape Fear CC Pender County	Health Sciences Building Classroom Building	7,340,485 690,212
Carteret CC	Classroom/Student	2,437,904
Catawba Valley CC	Physical Ed./Classroom Building	5,586,218
Central Carolina CC Chatham County Harnett County	Classroom Building Classroom Building Classroom Building	2,000,000 2,000,000 1,000,000
Central Piedmont CC	Science Labs Expansion	3,950,000
Cleveland CC	Advanced Technology Building	2,213,022
Coastal Carolina CC	Public Service Technology Building	3,000,000
College of the Albermarle Dare County	Classroom/Administration Building Class/Lab/Student Services Building	3,215,924 1,500,000
Craven CC	Academic Studies/Basic Skills Bldg.	2,790,276
Davidson County CC Davie County	Advanced Technology Building Class/Lab/Instructional Support Bldg.	3,875,000 1,980,000
Durham TCC	Classroom/Office Building	5,800,000
Edgecombe CC	Class/Lab Addition-Rocky Mount	1,200,000
Fayetteville TCC	Health & Science Facility	6,000,000
Forsyth TCC	Class/Lab/Admin. - East Campus	7,900,000
Gaston College	Work Force Preparedness Center	5,860,000
Guilford TCC	Applied Technology Building	7,740,000
Halifax CC	Literacy Ed/Science Building	2,008,592
Haywood CC	Classroom Building	1,100,000
Isothermal CC Polk County	Cultural Arts Center Classrooms/Labs Addition	5,444,444 358,686
James Sprunt CC	Multi-Purpose Center	3,708,406
Johnston CC	Allied Health Building	3,000,000
Lenoir CC Greene County Jones County	Classroom/Auditorium Building New Instructional Facility New Vocational Annex	3,326,348 1,500,000 100,000
Martin CC Bertie County	Equine Arena Class/Lab/Office Building	577,553 250,000
Mayland CC	Shop/Student Lecture Hall	4,037,566
McDowell TCC	Classroom Building	1,900,000
Mitchell CC	Renovate Main Building	2,200,000
Montgomery CC	LRC Building	\$2,592,709

**GENERAL OBLIGATION BONDS (Continued)**

<u>College</u>	<u>Capital Improvement</u>	<u>Allocation</u>
Nash CC	LRC/Student Center	4,409,179
Pamlico CC	Multi-Purpose Class/Office Building	1,164,959
Piedmont CC	Classroom/Faculty Office Building	459,815
Caswell County	Adult Learning Center	1,300,000
Pitt CC	Student Services Building	4,500,000
Randolph CC	Allied Hlth/Science & Tech Center	2,816,878
Richmond CC	Fine Arts Center/Auditorium	2,251,414
Roanoke-Chowan CC	Classroom/Student Support Center	2,549,087
Robeson CC	Teaching Theaters/Allied Hlth Classroom	1,430,228
Rockingham CC	Multi-Purpose Building	2,700,000
Rowan-Cabarrus CC	Engineering Building	4,200,000
Cabarrus County	Classroom Building	1,573,312
Sampson CC	Multi-Purpose Building	2,500,000
Sandhills CC	Cont. Ed. Center/Classrooms	4,800,000
Hoke County	Renovate Classrooms	300,000
Southeastern CC	Nursing/Allied Health Building	1,309,400
Southwestern CC	General Classroom Building	2,000,000
Macon County	Region Law Enf. Defensive Dr. Course	300,000
Swain County	Class/Lab/Office Bldg.	900,000
Stanly CC	Learning Resource Center	2,341,210
Surry CC	Health/Day Care/Library Building	4,054,417
Tri-County CC	Student Services Ctr./Classroom Bldg.	1,123,010
Graham County	Class/Lab/Student Building	480,000
Vance-Granville CC	Allied Health/Day Care/Classroom Bldg.	2,127,400
Franklin County	Class/Lab/Office Building	1,500,000
Granville County	Additional Classrooms	377,500
Warren County	Campus Renovations	212,500
Wake TCC	Student Education Building	11,000,000
Wayne CC	Student & Telecommunication Bldg.	6,328,622
Western Piedmont CC	Class/Office Bldg. (Bus. Tech.)	3,420,168
Wilkes CC	LRC-Student Development	4,700,000
Ashe County	Classroom Building	200,000
Wilson TCC	Multi-Purpose Building	1,000,000
<b>TOTAL</b>		<b>\$226,100,000</b>



## GENERAL OBLIGATION BONDS (Continued)

### CLEAN WATER

The proceeds of \$45 million of the Clean Water Bonds will be allocated to the Clean Water Revolving Loan and Grant Fund for revolving loans and grants to local government units for water supply systems, wastewater collection systems, and wastewater treatment works. The first priority of these funds will be to match federal wastewater or water supply assistance funds. For 1993-94, the federal match is expected to be up to \$6.8 million. The issuance of these bonds will be split over the 1993-95 biennium — \$22.5 million issued each year. The General Assembly also modified the Clean Water Revolving Loan Grant Program by allocating more money for grants. The allocation for High-Unit Cost Wastewater Grants was increased from 10% to 20% of the clean water funding, and the allocation for High-Unit Cost Water Supply Grants was increased from 3% to 5% of the clean water funding. In addition, the maximum amount for grants was increased from \$500,000 to \$1 million. This change will increase the amount of money for grants and make it more affordable for small communities to build or expand their wastewater or water supply systems. If the Clean Water Bonds are approved, up to \$11.25 million will be available for grants over the next two years.

The proceeds of \$100 million of the Clean Water Bonds will be allocated for making loans to local government units — 69% for wastewater collection systems and wastewater treatment works and 31% for water supply systems and water conservation projects. To qualify for a loan a local government unit must have a water supply plan or a wastewater facility plan. The interest rate on these loans must reflect the self-supporting nature of the loan program because the repayment of the loans will be used to pay the debt service on the bonds. Since the repayment of the loans will be used to pay the debt service on the bonds, the interest rate for this loan program will be higher than the loans made from the Clean Water Revolving Loan and Grant Program. This program will be of most benefit to medium sized communities that can afford loans but will benefit from the lower interest rates available to the State.

**REVENUE/FEE  
BILLS**





## GENERAL FUND REVENUE BILLS

### HOUSE BILL 81, CHAPTER 12

**Update IRC Reference** - Changes the reference date of the Internal Revenue Code used in various State tax statutes from January 1, 1992, to January 1, 1993. No major federal revenue bill was enacted in 1992, but several minor changes were made to individual and corporate income tax statutes.

**EFFECTIVE DATE:** Taxable years beginning on or after January 1, 1993

**FISCAL IMPACT:** Revenue loss to the General Fund no greater than \$100,000 annually

### HOUSE BILL 654, CHAPTER 45

**Expand Jobs Tax Credit** - Expands the existing income tax credit for creating jobs in severely distressed counties. Also expanded from 33 to 50 counties are those counties eligible to use program income from certain federal block grants to establish revolving loan funds.

**EFFECTIVE DATE:** Taxable years beginning on or after January 1, 1993

**FISCAL IMPACT:** Revenue loss phased-in over four years because the credit is taken in four equal installments:

FY 1994-95: \$0.5 to 1 million

FY 1995-96: \$1 to 2 million

FY 1996-97: \$1.5 to 3 million

FY 1997-98 and later: \$2 to 4 million

### HOUSE BILL 920, CHAPTER 85

**Unemployment Insurance Tax Cut** - provides employers who have a credit balance in their unemployment insurance tax account with a 30% reduction in their contribution rate for any calendar year in which the balance in the Unemployment Insurance Fund equals or exceeds \$800,000,000 as of the preceding August 1.

**EFFECTIVE DATE:**

**FISCAL IMPACT:** No impact on General Fund Revenues

### HOUSE BILL 57, CHAPTER 314

**Send K-1 Form to Partners** - Any partnership doing business in North Carolina must furnish each partner enough information about that partner's share of partnership income or loss to enable the partner to file a North Carolina income tax return.

**EFFECTIVE DATE:** Taxable years beginning on or after January 1, 1993

**FISCAL IMPACT:** None

**GENERAL FUND REVENUE BILLS (Continued)**

**HOUSE BILL 173, CHAPTER 315**

**Interest Income on Tax Refunds** - modifies laws regarding when interest is payable by the state on overpayments of individual or corporate income tax. Under previous law, interest began to accrue 90 days after the date of overpayment. This bill authorizes the payment of interest beginning 45 days after the latest of the following: (1) the date the final return was filed, (2) the date the final return was due, or (3) the date the overpayment was made.

**EFFECTIVE DATE:** Upon ratification

**FISCAL IMPACT:** \$1 million annually

**HOUSE BILL 509, CHAPTER 362**

**Inheritance Tax Filing Threshold** - Changes state inheritance tax filing threshold from \$250,000 to \$450,000 for estates with all Class A beneficiaries, the surviving spouse, or both.

**EFFECTIVE DATE:** Applies to estates of decedents dying on or after July 1, 1993

**FISCAL IMPACT:** None

**SENATE BILL 158, CHAPTER 371**

**Inheritance Tax Penalty Procedure** - Conforms the procedure for collecting the penalty for failure to pay inheritance taxes to other major taxes by deleting language that inheritance tax penalties be recoverable by filing suit in the Wake County Superior Court.

**EFFECTIVE DATE:** Applies to estates of decedents dying on or after October 1, 1993

**FISCAL IMPACT:** Minimal increase in General Fund revenues (more penalties may be assessed)

**SENATE BILL 183, CHAPTER 372**

**Sales Tax License Duration** - Provides that a sales tax license becomes void if the retailer reports no sales for a period of 18 months.

**EFFECTIVE DATE:** August 1, 1993

**FISCAL IMPACT:** Minimal increase in General Fund revenues

**HOUSE BILL 681, CHAPTER 400**

**Clean Air Act Implementation** - Implements the requires of the 1990 amendments to the federal Clean Air Act, repeals the expiration of a portion of the per gallon fuel tax, dedicates a portion of the proceeds of the tax to the administration of the air quality program, dedicates a portion of the proceeds of the tax to the cleanup of leaking underground petroleum storage tanks, and repeals the expiration of the Leaking Petroleum Underground Storage Tank Cleanup Act of 1988.

**EFFECTIVE DATE:** January 1, 1995

**FISCAL IMPACT:** None (reallocation of current revenues)



**GENERAL FUND REVENUE BILLS (Continued)**

**SENATE BILL 787, CHAPTER 424**

**ESC Tax Changes** - imposes a \$25 penalty on an employer with 250 or more employees who does not file that portion of the "Employer's Quarterly Tax and Wage Report" that contains the name, social security number, and gross wages of the employees on magnetic tapes or diskettes.

**EFFECTIVE DATE:** September 30, 1995

**FISCAL IMPACT:** No impact on General Fund revenues

**HOUSE BILL 720, CHAPTER 432**

**Expand Child Care Credit** - Increases the income tax credit on a sliding scale on child and dependent expenses for families with annual incomes below \$40,000. Previous state law allowed a flat percentage of federal employment-related expenses, 7% for dependents under 7 years old or older and 10% under the age of seven. The new percentages will range from 7% to 9% (7 years old or older) and 10% to 13% (under seven years old).

**EFFECTIVE DATE:** Taxable years beginning on or after January 1, 1994

**FISCAL IMPACT:** \$3.7 million General Fund revenue loss in FY 1994-95, \$4 million revenue loss in FY 1995-96

**HOUSE BILL 843, CHAPTER 433**

**Tax Expenditure Report** - Requires the Secretary of Revenue to include estimates of revenue loss associated with each tax expenditure listed in the biennial tax expenditure report. The Secretary is also required to provide each member of the General Assembly with a copy of this report.

**EFFECTIVE DATE:** Upon ratification

**FISCAL IMPACT:** None

**SENATE BILL 1025, CHAPTER 442**

**No Cigarette Tax Stamps** - Eliminates the use of stamps and establishes a reporting method for recording the payment of the excise tax on cigarettes; payment is made in the same manner as other tobacco products. Reports are filed monthly. The bill changes the per stamp discount and replaces it with a 4% discount of the excise tax owed the State. Created a new general statute citation, G.S. 105-113.40A, setting forth civil, criminal, and licensing penalties for violating the tax provision.

**EFFECTIVE DATE:** January 1, 1994

**FISCAL IMPACT:** \$600,000 for FY 93-94 and \$1,150,000 for FY 1994-95

## **GENERAL FUND REVENUE BILLS (Continued)**

### **SENATE BILL 1141, CHAPTER 443**

**Expand Business Tax Credit** - makes numerous changes to the tax credit for qualified business investments. The major provisions are: (1) the maximum credit for individuals is lowered from \$100,000 to \$50,000 annually, (2) partnerships now qualify for the credit with a cap on the credit of \$750,000 annually, (3) the types of businesses eligible for qualified business designation are restricted, (4) investors can now participate in a qualified business if they receive no financial compensation for services aside from reimbursement for expenses and/or participation in a stock option or bonus plan, (5) the Secretary of State is required to report annually to the Legislative Research Commission with specific wage and job creation data for each qualified business, and (6) and sunset for the entire credit goes into effect January 1, 1999.

**EFFECTIVE DATE:** Beginning on or after tax years beginning January 1, 1994

**FISCAL IMPACT:** Unknown

### **HOUSE BILL 174, CHAPTER 450**

**Electronic Funds Transfer** - authorizes the Department of Revenue to require taxpayers who owe an average of \$20,000 a month or more in certain state taxes to pay that tax by electronic funds transfer (EFT). This is a transfer of funds which is initiated through an electronic terminal, telephonic instrument, or computer and authorizes a financial institution to debit or credit a taxpayer's account.

**EFFECTIVE DATE:** August 1, 1993, but the earliest that electronic payments would be required is January 1, 1994

**FISCAL IMPACT:** \$2 million annually once program is fully implemented

### **SENATE BILL 659, CHAPTER 507**

**Conform Aircraft Sales Tax** - exempts "core charges" on aeronautic replacement parts from the definition of sales price. A similar exemption already exists for industrial, farm, automotive, and marine replacement parts.

**EFFECTIVE DATE:**

**FISCAL IMPACT:** \$100,000 revenue loss to the General Fund and \$50,000 loss to local governments annually

### **HOUSE BILL 1359, CHAPTER 527**

**Historic Preservation Tax Credit** - creates a corporate and individual income tax credit equal to one-fourth of the federal income tax credit for qualifying rehabilitation expenditures. The federal credit is 20%, therefore, the state tax credit would equal 5% of qualifying rehabilitation expenditures.

**EFFECTIVE DATE:** Taxable years beginning on or after January 1, 1994

**FISCAL IMPACT:** \$500,000 to \$700,000 annually beginning in FY 1994-95

GENERAL FUND REVENUE BILLS (Continued)

SENATE BILL 832, CHAPTER 532

Revenue Department Hearings/Taxpayer Rights - makes numerous substantive changes relating to administrative review in tax disputes and other tax enforcement and administration matters.

EFFECTIVE DATE: January 1, 1994

FISCAL IMPACT: None



## LOCAL GOVERNMENT REVENUE BILLS

SENATE BILL 924, CHAPTER 425

**Register of Deeds Fees** - Authorized a \$1.00 increase for registering or filing any instrument in general. Eliminated the \$5.00 cancellation fee for deeds of trust and/or mortgages and increased the registration fee for filing the first page by \$5.00. Increased the fee for probating all instruments by \$1.00.

EFFECTIVE DATE: OCTOBER 1, 1993  
FISCAL IMPACT: \$2.2 Million - \$2.5 Million Annually

SENATE BILL 658, CHAPTER 459

**Computer Software not Taxable** - Exempts the property tax on computer software that is in the internal memory of a computer system and software that is capitalized on the books of the taxpayer in accordance with the general accounting principals.

EFFECTIVE DATE: JULY 1, 1994  
FISCAL IMPACT: Indeterminate

SENATE BILL 60, CHAPTER 471

**Disposal Tax on White goods** - Imposed an excise tax of \$5.00 on all white goods sold at retail that do not contain refrigerants. The tax on white goods containing refrigerants is \$10.00. Five percent of the revenue is to be deposited into the Solid Waste Management Trust Fund, 20% goes to the White Goods Management Account, and the remaining 75% is to be distributed to the counties on a per capita basis. The revenue derived from this tax is to be used by local units of government to dispose of existing white goods and for the future disposal of such goods.

EFFECTIVE DATE: January 1, 1994 and the Tax Expires on July 1, 1998  
FISCAL IMPACT: \$2.2 Million FY 93-94 and \$4.5 Million FY 94-95

SENATE BILL 1157, CHAPTER 471

**Economic development Financing** - Authorizes local governments to issue economic development financing bonds to finance infrastructure required by new private capital investment. Bonds are secured by the additional taxes generated by the new investment.

EFFECTIVE DATE: Upon Ratification  
FISCAL IMPACT: Indeterminate

## LOCAL GOVERNMENT REVENUE BILLS (Continued)

### SENATE BILL 853, CHAPTER 544

**Global TransPark Development Zone** - Authorizes fourteen counties to establish the Global TransPark Development Zone. The act requires at least three of the fourteen counties, stated in the legislation, are needed to create the zone. The Zone is authorized to levy a \$5.00 per vehicle registration tax to finance infrastructure construction in the counties of the Zone. Each county choosing to join the Zone must do so by individual resolution on or before October 1, 1993. Once the Zone has been established, the Zone must give public notice, hold a public hearing and adopt a resolution that establishes the \$5.00 registration tax. The tax may not become effective earlier than July 1, 1994.

EFFECTIVE DATE: Upon Ratification

FISCAL IMPACT: \$ 3.7 Annually; If All Fourteen Counties Levy the Tax

### HOUSE BILL 83, CHAPTER 548

**Increase Scrap Tire Disposal Tax** - Increases the disposal tax on tires having a diameter of less than 20 inches from 1% to 2%. Those tires having a diameter of 20 inches or greater are not affected. The act creates the Scrap tire Disposal Account. A new fund established as a nonreverting account within the Department of Environment, Health, and Natural Resources. The revenue deposited into this account is to be used as grants to local units of government for the disposal of scrap tires. The revenue from the tax is to be distributed in the following manner: the Solid Waste Management Trust Fund is to receive 5% of the net revenue instead of 10%; counties are to receive 68% instead of 90%; and, the scrap tire disposal account will receive 27%. The tax increase and the manner in which the revenue is distributed will expire on June 30, 1997. After that date, the tax will return to 1% on all tires sold at retail and 10% of the revenue is to be deposited into the Solid Waste Management Trust Fund, with the remaining 90% distributed to counties on a per capita basis.

EFFECTIVE DATE: October 1, 1993

FISCAL IMPACT: \$ 6 Million FY 93-94 and \$7.7 Million FY 94-95

### HOUSE BILL 105, CHAPTER 360

**Raise Homestead Exemption** - Increases the property tax Homestead Exemption amount from \$12,000 to \$15,000 and makes technical changes to the Homestead Exemption statutes.

EFFECTIVE DATE: JULY 1, 1994

FISCAL IMPACT: \$4 Million Loss in Local Revenues for FY 94-95 and FY 95-96

### HOUSE BILL 134

**Local Financial Security** - See section on General Fund revenue bills. This act was ratified in Senate Bill 27, Section 23, Chapter 321.

**LOCAL GOVERNMENT REVENUE BILLS (Continued)**

HOUSE BILL 136, CHAPTER 255

**Local Sales Tax For Schools** - See Section on General Fund Revenue Bills

HOUSE BILL 936, CHAPTER 230

**Habitat For Humanity Tax Exempt** - Expands the property tax exemption for nonprofit organizations providing low- and moderate-income housing to include real property held as a future site for low- and moderate-income housing. The taxes on such real property are to be carried forward for five years as deferred taxes and shall be payable at the end of the period if low- or moderate-income housing has not been constructed on the site.

EFFECTIVE DATE: JULY 1, 1994

FISCAL IMPACT: Indeterminate

HOUSE BILL 1109, CHAPTER 536

**Expand Local Development** - The act makes the following changes for all local units of government in the State: (1) Authorizes the use of public money for industrial site preparation on private property and for the construction of water and sewer lines to industrial properties and facilities privately owned. (2) Counties and cities are authorized to estimate the amount of increased tax revenue that would accrue to the unit during the succeeding 10 years from economic development and to accept the estimated amount as consideration for a conveyance of property from the unit to a business that will bring the anticipated economic development.

EFFECTIVE DATE: JANUARY 1, 1994

FISCAL IMPACT: Indeterminate



## FEE INCREASES FOR GENERAL FUND AGENCIES

### *MARINE FISHERIES DIVISION*

**HOUSE BILL 297, CHAPTER 515** - Changes the name of the commercial fishing license to "Consolidated Vessel" License and establishes a fee of \$5.00 for the replacement of a consolidated vessel license. The vessel license may include a license to sale fish taken from the coastal waters of the State, this license is in addition to any other vessel license required in the act. The license fees are based on length of the vessel and range from a low of \$25.00 to a high of \$45.00. Clarifies the licensing requirement of those persons that are not residents of this State who fish beyond the territorial boundaries of the State and who sell their catch in the State. Establishes an "Endorsement to Sell Fish" license. The fee is \$15.00 for a resident when there is no vessel involved and \$100.00 for a nonresident or an amount equal to the nonresident fee charged by the nonresident's State. Makes additional clarifying language changes to the act.

EFFECTIVE DATE: UPON RATIFICATION  
FISCAL IMPACT: \$430,000 TO \$460,000 Annually

### *DEPARTMENT OF AGRICULTURE*

**HOUSE BILL 446, CHAPTER 223** - Establishes a new nonreverting account within the Department of Agriculture. The revenue deposited into the account is derived from the grading and inspection of farm products. There is no change in the amount of fees. Interest earned by the account is to be credited to the account. The act authorizes the State Department of Agriculture to adhere to restrictions governing the provisions set forth in the "cooperative agreement" between the Department and the United States Department of Agriculture.

EFFECTIVE DATE: July 1, 1993  
FISCAL EFFECT: \$50,000 to \$60,000 in Annual Revenue from Interest

**HOUSE BILL 567, CHAPTER 356** - Authorized the Commissioner of Agriculture to issue replacement data plates for liquefied petroleum gas tanks of 120 gallons or more, as required by the American Society of Mechanical Engineers. The purpose of the plate is to state that the tank was built to code. The charge for a plate is \$20.00 and the revenue is to be credited to the Department of Agriculture and applied to the cost of issuing replacement plates. Establishes civil penalties for violating the law.

EFFECTIVE DATE: December 1, 1993  
FISCAL IMPACT: Indeterminate

**FEE INCREASES FOR GENERAL FUND AGENCIES (Continued)**

**HOUSE BILL 1102, CHAPTER 481** - Establishes the Pesticide Environmental Trust Fund to be funded by an assessment for each brand or grade of pesticide registered with the Department. The annual assessment for applicants whose gross sales of pesticides are less than \$5,000 is \$25.00 and \$50.00 for those whose sales are in excess of \$5,000.

EFFECTIVE DATE: Upon Ratification  
FISCAL EFFECT: \$400,000 In Any Fiscal Year

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

**HOUSE BILL 483, CHAPTER 394** - The Dam Safety Account is established as a nonreverting account within the Department and all safety and inspection fees collected are to be credited to the account. Increases some of the civil penalties.

EFFECTIVE DATE: October 1, 1993  
FISCAL IMPACT: \$14,000 to \$15,500 in Any Given Fiscal Year

**HOUSE BILL 681, CHAPTER 400** - Authorizes the implementation of the requirements set forth in the 1990 amendments to the Federal Clear Air Act, repeals the expiration date of a portion of the per gallon fuel tax and dedicates some of the proceeds of the tax to the administration of the air quality program. A portion of the proceeds from the tax are to be dedicated to the cleanup of leaking underground petroleum storage tanks. The act repeals the expiration of the Leaking Petroleum Underground Storage Tank Cleanup Act of 1988.

EFFECTIVE DATE: Upon Ratification  
FISCAL IMPACT: \$20.0 Million 93-94 and \$19.9 Million FY 94-95

**HOUSE BILL 1061, CHAPTER 402** - Amends the Leaking Petroleum Underground Storage Tank Cleanup Act of 1988 and clarifies the purpose of the oil and/or other hazardous substances pollution protection fund. Changes the allocation of the proceeds from the kerosene and motor fuel inspection fee to be divided between the commercial and non-commercial leaking underground storage tank cleanup fund.

EFFECTIVE DATE: July 1, 1993  
FISCAL EFFECT: No New Revenue

**SENATE BILL 100, CHAPTER 466** - Authorizes the Secretary of Environment, Health, and Natural resources to grant shell fish cultivation leases. Makes changes to Chapter 113 of the North Carolina General Statutes and authorizes the Department to study the prevention of marine litter.

EFFECTIVE DATE: January 1, 1994  
FISCAL IMPACT: Minimal



**FEE INCREASES FOR GENERAL FUND AGENCIES (Continued)**

**SENATE BILL 821, CHAPTER 344** - Amends the current procedure for the registration of water withdrawals in order to make the process more efficient by providing for more useful information. Imposes a late payment fee of \$5.00 per day up to a maximum of \$500.00. Exempts farmers who submit a registration that pertains to farming operations.

EFFECTIVE DATE: October 1, 1993

FISCAL IMPACT: Indeterminate

**SENATE BILL 1112, CHAPTER 496** - Amends the North Carolina Clean Water Revolving Loan and Grant Program to allow municipalities to pledge user fees or any available resources of revenues for the payment of revolving funds. Clarifies that the Environmental Management Commission has the authority to certify laboratories that monitor water and air quality.

EFFECTIVE DATE: Upon Ratification

FISCAL IMPACT: Indeterminate

**ALCOHOL BEVERAGE CONTROL COMMISSION**

**HOUSE BILL 502, CHAPTER 415** - The act makes technical amendments to the alcoholic beverage control laws, authorizes the sale of alcoholic beverages in certain areas of the State, increases the fees for most commercial alcoholic beverage permits, and makes other changes to the alcoholic beverage laws.

EFFECTIVE DATE: Upon Ratification

FISCAL IMPACT: \$15,000 FY 93-94 and \$10,255 FY 94-95

**NORTH CAROLINA DEPARTMENT OF COMMERCE**

North Carolina Seafood Industrial Park Authority

**HOUSE BILL 547, CHAPTER 323** - Authorizes the North Carolina Seafood Industrial Park to charge fees for its services and for the use of its facilities.

EFFECTIVE DATE: Upon Ratification

FISCAL IMPACT: \$70,000 in Any Fiscal Year

**DEPARTMENT OF SECRETARY OF STATE**

**HOUSE BILL 924, CHAPTER 326** - The Secretary of State is authorized to establish the requirements for the certification of property mappers and to require each applicant to submit a \$20.00 application fee when filing an application.

EFFECTIVE DATE: JANUARY 1, 1994

FISCAL IMPACT: \$3,000 Biannually

**FEE INCREASES FOR GENERAL FUND AGENCIES (Continued)**

*DEPARTMENT OF INSURANCE*

**HOUSE BILL 1355, CHAPTER 320** - Establishes the Insurance Regulatory Rate at 7.25% for the calendar year 1993; this is the same rate established for 1992 tax year.

EFFECTIVE DATE: JULY 1, 1993  
FISCAL IMPACT: No Increase in Revenues

*NORTH CAROLINA PUBLIC UTILITIES COMMISSION*

**HOUSE BILL 1355, CHAPTER 320** - Establishes the Public Utility Regulatory Rate at 8.5% of each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 1993; this is the same rate established for 1992.

EFFECTIVE DATE: July 1, 1993  
FISCAL EFFECT: No Increase in Revenues

*DEPARTMENT OF LABOR*

**HOUSE BILL 1355, CHAPTER 320** - Increases the hourly fee for the inspection of amusement devices from \$15.00 to \$60.00 and raises the elevator inspection fees by a uniform amount of \$10.00.

EFFECTIVE DATE: July 1, 1993  
FISCAL EFFECT: \$135,000 in FY 93-94 and FY 94-95

*DEPARTMENT OF COMMUNITY COLLEGES*

**HOUSE BILL 1355, CHAPTER 320** - Removes the sunset on the Motorcycle Safety Education program. All fee amounts remained unchanged.

EFFECTIVE DATE: July 1, 1993  
FISCAL EFFECT: No Impact

*ADMINISTRATIVE OFFICE OF THE COURTS*

**SENATE BILL 1139, CHAPTER 313** - Imposes a processing fee of \$50 on new Court failures to appear in court after a period of 20 days.

EFFECTIVE DATE: JULY 15, 1993  
FISCAL IMPACT: \$5.9 Million FY 93-94 and FY 94-95



**FEE INCREASES FOR GENERAL FUND AGENCIES (Continued)**

*WILDLIFE RESOURCES COMMISSION*

**SENATE BILL 590, CHAPTER 422** - Increases fees for boat certificates of number from \$5.00 to \$8.00 for a one year period and from \$13.00 to \$20.00 for a three year period. Revenue is credited to the Wildlife Resources Fund.

EFFECTIVE DATE: January 1, 1994

FISCAL EFFECT: \$800,000 Annually

*DEPARTMENT OF JUSTICE*

**SENATE BILL 549, CHAPTER 403** - Authorizes the Department of Justice to conduct criminal record checks of personnel and provide the information to hospitals, nursing homes, and area mental health, development disabilities, and substance abuse authorities, and their contact authorities. The Department is authorized to charge a \$10.00 fee per individual name.

EFFECTIVE DATE: Upon Ratification

FISCAL IMPACT: Indeterminate

*DEPARTMENT OF HUMAN RESOURCES*

**SENATE BILL 621, CHAPTER 384** - Requires every person who manufactures, distributes, dispenses, or conducts research with controlled substances within the State to pay a registration fee to the Department. The fees are based on the category of the applicant.

EFFECTIVE DATE: January 1, 1994

FISCAL IMPACT: \$210,000 to \$225,000 Annually



# APPENDIX



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**TOTAL STATE BUDGET BY SOURCE OF FUNDS  
1963-64 TO 1992-93  
(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
1992-93	123,579,748	8,292,796,566	8,416,376,314	7,783,840,499	95,205,570	7,879,046,069	537,330,245

- 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	INCOME TAX	SALES & USE TAX	OTHER TAXES	TOTAL TAX REVENUE	INCOME FROM TREASURER'S INVESTMENTS	CAPITAL IMPROVEMENT REVERSIONS	FEDERAL REVENUE SHARING, ANTI- RECESSION	OTHER SOURCES	TOTAL NON-TAX REVENUES	TOTAL GENERAL FUND REVENUE
1965-66	252,736,461	188,246,243	114,432,692	555,415,396	10,322,713	1,933,444		5,577,906	17,834,063	573,249,459
1966-67	284,807,547	201,641,570	118,755,843	605,204,960	12,337,612			6,166,907	18,504,519	623,709,479
1967-68	311,192,821	216,173,811	125,115,960	652,482,592	19,266,180			7,450,156	26,716,336	679,198,928
1968-69	350,145,307	239,525,769	149,839,452	739,510,528	20,284,196	5,402,564		10,868,448	36,555,208	776,065,736
1969-70	380,063,453	264,350,605	197,300,010	841,714,068	22,624,169	26,621		14,185,176	36,835,966	878,550,034
1970-71	413,596,745	285,893,056	221,954,891	921,444,692	29,369,118	1,669,214		15,153,132	46,191,464	967,636,156
1971-72	483,850,778	324,824,018	243,224,906	1,051,899,702	24,325,582	456,116		17,227,781	42,009,479	1,093,909,181
1972-73	566,308,449	368,746,184	278,942,411	1,213,997,044	26,816,266	437,465		18,165,044	45,418,775	1,259,415,819
1973-74	653,067,805	409,393,909	295,723,754	1,358,185,468	53,574,504	542,199		17,462,292	71,578,995	1,429,764,463
1974-75	715,401,376	423,006,813	312,775,911	1,451,184,100	73,317,870	1,657,696		17,937,386	92,912,952	1,544,097,052
1975-76	760,478,534	464,756,311	346,610,609	1,571,845,454	48,641,750	4,268,324	48,779,830	23,322,372	125,012,276	1,696,857,730
1976-77	985,489,725	510,295,335	374,181,698	1,869,966,758	43,165,147	446,798	50,954,604	38,995,330	133,561,879	2,003,528,637
1977-78	1,076,941,120	578,960,737	404,579,891	2,060,481,748	44,086,759	620,014	38,516,731	29,632,663	112,856,167	2,173,337,915
1978-79	1,248,931,187	646,729,888	441,557,070	2,337,218,145	59,238,926	1,125,090	30,284,051	32,713,242	123,361,309	2,460,579,454
1979-80	1,471,139,203	691,902,227	476,172,559	2,639,213,989	110,401,212	1,133,957	56,911,047	34,510,606	202,956,822	2,842,170,811
1980-81	1,583,321,118	737,098,123	525,534,207	2,845,953,448	108,546,785	4,950,481	28,391,897	35,969,822	177,858,985	3,023,812,433
1981-82	1,726,818,176	777,449,131	573,445,530	3,077,712,837	115,633,898	1,179,609	262,514	34,751,994	151,828,015	3,229,540,852
1982-83	1,856,624,375	823,400,004	599,000,004	3,279,024,843	88,017,324	1,427,224	0	35,373,362	124,817,910	3,403,842,753
1983-84	2,152,810,530	998,987,392	662,579,681	3,814,377,603	96,291,399	52,777	39,433	46,556,300	142,939,909	3,957,317,512
1984-85	2,513,419,114	1,155,845,141	667,457,999	4,336,722,254	131,037,254	177,208	1,456,544	57,701,411	190,372,417	4,527,094,671
1985-86	2,717,424,128	1,380,409,070	596,687,652	4,694,520,850	151,004,316	317,813	0	65,027,037	216,349,166	4,910,870,016
1986-87	3,129,406,895	1,451,612,941	599,542,284	5,180,562,118	139,317,588	5,870,818	0	66,326,174	211,514,580	5,392,076,698
1987-88	3,312,804,849	1,555,266,971	683,217,053	5,551,288,873	166,899,926	2,342,734	0	83,995,809	253,238,469	5,804,527,342
1988-89	3,551,755,877	1,681,724,768	695,061,462	5,928,542,107	141,780,651	603,796	0	83,603,051	225,987,498	6,154,529,606
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 <sup>b</sup>	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 <sup>c</sup>	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 <sup>d</sup>	7,647,050,146
1992-93	4,421,864,918	2,344,073,330	1,117,078,310	7,883,016,558	75,732,291	97,606	0	163,950,111	239,780,008	8,122,796,566

<sup>a</sup> Includes transfer of \$12,007,219 from Reserve for Income Tax Refunds in order to close out reserve account

<sup>b</sup> Does not include Transfer from Highway Trust Fund

<sup>c</sup> Does not include Transfers from Highway Trust Fund nor Highway Fund

<sup>d</sup> Does not include Transfer from Highway Trust Fund but includes sales tax refund from Highway and Reimbursement from Insurance Department's Special Fund for Operation of Department

# SUMMARY OF GENERAL FUND APPROPRIATIONS

## APPROPRIATION

FISCAL YEAR	CURRENT OPERATIONS	CAPITAL	PLUS CARRY FORWARD	TOTAL	EXPENDITURES	UNEXPENDED APPROPRIATION	LESS CARRY FORWARD	NET REVERSIONS
1965-66	548,887,603	41,639,578	0	590,527,181	558,762,459	31,764,722	10,573,247	21,191,475
1966-67	580,566,081	0	10,573,247	591,139,328	565,195,417	25,943,911	0	25,943,911
1967-68	679,797,594	112,356,788	0	792,154,382	756,349,426	35,804,956	9,118,376	26,686,580
1968-69	735,615,110	0	9,118,376	744,733,486	718,259,774	26,473,712	0	26,473,712
1969-70	894,518,284	75,588,603	0	970,106,887	912,993,508	57,113,379	18,348,925	38,764,454
1970-71	962,778,883	0	18,348,925	981,127,808	939,311,030	41,816,778	0	41,816,778
1971-72	1,087,143,307	64,891,192	0	1,152,034,499	1,096,244,272	55,790,227	13,853,736	41,936,491
1972-73	1,173,589,394	0	13,853,736	1,187,443,130	1,139,500,643	47,942,487	0	47,942,487
1973-74	1,520,694,407	86,622,446	0	1,607,316,853	1,519,864,088	87,452,765	0	87,452,765
1974-75	1,698,417,672	36,165,337	0	1,734,583,009	1,663,868,968	70,714,041	0	70,714,041
1975-76	1,756,230,449	23,948,648	0	1,780,179,097	1,693,959,910	86,219,187	18,570,953	67,648,234
1976-77	1,944,405,653	28,969,937	18,570,953	1,991,946,543	1,919,809,634	72,136,909	0	72,136,909
1977-78	2,193,540,024	4,749,000	0	2,198,289,024	2,135,899,750	62,389,274	134,310	62,254,964
1978-79	2,451,876,785	93,778,818	134,310	2,545,789,913	2,452,111,660	93,678,253	0	93,678,253
1979-80	2,761,002,481	84,378,719	0	2,845,381,200	2,744,651,008	100,730,192	10,013,647	90,716,545
1980-81	3,140,949,832	104,141,290	10,013,647	3,255,104,769	3,154,154,198	100,950,571	0	100,950,571
1981-82	3,404,824,224	30,861,142	0	3,435,685,366	3,275,619,875	160,065,491	3,129,320	156,936,171
1982-83	3,558,013,570	65,772,358	3,129,320	3,626,915,248	3,440,694,342	186,220,906	0	186,220,906
1983-84	3,812,808,921	59,782,244	0	3,872,591,165	3,775,487,080	97,104,085	15,027,077	82,077,008
1984-85	4,304,541,096	212,535,238	15,027,077	4,532,103,411	4,400,523,529	131,579,882	0	131,579,882
1985-86	4,877,060,744	253,503,234	0	5,130,563,978	4,971,858,475	158,705,503	0	158,705,503
1986-87	5,233,678,633	297,667,245	0	5,531,345,878	5,349,003,039	182,342,839	0	182,342,839
1987-88	5,805,245,729	173,020,035	0	5,978,265,764	5,773,774,884	204,490,880	0	204,490,880
1988-89	6,302,733,865	258,659,030	0	6,561,392,895	6,390,416,439	170,976,456	0	170,976,456

**SUMMARY OF GENERAL FUND APPROPRIATIONS (Continued)**

FISCAL YEAR	APPROPRIATION		PLUS CARRY FORWARD	TOTAL	EXPENDITURES	UNEXPENDED APPROPRIATION	LESS CARRY FORWARD	NET REVERSIONS
	CURRENT OPERATIONS	CAPITAL						
1989-90	7,116,587,717	150,092,738	0	7,266,680,455	6,923,212,860	a 343,467,595	a 0	343,467,595 a
1990-91	7,867,424,607	106,400,195	0	7,973,824,802	7,429,617,079	544,207,723	b 0	544,207,723 b
1991-92	7,825,732,308	—	—	7,825,732,308	7,652,718,443	173,013,865	—	173,013,865
1992-93	8,114,332,336	95,205,570	—	8,209,537,906	7,879,046,069	330,491,837	c —	330,491,837 c

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.

c Reflects \$158.7 million in unbudgeted Disproportionate shared payments.

**GENERAL FUND APPROPRIATIONS**  
**(Millions)**  
**(May Not Add Due to Rounding)**

Fiscal Year Ending June 30	Department Totals	Debt Service	Reserves Unallocated	Subtotal Current Operations	Rainy Day Fund	Local Governments	Transfer to Highway Fund	Capital Improve- mentsC	Total Appropriations
1966	\$525.2	\$11.9	\$1.2	\$538.3	\$ -	\$ - A	\$ -	\$41.7	\$580.0
1967	573.2	17.2	.7	591.1	-	- A	-	-	591.1
1968	652.9	17.5	.3	670.7	-	- A	-	112.4	783.1
1969	726.8	17.8	.1	744.7	-	- A	-	-	744.7
1970	856.2	17.8	2.2	876.2	-	- A	-	75.6	951.8
1971	961.9	17.8	1.5	981.1	-	- A	-	-	981.1
1972	1,052.2	18.6	2.5	1,073.3	-	- A	-	64.9	1,138.2
1973	1,159.1	21.5	6.9	1,187.4	-	- A	-	-	1,187.4
1974	1,468.5	48.1	4.1	1,520.7	-	- A	-	86.6	1,607.3
1975	1,692.3	-	6.1	1,698.4	-	- A	-	36.2	1,734.6
1976	1,700.1	34.9	2.7	1,737.7	-	- A	-	23.9	1,761.6
1977	1,917.7	40.0	5.2	1,963.0	-	- A	-	29.0	1,992.0
1978	2,141.1	49.2	3.1	2,193.4	-	- A	-	4.7	2,198.1
1979	2,389.7	53.0	9.3	2,452.0	-	- A	-	93.8	2,545.8
1980	2,687.4	55.3	8.2	2,751.0	-	- A	-	84.4	2,835.4
1981	3,083.0	62.2	5.8	3,151.0	-	- A	-	104.1	3,255.1
1982	3,327.8	65.1	8.8	3,401.7	-	- A	-	30.9	3,432.6
1983	3,474.8	75.0	11.4	3,561.1	-	- A	-	65.8	3,626.9
1984	3,689.6	79.5	2.9	3,772.0	-	- A	25.8	59.8	3,857.6
1985	4,237.2	76.1	6.3	4,319.6	-	- A	-	212.5	4,532.1
1986	4,793.0	75.8	8.3	4,877.1	-	- A	-	253.5	5,130.6
1987	5,162.2	64.5	7.0	5,233.7	-	- A	-	297.7	5,531.3
1988	5,712.6	73.9	18.7	5,805.2	-	- A	-	173.0	5,978.3

Fiscal Year Ending June 30	Department Totals	Debt Service	Reserves Unallocated	Subtotal Current Operations	Rainy Day Fund	Local Governments	Transfer to Highway Fund	Capital Improve- ments <sup>C</sup>	Total Appropriations
1989	6,228.5	71.6	2.6	6,302.7	-	- A	-	258.7	6,561.4
1990	6,807.0	70.0	6.0	6,883.0	-	233.6	-	150.1	7,266.7
1991	7,172.1	71.3	6.3	7,249.6	141.0	476.8	-	106.4	7,973.8
1992	7,276.9	79.7	.5	7,357.1	.4	468.2	-	-	7,825.7
1993	7,798.3	89.0	(5.4)	7,881.9	- B	232.4	-	95.2	8,209.5

A Revenues earmarked for local governments.

B Twenty-five percent of ending credit balance earmarked, funds no longer appropriated.

C Does not include Federal-Revenue Sharing authorizations.

**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



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	
1992-93	7,881,908,182 <sup>c</sup>	3,435,634,234	43.59	398,689,471	5.06	1,170,947,533	14.86	63.50
1993-94 <sup>c</sup>	8,674,060,752	3,628,703,338	41.83	423,585,941	4.88	1,221,568,121	14.08	60.80
1994-95 <sup>c</sup>	8,779,520,532	3,635,998,600	41.41	412,029,541	4.69	1,213,558,576	13.82	59.93

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 <sup>a</sup>	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 <sup>b</sup>	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 <sup>c</sup>	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	
1992-93	7,552,787,564 <sup>d</sup>	80,219,334	3,399,653,728	1,140,308,136	391,402,904	1,222,683,543	227,728,247	488,715,634	602,076,038	

<sup>a</sup> Excludes Local Government Tax Reimbursement; expenditures reflect the deferment of the June 30, 1990 payroll into the next fiscal year (1990-91).

<sup>b</sup> 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.

<sup>c</sup> Excludes Local Government Tax Reimbursements/Shared Revenues and the \$400,000 Transfer to Savings Reserve.

<sup>d</sup> Excludes Local Government Revenues

# REVERSIONS AND PERCENT OF ADJUSTED APPROPRIATIONS

	<u>Public Schools</u>		<u>University</u>		<u>Human Resources</u>		<u>TOTAL</u>	
		% of		% of		% of		% of
	Reversions	Adjusted	Reversions	Adjusted	Reversions	Adjusted	Reversions	Adjusted
		Approp.		Approp.		Approp.		Approp.
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 <sup>b</sup>	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
1992-93	35,980,506	1.0	30,639,398	2.6	187,572,058	13.3	330,491,837	4.1

- 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.

**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>POWELL BILL</i>	<i>TOTAL TAX AID</i>	<i>PROPERTY TAX ****</i>
1973-74	\$98.4	\$57.3	—	\$29.3	\$185.0	\$548.4
1978-79	175.8	89.3	—	33.5	298.6	867.4
1983-84	296.5	158.3	—	43.2	498.0	1,468.5
1988-89	831.7	206.7	226.9	66.7	1,332.0	2,016.1
1993-94	1,033.2	236.8	237.8	90.7	1,507.8	3,095.0
% Increase Since 1973-74	950.0%	313.3%	—	309.6%	715.0%	464.4%
Average Annual % Increase Since 1971-72	12.5%	8.8%	—	5.8%	11.1%	9.1%

\* Includes intangibles tax (stocks and bonds), beer and wine excise tax, utility gross receipts tax (cities only).

\*\* 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 GROWTH MONEY ISSUE

### 1989 LEGISLATIVE ACTION

At the request of the State Auditor, the General Assembly changed the method of accounting for \$238 million of local tax reimbursements (inventory tax, etc.) from an earmarking of state taxes to an annual appropriation approved during the budget process. This action had no state or local fiscal impact.

### 1990 ACTION BY GOVERNOR

To deal with the 1989-90 budget shortfall, the Governor requested legislation to take unearmark the other pot of local tax aid, \$237 million of tax sharing monies (intangibles tax, beer and wine tax, franchise tax). Because \$120 million of these revenues were collected in one fiscal year but not sent out until the next year, the state received a \$120 million one-time windfall by unearmarking these funds. This action did not have a negative impact on local units because in 1990-91 and future years local units would receive an appropriation equal to a share of a full-year of current revenues. The funding would be subject to the budget process.

### 1991 ACTION BY GOVERNOR

The \$237 million of tax sharing monies and \$238 million of tax reimbursement funds represents a total of \$475 million of local tax aid. Because of the actions discussed above, both items were now subject to the annual appropriations process.

During the 1990-91 budget shortfall the Governor cut each unit's share of this aid by 6.2%, or \$32.1 million.

### 1991 LEGISLATIVE ACTIONS

The 1991 General Assembly restored the Governor's 6.2% cut to the base and then froze the tax funds for 1991-92 and 1992-93 at the restored level. This action led to a loss of growth of the two funds. The growth savings were considered local government's contribution to resolving the \$1.2 state budget shortfall.

## **LOCAL GROWTH MONEY ISSUE (Continued)**

### **1992 LEGISLATIVE ACTION**

The interim report of the Fiscal Trends Commission recommended unearmarking the \$238 million of tax reimbursements, but not to allow growth (about 2% per year). This recommendation was adopted by the 1992 General Assembly.

### **1993 LEGISLATIVE ACTION**

The final report of the Fiscal Trends Commission recommended that the tax sharing funds (\$237 million) be taken out of the budget process and that growth be allowed (about 6% per year). The recommendation was that both changes be made effective beginning with 1993-94. The General Assembly adopted this recommendation, effective beginning with the 1995-96 fiscal year.

# 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
1992-93	108,539	78,491	187,030	15,486	14,408	216,924



**SUMMARY OF PERMANENT POSITIONS BY DEPARTMENT  
JULY 1, 1992**

<i>DEPARTMENT/OFFICE</i>	<i>GENERAL FUND</i>	<i>HIGHWAY FUND</i>	<i>RECEIPTS- SUPPORTED</i>	<i>TOTAL POSITIONS</i>
Administration	811.6	—	226.3	1,037.9
Agriculture	1,075.4	71.0	274.5	1,420.9
Board of Governors	25,160.8	—	6,460.6	31,621.4
Economic and Community Development	378.0	—	2,198.3	2,576.3
Community Colleges	186.2	—	17.0	203.2
Correction	13,023.7	—	312.5	13,336.2
Crime Control and Public Safety	505.0	1,602.0	110.0	2,217.0
Cultural Resources	636.8	—	49.0	685.8
General Assembly	154.0	—	—	154.0
Governor's Office	78.2	—	1.0	79.2
Housing Finance Agency	—	—	55.0	55.0
Human Resources	14,617.2	—	2,541.7	17,158.9
Insurance	243.9	—	127.5	371.4
Judicial	4,529.9	—	98.0	4,627.9
Justice	913.5	—	79.5	993.0
Labor	340.4	—	64.1	404.5
Lieutenant Governor's Office	10.0	—	—	10.0
Miscellaneous Boards and Commissions	—	—	55.0	55.0
Environment, Health, and Natural Resources	2,930.4	15.9	955.2	3,901.5
Office of Administrative Hearings	36.0	—	—	36.0
Administrative Rules Review	4.0	—	—	4.0
Office of State Budget and Management	51.0	—	—	51.0
Office of State Planning	12.6	—	38.2	50.8
Public Instruction	604.6	—	244.4	849.0
Revenue	1,126.5	42.0	27.0	1,195.5
Secretary of State	108.8	—	3.0	111.8
State Auditor	133.0	—	13.0	146.0
State Board of Elections	7.0	—	—	7.0
State Controller	82.0	—	210.5	292.5
State Treasurer	71.0	—	178.5	249.5
Transportation	—	13,755.4	68.0	13,823.4
Subtotal	67,831.5	15,486.3	14,407.8	97,674.8
Community Colleges	10,659.5	—	—	10,659.5
Public School System	108,538.9	—	—	108,538.9
<b>GRAND TOTAL</b>	<b>187,029.9</b>	<b>15,486.3</b>	<b>14,407.8</b>	<b>216,924.0</b>

**ACROSS-THE-BOARD SALARY COST  
FOR EACH 1% INCREASE  
(MILLIONS)**

YEAR	GENERAL FUND	HIGHWAY FUND
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	No Increase Granted	
1992-93	54.11	3.39
1993-94	55.75	3.48

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.

## 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%

# LEGISLATIVE INCREASES (Continued)

YEAR	STATE EMPLOYEES	TEACHERS
1989-90	4% + 2% merit funds	6.65% average
1990-91	4% + 2% merit funds	6.15% average
1991-92	-0-	-0-
1992-93	\$522	2% average
1993-94	2% + 1% one-time bonus payment	3% average

a Salary increment program frozen

b Conditional upon continuous employment for one year

# 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
1974-75	9,013
1975-76	9,092
1976-77	9,431
1977-78	11,060
1978-79	11,756
1979-80	12,677
1980-81	14,233
1981-82	15,329
1982-83	15,329
1983-84	16,026
1984-85	17,587
1985-86	18,742
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
1993-94	25,645

- NOTE:
- (1) Prior to 1972 computations were only made every two year.
  - (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.**

**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	9-11-92
Columbus	10,000,000	5-13-88	Camden	2,000,000	9-11-92
Halifax	9,015,252	5-13-88	Onslow	10,000,000	9-11-92
Hertford	2,175,174	5-13-88	Tyrrell	2,000,000	9-11-92
Scotland	2,000,000	5-13-88	Ashe	2,000,000	8-93
Richmond	8,660,673	5-13-88	Caldwell	8,000,000	8-93
Anson	2,216,236	5-13-88	Caldwell	2,000,000	
Bladen	2,000,000	5-13-88	Alexander	2,000,000	
Sampson	2,000,000	5-13-88	Craven	4,641,498	
Duplin	2,000,000	5-13-88	Chowan	2,013,466	
Granville	2,000,000	5-13-88	Currituck	5,273,900	
Franklin	2,000,000	5-13-88	Pamlico	2,000,000	
Jones	2,000,000	5-13-88	Yadkin	2,000,000	
Warren	2,000,000	5-13-88	Rutherford	10,000,000	
Swain	4,824,445	5-13-88	Jackson	2,000,000	
Greene	2,000,000	5-13-88	Pasquotank	2,000,000	
Graham	3,300,000	5-13-88	Beaufort	8,723,310	
Cherokee	2,000,000	5-13-88	Surry	10,000,000	
Wayne	2,002,563	5-13-88	Mitchell	2,000,000	
Rocky Mount			Lincoln	4,184,361	
City	450,000	5-13-88	Burke	5,125,351	
Edgecombe	1,550,000	5-13-88	Carteret	2,000,000	
Clay City	2,437,450	5-13-88	Rocky Mount		
Vance	5,671,827	5-13-88	City	1,260,000	
Yancey	4,980,929	5-13-88	Nash County	8,740,000	
Johnston	10,000,000	10-12-89	Wake	7,337,296	

\* Section 20, Chapter 1044, 1991 Session Laws - \$2,000,000 Direct Appropriation

**SCHOOL FACILITIES FINANCE ACT OF 1987**  
**PUBLIC SCHOOL CAPITAL BUILDING FUND**  
**(ADM Fund)**  
**(MAY NOT ADD DUE TO ROUNDING)**  
*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	\$79,926,467	\$122,019	\$79,804,448	\$2,025,970	\$81,830,418	\$81,830,418
6-30-89	60,290,342	—	60,290,342	9,824,853	70,115,196	151,945,614
6-30-90	37,593,993	462,004	37,131,989	10,955,301	48,087,290	200,032,904
6-30-91	27,375,000	305,880	27,069,120	8,592,719	35,661,839	235,694,744
6-30-92	27,669,428	289,240	27,380,188	5,241,429	32,621,617	268,316,361
6-30-93	32,340,599	295,448	32,045,151	4,257,122	36,302,273	304,618,634
<b>TOTAL</b>	<b>\$265,195,830</b>	<b>\$1,474,591</b>	<b>\$263,721,239</b>	<b>\$40,897,395</b>	<b>\$304,618,634</b>	

**CAPITAL IMPROVEMENTS  
LEGISLATIVE BOND ISSUES**

	<b>Total</b>	<b>University</b>	<b>Community Colleges</b>	<b>Correction</b>	<b>State Ports</b>	<b>Other</b>
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**

	<b>Clean Water Program</b>	<b>State Parks</b>	<b>Public School Facilities</b>	<b>University</b>	<b>Community Colleges</b>	<b>Prison Facilities</b>
1972	\$150,000,000	—	—	—	—	—
1973	—	—	\$300,000,000	—	—	—
1975	—	—	—	\$43,250,000	—	—
1977	230,000,000	—	—	—	—	—
1990	—	—	—	—	—	—
1993	145,000,000	35,000,000	—	312,000,000	250,000,000	\$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; the 1993 Session appropriated the balance of \$87.5 million.



**PUBLIC EDUCATION**

**LOW WEALTH SUPPLEMENTAL FUNDING**



# Calculating Low Wealth Supplemental Funding An Example for 1993-94

Weighted 40% Revenue, 10% Density, and 50% Income

## STEP 1 - Comparability:

### County Revenue:

#### Calculate County Adjusted Property Tax Base:

Real Property (revalued in 1987)	\$409,281,185	
Less: Agricultural Use Value	48,678,000	
Property Value to be Adjusted		\$360,603,185
Weighted Sales Assessment Ratio		0.8845 (Valued @ 88% of Market)
Adjusted Real Property Value		407,691,560
Public Service Company Value		32,046,239
Personal Property Value		105,407,631
Agricultural Use Value		48,678,000
County Adjusted Property Tax Base		\$593,823,430

#### Convert County Adjusted Property Tax Base to Anticipated Revenue:

County Adjusted Property Tax Base	\$593,823,430
State Average "Effective" Tax Rate	0.578 (per \$100 in Property Value)
<small>(State Average Tax Rate for all Counties after adjusting each County's Actual Tax Rate by the County's Weighted Sales Assessment Ratio)</small>	
Anticipated County Property Tax Revenue Availability	\$3,432,299

#### Include Additional Revenue:

1992 Additional Local Revenue *	\$2,888,474
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**Anticipated Total County Revenue Availability** \$6,320,773

\* (Local Sales and Use Taxes, Food Stamp Exemption Reimbursement, Homestead Exemption Reimbursement, Inventory Tax, Intangibles Tax, and Fines and Forfeitures).

#### Calculate Anticipated Total County Revenue Availability per Student:

Total County's Average Daily Membership (ADM)	4,344
Anticipated Total County Revenue Availability per Student	\$1,455
Anticipated State Average Revenue Availability per Student	\$2,405
County Percentage of State Average County Revenue per Student	<u>60.50%</u>

### Density Adjustment:

County Adjusted Property Tax Base	\$593,823,430
Square Miles in County	353.67
County Adjusted Property Tax Base per Square Mile	\$1,679,033
State Average Adjusted Property Tax Base per Square Mile	\$6,424,212
County Percentage of State Average Property Tax Base per Square Mile	<u>26.14%</u>

### Per Capita Income:

County 3 Year Average Per Capita Income (1989, 1990, 1991)	\$12,111
State 3 Year Average Per Capita Income (1989, 1990, 1991)	\$16,253
County Percentage of State 3 Year Average Per Capita Income	<u>74.52%</u>

# Calculating Low Wealth Supplemental Funding An Example for 1993-94

Weighted 40% Revenue, 10% Density, and 50% Income

## STEP 2 – Eligibility

### Eligible for Funding:

40% of the County Percentage of Revenue Base per Student	24.20%	( 60.50% * .4 )
10% of the County Percentage of Property Base per Mile	2.61%	( 26.14% * .1 )
50% of the County Percentage of Per Capita Income	37.26%	( 74.52% * .5 )
<b>County Wealth as a Percentage of State Average Wealth</b>	<b>64.07%</b>	

*If the Overall Wealth Percentage is less than 100%, then a County is eligible.*

**THIS COUNTY IS CLASSIFIED AS ELIGIBLE FOR LOW WEALTH FUNDING!!!**

## STEP 3 – Effort:

### 1st way to meet effort requirement:

County's 1991 Tax Rate	\$1.02	(Per \$100 in Property Valuation)
Weighted Sales Assessment Ratio:	0.8845	
Effective County Tax Rate	0.902	
Effective State Average Tax Rate	0.578	(\$0.68 Unadjusted)

*If the Effective County Tax Rate is greater than the Effective State Average Tax Rate, then a County is Fundable.*

**THIS COUNTY WILL RECEIVE LOW WEALTH FUNDING!!!**

### 2nd way to meet effort requirement:

State Average Local Appropriation per Student	\$748.35
County Wealth as a Percentage of State Average	64.07%
Calculated County Appropriation per Student	\$479.47
Actual 1992 County Appropriation per Student	\$527.85
County Appropriation as a Percentage of Calculated County Appropriation (\$527.85 divided by \$479.47)	110.1%

*If the Actual County Appropriations exceed the Calculated County Appropriation (greater than 100%), then a County is Fundable.*

### Otherwise:

All other Eligible Counties will receive a portion of the calculated funding outlined in Step 4. If the Actual County Appropriations are less than the Calculated County Appropriation (less than 100%), then a County's funding will be reduced by the percent a County is below 100%. For example, if this example County was contributing only 85.4% (rather than 110.1%) of the formula's anticipated contributions, the County would receive only 85.4% of the total funding that the County would have received under the formula – Step 4 (Calculation of Effort Proration).

# Calculating Low Wealth Supplemental Funding An Example for 1993-94

Weighted 40% Revenue, 10% Density, and 50% Income

## STEP 4 – Funding:

### Calculation of Total Funding:

State Average Local Appropriation per Student	\$748.35
County Wealth as a Percentage of State Average	64.07%
Calculated County Appropriation per Student	\$479.47
State Average Local Appropriation per Student	748.35
Difference From State Average	\$268.88
Total County's Average Daily Membership (ADM)	4,344
Total Allotment per Formula	<u>\$1,168,015</u>

### Calculation of Effort Proration:

Calculation of Proportional Funding if a County's Actual per Student Appropriations to public schools is less than the amount the formula anticipates that they could generate (See Step 3 Effort):

Total Allotment per Formula	\$1,168,015	
County Appropriation as a Percentage of Calculated County Appropriation (\$527.85 divided by \$479.47)	n/a	(110.1% no proration is required)
Total Allotment after Effort Proration	\$1,168,015	

### Example of a Prorated Allotment:

Total Allotment per Formula	\$1,168,015
County Appropriation as a Percentage of Calculated County Appropriation (\$568.38 divided by \$665.58)	85.4%
Total Allotment after Effort Proration	<u>\$997,485</u>

### Calculation Pro Rata Actual Funding:

Maximum State Allotment for Fundable Counties	\$81,020,225	(includes all 72 eligible Counties after effort)
Total Appropriated Funds	\$18,000,000	
County's Portion of Appropriated Funds	<u>\$259,494</u>	(2.22% of \$1,168,015)

# Low Wealth Supplemental Funding

Based on Preliminary  
1992 Property Valuations

County Name	1992-93			1993-94			Difference From 1992-93
	Allotment	Eligible?	Rank	Allotment	Eligible?	Rank	
010 Alamance County	\$0		25	\$0		18	\$0
020 Alexander County	0	Eligible	54	71,120	Eligible	53	71,120
030 Alleghany County *	2,567		24	12,918	Eligible	33	10,351
040 Anson County	101,750	Eligible	79	227,764	Eligible	83	126,014
050 Ashe County	0	Eligible	36	75,646	Eligible	54	75,646
060 Avery County	0		18	0		25	0
070 Beaufort County	0	Eligible	35	179,922	Eligible	49	179,922
080 Bertie County	104,173	Eligible	87	261,509	Eligible	98	157,336
090 Bladen County	113,863	Eligible	73	267,905	Eligible	80	154,042
100 Brunswick County	0		8	0		13	0
110 Buncombe County	0		26	0		20	0
120 Burke County	0	Eligible	49	215,359	Eligible	42	215,359
130 Cabarrus County	59,758	Eligible	29	0		22	(59,758)
140 Caldwell County	168,776	Eligible	60	300,803	Eligible	51	132,027
150 Camden County	12,114	Eligible	45	40,632	Eligible	69	28,518
160 Carteret County	0		14	0		19	0
170 Caswell County	96,097	Eligible	96	195,145	Eligible	92	99,048
180 Catawba County	0		19	0		9	0
190 Chatham County	0		21	0		28	0
200 Cherokee County	0	Eligible	59	80,807	Eligible	68	80,807
210 Chowan County	45,222	Eligible	66	95,691	Eligible	67	50,469
220 Clay County	0	Eligible	34	20,598	Eligible	58	20,598
230 Cleveland County *	163,606	Eligible	46	125,209	Eligible	36	(38,397)
240 Columbus County	278,601	Eligible	91	590,781	Eligible	90	312,180
250 Craven County	0	Eligible	62	382,024	Eligible	57	382,024
260 Cumberland County	1,154,781	Eligible	86	1,246,799	Eligible	50	92,018
270 Currituck County	0		5	0		15	0
280 Dare County	0		1	0		2	0
290 Davidson County	0	Eligible	43	182,920	Eligible	35	182,920
300 Davie County	0		22	0		21	0
310 Duplin County	190,579	Eligible	82	435,355	Eligible	88	244,776
320 Durham County	0		9	0		4	0
330 Edgecombe County	284,254	Eligible	85	285,708	Eligible	66	1,454
340 Forsyth County	0		4	0		3	0
350 Franklin County	133,244	Eligible	76	317,828	Eligible	81	184,584
360 Gaston County	249,279	Eligible	37	0		16	(249,279)
370 Gates County	29,072	Eligible	64	81,303	Eligible	76	52,231
380 Graham County	0	Eligible	80	36,594	Eligible	91	36,594
390 Granville County	0	Eligible	69	265,540	Eligible	71	265,540
400 Greene County	70,256	Eligible	88	135,275	Eligible	82	65,019

# Low Wealth Supplemental Funding

Based on Preliminary  
1992 Property Valuations

County Name		1992-93			1993-94			Difference From 1992-93
		Allotment	Eligible?	Rank	Allotment	Eligible?	Rank	
410	Guilford County	0		7	0		7	0
420	Halifax County	242,262	Eligible	81	558,649	Eligible	86	316,387
430	Harnett County	334,321	Eligible	95	743,455	Eligible	93	409,134
440	Haywood County *	24,442	Eligible	27	74,587	Eligible	34	50,145
450	Henderson County	0		11	0		10	0
460	Hertford County	115,478	Eligible	94	259,494	Eligible	94	144,016
470	Hoke County	172,813	Eligible	100	423,246	Eligible	100	250,433
480	Hyde County	0		17	0		24	0
490	Iredell County	155,855	Eligible	40	0		27	(155,855)
500	Jackson County	0	Eligible	28	0		23	0
510	Johnston County	298,790	Eligible	71	519,016	Eligible	62	220,226
520	Jones County	33,917	Eligible	78	80,360	Eligible	85	46,443
530	Lee County *	50,959	Eligible	32	29,576	Eligible	31	(21,383)
540	Lenoir County	183,311	Eligible	65	257,847	Eligible	48	74,536
550	Lincoln County	174,429	Eligible	72	81,278	Eligible	37	(93,151)
560	Macon County	0		3	0		12	0
570	Madison County	0	Eligible	63	59,451	Eligible	77	59,451
580	Martin County	68,641	Eligible	57	160,963	Eligible	60	92,322
590	McDowell County	0	Eligible	70	187,195	Eligible	64	187,195
600	Mecklenburg County	0		2	0		1	0
610	Mitchell County	0	Eligible	56	66,579	Eligible	65	66,579
620	Montgomery County	0	Eligible	47	108,036	Eligible	63	108,036
630	Moore County	0		15	0		17	0
640	Nash County	0	Eligible	33	279,356	Eligible	45	279,356
650	New Hanover County	0		13	0		6	0
660	Northampton County	79,139	Eligible	74	192,424	Eligible	84	113,285
670	Onslow County	590,311	Eligible	98	922,055	Eligible	95	331,744
680	Orange County	0		10	0		8	0
690	Pamlico County	0	Eligible	31	50,787	Eligible	61	50,787
700	Pasquotank County	130,821	Eligible	77	254,511	Eligible	73	123,690
710	Pender County	0	Eligible	30	157,172	Eligible	59	157,172
720	Perquimans County	46,837	Eligible	84	103,219	Eligible	87	56,382
730	Person County	0		23	17,197	Eligible	30	17,197
740	Pitt County	222,073	Eligible	51	329,195	Eligible	40	107,122
750	Polk County	0		6	0		11	0
760	Randolph County	0	Eligible	39	212,534	Eligible	44	212,534
770	Richmond County	209,960	Eligible	90	451,170	Eligible	89	241,210
780	Robeson County	731,631	Eligible	99	1,609,011	Eligible	99	877,380
790	Rockingham County *	144,320	Eligible	50	221,913	Eligible	41	77,593
800	Rowan County	0	Eligible	38	168,094	Eligible	32	168,094

# Low Wealth Supplemental Funding

Based on Preliminary  
1992 Property Valuations

County Name	1992-93			1993-94			Difference From 1992-93
	Allotment	Eligible?	Rank	Allotment	Eligible?	Rank	
810 Rutherford County	0	Eligible	44	203,269	Eligible	47	203,269
820 Sampson County *	179,997	Eligible	75	298,422	Eligible	72	118,425
830 Scotland County	192,194	Eligible	93	335,854	Eligible	78	143,660
840 Stanly County	0	Eligible	41	161,232	Eligible	46	161,232
850 Stokes County	0	Eligible	55	121,521	Eligible	43	121,521
860 Surry County *	109,436	Eligible	42	121,431	Eligible	39	11,995
870 Swain County	0	Eligible	92	61,739	Eligible	97	61,739
880 Transylvania County	0		12	0		14	0
890 Tyrrell County	9,691	Eligible	52	30,887	Eligible	74	21,196
900 Union County	199,462	Eligible	48	2,812	Eligible	29	(196,650)
910 Vance County	201,077	Eligible	97	267,808	Eligible	70	66,731
920 Wake County	0		16	0		5	0
930 Warren County	46,030	Eligible	61	144,648	Eligible	79	98,618
940 Washington County	71,871	Eligible	89	168,042	Eligible	96	96,171
950 Watauga County	0		20	0		26	0
960 Wayne County	443,339	Eligible	83	817,891	Eligible	75	374,552
970 Wilkes County	0	Eligible	58	228,350	Eligible	56	228,350
980 Wilson County	213,998	Eligible	67	165,414	Eligible	38	(48,584)
990 Yadkin County	64,603	Eligible	53	103,665	Eligible	52	39,062
995 Yancey County	0	Eligible	68	57,490	Eligible	55	57,490
<b>Total</b>	<b>\$9,000,000</b>	<b>74</b>		<b>\$18,000,000</b>	<b>72</b>		<b>\$9,000,000</b>

A county could be eligible for funding in 1992-93 but not funded if their "effective" county tax rate was less than the state average "effective" tax rate. A total of 44 of the eligible 74 counties had an "effective" 1992 tax rate which was above the state average "effective" tax rate.

In 1993-94 all 72 eligible counties are being funded. If a county's "effective" county tax rate was more than the state average, or if the county is contributing more than they could provide to local schools based on the Low Wealth Formula, the county receives 100% of the funding. Otherwise, the county will receive a proportional share of the calculated funding. 40 counties received 100% funding and 32 counties received a proportional share.

- Legislation held all counties which received Low Wealth Supplemental funding in 1991-92 harmless to the County's total 1991-92 funding. A total of five (5) counties had "effective" tax rates less than the state average "effective" tax rate. Haywood and Lee required additional funding to be held harmless to their 1991-92 funding level.



# Low Wealth Supplemental Funding

Based on Preliminary  
1992 Property Valuations

County Name		1992-93			1993-94			Difference From 1992-93
		Allotment	Eligible?	Rank	Allotment	Eligible?	Rank	
470	Hoke County	\$172,813	Eligible	100	\$423,246	Eligible	100	\$250,433
780	Robeson County	731,631	Eligible	99	1,609,011	Eligible	99	877,380
080	Bertie County	104,173	Eligible	87	261,509	Eligible	98	157,336
870	Swain County	0	Eligible	92	61,739	Eligible	97	61,739
940	Washington County	71,871	Eligible	89	168,042	Eligible	96	96,171
670	Onslow County	590,311	Eligible	98	922,055	Eligible	95	331,744
460	Hertford County	115,478	Eligible	94	259,494	Eligible	94	144,016
430	Harnett County	334,321	Eligible	95	743,455	Eligible	93	409,134
170	Caswell County	96,097	Eligible	96	195,145	Eligible	92	99,048
380	Graham County	0	Eligible	80	36,594	Eligible	91	36,594
240	Columbus County	278,601	Eligible	91	590,781	Eligible	90	312,180
770	Richmond County	209,960	Eligible	90	451,170	Eligible	89	241,210
310	Duplin County	190,579	Eligible	82	435,355	Eligible	88	244,776
720	Perquimans County	46,837	Eligible	84	103,219	Eligible	87	56,382
420	Halifax County	242,262	Eligible	81	558,649	Eligible	86	316,387
520	Jones County	33,917	Eligible	78	80,360	Eligible	85	46,443
660	Northampton County	79,139	Eligible	74	192,424	Eligible	84	113,285
040	Anson County	101,750	Eligible	79	227,764	Eligible	83	126,014
400	Greene County	70,256	Eligible	88	135,275	Eligible	82	65,019
350	Franklin County	133,244	Eligible	76	317,828	Eligible	81	184,584
090	Bladen County	113,863	Eligible	73	267,905	Eligible	80	154,042
930	Warren County	46,030	Eligible	61	144,648	Eligible	79	98,618
830	Scotland County	192,194	Eligible	93	335,854	Eligible	78	143,660
570	Madison County	0	Eligible	63	59,451	Eligible	77	59,451
370	Gates County	29,072	Eligible	64	81,303	Eligible	76	52,231
960	Wayne County	443,339	Eligible	83	817,891	Eligible	75	374,552
890	Tyrrell County	9,691	Eligible	52	30,887	Eligible	74	21,196
700	Pasquotank County	130,821	Eligible	77	254,511	Eligible	73	123,690
820	Sampson County *	179,997	Eligible	75	298,422	Eligible	72	118,425
390	Granville County	0	Eligible	69	265,540	Eligible	71	265,540
910	Vance County	201,077	Eligible	97	267,808	Eligible	70	66,731
150	Camden County	12,114	Eligible	45	40,632	Eligible	69	28,518
200	Cherokee County	0	Eligible	59	80,807	Eligible	68	80,807
210	Chowan County	45,222	Eligible	66	95,691	Eligible	67	50,469
330	Edgecombe County	284,254	Eligible	85	285,708	Eligible	66	1,454
610	Mitchell County	0	Eligible	56	66,579	Eligible	65	66,579
590	McDowell County	0	Eligible	70	187,195	Eligible	64	187,195
620	Montgomery County	0	Eligible	47	108,036	Eligible	63	108,036
510	Johnston County	298,790	Eligible	71	519,016	Eligible	62	220,226
690	Pamlico County	0	Eligible	31	50,787	Eligible	61	50,787

# Low Wealth Supplemental Funding

Based on Preliminary  
1992 Property Valuations

County Name		1992-93			1993-94			Difference From 1992-93
		Allotment	Eligible?	Rank	Allotment	Eligible?	Rank	
580	Martin County	68,641	Eligible	57	160,963	Eligible	60	92,322
710	Pender County	0	Eligible	30	157,172	Eligible	59	157,172
220	Clay County	0	Eligible	34	20,598	Eligible	58	20,598
250	Craven County	0	Eligible	62	382,024	Eligible	57	382,024
970	Wilkes County	0	Eligible	58	228,350	Eligible	56	228,350
995	Yancey County	0	Eligible	68	57,490	Eligible	55	57,490
050	Ashe County	0	Eligible	36	75,646	Eligible	54	75,646
020	Alexander County	0	Eligible	54	71,120	Eligible	53	71,120
990	Yadkin County	64,603	Eligible	53	103,665	Eligible	52	39,062
140	Caldwell County	168,776	Eligible	60	300,803	Eligible	51	132,027
260	Cumberland County	1,154,781	Eligible	86	1,246,799	Eligible	50	92,018
070	Beaufort County	0	Eligible	35	179,922	Eligible	49	179,922
540	Lenoir County	183,311	Eligible	65	257,847	Eligible	48	74,536
810	Rutherford County	0	Eligible	44	203,269	Eligible	47	203,269
840	Stanly County	0	Eligible	41	161,232	Eligible	46	161,232
640	Nash County	0	Eligible	33	279,356	Eligible	45	279,356
760	Randolph County	0	Eligible	39	212,534	Eligible	44	212,534
850	Stokes County	0	Eligible	55	121,521	Eligible	43	121,521
120	Burke County	0	Eligible	49	215,359	Eligible	42	215,359
790	Rockingham County *	144,320	Eligible	50	221,913	Eligible	41	77,593
740	Pitt County	222,073	Eligible	51	329,195	Eligible	40	107,122
860	Surry County *	109,436	Eligible	42	121,431	Eligible	39	11,995
980	Wilson County	213,998	Eligible	67	165,414	Eligible	38	(48,584)
550	Lincoln County	174,429	Eligible	72	81,278	Eligible	37	(93,151)
230	Cleveland County *	163,606	Eligible	46	125,209	Eligible	36	(38,397)
290	Davidson County	0	Eligible	43	182,920	Eligible	35	182,920
440	Haywood County *	24,442	Eligible	27	74,587	Eligible	34	50,145
030	Alleghany County *	2,567		24	12,918	Eligible	33	10,351
800	Rowan County	0	Eligible	38	168,094	Eligible	32	168,094
530	Lee County *	50,959	Eligible	32	29,576	Eligible	31	(21,383)
730	Person County	0		23	17,197	Eligible	30	17,197
900	Union County	199,462	Eligible	48	2,812	Eligible	29	(196,650)
190	Chatham County	0		21	0		28	0
490	Iredell County	155,855	Eligible	40	0		27	(155,855)
950	Watauga County	0		20	0		26	0
060	Avery County	0		18	0		25	0
480	Hyde County	0		17	0		24	0
500	Jackson County	0	Eligible	28	0		23	0
130	Cabarrus County	59,758	Eligible	29	0		22	(59,758)
300	Davie County	0		22	0		21	0

# Low Wealth Supplemental Funding

Based on Preliminary  
1992 Property Valuations

County Name	1992-93			1993-94			Difference From 1992-93
	Allotment	Eligible?	Rank	Allotment	Eligible?	Rank	
110 Buncombe County	0		26	0		20	0
160 Carteret County	0		14	0		19	0
010 Alamance County	0		25	0		18	0
630 Moore County	0		15	0		17	0
360 Gaston County	249,279	Eligible	37	0		16	(249,279)
270 Currituck County	0		5	0		15	0
880 Transylvania County	0		12	0		14	0
100 Brunswick County	0		8	0		13	0
560 Macon County	0		3	0		12	0
750 Polk County	0		6	0		11	0
450 Henderson County	0		11	0		10	0
180 Catawba County	0		19	0		9	0
680 Orange County	0		10	0		8	0
410 Guilford County	0		7	0		7	0
650 New Hanover County	0		13	0		6	0
920 Wake County	0		16	0		5	0
320 Durham County	0		9	0		4	0
340 Forsyth County	0		4	0		3	0
280 Dare County	0		1	0		2	0
600 Mecklenburg County	0		2	0		1	0
<b>Total</b>	<b>\$9,000,000</b>	<b>74</b>		<b>\$18,000,000</b>	<b>72</b>		<b>\$9,000,000</b>

A county could be eligible for funding in 1992-93 but not funded if their "effective" county tax rate was less than the state average "effective" tax rate. A total of 44 of the eligible 74 counties had an "effective" 1992 tax rate which was above the state average "effective" tax rate.

In 1993-94 all 72 eligible counties are being funded. If a county's "effective" county tax rate was more than the state average, or if the county is contributing more than they could provide to local schools based on the Low Wealth Formula, the county receives 100% of the funding. Otherwise, the county will receive a proportional share of the calculated funding. 40 counties received 100% funding and 32 counties received a proportional share.

- Legislation held all counties which received Low Wealth Supplemental funding in 1991-92 harmless to the County's total 1991-92 funding. A total of five (5) counties had "effective" tax rates less than the state average "effective" tax rate. Haywood and Lee required additional funding to be held harmless to their 1991-92 funding level.



**PUBLIC EDUCATION**  
**SMALL SCHOOL SYSTEM**  
**SUPPLEMENTAL FUNDING**



## Small School Supplemental Funding

LEA No.	LEA Name	1992-93 Allotment	1993-94 Allotment	Difference
030	Alleghany County	\$236,698	\$503,422	\$266,724
050	Ashe County	301,784	0	(301,784)
060	Avery County	286,160	397,240	111,080
150	Camden County	232,239	514,005	281,766
170	Caswell County	275,723	446,856	171,133
200	Cherokee County	331,877	388,494	56,617
210	Chowan County	291,900	380,731	88,831
220	Clay County	227,199	500,956	273,757
270	Currituck County	314,139	475,431	161,292
370	Gates County	241,031	479,097	238,066
380	Graham County	255,633	506,480	250,847
400	Greene County	265,839	428,271	162,432
480	Hyde County	237,132	516,905	279,773
500	Jackson County	298,781	0	(298,781)
520	Jones County	253,386	567,629	314,243
570	Madison County	271,698	385,698	114,000
610	Mitchell County	264,887	392,135	127,248
660	Northampton County	294,455	414,954	120,499
690	Pamlico County	279,650	435,335	155,685
720	Perquimans County	266,749	420,046	153,297
750	Polk County	251,545	418,534	166,989
870	Swain County	253,442	526,472	273,030
890	Tyrrell County	242,753	595,769	353,016
930	Warren County	296,016	389,405	93,389
940	Washington County	269,717	464,614	194,897
995	Yancey County	259,567	451,521	191,954
Total		\$7,000,000	\$11,000,000	\$4,000,000







