

# **OVERVIEW:**

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## **FISCAL AND BUDGETARY ACTIONS NORTH CAROLINA GENERAL ASSEMBLY**

**1998 SESSION**

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

**RALEIGH, NORTH CAROLINA**

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## INTRODUCTION

This volume is intended to create a "picture" of what the North Carolina General Assembly enacted within the broad area of appropriations and revenues for the 1998-99 fiscal year. It will serve both as a technical record of legislative fiscal action and as a 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"**; **"Capital Improvements"**; **"Salaries and Benefits"**; **"Revenue Bills"**; and, **"Appendix"**.

**Section B, "Total Budget"** summarizes the fiscal actions authorized by the General Assembly for the 1998-99 fiscal year.

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

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

**Section E, "Legislative Actions: General Fund Appropriations"** identifies in summary changes made to the Governor's proposals for continuation support for each department. Special provisions which are pertinent to that department are included.

**Sections F through J** identifies actions taken by the General Assembly in the areas of education, general government, human resources, justice and public safety, and natural and economic resources.

**Section K, "Legislative Actions: Highway Fund Appropriations"** identifies actions for the Highway Fund in the same manner as addressed in Sections F through J.

**Section L, "Statewide Reserves/Debt Service"** identifies actions that are not identified to a specific department, i.e., salary increases. Funds will be journalized from reserve accounts to affected departments when each agency's share has been identified.

**Section M, "Capital Improvements"** provides a departmental listing of capital projects approved during the 1995 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, 1995.

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

**Section O, "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 number 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.



## 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.

## **GLOSSARY (Continued)**

**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 non-tax 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 non-tax 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 non-tax revenue collected by the State of North Carolina and deposited with the State Treasurer for appropriation by the General Assembly to support the operations and capital construction needs of the Department of Transportation, including the Division of Motor Vehicles and the Highway Patrol Division of the Department of Crime Control and Public Safety. Highway Fund tax revenue includes licenses and fees relating to the operation of motor vehicles and the motor fuel tax. Highway Fund non-tax 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 (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).

## **GLOSSARY (Continued)**

**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.



# **THE TOTAL BUDGET**

## Summary of the Budget

1997-99 Biennium

	\$'s In Millions		
	1997 Session	1998 Session	
	1997-98	1998-99	1998-99 Adjusted
<b>Total Budget</b>			
Includes Operating and Capital Appropriations, General Fund, Highway Fund, Federal Funds, Fees, Department Receipts	20,424.8	20,476.5	22,181.6
<b>General Fund</b>			
Current Operations	11,238.1	11,532.0	12,333.5
Capital Improvements-Direct Appropriation	153.0	0.0	185.7
Capital Improvements-Repairs/Renovations	174.3	0.0	145.0
Capital Improvements-Clean Water Management Trust Fund		(B)	47.4
Bailey/Emory/Patton Lawsuit Settlement (Partial)			400.0
<b>Highway/Highway Trust Fund (A)</b>	1,775.5	1,793.9	1,807.5
<b>Federal Funds</b>	5,220.4	5,444.9	5,465.3
<b>Departmental Receipts</b>			
(Tuition fees of Community Colleges, University; patient fees, licenses, fines and other dedicated receipts)	1,863.6	1,705.6	1,797.7

**Notes:**

- (A) Reduced to reflect transfers to the General Fund and transfers between the Highway Fund and Highway Trust Fund
- (B) Funds of \$49.4 million were appropriated off budget for 1997-98

<p align="center"><b>COMPARISON OF GENERAL FUND TAX REVENUE COLLECTIONS</b>  <b>% OF INCREASE OVER PREVIOUS YEAR</b></p>
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	<b>Actual</b>	<b>Economic Base</b>
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%
1993-94	8.0%	9.1%
1994-95	10.0%	9.9%
1995-96	1.0%	6.8%
1996-97	9.2%	9.2%
1997-98	8.1%	10.1%
1998-99 Projected	4.9%	5.6%

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

## 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 reserved to a Savings Reserve Account until that 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 credit balance.

The General Assembly has also made direct appropriations to this Account. During 1993-94, \$121 million of these funds were transferred to the General Fund non-tax revenue accounts for the purpose of restoring the June 30<sup>th</sup>, 1994 payroll for state, university, and community college employees back to the fiscal year of encumbrance.

History of Savings Reserve Account is as shown (in millions):

	<u>Direct Appropriation</u>	<u>Earmarked Credit Balance</u>	<u>Use of Funds</u>	<u>Cumulative Balance</u>
1991-92	\$ .4	\$41.2	--	\$41.6
1992-93	--	134.3	--	175.9
1993-94	--	155.7	-121.0	210.6
1994-95	66.7	146.3	--	423.6
1995-96	--	77.3	--	501.0
1996-97	--	--	--	501.0
1997-98	--	21.6	--	522.5

No additional funds were earmarked for the Savings Reserve at the end of the 1996-97 fiscal year since the appropriations for 1995-96 were less than those for 1994-95.

### Permanent Funding Source for Repairs/Renovations

Budget Reform legislation 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-owned buildings supported by the General Fund. As recommended, the General Assembly adopted the proposal that the lower of one-fourth of the year end unreserved credit balance or 1.5% of the replacement value of General Fund facilities be reserved to the Repair/Renovation Account by the State Controller. The 1995 Session of the General Assembly changed the earmarking to the greater of one-fourth of the year end balance or 3.0% of the replacement value. The 1996 Session directed that three percent (3%) of the replacement value be earmarked to the Repair/Renovation Account at the year end regardless of the total amount of the unreserved credit balance.

## EARMARKING OF THE YEAR END GENERAL FUND CREDIT BALANCE (Continued)

The 1996 Session appropriated the R/R balance of \$21.3 million, reserved but not appropriated at the end of the 1994-95 fiscal year, to the Office of State Budget and Management authorizing the allocation of these funds for land acquisition, matching federal funds, State grants, and grants-in-aid (Sec. 5.3 (b) of HB 53).

Beginning with the 1992-93 fiscal year, the earmarking for repairs and renovations has been as shown (in millions):

	Credit Balance Prior to Reserves	Total Earmarked	University	Repairs/Renovations		
				Other	Total	Unappropriated
1992-93	\$537.3	\$57.0	\$31.4	\$25.6	\$57.0	\$—
% of Total			55%	45%		
1993-94	\$622.7	\$60.0	\$33.0	\$27.0	\$60.0	\$—
% of Total			55%	45%		
1994-95	\$585.2	\$146.3	\$57.5	\$67.5	\$125.0	\$21.3 <sup>(a)</sup>
% of Total			46%	54%		
1995-96	\$726.5	\$130.0	\$59.8	\$70.2	\$130.0	\$—
% of Total			46%	54%		
1996-97	\$759.3	\$174.3 <sup>(b)</sup>	\$94.8	\$79.5	\$174.3	\$—
% of Total			54.4%	45.6%		
1997-98	\$729.2	\$145.0	\$66.7	\$78.3	\$145.0	\$—
% of Total			46%	54%		

<sup>(a)</sup> Appropriated by 1996 Session as noted above but not for repairs and renovations.

<sup>(b)</sup> Includes \$39.3 million in Supplemental Appropriations to the \$135.0 million earmarked through replacement value formula; the per cent of total reflects the allocations including the supplemental appropriations.

With certification of the 1996-97 budget, appropriations from the Repair and Renovations Reserve Account were made directly from that Account thereby not reflected as a direct appropriation as had been the practice in previous years. With the 1997-98 budget and the 1998-99 budgets, these earmarked funds were again considered as direct appropriations. The Joint Legislative Commission on Governmental Operations will review all recommendations made by the Office of State Budget and the University System prior to any funds being allocated from these reserves.

### Clean Water Management Trust Fund

The 1996 Session of the General Assembly established the Clean Water Management Trust Fund to finance projects to clean up or prevent surface water pollution (G. S. 113-145.3). The funding for this Trust

## **EARMARKING OF THE YEAR END GENERAL FUND CREDIT BALANCE (Continued)**

Account was 6.5% of the unreserved credit balance. At the end of 1995-96, a total of \$47.1 million was earmarked for this purpose (\$9.2 million of this total was transferred to the Wetland Restoration Fund). The 1997 Session of the General Assembly authorized 6.5% of any unreserved credit balance or \$30.0 million, whichever is greater, be earmarked for this Trust Account, effective with the fiscal year ending June 30, 1997. Sums earmarked for 1997-98 were \$49.4 million and for 1998-99 were \$47.4 million.

### **Tax Refunds**

The 1997 Session earmarked \$156 million to pay refunds plus interest to taxpayers who protested the intangible tax for the years 1991 through 1994. Tax estimates could have been reduced to reflect this obligation, but the General Assembly chose to earmark a portion of the existing credit balance for this purpose. Based upon actual need, the 1998 Session directed that \$7.4 million of reserve revert to the General Fund.

The 1996 Session of the General Assembly earmarked \$26.2 million of the unreserved credit balance of 1996-97 to a Federal Retirees Refund Reserve (\$25.0 million) and a Federal Retirees Refund Administrative Cost Reserve (\$1.2 million). One-time refunds were mailed out by January 1, 1998 to taxpayers who did not normally file a state income tax return. During 1998-99, the excess of \$.7 million from the Administrative Cost Reserve and the excess of \$9.7 million from the Federal Retirees Refund Reserve are to revert to the General Fund as non-tax revenues.

For 1997-98 and 1998-99, tax revenue estimates reflect a \$35.5 million per year reduction for the cost of a three-year tax credit for taxpayers who normally have an income tax liability.

### **Other Earmarking**

The 1996 Session of the General Assembly granted authority to the Director of the State Budget to transfer lapsed salary funds for the 1995-97 fiscal biennium to match federal funds for disaster relief. During 1996-97, the Director of the Budget identified \$115,510,195 of 1995-96 reversions to be transferred to this Federal Disaster Relief Reserve. During 1996-97, an additional \$25,095,403 was transferred to this Reserve Account. Any unused funds designated for this account are to revert to the General Fund. (Ten million of the 1996-97 Repair/Renovation Reserve Account was also allocated to this Federal Disaster Relief Reserve.) The 1998 Session directed that \$1.0 million of the funds available in the Reserve revert to the General Fund.

The 1997 Session of the General Assembly authorized the State Treasurer to invest \$61 million in the NC Railroad. Since this investment was mandated, the credit balance that can be used for expenditures has been reduced in an offsetting amount.

The 1998 Session earmarked \$400 million as partial settlement needs for the Bailey/Emory/Patton lawsuit. The 1999 Session must earmark \$399 million to fulfill the total needs of \$799 million. This lawsuit challenged the taxing of federal, state, and local government retirees pensions.

**Condition of the General Fund and General Fund Reserves**  
(\$'s in millions)

	1997-98				1998-99				1998-99			
	Reserved	Reserves Actual Authorized for Expenditure	Unreserved	Total	Reserved	Reserves 1987 Session Authorized for Expenditure	Unreserved	Total	Reserved	Reserves 1998 Sessions Authorized for Expenditure	Unreserved	Total
<b>Beginning Credit Balance</b>												
Unreserved balance from prior fiscal year	0.0	0.0	318.6	318.6	0.0	0.0	0.0	0.0	0.0	0.0	115.2	115.2
Library Grant Reserve Deposited to General Fund	0.0	0.0	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserved 1997-98 Disproportionate Share Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.4	35.4
Savings Reserve	500.9	0.0	0.0	500.9	522.3	0.0	0.0	522.3	522.5	0.0	0.0	522.5
Clean Water Management Trust Fund	0.0	49.4	0.0	49.4	0.0	30.0	0.0	30.0	0.0	47.4	0.0	47.4
Railroad Investment Authorization (Loan)	0.0	61.0	0.0	61.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repairs/Renovation Reserve	0.0	174.3	0.0	174.3	0.0	70.1	0.0	70.1	0.0	145.0	0.0	145.0
Intangible Tax Refund Reserve	0.0	156.0	0.0	156.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reserve for Bailey/Emory/Patton Decision	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	400.0	0.0	400.0
Appropriation of 1997-98 Reversions for DPI in 1998-99	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0	(55.0) A	0.0	0.0
Reserve for Work First	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.4	(2.5) B	0.0	16.9
<b>Total Beginning Credit Balance</b>	<b>500.9</b>	<b>440.7</b>	<b>318.9</b>	<b>1,260.5</b>	<b>522.3</b>	<b>100.1</b>	<b>0.0</b>	<b>622.4</b>	<b>596.9</b>	<b>534.9</b>	<b>150.6</b>	<b>1,282.4</b>
<b>Revenue</b>												
Tax Revenue	0.0	0.0	11,092.5	11,092.5	0.0	0.0	11,119.0	11,119.0	0.0	0.0	11,589.5	11,589.5
Nontax Revenue	0.0	0.0	452.1	452.1	0.0	0.0	473.4	473.4	0.0	0.0	510.9	510.9
Highway Fund Transfer	0.0	0.0	12.6	12.6	0.0	0.0	13.4	13.4	0.0	0.0	13.4	13.4
Highway Trust Fund Transfer	0.0	0.0	170.0	170.0	0.0	0.0	170.0	170.0	0.0	0.0	170.0	170.0
Disproportionate Share Receipts	0.0	0.0	0.0	0.0	0.0	0.0	83.0	83.0	0.0	0.0	85.0	85.0
<b>Total Revenue</b>	<b>0.0</b>	<b>0.0</b>	<b>11,727.2</b>	<b>11,727.2</b>	<b>0.0</b>	<b>0.0</b>	<b>11,858.8</b>	<b>11,858.8</b>	<b>0.0</b>	<b>0.0</b>	<b>12,368.8</b>	<b>12,368.8</b>
<b>Total Availability</b>	<b>500.9</b>	<b>440.7</b>	<b>12,046.1</b>	<b>12,987.7</b>	<b>522.3</b>	<b>100.1</b>	<b>11,858.8</b>	<b>12,481.2</b>	<b>596.9</b>	<b>534.9</b>	<b>12,519.4</b>	<b>13,651.2</b>
<b>Appropriations:</b>												
Current Operations	0.0	0.0	11,108.9	11,108.9	0.0	0.0	11,532.0	11,532.0	0.0	0.0	12,333.5	12,333.5
Capital Improvements	0.0	0.0	153.0	153.0	0.0	0.0	0.0	0.0	0.0	0.0	185.7	185.7
Clean Water Management Trust Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	47.4	0.0	47.4
Repairs/Renovation Reserve	0.0	174.3	0.0	174.3	0.0	70.1	0.0	70.1	0.0	145.0	0.0	145.0
Bailey/Emory/Patton Decision	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	400.0	0.0	400.0
<b>Total Appropriations</b>	<b>0.0</b>	<b>174.3</b>	<b>11,261.9</b>	<b>11,436.2</b>	<b>0.0</b>	<b>70.1</b>	<b>11,532.0</b>	<b>11,602.1</b>	<b>0.0</b>	<b>592.4</b>	<b>12,519.2</b>	<b>13,111.6</b>
<b>Reserve Expenditures (not treated as appropriations)</b>												
Clean Water Management Trust Fund	0.0	49.4	0.0	49.4	0.0	30.0	0.0	30.0	0.0	0.0	0.0	0.0
NC Railroad Purchase	0.0	61.0	0.0	61.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangible Tax Refund Reserve	0.0	156.0	0.0	156.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Reserve Expenditures</b>	<b>0.0</b>	<b>266.4</b>	<b>0.0</b>	<b>266.4</b>	<b>0.0</b>	<b>30.0</b>	<b>0.0</b>	<b>30.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Appropriations/Reserve Expenditures</b>	<b>0.0</b>	<b>440.7</b>	<b>11,261.9</b>	<b>11,702.6</b>	<b>0.0</b>	<b>100.1</b>	<b>11,532.0</b>	<b>11,632.1</b>	<b>0.0</b>	<b>592.4</b>	<b>12,519.2</b>	<b>13,111.6</b>



**Condition of the General Fund and General Fund Reserves**  
(\$'s in millions)

	1997-98 Actual				1998-99 1997 Session				1998-99 1998 Sessions			
	Reserved	Reserves Authorized for Expenditure	Unreserved	Total	Reserved	Reserves Authorized for Expenditure	Unreserved	Total	Reserved	Reserves Authorized for Expenditure	Unreserved	Total
Ending Credit Balance	500.9	0.0	784.2	1,285.1	522.3	0.0	326.8	849.1	596.9	(57.5)	0.2	539.6
Budget Reform/Other Earmarking of Ending Credit Balance												
Savings Reserve	21.6		(21.6)									
Appropriation of 1997-98 Reversions for DPI in 1998-99	55.0		(55.0)									
Repairs/Renovations	145.0		(145.0)									
Reserve for Bailey/Emory/Patton Decision	400.0		(400.0)									
Reserve Disproportionate Shared Receipts-Restricted Reserve	35.4		0.0									
Clean Water Management Trust Fund	47.4		(47.4)									
Reserve for Work First (1997-98 Appropriation Expenditure)	19.4		0.0									
Total Budget Reform/Other Earmarking	723.8		(669.0)									
Ending Fund Balance	1,224.7		115.2									

A: Treated as departmental receipts for DPI

B: Appropriation directly from reserve account, not treated as appropriation



**ECONOMY  
AND  
REVENUES**

## ECONOMIC OUTLOOK AND GENERAL FUND REVENUES

### 1997-98 EXPERIENCE

For the sixth year in a row General Fund revenue collections exceeded the budget estimate by a healthy margin. This trend conforms to a major objective of the 1991 budget reform package: to move back to the conservative estimating philosophy in place prior to the 1991 budget crisis. One result is that the state's unencumbered General Fund cash balance has risen from a negative \$200 million during 1990-91 to \$1.9 billion during the peak month of 1997-98. In addition, the state's rainy-day fund was capped out at \$522.2 million on June 30, 1998 (5% of prior year's operating budget).

A comparison of actual General Fund revenues with the budgeted amount for 1996-97 is shown on Page C-2.

Collections for the two tax sources closely related to the economy - withholding and sales tax payments - came in slightly above the target. The primary reason is the fact that there were no major changes in Federal Reserve monetary policy during the year. The Fed has been very successful in achieving a policy of moderate growth with little inflation. In fact, the overall economy has not been this stable for this long since the 1960's.

*Withholding taxes reflected higher-than-expected job growth, the impact of tight labor markets on wage rates, and employee bonuses. Sales tax receipts continued to exceed the increase in consumer disposable income, suggesting a "wealth effect" stemming from the rise in stock and bond prices.*

On the corporate front, analysts on Wall Street and budget forecasters around the country have consistently underestimated the continued surge in corporate profits downsizing activities. The uptick in corporate net income combined with low interest rates, is why the nation's equity markets soared in recent years. The increase in profitability has continued even though downsizing activities have leveled off.

A fourth category where collections exceeded the forecast is estimated and final payments under the personal income tax. These non-withholding collections were \$210 million (or 18%) above the target. In addition, tax refunds were \$91 million lower than the target. This trend has been a hot topic for revenue estimators around the country in recent years.

Some reasons for the surge include the rise in stock and bond prices, federal capital gains tax relief, employee bonuses, and the cashing in of stock options.

### OUTLOOK FOR 1998-99

The economic outlook supporting the revised 1998-99 General Fund revenue forecast continues to reflect slow economic growth and stable inflation, as shown on the table on Page C-3.

GENERAL FUND REVENUE COLLECTIONS FOR 1997-98 (\$MILL.)

	July97- June98 Target	July97- June98 Actual	Diff.	July96- June97 Actual
<b>TAX REVENUE</b>				
PERSONAL INCOME:				
LARGE EMPLOYER WITHHOLDING	\$4,995.8	\$5,036.6	\$40.8	\$4,631.6
SMALL EMPLOYER WITHHOLDING	312.8	339.5	26.7	290.0
ESTIMATED TAXES	833.7	946.1	112.4	792.3
NET FINAL PAYMENTS	465.6	777.8	312.2	614.7
WITHHOLDING REFUNDS	-932.4	-942.1	-9.7	-869.7
LOCAL TAX REIMBURSEMENTS	-129.0	-129.0	0.0	-129.0
SUBTOTAL-PERSONAL INCOME	\$5,546.5	\$6,028.9	\$482.4	\$5,330.0
SALES & USE:				
REGULAR	\$2,892.7	\$2,903.8	\$11.1	\$2,788.9
UTILITY	356.4	351.6	-4.8	338.7
SUBTOTAL-SALES & USE	\$3,249.1	\$3,255.4	\$6.3	\$3,127.7
CORPORATE INCOME				
ESTIMATED PAYMENTS	\$903.5	\$892.9	(\$10.6)	\$878.0
FINAL PAYMENTS	162.7	176.6	17.0	213.5
REFUNDS	-120.4	-99.4	16.8	-106.9
SCHOOL FACILITIES EARMARKING	-61.7	-66.6	-4.9	-62.2
LOCAL TAX REIMBURSEMENTS	-204.5	-207.2	0.0	-204.5
SUBTOTAL-CORPORATE INCOME	\$679.7	\$696.3	\$16.7	\$717.9
FRANCHISE:				
ANNUAL CORPORATION TAX	\$238.0	\$233.8	(\$4.2)	\$225.2
UTILITY GROSS RECEIPTS	328.6	325.7	-2.9	311.4
LOCAL TAX SHARING	-156.7	-152.2	2.8	-148.9
SUBTOTAL-FRANCHISE	\$409.9	\$407.2	(\$2.7)	\$387.7
INSURANCE	269.7	283.8	14.1	258.5
ALCOHOLIC BEVERAGES				
NET COLLECTIONS	\$176.1	\$177.3	\$1.2	\$173.5
LOCAL TAX SHARING	-23.4	-23.6	-0.1	-23.3
SUBTOTAL-BEVERAGE TAX	\$152.7	\$153.7	\$1.0	\$150.3
INTANGIBLES	0.0	0.3	0.3	-0.0
INHERITANCE	137.8	138.1	0.3	132.0
SOFT DRINK	22.3	23.1	0.8	31.3
PRIVILEGE LICENSE	33.1	36.6	3.5	43.3
TOBACCO PRODUCTS	46.7	47.2	0.5	46.7
DEED STAMP (2)				
GIFT	12.7	20.6	7.9	12.5
OTHER	1.2	1.1	-0.1	1.1
TOTAL-TAX REVENUE	\$10,561.4	\$11,092.4	\$531.0	\$10,239.0
<b>NONTAX REVENUE</b>				
INVESTMENT INCOME	\$237.4	\$248.1	\$10.7	\$224.1
JUDICIAL FEES	116.8	112.8	-4.0	99.1
INSURANCE DEPT.	20.6	20.3	-0.3	19.8
OTHER	74.9	71.0	-3.9	67.8
TOTAL-NONTAX REVENUE	\$449.7	\$452.2	\$2.5	\$410.8
TOTAL-GENERAL FUND REVENUE	\$11,011.1	\$11,544.6	\$533.5	\$10,649.8

**ECONOMIC OUTLOOK AND GENERAL FUND REVENUES (Continued)****ECONOMIC INDICATORS (STATE FISCAL YEAR BASIS)  
ANNUAL RATES OF CHANGE**

	<b>1997-98 Actual</b>	<b>1998-99 Projected</b>
<b>U.S. INDICATORS</b>		
Real Economic Growth	3.9%	2.0%
Nonfarm Employment	2.6%	1.8%
Industrial Production	4.9%	1.4%
Inflation (CPI)	1.8%	2.2%
Corporate Profits (Pre-Tax)	4.6%	.5%
Short-Term Interest Rates (Actual Rate)	5.2%	5.1%
Long-Term Interest Rates (Actual Rate)	6.1%	5.6%
<b>NORTH CAROLINA INDICATORS</b>		
Personal Income	6.7%	6.2%
Nonfarm Employment	3.3%	2.7%
Unemployment Rate (Actual Rate)	3.6%	3.9%
Average Hourly Earnings (Manufacturing)	3.4%	3.7%
Retail Sales	6.6%	6.2%
Housing Starts (Actual Number)	72,300	67,900
Auto Sales (Actual Number)	436,110	427,387

## **ECONOMIC OUTLOOK AND GENERAL FUND REVENUES (Continued)**

### **1998-99 Revenue Forecast**

The revision to the projection of General Fund revenues 1998-99 involved a four-step process. First, the economic factors listed above are used to forecast baseline revenues based on long-term historical relationships.

Next, the baseline numbers are adjusted for any special economic factors. For example, sales tax receipts in recent years have exceeded the growth in state personal income as consumers have run up their credit card burden and spent a portion of their stock market profits. Since the baseline forecast does not envision a downturn, the rate of growth of the regular sales tax was adjusted up slightly to reflect continued spending in excess of income growth (but not as much as in prior years).

At the same time, concern over the historical volatility of corporate profits and the fact that the gains from downsizing are beginning to decline led to the use of a very conservative approach to project the corporate income tax.

The third step in the process was to adjust the baseline estimates to take into account the impact of 1995-98 session tax cuts and the Bailey case (full income tax exemption for most public sector retirees). These technical adjustments are included in the detailed numbers on the adjoining pages.

Finally, the discussion of 1997-98 revenues indicated that one of the major reasons for surplus revenues from estimated and final tax payments for individuals included the increased "realization" of capital gains, bonuses, and the cashing in of stock options. It is impossible to put a number on each of these factors. However, discussions with revenue estimators in other states and the favorable historical experience in North Carolina from taking a cautious approach for the year after a large income tax surplus provided support for a conservative forecast of 1998-99 income tax revenue.

# GENERAL FUND REVENUE FORECAST (\$MILL.)

TABLE 1: BASELINE FORECAST PRIOR TO TAX LAW CHANGES

	Actual 95-96	Actual 96-97	Actual 97-98	Budgeted 98-99
<b>TAX REVENUE:</b>				
State Personal Income Growth (Economy)	6.8%	6.7%	5.3%	6.2%
Personal Income Tax Growth	9.2%	11.2%	13.4%	6.8%
PERSONAL INCOME	\$5,035.0	\$5,597.2	\$6,344.7	\$6,778.3
SALES & USE	2,960.2	3,179.5	3,356.3	3,561.8
CORPORATE INCOME:	673.8	717.9	787.9	801.2
FRANCHISE	355.9	387.8	410.2	431.9
INSURANCE	244.5	260.3	284.2	273.6
ALCOHOLIC BEVERAGES	145.5	150.2	153.8	157.7
INTANGIBLES TAX	124.4	124.5	124.6	124.7
INHERITANCE	112.9	132.1	148.2	152.6
SOFT DRINK	39.8	41.2	43.4	44.9
PRIVILEGE LICENSE	42.0	43.4	49.8	46.7
TOBACCO PRODUCTS	46.7	46.7	47.2	46.3
GIFT	11.0	12.6	20.7	16.3
OTHER	1.2	1.2	1.1	1.2
TOTAL-TAX REVENUE	\$9,792.9	\$10,694.4	\$11,772.1	\$12,437.2
<b>NONTAX REVENUE</b>				
INVESTMENT INCOME	\$197.3	\$222.1	\$246.1	\$259.5
JUDICIAL FEES	90.2	94.9	95.7	96.4
DISPROPORTIONATE SHARE RECEIPTS	76.0	100.8	0.0	85.0
OTHER	65.3	68.0	66.1	68.1
INSURANCE DEPT.	14.9	14.0	15.3	32.5
TOTAL-NONTAX REVENUE	\$443.7	\$499.8	\$423.2	\$541.5
TOTAL - TAX & NONTAX REVENUE	\$10,236.6	\$11,194.2	\$12,195.3	\$12,978.7
<b>TRANSFERS:</b>				
HIGHWAY TRUST FUND	\$170.0	\$170.0	\$170.0	\$170.0
HIGHWAY FUND	11.1	11.9	12.6	13.4
TOTAL-TRANSFERS	\$181.1	181.9	182.6	183.4
TOTAL - GENERAL FUND REVENUE	\$10,417.7	\$11,376.1	\$12,377.9	\$13,162.1

\* Adjusted for tax law changes in order to show economy-based collection pattern.



**GENERAL FUND REVENUE FORECAST (\$MILL.)**  
**TABLE 2: IMPACT OF 1995-98 TAX LAW CHANGES**

	Actual 95-96	Actual 96-97	Actual 97-98	Budgeted 98-99
<b>TAX REVENUE:</b>				
PERSONAL INCOME	(\$235.0)	(\$231.7)	(\$250.9)	(\$413.7)
SALES & USE	-2.1	-51.9	-105.3	-213.6
CORPORATE INCOME	-1.1	-0.6	-52.8	-97.0
FRANCHISE				
INSURANCE	-1.8	-1.8	-0.4	
ALCOHOLIC BEVERAGES			0.1	0.1
INTANGIBLES	-124.4	-124.5	-124.6	-124.7
INHERITANCE			-3.5	-3.8
SOFT DRINK		-9.8	-20.3	-31.5
PRIVILEGE LICENSE			-11.1	-9.8
TOBACCO PRODUCTS				
GIFT				
OTHER				
TOTAL-TAX REVENUE	(\$364.3)	(\$420.2)	-568.70	(\$893.9)
<b>NONTAX REVENUE:</b>				
INVESTMENT INCOME	\$2.0	\$2.0	\$2.0	\$2.0
JUDICIAL FEES		4.2	17.2	19.9
DISPROPORTIONATE SHARE RECEIPTS				
OTHER		2.2	4.9	9.1
INSURANCE DEPT.	4.7	4.7	5.0	5.3
TOTAL-NONTAX REVENUE	\$6.7	\$13.1	\$29.0	\$36.3
TOTAL - TAX & NONTAX REVENUE	(\$357.6)	(\$407.1)	(\$539.7)	(\$857.6)
<b>TRANSFERS:</b>				
HIGHWAY TRUST FUND				
HIGHWAY FUND				
TOTAL-TRANSFERS				
TOTAL-GENERAL FUND REVENUE	(\$357.6)	(\$407.1)	(\$539.7)	(\$857.6)

**TABLE 3: ACTUAL FORECAST INCLUDING IMPACT OF TAX LAW CHANGES**

	Actual 95-96	Actual 96-97	Actual 97-98	Budgeted 98-99
<b>TAX REVENUE:</b>				
PERSONAL INCOME	\$4,800.0	\$5,365.5	\$6,093.8	\$6,393.9
SALES & USE	2,958.2	3,127.7	3,251.1	3,350.0
CORPORATE INCOME:	672.8	717.4	735.2	743.1
FRANCHISE	355.9	387.8	410.2	434.8
INSURANCE	242.7	258.5	283.8	273.6
ALCOHOLIC BEVERAGES	145.5	150.2	153.9	158.0
INTANGIBLES				
INHERITANCE	112.9	132.1	144.7	155.4
SOFT DRINK	39.8	31.4	23.1	13.4
PRIVILEGE LICENSE	42.0	43.4	38.7	38.9
TOBACCO PRODUCTS	46.7	46.7	47.2	46.3
GIFT	11.0	12.6	20.7	16.4
OTHER	1.2	1.2	1.1	1.2
TOTAL-TAX REVENUE	\$9,428.6	\$10,274.2	\$11,203.4	\$11,625.1
<b>NONTAX REVENUE:</b>				
INVESTMENT INCOME	\$199.3	\$224.1	\$248.1	\$261.5
JUDICIAL FEES	90.2	99.1	112.8	116.3
DISPROPORTIONATE SHARE RECEIPTS	76.0	100.8	0.0	85.0
OTHER	65.3	70.2	71.0	95.1
INSURANCE DEPT.	19.6	18.7	20.3	38.0
TOTAL-NONTAX REVENUE	\$450.4	\$512.9	\$452.2	\$595.9
 TOTAL - TAX & NONTAX REVENUE	 \$9,879.0	 \$10,787.1	 \$11,655.6	 \$12,221.0
<b>TRANSFERS:</b>				
HIGHWAY TRUST FUND	\$170.0	\$170.0	\$170.0	\$170.0
HIGHWAY FUND	11.1	11.9	12.6	13.4
TOTAL-TRANSFERS	\$181.1	\$181.9	\$182.6	\$183.4
 TOTAL-GENERAL FUND REVENUE	 \$10,060.1	 \$10,969.0	 \$11,838.2	 \$12,404.4



## HIGHWAY FUND FORECAST

The Highway Fund is supported from three primary revenue sources: three-fourths of the motor fuels tax; license and fee revenues collected by the Division of Motor Vehicles; and interest earned from investment of highway funds by the State Treasurer.

### FY 1997-98 REVENUE COLLECTIONS

Highway Fund collections totaled \$1.112 billion in FY 1997-98, a 3.4% increase over FY 1996-97 collections of \$1.076 billion, but \$5.9 million (0.5%) below the certified budget level. Motor fuels tax collections exceeded the certified budget by \$1.8 million (0.2%) but investment income was significantly below, by \$6.9 million or 40.6%, the certified budget level.

### 1998-2000 FORECAST

Compared to actual collections in FY 1997-98, Highway Fund revenues are projected to grow by \$33.2 million (3.0%) in FY 1998-99. Growth in motor fuel consumption is partially offset by a lower effective tax rate. Areas of moderate growth are International Registration Plan (8.8%) and truck licenses (4.7%). Driver license fees are projected to increase by only \$1.3 million (1.9%) for FY 1998-99.

HIGHWAY FUND REVENUE		
	(millions)	
	1997-98 <u>Actual</u>	1998-99 <u>Projected</u>
Fuels Taxes		
Motor Fuels Tax	\$762.7	\$779.3
Gasoline Inspection Fee	11.8	12.5
Highway Use Registration Fee	0.3	0.3
Total Fuels Taxes	\$774.8	\$792.1
Licenses, Fees, and Penalties		
Staggered Vehicle Registration	\$133.1	\$139.3
Truck Licenses	53.5	56.0
International Registration Plan	41.9	45.6
Drivers Licenses	70.1	71.4
Other	29.2	28.9
Total Licenses, Fees, and Penalties	\$327.8	\$341.2
Investment Income	\$10.1	\$12.6
<b>TOTAL HIGHWAY FUND REVENUE</b>	<b>\$1112.7</b>	<b>\$1145.9</b>

## HIGHWAY TRUST FUND FORECAST

The 1989 Session of the General Assembly established the Highway Trust Fund, whose revenues are used almost exclusively for highway construction. This fund was created with new State revenues in addition to highway taxes and fees traditionally deposited into the State Highway Fund. The primary revenue sources are one-fourth of the motor fuel taxes; a 3% use tax levied whenever a motor vehicle title is transferred (unless specifically exempt by general statute); title fees and various registration fees collected by the Division of Motor Vehicles; interest earned from investment of the Trust Fund cash balance; and an annual transfer from the Highway Fund equal to the reduction in highway bond debt service relative to the level of debt service in 1989.

### FY 1997-98 REVENUE COLLECTIONS

Highway Trust Fund revenues for FY 1997-98 totaled \$835.8 million, representing an 8.2% increase over FY 1996-97 revenues of \$772.7 million. Highway use tax revenues exceeded the certified budget by \$15.9 million (3.6%) and Treasurer's investments exceeded projections by \$12.6 million (44.2%) as a result of higher than expected cash balances being available for investment.

### 1998-1999 FORECAST

Highway Trust Fund revenues are expected to increase in FY 1998-99 by 0.5% to \$840.0 million. Growth in most revenue sources is expected to be low and investment income is expected to decrease.

HIGHWAY TRUST FUND REVENUE		
	(Millions)	
	1997-98 Actual	1998-99 Projected
<b>Revenues</b>		
Motor Fuels Revenues	\$254.6	\$259.7
Motor Vehicle Use Tax	453.3	457.6
Title Fees:		
Certificates of Title	75.1	78.7
Miscellaneous Title Fees	11.9	12.5
Treasurer's Investments	40.9	31.4
<b>Total Revenue</b>	<b>\$835.8</b>	<b>\$840.0</b>
<b>Amount Required to be Transferred to the General Fund</b>	(170.0)	(170.0)
<b>Amount Required to be Transferred from the Highway Fund</b>	38.0	
<b>BALANCE AVAILABLE</b>	<b>\$703.8</b>	<b>\$670.0</b>

# **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.

### SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

The ADAMHA Reorganization Act of 1992 (P.L. 102-321) split the Alcohol, Drug, and Mental Health Services Block Grant (ADMBG) creating the new Substance Abuse Prevention and Treatment Block Grant. The SAPTBG provides federal financial assistance to states for the provision of prevention and treatment of alcohol and drug abuse.

### MENTAL HEALTH SERVICES BLOCK GRANT

The MHBG provides federal financial assistance to states for the provision of community based services for the mentally ill. Services provided through the use of the block grant must be those described in the State's Plan in accordance with Federal P.L. 102-321. These services include outpatient, day treatment, psychosocial rehabilitation, emergency services, residential services, etc.

### 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 PROGRAMS (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.

### **COMMUNITY DEVELOPMENT BLOCK GRANT**

This block grant provides funds to assist local governments with community and economic development projects that primarily benefit low and moderate income persons.

### **CHILD CARE AND DEVELOPMENT BLOCK GRANT**

In 1996, Congress consolidated this block grant into the Child Care and Development Fund block grant. North Carolina received its final CCDBG funding on September 30, 1996 and plans to obligate the \$1.6 million remaining from this award in FY 1998-99.

### **CHILD CARE AND DEVELOPMENT FUND (CCDF) BLOCK GRANT**

The Personal Responsibility and Work Opportunities Reconciliation Act of 1996 eliminated any entitlement to child care subsidies and consolidated all federal child care programs into the CCDF block grant. The purpose of the CCDF block grant is to improve the affordability, availability, and quality of child care for families. Most of the block grant funding must be used to provide child care subsidies to families receiving public assistance, making the transition off of public assistance, or at-risk of becoming dependent on public assistance. In addition, 4% of the total allocation must be spent on quality and availability initiatives. CCDF requires all providers caring for children receiving subsidies to meet minimum health and safety standards.

### **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**

In August 1996, Congress passed and the Clinton Administration enacted the Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (PRWORA). Better known as federal Welfare Reform, passage of PRWORA ended decades of the Aid to Families of Dependent Children (AFDC) entitlement program and replaced it with the Temporary Assistance for Needy Families (TANF) Block Grant. This action gave states unprecedented flexibility to create their own welfare programs which emphasize self-sufficiency and work.

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

1998-99

## **DEPARTMENT OF COMMERCE**

Community Development Block Grant  
- 1999 Program Year

\$44,000,000

## **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **Division of Mental Health, Developmental Disabilities and Substance Abuse Services**

Social Services Block Grant	\$10,764,124
Mental Health Services Block Grant	6,238,341
Substance Abuse Prevention and Treatment Block Grant	31,865,050
Temporary Assistance for Needy Families Block Grant	7,607,280

### **Division of Social Services**

Low Income Energy Block Grant	\$18,460,000
Social Services Block Grant	39,499,083
Temporary Assistance for Needy Families	267,421,202

### **Division of Facility Services**

Social Services Block Grant	\$343,341
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### **Division of Child Development**

Child Care and Development Block Grant	\$1,597,879
Social Services Block Grant	10,971,241
Child Care and Development Fund Block Grant	113,399,987
Temporary Assistance for Needy Families	73,137,880

### **Division of Youth Services**

Social Services Block Grant	\$950,674
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**FEDERAL BLOCK GRANT PROGRAM: HOW THE MONEY WILL BE SPENT  
IN NORTH CAROLINA (Continued)**

**1998-99**

**Division of Vocational Rehabilitation**

Social Services Block Grant

\$188,263

**Division of Services for the Blind**

Social Services Block Grant

\$3,205,711

**Office of the Secretary (Office of Economic Opportunity)**

Social Services Block Grant

\$41,302

Community Services Block Grant

12,859,274

**Division of Aging**

Social Services Block Grant

\$5,769,190

**Division of Public Health**

Social Services Block Grant

\$519,328

Temporary Assistance for Needy Families

3,600,000

Preventive Health Services Block Grant

5,533,755

Maternal and Child Health Block Grant

16,529,945



## **CHANGES TO THE MEDICAID PROGRAM**

### **CHANGES TO THE MEDICAID PROGRAM**

#### **STATE**

During its 1998 Regular Session, the N.C. General Assembly enacted \$4.64 billion in total requirements for the Medicaid Program (this includes \$1.3 billion in state funds) for FY 1998-99, reflecting a net decrease of \$55 million from the initial appropriation for FY 1998-99.

During its deliberations on the proposed budget, the 1998 General Assembly adopted \$73.4 million in reductions for 1998-99 and increased Medicaid expenditures by \$27 million by expanding Medicaid eligibility for the elderly and disabled to 100% of the Federal Poverty Level. The reductions represent anticipated reductions in the numbers of eligible clients and the utilization of services, elimination of a proposed physician rate increase, the transfer of funds from the G.S. 143.23.2 reserve fund and other miscellaneous reductions

#### **FEDERAL**

No significant federal changes occurred in 1998.

#### **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 reimbursements for services provided 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, in an effort to improve access to health care for the uninsured.

Prior to the enactment of The Balanced Budget Act of 1997, federal law permitted states to draw federal funds up to a maximum allotment established by the federal Health Care Financing Agency (HCFA). The law allowed 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 were required to obtain approval of their State Medicaid Plan for drawing DSH payments from HCFA.



Under the amended federal law (effective October 1997), DSH allocations are set forth in law on a state-by-state basis. The law provides for gradual reductions in DSH allocations to states beginning 1999 through the year 2002.

North Carolina uses state appropriations to the four psychiatric hospitals (Dorothea Dix, Broughton, Cherry and John Umstead) as the non-federal match with which the State draws disproportionate share payments. The FY 1998-99 state budget anticipates \$85 million in DSH payments to the State Treasurer. Section 12.10 of Senate Bill 1366 stipulates that appropriations to the Medicaid program which become available due to federal Disproportionate Share receipts will be deposited as nontax revenues. Any DSH payments in excess of \$85 million will be reserved by the State Treasurer for future appropriation.

# **LEGISLATIVE ACTIONS:**

## **GENERAL FUND APPROPRIATIONS**

**Continuation and Expansion Budget Actions for 1998-99 by 1998 Session**

Department	1998-99 Certified Budget	Ratified Bills	Joint Conference Report SB 1366			Net Changes	Revised Appropriation
			Transfers	Decreases	Increases		
<b>Education:</b>							
Public Education	4,493,194,418			(59,725,172)	199,191,116	139,465,944	4,632,660,362
Universities	1,455,260,484			(6,946,254)	84,041,707	77,095,453	1,532,355,937
Community Colleges	504,200,909			(272,295)	48,123,668	47,851,373	552,052,282
<b>Subtotal</b>	<b>6,452,655,811</b>			<b>(66,943,721)</b>	<b>331,356,491</b>	<b>264,412,770</b>	<b>6,717,068,581</b>
<b>General Government:</b>							
Administration	57,814,012			(502,657)	1,203,300	700,643	58,514,655
Administrative Hearings	2,357,389			0	277,641	277,641	2,635,030
Auditor	10,016,613		120,270	0	1,462,988	1,583,258	11,599,871
Board of Elections	2,135,381			0	1,480,399	1,480,399	3,615,780
Cultural Resources	56,053,016			(456,686)	17,605,500	17,148,814	73,201,830
General Assembly	34,642,598			(500,000)	0	(500,000)	34,142,598
Governor's Office	5,150,352			(77,255)	107,959	30,704	5,181,056
State Budget and Management	10,930,838	550,000		(130,297)	185,000	54,703	11,535,541
State Budget and Management					5,200,000	5,200,000	5,200,000
State Planning	1,815,850			(6,118)	1,300,000	1,293,882	3,109,732
Insurance	24,086,190			0	1,603,259	1,603,259	25,689,449
Lt. Governor	609,390			0	25,000	25,000	634,390
Revenue	68,746,867			(326,098)	12,354,687	12,028,589	80,775,456
Rules Review Comm.	273,441			0	0	0	273,441
State Controller	10,434,176			(85,012)	2,232,000	2,146,988	12,581,164
Secretary of State	5,310,680		(100,000)	(102,770)	1,529,161	1,326,391	6,637,071
State Treasurer	18,872,768			0	1,461,525	1,461,525	20,334,293
<b>Subtotal</b>	<b>309,249,561</b>	<b>550,000</b>	<b>20,270</b>	<b>(2,186,893)</b>	<b>48,028,419</b>	<b>45,861,796</b>	<b>355,661,357</b>
<b>Health and Human Services</b>							
Administration and Support	33,022,064			(436,024)	9,314,399	8,878,375	41,900,439
Aging	23,610,127			0	8,546,044	8,546,044	32,156,171
Child Development	171,638,076		(120,270)	(1,011,184)	42,600,000	41,468,546	213,106,622
Services for Deaf/HH	27,797,823			0	185,000	185,000	27,982,823
Social Services	184,413,623			(24,032,974)	6,261,048	(17,771,926)	166,641,697
Health Services	119,718,218			(3,368,000)	12,014,000	8,646,000	128,364,218
Medical Assistance	1,403,156,335			(73,389,131)	26,955,790	(46,433,341)	1,356,722,994
Blind Services	15,335,955			0	225,000	225,000	15,560,955
Mental Health	550,619,886	38,000,000		(650,000)	14,305,001	13,655,001	602,274,887
Facility Services	8,981,543			0	750,000	750,000	9,731,543

**Continuation and Expansion Budget Actions for 1998-99 by 1998 Session**

Department	1998-99 Certified Budget	Ratified Bills	Joint Conference Report SB 1366			Net Changes	Revised Appropriation
			Transfers	Decreases	Increases		
Vocational Rehab.	32,834,876			0	1,700,000	1,700,000	34,534,876
Youth Services	89,415,373			(200,000)	2,000,000	1,800,000	91,215,373
<b>Subtotal</b>	<b>2,660,543,899</b>	<b>38,000,000</b>	<b>(120,270)</b>	<b>(103,087,313)</b>	<b>124,856,282</b>	<b>21,648,699</b>	<b>2,720,192,598</b>
<b>Justice &amp; Public Safety</b>							
Correction	867,817,472			(26,903,201)	6,203,277	(20,699,924)	847,117,548
Crime Control	33,720,830	542,000	100,000	(62,437)	489,239	526,802	34,789,632
Judicial	327,102,308			(1,545,225)	11,196,293	9,651,068	336,753,376
Justice	67,165,852			(157,508)	1,845,452	1,687,944	68,853,796
<b>Subtotal</b>	<b>1,295,806,462</b>	<b>542,000</b>	<b>100,000</b>	<b>(28,668,371)</b>	<b>19,734,261</b>	<b>(8,834,110)</b>	<b>1,287,514,352</b>
<b>Natural &amp; Economic Resources</b>							
Agriculture and Consumer Services	49,822,632			(210,600)	5,515,896	5,305,296	55,127,928
Commerce	38,577,339			(217,678)	17,687,503	17,469,825	56,047,164
Commerce - State Aid	2,000,000			0	12,566,400	12,566,400	14,566,400
MCNC	2,500,000			(2,500,000)	4,500,000	2,000,000	4,500,000
Biotechnology	7,664,396			(25,483)	2,500,000	2,474,517	10,138,913
Rural Economic Development Center	3,920,000			(12,662)	8,725,000	8,712,338	12,632,338
Environment and Natural Resources	134,915,353	7,432,412		(2,585,043)	17,008,197	14,423,154	156,770,919
Housing Finance Agency	2,300,000			0	2,000,000	2,000,000	4,300,000
Labor	15,828,463			0	220,000	220,000	16,048,463
State Information Processing Services	271,530			(271,530)	6,143,160	5,871,630	6,143,160
<b>Subtotal</b>	<b>257,799,713</b>	<b>7,432,412</b>	<b>0</b>	<b>(5,822,996)</b>	<b>76,866,156</b>	<b>71,043,160</b>	<b>336,275,285</b>
<b>Transportation</b>							
Aeronautics	11,246,445		0	0	0	0	11,246,445
<b>Reserves for Transfer/Debt Service</b>							
Contingency & Emergency	1,125,000			0	0	0	1,125,000
Compensation Increases	343,409,871	343,271,828		0			686,681,699
Salary Adjustment Fund	9,573,829			0	0	0	9,573,829
Nonrecurring Compensation Increase	0	43,171,138		0			43,171,138
Retirement Adjustment	0	(44,381,870)			0	0	(44,381,870)
Postage Reduction	(300,000)			0	0	0	(300,000)
Debt Service	205,373,699			(14,179,574)	0	(14,179,574)	191,194,125
Debt Service - Federal Repayment	1,155,948			0	0	0	1,155,948
Juvenile Justice Initiative				0	17,347,487	17,347,487	17,347,487

**Continuation and Expansion Budget Actions for 1998-99 by 1998 Session**

Department	1998-99 Certified Budget	Ratified Bills	Joint Conference Report SB 1366			Net Changes	Revised Appropriation
			Transfers	Decreases	Increases		
Subtotal	560,338,347	342,061,096	0	(14,179,574)	17,347,487	3,167,913	905,567,356
<b>TOTAL OPERATING BUDGET</b>	<b>11,547,640,238</b>	<b>388,585,508</b>	<b>0</b>	<b>(220,888,868)</b>	<b>618,189,096</b>	<b>397,300,228</b>	<b>12,333,525,974</b>
Capital-Direct Appropriation	0	11,150,000			174,549,500	174,549,500	185,699,500
<b>TOTALS-Direct Appropriation</b>	<b>11,547,640,238</b>	<b>399,735,508</b>	<b>0</b>	<b>(220,888,868)</b>	<b>792,738,596</b>	<b>571,849,728</b>	<b>12,519,225,474</b>

# EDUCATION



# Community Colleges

**Statutory Authority:** General Statutes, Chapter 115D

The Department of Community Colleges provides state-level administration over a system of 58 comprehensive community colleges 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 is responsible for administering 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 750,000 different individuals each year.

## GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$504,200,909**

### Budget Changes

<b>1 Enrollment</b>	<b>\$2,000,000</b>	<b>R</b>
Funds additional enrollment growth in the community college system.		
<b>2 Technology</b>	<b>\$9,000,000</b>	<b>R</b>
Provides colleges recurring funds for management information technology staff, recurring funds for the purchase and development of software, and recurring funds for Department staff to provide computer and construction technical assistance to colleges as well as SIPS charges and other computer related costs.	<b>\$1,000,000</b>	<b>NR</b>
	12.00	
<b>3 Equipment and Books</b>	<b>\$9,000,000</b>	<b>NR</b>
Provides the same level of equipment and book funds to the community college system as it received in the prior fiscal year.		
<b>4 Equipment Reserve</b>	<b>\$21,000,000</b>	<b>NR</b>
Creates a non-reverting equipment reserve fund to assist community colleges in meeting their backlog of equipment needs as documented in the Phase 3 Funding Study report to the State Board of Community Colleges.		

<b>5 Multi-Campus Funds</b>	\$650,000	R
Provides an equal amount of supplemental funding to those multi-campus college sites operated on an annual basis approved and recommended this year by the State Board of Community Colleges to the General Assembly. Sites operating less than a full year shall receive a pro rata share for the 1998-99 fiscal year.		
<b>6 Center for Applied Textile Technology</b>	\$100,000	R
Expands the operating budget of the Center for Applied Textile Technology.		
<b>7 Center for Applied Textile Technology</b>	\$150,000	NR
A non-recurring grant-in-aid for operations at the Center for Applied Textile Technology.		
<b>8 Operations and Maintenance of Plant Funds</b>	\$313,668	R
Restores the reduction in the operations and maintenance of plant funds to Central Carolina Community College and Southwestern Community College.		
<b>9 Public Radio Station Funds</b>	\$10,000	R
Provides \$5,000 to each of the Community College System's two public radio stations.		
<b>10 Prison Program Start-Up Funds</b>	\$500,000	NR
Provides funds to start the two new private prison education programs.		
<b>11 Reduction in Human Resources Development Program</b>	(\$92,904)	R
Reduces the Human Resources Development (HRD) program as recommended by the Governor.		
<b>12 Anson-Union Community College Reserve</b>	\$4,000,000	NR
Funds to be held in reserve pending study and recommendations for higher education services to the region.		
<b>13 Worker's Compensation Adjustment</b>	(\$121,731)	R
Accepts the Governor's reduction in the Department's Worker Compensation budget.		
<b>14 Departmental Reductions</b>	(\$57,660)	R
Reduces the Department's budget as recommended by the Governor in the warehouse rent line and vacant program assistant position.		
	-1.00	
<b>15 MCC Matching Scholarship Endowment Funds</b>	\$400,000	NR
Provides matching scholarship endowment funds for Montgomery Community College Foundation, Inc.		
<b>Budget Changes</b>	<b>\$11,801,373</b>	<b>R</b>
	<b>\$36,050,000</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>11.00</b>	
<b>Revised Total Budget</b>	<b>\$552,052,282</b>	
<b>Community Colleges</b>		

**Revised Total Budget**

**\$552,052,282**

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## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: Community Colleges**

##### **Section 10**

**Title:** Extend for One Year Deadline for Matching Community College Bond Funds

**Summary** Changes the deadline for community colleges to match their bond funds from June 30, 1998 to June 30, 1999 .

##### **Section 10.1**

**Title:** Independent Study of Capital Budget and Operating Budget Fund Allocations

**Summary** Directs the State Board of Community Colleges to contract with an independent consultant to study the capital allocation formula and potential performance budget measures and report back to the General Assembly.

##### **Section 10.2**

**Title:** Community College Equipment Reserve Fund

**Summary** Creates a non-reverting equipment fund to be allocated on the basis of local equipment plans as approved by the State Board of Community Colleges. Also allows the Board to allocate equipment funds using their new formula.

##### **Section 10.3**

**Title:** Budget Realignment To Implement Reorganization Authorized

**Summary** Allows the Department of Community Colleges to realign its budget codes in accordance with the new President's reorganization plan.

##### **Section 10.4**

**Title:** Continuing Budget Concept

**Summary** Changes the funding formula for community colleges in accordance with the recommendations of the State Board of Community Colleges and its formula consultant. It funds FTE growth in excess of 2% and protects FTE losses of up to 3%.

##### **Section 10.5**

**Title:** Annual Review Accountability Enhanced

**Summary** Directs the State Board of Community Colleges to improve its accountability measures and report back to the General Assembly.

Section 10.6

Title: Development of Management Information System

Summary Directs the State Board of Community Colleges to develop a technology and management information plan and report to the General Assembly.

Section 10.7

Title: Cooperative High School Education Program Accountability

Summary Asks the State Board of Education and the State Board of Community Colleges to jointly study cooperative high school education programs (Huskin's bill courses) to ensure that they are not duplicating advanced placement courses, but are giving appropriate high school students an opportunity to further their education.

Section 10.8

Title: Reporting Requirements

Summary Requires the State Board of Community Colleges to develop an annual reporting plan for colleges to improve the timeliness and accuracy of data reported. It requires the Board to withhold money from colleges that are out of compliance.

Section 10.9

Title: Community College Tuition Study

Summary Asks the Joint Education Oversight Committee to study the issue of community college tuition in light of several tuition proposals, including the new federal Hope Scholarships.

Section 10.10

Title: Hospitality and Tourism Job Training Programs

Summary Requires a joint study by the State Board of Community Colleges, Board of Governors, State Board of Education and the Department of Commerce of the programs serving the hospitality and tourism industry with recommendations for involvement and better cooperation.

Section 10.12

Title: Community College Tuition Waiver

Summary Expresses the intent of the General Assembly to provide a 2 year tuition waiver for deserving recent high school graduates to attend a community college full-time within 6 months of graduation if the General Assembly appropriates money expressly for this purpose.

Section 10.13

Title: Community College To Serve Anson and Union Counties

Summary Directs Union and Anson county commissioners to submit a joint plan for a community college to serve both counties. If they are not able to do so, the State Board of Community Colleges shall employ an independent consultant to study the issue and make recommendations for the best organizational and service delivery system to serve these counties.

**Section 10.14**

**Title: Prison Program Start-Up Funds**

**Summary** Requires that the funds appropriated for prison start-up funds be allocated based on actual costs and expresses the intent of the General Assembly to reimburse actual costs for FY 98-99 in next year's budget to the extent the costs exceed the appropriation.



## 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.

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$4,493,194,418

### Budget Changes

#### ABC Program

##### 16 ABC Bonus Awards 1997-98

Provide additional funds to pay the projected ABC bonus awards for FY 1997-98. \$17,118,003 was earmarked from 1997-98 excess reversions.

\$0 NR

##### 17 ABC Bonus Awards

Provide funds to pay the projected ABC bonus awards for FY 1998-99.

\$98,000,000 NR

##### 18 ABC Accountability

Provide funds to the State Board of Education to pay for existing end-of-grade and end-of-course tests authorized by the Board and the General Assembly. To begin pilot test for alternative assessments for exceptional children as required by federal law.

\$2,000,000 NR

##### 19 Assistance to Low Performing and At Risk Schools

Funds to assist low performing and at risk schools.

\$2,000,000 NR

#### Excellent Schools Act

##### 20 Increase Teacher Salaries

Implement the second year of the new teacher salary schedules called for in the Excellent Schools Act. North Carolina's goal is to increase teacher salaries to the national average. \$192,943,537 in recurring funds are located in the Compensation Reserves for this purpose.

##### 21 Teacher Longevity: 1998-99 Salary Increases

Appropriate funds to fund teacher longevity increases associated with the FY 1998-99 salary increases that are a part of the Excellent Schools Act.

\$3,254,624 R

<b>22 Additional Pay for Extra Duties</b>	\$2,660,610	R
Provide additional funds for teachers in low performing and at-risk schools. These funds will be used to pay for extra duties, student remediation and other teacher activities that lead to improved student performance. A portion of the nonrecurring funds may also be used for additional pay teachers who are a part of local assessment teams.	\$4,905,405	NR
<b>23 Extend Mentors to Second Year Teachers</b>		
Extend mentors to teachers who had mentors during their first year of teaching. Also provide mentors to instructional support personnel who are in their first year and who were not previously teachers.	\$5,000,000	NR
<b>24 Extra Pay for Forfeited Vacation Days</b>	\$4,250,000	R
Provide additional funds to pay for forfeited teacher vacation days if the teacher is required to work on an optional teacher workday, and did not have the opportunity to take vacation at another time.		
<b>Improving Student Performance</b>		
<b>25 Low Wealth Supplemental Funding</b>	\$10,000,000	R
Provide additional Low Wealth Supplemental funding.		
<b>26 Funds for Limited Proficiency in English Students</b>		
Provide funds to school systems with students who have limited proficiency in English.	\$5,000,000	NR
<b>27 Substitute Teacher Pay</b>	\$8,000,000	R
Increase substitute teacher pay.		
<b>28 School Technology Funds</b>		
Increase School Technology Funds. \$4,700,000 was earmarked from 1997-98 excess reversions.	\$4,800,000	NR
<b>29 ExplorNet Funding</b>		
Provide additional nonrecurring funds to ExplorNet for FY1998-99.	\$500,000	NR
<b>30 Small School Supplemental Funding</b>		
Provide additional fund for Small School Supplemental Funding.	\$3,000,000	NR
<b>31 A+ Schools</b>		
Provides funds to continue the A+ Schools program.	\$400,000	NR
<b>32 Global Curriculum Funds</b>		
Provide funds to continue the Global Curriculum program.	\$150,000	NR

<b>33 Expand Model Teacher Consortium</b>		
Expand statewide the model teacher consortium.	\$1,500,000	NR
<b>34 Total Quality Education</b>		
Provides funds to continue and to expand the Total Quality Education program.	\$450,000	NR
<b>35 School Leadership Pilot Funds</b>		
Funds to the State Board of Education for a school leadership pilot project in two school districts. The school districts will participate in the nationwide program of the Center for Leadership in School Reform.	\$150,000	NR
<b>Public Instruction</b>		
<b>36 Additional Certification Specialists</b>	\$0	R
Provide \$160,000 through receipts to increase the number of certification specialists in the Department of Public Instruction.		
<b>37 Charter School Administration Funds</b>	\$220,000	R
Provide funds to the State Board of Education and the Local Government Commission to provide administrative support audit support for charter schools. One (1) systems accountant position to the local Government Commission. Three (3) positions, Department of Public Instruction. Two (2) accountants and one (1) education consultant.		
<b>38 Student Information System</b>		
Funds to begin the replacement of the Student Information System (SIMS)	\$2,000,000	NR
<b>Teacher Development</b>		
<b>39 Teaching Fellows Program</b>	\$2,400,000	R
Funds to increase the North Carolina Teaching Fellows scholarship from \$5,000 per year to \$6,500 per year.		
<b>40 National Board for Professional Teaching Standards</b>		
Provide funds to pay for North Carolina teachers to take the assessment established by the National Board for Professional Teaching Standards and for leave days to prepare for the assessment.	\$2,261,588	NR
<b>41 Teacher Evaluation Instruments</b>		
Funds to the State Board of Education to develop and validate a new teacher performance appraisal instrument.	\$500,000	NR
<b>Various Budget Adjustments</b>		
<b>42 Funding for Increases in Average Daily Membership</b>	\$26,553,765	R
Provide funding for additional increases in average daily membership in FY 1998-99.		

<b>43 Longevity Increases</b>		
Appropriate funds to fund teacher longevity increases associated with the FY 1997-98 salary increases that were a part of the Excellent Schools Act. \$9,010,274 was earmarked from 1997-98 excess reversions	\$0	NR
<b>44 Mentor Teachers</b>		
Provide full funding for mentor teachers to first year teachers or instructional support personnel who were not previously teachers.	\$9,235,124	NR
<b>45 Average Annual Salary Adjustment</b>	(\$35,525,769)	R
Annual adjustment in average salaries of certified personnel to reflect actual experience through December 1997.		
<b>46 School Bus Purchases</b>	(\$24,199,403)	R
Purchase new school buses from nonrecurring funds. \$24,199,403 was earmarked from 1997-98 excess reversions.		
<b>Budget Changes</b>	(\$2,386,173)	R
	\$141,852,117	NR
Total Position Changes		
<b>Revised Total Budget</b>	<b>\$4,632,660,362</b>	

## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: Public Education**

##### **Section**

**Title:** Funds to Implement the ABC's of Public Schools

**Summary** Provides funds for ABC bonuses for the 1997-98 school year and for the FY 1998-99 school year.

##### **Section 9.27**

**Title:** Small School System Supplemental Funding

**Summary** Changes the funding formula for Small School System Supplemental funding to allocate additional funds. Increase from \$255,000 to \$355,000 the consolidated funds allotment.

##### **Section 9.26**

**Title:** Uniform Education Reporting System (UERS)/Student Information Management System (SIMS) Funds

**Summary** Establishes policy with regards to the use of the SIMS replacement funds. Maintenance of current student records, ABC accountability data, and transfer of student records are the top priority.

##### **Section 9.23**

**Title:** Uniform Education Reporting Systems/Building Level Reports on School Funding

**Summary** Changes the required implementation date of building level financial reporting to the 1999-2000 school year.

##### **Section 9.1**

**Title:** Certified School Nurses/Salary

**Summary** Places certified school nurses on the "G" teachers salary schedule.

##### **Section 9**

**Title:** Allocations for Public Schools

**Summary** Allocates \$55,027,680 from the FY 1997-98 over-collections for various purposes in the public schools:

\$17,118,003 for ABC bonuses for FY 1997-98;

\$ 9,010,274 for longevity payments associated with the FY 1997-98 teacher salary increases;

\$24,199,403 for school bus purchases;

\$ 4,700,000 for the School Technology Fund.

**Section 9.2**

**Title:** Funds to Implement the ABC's of Public Schools

**Summary** Provides funds for ABC bonuses for the 1997-98 school year and for the FY 1998-99 school year.

**Section 9.3**

**Title:** Extra Pay for Mentor Teachers

**Summary** Provides additional funds for a second year teacher who had a mentor in the first year. Makes some instructional support personnel eligible for having a mentor if they were no previously a teacher. Requires the State Board of Education to evaluate mentor pay program and report to the Legislative Oversight Committee by March 5, 2000.

**Section 9.4**

**Title:** Aid Low-Performing and At-Risk Schools

**Summary** Provides assistance to low performing and at-risk schools for additional salary related items for teachers and funds that can be used for staff development, textbooks, instructional supplies and equipment.

**Section 9.5**

**Title:** ABC's High School Accountability Model

**Summary** Encourages the State Board of Education to continue to improve the high school accountability standards by adding measures of individual student performance, dropout rates, and measurement of student enrollment and achievement in courses required for graduation, advanced placements or upper courses.

**Section 9.7**

**Title:** Principal Salary Studies

**Summary** Requires the State Board of Education to study various aspects of the principal salary schedule.

**Section 9.8**

**Title:** Communities in Schools Funds/Do Not Revert

**Summary** Funds appropriated to the Communities in Schools Rocky Mount Region, Inc. do not revert at the end of the 1997-98 school year. Funds remain available through FY 1998-99.

**Section 9.9**

**Title:** School Activity Bus Usage

**Summary** Allows the use of school activity buses by a nonprofit corporation or unit of local government to transport school-aged and preschool-aged children. Activity buses are owned by local school systems, and contract must be approved by the local school board.

**Section 9.10**

**Title:** School Board Quick Take

**Summary** Allows local school boards to acquire property through quick take condemnation.



**Section 9.11**

**Title:** Litigation Reserve

**Summary** Allows the State Board of Education to expend up to \$500,000 to pay expenses for pending litigation. Carries forward funds from previous fiscal years in this reserve.

**Section 9.13**

**Title:** Alternative Schools/At-Risk Students

**Summary** Allows the State Board of Education to expend up to \$200,000 in FY 1998-99 to evaluate Alternative Schools/At Risk Programs in local school systems.

**Section 9.12**

**Title:** Exceptional Children Funds

**Summary** Allocates funds for FY 1998-99 for both academically gifted and children with special needs. Allows the State Board of Education to use any excess children with special needs funds to establish a reserve to provide funds for severely disabled children in school units and group homes.

**Section 9.15**

**Title:** Testing

**Summary** Provides funds for North Carolina's accountability program. Provides for third grade baseline data to accurately measure third grade academic growth.

**Section 9.16**

**Title:** Substitute Teachers

**Summary** Sets the minimum pay for certified substitutes at 65% of Step I of the Bachelor's schedule for teachers. For noncertified substitutes the rate is set at 50% of Step I of the Bachelor's schedule for teachers. Local boards are also authorized to hire full-time substitutes. \$8,000,000 was appropriated to increase the substitute pay rates.

**Section 9.17**

**Title:** Tort Claim Liability/School Buses

**Summary** Authorizes the Attorney General's office to pay reasonable medical expenses, up to \$3,000, sustained in a school bus accident. Also extends tort claim coverage to bus monitors and volunteers on a school bus who are there with permission of the school principal. Minor technical differences with the Senate.

**Section 9.18**

**Title:** Extra Pay for Vacation Days

**Summary** Provides additional funding for teachers who are required to work on optional teacher work days. Provides for advanced 14 days notification of teachers who are required to work on optional teacher work days. Provides for 42 consecutive when teacher attendance is not required, effective with the 1999-00 school year.

Section 9.19

Title: Teaching Fellows Program

Summary Increases the North Carolina Teaching Fellowship from \$5,000 to \$6,500. Also allows the Public School Forum to use \$150,000 from the program fund balance for administration

Section 9.20

Title: Limited English Proficiency

Summary Provides funds to local school districts for students with limited proficiency in English. Sets a minimum of 20 students in a school system to be eligible for funds. Set a cap of 10.6% as a cap on the maximum number of Limited English Proficiency students funded. Provides that a charter school must have Limited English Proficient students to qualify for funds.

Section 9.21

Title: Drivers Education Funds Do Not Revert

Summary Provides that \$35,000 in drivers education funds do not revert at the end of the 1997-98 fiscal year.

Section 9.22

Title: Additional Teachers for Middle School Children Who Are Academically Below Grade Level

Summary Changes the way that allocations are made for middle school students who are academically below grade level.

**1998 Session: Senate Bill 879**

**Department:** Public Education

Section 2

Title: School-Based Administrator Salaries

Summary FY 1997-98 salary schedules for school-based administrators. Links salary schedule to teacher salary schedule, and provides for performance pay increases based upon the ABC Program and Safe School Goals.

# UNC System

**Statutory Authority:** 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.

## GENERAL FUND

**FY 98-99**

Total Budget Approved 1997 Session

**\$1,455,260,484**

### Budget Changes

#### A. UNC Campuses

<b>47 Base Budget Reductions</b>	<b>(\$1,502,974)</b>	<b>R</b>
Reduce each budget code by 0.1%		
<b>48 New Facility Reserves</b>	<b>\$128,778</b>	<b>R</b>
Adjust reserves for new buildings based on estimated completion dates.	<b>(\$952,617)</b>	<b>NR</b>
<b>49 Utilities Reductions</b>	<b>(\$800,938)</b>	<b>R</b>
Reduce utilities increases based on recent expenditures		
<b>50 Span of Control Study</b>	<b>(\$3,595,609)</b>	<b>R</b>
Board of Governors is directed to use span of control study to improve efficiency of campuses' operations.		

#### B. Schedule of Priorities

<b>51 Enrollment Growth</b>	<b>\$13,730,338</b>	<b>R</b>
Provide for growth of 1,100 additional students, reduced tuition receipts because of shift to more in-state students, and to implement new formula for enrollment changes.		
<b>52 Tuition Receipts</b>	<b>(\$94,116)</b>	<b>R</b>
Budget full amount of tuition receipts for budgeted enrollment.		

Section 11.6

Title: East Carolina Doctoral II Classification

Summary Provides \$1.5 million in funding for additional faculty, salaries and other items needed to operate a Doctoral II university.

Section 11.7

Title: Distance Education

Summary States intent of General Assembly in providing funding for courses offered away from the campuses is to expand educational opportunity and increase the number of North Carolinians who earn college degrees. Directs UNC Board of Governors to track funding and to provide evaluations of costs and effectiveness to Joint Legislative Education Oversight Committee.

Section 11.9

Title: UNC Applications Pool

Summary Directs UNC Board of Governors to develop system of sharing applications for admission in order to increase higher education opportunities and to use available capacity.

Section 11.10

Title: Private Colleges Incentive Funds

Summary Updates current statute to provide structure for creating incentive program for additional North Carolina students.

Section 11.12

Title: Establish UNC Center for School Leadership Development

Summary Creates Board of Directors for the Center for School Leadership Development under UNC Board of Governors. Board of Governors to study boards of any professional development programs placed under the Center to see if there are reasons they should not serve as advisory to the new Board of Directors.

Model Teacher Consortium is transferred from Department of Public Instruction to Board of Governors Center for School Leadership Development effective 1/1/99.

Section 11.11

Title: Sustainable Oyster Aquaculture Study

Summary Allocates \$200,000 to Institute of Marine Science at UNC-Chapel Hill to study potential for sustainable cultivation of various types of oysters. Requires progress reports every six months.

Section 11.8

Title: UNC Hospitals/Management Flexibility

Summary Creates new UNC Health Care System, combining UNC Hospitals at Chapel Hill with the UNC-CH Medical School clinical patient care programs. New Board established in this section. Creates *chief executive officer for System*. Gives board authority to (1) set personnel policies, including classification and pay plans for employees; (2) handle all purchasing for Hospitals directly without having to submit requests through Division of Purchase and Contract; (3) acquire or dispose of interests in real estate without going through Department of Administration and Council of State; and, (4) manage all construction of Hospitals projects. The same authority is delegated to the Board of Trustees of East Carolina University for its Medical Faculty Practice Plan.

Removes residents employed by Area Health Education Centers from coverage of unemployment insurance.

Section 11.15

Title: Forest Biotechnology/NCSU Funds

Summary Allocates \$102,770 to NC State for forestry biotechnology research.

# **GENERAL GOVERNMENT**



## 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 motor fleet management, courier mail, purchasing and contracting for all 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.

### GENERAL FUND

**FY 98-99**

Total Budget Approved 1997 Session

**\$57,814,012**

#### Budget Changes

##### (1111) Office of the Secretary

- 1 Reduce Salary Reserve** (\$12,736) R  
A quality leadership position was reduced in the Secretary's Office creating salary reserve which is reduced from the budget.

##### (1121) Fiscal Management

- 2 Reduce Data Processing Services** (\$1,563) R  
Reduce data processing services and the printing of reports in Fiscal Management.

##### (1122) DOA Personnel

- 3 Reduce Salary Reserve -- HR Management** (\$5,259) R  
A staff development position was reduced in the Human Resources Management Office creating salary reserve which is reduced from the budget.

##### (1225) Health Plan Purchasing Alliance

- 4 Eliminate Public Relations Coordinator Position** (\$45,621) R  
Eliminate the Public Relations Coordinator Position within the State Health Plan Purchasing Alliance Board, including salary and benefits. -1.00

##### (1411) State Construction Office

- 5 Reduce Salary Reserve -- State Construction Office** (\$9,478) R  
A real property agent position was reduced in the State Construction Office creating salary reserve which is reduced from the budget.

(1421) Facilities Management Division

**6 Reduce line items -- Facility Management**

(\$428,000) R

Reduce Operating Budget lines

-532310 Repairs to Building

AC Systems (\$60,000)

Electrical Systems (\$60,000)

Plumbing (\$ 8,000)

-532210 Electrical (\$300,000)

Breakdown of \$300,000 in electrical savings

1. Historic Houses (\$15,000)

2. Various Small Buildings (\$ 5,000)

3. Garner Road Buildings #2,

#4,12,16 (\$ 8,000)

4. Revenue Building AC System (\$15,000)

5. History Museum (\$10,000)

6. Parking Deck Lights (\$10,000)

7. Electrical Cost Parking

Deck Lights #17,#65 (\$62,000)

8. Chillers (Reduce Opera-

tion time) (\$175,000)

(1731)-Council for Women

**7 Domestic Violence Prevention Funds**

\$1,000,000 NR

Appropriates \$1 million to the Department of Administration for the North Carolina Council for Women. The Council for Women shall provide grants from these funds to existing domestic-violence programs, including the North Carolina Coalition Against Domestic Violence, Inc., and for the development of new domestic violence programs. The Department of Administration or the Council for Women shall not use any of the funds for operating expenses. (SB 1366, Sec. 20.2).

(1810) Ethics Board

**8 North Carolina Ethics Board**

\$203,300 R

The North Carolina Ethics Board was created by Executive Order to serve as the State entity to prevent conflicts of interest in the Executive Branch of State Government. Funds are recommended for staff and operations of the Board.

2.00

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**Budget Changes**

(\$299,357) R

\$1,000,000 NR

Total Position Changes

1.00

**Revised Total Budget**

\$58,514,655

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## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: Administration**

##### **Section 20.1**

**Title:** Domestic Violence -- Administration of Grants

**Summary** Directs the North Carolina Council for Women, the Division of Social Services, and the Governor's Crime Commission to develop a simplified process by which public and not-for-profit entities may apply for domestic violence funds using a single application form. Directs the agencies to report on the new process to Governmental Operations by November 1, 1998.

##### **Section 20.2**

**Title:** Domestic Violence Prevention Funds

**Summary** Provides \$1 million for grants to Domestic Violence Programs. The grants are to be administered by the *Department of Administration's Council for Women*. The provision prohibits the Department of Administration from using any of the funds for the purpose of administering the grants.

##### **Section 20.3**

**Title:** Procurement Card Pilot Program

**Summary** Continues the authorization for the pilot program through March 31, 1999. Directs the Division of Purchase and Contract and the State Controller to report to the Joint Appropriations Subcommittee on General Government and the Joint Legislative Commission on Governmental Operations by February 1, 1999.

## 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 work papers 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.

### GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$10,016,613**

#### Budget Changes

##### (1210) Field Audit Division

###### 9 Audit Resources -- Smart Start

\$649,129 R

Fund staff positions to audit the statewide and local partnerships in accordance with legislative mandate.

\$38,940 NR  
6.00

###### 10 Audit Positions and Contract Audit Funding

\$748,959 R

Funds four additional audit positions to allow the Department to increase the scope of its performance and financial audits of government agencies and to address backlogs of allegations of fraud and abuse.

\$25,960 NR  
4.00

##### (1210) Field Audits Division

###### 11 Audit Resources - Smart Start

\$120,270 R

Transfer from the Division of Childhood Development continuation funds to support audits of Early Childhood Development Initiatives Program.

#### Budget Changes

\$1,518,358 R

\$64,900 NR

Total Position Changes

10.00

**Revised Total Budget**

**\$11,599,871**

**Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** Auditor

Section

Title: (No special provisions reported)

Summary

## Cultural Resources

### Statutory Authority:

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.

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$56,053,016

#### Budget Changes

#### (1110) Office of the Secretary

##### 12 Miscellaneous Contractual Services

(\$14,366) R

Reduce (532199) by eliminating funds for the North Carolina Awards.

#### (1120) Administrative Services

##### 13 Computer Equipment

(\$14,884) R

Reduce funding in line item (534522).

##### 14 Computer Operations

\$2,700 R

Provide funding to replace the server and support maintenance agreement.

\$58,000 NR

(1210) Archives and History - Administration

**15 Adjust Various Line Item Expenditures**

(\$10,144) R

532199 Misc. Contractual Services	\$ 360
532210 Energy Ser. Electrical	968
532230 Energy Ser. Water and Sewer	101
532390 Repairs - Other	226
532490 Maint Agreement - Other	240
532513 Rent/Lease - Other Facilities	65
532590 Rent/Lease - Other Property	62
532714 Transp. - Ground In-State	1,265
532715 Transp. - Ground Out of State	75
532721 Lodging - In-State	131
532722 Lodging - Out of State	131
532724 Meals - In-State	145
532725 Meals - Out of State	88
532727 Misc. - In-State	65
532728 Misc. - Out of State	65
532731 Board/Non-Employee Transp.	453
532732 Board/Non-Employee Subs.	231
532811 Telephone	2,322
532821 Computer/Data Process. Serv.	26
532840 Postage, Freight, Del.	417
532850 Print, Bind, Duplicate	262
532860 Advertising	10
532911 Property - Insurance	262
532919 Other Insurance	183
532942 Other Employee Educ. Exp.	13
533110 General Office Supplies	189
533350 Motor Vehicle Repl. Parts	17
533900 Other Materials/Supplies	408
534511 Office Furniture	98
534522 Equipment - Computers	627
534539 Other Equipment	69
534630 Library and Learning Res. Coll.	151
534710 Computer Software	203
535830 Membership Dues and Sub.	216

**16 First Flight Centennial Commission**

\$723,800 R

Increase funding to support personnel and operating expenses for preparation of the commemoration in 2003.

\$250,000 NR  
5.00

**17 Queen Anne's Revenge**

Funding continues surveillance; conservation of recovered artifacts; monthly search operations; analysis and testing of retrieved artifacts; operation of technical equipment; transportation of the travelling artifact exhibit; travel, per diem, and motor vehicle costs; and operational support of the Maritime Heritage Trail.

\$250,000 NR



(1220) Historical Publications

**18 Print, Binding, and Duplication**

(\$10,110) R

Reduce funding allocated for publications (532850).

(1230) Archives and Records

**19 Personal and Other Services**

(\$42,414) R

Eliminate salary and related benefits of a Processing Assistant IV position (#2138); and reduce items in the operating budget:

-1.00

531211 SPA - Reg. Salaries	\$ 19,895
531511 Social Security	1,522
531521 Reg. Retirement Cont.	2,155
531561 Med. Insurance Cont.	1,736
532390 Repairs - Other	5,000
532850 Print, Binding, Duplication	12,106

**20 Leased Space for Records Storage**

Appropriate funding to lease warehouse space to store a backlog of records and for shelving.

\$255,000 NR

(1241) State Historic Sites

**21 Military Museum**

Appropriate funds to the William C. Lee Memorial Commission, Inc. as a grant-in-aid.

\$50,000 NR

**22 Morehead Commission Funds**

Funds are appropriated for operation and maintenance of Blandwood, the home of John Motley Morehead, a National Historic Site.

\$60,000 NR

**23 Reduce Various Line Item Expenditures**

(\$104,277) R

532210 Energy Ser. - Electrical	\$ 30,000
532220 Energy Ser. - Nat. Gas/Propane	3,000
532230 Energy Ser. - Water and Sewer	1,000
532241 Energy Ser. - Fuel Oil	1,000
532390 Repairs - Other	12,000
532714 Transp. - Ground In-State	1,000
532721 Lodging - In-State	1,000
532722 Lodging - Out of State	1,000
532724 Meals - In-State	277
532725 Meals - Out of State	1,000
533110 General Office Supplies	1,000
533350 Motor Vehicle Repl. Parts	3,000
533900 Other Materials and Supplies	10,000
534511 Office Furniture	2,000
534522 Equipment - Computers	10,000
534528 Equipment - Communications	1,000
534539 Other Equipment	10,000
534449 Other Motorized Vehicles	5,000
534610 Art and Artifacts	11,000

<b>24 State Civil War Sites</b>		
Continue funding for the preservation, improvement, and promotion of the State's Civil War era sites.	\$1,000,000	NR
<b>25 Old Salem Funds</b>		
Provide funds for the restoration and development of the St. Philips Church and the construction of the North Carolina Heritage Education Center at Old Salem.	\$2,000,000	NR
<b>26 Roseboro Restoration</b>		
Appropriates funds to the town for renovation and restoration of buildings of historic character.	\$50,000	NR
<b>27 Sanford House Restoration</b>		
Funding to restore the Betsy Sanford House which is owned by the Scotland County Literacy Council for use as an office and to provide tutorial services per.	\$112,000	NR
<b>28 Salemburg Restoration</b>		
Appropriates funds to the town for renovation and restoration of buildings of historic character.	\$50,000	NR
<b>29 Local Historic Sites Funds</b>		
Appropriates funds for site improvement: Historic Hope for continued renovation; Historic Murfreesboro to renovate historic structures in the district; and Historic Woodville to continue work on restoration and relocation St. Francis Methodist Church.	\$500,000	NR
<b>30 Scotland Place</b>		
Appropriate funds for expansion of the meeting room facilities of the civic center/senior citizen center.	\$75,000	NR
<b>(1242) Tryon Palace Historic Sites &amp; Gardens</b>		
<b>31 Tryon Palace Historic Site Funds</b>	\$332,850	R
Funds appropriated to operate and maintain Barbour Boat Works until demolition and construction work at the site are completed, and for the environmental assessment and design of the overall History Education Center Project.	\$600,000	NR
<b>32 Adjust Operating Expense</b>	(\$18,961)	R
532512 Rent/Lease - Buildings/Office	\$ 3,070	
532840 Postage	10,491	
532850 Printing	5,050	
532912 Other Employee Edu. Exp.	350	
<b>(1243) State Capitol/Visitor Services</b>		
<b>33 Personal Services</b>	(\$6,921)	R
Reduce temporary wages (531311) and social security (531511) due to change in schedule.		

(1245) NC Maritime Museum

**34 Building Repairs**

(\$12,606) R

Reduce funding in line item 532310.

(1250) State Historic Preservation Office

**35 Personal Services and Other Costs**

(\$20,768) R

Reduce salary and benefits of a Historic Preservation/Restoration Supervisor position (#2604) to 3/4 time, and adjust other items in the budget:

-0.25

531211 SPA - Reg. Salaries	\$ 15,907
531511 Social Security	1,217
531521 Retirement	1,723
532811 Telephone	961
532840 Postage	960

(1290) Western Office

**36 Adjust Operating Budget**

(\$5,429) R

532714 Transp. - Ground In-State	\$ 1,048
532811 Telephone	500
532850 Printing	500
532942 Other Employee Edu. Exp.	150
533110 General Office Supplies	500
533900 Other Materials and Supplies	500
534511 Office Furniture	310
534522 Equipment - Computers	208
534539 Other Equipment	1,513
535830 Membership Dues/Subscription	200

(1320) Museum of Art

**37 Personal Services and Operating Expense**

(\$55,338) R

Reduce salary reserve and related benefits for Administrative Assistant I position (#3147), and adjust other line items:

531211 SPA - Reg. Salaries	\$ 8,585
531511 Social Security	656
531521 Reg. Retirement	929
532199 Misc. Contractual Services	25,000
534610 Art and Artifacts	20,168

(1330) NC Arts Council

**38 Charlotte Visual Art Project**

Funds appropriated to Spirit Square Center for Arts and Education to be allocated to the Visual Arts Organization to establish an artist colony, consisting of working studios and an exhibition gallery.

\$1,000,000 NR

<b>39 Penland School of Crafts</b>	Appropriate funds to the school for capital expenses incurred in constructing new iron and letter press studios, student housing facilities, and new maintenance and support services buildings.	\$500,000	NR
<b>40 United Arts Council of Greensboro</b>	Funding for construction and renovation of facilities and for production costs associated with performing arts programs.(SB 1366, Sec.21.2)	\$68,200	NR
<b>41 Grassroots Arts Program</b>	Provides one-time increase in continuation budget for grants awarded to local arts councils.	\$335,750	NR
<b>42 Shakespeare Festival</b>	Provide funds for the Educational Outreach Touring Program.	\$260,000	NR
<b>43 Durham Arts Council-African/Amer. Dance Ensemble</b>	Funding appropriated to promote dance and artistic programs of the ensemble.	\$100,000	NR
(1340) NC Symphony			
<b>44 Telephone Service</b>	Reduce funding in line item 532811.	(\$4,948)	R
(1360) Grants-in-Aid to Arts			
<b>45 NC Symphony Grant-Memorial Auditorium</b>	Provide funds as grant-in-aid to the NC Symphony Society for acoustical enhancements.	\$1,500,000	NR
(1410) State Library Services			
<b>46 Personal and Other Services</b>	531312 Temporary Salary \$ 2,562 531512 Social Security 196 534630 Library and Learning Res. Coll. 60,442	(\$63,200)	R
<b>47 Services to the Blind and Physically Handicapped</b>	Appropriate funds to continue production of Braille and taped materials, handbooks and newsletters, and volunteer programs due to lost federal resources.	\$43,700	R
(1480) Statewide Programs & Grants			
<b>48 Continue Reading Services to Children</b>	Funding replaces lost federal resources to operate statewide reading programs for children.	\$103,500	R
<b>49 6960 Aid to Counties</b>	Provide additional funds to support grants to public libraries based upon the formula for State-Aid to libraries.	\$2,000,000	NR

<b>50 Aid to Small and Poor Libraries</b>			
Appropriate funding to support construction grants.(SB 1366, Sec.21.3)		\$1,000,000	NR
(1500) NC Museum of History			
<b>51 Museum of the New South</b>			
Appropriates funds for renovating the Museum building, including expansion of exhibition and classroom space and installation of major permanent 8,000 square foot core exhibit.		\$200,000	NR
<b>52 Charlotte Museum of History</b>			
Funds appropriated to the Hezekiah Alexander Foundation for capital expenses incurred in providing space for the Charlotte Museum of History.		\$1,000,000	NR
<b>53 Reduce Various Operating Funds</b>		(\$72,320)	R
532199 Misc. Contractual Services	\$ 10,000		
532714 Transp. - Ground In-State	2,320		
533900 Other Materials and Supplies	10,000		
534511 Office Furniture	20,000		
534610 Art and Artifacts	20,000		
534710 Computer Software	10,000		
<b>54 Mint Museum of Art</b>			
Funds appropriated to establish a new branch of the museum in the City of Charlotte.		\$1,000,000	NR
<b>55 Raleigh City Museum</b>			
Funds appropriated to move the museum to a new location and to refurbish the building that will house the museum.		\$125,000	NR
<b>56 Exploris Children's Museum</b>			
Provides funding for exhibit, technology, and education program development.		\$2,000,000	NR
<b>Budget Changes</b>		\$749,864	R
		\$16,398,950	NR
Total Position Changes		3.75	
<b>Revised Total Budget</b>		\$73,201,830	

## **Special Provisions:**

**1998 Session: Senate Bill 1366**

### **Department: Cultural Resources**

#### **Section 21**

**Title:** Maritime Museum/Disposition of Objects

**Summary** Amends G.S. 106-22.2 to delete reference to the Department of Agriculture and Consumer Services' administration of the Maritime Museum and its objects or artifacts; and adds a new section to G.S. 121 to indicate the museum is now the responsibility of the N.C. Historical Commission.

#### **Section 21.1**

**Title:** Roanoke Island Commission Changes

**Summary** Amends G.S. 143B-131.2(b)(10) to give the Commission flexibility in entering into leases, purchasing, contracting, and bidding; and amends G.S. 143B-131.2(b)(15) to allow the Commission to transfer in the budget State funds to the non-profit area of the operation.

#### **Section 21.2**

**Title:** United Arts Council Funds

**Summary** Directs use of funds for construction and renovation of facilities and for production costs associated with performing arts programs.

#### **Section 21.3**

**Title:** Grants for Small Libraries and Libraries in Economically Distressed Counties

**Summary** Supports capital improvements, including renovations, to public libraries in small, economically distressed counties.

#### **Section 21.5**

**Title:** Study Reclassification of State Museum Branch Directors

**Summary** Directs OSP to study positions to determine whether to reclassify and report findings and recommendations to the 1999 General Assembly.

## 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.

GENERAL FUND
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FY 98-99
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Total Budget Approved 1997 Session

\$34,642,598

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Budget Changes

(1900) Reserves and Transfers

**57 Reduce Reserves and Transfers Fund**

Reduces the General Assembly's Reserve and Transfer Fund.

(\$500,000) NR

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**Budget Changes**

(\$500,000) NR

Total Position Changes

**Revised Total Budget**

\$34,142,598

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## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** General Assembly

Section 21A.1.

**Title:** Study Definition of Doing Business in North Carolina

**Summary** Directs the Revenue Laws Study Commission to study the issue of when a corporation is doing business in North Carolina for the purpose of determining how taxes required by G.S. 105-130.3 apply to given corporations.

## Governor

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

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.

### GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$5,150,352**

#### Budget Changes

##### (1110) Administration

##### 58 Reduce Various Operating Line Items

(\$77,255) R

Funds are reduced from the Office of the Governor in various line items including travel, communications, data processing and printing.

##### 59 Continue Deputy Chief of Staff Position

Resources are requested to continue the Deputy Chief of Staff position for the Office of the Governor.

\$107,959 NR  
1.00

#### Budget Changes

(\$77,255) R

\$107,959 NR

**Total Position Changes**

1.00

**Revised Total Budget**

**\$5,181,056**

**Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** Governor

Section

Title: (No special provisions reported)

Summary

## 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.

#### GENERAL FUND

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Total Budget Approved 1997 Session

**FY 98-99**

**\$24,086,190**

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#### Budget Changes

(1200, 1300, & 1400) Various

#### **60 HMO and Service Corporation Field Examinations**

**\$1,391,659 R**

Authorizes a transfer from the Insurance Regulatory Fund to the Department of Insurance for examinations and audits of HMO and service organizations doing business in this State.

**\$211,600 NR**  
20.00

- a. (1200) Actuarial Services/Audits \$525,289
- b. (1300) Examinations/Analysis/Review \$780,117
- c. (1400) Consumer Complaint Analysis/  
Salary Reserve/Phone System \$297,853
- Total \$1,603,259

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#### **Budget Changes**

**\$1,391,659 R**

**\$211,600 NR**

Total Position Changes

20.00

#### **Revised Total Budget**

**\$25,689,449**

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## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department: Insurance**

Section 26B

Title: Insurance Law Changes

**Summary** Authorizes the Insurance Commissioner to allow domestic insurers to maintain certain records or assets outside the State of North Carolina. Provides flexibility to the Commissioner in the examinations of records and assets of insurers as required by G.S. 58-2-131 through G.S. 58-2-134. Requires insurers to reimburse the State Treasurer for actual expenses incurred by the Department in its examinations of records and assets when:

- 1.) An insurer maintains the records and assets examined by the Department outside of the State.
- 2.) The insurer requests an examination of its records and assets.
- 3.) The Commissioner examines an insurer that is impaired or dissolved or unlikely to meet its obligations with respect to known or anticipated claims and/or other obligations.

Provides the Commissioner with the flexibility to use any reasonable actuarial guide published by the Society of Actuaries or the American Academy of Actuaries in determining minimum valuation reserves. Authorizes the Commissioner of Insurance to adopt rules to provide for audits and opinions of insurer's financial statements by certified public accountants. Requires the rules to be substantially similar to the National Association of Insurance Commissioners' model rule requiring audited financial reports. Places a limit on the percentage of investments an insurer of mortgages can make with any one person or in mortgage pass-through securities or derivatives backed by a single collateral package.

## Lieutenant Governor

**Statutory Authority:** North Carolina Constitution, Articles II and III:

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.

GENERAL FUND
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FY 98-99
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Total Budget Approved 1997 Session

\$609,390

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Budget Changes

(1110) General Administration

61 Up-date Computer System

Funds are recommended for the Office of the Lieutenant Governor to up-date the computer system; providing for a data server, hubs, and operating software.

\$25,000 NR  
0.00

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Budget Changes

\$25,000 NR

Total Position Changes

0.00

Revised Total Budget

\$634,390

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**Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** Lieutenant Governor

Section

Title: (No special provisions reported)

Summary



# Office of Administrative Hearings

**Statutory Authority:** G.S. 150B

This office provides Administrative Law Judges to conduct hearings on issues covered by administrative law; receives, compiles, edits and codifies all rules, public notices and related documents; and, publishes the N.C. Register and Administrative Code. The office also investigates charges of alleged discrimination filed by State and local government employees covered under the State Personnel Act.

## GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$2,357,389**

### Budget Changes

#### (1100) Administration and Operations

##### 62 Funding for OAH Budget Deficiencies

\$101,358 R

Funding for the day-to-day operations of the office, provide resources for the hiring of temporary law judges when conflicts of interest exist, and to hire temporary hearings assistants. A decrease in federal funds is requested due to the uncertainty in the availability of federal dollars to the OAH from EEOC.

\$0 NR

0.00

a. Office Requirements \$69,358

b. Federal Funds \$32,000

Total \$101,358

##### 63 Hearings Division Clerical Support & ALJ Training

\$54,332 R

Resources are needed to complete an integrated Hearings Program that was authorized in the 1997 Session. Provide funding for one Division clerical assistant and education seminars for Administrative Law Judges.

\$38,880 NR

1.00

##### 64 Reduce Civil Rights Caseload Backlog

\$76,171 R

Provides funding for two positions in the Civil Rights Division to investigate and hear cases of political discrimination. One of the positions is clerical and the other is for a Civil Rights Investigator. (SB 1366, Sec. 22)

\$6,900 NR

2.00

### Budget Changes

**\$231,861 R**

**\$45,780 NR**

Total Position Changes

3.00

**Revised Total Budget**

**\$2,635,030**

## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** Office of Administrative Hearings

Section 22

**Title:** *EEOC Deferred Cases to OAH/Repeal Sunset*

**Summary** This language rewrites Section 5 of S.L. 1997-513 to repeal the sunset provision that applied to the disposition of political discrimination cases. The remainder of the act, which was effective July 1, 1997, is unchanged.

## Office of State Planning

**Statutory Authority:** G.S. 143-3.5

Created in 1973 by the General Assembly, the Housing Finance Agency operates a variety of programs to finance home ownership for first-time home buyers with low- or moderate-incomes, provide affordable rental housing for low- and moderate-income renters, and rehabilitate substandard owner-occupied and rental housing.

Funding for agency programs and operations comes from program fees, earnings from tax-exempted bond sales, federal funds, and the North Carolina Housing Trust Fund.

### GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$1,815,850**

#### Budget Changes

##### (1410) Administration

###### 65 Reduce Contractual and Communication Services

(\$6,118) R

Funds are reduced from the budget of the Office of State Planning for contractual services and communication.

###### 66 Digital Orthophotography Appropriation

\$1,000,000 NR

Funding is recommended to participate in a shared plan for the continued development of digital orthophotography in the State. Fifty percent of the image data layer is shared by the National Aerial Photography Program.

##### (1412) Miscellaneous Contractual Services

###### 67 County Boundary Resurvey Program

\$300,000 NR

Funding is needed for the Geodetic Survey Program to reestablish and monument county boundaries to insure that the boundaries can be identified, preserved, and referenced to the North Carolina State Plane Coordinating System. It will take seven years to re-survey the county boundaries of each county in the State. A portion of the funds will support the survey of a section of the North Carolina/South Carolina boundary. This request is a recommendation of the Joint State Boundary Commission.

#### Budget Changes

(\$6,118) R

\$1,300,000 NR

Total Position Changes

**Revised Total Budget**

**\$3,109,732**

**Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** Office of State Planning

Section

Title: (No special provisions reported)

Summary

# 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.

## GENERAL FUND

**FY 98-99**

Total Budget Approved 1997 Session

**\$68,746,867**

### Budget Changes

#### (1600) Administration

##### 68 Reduce Contractual Services

Reduce contractual services (532140) in the Planning Development and Technology (PDT) Division.

(\$326,098) NR

##### 69 Develop New Remittance Processing System

Appropriates initial funding for a Data Capture Platform which includes replacement of the remittance processing system to comply with Year 2000 requirements, and installation of high speed scanners to capture data directly from tax returns for processing through the Integrated Tax Administration System (ITAS). Funding also expands existing Information System staff with four positions: Computer Training Specialist III, Computer Consultant II, Computer Consultant IV, and Telecommunications Systems Analyst II.

\$236,548 R  
\$12,035,600 NR  
4.00

##### 70 Non-Resident Tax Collection

Funding is appropriated effective 12/1/98 for two (2) positions to support activities involved with non-resident tax collection per House Bill 1318, Session Law 1998-162.

\$63,839 R  
\$18,700 NR  
2.00

(191A) Statewide Reserves - Availability

**71 Reversion of Funds to Administer Fed Retiree Acct**

Per Chapter 19, Section 3(b) of the 1996 Session Laws, \$1.2 million was authorized to administer the federal retiree refund program. Funding was expended from a reserve in the department's budget: 24710/2002 - Federal Retiree Administration Account. The balance in the reserve - \$741,902 - will revert to the General Fund, and the department will absorb remaining cost in its operating budget.

\$0 NR

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<b>Budget Changes</b>	<b>\$300,387</b>	<b>R</b>
	<b>\$11,728,202</b>	<b>NR</b>
Total Position Changes	6.00	
<b>Revised Total Budget</b>	<b>\$80,775,456</b>	

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## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** Revenue

Section

Title: (No special provisions reported)

Summary



## Secretary of State

**Statutory Authority:** General Statutes, Chapter 147

The Secretary of State is elected to a four-year term, 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.

### GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$5,310,680**

#### Budget Changes

(1110)

##### **72 Cash Management & Support Positions**

\$52,624 R

Funds a cash management position to help the Department centralize the cash receipts function and to comply with State policy regarding the timely deposit of State funds. Also funds a clerical support position in the Administration Division.

\$16,250 NR  
2.00

(1110) General Administration

##### **73 Technology Enhancement -- Phase II**

\$134,385 R

Continues the second year of funding for a two-year technology improvement project to provide new equipment and to update computer systems and applications.

\$650,000 NR  
1.00

##### **74 Trademarks/Authentications -- Staff Expansion**

\$114,831 R

Funds three additional positions in the Trademarks/Authentications Section to help with training local law enforcement in trademark fraud, to examine and review trademark registration applications, and to issue authentication certificates.

\$29,607 NR  
3.00

(1120) Publications Division

##### **75 Publications Division -- Staff Expansion**

\$25,162 R

Funds a Mail Clerk II position to assist with the Department's considerable mail flow generated by receipts of checks and the Department's dissemination of corporate documents and other correspondence.

\$12,878 NR  
1.00

(1220) Uniform Commercial Code

**76 Uniform Commercial Code Staff Expansion**

\$456,108 R

Funds 17 positions in the Uniform Commercial Code Division to allow the Secretary of State to operate a second shift in the UCC Division to meet the increasing demands from the business community for financial statement filings and information requests.

\$37,316 NR  
17.00

(1500) Boxing Commission

**77 Transfer Boxing Commission**

(\$202,770) R

Transfer the North Carolina State Boxing Commission to the Department of Crime Control and Public Safety. The transfer has all of the elements of a Type 1 transfer as defined by G.S. 143A-6. The \$202,770 budget adjustment reflects operating costs no longer charged to the Department of the Secretary of State.

-3.00

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**Budget Changes**

\$580,340 R

\$746,051 NR

Total Position Changes

21.00

**Revised Total Budget**

\$6,637,071

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## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** Secretary of State

Section 12.14

**Title:** Transfer of Charitable Solicitation Program to the Secretary Of State

**Summary** The Department of Health and Human Services transfers all functions, powers, duties, and obligations previously vested in the Department by G.S. 131F to the Department of the Secretary of State by a Type 1 transfer defined in G.S. 143A-6. Pursuant to the transfer, the Department of the Secretary of State now has the responsibility to regulate the solicitation of contributions in accordance with G.S. 131F.

# State Board of Elections

**Statutory Authority:** G.S. 163, Article 3

The State Board of Elections supervises primary and general elections held in North Carolina. The Board also compiles, reviews, and audits campaign finance reports.

## GENERAL FUND

Total Budget Approved 1997 Session

**FY 98-99**

**\$2,135,381**

### Budget Changes

#### (1100) Administration

##### 78 Computerized Voter Registration System

\$585,000 R

Provides funds for increases in costs associated with implementation and maintenance of the Statewide Elections Information Management System. Cost increases result from Third-Party Quality Assurance requirement, data communications costs, SIPS charges, and software maintenance costs.

\$460,200 NR

##### 79 Administration -- Increase Positions

\$250,269 R

Funds additional positions to handle workload increases resulting from SEIMS project and election activities.

\$10,500 NR  
4.00

#### (1200) Campaign Reporting

##### 80 Campaign Reporting Office -- Operating Funds

\$174,430 R

Provides funds for travel and subsistence, postage, telephone services, printing and binding, and for campaign reserves to address the increasing demands placed upon the Campaign Reporting Office.

### Budget Changes

\$1,009,699 R

\$470,700 NR

Total Position Changes

4.00

**Revised Total Budget**

**\$3,615,780**

## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** State Board of Elections

Section 24

Title: Extend Statewide Data Elections Management System

Summary Extends the State Board of Election's deadline for implementing the Statewide Computerized Voter Registration System from August 31, 1998 to July 1, 1999.

Section 24

Title: Charter Amendment

Summary Revises G.S. 160A-104 by substituting "the county board of elections" for the "State Board of Elections or 5,000, whichever is less. . ." in the second sentence. The language involves the method for determining the validity of referenda on proposed charter amendments. Provision stipulates that the change only applies to the City of Charlotte; it becomes effective on January 1, 1999.

# State Budget and Management

**Statutory Authority:** G.S. 243-1

This office authors the biennial budget, monitors federal funds, makes revenue and expenditure projections, and evaluates agency operations for cost effectiveness.

## GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$10,930,838**

### Budget Changes

#### (1022) 1998 Special Appropriations

##### 81 Congressional Redistricting Attorney Fees

Non-recurring funds appropriated in Senate Bill 1262, Section 1(b); Session Law 1998-164.

\$550,000 NR

##### 82 N.C. Humanities Council

Provides a grant to the North Carolina Humanities Council.

\$100,000 NR

##### 83 Airborne and Special Operations Museum

Supplement funds received and/or committed to the airborne and Special Operations Museum in Fayetteville. This museum will be dedicated to the men and women who have made sacrifices serving our country in Airborne and Special Operations units.

\$2,000,000 NR

##### 84 Blue Ridge Destination Center

Reserve for Blue Ridge Destination Center. (SB 1366, Sec. 25.2)

\$2,500,000 NR

##### 85 Sandhills Region Capital Fund

Appropriates funds to Richmond County for the capital costs of completing the Humanities Service Complex.

\$400,000 NR  
0.00

##### 86 Lincoln County Education Foundation Funds

Appropriates funds to match foundation funds for technology projects in the Lincoln County School Administrative Unit.

\$200,000 NR

##### 87 State Veterans Nursing Home Location Study

Directs the Office of State Budget and Management, Management and Productivity Unit, in consultation with the Department of Administration's Division of Veterans Affairs to conduct a study of the need for additional veterans nursing homes throughout the state. (SB 1366, Sec. 25.1)

\$25,000 NR

(1310) OSBM Operations

**88 Reduce Travel, Communications, and Data Processing**

(\$59,263) R

Funds are reduced from the budget of the Office of State Budget and Management for travel, communications, and data processing.

**89 Operating Support for 1999-01 Budget Preparation**

\$160,000 NR

Funds are needed to provide the Office with the necessary equipment, travel, data processing, and printing related to the preparation of the FY 1999-01 budget.

**90 Reserve for Welfare Reform**

(\$71,034) R

Reduce funds in the Welfare Reform Reserve in the Office of State Budget and Management.

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**Budget Changes**

(\$130,297) R

\$5,935,000 NR

**Total Position Changes**

0.00

**Revised Total Budget**

\$16,735,541

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## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: State Budget and Management**

##### **Section 25**

**Title:** Allow Volunteer Fire Departments/Rescue EMS Funds to be Used to Pay Highway Use Tax on Equipment Purchases

**Summary** Expands the use of grant money from the Volunteer Fire Department Fund, G.S. 58-87-1, and the Volunteer Rescue/EMS Fund, G.S. 58-7-5, to include grants for the highway use taxes paid on fire and rescue emergency vehicles.

##### **Section 25.1**

**Title:** State Veterans Nursing Home Location Study

**Summary** Directs the Office of State Budget and Management, in consultation with the Division of Veterans Affairs, to study the need for additional state veterans nursing homes throughout the state. Provides \$25,000 to the Office of State Budget and Management to conduct the study.

##### **Section 25.2**

**Title:** Blue Ridge Regional Destination Center

**Summary** Creates a \$2.5 million reserve for construction of the Blue Ridge Regional Destination Center contingent upon the receipt of federal funds for the Center by December 31, 1998. If the project does not receive federal funds by December 31, 1998, the \$2.5 million shall be reallocated to the Board of Governors of the University of North Carolina for the Highsmith Center at the University of North Carolina at Asheville.

##### **Section 7.2**

**Title:** Federal Funds Clearly Shown

**Summary** Makes changes to the Executive Budget Act that require the Director of the Budget to show all expenditures for the prior fiscal year and all anticipated expenditures in the proposed budget by objects of expenditure by purpose, and to identify expenditures by each federal grant.



Section 8.1

Title: Juvenile Justice Reserve

**Summary** This provision establishes a Reserve Fund of \$17,347,487 in the Office of State Budget and Management to implement SB 1260, the Juvenile Justice Reform Act. Reserve funds allocated to either the Department of Health and Human Services, Division of Youth Services; or the Judicial Department, Juvenile Services Division, for juvenile programs and facilities shall be transferred to the new Office of Juvenile Justice under the Office of the Governor, effective January 1, 1999.

The reserve also includes funds for related programs in DPI, the Sentencing Commission, the court system, and the University system.

Additionally, the provision requires reports to the General Assembly on the allocation of State juvenile grant funds and federal juvenile block grants; sites selected for expanded or new detention centers and training schools; study results on the need for residential programs for juvenile sex offenders; and, a Juvenile Justice Information System Plan.

Section 28.20

Title: Travel Rates for State Employees

**Summary** Increases the subsistence allowance for in-state travel from \$71.00 per day to \$81.00 per day and the allowance for out-of-state travel from \$83.00 per day to \$93.00 per day. Authorizes the payment of sales tax, local tax, or service fees in addition to the daily subsistence amount. Also authorizes employees to exceed the ceiling for lodging provided that the total lodging and food reimbursement does not exceed the maximum daily subsistence. Authorizes reimbursement for the actual expenses incurred for convention registrations as shown by a valid receipt or invoice.

# 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.

## GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$10,434,176**

### Budget Changes

(1000) Departmentwide

<b>91 Delete Assistant State Controller Position</b>	<b>(\$85,012)</b>	<b>R</b>
As part of the Span of Control an Assistant State Controller position is eliminated.	-1.00	
<b>92 Data Processing Shortfall</b>		
One-time funding to cover the FY 98 shortfall in Data Processing (532821) costs to the NCAS.	<b>\$732,000</b>	<b>NR</b>
<b>93 Daily Production Support</b>		
Additional funding to continue the level of support necessary for daily production of the NCAS in the following line items:	<b>\$1,500,000</b>	<b>NR</b>
532140 Outside Services	\$ 300,000	
532440 Computer Hardware Maintenance	10,000	
532441 Computer Software Maintenance	90,000	
532522 Lease - Computer Equipment	600,000	
532821 Data Processing Costs	500,000	

<b>Budget Changes</b>	<b>(\$85,012)</b>	<b>R</b>
	<b>\$2,232,000</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-1.00</b>	
<b>Revised Total Budget</b>	<b>\$12,581,164</b>	

## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** State Controller

### **Section 26**

**Title:** Pilot Program on Reporting on Collection of Bad Debts by State Agencies

**Summary** Directs OSC to conduct a pilot study that will establish a procedure for health care institutions under the Dept. of Health and Human Services or the University of NC to report on the collection of bad debts. Procedures of the study shall indicate that each bad debt will be reported in total and in keeping with standard codes that describe the types of debt, the efforts to collect the amount owed; and an estimate of the likelihood of collecting the debt. OSC will report findings of the study to the General Assembly no later than April 1, 1999.

### **Section 26.1**

**Title:** Recovery of Overpayments by State Agencies

**Summary** Amends G.S. 147-86.22(c) to add language directing the State Controller to negotiate a contract with a third party to perform an audit collection process of inadvertent overpayments by State agencies to vendors resulting from pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors. The third party is to be compensated only from funds recovered as a result of the audit. Savings realized in excess of costs shall be transferred from the agency to the Office of State Budget and Management and placed in a special reserve for direction from the General Assembly. Disputed claims are to be settled by the State Controller. This paragraph does not apply to the purchase of medical services by State agencies or payments used to reimburse or otherwise pay for health care services.

# Treasurer

**Statutory Authority:** General Statutes, Chapter 143

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.

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$18,872,768

## Budget Changes

### (1110) General Administration

#### 94 Additional Office Space in Albemarle Building

Authorizes the Secretary of Administration to allocate additional space on the fifth and sixth floors of the Albemarle Building to the Department of the State Treasurer as the space becomes available during the 1998-99 fiscal year. Authorizes the Treasurer to expend up to \$470,750 from departmental receipts for moving to the space on the fifth and sixth floors. Appropriates \$44,000 from the General Fund to the Department of the State Treasurer for expenses associated with moving to the additional space. (SB 1366, Sec. 26A).

\$44,000 NR

Requirements	\$ 514,750
Receipts	470,750
Appropriation	44,000
Non-tax Revenue	44,000

### (1130) Escheats Division

#### 95 Increase Administrative Supervision – Escheats

Funds a supervisory position in the Escheats Division to oversee the daily processing of tangible and intangible property and cash receipts. The amount of recurring funds needed to support this request is \$45,426 and the amount in nonrecurring funds is \$7,000. (SB 1279, Sec. 67.2(b)).

\$0 R  
\$0 NF  
1.00

-Requirements	\$ 52,426
-Receipts	\$ 52,426
-Appropriation	-

(1210) Investment Management

**96 Strengthen Investment Management**

\$52,932 R  
\$257,000 NR  
1.00

Funds an additional Portfolio Manager and replaces outdated accounting systems in the Investment Management Division.

-Requirements \$ 309,932  
-Receipts -  
-Appropriation \$ 309,932  
-Nontax Revenue \$ 309,932

(1220) Banking Operations

**97 Replace Outdated Warrant Processing System**

\$738,000 NR

Funds a new imaging and data processing system to replace the existing system which has become outdated and unreliable.

-Requirements \$738,000  
-Receipts -  
-Appropriations \$738,000  
-Noxtax Revenue \$738,000

(1410) Retirement Division

**98 Improve Member Services -- Retirement Division**

\$0 R  
\$0 NR  
10.00

Funds 10 additional positions in the Retirement Division to help the Department meet the increasing demand for services placed upon the Division from a rapidly growing, active and retired, membership. The amount of recurring funds needed to support this request is \$478,253 and the amount in nonrecurring funds is \$826,000. (SB 1279, Sec. 67.2(a)).

-Requirements \$ 1,304,253  
-Receipts \$ 1,304,253  
-Appropriation -

(1412) & (1413) Firemen and Rescue Squad Workers

**99 Firemen's Pension and Rescue Squad Workers Funds**

\$369,593 R

Provides funds to increase the monthly allowance to the Firemen's Pension Fund and to the Rescue Squad Workers Fund by five dollars.

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**Budget Changes**

\$422,525 R  
\$1,039,000 NR

**Total Position Changes**

12.00

**Revised Total Budget**

\$20,334,293

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## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department: Treasurer**

Section 26A

Title: Department of State Treasurer/Office Space in Albemarle Building

Summary Authorizes the Department of State Treasurer to expend funds from receipts and appropriations by this act for expenses associated with moving to additional space in the Albemarle building, as the space becomes available.

# **HUMAN RESOURCES**

# Health and Human Services

**Statutory Authority:** Chapter 122A

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$2,644,926,077

## Budget Changes

### ( 1.0) Office of the Secretary

#### 1 Medicaid Receipts for Rural Health

(\$226,024) R

Increases use of Medicaid receipts to support program services.

#### 2 Eliminate Positions

(\$210,000) R

Eliminates the Assistant Secretary of Aging position and funding for the Deputy Secretary.

-1.00

### ( 2.0) Division of Child Development

#### 3 Federal Funding for Regulatory Activities

(\$1,011,184) R

Increases use of federal Child Care and Development Block Grant funds to support child care regulatory activities.

#### 4 Transfer Funding to State Auditor

(\$120,270) R

Transfers funds to the Office of the State Auditor to continue supporting the auditing of the Early Childhood Education and Development Initiative Program.

### ( 3.0) Division of Medical Assistance

#### 5 Reduce Administrative and Program Funding

(\$900,000) R

Reduces funding for administrative and program expenditures.

#### 6 Transfer Reserve Funds

(\$13,000,000) R

Budgets 10% of the total availability in the G.S. 143-23.2 reserve to support current services and to reduce appropriations. (SB 1366, Sec. 12.8)

#### 7 Medicaid Adjustments

(\$45,500,000) R

Reduces appropriations to reflect current eligibility and utilization information and a more favorable federal funds participation rate.

#### 8 Adult Care Home Personal Care Services

(\$1,000,000) R

Reduces funding for Adult Care Home Personal Care Services due to lower rate.



<b>9 Physician Rate Increase</b>	(\$12,989,131)	R
Eliminates the 10.5% physician rate increase. (SB 1366, Sec. 12.13)		
<b>( 4.0) Division of Social Services</b>		
<b>10 Caring Program for Children</b>	(\$400,000)	R
Reduces funding for the Caring Program for Children due to implementation of the Health Insurance Program for Children.		
<b>11 Work First Reserve Funding</b>	(\$20,000,000)	R
Eliminates \$20 million in recurring appropriations for the Work First Reserve. (SB 1366, Sec. 12.29F)		
<b>12 Families for Kids Pilots</b>	(\$400,000)	R
Reduces funding for the initial 8 counties participating in the Families for Kids Project from \$100,000 to \$50,000 each.		
<b>13 County AFDC/Child Support Reimbursements</b>	(\$2,700,000)	R
Eliminates reimbursements to counties whose child support enforcement offices are State-operated.		
<b>14 State/County Special Assistance</b>	(\$532,974)	R
Reduces appropriation to reflect the current forecast of requirements.		
<b>( 5.0) Division of Facility Services</b>		
<b>15 Certificate of Need Fees</b>	\$0	R
Transfers \$1.5 million in receipts from Certificate of Need fees to the Treasurer's Office as a nontax revenue.		
<b>( 6.0) Division of Health Services</b>		
<b>16 Children's Special Health Services Program</b>	(\$2,958,000)	R
Reduces funding in the Children's Special Health Services program due to excess funding for purchase of care services.		
<b>17 Immunization Program</b>	(\$178,000)	R
Reduces appropriations to reflect projected reductions in shipping and printing expenditures.		
<b>18 Maternity Care Coordination Start-up Grants</b>	(\$232,000)	R
Reduces appropriations for Maternity Care Coordination start-up grants due to reduced need at the local level.		
<b>( 7.0) Division of Youth Services</b>		
<b>19 Detention Construction Delays</b>	(\$200,000)	NR
Reduces operating reserve for the Richmond Boundover Unit due to delays in opening the facility.		

( 8.0) Division of Mental Health

**20 Reduce Funds for Legal Services**

(\$650,000) R

Reduces funding for the legal services needed for the former Thomas S. and Willie M. court mandated programs.

( 9.0) Division of Child Development

**21 Smart Start**

\$42,500,000 R

Provides funding, effective October 1, 1998, to administer and deliver direct services in all 100 counties. Of these funds, the North Carolina Partnership for Children, Inc. may use up to two million dollars for state-level administration of the program.  
(SB 1366, Sec. 12.37B)

**22 TEACH Program**

\$100,000 NR

Provides a grant-in-aid to the TEACH Program to establish a capital fund to be matched by expenditures of private funds.  
(SB 1366, Sec. 12.38)

(10.0) Division of Social Services

**23 Intensive Family Preservation**

\$400,000 NR

Provides intensive family preservation programs in the six additional counties which have the highest number of children in foster care in the State.

**24 State/County Special Assistance**

\$3,765,649 R

Increases rate from \$893 to \$956 per month effective October 1, 1998.(SB 1366, Sec. 12.16B)

**25 Adoptive Parents Criminal Records Check**

\$95,399 R

Provides funding for adoptive parent criminal record checks including one clerical position to process the record checks.  
(HB 1720)

1.00

**26 Food Banks**

\$1,000,000 NR

Provides funding for six area food banks, and the start-up costs for one in Eastern North Carolina. (SB 1366, Sec. 12.24)

**27 Increase Adult Care Home Staff**

\$1,000,000 R

Provides funding for staffing grants for adult care homes to increase staff on the third shift to one staff per thirty residents, effective January 1, 1999. (SB 1366, Sec 12.16B)

(11.0) Office of the Secretary

**28 Year 2000 Computer Support**

\$6,864,399 NR

Supports replacement of automation equipment to ensure compliance with Year 2000 needs for the Eligibility Information and Healthquest Systems.

<b>29 ABCs Plan in DHHS Schools</b>	Provides funding for technical assistance to implement the ABCs Plan in the Governor Morehead School and the Schools for the Deaf and to redirect resources from administration into educational programs at each of the schools. (HB 1477)	\$2,450,000	NR
<b>(12.0) Division of Mental Health</b>			
<b>30 Mental Health Center Funds</b>	Provides funding for the construction and expansion of a mental health center in Tyrrell County.	\$400,000	NR
<b>31 Adult Mental Health Residential Services</b>	Provides matching funds for expansion of residential services for the mentally ill.	\$300,000	NR
<b>32 State Psychiatric Hospitals Study Continuation</b>	Provides funding to expand on the study of the state psychiatric hospitals to include the area mental health authorities. (SB 1366, Sec. 12.35A)	\$750,000	NR
<b>33 Atypical Antipsychotic Drugs</b>	Provides funding for atypical antipsychotic drugs at State psychiatric hospitals. (SB 1366, Sec. 12.33)	\$1,326,998	NR
<b>34 Waiting List for Developmental Disabilities</b>	Provides family support services to developmentally disabled individuals who are not eligible for Medicaid CAP-MR/DD services and who are waiting for services. (SB 1366, Sec. 12.34)	\$6,000,000	R
<b>35 Child Mental Health Training</b>	Provides funding to purchase computer software or printed materials for training curricula that promote cultural diversity and competencies in services to children, families, and communities.	\$75,000	NR
<b>36 Medicaid Match for Area Programs</b>	Provides funding to establish a Medicaid match reserve for area mental health programs in order to continue existing services. \$38,000,000 appropriated in S.L. 1998-166. (HB 900, Sec.7)	\$38,000,000	R
<b>37 Day By Day Treatment Center</b>	Provides a grant-in-aid to the Day By Day Treatment Center in Johnston County which provides substance abuse services. (SB 1366, Sec.12.35G)	\$100,000	NR
<b>38 Violent &amp; Assaultive Children</b>	Provides funding to continue services to violent and assaultive children in the former Willie M. class.	\$5,353,003	NR

(13.0) Division of Health Services

<b>39 Physician for Medical Evaluation Program</b>	\$0	R
Provides funding from the Department of Transportation for hiring an additional physician for the Medical Evaluation Program.	1.00	
<b>40 Fullerton Genetics Center</b>		
Provides funding for the Fullerton Genetics Center in western North Carolina to expand genetic health care services.	\$280,000	NR
<b>41 Maternal Outreach Programs</b>		
Provides funding for prenatal and infancy home visits by nurses to improve maternal and child outcomes. (SB 1366, Sec. 12.45)	\$200,000	NR
<b>42 Arthritis Prevention Project</b>		
Continues grant-in-aid for private, local project providing services for arthritis patients in Mecklenburg County.	\$15,000	NR
<b>43 Sickle Cell Services</b>	\$1,200,000	R
Provides support to three medical centers and two satellite clinics that provide specialized support to persons with sickle cell disease.		
<b>44 Cancer Control Program</b>	\$250,000	R
Provides funding to promote the prevention, early detection, data collection, and optimal care in the control of cancer.	\$250,000	NR
<b>45 Heart Disease/Stroke Prevention Programs</b>		
Provides funding to create and implement a comprehensive initiative to increase physical activity among North Carolinians; continue support of the Cardiovascular Data Unit; and build the capacity of health providers and community groups to increase awareness of hypertension, provide professional development, and provide community and patient education. (SB 1366, Sec. 12.49)	\$300,000	NR
<b>46 Diabetes Program</b>		
Supports establishment of patient care, diabetes control guidelines, education and support activities, including technical assistance.	\$150,000	NR
<b>47 Osteoporosis Task Force</b>		
Provides funding to continue support for the Osteoporosis Task Force.	\$200,000	NR
<b>48 Children's Vision Screening</b>		
Provides funding for a statewide training and certification program for school-based vision screeners. (SB 1366, Sec. 12.41)	\$319,000	NR

<b>49 Healthy Start Foundation</b>	Provides funding for the statewide public information and education activities of the First Step Campaign and for local communities to implement pilot programs aimed at reducing infant mortality. (SB 1366, Sec. 12.40)	\$650,000	NR
<b>50 State Games of North Carolina</b>	Provides funding for the Governor's Council on Physical Fitness to support the State Games.	\$200,000	NR
<b>51 AIDS Drug Assistance Program</b>	Increases funding for the AIDS Drug Assistance Program.	\$8,000,000	NR
<b>(14.0) Division of Aging</b>			
<b>52 Senior Centers</b>	Provides \$2 million to support existing senior centers and to assist in the development of new senior centers. Provides \$1.5 million for the construction of new senior centers. (SB 1366, Sec. 12.19A)	\$1,000,000	R
		\$2,500,000	NR
<b>53 Area Agencies on Aging</b>	Provides additional administrative funding for the 18 Area Agencies on Aging to provide information and education to consumers and better meet the data and technical assistance needs of providers, local planning committees, and local government. (SB 1366, Sec. 12.20C)	\$900,000	R
<b>54 Home and Community Based Services</b>	Provides funding to reduce waiting lists for in-home aid and caregiver support services to individuals over 60 years old. (SB 1366, Sec. 12.18A)	\$4,146,044	R
<b>(15.0) Division of Vocational Rehabilitation</b>			
<b>55 Grants-In-Aid</b>	Provides grants-in-aid for capital improvements at sheltered workshop facilities. (SB 1366, Sec. 12.4A)	\$500,000	NR
<b>56 Independent Living Rehabilitation Program</b>	Provides funding to alleviate the backlog of client needs at program offices statewide.	\$1,000,000	R
<b>57 Assistive Technology Demonstration Centers</b>	Replaces expiring federal grant funds to enable the Assistive Technology Demonstration Centers to continue providing technical assistance, training, and equipment loans to individuals with disabilities and their families.	\$200,000	NR
<b>(16.0) Division of Facility Services</b>			
<b>58 Improve Regulatory Compliance</b>	Provides funding for additional staff in the Construction Section and the Health Care Personnel registry. (SB 1366, Sec. 12.16D)	\$300,000 10.00	NR

<b>59 Poison Control Center</b>		
Provides funding for the Poison Control Center at the Carolinas Medical Center.	\$300,000	NR
<b>60 Health Care Personnel Registry</b>		
Provides funding to include state-operated facilities, as well as residential facilities and hospitals for the mentally ill, the developmentally disabled, and substance abusers, in the Health Care Personnel Registry. (SB 1366, Sec. 12.16E)	\$150,000 4.00	NR
<b>(17.0) Division of Medical Assistance</b>		
<b>61 Medicaid Expansion for Elderly and Disabled</b>	\$26,955,790	R
Expands Medicaid eligibility for the elderly and disabled to 100% of the Federal Poverty Level effective no earlier than January 1, 1999. (SB 1366, Sec. 12.12D)		
<b>62 Health Insurance Program for Children</b>	\$15,617,822	R
Provides funding to match federal funds for the new Health Insurance Program for Children to insure children younger than age 19 in families with incomes at or below 200% of the Federal Poverty Level. \$15,617,822 appropriated in S.L. 1998-1 Extra Session.		
<b>(18.0) Division of Deaf/Hard of Hearing</b>		
<b>63 Cued Speech Center</b>		
Provides a grant-in-aid to Cued Speech Center, Inc. for preschool, transitional, and resource services.	\$185,000	NR
<b>(19.0) Division of Services for the Blind</b>		
<b>64 Waiting List for Early Intervention Services</b>		
Increases funding for the contractual services, travel, equipment, and supplies required to provide early intervention services to visually-impaired children ages three through five years.	\$225,000	NR
<b>(20.0) Division of Youth Services</b>		
<b>65 Guilford Detention Center</b>		
Provides a grant-in-aid for a new detention center in Guilford County.	\$2,000,000	NR
<hr/>		
<b>Budget Changes</b>	\$39,423,121	R
	\$35,843,400	NR
Total Position Changes	15.00	
<b>Revised Total Budget</b>	<b>\$2,720,192,598</b>	
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## **Special Provisions:**

**1998 Session: House Bill 900**

### **Department: Health and Human Services**

#### **Section 6**

**Title:** Caring Program for Children

**Summary** Rewrites the definition of "uninsured" for the Health Insurance Program for Children to include children enrolled in the Caring Program for Children.

#### **Section 7**

**Title:** Mental Health Reserve for Medicaid Match

**Summary** Creates a restricted reserve in the DHHS Office of Controller for administration of the state match for Medicaid reimbursable mental health services. Requires the \$38M in expansion funds, along with existing funds in the Division of Mental Health's budget be placed into the reserve. Unexpended funds would revert.



**1998 Session: Senate Bill 1366**

**Department: Health and Human Services**

**Section 5**

**Title:** DHHS Block Grant Provisions

**Summary A. Social Services Block Grant:**

1. Maintains FY 97-98 Allocations except for Child Care Subsidies which is reduced by \$2.9M;
2. Appropriates \$6M for the DD Waiting List;
3. Appropriates \$1.5M for Child Caring Institutions;
4. Appropriates \$3.85M for Home and Community Care Block Grant for the elderly; and
5. Appropriates \$1M for Enhanced Employee Assistance Programs.

**B. Substance Abuse Prevention and Treatment Block Grant:**

1. Appropriates an additional \$893K for juvenile services
2. Maintains FY 97-98 Allocations

**C. Child Care and Development Fund Block Grant:**

1. Appropriates \$186.5M (including a \$66.7M transfer from the TANF block grant) for child care subsidies, quality and availability initiatives (4%) and administration (5%).

**D. Temporary Assistance to Needy Families Block Grant:**

1. Appropriates cash assistance to Standard Counties based on certified budget;
2. Appropriates cash assistance to Electing Counties based on certified budget with intent to hold cash allocations constant at FY 98-99 level;
3. Appropriates \$60M in Work First County Block Grants for child care, transportation, and related activities at county discretion; transfers \$66.7M to CCDFBG for child care subsidies;
4. Transfers \$1.1M to ESC for support of First Stop Program;
5. Allocates \$500K for ongoing support of the Labor Market and Common Follow Up Systems and the NC Works Study;
6. Appropriates \$150K for the development of a long range plan for substance abuse services to Work First children and families;
7. Appropriates \$75K to establish a Work First Substance Abuse Coordinator position in the Division of Mental Health;
8. Appropriates \$2.6M for the development of job retention and follow-up activities for Work First recipients;
9. Appropriates \$900K for model substance abuse programs and related activities which serve Work First recipients;
10. Transfers \$2M to the SSBG for teen pregnancy prevention activities.
11. Transfers \$11.3M to SSBG
12. Maintains remaining FY 97-98 allocations.

All other block grants maintain programs and services at approximately FY97/98 allocation levels.

**Section 12**

**Title:** Standards for Health Care Quality and Access/Extend Reporting Date

**Summary** Extends the date for this report until May 1, 1999.



**Section 12.1A**

**Title:** Hospital Facility Audited Cost Report Due Date

**Summary** Changes the audited cost report due date for adult care homes owned by hospitals to the same time as the Medicare cost report. Changes the audited cost report due date for combination facilities with nursing home and adult care home beds to 15 days after the nursing facility's Medicaid report is due.

**Section 12.2**

**Title:** Office of Strategic Planning

**Summary** Requires DHHS to review and report by March 15, 1999 on the feasibility of creating an Office of Strategic Planning.

**Section 12.3A**

**Title:** Modify Setoff Debt Collection Procedure

**Summary** Amends G.S. 105A-3(b) to clarify that, under certain circumstances, state agencies will determine exclusions to debt collection procedures for debts owed the state.

**Section 12.3B**

**Title:** NC Board of Pharmacy/Waiver for Disasters and Emergencies/Rules Pertaining to Mail Delivery of Dispensed Legend Drugs

**Summary** Allows the Board of Pharmacy to waive Pharmacy laws in the event of a disaster. Also prohibits the Board from adopting rules for out-of-state mail order pharmacies which are more restrictive than federal statutes or regulations governing the delivery of prescriptions by mail or common carrier.

**Section 12.3C**

**Title:** Collaborative Effort to Improve Quality of Academic Programs at Residential Schools/Program Review of Disability Services

**Summary** Directs DHHS, the State Board of Education, and the Superintendents of the Burke, Guilford, Wake, and Wilson LEAs to develop and implement strategies for collaborating and sharing resources to improve the quality of academic programs and services to visually-impaired and hearing-impaired students statewide. Requires a report to the Joint Legislative Education Oversight Committee and the House and Senate Appropriations Committees on Human Resources by April 1, 1999.

Also, directs DHHS to conduct a comprehensive review of its disability-related policies and programs and recommend organizational changes to improve services to clients. Requires a report to the House and Senate Appropriations Committees on Human Resources by April 1, 1999.

**Section 12.4**

**Title:** Area Mental Health/Elderly Housing Nonrecurring Project Funds

**Summary** Appropriates \$500K from the Work First Reserve Fund for purchase of software to manage the DD waiting list; and \$2M for the Housing Trust Fund for housing for the elderly.

Section 12.4A

Title: Funds for Capital Improvements/Sheltered Workshops

Summary Directs DHHS to develop guidelines for awarding grants-in-aid for capital improvements at sheltered workshops. Grants shall be based on greatest need and shall not exceed \$50,000 per recipient.

Section 12.5

Title: Medicaid Growth Reduction

Summary Makes technical changes and requires an additional report on February 1, 1999.

Section 12.6

Title: Rules Governing Transfer of Medicaid Benefits Between Counties

Summary Amends Chapter 108A of the General Statutes to establish rules governing the transfer of Medical Assistance benefits when a Medicaid recipient moves from one county to another.

Section 12.7

Title: Continuous Medicaid Coverage for Categorically Needy Families of Children

Summary Requires HHS to provide continuous Medicaid coverage for categorically needy families with children for one year without regard to changes in income or assets. Requires HHS to study the impact of this change on the Medicaid Program.

Section 12.8

Title: Allocation of G.S. 143-23.2 Medicaid Funds

Summary Allocates \$13,000,000 in the G.S. 143-23.2 fund to the Medicaid program notwithstanding the provisions of G.S. 143-23.2(b) that these funds not be used to reduce State general fund revenues.

Section 12.10

Title: Disposition of Disproportionate Share Receipt Change

Summary Directs that Disproportionate Share receipts for 1997-98 be deposited with the State Treasurer as nontax revenue for the 1998-99 fiscal year. During 1998-99, directs HHS to deposit Disproportionate Share Receipts up to \$85,000,000 with the State Treasurer as nontax revenues. Reserves receipts in excess of \$85,000,000 for future appropriations.

Section 12.12

Title: Child Health Insurance Study/Other Changes

Summary Requires HHS and the Office of State Budget and Management to study whether there are state programs and services which can be covered by the Health Insurance Program for Children. Adds one parent to the Children with Special Health Care Needs Commission.

Section 12.12B

Title: Medicaid/Reporting Anticipated Changes

Summary Requires the Division of Medical Assistance to report to the General Assembly any anticipated changes to the Medicaid Program.

Section 12.12C

Title: Participation in the Medicaid Dental Program

Summary Establishes the intent of the General Assembly that Medicaid participation rate for dentists shall increase significantly and to improve the Medicaid program's provision of preventive services to Medicaid patients while ensuring program integrity and accountability. Requires HHS to study ways to improve the participation rates and report to the General Assembly on its findings.

Section 12.12D

Title: Medicaid Coverage for Elderly and Disabled People

Summary Implements the Medicaid expansion for elderly and disabled people effective January 1, 1999.

Section 12.13

Title: Study of Need to Increase Physician Pay Rate

Summary Requires the Joint Legislative Commission on Health Care Oversight to study the need to increase the rate paid to physicians under the Medicaid Program including a source of funding for the increase. Requires report to the 1999 General Assembly.

Section 12.14

Title: Transfer of Charitable Solicitation Program to the Secretary of State

Summary Transfers the Charitable Solicitation Program from HHS to the Secretary of State.

Section 12.16B

Title: Adult Care Home Staffing Ratio Changes/Reimbursement Rate Increase/Staffing Grants

Summary Effective January 1, 1999, amends the statutes by adding staffing ratios for adult care homes and reducing the staffing ratio on the third shift from 1 to 50 residents to 1 to 30 residents. Effective October 1, 1998, increases the reimbursement rate to \$956 per month per resident. Authorizes HHS to provide staffing grants to adult care homes that are required to add staff on the third shift.

Section 12.16C

Title: Adult Care Home Bed Vacancies/Extension

Summary Extends the moratorium on increasing the number of adult care home beds to August 20, 1999. Adds language allowing HHS to create an inactive status for existing adult care home licenses which have not been constructed 18 months after the license is issued.

Section 12.16D

Title: Division of Facility Services/Propose Fee Schedule

Summary Requires HHS to develop a proposed fee schedule to defray the cost of processing and reviewing construction plans for social and health care facilities and for conducting physical plant inspections of these facilities.

Section 12.16E

Title: Health Care Personnel Registry

Summary Adds facilities for the mentally ill, developmentally disabled, and substance abusers to the list of providers covered under the Health Care Personnel Registry.

Section 12.18A

Title: Senior Center Funds

Summary Appropriates \$2,000,000 to support existing senior centers and to assist in the development of new centers. Appropriates \$1,500,000 for grants-in-aid for the construction, renovation, and equipping of new senior centers; sets limits at no less than \$25,000/grant and no more than \$100,000, and requires a 25% local match.

Section 12.19A

Title: In-Home and Caregiver Support Funds

Summary Appropriates \$4,146,044 in new funding for in-home and caregiver support for the elderly.

Section 12.20

Title: Funds For Alzheimer's Association Chapters in NC

Summary Reallocates funding appropriated for the Alzheimer's Chapters to reflect the reduction in the number of chapters.

Section 12.20C

Title: Funds for Area Agencies on Aging

Summary Appropriates administrative funding for area agencies on aging.

Section 12.21

Title: Authorize Additional Use of HIV Foster Care and Adoption Family Funds

Summary Makes technical corrections to an existing provision which specifies the additional uses of monthly HIV foster care and adoption assistance funds.

Section 12.22

Title: Child Welfare Systems Improvements

Summary Makes technical corrections to the 1997 Session Laws and places the State Child Fatality Review Team in state statutes.

Section 12.23

Title: Child Protective Services

Summary Provides a technical correction to the 1997 Session Laws to allow funds appropriated for child protective services to be used for supervisory positions as well as direct services.

Section 12.24

Title: Food Bank Funds

Summary Appropriates \$1M for various regional food banks and to create a new food bank in the eastern part of the state.

Section 12.25

Title: Report On Progress Towards Automated Application System

Summary Requires DHHS to report its progress in developing a statewide single application for use in human services.

Section 12.26A

Title: Biometrics Law Changes

Summary Amends G.S. 108A-25.1 to clarify that biometrics is a condition of eligibility for specified public assistance programs; clarifies that institutionalized adults and children under the age of 18 are not subject to biometrics requirements.

Amends S.L. 1997-443, Section 12.35 to extend the deadlines for establishment of the biometrics system and requires the system to be fully operational by October 1, 2000.

Section 12.27A

Title: Welfare Law Changes

Summary Approves the TANF and Welfare-to-Work Plans as amended by the provision and further clarifies the purpose of the Work First Program. Makes numerous technical corrections and the following policy changes and clarifications:

1. Provides for the use of TANF funds for support services for current and former recipients with family incomes at or below 150% of the federal poverty level.
2. Amends current law to make community service optional for Work First recipients unable to find work and requires standard statewide procedures when sanctioning TANF recipients.
3. Clarifies that the basis for calculation of cash assistance is the certified budget as enacted by the General Assembly each fiscal year. Clarifies that the basis for calculation of cash assistance for electing counties is the federal TANF block grant funds as appropriated by the General Assembly each fiscal year. Adds the requirement that state and county funds previously appropriated or obligated for Work First County Block Grants and child welfare services not be reduced or reallocated.
4. Clarifies that the conditions under which reserve funds may be accessed include a declaration by the Director of the Budget that an economic emergency exists on a state level, in an individual county or in several counties.
5. Clarifies that the Employment Security Commission (ESC), not the Department of Commerce, is the lead state agency for First Stop services and administration. Clarifies that local departments of social services shall pay for services provided to Work First applicants over and above those available at local ESC offices to all ESC clients.
6. Provides ESC access to non-identifying information from tax records for the purpose of conducting the annual NC Works Study.
7. Provides that when the courts have adjudicated cases of domestic violence, these cases constitute "good cause" for Work First clients leaving employment.
8. Directs DHHS to apply for participation in the federal simplified Food Stamp Program.
9. Allows the purchase of a vehicle as part of the Individual Development Account Pilot program.

Section 12.28

Title: Welfare Reform Automation Funding Carry Forward

Summary Allows DHHS to carry forward \$7M in the FY 97-98 budget for the purposes of continuing development of welfare reform systems.

Section 12.29A

Title: Child Placing Agencies' Rate Study

Summary Requires DHHS to hire an independent consultant and report by May 15, 1999 on a review of the department's rate setting process for private child placing agencies.



**Section 12.29B**

**Title:** Labor Market Information/Common Follow Up System Funds

**Summary** Transfers \$1M from DHHS automation funds to the Employment Security Commission for support of the Labor Market and Common Follow-Up Systems activities mandated in G.S. 108A-29, the state's welfare reform laws.

**Section 12.29C**

**Title:** Repeal Review of Automated Collection and Tracking System

**Summary** Repeals the quarterly reporting requirements regarding the ACTS system.

**Section 12.29D**

**Title:** Child Welfare System Pilots

**Summary** Requires DHHS to develop a plan to implement 2-5 child welfare pilots which test the effectiveness of a dual system of response for child protective services. Requires DHHS to develop data collection plans and report progress in complying with this section no later than 4/1/99.

**Section 12.29F**

**Title:** Work First Reserve/Second Year Funds

**Summary** Implements a cut taken in the FY98/99 Budget and makes a corresponding technical correction to the 1997 Session Laws which appropriated \$20M into the Work First Reserve for FY 98-99.

**Section 12.30**

**Title:** Thomas S. Cost Containment Report Extension

**Summary** Provides a technical correction to the 1997 Session Laws and extends the annual cost containment reporting date to 5/1/99.

**Section 12.32A**

**Title:** Early Intervention Services/Referrals/Study

**Summary** Directs agencies providing early intervention services to improve the procedures for notifying parents of children newly identified with hearing loss of services available to them through Beginnings for Parents of Hearing-Impaired Children, Inc.

Also, requires the Interagency Coordinating Council, with assistance from DHHS and DPI, to conduct a comprehensive review of NC's system for delivering early intervention services to children ages birth through five years and to report their recommendations to the General Assembly by March 1, 1999.

**Section 12.33**

**Title:** Non-Medicaid Reimbursement Changes

**Summary** Amends the 1997 Session Laws to increase the eligibility for participation in the Atypical Antipsychotic Medication Program from 100% of the federal poverty level to 115%.

Section 12.34

Title: Funds To Reduce Waiting List For Services For Developmentally Disabled Persons

Summary Appropriates \$6M to provide services to non-CAP-MR/DD eligible persons on the waiting list for developmental disability services. Requires DHHS to review and implement strategies for providing family support services to developmentally disabled persons.

Section 12.35A

Title: Study Of State Psychiatric Hospitals/Area Mental Health Programs

Summary Appropriates \$750,000 for the continuation of a 1997-98 study of the state psychiatric hospitals in conjunction with a review of the area mental health authorities. Directs the study to provide information on the number and type of state psychiatric beds needed; review area authorities management and governance as they relate to efficiency and effectiveness; and assess area programs and other providers' capacity to absorb specific services now provided in state hospitals.

Section 12.35B

Title: Civil Commitment/Forensic Unit

Summary Amends G.S. 15A-1321 to require that in certain circumstances individuals found not guilty by reason of insanity must be committed to the state's Forensic Unit at Dorothea Dix Hospital.

Section 12.35C

Title: Area Mental Health Authority Program Accountability

Summary Clarifies that the Secretary of DHHS has the authority to develop rules for the fiscal and administrative practices of the area authorities. Authorizes the Secretary to enter into contracts with private providers when, in certain circumstances, it is in the best interest of clients.

Section 12.35D

Title: Agency Oversight Of Care Provided To Persons With Mental Illness And Developmental Disabilities

Summary Requires DHHS to review and report on the effectiveness of the current oversight of residential services for the mentally ill and developmentally disabled by 4/1/99.

Section 12.35G

Title: Substance Abuse Grant-In-Aid

Summary Provides a grant-in-aid to the Day-by-Day, Inc. for the provision of substance abuse services and requires a report by 3/1/99 on the use of the funds as well as various information on the operations of the program.



Section 12.37B

Title: Early Childhood Education and Development Initiatives Reform

Summary Strengthens the authority of the NC Partnership to approve local partnerships' plans, monitor their contracts, and implement sanctions in the event of poor performance. Reduces the NC Partnership Board from 38 to 25 members, with specific categories (e.g., child care provider) for most appointments. Prohibits legislators from serving as Board members. Directs the Partnership to end the terms of existing Board members and appoint a new 25-member Board within 60 days. Requires the NC Partnership to submit a regionalization plan to the House and Senate Appropriations Committees on Human Resources by April 15, 1999.

Section 12.38

Title: TEACH Program

Summary Establishes a capital fund for the TEACH Program, to be matched by expenditures of private funds at a ratio of two-to-one, and prohibits charging administrative expenses related to office space to the State.

Section 12.39

Title: DYS Training Schools Evaluation

Summary Directs DHHS to identify \$475,000 from recurring appropriations to improve special education related- services in the training schools. Requires a report to the Senate and House Appropriations Committees on Human Resources within 30 days of adjournment of the 1997 General Assembly.

Section 12.40

Title: NC Healthy Start Foundation/Reporting

Summary Directs the NC Healthy Start Foundation to report on program outcomes and expenditures to the Senate and House Appropriations Committees on Human Resources by April 15, 1999.

Section 12.41

Title: Prevent Blindness, Inc./Reporting

Summary Directs Prevent Blindness, Inc. to report on program outcomes and expenditures to the Senate and House Appropriations Committees on Human Resources by April 15, 1999.

Section 12.42

Title: WIC Program Funds

Summary Enables the WIC Program to use a larger proportion of its state funding as match for increased federal funding for the farmers' market project.

Section 12.43

Title: Healthy Mothers/Healthy Children Pilot Program

Summary Enables DHHS to select up to six local health departments to participate in a pilot program designed to improve health outcomes for women and children by allowing local health departments greater flexibility in the use of their federal block grant funds and state funding related to maternal and child health. Requires a progress report to the House and Senate Appropriations Committees on Human Resources by April 1, 1999.

Section 12.44

Title: Child Fatality Task Force

Summary Authorizes the Child Fatality Task Force to continue on a permanent basis by codifying its duties and reporting responsibilities.

Section 12.45

Title: Maternal Outreach

Summary Directs DHHS to develop and implement a method for evaluating the effectiveness of intensive home visiting programs, including a standard reporting system for local programs to provide DHHS the data needed for this evaluation. Requires a report to the House and Senate Appropriations Committees on Human Resources by February 1, 1999.

Section 12.46A

Title: AIDS Drug Assistance Program

Summary Requires the Department to develop and implement a cost-containment plan, and a comprehensive information system. Requires the Department to develop a plan for monitoring patient compliance. Directs the Department to report on both the cost-containment measures and the plan for monitoring patient compliance to the House and Senate Appropriations Committees on Human Resources by March 15, 1998.

Section 12.48

Title: Cancer Control Advisory Committee/Additional Members

Summary Increases the membership on the Advisory Committee from 24 to 34.

Section 12.49

Title: Heart Disease/Stroke Prevention

Summary Specifies that of the three hundred thousand dollars (\$300,000) appropriated for this purpose, it may be used to establish one or more of the following: Be Active North Carolina (BANC), Cardiovascular Health Data Unit (CVD), North Carolina Strike Out Stroke Project.

Section 12.51

Title: HIV/STD Prevention Services/Evaluation and Accountability of Grantees

Summary Requires the DHHS, Division of Epidemiology to continue allocating HIV/STD Prevention Funds to community-based organizations, local health departments and other entities to provide services to high-risk individuals. Requires that contracts include submission of quarterly reports, and annual financial statements, effective 1/1/99. Also requires the Department to adopt standards for the annual evaluation and certification of recipients of prevention funds, including sanctions by 4/1/99, and applicable to contracts entered into on and after 1/1/00, and bars contracting with entities that do not meet certification standards, effective 1/1/00.

Section 12.52

Title: Improve Immunization Program Accountability

Summary Requires DHHS to develop and implement strategies for improving accountability in the Immunization Program. Directs DHHS to study the feasibility of decentralizing the vaccine distribution system so that private providers obtain vaccines from local health departments. Allows the Commission for Health Services to adopt temporary rules for provider reporting requirements and related sanctions. Effective March 1, 1999, requires providers to reimburse the state for vaccine wasted due to provider negligence in the storage, handling, or rotation of vaccine inventory. Requires a report to the House and Senate Appropriations Committees on Human Resources by April 1, 1999.

**JUSTICE  
AND  
PUBLIC SAFETY**

## Correction

**Statutory Authority:** 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.

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$867,817,472

### Budget Changes

#### 1 Increase Operating Receipts/Reduce General Fund

(\$2,150,000) R

DOC estimates they will receive additional receipts in three programs, thus allowing a decrease in the General Fund budget:

##### (1) Federal Nutrition Programs (\$475,000)

DOC received more receipts than anticipated from the federal program that provides free breakfast and lunch to youthful offenders (<21 years of age); a similar level of receipts is anticipated in 1998-99 allowing for a decrease in the General Fund.

##### (2) Medical Reimbursement from Counties (\$675,000)

Counties pay the State to provide medical care for "safekeepers" that counties have requested DOC to hold in state prisons. These reimbursements have increased in 1997-98 and are anticipated to increase at the same level in 1998-99, allowing for a reduction in the General Fund.

##### (3) Federal Alien Reimbursement Funds (\$1,000,000)

North Carolina receives federal funds to partially fund the cost of housing illegal aliens that are inmates in the North Carolina prison system. Receipts have increased allowing a reduction in the General Fund.

<b>2 Reduce Non Personnel Line Items</b>	<b>(\$1,938,000)</b>	<b>R</b>
Reduce non-personnel line items in the following areas:		
Division of Probation and Parole:		
Purchased services (\$350,000)		
Supplies (\$100,000)		
CJPP Contracts (\$38,000)		
Phone, supplies, drug reagents		
in reserve for new officers (\$150,000)		
Reserve for Enhanced Criminal Penalties (\$135,000)		
Division of Alcoholism & Chemical Dependency		
Supplies (\$30,000)		
Dart-DWI (Cherry) Aftercare (\$135,000)		
Departmental Management		
Contractual services, office and computer		
supplies and equipment (\$400,000)		
Division of Prisons		
Computer Equipment (\$400,000)		
Reserve for New Beds		
Engineering/Construction Support (\$200,000)		
<b>3 Staff Reductions--Division of Probation and Parole</b>	<b>(\$561,033)</b>	<b>R</b>
Reduce 11 positions due to Span of Control (4 Assistant Division Chiefs, 1 Deputy Director Position), reduced workload (2 Parole Hearing Officers) and changes in staffing patterns (4 Pre-Parole Investigators).	-11.00	
<b>4 Increase Receipts from Correction Enterprises</b>	<b>(\$500,000)</b>	<b>R</b>
Correction Enterprises transfers a portion of the profits in the Enterprise Special Fund to the General Fund; by increasing the amount transferred from \$1,060,000 per year to \$1,560,000, the General Fund can be reduced (amount level since 1979-80 fiscal year).		
<b>5 Eliminate Matching Funds for Federal Grants</b>	<b>(\$325,000)</b>	<b>R</b>
Since the amount of State funds needed to match federal grants fluctuates widely each year, the DOC is recommending eliminating the remaining appropriation and using other funding sources.		
<b>6 Staff Reduction--Department Management</b>	<b>(\$818,888)</b>	<b>R</b>
Abolish 3 support positions in Central Area Office due to consolidation; abolish 12 mid-level managers in departmental management, area offices and institutions.	-15.00	
<b>7 Staff Reductions--Div of Alcoholism and Chem Depen</b>	<b>(\$250,000)</b>	<b>R</b>
Eliminate funding for 7 positions: 3 Supervisors, 1 Counselor, 1 Substance Abuse Worker and 2 Support Staff.	-7.00	

<b>8 Reduce Staff at Parole Commission</b>	(\$233,000)	R
Reduce staff by 8 positions: 7 clerical and 1 analyst. These reductions are in response to declining workload and a study of the long-term needs of the Commission. This also reduces the supply budget to achieve a 10% reduction in the budget.(SB 1366, Sec. 17.13)	-8.00	
<b>9 Support Vocational Teachers from Welfare Fund</b>	(\$374,103)	R
DOC has gradually been funding more education related positions and costs from the Inmate Canteen/Welfare Fund. This reduction would allow DOC to decrease the General Fund by funding one academic director and 6 teachers from the Inmate Fund.		
<b>10 Transfer of Inmate Canteen Fund Profits</b>	(\$334,000)	R
By increasing the amount of personal funds an inmate can draw down weekly (\$35 to \$40) and increasing the DOC profit margin on inmate purchases from the canteen (17% to 18%), receipts can be increased and the General Fund reduced.		
<b>11 Increase Receipts from Work Release Fund</b>	(\$436,500)	R
Inmates on work release pay the DOC \$12.50 a day; this reduction is based on increasing that payment by \$1.50 and reducing the General Fund.		
<b>12 Close Small Inefficient Prison Units</b>	(\$2,178,780)	R
The Government Performance Audit Committee (GPAC) recommended closing small inefficient prison units as sufficient prison beds become available. The recommended closings are based on the opening of new prisons and current prison population projections. Prisons would be closed in phases as new beds come on-line. The following units would close January 1, 1999:	-135.00	
Alexander (\$504,232; 27 positions)		
Martin (\$432,051; 24 positions)		
Sandy Ridge (\$427,657; 24 positions)		
The following unit would close February 1, 1999:		
Mecklenburg (\$814,840; 60 positions)		
(SB 1366, Sec. 17.4)		
<b>13 Stanly Correctional Center -- Conversion</b>	(\$270,470)	R
Convert Stanly Correctional Center from medium to minimum custody, effective 2/1/99, to reduce operating costs.	-23.00	
<b>14 Union Correctional Center -- Conversion</b>	(\$213,297)	R
Convert Union Correctional Center from medium to minimum custody, effective 1/1/99, to reduce operating costs.	-15.00	



- |   |  |
|---|--|
| <p><b>15 Reduce Inmate Costs for Closed Prison Units</b></p> <p>The Governor's budget reduction for closing GPAC prison units did not include inmate costs (e.g. food, medical); however, further reductions can be taken since there will be funding available due to additional prisons coming on-line and slower growth in the prison population.</p>  | <p>(\$246,421) R</p>                     |
| <p><b>16 Reduction from Construction Delays</b></p> <p>One-time reductions are based on changes in anticipated completion dates for new prisons, which will delay the need to hire staff at the Avery/Mitchell and Albemarle state facilities currently under construction, and on staggering dates for hiring staff. Also assumes later dates for starting two private prison operating contracts (new start dates are 8/98 in Pamlico and projected 12/1/98 in Avery/Mitchell).</p>   | <p>(\$16,073,706) NR</p>                 |
| <p><b>17 Medical Staff for Central Prison and NCCIW</b></p> <p>Funding to expand medical staff at Central Prison and NCCIW (Womens Prison). This includes 39 positions at NCCIW, 11 at Central, and one new Physician III Director for the Division of Prisons. Funding based on position start dates of December 1, 1998 and January 1, 1999.</p>  | <p>\$1,232,760 R</p> <p>51.00</p>        |
| <p><b>18 Criminal Justice Partnership Program</b></p> <p>These funds restore some of the funding reduced from the program in 1996. This funding increases the appropriation for grants to county programs to \$7.1 Million for 1998-99. (SB 1366, Sec. 17.5)</p>  | <p>\$500,000 R</p> <p>\$2,000,000 NR</p> |
| <p><b>19 Post Boot Camp Aftercare Program</b></p> <p>The Post Boot Camp Aftercare program began as a pilot in 1996 and was continued with available funds in 1997-98. These funds will be used to continue programs in Forsyth, Mecklenburg, Nash/Edgecombe and New Hanover Counties and to expand to a 5th site in January 1999.</p>   | <p>\$475,782 NR</p>                      |
| <p><b>20 Summit House</b></p> <p>Summit House is a residential community correction program in Guilford, Wake and Mecklenburg Counties providing supervision and treatment for women offenders and their children. These non recurring funds will be used to upgrade their facilities to meet licensing requirements, to do general repairs and for operating costs of the local programs. Of these funds, \$100,000 shall be allocated to the Piedmont program, \$265,000 to the Raleigh program and \$260,000 to the Charlotte program.</p> | <p>\$625,000 NR</p>                      |
| <p><b>21 Probation and Parole Victim's Assistance Program</b></p> <p>These funds continue pilot programs in Wake and Craven Counties which provide services to victims. Funds provide a victim's assistance coordinator and clerical position in each site to assist victims with restitution and obtaining information about the status of the offender. The pilots received federal funds through September 30, 1998.</p>   | <p>\$107,465 NR</p> <p>4.00</p>          |



<b>22 Program Assistant / Iredell Correctional Center</b>	<b>\$14,770</b>	<b>R</b>
Funds to add a Program Assistant I at the Iredell Unit effective December 1, 1998.	1.00	
<b>23 John Hyman Funds</b>	<b>\$62,500</b>	<b>NR</b>
Provides a one time grant of \$62,500 to support the John Hyman Foundation's work in several northeastern counties with offenders with substance abuse problems.		
<b>24 Modular Unit/Henderson Correctional Center</b>	<b>\$350,000</b>	<b>NR</b>
Provide funds to add a modular housing unit at the Henderson Correctional Center.		
<b>25 Women at Risk</b>	<b>\$35,000</b>	<b>NR</b>
Provide funds for the Women at Risk program to expand to Burke and Catawba counties. The program works with women on probation on substance abuse, psychological, family and employment issues.		
<b>26 Inmate Food and Medical Costs</b>	<b>\$800,000</b>	<b>NR</b>
Provides one-time funding due to increased costs for food service delivery (\$200,000) and medical care (\$600,000) for inmates. (SB 1366, Sec. 17.8)		
<hr/>		
<b>Budget Changes</b>	<b>(\$9,081,965)</b>	<b>R</b>
	<b>(\$11,617,959)</b>	<b>NR</b>
Total Position Changes	-158.00	
<b>Revised Total Budget</b>	<b>\$847,117,548</b>	
<hr/>		

## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: Correction**

##### **Section 17**

**Title:** Reallocate Land to NC State University

**Summary** Reallocates a 17.4 acre tract of State owned land near Schenck Forest from the Department of Correction to North Carolina State University.

##### **Section 17.1**

**Title:** Report On Boot Camps

**Summary** Revises the contents of an annual report on the effectiveness of the Boot Camp and Post Boot Camp Aftercare Programs in the Division of Probation and Parole. Report shall go to Governmental Operations and Corrections and Crime Control Oversight by March 1 of each year and shall include information on the performance and behavior of inmates while in the program. It shall also compare Boot Camp graduates with similar offenders.

##### **Section 17.2**

**Title:** Reimburse Counties--Housing and Extraordinary Medical Costs

**Summary** Jail Backlog Reimbursement – Continues 1997 provision that caps total amount Correction can spend to reimburse counties for state inmates backlogged in county jails. The cap can be exceeded only after a report to the appropriate legislative committees. 1998 changes are to include the Appropriations Committees as a reporting authority and to reduce the spending cap from \$4 to \$2 million.

##### **Section 17.3**

**Title:** Inmate Housing Funds

**Summary** Continues authority provided to Correction in previous years to contract with county jails to house state inmates; changes include allowing use of available funds since contracts are month to month; capping amount that can be spent before reporting to various committees at \$3,000,000; and, requiring State Budget and Correction to report to the Appropriations Committees and Oversight Committee on the status of these contracts by December 1, 1998.

##### **Section 17.4**

**Title:** Use of Facilities Closed Under GPAC

**Summary** Modifies 1997 provision that required DOC to consult with various entities about possible use of closed GPAC prison units. Major changes include: adding requirement for consultation with elected state and local officials and State agencies; eliminating requirement that any lease arrangement must be for 20 years or more; changing requirement for consultation with private industry and non-profits from 'shall consult' to 'may consult'; and, giving priority consideration to criminal justice use.

Section 17.5

Title: Modification of Funding Formula for Criminal Justice Partnership Program

Summary Because the Criminal Justice Partnership Program is not fully funded, the funding formula included in statutes can not apply. This language allows the program to use carry over funds in addition to new appropriations for implementation grants in order to fully fund that part of the program. Any funds left after implementation obligations may be used for discretionary grants. The 1998-9 budget will allow full funding of implementation for 95 participating counties and about \$1.1 Million of discretionary grants.

Section 17.6

Title: Progress Report Division of Adult Probation and Parole

Summary Requires the Division of Probation and Parole to report by January 1, 1999 to the Appropriations Subcommittee and Fiscal Research Division on any actions taken in response to the June 1, 1998 audit by the Office of State Auditor.

Section 17.7

Title: Funding of Prison Road Squads

Summary Clarifies that the amount of reimbursement from Department of Transportation to the Department of Correction for the use of prison road squads shall only reflect those direct costs authorized by GS 148-26.5.

Section 17.8

Title: Inmate Costs

Summary Continues authority for DOC to use available funds if costs for food and medical care exceed the amounts in the 1998-99 continuation budget. DOC cannot exceed the budgeted amounts without reporting to the Appropriations Committees and Gov Ops. Provision adds a requirement that State Budget analyze the basis for increases in food and medical costs and recommend actions to make food service delivery and medical care more cost-efficient.

Section 17.9

Title: Title VII Funds/Report

Summary Continues provision allowing Correction to use funds available to pay claimants as part of the settlement of the Title VII lawsuit but extends authority to 1998-99, although actual payouts to claimants are unlikely in 98-99. Requires report to Governmental Operations, Corrections and Crime Control Oversight and the Appropriations Subcommittees prior to settlement.

Section 17.10

Title: Direct Criminal Justice Education and Training Standards Comm to revise procedures for Corrections' Employees

Summary The 1997 General Assembly directed the Commission to revise procedures for the hiring of correctional personnel, and related recordkeeping procedures, by June 30, 1998. This provision extends the date to November 15, 1998 and requires a progress report on the same date.

Section 17.11

Title: Federal Grant Matching Funds

Summary Allows Correction to use up to \$875,000 in available funds to match federal grants. Report to Gov Ops and JPS Appropriations Chairs required prior to expenditure of these funds.

Section 17.12

Title: Substance Abuse Funds

Summary Provision allows the Division of Substance Abuse to carry over funds appropriated but not spent for DWI aftercare in 1997-98; these funds, plus the \$454,715 appropriated in SB 352, create a reserve for substance abuse programs. The provision specifies that \$319,715 of these funds will be used for DART-DWI aftercare for 1998-99, up to \$125,000 for contractual services and training to create an inmate tracking and evaluation system, up to \$100,000 for computer hardware and software, and the balance for innovative substance abuse pilot programs. The Department must present a plan for a tracking system before they can spend the \$125,000 and must report annually on substance abuse treatment programs. A progress report is due December 15th and if a plan is not presented by March 15, 1999, the funds shall be allocated by the 1999 General Assembly.

Section 17.13

Title: Post Release Supervision and Parole Commission Report

Summary Requires the Commission to report by March 1, 1999 to the Appropriations Subcommittee Chairs and upon request to the Chairs of Corrections and Crime Control Oversight on their progress in reviewing parole decisions in light of the courts' overturning of paper parole. Also requires a report on a proposed 10% reduction in staff for 1999-00.

Section 17.14

Title: Private Prison Contracts

Summary Authorizes DOC to use available funds if there are significant modifications of the financial terms of the private prison contracts. These modifications must be agreed to by the vendor, the Attorney General's Office and State Budget. Prior to expenditure of these funds, DOC must report to the appropriate committees.

Section 17.15

Title: Study Special Education Obligations

Summary Directs Education Oversight and Correction and Crime Control Oversight to study the obligations of the Department of Correction to provide special education services to inmates ages 18 through 21 and to report their findings to the 1999 General Assembly.

Section 17.16

Title: Additional Prison Beds/Enhance Criminal Penalties

Summary Incorporates 5 criminal penalty bills: life imprisonment without parole for repeat sex offenders (if Class B1 felony) where victim is 13 years of age or younger; enhances punishment for injury to a pregnant woman that results in stillbirth or miscarriage if injury occurs during course of committing a felony; creates Class I felony for certain kinds of cruelty to animals and a Class 1 misdemeanor for greyhound racing for monetary remuneration; clarifies landlord and tenant responsibility for smoke detectors and provides for infractions and fines; and, increases criminal penalties for the sale of drugs to minors.

Section 17.16A

Title: Disclosure of Conviction Not Required in Sale or Lease

Summary Amends law governing material facts related to the sale or lease of real property to specify that it is not a material fact that a person convicted of any crime which requires registration under Article 27A of Chapter 14 (Sex Offender Registration) occupies, occupied or resides near the property offered for sale, rent or lease.

Section 17.18

Title: Use of Federal Prison Construction Grant Funds

Summary Requires report by November 1, 1998 on status of federal grant funds and proposed allocation. Also requires various reports in these areas: before redesigning prisons to expand bedspace; before selecting an alternate site for the planned Alexander facility; and, prior to initiating any new construction projects using federal grant funds.

Section 17.19

Title: Increase Penalty for Domestic Criminal Trespass

Summary Increases the penalty for domestic criminal trespass at a domestic violence safe house if the offender has a deadly weapon from Class 1 Misdemeanor to Class G Felony.

Section 17.20

Title: Uniforms for Inmate Road Squads in Davidson County

Summary Directs Departments of Correction and Transportation to require their road squads and work crews to wear striped, color coded uniforms while working in Davidson County.

Section 17.21

Title: Convert IMPACT to a Residential Program

Summary Changes the IMPACT Boot Camp program from a Special Probation (split sentence) program to a residential program, operated by the Division of Probation and Parole. This change will allow less serious offenders to be sent to Boot Camp. It also means time spent in Boot Camp does not count against the original active sentence if probation is subsequently revoked.

**Section 17.22**

**Title:** Abolish Execution by Lethal Gas

**Summary** Removes the option of lethal gas as means of execution. This was a recommendation of Correction and Crime Control Oversight.

**Section 17.23**

**Title:** Prohibit Escape from Private Correctional Facilities

**Summary** Continues moratorium preventing private prisons from housing out-of-state inmates but clarifies language to note that the state cannot prevent the federal government from placing federal prisoners in a private prison in North Carolina. Other changes are to establish a Class H felony as the penalty for any out-of-state inmate to escape from a private prison and to require Correction and the Attorney General to review this new criminal penalty and report on its implications to the appropriate committees by January 15, 1999. Final change is to require DOC to provide a detailed report and draft legislation on the necessary standards for regulating private prisons that house out of state prisoners.

**Section 17.25**

**Title:** Work Release Pilots

**Summary** Requires DOC to establish pilot programs at Alamance and Union Correctional Centers by assigning primarily work release inmates to each prison. Purpose of program is to determine cost effectiveness of a work release prison unit.



## Crime Control and Public Safety

**Statutory Authority:** 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.

### GENERAL FUND

**FY 98-99**

Total Budget Approved 1997 Session

**\$33,720,830**

#### Budget Changes

- |  |                   |           |
|--|-------------------|-----------|
| <b>27 Eliminate One Position in Crime Prevention</b>   | <b>(\$52,437)</b> | <b>R</b>  |
| Eliminate one supervisory level position to improve the department's span of control.  | -1.00             |           |
| <b>28 Reduce Equipment Funds in Emergency Management</b>   | <b>(\$10,000)</b> | <b>R</b>  |
| Reduce the line item for equipment to reflect actual funds needed.   |                   |           |
| <b>29 Tarheel Challenge Program</b>  |                   |           |
| S.L. 1998-166, which appropriates state funds required to match federal funds, provides \$542,000 nonrecurring for the National Guard Challenge program. The program will be funded on a 75% federal to 25% state match basis beginning in FY 1999. (SB 1366, Sec. 19.1) | <b>\$542,000</b>  | <b>NR</b> |
| <b>30 Air National Guard Maintenance Positions</b>   | <b>\$17,586</b>   | <b>R</b>  |
| Provide funds for the 25% state matching requirement for 4 new positions at expanded Air National Guard facilities. The positions are effective December 1, 1998.  | 4.00              |           |
| <b>31 Alcohol Law Enforcement Position</b>   | <b>\$25,137</b>   | <b>R</b>  |
| Provide funds for an additional ALE officer in Wake County (District IV). The position is effective December 1, 1998.  | <b>\$31,516</b>   | <b>NR</b> |
|  | 1.00              |           |
| <b>32 Upgrade Positions in Community Service Program</b>   | <b>\$15,000</b>   | <b>R</b>  |
| Funds to upgrade several clerical positions to coordinator positions in the Community Service Work Program. The program currently has 131 coordinators. (SB 1366, Sec. 19.8)   |                   |           |
| <b>33 National Guard Armory Maintenance Funds</b>  |                   |           |
| Provide funds for repair and maintenance of National Guard Armories. These funds will be used to address the National Guard's backlog of requests for repairs and maintenance of armories.   | <b>\$300,000</b>  | <b>NR</b> |

<b>34 National Guard Tuition Assistance</b>		
Provide funds to increase the amount and number of educational benefits for members of the National Guard.	\$100,000	NR
<b>35 Transfer State Boxing Commission to the Department</b>	\$100,000	R
Transfer the Boxing Commission program, at a reduced level, to the Department of Crime Control and Public Safety. The transfer has all of the elements of a Type I transfer as defined by G.S. 143A-6.		
<b>36 Highway Patrol Automatic Salary Increase</b>	\$0	R
Provide \$2,787,596 in recurring funds from the Highway Fund for the portion of the Highway Patrol automatic salary increase which was inadvertently omitted from the continuation budget.		
<b>37 CJIN Hardware / Software</b>	\$0	NR
Provide \$2,406,611 of nonrecurring funds from the Highway Fund to complete the third of four phases of the Mobile Data Network project. Funds will be used to install 38 transmitters in 23 counties. The Mobile Data Network is a component of the statewide Criminal Justice Information Network.		
<b>38 Additional Mobile Data Computers</b>	\$0	NR
Provide \$2,249,812 in nonrecurring funds from the Highway Fund to purchase 234 additional mobile data computers for Highway Patrol cruisers. Use of the mobile data computers to access data contributes to the maximum use of the Mobile Data Network.		
<b>39 Additional Highway Patrol Troopers</b>	\$0	R
Provide \$403,900 in recurring funds and \$1,583,295 in nonrecurring funds from the Highway Fund for forty new troopers effective December 1, 1998. The department will provide the remaining \$943,325 by reallocating 5 management positions.	\$0	NR
<b>40 State Highway Patrol Salary Schedule</b>	\$0	R
Provide \$162,956 in recurring funds from the Highway Fund to increase the salary differential between First Sergeants and Lieutenants from 5% to 10%. (SB 1366, Sec. 19.3)	\$0	NR
<b>Budget Changes</b>	<b>\$95,286</b>	<b>R</b>
	<b>\$973,516</b>	<b>NR</b>
Total Position Changes	4.00	
<b>Revised Total Budget</b>	<b>\$34,789,632</b>	



## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: Crime Control and Public Safety**

##### **Section 19**

**Title:** Activation of National Guard for Special Olympics

**Summary** Allows the Governor to place the National Guard on State Active Duty, using funds available, during the period January 1, 1999 to September 30, 1999 to assist with the planning, support and execution of events associated with the International Olympic Games.

##### **Section 19.1**

**Title:** Study Tarheel Challenge Program

**Summary** Requires the Department of Crime Control and Public Safety to use up to \$25,000 of available funds to contract with an external consultant to study the effectiveness of the Tarheel Challenge Program as an intervention method for preventing delinquent or criminal behavior and improving individual skills and employment potential of the program's participants. The consultant shall have substantial professional experience in program evaluation, but no current or prior association, direct or indirect, with the Department or the National Guard.

##### **Section 19.2**

**Title:** Victims Assistance Network Report

**Summary** Requires the Department of Crime Control and Public Safety to report on the expenditure of funds allocated in Section 21.1 of S.L. 1997-443 for the Victims Assistance Network and the Network's efforts to perform the functions for which the funds were allocated. The Department shall submit its report to the Chairs of the House and Senate Appropriations Subcommittee on Justice on Justice and Public Safety by December 1, 1998.

##### **Section 19.3**

**Title:** Highway Patrol Salaries

**Summary** Appropriates \$162,956 from the Highway Fund to the Reserve for Compensation Increases to implement a salary range revision for the State Highway Patrol which makes the difference between the salary of a first sergeant and a lieutenant ten percent instead of five percent. The Highway Patrol shall, to the extent that funds are available, consider individual salary increases in any amount that does not exceed the difference between the maximum salaries of the old range and the new range.

**Section 19.4**

**Title: Crime Victims Rights Act**

**Summary** This provision is implementing legislation for the constitutional amendment on victims rights. The provision establishes responsibilities for various criminal justice agencies in providing information and assistance to victims of crime. These rights must be provided to victims of all A-E felonies, selected assaultive F through I felonies and certain domestic violence misdemeanors. The provision also rewrites restitution statutes, increases the amount of compensation a victim can receive, and repeals the review of sentences of life without parole.

**Section 19.5**

**Title: Crime Commission Reports to Governmental Operations**

**Summary** Requires the Secretary of the Department of Crime Control and Public Safety to report to the Senate and House Appropriations Committees for review of proposed grant awards prior to any notification of such awards by the Governor's Crime Commission to State agencies.

**Section 19.6**

**Title: Use of Highway Patrol Aircraft**

**Summary** Repeals G.S. 20-196.1 and allows the State Highway Patrol to use aircraft to discover certain motor vehicle violations.

**Section 19.7**

**Title: Study Emergency Management Positions**

**Summary** Requires the Joint Legislative Corrections and Crime Control Oversight Committee to study the State and local assistance funding eligibility criteria of the Division of Emergency Management of the Department of Crime Control and Public Safety. The Committee shall consider the burden placed on local governments to maintain a full-time or part-time Emergency Program Manager, the feasibility and advisability of revising the criteria, and the feasibility and advisability of opening regional emergency management offices.

**Section 19.8**

**Title: Upgrade Community Service Program Positions**

**Summary** Specifies that the Community Service Program may use up to \$15,000 to upgrade clerical positions to coordinator positions, subject to approval by Office of State Personnel. Department has in recent years been using salary reserve funds to upgrade selected clerical positions and has other districts identified where this is appropriate. These funds will allow upgrading of 3-4 positions.

Section 19.9

Title: Study Disaster Mitigation and Relief Funding

Summary Requires the Department of Crime Control and Public Safety to study the feasibility and advisability of establishing a disaster mitigation and relief fund to provide grant assistance to individuals and local governments adversely affected by natural or man-made disasters. The Department shall report its recommendations to the Joint Legislative Commission on Governmental Operations, the Chairs of the House and Senate Appropriations Committees, the Chairs of the House and Senate Appropriations Subcommittee on Justice and Public Safety and the Joint Legislative Corrections and Crime Control Oversight Committee by March 1, 1999.

Section 19.11

Title: Transfer Boxing Commission to Crime Control

Summary Transfers the statutory authority, powers, duties, functions, records, property, and unexpended balances of appropriations, allocations, or other funds of the North Carolina Boxing Commission from the Department of the Secretary of State to the Department of Crime Control and Public Safety.

# Judicial

**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.

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$327,102,308

## Budget Changes

- |  |                    |    |
|--|--------------------|----|
| <b>41 Reduce Salary Reserve Funds</b>  | (\$400,000)        | R  |
| Reduce Department's available salary reserve funds - these funds are generated by filling positions at a salary less than the budgeted salary authorized by the General Assembly.  |                    |    |
| <b>42 Robeson Dispute Settlement Center Funds</b>  | (\$39,166)         | NR |
| Eliminate state funds for the Robeson Dispute Settlement Center for FY 1998-99 since the Center discontinued providing services. The General Assembly will review the viability of the Center and determine whether it should continue receiving funds next year.  |                    |    |
| <b>43 Reduce Funds in Magistrates and Clerks Pay Plans</b>   | (\$1,106,059)      | R  |
| Reduce funds needed to implement the magistrate (\$363,960) and clerks (\$742,099) pay plans. These reductions are possible because of updated salary figures and actions taken by the 1997 Session of the General Assembly.   |                    |    |
| <b>44 District Court Judges</b>  | \$813,360          | R  |
| Provide funds for 12 additional District Court Judges to be located in Districts 3A, 4, 7, 10, 11, 12, 14, 19B, 19C, 21, 26 and 29. All positions are effective December 1, 1998. (SB 1366, Sec. 16.16; Section 67.3 of Session Law 1998-217 Technical Changes Bill also establishes a position for District 25) | \$105,336<br>12.00 | NR |
| <b>45 Superior Court Judges</b>  | \$175,326          | R  |
| Provide funds for one Special Superior Court Judge and one Resident Superior Court Judge to be located in District 20B. Both positions are effective December 1, 1998. (SB 1366, Sec. 16.16A; Section 67.3 of Session Law 1998-217 Technical Changes Bill eliminated position in District 20B)                   | \$20,316<br>2.00   | NR |

<b>46 Judges Support Staff</b>	\$172,917	R
Provide funds for 9 additional judicial assistant I positions effective December 1, 1998.	\$48,114 9.00	NR
<b>47 Deputy Clerks of Court</b>	\$2,393,387	R
Provide funding for 149 additional deputy clerk positions effective December 1, 1998.	\$564,412 149.00	NR
<b>48 Court Reporters in Superior Court</b>	\$109,452	R
Provide funds to establish 4 additional court reporter positions effective December 1, 1998.	\$26,256 4.00	NR
<b>49 Magistrate Positions</b>	\$125,194	R
Provide funds for 6 additional magistrate positions to be located in Avery, Brunswick, Currituck, Gaston, Pamlico, and Mecklenburg Counties. Also provides funds for a half-time contractual magistrate in Columbus County. All positions are effective December 1, 1998. (SB 1366, Sec. 16.11)	\$27,462 6.00	NR
<b>50 Sentencing Commission Position</b>	\$37,656	R
Provide funding for a research and policy position to assist the Commission in meeting its additional duties. The position is effective December 1, 1998. Also provides \$50,000 in contractual service funds to assist the Commission in evaluating correctional programs.	\$59,756 1.00	NR
<b>51 Assistant District Attorneys</b>	\$161,632	R
Provide funds for additional assistant district attorney positions to be located in Districts 14, 21 and 30. All positions are effective December 1, 1998. (SB 1366, Sec. 16.20)	\$4,080 4.00	NR
<b>52 District Attorney Investigator Positions</b>	\$55,282	R
Provide funds for district attorney investigator positions to be located in districts 13 and 19B. All positions are effective December 1, 1998. (SB 1366, Sec. 16.21)	\$3,598 2.00	NR
<b>53 Assistant PD's from Indigent Fund</b>	\$0	R
Allows the Department to transfer up to \$179,220 in FY 1998-99 from the Indigent Persons' Attorney Fee Fund to establish 4 additional assistant public defenders. All positions are effective December 1, 1998. (SB 1366, Sec. 16.12)	\$0 4.00	NR
<b>54 Public Defender Support Staff</b>	\$139,533	R
Provide funds to establish 3 additional investigators and legal assistants effective December 1, 1998.	\$19,161 6.00	NR
<b>55 Transfer Indigent Funds for Capital Case Pilot</b>	\$0	R
Allows the Department to transfer up to \$180,040 from the Indigent Persons' Attorney Fee Fund to establish 2 assistant public defenders, 1 investigator, and 1 legal assistant, who work specifically on capital cases. All positions are effective December 1, 1998. (SB 1366, Sec. 16.10)	\$0 4.00	NR

<b>56 North Carolina Business Court</b>	\$33,213	R
Provide recurring funds for a judicial assistant I position and associated operating expenses effective October 1, 1998. Also provides nonrecurring funds to purchase furniture and equipment, and to establish an electronic court.	\$85,000 1.00	NR
<b>57 State Bar Funds</b>		
Provide additional funds to the State Bar to improve the administration of justice.	\$960,000	NR
<b>58 Arbitration Program</b>	\$100,000	R
Provide funds to expand superior court arbitration programs. A portion of the funds would be used to upgrade three existing 20-hour coordinator positions to 30-hour positions and add two new 30-hour coordinator positions effective December 1, 1998. The program currently operates in 30 of 45 superior court districts.	\$9,422 2.25	NR
<b>59 Custody Mediation Program</b>	\$150,000	R
Provide funds to expand the custody mediation program in district court. A portion of the funds would be used to establish two full time mediators and two 30-hour mediators effective December 1, 1998. The program currently operates in 25 of 39 districts.	3.50	
<b>60 Community Penalties</b>	\$150,000	R
Provide funds to create an accounting specialist position to assist local Community Penalties programs with fiscal management. Also provides \$109,139 for local and state programs to expand and enhance their programs. The position is effective December 1, 1998. (SB 1366, Sec. 16.8)	\$9,205 1.00	NR
<b>61 Continue Drug Treatment Court Program</b>	\$62,716	R
The Drug Treatment Court Program began as a pilot in 1995 to allow the court system to closely supervise offenders addicted to drugs or alcohol. Funds are used for case-management and substance abuse treatment services. These nonrecurring funds continue the pilot programs in Mecklenburg, Wake, Person/Caswell, Warren and Forsyth, add a new program in Durham and expand programs in Mecklenburg, Wake and Vance Counties. Funds are also provided to initiate programs in Judicial Districts 13, 25, 27A and 29. The Program Administrator's position is funded with recurring funds. (SB 1366, Sec. 16.15; SB 620, Sec. 9)	\$919,210 2.00	NR
<b>62 Continue Civil Case Management Programs</b>		
Provide funds to continue pilot programs in Districts 13, 18, and 30, which assist district court judges with case management and setting of court calendars in civil cases.(SB 1366, Sec. 16.9)	\$100,503 3.00	NR



**63 Continue Bad Check Pilots / Add Wake Program**

Continue existing bad check programs in Columbus, Durham, and Rockingham Counties, and establishes a new program in Wake County. These programs are designed to reduce the amount of time spent on prosecuting these cases, and to assist worthless check victims in recovering restitution. (SB 1366, Sec. 16.3; SB 620, Sec. 11)

\$217,794 NR  
11.00

**64 Dispute Settlement Center Funds**

Provide additional funds to the following Centers:

\$157,000 NR

Alamance	\$5,000
Albemarle	\$6,000
Blue Ridge	\$15,000
Cabarrus	\$4,000
Chatham	\$10,000
Cumberland	\$5,000
Cape Fear	\$5,000
Durham	\$10,000
Moore	\$20,000
Asheville	\$4,000
Eastern Carolina	\$8,000
Forsyth	\$4,000
Wake	\$10,000
Orange	\$4,000
Piedmont	\$12,000
Transylvania	\$5,000
Rockingham	\$5,000
Mediation of N.C.	\$25,000

**65 Teen Court Funds**

Provide funds for teen court programs in Buncombe (\$10,000), Guilford (\$20,000), Onslow (\$20,000), Duplin (\$20,000) Wake (\$15,000), and Durham (\$20,000) Counties. Teen courts provide a peer review of juveniles who have committed non-violent misdemeanors and recommend different types of punishment, including community service and restitution. (SB 1366, Sec. 16.4; SB 620, Sec. 9.1)

\$105,000 NR

**66 Guardian Ad Litem Attorney and Equipment Funds**

Provides funds to increase the rate paid to attorneys to assist in retaining experienced counsel. A portion of the nonrecurring funds will be used to replace 15 outdated computer systems in offices statewide.

\$150,000 R  
\$175,000 NR

**67 Project Challenge Funds**

Provide funds for Project Challenge Inc, a nonprofit organization which provides alternative dispositions to delinquent or undisciplined juveniles in Districts 24, 25, 29, and 30. (SB 1366, Sec. 16.24)

\$100,000 NR



<b>68 District Court Mediated Settlement Pilot</b>		
Provide funds to establish pilot programs in district court which assist in mediating equitable distribution, alimony, and child support issues. (SB 1366, Sec. 16.19)	\$50,000	NR
<b>69 Funds for Equipment and Supplies</b>		
Provide additional funds for general office equipment and supplies to be distributed statewide based on need.	\$300,000	NR
<b>70 Reserve for Court Information Technology Plan</b>		
Provides \$500,000 for contractual services to assist in developing a long range technology plan for the court system. (SB 1366, Sec. 16)	\$500,000	NR
<b>71 Replace Computer Equipment / Network Upgrade</b>		
Provide funds to purchase hardware and software required to increase the capacity of the mainframe computer system. Also provides funds to replace worn and outdated computer equipment for court offices statewide.	\$100,000 \$1,700,000	R NR
<hr/>		
<b>Budget Changes</b>	<b>\$3,423,609</b>	<b>R</b>
	<b>\$6,227,459</b>	<b>NR</b>
Total Position Changes	226.75	
<b>Revised Total Budget</b>	<b>\$336,753,376</b>	
<hr/>		

## **Special Provisions:**

### **1998 Session: Senate Bill 1279**

#### **Department: Judicial**

Section 67.3

Title: SB 1279 - Technical Changes Bill

Summary This provision rewrites Section 16.16 of SB 1366 by including a district court judge position for district 25. Also repeals Section 16.16A of SB 1366 which had included a resident superior court judge for district 20B.

### **1998 Session: Senate Bill 1366**

#### **Department: Judicial**

Section 16

Title: IRMC Review of AOC Information Technology Plans / Long-Range Report

Summary Adds a member of the AOC to the Information Resource Management Commission and requires the IRMC to review and approve biennially the technology of plans of the AOC. Also provides \$500,000 in contractual service funds to assist the AOC in developing an extensive strategic information services plan to be reported to various committees by May 1, 1999.

Section 16.1

Title: Study of Public Defender Programs

Summary Requires the AOC to study the efficiency and effectiveness of public defender programs and report to various committees by April 1, 1999.

Section 16.2

Title: Revise Recidivism Reporting Date

Summary Technical change that enables the AOC to report on juvenile recidivism rates by February 15 which would allow for a full year's statistics each year.

Section 16.3

Title: Extend Sunset on Bad Check Program / Add Wake County Pilot

Summary Authorizes the use of \$217,794 to continue existing bad check programs and to establish a new program in Wake County. Also requires a report to various committees on the effectiveness of the programs by April 1, 1999.

**Section 16.4**

**Title:** Teen Court Funds Do Not Revert / Establish Teen Court Programs in Onslow and Guilford Counties

**Summary** Allows funds not expended in FY 1997-98 to be carried over and used for services in FY 1998-99. Also provides \$20,000 to establish new teen court programs in Onslow, Guilford, and Duplin Counties.

**Section 16.5**

**Title:** Indigent Fund Study Commission

**Summary** Establishes a special commission to study methods for improving the management and accountability of funds being expended to represent indigent defendants. Also allows AOC to use \$50,000 of funds appropriated to the Indigent Persons' Attorney Fee Fund to assist in completing the study which is due to various committees by May 1, 1999.

**Section 16.6**

**Title:** Cumberland Juvenile Assessment Center

**Summary** Specifies that the \$150,000 provided to the program for FY 1997-98 shall not revert and may be expended in FY 1998-99. Also extends membership of board members to June 30, 1999.

**Section 16.8**

**Title:** Community Penalties Programs

**Summary** Reflects the \$150,000 increase in funding for 1998-99 for Community Penalties Programs.

**Section 16.9**

**Title:** District Court Civil Case Management Pilots Report

**Summary** Continues reporting requirement for district court calendaring programs located in Districts 13, 18, and 30. The reports are due to various committees by April 1, 1999.

**Section 16.10**

**Title:** Capital Case Pilot Program

**Summary** Directs AOC to establish a pilot program within the Office of Public Defender to assist districts which experience difficulty locating private counsel to handle capital cases. Pilot will involve 2 new assistant public defenders, one legal assistant and one investigator funded with up to \$180,040 from the Indigent Fund. Requires report on the pilot by May 1, 1999 to Chairs of Appropriations Committees and Justice and Public Safety Subcommittees.

**Section 16.11**

**Title:** Authorize Additional Magistrates

**Summary** Authorizes a statutory increase in the maximum number of magistrates in Currituck, Pamlico, Brunswick, Avery, Mecklenburg, and Gaston Counties.

Section 16.12

Title: Assistant Public Defenders

Summary Allows AOC to allocate funds from the Indigent Persons' Attorney Fee Fund to establish 4 additional assistant public defender positions.

Section 16.14

Title: Provide that the Clerk of Superior Court does not have to Inventory a Decendant's Safe-Deposit Box if a Qualified Person is Present at the Opening of the Box

Summary Allows the clerk of court not to be present at the bank when reviewing the contents of a decendant's safe deposit box as long as a qualified member is requesting the opening of the box.

Section 16.15

Title: Continue Drug Treatment Program

Summary Implements statutory changes to make the Drug Treatment Court, previously a pilot with a June 30, 1998 sunset, a permanent program. Language of provision does not specify any funding .

Section 16.16

Title: Additional District Court Judges

Summary Specifies that the 12 additional district court judge positions shall be located in districts 3A, 4, 7, 10, 11, 12, 14, 19B, 19C, 21, 26, and 29. The technical changes bill (SB 1270) also provides a position for district 25.

Section 16.16A

Title: Additional Superior Court Judge

Summary Specifies that the one additional resident superior court judge shall be located in district 20B.

Section 16.17A

Title: Study Reorganization of Superior Court Divisions and Implementation of Circuit Court Pilots

Summary Requests the Chief Justice to convene a task force to study the reorganization of superior court divisions as well as the feasibility of establishing circuit court pilot programs. The AOC is to report to the General Assembly on the findings and recommendations of the task force by March 1, 1999.

Section 16.18

Title: Evaluation of Correctional Programs

Summary Requires the Sentencing Commission and Department of Correction to report biennially to the General Assembly on the effectiveness of community corrections and in-prison treatment programs. Also authorizes the use of \$50,000 in FY 1998-99 to complete the study.

Section 16.19

Title: Establish Pilot Program of Settlement Procedures in District Court Actions Involving Family Issues

Summary Authorizes \$50,000 to establish pilot programs in district court which assist in mediating equitable distribution, alimony, and child support issues.

**Section 16.20**

**Title:** Additional Assistant District Attorneys

**Summary** Specifies that the 4 additional assistant district attorney positions shall be located in districts 14, 21 (2 positions), and 30.

**Section 16.21**

**Title:** Additional Investigatorial Assistants

**Summary** Establishes an investigatorial assistant in prosecutorial districts 13 and 19B.

**Section 16.22**

**Title:** Add One Special Superior Court Judge / Clarify Terms of Existing Special Superior Court Judges

**Summary** Establishes one new special superior court judge positions effective December 15, 1998, who would serve five year terms starting on the date each judge takes office. Also clarifies that existing special judges' terms shall expire five years from the date each judge took office.

**Section 16.23**

**Title:** Report on Vacant Positions

**Summary** Requires all Justice and Public Safety Agencies to report to various committees by February 1 of each year on positions that have remained vacant for twelve months or more.

**Section 16.24**

**Title:** Project Challenge Funds

**Summary** Authorizes \$100,000 in FY 1998-99 for Project Challenge, a non-profit organization which provides alternative dispositions for delinquent and undisciplined juveniles.

**Section 16.25**

**Title:** Confirms Mileage Reimbursement for Out-of-State Witnesses to that Received by In-State Witnesses and State Employees

**Summary** Confirms reimbursement for out-of-state witnesses from ten cents a mile to what is currently paid to in-state witnesses and state employees.

**Section 16.26**

**Title:** Computer Replacement Funds

**Summary** Allows the AOC to use up to \$500,000 in available funds in FY 1998-99 to replace computers and associated equipment in response to computer related problems that may occur during the year. The AOC must report to various committees before expending any funds for these purposes.

**Section 16.27**

**Title:** Increase Compensation for Emergency Judges

**Summary** Provides language which increases the compensation for emergency judges from \$200 to \$300 per day. Also specifies that the AOC may use funds available in order to implement this increase.

# 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.

## GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$67,165,852**

### Budget Changes

<b>72 Reduce SBI Salary Equity</b>	(\$32,460)	R
Of the \$2.7 million appropriated for salary increases for SBI agents in the 1997 Session, \$2.667 million was spent, leaving \$32,460 for reduction.(SB 1366, Sec. 18)		
<b>73 Eliminate Vacant Positions in Citizens Rights</b>	(\$125,048)	R
Eliminate 3.5 vacant positions in the Safe Neighborhoods Initiative in the Citizens Rights Division. This leaves the program with \$93,132 and 1 position.	-3.50	
<b>74 Appellate Section</b>	\$166,353	R
Provide additional staff for the Appellate Section of the Criminal Division due to increased workload. Positions include 2 Attorney II's, 1 Attorney III and a Paralegal for appellate work and an additional Attorney III in the Administrative Division to represent the Industrial Commission on fraud investigation and other legislatively mandated functions. All positions are effective December 1, 1998.	\$23,583 5.00	NR
<b>75 Capital Litigation Unit</b>	\$160,240	R
Funds to add 2 Attorney III's and 2 Attorney IV's to the Capital Litigation Unit in the Criminal Division. All positions are effective December 1, 1998.	\$33,000 4.00	NR
<b>76 Consumer Protection Division</b>	\$92,840	R
Funds add 2 Consumer Protection Specialist, 1 Program Assistant V and 1 Attorney II to the Consumer Protection Division due to increased number of citizen complaints and inquiries. All positions are effective December 1, 1998.	\$12,000 4.00	NR
<b>77 Medicaid Fraud Unit</b>	\$41,736	R
Provide state matching funds to add 2 Investigators, 2 Auditors, 1 Clerical and 1 Attorney II position to the Medicaid Fraud Division effective December 1, 1998. Federal funds cover 75% of the cost of these positions.	\$13,322 6.00	NR



<b>78 DCI Staff</b>	\$93,896	R
Provide funds for 3 computer operators which will allow the Division of Criminal Information to provide 2 person coverage on all shifts. Also adds a database specialist to maintain increasingly complex criminal information databases. Nonrecurring funds are to replace antiquated computer equipment at the Justice Academy in Salemburg. All positions are effective December 1, 1998.	\$57,000	NR
	4.00	
<b>79 Justice Academy Positions</b>	\$55,316	R
Provide funds for 3 additional housekeeper / maintenance staff at the Justice Academy East effective December 1, 1998. Also provides \$19,000 in recurring funds and \$4,500 in nonrecurring funds to replace classroom furnishings on a rotating basis and to upgrade fire alarm systems.	\$4,500	NR
	3.00	
<b>80 SBI Rent Adjustment</b>		
Funds to cover increased rental costs at District field offices located in Fayetteville, Greenville and Asheville.	\$167,341	NR
<b>81 Environmental Division Staff</b>	\$90,197	R
Add two Attorney II's and a Program Assistant V to work on Marine Fisheries, groundwater, and other water quality issues. All positions effective December 1, 1998.	\$14,143	NR
	3.00	
<b>82 CJIN Coordinator Funds</b>	\$44,985	R
The Criminal Justice Information Network has been operating without full-time staff since its inception. These funds will support a full-time Information Systems Director effective December 1, 1998. Operating costs associated with the position would come from the CJIN Reserve.	1.00	
<b>83 Criminal Justice Information Network--AFIS System</b>		
Funds to continue implementation of the Statewide Automated Fingerprint Identification System by placing live scan devices in additional counties.	\$450,000	NR
<b>84 NC LEAF Funds</b>		
Provide funding to the NC Legal Education Assistance Foundation to assist with loan repayment for public service attorneys.	\$125,000	NR
<b>85 SBI Crime Lab Scientific Supplies</b>		
These funds augment the annual budget for scientific supplies for the SBI Crime Lab to reflect increased cost of new forensic technologies, including DNA analysis.	\$200,000	NR
<b>Budget Changes</b>	\$588,055	R
	\$1,099,889	NR
<b>Total Position Changes</b>	26.50	
<b>Revised Total Budget</b>	\$68,853,796	



## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: Justice**

##### **Section 18**

**Title:** Salary Equity for SBI Law Enforcement

**Summary** Language reflects reduction of \$32,460 in Department of Justice in the 1997 appropriation for SBI salary increases. Of the \$2.7 M appropriated, \$2.667 was allocated, allowing the reduction.

##### **Section 18.1**

**Title:** Limits on Computer System Upgrade

**Summary** Requires the Judicial Department and the Departments of Correction, Crime Control and Public Safety and Justice to report to Governmental Operations and to Appropriations prior to any contractual arrangements using continuation budget funds for major computer system upgrade. Major upgrades include projects with total cost over \$500,000. Revises a provision that has been in budget for several years in order to clarify which projects require a report.

##### **Section 18.2**

**Title:** Criminal Justice Information Network Report

**Summary** Requires a March 1, 1999 report to Appropriations Chairs and to Fiscal Research on the long term costs and progress in creating the CJIN network. Also increases size of the Board from 15 to 19, adding 4 more representatives of the Administrative Office of the Courts. With this change AOC will have 6 representatives; a District Attorney, a Clerk, 2 Trial Court Judges, 1 Magistrate, and the Director of the AOC or their designate. Appointments shall be based upon the recommendations of the Conference of District Attorneys, the Magistrates Association and the Association of Clerks.

##### **Section 18.3**

**Title:** Study Fee Adjustment for Criminal Record Checks

**Summary** Directs Office of State Budget and Management to study the fees charged for criminal record checks and to report to Appropriations and Fiscal Research by March 1, 1999. A similar report was required by SB 352 for 1998 and presented in May 1998.

##### **Section 18.4**

**Title:** Study Reciprocity of Concealed Handgun Permits

**Summary** Directs Correction and Crime Control Oversight to study reciprocity between North Carolina and other states on the issuance of handgun permits and to report to the 1999 General Assembly. Also directs the Department of Justice to prepare a list of states with regulations at least as stringent as North Carolina.

Section 18.5

Title: Use of Seized and Forfeited Property

Summary Requires Departments of Correction, Crime Control and Public Safety, Justice and Judicial to report to Governmental Operations on the intended use of any assets received. During 1998-99, Department of Justice may use up to \$75,000 of these assets to lease classroom space in Salemburg and storage space in Raleigh for its technical operations unit without prior report to these committees. Also allows Crime Control & Public Safety to use up to \$57,959 to match a Governor's Crime Commission grant to expand the Nuisance Abatement Team.

Section 18.6

Title: SBI Use of Court Ordered Reimbursement

Summary Will allow SBI to use all court ordered reimbursement funds for undercover drug operations. Currently they can not use any funds until a certain amount is received each year.

Section 18.7

Title: Attorney General Report of State Settlements

Summary Sets up a restricted reserve in the General Fund as a Settlement Reserve Fund for any court ordered settlement funds over \$75,000; directs the Attorney General to report on these settlements to Governmental Operations and Appropriations Chairs.

Section 18.8

Title: SBI Funds/Spending Priorities

Summary Clarifies a 1997 provision that the first priority for payment of SBI overtime shall be to SBI agents in the Field Division and those in the crime laboratories.

**NATURAL  
&  
ECONOMIC RESOURCES**

# Housing Finance Agency

**Statutory Authority:** G.S. Chapter 122A

Created in 1973 by the General Assembly, the Housing Finance Agency operates a variety of programs to finance home ownership for first-time home buyers with low-or-moderate-incomes, provide affordable rental housing for low-and moderate-income renters, and rehabilitate substandard owner-occupied and rental housing.

Funding for agency programs and operations comes from program fees, earnings from tax-exempted bond sales, federal funds, and the North Carolina Housing Trust Fund.

## GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$2,300,000**

### Budget Changes

#### Housing Trust Fund

##### 1 Housing Trust Fund

Provides nonrecurring funds to support the Housing Trust Fund. In addition to this General Fund appropriation, \$2 million is earmarked from the Work First Reserve Fund to establish a reserve for affordable housing for the elderly for a total funding increase of \$4 million for FY 1998-99.

**\$2,000,000 NR**

### Budget Changes

**\$2,000,000 NR**

**Total Position Changes**

**Revised Total Budget**

**\$4,300,000**

**Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** Housing Finance Agency

Section

Title: (No special provision reported)

Summary

# Agriculture and Consumer Services

**Statutory Authority:** General Statutes, Chapter 106

The head of this Department is the Commissioner of Agriculture and Consumer Services 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 and Consumer Services 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. The Department's research and inspection activities are expected to 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.

## GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$49,822,632**

### Budget Changes

#### Administrative Services

<b>2 Automated Information and Technical Support</b>	<b>\$151,522</b>	<b>R</b>
Funds for hardware, software, and support to provide information and access through Electronic Commerce and incorporating these efforts with other state departments.	<b>\$155,106</b>	<b>NR</b>
	<b>3.00</b>	

#### Agronomic Services

<b>3 Animal Waste, Soil and Plant Testing</b>	<b>\$271,668</b>	<b>R</b>
Funds to conduct periodic testing of waste, soil and plant samples from animal land application sites.	<b>\$144,600</b>	<b>NR</b>
	<b>4.00</b>	

#### Commissioner's Office

<b>4 Small, Family Dairy Farm Grants</b>		
Provides grant funds to dairy farms for the purchase of equipment that is a component of an animal waste management system. Equipment shall be used solely for the purpose of transporting, storing, or distributing animal waste [SB 1366, Sec. 13.5].	<b>\$1,500,000</b>	<b>NR</b>
<b>5 Local Agricultural Fairs Grant Funds</b>		
Funds for local agricultural fairs [SB 1366, Sec. 13.4].	<b>\$150,000</b>	<b>NR</b>
<b>6 Farmland Preservation Trust Fund</b>		
Provides funds to the Farmland Preservation Trust Fund for a farmland preservation pilot program [SB 1366, Sec.13].	<b>\$250,000</b>	<b>NR</b>

**7 Small, Family Farms - Marketing and Promotion**

Funds to provide marketing and promotional assistance to small, family farms [SB 1366, Sec. 13.6].

\$50,000 NR

**Department Wide****8 Receipt Adjustments**

(\$210,600) R

Adjust receipts in various operating funds within the department and reduce General Fund appropriations by an equal amount in the following divisions:

Markets	(\$8,500)
Research Stations & State Farms	(\$100,000)
Agronomic Services	(\$ 28,000)
Food and Drug Protection	(\$ 12,500)
Structural Pest	(\$ 23,600)
Veterinary Services	(\$ 6,000)
Standards (Weights and Measures)	(\$ 5,000)
Plant Industry	(\$ 27,000)
<hr/>	
TOTAL REDUCTIONS	(\$210,600)

**Grants-in-Aid****9 Jacksonville-Onslow Farmers' Market**

Funds for the construction of a facility to serve as the site for the Jacksonville-Onslow Farmers' Market.

\$50,000 NR

**10 Albemarle Farmers' Market**

Funds to the Albemarle Downtown Development Corporation, Inc. to complete the construction of a farmers' market facility in Albemarle.

\$50,000 NR

**Markets****11 Local Farmers' Markets Funds**

Funds to provide grants to local farmers' markets to promote products grown on small, family-owned farms [SB 1366, Sec. 13.7].

\$250,000 NR

**12 Seafood and Aquaculture Marketing**

Funds to market the state's seafood and aquaculture industry through marketing promotions, trade shows, advertising, and promotional literature.

\$300,000 NR

**13 Goodness Grows in North Carolina**

Funds to expand the Goodness Grows in North Carolina advertising program.

\$200,000 NR

**Rural Rehabilitation Corporation****14 Small, Family-Owned Farms Loan Program**

Provides loan funds to small, family-owned farms having difficulty in obtaining affordable conventional loans from other sources [SB 1366, Sec. 13.8].

\$1,500,000 NR



**Structural Pest****15 Structural Pest Control Program Improvements**

Funds to expand compliance monitoring, establish compliance assistance programs, develop a consumer outreach program, and to develop regulatory responses to new pest control products and techniques.

\$262,650 R  
\$80,350 NR  
7.00

**Veterinary Services****16 Pseudorabies Eradication Funds**

Funds to purchase laboratory supplies for increased testing of swine for pseudorabies.

\$150,000 NR

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**Budget Changes**

\$475,240 R

\$4,830,056 NR

Total Position Changes

14.00

**Revised Total Budget**

\$55,127,928

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## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: Agriculture and Consumer Services**

##### **Section 13**

###### **Title: Farmland Preservation Pilot Program**

**Summary** Allocates \$250,000 to the Farmland Preservation Trust Fund established in G.S. 106-744. Allows the Department of Agriculture and Consumer Services to use funds to administer the program. Requires a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by March 15, 1999 on program results.

##### **Section 13.1**

###### **Title: Duplin Fair and Exhibition Center Funds**

**Summary** Allows the \$1 million appropriated in SL 1997-443 for a fair and exhibition center to be used for other purposes.

##### **Section 13.2**

###### **Title: Special Reserve Funds for Certain Agricultural Centers**

**Summary** Creates special revenue funds for the Eastern and Southeastern Agricultural Centers. Directs that moneys deposited in these funds be used only to promote, improve, repair, maintain or operate these centers.

##### **Section 13.3**

###### **Title: Umstead Act Exemption for Department Agricultural Centers and Livestock Facilities**

**Summary** As title indicates, exempts agriculture centers or livestock facilities operated by the Department of Agriculture and Consumer Services from the Umstead Act.

##### **Section 13.4**

###### **Title: Guidelines for Grants for Local Agricultural Fairs**

**Summary** Directs the Department of Agriculture and Consumer Services to adopt guidelines for distributing grant funds for local agricultural fairs.

##### **Section 13.5**

###### **Title: Animal Waste Management Equipment Grants for Family-Owned Dairies**

**Summary** Directs that grants awarded to family-owned dairies be used for the purchase of equipment to transport, store or distribute animal waste. No grants shall be awarded to enlarge or maintain anaerobic lagoons. Directs the Department of Agriculture and Consumer Services to adopt rules to establish guidelines for disbursing funds. Provides that only dairies with fewer than 300 dairy cows that were in operation before January 1, 1998 are eligible for grants.

Section 13.6

Title: **Assistance for Small, Family Farms**

Summary Requires report to the Joint Legislative Commission on Governmental Operations, House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division by March 1, 1999 on the use of these funds.

Section 13.7

Title: **Grants for Local Farmers' Markets**

Summary Directs the Department of Agriculture and Consumer Services to establish guidelines for awarding grants to local nonprofit farmers' markets.

Section 13.8

Title: **Loan Program for Small, Family-Owned Farms**

Summary Directs the Rural Rehabilitation Corporation to make loans to small, family-owned farms experiencing financial difficulty. Further provides priority eligibility for loans to certain types of small, family-owned farms. Directs the Department of Agriculture and Consumer Services to adopt rules to implement this program.

Section 13.9

Title: **Lewis Steam Powered Sawmill Relocation**

Summary Allows the Department of Agriculture and Consumer Services to use up to \$225,000 in available funds for the State Fair for FY 1998-99 to relocate the Lewis Steam Powered Sawmill to the State Fairgrounds, restore it, and render the sawmill operational.

Section 13.10

Title: **Poultry/Ratite Dealers Registration**

Summary Authorizes the Department of Agriculture and Consumer Services to regulate poultry and ratite dealers. Requires live poultry and ratite dealers to register with the department. Directs the department to use available funds for enforcement of registration requirements.

Section 29.5

Title: **Timber Receipts for Capital Construction**

Summary Transfers \$533,000 from the Department of Agriculture and Consumer Services' timber sales capital improvement account to the department for improvements at the Umstead Farm Unit in Butner.

## Labor

**Statutory Authority:** General Statutes, Chapter 95

The head of the Department is the Commissioner of Labor who is elected to 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.

### GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$15,828,463**

#### Budget Changes

#### Administrative Services

##### 17 Funds for Information Highway Site

Funds the department's cost share with other state agencies to establish an information highway site in the Old Revenue Building.

**\$30,000 NR**

##### 18 Purchase Furniture/Library Shelving

Provides \$190,000 in nonrecurring funds to purchase office furniture and library shelving. Purchased equipment is to be used subsequent to the relocation of selected departmental divisions to the renovated Old Revenue Building.

**\$190,000 NR**

#### Budget Changes

**\$220,000 NR**

**Total Position Changes**

**Revised Total Budget**

**\$16,048,463**

## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** Labor

Section 15A.1

**Title: Department Of Labor/Budget Over-Realized Indirect Cost Receipts**

**Summary** Authorizes the Department of Labor to budget any over-realized federal indirect cost receipts for the following purposes: 1) departmental technology needs; and 2) costs incurred to relocate selected departmental divisions to the Old Revenue Building.

## Environment and Natural Resources

**Statutory Authority:** General Statutes Chapter 113

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

Part XIA of Senate Bill 352 (1997 Appropriations Act) authorized the creation of a Department of Health and Human Services. The new department was established by renaming the Department of Human Resources and transferring virtually all of the public health divisions from the Department of Environment, Health, and Natural Resources to the Department of Health and Human Services. The functions and responsibilities of the Division of Environmental Health remain in the Department of Environment and Natural Resources (formerly the Department of Environment, Health, and Natural Resources) pending a study by the Environmental Review Commission.

### GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$134,915,353**

#### Budget Changes

##### (1.00) Controller's Office

<b>19 Reduce Salary Reserve</b>	<b>(\$5,053)</b>	<b>R</b>
Reduce salary reserve as a result of reallocation of positions.		

##### (1.00) Executive Offices

<b>20 Eliminate Vacant Position</b>	<b>(\$82,134)</b>	<b>R</b>
Eliminate Business Officer III position serving as Special Assistant to the Secretary that is no longer utilized as a result of reassignment of duties.	-1.00	

<b>21 Eliminate Assistant Secretary and Staff Positions</b>	<b>(\$204,726)</b>	<b>R</b>
Eliminate the Assistant Secretary for Administration position, as well as the Special Assistant and Administrative Assistant positions reporting to the Assistant Secretary for Administration to streamline executive management staff.	-3.00	

##### (1.00) General Services

<b>22 Reduce Salary Reserve</b>	<b>(\$10,000)</b>	<b>R</b>
Reduce salary reserve in a position recently vacated by retirement.		

**(1.00) Regional Offices**

**23 Reduce Operating Funds**

(\$31,416) R

Reduce funds that previously supported the Department of Commerce when they were co-located in DENR's Washington Regional Office (Commerce activities have since moved to Greenville).

**(2.00) Forest Resources**

**24 Improve Efficiency and Computer Technology**

(\$311,034) R

Reduce telephone line charges, the need for aerial photography and temporary services through increased use of computer technology. Also decrease use of overtime and modify fire readiness stand-by schedules.

**25 Insurance for CL-215**

\$160,000 NR

Provides nonrecurring funds for the purchase of hull insurance for the CL-215 aircraft (amphibious water scooping tanker).

**26 District 12 Helicopter Funds**

\$167,860 R

Funds for the operation and maintenance of a fire control helicopter in District 12.

2.00

**27 Water Quality Foresters**

\$344,286 R

Funds to hire water quality foresters to inspect active logging sites to prevent and control degradation of water quality by forestry operations.

\$71,200 NR  
7.00

**(2.00) Marine Fisheries**

**28 Reduce Operating Support**

(\$130,000) R

Reduce funds for purchased services, supplies, equipment and other operating expenses.

**29 License Administration Funds**

\$246,088 R

Funds for additional license personnel to staff district offices and to administer the Recreational Commercial Gear License program. Positions are effective January 1, 1999.

6.00

**30 Fisheries Management Plans**

\$540,158 R

Funds to develop state Fisheries Management Plans (FMPs) to guide coastal fisheries management and to ensure the long-term viability of the stocks. Plans are to be developed for 31 commercially and recreationally significant species and species groups.

\$142,500 NR  
10.00

**31 Coastal Habitat Protection Plans**

\$160,170 R

Funds to conduct research on the relationship of coastal habitats, water quality and fisheries production for the development of Coastal Fisheries Habitat Protection Plans. The plans are to be used to develop strategies for protecting coastal fisheries habitat areas.

\$15,300 NR  
3.00



<b>32 Information Technology Funds</b>	\$72,223	R
Funds to continue consolidation and modernization of existing computerized information management systems to facilitate access to licensing, permitting, commercial landings, biological and habitat data.	\$1,492,508	NR
	2.00	
<b>(2.00) Museum of Natural Sciences</b>		
<b>33 Reduce Supplies</b>	(\$39,513)	R
Reduce funds for supplies due to new bulk purchasing procedures.		
<b>34 Grassroots Science Museums</b>	\$35,000	R
Provides nonrecurring funds for the Grassroots Science Museums. Also provides an additional \$35,000 in recurring funds for the Western North Carolina Nature Center [SB 1366, Sec. 14.4].	\$1,625,000	NR
<b>(2.00) North Carolina Zoological Park</b>		
<b>35 Adjust Equipment/Vehicle Replacement Schedule</b>	(\$133,079)	R
Adjust the schedule for replacement of equipment and motor vehicles at the Zoo and reduce General Fund appropriation by an equal amount.		
<b>(2.00) Office of Environmental Education</b>		
<b>36 Environmental Education Grant Funds</b>	\$200,000	NR
Funds to provide grants to public schools K-12, public libraries and environmental education centers to purchase environmental education materials and to support school group field trips to environmental education centers [SB 1366, Sec. 14.5].		
<b>(2.00) Parks and Recreation</b>		
<b>37 Increase Receipts</b>	(\$100,000)	R
Increase receipts to reflect fee increase at state parks and recreation areas and reduce General Fund appropriation by an equal amount.		
<b>38 Expand Natural Heritage Program</b>	\$125,000	NR
Funds to inventory natural areas in counties that have not been surveyed under the Natural Heritage program.		
<b>39 Adopt-a-Trail Program</b>	\$100,000	NR
Nonrecurring funds to expand the Adopt-a-Trail grant program.		
<b>(2.00) Soil and Water Conservation</b>		
<b>40 Technical Assistance for Animal Waste Compliance</b>	(\$185,445)	R
Reduce funding for technical assistance to agriculture operations seeking to obtain approved animal waste management plans. The state's 0.200 non-discharge regulations required operations to have certified plans by December 1997. This eliminates 5.50 of 11.00 positions created by the General Assembly for this purpose in the 1994 and 1995 Sessions.	-5.50	

**41 Agriculture Cost Share Program**

Additional funds for the Agriculture Cost Share Program for Nonpoint Source Pollution Control to reimburse farmers up to 75% of the costs of installing best management practices (BMPs) to improve and protect water quality.

\$500,000 NR

**42 Agriculture Cost Share County Technical Assistance**

Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design and installation of agricultural best management practices (BMPs) to improve water quality.

\$100,000 NR

**43 Neuse and Tar-Pam River Basin Assistance**

Funds to assist local Soil and Water Conservation Districts in the Neuse and Tar-Pamlico River Basins in targeting and tracking nutrient reduction efforts of agriculture operations, as well as evaluating the cost effectiveness of best management practices [SB 1366, Sec. 14.6B].

\$75,000 NR

**44 Soil and Water District Travel Funds**

Funds for local Soil and Water Conservation Districts for travel and per diem expenses of district supervisors.

\$50,000 NR

**45 Junaluska Creek Damage Funds**

Funds to assist landowners on Junaluska Creek who have suffered property damage from the implementation of the federal emergency watershed program.

\$7,500 NR

**(3.00) Air Quality****46 Reduce Operating Support**

Reduce funds for purchased services, supplies, equipment and other operating expenses.

(\$14,892) R

**(3.00) Coastal Management****47 Reduce Operating Support**

Reduce travel, supplies, equipment, printing, and postage expenses through use of automation and a reduction in conference attendance.

(\$30,004) R

**48 Coastal/Chevron/Outer Continental Shelf Response**

Funds to support staff and research activities for the state's consistency review and response to Chevron Oil's permit application to drill off the North Carolina coast.

\$367,023 NR  
1.00

**(3.00) Environmental Health****49 Reduce Staff and Operating Support**

Reduce funds for an Environmental Technician III position in the Wilmington Regional Office as a result of increased federal support, extend equipment replacement schedules, and eliminate funds for a completed wastewater treatment study in Craven County.

(\$72,210) R  
-0.50

**50 Food Sanitation Program**

Funds for the Environmental Health Services Section to assist the Food Sanitation Program to improve consistency of implementation and enforcement of food sanitation rules. \$100,000 NR

**51 Federal Water Supply Assistance Matching Funds**

Funds to provide the 20% state match required to receive federal water supply assistance through US EPA's Drinking Water State Revolving Fund program. Funds will be used to provide low interest loans to public water systems for capital expenditures associated with drinking water regulations and compliance [SL 1998-166 Federal Matching Funds Bill]. \$2,571,880 NR

**(3.00) Land Resources****52 Reduce Operating Support**

Reduce inventories, supplies, travel and postage expenses, and extend the replacement schedule on equipment. (\$42,861) R

**53 Sedimentation and Erosion Control Expansion**

Funds for additional field staff to perform erosion and sediment control inspections at commercial and residential development sites to determine compliance with required management practices to minimize the impact of land disturbing activities on water quality. \$225,712 R  
\$16,000 NR  
4.00

**(3.00) Pollution Prevention/Environmental Assistance****54 Reduce Pollution Prevention Grants**

Reduce funds to provide demonstration grants to business and industry operations developing innovative pollution technologies. (\$24,362) R

**(3.00) Waste Management****55 Eliminate Computer Consultant Position**

Eliminate Computing Consultant II position and contract programming duties as needed using federal funds. (\$45,095) R  
-1.00

**(3.00) Water Quality****56 Operating Support**

Funds to provide additional operating support for the Water Quality Section. \$250,533 R

**57 Increase Compliance and Reduce Spills**

Funds to provide additional staff to respond to system failures, monitor compliance data and perform technical inspections of wastewater collection and land application systems. \$332,280 R  
\$28,000 NR  
7.00

<b>58 Groundwater Pollution Prevention and Control</b>	<b>\$721,479</b>	<b>R</b>
Funds to provide additional staff to review permit applications, designate groundwater monitoring requirements, review monitoring data to determine compliance, inspect animal and municipal waste land application systems and facilities, and conduct field assessments of contaminated soils and groundwater.	<b>\$256,587</b>	<b>NR</b>
	12.00	
<b>59 Neuse and Tar-Pamlico Rapid Response Teams</b>	<b>\$544,634</b>	<b>R</b>
Funds to create two rapid response teams to respond to fish kills, algal blooms, citizen complaints and other water quality emergencies occurring in the Neuse and Tar-Pamlico River Basins [SB 1366, Sec. 14.10].	<b>\$226,774</b>	<b>NR</b>
	8.00	
<b>60 Water Quality Monitoring/Basinwide Data Management</b>	<b>\$164,080</b>	<b>R</b>
Funds to increase monitoring of flow and nutrient data in the coastal river basins, install continuous monitors in each major estuary, and expand ambient water quality monitoring across the state to improve development of water quality protection strategies and trend projections. Funds also to continue consolidation and modernization of existing computerized information management systems to facilitate access to environmental programs and data.	<b>\$2,872,980</b>	<b>NR</b>
	4.00	
<b>61 Federal Wastewater Assistance Matching Funds</b>		
Funds to provide the 20% state match required to receive wastewater assistance through US EPA's Water Pollution Control Program. Funds will be used to provide low interest loans to local units of government for wastewater construction and improvement projects [SL 1998-166 Federal Matching Funds Bill].	<b>\$4,860,532</b>	<b>NR</b>
<b>(3.00) Water Resources</b>		
<b>62 Groundwater Resource Management</b>	<b>\$414,724</b>	<b>R</b>
Funds to monitor, maintain, and redevelop the state's groundwater resource observation wells.	<b>\$386,598</b>	<b>NR</b>
	4.00	
<b>63 Real Time Stream-Gauge Data</b>	<b>\$10,000</b>	<b>R</b>
Funds to upgrade the state's stream-gauge network to real time data access.	<b>\$170,000</b>	<b>NR</b>
<b>64 Oregon Inlet Sand Study</b>		
Funds for the Shoreline Monitoring Program operated by the U.S. Army Corps of Engineers for the Oregon Inlet and adjacent areas.	<b>\$100,000</b>	<b>NR</b>
<b>(4.00) Reserves and Special Funds</b>		
<b>65 Isotope Study of Neuse and Cape Fear River Basins</b>		
Funds for the UNC Board of Governors for the Agricultural Research Service to continue an isotope study to identify sources of nitrogen in the Neuse and Cape Fear River Basins [SB 1366, 14.11B].	<b>\$321,000</b>	<b>NR</b>

<b>66 Partnership for the Sounds</b>	\$150,000	R
Funds to provide additional staff for the Roanoke/Cashie River Center, the Columbia Theater Cultural Resources Center, the Lake Mattamuskeet Lodge and the North Carolina Estuarium and to continue renovations to the Lake Mattamuskeet Lodge [SB 1366, Sec. 14.12].	\$250,000	NR
<b>67 Study Alternative Animal Waste Technologies</b>		
Funds for the UNC Board of Governors for the Animal and Poultry Waste Management Center at NCSU to study alternative methods of managing animal waste [SB 1366, Sec. 14.13].	\$750,000	NR
<b>68 Neuse River Modeling and Monitoring (MODMON)</b>		
Funds for the Water Resources Research Institute (WRI) to continue data collection and monitoring efforts to support the development of a nutrient model for the Neuse River Estuary [SB 1366, Sec. 14.14].	\$720,000	NR
<b>69 Upper Neuse River Basin Association</b>		
Funds to support the development of a comprehensive and coordinated state-local watershed management plan for the Upper Neuse River Basin to serve as a model watershed management approach for river basins and sub-basins in North Carolina [SB 1366, Sec. 14.15].	\$300,000	NR
<b>70 New River Monitoring Funds</b>		
Funds to support water quality monitoring efforts in the New River.	\$50,000	NR
<b>71 Museum of Life and Science</b>		
Funds to support Phase 2 of the BioQuest exhibit at the Museum of Life and Science.	\$400,000	NR
<b>72 LLRW Facility Siting Assistance Funds</b>		
Grant-in-aid to Chatham County for expenses incurred as part of their participation in the licensing and siting of a low level radioactive waste facility [SB 1366, Sec. 14.17].	\$100,000	NR
<b>73 County Recreational Building</b>		
Grant-in-aid to Lincoln County to match funds to construct a recreational facility in eastern Lincoln County.	\$50,000	NR
<b>(5.00) Department Wide</b>		
<b>74 Reduce Funding Support - LLRW</b>	(\$1,123,219)	R
Reduce funding for personnel, contractual services and operating expenses associated with the department's regulatory responsibilities in the siting and licensing of a low level radioactive waste facility. This reduction allows the department to maintain at least six positions dedicated to the LLRW project in the event siting and licensing activities resume.	-10.00	

**(6.00) Wildlife Resources Commission**

**75 Beaver Control Program**

Continues Beaver Control program with nonrecurring funds and expands coverage statewide to any county that wishes to participate [SB 1366, Sec. 14.18].

\$500,000 NR

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**Budget Changes**

**\$1,794,184 R**

**\$20,061,382 NR**

Total Position Changes

49.00

**Revised Total Budget**

**\$156,770,919**

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## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: Environment and Natural Resources**

##### **Section 14.1**

**Title: North Carolina Museum of Forestry**

**Summary** Directs DENR to establish and administer the North Carolina Museum of Forestry in Columbus County as a satellite museum of the North Carolina State Museum of Natural Sciences. Effective December 1, 1998.

##### **Section 14.2**

**Title: Marine Fisheries Appeals Panel/Rotate Meeting Locations**

**Summary** Directs the Appeals Panel responsible for reviewing commercial fishing license applications under the license moratorium to rotate the location of the hearings among three coastal districts as specified in the provision beginning November 1998 and to schedule an applicant's hearing in their home district upon written request.

##### **Section 14.3**

**Title: Fishery Management Plans/Regional Advisory Committee**

**Summary** Requires DENR to consult with the Marine Fisheries Commission's (MFC) regional advisory committees regarding the preparation of fishery management plans (FMPs) and to review comments and recommendations of the committees prior to submitting FMPs to legislative commissions for review. Also requires the MFC to consult with their regional advisory committees in developing and implementing temporary resource management strategies.

##### **Section 14.3B**

**Title: Up Administrative Cap for Fishery Resource Grant Program**

**Summary** Increases the amount allowed to be used by the Sea Grant College to administer the Fishery Resource Grant Program from \$25,000 to \$75,000. Administrative expenses of the program are paid from \$1 million appropriated for grants.

##### **Section 14.4**

**Title: Grassroots Science Program**

**Summary** Allocates \$2,260,000 for FY 1998-99 as grants-in-aid to the 13 regional science museums. Allows Discovery Place to use up to \$100,000 appropriated for FY 1998-99 to study the feasibility of an expansion of Discovery Place.



Section 14.5

Title: **Environmental Education Grants**

Summary *Allocates \$200,000 to provide grants to promote environmental education and allows DENR to use up to \$50,000 appropriated for FY 1998-99 for the costs of administering the environmental education grants program. Grants may be awarded to develop environmental education libraries and to fund field trips by school groups to environmental education centers. Requires the department to report on the allocation of grant funds by January 1 and July 1, 1999 to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission and the Fiscal Research Division.*

Section 14.6

Title: **Parks and Recreation/Natural Heritage Trust Funds Reporting Requirements**

Summary *Specifies the following additional reporting requirements to the Parks and Recreation Trust Fund (PARTF) and the Natural Heritage Trust Fund (NHTF):*

*PARTF - Directs the Parks and Recreation Authority to provide an October 1st annual report to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Environmental Review Commission on allocations from the prior fiscal year, and a March 15th progress report on activities and expenditures for the current fiscal year. Section 14.6(c) provides a December 1st reporting date for 1998 only.*

*NHTF - Directs the Secretary of DENR to revise twice each year a list of acquisitions from the trust fund. Directs the Secretary to provide this list to the Joint Legislative Commission on Governmental Operations, House and Senate Appropriations Subcommittees on Natural and Economic Resources, Fiscal Research Division, and the Environmental Review Commission within 30 days after each revision.*

Section 14.6B

Title: **Neuse and Tar-Pamlico River Basin Assistance**

Summary *Requires the Division of Soil and Water Conservation to report the activities and accomplishments of a new initiative in the Neuse and Tar-Pamlico River Basins to target and track nutrient reduction efforts of agricultural operations and evaluate the cost-effectiveness of best management practices. The reports are to be made to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by January 15 and April 15, 1999.*

Section 14.7

Title: **Acquisition Parity for Parks and Recreation Trust Fund**

Summary *Amends G.S. 113-44.15(b) to include geographic distribution as a consideration to the extent practicable when awarding moneys from the Parks and Recreation Trust Fund.*

Section 14.8

Title: **Cullasaja River Study Funds**

Summary Directs DENR to study the feasibility of including that portion of the Cullasaja River that borders Nantahala National Forest in the state's natural and scenic river system and to report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division and the Environmental Review Commission by March 15, 1999 on the study's results.

Section 14.9B

Title: **Create New Classification of Abandoned Wells**

Summary Allows water supply wells that are no longer being used as a potable water supply source to be used for other purposes, including irrigation, commercial or industrial uses rather than being subject to rules governing temporary or permanent abandonment. Effective October 30, 1998.

Section 14.9C

Title: **Randleman Dam Funds Do Not Revert**

Summary Extends reversion date for funds appropriated in 1994 for the Randleman Dam project. If construction has not begun by October 1, 2000, these funds shall revert.

Section 14.9D

Title: **Relocation of Mason's Inlet**

Summary Allows New Hanover County to undertake a project to relocate Mason's Inlet. Directs that suitable dredged material be used to renourish erosion threatened beaches at the Town of Wrightsville Beach and Figure Eight Island. Requires concurrence from the Division of Water Resources that the project is necessary and viable before project begins. If concurrence is given, New Hanover County may acquire property necessary to relocate inlet by purchase, negotiation, or condemnation. Requires an Environmental Impact Statement (EIS) to be reviewed simultaneously with any CAMA permit and completed within 75 days of receipt of permit. Exempts CAMA permits from administrative review of decision. Prohibits project construction until New Hanover County secures all necessary state and federal permits and stipulates that no state appropriations be used for channel realignment.

Section 14.9H

Title: **Extend Compliance Date for Nitrogen Discharge Limit for Certain NSW Waters**

Summary Authorizes the Environmental Management Commission (EMC) to extend, in some cases, the nutrient discharge limit compliance date enacted in 1997. The extension may be granted for permitted wastewater systems discharging into nutrient sensitive waters (NSW) where nitrogen is not the nutrient of concern. For waters classified as NSW after July 1, 1997, the EMC is directed to establish a nutrient discharge limit compliance date for systems that discharge or are authorized to discharge into surface waters at the time those waters are classified as NSW. Specifies the conditions and requirements for extension of the nutrient discharge limit compliance date. Authorizes the EMC to revoke an extension if the permit holder fails to meet the conditions of the extension or significantly violates its discharge permit. Requires applicants seeking a new or modified discharge permit to provide information on use of public resources to finance the project, the water quality impact of the facility and the cost-effectiveness of the project and alternative technologies. Also directs the EMC to include in their quarterly report to the Environmental Review Commission (ERC) a summary and analysis of information submitted by the applicants. Amends the quarterly reporting requirement to the ERC on the EMC's operations, activities, programs and progress and requires the reports to be submitted in writing.

Section 14.10

Title: **Tar-Pamlico and Neuse Rivers Rapid Response Team**

Summary Directs rapid response teams to perform routine water quality monitoring activities when they are not responding to emergencies or citizen complaints. Allows the department to reassign water quality personnel to assist in other basins as needed. Also directs DENR to evaluate the assignment of both water quality monitoring personnel and rapid response teams to determine the most efficient use of resources.

Section 14.11B

Title: **Progress Reports/Isotope Study to Identify Sources of Nitrogen in Neuse and Cape Fear River Basins**

Summary Requires semi-annual progress reports and a final report upon completion of the study from the primary researcher receiving funds from the UNC Board of Governors to continue the isotope study of the Neuse and Cape Fear River Basins. Reports are to be submitted to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, and the Fiscal Research Division by January 1st and July 1st of each year.

Section 14.12

Title: **Partnership for the Sounds Funds**

Summary Requires Partnership for the Sounds, Inc to use a portion of the funds appropriated for FY 1998-99 to expand its programs and activities to Pamlico County.

Section 14.13

Title: **Progress Reports/Alternative Animal Waste Technologies Study**

Summary Requires semi-annual progress reports and a final report upon completion of the study from the primary researcher receiving funds from the UNC Board of Governors to study alternative methods of managing animal waste. Reports are to be submitted to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, and the Fiscal Research Division by January 1st and July 1st of each year.

Section 14.14

Title: **Progress Reports/Neuse Modeling Project Funds**

Summary Directs DENR to transfer funds appropriated to continue the Neuse River Modeling and Monitoring Project (MODMON) to the Water Resources Research Institute through the UNC Board of Governors. Requires semi-annual progress reports and a final report upon completion of the study from the primary researcher receiving funds from the UNC Board of Governors to continue MODMON. Reports are to be submitted to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, and the Fiscal Research Division by January 1st and July 1st of each year.

Section 14.15

Title: **Upper Neuse River Basin Funds/Model Watershed Management Plan**

Summary Allocates \$300,000 to the Upper Neuse River Basin Association to develop a comprehensive watershed management plan to serve as a model for other basins in the state. Specifies the requirements for the plan. Directs DENR to provide technical assistance to the association. Requires the association to seek funding support from other state, federal and nonprofit organizations to develop and implement the plan. Requires an annual progress report by March 1st of each fiscal year to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Defines the Upper Neuse River Basin for the purposes of this program.

Section 14.17

Title: **Chatham Funds for Low-Level Radioactive Waste Siting**

Summary Allocates \$100,000 to Chatham County for expenses incurred as part of their participation in the site selection of a low-level radioactive waste facility.

Section 14.17A

Title: **Marine Fisheries Appeals Panel Staff Support**

Summary Authorizes DENR to use up to \$33,538 in existing agency resources to provide staff support to the license appeals panel in the Division of Marine Fisheries.

Section 14.17B

Title: **Agriculture Cost Share Program Database**

Summary Authorizes DENR to use up to \$61,000 in existing agency resources to provide programming and maintenance support to upgrade the agriculture cost share program database.

**Section 14.18**

**Title: Statewide Beaver Damage Control Program Funds**

**Summary** Continues the Beaver Damage Control Program and expands coverage statewide to any county that wishes to participate. Requires an annual March 15th report to the Wildlife Resources Commission, House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division on program results. Requires interested counties to notify the commission by September 30th of each year of their intent to participate and commitment of \$4,000.

**Section 14.19**

**Title: Clean Water Grants/Clarification**

**Summary** Amends the eligibility criteria established in Section 5.1(g) of SL 1998-132 (Clean Water and Natural Gas Critical Needs Bond Act of 1998) for awarding \$55 million in clean water bonds. This portion of the bond proceeds is designated as unsewered community grants to be administered by the Rural Economic Development Center. The provision allows an applicant local government unit operating only a single utility to satisfy the eligibility criteria if it agrees to adopt a fee schedule reflecting at least the average annual wastewater cost per household calculated at 3/4% of the median household income in the applicant's jurisdiction. Local governments operating both water supply and wastewater systems must agree to adopt a fee schedule reflecting at least the average annual water and wastewater cost per household calculated at 1 1/2% of the median household income of the unit's jurisdiction.

Also amends the eligibility criteria established in G.S.159G (North Carolina Clean Water Revolving Loan and Grant Act of 1987) for awarding grants for high unit cost wastewater and water supply systems. The provision allows an applicant local government unit constructing its first utility or operating only a single utility that needs upgrading or improving to satisfy the eligibility criteria if the estimated average household water or sewer user fee for debt service, operation and maintenance costs of the project exceeds 3/4% of the median household income in the applicant's jurisdiction. Eligibility for local governments operating both water and sewer systems will continue to be determined by comparing the project's debt service, operation and maintenance costs to 1 1/2% of the unit's median household income.

**Section 29.6**

**Title: South Broad Park Lake and Water Conservation Fund Conversion**

**Summary** Directs that land purchased by the state to establish a new state park in Transylvania County be used as replacement property to fulfill the requirements of the federal Land and Water Conservation Fund, which specifies that proceeds be used only for recreational purposes. This replacement allows for the conversion of land within South Broad Park to a use other than outdoor recreation (a public library is currently located on this land).



Section 29.8

Title: **Water Resources Development Projects Funds**

Summary Amends SL 1998-166 (Federal Funds bill) and allocates \$7,300,000 for the following water resources development projects: (1) Morehead City Harbor Turning Basin, \$2,000,000; (2) Wilmington Harbor Maintenance Dredging, \$200,000; (3) Wilmington Harbor Long-Term Disposal, \$1,400,000; (4) Beaufort Harbor Maintenance Dredging, \$80,000; (5) Manteo Shallowbag Bay Maintenance Dredging, \$200,000; (6) Rollinson Channel Maintenance Dredging (Dare County), \$400,000; (7) Pine Knoll Shores Protection (Carteret County), \$200,000; (8) Tar River Road Streambank Protection (City of Greenville), \$50,000; (9) Battery Island Bird Habitat Restoration (Brunswick County), \$140,000; (10) Dare County Beaches Feasibility Study, \$70,000; (11) North Channel Maintenance Dredging and Disposal Site, \$1,200,000; (12) Aquatic Plant Control Statewide and Lake Gaston, \$150,000; (13) B. Everett Jordan Lake Water Supply, \$110,000; (14) State-Local Projects, \$600,000 (projects listed out in Senate Bill 1366).

Allocates and identifies small watershed projects for FY 1998-99 as follows: (1) Deep Creek Watershed Project (Yadkin County), \$500,000.

Project funds not expended or encumbered will revert at the end of FY 1999-2000.

Section 29.9

Title: **Warren County PCB Landfill Detoxification Funds**

Summary Requires that \$2 million appropriated and any federal funds that are available for detoxification of the Warren County PCB landfill be placed in a nonreverting reserve. Sets the detoxification treatment standards and identifies the technology to be used as based catalyzed decomposition (BCD). Directs DENR to approve a detoxification plan and to oversee the project using funds in the reserve. Specifies that any funds remaining in the reserve upon completion of detoxification of the landfill be transferred to the Department of Commerce to be used for economic development and infrastructure needs in Warren County.

Section 29.17

Title: **Aquarium Construction Funds**

Summary Requires the Director of the Budget to transfer the sum of \$30 million from lapsed salary funds for the 1998-99 fiscal year for the renovation and construction of the aquariums at Pine Knoll Shores and Fort Fisher.

## Commerce

**Statutory Authority:** Statutory Authority: General Statutes, Chapter 143B-429

The head of the Department is the Secretary of Commerce who is appointed by the Governor. The Department's primary responsibilities include promotion of economic development to enhance job creation by providing 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.

### GENERAL FUND

**FY 98-99**

Total Budget Approved 1997 Session

**\$38,577,339**

#### Budget Changes

#### Business and Industry

##### 76 Marketing and Trade Missions

Provides a nonrecurring increase to fund participation at additional industry trade shows and missions, and for increased general advertising media purchases for promoting economic development in the state.

\$500,000 NR

##### 77 Industrial Recruitment Competitive Fund

Provides nonrecurring support for the Industrial Recruitment Competitive Fund [SB 1366, Sec. 15.1].

\$3,000,000 NR

#### Community Assistance

##### 78 Historic Waterfront Revitalization

Funds to provide planning grants to certain local units of government for historic waterfront revitalization projects [SB 1366, Sec. 15.2B].

\$400,000 NR

##### 79 Upper Coastal Plain COG

Funds to the Upper Coastal Plain COG to match federal funds for the COG's Small Business Revolving Loan Fund.

\$150,000 NR

#### Industrial Commission

##### 80 Abolish Position/Reduce Various Operating Support

Abolishes Processing Assistant IV position (\$24,411) and reduces various operating support line-items in the continuation budget (\$68,911).

(\$93,322) R

-1.00

##### 81 Temporary Positions

Provides nonrecurring funds to support temporary positions in the Office of Executive Secretary to manage increased workload for mediation settlements in workers' compensation cases and processing legal orders for contested cases.

\$100,000 NR



## **Industrial Finance Center**

### **82 Utility Account (Industrial Development Fund)**

Provides nonrecurring funding for economic development grants for water and sewer infrastructure in certain economically distressed counties designated in G.S. 143B-437.01.

\$1,500,000 NR

## **N.C. Alliance for Competitive Technologies**

### **83 Reduce Program Director's Budgeted Salary**

Reduces the budgeted salary of the Program Director for the N.C. Alliance for Competitive Technologies by \$24,356; the revised salary for the position will be \$108,668.

(\$24,356) R

### **84 Textile Technology**

Funds to the N.C. Alliance for Competitive Technologies to develop textile industry competitiveness strategies by demonstrating technology used in dyeing textile yarns with supercritical carbon dioxide processes as developed by the Carbon Dioxide Textile Dyeing Consortium.

\$500,000 NR

## **N.C. Government Competition Commission**

### **85 Competitive Government Initiative**

Provides funding to establish the North Carolina Government Competition Commission for purposes of implementing the Competitive Government Initiative [SB 1366, Sec. 15.2C].

\$218,000 R

\$14,700 NR

3.00

## **Reserves and Transfers**

### **86 Year of the Mountain**

Reserve for planning initiatives in western North Carolina. This is the final year of a 3-year regional planning effort.

\$300,000 NR

### **87 North Carolina Progress Board**

Provides nonrecurring funds for operating support of the North Carolina Progress Board.

\$400,000 NR

### **88 Regional Economic Development Commissions**

Provides \$225,000 in nonrecurring support to the Department of Commerce for allocation to the Southeastern North Carolina Regional Economic Development Commission. Funds are to be used by the Commission as follows: 1) \$75,000 to enhance recruiting and promotion of the film industry in the region; and 2) \$150,000 for the purchase of land and an office building [SB 1366, Sec. 15(c)].

\$225,000 NR

### **89 Institute of Aeronautical Technology**

Provides \$4 million in nonrecurring funds for the estimated construction costs of the Institute of Aeronautical Technology.

\$4,000,000 NR

### **90 Special Olympics**

Provides nonrecurring funds to the 1999 Special Olympics World Games for general operating and marketing costs.

\$3,000,000 NR

**Travel, Film and Sports Development**

<b>91 Reduce Printing</b>	<b>(\$100,000)</b>	<b>R</b>
Reduce printing budget to reflect privatization of the North Carolina Travel Guide.		
<b>92 Advertising, Marketing, and US Open Funds</b>	<b>\$2,500,000</b>	<b>NR</b>
Funds to expand advertising and marketing campaigns designed to promote North Carolina as a travel and tourism destination in international and domestic markets. Funds to promote the state's tourism, film, and sports opportunities during the 1999 US Open. Of these funds \$50,000 is to support a tourist information kiosk in western North Carolina administered by the Western Carolina Partnership and the Smoky Mountain Host organization.		
<b>93 Rural Tourism Development Grant Funds</b>	<b>\$300,000</b>	<b>NR</b>
Funds for the Rural Tourism Development Grant Program to encourage the development of new tourism projects and activities in the rural areas of the state [SB 1366, Sec. 15.3].		
<b>94 Film Office</b>	<b>\$64,803</b>	<b>R</b>
Funds to hire a Director of Sales and Marketing to develop a full-time presence in California in an effort to recruit film production to N.C. and funds for the state's four film commissions for coordinated advertising and promotion efforts with the state film office.	<b>\$165,000</b> 1.00	<b>NR</b>

**Wanchese Seafood Industrial Park**

<b>95 Oregon Inlet Project -- Staff &amp; Operating Support</b>	<b>\$339,000</b>	<b>R</b>
Provides funds for staff and operating support to the Wanchese Seafood Industrial Park to serve as the lead state agency on the Oregon Inlet Stabilization Project [SB 1366, Sec. 15.5].	<b>\$11,000</b> 2.00	<b>NR</b>

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**Budget Changes**

**\$404,125** R  
**\$17,065,700** NR

**Total Position Changes**

5.00

**Revised Total Budget**

**\$56,047,164**

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## **Special Provisions:**

**1998 Session: Senate Bill 1366**

### **Department: Commerce**

#### **Section 5.1**

##### **Title: NER Block Grant Funds**

**Summary** Allocates federal Community Development Block Grant (CDBG) funds for the 1999 program year. Provides for subsequent increases or decreases in federal fund availability. Places limitations on CDBG funds. Outlines program improvements in the Scattered Sites subcategory of the Community Revitalization category. Allows the Department of Commerce to adopt temporary rules to implement these improvements.

#### **Section 15**

##### **Title: Regional Economic Development Commission Allocations**

**Summary** Modifies existing session law to adjust the amount of certain interest receipts, earned by the Global TransPark Regional Economic Development Commission, that are a component of the funding formula calculation used to allocate appropriated funding to the seven regional economic development commissions.

Provision also adds subsection (c) which allocates \$225,000 to the Southeastern North Carolina Regional Economic Development Commission for the following purposes: 1) \$75,000 to enhance recruiting and promotion of the film industry in the region; and 2) \$150,000 for the purchase of land and an office building.

#### **Section 15.1**

##### **Title: Industrial Recruitment Competitive Fund**

**Summary** Earmarks up to \$2 million for recruiting a "large recycling facility" as defined in G.S. 105-129.25 and meeting the requirements of G.S. 105-129.26(b).

#### **Section 15.2**

##### **Title: Marketing of Global TransPark by Department of Commerce**

**Summary** Requires the Division of Business and Industry, in the Department of Commerce, to assume responsibility for marketing the Global TransPark.

#### **Section 15.2B**

##### **Title: Historic Waterfront Revitalization**

**Summary** Allocates \$400,000 in planning grants for Historic Waterfront Revitalization to the following local units of government: Town of Murfreesboro, Washington County (Washington County EDC), City of Washington, Beaufort County, Town of Swansboro, City of Jacksonville, Hyde County, and Tyrrell County.

Section 15.2C

Title: **Competitive Government Initiative**

Summary Establishes, within the Department of Commerce, the North Carolina Government Competition Commission, for the purpose of developing an institutional framework in state government for encouraging innovation, competition and achieving cost efficiencies. The commission exercises its power independent of the Secretary of Commerce and is governed by a nine member board appointed by the Speaker of the House, President Pro-Tem of the Senate and the Governor.

Section 15.3

Title: **Rural Tourism Development Grant Program**

Summary Allocates \$300,000 for the Rural Tourism Development Grant Program and sets out guidelines for distributing funds.

Section 15.4

Title: **Great Smoky Mountain Special License Plate**

Summary Authorizes the use of a full art, three color design for the "Great Smoky Mountains National Park" special registration plate.

Section 15.5

Title: **NC Seafood Industrial Park Authority Revisions**

Summary Rewrites G.S. 113-315.28 and G.S. 113-315.32 to expand the authority and powers of eminent domain for the NC Seafood Industrial Park Authority with respect to navigation stabilization structures pursuant to United States Public Law 91-611.

Section 15.5A

Title: **Oregon Inlet Stabilization Study Commission**

Summary Creates an independent Oregon Inlet Stabilization Study Commission. Requires report to the 1999 Session of the General Assembly.

Section 15.6A

Title: **Worker Training Trust Fund Appropriations**

Summary Provision modifies FY 1998-99 Worker Training Trust Fund appropriations by increasing funding to the Employment Security Commission by \$311,380, decreasing funding to the Division of Employment and Training (Department of Commerce) by \$350,000, and funding a new item in the amount of \$350,000 for the Hosiery Technology Center in the Department of Community Colleges.

Section 15.8B

Title: **Extend Universal Service Rules Deadline**

Summary Extends to July 1, 1999 the deadline for the North Carolina Utilities Commission to adopt permanent rules concerning the provision of universal telephone service.

Section 15.8C

Title: **Funds for Certified Economic Development Training**

Summary Authorizes the Department of Commerce to use up to \$25,000 in existing agency resources to fund "certified economic development training" for the department's industrial recruiters.

## State Aid to Non-State Entities

### Statutory Authority:

The Department of Commerce serves as administrator of funds appropriated by the General Assembly to various non-state recipients.

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$2,000,000

### Budget Changes

#### Grants-in-Aid

##### 96 Jones Economic Development Funds

Funds to Jones County for any one or more of the following purposes: construction of an agriculture heritage center, renovation of Jones County Civic Center, construction of an all-purpose human services center, extension of water and sewer lines to the industrial park, and provision of operating funds to the Economic Development Office.

\$200,000 NR

##### 97 Institute of Minority Economic Development

Funds to foster economic development within the state through policy analysis, information and technical assistance, resource expansion, and support of community-based initiatives [SB 1366, Sec. 15.11].

\$1,000,000 NR

##### 98 N.C. Community Development Initiative

Additional funds for the North Carolina Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations [SB 1366, Sec. 15.15].

\$275,000 NR

##### 99 Center for Community Self-Help

Provide funds to further a statewide program of lending for home ownership [SB 1366, 15.16].

\$1,000,000 NR

In addition, SL 1998-223 (House Bill 1472) provides that the Director of the Budget may identify resources of up to \$10 million from the general fund for FY 1998-99 for Self-Help to match grant funds on a one-to-one basis for their home ownership program.

##### 100 Coalition of Farm and Rural Families

Funds to foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers [SB 1366, Sec. 15.13].

\$250,000 NR

<b>101 World Trade Center North Carolina</b>		
Provides funds to the World Trade Center North Carolina to support international trade education programs to small and medium sized businesses [SB 1366, Sec. 15.14B].	\$200,000	NR
<b>102 Yadkin/Pee Dee Lakes Project</b>		
Grant-in-aid to support the Yadkin/Pee Dee Lakes Project's efforts to promote tourism and economic development.	\$150,000	NR
<b>103 North Carolina Minority Support Center</b>		
Funds to provide technical assistance to community-based minority credit unions [SB 1366, Sec. 15.14].	\$375,000	NR
<b>104 Duplin Multi-Purpose Center Funds</b>		
Funds to the Town of Warsaw to match federal funds for a multi-purpose building for economic development and training purposes.	\$250,000	NR
<b>105 Stanly Co. and Montgomery Co. Airport Authorities</b>		
Provide a \$200,000 grant-in-aid to the Stanly County Airport Authority and a \$50,000 grant-in-aid to the Montgomery County Airport Authority. Funds are to be used for expansion and operation of these airports, and to accomodate economic development initiatives in general aviation.	\$250,000	NR
<b>106 William S. Lee Leadership Institute</b>		
Provides state funds to partially retire debt incurred by the Lynwood Foundation for the purchase and renovation of Historic White Oaks, a facility to house the William S. Lee Leadership Institute.	\$2,000,000	NR
<b>107 Technological Development Authority</b>		
Grant-in-aid to the N.C. Technological Development Authority, Inc. for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators, developing capital formation initiatives, supporting technology transfer and matching federal grant and loan funds. Of the total funds to be granted, \$500,000 is allocated for construction of wet lab space and additional office space at the First Flight Venture Center [SB 1366, Sec. 15.9].	\$3,500,000	NR
<b>108 4-H Clubs/Eastern North Carolina Livestock Arena</b>		
Provides funds for the construction of a facility to replace the Eastern North Carolina Livestock Arena. This facility will be available for horse and swine breeding stock auctions, cattle sales, and functions associated with the Future Farmers of America and 4-H Clubs.	\$600,000	NR
<b>109 Textile Museum</b>		
Grant-in-aid to the Town of Erwin for a textile museum.	\$100,000	NR



<b>110 Charlotte/Mecklenburg Development Corporation</b>		
Provides grant-in-aid to the Charlotte/Mecklenburg Development Corporation to purchase and renovate real property in the Wilkinson Boulevard corridor of the City West area of the City of Charlotte and to revitalize and redevelop that area.	\$1,000,000	NR
<b>111 Land Loss Prevention Project</b>		
Funds to provide free legal representation to low-income, financially distressed farmers [SB 1366, Sec. 15.12].	\$350,000	NR
<b>112 Mountain Care Trak System Pilot Program Funds</b>		
Funds to implement the Care Trak System in Davidson, Davie, Forsyth, Guilford, Iredell, Randolph, Rockingham, Stokes, Surry, Wilkes and Yadkin counties.	\$141,400	NR
<b>113 Town of Chadbourn -- Emergency Repairs</b>		
Provides grant-in-aid to the Town of Chadbourn (Columbus Co.) for emergency water and sewer repairs.	\$400,000	NR
<b>114 North Carolina Global Center</b>		
Funds to assist the North Carolina Global Center (formerly the North Carolina Center for World Languages and Cultures) in conducting research activities and programs related to globalization [SB 1366, Sec. 15.10].	\$500,000	NR
<b>115 Piedmont Land Conservancy</b>		
Funds for a survey to identify critical sites.	\$25,000	NR
<hr/>		
<b>Budget Changes</b>	<b>\$12,566,400</b>	<b>NR</b>
Total Position Changes		
<b>Revised Total Budget</b>	<b>\$14,566,400</b>	
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## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: State Aid to Non-State Entities**

##### **Section 15.9**

**Title: Funds for Technological Development Authority Wet Lab and Office Space Construction**

**Summary** Directs TDA to use \$500,000 of the \$3,500,000 appropriated for FY 1998-99 for the construction of "wet lab" space and additional "office space" at the First Flight Venture Center. Funds are allocated contingent upon all financing of the project being secured by the Authority.

##### **Section 15.10**

**Title: North Carolina Global Center Report**

**Summary** Requires the Global Center to report budgetary and program activities by March 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Center to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

##### **Section 15.11**

**Title: North Carolina Institute of Minority Economic Development, Inc./Report**

**Summary** Requires the Institute to report budgetary and program activities by January 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Institute to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

##### **Section 15.12**

**Title: Land Loss Prevention Project, Inc./Report**

**Summary** Requires Land Loss to report budgetary and program activities by January 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires Land Loss to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

##### **Section 15.13**

**Title: North Carolina Coalition of Farm and Rural Families, Inc./Report**

**Summary** Requires the Coalition to report budgetary and program activities by January 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Coalition to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

Section 15.14

Title: **North Carolina Minority Support Center Report**

Summary Requires the Support Center to report budgetary and program activities by January 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Support Center to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

Section 15.14B

Title: **World Trade Center of North Carolina/Report**

Summary Requires the World Trade Center to report budgetary and program activities by January 15, 1999 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Center to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

Section 15.15

Title: **Community Development Initiative**

Summary Earmarks \$200,000 of the funds appropriated in FY 1998-99 to the Northwest Corridor Community Development Corporation.

Section 15.16

Title: **Center for Community Self-Help Funds**

Summary Allocates \$1 million for FY 1998-99 to expand a statewide program of lending for home ownership. Requires quarterly reports to the Joint Legislative Commission on Governmental Operations, House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Department of Commerce. Requires the Center to submit annual audited financial statements to the State Auditor.

## MCNC

**Statutory Authority:** Statutory Authority:

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.

**GENERAL FUND**

		<b>FY 98-99</b>
<b>Total Budget Approved 1997 Session</b>		<b>\$2,500,000</b>
<hr/>		
Budget Changes		
MCNC		
<b>116 Increase and Adjust Final Year of State Funding</b>	(\$2,500,000)	R
Budget action increases MCNC's final year of state funding to \$4.5 million. Funds are to be used for capital and operating expenditures necessary to make MCNC self-sufficient without state funding. Currently budgeted funds of \$2.5 million are shifted from recurring to nonrecurring support plus an additional \$2 million nonrecurring increase is appropriated for a final year total of \$4.5 million [SB 1366, Sec. 15.17].	\$4,500,000	NR
<hr/>		
<b>Budget Changes</b>	(\$2,500,000)	R
	\$4,500,000	NR
<hr/>		
Total Position Changes		
<hr/>		
<b>Revised Total Budget</b>	<b>\$4,500,000</b>	
<hr/>		

## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department: MCNC**

Section 15.17

Title: **MCNC**

Summary Revises current session law to authorize an increase from \$2.5 million to \$4.5 million in MCNC's final year of funding. Provision also states the intent of General Assembly to not fund MCNC in future years.

## N.C. Biotechnology Center

### Statutory Authority:

The North Carolina Biotechnology Center is primarily a state funded not-for-profit organization specializing in biotechnology development. The Center provides grants to academic researchers for developing potential biotechnology applications, loans to biotech based companies that are either creating a start-up venture or relocating to the state, and educational resources and support to community colleges, high schools, and the state's historically minority universities.

### GENERAL FUND

		FY 98-99	
Total Budget Approved 1997 Session		\$7,664,396	
Budget Changes			
N.C. Biotechnology Center			
117 Reduce Operating Support		(\$25,483)	R
Reduces state funded operating support to the N.C. Biotechnology Center by \$25,483.			
118 N.C. Bioscience Investment Fund, L.L.C.			
Provides \$2.5 million in state appropriations to the N.C. Biotechnology Center for additional investment in The North Carolina Bioscience Investment Fund, L.L.C. This appropriation will increase the state's total financed investment in the Center for this venture capital fund to \$10 million.		\$2,500,000	NR
Budget Changes		(\$25,483)	R
		\$2,500,000	NR
Total Position Changes			
Revised Total Budget		\$10,138,913	

**Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** N.C. Biotechnology Center

Section

Title: (No special provision reported)

Summary



# Rural Economic Development Center

## Statutory Authority:

The purpose of the Rural Economic Development Center is to improve economic conditions, support increased entrepreneurial development, and facilitate the creation of more and better jobs available in rural areas with a special focus on low-income residents.

## GENERAL FUND

**FY 98-99**

Total Budget Approved 1997 Session

**\$3,920,000**

### Budget Changes

#### Administration

##### 119 Reduce Operating Support

(\$12,662) R

Reduces state funded operating support to the Rural Economic Development Center by \$12,662. This reflects a 1.5% reduction from the Center's administrative budget excluding grants [SB 1366, Sec. 15.18(a)].

##### 120 Center Administration

\$200,000 NR

Provides funds for additional general administrative support [SB 1366, Sec. 15.18(a)].

#### Grants Programs

##### 121 Research and Demonstration Grants

\$50,000 NR

Provides nonrecurring funds for the Research and Demonstration Grants Program to support innovative projects that address economic development issues in rural areas [SB 1366, Sec. 15.18(a)].

##### 122 Supplemental Funding Program

\$8,000,000 NR

Provides nonrecurring funds to support the Supplemental Funding Program for economic development projects, principally water and sewer, in rural communities [SB 1366, Sec. 15.18(e)(3)].

##### 123 Capacity Grants Program

\$200,000 NR

Provides nonrecurring support for the Capacity Grants Program. REDC will provide these grants for units of local government to assist in financing costs associated with the planning and writing of grants/loan applications that support economic development in rural communities [SB 1366, Sec. 15.18(e)(4)].

**N.C. Association of CDCs**

**124 N.C. Association of CDCs**

Provides nonrecurring funds to the N.C. Association of Community Development Corporations to provide training and technical assistance to community development corporations statewide. Funds also support grassroots economic development initiatives in distressed areas of eastern N.C. and operational and capital needs for the Walnut Cove Colored School, Inc [SB 1366, Sec. 15.18(e)(1)(c)].

\$275,000 NR

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**Budget Changes**

(\$12,662) R

\$8,725,000 NR

Total Position Changes

**Revised Total Budget**

\$12,632,338

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## **Special Provisions:**

**1998 Session: Senate Bill 1366**

**Department:** Rural Economic Development Center

Section 15.18

Title: **Rural Economic Development Center**

Summary Incorporates funding changes for FY 1998-99 to include the following actions:

- (1) Provides an additional \$50,000 to the Research and Demonstration Grants program, earmarking \$35,000 to the Fisheries Development Foundation for mariculture activities.
- (2) Appropriates an additional \$200,000 for general Rural Center administration support and incorporates a Governor's recommended reduction of \$12,662.
- (3) Appropriates \$275,000 to the N.C. Association of Community Development Corporations and earmarks \$50,000 for a special project supporting grassroot economic development initiatives in distressed areas of eastern N.C. and \$25,000 for the Walnut Cove Colored School, Inc.
- (4) Appropriates an additional \$8 million to the Supplemental Funding program and expands the program's grant categories to include projects that demonstrate alternative waste management processes for local governments.
- (5) Provides \$200,000 for the Capacity Building Grants program.

# State Information Processing Services

**Statutory Authority:** G.S. 143B-472.44

The General Assembly created State Information Processing Services (SIPS) in 1983 to better manage the acquisition and use of information technology in state government. Originally a part of the Department of Administration, SIPS became a division of the Office of the State Controller in 1987. In 1997, the Governor signed Senate Bill 869, which transferred information technology services from OSC, including SIPS, to the Department of Commerce. The mission of SIPS is to (1) reduce unit cost of computing and telecommunications; (2) raise the level of technology available to all agencies; (3) improve information sharing among agencies; and (4) improve the information technology infrastructure for state government.

## GENERAL FUND

**FY 98-99**

**Total Budget Approved 1997 Session**

**\$271,530**

### Budget Changes

#### State Information Processing Services

##### 125 Shift General Fund Positions to Receipt Support

(\$271,530) R

Budget action shifts four positions designated for school technology assistance to receipt support.

-4.00

- (1) Application Analyst Program Specialist II
- (1) Office Assistant IV
- (2) Computer Consultant IV

##### 126 Continue and Expand N.C. Information Highway

\$6,143,160 NR

Provides nonrecurring funding for the following: 1) to purchase new equipment for certain existing information highway sites to utilize new technology that enables users to realize reduced monthly operating costs; and 2) to expand the number of sites receiving grants that subsidize monthly telecom charges incurred in accessing the information highway [SB 1366, Sec. 15.8].

Total Requirements \$10,140,689  
Receipts (3,997,529)

=====

Appropriation \$ 6,143,160

##### 127 Year 2000 Emergency Appropriation Legislation

\$0 NR

SL 1998-9 (SB 1193) appropriated \$20,506,367 to the Year 2000 Reserve Fund for the FY 1997-98 to cover costs of the Year 2000 conversion in General Fund and Highway Fund agencies. The legislation also authorizes the transfer of \$14,000,000 of receipts from State Information Processing Services to the Year 2000 Reserve Fund for Year 2000 related efforts [SB 1366, Sec. 15.7A].

**128 Highway Fund Transfer to Year 2000 Reserve Fund**

There is transferred \$6,840,630 from the Highway Fund to the Year 2000 Reserve Fund to partially fund Year 2000 remediation efforts in the Department of Transportation. This transfer is authorized in SL 1998-9 (SB 1193).

\$0 NR

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**Budget Changes**

**(\$271,530) R**

**\$6,143,160 NR**

Total Position Changes

-4.00

**Revised Total Budget**

**\$6,143,160**

---

## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: State Information Processing Services**

##### **Section 15.7**

##### **Title: Year 2000 Clarifications**

**Summary** Requires the Department of Commerce to maintain service rates at FY 1997-98 levels for at least six months for the purposes of building additional reserves for unexpected Year 2000 costs that may arise. If after six months the department determines that additional Year 2000 costs are not expected, service rates may be reduced upon authorization of the Information Management Resources Commission.

##### **Section 15.7A**

##### **Title: Year 2000 Reserve Fund**

**Summary** Modifies SL 1998-9 to clarify that the General Fund emergency appropriation to the Year 2000 Reserve Fund is to be used for remediation efforts in both General and Highway Fund agencies.

##### **Section 15.8**

##### **Title: North Carolina Information Highway**

**Summary** Prohibits the Department of Commerce from paying "Minimum Monthly Usage Charges" for NC Information Highway Services. The provision also requires the department to develop a technology "migration plan" for converting existing and proposed information highway sites to the H.320 international telecommunications standard.

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



# **TRANSPORTATION**

# Transportation

## Statutory Authority:

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.

### HIGHWAY FUND

FY 98-99

Total Budget Approved 1997 Session

\$1,144,625,737

#### Budget Changes

#### (0160) Management Assessment

##### 1 Increase Funds for Security Services

\$33,778 R

Provides additional funding to cover expenses associated with a new card key system. Expenses include cards, software changes to the system, and phone line charges.

#### (0220) MIS

##### 2 Hardware and Software for New Requirements

\$500,000 R

Provides funding for routine replacement of backbone computer equipment such as servers and routers. Also provides funding for a database modeling tool to predict and avoid system failures.

##### 3 Increase Payments to SIPS

\$6,000,000 R

Increases payments to SIPS to cover increased computer usage and to pay arrears.

\$4,000,000 NR

##### 4 Increase data communications capacity

\$800,000 R

Increases data lines to connect additional systems and provide increased data communications capacity.

\$500,000 NR

##### 5 Increase Contract Services for Technical Support

\$1,000,000 R

Provides information systems technical support for DOT users statewide.

##### 6 Liability Tracking and Enforcement System (LITES)

Increases budget for software development.

\$500,000 NR

##### 7 Contract Security for Raney Building

\$65,000 R

Provides 24-hour security for Raney Building which was recently renovated to house the MIS Division. Security services would be contracted.

(0240) General Services

**8 Increase Postage**

\$710,785 R

Increases funding for postage to cover increased mail volume and increased postal rates.

**9 Maintenance Funds for Raney Building**

\$109,751 R

Provides funds to maintain the Raney Building, which was recently renovated to house the MIS Division.

1.00

Salaries and Benefits: \$35,171

Janitorial: \$41,250

Utilities: \$21,000

Building Repairs: \$ 5,000

Uniforms: \$ 330

Materials and Supplies: \$ 1,000

Shop Supplies and Tools: \$ 5,000

Furniture and Equipment: \$ 1,000

(0520) Vehicle Registration

**10 License Plates and Stickers**

\$227,044 R

Provides additional funding for license plates and stickers.

**11 Hardware and Software for Liability Insurance Sys.**

\$5,000 R

Provides computer hardware and software for new liability insurance system.

\$197,596 NR

(0530) Driver Licensing

**12 Physician for Medical Evaluation Program**

\$93,513 R

Provides funds for additional physician to be hired by Department of Health and Human Services for the Medical Evaluation Program (SB 1366, Sec. 27.17).

(0550) Traffic Records

**13 Equipment and Operating Costs for Crash Reporting**

\$66,500 R

Provides for computer equipment and operating costs for the Crash Reporting System currently being developed.

\$385,000 NR

(5120) Construction, Secondary Roads

**14 Technical Adjustment to Secondary Roads Allocation**

(\$2,050,000) R

The allocation to secondary roads is determined by statute and is a function of gas tax revenues. Because revised gas tax revenue estimates are below the original forecasts, this technical adjustment should be made to the budget for secondary road allocations. Although the allocation for secondary roads will be less than originally projected for FY 1998-99, it represents an increase over FY 1997-98.

**(5240) Maintenance - Contract Resurfacing**

**15 Increase Funding for Contract Resurfacing**

Increases funding for contract resurfacing.

\$23,351,652 NR

**(5400) Capital Improvements**

**16 Provide Funding for Facility Improvements**

Funds 15 facility improvement projects around the State.

\$4,070,348 NR

Total Requirements: \$9,777,398

Total Receipts: \$5,707,050

Total Appropriation: \$4,070,348

**(5600) Federally Aided Construction**

**17 Reduce Funds for Federally Aided Construction**

(\$33,153,153) R

Eliminates Highway Fund match for federally aided construction projects. This amount would be replaced by funds transferred from the Highway Trust Fund to the Highway Fund.

**(5910) State Aid Municipalities**

**18 Technical Adjustment to Aid for Municipalities**

(\$2,050,000) R

The allocation to municipalities is determined by statute and is a function of gas tax revenues. Because revised gas tax revenue estimates are below the original forecasts, this technical adjustment should be made to the budget for aid to municipalities. Although the allocation for aid to municipalities will be less than originally projected for FY 1998-99, it represents an increase over FY 1997-98.

**(5970) Public Transportation**

**19 Additional Funds for Public Transportation**

Increase funding for public transit and rail programs:

\$13,400,000 NR

Public Transit: \$6,700,000

Rail: \$6,700,000

**(6220) Environment and Natural Resources**

**20 Decrease Statutory Allocation to LUST Trust Fund**

(\$189,000) R

Allocation to leaking underground storage tanks is determined by statute and is a function of gasoline inspection tax revenues. Because revised gas inspection tax revenue estimates are below the original forecasts, this technical adjustment should be made to the budget for leaking underground storage tank allocations. Although the allocation will be less than originally projected for FY 1998-99, it represents an increase over FY 1997-98.

(6240) Year 2000

**21 Transfer for Year 2000 Reserve**

Transfers \$6,840,630 to Commerce Year 2000 Reserve from funds appropriated for 1997-98 fiscal year. Contained in S.L. 1998-9 at Section 2.

\$0 NR

(6270) Crime Control and Public Safety

**22 Mobile Data Computers for Highway Patrol Troopers**

Provides funding for 234 mobile data computers for highway patrol cars.

\$2,249,812 NR

**23 Correction of Error in Calculating Performance Pay**

Provides funding for performance pay increases that were approved in the 1997 Session, but that were not budgeted due to departmental error in calculating benefits.

\$2,787,596 R

**24 Criminal Justice Information Network**

Funds third of four phases for Criminal Justice Information Network. Funds would be used for 38 transmitters in 23 counties, at a cost of \$75,000 per transmitter. Roughly \$500,000 in federal funds would also be provided for Phase 3 of the project.

\$2,406,611 NR

**25 Increase Salary Differential - First Sgt. & Lieut.**

Provides funds to the Highway Patrol to increase the salary differential between First Sergeants and Lieutenants from 5% to 10%.

\$162,956 R

**26 Funds for Additional Troopers**

Provides partial funding for 40 additional troopers to start December 1. In addition to this increased appropriation, the 40 new positions would be partially funded by \$943,325 in the existing budget of Crime Control and Public Safety generated by reallocation in the Department of 5 positions. The annualized recurring appropriation for this item is \$968,300.

\$403,900 R  
\$1,583,295 NR  
40.00

(6310) Dept. of Public Instruction

**27 Driver Education Program**

Payments from the Highway Fund to be transferred to the Department of Public Instruction for the Driver Education Program are adjusted down due to revised 9th grade ADM estimates.

(\$174,861) R

(6370) Transfer to Highway Trust Fund

**28 Transfer to Highway Trust Fund**

Discontinues transfer to Highway Trust Fund of money required by statute. These funds were originally made available from the retirement of Highway Fund bonds. As these bonds were paid off, money equal to the debt service on the bonds was paid to the Highway Trust Fund. The transfer would be discontinued for one year only (SB 1366, Sec. 27.2).

(\$38,000,000) NR

(6610) Employer Retirement Contribution

**29 Reduce Retirement Contribution**

Savings realized by a reduction of 0.73% in retirement rate contribution due to an actuarial gain. Nonrecurring reduction of \$3,612,248 in S.L. 1998-153 at Section 24.

\$0 NR

(6801) Legislative Salary Increase

**30 Funds for Legislative Increase**

Provides funding for a 1% cost of living adjustment, a 2% career growth recognition award, and a 1% bonus for Highway Fund employees. Recurring appropriation of \$12,000,000 and nonrecurring appropriation of \$4,000,000 contained in S.L. 1998-153 at Section 24.

\$0 R  
\$0 NR

(6803) DMV Equity Pay Adjustments

**31 Reserve for Pay Equity Plan for DMV Enforcement**

Provides funds to adjust salaries of DMV Enforcement Officers to achieve equity with respect to other state law enforcement agencies (SB 1366, Sec. 27.9).

\$3,390,708 R

(6813) Vehicle Seizure Notification

**32 Reserve for Notification of Vehicle Seizures**

Creates a reserve to fund notification efforts by a state agency when vehicles are seized under HB 1496/SB 1336 (Governor's DWI amendments.)

\$29,182 R  
\$82,868 NR

(6814) Wastewater Management

**33 Compliance with Stormwater Discharge Permit**

Provides funding so that the Department of Transportation can comply with the stormwater discharge permit issued by the Department of Environment and Natural Resources.

\$500,000 R

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**Budget Changes**

(\$20,731,301) R

\$14,727,182 NR

Total Position Changes

41.00

**Revised Total Budget**

**\$1,138,621,618**

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## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: Transportation**

##### **Section 27**

**Title:** Design-build Transportation Construction Contracts Authorized

**Summary** Allows DOT to award three contracts on a design-build basis. Prior to enactment of this law, bids for construction projects can be solicited only after the designs for the projects have been completed. This provision allows DOT to award a project before the beginning of the design phase to a firm that would both design and construct the project.

##### **Section 27.2**

**Title:** Discontinue Bond Retirement Transfer

**Summary** Allows \$38 million transfer from the Highway Fund to the Highway Trust Fund to be discontinued for one year con. This transfer was established as a funding source for the Highway Trust Fund, and it is related to the retirement of debt service on Highway Fund bonds.

##### **Section 27.3**

**Title:** Federal Funds for Public Transportation Improvements

**Summary** Clarifies intent of the General Assembly in a special provision from last year. This clarifying change would ensure that \$10 million in federal funds could be used for public transportation in each year of the biennium.

##### **Section 27.4**

**Title:** Cash Flow Highway Fund and Highway Trust Fund Appropriations

**Summary** Changes boilerplate special provision from 1997 to reflect increased revenue forecasts. This boilerplate language allows DOT to anticipate revenue in future years for the purpose of budgeting multi-year road construction projects.

##### **Section 27.5**

**Title:** Outdoor Advertising Just Compensation Sunset Extended

**Summary** Extends until June 30, 2002, the sunset on the law requiring that local governments provide "just compensation" when requiring owners to move billboards adjacent to federally-aided highways. If this sunset is not extended, North Carolina risks losing 10% of its federal aid. House budget extends sunset for 2 years.



**Section 27.6**

**Title:** Payments to Contract Agents for Collecting Emission Control Civil Penalties and for Making Sales of Inspection Stickers to Licensed Inspection Stations, and a Technical Change to a Related Statute

**Summary** Compensates tag agents for collecting emissions control penalties, and for providing inspection stickers to inspection stations. Funds for these payments would come from either an emissions program special fund, or from funds available to DMV.

**Section 27.7**

**Title:** Reopen State Highway in Bertie County

**Summary** Restates authority that DOT already has to reopen State Highway 1109 in Bertie County.

**Section 27.8**

**Title:** Branded Title Clarification

**Summary** Special provision makes clarifying and technical changes to a special provision passed last year, that would limit anti-theft inspections of totalled vehicles to those vehicles that were less than six years old. The provision passed last year had two unintended consequences: 1) All older, totalled vehicles were required to be branded (rather than those where the value of repairs was more than 75% of the wholesale value), and 2) the age threshold for anti-theft inspections was seven years or less (rather than six years or less). This provision corrects the first of these unintended consequences, but leaves the second in place; inspections would only be conducted on vehicles six years old or less. The provision also makes failure to disclose that a vehicle is a flood vehicle or that it has been reconstructed or salvaged a Class 2 misdemeanor, regardless of how old the vehicles is. Currently, this penalty applies only in transactions with vehicles that are five years old or less. Finally, the provision requires Transportation Oversight to study branded titles, antitheft inspections and damage disclosures.

**Section 27.9**

**Title:** DMV Enforcement Section Pay Equity Plan Limitations

**Summary** Ensures that the DMV enforcement pay equity plan would be consistent with Office of State Personnel policy. Requires plan to be approved by State Personnel, and reported to Transportation Oversight and Governmental Operations.

**Section 27.10**

**Title:** Performance Audit of Public Transportation and Rail Divisions

**Summary** Requires Auditor to conduct a performance audit of public transportation and rail divisions.

**Section 27.12**

**Title:** Regional Transportation Committee of Centralina Council of Governments Funds

**Summary** Funds a regional transportation study for the Centralina Council of Governments. This COG covers the counties of Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly and Union.

**Section 27.13**

**Title:** Joint Legislative Transportation Oversight Committee to Study Nonbetterment Utility Relocation Costs

**Summary** Requires Transportation Oversight to study the statutory requirement that the Department of Transportation pay for the relocation of water and sewer lines in State highway rights of way.

**Section 27.15**

**Title:** Blue Ribbon Transportation Finance Study Commission

**Summary** Establishes a Blue Ribbon Commission to study Trust Fund legislation, maintenance needs, current revenue sources for transportation programs, funding sources for public transportation, transfers from the Highway Fund to General Fund agencies and other issues related to transportation finance.

**Section 27.16**

**Title:** Medium Custody Road Crew Compensation

**Summary** Requires that any amount above \$6.5 million billed to DOT by Corrections for medium custody road crews would be subject to negotiation among DOT, the Department of Corrections, and the Budget Office.

**Section 27.17**

**Title:** DMV Medical Evaluation Program Enhancement Funds

**Summary** Specifies uses of funds appropriated for DMV Medical Evaluation Program. Funds will be used for an additional Public Health Physician II.

**Section 27.18**

**Title:** Disclosure of Personal Information in Motor Vehicle Records

**Summary** Prohibits DMV from disclosing personal information in motor vehicle records to marketers. Provision expires January 1, 2000.

**STATEWIDE RESERVES/  
DEBT SERVICE**

# Statewide Reserves

Statutory Authority:

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$560,338,347

## Budget Changes

<b>1 Salary Compensation Reserves</b>		<b>\$343,271,828</b>	<b>R</b>
Public Schools			
Raise Average Teacher Salary	\$192,943,537		
Principals & Asst. Principals	\$ 18,437,996		
Other Public School Employees	\$ 24,552,564		
Subtotal	\$235,934,097		
Community Colleges	\$ 14,641,536		
University Employees			
EPA Employees	\$ 26,948,463		
School of Science & Math	\$ 212,953		
Subtotal	\$ 27,161,416		
SPA Employees			
University SPA Employees	\$ 12,368,250		
Agency & Department SPA	\$ 43,089,837		
Subtotal	\$ 55,458,087		
Other State Employees	\$ 7,912,764		
Agency Teachers	\$ 2,163,928		
Recurring appropriation of \$343,271,828 in S.L. 1998-153 at Section 23.			
<b>2 Reserve for 1% Compensation Bonus</b>			
Nonrecurring appropriation for \$43,171,138 contained in S.L. 1998-153 at Section 23.		<b>\$43,171,138</b>	<b>NR</b>
<b>3 Reduce Funds for Retirement Rate Adjustment</b>			
Due to Actuarial Gains in the Teacher's and State Employees Retirement System. Nonrecurring reduction of \$42,909,070 in S.L. 1998-153 at Section 23.		<b>(\$42,909,070)</b>	<b>NR</b>
<b>4 Reduce Funds for Retirement Rate Adjustment</b>			
Due to actuarial gains in the Consolidated Judicial Retirement System. Nonrecurring reduction of \$1,472,800 in S.L. 1998-153 at Section 23.		<b>(\$1,472,800)</b>	<b>NR</b>

<b>5 Debt Service</b>	(\$9,661,426)	R
Reduction due to revised requirements for principal and interest payments	(\$4,518,148)	NR
<b>6 Reserve for Juvenile Justice Initiative</b>	\$4,133,295	R
A special provision in SB 1366 contains appropriation detail (SB 1366 Sec. 8.1).	\$13,214,192	NR
<hr/>		
<b>Budget Changes</b>	<b>\$337,743,697</b>	<b>R</b>
	<b>\$7,485,312</b>	<b>NR</b>
Total Position Changes		
<b>Revised Total Budget</b>	<b>\$905,567,356</b>	
<hr/>		

## **Special Provisions:**

**1998 Session: Senate Bill 1366**

### **Department: Statewide Reserves**

#### **Section 8.1**

**Title:** Reserve for Juvenile Justice Initiative

**Summary** Establishes a reserve in the Office of State Budget and Management entitled the "Juvenile Justice Reserve Fund". This reserve is to provide funds to implement the recommendations of the Governor's Commission on Juvenile Crime and Justice, which is established in ratified Senate Bill 1260 of the 1997 General Assembly and entitled "Juvenile Justice Reform Act". The allocation of the seventeen million three hundred forty-seven thousand four hundred eighty seven dollars (\$17,347,487) is specifically laid out in Section 8.1 of Senate Bill 1366.

The provision establishes the Office of Juvenile Justice under the auspices of the Governor's Office. The provision also includes reporting requirements on selecting sites for training school beds; the need for residential treatment programs; and a list of grant recipients from the Juvenile Justice Reserve Fund.

# **CAPITAL IMPROVEMENTS**



## Capital

GENERAL FUND

FY 98-99

### Administration

#### 1 Reserve for Land Acquisition

Funds to purchase land in State Government Complex.

\$500,000 NR

#### 2 Reserve for State Veterans Nursing Home-Salisbury

Renovation of a 100-bed nursing care unit. \$1,000,000 nonrecurring appropriation enacted in S.L. 1998-166.

\$1,000,000 NR

### Agriculture and Consumer Services

#### 3 N.C. State Fair

Conservation Education Center-Design.

\$500,000 NR

#### 4 Eastern Agriculture Center

Funds for continued development including Parking, Paving, and a Covered Walkway.

\$1,775,000 NR

#### 5 Southeastern Farmers Market and Agriculture Center

Continued Development.

\$500,000 NR

#### 6 Umstead Farm Unit

Authorizes the department to use timber receipts for FY 98-99 for the construction of nutrition and animal care facilities at the Umstead Farm Unit in Butner (SB 1366 Sec. 29.5).

Total Requirements	\$533,000
Less Receipts	(533,000)
<hr/>	
Appropriation	\$ 0

#### 7 Multi-Purpose Building/State Fairgrounds

Completes design and site development.

\$3,000,000 NR

#### 8 Cattle and Livestock Exposition Center, Iredell County

Funds for initial construction phase.

\$6,000,000 NR

#### 9 Center for Environmental Farming/Cherry Farm

Planning and development funds for center at Cherry Farm in Goldsboro.

\$600,000 NR

## Commerce

### 10 Wanchese Seafood Industrial Park

Construction of new meeting and office space and renovation of existing meeting and office facilities.

\$250,000 NR

## Community Colleges

### 11 Fayetteville Technical Community College

Funds to construct the Model Early Childhood Education Center.

\$3,000,000 NR

### 12 Yadkin County Satellite - Surry County Community College

\$1,500,000 NR

### 13 Franklin County Satellite - Vance-Granville Community College

\$1,000,000 NR

### 14 Blue Ridge Community College

\$2,000,000 NR

### 15 Center for Applied Textile Technology

Center for Applied Textile Technology Lab and Administration Building construction.

\$2,000,000 NR

## Correction

### 16 Central Prison-Acute Care Hospital

Design of a new 90-bed facility.

\$2,500,000 NR

## Cultural Resources

### 17 Museum of Art-Expansion and Renovation

Design funds for expansion and renovation.

\$2,400,000 NR

### 18 Museum of the Albemarle-New Building

Site development and construction.

\$7,000,000 NR

## Environment and Natural Resources

### 19 Construction/Renovation of Aquarium

Roanoke Island facility construction cost supplement.

\$2,000,000 NR

### 20 Central Piedmont Aquarium

Planning.

\$500,000 NR

### 21 Detoxification of PCB Landfill in Warren County

Funds are to be used for the detoxification of the Warren County PCB Landfill (SB 1366, Sec. 29.9).

\$2,000,000 NR

## Capital

**22 Construction of County Forestry Headquarters**

Facilities are to be constructed in Moore and Sampson counties.

\$700,000 NR

**23 State Match-Water Resources Projects**

Funds for the state share of federal civil works projects (SB 1366, Sec. 29.8). \$5,350,000 appropriation enacted in Sec. 5(a) of SL 1998-166.

\$7,300,000 NR

**24 Channel Widening/Deepening-Wilmington Port**

To improve navigation for shipping terminals and industries. \$4,800,000 nonrecurring appropriation enacted in S.L. 1998-166.

\$4,800,000 NR

**25 Land Acquisition-Jocassee Lake-Transylvania County**

Purchase land adjacent to Jocassee Lake to be preserved as a park, recreational, and scenic areas.

\$5,000,000 NR

**26 Museum of Natural Science**

Exhibits.

\$1,000,000 NR

**Health and Human Services**

**27 Eastern School for the Deaf**

Construction of 11,000 sq. ft. Independent Living Complex in Wilson.

\$1,040,000 NR

**28 Cherry Hospital/Children and Youth Facility**

Replace an existing building which no longer meets federal standards.

\$5,000,000 NR

**29 New Whitaker School-Planning**

Planning funds for replacement of the Whitaker School facility (SB 1366, Sec. 29.5C).

\$250,000 NR

**30 Eastern Vocational Rehabilitation Facility/Goldsboro**

Purchase an existing building for the expansion of the Traumatic Brain Injured Program.

\$300,000 NR

**31 Dorothea Dix Hospital**

Dix Psychiatric Hospital planning (SB 1366, Sec. 29.5B).

\$2,000,000 NR

**State Ports**

**32 Reserve for Continued Development of State Ports**

Continued development of the Morehead and Wilmington Ports.

\$5,750,000 NR

**University of North Carolina-Board of Governors**

**33 UNC - Wilmington**

School of Education Building - planning.

\$1,775,000 NR

<b>34 Land Acquisition</b>		
Reserve to acquire land for university campuses as land becomes available.	\$4,750,000	NR
<b>35 East Carolina University</b>		
Science Laboratories and Technology Building-Site Development.	\$3,200,000	NR
<b>36 East Carolina University</b>		
Multi-Purpose Center-Matching Funds.	\$2,000,000	NR
<b>37 Elizabeth City State University</b>		
To complete Fine Arts and Mass Communications Building.	\$948,600	NR
<b>38 Fayetteville State University</b>		
Fine Arts and General Classroom Facility-Site Development.	\$1,000,000	NR
<b>39 North Carolina A&amp;T State University</b>		
Campus Security Improvements.	\$1,450,000	NR
<b>40 North Carolina A&amp;T State University</b>		
General Classroom and Laboratory Building Complex #1.	\$3,000,000	NR
<b>41 North Carolina Central University</b>		
Health and Safety Repairs and Renovations.	\$2,000,000	NR
<b>42 School of the Arts</b>		
Basic Education Complex-Planning.	\$800,000	NR
<b>43 School of the Arts</b>		
Filmmaking Office/Classroom Post Production Complex.	\$300,000	NR
<b>44 North Carolina State University</b>		
Polk House-Funds to relocate and renovate.	\$200,000	NR
<b>45 UNC-Asheville</b>		
Highsmith Center renovation and addition.	\$1,000,000	NR
<b>46 UNC-Chapel Hill</b>		
R.B. House Library-Renovation.	\$9,332,700	NR
<b>47 UNC-Asheville</b>		
Justice Center Gymnasium partial renovation.	\$500,000	NR

<b>48 UNC-Chapel Hill</b>	Medical Biomolecular Research Complex. Funds to match self-liquidating appropriations to begin construction of a multi-phase facility.	\$6,000,000	NR
<b>49 UNC-Chapel Hill</b>	Paul Green Theater completion.	\$1,000,000	NR
<b>50 UNC-Chapel Hill</b>	Planning for additional renovations of Memorial Hall-Planning.	\$1,000,000	NR
<b>51 UNC-Charlotte</b>	Academic Facilities-Humanities-Site Development and Construction.	\$12,000,000	NR
<b>52 UNC-Greensboro</b>	Science Instructional Building-Site Development.	\$3,850,000	NR
<b>53 UNC-Pembroke</b>	Regional Center for Economic, Professional and Community Development-Planning.	\$700,000	NR
<b>54 Western Carolina University</b>	Fine and Performing Arts Center-Site Development.	\$2,500,000	NR
<b>55 Winston-Salem State University</b>	Computer Science Facility-Planning.	\$700,000	NR
<b>56 Add't and Renovation Knapp Bldg (IOG)/UNC</b>	Completes renovation and additions to the Knapp Building (IOG).	\$6,570,600	NR
<b>57 UNC-Public Television</b>	Advanced Planning-Conversion to Digital TV.	\$1,100,000	NR
<b>58 North Carolina State University</b>	Upfit and Equip Center for Marine Science and Technology Building CMAST.	\$2,400,000	NR
<b>59 North Carolina State University</b>	Engineering Instructional Facility-Advanced Planning.	\$5,000,000	NR
<b>60 North Carolina State University</b>	College of Veterinary Medicine - advance planning for addition.	\$2,000,000	NR
<b>61 North Carolina State University</b>	Toxicology Building-Construction.	\$13,806,100	NR

<b>62 North Carolina State University</b>		
Undergraduate Teaching Laboratories-planning.	\$4,500,000	NR
<b>63 Appalachian State University</b>		
Addition/Renovation of Rankin Science Building.	\$6,276,500	NR
<b>64 Technology Infrastructure</b>		
Funds to Begin a Multi-Phase Systemwide Technology Upgrade Project.	\$10,875,000	NR
<hr/>		
<b>Revised Total Budget</b>	<b>\$185,699,500</b>	<b>NR</b>
<hr/>		

## **Special Provisions:**

### **1998 Session: Senate Bill 1366**

#### **Department: Capital**

##### **Section 29.1**

**Title:** Expenditure of Funds From Reserve for Repairs and Renovations

**Summary** Designates that of the funds in the Reserve for Repairs and Renovations for the 1998-99 fiscal year that 46% shall be allocated to the Board of Governors of the University of North Carolina, and 54% shall be allocated to the Office of State Budget and Management for repairs and renovations. Requires that the Board of Governors and the Office of State Budget and Management shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division, for their review, the proposed allocation of these funds.

##### **Section 29.2**

**Title:** UNC Repairs and Renovations

**Summary** Allows that the UNC Board of Governors may allocate up to ten million dollars (\$10,000,000) of its funding from the Reserve for Repairs and Renovations for improvements to the technology infrastructure on the campuses of the 16 constituent institutions.

##### **Section 29.3**

**Title:** Historic Sites Repairs and Renovations Funds

**Summary** Allows the Office of State Budget and Management to allocate funds in this act to make needed repairs and renovations at State Historic Sites. Also establishes a Historic Sites Repairs and Renovations Review Committee. The Office of State Budget and Management shall report its proposal for funding of these projects to the Committee for its review prior to the final submittal to the Joint Legislative Commission on Governmental Operations.

##### **Section 29.4**

**Title:** State Capital and Visitor's Center Site

**Summary** Designates property bounded by Blount Street, Edenton Street, Person Street, and Jones Street as the site of the new State Capital and Visitor Center.

##### **Section 29.5**

**Title:** Timber Receipts for Capital Construction

**Summary** Allows the transfer of five hundred thirty-three thousand dollars (\$533,000) from the Department of Agriculture and Consumer Services' timber sales capital improvement account to the Department of Agriculture and Consumer Services for the 1998-1999 fiscal year for construction of nutrition and animal care facilities at the Umstead Farm Unit in Butner.



Section 29.5B

Title: Funds for Dorothea Dix Hospital Design

Summary Allows that of the funds appropriated to the Department of Health and Human Services that the sum of two million dollars (\$2,000,000) for the 1998-99 fiscal year shall be allocated for planning and general design of a new Dorothea Dix Hospital. Also, a study is to be completed studying the costs of construction and operation of a new facility compared to the cost of redesigning and long-term operations of other State psychiatric hospitals.

Section 29.5C

Title: Whitaker School Planning Funds

Summary Allows that of the funds appropriated in this act to the Department of Health and Human Services, the sum of two hundred fifty thousand dollars (\$250,000) for the 1998-1999 fiscal year shall be used to plan and design a replacement facility for the Whitaker School reeducation facility for behaviorally and emotionally disturbed youth.

Section 29.6

Title: South Broad Park Lake and Water Conservation Fund Conversion

Summary Allows that lands purchased by the State to establish a new State park in Transylvania County shall be used as replacement property to fulfill the requirements of the federal Land and Water Conservation Fund for the conversion of land within South Broad Park in Brevard to a use other than outdoor recreation. Transylvania County may use the lands in South Broad Park for library purposes.

Section 29.8

Title: Water Resources Development Project Funds

Summary Allocates funds for water resource development projects. Detailed list is shown under Department of Environment and Natural Resources.

Section 29.9

Title: Warren County PCB Landfill Detoxification Funds

Summary *Directs the Director of the State Budget to place the two million dollars (\$2,000,000) appropriated in this act into a nonreverting reserve to be used by the Department of Environment and Natural Resources for the detoxification of the Warren County polychlorinated biphenyl (PCB) landfill. Any funds remaining in the reserve at the conclusion of the detoxification of the landfill shall be transferred to the Department of Commerce to be used for economic development in Warren County or Warren County's infrastructure needs, or both.*

Section 29.10

Title: Global Transpark Funds

Summary Allows that notwithstanding any other provision of law that the Director of the State Budget may identify resources up to seven million three hundred twenty-five thousand dollars (\$7,325,000) from the General Fund to match federal funds available to the Global Transpark for development.

**Section 29.11**

**Title:** Capital Improvement Projects/Supplemental Funding Approval/Reporting Requirement

**Summary** Directs that each department receiving capital improvement appropriations from the Highway Fund under this act shall report quarterly to the Director the State Budget on the status of these projects. Capital projects authorized in this act and have not been placed under contract for construction due to insufficient funds may be supplemented with funds identified by the Director of the State Budget.

**Section 29.12**

**Title:** Relocate Global TransPark Authority

**Summary** Directs that from funds available to the North Carolina Global TransPark Authority, they shall relocate their administrative offices from Raleigh to the site of the TransPark in Kinston.

**Section 29.14**

**Title:** UNC Agriculture Research Facilities

**Summary** Allows the UNC Board of Governors may use up to one million five hundred thousand dollars (\$1,500,000) for development of replacement facilities from the North Reedy Creek farm site in Wake County and associated expenses to a newly acquired site in Wake County.

**Section 29.17**

**Title:** Aquarium Construction Funds

**Summary** Allows that at such time as sufficient lapsed salary funds have accrued to the General Fund, the Director of the State Budget shall certify that the sum of thirty million dollars (\$30,000,000) be allocated to the Department of Environment and Natural Resources for the renovation and construction of the State aquariums at Pine Knoll Shores and Fort Fisher.

# **SALARIES AND BENEFITS**

## SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE

### A. SALARY INCREASES

**General Salary Increase** – The 1998 Short Session of the General Assembly enacted the following General Fund and Highway Fund appropriations to provide salary increases effective July 1, 1998 for employees paid from State funds:

	1998-99
General Fund (Recurring)	\$343,271,828
General Fund (Non-recurring)	\$43,171,138
Highway Fund (Recurring)	\$12,000,000
Highway Fund (Non-recurring)	\$4,000,000
<b>TOTAL</b>	<b>\$386,442,966</b>

### B. SPECIFIED SALARY INCREASES

#### GOVERNOR

- (1) The 1998 Short Session of the General Assembly authorized a 3% salary increase for the Governor from \$107,132 to \$110,346, effective July 1, 1998.

#### COUNCIL OF STATE

- (2) The 1998 Short Session of the General Assembly authorized a 3% salary increase for members of the Council of State, effective July 1, 1998.

Council of State	1998-99
Lieutenant Governor	\$97,388
Attorney General	97,388
Secretary of State	97,388
State Treasurer	97,388
State Auditor	97,388
Superintendent of Public Instruction	97,388
Agriculture Commissioner	97,388
Insurance Commissioner	97,388
Labor Commissioner	97,388

#### GOVERNOR'S CABINET

- (3) The 1998 Short Session of the General Assembly authorized a 3% salary increase for members of the Governor's cabinet, effective July 1, 1998.

<b>Cabinet</b>	<b>1998-99</b>
Secretary of Administration	\$95,149
Secretary of Correction	95,149
Secretary of Cultural Resources	95,149
Secretary of Commerce	95,149
Secretary of Environment and Natural Resources	95,149
Secretary of Health and Human Services	95,149
Secretary of Revenue	95,149
Secretary of Transportation	95,149
Secretary of Crime Control & Public Safety	95,149

#### **CERTAIN EXECUTIVE OFFICIALS**

- (4) The 1998 Short Session of the General Assembly authorized a 3% salary increase for certain executive officials effective, July 1, 1998.

<b>Officials</b>	<b>1998-99</b>
Chairman, Alcoholic Beverage Control	\$86,602
State Controller	121,199
Commissioner of Motor Vehicles	86,602
Commissioner of Banks	97,389
Chairman, Employment Security Commission	121,046
State Personnel Director	95,149
Chairman, Parole Commission	79,078
Members of the Parole Commission	73,008
Chairman of the Utilities Commission**	98,460
Commissioners of the Utilities Commission	97,388
Executive Director, Agency for Public Telecommunication	73,008
General Manager, Ports Railway Commission	65,925
Director, Museum of Art	88,739
Executive Director, Wildlife Resources Commission**	74,746
Executive Director, North Carolina Housing Finance Authority	107,179
Executive Director, North Carolina Agricultural Finance Authority	84,294

\*\* Effective November 1, 1998, the salary of the Chairman of the Utilities Commission was increased from \$98,460 to \$108,459 and the salary of the Executive Director, Wildlife Resources Commission is to be set by the Wildlife Resources Commission in an amount at least equal to the salary of the Director of the Division of Marine Fisheries.

#### **JUDICIAL PERSONNEL**

- (5) The 1998 Short Session of the General Assembly authorized a 3% salary increase for officials of the Judicial System, effective July 1, 1998.

	<b>1998-99</b>
Chief Justice, Supreme Court	\$110,346
Associate Justice, Supreme Court	107,463
Chief Judge, Court of Appeals	104,776
Judge, Court of Appeals	102,985
Judge, Senior Regular Resident Superior Court	100,187
Judge, Superior Court	97,388

Chief Judge, District Court	88,433
Judge, District Court	85,635
District Attorney	90,224
Administrative Officer of the Courts	100,187
Assistant Administrative Officer of the Courts	84,134
Public Defender	90,224

**Superior Court Clerks 1998-99**

Less than 100,000	\$64,556
100,000 to 149,999	72,515
150,000 to 249,999	80,474
250,000 and above	88,433

- (6) The 1998 Short Session of the General Assembly authorized a 3% increase in the average salaries of assistant district attorneys and assistant public defenders effective July 1, 1998. The General Assembly authorizes District Attorneys and Public Defenders (with the approval of the Administrative Officer of the Courts) to set the average salaries of assistant district attorneys or assistant public defenders within their judicial districts such that the maximum salary does not exceed \$55,500 nor the minimum salary fall below \$28,334. The assistant district attorneys and assistant public defenders also received a bonus of 1% of their annual salary.
- (7) The 1998 Short Session of the General Assembly authorized a 3% salary increase for, effective July 1, 1998, for Assistant and Deputy Clerks of Court in addition to the step increases associated with their respective pay plans. The Assistant and Deputy Clerks of Court also received a bonus of 1% of their annual salary.

**1998-99**

**Assistant Superior Court Clerks and Head Bookkeeper**

Minimum	\$24,122
Maximum	42,710

**Deputy Superior Court Clerks**

Minimum	\$19,286
Maximum	32,899

**MAGISTRATES**

- (8) The salary schedule for full-time magistrates is as follows:

**1998-99**

Entry Rate	\$24,471
Step 1	26,927
Step 2	29,600
Step 3	32,516
Step 4	35,711
Step 5	39,222
Step 6	43,083

Magistrates who were serving on June 30, 1994, but whose salaries were below the Entry Rate as of that date, will continue to move up the salary schedule according to the following schedule:

3 or more but less than 5 years of service	\$22,273
--	----------

Magistrates not scheduled to receive a step increase in 1998-99 will receive a 3% across-the-board salary increase. Magistrates also received a bonus of 1% of their annual salary.

#### **LEGISLATORS**

- (9) The 1998 Short Session of the General Assembly did not provide any salary increase for members of the General Assembly upon the convening of the 1999 Regular Session of the General Assembly.

#### **SALARY INCREASES FOR LEGISLATIVE PRINCIPAL CLERKS, SERGEANTS-AT-ARMS, AND READING CLERKS**

- (10) The annual salaries of the Principal Clerks in the House of Representatives and Senate were increased by 3% from \$59,861 to \$61,657 effective July 1, 1998 and from \$61,657 to \$81,696 effective November 1, 1998. The Principal Clerks also received a bonus of 1% of their annual salary. The salaries of the Sergeants-At-Arms and the Reading Clerks in the House of Representatives and the Senate were increased by 3% from \$258 per week \$266 per week effective July 1, 1998.

#### **C. GENERAL SALARY INCREASES**

- (1) **State Comprehensive Pay Plan for Employees Whose Salaries are Set in Accordance with the State Personnel Act** -- The 1998 Short Session of the General Assembly funded the Comprehensive Compensation System (State Employee's Pay Plan) that was adopted during the 1994 Session of the General Assembly. The 1998 General Assembly funded the Cost-of-Living Adjustment at 1%, the Career Growth Development component at 2% and the Performance Bonus at 1% effective July 1, 1998. Employees at the top of their pay range who would otherwise be ineligible for career development money will receive a 2% bonus.
- (2) **Employees Whose Salaries are Not Set in Accordance with the State Personnel Act** -- The 1998 Short Session of the General Assembly increased the salaries 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 3%, effective July 1, 1998. These employees also received a bonus of 1% of their annual salary.
- (3) **Employees of the University System Exempt from the State Personnel Act** -- The 1998 Short Session of the General Assembly authorized funds for an average annual salary increase of 3%, effective July 1, 1998, for employees of the University of North Carolina System whose salaries are not set in accordance with the State Personnel Act, to be awarded to individuals based on rules adopted by the Board of Governors. These employees were also eligible to receive a bonus of 1% of their annual salary.
- (4) **Community College Institutional Personnel** -- The 1998 Short Session of the General Assembly authorized funds for an average annual salary increase of 3%, effective July 1, 1998, for community college institutional personnel whose salaries are



not set in accordance with the State Personnel Act, to be awarded to individuals based on guidelines established by the State Board of Community Colleges. These employees were also eligible to receive a bonus of 1% of their annual salary.

- (5) **Salary Adjustment Fund** – The 1998 Short Session of the General Assembly authorized the use of funds appropriated for legislative increases, but not required for that purpose to supplement the Salary Adjustment Fund.

- (6) **Employees of the Public Schools –**

(a) **Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, Evaluators and Program Administrators** – The 1998 Short Session of the General Assembly appropriated funds for an average annual salary increase of 3%, effective July 1, 1998, for Superintendents, Assistant Superintendents, Associate Superintendents, Directors/Coordinators, Supervisors and Finance Officers. These employees also received a bonus of 1% of their annual salary.

The following monthly salary ranges apply to public school superintendents for the 1998-99 fiscal year:

Superintendent I (Up to 2,500 ADM):	\$4,065 - \$6,941
Superintendent II (2,501 - 5,000 ADM):	4,315 - 7,364
Superintendent III (5,001 - 10,000 ADM):	4,578 - 7,815
Superintendent IV (10,001 - 25,000 ADM):	4,859 - 8,293
Superintendent V (Over 25,000 ADM):	5,157 - 8,801

The salary ranges for central office administrators follows:

School Administrator I	\$2,846 - \$4,857
School Administrator II	3,021 - 5,155
School Administrator III	3,206 - 5,471
School Administrator IV	3,335 - 5,692
School Administrator V	3,469 - 5,923
School Administrator VI	3,681 - 6,286
School Administrator VII	3,830 - 6,540

- (b) **Principals and Assistant Principals** – The 1998 Regular Session of the General Assembly appropriated funds which provided average annual salary increases ranging from between 4% to 11% for Principals and Assistant Principals, effective July 1, 1998. The 1998 General Assembly continued the additional 1% increase for Principals and Assistant Principals whose schools meet or exceed the projected levels of improvement in student performance in accordance with the ABC's of Public Education Program. The 1998 General Assembly continued the additional 1% increase for Principals and Assistant Principals whose schools meet the objectively measurable goals (set by local boards) for maintaining a safe and orderly school. Principals and Assistant Principals whose schools meet both criteria will receive the base pay plus 2% for 1998-99.

The following schedule outlines the base pay and additional 1% and 2% pay for Principals and Assistant Principals for the 1998-99 fiscal year:

**ASST. PRIN.**

**PRINCIPAL I**

Step	Base	+1%	+2%	Base	+1%	+2%
4	\$2,873	\$2,902	\$2,930	—	—	—
5	2,983	3,013	3,043	—	—	—
6	3,033	3,063	3,094	—	—	—
7	3,085	3,116	3,147	—	—	—
8	3,137	3,168	3,200	\$3,137	\$3,168	\$3,200
9	3,190	3,222	3,254	3,190	3,222	3,254
10	3,242	3,274	3,307	3,242	3,274	3,307
11	3,296	3,329	3,362	3,296	3,329	3,362
12	3,351	3,385	3,418	3,351	3,385	3,418
13	3,409	3,443	3,477	3,409	3,443	3,477
14	3,466	3,501	3,535	3,466	3,501	3,535
15	3,525	3,560	3,596	3,525	3,560	3,596
16	3,586	3,622	3,658	3,586	3,622	3,658
17	3,646	3,682	3,719	3,646	3,682	3,719
18	3,709	3,746	3,783	3,709	3,746	3,783
19	3,773	3,811	3,848	3,773	3,811	3,848
20	3,839	3,877	3,916	3,839	3,877	3,916
21	3,907	3,946	3,985	3,907	3,946	3,985
22	3,973	4,013	4,052	3,973	4,013	4,052
23	4,042	4,082	4,123	4,042	4,082	4,123
24	4,113	4,154	4,195	4,113	4,154	4,195
25	4,184	4,226	4,268	4,184	4,226	4,268
26	4,258	4,301	4,343	4,258	4,301	4,343
27	4,333	4,376	4,420	4,333	4,376	4,420
28	4,410	4,454	4,498	4,410	4,454	4,498
29	4,487	4,532	4,577	4,487	4,532	4,577
30	4,577	4,623	4,669	4,577	4,623	4,669
31	\$4,669	\$4,716	\$4,762	\$4,669	\$4,716	\$4,762
32	—	—	—	4,762	4,810	4,857

Step	PRIN. II			Base	PRIN. III	
	Base	+1%	+2%		+1%	+2%
10	\$3,296	\$3,329	\$3,362	—	—	—
11	3,351	3,385	3,418	—	—	—
12	3,409	3,443	3,477	\$3,466	\$3,501	\$3,535
13	3,466	3,501	3,535	3,525	3,560	3,596
14	3,525	3,560	3,596	3,586	3,622	3,658
15	3,586	3,622	3,658	3,646	3,682	3,719
16	3,646	3,682	3,719	3,709	3,746	3,783
17	3,709	3,746	3,783	3,773	3,811	3,848
18	3,773	3,811	3,848	3,839	3,877	3,916
19	3,839	3,877	3,916	3,907	3,946	3,985
20	3,907	3,946	3,985	3,973	4,013	4,052
21	3,973	4,013	4,052	4,042	4,082	4,123
22	4,042	4,082	4,123	4,113	4,154	4,195
23	4,113	4,154	4,195	4,184	4,226	4,268
24	4,184	4,226	4,268	4,258	4,301	4,343
25	4,258	4,301	4,343	4,333	4,376	4,420
26	4,333	4,376	4,420	4,410	4,454	4,498

27	4,410	4,454	4,498	4,487	4,532	4,577
28	4,487	4,532	4,577	4,577	4,623	4,669
29	4,577	4,623	4,669	4,669	4,716	4,762
30	4,669	4,716	4,762	4,762	4,810	4,857
31	4,762	4,810	4,857	4,857	4,906	4,954
32	4,857	4,906	4,954	4,954	5,004	5,053
33	4,954	5,004	5,053	5,053	5,104	5,154
34	5,053	5,104	5,154	5,154	5,206	5,257
35	--	--	--	5,257	5,310	5,362
36	--	--	--	5,362	5,416	5,469

Step	PRIN. IV			Base	PRIN. V		
	Base	+1%	+2%		+1%	+2%	
13	\$3,586	\$3,622	\$3,658	--	--	--	
14	3,646	3,682	3,719	\$3,709	\$3,746	\$3,783	
15	3,709	3,746	3,783	3,773	3,811	3,848	
16	3,773	3,811	3,848	3,839	3,877	3,916	
17	3,839	3,877	3,916	3,907	3,946	3,985	
18	3,907	3,946	3,985	3,973	4,013	4,052	
19	3,973	4,013	4,052	4,042	4,082	4,123	
20	4,042	4,082	4,123	4,113	4,154	4,195	
21	4,113	4,154	4,195	4,184	4,226	4,268	
22	4,184	4,226	4,268	4,258	4,301	4,343	
23	4,258	4,301	4,343	4,333	4,376	4,420	
24	4,333	4,376	4,420	4,410	4,454	4,498	
25	4,410	4,454	4,498	4,487	4,532	4,577	
26	4,487	4,532	4,577	4,577	4,623	4,669	
27	4,577	4,623	4,669	4,669	4,716	4,762	
28	4,669	4,716	4,762	4,762	4,810	4,857	
29	4,762	4,810	4,857	4,857	4,906	4,954	
30	4,857	4,906	4,954	4,954	5,004	5,053	
31	4,954	5,004	5,053	5,053	5,104	5,154	
32	5,053	5,104	5,154	5,154	5,206	5,257	
33	5,154	5,206	5,257	5,257	5,310	5,362	
34	5,257	5,310	5,362	5,362	5,416	5,469	
35	5,362	5,416	5,469	5,469	5,524	5,578	
36	5,469	5,524	5,578	5,578	5,634	5,690	
37	5,578	5,634	5,690	5,689	5,746	5,803	
38	--	--	--	5,803	5,861	5,919	
39	--	--	--	--	--	--	
40	--	--	--	--	--	--	
41	--	--	--	--	--	--	

Step	PRIN. VI			Base	PRIN. VII		
	Base	+1%	+2%		+1%	+2%	
16	\$3,907	\$3,946	\$3,985	--	--	--	
17	3,973	4,013	4,052	\$4,113	\$4,154	\$4,195	
18	4,042	4,082	4,123	4,184	4,226	4,268	

19	4,113	4,154	4,195	4,258	4,301	4,343
20	4,184	4,226	4,268	4,333	4,376	4,420
21	4,258	4,301	4,343	4,410	4,454	4,498
22	4,333	4,376	4,420	4,487	4,532	4,577
23	4,410	4,454	4,498	4,577	4,623	4,669
24	4,487	4,532	4,577	4,669	4,716	4,762
25	4,577	4,623	4,669	4,762	4,810	4,857
26	4,669	4,716	4,762	4,857	4,906	4,954
27	4,762	4,810	4,857	4,954	5,004	5,053
28	4,857	4,906	4,954	5,053	5,104	5,154
29	4,954	5,004	5,053	5,154	5,206	5,257
30	5,053	5,104	5,154	5,257	5,310	5,362
31	5,154	5,206	5,257	5,362	5,416	5,469
32	5,257	5,310	5,362	5,469	5,524	5,578
33	5,362	5,416	5,469	5,578	5,634	5,690
34	5,469	5,524	5,578	5,689	5,746	5,803
35	5,578	5,634	5,690	5,803	5,861	5,919
36	5,689	5,746	5,803	5,920	5,979	6,038
37	5,803	5,861	5,919	6,038	6,098	6,159
38	5,920	5,979	6,038	6,159	6,221	6,282
39	6,038	6,098	6,159	6,282	6,345	6,408
40	6,159	6,221	6,282	6,407	6,471	6,535
41	--	--	--	6,536	6,601	6,667

Step	PRIN. VIII		
	Base	+1%	+2%
18	\$4,258	\$4,301	\$4,343
19	4,333	4,376	4,420
20	4,410	4,454	4,498
21	4,487	4,532	4,577
22	4,577	4,623	4,669
23	4,669	4,716	4,762
24	4,762	4,810	4,857
25	4,857	4,906	4,954
26	4,954	5,004	5,053
27	5,053	5,104	5,154
28	5,154	5,206	5,257
29	5,257	5,310	5,362
30	5,362	5,416	5,469
31	5,469	5,524	5,578
32	5,578	5,634	5,690
33	5,689	5,746	5,803
34	5,803	5,861	5,919
35	5,920	5,979	6,038
36	6,038	6,098	6,159
37	6,159	6,221	6,282
38	6,282	6,345	6,408
39	6,407	6,471	6,535
40	6,536	6,601	6,667

**Classification**

**Number of Teachers Supervised**

Assistant Principal

Principal I

Principal II

Principal III

Principal IV

Principal V

Principal VI

Principal VII

Principal VIII

Less than 11 Teachers

11 - 21 Teachers

22 - 32 Teachers

33 - 43 Teachers

44 - 54 Teachers

55 - 65 Teachers

66 - 100 Teachers

More than 100 Teachers

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

- (c) **Teachers** – The 1998 Short Session of the General Assembly continued to fund the Excellent Schools Act designed to take teacher pay to the national average by the year 2000. The 1998 General Assembly appropriated funds which provided average annual salary increases ranging from between 4% to 11% for most teachers, effective July 1, 1998. The revised teacher salary schedule provides increase of roughly 2% increases between steps, with greater increments between steps 2 and 3. The greater increments in these years reflect milestones in the teaching career. The teacher salary schedule (including NBPTS pay) follows:

**TEACHER SALARY SCHEDULE**  
(Effective July 1, 1998)

<u>"A" TEACHERS</u>			<u>"G" TEACHERS</u>	
YEARS OF EXPERIENCE	MONTHLY SALARY	NBPTS CERT.	MONTHLY SALARY	NBPTS CERT.
0	\$2,310	N/A	\$2,454	N/A
1	2,352	N/A	2,499	N/A
2	2,395	N/A	2,545	N/A
3	2,551	2,857	2,710	3,035
4	2,678	2,999	2,845	3,186
5	2,779	3,112	2,953	3,307
6	2,826	3,165	3,003	3,363
7	2,874	3,218	3,054	3,420
8	2,923	3,273	3,106	3,478
9	2,972	3,328	3,158	3,536
10	3,021	3,383	3,210	3,595
11	3,071	3,439	3,262	3,654
12	3,123	3,497	3,318	3,716
13	3,176	3,557	3,375	3,780
14	3,230	3,617	3,432	3,843
15	3,285	3,679	3,490	3,908
16	3,341	3,741	3,550	3,976
17	3,398	3,805	3,610	4,043
18	3,456	3,870	3,672	4,112
19	3,516	3,937	3,736	4,184
20	3,577	4,006	3,801	4,257

21	3,640	4,076	3,868	4,332
22	3,703	4,147	3,934	4,406
23	3,767	4,219	4,002	4,482
24	3,832	4,291	4,072	4,560
25	3,899	4,366	4,143	4,640
26	3,968	4,444	4,216	4,721
27	4,038	4,522	4,290	4,804
28	4,109	4,602	4,366	4,889
29+	4,182	4,683	4,443	4,976

- (d) **Non-certified Public School Employees** -- The 1998 Short Session of the General Assembly authorized funds for a 3% across-the-board salary increase, effective July 1, 1998, for non-certified employees of the public schools. These employees also received a bonus of 1% of their annual salary.



## RETIREMENT AND PENSION CHANGES FOR STATE AND LOCAL PERSONNEL

### 1998 LEGISLATIVE ACTIONS

#### A. CURRENTLY-EMPLOYED EMPLOYEES

- (1) **Benefit Accrual Rate Increased:** Effective July 1, 1998, the benefit accrual rate, or retirement formula, was increased for local governmental employees in the Local Governmental Employees' Retirement System from 1.76% to 1.77% of average final compensation per year of creditable service. The net effect of this increase will be to increase the annual retirement allowance of all employees who retire on and after July 1, 1998 by 0.6%. The General Assembly funded the increase with unencumbered actuarial gains within the Local System, as of December 31, 1996, which is the equivalent cost of \$4.2 million annually from local funds.
- (2) **Retirement Contributions Reduced:** The 1998 Session of the General Assembly reduced the employer contribution rate to the Teachers' and State Employees' Retirement System, effective July 1, 1998, by **0.73%** of covered payroll for the 1998-99 year only. The rate reduction reduced the General Fund appropriation by \$42.9 million and the Highway Fund appropriation by \$3.6 million for 1998-99. Effective July 1, 1999, the employer contribution rate will increase by 0.37% for 1999-2000.
- (3) **Firemen's and Rescue Squad Workers' Pension Fund:** The 1998 General Assembly enacted, effective July 1, 1998, an increase in the pension for members of the Firemen's and Rescue Squad Workers' Pension Fund from \$141 to \$146 per month at a cost of \$1.7 million annually. The General Assembly funded the increase with a small appropriation and unencumbered actuarial gains within the System. This increase applies to current pensioners and to those entitled to receive a pension in the future at age 55 with 20 years of service.
- (4) **Charter Schools:** The 1998 General Assembly enacted legislation that requires each charter school board of directors to make an irrevocable election, in writing, whether the employees of the school will be members of the Teachers' and State Employees' Retirement System. The boards of directors of charter schools must make this election by November 28, 1998. The election would be effective on the date the election is made for current employees. For employees hired after that date, it would be effective on their date of entry into eligible service. For charter schools approved after 1998, the election must be made within 30 days after the charter agreement is signed. This election would be effective for all employees on their date of entry into eligible service. The boards of directors must notify in writing their employees as to whether they elected to join, and the employees must acknowledge in writing that they received this notice.
- (5) **Salary Continuation Benefits:** The 1998 General Assembly enacted legislation to extend the Salary Continuation Benefits for law enforcement officers employed with the University System. This will make these officers eligible to receive up to two years of salary continuation in the event of an on-the-job injury.



- (6) **Transferred Service:** The 1998 General Assembly enacted legislation which will allow transferred service from one System to another to be included in determining whether a member of the Teachers' and State Employees' Retirement System or the Local Governmental Employees' Retirement System has met the service requirement and is eligible to purchase military service.
- (7) **Purchase of Temporary and Part-time Service:** The 1998 General Assembly enacted legislation which allows members of the Teachers' and State Employees' Retirement System to purchase part-time or temporary service rendered to a local governmental employer and allows members of the Local Governmental Employees' Retirement System to purchase part-time or temporary service rendered to a State employer. The members will pay the "full actuarial cost" for this service purchase.
- (8) **Purchase of Local Probationary Employment or Employer-Imposed Waiting Periods:** The 1998 General Assembly enacted legislation which allows members of the Teachers' and State Employees' Retirement System to purchase service rendered to a local government employer for probationary employment or employer-imposed waiting periods. The members will pay the "full actuarial cost" for this service purchase.
- (9) **City of Fayetteville:** The 1998 General Assembly enacted legislation which will allow the Public Works Commission of the City of Fayetteville to be a separate participating unit in the Local Governmental Employees' Retirement System rather than being included with the other employees of the City.
- (10) **Town of Sharpsburg:** The 1998 General Assembly enacted legislation which authorizes the Town of Sharpsburg to participate in the Local Governmental Employees' Retirement System without granting prior service credits to its employees.

#### B. RETIRED EMPLOYEES

- (1) **Cost-of-living Adjustment in Retirement Allowances for Retired Teachers, State Employees, Judges, District Attorneys, and Superior Court Clerks:** Effective July 1, 1998, the General Assembly provided a 2.5% increase in the retirement allowances paid to beneficiaries of the Teachers' and State Employees' Retirement System and the Consolidated Judicial Retirement System whose retirement began on or before July 1, 1997. In addition, beneficiaries who retired after July 1, 1997, and before June 30, 1998, were authorized an increase in their retirement allowances on July 1, 1998 equal to a pro-rated amount of the 2.5% increase provided to those who retired on or before July 1, 1997. 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 1997-98.

This increase in retirement allowances was funded out of unencumbered actuarial gains in the following Retirement Systems as of December 31, 1996, which is the equivalent cost as follows: Teachers' and State Employees' - \$36.5 million annually from the General Fund and \$3.1 million annually from the Highway Fund; Consolidated Judicial - \$404,000 annually from the General Fund.

- (2) **Cost-of-Living Adjustment in Retirement Allowances for Retired Local Government Employees:** Effective July 1, 1998, the General Assembly

provided a 2.5% increase in the retirement allowances paid to beneficiaries of the Local Governmental Employees' Retirement System whose retirement began on or before July 1, 1997. In addition, beneficiaries who retired after July 1, 1997, and before June 30, 1998, were authorized an increase in their retirement allowances on July 1, 1998 equal to a pro-rated amount of the 2.5% increase provided to those who retired on or before July 1, 1997. 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 1997-98.

The General Assembly funded the increase with unencumbered actuarial gains within the Local System, as of December 31, 1996, which is the equivalent cost of \$6.26 million annually from local funds.

- (3) **Additional Increase in Retirement Allowances for Retired Local Employees Corresponding to an Increase in the Benefit Accrual Rate:** Effective July 1, 1998, retired beneficiaries of the Local Governmental Employees' Retirement System whose allowances were computed on a benefit accrual rate of less than 1.77% of average final compensation per year of service, will have their retirement allowances increased by 0.6% to reflect the increase in the benefit accrual rate for currently-employed employees to 1.77% which was authorized by the 1998 General Assembly, also effective July 1, 1998. This additional retirement allowance increase was funded out of unencumbered actuarial gains available to the Retirement System as of December 31, 1996, which is the equivalent cost of \$1.5 million annually from local funds.
- (4) **Cost-of-Living Adjustment in Retirement Allowances for Retired Legislators:** Effective July 1, 1998, the General Assembly provided a 2.5% increase in the retirement allowances paid to beneficiaries of the Legislative Retirement System retired on or before January 1, 1998, 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, 1998 and before June 30, 1998 were authorized an increase in their retirement allowances on July 1, 1998, equal to a pro-rated amount of the 2.5% increase provided to those who retired on or before January 1, 1998. The General Assembly funded the increase with unencumbered actuarial gains within the Legislative System, as of December 31, 1997, which is the equivalent cost of \$42,000 from the General Fund.
- (5) **Re-employment of Retired Teachers:** The 1998 General Assembly enacted legislation, effective January 1, 1999, which removes any restrictions on the amount of post-retirement earnings for any retiree of the Teachers' and State Employees' Retirement System, who is employed: (1) as a substitute or interim teacher in the public schools, (2), to teach in a public school that identified by the State Board of Education as a low-performing school, (3) to teach in a subject area or geographical area in which there is a shortage of teachers. To qualify, a teacher must have been retired for 12 months and has not been employed in any capacity, except as a substitute teacher, for at least 12 months. Under the present law, a retiree is allowed to earn in any calendar year, 50% of the salary earned during the 12 months of service prior to retirement or \$20,000, whichever is greater.
- (6) **Retiree Death Benefit:** The 1998 General Assembly, effective January 1, 1999, increased the contributory death benefit from \$5,000 to \$6,000 for retirees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System and Local Governmental

Employees' Retirement System that elect to pay for this coverage. The increase of \$1,000 is based on the experience since 1987 when the plan began.

- (7) **Change of Retiree's Beneficiary:** The 1998 General Assembly enacted legislation which allows a retiree of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System or Local Governmental Employees' Retirement System, who has selected to receive the retirement allowance under Option 2 (100% J & S) or Option 3 (50% J & S) and named the spouse to receive the benefits after the retiree's death, to change the beneficiary if: (1) the spouse predeceases the retiree, (2) the retiree remarries and (3) names the new spouse within 90 days of the marriage. The benefit will be the actuarial equivalent of the benefit in effect immediately prior to the change.

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

### **SUBSISTENCE ALLOWANCE INCREASED FOR STATE EMPLOYEES AND STATE BOARDS**

Effective January 1, 1999, the 1998 General Assembly increased the subsistence reimbursement rates for State employees from \$71 to \$81 per day when traveling on official business in-state and from \$83 to \$93 when traveling on official business out-of-state. Members of State boards, commissions, committees and councils were also authorized any increase in subsistence reimbursement rates when overnight stays are required. The daily rate are in addition to any sales tax, lodging tax, local tax, or service fees applied to the cost of lodging.

### **REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND**

The 1998 General Assembly allowed any register of deeds to receive a benefit from the Register of Deeds Supplemental Pension Fund, even though the register of deeds is not a member of the Local Governmental Employees' Retirement System. The amount of the benefit is to be offset by an amount that the register of deeds would have been eligible to receive from the Local Governmental Employees' Retirement System if the register of deeds had been a member during any service with any local governmental employer.

# **REVENUE/FEE BILLS**

## GENERAL FUND REVENUE BILLS

### 1998 EXTRA SESSION

#### Senate Bill 2, Chapter 1 Child Health Insurance Tax Credit

**Summary:** Creates a refundable State income tax credit for taxpayers who pay health insurance premiums for their dependent children. The credit is equal to the amount of insurance premium paid up to \$300 for taxpayers with adjusted gross income under 225% of the federal poverty level or up to \$100 for taxpayers whose adjusted gross income exceeds 225% of federal poverty level. The following groups are ineligible for the credit:

Married Filing Jointly	=	\$100,000
Head of Household	=	\$80,000
Single	=	\$60,000
Married Filing Separately	=	\$50,000

**Effective Date:** Effective for taxable years beginning on or after January 1, 1999 and expires if and when the health insurance program for children is repealed.

**Fiscal Effect:** The revenue loss is projected as follows:

FY 1998-99	0
FY 1999-00	\$64.5 million
FY 2000-01	\$65.3 million
FY 2001-02	\$65.6 million
FY 2002-03	\$66.0 million

### 1998 REGULAR SESSION

#### Senate Bill 1327, Chapter 22 No Tax on Gas Cities

**Summary:** Makes several significant changes to the tax structure for natural gas. First, it clarifies that sales and use tax cannot be applied to piped natural gas sold by a person not subject to franchise tax. This effectively exempts gas marketers,



## GENERAL FUND REVENUE BILLS (Continued)

### Senate Bill 1327, Chapter 22

#### No Tax on Gas Cities (Continued)

and cities with their own piped gas systems, from the sales and use tax. Second, it restructures the state excise tax on natural gas, effective July 1, 1999. Currently, several types of tax apply to piped natural gas, with the rates and type of tax charged determined by the type of seller and buyer. Once effective, this act applies a uniform excise tax to all piped natural gas consumed in North Carolina. The tax rate is structured as a "declining block", with the rates reduced as the amount of gas consumed per month increases. The new tax rate is based on the amount of gas consumed. (The existing tax rate is based on the price paid for the gas). The new rate structure is as follows:

Monthly Volume of Therms Received	Tax Rate Per Therm
Up to 200	\$0.047
201 to 15,000	\$0.035
15,001 to 60,000	\$0.024
60,001 to 500,000	\$0.015
Over 500,000	\$0.003

The new system also exempts those cities with their own piped gas systems. Third, the legislation adjusts the cities' distribution of the tax proceeds until June 30, 2000 to allow the cities to make appropriate changes in their budget process. Fourth, the law directs the Revenue Laws Study Committee to determine the impact of the tax on the distribution to the cities. Finally, the bill directs the Utilities Commission to study the issue of natural gas transportation rates.

**Effective Date:** The prohibition against levying a sales and use tax on gas marketers and gas cities became effective July 1, 1998. The changes in the tax structure became effective July 1, 1999. The remainder of the act became effective June 30, 1998.

**Fiscal Effect:** Total tax collections from the sale of natural gas were estimated to be \$61.7 million in FY 1998-99. Approximately \$1.5 of this amount was to come from use taxes paid by companies that purchase gas through a marketer. Under the new law, this tax cannot be levied. As such, the law creates a \$1.5 million loss in FY 1998-99. This loss will be split with the localities, who will absorb approximately \$0.2 million in losses. The balance will be borne by the state. The revenue losses for fiscal years 1999-00 through 2002-03 are calculated on a different bases as a result of the new rate structure. If the existing structure were used, the state would glean approximately \$62.96 million in natural gas taxes in FY 1999-00. Under the new rate structure total revenue will be reduced by approximately \$6.18 million to \$55.54 million. The revenue loss is shared by the General Fund and the cities. The total loss will be distributed 42.45% to the cities and 57.55% to the state. The revenue loss is estimated to grow by 2% a year. The revenue loss estimates are as follows:



**GENERAL FUND REVENUE BILLS (Continued)****Senate Bill 1327, Chapter 22****No tax on Gas Cities (Continued)**

(\$million)

	State	Cities
FY 1998-99	-1.3	-0.2
FY 1999-00	-3.6	-2.7
FY 2000-01	-3.7	-2.7
FY 2001-02	-3.8	-2.8
FY 2002-03	-3.8	-2.8

**Senate Bill 124, Chapter 24****Amend White Goods Tax****Summary:**

Reduces tax on white goods (a domestic or commercial large appliance, such as a refrigerator or a dishwasher) from \$5.00 and \$10.00 per appliance at the point of sale to a uniform rate of \$3.00. It extends the sunset on the white goods tax from July 1, 1998 to July 1, 2001. The law also defines how the tax proceeds can be expended by counties, and increases the reporting requirements for use of the county portion of the funds. The law prohibits distribution of additional white goods tax funds to counties who have more than 25% of the white goods funds they received the previous fiscal year. Finally, the legislation changes the allocation of tax revenues. The Solid Waste Management Trust Fund (SWMTF) is to receive 8% of the revenue, instead of the 5% noted in previous law. The county revenue is reduced from 75% to 72%. The percentage of revenue going to the White Goods Management Account (WGMA) does not change.

**Effective Date:**

The limitation on distribution of funds to counties with excess remaining funds becomes effective January 1, 1999, and applies to collections made on or after that date. The remainder became effective July 1, 1998.

**Fiscal Effect:**

The overall rate decrease is equal to 52%. According to the Department of Revenue and the Association of Home Appliance Manufacturers, 39% of the white goods tax revenue came from items that used refrigerants and 61% came from goods that did not contain refrigerants (in 1996). The tax rate on white goods containing refrigerants is decreased by 70% (from \$10 to \$3) and the rate on the remaining white goods is reduced by 48% (from \$5 to \$3). The result, as measured in total revenue, is a 52% loss. The annual growth in sales is estimated at 5.8%. The actual annual fiscal impact is as follows:

<u>Overall</u>	<u>Extend Sunset (Previous Rate)</u>	<u>Reduced Rate (New Rate)*</u>	<u>Net Funds Available</u>
FY 1998-99	\$8,801,596	\$(4,576,831)	\$4,224,765
FY 1999-00	\$9,312,089	\$(4,842,286)	\$4,469,803
FY 2000-01	\$9,852,190	\$(5,123,139)	\$4,729,051
FY 2001-02			
FY 2002-03			

**GENERAL FUND REVENUE BILLS (Continued)**

**Senate Bill 124, Session Law 1998-24**  
**Amend White Goods (Continued)**

<b>Tax Reduction Loss by Fund</b>	<b>SWMTF</b>	<b>WGMA</b>	<b>Counties</b>
FY 1998-99	\$(102,099)	\$(915,388)	\$(3,559,366)
FY 1999-00	\$(108,020)	\$(968,457)	\$(3,765,809)
FY 2000-01	\$(114,285)	\$(1,024,628)	\$(3,984,226)
FY 2001-02			
FY 2002-03			

**Senate Bill 1569, Chapter 55**  
**Economic Opportunities Act of 1998**

**Summary:**

Promotes economic development throughout the State in five ways:

1. Makes various amendments to the William S. Lee Act to encourage large investments and remove technical problems with the Act.
2. Authorizes enhanced incentives for development zones, which are economically distressed areas located within municipalities.
3. Expands and modifies the Industrial Development Fund to provide financial support for projects in rural and less prosperous areas of the State.
4. Encourages development of air courier hubs, provides sales tax and property tax reductions for air couriers, and provides a temporary bidding law exemption for specific projects of the Piedmont Triad International Airport Authority.
5. Encourages development of a recycling industry in Tier One counties, provides an investment tax credit for large and major recycling facilities that locate in Tier One counties and, in addition, it provides a refundable reinvestment credit and sales tax reductions for major recycling facilities.

**Effective Date:**

The William S. Lee Act changes and the new incentives for state development zones are effective for the 1999 tax year. Changes to the Industrial Development Fund became effective July 1, 1998. The tax incentives for air courier hubs are effective beginning in 2001, but the bidding exemption for specific projects of the Piedmont Triad International Airport Authority is effective January 1, 1999. The tax incentives for the recycling industry are effective for tax year 1998.

## GENERAL FUND REVENUE BILLS (Continued)

### Senate Bill 1569, Chapter 55

#### Economic Opportunities Act of 1998 (Continued)

#### Fiscal Effect:

(\$ Million)

	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
<b>General Fund:</b>					
Bill Lee Act Amended	+ .06	+ .07	-2.15	-3.67	-5.41
Air Courier Hubs	---	---	---	-.36	-.24
Recycling Facilities	-2.28	-1.28	-4.66	-8.94	-10.68
Total	-2.22	-1.21	-6.81	-12.97	-16.33
<b>Local Govt.:</b>					
Air Courier Hubs	---	---	---	-.59	-.61
Recycling Facilities	-.80	-.05	-.09	-.09	-.09
Total	-.80	-.05	-.09	-.68	-.70

#### Senate Bill 1229, Chapter 69 Abolish Inheritance Tax Waivers

**Summary:** Deletes all language requiring an inheritance tax waiver. It also eliminates all related penalties for failure to obtain the waivers, and the forms required for the waivers. When a person dies, previous law required that the Department of Revenue be notified of any accounts, stocks, and bonds held in the name of the decedent. The Department must also be informed of the contents of the decedent's lock or safe-deposit box. Once this information is obtained, the Department then issues inheritance tax waivers authorizing the bank or financial institution in possession of the property to transfer or release that property. As such, property could not be released or transferred until this waiver was received.

**Effective Date:** October 1, 1998

**Fiscal Effect:** None expected

#### Senate Bill 1252, Chapter 95 Simplify Privilege License Tax

**Summary:** Makes numerous changes to state privilege license taxes as follows:

1. Imposes a 1% gross receipts tax on movie theater admissions.
2. Repeals the \$50 state privilege license tax on amusements. This action is revenue neutral since the license tax is a credit upon the 3% gross receipts tax that is paid on amusements.

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

### **Senate Bill 1252, Chapter 95**

#### **Simplify Privilege License Tax (Continued)**

3. Allows an individual who is serving in the U. S. Armed Forces in a combat zone an extension of time to pay any license fee charged by an occupational licensing board.
4. Repeals the \$100 license tax for installment paper dealers and replaces the lost revenue by increasing the quarterly tax on such dealers from .275% to .277%.
5. Eliminates the \$100 privilege license tax on new banks and requires new banks to pay the regular tax of \$30 per \$1 million in assets on a prorated basis.
6. Repeals the annual privilege license tax on ABC permittees issued by the Department of Revenue and recoups the lost revenue by increasing permit fees issued by the Alcoholic Beverage Control Commission.
7. Sets a single tax rate for malt beverages in various size containers and eliminates the previous tax rates for barrels and small containers.
8. Ends the issuance of part year licenses for professionals.

**Effective Date:** The gross receipts tax on movies is effective October 1, 1998. The privilege license sections of the bill are effective July 1, 1999. The ABC permit sections are effective May 1, 1999.

**Fiscal Effect:** The annual revenue impact of the various sections of the bill are as follows:

Installment Paper Dealers	(\$10,990) in 1999-00
ABC Licenses and Permits	Revenue Neutral
Beer Excise Tax	Revenue Neutral
Movie Tax	\$1,525,657 in 1998-99
	\$2,118,498 in 1999-00
Banks	\$1,400 in 1999-00
Half Year License	\$14,375 in 1999-00

The Department of Revenue could abolish three positions in FY 1999-00 due to the elimination of ABC licenses. The Appropriations Committee would need to take this action in the 1999 Session.

### **Senate Bill 1001, Chapter 96**

#### **Expand Amusement Tax Exemption**

**Summary:** Repeals the \$50 license and 3% gross receipts tax on arts festivals and community festivals that meet certain criteria. To be exempt from tax, arts festivals must be held outdoors on public property, involve a variety of

**GENERAL FUND REVENUE BILLS (Continued)**

**Senate Bill 1001, Chapter 96**

**Expand Amusement Tax Exemption (Continued)**

exhibitions, entertainments and activities, last no more than seven days, and be held no more than twice a year. Exempt community festivals must be held only once a year, last no more than seven days, and involve a variety of exhibitions, walking tours, entertainments, and activities that are held mostly outdoors and are open to the public.

**Effective Date:** July 1, 1999

**Fiscal Effect:** Based on previous year collections, the Department of Revenue projects the revenue loss from this act will be less than \$25,000 each fiscal year.

**House Bill 1422, Chapter 100  
Make Credits Constitutional**

**Summary:** Removes restrictions that prevent non-residents from taking individual income tax credits for child care and for constructing dwellings for the handicapped. The current restrictions are probably unconstitutional in light of the 1998 United States Supreme Court ruling in Lunding v New York that found a state's tax law must treat non-residents on terms of "substantial equality" with residents.

**Effective Date:** Effective for taxable years beginning on or after January 1, 1998.

**Fiscal Effect:** The revenue loss is \$600,000 per year for the child care credit and a minimal impact for the handicapped dwelling credit.

**House Bill 1367, Chapter 121  
Sales Tax Changes**

**Summary:** Raises the quarterly threshold for those filing sales tax returns from \$50 to \$100, repeals the annual wholesale sales tax license, and changes the name of the retail sales tax license to certificate of registration.

**Effective Date:** The sales tax quarterly threshold increase is effective July 1, 1999. The repeal of the wholesale sales tax license is effective July 1, 1998. The remainder of the bill is effective August 27, 1998.

**Fiscal Effect:** Abolishing the \$25 wholesale sales tax license will reduce General Fund revenue by \$1.25 million annually. The increase in the sales tax quarterly threshold amount will delay \$2 million in tax collections in FY 1999-00.



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

### **House Bill 1617, Chapter 134 Extend Poultry Composting Tax Credit**

- Summary:** Removes the January 1, 1998 sunset on the individual income tax credit for constructing facilities to compost poultry carcasses resulting from commercial poultry operations. The act also expands the credit to C corporations. Previously, only individuals and shareholders in Subchapter S corporations could use the credit.
- Effective Date:** Removal of the sunset became effective on September 2, 1998. Extending the credit to C corporations is effective for taxable years beginning on or after January 1, 1998.
- Fiscal Effect:** The continuation of this credit is anticipated to produce an annual revenue loss of \$30,000. Dr. Thomas A Carter, Extension Poultry Specialist at North Carolina State University, estimates the numbers of composting facilities will average 30 per year over the next five years. This estimate is in line with construction experience in 1997 and 1998, and reflects the decline in construction of composting facilities in recent years due to the increased use of incinerators to dispose of chicken carcasses. The \$30,000 estimate is based on the average price of a compost facility of between \$5,000 and \$10,000 per installation and the credit equal to 25% of the construction cost with a maximum credit amount of \$1,000.

### **House Bill 1489, Chapter 139 Local Tax Information Sharing**

- Summary:** Authorizes state tax officials to share information about the taxes paid on leased vehicles with a regional public transportation authority or a regional transportation authority. Department officials can also share information about audits of retailers who lease vehicles with the same organizations. This legislation also authorizes the Department of Revenue to share information about retailers, and audits of retailers, who collect sales and use taxes as a part of their prepared food and beverage business. This information can be shared on an annual basis with cities and counties to aid in administration of a local tax on prepared food and beverages. Finally, the legislation gives counties the specific authority to release or refund taxes on a motor vehicle when the taxpayer moves out of state and surrenders their license plate.
- Effective Date:** September 15, 1998.
- Fiscal Effect:** The information sharing portion will have no impact on state revenues and will impose minimal expenses on the Department of Revenue. Local governments may experience some positive revenue impact if the information facilitates the collection of additional taxes. The section dealing with the collection of motor vehicle taxes could have an impact at the local level. However, because many counties currently prorate this item, the bill will not create a significant change in local revenues.

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

### **Senate Bill 1242, Chapter 158 Wireless Telephone Service/Tower Act**

- Summary:** The Federal Communications Commission has mandated that states, 911 organizations, and wireless telephone service operators take specific steps to improve the quality and reliability of 911 services available to mobile telephone users. The new system they recommend, called enhanced 911 or E911, provides emergency service organizations (Public Safety Answering Points or PSAPs) with location information (Automatic Location Identification or ALI) and the number of the cellular caller (Automatic Number Identification or ANI). Currently wireless carriers usually provide access to basic 911 service, which does not provide the telephone number or location of a caller. The legislation creates a cost recovery structure to fund these service improvements. The law creates an \$0.80 per month per subscriber charge on wireless customers statewide. After allowing for administrative expenses, the proceeds of this fee are deposited in a special Wireless Fund. The post-administrative proceeds are distributed 60% to wireless carriers and 40% to PSAPs. The distribution to wireless carriers will take place only after a local PSAP has requested the service and the carrier has submitted a sworn invoice to the board for reimbursement. The PSAP distribution will be divided, with 50% of the funds divided equally among the participating PSAPs, and 50% distributed according to the population of the areas served by each participating PSAP. The Wireless Fund is overseen by an appointed Wireless Board. The board can adjust the rate every two years, but cannot increase the rate beyond the initial \$0.80. The Board must report to the Joint Legislative Commission on Governmental Operations and the Revenue Laws Study Committee. The Fund is subject to audit. The law also authorizes the State to lease real property for the construction and placement of communication towers and antennas on state land. The State is to encourage co-location of equipment on these towers. The State cannot lease state park land for this purpose, and towers and antennas located on the property cannot violate city and county ordinances that apply to such structures.
- Effective Date:** The language that impacts state net income becomes effective for taxable years beginning on or after October 1, 1998. The remainder becomes effective when law.
- Fiscal Effect:** The Cellular Telecommunications Industry Association (CTIA) reports that 55 million wireless phones exist nationwide. Based on CTIA market penetration estimates (20.52% of the population) and North Carolina's population projections, it is estimated that 1,574,045 cellular phones will be used in North Carolina in FY 1998-99. Assuming that each customer pays the \$0.80 charge, the fee will generate approximately \$1,259,236 in revenue per month, for a 1998-99 total of \$15.11 million. Past experience suggests that the industry will grow more than 10% a year, although no market projections are available. This note assumes a 10% growth rate in the number of cellular telephones in fiscal years 1999-00.



## GENERAL FUND REVENUE BILLS (Continued)

### Senate Bill 1242, Chapter 158

#### Wireless Telephone Service/Tower Act (Continued)

Fiscal Year	Customers	Monthly Revenue	Annual Revenue	Less Carrier Adm. Fee
1998-99	1,574,045	1,259,236	15,110,832	14,959,724
1999-00	1,731,450	1,385,160	16,621,915	16,455,696
2000-01	1,904,594	1,523,676	18,284,107	18,101,266
2001-02	2,095,054	1,676,043	20,112,517	19,911,392
2002-03	2,304,559	1,843,647	22,123,769	21,902,531

The exact cash flow needed for implementation of E911 is unclear. Industry experts have calculated that the above revenue stream should be sufficient. More precise information is not available as this information is considered proprietary.

### House Bill 1318, Chapter 162 Limit Nonresident Withholding

- Summary:** Raises the threshold for withholding from contract payments to nonresidents from \$600 to \$1,500 a year. The bill also limits withholding to nonresident entertainers and athletes, not all contractors.
- Effective Date:** Effective retroactive to January 1, 1998.
- Fiscal Effect:** The original withholding bill approved in 1997 estimated that the State would gain \$10 million from nonresident contractors. Of this amount, \$3 million was attributed to athletes and entertainers and \$7 million to other contractors. Since this revenue was included in budget availability for future fiscal years, removal of "other contractors" from withholding will reduce General Fund revenues by \$7 million each fiscal year.

### House Bill 1326, Chapter 171 IRC Update/Conform Gift Tax

- Summary:** Makes a number of changes: (1) updates the reference to the Internal Revenue Code used in defining and determining certain state tax provisions (from January 1, 1997 to September 1, 1998), (2) conforms to federal gift tax treatment of contributions to qualified tuition programs, (3) extends the corporate income tax carryforward for net economic losses from five years to fifteen years, but no more than 15% of taxable income can be offset in tax years 1999 through 2001, and (4) makes two technical changes in the revenue laws.

**Effective Date:** The change in the Qualified Tuition Programs becomes effective for taxable years beginning on or after January 1, 1998. The change in net loss carryforward is effective for taxable years beginning on or after July 1, 1999, and applies to losses incurred for taxable years beginning on or after July 1,

## GENERAL FUND REVENUE BILLS (Continued)

### House Bill 1326, Chapter 171

#### IRC Update/Conform Gift Tax (Continued)

1993. Section 8 becomes effective for taxable years beginning on or after January 1, 2002. The remainder of the act is effective when it becomes law.

#### Fiscal Effect:

	(\$ Millions)				
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
<b>REVENUES</b>					
GENERAL FUND					
IRC Update	(\$6.97)	(\$4.01)	(\$10.70)	(\$18.53)	(\$33.64)
Net Economic Loss					
Carryforward		(3.70)	(3.70)	(3.70)	(16.00)
Total	(\$6.97)	(\$7.71)	(\$14.40)	(\$22.23)	(\$49.64)

### House Bill 1490, Chapter 179 Extend Submerged Lands Claims

#### Summary:

Extends three deadlines related to submerged lands claims. First, it extends until December 31, 2006 the time allowed to file a submerged land claim. Second, the law gives the Department of Environment and Natural Resources until December 31, 2003 to establish a plan to resolve submerged land claims. The law also extends the date by which claimed marshlands must be donated to qualify for a tax credit to December 31, 2003. Under G.S. 105-151.12(e), a person who makes a "qualified donation" of claimed marshland or other navigable waters can take an income tax credit of up to 25% of the fair market value of the land. The credit cannot exceed \$100,000 and can be carried forward for five years. This provision has been used by the state to settle outstanding legal claims regarding public ownership of submerged lands.

**Effective Date:** October 12, 1998.

#### Fiscal Effect:

The only portion of the law that could create a fiscal impact is the extension of time to claim a tax credit. Officials from Marine Fisheries process less than one claim a year under the program. Assuming one claim is filed per year, and the maximum tax credit applies, the loss is \$100,000 per year from the General Fund.

### House Bill 20, Chapter 183 Non-Itemizer Charity Credit

#### Summary:

Increases the income tax credit for charitable contributions made by individuals who do not itemize their deductions from 2.75% to 7% of eligible contributions. Those contributions that exceed 2% of the taxpayer's adjusted gross income are eligible for the credit.

**Effective Date:** Effective beginning with the 1999 tax year.

## GENERAL FUND REVENUE BILLS (Continued)

**Fiscal Effect:** The revenue loss is based on current giving patterns as reported by the Independent Sector, a non-profit coalition of over 800 corporate, foundation, and voluntary organizations members. The estimated revenue loss is as follows:

FY 1998-99	-
FY 1999-00	\$7.6 million
FY 2000-01	\$7.7 million
FY 2001-02	\$7.8 million
FY 2002-03	\$7.9 million

### House Bill 1126, Chapter 197 No Sales Tax on Pay Phones

**Summary:** Under previous law a 3% tax was levied on all local phone services, including pay telephone calls. This bill exempts from tax the receipts generated by telephone calls made by coin from a pay telephone.

**Effective Date:** January 1, 2000.

**Fiscal Effect:** Because of the effective date, the law will not impact the General Fund in FY 1998-99. In FY 1999-00 the bill will reduce state revenue by approximately \$800,000. In FY 2000-01, the first full year of implementation, this change will create a revenue loss of \$1,900,000. The loss is expected to increase by 6% a year, to \$2,100,000 in FY 2002-03.

### House Bill 1055, Chapter 210 Arbitration of Seed Claims

**Summary:** The bill allows the parties involved in a disagreement about the quality of agricultural seeds to request an investigation by a special seed board. The seed board must conduct an investigation when they receive a complaint from a buyer, or a request for investigation from a dealer. The complaint must be filed within a time period that allows for inspection of the affected seed, crops, or plants. Both dealers and buyers must pay a \$100 fee when filing their complaint or request for investigation. If the buyer alleges damages and does not file a complaint with the Seed Board, their right to recovery in court is limited to their actual cultivation related expenses, less whatever purchase price they received for the final product. The recommendations of the seed board cannot be introduced as evidence in court action unless the finding can be discovered in some other way.

**Effective Date:** The sections related to creation of the seed board and their duties are effective when the bill becomes law. The remainder of the bill becomes effective January 1, 1999, and applies to agricultural and vegetable seed purchased on or after that date.

## GENERAL FUND REVENUE BILLS (Continued)

**Fiscal Effect:** The \$100 filing fee is expected to generate the following General Fund revenue:

FY 1998-99	\$1,850
FY 1999-00	\$3,900
FY 2000-01	\$4,100
FY 2001-02	\$4,300
FY 2002-03	\$4,500

### Senate Bill 1366, Chapter 212 1998 State Budget/Tax Relief

#### A. Repeal State Sales Tax on Food:

Eliminates the remaining 2% State sales tax on food, effective May 1, 1999. The General Fund revenue loss is as follows:

FY 1998-99	\$18.4 million
FY 1999-00	\$184.5 million
FY 2000-01	\$190.0 million
FY 2001-02	\$195.7 million
FY 2002-03	\$201.6 million

#### B. Repeal the State Inheritance Tax:

Repeals the State's inheritance tax and retains a North Carolina estate tax ("Pick-Up Tax") that is equivalent to the federal state death tax credit allowed on a federal estate tax return. The repeal is effective January 1, 1999, but there is no fiscal impact in FY 1998-99 due to a nine month lag in the payment of the tax. The revenue loss in the following years is shown below.

FY 1999-00	\$52.5 million
FY 2000-01	\$79.4 million
FY 2001-02	\$85.7 million
FY 2002-03	\$92.6 million

#### C. School Sales Tax Refunds:

Adds local school administrative units to the list of governmental entities that can obtain an annual refund of the State and local sales and use taxes they paid. The bill becomes effective for taxes paid beginning July 1, 1998. The projected revenue loss is as follows:

FY 1999-00	\$14.8 million
FY 2000-01	\$15.0 million
FY 2001-02	\$14.4 million
FY 2002-03	\$12.6 million

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

### **Senate Bill 1366, Chapter 212**

#### **1998 State Budget/Tax Relief (Continued)**

##### **D. Long Term Care Insurance Credit:**

Allows a State individual income tax credit of 15% of the premium paid each year on long term care insurance. The credit may not exceed \$350 for each policy, and is non-refundable. There is no provision to allow unused portions of the credit to be carried forward. The credit becomes effective for taxable years beginning on or after January 1, 1999, and expires for taxable years beginning on or after January 1, 2004. The projected revenue loss is as follows:

FY 1999-00	\$7.98 million
FY 2000-01	\$8.87 million
FY 2001-02	\$9.82 million
FY 2002-03	\$10.89 million

##### **E. Conservation Tax Credit Changes:**

Increases an individual taxpayer's limit for the conservation tax credit from \$100,000 to \$250,000 and increases a corporate taxpayer's credit limit from \$250,000 to \$500,000. The provision also repeals the requirement that individual taxpayers add back the fair market value of the donated real property to their taxable income. The provision becomes effective for taxable years beginning on or after January 1, 1999. Beginning in FY 1999-00, the annual revenue loss is \$1.2 million.

##### **F. Extend Sunset of Qualified Business Credit:**

Extends the sunset for the qualified business investment tax credit an additional four years, until the year 2003. The bill retains the current \$6 million cap on the amount of credit given each year. This change is effective when the act becomes law. Since the act would have sunset in 1999, there is an additional \$6 million revenue loss each year from 2001 to 2003.

##### **G. Qualified Business Credit/Movie Industry:**

Modifies the qualified business investment tax credit to make it more accessible for investors who provide capital for the film industry, effective for taxable years beginning on or after January 1, 1999. There is no fiscal impact from this change since the credit is capped at \$6 million each year.

##### **H. Change Insurance Regulatory Charge:**

Decreases the insurance regulatory charge from 8.75% to 6% for 1998. This charge on an insurance company's premiums tax liability will generate \$19.2 million to support the operations of the Department of Insurance.

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

### **Senate Bill 1366, Chapter 212**

#### **1998 State Budget/Tax Relief (Continued)**

##### **I. Set Public Utility Regulatory Fee:**

Sets the public utility regulatory fee for fiscal year 1998-99 at 0.09%. This is the same rate set for fiscal year 1997-98. The regulatory fee is imposed on all utilities that are subject to regulation by the North Carolina Utilities Commission. The fee will produce \$8.34 million in revenue.

##### **J. Secretary of State Fees:**

Creates a fee for fairness hearings, increases fees for notary commissions and document certification fees and converts a registration/filing fee for companies selling investment securities and mutual funds from a rate based on volume to a flat rate. These fees are deposited into the General Fund. These fee changes become effective January 1, 1999.

##### **K. Autopsy Fees:**

Increases the fee that may be charged for an autopsy by private contracted pathologists and medical institutions from \$400 to \$1,000, effective for autopsies performed on or after January 1, 1999.

##### **L. Water Quality Fees:**

Codifies all of the existing fees related to water quality and increases many of these fees to accomplish two goals: to achieve greater equity among the groups that pay the fees and to maintain the goal of generating 30% of the program's costs through fees. The remaining 70% of the program's costs are funded through General Fund appropriations and federal monies. These fees become effective January 1, 1999.

##### **M. Revenue Penalties Uniform:**

Amends several sections of the Revenue Act to make tax penalties uniform. It was requested by the Department of Revenue and recommended by the Revenue Laws Study Committee. This item becomes effective January 1, 1999.

##### **N. Study Taxpayer Attorney Fee Issue:**

Directs the Revenue Laws Study Committee to study whether or not the State should reimburse a taxpayer for legal costs when the taxpayer substantially prevails in an administrative appeal or lawsuit with respect to the amount in controversy or with respect to the most significant issue or set of issues presented.



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

### **Senate Bill 1554, Chapter 218 Amend the Excise Tax on Controlled Substances**

**Summary:** Reinstates the excise tax on controlled substances at rates lower than those found unconstitutional by the United States Court of Appeals for the Fourth Circuit in Lynn v. West. The Court ruled that the controlled substance tax was, "in reality," a criminal penalty rather than a tax, and could not be enforced without all the criminal procedure safeguards guaranteed by the Fifth and Sixth Amendments of the United States Constitution. As a result of the Lynn case, the Department of Revenue was forced to stop collecting the tax on the date the opinion was issued, January 13, 1998.

Under the law, a person who acquires illegal drugs is required to pay tax on the drugs within 48 hours of acquiring possession if the tax has not already been paid as evidenced by a tax stamp. A person paying the tax is not required to disclose his or her identity and any information obtained in assessing the tax is confidential and cannot be used in a criminal prosecution other than a prosecution for failure to comply with the tax statute itself. Seventy-five percent of the revenue generated by assessments of the tax is distributed to the law enforcement agencies whose investigation led to the assessment. The remainder of the revenue is credited to the General Fund as a non-tax revenue.

**Effective Date:** October 26, 1998

**Fiscal Effect:** The Department of Revenue estimates the lower tax rates will yield \$5.2 million in annual controlled substance tax revenue. Of this amount, \$3.9 million will go to law enforcement agencies (75%) and \$1.3 million will go to the General Fund (25%). Due to the delay in passage of SB 1554, it is anticipated that the Department of Revenue would be unable to restart drug tax collections until January 1, 1999 and thus FY 1998-99 revenues will be half the annual estimate.

### **Senate Bill 475, Chapter 219 North Carolina Fund For Displaced Homemakers**

**Summary:** Establishes the North Carolina Fund for Displaced Homemakers in the Department of Administration. A \$20 fee will be assessed each person filing for a divorce in district court and all revenue from this new fee will be deposited into the North Carolina Fund for Displaced Homemakers. The North Carolina Council for Women will make quarterly grants from the Fund to programs aiding displaced homemakers. No more than 10% of the Fund may be used for administrative costs.

**Effective Date:** December 1, 1998

**Fiscal Effect:** According to data from the State Center for Health Statistics, there were 36,634 divorces and annulments in 1996. The Center estimates there will be approximately 37,000 divorces in FY 1998-99. The Judicial Department



**GENERAL FUND REVENUE BILLS (Continued)**

**Senate Bill 475, Chapter 219**

**North Carolina Fund For Displaced Homemakers (Continued)**

anticipates the extra \$20 fee will be collected up front when the divorce action is filed. If the fee is collected in all of these cases, an additional \$740,000 will be generated annually for transfer to the Fund for Displaced Homemakers. With a December 1, 1998 effective date, the first year revenue will be half of the estimated amount or \$370,000.

## HIGHWAY FUND REVENUE BILLS

### House Bill 1518, Chapter 160 Eagle Scout/Gold Award Plates

**Summary:** Authorizes the Division of Motor Vehicles to issue special Eagle Scout and Gold Scout Award automobile registration plates. These plates can be issued to the individuals certified as Eagle Scouts or Gold Scout Award recipients, or their parents or guardians. At least 300 applications for each special plate must be received before the Division can produce the plate. The Division is also authorized to issue smaller registration plates for motorcycles and motorcycle trailers.

**Effective Date:** September 29, 1998.

**Fiscal Effect:** The Boy Scout Councils of North Carolina report that they award approximately 1,100 Eagle Scout rankings per year. The Girl Scouts of American estimate that they grant approximately 75 Gold Scout Awards per year in North Carolina. Assuming that the minimum 300 orders were received for each plate, and that those plates are renewed annually, the state will receive an additional \$6,000 per year in revenue. According to the Division of Motor Vehicles and the Department of Corrections, there is a one time cost of \$100 to design each new plate. There is also a cost of \$2.52 per plate for production. The total one time production cost associated with the two plates will be \$1712. The Division does not believe production of the smaller plates will create a significant fiscal impact.

### House Bill 1082, Chapter 155 Native American Special Plates

**Summary:** Authorizes the Division of Motor Vehicles (DMV) to issue a special Native American registration plate. The plate can be purchased by any motor vehicle owner. The plate will bear a phrase or insignia representing Native Americans. The DMV must receive 300 applications before developing the plate. The bill also increases the maximum number of individuals who can serve on the Indian Housing Authority from nine to fifteen.

**Effective Date:** September 28, 1998.

**Fiscal Impact:** Assuming 300 plates were ordered and renewed, the bill represents a one time cost to the Highway Fund of \$856.00. Because the standard \$10.00 surcharge for specialized plates would apply, the bill will produce \$3000.00 annually for the Special Registration Plate Account.

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

### **Senate Bill 1230, Chapter 146 Motor Fuel Law Changes**

- Summary:** Clarifies the taxation of kerosene, provides automatic refunds to motor carriers for excess motor fuel tax paid, imposes a penalty for improper reporting, and makes several clarifying changes to the motor fuel tax laws.
- Effective Date:** The kerosene provisions and motor carrier refund provision became effective July 1, 1998. The penalty provision is effective for January 1, 1999. The remaining sections of the act became effective on September 21, 1998.
- Fiscal Impact:** The only section of the bill with a definite fiscal impact is motor carrier refunds. A motor carrier operating in North Carolina is taxed on the amount of motor fuel it uses in the state and is entitled to a credit for the motor fuels tax it paid on purchases made in the state. Under current law, a carrier has two years to request a refund when its tax credits exceed its tax liability. If the motor carrier fails to request a refund within two years of tax payment, then the Department of Revenue keeps the overpayment. From 1990 to 1996, the Department of Revenue earned \$6 million or approximately \$83,300 per quarter from lapsed refunds. Since the complete implementation of the International Fuel Tax Agreement (IFTA) in 1996, motor carriers have been more aggressive in seeking refunds owed to them. Based on a review of the second quarter of 1997, the amount of lapsed refunds was down to \$60,000. Under this bill, carriers would automatically receive refunds and the Highway Fund would no longer receive \$240,000 in unanticipated revenues from lapsed refunds each year.

## FINANCE BILLS AFFECTING ALL LOCAL GOVERNMENTS

### Senate Bill 1366, Chapter 212 1998 State Budget/Tax Relief

**A. Increase the Facilities Fees in the General Court of Justice:**

Increases by \$6 the court facility fees that are payable to the municipalities and counties to assist them in covering the costs of maintaining judicial facilities. Funds derived from the facilities fees must be used exclusively by the county or municipality for providing, maintaining, and constructing adequate courtroom and related judicial facilities. This becomes effective February 1, 1999.

**B. Exempt From Property Tax Continuing Care Retirement Homes:**

Temporarily revises an existing property tax exemption for retirement facilities that was recently held unconstitutional by the North Carolina Supreme Court. The provision would exempt nonprofit continuing care retirement communities (CCRCs) whose governing body is not self-perpetuating but is selected by another publicly supported 501(c)(3) nonprofit. It would effectively restore the exemption for those CCRCs that were exempt under the law struck down by the court, but retain taxability of those CCRCs that have been taxed all along. The exemption would remain in effect for two years (tax years 1998-99 and 1999-00). It also directs the Legislative Research Commission to study the issue of property tax exemptions for nonprofit institutions in general.

### Senate Bill 245, Chapter 117 Installment Financing

**Summary:** Adds metropolitan sewer districts and sanitary districts to the list of counties, cities and specifically named local authorities that are allowed to use installment financing for capital projects. The act also removes the population requirement for school systems with independent taxing authority to use installment purchase financing. Previously the law required a county population of 90,000 or more, in addition to independent taxing authority, before the county's school system could use installment purchase financing. Previously only two school boards had the independent authority to levy a school tax - Mooresville and Roanoke Rapids. Of those, only Mooresville meets the population requirement. As such, only Mooresville schools could use installment financing. Under the new law Roanoke Rapids can also use this method of financing.

**Effective Date:** August 31, 1998.

**Fiscal Effect:** There is no direct impact on state or local revenues from these additions because the bill only gives them an additional financing tool. Because the language only allows them to use installment financing, and does not require it, no reliable fiscal impact estimate is possible.

# APPENDIX

**TOTAL STATE BUDGET BY SOURCE OF FUNDS**  
(In Millions)

Fiscal Year	General Fund*	Federal Revenue Sharing	Highway Fund/Trust	Federal Receipts	Other Receipts	Total
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
1993-94	9,317.9	-	1,363.3	4,516.4	1,544.0	16,741.6
1994-95	10,268.4	-	1,480.9	4,639.9	1,580.7	17,969.9
1995-96	10,031.6	-	1,553.4	4,664.4	1,783.3	18,032.7
1996-97	10,603.0	-	1,622.5	4,870.3	1,962.7	19,058.6
1997-98	11,565.3	-	1,775.5	5,220.4	1,863.6	20,424.9
1998-99	13,111.6	-	1,807.6	5,465.3	1,797.1	22,181.6

\* General Fund as shown reflect amounts as originally authorized by the General Assembly; they do not reflect changes related to supplemental appropriations made by subsequent Session nor do they reflect transfers between the fiscal years of the biennium or any actions taken by the Governor during recessions to balance the budget.

Source: Office of State Budget

### Total General Fund Authorizations as Adjusted to Determine Total Current Operations

Fiscal Year	Total Authorizations*	% of Increase Over Prior Year	Capital Improvements** Direct Appropriations	Earmarking of Unreserved Credit Balance	Rainy Day/ Savings Reserve Direct Appropriations	Local Government Shared Revenue	Transfer To Highway Fund	Other	Total Current Operations	% of Increase Over Prior Year
1965-66	579,953,934		41,651,578	--	--	--	--		538,302,356	
1966-67	591,139,328	1.93%	0	--	--	--	--		591,139,328	9.82%
1967-68	783,036,006	32.46%	112,356,788	--	--	--	--		670,679,218	13.46%
1968-69	744,733,486	-4.89%		--	--	--	--		744,733,486	11.04%
1969-70	951,757,962	27.80%	75,588,603	--	--	--	--		876,169,359	17.65%
1970-71	981,127,808	3.09%		--	--	--	--		981,127,808	11.98%
1971-72	1,138,180,763	16.01%	64,891,192	--	--	--	--		1,073,289,571	9.39%
1972-73	1,187,443,130	4.33%		--	--	--	--		1,187,443,130	10.64%
1973-74	1,712,516,853	44.22%	191,822,446	--	--	--	--		1,520,694,407	28.06%
1974-75	1,791,783,009	4.63%	93,365,337	--	--	--	--		1,698,417,672	11.69%
1975-76	1,766,321,933	-1.42%	28,662,437	--	--	--	--		1,737,659,496	2.31%
1976-77	2,008,072,901	13.69%	45,096,295	--	--	--	--		1,962,976,606	12.97%
1977-78	2,224,738,340	10.79%	31,332,626	--	--	--	--		2,193,405,714	11.74%
1978-79	2,578,019,913	15.88%	126,008,818	--	--	--	--		2,452,011,095	11.79%
1979-80	2,835,367,553	9.98%	84,378,719	--	--	--	--		2,750,988,834	12.19%
1980-81	3,255,104,769	14.80%	104,141,290	--	--	--	--		3,150,963,479	14.54%
1981-82	3,432,556,046	5.45%	30,861,142	--	--	--	--		3,401,694,904	7.96%
1982-83	3,626,915,248	5.66%	65,772,358	--	--	--	--		3,561,142,890	4.69%
1983-84	3,857,564,088	6.36%	59,782,244	--	--	--	25,800,000		3,771,981,844	5.92%
1984-85	4,532,103,411	17.49%	212,535,238	--	--	--	--		4,319,568,173	14.52%
1985-86	5,130,563,978	13.20%	253,503,234	--	--	--	--		4,877,060,744	12.91%
1986-87	5,531,345,878	7.81%	297,667,245	--	--	--	--		5,233,678,633	7.31%
1987-88	5,978,265,764	8.08%	173,020,035	--	--	--	--		5,805,245,729	10.92%
1988-89	6,561,392,895	9.75%	258,659,030	--	--	--	--		6,302,733,865	8.57%
1989-90	7,266,680,455	10.75%	150,092,738	--	--	233,569,324	--		6,883,018,393	9.21%
1990-91	7,973,824,802	9.73%	106,400,195	--	141,000,000	476,793,897	--		7,249,630,710	5.33%
1991-92	7,825,732,308	-1.86%	0	--	400,000	468,231,174 A	--		7,357,101,134	1.48%
1992-93	8,209,537,916	4.90%	95,205,570	--	--	232,424,154 B	--		7,881,908,192	7.13%
1993-94	9,317,906,610	13.50%	135,371,704	57,000,000	--	236,824,154	--		8,888,710,752	12.77%



### Total General Fund Authorizations as Adjusted to Determine Total Current Operations

Fiscal Year	Total Authorizations*	% of Increase Over Prior Year	Capital Improvements** Direct Appropriations	Earmarking of Unreserved Credit Balance	Rainy Day/ Savings Reserve Direct Appropriations	Local Government Shared Revenue	Transfer To Highway Fund	Other	Total Current Operations	% of Increase Over Prior Year
1994-95	10,268,424,627	10.20%	189,391,450	60,000,000	66,700,000	236,824,154	--		9,715,509,023	9.30%
1995-96	10,031,584,878	-2.31%	113,522,500	125,000,000	--	--	--		9,793,062,378	0.80%
1996-97	10,607,678,229 D	5.74%	157,267,000	C	--	--	--		10,450,411,229	6.71%
1997-98	11,585,834,623 E	9.22%	152,991,120	174,260,955	-	-	-		11,258,582,548	7.73%
1998-99	13,111,623,293	13.17%	185,699,500	145,000,000	-	-	-	447,397,819 F	12,333,525,974	9.55%

\*\* Total Authorizations have been adjusted for appropriations carried forward between fiscal years

\*\* Capital Improvements include Federal-Revenue Sharing appropriations

A: Amount shown is net after transfer of \$6.6 million to EHNHR operating budget

B: Amount shown is net after transfer of \$4.4 million to EHNHR operating budget

C: Repairs/Renovations of \$130 Million were funded directly from earmarked reserve as was \$39,519,567 additional items by transferring funds appropriated from the General Fund for the Fiscal Year 1995-96 to a capital improvement reserve

D: Adjusted to reflect supplemental appropriation for Community Colleges for 1996-97 as appropriated by the 1997 Session

E: Adjusted to reflect Year 2000 Conversion appropriation made for 1997-98 by 1998 Session

F: Other includes \$400 million for Bailey/Emory/Patton Reserve and \$47.4 million for Clean Water Trust Fund

## SAVINGS RESERVE AT YEAR ENDING JUNE 30

\*Earmarking is limited to 25% of the Credit Balance or the amount required to reach the cap  
if less than 25% of Credit Balance

Fiscal Year	Prior Year Current Appropriations Total* (Base for Calculations)	5% of Prior Year Appropriation Cap	June 30 Unreserved Credit Balance	Current Year Earmarking*	Direct Appropriations To Savings Reserve	Accumulative Total in Savings Reserve
1990-91				0	141,000,000 A	0
1991-92	7,726,343,007	<b>386,317,150</b>	164,773,001	41,193,253	400,000	<b>41,593,253</b>
1992-93	7,825,507,308	<b>391,275,365</b>	537,330,259	134,332,565	0	<b>175,925,818</b>
1993-94	8,114,332,336	<b>405,716,617</b>	622,712,983	155,678,246	(121,000,000) A	<b>210,604,064</b>
1994-95	9,125,084,906	<b>456,254,245</b>	586,422,276 B	146,305,569	66,700,000	<b>423,609,633</b>
1995-96	10,019,033,177 C	<b>500,951,659</b>	726,581,754	77,342,029	0	<b>500,951,662</b>
1996-97	9,793,062,378	<b>489,653,119</b>	759,306,050	0	0	<b>500,951,662</b>
1997-98	10,450,411,229 D	<b>522,520,561</b>		21,568,903	0	<b>522,520,565</b>
1998-99	11,258,582,548 E	<b>562,929,127</b>				

\*Includes Local Government Shared Revenues/Reimbursements Directly Appropriated

A: The General Assembly appropriated \$141 million; this reserve was used to offset a shortfall in revenue for 1990-91

B: The General Assembly authorized the transfer of \$121 Million to be used for the purpose of restoring the June 30 payday.

C: Includes direct appropriation to Savings Reserve Account (\$66.7 million) and Local Government Shared Revenue (\$236.8 million)

D: Adjusted to reflect Emergency Appropriation made to the Dept. of Community Colleges for 1996-97 by the 1997 Session.

E: Adjusted to reflect Emergency Appropriation for Year 2000 Conversion for 1997-98 (\$20,506,367) as approved by 1998 Session

# ANALYSIS OF STATE PORTION OF FEDERAL REVENUE SHARING FUNDS

Fiscal year	Fund Balance	Entitlements	Interest Earned	Reversions	Total Funds	Transfers to Capital	Transfers To Non-tax Revenues	Ending Fund Balance
1972-73	0	56,739,830	1,567,114	0	58,306,944	0	0	58,306,944
1973-74	58,306,944	52,075,149	652,071	0	111,034,164	105,200,000	0	5,834,164
1974-75	5,834,164	52,330,322	12,713	706,720	58,883,919	57,200,000	0	1,683,919
1975-76	1,683,919	51,889,900	134,671	10,429,736	64,138,226	4,713,789	48,779,830	10,644,607
1976-77	10,644,607	54,464,467	122,639	5,748,073	70,979,786	16,126,358	50,764,604	4,088,824
1977-78	4,088,824	55,653,827	101,559	60,227	59,904,437	26,583,626	29,610,118	3,710,693
1978-79	3,710,693	56,225,748	133,996	303,263	60,373,700	32,230,000	28,024,132	119,568
1979-80	119,568	56,543,286	17,125	221,268	56,901,247	0	56,901,247	0
1980-81	0	28,092,475	7,714	291,709	28,391,898	0	28,391,898	0
1981-82	0	0	0	262,398	262,398	0	262,398	0
1982-83	0	1,233,888	1,371	38,464	1,273,723	0	0	1,273,723
1983-84	1,273,723	0	169,360	0	1,443,083	0	39,433	1,403,650
1984-85	1,403,650	0	52,894	0	1,456,544	0	1,456,544	0

# ANALYSIS OF ANTI-RECESSION FUNDS

Fiscal year	Fund Balance	Entitlements	Interest Earned	Total Fund	Transfer to Non-tax Revenue	Ending Fund Balance
1976-77	0	5,340,632	99,754	5,440,386	190,000	5,250,386
1977-78	5,250,386	5,842,753	73,393	11,166,532	8,906,613	2,259,919
1978-79	2,259,919	0	9,886	2,269,805	2,259,919	9,886
1979-80	9,886	0	14	9,900	9,800	100
1980-81	100	0	11	111	0	111
1981-82	111	0	5	116	116	0

### Condition of General Fund Including Federal Revenues (Actual)

Fund	Fiscal Year	Balance July 1	Reserve	Adjustment	Revenue Collections	Total Availability	Current Operations Expenditures	Per Cent of Growth	Capital Expenditure	Total Expenditures	Per Cent of Growth	Reserve &/Or Earmarking	Balance June 30 Unreserved
NOTE: Prior to 1946-47 Capital Improvements are included in appropriation expenditures for operations													
	1925-26	0	0	0	12,972,184	12,972,184	11,702,360		0	11,702,360		0	1,269,824
	1926-27	1,269,824	0	0	13,240,983	14,510,807	13,107,224	12.00%	0	13,107,224	12.00%	0	1,403,583
	1927-28	1,403,583	0	0	15,592,689	16,996,272	14,761,040	12.62%	0	14,761,040	12.62%	0	2,235,232
	1928-29	2,235,232	0	0	15,375,983	17,611,215	15,490,136	4.94%	0	15,490,136	4.94%	0	2,121,079
	1929-30	2,115,755	0	0	16,839,950	18,955,705	17,909,315	15.62%	0	17,909,315	15.62%	0	1,046,390
	1930-31	1,046,390	0	0	14,330,076	16,376,466	17,607,664	-1.68%	0	17,607,664	-1.68%	0	(2,231,198)
	1931-32	0	0	0	22,555,900	22,555,900	26,876,310	52.64%	0	26,876,310	52.64%	0	(4,320,410)
	1932-33	0	0	0	18,352,353	18,352,353	26,762,953	-0.42%	0	26,762,953	-0.42%	0	(8,410,600)

Note: The 1933-35 budget, proposed that \$2.0 Million be transferred from the Highway Fund to the General Fund each year.

A \$1.0 million per year transfer was adopted and continued through 1936-37 and is included in the Revenue collections. At this time, the transfer was discontinued but the proposed budgets up to 1939-41 carried the continuation provisions.

	1933-34	0	0	0	24,056,004	24,056,004	23,981,932	-10.39%	0	23,981,932	-10.39%	0	74,072
	1934-35	74,072	0	0	27,006,816	27,080,888	26,368,635	9.95%	0	26,368,635	9.95%	0	712,253

NOTE: Adjustments are generally balances left upon the completion of capital improvements.

	1935-36	712,253	0	(209)	31,439,588	32,151,632	31,201,705	18.33%	0	31,201,705	18.33%	0	949,927
	1936-37	949,927	0	0	39,603,475	40,553,402	35,322,102	13.21%	0	35,322,102	13.21%	0	5,231,300
	1937-38	5,231,300	0	0	38,609,395	43,840,695	37,891,551	7.27%	0	37,891,551	7.27%	0	5,949,144
	1938-39	5,949,144	0	0	36,181,205	42,130,349	39,888,011	5.27%	0	39,888,011	5.27%	0	2,242,338
	1939-40	2,242,338	0	1,066,824	40,698,042	44,007,204	40,991,116	2.77%	0	40,991,116	2.77%	0	3,016,088
	1940-41	3,016,088	0	0	47,280,139	50,296,227	43,015,955	4.94%	0	43,015,955	4.94%	0	7,280,272
	1941-42	7,280,272	0	601,709	57,649,331	65,531,312	46,543,157	8.20%	0	46,543,157	8.20%	0	18,988,155

NOTE: Reserves for 1940's are for the State Post War Account

	1942-43	18,988,155	0	5,500	70,445,137	89,438,792	50,068,159	7.57%	0	50,068,159	7.57%	20,000,000	19,370,633
	1943-44	19,370,633	20,000,000	266,367	76,822,101	116,259,101	58,610,231	17.06%	0	58,610,231	17.06%	20,115,612	37,533,258
	1944-45	37,533,258	20,115,612	394,000	80,687,290	138,740,160	113,334,848	93.37%	0	113,334,848	93.37%	20,330,877	5,074,435
	1945-46	5,074,435	20,330,877	329,738	90,453,171	116,188,221	68,212,503	-39.81%	0	68,212,503	-39.81%	20,537,701	27,438,017
	1946-47	27,437,017	20,537,701	2,173,452	119,996,404	170,144,574	77,125,832	13.07%	50,932,256	126,058,088	87.73%	30,076,486	12,010,000
	1947-48	12,011,099	30,076,486	456,232	129,568,152	172,111,969	92,018,238	18.31%	0	92,018,238	-28.14%	30,418,417	49,675,314
	1948-49	49,675,215	30,418,417	77,923	140,843,645	221,015,200	109,249,731	18.73%	97,827,734	207,077,465	125.04%	0	13,937,735
	1949-50	13,937,735	0	595,885	132,837,931	147,371,551	134,111,388	22.76%	0	134,111,388	-35.24%	0	13,260,163
	1950-51	13,260,163	0	819,087	162,072,963	176,152,113	146,829,082	9.48%	3,485,000	150,314,082	12.08%	0	25,838,031
	1951-52	25,838,031	0	0	178,887,834	204,725,865	166,104,297	13.13%	0	166,104,297	10.50%	0	38,621,568
	1952-53	38,621,568	0	952,513	180,978,102	220,552,183	182,896,519	10.11%	5,165,508	188,062,027	13.22%	0	32,490,156
	1953-54	32,490,156	0	1,259,909	184,709,697	218,459,962	190,755,570	4.30%	0	190,755,570	1.43%	0	27,704,392
	1954-55	27,704,392	0	964,759	189,111,046	217,780,197	202,789,224	6.31%	0	202,789,224	6.31%	0	14,990,973
	1955-56	14,990,973	0	1,498,312	224,613,939	241,103,224	202,617,674	-0.08%	0	202,617,674	-0.08%	0	38,485,550
	1956-57	38,485,550	0	1,011,108	237,768,203	277,264,861	212,198,430	4.73%	0	212,198,430	4.73%	0	65,066,431
	1957-58	65,066,431	0	5,000	242,111,765	307,183,196	247,973,448	16.66%	29,861,885	277,835,313	30.93%	0	29,347,883
	1958-59	29,347,883	0	86,350	253,670,563	283,104,796	264,329,910	6.60%	0	264,329,910	-4.86%	0	18,774,886
	1959-60	18,774,886	0	0	310,207,655	328,982,541	284,263,267	7.54%	65,000	284,328,267	7.57%	0	44,654,274
	1960-61	44,654,274	0	11,411	325,988,671	370,652,356	296,296,302	4.23%	0	296,296,302	4.21%	0	74,356,054

# Condition of General Fund including Federal Revenues (Actual)

Fund	Fiscal Year	Balance July 1	Reserve	Adjustment	Revenue Collections	Total Availability	Current Operations Expenditures	Per Cent of Growth	Capital Expenditure	Total Expenditures	Per Cent of Growth	Reserve &/Or Earmarking	Balance June 30 Unreserved
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Note: Beginning with 1961-62 unexpended Capital project balances were deposited to nontax revenues and they are included in revenue collections total.

	1961-62	74,356,054	0	0	374,837,139	449,193,193	368,975,034	23.85%	1,880,200	368,835,234	24.48%	0	80,357,959
	1962-63	80,357,959	0	0	415,327,825	495,685,784	384,011,852	4.64%	0	384,011,852	4.11%	0	111,673,932
	1963-64	111,673,932	0	0	437,849,734	549,523,666	429,922,110	11.96%	60,574,018	490,496,128	27.73%	0	59,027,538
	1964-65	59,027,538	0	0	491,700,448	550,727,986	460,055,955	7.01%	3,000,000	463,055,955	-5.59%	0	87,672,031

Note: The 1965-66 adjustment is the addition of a reserve for personal withholding of income taxes.

	1965-66	87,672,031		12,007,219	573,249,459	672,928,709	517,110,881	12.40%	41,651,578	558,762,459	20.67%	0	114,166,250
	1966-67	114,166,250	0	0	623,709,479	737,875,729	565,195,417	9.30%	0	565,195,417	1.15%	0	172,680,312
	1967-68	172,680,312	0	0	679,198,928	851,879,240	643,992,638	13.94%	112,358,788	756,349,426	33.82%	0	95,529,814
	1968-69	95,529,814	0	0	776,065,736	871,595,550	718,259,774	11.53%	0	718,259,774	-5.04%	0	153,335,776
	1969-70	153,335,776	0	0	878,550,034	1,031,885,810	837,404,905	16.59%	75,588,603	912,993,508	27.11%	0	118,892,302
	1970-71	118,892,302	0	0	967,636,156	1,086,528,458	939,311,030	12.17%	0	939,311,030	2.88%	0	147,217,428
	1971-72	147,217,428	0	0	1,093,909,181	1,241,126,608	1,031,353,080	9.80%	64,891,192	1,096,244,272	16.71%	0	144,882,337

NOTE: FR-Sharing is Federal Revenue Sharing.

Gen Fund	1972-73	144,882,337	0	0	1,259,415,819	1,404,298,156	1,139,500,643	10.49%	0	1,139,500,643		0	264,797,513
FR-Sharing	1972-73	0	0	0	58,306,944	58,306,944	0		0	0		0	58,306,944
Total	1972-73	144,882,337	0	0	1,317,722,763	1,462,605,100	1,139,500,643	10.49%	0	1,139,500,643	3.95%	0	323,104,457
Gen Fund	1973-74	264,797,513	0	0	1,429,764,463	1,694,561,976	1,433,241,642	25.78%	88,622,446	1,519,864,088		0	174,697,888
FR-Sharing	1973-74	58,306,944	0	0	52,727,220	111,034,164			105,200,000	105,200,000		0	5,834,164
Total	1973-74	323,104,457	0	0	1,482,491,683	1,805,596,140	1,433,241,642	25.78%	191,822,446	1,625,064,088	42.61%	0	180,532,052

The 1973 General Assembly adopted only a one-year budget; the 1974 Session adopted in full a budget for 1974-75

Gen Fund	1974-75	174,697,888	0	0	1,544,097,052	1,718,794,940	1,627,703,631	13.57%	36,165,337	1,663,868,968		0	54,925,972
FR-Sharing	1974-75	5,834,164	0	0	53,049,755	58,883,919			57,200,000	57,200,000		0	1,683,919
Total	1974-75	180,532,052	0	0	1,597,146,807	1,777,678,859	1,627,703,631	13.57%	93,365,337	1,721,068,968	5.91%	0	56,609,891

The 1975 Session of the General Assembly adopted a budget for the Biennium, with the second year to be revisited by the Short Session in the Even Year

Gen Fund	1975-76	54,925,972	0	0	1,648,077,900	1,703,003,872	1,621,231,432		23,948,648	1,645,180,080		0	57,823,792
FR-Sharing	1975-76	1,683,919	0	0	62,454,307	64,138,226	48,779,830		4,713,789	53,493,619		0	10,644,607
Total	1975-76	56,609,891	0	0	1,710,532,207	1,767,142,098	1,670,011,262	2.60%	28,662,437	1,698,673,699	-1.30%	0	68,468,399

NOTE: Anti-Rec is Anti-Recession Federal Funding

Gen Fund	1976-77	57,823,792	0	0	1,952,574,033	2,010,397,825	1,839,885,093		28,969,937	1,868,855,030		0	141,542,795
FR-Sharing	1976-77	10,644,607	0	0	60,335,179	70,979,786	50,764,604		16,126,358	66,890,962		0	4,088,824
Anti-Rec	1976-77	0	0	0	5,440,386	5,440,386	190,000		0	190,000		0	5,250,386
Total	1976-77	68,468,399	0	0	2,018,349,598	2,086,817,997	1,890,839,697	13.22%	45,096,295	1,935,935,992	13.97%	0	150,882,005
Gen Fund	1977-78	141,542,795	0	0	2,134,821,184	2,276,363,979	2,082,634,019		4,749,000	2,087,383,019		0	178,980,960
FR-Sharing	1977-78	4,088,825	0	0	55,815,613	59,904,438	29,610,118		26,583,626	56,193,744		0	3,710,694



### Condition of General Fund including Federal Revenues (Actual)

Fund	Fiscal Year	Balance July 1	Reserve	Adjustment	Revenue Collections	Total Availability	Current Operations Expenditures	Per Cent of Growth	Capital Expenditure	Total Expenditures	Per Cent of Growth	Reserve &/Or Earmarking	Balance June 30 Unreserved
Anti-Rec	1977-78	5,250,388	0	0	5,918,148	11,168,532	8,908,613		0	8,908,613		0	2,259,919
Total	1977-78	150,882,008	0	0	2,196,552,943	2,347,434,949	2,131,150,750	12.71%	31,332,628	2,162,483,378	11.70%	0	184,951,573
Gen Fund	1978-79	178,980,960	0	0	2,430,295,403	2,609,276,363	2,328,048,791		83,778,818	2,421,827,609		0	187,448,754
FR-Sharing	1978-79	3,710,694	0	0	56,863,007	60,373,701	28,024,132		32,230,000	60,254,132		0	119,569
Anti-Rec	1978-79	2,259,919	0	0	9,886	2,269,805	2,259,919		0	2,259,919		0	9,886
Total	1978-79	184,951,573	0	0	2,486,968,298	2,671,919,869	2,358,332,842	10.66%	126,008,818	2,484,341,660	14.88%	0	187,578,209
Gen Fund	1979-80	187,448,754	0	0	2,785,259,764	2,972,708,518	2,603,361,242		84,378,719	2,687,739,961		0	284,988,657
FR-Sharing	1979-80	119,568	0	0	56,781,679	56,901,247	56,901,247			56,901,247		0	0
Anti-Rec	1979-80	9,886	0	0	14	9,900	9,800			9,800		0	100
Total	1979-80	187,578,208	0	0	2,842,041,457	3,029,619,665	2,660,272,289	12.80%	84,378,719	2,744,651,008	10.48%	0	284,988,657
Gen Fund	1980-81	284,988,657	0	0	2,965,420,535	3,280,389,092	3,021,821,011		104,141,290	3,125,762,301		0	154,626,791
FR-Sharing	1980-81	0	0	0	28,391,898	28,391,898	28,391,897		0	28,391,897		0	1
Anti-Rec	1980-81	100	0	0	11	111	0		0	0		0	111
Total	1980-81	284,988,657	0	0	3,023,812,444	3,308,781,101	3,050,012,908	14.85%	104,141,290	3,154,154,198	14.92%	0	154,628,903
Gen Fund	1981-82	154,626,792	0	0	3,229,278,338	3,383,905,130	3,244,496,219		30,861,142	3,275,357,361		0	108,547,769
FR-Sharing	1981-82	0	0	0	262,398	262,398	262,398			262,398		0	0
Anti-Rec	1981-82	111	0	0	5	116	116			116		0	0
Total	1981-82	154,626,903	0	0	3,229,540,741	3,384,167,644	3,244,758,733	6.39%	30,861,142	3,275,619,875	3.85%	0	108,547,769
Gen Fund	1982-83	108,547,769	0	0	3,403,842,753	3,512,390,522	3,374,921,984		65,772,358	3,440,694,342		0	71,696,180
FR-Sharing	1982-83	0	0	0	1,273,723	1,273,723	0		0	0		0	1,273,723
Total	1982-83	108,547,769	0	0	3,405,116,476	3,513,664,245	3,374,921,984	4.01%	65,772,358	3,440,694,342	5.04%	0	72,969,903
Gen Fund	1983-84	71,696,180	0	0	3,957,278,079	4,028,974,259	3,715,665,403		59,782,244	3,775,447,647		0	253,526,612
FR-Sharing	1983-84	1,273,723	0	0	169,360	1,443,083	39,433		0	39,433		0	1,403,650
Total	1983-84	72,969,903	0	0	3,957,447,439	4,030,417,342	3,715,704,836	10.10%	59,782,244	3,775,487,080	9.73%	0	254,930,262
Gen Fund	1984-85	253,526,612	0	0	4,525,638,127	4,779,164,739	4,186,531,747		212,535,238	4,399,066,985		0	380,097,754
FR-Sharing	1984-85	1,403,650	0	0	52,894	1,456,544	1,456,544		0	1,456,544		0	0
Total	1984-85	254,930,262	0	0	4,525,691,021	4,780,621,283	4,187,988,291	12.71%	212,535,238	4,400,523,529	16.56%	0	380,097,754
	1985-86	380,097,754	0	0	4,910,870,016	5,290,967,770	4,718,355,241	12.66%	253,503,234	4,971,858,475	12.98%	0	319,109,295
	1986-87	319,109,295	0	0	5,392,076,697	5,711,185,992	5,051,335,794	7.06%	297,667,245	5,349,003,039	7.59%	0	362,182,953
	1987-88	362,182,953	0	0	5,804,527,342	6,166,710,296	5,600,754,852	10.88%	173,020,035	5,773,774,887	7.94%	0	392,935,408
	1988-89	392,935,408	0	0	6,154,529,607	6,547,465,015	6,131,757,409	9.43%	258,659,030	6,390,416,439	10.68%	0	157,048,576
NOTE: Beginning with 1989-90, Revenue Collections include transfers from the Highway Trust Fund.													
	1989-90	157,048,576	0	0	6,988,406,674	7,145,455,250	6,773,120,129	10.48%	150,092,738	6,923,212,867	8.34%	0	222,242,383
	1990-91	222,242,383	0	0	7,207,815,194	7,430,057,577	7,323,216,884	8.12%	106,400,195	7,429,617,079	7.31%	0	440,498

NOTE: 1991-92 Expenditures include a \$400,000 transfer to the Savings Reserve Account.

NOTE: Reserves starting in the 1991-92 are for the Savings Reserve Account and Earmarking of Repairs/Renovations as mandated by Budget Reform legislation.

### Condition of General Fund including Federal Revenues (Actual)

Fund	Fiscal Year	Balance July 1	Reserve	Adjustment	Revenue Collections	Total Availability	Current Operations Expenditures	Per Cent of Growth	Capital Expenditure	Total Expenditures	Per Cent of Growth	Reserve &/Or Earmarking	Balance June 30 Unreserved
	1991-92	440,488	0	0	7,817,050,946	7,817,491,444	7,652,718,443	4.50%	0	7,652,718,443	3.00%	41,193,253	123,579,748
	1992-93	123,579,748		0	8,292,796,568	8,416,376,316	7,783,840,487	1.71%	95,205,570	7,879,046,057	2.96%	191,332,565	345,997,694
NOTE: DSS Funds are Disproportionate Share Federal Funds; they were budgeted as departmental receipts during 1992-93. The 1993-94 adjustment is a transfer from the Savings Reserve Account which was used to restore June pay date													
Gen Fund	1993-94	345,997,694	57,000,000	121,000,000	9,009,134,828	9,533,132,522	8,718,047,835		182,371,704	8,910,419,539		215,678,246	407,034,737
DSS Funds	1993-94	0	0	0	303,132,954	303,132,954	93,200,000		0	93,200,000			209,932,954
Total	1993-94	345,997,694	57,000,000	121,000,000	9,312,267,782	9,836,265,476	8,811,247,835	13.20%	182,371,704	9,003,619,539	14.27%	215,678,246	616,967,691
NOTE: 1994-95 Expenditures include an appropriation of \$66,700,000 to the Savings Reserve Account. 1994-95 Reserve &/Or Earmarking includes \$28.1 Million of 1994-95 Revenues earmarked for future tax relief.													
Gen Fund	1994-95	407,034,737	60,000,000	0	9,876,738,715	10,343,773,452	9,481,059,729		249,391,450	9,730,451,179		320,711,136	292,811,137
DSS Funds	1994-95	209,932,954			95,595,394	305,528,348	303,932,954			303,932,954			1,595,394
Total	1994-95	616,967,691	60,000,000	0	9,972,334,109	10,649,301,800	9,784,992,683	11.05%	249,391,450	10,034,384,133	11.45%	320,711,136	294,206,531
NOTE: 1995-96 Reserve transfer of \$153.1 million includes \$125.0 million from Earmarked R/R Reserve and \$28.1 million earmarked for future tax relief measures by the 1994 Session of the General Assembly. 1995-96 Reserve &/Or Earmarking includes \$47.1 million for the Clean Water Management Trust Fund; \$39.5 million for Capital Improvement Reserve; \$130 million for R/R; \$26.2 million for Federal Retirees; \$3 million for library grants; and \$77.3 million for Savings Reserve Account.													
Gen Fund	1995-96	292,811,137	153,100,000	0	10,014,211,926	10,459,923,063	9,494,818,810		238,522,500	9,733,341,310		320,445,593	406,136,160
DSS Funds	1995-96	1,595,394	0	0	76,013,459	77,608,853	76,013,459		0	76,013,459		0	1,595,394
Total	1995-96	294,206,531	153,100,000	0	10,090,225,385	10,537,531,916	9,570,832,269	-2.19%	238,522,500	9,809,354,769	-2.24%	320,445,593	407,731,554
NOTE: 1996-97 Reserve transfer is the sum transferred as authorized by Section 7.9, Chapter 18 of the 1996 Session Laws. This section authorized the Director of the Budget to use lapsed salaries for the 1995-97 biennium to match federal funds for disaster relief. Repair/Renovations Allocations were made directly from the Earmarked Reserve for that purpose for 1996-97													
Gen Fund	1996-97	406,136,160 (115,510,195)		0	10,833,017,006	11,123,642,971	10,207,069,921		157,267,000	10,364,336,921		440,615,848	318,690,202
DSS Funds	1996-97	1,595,394	0	0	100,843,546	102,438,940	102,438,940		0	102,438,940		0	0
Total	1996-97	407,731,554 (115,510,195)		0	10,933,860,552	11,226,081,911	10,309,508,861	7.72%	157,267,000	10,466,775,861	6.70%	440,615,848	318,690,202
Note: 1997-98 Reserve transfer total includes \$135 million earmarked R/R from credit balance and supplemental appropriation of \$39.3 million for R/R projects. Adjustment reflects transfer from Library reserve account.													
Gen Fund	1997-98	318,690,202	174,280,955	284,000	11,727,128,530	12,220,363,687	11,108,886,722		327,252,075	11,436,138,797		668,994,401	115,230,489
DSS Funds	1997-98	0	0	0	35,447,111	35,447,111	0		0	0		0	35,447,111
Total	1997-98	318,690,202	174,280,955	284,000	11,762,575,641	12,255,810,798	11,108,886,722	7.75%	327,252,075	11,436,138,797	9.28%	668,994,401	150,393,600



### Earmarking of the Unreserved Credit Balance by Fiscal Year

Fiscal Year	June 30 Unreserved Credit Balance	Appropriation of Reversions	Savings Reserve Earmarking	Repairs/ Renovations (Replacement Value)	Repairs/ Renovations Supplement	Clean Water Management Trust Fund	Tax Relief/ Tax Refunds	Other Earmarking	Total Earmarking	Remaining Credit Balance
1991-92	164,773,001	0	41,193,253	0	0	0	0	0	41,193,253	123,579,748
1992-93	537,330,259	0	134,332,565	57,000,000	0	0	0	0	191,332,565	345,997,694
1993-94	622,712,983	0	155,678,246	60,000,000	0	0	0	0	215,678,246	407,034,737
1994-95	680,022,275	0	146,305,569	146,305,569 A	0	0	28,100,000 B	66,700,000 **	387,411,138	292,611,137
1995-96	726,581,754	39,803,567 D	77,342,026	130,000,000	0	47,100,000	26,200,000 C	0	320,445,593	406,136,161
1996-97	759,306,050	0	0	135,000,000	39,260,955	49,354,893	156,000,000 E	61,000,000 F	440,615,848	318,690,202
1997-98	784,224,890	55,027,680 G	21,568,903	145,000,000	0	47,397,819	0	400,000,000 H	668,994,401	115,230,489

\*\* Direct Transfer to the Savings Reserve Account

A: Only \$125,000,000 was appropriated by the General Assembly for Repairs/Renovations; the balance of \$21,305,569 was appropriated by the 1996 Session of the General Assembly for Special Projects.

B: Reserve for Future Tax Relief

C: Reserve for Federal Retirees Refund (\$25 million) and Federal Retiree Administration (\$1.2 million)

D: Appropriation of additional 1996-97 Capital Improvements of \$39,519,567 made by re-appropriating 1995-96 unexpended appropriations and the appropriation of 1995-96 reversion of \$284,000 for library grants (Library grant was not re-appropriated but held in reserve)

E: Reserve for Intangible Tax Remedy/Refunds

F: Investment in NC Railroad stock

G: Appropriation of 1997-98 reversions for FY 1997-98 in accordance with Section 9, SL 1998-212

H: Bailey/Emory/Patton Reserve

# TAX REVENUES BY MAJOR SCHEDULES (ACTUAL)

	I n c o m e T a x			Sales & Use	Franchise	Inheritance	Beverage	Insurance	Cigarette/ Tobacco	Soft Drinks	Other	Total Tax Revenue
	Individual	Corporate	Total Income									
1965-66	165,070,174	87,666,287	252,736,461	188,246,243	41,383,066	11,443,686	22,514,652	20,118,948	—	—	18,972,340	555,415,396
1966-67	188,561,766	96,245,781	284,807,547	201,641,570	45,725,033	12,144,523	25,677,593	22,076,520	—	—	13,132,174	605,204,960
1967-68	216,546,972	94,645,849	311,192,821	216,173,811	51,674,292	14,165,345	22,666,347	23,928,805	—	—	12,681,171	852,482,592
1968-69	239,644,468	110,500,839	350,145,307	239,525,769	56,927,222	21,328,167	29,864,691	26,744,842	—	—	14,974,530	739,510,528
1969-70	270,945,492	109,117,961	380,063,453	264,350,605	60,596,686	17,825,615	48,540,468	29,605,303	11,738,015	12,923,125	16,070,798	841,714,068
1970-71	301,755,720	111,841,025	413,596,745	285,893,056	61,924,665	18,808,807	56,382,987	32,368,226	16,361,491	18,550,517	17,558,198	921,444,692
1971-72	361,816,480	122,034,298	483,850,778	324,824,018	71,073,722	22,164,706	60,583,412	35,927,677	18,891,365	19,192,153	15,391,871	1,051,899,702
1972-73	431,222,164	135,086,285	566,308,449	368,746,184	80,622,288	34,030,814	63,957,863	40,802,936	20,228,597	19,724,564	19,575,349	1,213,997,044
1973-74	504,319,052	148,748,753	653,067,805	409,393,909	91,658,623	29,196,269	67,751,142	44,764,328	20,531,733	20,200,510	21,621,149	1,358,185,468
1974-75	549,927,432	165,473,944	715,401,376	423,006,813	111,742,188	26,202,077	70,042,026	47,999,930	20,753,314	18,110,432	17,925,944	1,451,184,100
1975-76	604,792,720	155,685,814	760,478,534	464,756,311	130,193,042	28,280,942	73,323,247	54,809,184	21,473,062	19,765,341	18,765,791	1,571,845,454
1976-77	782,092,041	203,397,684	985,489,725	510,295,335	146,139,025	31,038,176	75,216,249	56,609,311	20,307,632	20,119,909	24,751,396	1,869,966,758
1977-78	848,247,311	228,693,809	1,076,941,120	578,960,737	162,348,177	35,122,343	79,809,085	63,957,032	19,415,339	22,071,726	21,856,189	2,060,481,748
1978-79	996,226,723	252,704,464	1,248,931,187	646,729,888	181,454,337	37,709,225	85,115,511	71,109,177	18,826,236	23,047,831	24,294,753	2,337,218,145
1979-80	1,180,507,067	290,632,136	1,471,139,203	691,902,227	200,814,972	40,077,397	90,461,024	80,258,938	18,031,230	21,970,740	24,558,259	2,639,213,990
1980-81	1,303,517,221	279,803,897	1,583,321,118	737,098,123	235,280,325	43,433,565	95,389,760	86,188,075	18,247,220	22,278,966	24,716,296	2,845,953,448
1981-82	1,449,370,198	277,447,978	1,726,818,176	777,449,131	269,764,189	43,480,619	99,640,685	92,817,199	18,277,757	21,882,630	27,582,451	3,077,712,837
1982-83	1,550,107,336	306,517,039	1,856,624,375	823,400,004	298,560,505	44,071,761	100,343,420	98,116,843	15,618,474	21,829,242	20,460,219	3,279,024,843
1983-84	1,784,986,813	367,823,717	2,152,810,530	998,987,392	326,787,458	66,412,027	101,192,377	106,523,346	14,970,694	23,667,499	23,026,280	3,814,377,603
1984-85	2,023,463,495	489,955,619	2,513,419,114	1,155,845,141	310,142,987	71,203,186	105,075,395	116,107,705	14,907,150	24,607,217	25,414,359	4,336,722,254
1985-86	2,206,749,074	510,675,054	2,717,424,128	1,380,409,070	197,594,803	82,020,611	108,981,903	134,814,850	14,895,376	25,712,882	32,667,227	4,694,520,850
1986-87	2,565,878,217	563,528,678	3,129,406,895	1,451,612,941	206,523,263	73,540,356	112,514,998	139,229,389	11,616,044	24,828,396	31,289,835	5,180,562,117
1987-88	2,686,832,223	625,972,626	3,312,804,849	1,555,266,971	234,779,520	60,728,032	122,479,873	186,461,390	8,484,073	27,365,786	42,918,379	5,551,288,873
1988-89	3,002,323,870	549,432,007	3,551,755,877	1,681,724,768	236,296,779	67,154,138	127,614,668	187,071,844	7,952,400	27,912,071	41,059,561	5,928,542,106
1989-90	3,390,389,817	557,763,530	3,948,153,347	1,762,717,987	262,760,974	72,871,272	145,690,616	176,714,976	15,315,186	28,987,047	148,211,757	6,561,423,162
1990-91	3,534,474,150	493,213,262	4,027,687,412	1,682,340,881	372,888,415	76,790,835	153,753,340	193,240,504	15,190,478	29,752,060	140,861,252	6,692,505,177
1991-92	3,583,017,675	606,195,418	4,189,213,093	2,161,362,545	406,952,650	87,676,257	158,075,821	203,829,955	40,362,907	32,417,808	158,554,573	7,438,445,609
1992-93	3,992,016,392	429,848,526	4,421,864,918	2,344,073,330	419,986,494	89,618,065	159,142,463	198,811,590	42,880,901	34,461,373	172,177,426	7,883,016,560
1993-94	4,254,506,549	487,796,660	4,742,303,209	2,578,846,239	439,287,031	106,533,229	161,133,617	219,439,488	37,925,056	36,538,688	194,749,199	8,516,755,756
1994-95	4,665,474,733	649,389,838	5,314,864,571	2,781,683,390	458,058,989	109,865,448	163,188,783	236,215,989	44,635,750	37,958,080	219,345,056	9,365,816,056
1995-96	4,800,034,948	673,837,774	5,473,872,722	2,958,132,813	355,918,036	112,912,290	145,517,853	242,652,553	46,697,736	39,805,998	83,245,228	9,458,755,228
1996-97	5,329,990,261	717,750,574	6,047,740,835	3,127,673,443	387,811,674	132,068,325	150,208,567	258,503,720	46,677,349	31,347,645	57,115,919	10,239,147,477
1997-98	6,028,870,217	696,338,557	6,725,208,774	3,255,372,048	407,256,555	138,124,663	153,723,510	283,763,234	47,177,218	23,078,645	58,741,873	11,092,446,520

**Authorized and Actual Revenue Collections by Fiscal Year (in Thousands)**

Fiscal Year	Authorized						Actual Collections							Overcollections				
	Tax Revenue	Non-tax Revenue	Other	Federal Revenues	Hwy Trust Transfer	Total	Tax Revenue	Non-tax Revenue	Other	Federal Revenues	Hwy Trust Transfer	Total	Tax Revenue	Non-tax Revenue	Other	Federal Revenues	Hwy Trust Transfer	Total
1961-62	338,347	9,230	0	0	0	347,577	362,891	11,946	0	0	0	374,837	24,544	2,716	0	0	0	27,260
1962-63	351,119	8,865	0	0	0	359,984	402,825	12,503	0	0	0	415,328	51,706	3,638	0	0	0	55,344
1963-64	417,043	7,875	0	0	0	424,918	428,170	9,679	0	0	0	437,849	11,127	1,804	0	0	0	12,931
1964-65	435,518	7,900	0	0	0	443,418	480,450	11,251	0	0	0	491,701	44,932	3,351	0	0	0	48,283
1965-66	511,032	14,382	0	0	0	525,414	555,416	17,834	0	0	0	573,250	44,384	3,452	0	0	0	47,836
1966-67	532,885	13,795	0	0	0	546,680	605,205	18,505	0	0	0	623,710	72,320	4,710	0	0	0	77,030
1967-68	640,850	18,200	0	0	0	659,050	652,463	26,716	0	0	0	679,199	11,633	8,516	0	0	0	20,149
1968-69	677,038	18,200	0	0	0	695,238	739,511	36,555	0	0	0	776,066	62,473	18,355	0	0	0	80,828
1969-70	815,385	27,515	0	0	0	842,900	841,714	35,836	0	0	0	878,550	26,328	9,321	0	0	0	35,650
1970-71	909,630	27,570	0	0	0	937,200	921,445	46,191	0	0	0	967,636	11,815	18,621	0	0	0	30,436
1971-72	998,165	46,500	0	0	0	1,044,665	1,051,900	42,009	0	0	0	1,093,909	53,735	(4,491)	0	0	0	49,244
1972-73	1,080,490	53,330	0	0	0	1,133,820	1,213,997	45,419	0	58,307	0	1,317,223	133,507	(7,911)	0	58,307	0	183,903
1973-74	1,312,051	41,700	0	46,700	0	1,402,451	1,358,185	71,579	0	52,727	0	1,482,491	46,134	29,879	0	4,027	0	80,040
1974-75	1,507,270	68,350	0	52,400	0	1,628,020	1,451,184	92,913	0	53,050	0	1,507,147	(56,086)	24,563	0	650	0	(30,873)
1975-76	1,595,120	84,400	0	51,753	0	1,731,273	1,571,845	76,232	0	62,454	0	1,710,531	(23,275)	(8,168)	0	10,701	0	(20,742)
1976-77	1,824,000	80,617	0	53,613	0	1,958,230	1,869,967	82,607	0	65,775	0	2,018,349	45,967	1,990	0	12,162	0	60,119
1977-78	1,978,600	53,104	0	62,000	0	2,103,704	2,060,482	74,339	0	61,732	0	2,196,553	81,882	11,235	0	(268)	0	92,949
1978-79	2,262,000	74,500	0	56,588	0	2,393,088	2,337,218	93,077	0	56,873	0	2,486,968	75,218	18,577	0	85	0	93,880
1979-80	2,534,763	94,132	0	56,889	0	2,685,784	2,639,214	146,046	0	56,782	0	2,842,042	104,451	51,914	0	(107)	0	156,258
1980-81	2,839,500	98,700	0	28,381	0	2,966,581	2,845,953	149,467	0	28,392	0	3,023,812	6,453	50,767	0	11	0	57,231
1981-82	3,138,800	141,600	0	0	0	3,280,400	3,077,713	151,566	0	262	0	3,285,411	(61,087)	9,966	0	262	0	(50,859)
1982-83	3,370,300	144,800	0	0	0	3,515,100	3,279,025	124,818	0	1,274	0	3,405,117	(91,275)	(19,982)	0	1,274	0	(109,983)
1983-84	3,663,900	151,950	0	0	0	3,815,850	3,814,378	142,900	0	169	0	3,957,447	150,478	(9,050)	0	169	0	141,597
1984-85	4,129,722	146,840	0	1,500	0	4,278,062	4,336,722	188,916	0	53	0	4,525,691	207,000	42,076	0	(1,447)	0	247,629
1985-86	4,807,924	186,500	0	0	0	4,794,424	4,684,521	216,347	0	0	0	4,910,888	86,597	29,847	0	0	0	116,444
1986-87	4,997,866	218,000	0	0	0	5,215,866	5,180,562	211,515	0	0	0	5,392,077	182,696	(6,485)	0	0	0	176,211
1987-88	5,380,831	234,900	0	0	0	5,615,731	5,551,289	253,238	0	0	0	5,804,527	170,458	18,338	0	0	0	188,796
1988-89	5,902,201	286,490	0	0	0	6,188,691	5,928,542	225,987	0	0	0	6,154,529	26,341	(40,503)	0	0	0	(14,182)
1989-90	6,746,614	244,800	0	0	279,400	7,270,614	6,561,423	262,290	0	0	164,693	6,988,406	(185,191)	17,690	0	0	(114,707)	(282,208)
1990-91	7,357,400	214,700	17,000	0	264,000	7,852,400	6,692,505	267,229	17,000	0	231,081	7,207,815	(664,895)	53,229	0	0	(32,919)	(644,585)
1991-92	7,433,125	213,900	8,700	0	170,000	7,825,725	7,438,448	199,905	8,700	0	170,000	7,817,051	5,321	(13,995)	0	0	0	(8,674)
1992-93	7,692,500	217,700	9,400	0	170,000	8,089,600	7,883,017	230,380	9,400	0	170,000	8,292,797	190,517	12,680	0	0	0	203,197
1993-94	8,360,900	293,760	9,900	93,200	170,000	8,927,760	8,516,757	312,478	9,900	93,200	170,000	9,102,335	155,857	18,718	0	0	0	174,575
1994-95	9,090,550	288,174	10,300	94,000	170,000	9,653,024	9,365,818	330,423	10,500	94,000	170,000	9,970,739	275,266	42,249	200	0	0	317,715
1995-96	9,164,500	317,200	11,100	106,900	170,000	9,769,700	9,458,755	374,327	11,130	76,013	170,000	10,090,225	294,255	57,127	30	(30,887)	0	320,525
1996-97	9,729,000	382,900	11,900	102,000	170,000	10,395,800	10,238,591	409,281	11,853	100,844	170,000	10,930,568	509,591	26,381	(47)	(1,156)	0	534,769
1997-98	10,581,300	449,700	12,600	0	170,000	11,193,600	11,062,447	452,082	12,600	0	170,000	11,727,129	531,147	2,382	0	0	0	533,529
1998-99	11,589,500	510,900	13,400	85,000	170,000	12,368,000												

**North Carolina General Fund Operating Appropriations  
Excludes Local Government Shared Revenues/Reimbursements**

Fiscal Year	Total Current Operations	Education								Human Resources		All Other		
		Public Schools		Community Colleges		University		as a % of Total	Amount	Percent	Amount	Percent		
		Amount	Percent	Amount	Percent	Amount	Percent	% of Total						
1965-66	Authorization	538,302,356		315,924,120	58.7%	11,626,558	2.2%	70,177,054	13.0%	73.9%	71,398,734	13.3%	69,175,890	12.9%
	Expenditure	517,110,881		305,140,902	59.0%	11,411,657	2.2%	66,241,100	12.8%	74.0%	68,773,133	13.3%	65,544,089	12.7%
	Reversion	21,191,475		10,783,218	50.9%	214,901	1.0%	3,935,954	18.6%	70.5%	2,625,601	12.4%	3,631,801	17.1%
	% Unexpended	3.94%		3.41%		1.85%		5.61%			3.68%		5.25%	
1966-67	Authorization	591,139,328		335,127,904	56.7%	20,078,492	3.4%	78,559,545	13.3%	73.4%	77,450,320	13.1%	79,923,067	13.5%
	Expenditure	565,195,417		324,216,229	57.4%	18,697,812	3.3%	73,013,092	12.9%	73.6%	74,427,423	13.2%	74,840,861	13.2%
	Reversion	25,943,911		10,911,675	42.1%	1,380,680	5.3%	5,546,453	21.4%	68.8%	3,022,897	11.7%	5,082,206	19.6%
	% Unexpended	4.39%		3.26%		6.88%		7.06%			3.90%		6.36%	
1967-68	Authorization	670,679,218		371,207,691	55.3%	19,625,725	2.9%	95,037,544	14.2%	72.4%	91,087,760	13.6%	93,720,498	14.0%
	Expenditure	634,992,638		366,024,522	57.6%	18,310,803	2.9%	88,272,493	13.9%	74.4%	82,250,834	13.0%	80,133,986	12.6%
	Reversion	26,686,580		5,183,169	19.4%	1,314,922	4.9%	6,765,051	25.4%	49.7%	8,836,926	33.1%	4,586,512	17.2%
	% Unexpended	3.98%		1.40%		6.70%		7.12%			9.70%		4.89%	
1968-69	Authorization	744,733,486		406,208,538	54.5%	32,436,358	4.4%	104,894,567	14.1%	73.0%	96,766,951	13.0%	104,427,072	14.0%
	Expenditure	718,259,774		400,822,976	55.8%	31,282,412	4.4%	98,430,271	13.7%	73.9%	89,041,553	12.4%	98,682,562	13.7%
	Reversion	26,473,712		5,385,562	20.3%	1,153,946	4.4%	6,464,296	24.4%	49.1%	7,725,398	29.2%	5,744,510	21.7%
	% Unexpended	3.55%		1.33%		3.56%		6.16%			7.98%		5.50%	
1969-70	Authorization	876,169,359		459,814,709	52.5%	41,431,965	4.7%	130,344,741	14.9%	72.1%	115,284,282	13.2%	129,293,662	14.8%
	Expenditure	837,404,905		450,688,435	53.8%	39,689,410	4.7%	122,252,656	14.6%	73.2%	106,672,807	12.7%	118,101,597	14.1%
	Reversion	38,764,454		9,126,274	23.5%	1,742,555	4.5%	8,092,085	20.9%	48.9%	8,611,475	22.2%	11,192,065	28.9%
	% Unexpended	4.42%		1.98%		4.21%		6.21%			7.47%		8.66%	
1970-71	Authorization	981,127,808		510,055,771	52.0%	44,935,256	4.6%	147,326,678	15.0%	71.6%	131,483,760	13.4%	147,326,343	15.0%
	Expenditure	939,311,030		496,905,842	52.9%	43,642,139	4.6%	138,608,501	14.8%	72.3%	122,069,070	13.0%	138,085,478	14.7%
	Reversion	41,816,778		13,149,929	31.4%	1,293,117	3.1%	8,718,177	20.8%	55.4%	9,414,690	22.5%	9,240,865	22.1%
	% Unexpended	4.26%		2.58%		2.88%		5.92%			7.16%		6.27%	
1971-72	Authorization	1,073,289,571		533,536,652	49.7%	55,958,450	5.2%	163,331,175	15.2%	70.1%	160,607,710	15.0%	159,855,584	14.9%
	Expenditure	1,031,353,080		527,938,182	51.2%	55,954,999	5.4%	148,864,864	14.4%	71.0%	148,919,439	14.4%	149,675,596	14.5%
	Reversion	41,936,491		5,598,470	13.3%	3,451	0.0%	14,466,311	34.5%	47.9%	11,688,271	27.9%	10,179,988	24.3%
	% Unexpended	3.91%		1.05%		0.01%		8.86%			7.28%		6.37%	
1972-73	Authorization	1,187,443,130		575,012,350	48.4%	63,193,535	5.3%	179,910,706	15.2%	68.9%	180,762,164	15.2%	188,564,375	15.9%
	Expenditure	1,139,500,642		569,792,945	50.0%	60,636,067	5.3%	166,208,535	14.6%	69.9%	168,819,831	14.8%	174,043,264	15.3%
	Reversion	47,942,488		5,219,405	10.9%	2,557,468	5.3%	13,702,171	28.6%	44.8%	11,942,333	24.9%	14,521,111	30.3%
	% Unexpended	4.04%		0.91%		4.05%		7.62%			6.61%		7.70%	
1973-74	Authorization	1,520,694,407		718,947,864	47.3%	99,582,404	6.5%	222,838,796	14.7%	68.5%	224,614,625	14.8%	254,710,718	16.7%
	Expenditure	1,433,241,642		702,789,400	49.0%	92,458,946	6.5%	207,225,420	14.5%	69.9%	198,201,121	13.8%	232,566,755	16.2%
	Reversion	87,452,765		16,158,464	18.5%	7,123,458	8.1%	15,613,376	17.9%	44.5%	26,413,504	30.2%	22,143,963	25.3%
	% Unexpended	5.75%		2.25%		7.15%		7.01%			11.76%		8.69%	
1974-75	Authorization	1,698,417,672		789,391,908	46.5%	109,218,752	6.4%	280,638,400	16.5%	69.4%	270,434,740	15.9%	248,733,872	14.6%
	Expenditure	1,627,703,631		772,145,444	47.4%	106,413,517	6.5%	267,090,160	16.4%	70.4%	246,757,184	15.2%	235,297,326	14.5%
	Reversion	70,714,041		17,246,464	24.4%	2,805,235	4.0%	13,548,240	19.2%	47.5%	23,677,556	33.5%	13,436,546	19.0%



**North Carolina General Fund Operating Appropriations  
Excludes Local Government Shared Revenues/Reimbursements**

Fiscal Year	Total Current Operations		Education						as a % of Total	Human Resources		All Other	
	Amount	Percent	Public Schools Amount	Public Schools Percent	Community Colleges Amount	Community Colleges Percent	University Amount	University Percent		Amount	Percent	Amount	Percent
	% Unexpended	4.16%	2.18%		2.57%		4.83%			8.76%		5.40%	
1975-76	Authorization	1,737,659,496	800,937,335	46.1%	105,465,494	6.1%	270,526,549	15.6%	67.7%	282,548,220	16.3%	278,181,898	16.0%
	Expenditure	1,670,011,262	792,213,250	47.4%	99,816,634	6.0%	249,604,282	14.9%	68.4%	274,169,121	16.4%	254,207,975	15.2%
	Reversion	67,648,234	8,724,085	12.9%	5,648,859	8.4%	20,922,767	30.9%	52.2%	8,379,099	12.4%	23,973,424	35.4%
	% Unexpended	3.89%	1.09%		5.36%		7.73%			2.97%		8.62%	
1976-77	Authorization	1,962,976,606	899,151,043	45.8%	116,481,854	5.9%	307,123,340	15.6%	67.4%	335,842,343	17.1%	304,378,026	15.5%
	Expenditure	1,890,839,697	888,449,745	47.0%	110,824,929	5.9%	289,972,146	15.3%	68.2%	313,022,287	16.6%	288,570,590	15.3%
	Reversion	72,136,909	10,701,298	14.8%	5,656,925	7.8%	17,151,194	23.8%	46.5%	22,820,056	31.6%	15,807,436	21.9%
	% Unexpended	3.67%	1.19%		4.86%		5.58%			6.79%		5.19%	
1977-78	Authorization	2,193,405,714	997,654,527	45.5%	114,065,103	5.2%	357,790,592	16.3%	67.0%	368,169,434	16.8%	355,726,058	16.2%
	Expenditure	2,131,150,750	988,189,540	46.4%	113,168,528	5.3%	337,633,079	15.8%	67.5%	351,655,302	16.5%	340,504,301	16.0%
	Reversion	62,254,964	9,464,987	15.2%	896,575	1.4%	20,157,513	32.4%	49.0%	16,514,132	26.5%	15,221,757	24.5%
	% Unexpended	2.84%	0.95%		0.79%		5.63%			4.49%		4.28%	
1978-79	Authorization	2,452,011,095	1,098,173,958	44.8%	139,794,869	5.7%	394,767,166	16.1%	66.6%	412,559,917	16.8%	406,715,185	16.6%
	Expenditure	2,358,332,842	1,092,015,308	46.3%	133,975,021	5.7%	379,305,638	16.1%	68.1%	372,632,422	15.8%	380,404,453	16.1%
	Reversion	93,678,253	6,158,650	6.6%	5,819,848	6.2%	15,461,528	16.5%	29.3%	39,927,495	42.6%	26,310,732	28.1%
	% Unexpended	3.82%	0.56%		4.16%		3.92%			9.68%		6.47%	
1979-80	Authorization	2,750,988,834	1,230,099,474	44.7%	145,243,264	5.3%	436,949,552	15.9%	65.9%	473,705,994	17.2%	464,990,550	16.9%
	Expenditure	2,660,272,288	1,230,099,473	46.2%	145,243,264	5.5%	414,751,963	15.6%	67.3%	429,814,253	16.2%	440,363,335	16.6%
	Reversion	90,716,546	1	0.0%	0	0.0%	22,197,589	24.5%	24.5%	43,891,741	48.4%	24,627,215	27.1%
	% Unexpended	3.30%	0.00%		0.00%		5.08%			9.27%		5.30%	
1980-81	Authorization	3,150,963,479	1,390,907,313	44.1%	174,996,965	5.6%	515,255,082	16.4%	66.0%	532,775,202	16.9%	537,028,917	17.0%
	Expenditure	3,050,012,908	1,390,907,313	45.6%	169,011,630	5.5%	487,919,423	16.0%	67.1%	488,201,903	16.0%	513,972,639	16.9%
	Reversion	100,950,571	0	0.0%	5,985,335	5.9%	27,335,659	27.1%	33.0%	44,573,299	44.2%	23,056,278	22.8%
	% Unexpended	3.20%	0.00%		3.42%		5.31%			8.37%		4.29%	
1981-82	Authorization	3,401,694,904	1,495,263,953	44.0%	194,452,082	5.7%	567,573,821	16.7%	66.4%	562,503,966	16.5%	581,901,082	17.1%
	Expenditure	3,244,758,733	1,477,036,604	45.5%	185,809,489	5.7%	534,143,560	16.5%	67.7%	501,927,937	15.5%	545,841,143	16.8%
	Reversion	156,936,171	18,227,349	11.6%	8,642,593	5.5%	33,430,261	21.3%	38.4%	60,576,029	38.6%	36,059,939	23.0%
	% Unexpended	4.61%	1.22%		4.44%		5.89%			10.77%		6.20%	
1982-83	Authorization	3,561,142,890	1,515,742,033	42.6%	205,585,837	5.8%	599,235,054	16.8%	65.2%	589,530,327	16.6%	651,049,639	18.3%
	Expenditure	3,374,921,984	1,455,408,320	43.1%	191,749,633	5.7%	560,438,959	16.6%	65.4%	547,208,474	16.2%	620,116,598	18.4%
	Reversion	186,220,906	60,333,713	32.4%	13,836,204	7.4%	38,796,095	20.8%	60.7%	42,321,853	22.7%	30,933,041	16.6%
	% Unexpended	5.23%	3.98%		6.73%		6.47%			7.18%		4.75%	
1983-84	Authorization	3,771,981,844	1,619,049,694	42.9%	232,195,091	6.2%	641,511,441	17.0%	66.1%	615,625,461	16.3%	663,600,157	17.6%
	Expenditure	3,689,904,837	1,615,216,290	43.8%	226,494,819	6.1%	615,765,535	16.7%	66.6%	584,128,657	15.8%	648,299,536	17.6%
	Reversion	82,077,007	3,833,404	4.7%	5,700,272	6.9%	25,745,906	31.4%	43.0%	31,496,804	38.4%	15,300,621	18.6%
	% Unexpended	2.18%	0.24%		2.45%		4.01%			5.12%		2.31%	
1984-85	Authorization	4,319,568,173	1,886,700,077	43.7%	259,101,105	6.0%	746,998,910	17.3%	67.0%	676,582,049	15.7%	750,186,032	17.4%

**North Carolina General Fund Operating Appropriations**  
**Excludes Local Government Shared Revenues/Reimbursements**

Fiscal Year	Total Current Operations		Education						as a % of Total	Human Resources		All Other	
			Public Schools		Community Colleges		University			Amount	Percent	Amount	Percent
	Expenditure		Amount	Percent	Amount	Percent	Amount	Percent					
	Reversion												
	% Unexpended												
1985-86	Authorization												
	Expenditure												
	Reversion												
	% Unexpended												
1986-87	Authorization												
	Expenditure												
	Reversion												
	% Unexpended												
1987-88	Authorization												
	Expenditure												
	Reversion												
	% Unexpended												
1988-89	Authorization												
	Expenditure												
	Reversion												
	% Unexpended												
1989-90	Authorization												
	Expenditure												
	Reversion												
	% Unexpended												
1990-91	Authorization												
	Expenditure												
	Reversion												
	% Unexpended												
1991-92	Authorization												
	Expenditure												
	Reversion												
	% Unexpended												
1992-93	Authorization												
	Expenditure												
	Reversion												
	% Unexpended												
1993-94	Authorization												
	Expenditure												
	Reversion												
	% Unexpended												

**North Carolina General Fund Operating Appropriations  
Excludes Local Government Shared Revenues/Reimbursements**

Fiscal Year	Total Current Operations		Education							Human Resources		All Other	
			Public Schools		Community Colleges		University		as a	Amount	Percent	Amount	Percent
			Amount	Percent	Amount	Percent	Amount	Percent	% of Total				
1994-95	Authorization	9,715,509,023	4,082,959,317	42.0%	455,651,184	4.7%	1,296,558,991	13.3%	60.1%	1,948,639,177	20.1%	1,931,700,354	19.9%
	Expenditure	9,482,528,320	4,048,929,070	42.7%	453,927,375	4.8%	1,265,809,673	13.3%	60.8%	1,902,007,678	20.1%	1,811,854,524	19.1%
	Reversion	232,980,703	34,030,247	14.6%	1,723,809	0.7%	30,749,318	13.2%	28.5%	46,631,499	20.0%	119,845,830	51.4%
	% Unexpended	2.40%	0.83%		0.38%		2.37%			2.39%		6.20%	
1995-96	Authorization	9,793,062,378	3,998,978,216	40.8%	470,880,697	4.8%	1,301,040,079	13.3%	58.9%	2,049,069,520	20.9%	1,973,093,866	20.1%
	Expenditure	9,570,832,269	3,951,497,059	41.3%	467,105,237	4.9%	1,275,618,898	13.3%	59.5%	1,991,088,366	20.8%	1,885,522,709	19.7%
	Reversion	222,230,109	47,481,157	21.4%	3,775,460	1.7%	25,421,181	11.4%	34.5%	57,981,154	26.1%	87,571,157	39.4%
	% Unexpended	2.27%	1.19%		0.80%		1.95%			2.83%		4.44%	
1996-97	Authorization	10,450,411,229	4,301,626,282	41.2%	501,802,184	4.8%	1,385,611,961	13.3%	59.2%	2,189,874,842	21.0%	2,071,495,960	19.8%
	Expenditure	10,309,508,861	4,267,252,095	41.4%	495,543,157	4.8%	1,382,794,052	13.4%	59.6%	2,153,564,048	20.9%	2,010,355,509	19.5%
	Reversion	140,902,368	34,374,187	24.4%	6,259,027	4.4%	2,817,909	2.0%	30.8%	36,310,794	25.8%	61,140,451	43.4%
	% Unexpended	1.35%	0.80%		1.25%		0.20%			1.66%		2.95%	
1997-98	Authorization	11,258,582,548 A	4,697,892,305	41.7%	534,873,175	4.8%	1,489,866,397	13.2%	59.7%	2,422,884,666 B	21.5%	2,113,066,005	18.8%
	Expenditure	11,108,886,722	4,693,184,126	42.2%	528,107,909	4.8%	1,475,180,196	13.3%	60.3%	2,359,194,346	21.2%	2,053,220,145	18.5%
	Reversion	149,695,826 C	4,708,179	3.1%	6,765,266	4.5%	14,686,201	9.8%	17.5%	63,690,320	42.5%	59,845,860	40.0%
	% Unexpended		0.10%		1.26%		0.99%			2.63%		2.83%	
1998-99	Authorization	12,333,525,974	5,092,074,512	41.3%	590,454,561	4.8%	1,633,150,916	13.2%	59.3%	2,644,365,580	21.4%	2,373,480,405	19.2%

A: Adjusted to include Year 2000 Appropriation for 1997-98 made by 1998 Session

B: Adjusted for Reorganization reflecting transfer of Health Services to Department of Health and Human Services

C: Reversions for 1997-98 of \$55,027,680 were earmarked for expenditure in Section 9 of SB 1366 (SL1998-212), reducing net reversions to \$94,668,146



## General Fund Appropriations and Unexpended Balances

Fiscal Year	Total Appropriations	Less Capital Improvements	Less Transfer to Savings Reserve	Carry Forward Adjustment	Net Operating Appropriation	Unexpended Appropriation	Carry Forward Adjustment	Unexpended Appropriation	Appropriated Reversions	Net Reversions	Reversion as % of Net Operating
1949-50	137,451,135	-	-	(227,863)	137,223,272	3,339,747	(227,863)	3,111,884	-	3,111,884	2.27%
1950-51	154,284,601	(3,485,000)	-	227,863	151,027,464	4,198,382	-	4,198,382	-	4,198,382	2.78%
1951-52	173,043,331	-	-	(3,885,715)	169,157,616	6,939,034	(3,885,715)	3,053,319	-	3,053,319	1.81%
1952-53	190,535,297	(5,165,508)	-	3,885,715	189,255,504	6,358,985	-	6,358,985	-	6,358,985	3.36%
1953-54	201,281,479	-	-	(3,185,774)	198,095,705	10,525,909	(3,185,774)	7,340,135	-	7,340,135	3.71%
1954-55	206,546,988	-	-	3,185,774	209,732,762	6,943,538	-	6,943,538	-	6,943,538	3.31%
1955-56	209,749,676	-	-	(1,860,499)	207,889,177	7,132,002	(1,860,499)	5,271,503	-	5,271,503	2.54%
1956-57	217,899,219	-	-	1,860,499	219,759,718	7,561,288	-	7,561,288	-	7,561,288	3.44%
1957-58	288,205,092	(29,861,865)	-	(3,022,290)	255,320,937	10,369,779	(3,022,290)	7,347,489	-	7,347,489	2.88%
1958-59	268,874,555	-	-	3,022,290	271,896,845	7,566,935	-	7,566,935	-	7,566,935	2.78%
1959-60	293,343,782	(65,000)	-	(1,747,222)	291,531,560	9,015,515	(1,747,222)	7,268,293	-	7,268,293	2.46%
1960-61	303,615,805	-	-	1,747,222	305,363,027	9,066,725	-	9,066,725	-	9,066,725	2.97%
1961-62	385,913,383	(1,860,200)	-	(5,096,264)	378,956,919	17,078,149	(5,096,264)	11,981,885	-	11,981,885	3.16%
1962-63	395,320,875	-	-	5,096,264	400,417,139	16,045,287	-	16,045,287	-	16,045,287	4.01%
1963-64	509,935,687	(60,574,018)	-	(9,047,944)	440,313,725	19,439,559	(9,047,944)	10,391,615	-	10,391,615	2.36%
1964-65	472,207,603	(3,000,000)	-	9,047,944	478,255,547	18,199,592	-	18,199,592	-	18,199,592	3.81%
1965-66	590,527,181	(41,651,578)	-	(10,573,247)	538,302,356	31,764,722	(10,573,247)	21,191,475	-	21,191,475	3.94%
1966-67	580,566,081	-	-	10,573,247	591,139,328	25,943,911	-	25,943,911	-	25,943,911	4.39%
1967-68	792,154,382	(112,356,788)	-	(9,118,376)	670,679,218	35,804,956	(9,118,376)	26,686,580	-	26,686,580	3.98%
1968-69	735,615,110	-	-	9,118,376	744,733,486	26,743,712	-	26,743,712	-	26,743,712	3.59%
1969-70	970,106,887	(75,588,603)	-	(18,348,925)	876,169,359	57,113,379	(18,348,925)	38,764,454	-	38,764,454	4.42%
1970-71	962,778,883	-	-	18,348,925	981,127,808	41,816,778	-	41,816,778	-	41,816,778	4.26%
1971-72	1,152,034,499	(64,891,192)	-	(13,853,736)	1,073,289,571	55,790,227	(13,853,736)	41,936,491	-	41,936,491	3.91%
1972-73	1,173,589,394	-	-	13,853,736	1,187,443,130	47,942,487	-	47,942,487	-	47,942,487	4.04%
1973-74	1,607,316,853	(86,622,448)	-	-	1,520,694,407	87,452,765	-	87,452,765	-	87,452,765	5.75%
1974-75	1,791,783,009	(36,165,337)	-	-	1,755,617,672	70,714,040	-	70,714,040	-	70,714,040	4.03%
1975-76	1,780,179,097	(23,948,648)	-	(18,570,953)	1,737,659,496	86,219,187	(18,570,953)	67,648,234	-	67,648,234	3.89%
1976-77	1,989,501,948	(28,969,937)	-	18,570,953	1,979,102,964	72,136,909	-	72,136,909	-	72,136,909	3.64%
1977-78	2,198,289,024	(4,749,000)	-	(134,310)	2,193,405,714	62,389,274	(134,310)	62,254,964	-	62,254,964	2.84%
1978-79	2,545,789,913	(93,778,818)	-	134,310	2,452,145,405	93,678,253	-	93,678,253	-	93,678,253	3.82%
1979-80	2,845,381,200	(84,378,918)	-	(10,013,647)	2,750,988,635	100,730,192	(10,013,647)	90,716,545	-	90,716,545	3.30%
1980-81	3,245,091,122	(104,141,290)	-	10,013,647	3,150,963,479	100,950,571	-	100,950,571	-	100,950,571	3.20%
1981-82	3,435,685,368	(30,861,142)	-	(3,129,320)	3,401,694,904	160,065,491	(3,129,320)	156,936,171	-	156,936,171	4.61%
1982-83	3,623,785,928	(65,772,358)	-	3,129,320	3,561,142,890	166,220,906	-	166,220,906	-	166,220,906	5.23%
1983-84	3,872,591,165	(59,782,244)	-	(15,027,077)	3,797,781,844	97,104,085	(15,027,077)	82,077,008	-	82,077,008	2.16%
1984-85	4,517,076,334	(212,535,238)	-	15,027,077	4,319,568,173	131,579,882	-	131,579,882	-	131,579,882	3.05%

### General Fund Appropriations and Unexpended Balances

Fiscal Year	Total Appropriations	Less Capital Improvements	Less Transfer to Savings Reserve	Carry Forward Adjustment	Net Operating Appropriation	Unexpended Appropriation	Carry Forward Adjustment	Unexpended Appropriation	Appropriated Reversions	Net Reversions	Reversion as % of Net Operating
1985-86	5,130,563,978	(253,503,234)	-	-	4,877,060,744	158,705,503	-	158,705,503	-	158,705,503	3.25%
1986-87	5,531,345,878	(297,667,245)	-	-	5,233,678,633	182,342,839	-	182,342,839	-	182,342,839	3.48%
1987-88	5,978,265,764	(173,020,035)	-	-	5,805,245,729	204,490,880	-	204,490,880	-	204,490,880	3.52%
1988-89	6,561,392,895	(258,659,030)	-	-	6,302,733,865	170,976,456	-	170,976,456	-	170,976,456	2.71%
1989-90	7,266,680,455	(150,092,738)	-	-	7,116,587,717	343,467,595	-	343,467,595	A	343,467,595	4.83%
1990-91	7,973,824,082	(106,400,195)	-	-	7,867,423,887	544,207,723	-	544,207,723	B	544,207,723	6.92%
1991-92	7,825,732,308	-	-	-	7,825,732,308	173,013,865	-	173,013,865	-	173,013,865	2.21%
1992-93	8,209,537,916	(95,205,570)	-	-	8,114,332,346	330,491,837	-	330,491,837	C	330,491,837	4.07%
1993-94	9,317,906,610	(192,371,704)	-	-	9,125,534,906	314,287,071	-	314,287,071	-	314,287,071	3.44%
1994-95	10,268,424,627	(249,391,450)	(66,700,000)	-	9,952,333,177	234,040,494	-	234,040,494	-	234,040,494	2.35%
1995-96	10,031,584,878	(238,522,500)	-	-	9,793,062,378	222,230,109	-	222,230,109	(39,519,567) D	182,710,542	1.87%
1996-97	10,807,678,229	(157,267,000)	-	-	10,650,411,229	140,902,368	-	140,902,368	(115,510,195) E	25,392,173	0.24%
1997-98	11,585,834,623	(327,252,075)	-	-	11,258,582,548	149,695,826	-	149,695,826	(55,027,680) F	94,668,146	0.84%

A Reflects deferment of 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 million) until 1991-92 and \$141.0 million Rainy Day appropriation unexpended balance

C Reflects \$158.7 million in unbudgeted Disproportionate Shared receipts in DHR

D Funds appropriated for capital improvements

E Transfer to Disaster Relief Fund (Hurricane Bertha and Hurricane Fran)

F Funds appropriated per SB 620, Section 5

**Actual General Fund Appropriation Expenditures (Excluding Federal Revenue Sharing Capital)**

<b>Fiscal Year</b>	<b>Total General Fund Expenditures (Including Capital)</b>	<b>Total General Appropriations for Capital (Including R/R)</b>	<b>Local Government Shared Revenues and/or Reimbursements</b>	<b>Transfer to Highway Fund/Savings Reserve</b>	<b>Total Operating Budget Expenditures Amount</b>	<b>% of Change</b>
1951-52	166,104,297			-	166,104,297	
1952-53	188,062,027	5,165,508	-	-	182,896,519	10.11%
1953-54	190,755,570		-	-	190,755,570	4.30%
1954-55	202,789,224		-	-	202,789,224	6.31%
1955-56	202,617,674		-	-	202,617,674	-0.08%
1956-57	212,198,430		-	-	212,198,430	4.73%
1957-58	277,835,313	29,861,865	-	-	247,973,448	16.86%
1958-59	264,329,910		-	-	264,329,910	6.60%
1959-60	284,328,267	65,000	-	-	284,263,267	7.54%
1960-61	296,296,302		-	-	296,296,302	4.23%
1961-62	368,835,234	1,860,200	-	-	366,975,034	23.85%
1962-63	384,011,852		-	-	384,011,852	4.64%
1963-64	490,496,128	60,574,018	-	-	429,922,110	11.96%
1964-65	463,055,955	3,000,000	-	-	460,055,955	7.01%
1965-66	558,762,459	41,651,578	-	-	517,110,881	12.40%
1966-67	565,195,417		-	-	565,195,417	9.30%
1967-68	756,349,426	112,356,788	-	-	643,992,638	13.94%
1968-69	718,259,774		-	-	718,259,774	11.53%
1969-70	912,993,508	75,588,603	-	-	837,404,905	16.58%
1970-71	939,311,030		-	-	939,311,030	12.17%
1971-72	1,096,244,272	64,891,192	-	-	1,031,353,080	9.80%
1972-73	1,139,500,643		-	-	1,139,500,643	10.49%
1973-74	1,519,864,088	86,622,446	-	-	1,433,241,642	25.78%
1974-75	1,663,868,968	36,165,337	-	-	1,627,703,631	13.57%
1975-76	1,693,959,910	23,948,648	-	-	1,670,011,262	2.60%
1976-77	1,919,809,634	28,969,937	-	-	1,890,839,697	13.22%
1977-78	2,135,899,750	4,749,000	-	-	2,131,150,750	12.71%
1978-79	2,452,111,660	93,778,818	-	-	2,358,332,842	10.66%

## Actual General Fund Appropriation Expenditures (Excluding Federal Revenue Sharing Capital)

Fiscal Year	Total General Fund Expenditures (Including Capital)	Total General Appropriations for Capital (Including R/R)	Local Government Shared Revenues and/or Reimbursements	Transfer to Highway Fund/ Savings Reserve	Total Operating Budget Expenditures Amount	% of Change
1979-80	2,744,651,008	84,378,719	-	-	2,660,272,289	12.80%
1980-81	3,154,154,198	104,141,290	-	-	3,050,012,908	14.65%
1981-82	3,275,619,875	30,861,142	-	-	3,244,758,733	6.39%
1982-83	3,440,694,342	65,772,358	-	-	3,374,921,984	4.01%
1983-84	3,775,487,080	59,782,244	-	25,800,000 a	3,689,904,836	9.33%
1984-85	4,400,523,529	212,535,238	-	-	4,187,988,291	13.50%
1985-86	4,971,858,475	253,503,234	-	-	4,718,355,241	12.66%
1986-87	5,349,003,039	297,667,245	-	-	5,051,335,794	7.06%
1987-88	5,773,774,887	173,020,035	-	-	5,600,754,852	10.88%
1988-89	6,390,416,439	258,659,030	-	-	6,131,757,409	9.48%
1989-90	6,923,212,867	150,092,738	233,428,225	-	6,539,691,904	6.65%
1990-91	7,429,617,079	106,400,195	445,351,663	-	6,877,865,221	5.17%
1991-92	7,652,718,443	-	468,228,702	400,000 b	7,184,089,741	4.45%
1992-93	7,879,046,057	95,205,570	231,052,935	-	7,552,787,552	5.13%
1993-94	9,003,619,539	192,371,704	235,514,818	-	8,575,733,017	13.54%
1994-95	10,034,384,133	249,391,450	235,764,363	66,700,000 b	9,482,528,320	10.57%
1995-96	9,809,354,769	238,522,500	0	0	9,570,832,269	0.93%
1996-97	10,466,775,861	157,267,000	0	0	10,309,508,861	7.72%
1997-98	11,436,138,797	327,252,075	0	0	11,108,886,722	7.75%
1998-99	12,664,225,474 C	330,699,500	0	0	12,333,525,974 C	11.02%

a Transfer to Highway Fund

b Appropriations to the Savings Reserve

c Authorizations by 1997 and 1998 Sessions

# CAPITAL IMPROVEMENT AUTHORIZATIONS

Year	G E N E R A L F U N D			Federal		Total
	Direct	Credit Balance	Repair/Renov	Revenue	Legislative	
	Appropriation	Earmarked	Earmarking	Sharing	Bonds	
1961-62	1,860,200	0	0	0	6,216,000	8,076,200
1963-64	60,574,018	0	0	0	21,985,000	82,559,018
1964-65	3,000,000	0	0	0	0	3,000,000
1965-66	41,639,578	0	0	0	17,982,000	59,621,578
1967-68	112,356,788	0	0	0	0	112,356,788
1969-70	75,588,603	0	0	0	0	75,588,603
1971-72	64,891,192	0	0	0	45,996,500	110,887,692
1973-74	86,622,446	0	0	105,200,000	0	191,822,446
1974-75	36,165,337 a	0	0	57,200,000	0	93,365,337
1975-76	23,948,648	0	0	4,713,789	0	28,662,437
1976-77	28,969,937 b	0	0	16,126,358	0	45,096,295
1977-78	4,749,000	0	0	26,583,626	0	31,332,626
1978-79	93,778,818	0	0	32,230,000	0	126,008,818
1979-80	84,378,719	0	0	0	0	84,378,719
1980-81	104,141,290 c	0	0	0	0	104,141,290
1981-82	30,861,142 d	0	0	0	0	30,861,142
1982-83	65,772,358	0	0	0	0	65,772,358
1983-84	59,782,244	0	0	0	0	59,782,244
1984-85	212,535,238	0	0	0	0	212,535,238
1985-86	253,503,234	0	0	0	0	253,503,234
1986-87	297,667,245 e	0	0	0	0	297,667,245
1987-88	173,020,035 f	0	0	0	0	173,020,035
1988-89	258,659,030	0	0	0	20,498,803 g	279,157,833
1989-90	150,092,738 h	0	0	0	0	150,092,738
1990-91	106,400,195 i	0	0	0	75,000,000	181,400,195
1991-92	0	0	0	0	45,000,000	45,000,000
1992-93	95,205,570	0	0	0	0	95,205,570
1993-94	135,371,704	0	57,000,000	0	0	192,371,704
1994-95	189,391,450	0	60,000,000	0	0	249,391,450
1995-96	113,522,500	0	125,000,000	0	0	238,522,500
1996-97	157,267,000	39,519,567	130,000,000	0	0	326,786,567
1997-98	152,991,120 j	39,260,955	135,000,000	0	0	327,252,075
1998-99	185,699,500	0	145,000,000	0	0	330,699,500

a-Includes contingent appropriation of \$1,789,000

b-Includes appropriation adjustment of \$1,000,000

c-Includes increase of .3M above level in original authorization

d-Includes increase of .7M above level in original authorization

e-Includes Emergency Prison Bill enacted by 1987 Session

f- Reflects transfer of Sematech (Industrial Development) to R/R Reserve  
in accordance with Section 73, Chapter 1515

g-Reflects reduction of \$4,501,097 of authorization not issued at June 30, 1989

h-Reflects reduction of \$95,171,855 made by Governor due to economic downturn

i-Reflects reduction of \$100,897,000 made by Governor due to economic downturn

j-Includes \$5.0 million for South Mountain Gamelands Acquisition

# **School Facilities Finance Act of 1987** **Critical School Facility Needs Fund**

<b>Fiscal Yr</b>	<b>Tax Deposits</b>	<b>Interest</b>	<b>Annual Total</b>	<b>Cumulative Total</b>
1987-88	\$95,500,000.00	\$2,856,726.65	\$98,356,726.65	
1988-89	\$10,000,000.00	\$9,057,660.86	\$19,057,660.86	\$117,414,387.51
1989-90	\$10,000,000.00	\$8,750,807.56	\$18,750,807.56	\$136,165,195.07
1990-91	\$0.00	\$4,066,255.71	\$4,066,255.71	\$140,231,450.78
1991-92	\$10,000,000.00	\$2,383,565.00	\$12,383,565.00	\$152,615,015.78
1992-93	\$10,000,000.00	\$3,308,834.29	\$13,308,834.29	\$165,923,850.07
1993-94	\$10,000,000.00	\$1,047,912.33	\$11,047,912.33	\$176,971,762.40
1994-95	\$10,000,000.00	\$999,959.90	\$10,999,959.90	\$187,971,722.30
1995-96	\$10,000,000.00	\$880,793.74	\$10,880,793.74	\$198,852,516.04
1996-97	\$10,000,000.00	\$1,189,035.11	\$11,189,035.11	\$210,041,551.45
1997-98	\$10,000,000.00	\$1,375,855.25	\$11,375,855.25	\$221,417,406.40

Source: Office of State Budget and Management

## School Facilities Finance Act of 1987-Public School Capital Building Fund (ADM Fund)

Fiscal Yr	Tax Deposits	DPI Allotment	Initial Availability	DPI Actual Transfer	Tax Availability Balance	Interest	Annual Total	Cumulative Availability
1987-88	79,926,466.78	(215,000.00)	79,711,466.78	122,019.00	79,804,447.78	2,025,970.24	81,830,418.02	81,830,418.02
1988-89	60,290,342.35	(287,000.00)	60,003,342.35	-	60,290,342.35	9,824,853.36	70,115,195.71	151,945,613.73
1989-90	37,593,993.49	(287,827.00)	37,306,166.49	462,003.82	37,131,989.67	10,955,300.85	48,087,290.52	200,032,904.25
1990-91	27,375,000.00	(287,923.00)	27,087,077.00	305,879.54	27,069,120.46	8,592,719.26	35,661,839.72	235,694,743.97
1991-92	27,669,428.24	(314,654.00)	27,354,774.24	289,240.64	27,380,187.60	5,241,428.90	32,621,616.50	268,316,360.47
1992-93	32,340,599.16	(317,816.00)	32,022,783.16	295,447.96	32,045,151.20	4,257,122.11	36,302,273.31	304,618,633.78
1993-94	34,972,491.88	(313,322.00)	34,659,169.88	335,029.06	34,637,462.82	4,058,681.70	38,696,144.52	343,314,778.30
1994-95	42,146,057.90	(313,322.00)	41,832,735.90	244,287.57	41,901,770.33	4,821,649.06	46,723,419.39	390,038,197.69
1995-96	50,966,963.68	(318,232.00)	50,648,731.68	318,232.00	50,648,731.68	6,072,552.39	56,721,284.09	446,759,481.78
1996-97	48,850,119.70	(532,696.00)	48,317,423.70	532,696.00	48,317,423.70	6,620,876.81	54,938,300.51	501,697,782.29
1997-98	56,584,376.62	(410,000.00)	56,174,376.62	398,646.21	56,185,730.41	7,328,343.67	63,514,074.08	565,211,856.37

Source: Office of State Budget and Mangement



# REVENUES ON CONDITION OF HIGHWAY FUND STATEMENT BY SOURCE

Fiscal Year Ending June 30	Total Revenue All Sources	Federal Fund Revenues	Change in Unrealized Participation Revenue	Contract Authorizations & Equipment Fund Transfers Revenues	Highway Fund Revenues % of Growth	Highway Trust Fund Revenues in Highway Fund	Property Owners Cities/Towns General Participation Revenues
1951	98,267,452	10,562,429	0	0	87,705,023	0	0
1952	106,079,177	11,852,170	0	0	94,227,007	7.44%	0
1953	111,575,730	11,873,332	0	0	99,702,398	5.81%	0
1954	116,094,953	13,810,617	0	0	102,284,336	2.59%	0
1955	122,674,672	14,126,043	0	0	108,548,629	6.12%	0
1956	139,378,567	21,868,489	0	0	117,510,078	8.26%	0
1957	171,938,131	49,992,474	0	0	121,945,657	3.77%	0
1958	275,264,098	153,350,628	0	0	121,913,470	-0.03%	0
1959	164,344,012	35,326,417	0	0	128,516,899	5.42%	500,696
1960	164,216,483	29,596,158	0	0	133,933,078	4.21%	687,247
1961	177,334,512	32,345,525	0	0	139,434,197	4.11%	5,554,790
1962	190,691,887	41,046,518	0	0	146,679,198	5.20%	2,966,171
1963	201,361,546	43,955,048	0	0	155,206,694	5.81%	2,199,804
1964	214,917,493	45,877,706	0	0	165,612,119	6.70%	3,427,668
1965	221,439,621	45,093,191	0	0	175,589,447	6.02%	756,983
1966	251,640,794	62,397,557	0	0	187,614,039	6.85%	1,629,198
1967	263,609,901	60,380,359	0	0	201,554,715	7.43%	1,674,827
1968	276,601,662	60,242,608	0	0	214,430,414	6.39%	1,928,640
1969	328,468,181	92,454,194	0	0	230,927,965	7.69%	5,086,022
1970	399,123,097	91,268,874	0	0	305,052,202	32.10%	2,802,021
1971	444,696,420	114,796,766	0	0	326,932,059	7.17%	2,967,595
1972	464,733,432	112,244,978	0	0	348,488,062	6.59%	4,000,392
1973	389,676,320	14,775,521	0	0	372,415,211	6.87%	2,485,588
1974	492,860,342	106,195,392	0	0	384,405,901	3.22%	2,259,049
1975	672,255,228	277,879,207	0	0	384,936,223	0.14%	9,439,798
1976	493,536,624	51,670,805	0	0	432,961,503	12.48%	8,904,316
1977	692,175,363	254,355,185	0	0	427,748,573	-1.20%	10,071,605
1978	613,161,176	159,672,361	0	0	444,217,574	3.85%	9,271,241
1979	698,424,160	218,736,265	0	0	471,357,338	6.11%	8,330,557
1980	688,864,174	231,581,748	0	0	447,627,111	-5.03%	9,655,315
1981	666,935,613	209,129,349	0	12,700,000 A	435,104,778	-2.80%	10,001,486
1982	729,968,258	175,017,292	0	(11,200,000) A	554,758,641	27.50%	11,392,325
1983	862,394,389	275,540,777	0	(1,500,000) A	578,213,154	4.23%	10,140,458
1984	918,012,956	228,195,420	0	25,800,000 B	641,944,740	11.02%	22,072,796

# REVENUES ON CONDITION OF HIGHWAY FUND STATEMENT BY SOURCE

Fiscal Year Ending June 30	Total Revenue All Sources	Federal Fund Revenues	Change in Unrealized Participation Revenue	Contract Authorizations & Equipment Fund Transfers Revenues	Highway Fund Revenues % of Growth	Highway Trust Fund Revenues in Highway Fund	Property Owners Cities/Towns General Participation Revenues	
1985	1,053,678,404	365,474,355	0	4,600,000 C	667,773,774	4.02%	0	15,830,275
1986	1,016,891,045	316,143,239	0	0	684,864,331	2.56%	0	15,883,475
1987	1,190,806,504	333,769,591	0	0	829,843,515	21.17%	0	27,193,398
1988	1,232,282,636	304,394,739	0	0	896,607,906	8.05%	0	31,279,991
1989	1,409,839,386	467,173,336	0	0	913,628,806	1.90%	0	29,037,244
1990	1,232,848,473	233,513,842	0	0	904,240,017 D	-1.03%	58,360,109 E	36,734,505
1991	1,399,958,822	340,117,341	0	0	903,411,913 D	-0.09%	123,941,196 E	32,488,372
1992	1,605,877,793	445,877,432	0	5,000,000 C	943,798,467 D	4.47%	161,828,226 E	49,373,668
1993	1,697,651,523	387,335,631	156,461,283	13,899,254 C	942,345,168 D	-0.15%	142,166,251 E	55,443,936
1994	1,752,701,589	480,280,710	24,812,895	10,000,000 C	982,420,776 D	4.25%	200,345,227 E	54,841,981
1995	1,620,090,006	504,751,214	(161,280,992)	0	997,014,129 D	1.49%	229,891,074 E	49,714,581
1996	1,851,464,317	383,931,633	127,071,997	0	1,049,542,401 D	5.27%	232,036,312 E	58,881,974
1997	2,338,485,802	452,932,212	484,458,455	0	1,076,138,295 D	2.53%	227,900,755 E	69,056,084

A Contract Authorization

B Transfer from the General Fund

C Transfer from the Equipment Fund

D excludes Highway Trust Fund Transfers including administrative cost transfer

E includes Administrative Cost transfer

**LOCAL GOVERNMENT TAX AID – HISTORICAL DATA**  
(\$ in Millions)

<b>Fiscal Year</b>	<b>Local Sales Tax</b>	<b>Tax Sharing<sup>1</sup></b>	<b>Tax Reimbursements<sup>2</sup></b>	<b>Powell Bill</b>	<b>Total Tax Aid</b>	<b>Property Tax<sup>3</sup></b>
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	1,047.2	236.8	237.8	92.7	1,607.9	3,019.0
1998-99 <sup>4</sup>	1,487.0	169.9	336.2	123.0	2,116.1	4,222.4
% Increase Since 1973-74	1,411%	197%	--	320%	1,044%	670%

<sup>1</sup> Fiscal Years 1973-74 through 1994-95 – Includes intangibles tax (stocks and bonds), beer wine excise tax, utility gross receipts tax (cities only).

<sup>2</sup> Includes State reimbursement for the elimination of property tax on business inventories and repeal of the intangibles tax, sales tax exemption on food stamp purchases, and homestead exemption relief since 1981.

<sup>3</sup> Shown for comparison purposes.

<sup>4</sup> Estimated.

## PERMANENT STATE POSITIONS

	<u>GENERAL FUND</u>					
	PUBLIC SCHOOLS	OTHER	TOTAL	TOTAL HIGHWAY FUND	RECEIPTS SUPPORTED	GRAND 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
1993-94	108,649	78,674	187,323	15,364	14,484	217,171
1994-95	116,507	80,860	197,367	16,506	14,609	228,482
1995-96	123,027	86,201	209,228	16,296	14,618	240,142
1996-97	126,453	85,626	212,079	16,450	15,341	243,870
1997-98						

## SUMMARY OF PERMANENT POSITIONS BY DEPARTMENT JULY 1, 1997

DEPARTMENT/OFFICE	GENERAL FUND	HIGHWAY FUND	RECEIPTS- SUPPORTED	TOTAL POSITIONS
Administration	741.0	—	250.3	991.3
Agriculture	1,100.4	72.0	289.5	1,461.9
Board of Governors	25,638.8	—	5,640.7	31,279.5
Economic and Community Development	391.2	—	2,273.9	2,665.1
Community Colleges	153.9	—	20.5	174.4
Correction	18,681.2	—	418.0	19,099.2
Crime Control and Public Safety	534.4	1,764.0	127.5	2,425.9
Cultural Resources	719.1	—	55.6	774.7
General Assembly	186.0	—	—	186.0
Governor's Office	70.1	—	10.9	81.0
Housing Finance Agency	—	—	77.0	77.0
Human Resources	15,300.4	—	2,949.4	18,249.8
Insurance	311.8	—	74.2	386.0
Judicial	4,991.6	—	132.5	5,124.1
Justice	1,005.8	—	117.9	1,123.7
Labor	387.8	—	64.1	451.9
Lieutenant Governor's Office	10.0	—	—	10.0
Miscellaneous Boards and Commissions	—	—	41.5	41.5
Environment, Health, & Natural Resources	3,179.1	15.8	1,942.6	5,137.5
Office of Administrative Hearings	40.0	—	—	40.0
Administrative Rules Review	4.0	—	—	4.0
Office of State Budget & Management	53.0	—	—	53.0
Office of State Planning	37.9	—	38.1	76.0
Public Instruction	352.3	—	143.8	496.1
Revenue	1,146.0	45.0	33.0	1,224.0
Secretary of State	118.8	—	—	118.8
State Auditor	157.0	—	22.0	179.0
State Board of Elections	11.0	—	—	11.0
State Controller	110.0	—	353.5	463.5
State Treasurer	59.0	—	178.5	237.5
Transportation	—	14,278.6	86.0	14,364.6
Subtotal	75,491.6	16,175.4	15,341.0	107,008
Community Colleges	10,135.0	—	—	10,135
Public School System	126,453.0	274.6	—	126,727.6
<b>GRAND TOTAL</b>	<b>212,079.6</b>	<b>16,450.0</b>	<b>15,341.0</b>	<b>243,870.6</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 <sup>a</sup>	2.51 <sup>a</sup>
1982-83	No Increase Granted	
1983-84	25.97	2.57
1984-85	27.60	2.70
1985-86	32.10	2.50
1986-87	36.45	2.66
1987-88	40.84 <sup>b</sup>	2.72
1988-89	45.40	2.93
1989-90	47.75	2.93
1990-91	55.90	3.35
1991-92	No Increase Granted	
1992-93	54.11	3.39
1993-94	55.75	3.48
1994-95	58.28	3.64
1995-96	63.56	3.96
1996-97	66.77	3.98
1997-98	70.22	4.19
1998-99	75.33	4.64

<sup>a</sup> Figure reflects annual cost, even though the increase was not effective until January 1, 1982.

<sup>b</sup> Figure does not reflect adjustment to offset anticipated savings from the tax sheltering of employee Health Benefits from Social Security tax.

## LEGISLATIVE INCREASES

YEAR	STATE EMPLOYEES	TEACHERS
1965-67	10%	10%
1967-69	6%	20%
1969-70	Average 10% (7.5% to 13.9%)	10%
1970-71	2%	10%
1971-72	5%	5%
1972-73	5%	5% (employment extended 185 to 187 days = 1% salary increase)
1973-74	5% + (5% for those under \$2.75/hour)	5% + (employment extended 187 to 200 days = 7% salary increase and 1 step added to schedule)
1974-75	7.5%	7.5%
1975-76	-0-	-0-
1976-77	4% + \$300 (average 7.2%)	4% + \$300 (average 6.8%)
1977-78	6.5%	6.5%
1978-79	6%	6%
1979-80	5% + (\$200 one-time bonus payment)	5% + (\$200 one-time bonus payment)
1980-81	10%	10% + (Salary schedule changed = 2% to 10% added to each step of salary range)
1981-82	5% (effective 1-1-82)	5% (effective 1-1-82)
1982-83 <sup>a</sup>	-0-	-0-
1983-84 <sup>a</sup>	5%	5%
1984-85 <sup>a</sup>	10%	10% + 4.8% salary classification adjustment
1985-86 <sup>b</sup>	5% + 1 step increase (9.6%)	1 step increase (4.8% - second year teacher - 2-step increase or more teacher



# LEGISLATIVE INCREASES (Continued)

YEAR	STATE EMPLOYEES	TEACHERS
1986-87	\$75 month (average 6%)	6.5%
1987-88	5%	5%
1988-89	4.5%	4.5%
1989-90	4% + 2% merit funds	6.65% average
1990-91	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
1994-95	4% + 1% one-time bonus payment	5% - 1-3 years 7% - 4-29 years
1995-96	2%	2%
1996-97	2.50% COLA + 2% career growth	5.50%
1997-98 <sup>c</sup>	2% COLA + 2% career growth	4% - 9%
1998-99	1% COLA + 2% career growth + 1% one-time bonus	4% - 9%

a Salary increment program frozen

b Conditional upon continuous employment for one year

c Most teachers received between 4%-9%. Teachers receiving National Board of Professional Teaching Standards (NBPTS) certification were eligible for larger increases.

<p style="text-align: center;"><b>AVERAGE SALARY OF EMPLOYEES SUBJECT TO THE PERSONNEL ACT</b></p>
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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
1994-95	26,605
1995-96	27,087
1996-97	27,473
1997-98	28,166
1998-99	30,332

**NOTE:** (1) Prior to 1972, computations were made every two years.

(2) The average salary figures show all permanent SPA employees at a particular point in time. During these years, new programs were added and SPA coverage was extended to positions previously exempt. When new positions were added at salaries above the average or at salaries below the average, this resulted in an increase or decrease in average salary levels. **Therefore, changes in average salaries are not measures of salary increases or decreases.**