



# OVERVIEW:

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## FISCAL AND BUDGETARY ACTIONS NORTH CAROLINA GENERAL ASSEMBLY

**1999 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 A, "Glossary".**

**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 1999-2001

	<b>\$'s in Millions 1999 Session</b>	
	<b>1999-2000</b>	<b>2000-2001</b>
<b>Total Budget</b>		
Includes Operating and Capital Appropriations, General Fund, Highway Fund, Federal Funds, Fees, Department Receipts	\$23,640.4	\$23,913.9
<b>General Fund</b>		
Current Operations	13,055.6	13,558.1
Capital Improvements--Direct Appropriation	77.1	
Capital Improvements--Repairs/Renovations	150.0	
Clean Water Management Trust Fund	30.0	
Bailey/Emory/Patton Lawsuit Settlement	399.0	
Intangibles Tax Settlement	200.0	
<b>Subtotal General Fund</b>	<b>\$13,911.7</b>	<b>\$13,558.1</b>
<b>Highway/Highway Trust Fund (A)</b>	<b>1,878.8</b>	<b>1,935.3</b>
<b>Federal Funds</b>	<b>5,951.1</b>	<b>6,188.7</b>
<b>Department Receipts</b>		
(Tuition fees of Community Colleges, University; patient fees, licenses, fines and other dedicated receipts)	1,898.8	1,931.8

**Notes:**

(A) Reduced to reflect transfers to the General Fund and transfers between the Highway Fund and the Highway Trust Fund



<p align="center"><b>COMPARISON OF GENERAL FUND TAX REVENUE COLLECTIONS % 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	7.9%	9.2%
1999-00	4.2%	6.4%
2000-01	5.4%	5.7%

\* Actual collections adjusted for tax law changes, delayed tax return processing, and other special factors

**NOTE:** The high growth rates since 1993-94 under the "economic base" tabulation is due to large increases in corporate profits (corporate income tax) and capital gains (personal income tax).

## **Earmarking of the Year End General Fund Credit Balance**

As noted on the schedule for 1998-1999, a portion of the year end credit balance is earmarked for stated purposes. This practice began with Budget Reform legislation enacted by the 1991 General Assembly as amended by the 1992 Session. The original two purposes were to establish a Savings Reserve account and to establish a permanent funding source for repairs/Renovations. The 1996 Session of the General Assembly added the Clean Water Management Trust Fund.

### **Savings Reserve**

Existing law requires that one-fourth of the year end General Fund credit balance or the amount to reach the cap (5% of the preceding year's General Fund operating budget) be reserved to a Saving Reserve account. The Reserve account has received direct appropriations in two fiscal years. Funds were transferred from the Account in 1993-94 to allow the State to restore the June 30<sup>th</sup> payroll for state, university, and community college employees back to the year of encumbrance. For the 1999-2000 fiscal year, the sum of \$200 million has been transferred for the purpose of complying with the lawsuit (Smith/Shaver cases) settlement on the Intangible Tax Refunds. Chapter 1999-327 (Senate Bill 1043) states that it is the intent of the General Assembly to restore the funds in 1999-2000.

### **Repairs/Renovations Reserve**

The 1993 Session of the General Assembly directed 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 a Repair/Renovation Account by the State Controller. This action was effective with the year end balance of 1992-1993. The 1995 Session of the General Assembly changed the earmarking to the greater of one-fourth of the year balance or 3% of the replacement value. The 1996 Session directed that 3% of the replacement value or all of the credit balance be earmarked to the Repair/Renovation Account if the total were insufficient to meet the 3% requirement.

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

## Repair/Renovations Reserve

	<b>Total Earmarked</b>	<b>University</b>	<b>Other</b>	<b>Unappropriated</b>
1992-93	\$57.0	\$31.4	\$25.6	
% of Total		55%	45%	
1993-94	\$60.0	\$33.0	\$27.0	
% of Total		55%	45%	
1994-95	\$146.3	\$57.5	\$67.5	\$21.3(a)
% of Total		46%	54%	
1995-96	\$130.0	\$59.8	\$70.2	
% of Total		46%	54%	
1996-97	\$174.3(b)	\$94.8	\$79.5	
% of Total		54.4%	45.6%	
1997-98	\$145.0	\$66.7	\$78.3	
% of Total		46%	54%	
1998-99	\$150.0	\$69.0	\$81.0	
% of Total		46%	54%	

(a) Appropriated by 1996 Session for special appropriations.

(b) Includes \$39.3 million in supplemental appropriations to the \$135.0 million earmarked through replacement value formula; the per cent of total reflects the inclusion of the supplemental funding.

With certification of the 1996-97 budget, appropriations from the Repair/Renovation Reserve account were made directly from that account thereby not reflected as direct appropriation as had been the practice in prior years. The practice of showing these funds as direct appropriations was restored with the 1997-98 budget.

### 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 account is 6.5% of the unreserved credit balance or a minimum of \$30 million.

## **Condition of the General Fund**

The 1999 Session of the General Assembly adopted the 1999-2001 biennial state budget on June 30, 1999, one day prior to the beginning of the new fiscal year.

The adopted General Fund budget was based upon a projected beginning unreserved credit balance of \$260.4 million. Revenue projections for 1999-2000 and 2000-2001 did not reflect any tax law changes although the 1999-2000 sum did include an estimate of \$69 million to be realized from RJR gains on asset sale. Also, included was \$20 million of disproportionate share receipts collected during 1998-1999 but held in a restricted reserve by the State Controller to be appropriated by the General Assembly. Total availability for 1999-2000 was \$13,531.5 million; and, for 2000-2001, it was \$13,944.3 million.

Prior to adjournment, the General Assembly enacted several finance bills that have a net impact of \$4.90 million in gains for 1999-2000 and of \$5.82 million in revenue loss for 2000-2001. After reserving 1998-99 reversions of \$30 million for capital facilities at the aquariums and \$7.0 million for the Warren County PCB Landfill clean-up, and earmarking funds as required by Budget Reform legislation excepting the Savings Reserve Account, the actual unreserved credit balance to begin 1999-2000 totaled \$296.7 million, an increase of \$36.3 million over the budgeted amount. For 1999-2000, with this revised credit balance and the revenue gain from tax law changes, a sum of \$40.9 million remains unappropriated. For 2000-2001, the sum of \$380.4 million remains unappropriated and will be available to the 2000 Session of the General Assembly to address the remaining \$240 million required to fulfill the State's obligation for complying with the court settlement on the intangible tax refunds; to replenish the Savings Reserve Account; to continue the commitment for increased salaries for teachers; to fully implement Smart Start; to address the University of North Carolina capital needs; and, to meet other needs of state-operated programs.

The 1997 Session of the General Assembly authorized the State Treasurer to invest \$61 million in the North Carolina Railroad. The Office of State Budget was required to present to the 1999 Session of the General Assembly a plan for the payback of these funds; however, the planning deadline was extended one year. Further, legislation authorized the use of annual dividends received by the State during 1999-2000 to several projects. The projects are as follows: \$10 million to upgrade tracks in Eastern North Carolina; \$6 million to purchase the right-of-way for the Charlotte train station; and, up to \$3 million for the old Burlington station/roundhouse pursuant to a plan to be adopted by the North Carolina Railroad Company. Dividends received by the State and used for these projects will reduce the repayment obligation.

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**Condition of the General Fund (Actual 1998-1999)**

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	<b>Reserved</b>	<b>Reserves Authorized for Expenditure</b>	<b>Unreserved</b>	<b>Total</b>
<b>Beginning Credit Balance</b>				
Unreserved balance from prior fiscal year	0	0	115,230,489	115,230,489
Reserved Disproportionate Share Receipts	0	35,447,111	0	35,447,111
Savings Reserve	522,520,562	0	0	522,520,562
Clean Water Management Trust Fund	0	47,397,819	0	47,397,819
Repairs/Renovation Reserve	0	145,000,000	0	145,000,000
Reserve for Bailey/Emory/Patton Decision	0	400,000,000	0	400,000,000
<b>Total Beginning Credit Balance</b>	<b>522,520,562</b>	<b>627,844,930</b>	<b>115,230,489</b>	<b>1,265,595,981</b>
<b>Revenue</b>				
Tax Revenue	0	0	11,965,263,904	11,965,263,904
Nontax Revenue	0	0	500,056,721	500,056,721
Highway Fund Transfer	0	0	13,400,000	13,400,000
Highway Trust Fund Transfer	0	0	170,000,000	170,000,000
Disproportionate Share Receipts	19,551,863	0	85,000,000	104,551,863
<b>Total Revenue</b>	<b>19,551,863</b>	<b>0</b>	<b>12,733,720,625</b>	<b>12,753,272,488</b>
<b>Total Availability</b>	<b>542,072,425</b>	<b>627,844,930</b>	<b>12,848,951,114</b>	<b>14,018,868,469</b>
<b>Appropriations:</b>				
Current Operations (Includes \$321,172 transfer to Work First Reserve)	0	35,447,111	12,141,995,436	12,177,442,547
Capital Improvements-Direct and Repairs/Renovation Reserve	0	145,000,000	192,199,500	337,199,500
Clean Water Management Trust Fund	0	47,397,819	0	47,397,819
Bailey/Emory/Patton Lawsuit	0	400,000,000	0	400,000,000
<b>Total Appropriations</b>	<b>0</b>	<b>627,844,930</b>	<b>12,334,194,936</b>	<b>12,962,039,886</b>
<b>Ending Credit Balances</b>	<b>542,072,425</b>	<b>0</b>	<b>514,756,178</b>	<b>1,056,828,603</b>
<b>Budget Reform/Other Earmarking of Unreserved Ending Credit Balance</b>				
Savings Reserve	0	0	0	0
Repairs/Renovations	0	150,000,000	(150,000,000)	0
Clean Water Management Trust Fund	0	31,054,152	(31,054,152)	0
Aquariums Capital Reserve (Use of 1998-1999 Reversions)	0	30,000,000	(30,000,000)	0
Warren County Landfill (Use of 1998-99 Reversions)	0	7,000,000	(7,000,000)	0
<b>Total Budget Reform/Other Earmarking</b>	<b>0</b>	<b>218,054,152</b>	<b>(218,054,152)</b>	<b>0</b>
<b>Ending Fund Balances</b>	<b>542,072,425</b>	<b>218,054,152</b>	<b>296,702,026</b>	<b>1,056,828,603</b>

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**Condition of the Work First Reserve (Actual 1998-1999)**

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Beginning Reserve Balance	19,540,586
Authorized Transfer from Reserve	2,500,000
Transfer from General Fund in Accordance with G.S. 143-15.3C	321,172
Ending Reserve Balance	17,361,758



**Condition of the General Fund and General Fund Reserves**

	1999-2000 Authorized by 1999 Session				2000-2001 Authorized by 1999 Session			
	Reserved	Reserves Authorized for Expenditure	Unreserved	Total	Reserved	Reserves Authorized for Expenditure	Unreserved	Total
<b>Beginning Credit Balance</b>								
Unreserved balance from prior fiscal year	0	0	296,702,026	296,702,026	0	0	0	0
Reserved Disproportionate Share Receipts	0	19,551,863 A	0	19,551,863	0	0	0	0
Savings Reserve	522,520,562	0	0	522,520,562	322,520,562	0	0	322,520,562
Clean Water Management Trust Fund	0	31,054,152	0	31,054,152	0	1,054,152	0	1,054,152
Repairs/Renovation Reserve	0	150,000,000	0	150,000,000	0	0	0	0
Aquariums Capital Reserve (Use of 1998-1999 Reversion	0	30,000,000	0	30,000,000	0	0	0	0
Warren County Landfill (Use of 1998-99 Reversions)	0	7,000,000	0	7,000,000	0	0	0	0
<b>Total Beginning Credit Balance</b>	<b>522,520,562</b>	<b>237,606,015</b>	<b>296,702,026</b>	<b>1,056,828,603</b>	<b>322,520,562</b>	<b>1,054,152</b>	<b>0</b>	<b>323,574,714</b>
<b>Revenue</b>								
Tax Revenue	0	0	12,468,000,000	12,468,000,000	0	0	13,140,500,000	13,140,500,000
Nontax Revenue	0	0	499,748,137	499,748,137	0	0	509,200,000	509,200,000
Highway Fund Transfer	0	0	13,600,000	13,600,000	0	0	13,800,000	13,800,000
Highway Trust Fund Transfer	0	0	170,000,000	170,000,000	0	0	170,000,000	170,000,000
Disproportionate Share Receipts	0	0	105,000,000	105,000,000	0	0	105,000,000	105,000,000
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>13,256,348,137</b>	<b>13,256,348,137</b>	<b>0</b>	<b>0</b>	<b>13,938,500,000</b>	<b>13,938,500,000</b>
<b>Total Availability</b>	<b>522,520,562</b>	<b>237,606,015</b>	<b>13,553,050,163</b>	<b>14,313,176,740</b>	<b>322,520,562</b>	<b>1,054,152</b>	<b>13,938,500,000</b>	<b>14,262,074,714</b>
<b>Appropriations:</b>								
Current Operations	0	19,551,863	13,036,092,598	13,055,644,461	0	0	13,558,096,467	13,558,096,467
Capital Improvements	0	0	77,059,168	77,059,168	0	0	0	0
Clean Water Management Trust Fund	0	30,000,000	0	30,000,000	0	0	0	0
Repairs/Renovation Reserve	0	150,000,000	0	150,000,000	0	0	0	0
Bailey/Emory/Patton Lawsuit	0	0	399,000,000	399,000,000	0	0	0	0
Intangible Tax Settlement	200,000,000	0	0	200,000,000	0	0	0	0
<b>Total Appropriations</b>	<b>200,000,000</b>	<b>199,551,863</b>	<b>13,512,151,766</b>	<b>13,911,703,629</b>	<b>0</b>	<b>0</b>	<b>13,558,096,467</b>	<b>13,558,096,467</b>
<b>Direct Authorized Transfers from Reserves</b>								
Aquariums Capital Reserve (Use of 1998-1999 Reversion	0	30,000,000	0	30,000,000	0	0	0	0
Warren County Landfill (Use of 1998-99 Reversions)	0	7,000,000	0	7,000,000	0	0	0	0

**Condition of the General Fund and General Fund Reserves**

	1999-2000 Authorized by 1999 Session				2000-2001 Authorized by 1999 Session			
	Reserved	Reserves Authorized for Expenditure	Unreserved	Total	Reserved	Reserves Authorized for Expenditure	Unreserved	Total
<b>Total Direct Authorized Transfers from Reserves/Credit Balance</b>	0	37,000,000	0	37,000,000	0	0	0	0
<b>Total Appropriations/Transfers from Reserves</b>	200,000,000	238,551,863	13,512,151,766	13,948,703,629	0	0	13,558,096,467	13,558,096,467
<b>Ending Credit Balances</b>	322,520,562	1,054,152	40,898,397	364,473,111	322,520,562	1,054,152	380,403,533	703,978,247

A: The Office of State Budget Certified this sum as a nontax revenue in the Miscellaneous category.

**ECONOMY  
AND  
REVENUES**

## **ECONOMIC OUTLOOK AND GENERAL FUND REVENUES**

### **1998-99 EXPERIENCE**

For the seventh year in a row General Fund revenue collections exceeded the budget estimate by a healthy margin. This conforms to a major objective of the 1991 budget reform package: to use 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 1998-99. 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 most closely related to the economy - withholding and sales tax payments - came in slightly above the target. The primary reason is that Federal Reserve monetary policy has continued to be stable. In fact, one of the great success stories of the 1990's has been the ability of the Fed to achieve moderate growth with low inflation year after year.

The withholding tax surplus reflected higher-than-expected job growth, the impact of tight labor markets on wage rates, an increase in employee bonuses, and the cashing in of stock options. Sales tax receipts continued to exceed the increase in consumer disposable income, confirming a "wealth effect" 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 persistence of profit improvement from downsizing activities and other productivity enhancements. The uptick in corporate net income, combined with declining interest rates, is a major reason why the nation's equity markets have soared in recent years.

A fourth category where collections exceeded the forecast is nonwithholding payments and final payments under the personal income tax. These non-withholding receipts were \$185 million (or 11%) above target. In addition, income tax refunds were \$35 million less than expected. These two "non-wage" trends reflect the continued surge in the financial markets, the stimulative impact of federal capital gains tax relief on asset sales, and individual retirement plan distributions.

### **OUTLOOK FOR 1999-2001 BIENNIUM**

The economic outlook supporting the General Fund revenue forecast for the upcoming two years is based on a modest economic slowdown and continue low inflation, as shown on the table on Page C-3.

## GENERAL FUND REVENUE COLLECTIONS (\$MILL.)

	July98- June99 Budgeted	July98- June99 Actual	Diff.	July97- June98 Actual
<b>TAX REVENUE</b>				
PERSONAL INCOME:				
LARGE EMPLOYER WITHHOLDING	\$5,482.8	\$5,496.5	\$13.7	\$5,036.6
SMALL EMPLOYER WITHHOLDING	371.8	386.2	14.4	339.5
ESTIMATED TAXES	1,001.9	1,021.0	19.1	946.1
NET FINAL PAYMENTS	699.8	866.0	166.2	777.8
WITHHOLDING REFUNDS	(1,068.9)	(1,034.1)	34.8	-942.1
LOCAL TAX REIMBURSEMENTS	-129.0	-129.0	0.0	-129.0
SUBTOTAL-PERSONAL INCOME	\$6,358.4	\$6,606.5	\$248.1	\$6,028.9
SALES & USE:				
REGULAR	\$2,979.6	\$3,009.2	\$29.6	\$2,903.8
UTILITY	370.4	367.0	-3.4	351.6
SUBTOTAL-SALES & USE	\$3,350.0	\$3,376.2	\$26.2	\$3,255.4
CORPORATE INCOME				
ESTIMATED PAYMENTS	\$895.1	\$973.7	\$78.6	\$892.9
FINAL PAYMENTS	241.0	257.5	16.5	176.6
REFUNDS	-119.9	-102.6	17.3	-99.4
SCHOOL FACILITIES EARMARKING	-68.6	-72.9	-4.3	-66.6
LOCAL TAX REIMBURSEMENTS	-204.5	-207.2	-2.7	-207.2
SUBTOTAL-CORPORATE INCOME	\$743.1	\$848.5	\$105.4	\$696.3
FRANCHISE:				
ANNUAL CORPORATION TAX	\$259.7	\$255.2	(\$4.5)	\$233.8
UTILITY GROSS RECEIPTS	334.0	315.5	-18.5	325.7
LOCAL TAX SHARING	-158.9	-161.1	-2.2	-152.2
SUBTOTAL-FRANCHISE	\$434.8	\$409.6	(\$25.2)	\$407.2
INSURANCE	273.6	291.2	17.6	283.8
ALCOHOLIC BEVERAGES				
NET COLLECTIONS	\$181.9	\$182.5	\$0.6	\$177.3
LOCAL TAX SHARING	-23.9	-24.4	-0.5	-23.6
SUBTOTAL-BEVERAGE TAX	\$158.0	\$158.0	\$0.0	\$153.7
INTANGIBLES	0.0	0.0	0.0	0.4
INHERITANCE	155.4	169.9	14.5	138.1
SOFT DRINK	13.4	12.4	-1.1	23.1
PRIVILEGE LICENSE	38.9	27.6	-11.3	36.6
TOBACCO PRODUCTS	46.3	44.9	-1.4	47.2
GIFT	16.4	19.3	2.9	20.6
OTHER	1.2	1.1	-0.1	1.1
TOTAL-TAX REVENUE	\$11,589.6	\$11,965.3	\$375.7	\$11,092.5
<b>NONTAX REVENUE</b>				
INVESTMENT INCOME	\$261.5	\$249.2	(\$12.3)	\$248.1
JUDICIAL FEES	116.3	121.0	4.7	112.8
INSURANCE DEPT.	38.0	40.2	2.2	20.3
OTHER	95.1	89.6	-5.5	71.0
TOTAL-NONTAX REVENUE	\$510.9	\$500.0	-10.9	\$452.2
<b>TOTAL-GENERAL FUND REVENUE</b>	<b>\$12,100.5</b>	<b>\$12,465.3</b>	<b>\$364.8</b>	<b>\$11,544.7</b>
Note: Tabulation does not include \$85.0 million of disproportionate share receipts and \$183.4 million of highway transfers.				



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

	<b>1998-99 Actual</b>	<b>1999-00 Projected</b>	<b>2000-01 Projected</b>
<b>U.S. INDICATORS</b>			
Real Economic Growth	4.1%	3.2%	2.4%
Nonfarm Employment	2.3%	1.8%	1.5%
Personal Income	5.0%	4.5%	4.8%
Industrial Production	2.2%	2.6%	3.6%
CORE Inflation (CPI)*	2.3%	2.4%	2.5%
Corporate Profits (Pre-Tax)	1.4%	1.0%	1.6%
Short-Term Interest Rates (Actual Rate)	4.6%	5.0%	4.9%
Long-Term Interest Rates (Actual Rate)	5.4%	6.1%	5.9%
<b>NORTH CAROLINA INDICATORS</b>			
Personal Income	6.2%	5.5%	5.8%
Nonfarm Employment	2.8%	2.2%	2.0%
Unemployment Rate (Actual Rate)	3.2%	3.2%	3.5%
Average Hourly Earnings (Manufacturing)	3.6%	3.8%	3.9%
Retail Sales	7.2%	6.5%	6.8%
Housing Starts	15.1%	-6.0%	-2.8%
Auto Sales (Actual Number)	464,486	479,390	500,920

**\*\*Regular consumer price index less volatile food and energy sectors.**

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

### **1999-2001 Forecast Explanation**

The projection of General Fund revenues for the 1999-00 and 2000-01 fiscal years involved a four-step process. First, the economic factors shown on page C-3 were used to forecast baseline revenues based on long-term historical relationships. These estimates are shown on page C-5. Some of the key growth rates are on page C-8.

Next, these numbers were 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 spent a portion of their stock market profits. For the upcoming two years, the regular sales tax growth rate was adjusted to a rate that is one percentage point higher than income growth to recognize the continuation of this "wealth effect".

At the same time, concern over the historical volatility of corporate profits and continued problems in the overseas economies led to a very conservative approach in projecting corporate income tax receipts.

The third step was to adjust the baseline estimates to take into account the impact of 1995-99 session revenue law changes, the impact of the Bailey case (full income tax exemption for most public sector retirees), and other technical factors affecting revenue flows. For example, the projected rate of decline of tobacco tax revenues was ratcheted up from 1-2% per year to 4%, based on the 1998-99 experience. These adjustments, shown on page C-6, are included in the detailed numbers on the adjoining pages.

Finally, a substantial portion of the large General Fund revenue surpluses during the last 4 years has been due to the impact of the financial markets on investors. The additional receipts come in primarily through increased quarterly estimated tax payments by high income individuals and "final" income tax payments due April 15. For the 1997 tax year it appears that some of this impact spilled over into withholding tax payments (higher than expected) and tax refunds (lower than anticipated).

The best indicator of this trend is the fact that since the 1994-95 fiscal year stock prices (S & P 500 index) have risen at an average annual rate of over 30%. Very few market analysts expect this type of experience to be duplicated in the future. In fact, even some of the "bulls" on Wall Street anticipate stock price gains of 5-8% per year for the next few years.

Another reason for a cautious forecast of income tax revenues is the continued concern of the Federal Reserve about the impact of the surge in stock prices on the economy working through the "wealth effect". If the markets do not level off, the Fed will raise interest rates to slow consumer spending and business investment.

Interest rate hikes would negatively impact the stock market through a combination of slower economic growth (reduced corporate profits) and a shift in portfolios from stocks to bonds.

For these reasons, the budgeted revenue forecast assumes that stock prices will rise 22.6% for 1999 (most of this has already occurred) and will fall by 3.9% in 2000 before recovering at a rate of 5.2% in 2001.

The actual forecast numbers by source are shown on page C-7.

**GENERAL FUND REVENUE FORECAST (\$MILL.)**

**TABLE 1: BASELINE FORECAST PRIOR TO TAX LAW CHANGES\***

	Actual 95-96	Actual 96-97	Actual 97-98	Actual 98-99	Estimated 99-00	Estimated 00-01
<b>Tax Revenue</b>						
Personal Income	\$5,035.0	\$5,597.2	\$6,344.7	\$7,075.7	\$7,636.7	\$8,195.9
Sales & Use	2,960.2	3,179.5	3,363.0	3,587.5	3,781.3	4,014.6
Corporate Income**	673.8	717.9	788.0	906.6	982.7	910.0
Franchise	355.9	387.8	411.3	405.6	410.9	430.6
Insurance	244.5	260.3	284.3	291.1	305.7	320.9
Alcoholic Beverage	145.5	150.2	153.8	157.8	162.1	166.40
Intangibles Tax	124.4	124.5	124.6	124.7	124.8	124.9
Inheritance	112.9	132.1	148.2	167.1	194.1	217.4
Soft Drink	39.8	41.2	43.4	43.9	46.4	47.9
Privilege License	42.0	43.4	49.7	37.4	40.5	40.5
Tobacco Products	46.7	46.7	47.2	44.9	42.8	41.1
Piped Natural Gas						
Gift	11.0	12.6	20.7	19.3	20.5	21.7
Other	1.2	1.2	1.1	1.1	1.1	1.1
Total-Tax Revenue	\$9,792.9	\$10,694.4	\$11,779.9	\$12,862.6	\$13,749.6	\$14,533.0
<b>Nontax Revenue</b>						
Investment Income	\$197.3	\$222.1	\$246.1	\$247.2	\$234.0	\$235.9
Judicial Fees	90.3	94.9	95.7	101.1	106.1	111.4
Disproportionate Share	76.0	100.8	0.0	85.0	105.0	105.0
Other	65.3	68.0	66.1	80.5	82.9	85.4
Insurance Dept.	14.9	14.0	15.3	34.9	36.0	35.9
Total-Nontax Revenue	\$443.8	\$499.8	\$423.2	\$548.7	\$564.0	\$573.6
Total: Tax & Nontax Revenue	\$10,236.7	\$11,194.2	\$12,203.0	\$13,411.3	\$14,313.6	\$15,106.6
<b>Transfers:</b>						
Highway Trust Fund	\$170.0	\$170.0	\$170.0	\$170.0	\$170.0	\$170.0
Highway Fund	11.1	11.9	12.6	13.4	13.6	13.8
Total-Transfers	\$181.1	181.9	182.6	183.4	\$183.6	\$183.8
Total-General Fund Revenue	\$10,417.8	\$11,376.1	\$12,385.6	\$13,594.7	\$14,497.2	\$15,290.4
		9.2%	8.9%	9.8%	6.6%	5.5%

\*Actual numbers have been adjusted for major processing delays

\*\*Includes one-time capital gain of \$69.0 million for 99-00 (RJ Reynolds Tobacco)

**GENERAL FUND REVENUE FORECAST (\$MILL.)**

**TABLE 2: IMPACT OF 1995-99 REVENUE LAW CHANGES (\$MILL.)**

	Actual 95-96	Actual 96-97	Actual 97-98	Actual 98-99	Estimated 99-00	Estimated 00-01
<b>Tax Revenue</b>						
Personal Income	(\$235.0)	(\$267.2)	(\$286.4)	(\$498.6)	(\$515.3)	(\$534.0)
Sales & Use	-2.1	(51.9)	-105.3	(213.6)	(407.0)	(418.1)
Corporate Income	-1.1	(0.6)	-52.8	(97.0)	(153.5)	(207.3)
Franchise						
Insurance	-1.8	(1.8)	-0.4			
Alcoholic Beverage			0.1	0.1	0.10	0.10
Intangibles Tax	-124.4	(124.5)	-124.6	(124.7)	-124.8	-124.9
Inheritance			-3.5	(3.8)	(56.6)	(83.8)
Soft Drink		(9.8)	-20.3	(31.5)	-44.9	-46.5
Privilege License			-11.1	(9.8)	(9.6)	(9.7)
Tobacco Products						
Piped Natural Gas					30.0	33.2
Gift						
Other						
Total-Tax Revenue	(\$364.3)	(\$455.7)	(\$604.2)	(\$978.8)	(\$1,281.6)	(\$1,391.1)
<b>Nontax Revenue</b>						
Investment Income	\$2.0	\$2.0	\$2.0	\$2.0	\$2.2	\$2.3
Judicial Fees		4.2	17.2	19.9	21.0	22.1
Disproportionate Share						
Other		2.2	4.9	9.1	10.2	10.3
Insurance Dept.	4.7	4.7	5.0	5.3	5.6	5.9
Total-Nontax Revenue	\$6.7	\$13.1	\$29.0	\$36.3	\$38.9	\$40.6
Total: Tax & Nontax Revenue	(\$357.6)	(\$442.6)	(\$575.2)	(\$942.5)	(\$1,242.7)	(\$1,350.4)
<b>Transfers:</b>						
Highway Trust Fund						
Highway Fund						
Total-Transfers						
Total-General Fund Revenue	(\$357.6)	(\$442.6)	-575.17	(\$942.5)	(\$1,242.7)	(\$1,350.4)

**TABLE 3: ACTUAL FORECAST INCLUDING IMPACT OF TAX LAW CHANGES (\$MILL.)**

	Actual 95-96	Actual 96-97	Actual 97-98	Actual 98-99	Estimated 99-00	Estimated 00-01
<b>Tax Revenue:</b>						
Personal Income	\$4,800.0	\$5,330.0	\$6,028.9	\$6,606.5	\$7,121.4	\$7,661.9
Sales & Use	2,958.2	3,127.7	3,255.4	3,376.2	3,374.3	3,596.4
Corporate Income	672.8	717.4	696.3	848.5	829.2	702.7
Franchise	355.9	387.8	407.3	409.6	410.9	430.6
Insurance	242.7	258.5	283.8	291.2	305.7	320.9
Alcoholic Beverage	145.5	150.2	153.7	158.1	162.2	166.5
Intangibles Tax						
Inheritance	112.9	132.1	138.1	169.9	137.5	133.6
Soft Drink	39.8	31.4	23.1	12.4	1.5	
Privilege License	42.0	43.4	36.6	27.6	30.9	30.8
Tobacco Products	46.7	46.7	47.2	44.9	42.8	41.1
Gift	11.0	12.6	20.7	19.3	20.5	21.7
Piped Natural Gas					30.0	33.2
Other	1.2	1.2	1.1	1.1	1.1	1.1
Total-Tax Revenue	\$9,428.6	\$10,238.7	\$11,092.2	\$11,965.3	\$12,468.0	\$13,140.5
<b>Nontax Revenue</b>						
Investment Income	\$199.3	\$224.1	\$248.1	\$249.2	\$236.2	\$238.2
Judicial Fees	90.3	99.1	112.8	121.0	127.1	133.5
Disproportionate Share	76.0	100.8	0.0	85.0	105.0	105.0
Other	65.3	70.2	71.0	89.6	114.4	95.7
Insurance Dept.	19.6	18.7	20.3	40.2	41.6	41.8
Total-Nontax Revenue	\$450.5	\$512.9	\$452.2	\$585.0	\$624.3	\$614.2
Total: Tax & Nontax Revenue	\$9,879.1	\$10,751.6	\$11,544.4	\$12,550.3	\$13,092.3	\$13,754.7
<b>Transfers:</b>						
Highway Trust Fund	\$170.0	\$170.0	\$170.0	\$170.0	\$170.0	\$170.0
Highway Fund	11.1	11.9	12.6	13.4	13.6	13.8
Total-Transfers	\$181.1	\$181.9	\$182.6	\$183.4	\$183.6	\$183.8
Total-General Fund Revenue	\$10,060.2	\$10,933.5	\$11,727.0	\$12,733.7	\$13,275.9	\$13,938.5



# **BASELINE GROWTH RATES FOR MAJOR REVENUE SOURCES - GENERAL FUND**

	<b>HISTORICAL RATES*</b>							<b>BUDGETED</b>	
	<u>92-93</u>	<u>93-94</u>	<u>94-95</u>	<u>95-96</u>	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>

<b>Personal Income Tax</b>	8.8%	7.8%	9.6%	9.8%	10.7%	14.0%	11.8%	7.9%	7.3%
<b>Sales Tax:</b>									
Regular	8.3%	9.8%	9.2%	6.5%	8.0%	5.9%	7.2%	6.5%	6.8%
Utility Gross Receipts	3.7%	8.6%	-0.9%	7.9%	4.2%	4.7%	4.4%	3.8%	4.1%
<b>TOTAL TAX</b>									
<b>Corporate Income Tax</b>	13.5%	5.8%	21.2%	3.5%	10.0%	3.5%	7.8%	2.9%	0.1%
<b>Franchise Tax:</b>									
Corporations	2.4%	-1.7%	13.0%	7.0%	16.4%	4.9%	7.9%	5.8%	6.1%
Utility Gross Receipts	1.8%	11.8%	-1.5%	7.0%	2.9%	3.8%	-3.1%	3.8%	4.1%
<b>Inheritance Tax**</b>	2.2%	18.9%	3.2%	2.7%	17.0%	12.2%	12.8%	12.0%	12.0%
<b>Insurance Tax</b>	2.8%	16.3%	4.8%	4.6%	6.0%	3.4%	6.9%	5.0%	5.0%
<b>Alcoholic Beverage Tax</b>	0.1%	1.2%	1.4%	2.9%	3.3%	2.3%	2.8%	2.7%	2.7%
<b>Tobacco Products Tax</b>	6.2%	-11.7%	17.6%	4.7%	0.0%	1.1%	-4.9%	-4.7%	-4.0%
<b>TOTAL GENERAL FUND***</b>	7.0%	9.1%	9.9%	6.8%	9.2%	10.1%	9.2%	6.4%	5.7%

\*Adjusted for tax law changes, tax collection or refund deferrals, and other special one-time factors.

\*\*Tax has been repealed. Budgeted rate applies to remaining "pick-up" tax that will be levied to use up federal credit for state death taxes.

\*\*\*Includes tax sources not shown in table.

**NOTE:** The slower growth assumptions for 1999-2001 biennial are due primarily to the modest slowing of the economy due to federal reserve monetary policy and the expected flattening of stock and bond prices.



## 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 1998-99 REVENUE COLLECTIONS

Highway Fund collections totaled \$1.131 billion in FY 1998-99, a 1.6% increase over FY 1997-98 collections of \$1.113 billion, but \$15 million (1.3%) below the certified budget level. Motor fuels tax collections fell short of the certified budget by \$16.4 million (2.1%) but investment income was greater than the certified budget level by \$2.9 million (26%).

### 1999-2000 FORECAST

Highway Fund revenues are projected to grow by \$18.5 million (1.7%) in FY 1999-00. Motor Fuels Tax receipts are expected to rise by 2%. Truck licenses, Staggered Vehicle Registration, and International Registration Plan are expected to remain relatively constant while Driver License fees are expected to rise by \$11.1 million, or 17.2%.

### HIGHWAY FUND REVENUE (millions)

	<u>1998-99 Actual</u>	<u>1999-00 Projected</u>
<b>Fuels Taxes</b>		
Motor Fuels Tax	\$762.9	\$777.8
Gasoline Inspection Fee	12.5	12.8
Highway Use Registration Fee	0.2	0.3
<b>Total Fuels Taxes</b>	<b>\$775.5</b>	<b>\$790.8</b>
<b>Licenses, Fees, and Penalties</b>		
Staggered Vehicle Registration	\$139.1	\$140.9
Truck Licenses	56.8	56.0
International Registration Plan	50.8	48.1
Drivers Licenses	62.3	73.1
Other	31.0	29.5
<b>Total Licenses, Fees, and Penalties</b>	<b>\$340.0</b>	<b>\$347.6</b>
Investment Income	\$15.5	\$11.1
<b>TOTAL HIGHWAY FUND REVENUE</b>	<b>\$1131.0</b>	<b>\$1149.5</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. (The General Assembly suspended this latter \$38 million transfer for FY 1998-99 and for the 1999-01 biennium.) In addition, the law requires that \$170 million be transferred each year from the Highway Trust Fund to the General Fund.

### FY 1998-99 REVENUE COLLECTIONS

Highway Trust Fund revenues for FY 1998-99 totaled \$873.8 million, representing a 4.5% increase over FY 1997-98 revenues of \$835.8 million. Highway use tax revenues exceeded the certified budget by \$31.9 million (7%) and Treasurer's investments exceeded projections by \$7.9 million (25.2%) as a result of higher than expected cash balances being available for investment.

### 1999-2000 FORECAST

Highway Trust Fund revenues are expected to increase in FY 1999-00 by 0.7% to \$880.0 million. Growth in most revenue sources is expected to be low and investment income is expected to decrease.

HIGHWAY TRUST FUND REVENUE		
	(Millions)	
	1998-99 <u>Actual</u>	1999-00 <u>Projected</u>
<b>Revenues</b>		
Motor Fuels Revenues	\$254.7	\$258.2
Motor Vehicle Use Tax	489.5	493.6
Title Fees:		
Certificates of Title	78.2	78.9
Miscellaneous Title Fees	12.1	12.4
Treasurer's Investments	39.3	36.9
<b>Total Revenue</b>	<b>\$873.8</b>	<b>\$880.0</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 (suspended)</b>		
<b>BALANCE AVAILABLE</b>	<b>\$703.8</b>	<b>\$710.0</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

<b>Division of Mental Health, Developmental Disabilities and Substance Abuse Services</b>	
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
 <b>Division of Social Services</b>	
Low Income Energy Block Grant	\$18,460,000
Social Services Block Grant	39,499,083
Temporary Assistance for Needy Families	267,421,202
 <b>Division of Facility Services</b>	
Social Services Block Grant	\$343,341
 <b>Division of Child Development</b>	
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
 <b>Division of Youth Services</b>	
Social Services Block Grant	\$950,674



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

	<b>1998-99</b>
<b>Division of Vocational Rehabilitation</b>	
Social Services Block Grant	\$188,263
<b>Division of Services for the Blind</b>	
Social Services Block Grant	\$3,205,711
<b>Office of the Secretary (Office of Economic Opportunity)</b>	
Social Services Block Grant	\$41,302
Community Services Block Grant	12,859,274
<b>Division of Aging</b>	
Social Services Block Grant	\$5,769,190
<b>Division of Public Health</b>	
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**

### **STATE**

During its 1999 Regular Session, the N.C. General Assembly enacted the following total requirements for the Medicaid Program: \$4.7 billion for FY 1999-00 and \$5.1 billion for FY 2000-01. State funding for the Medicaid Program totals \$1.3 billion for FY 1999-00 and \$1.5 billion for FY 2000-01.

During its deliberations on the proposed budget, the 1999 General Assembly adopted the following General Fund reductions: \$160 million for FY 1999-00 and \$126 million for FY 2000-01. The reductions represent anticipated reductions in the numbers of eligible Work First clients, lower utilization of services by all recipients, reduced inflation to most service providers, elimination of major policy changes, increased income from the drug rebate program, transfer of funds from the G.S. 143.23.2 reserve fund and other miscellaneous reductions.

The 1999 General Assembly also made the following policy changes to the Medicaid Program and increased the budget for the program to support these changes:

- Expand Transitional Medicaid for former TANF recipients from 12 to 24 months (General Fund appropriations are \$2.1 million for FY 1999-00 and \$8.2 million for 2000-01)
- Increase physician rates to match Medicare rates (General Fund appropriations are \$3.6 million for FY 1999-00 and \$3.8 million for 2000-01)

### **FEDERAL**

No significant federal changes have occurred so far in 1999, but Congress has not completed its work at the time of publication.

### **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 five state hospitals (UNC Memorial, Dorothea Dix, Broughton, Cherry and John Umstead) as the non-federal match with which the State draws disproportionate share payments. The 1999-2001 biennial state budget anticipates \$105 million each fiscal year in DSH payments to the State Treasurer. Section 6(c) of House Bill 168 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 \$105 million will be reserved by the State Treasurer for future appropriation.

**LEGISLATIVE ACTIONS:**

**GENERAL FUND  
APPROPRIATIONS**

# General Fund Appropriations

1999-2000, 1999 Session

	Legislative Actions						Total
	Continuation	Reductions		Increases		Net Change	
		Recurring	Non-Recurring	Recurring	Non-Recurring		
<b>Education</b>							
Public Schools	5,143,579,517	(41,399,737)	(46,509,188)	65,517,084	141,440,000	119,048,159	5,262,627,676
Community Colleges	549,590,909	(23,327,015) A	(7,242,022)	57,913,979	2,868,000	30,212,942	579,803,851
University	1,589,402,360	(17,992,429) A	(10,141,288)	79,800,680	3,175,000	54,841,963	1,644,244,323
<b>Total Education</b>	<b>7,282,572,786</b>	<b>(82,719,181)</b>	<b>(63,892,498)</b>	<b>203,231,743</b>	<b>147,483,000</b>	<b>204,103,064</b>	<b>7,486,675,850</b>
<b>General Government:</b>							
General Assembly	35,695,575	0	(715,000)	0	0	(715,000)	34,980,575
Governor's Office	5,317,042	(53,678)	0	0	0	(53,678)	5,263,364
State Budget & Management	4,167,118	(41,000)	0	20,000	0	(21,000)	4,146,118
State Planning	2,147,099	0	0	0	0	0	2,147,099
Special Appropriations	3,080,000	0	0	0	2,575,000	2,575,000	5,655,000
The Lieutenant Governor	640,485	0	0	0	0	0	640,485
Administration	60,161,435	(486,656)	(367,147)	150,000	1,490,000	786,197	60,947,632
Office of State Controller	10,798,673	(216,105)	0	900,000	0	683,895	11,482,568
Administrative Hearings Office	2,687,684	0	0	64,485	5,050	69,535	2,757,199
Administrative Rules Review	317,343	0	0	0	0	0	317,343
Cultural Resources	57,117,617	(349,540)	0	520,000	12,600,000	12,770,460	69,888,077
Cultural Resources-Roanoke Island	1,826,157	0	0	0	0	0	1,826,157
Insurance	21,473,947	(191,740)	0	306,056	420,500	534,816	22,008,763
Insurance-RICO	4,500,000	0	0	0	0	0	4,500,000
Secretary of State	6,284,106	(125,682)	0	385,009	144,685	404,012	6,688,118
State Auditor	11,656,492	(116,565)	0	68,114	6,590	(41,861)	11,614,631
State Treasurer-Operations	7,220,452	(1,085,128)	0	368,920	306,600	(409,608)	6,810,844
State Treasurer-Retirement/Employee Benefits	12,294,780	0	0	0	0	0	12,294,780
Revenue	78,328,188	(375,000)	0	1,124,671 B	190,125 B	939,796	79,267,984
State Board of Elections	3,159,660	0	0	40,000	0	40,000	3,199,660
<b>Total General Government</b>	<b>328,873,833</b>	<b>(3,041,094)</b>	<b>(1,082,147)</b>	<b>3,947,255</b>	<b>17,738,560</b>	<b>17,562,564</b>	<b>346,436,397</b>
<b>Human Resources</b>							
Central Administration	89,320,298	(1,233,168)	0	900,000	4,099,000	3,765,832	93,086,130
Aging Division	29,742,117	0	0	50,000	250,000	300,000	30,042,117
Child Development	225,269,727	0	0	59,243,000	1,500,000	60,743,000	286,012,727
Health Services	130,661,203	(1,384,320)	0	1,059,300	3,025,000	2,699,980	133,361,183
Blind Services	17,252,679	(64,687)	0	275,000	0	210,313	17,462,992
Vocational Rehabilitation	35,643,354	0	0	1,398,533	2,000,000	3,398,533	39,041,887
Mental Health	605,475,268	(6,428,722)	(500,000)	10,449,392	5,294,249	8,814,919	614,290,187
Schools for the Deaf and Hard of Hearing	31,088,811	(169,728)	0	410,000	275,000	515,272	31,604,083

# General Fund Appropriations

1999-2000, 1999 Session

	Continuation	Legislative Actions				Net Change	Total
		Reductions		Increases			
		Recurring	Non-Recurring	Recurring	Non-Recurring		
Facility Services	10,244,297	0	(200,000)	892,992	0	692,992	10,937,289
Social Services	170,396,396	(14,476)	(24,069,000)	2,631,200	1,450,000	(20,002,276)	150,394,120
NC Health Choice	23,992,346	0	(1,900,000)	0	0	(1,900,000)	22,092,346
Medical Assistance	1,502,870,953	(105,090,106)	(55,000,000)	5,673,000	0	(154,417,106)	1,348,453,847
Total Human Resources	2,871,957,449	(114,385,207)	(81,669,000)	82,982,417	17,893,249	(95,178,541)	2,776,778,908
Justice and Public Safety:							
Correction	922,020,076	(26,638,607)	(5,307,832)	818,682	485,000	(30,642,757)	891,377,319
Crime Control & Public Safety	35,723,650	(552,276)	0	920,220	700,000	1,067,944	36,791,794
Judicial Department	337,613,191	(8,130,103)	(1,450,000)	9,129,219	1,248,318	2,797,434	340,410,625
Juvenile Justice	130,037,966	(1,100,000)	0	4,907,500	2,146,000	5,953,500	135,991,466
Justice	72,273,100	(319,775)	(103,900)	1,137,607	164,090	878,022	73,151,122
Total Justice and Public Safety	1,497,668,183	(34,740,781)	(6,861,732)	16,913,228	4,743,408	(19,945,857)	1,477,722,326
Natural And Economic Resources							
Agriculture	53,633,433	(475,088)	(200,000)	1,048,981	2,806,093	3,179,986	56,813,419
Commerce/Economic & Community Development	40,062,400	(689,682)	0	4,375,730	3,450,000	7,136,048	47,198,448
Commerce-State Aid	13,546,251	(10,000)	0	3,560,000	10,900,000	14,450,000	27,996,251
Commerce-SIPS	0	0	0	0	3,596,000	3,596,000	3,596,000
Labor	16,457,031	(109,780)	0	22,000	100,000	12,220	16,469,251
NC Housing Finance Agency	2,300,000	0	0	3,000,000	6,000,000	9,000,000	11,300,000
Environment, Health and Natural Resources	152,272,341	(3,773,048)	(3,180,000)	6,044,330	4,653,284	3,744,566	156,016,907
Total Natural and Economic Resources	278,271,456	(5,057,598)	(3,380,000)	18,051,041	31,505,377	41,118,820	319,390,276
Transportation	20,273,881	0	0	0	700,000	700,000	20,973,881
Debt							
Principal and Interest	246,982,430	(20,571,500)	(34,500,000)	0	0	(55,071,500)	191,910,930
Federal Reimbursement	1,155,948	0	0	0	0	0	1,155,948
Total Debt	248,138,378	(20,571,500)	(34,500,000)	0	0	(55,071,500)	193,066,878
Reserves and Transfers							
Contingency and Emergency	1,125,000	0	0	0	0	0	1,125,000
State Health Plan	0	0	0	110,000,000	0	110,000,000	110,000,000
Retirees Health Benefit Reserve	0	0	(144,000,000)	0	0	(144,000,000)	(144,000,000)
Welfare Reform	412,503	0	0	0	0	0	412,503
Mail Service Consolidation Savings	0	(1,000,000)	0	0	0	(1,000,000)	(1,000,000)
Salary Increases of SPA Employees	63,627,578	0	0	0	0	0	63,627,578



**General Fund Appropriations**

**1999-2000, 1999 Session**

	Legislative Actions						Net Change	Total
	Continuation	Reductions		Increases				
		Recurring	Non-Recurring	Recurring	Non-Recurring			
Salary Increases of Employees	0	0	0	397,600,000		397,600,000	397,600,000	
Salary Bonus	0	0	0	0	16,400,000	16,400,000	16,400,000	
Salary Adjustment Fund	3,944,303	0	0	0	0	0	3,944,303	
SPA Minimum Salary	0	0	0	100,000	0	100,000	100,000	
Judicial Retirement Rate Reduction	0	(900,000)	0	0	0	(900,000)	(900,000)	
Savings-Positions Vacated by Retirement	0	(12,709,439)	0	0	0	(12,709,439)	(12,709,439)	
<b>Total Reserves and Transfers</b>	<b>69,109,384</b>	<b>(14,809,439)</b>	<b>(144,000,000)</b>	<b>507,700,000</b>	<b>16,400,000</b>	<b>365,490,561</b>	<b>434,599,945</b>	
<b>Total General Fund for Operations</b>	<b>12,696,865,350</b>	<b>(275,124,780)</b>	<b>(335,385,377)</b>	<b>832,825,684</b>	<b>236,463,584</b>	<b>458,779,111</b>	<b>13,055,644,461</b>	
Capital Improvements-Direct Appropriation	0	0	0	0	77,059,168	77,059,168	77,059,168	
<b>Total General Fund Operating/Capital</b>	<b>12,696,865,350</b>	<b>(275,124,780)</b>	<b>(335,385,377)</b>	<b>832,825,684</b>	<b>313,522,752</b>	<b>535,838,279</b>	<b>13,132,703,629</b>	
<b>Appropriations by Earmarking of Availability:</b>								
Bailey/Patton/Emory Lawsuit	0	0	0	0	399,000,000	399,000,000	399,000,000	
<b>Total General Fund Direct Appropriations</b>	<b>12,696,865,350</b>	<b>(275,124,780)</b>	<b>(335,385,377)</b>	<b>832,825,684</b>	<b>712,522,752</b>	<b>934,838,279</b>	<b>13,531,703,629</b>	
<b>Appropriations by Earmarking Ending</b>								
<b>Credit Balance, June 30, 1999</b>								
Capital Improvements-Repairs/Renovations	0	0	0	0	150,000,000	150,000,000	150,000,000	
Clean Water Management Trust Fund	0	0	0	0	30,000,000	30,000,000	30,000,000	
<b>Total Credit Balance Earmarking</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>180,000,000</b>	<b>180,000,000</b>	<b>180,000,000</b>	
<b>Appropriation from Savings Reserve</b>								
Reserve for Intangibles (SB 1043)					200,000,000	200,000,000	200,000,000	
<b>Total General Fund</b>	<b>12,696,865,350</b>	<b>(275,124,780)</b>	<b>(335,385,377)</b>	<b>832,825,684</b>	<b>1,092,522,752</b>	<b>1,314,838,279</b>	<b>13,911,703,629</b>	

A: Includes tuition increase as reduction

B: Includes HB 1476; \$150,000 Recurring and \$100,000 Nonrecurring

# General Fund Appropriations

2000-2001, 1999 Session

	Continuation	Legislative Actions				Net Change	Total
		Reductions		Increases			
		Recurring	Non-Recurring	Recurring	Non-Recurring		
<b>Education:</b>							
Public Schools	5,195,842,820	(25,417,981)	0	92,755,952	14,337,457	81,675,428	5,277,518,248
Community Colleges	549,428,729	(23,327,015) A	0	64,913,979	0	41,586,964	591,015,693
University	1,595,487,506	(18,787,301) A	0	80,163,022	0	61,375,721	1,656,863,227
<b>Total Education</b>	<b>7,340,769,055</b>	<b>(67,532,297)</b>	<b>0</b>	<b>237,832,953</b>	<b>14,337,457</b>	<b>184,638,113</b>	<b>7,525,397,168</b>
<b>General Government:</b>							
General Assembly	39,518,408	0	0	0	0	0	39,518,408
Governor's Office	5,335,850	(53,678)	0	0	0	(53,678)	5,282,172
State Budget & Management	4,268,782	(41,000)	0	20,000	0	(21,000)	4,247,782
State Planning	2,147,099	0	0	0	0	0	2,147,099
Special Appropriations	3,080,000	0	0	0	0	0	3,080,000
The Lieutenant Governor	640,485	0	0	0	0	0	640,485
Administration	60,425,982	(486,656)	0	150,000	0	(336,656)	60,089,326
Office of State Controller	10,804,420	(216,105)	0	900,000	0	683,895	11,488,315
Administrative Hearings Office	2,721,970	0	0	64,485	0	64,485	2,786,455
Administrative Rules Review	309,326	0	0	0	0	0	309,326
Cultural Resources	58,012,004	(349,540)	0	520,000	0	170,460	58,182,464
Cultural Resources-Roanoke Island	1,826,157	0	0	0	0	0	1,826,157
Insurance	21,484,721	(191,740)	0	306,056	0	114,316	21,599,037
Insurance-RICO	4,500,000	0	0	0	0	0	4,500,000
Secretary of State	6,198,606	(125,682)	0	385,009	0	259,327	6,455,933
State Auditor	11,656,492	(116,565)	0	68,114	0	(48,451)	11,608,041
State Treasurer-Operations	7,220,452	(1,085,128)	0	432,929	0	(652,199)	6,568,253
State Treasurer-Retirement/Employee Benefits	12,294,780	0	0	0	0	0	12,294,780
Revenue	74,905,962	(375,000)	0	1,224,671	0	849,671	75,755,633
State Board of Elections	3,159,660	0	0	40,000	0	40,000	3,199,660
<b>Total General Government</b>	<b>330,509,156</b>	<b>(3,041,094)</b>	<b>0</b>	<b>4,111,264</b>	<b>0</b>	<b>1,070,170</b>	<b>331,579,326</b>
<b>Human Resources</b>							
Central Administration	90,139,971	(1,233,168)	0	900,000	0	(333,168)	89,806,803
Aging Division	29,742,117	0	0	50,000	0	50,000	29,792,117
Child Development	225,269,727	0	0	80,171,826	0	80,171,826	305,441,553
Health Services	132,304,079	(1,384,320)	0	1,059,300	0	(325,020)	131,979,059
Blind Services	17,244,842	(64,687)	0	275,000	0	210,313	17,455,155
Vocational Rehabilitation	38,857,870	0	0	1,398,533	0	1,398,533	38,256,403
Mental Health	604,433,264	(7,938,722)	0	11,163,479	0	3,224,757	607,658,021
NC Health Choice	25,509,475	0	0	0	0	0	25,509,475

# General Fund Appropriations

2000-2001, 1999 Session

	Continuation	Legislative Actions				Net Change	Total
		Reductions		Increases			
		Recurring	Non-Recurring	Recurring	Non-Recurring		
Schools for the Deaf and Hard of Hearing	31,721,677	(169,728)	0	437,600	0	267,872	31,989,549
Facility Services	10,244,297	0	0	954,559	0	954,559	11,198,856
Social Services	181,043,651	(14,476)	0	4,430,200	0	4,415,724	185,459,375
Medical Assistance	1,653,624,285	(126,146,158)	0	12,071,143	0	(114,075,015)	1,539,549,270
Total Human Resources	3,038,135,255	(136,951,259)	0	112,911,640	0	(24,039,619)	3,014,095,636
Justice and Public Safety:							
Correction	921,431,794	(32,351,540)	0	863,271	0	(31,488,269)	889,943,525
Crime Control & Public Safety	35,899,900	(552,276)	0	920,220	0	367,944	36,267,844
Judicial Department	340,135,574	(8,179,507)	0	13,405,224	0	7,225,717	347,361,291
Juvenile Justice	130,954,378	(1,100,000)	0	9,779,000	385,000	9,064,000	140,018,378
Justice	71,521,703	(1,524,671)	0	2,455,000	123,918	1,054,247	72,575,950
Total Justice and Public Safety	1,499,943,349	(41,707,994)	0	27,422,715	508,918	(13,776,361)	1,486,166,988
Natural And Economic Resources							
Agriculture and Consumer Services	53,590,208	(492,588)	0	1,048,981	0	556,393	54,146,601
Commerce/Economic & Community Development	40,082,482	(712,847)	0	4,375,730	0	3,662,883	43,745,365
Commerce-State Aid	13,546,251	(10,000)	0	3,560,000	0	3,550,000	17,096,251
Commerce-SIPS	0	0	0	0	0	0	0
Labor	16,457,031	(109,780)	0	22,000	0	(87,780)	16,369,251
NC Housing Finance Agency	2,300,000	0	0	3,000,000	0	3,000,000	5,300,000
Environment, Health and Natural Resources	153,992,565	(2,931,000)	0	6,273,208	365,500	3,707,708	157,700,273
Total Natural and Economic Resources	279,968,537	(4,256,215)	0	18,279,919	365,500	14,389,204	294,357,741
Transportation	15,434,165	0	0	0	0	0	15,434,165
Debt Service							
Interest/Redemption	311,096,050	(20,386,500)	0	0	0	(20,386,500)	290,709,550
Federal Reimbursement	1,155,948	0	0	0	0	0	1,155,948
Total Debt	312,251,998	(20,386,500)	0	0	0	(20,386,500)	291,865,498
Reserves and Transfers							
Contingency and Emergency	1,125,000	0	0	0	0	0	1,125,000
State Health Plan	0	0	0	147,000,000	0	147,000,000	147,000,000
Welfare Reform	412,503	0	0	0	0	0	412,503
Mail Service Consolidation Savings	0	(1,500,000)	0	0	0	(1,500,000)	(1,500,000)
Salary Increases of SPA Employees	63,627,578	0	0	0	0	0	63,627,578
Salary Increases of Employees	0	0	0	397,600,000	0	397,600,000	397,600,000

# General Fund Appropriations

2000-2001, 1999 Session

	Continuation	Legislative Actions						Total
		Reductions		Increases		Net Change		
		Recurring	Non-Recurring	Recurring	Non-Recurring			
Salary Adjustment Fund	4,444,303	0	0	0	0	0	4,444,303	
SPA Minimum Salary	0	0	0	100,000	0	100,000	100,000 ✓	
Judicial Retirement Rate Adjustment	0	(900,000)	0	0	0	(900,000)	(900,000) ✓	
Savings-Positions Vacated by Retirement	0	(12,709,439)	0	0	0	(12,709,439)	(12,709,439) ✓	
<b>Total Reserves and Transfers</b>	<b>69,609,384</b>	<b>(15,109,439)</b>	<b>0</b>	<b>544,700,000</b>	<b>0</b>	<b>529,590,561</b>	<b>599,199,945</b>	
<b>Total General Fund for Operations</b>	<b>12,886,610,899</b>	<b>(288,984,798)</b>	<b>0</b>	<b>945,268,491</b>	<b>15,211,875</b>	<b>671,485,568</b>	<b>13,558,096,467</b>	

A: Includes tuition increase as reduction  
 B: Includes HB 1476-\$250,000 Recurring

# **EDUCATION**

## Community Colleges

## GENERAL FUND

Recommended Budget	FY 99-2000 \$549,590,909	FY 2000-01 \$549,428,729
Legislative Changes		
<b>1 Enrollment Changes</b> Provides funds to cover the increased community college enrollment. FTE students are allocated on the previous year's actual enrollments.	\$18,769,897 R	\$18,769,897 R
<b>2 Need-Based Financial Aid</b> This creates the largest community college need-based financial aid program in North Carolina's history. A significant portion of the additional curriculum tuition receipts will be set aside for need-based financial aid for community college students. This anticipates offsetting any tuition increase for those students who are not eligible for the Federal Hope and Lifetime Learning tax credits. These funds shall not revert. (HB 168, Sec. 9.4)	\$5,000,000 R	\$5,000,000 R
<b>3 Management Information System Reserve</b> North Carolina's Community College System does not have a Management Information System. This will allow the State Board of Community Colleges to begin the development of a comprehensive MIS. These funds shall be put in a non-reverting reserve. (HB 168, Sec. 9.9)	\$8,000,000 R	\$15,000,000 R
<b>4 Multi-Campus Funds</b> To provide additional funding for the operation of multi-campus colleges. The funds will be equally distributed to those sites.	\$1,000,000 R	\$1,000,000 R
<b>5 Information Tech.Training/AHS Certificate Funds for Central Piedmont CC</b> Non-recurring funds for Central Piedmont Community College to use for either its Regional Information Technology Training program or pilot Adult High School/Certification Initiative.	\$200,000 NR	
<b>6 Hosiery Technology Center Funds</b> Additional one-time appropriation to support the Hosiery Technology Center operations.	\$350,000 NR	
<b>7 Fayetteville Tech Botanical Lab Funds</b> A nonrecurring grant-in-aid to Fayetteville Tech to develop a regional botanical laboratory in partnership with the Cape Fear Botanical Garden.	\$450,000 NR	
<b>8 Regional Emergency Services Training Facility</b> Provides a grant-in-aid for Central Carolina Community College to create a regional emergency services training facility.	\$750,000 NR	



# Special Provisions

## 1999 Session: HB 168

### Department: Community Colleges

#### Section 9

Title: Employment of Community College Faculty/Study

Summary Asks the State Board of Community Colleges to hire an independent consultant to study the issue of the appropriate contract period for full-time faculty and whether the General Assembly should examine summer term funding.

#### Section 9.1

Title: Cooperative High School Educ.Prog.Accountability

Summary Directs the State Board of Community Colleges to re-examine the cooperative education programs between the high schools and community colleges to determine if they are meeting the State's goals.

#### Section 9.2

Title: Implementation of Performance Budgeting

Summary Allows community colleges to carry forward up to 2% of their budgets for non-recurring purposes if they meet or exceed statewide standards for student performance.

#### Section 9.3

Title: Over-Realized Tuition and Fee Receipts Transferred to the Equipment Reserve Fund

Summary Allows the community college system to carry forward any over-realized tuition or fee receipts in excess of the amount budgeted and use them in the Equipment Reserve Fund.

#### Section 9.5

Title: Community College Funding Flexibility

Summary Boilerplate language allowing community colleges to establish their budgets according to their local missions. Another subsection expresses the intent of the General Assembly that comm. colleges not transfer out funds in the faculty salary portion of the formula and requires State Board approval for transfers in excess of 2%.

#### Section 9.6

Title: State Board Reserve Allocations

Summary Directs \$100,000 of the State Board Reserve to help small, rural, low-wealth community colleges with maintenance of plant funds if they have to serve new and expanding industries. Also provides \$40,000 from this reserve to NCITE to recruit heavy equipment operators. Also allocates \$100,000 from Board Reserve for planning a southeastern regional fire training program among Cape Fear CC, Brunswick CC and Southeastern CC and \$20,000 for other fire training programs.

**Section 9.7**

**Title:** Permit Transfers of Funds to the New and Expanding Industry Training Program

**Summary** Allows the Governor to transfer funds to the New Industry Program for one year if the need arises.

**Section 9.8**

**Title:** Adult Education Program/ Review

**Summary** Directs the State Board of Community Colleges to study the Adult High School program to ensure that it has made the corresponding reforms that the General Assembly has directed in the public school system.

**Section 9.9**

**Title:** Management Information System Funds

**Summary** Puts the MIS money into a non-reverting funds to allow it to be paid out to match the contract period for development of the system.

**Section 9.10**

**Title:** Extend Community College Bond Match Deadline

**Summary** Extends by one year the period community colleges have to match their bond funds. Only Mayland Community College has failed to come up with matching funds.

**Section 9.11**

**Title:** Employment Security Commission Training and Employment Account Funds

**Summary** Allocates money from a new fund to help community colleges with equipment and worker training needs (80%) and to ESC to administer the collection of the fund (20%).

**Section 9.12**

**Title:** Clarification of Certain 1998 Community College Appropriations

**Summary** Clarifies the intent of the General Assembly that funds appropriated for community college capital projects and matching endowed scholarships during the 1998 Session do not have to be matched.

**Section 9.13**

**Title:** Community College Reserve Funds Do Not Revert

**Summary** Directs that the reserve fund appropriated during the 1998 Session of the General Assembly to establish a new community college serving Anson and Union counties does not revert.

**Section 9.14**

**Title:** Community College Construction Flexibility/Study

**Summary** Authorizes the Joint Legislative Education Oversight Committee to study ways to streamline the community college capital construction process.

**Section 9.15**

**Title:** No Tuition or Fees For Volunteer Firefighters and EMS Workers

**Summary** Prohibits the State Board of Community Colleges from imposing a tuition or fee on volunteer firefighters or volunteer EMS workers for courses required for certification.

## Public Education

## GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$5,143,579,517		\$5,195,842,820	
Legislative Changes				
ABC Program				
<b>25 ABC Bonus Awards 1999-2000</b>				
Provide funds to pay the projected ABC bonus awards for FY1999-2000. (HB168, Sec. 8.8)	\$140,000,000	NR	\$0	NR
Excellent Schools Act				
<b>26 Increase Teacher Salaries</b>				
Implement the third year of the new teacher salary schedule called for in the Excellent Schools Act. \$239,870,258 in recurring funds are located in the Compensation Reserves for this purpose. (HB168, Sec. 8.13)				
<b>27 Teacher Longevity: 1999-2000 Salary Increases</b>	\$8,199,548	R	\$5,000,000	R
Appropriate funds to teacher longevity increases associated with the FY1999-2000 salary increases that are a part of the Excellent Schools Act				
<b>28 Mentor Teachers</b>	\$14,235,124	R	\$14,235,124	R
Provide funds for mentor teachers.				
Improving Student Success				
<b>29 Improving Student Accountability</b>	\$20,582,412	R	\$20,582,412	R
Appropriates funds to local school systems to improve student performance in grades K-8. Funds are allocated to local school systems based on the numbers of students scoring at Level I and II on the end-of-grade test. (HB168, Sec.8.17)				
<b>30 Limited English Proficiency</b>	\$5,000,000	R	\$5,000,000	R
Provide additional funds for students who are limited proficiency in English. (HB168, Sec. 8.10)				
<b>31 Low Wealth Supplemental Funding</b>	\$10,000,000	R	\$10,000,000	R
Provide additional Low Wealth Supplemental Funding. HB168, Sec. 8.5)				
<b>32 Small School System Supplemental Funding</b>	\$3,000,000	R	\$3,000,000	R
Provide additional Small School System Supplemental funding. (HB168, Sec.8.6)				
<b>33 Student Information System</b>	\$0	R	\$10,000,000	R
Funds to continue implementation of a new student information system in the public schools. The new system supports the State Board of Education's goals under the ABC Program and previous information requirements of the General Assembly.				
<b>34 ExplorNet Funding</b>	\$2,000,000	R	\$2,000,000	R
Provide additional funding for ExplorNet to assist in programs for public schools.				

Overview: 1999 Session Fiscal and Budgetary Actions		FY 99-2000		FY 2000-01	
<b>35 Teacher Cadet Program</b>		\$100,000	R	\$100,000	R
Provide funds for the North Carolina Teacher Cadet Program.					
<b>36 Programs to Assist Local School Systems</b>		\$600,000	R	\$600,000	R
Provide funds to the State Board of Education to assist local school systems in programs to improve student performance. Included are the TQE Program, Global Curriculum Program, and the North Carolina Geographic Alliance.					
<b>37 A+ Schools</b>		\$400,000	R	\$400,000	R
Provides funds to continue the A+ Schools Program.					
<b>38 Textbook Commission Expansion</b>		\$50,000	R	\$50,000	R
Funds to support additional members for the State Textbook Commission. (HB168, Sec.8.30)					
<b>39 School Leadership Pilot</b>		\$240,000	NR		
Funds to the State Board of Education for the school leadership pilot project. The four school districts receiving the funds will participate in the nationwide program of the Center for Leadership in School Reform.					
<b>40 School Breakfast Program</b>		\$1,100,000	R	\$1,100,000	R
Begin implementing a school breakfast program for all kindergarten students. The program would begin in January of 2000. HB168, Sec.8.26)					
<b>41 Funds for School Needs</b>		\$200,000	NR		
Appropriates funds to the Critical School Facility Needs Fund to assist local school administrative units in which one or more schools were damaged or destroyed.					
<b>42 North Carolina Network Funds</b>		\$250,000	R	\$250,000	R
Appropriates funds to the State Board of Education for the North Carolina Network to provide training for school based management teams, and to improve the management capacity of local school administrative units.					
<b>43 Technology Funds Pilot</b>		\$1,000,000	NR		
Appropriates funds to the State Board of Education for Highland School of Technology Pilot Project. These funds will be used to help support an innovative public-private partnership in school technology through the Gaston County Educational Foundation Inc.					
<b>Various Budget Adjustments</b>					
<b>44 Average Annual Salary Adjustment</b>		(\$14,227,946)	R	(\$14,417,981)	R
Annual adjustment in average salary of certified personnel to reflect actual experience through December 1998.					
<b>45 Additional Adjustments in Average Salary Projections</b>		(\$10,352,000)	R	(\$10,500,000)	R
Reanalysis of the 1998 certified payroll data by the Department of Public Instruction found that the availability of more current teacher certification data produced an additional change in the projected average salary for 1999-2001 fiscal biennium.					

Overview: 1999 Session Fiscal and Budgetary Actions	FY 99-2000		FY 2000-01	
<b>46 Revise Average Daily Membership</b>	(\$16,319,791)	R	\$1,905,473	R
Revise amounts budgeted for average membership increases to reflect current projections of average daily membership growth for FY1999-2001.				
<b>47 Reduce Children's Trust Fund Balances</b>				
Reduce balance in the Children's Trust Fund.	(\$1,300,000)	NR		
<b>48 Reduce Literary Fund Balance</b>				
Reduce the balance in the Literary Fund and reappropriate these funds to the public schools. HB168, Sec. 8.18)	(\$2,500,000)	NR		
<b>49 Unemployment Fund</b>				
Reduce balance in the Unemployment Fund for federally funded positions. HB168, Sec. 8.19)	(\$850,000)	NR		
<b>50 Prospective Teacher Scholarship Loan Program</b>				
Reduce balance in the Prospective Teacher Scholarship Loan Program Fund. The reduction will have no impact on the number of scholarships available in FY1999-2001 fiscal biennium.	(\$500,000)	NR		
<b>51 Teaching Fellows Program</b>				
Reduce the balance in the Teaching Fellows Scholarship Loan Fund. The reduction will have no impact on the number of scholarships available in the 1999-2001 fiscal biennium.	(\$8,500,000)	NR		
<b>52 Textbook Fund</b>				
Reduce unneeded balance in the textbook fund. The reduction in the balances in this fund will have no impact on the availability of textbooks to school students.	(\$500,000)	NR		
<b>53 School Bus Purchases</b>			\$18,532,943	R
Governor's recommended deferral of the purchase of 377 school buses in FY1999-2000.	(\$18,021,731)	NR		
<b>54 School Bus Purchases</b>				
Additional deferral of the purchase of school buses in FY1999-2000. With this deferral the State would still purchase \$26.1 million in buses during the next fiscal year. In FY2000-2001 the funding is restored.	(\$14,337,457)	NR	\$14,337,457	NR
<b>55 State Funds for Unemployment</b>	(\$500,000)	R	(\$500,000)	R
Reduce the State funds appropriated for unemployment.				
<b>Total Legislative Changes</b>	<b>\$24,117,347</b>	<b>R</b>	<b>\$67,337,971</b>	<b>R</b>
	<b>\$94,930,812</b>	<b>NR</b>	<b>\$14,337,457</b>	<b>NR</b>
<b>Total Position Changes</b>				
<b>Revised Budget</b>	<b>\$5,262,627,676</b>		<b>\$5,277,518,248</b>	



# **Special Provisions**

**1999 Session: HB 168**

**Department:** Public Education

## **Section 8**

**Title:** Charter School Advisory Committee/Charter School Evaluation

**Summary** Allows the State Board of Education to spend up to \$50,000 to support a charter school advisory committee. Allows the State Board of Education to spend \$150,000 to conduct an evaluation of charter schools.

## **Section 8.1**

**Title:** Litigation Reserve

**Summary** Authorizes the State Board of Education to expend up to \$500,000 to pay the expenses of pending litigation.

## **Section 8.2**

**Title:** Exceptional Children

**Summary** Provides for the allocation of funds for academically gifted students and children with special needs for FY1999-2000.

## **Section 8.3**

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

**Summary** Authorizes the State Board of Education to spend up to \$200,000 to evaluate alternative school programs.

## **Section 8.4**

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

**Summary** Provides that UERS and SIMS funds do not revert.

## **Section 8.5**

**Title:** Supplemental Funding for Low-Wealth Counties

**Summary** Creates the formula for allocating funds to low wealth school systems for the 1999-2000 school year.

## **Section 8.6**

**Title:** Small School System Supplemental Funding

**Summary** Creates the formula for distributing the Small School System Supplemental Funding for FY1999-2000.

Section 8.7

Title: Funds for National Board for Professional Teaching Standards

Summary Authorizes the payment of the participation fee for teachers seeking certification by the National Board for Professional Teaching Standards.

Section 8.8

Title: Funds to Implement the ABC's of Public Education Program

Summary Provides funds to the State Board of Education for the ABC Program for FY1999-2000.

Section 8.9

Title: Substitute Teachers

Summary Provides for reports to local school boards on teacher absences. Where the average is higher than the state average the local board must develop a plan for reducing the systems average.

Section 8.10

Title: Limited English Proficiency

Summary Creates the allocation formula to distribute funds to school systems for students with limited proficiency in English.

Section 8.11

Title: Drivers Education Funds Do Not Revert/Teacher Recruitment

Summary Provides that drivers education funds may be used to pay for driving eligibility certificates. Provides that the State Board of Education may use up to \$200,000 to aid in teacher recruitment efforts.

Section 8.12

Title: Teaching Fellows Administration Costs

Summary Provides that the Public School Forum may use up to \$150,000 per year from the program fund balance to administer the Teaching Fellows Program.

Section 8.13

Title: Teacher Salary Schedules

Summary Establishes the teacher salary schedule for FY1999-2000. This schedule is the third year of the Excellent Schools Act.

Section 8.14

Title: School-Based Administrator Salaries

Summary Provides the FY1999-2000 salary schedule for principals and assistant principals.

Section 8.15

Title: School Central Office Salaries

Summary Provides salary increases for FY1999-2000 to central office administrators.

**Section 8.16**

**Title:** Noncertified Personnel Salary Funds/Teacher Assistant Salary Funds

**Summary** Provides salary increases for FY1999-2000 for all noncertified personnel.

**Section 8.17**

**Title:** Student Accountability Standards

**Summary** Provides legislative guidance to the State Board of Education on the allocation of funds for improving Student Accountability Standards. The funds will be allocated based on the number of students in grades 3-8 who score at Level I or Level two on end-of-grade tests. Encourages school systems to use federal funds to assist these students, and establishes reporting requirements for the State Board of Education on implementation of this section.

**Section 8.18**

**Title:** Appropriation of Funds From State Literary Fund

**Summary** Appropriates funds from the State Literary Fund for aid to local school administrative units.

**Section 8.19**

**Title:** Transfer from Unemployment Reserve Fund

**Summary** Transfers funds from the Unemployment Reserve Fund to State Aid to Local School Administrative Units.

**Section 8.20**

**Title:** High School Exit Exam

**Summary** Allows the State Board of Education to use up to \$2,000,000 in FY1999-2000 to develop a high school exit exam. Requires the board to report to the Joint Education Oversight Committee prior to the expenditure of the funds.

**Section 8.21**

**Title:** Central Office Administrator Salary Study

**Summary** Requires the Joint Legislative Education Oversight Committee to study the salaries of central office administrators.

**Section 8.22**

**Title:** Mentor Program Study

**Summary** Requires the State Board of Education to study the mentor program for teachers with initial certification.

**Section 8.23**

**Title:** Need for School Nurses/Study

**Summary** Requires that the Joint Education Oversight Committee study the need for additional nurses for the public schools. If additional nurses are needed the Committee shall forward the results to public or private entities that deal with health care issues.

**Section 8.24**

**Title:** Study School Transportation for Children With Special Needs

**Summary** Requires the State Board of Education to study the issue of transportation of children with special needs. Allows the State Board to spend up to \$50,000 in school transportation funds for the study.

**Section 8.25**

**Title:** Strengthen Alternative Schools/Alternative Learning

**Summary** Requires local boards of education to establish at least one alternative learning program, effective July 1, 2000. The State Board of Education may allow waivers from this requirement. Alternative Schools/Alternative Learning Programs. Requires that these funds be spent only on at-risk students. Requires the State Board of Education to develop additional financial reporting methods for Alternative schools/at-risk students.

**Section 8.26**

**Title:** Expand School Breakfast Program

**Summary** Provides funds to expand the school breakfast program to all students beginning in kindergarten January 1, 2000.

**Section 8.27**

**Title:** Willie M/ Funds/State Aid to Local School Administrative Units

**Summary** Clarifies the status of funds appropriated to the State Board of Education for former Willie M. Class members.

**Section 8.28**

**Title:** Charter School/ADM Reduction

**Summary** Provides assistance to county school systems below 3,000 that decreased enrollment by more than 4% due to enrollment shifts to charter schools. The State Board of Education is required to study the impact of charter schools on school systems and report to the 2000 session of the General Assembly.

**Section 8.30**

**Title:** Textbook Commission Membership Expansion

**Summary** Adds additional members to the State Textbook Commission and revises procedures relative to the adoption of textbooks.

**Section 8.31**

**Title:** Differentiated Diploma

**Summary** The Joint Legislative Education Oversight Committee may study the issue of differentiated high school diplomas. The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to adopting a differentiated diploma plan.

**Section 8.32**

**Title:** Teacher Assistant Salary Study

**Summary** Requires the Joint Legislative Education Oversight to review previous salary studies on establishing a teacher assistant salary schedule. Committee shall report in 2000 or 2001.

**Section 8.33**

**Title:** Study the Relationship Between School Size and Student Behavior and Performance

**Summary** Requires the State Board of Education to study the relationship between school size and student performance and behavior. Board must report to the Education Oversight Committee by April 2000.

**Section 8.34**

**Title:** Cooperation in Education Information Technology

**Summary** Requires the Education Cabinet to prepare a joint report on collaboration on information technology between the three educational systems.

**Section 8.36**

**Title:** Establish a Pilot Program to Test and Evaluate a Revised School Accountability Model for the ABC's Plan

**Summary** Allows the State Board of Education to establish up to five pilots to evaluate the use of disaggregated data as a part of the ABC Program. The pilots will be implemented no later than the 2000-01 school year. Reports to Education Oversight prior to implementation.

## UNC System

### GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$1,589,402,360		\$1,595,487,506	
Legislative Changes				
A. Various Campuses				
<b>56 Governor's Across-the-Board Reduction</b>	(\$7,233,554)	R	(\$7,233,554)	R
Reduces General Fund support by 0.5% (except for financial aid programs) on a pro rata basis.				
<b>57 Reserves for New Facilities</b>			\$362,342	R
Reduction in reserves for new buildings are adjusted to account for delays in occupancy.				
	(\$1,841,288)	NR		
<b>58 Equipment</b>				
Adjust increases in equipment budgets				
	(\$1,000,000)	NR		
B. UNC Hospitals				
<b>59 UNC Hospitals Support</b>	(\$2,544,383)	R	(\$2,544,383)	R
Eliminate first year's proposed increase in support				
C. East Carolina University				
<b>60 Medicare Receipts</b>				
Increase budgeted receipts from Medicare Medical Education reimbursement for one year; transfer \$2 million from trust fund balance for operations for one year.				
Receipts	\$3,000,000			
General Fund	(\$3,000,000)			
(HB 168, Sec. 10.7)				
	(\$3,000,000)	NR		
D. Related Educational Programs				
<b>61 Scholarship Fund Balances</b>				
Reduce appropriations for one year to spend down accumulated balances in scholarship trust funds for Nurse Scholars, Principal Fellows, Nurse Education Scholarship Loans, Social Work Education Loan Fund (HB 168, Sec. 10.6)				
	(\$3,000,000)	NR		
<b>62 Aid to Private Medical Schools</b>	(\$455,000)	R	(\$455,000)	R
Eliminate proposed increase to budget for actual experience over past three years				
<b>63 Aid to Students Attending Private Colleges</b>	\$8,022,850	R	\$8,022,850	R
Increases Legislative Tuition Grant for all fulltime students from \$1,600 to \$1,750. Increases need-based scholarship funding from \$900 to \$1,050 per fulltime equivalent student (FTE). Total increase is \$300 per student. (HB 168, Sec. 10)				



Overview: 1999 Session Fiscal and Budgetary Actions

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**64 Aid to Private Colleges: Students with Learning Disabilities**

Assistance to Louisburg College for development of a program to provide postsecondary educational opportunities and learning skills to students with learning difficulties.

\$50,000 NR

**E. Schedule of Priorities**

**65 Enrollment Increases: Regular Term**

\$19,493,004 R \$19,493,004 R

Fund projected on-campus enrollment for 1999-2000, an increase of approximately 1,494 Full-time equivalent (FTE) students over the 98-99 budgeted FTE.

157.90

157.90

**66 Enrollment Increases: Distance Education**

\$3,895,187 R \$3,895,187 R

Funds 70% of Board's request for expansion of off-campus degree programs for 1999-2000

45.30

45.30

**67 UNC Focused Enrollment Growth**

\$10,000,000 R \$10,000,000 R

Funds targeted at implementing the Board's plan for enrollment growth, focusing resources on campuses with underutilized capacity. Funds will be used for assessment of needs, better operating efficiencies through economies of scale, physical facilities management, faculty improvement, and development capacity. (HB 168, Sec. 10.8)

**68 New Degree Programs**

\$1,340,000 R \$1,340,000 R

Funds to support newly authorized degree programs at six campuses (East Carolina, Elizabeth City State, NC A & T State, NC State, UNC-Charlotte, Winston-Salem State) (HB 168, Sec. 10.16)

**69 Transition of East Carolina to Doctoral II Status**

\$1,500,000 R \$1,500,000 R

Funding for second phase of change in classification of East Carolina University to a Doctoral II university.

**70 Financial Aid**

\$1,300,000 R \$1,300,000 R

Additional need-based financial assistance for in-state students

**71 Improve College Going Rate**

\$1,000,000 R \$1,000,000 R

Funding for PATHWAYS initiative to increase the number of North Carolina students attending college

**72 Information Technology**

\$10,000,000 R \$10,000,000 R

Funding for software, hardware, and operating support

**73 Strategic Initiatives Reserve**

\$3,000,000 R \$3,000,000 R

Funds for rapid targeting of urgent issues and problems on campuses, enabling the University to explore new initiatives. (HB 168, Sec. 10.8(b))

**74 Rewarding Excellence in Teaching**

\$7,077,639 R \$7,077,639 R

Funds for awarding additional salary increases to a portion of teaching faculty judged as excellent teachers. (HB 168, Sec. 10.3)

**75 Graduate Student Tuition Remission**

\$3,500,000 R \$3,500,000 R

Provide funds for graduate tuition remission and resident graduate tuition awards on campuses not classified as Research I universities. (HB 168, Sec. 10.9)

Overview: 1999 Session Fiscal and Budgetary Actions

	FY 99-2000		FY 2000-01	
<b>76 Service to Public Schools: A. Reserve</b>	\$1,000,000	R	\$1,000,000	R
Expansion funds for UNC Center for School Leadership for K-16 Matching Incentive Grants, Model Teacher Consortium, and High Performance Lighthouse Schools.				
<b>77 Service to Public Schools: B. International Educator Exchange for K-12</b>	\$112,000	R	\$112,000	R
Funding to provide program of international exchange for educators				
<b>78 Service to Public Schools: C. Reading Together</b>	\$300,000	R	\$300,000	R
Additional funding for elementary tutorial program in reading at UNC-Greensboro.				
<b>79 Public Service: Aging</b>	\$100,000	R	\$100,000	R
Expansion budget support for the Institute on Aging to expand outreach services to local service providers				
<b>80 Public Service: Hispanic Initiative</b>	\$100,000	R	\$100,000	R
Funds to assist service providers adjust to changing demographics and demands caused by Hispanic immigration				
<b>81 Public Service: Agricultural Matching Funds</b>	\$750,000	R	\$750,000	R
Funding for NC Agricultural and Technical State University to match federal funding for research and extension programs				
<b>82 Public Service: Agricultural Research-Turf Grass</b>	\$150,000	NR		
Funds to continue research on turf grass by NC State University.				
<b>83 Public Service: Manufacturing Extension Partnership</b>	\$900,000	R	\$900,000	R
Provide matching funds for engineering assistance to small manufacturers through NC State Industrial Extension Service				
<b>84 Public Service: NC Arboretum</b>	\$250,000	R	\$250,000	R
Expanded operating funds for the Arboretum to provide services to an increasing number of visitors and to maintain recently developed areas.				
<b>85 Public Service: International Outreach-Cooperative Programs</b>	\$250,000	NR		
Matching funds for cooperative programs in science and technology between NC and Israel.				
<b>86 Public Service: Biomedical/Biotechnology Research Institute</b>	\$350,000	R	\$350,000	R
Provides funds for equipment and program operations, including research staff, for research and training in cardiovascular diseases, drug abuse, and environmental toxicology. (HB 168, Sec. 10.18)	\$1,150,000	NR		
<b>87 Tuition Increase</b>	(\$7,759,492)	R	(\$8,554,364)	R
The Board of Governors has approved a tuition increase of 4.9% for NC undergraduates, with similar dollar increases for non-residents. Graduate tuition will increase from 6.9% to 8.4% for in-state graduates.				
<b>88 Reallocation of Funds for Priorities</b>	(\$1,300,000)	NR		
For the first year, the 16 campuses must reallocate \$1,300,000 of previously required reversions to initiatives funded in the expansion priorities				

Overview: 1999 Session Fiscal and Budgetary Actions

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F. Other Items

<b>89 Reserve for K-12 Initiative</b>	\$260,000	R	\$260,000	R
Funding for "World View" program and "K-12 International Outreach" program at UNC-Chapel Hill				
<b>90 Teacher Academy</b>	\$250,000	R	\$250,000	R
Additional funds for staff development activities of the Academy				
<b>91 PT-CAM</b>				
One-time operating support for the Piedmont Triad Center for Applied Manufacturing operated by NC A & T State as it approaches self-sufficiency from receipts.	\$250,000	NR		
<b>92 Leadership NC</b>				
Funding to non-profit leadership training program.	\$75,000	NR		
<b>93 Carbon Dioxide Dyeing Project</b>				
Funds to support purchase of prototype commercial textile dyeing equipment to test new process developed at NC State.	\$500,000	NR		
<b>94 Allow Research Campuses to Retain Overhead Receipts</b>	\$3,500,000	R	\$3,500,000	R
Funds to replace 5% of overhead receipts currently transferred by Research I campuses to UNC General Administration for operations. (HB 168, Sec. 10.13)				
<b>95 Public Service: Outreach to the Public Schools</b>	\$1,000,000	R	\$1,000,000	R
Learn NC: Funds to continue technology initiative at UNC-Chapel Hill				
<b>96 Center for Alcohol Studies</b>	\$500,000	R	\$500,000	R
Provides additional funding for Center's endowment.				
<b>97 Diabetes Funding</b>				
Provide additional funding for the diabetes programs of the UNC-CH (\$200,000) and East Carolina (\$100,000) Schools of Medicine.	\$300,000	NR		
<b>98 Endowed Chair</b>				
Funding for state match to create an endowed chair at UNC-CH School of Medicine for the study of anorexia and bulimia. (HB 168, Sec. 10.23)	\$400,000	NR		
<b>99 Program on Southern Politics, Media, and Public Life</b>				
Funding to support program at UNC-CH.	\$50,000	NR		
<b>100 Institute of Medicine</b>	\$200,000	R	\$200,000	R
Operating support for this research organization located at UNC-Chapel Hill.				
<b>101 Agricultural Programs: Christmas Tree Research</b>	\$100,000	R	\$100,000	R
Funds to support research in Christmas tree genetics at N. C. State University				
<b>Total Legislative Changes</b>	<b>\$61,808,251</b>	<b>R</b>	<b>\$61,375,721</b>	<b>R</b>
	<b>(\$6,966,288)</b>	<b>NR</b>		
<b>Total Position Changes</b>	<b>203.20</b>		<b>203.20</b>	
<b>Revised Budget</b>	<b>\$1,644,244,323</b>		<b>\$1,656,863,227</b>	

# **Special Provisions**

**1999 Session: HB 168**

**Department: UNC System**

**Section 10**

**Title: Aid to Students Attending Private Colleges Procedure**

**Summary** Sets amount in student aid programs at \$1,050 per fulltime equivalent student for need-based financial and \$1,750 for Legislative Tuition Grants for fulltime undergraduates from NC

**Section 10.1**

**Title: Aid to Private Colleges/Legislative Tuition Grant Limitations**

**Summary** Standard language regarding non-duplication of programs at off-campus sites and establishing eligibility of military personnel.

**Section 10.2**

**Title: Wake Forest and Duke Medical Schools Assistance/Funding Formula**

**Summary** Standard language setting amounts for each school based on number of North Carolina students enrolled.

**Section 10.3**

**Title: Rewarding Teaching Excellence Program Funds**

**Summary** States that UNC Board of Governors sets guidelines for extra salary money for excellent teaching; prohibits use for any purpose other than salary increases and related benefits.

**Section 10.6**

**Title: Scholarship Fund Balances**

**Summary** Implements base reduction to spend accumulated fund balances for scholarships.

**Section 10.7**

**Title: East Carolina University Medical School**

**Summary** Implements one-year base reduction by transferring funds from a special funds code to operating budget.

**Section 10.8**

**Title: UNC Enrollment Planning**

**Summary** Allocates \$10 million among campuses expected to grow by 20% over next 5 years to help accommodate increasing enrollment. Directs funding for economies of scale, faculty improvement and stability, fund raising capacity, physical facilities management, and assessment and growth planning. Directs use of \$2 million for 1999-2000 from Board reserve to assess needs at these campuses.

**Section 10.9**

**Title:** Graduate Tuition Remission

**Summary** Directs that \$3.5 million be allocated to graduate programs at campuses not classified as Research I institutions.

**Section 10.10**

**Title:** UNC-Wilmington Retain Land Sale Proceeds

**Summary** Allows UNC-W to retain and use funds from sale of old marine science facility property to enhance new marine science facility. Property was originally donated to UNC-W.

**Section 10.11**

**Title:** Explanation of Federal Tax Credits Available for Educational Purposes

**Summary** Requires UNC campuses and community colleges to provide brief and clear explanations of federal tax credits available for college tuition and fees when they notify families of tuition and fees paid.

**Section 10.12**

**Title:** North Carolina Progress Board

**Summary** Reestablishes and adds members to NC Progress Board, which is moved to NC State University for administrative purposes. Adds to duties.  
Allows transfer of unspent funds for 1998-99 from Department of Commerce to NC State to implement the legislation.

**Section 10.13**

**Title:** UNC Overhead Receipts

**Summary** States that UNC campuses shall retain 100% of overhead receipts on the campus generating the receipts.

**Section 10.14**

**Title:** UNC General Administration Flexibility

**Summary** Gives UNC General Administration flexibility comparable to special responsibility constituent institutions in transfer of funds, establishing and abolishing positions, and carry forward of unspent balances.

**Section 10.16**

**Title:** UNC New Degree Program Funds

**Summary** Provides guidance to UNC Board of Governors on which campuses' programs were considered in allocating funding for this purpose.

**Section 10.17**

**Title:** Martin Luther King Race Relations Research Center/Study Site Location

**Summary** Directs UNC Board of Governors to conduct site study for this Center and to report recommendations to General Assembly by 2000 Session.



**Section 10.18**

**Title:** NCCU/Biotechnology Research Institute Funds

**Summary** Allocates \$1,500,000 in 1999-2000 and \$350,000 in 2000-2001 to NC Central for equipping and research operations of new research institute.

**Section 10.20**

**Title:** Faculty Salary Study

**Summary** Directs UNC Board of Governors to study salaries and compensation for UNC faculty in comparison to peer institutions. Board is to make recommendations, including funding options, to General Assembly by December 1, 1999.

**Section 10.21**

**Title:** Study Prepaid Tuition Plans and College Savings Plans

**Summary** Directs UNC Board of Governors to study how to make NC college savings programs more attractive and to make recommendations to Joint Legislative Education Oversight Committee.

**Section 10.22**

**Title:** UNC Carryforward

**Summary** Allows UNC General Administration to carry forward \$400,000 at the end of the current fiscal year to assist UNC-Pembroke and NC A&T State in upgrading chancellors' residences.

**Section 10.23**

**Title:** UNC Anorexia/Bulimia Endowed Chair

**Summary** Directs allocation of \$400,000 in appropriated funds for this purpose. Requires \$200,000 in private matching funds.

**Section 29.5**

**Title:** UNC Enrollment/Capital

**Summary** Directs that \$20 million in extra repair and renovations funding is to go to campuses (i) expected to grow by 20% over next 5 years and (ii) with facility condition and quality indices below UNC system average. One-half of the funds are to be distributed based on dollar needs, and one-half based on relative quality ratings.

**Section 29.6**

**Title:** UNC-Charlotte Capital Funds Reallocated

**Summary** Allows UNC-Charlotte to use \$2.5 million appropriated for partial funding of one facility to begin advanced planning for another facility.

**Section 29.6A**

**Title:** Kellogg Center Funds Do Not Revert

**Summary** Specifies that previous capital funds shall not revert but remain available for construction of this project.



Section 29.6B

Title: Polymers Center of Excellence Funds

Summary Transfers balance of funds appropriated to UNC-Charlotte for a research facility on polymers to a non-profit organization for facilities.

# **HUMAN RESOURCES**

## Health and Human Services

## GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$2,871,957,449		\$3,038,135,255	
Legislative Changes				
( 1.00) Office of the Secretary				
<b>1 Eliminate Rural Health Reserve</b>	(\$380,370)	R	(\$380,370)	R
Eliminates reserve in the Rural Health Section which is no longer needed due to increased federal receipts.				
<b>2 Eliminate Vacant Positions</b>	(\$52,798)	R	(\$52,798)	R
Eliminates 2.05 positions: Film Library Supervisor, Information Processing Assistant II, and Computing Consultant I.				
	-2.05		-2.05	
<b>3 Reduce Mental Health Medicaid Match Reserve</b>	(\$600,000)	R	(\$600,000)	R
Reduces State appropriations to bring the budget into line with revised projections.				
<b>4 Reduce Funding to Office of Economic Opportunity</b>	(\$200,000)	R	(\$200,000)	R
Reduces funding to the Office of Economic Opportunity due to increased federal receipts.				
( 2.00) Division of Medical Assistance				
<b>5 Increase Drug Rebate Receipts</b>	(\$12,606,396)	R	(\$18,481,741)	R
Increases receipts from the Drug Rebate Program due to the increased expenditures for prescription drugs.				
<b>6 Revise Forecast</b>	(\$19,096,115)	R	(\$30,070,813)	R
Reduces appropriations to reflect the most current projections for the Medicaid Program.				
<b>7 Reduce Inflation for Most Services by 20%</b>	(\$3,895,412)	R	(\$4,251,124)	R
Reduces inflationary increases for most services by 20%.				
<b>8 Eliminate Intensity Increases</b>	(\$24,180,718)	R	(\$26,058,464)	R
Eliminates all policy changes which would increase the continuation budget.				
<b>9 Adjust Carolina Alternatives</b>	(\$2,500,000)	R	(\$2,500,000)	R
Reduces State funding for the Carolina Alternatives program due to a change in the cost-sharing formula.				

Overview: 1999 Session Fiscal and Budgetary Actions

**FY 99-2000**

**FY 2000-01**

**10 Reduce Administrative Overhead**

(\$64,073) R

(\$64,714) R

Reduces expenditures for printing and postage due to lower utilization by Work First eligibles.

**11 Transfer Reserve Funds**

(\$16,000,000) R

(\$16,000,000) R

Transfers funds from the G.S. 143-23.2 reserve to support current services and to reduce appropriations.

(\$55,000,000) NR

\$0 NR

**12 Reduce Inflation for Hospitals/Nursing Homes**

(\$5,044,920) R

(\$5,399,610) R

Reduces inflationary increases for hospitals and nursing homes by 20%.

**13 Lower Utilization for NC Health Choice**

(\$1,900,000) NR

\$0 NR

Reduces expenditures because utilization of the NC Health Choice Program will be lower than the initial projections for 1999-2000.

**14 Lower Utilization by Work First Eligibles**

(\$21,702,472) R

(\$23,319,692) R

Reduces expenditures because utilization by Work First recipients is projected to be lower.

**( 3.00) Division of Social Services**

**15 Adjust State/County Special Assistance**

Reduces funding to reflect an October 1, 1999, start date for rate increase.

(\$1,036,000) NR

\$0 NR

**16 Reduce Work First Reserve**

Reduces funds in the Work First Reserve.

(\$17,000,000) NR

\$0 NR

**17 Eliminate Vacant Positions**

(\$14,476) R

(\$14,476) R

Eliminates 3.0 Computer Consultant II and IV positions.

-3.00

-3.00

**18 Increase Revenues**

Decreases appropriations in anticipation of increased revenues for prior year earned revenues based on actual experience.

(\$2,033,000) NR

\$0 NR

**19 Reduce Work First Automation Funds**

Reduces State funds for various automation projects.

(\$4,000,000) NR

\$0 NR

**( 4.00) Div. of Services for Deaf/Hard of Hearing**

**20 Eliminate Vacant Positions**

(\$169,728) R

(\$169,728) R

Eliminates five positions: Administrative Officer II, Guidance Counselor, Parent Trainer, Staff Development Specialist II, and Deaf-Blind Program Consultant.

-5.00

-5.00

Overview: 1999 Session Fiscal and Budgetary Actions

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( 5.00) Division of Services for the Blind

**21 Eliminate Vacant Positions**

Eliminates an Assistant Principal and a Processing Assistant II position.

(\$64,687) R

(\$64,687) R

-2.00

-2.00

( 6.00) Division of Mental Health

**22 Reduce Thomas S. Class Funds**

Reduces funds for the formerly court-mandated Thomas S. Program, which was dissolved in January 1998. Maintains funding for adults who were members of the class at the time the federal court dissolved the class (HB 168, Sec. 11.40).

(\$3,900,000) R

(\$3,900,000) R

**23 Reduce State Funds to DMH Schools/Facilities**

Reduces State appropriations for Wright and Whitaker Schools, as well as the residential treatment programs for violent and assaultive children (located in Wilson and Butner), in anticipation of Medicaid revenues.

(\$650,000) R

(\$960,000) R

**24 Eliminate Waiting List Management Funds**

Eliminates funds appropriated for FY 1998-99 for nonrecurring purposes. These funds were originally appropriated from the Work First Reserve for one-time items.

(\$500,000) R

(\$500,000) R

**25 Increase Patient Revenues**

Reduces State appropriations in anticipation of patient revenues at the various mental health facilities.

(\$1,300,000) R

(\$2,500,000) R

**26 Eliminate Vacant Positions**

Eliminates 2.0 Community Employment Specialists I & II, 1.0 Food Service Assistant I, and 1.0 Housekeeping Supervisor II positions.

(\$78,722) R

(\$78,722) R

-4.00

-4.00

**27 Eliminate Area Program Capital Reserves**

Eliminates funds appropriated in 1994 for capital needs for area programs.

(\$500,000) NR

\$0 NR

( 7.00) Division of Health Services

**28 Eliminate Vacant Positions**

Eliminates four positions: Physician III-A, Processing Unit Supervisor V, Processing Assistant III, and Office Assistant III.

(\$185,558) R

(\$185,558) R

-2.75

-2.75

**29 Reduce Tuberculosis Program Pharmaceutical Budget**

Reduces Tuberculosis Program pharmaceutical budget to reflect program need.

(\$198,762) R

(\$198,762) R

**30 Reduce AIDS Drug Assistance Program Funding**

Reduces AIDS Drug Assistance Program (HIV Medications Program) funding due to increased federal receipts (HB 168, Sec. 11.55).

(\$1,000,000) R

(\$1,000,000) R

Overview: 1999 Session Fiscal and Budgetary Actions

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( 8.00) Division of Facility Services

**31 Reduce Fire Protection Loan Fund**

Eliminates uncommitted funding appropriated for the Fire Protection Loan Fund which is managed by the NC Housing Finance Agency (HB 168, Sec. 11.17).

(\$200,000) NR \$0 NR

( 9.00) Division of Mental Health

**32 Union House**

Provides a grant-in-aid to construct a psychosocial treatment facility for seriously and persistently mentally ill individuals.

\$200,000 NR \$0 NR

**33 Camp Royall**

Provides a grant-in-aid to the Autism Society of North Carolina to be used to complete Camp Royall, a camp for autistic children and adults.

\$471,000 NR \$0 NR

**34 First Step Farms**

Provides a grant-in-aid to the Blue Ridge Area Mental Health Center for allocation to the First Step Farm of Western North Carolina, Inc., to increase contracted bed utilization.

\$158,000 R \$158,000 R

**35 Area Mental Health Program Merger**

Provides funds to complete the merger of the Cleveland County and Gaston-Lincoln Area Authorities.

\$800,000 R \$800,000 R

**36 Autism Society Funds of NC**

Provides funds to help support programs for autistic children and adults: \$200,000 for residential services, \$150,000 to expand advocacy and \$270,000 to provide weekend camping.

\$620,000 R \$620,000 R

**37 Violent and Assaultive Children**

Provides funds for the formerly court-mandated Willie M. Program to continue services for children identified as class members at the time the federal court dissolved the class in January 1998 (HB 168, Sec. 11.40).

\$4,353,003 NR \$0 NR

**38 TEACCH**

Provides funds to UNC-CH, Division of TEACCH Administration and Research, to meet the expanding needs of people with autism. The funds shall be used as follows: \$434,693 for the Gastonia Center, \$236,345 for the Raleigh Satellite Center, \$199,472 for the Carolina Living and Learning Center Vocational Expansion, and \$181,190 for administration and research. These funds shall not be used by UNC-CH for administrative costs.

\$1,052,000 R \$1,052,000 R



Overview: 1999 Session Fiscal and Budgetary Actions

	FY 99-2000		FY 2000-01	
<b>39 Community Mental Health Programs</b>	\$6,000,000	R	\$6,000,000	R
Provides expansion funds for community mental health programs to address the needs of individuals waiting for mental health, developmental disabilities, and substance abuse services.				
<b>40 Early Intervention Services</b>	\$203,000	R	\$610,000	R
Provides funding to develop an integrated client database and to establish a pilot site for a regional transdisciplinary team of experts to serve children ages birth through five years with low incidence disabilities, such as visual or hearing impairment or autism (HB 168, Sec. 11.42).	5.00		5.00	
<b>41 ACH Resident Assessment Services</b>	\$302,866	R	\$609,953	R
Provides funding for professional mental health assessments and follow-up treatment services for residents in adult care homes who have been identified as posing a risk to other residents during the initial assessment. Effective January 1, 2000.				
<b>42 Deaf/Mentally Ill Services</b>	\$247,000	R	\$247,000	R
Provides funds to expand services to individuals who are deaf and have mental illness. Services include specialized mental health treatment and residential support.				
<b>43 Mental Health Housing</b>	\$495,000	R	\$495,000	R
Provides funds for residential services for the mentally ill, including funds for clients who have a mental illness and are deaf.				
<b>44 Area Mental Health Board Training</b>	\$150,000	NR	\$0	NR
Provides funds for training for local area mental health authorities.				
<b>45 Neurobehavioral Treatment Unit</b>	\$571,526	R	\$571,526	R
Provides funds to establish a 12-bed unit at the Black Mountain Center for individuals with traumatic brain injury and who require behavioral health services.	\$120,246	NR	\$0	NR
	51.00		51.00	
<b>(10.00) Office of the Secretary</b>				
<b>46 Human Services Grants-In-Aid</b>	\$4,000,000	NR	\$0	NR
Provides a reserve for grants-in-aid to public and nonprofit human services organizations for programs that provide services to older adults, adults with disabilities, at-risk children, and youth and families (HB 168, Sec. 11.6).				
<b>47 Prescription Drug Program for the Elderly</b>	\$500,000	R	\$500,000	R
Provides start-up funding to establish a program to assist elderly persons with the purchase of outpatient prescription drugs (HB 168, Sec. 11.1).				

Overview: 1999 Session Fiscal and Budgetary Actions

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**48 NC/Israel Project**

Provides funds for the NC/Israel Project.

\$99,000

NR

\$0

NR

**49 ABCs Plan in DHHS Schools**

Provides funding for professional development and for increasing the pay grades of cottage and residential staff positions.

\$400,000

R

\$400,000

R

(11.00) Division of Child Development

**50 T.E.A.C.H. Program**

Provides funding to expand the Teacher Education and Compensation Helps (T.E.A.C.H.) Program.

\$778,000

R

\$778,000

R

**51 Touching the Lives of Children Program**

Provides funding for the Touching the Lives of Children Program.

\$300,000

R

\$300,000

R

**52 Smart Start Services**

Provides funding to expand direct services statewide (HB 168, Sec. 11.48).

\$58,000,000

R

\$78,928,826

R

**53 Smart Start Evaluation and Collaboration**

Provides additional funding for program evaluation to accommodate the increased need for data collection and reporting resulting from statewide expansion. Also provides funding for county collaboration for the Years 3 through 5 local partnerships (HB 168, Sec. 11.48).

\$165,000

R

\$165,000

R

\$1,500,000

NR

\$0

NR

(12.00) Division of Vocational Rehabilitation

**54 Independent Living (IL) Rehabilitation Program**

Provides funding to alleviate the backlog of client needs at program offices statewide. The Department may establish up to nine positions in the areas of rehabilitation engineering, casework technicians, and central office support. Provides funding for two IL Counselor/Care Coordinator positions to work with individuals with brain injuries and their families. The Department may use up to \$100,000 to contract with the NC State University's Center for Universal Design to provide technical assistance to the housing industry on design requirements for multifamily housing which improve accessibility for disabled individuals.

\$1,000,000

R

\$1,000,000

R

\$2,000,000

NR

\$0

NR

11.00

11.00

**55 NC Assistive Technology Project**

Provides funding to support the Assistive Technology Demonstration Centers in providing technical assistance, training, and equipment loans to individuals with disabilities and their families.

\$398,533

R

\$398,533

R

Overview: 1999 Session Fiscal and Budgetary Actions

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(13.00) Division of Health Services

**56 Royall Children's Vision Screening Improvement Pgm**

\$419,000

R

\$419,000

R

Provides funding for a statewide training and certification program for school-based vision screeners (HB 168, Sec. 11.60).

**57 Healthy Start Foundation**

\$650,000

NR

\$0

NR

Provides funding for the statewide public information and education activities of the First Step Campaign. Also provides funding for local communities to implement pilot programs aimed at reducing infant mortality (HB 168, Sec. 11.60).

**58 Osteoporosis Task Force**

\$150,000

NR

\$0

NR

Provides funding to continue support for the Osteoporosis Task Force (HB 168, Sec. 11.58).

**59 State Games of North Carolina**

\$200,000

NR

\$0

NR

Provides funding for the Governor's Council on Physical Fitness to support the State Games.

**60 Arthritis Prevention Project**

\$25,000

NR

\$0

NR

Continues grant-in-aid for a private, local project providing services for arthritis patients in Mecklenburg County.

**61 SUD Program**

\$190,000

R

\$190,000

R

Provides funding to start up and operate improved, intensive investigation of sudden unexpected deaths of infants and young children.

2.00

2.00

**62 Cancer Control Program**

\$250,000

R

\$250,000

R

Provides funding to the Advisory Committee on Cancer Coordination and Control to promote prevention, early detection, data collection, and optimal care in the control of cancer.

**63 Pediatric Cancer Services**

\$250,000

NR

\$0

NR

Provides funding for pediatric cancer awareness, victim assistance, and clinical trials of experimental treatments.

**64 Asthma Education Program**

\$250,000

NR

\$0

NR

Provides funding to support asthma management, control, surveillance, and education.

**65 Hepatitis C Education Awareness**

\$150,000

NR

\$0

NR

Provides funding for Hepatitis C education and awareness activities.

**66 Central Cancer Registry**

\$200,300

R

\$200,300

R

Provides funding for additional Central Cancer Registry personnel.

5.00

5.00

Health and Human Services

Overview: 1999 Session Fiscal and Budgetary Actions		FY 99-2000		FY 2000-01	
<b>67 Healthy Carolinians</b>					
Provides funding for the creation of Healthy Carolinian Task Forces throughout the State.		\$1,000,000	NR	\$0	NR
<b>68 Birth Defects Monitoring Program</b>					
Provides funding to initiate the development of a birth defects registry.		\$100,000	NR	\$0	NR
<b>69 Heart Disease and Stroke Prevention</b>					
Provides funding to the Heart Disease and Stroke Prevention Task Force for implementation of the NC Plan to Prevent Heart Disease and Stroke, 1999-2003 (HB 168, Sec. 11.57).		\$100,000	NR	\$0	NR
<b>70 Office of Minority Health</b>					
Provides funding to support Office of Minority Health activities.		\$150,000	NR	\$0	NR
<b>(14.00) Division of Services for the Blind</b>					
<b>71 Early Intervention Services</b>					
Provides funding to expand early intervention services for visually-impaired children ages birth through five years.		\$225,000	R	\$225,000	R
		3.00		3.00	
<b>72 Governor Morehead School</b>					
Provides funding for library materials, textbooks, and education-related technology.		\$50,000	R	\$50,000	R
<b>(15.00) Division of Social Services</b>					
<b>73 Local Adoption and Foster Care Workers</b>					
Provides funding for additional social work staff (hired on or after July 1, 2000) in local departments of social services to recruit, train, license, and support foster care and adoptive families and to provide interstate and post-adoption services.		\$0	R	\$159,000	R
<b>74 Project Homestead Pilots</b>					
Provides funds to initiate pilot programs for employment training activities which would target unskilled and underskilled individuals such as current or former TANF recipients, noncustodial parents, and previously incarcerated individuals.		\$200,000	NR	\$0	NR
<b>75 State Maternity Homes Fund</b>					
Provides funds to bring the budget in line with actual expenditures.		\$250,000	R	\$250,000	R
<b>76 Family Success Initiative/Pilots</b>					
Provides funds for pilot programs targeting at-risk children and families.		\$250,000	NR	\$0	NR

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**77 ACH Resident Assessment Services**

\$631,200

R

\$1,271,200

R

Provides funding to establish adult care home positions in the Department and in county departments of social services. Effective January 1, 2000 (HB 168, Sec. 11.22A).

**78 Food Banks**

Provides funds for the Second Harvest Food Banks as follows:

\$1,000,000

NR

\$0

NR

Food Bank of Albemarle	\$166,667
Food Bank of North Carolina	166,667
MANNA Food Bank	166,667
Second Harvest Food Bank of Metrolina	166,667
Second Harvest Food Bank of Northwest North Carolina	166,666
Second Harvest Food Bank of Southeast North Carolina	166,666.

**79 Special Assistance Personal Needs Allowance**

\$750,000

R

\$750,000

R

Increases the monthly personal needs allowance for State/County Special Assistance recipients from \$31 to \$36.

**80 Adult Protective Services**

\$1,000,000

R

\$2,000,000

R

Provides additional funds to support additional social worker positions providing adult protective services through local departments of social services.

(16.00) Division of Aging

**81 Alzheimer's Association**

\$50,000

R

\$50,000

R

Increases funding for the three chapters of the North Carolina Alzheimer's Association (HB 168, Sec. 11.16).

**82 Start-up Grants For Adult Day Care Programs**

Provides funding for up to 10 start-up grants for new Adult Day Care Programs.

\$250,000

NR

\$0

NR

(17.00) Division of Facility Services

**83 Complaint Investigations**

\$111,375

R

\$222,750

R

Provides funding for 15 nurse consultants to improve the timeliness of complaint investigations in long-term care facilities. Effective January 1, 2000.

15.00

15.00

**84 Group Care Monitoring Staff**

\$781,617

R

\$731,809

R

Provides 15 additional positions to monitor group care facilities, including one administrative position for Adult Care Home Certification.

15.00

15.00



Overview: 1999 Session Fiscal and Budgetary Actions	FY 99-2000		FY 2000-01	
(18.00) Division of Medical Assistance				
85 Physician Rates	\$3,600,000	R	\$3,800,000	R
Increases physician rates to match Medicare rates.				
86 Expand Transitional Medicaid to 24 Months	\$2,073,000	R	\$8,271,143	R
Expands transitional Medicaid for former TANF recipients from 12 to 24 months. Effective no earlier than October 1, 1999 (HB 168, Sec. 11.8).				
(19.00) Div. of Services for Deaf/Hard of Hearing				
87 Cued Speech Center, Inc.	\$135,000	R	\$135,000	R
Provides a grant-in-aid for the Cued Speech Center, Inc. for preschool, transitional, and resource services.				
88 North Carolina School for the Deaf	\$275,000	R	\$302,600	R
Provides funding for four positions: Occupational Therapist III, Physical Therapist III, Staff Development Specialist, and Community Employment Specialist II. Also provides funding for the establishment and operational support of a video networking site, for library materials and automation, for an elevator in the elementary school, and for playground equipment.	\$275,000	NR	\$0	NR
	4.00		4.00	
<hr/>				
Total Legislative Changes	(\$31,402,790)	R	(\$24,039,619)	R
	(\$63,775,751)	NR	\$0	NR
Total Position Changes	92.20		92.20	
Revised Budget	\$2,776,778,908		\$3,014,095,636	



# **Special Provisions**

**1999 Session: HB 168**

## **Department:**

Section 5

Title: DHHS Block Grant Provisions

Summary Maintains funding of various block grants at FY 1998-99 levels.

Highlights from Temporary Assistance for Needy Families (TANF) Block Grant:

- 1) \$1,900,000 to enhance the Special Children Adoption Fund
- 2) \$1,400,000 for Local DSS foster care and adoption workers
- 3) \$2,000,000 for Intensive Family Preservation Services
- 4) \$3,000,000 for expansion of ESC/First Stop Program
- 5) \$12,300,000 for rate increases for child care subsidies
- 6) \$1,000,000 for domestic violence programs
- 7) \$1,000,000 for Boys & Girls Clubs
- 8) \$10,200,000 transfer to SSBG to maintain current funding
- 9) \$160,000 to implement HB 1159 "Protection from Violent Caregivers"

Section 11

Title: Recodification of Administrative Rules

Summary Authorizes the Codifier of Rules to reorganize the rules to reflect the recent reorganization of the Department of Health and Human Services and the Department of Environment and Natural Resources. Exempts these changes from the Rules Review Commission approval as long as the changes do not change the substance of the rules.

Section 11.1

Title: Prescription Drug Assistance Program

Summary Requires DHHS to develop a proposal for a prescription drug assistance program to serve low-income elderly and disabled persons who are not eligible for Medicaid and who need prescription drugs to treat chronic conditions.

Section 11.2

Title: Study on Traumatic Brain Injury

Summary Requires DHHS to study the long-term costs of treating persons with Traumatic Brain Injury and the feasibility and cost of a Medicaid Community Alternatives Program Waiver to provide Medicaid services to persons with a traumatic brain injury.

Section 11.3

Title: DHHS Employees/In-Kind Match

Summary Allows the Office of Rural Health and Resource Development to serve as the State's match requirement for establishing the State's health care cost containment strategies.

#### Section 11.4

**Title:** Establishment of Division of Education Services/Review Disability Services

**Summary** Directs the Department to: 1) create a separate Division of Education Services for the residential schools, to be led by a Superintendent with a strong background in education, 2) reorganize the administration and delivery of services (within the limits of existing law) in the Divisions of Vocational Rehabilitation, Services for the Blind, and Services for the Deaf and Hard of Hearing to maximize resources for improving services to clients, and 3) conduct a comprehensive review of the adequacy and effectiveness of programs and services for deaf-blind citizens.

#### Section 11.5

**Title:** ABCs Plan in DHHS Schools

**Summary** Permits the Department to retain unobligated, nonrecurring funds appropriated in 1998-99 for implementation of the ABCs Plan in the DHHS residential schools.

#### Section 11.6

**Title:** Procedure for Award of Human Services Grants

**Summary** Establishes the procedures for the award of human services grants.

#### Section 11.7

**Title:** Non-Medicaid Reimbursement Changes

**Summary** Sets eligibility levels for non-Medicaid reimbursable services. Raises the income eligibility from 115% to 125% of the federal poverty level for the Atypical/Antipsychotic Medications Program.

#### Section 11.7A

**Title:** Long-Term Care Continuum of Care

**Summary** Directs DHHS and other State and local agencies to develop and implement a system of long-term care for elderly and disabled individuals and their families. Requires a progress report by April 15, 2000.

#### Section 11.7B

**Title:** Transfer of Certain Funds Authorized

**Summary** Allows the Director of the Budget to transfer certain funds to local departments of social services, public health, and area mental health authorities in order to assure maximum utilization of the funds.

#### Section 11.8

**Title:** Authorization to Expand Transitional Medicaid

**Summary** Authorizes the expansion of transitional Medicaid benefits for Work First families from 12 to 24 months. Effective no earlier than October 1, 1999.

**Section 11.9**

**Title:** Additional Dental Benefits Under Health Insurance Program for Children

**Summary** Adds the following dental benefits to the Health Insurance Program for Children (NC Health Choice): second fluoride treatment, sealants, simple extractions, therapeutic pulpotomies, and prefabricated stainless steel crowns.

**Section 11.10**

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

**Summary** Allocates \$84 million for FY 1999-2000 and \$29 million for FY 2000-01 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 to the Medicaid program. Clarifies G.S. 143-23.2(b) to ensure funds shall only be allocated as specifically provided in the current appropriations act.

**Section 11.11**

**Title:** Study Increase in Resource Limits for Aged, Blind, Disabled Persons to Qualify for Medicaid

**Summary** Requires DHHS to study the cost and feasibility of tripling the amount of the resources limits for aged, blind, and disabled persons to qualify for Medicaid.

**Section 11.12**

**Title:** Medicaid Anticipated Changes

**Summary** Establishes eligibility requirements for the Medicaid program. Establishes the services provided under the State's Medicaid program and the allowable payment levels for providers under the State's Medicaid program.

**Section 11.13**

**Title:** Departmental Study/Medicaid Coverage for Medically Necessary Prosthetics or Orthotics

**Summary** Requires DHHS to study providing Medicaid coverage for medically necessary prosthetics or orthotics for Medicaid eligible persons age 21 and older.

**Section 11.14**

**Title:** Dentist Participation in Medicaid

**Summary** Directs the Joint Legislative Health Care Oversight Committee to review, report and make recommendations on issues regarding dental care access for Medicaid clients.

**Section 11.14A**

**Title:** Utilization Impact on Inflationary Increases for Hospitals and Nursing Homes

**Summary** Allows DHHS to implement inflationary increases up to \$5 million for hospitals and nursing homes, if funds are available.

**Section 11.15**

**Title:** Senior Center Outreach

**Summary** Specifies how Senior Center Outreach funding may be used to enhance senior citizen center programs, especially in underserved areas.

Section 11.16

Title: Allocates funds for Alzheimer's Association Chapters in NC

Summary Provides funds for Alzheimer's Association Chapters in NC

Section 11.17

Title: Fire Protection Fund

Summary Authorizes DHHS and the NC Housing Finance Agency to use up to \$10,000 annually of the proceeds from the Fire Protection Fund to provide staff support for the administration of the fund.

Section 11.18

Title: Transfer Bingo Program to Crime Control and Public Safety

Summary Authorizes a Type I transfer of the Bingo Program in DHHS's Division of Facility Services to the Department of Crime Control and Public Safety.

Section 11.20

Title: Plan for Accreditation of Adult Care Homes and Assisted Living Facilities

Summary Requires DHHS to study and develop a plan for the accreditation of adult care homes and assisted living facilities, including a plan for enhanced payments to facilities which meet accreditation criteria.

Section 11.21

Title: Special Assistance Demonstration Project

Summary Authorizes DHHS to use funding from the existing State/County Special Assistance for Adults Program to provide Special Assistance payments to up to 400 eligible individuals in in-home living arrangements. These payments may be made for a two-year period.

Section 11.22

Title: Adult Care Home Reimbursement Rate/Adult Care Homes Allocation of Nonfederal Cost of Medicaid Payments/Staffing Grant

Summary Increases the State/County Special Assistance rate from \$956 per month to \$982 per month effective October 1, 1999. Increases the State/County Special Assistance rate from \$982 per month to \$1,016 per month, effective October 1, 2000. Continues the staffing grants. Authorizes DHHS to use funding from State/County Special Assistance for Adults Program to expand Medicaid Personal Care Services.

Section 11.22A

Title: Adult Care Home Resident Assessment Services

Summary Directs that funds appropriated for State and local positions for assessing prospective adult care home clients be used for personnel trained in the specific needs of older adults and the disabled. Additionally, these positions are directed to develop and collect relevant data, provide technical assistance to adult care home staff on how to conduct functional assessments and develop care plans, and to monitor the Special Assistance Demonstration Program.

Section 11.23

Title: Foster Care Assistance Payments

Summary Maintains the Foster Care Assistance Payments established during the 1994 Legislative Session.

Section 11.24

Title: Adoption Assistance Payments

Summary Maintains the graduated monthly assistance payment schedule as established by the General Assembly during the 1994 Session.

Section 11.25

Title: Authorized Additional Use of HIV Foster Care and Adoptive Family Funds

Summary Maintains the additional assistance payments for families in which foster care and adoptive children are at risk of HIV/AIDS or have been determined to have HIV/AIDS.

Section 11.26

Title: Child Protective Services

Summary Allows DHHS to allocate funds for local child protective services staff based on caseload needs.

Section 11.27

Title: Child Welfare System Pilots

Summary Requires DHHS to plan for the implementation of dual track child welfare system pilots.

Section 11.28

Title: Child Welfare System Improvements

Summary Mandates preservice and postservice training for local child welfare services staff and allows DHHS to grant an exception if applicants are able to demonstrate competency through graduation from an accredited social work program or enrollment in a master's level program after July 1, 1999.

Section 11.29

Title: Limitations on State Abortion Fund

Summary Maintains the restrictions for use of the State Abortion Fund established during the 1995 Legislative Session and utilized since FY 1995-96.

Section 11.30

Title: Child Caring Institution Rules Effective

Summary Allows for certain rules (inadvertently omitted from the ruling-making process) impacting child caring agencies to become effective.

Section 11.31

Title: Work First Program Integrity Activities Funds

Summary Directs DHHS to allocate \$2,500,000 to counties as grants-in-aid to enhance Work First program integrity activities. Unspent funds will revert to the State.



**Section 11.32**

**Title:** Physician Services

**Summary** Allows DHHS, if funds are available and with State Budget approval, to pass along across-the-board salary increases to contract physicians who provide services to State institutions.

**Section 11.33**

**Title:** Liability Insurance

**Summary** Allows DHHS (as well as other State agencies) to provide liability insurance for State employees, including physicians, dentists, etc.

**Section 11.34**

**Title:** Private Agency Uniform Cost-Finding Requirement

**Summary** Allows DHHS to ensure that a private agency or provider is not reimbursed twice for the same service when contracting with two or more area mental health authorities.

**Section 11.35**

**Title:** Funds to Reduce Waiting List for Services for Developmentally Disabled Persons

**Summary** Requires DHHS to use \$6,000,000 in funds appropriated to address the needs of individuals waiting for developmental services.

**Section 11.36**

**Title:** Study of State Psychiatric Hospitals/Area Mental Health Programs

**Summary** Maintains reporting requirements for a report mandated during the 1998 Session.

**Section 11.37**

**Title:** Butner Community Land Reservation

**Summary** Requires DHHS to reserve specified land, located in the community of Butner, for community purposes; requires DHHS to transfer certain land in the event of incorporation of the community of Butner.

**Section 11.38**

**Title:** Mental Health Funds for Crisis Services

**Summary** Allows the use of funds appropriated for crisis services to be used to meet the short-term needs of mentally retarded children in crisis.

**Section 11.39**

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

**Summary** Requires DHHS to transfer only those funds actually expended for the nonfederal share of area mental health authorities' Medicaid costs during FY 1998-99; holds harmless area mental health authorities in the event the FY 1999-00 appropriation for match is inadequate; and institutes the policy of counties sharing the nonfederal cost of area mental health authorities' Medicaid services.



**Section 11.40**

**Title:** Use of Willie M./Thomas S. Funds

**Summary** Requires DHHS to continue to meet the needs of former Willie M. and Thomas S. class members as well as others who would otherwise have been served in the former court-mandated programs. Also allows DHHS to use up to \$4,900,000 in funds available to the Department to meet the needs of eligible individuals.

**Section 11.41**

**Title:** Authority to Access Cash Reserves of DMH/DD/SAS Area Program Foundations for Reimbursement for Disallowed Expenditures

**Summary** Gives DHHS the authority to access funds from area mental health authorities which have set up foundations or other financial arrangements in the event of disallowed State or federal expenditures.

**Section 11.42**

**Title:** Early Intervention Services

**Summary** Implements two recommendations from the Interagency Coordinating Council's study of NC's early intervention system, including developing an interagency database and establishing regional teams of experts to work with children with low incidence disabilities (for example, blindness, deafness, autism).

**Section 11.42A**

**Title:** Broughton Hospital Funds/Nonrevert

**Summary** Allows Broughton Hospital to use up to \$400,000 in reversions to meet specified equipment and capital needs.

**Section 11.43**

**Title:** Child Care Allocation Formula

**Summary** Establishes a methodology for allocating child care subsidy funds to counties.

**Section 11.44**

**Title:** Child Care Matching Funds Requirement

**Summary** Prohibits the Department from requiring counties to provide local matching funds as a condition of receiving State child care subsidy funds.

**Section 11.45**

**Title:** Child Care Revolving Loan Fund

**Summary** Permits the Department to contract with a financial institution to operate the Child Care Revolving Loan Fund.

**Section 11.46**

**Title:** Child Care Market Rate Funds

**Summary** Authorizes an internal transfer of State funds between divisions to support the child care market rate increase funded in the Temporary Assistance for Needy Families (TANF) block grant plan.

Section 11.47

Title: Child Care Subsidies

Summary Revises the Department's methodology for reimbursing child care providers who serve children receiving child care subsidies. Establishes county market rates for minimum licensing standards (i.e., one star child care center) based on the results of a recent market rate study. Provides financial incentives for centers who voluntarily exceed these minimum licensing standards at the following rates: \$14 (per child/per month) for a two star center, \$17 for a three star center, \$20 for a four star center, and \$23 for a five star center.

Section 11.48

Title: Early Childhood Education and Development Initiatives (Smart Start)

Summary Clarifies that the residency requirement for local boards does not apply to members appointed because of a position they hold (e.g., director of the local department of social services). Exempts funding expended on child care subsidies from the match requirement. Allows the NC Partnership for Children to use expansion funds to create financial incentives for regionalization and to complete the accounting and contract management systems in local partnerships. Directs local partnerships to give priority to using the 30% required funding for subsidies to augmenting the State's supplemental payments for licensed child care centers and homes earning rated licenses which exceed the minimum licensing standards.

Section 11.49

Title: Reimbursement and Compensation of Members of the NC Vocational Rehabilitation Council, the Statewide Independent Living Council, and the Commission for the Blind

Summary Codifies standard language permitting Council members to be reimbursed at the rates allowed by federal law.

Section 11.50

Title: Family Support/Deaf and Hard of Hearing Services Contract

Summary Directs the Department to continue contracting with a nonprofit organization to deliver family support services.

Section 11.51

Title: Services for the Blind/Extended Service Provider Positions

Summary Directs the Department to continue using \$250,000 for extended service provider positions at local, nonprofit, supported employment programs.

Section 11.52

Title: Immunization Program Restitution Policy

Summary Requires restitution from immunization program providers when a vaccine becomes spoiled or unstable due to the provider's negligence and unreasonable failure to properly handle/store the vaccine.

**Section 11.53**

**Title:** Immunization Program Funding

**Summary** Permits the Department to use up to \$1 million appropriated for the childhood immunization program for projects and activities that are designed to increase childhood immunization rates in N.C.

**Section 11.54**

**Title:** Intensive Home Visitation Program for Children

**Summary** Appropriates \$945,000 from the Work First Reserve Fund to DHHS for the 1999-2000 fiscal year for the Intensive Home Visitation Program for Children.

**Section 11.55**

**Title:** AIDS Drug Assistance Program (ADAP)

**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 Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by May 15, 2000.

Also requires that ADAP restrict eligibility for FY 1999-00 to persons at or below 125% of the federal poverty level using, if needed, funds from other programs within the Department to meet expenses. Directs the Department to study estimated participation rates and costs if eligibility were raised to 200% or 250% of the federal poverty level. The Department shall report its findings to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by May 15, 2000.

**Section 11.56**

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

**Summary** Requires DHHS 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. Also requires the Department to adopt standards for the annual evaluation and certification of recipients of prevention funds, including sanctions by July 1, 1999. The standards shall be applicable to contracts entered into on and after January 1, 2000, and prohibits contracting with entities that do not meet certification standards, effective January 1, 2000.

**Section 11.57**

**Title:** Extend Heart Disease and Stroke Prevention Task Force

**Summary** Extends the existence of the Heart Disease and Stroke Prevention Task Force until 2001 and requires the submission of a fourth and fifth interim report to the Governor and General Assembly within the first week of the legislature convening in 2000 and 2001.

**Section 11.58**

**Title:** Osteoporosis Program Funds

**Summary** Extends the existence of the Osteoporosis Task Force until the Regular Session 2000 and requires the submission of a report by April 1, 2000.

**Section 11.60**

**Title:** Public Health Prevention Activities Report

**Summary** Directs the Royall Children's Vision Screening Improvement Program, the N.C. Healthy Start Foundation, and the Adolescent Pregnancy Prevention Coalition of N.C. to report on goals, programmatic approaches, outcomes, and expenditures to the Senate Appropriations Committee on Human Resources and the House of Representatives Appropriations Subcommittee on Health and Human Services by April 15, 2000.

**Section 11.61**

**Title:** Communicable Disease Control Aid to Counties Flexibility

**Summary** Allows the Department to combine the Aid to Counties in the Acute Communicable Disease Control Fund, the Tuberculosis Control Fund, and the Sexually Transmitted Disease Control Fund into one Acute Communicable Disease Control Aid to Counties Grant.

**Section 11.62**

**Title:** Transfer Funds Designated for the Chemical Alcohol Testing Program

**Summary** Directs the Administrative Office of the Courts to transfer funds collected under G.S. 20-16.5(j) for the chemical alcohol testing program to DHHS.

**Section 11.63**

**Title:** Healthy Mothers/Healthy Children Grant Program

**Summary** Enables DHHS to select up to eight 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 the federal block grant funding and State funding related to maternal and child health. Requires a progress report to the Senate Appropriations Committee on Human Resources and the House of Representatives Appropriations Subcommittee on Health and Human Services by April 1, 2000.

**Section 11.64**

**Title:** Preventive Health Program Plan

**Summary** Directs DHHS to develop a plan to reduce duplication among preventive health programs and initiatives within the Chronic Disease Prevention and Control Section of the Division of Public Health.

**Section 11.65**

**Title:** Access to Preventive Dental Care/Health Departments

**Summary** Waives the requirement that dental hygienists be supervised by licensed dentists if the hygienist is employed or under contract with a local department of public health or the State Dental Health Section in DHHS, has specialized training, and is serving clients officially served by either a local public health department or the State Dental Health Section in DHHS.

**NATURAL  
&  
ECONOMIC RESOURCES**

## Housing Finance Agency

### GENERAL FUND

	FY 99-2000		FY 2000-01	
<b>Recommended Budget</b>	<b>\$2,300,000</b>		<b>\$2,300,000</b>	
<b>Legislative Changes</b>				
<b>Housing Trust Fund</b>				
<b>1 Housing Trust Fund</b>	<b>\$3,000,000</b>	<b>R</b>	<b>\$3,000,000</b>	<b>R</b>
Provides funds to support the Housing Trust Fund. Of this amount, \$500,000 annually, and an additional \$2,000,000 for the 1999-2000 fiscal year, is earmarked for affordable housing for the elderly (HB 168, Sec. 12.1).	<b>\$6,000,000</b>	<b>NR</b>		
<b>Total Legislative Changes</b>	<b>\$3,000,000</b>	<b>R</b>	<b>\$3,000,000</b>	<b>R</b>
	<b>\$6,000,000</b>	<b>NR</b>		
<b>Total Position Changes</b>				
<b>Revised Budget</b>	<b>\$11,300,000</b>		<b>\$5,300,000</b>	



# **Special Provisions**

**1999 Session: HB 168**

**Department:** Housing Finance Agency

Section 12

Title: HOME Program Matching Funds

Summary Sets priority for allocating appropriated funds to match the HOME federal housing program. Requires an annual report on the HOME program. Prohibits the use of state funds for a match if one is not required by Congress. Prevents match funds from reverting on June 30, 2000 or June 30, 2001 .

Section 12.1

Title: Affordable Elderly Housing Funds

Summary Earmarks \$500,000 annually, and \$2,000,000 in FY 1999-2000 for affordable housing for the elderly.

## Agriculture and Consumer Services

## GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$53,633,433		\$53,590,208	
Legislative Changes				
Administrative Services				
2 Eliminate Vacant Position	(\$28,792)	R	(\$28,792)	R
Eliminate vacant Accounting Clerk IV position.	-1.00		-1.00	
3 Information Technology Improvements	\$29,600	R	\$29,600	R
Provides funds to purchase office automation software and to cover costs associated with the IRMC policy requiring agencies to connect and store e-mail messages in a central message store, maintained by State Information Processing Services.	\$55,000	NR		
Agricultural Statistics				
4 Eliminate Vacant Position/Reduce Operating Support	(\$53,854)	R	(\$53,854)	R
Eliminate vacant Processing Assistant IV position and reduce various operating line items.	-1.00		-1.00	
Processing Assistant IV	(\$26,854)			
Operating support	(\$27,000)			
Agronomic Services				
5 Eliminate Vacant Position/Reduce Operating Support	(\$75,705)	R	(\$75,705)	R
Eliminate vacant Chemistry Tech III position and reduce various operating line items.	-1.00		-1.00	
Chemistry Tech III	(\$40,955)			
Operating Support	(\$34,750)			
Commissioner's Office				
6 Small, Family Farms - Marketing and Promotion	\$50,000	NR		
Funds to provide marketing and promotional assistance to small, family farms (HB 168, Sec. 13.2).				
7 Local Agricultural Fairs Grant Funds	\$50,000	NR		
Funds for local agricultural fairs (HB 168, Sec. 13.3).				

**8 Farmland Preservation Trust Fund**

Provides funds to the Farmland Preservation Trust Fund for the acquisition of agricultural conservation easements to protect rural lands, particularly in the vicinities of urban growth areas and near waterways and other environmentally sensitive areas.

\$500,000 NR

**Department Wide****9 Reduce Operating Support**

Reduce operating support associated with vacant positions recommended for elimination by the Governor.

(\$6,000) R

(\$6,000) R

**Food and Drug Protection****10 Reduce Operating Support**

Reduce various operating support line items.

(\$55,000) R

(\$72,500) R

**11 Pesticide Disposal Assistance Program**

Provides funds to support one position and operating costs associated with the department's program for the disposal of banned, obsolete, or unwanted pesticides.

\$90,000 R

\$90,000 R

\$10,000 NR  
1.00

1.00

**Grants-in-Aid****12 Duplin County Agricultural Center**

Provides funds to be used as a match to secure federal and private funding for the county's agricultural center.

\$500,000 NR

**Markets****13 Goodness Grows in North Carolina**

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

\$200,000 R

\$200,000 R

**14 Seafood and Aquaculture Marketing**

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

\$300,000 R

\$300,000 R

**15 Local Farmers' Markets Funds**

Funds to provide grants for local farmers' markets.

\$100,000 NR

**Plant Industry****16 Gypsy Moth Control Funds**

Funds to support the department's program to control the gypsy moth.

\$110,320 NR

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

Research Stations and State Farms

**17 Eliminate Vacant Position**

Eliminate vacant Agricultural Research Assistant III position.

(\$30,325)	R	(\$30,325)	R
-1.00		-1.00	

**18 Oxford Research Station Funds**

Provides operating support for activities at the Oxford Research Station due to the federal government withdrawing support from this site.

\$196,346	R	\$196,346	R
\$17,000	NR		
2.00		2.00	

**19 Specialty Crops Funds**

Funds to support further development of the specialty crops program at the Cunningham Research Farm (Kinston) as a joint program with North Carolina State University.

\$100,000	NR
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**20 Center for Environmental Farming Systems**

Provides equipment funds for the Center for Environmental Farming Systems at Cherry Farm.

\$100,000	NR
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Reserves and Special Funds

**21 Reduce N.C. Warehouse Act Fund**

Reduce department's general fund appropriation for the 1999-2000 fiscal year and replace the funds with a one-time transfer from the N.C. Warehouse Act Fund, thereby reducing the fund's cash balance.

(\$200,000)	NR
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**22 Southern Dairy Compact Commission Funds**

Funds to support the start-up costs of the Southern Dairy Compact Commission and the initial costs of administration and enforcement of the Southern Dairy Compact (HB 168, Sec. 13.4).

\$500,000	NR
-----------	----

Rural Rehabilitation Corporation

**23 Small, Family-Owned Farms Loan Program**

Continues the small, family-owned farms loan program to provide loan funds to farms having difficulty in obtaining affordable conventional loans from other sources (HB 168, Sec. 13.5).

\$400,000	NR
-----------	----

Structural Pest Control

**24 Eliminate Vacant Positions**

Eliminate vacant positions in the Structural Pest Division:

(\$133,547)	R	(\$133,547)	R
-3.00		-3.00	

Pesticide Specialist II	(\$40,814)
Structural Pest Asst. Director	(\$57,903)
Structural Pest Inspector	(\$34,830)

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

Veterinary Services

**25 Reduce Pseudorabies Program**

(\$50,000) R

(\$50,000) R

Reduce support for the pseudorabies program as disease nears eradication.

**26 Eliminate Vacant Position**

(\$41,865) R

(\$41,865) R

Eliminate vacant Animal Health Technician I position.

-1.00

-1.00

**27 Field Automation/Salmonella Sampling**

\$133,035 R

\$133,035 R

Funds to provide equipment and training to support field automation and electronic data transmission in the Field Automation Information Management (FAIM) program. Also provides funds to facilitate the sampling and laboratory analysis of ground meats and carcasses for salmonella.

\$313,773 NR

**28 Equine Infectious Anemia Funds**

\$100,000 R

\$100,000 R

Provides operating support to enforce a mandatory testing program of equines for equine infectious anemia prior to sale or prior to exhibition or assembly at public stables or other public places (HB 168, Sec. 13.6).

1.00

1.00

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**Total Legislative Changes**

\$573,893 R

\$556,393 R

\$2,606,093 NR

**Total Position Changes**

-4.00

-4.00

**Revised Budget**

\$56,813,419

\$54,146,601

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# Special Provisions

**1999 Session: HB 168**

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

### **Section 13.1**

**Title:** State Budget Study of Agricultural Loans and Grants Program

**Summary** Directs the Office of State Budget and Management to study agricultural loan and grant programs statewide. Requires State Budget to report its findings and recommendations to the Fiscal Research Division no later than May 1, 2000.

### **Section 13.2**

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

**Summary** Requires a 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, 2000 on the use of funds.

### **Section 13.3**

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

**Summary** Directs the department to adopt guidelines for distributing grant funds for local agricultural fairs.

### **Section 13.4**

**Title:** Southern Dairy Compact Commission Funds

**Summary** Places funds appropriated for the Southern Dairy Compact Commission in a nonreverting reserve to cover start-up costs of the commission and initial costs of administration and enforcement of the compact. Prohibits the Director of the Budget from making disbursements from the reserve unless Congress ratifies legislation authorizing the operation of the compact. Requires various provisions and conditions be met prior to releasing any funds. Reverts monies to the general fund if Congress fails to ratify legislation authorizing the Southern Dairy Compact by June 30, 2001.

### **Section 13.5**

**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. Directs the department to adopt rules to implement this program. Repeals language from S.L. 1998-212 providing priority eligibility for loans.

### **Section 13.6**

**Title:** Mandatory Equine Infectious Anemia Testing Funds

**Summary** Requires the Board of Agriculture to adopt rules for the mandatory testing of equines for equine infectious anemia prior to sale or exhibition/assembly at public places.



Section 13.7

Title: Increase Grape Growers Funds

Summary Increases the cap on the amount of funds credited to the department from the tax on unfortified and fortified wine from \$150,000 to \$175,000.

## Labor

## GENERAL FUND

	FY 99-2000	FY 2000-01
Recommended Budget	\$16,457,031	\$16,457,031

## Legislative Changes

## Administrative Programs

<b>29 Eliminate Vacant Position</b>	(\$25,338)	R	(\$25,338)	R
Eliminate vacant Processing Assistant III position located in the Commissioner's Office.	-1.00		-1.00	

## Boiler Safety Bureau

**30 Expand Inspection Staff with Receipt Support**

Adds four boiler inspectors to conduct safety inspections. Funds will be provided with increased receipts generated by inspections conducted with these additional positions.

	FY 1999-2000	FY 2000-2001
Requirements	\$235,000	\$235,000
Receipts	(\$235,000)	(\$235,000)
Appropriation	0	0

## Department Wide

<b>31 Reduce Operating Support</b>	(\$12,434)	R	(\$12,434)	R
Reduce various operating and equipment line items throughout the department.				

## Elevator and Amusement Device Bureau

**32 Expand Inspection Staff with Receipt Support**

Adds two elevator inspectors to conduct safety inspections in the Raleigh and Charlotte areas. Funds will be provided with increased receipts generated by inspections conducted with these additional positions.

	FY 1999-2000	FY 2000-2001
Requirements	\$115,852	\$115,852
Receipts	(\$115,852)	(\$115,852)
Appropriation	0	0

<b>33 Reduce Funds for Travel</b>	(\$17,340)	R	(\$17,340)	R
Eliminate continuation budget increase for in-state travel.				

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

Occupational Safety and Health

**34 Eliminate Vacant Position**

Eliminate vacant Applications Analyst Programmer I position.

(\$54,668) R

(\$54,668) R

-1.00

-1.00

Research and Information Technology

**35 Information Technology Funds**

Funds to support the costs of implementing the IRMC policy requiring agencies to connect and store e-mail messages in a central message store maintained by State Processing Information Services. Funds also support the implementation of an Enterprises Document Management System.

\$22,000 R

\$22,000 R

\$100,000 NR

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**Total Legislative Changes**

(\$87,780) R

(\$87,780) R

\$100,000 NR

Total Position Changes

-2.00

-2.00

**Revised Budget**

\$16,469,251

\$16,369,251

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# **Special Provisions**

**1999 Session: HB 168**

**Department: Labor**

Section 14

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

Summary Allows the department to budget over-realized indirect cost receipts, up to \$200,000 in FY 1999-2000 and up to \$300,000 in FY 2000-2001, for departmental technology needs.

Section 14.1

Title: Youth Employment Certificates

Summary Amends G.S. 95-25.5 related to youth employment certificates to allow the department to issue certificates directly and electronically.

## Environment and Natural Resources

### GENERAL FUND

Recommended Budget	FY 99-2000 \$152,272,341	FY 2000-01 \$153,992,565
Legislative Changes		
(1.00) Administration		
<b>36 Eliminate Vacant Positions &amp; Salary Reserve</b>	(\$66,715) R	(\$66,715) R
Eliminate vacant administrative positions and salary reserve:		
Salary Reserve (\$13,838)	-3.10	-3.10
Controller's Office		
Internal Auditing Manager I (0.10 FTE) (\$8,021)		
Accounting Clerk IV (2.00 FTEs) (\$39,907)		
Information Technology Services		
Data Base Administrator (1.00 FTE) (\$4,949)		
(1.00) Regional Offices		
<b>37 Shift Position to Receipt Support</b>	(\$69,644) R	(\$69,644) R
Shift funding for Computing Consultant IV position to receipt support.	-1.00	-1.00
(2.00) Aquariums		
<b>38 Reduce Operating Support</b>	(\$88,009) R	(\$88,009) R
Reduce operating support line items at the aquariums.		
(2.00) Forest Resources		
<b>39 Eliminate Vacant Position &amp; Reduce Salary Reserve</b>	(\$51,966) R	(\$51,966) R
Eliminate vacant Pilot III position and reduce salary reserve.		
Pilot III (\$51,188)	-1.00	-1.00
Salary Reserve (\$778)		
<b>40 Equipment Reduction</b>		
Delay replacement of fire-fighting helicopters by one year.	(\$2,100,000) NR	
<b>41 Division Wide Reductions</b>	(\$400,000) R	(\$400,000) R
Reduce various operating/equipment line items throughout the division.	(\$180,000) NR	

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**42 Assistant County Ranger**

Funds to support an Assistant County Ranger position in Nash County.

\$23,309

R

\$23,309

R

\$24,511

NR

1.00

1.00

(2.00) Marine Fisheries

**43 Eliminate Vacant Position**

Eliminate vacant Research Vessel Crew Member position.

(\$25,555)

R

(\$25,555)

R

-1.00

-1.00

**44 Increase Budgeted Receipts**

Increase the budgeted amount of license receipts to reflect increased revenue from the sale of commercial and recreational commercial gear fishing licenses as a result of the Fisheries Reform Act of 1997.

(\$150,000)

R

(\$150,000)

R

**45 Information Technology Funds**

Funds to continue consolidation and modernization of existing computerized information management systems to facilitate access to licensing, permitting, commercial landings, biological and habitat data.

\$1,000,000

NR

(2.00) Museum of Natural Sciences

**46 Eliminate Position and Reduce Equipment**

Eliminate Scientific Illustrator position at the Museum of Natural Sciences and reduce equipment line items.

(\$58,316)

R

(\$58,316)

R

-1.00

-1.00

Scientific Illustrator (\$43,316)  
Equipment (\$15,000)

**47 Eliminate Vacant Position & Reduce Salary Reserve**

Eliminate vacant Program Assistant IV position and reduce salary reserve.

(\$44,810)

R

(\$44,810)

R

-1.00

-1.00

Program Assistant IV (\$36,416)  
Salary Reserve (\$ 8,394)

**48 Grassroots Science Museums**

Additional funds to expand the Grassroots Science program and to add three new museums to the program:

\$2,785,000

R

\$2,785,000

R

\$250,000

NR

Aurora Fossil Museum  
Colburn Gem and Mineral Museum  
Granville County Museum - Harris Gallery

(HB 168, Sec. 15.2)

(2.00) N.C. Zoological Park

**49 Eliminate Vacant Position**

Eliminate vacant Groundsworker position at the N.C. Zoological Park.

(\$8,614)

R

(\$8,614)

R

-0.50

-0.50



Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**50 Reduce Equipment**

(\$92,487) R

(\$92,487) R

Reduce equipment line item in the N.C. Zoological Park.

(2.00) Office of Environmental Education

**51 Reduce Operating Support**

(\$6,291) R

(\$6,291) R

Reduce various operating support line items in the Office of Environmental Education.

**52 Environmental Education Grant Funds**

\$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 (HB 168, Sec. 15.12).

(2.00) Parks and Recreation

**53 Eliminate Vacant Position**

(\$22,948) R

(\$22,948) R

Eliminate vacant Office Assistant III position.

-1.00

-1.00

**54 Delay Operating Reserve Increase**

(\$876,598) R

\$65,969 R

Delay increase in division's continuation budget operating reserve for capital projects.

\$365,500 NR

**55 Expand Natural Heritage Program**

\$50,000 NR

Funds to inventory natural areas in counties that have not been surveyed under the Natural Heritage program.

(2.00) Soil and Water Conservation

**56 Agriculture Cost Share County Technical Assistance**

\$50,000 R

\$50,000 R

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.

**57 NC Conservation Reserve Enhancement Program (CREP)**

\$353,044 R

\$353,044 R

Funds to administer the CREP program, a state-federal partnership to enroll 100,000 acres of agricultural cropland adjacent to rivers, streams, estuarine waters and wetlands in long-term conservation easements. The focus of the program will be development of riparian buffers in the Chowan, Neuse and Tar-Pamlico River Basins and the Lake Jordan watershed.

\$153,000 NR

4.00

4.00

(3.00) Air Quality

**58 Shift Position to Receipt Support**

(\$38,992) R

(\$38,992) R

Shift funding for an Environmental Chemist I position to fuel tax receipts.

-1.00

-1.00

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**59 Increase Budgeted Receipts**

(\$100,000) R

(\$100,000) R

Increase the budgeted amount of program receipts and reduce the division's general fund appropriation by an equal amount.

(3.00) Coastal Management

**60 Reduce Grants**

Reduce land-use planning grants to local governments for one year.

(\$100,000) NR

(3.00) Environmental Health

**61 Eliminate Vacant Positions**

(\$55,217) R

(\$55,217) R

Eliminate vacant environmental health positions:

-1.50

-1.50

Environmental Technician III (0.50 FTE) (\$16,225)

Environmental Health Reg'l Specialist (1.00 FTE) (\$38,992)

**62 Eliminate Position and Operating Support**

(\$29,801) R

(\$29,801) R

Eliminate partial position and reduce operating support in the Public Water Supply program:

-0.50

-0.50

Operating Funds (\$887)

Water/Wastewater Treatment Plant Consultant (\$28,914)

**63 Reduce Equipment**

(\$25,725) R

(\$25,725) R

Reduce equipment replacement funds in the Shellfish Sanitation program.

**64 Food Sanitation Program**

Funds to provide training and continuing education to local environmental health specialists to improve the consistency of implementation and enforcement of food sanitation rules.

\$100,000 NR

(3.00) Land Resources

**65 Eliminate Vacant LLRW Position**

(\$42,907) R

(\$42,907) R

Eliminate vacant Geologist II position assigned to the low level radioactive waste project.

-1.00

-1.00

**66 Shift Position to Receipt Support**

(\$52,929) R

(\$52,929) R

Shift funding for an Environmental Engineer I position in the sedimentation program to receipt support.

-1.00

-1.00

**67 Reduce Operating Support**

(\$65,696) R

(\$65,696) R

Reduce various operating support line items in the division.

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**68 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. Funds will also be used to provide technical training and incentives to local governments to start and improve sediment control programs.

\$756,399 R  
\$307,773 NR  
10.00

\$756,399 R  
10.00

(3.00) Pollution Prevention/Environmental Assist.

**69 Eliminate Pollution Prevention Challenge Grants**

Eliminate funding for pollution prevention challenge grants for business and industry.

(\$70,000) R

(\$70,000) R

(3.00) Radiation Protection

**70 Reduce LLRW Positions**

Eliminate two positions assigned to the low level radioactive waste project (LLRW):

(\$67,016) R

(\$67,016) R

-2.00

-2.00

Environmental Radiation Specialist (\$42,907)  
Data Entry Specialist (\$24,109)

**71 Reduce Rental/Lease Costs**

Reduce continuation budget inflationary increase for office/lab space rental to reflect actual lease agreement.

(\$17,275) R

(\$51,825) R

(3.00) Waste Management

**72 Reduce Superfund Matching Funds/Cash Balance**

Eliminate recurring appropriation to match federal funds to cleanup contaminated hazardous waste sites on the National Priority List (NPL) of Superfund sites. Also reduce the department's general fund appropriation for the 1999-2000 fiscal year by \$200,000 and replace the funds with a one-time transfer from the Superfund Cost Share Fund, thereby reducing the fund's cash balance (HB 168, Sec. 15.6).

(\$800,000) R  
(\$200,000) NR

(\$800,000) R

(3.00) Water Quality

**73 Eliminate Vacant Positions**

Eliminate vacant water quality positions:

(\$120,749) R

(\$120,749) R

-3.00

-3.00

Community Planner II (\$40,814)  
Environmental Specialist II (\$37,681)  
Environmental Engineer I (\$42,254)

**74 Reduce Equipment**

Reduce continuation budget increase for equipment replacement.

(\$300,000) NR

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**75 Increase Budgeted Receipts**

(\$150,000) R (\$150,000) R

Increase budgeted receipts for the animal waste compliance program and reduce the general fund appropriation by an equal amount.

**76 Eliminate Pesticide Study Positions**

(\$100,000) R (\$100,000) R

Eliminate two positions assigned to work with the Department of Agriculture and Consumer Services on a study of pesticide contamination in groundwater and the development of statewide pesticide management plans.

-2.00

-2.00

Hydrogeologist II (\$44,111)

Hydrogeological Technician I (\$35,448)

Operating Funds (\$20,441)

**77 Groundwater Quality Protection**

\$537,111 R \$700,020 R

Funds to characterize and evaluate aquifers in the piedmont and mountain areas of the state to help define areas of highly vulnerable groundwater and to begin development of a long-term groundwater protection plan.

\$22,000

NR

8.00

8.00

**78 Protect Buffers and Wetlands**

\$339,467 R \$339,467 R

Funds to administer the state's riparian buffer protection requirements, compensatory mitigation program and restoration fund. Funds also to improve compliance with 401 Water Quality Certifications issued by the state.

\$46,000

NR

6.00

6.00

(3.00) Water Resources

**79 Reduce Operating Support**

(\$52,888) R (\$52,888) R

Reduce operating support line items in the division.

(4.00) Department Wide

**80 Reduce Operating Support**

(\$21,900) R (\$21,900) R

Reduce operating support associated with vacant positions recommended for elimination by the Governor.

**81 Surplus Property - Increase Receipts**

(\$50,000) NR

Increase the amount of budgeted receipts from the sale of surplus property for the 1999-2000 fiscal year and reduce the department's general fund appropriation by an equal amount.

(5.00) Reserves and Special Funds

**82 Eliminate Cash Balance - Beach Erosion Loan Fund**

(\$250,000) NR

Reduce department's general fund appropriation for the 1999-2000 fiscal year and replace the funds with a one-time transfer from the Beach Erosion Loan Fund. This reduction eliminates the cash balance in the loan fund.

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**83 Cape Fear River Assembly, Inc.**

Funds for programs to monitor and improve water quality of the Cape Fear River.

\$500,000 NR

**84 Chatham LLRW Facility Siting Assistance Funds**

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.

\$100,000 NR

**85 Partnership for the Sounds**

Funds for ecotourism projects and programs. Funds are limited to existing projects and programs or any expansion recommended by the Board of Directors of the Partnership for the Sounds (HB 168, Sec. 15.13).

\$25,000 NR

**86 Rivernet Water Quality Monitoring & Research Funds**

Funds to implement a Rivernet pilot project in an area of the state with impaired waters using a technology-based water quality and nutrient monitoring system to monitor, collect and disseminate water quality data. Also provides research funds for collaborative water quality studies among DENR and any constituent institution of The University of North Carolina (HB 168, Sec. 15.14).

\$700,000 R  
\$500,000 NR

\$700,000 R

**87 Resource Conservation and Development Councils**

Funds to provide each of the state's nine Resource Conservation and Development Councils a \$25,000 grant to use as leverage for other grants to be allocated by each county in the regional council.

\$225,000 NR

**88 Museum of Life and Science**

Funds to support the BioQuest exhibit at the Museum of Life and Science.

\$1,000,000 NR

**89 Conservation Trust for North Carolina**

Funds to provide technical assistance and other support for North Carolina's private land trusts and to promote the State conservation tax credit program for land conservation.

\$150,000 NR

**(6.00) Wildlife Resources Commission**

**90 Beaver Control Program**

Provides support for the Beaver Control Program statewide (HB 168, Sec. 15.1).

\$500,000 R \$500,000 R

**Total Legislative Changes**

\$2,271,282 R \$3,342,208 R  
\$1,473,284 NR \$365,500 NR

**Total Position Changes**

7.40 7.40

**Revised Budget**

\$156,016,907 \$157,700,273



# Special Provisions

## 1999 Session: HB 168

### Department: Environment and Natural Resources

#### Section 15

**Title:** Special Reserve Funds for Forest Seedling Program/Bladen Lakes State Forest

**Summary** Creates two special nonreverting accounts in the Division of Forest Resources for the Forest Seedling Nursery Program and Bladen Lakes State Forest. Requires funds to be used only to develop, improve, maintain, operate or invest in each program. Prohibits the transfer of general fund appropriations into each special nonreverting account.

#### Section 15.1

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

**Summary** Makes technical corrections to G.S. 113-291.10(a) and (c) to conform with new federal program name. Allocates funds for the beaver damage control program. Requires a minimum federal match of \$25,000 for the program.

#### Section 15.2

**Title:** Grassroots Science Program

**Summary** Allocates \$3,670,000 in FY 1999-2000 and \$3,420,000 in FY 2000-2001 as grants-in-aid to 16 regional science museums. New museums for the 1999-2001 biennium include: Aurora Fossil Museum (Beaufort County), Colburn Gem and Mineral Museum, Inc. (Buncombe County), and the Granville County Museum Commission, Inc. - Harris Gallery.

#### Section 15.3

**Title:** Town Fork Creek Soil Conservation Project

**Summary** Extends the reversion date until June 30, 2001 for funds previously appropriated for water projects in Stokes County, and for small watershed projects administered by the Division of Soil and Water Conservation.

#### Section 15.4

**Title:** Meadow Branch Water Project and Deep Creek Project/Extend Reversion Date

**Summary** Extends the reversion date until June 30, 2001 for funds previously appropriated for the Meadow Branch and Deep Creek water projects.

#### Section 15.5

**Title:** NER Interim Study of DENR Organization

**Summary** Directs the House and Senate Appropriations Subcommittees on Natural and Economic Resources to study the organization of the department and report their findings and recommendations to the General Assembly by May 1, 2000.



**Section 15.6**

**Title:** Superfund Program/Inactive Hazardous Sites Funds

**Summary** Authorizes DENR, upon approval of the Office of State Budget and Management, to use available funds to: 1) provide the 10% cost share required for federal Superfund cleanups, 2) pay the operating and maintenance costs associated with these Superfund site cleanups, and 3) cleanup priority state inactive hazardous waste disposal sites. Requires a report to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations within 30 days of expenditure.

**Section 15.7**

**Title:** Funds for Voluntary Remedial Actions

**Summary** Authorizes DENR to contribute funds from the Inactive Hazardous Sites Cleanup Fund each fiscal year to cleanup three high priority sites under the voluntary remedial action program. Contributions from the fund are limited to 10% of the cleanup costs, not to exceed \$50,000 per site. Requires the department to report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by April 1 of each year on the sites selected and the use of funds.

**Section 15.8**

**Title:** DENR Position for Scrap Tire Program

**Summary** Authorizes the department to support a regulatory assistance position for local scrap tire management programs with funds from the Scrap Tire Management Account designated for the cleanup of nuisance tire sites. Emphasis of the assistance program is on reducing the number of scrap tires illegally brought into the state for free disposal.

**Section 15.9**

**Title:** Pollution Prevention and Environmental Assistance to Small Businesses with Need

**Summary** Directs the Division of Pollution Prevention and Environmental Assistance to give priority to small businesses with financial need when awarding grants and providing technical assistance.

**Section 15.10**

**Title:** DENR Study One-Stop Permit Process

**Summary** Directs DENR to study the state of New Jersey's ONE STOP permitting program as a model for improving North Carolina's environmental permitting system, communication with the regulatory community, and regulatory compliance. Requires the department to report its findings and recommendations by February 15, 2000 to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal Research Division.

**Section 15.11**

**Title:** Repeal Duplicate Reporting Requirement for Clean Water Management Trust Fund

**Summary** Repeals a duplicate statutory reporting requirement to the General Assembly on activities of the trust fund.

**Section 15.12**

**Title:** Environmental Education Grants

**Summary** Allocates \$200,000 to provide grants to promote environmental education. 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, 2000 to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission and the Fiscal Research Division.

**Section 15.13**

**Title:** Partnership for the Sounds

**Summary** Requires the Partnership for the Sounds to report budgetary and program activities annually by January 15 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the agency to submit its annual audited financial statements to Fiscal Research within 30 days of issuance.

**Section 15.14**

**Title:** North Carolina Water Quality Workgroup Initiative/Rivernet Monitoring System Pilot Program/Research Funds

**Summary** Provides for the establishment of the North Carolina Water Quality Workgroup to assist in the development and improvement of information and data resources used to formulate water quality policy initiatives. Establishes parameters for the development of a Rivernet water quality monitoring system. Directs the workgroup to implement a Rivernet pilot project in an area of the state with impaired waters using a technology-based water quality and nutrient monitoring system to monitor, collect and disseminate water quality data. Allocates funds to North Carolina State University to implement the Rivernet pilot project and for collaborative water quality studies and research among DENR and any constituent institution of The University of North Carolina. Requires the workgroup to report on activities, findings, and recommendations by January 30th to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Review Commission, the House and Senate Appropriations Subcommittees on Natural and Economic Resources, and the Chancellor of North Carolina State University.

**Section 15.15**

**Title:** Pitt Landfill Reimbursement Funds

**Summary** Allocates \$300,000 from the White Goods Management Account to reimburse Pitt County for expenses incurred to investigate and cleanup hazardous waste disposed in the county's landfill with the state's approval.

**Section 15.16**

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

**Summary** Allocates \$1,000,000 from the White Goods Management Account to continue detoxification of the Warren County polychlorinated biphenyl (PCB) landfill. The funds are to be placed in the nonreverting reserve established under Section 29.9(a), S.L. 1998-212 and used in accordance with the provisions of that section.

**Note:** Section 54, S.L. 1999-456 (technical corrections bill) amends Section 15.15, S.L. 1999-237 (1999 appropriations bill) to add a new subsection allowing the director of the Office of State Budget and Management to use up to \$7,000,000 in available funds to match federal funds for detoxification of the Warren County PCB landfill. Funds transferred for this purpose are to be placed in the nonreverting reserve established under Section 29.9(a), S.L. 1998-212 and used in accordance with the provisions of that section.

**Section 15.17**

**Title:** Food Service at North Carolina Aquariums

**Summary** Allows the North Carolina Aquariums to operate or contract for the operation of food and vending services at the aquariums, and credits those proceeds to the North Carolina Aquariums Fund.

**Section 15.18**

**Title:** Beach and Mountain Restoration Plan

**Summary** Directs the department to develop recommendations for an environmental protection, conservation, preservation and restoration plan for the state's beaches and mountains. Requires a report to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations prior to April 15, 2000.

**Section 15.19**

**Title:** Basinwide Information Management System

**Summary** Authorizes DENR to use up to \$890,000 in available funds to continue development of the Basinwide Information Management System. Prohibits the department from diverting funds from programs or activities authorized by the General Assembly or delaying programs or activities to implement this provision.

## Commerce

## GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$40,062,400		\$40,082,482	
Legislative Changes				
Administrative Services				
<b>91 Increase Administrative Charges</b>	(\$120,000)	R	(\$120,000)	R
Increase administrative charges for accounting and personnel services provided by the department to receipt supported regulatory commissions and agencies.				
Business and Industry				
<b>92 Eliminate Vacant Position</b>	(\$27,646)	R	(\$27,646)	R
Eliminate vacant Program Assistant IV position.				
	-1.00		-1.00	
<b>93 Marketing and Trade Missions</b>	\$250,000	R	\$250,000	R
Funds to support the division's participation in marketing missions and at industry trade shows, and for general advertising purchases to promote economic development in the state.				
	\$250,000	NR		
<b>94 Industrial Recruitment Competitive Fund</b>				
Continues support for the Industrial Recruitment Competitive Fund (HB 168, Sec. 16.2).				
	\$2,000,000	NR		
Center for Entrepreneurship and Technology				
<b>95 Eliminate Vacant Position</b>	(\$68,669)	R	(\$68,669)	R
Eliminate vacant Deputy Director position for the former NC ACTS program.				
	-1.00		-1.00	
Community Assistance				
<b>96 Councils of Government/Lead Regional Organizations</b>	\$125,730	R	\$125,730	R
Provides additional funds for councils of government/lead regional organizations. This appropriation raises the total funding level to \$990,000 and allocates up to \$55,000 to each organization (HB 168, Sec. 16.27).				
<b>97 Small Town Revitalization/County Planning Program</b>				
Funds to implement the Small Town Revitalization and County Planning Program to enhance economic development in Western North Carolina (HB 168, Sec. 16.27A).				
	\$100,000	NR		

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

Department Wide

**98 Reduce Operating Support**

(\$6,000) R

(\$6,000) R

Reduce operating support associated with vacant positions recommended by the Governor.

Energy Division

**99 Eliminate General Fund Appropriation**

(\$192,367) R

(\$192,367) R

Eliminate general fund appropriation and shift funding for three positions and operating support to receipts.

-3.00

-3.00

Energy Division Director (\$73,279)

Administrative Secretary II (\$37,955)

Energy Division Section Chief (\$73,912)

Operating Support (\$ 7,221)

Executive Aircraft Operations

**100 Reduce Aircraft Lease**

(\$200,000) R

(\$200,000) R

Reduce appropriation for aircraft lease/purchase to reflect actual lease costs.

International Trade

**101 Reduce Salary Funds for Contract Personnel**

(\$23,165) R

Eliminate continuation budget salary increase for contract personnel.

**102 NC/Israel Partnership**

Funds to foster economic development with Israel.

\$100,000 NR

Reserves and Transfers

**103 Regional Economic Development Commissions**

\$1,800,000 R

\$1,800,000 R

Increase support for the state's seven regional economic development commissions from \$4.275 million to \$6.075 million (HB 168, Secs. 16.3, 16.4, & 16.5).

**104 Smart Growth, Infrastructure & Development Issues**

\$200,000 NR

Provides funds for a commission to study growth, infrastructure and development issues and recommend initiatives to promote comprehensive and coordinated local, regional, and state planning, facility financing and growth management (HB 168, Sec. 16.7).

**105 Job Loss Assistance Funds**

\$500,000 NR

Funds to assist counties having the greatest number of announced business closings and permanent layoffs in fiscal year 1998-1999 relative to total county population.



Overview: 1999 Session Fiscal and Budgetary Actions

**FY 99-2000**

**FY 2000-01**

Tourism, Film and Sports Development

**106 Reduce Operating Support**

(\$75,000) R

(\$75,000) R

Reduce postage and telephone line items.

**107 Advertising and Marketing Funds**

\$2,000,000 R

\$2,000,000 R

Funds to expand advertising and marketing campaigns designed to promote North Carolina as a travel and tourism destination.

**108 Rural Tourism Development Grant Funds**

\$300,000 NR

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 (HB 168, Sec. 16.17).

**109 Expand Heritage Tourism**

\$200,000 R

\$200,000 R

Funds for staff and operating support at four new heritage tourism sites. One site will be located in eastern NC, one in western NC and the remaining two sites will be designated by the Secretary of Commerce.

4.00

4.00

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**Total Legislative Changes**

\$3,686,048 R

\$3,662,883 R

\$3,450,000 NR

**Total Position Changes**

-1.00

-1.00

**Revised Budget**

\$47,198,448

\$43,745,365

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# Special Provisions

**1999 Session: HB 168**

**Department:** Commerce

**Section** 5.1

**Title:** NER Block Grant Funds

**Summary** Community Development Block Grant (CDBG)

Allocates \$45 million in federal Community Development Block Grant (CDBG) funds for the 2000 program year. Provides for subsequent increases or decreases in federal fund availability. Places limitations on CDBG funds. Allows unobligated funds from the community empowerment category to be used to increase capacity for nonprofit organizations.

**Welfare-to-Work Block Grant**

Allocates \$23.6 million in federal Welfare-to-Work block grant funds. Allows Commerce, Employment Security Commission, and Health and Human Services to identify sources of state matching funds from within their budgets.

**Section** 5.2

**Title:** Community Development Block Grant/Changes To Previous Block Grant Plans

**Summary** Allocates increased federal funds received in program year 1999: 20% for the economic development category and 80% for housing development. Allows unobligated funds from the 1998 program year to be used for housing development.

**Section** 16

**Title:** Department of Commerce Budget Revisions

**Summary** Directs Commerce to revise the departmental budget to ensure that positions and operating expenses are budgeted in the appropriate division fund code to accurately reflect the organizational structure and lines of management. The necessary budget revisions are to be submitted to the Office of State Budget and Management by January 1, 2000. Requires reports to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by October 15, 1999 and January 15, 2000.

**Section** 16.1

**Title:** Wanchese Seafood Industrial Park Funds

**Summary** Authorizes Wanchese Seafood Industrial Park to use appropriated general fund resources for operations, maintenance, repairs and capital improvements in addition to other funds available for these purposes.

**Section** 16.2

**Title:** Industrial Recruitment Competitive Fund

**Summary** Sets out the purpose and allowable uses of the Industrial Recruitment Competitive Fund. Requires a quarterly report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the commitment, allocation, and use of funds.

**Section 16.3**

**Title:** Regional Economic Development Commission Allocations

**Summary** Specifies the funding formula for allocating the \$6,075,000 general fund appropriation to the seven regional economic development commissions.

**Section 16.4**

**Title:** Regional Commission Reports

**Summary** Requires each of the seven regional economic development commissions to report budgetary and program activities annually by January 15 to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce. Also requires each of the commissions to report specified performance activities and measures annually to the Department of Commerce. Requires each of the commissions to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

**Section 16.5**

**Title:** Repeal Statutory Reporting Requirements for Regional Economic Development Commissions

**Summary** Repeals the general statutory reporting requirement to the General Assembly for the northeastern, southeastern and western regional economic development commissions. These commissions are subject to the detailed annual reporting requirement specified in Section 16.4 for all seven regional economic development commissions.

**Section 16.6**

**Title:** Modify Northeast Regional Economic Development Commission

**Summary** Eliminates the commission's responsibilities related to tourism. Revises membership of the commission and designation of appointments. Replaces the advisory board with an executive committee elected by the commission. Eliminates the commission's authority to adopt policies allowing additional per diem for the service of non-state employees.

**Section 16.7**

**Title:** Create a Commission to Address Smart Growth, Growth Management, and Development Issues

**Summary** Establishes a 25-member commission to study growth, infrastructure, and development issues and to recommend initiatives to promote comprehensive and coordinated local, regional and state planning, facility financing, and growth management.

*Note: Section 55, S.L. 1999-456 (technical corrections bill) makes technical change related to the membership of this commission.*

**Section 16.8**

**Title:** Marketing of Global TransPark

**Summary** Repeals Section 15.2 of S.L. 1998-212 requiring the Department of Commerce to promote the Global TransPark facility. Resumes the transfer of funds from Commerce to the Global TransPark Authority to market the facility.

**Section 16.9**

**Title:** Petroleum Overcharge Attorneys' Fees

**Summary** Extends for the next biennium the authorization for paying attorneys' fees related to the litigation and collection of petroleum overcharge funds.

**Section 16.9A**

**Title:** Authorization to Reallocate Previously Appropriated Petroleum Overcharge Funds

**Summary** Authorizes the department to reallocate previously appropriated petroleum overcharge funds for projects under the State Energy Conservation Plan, the Energy Extension Service Program, and the Institutional Conservation Program to be used for projects under the State Energy Efficiency Programs.

**Section 16.10**

**Title:** Petroleum Overcharge Funds Allocation

**Summary** Directs that funds remaining in petroleum overcharge accounts be spent only as authorized by the General Assembly. Also requires the department to report budgetary and program activities annually by January 15 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

**Section 16.11**

**Title:** NER Interim Study of Energy Division of Department of Commerce

**Summary** Directs the House and Senate Appropriations Subcommittees on Natural and Economic Resources to study the organization and responsibilities of the Division of Energy and report their findings and recommendations to the General Assembly by May 1, 2000.

**Section 16.12**

**Title:** Special Employment Security Administration Fund

**Summary** Appropriates up to \$2,000,000 in penalty and interest receipts from the Special Employment Security Administration Fund to administer the Unemployment Insurance and Employment Service Programs.

**Section 16.13**

**Title:** Authorization to Expend Reed Act Funds

**Summary** Authorizes the Employment Security Commission to expend the sum of \$525,123 in federal Reed Act Funds for automation purposes in the 1999-2000 fiscal year.

**Section 16.14**

**Title: Worker Training Trust Fund Appropriations**

**Summary** Appropriates special funds from the Worker Training Trust Fund to the following state agencies for workforce related activities:

FY 1999-2000	FY 2000-2001	Agency & Purpose
\$ 6,296,740	\$ 6,296,740	ESC - Operation of local offices
\$ 2,400,000	\$ 2,400,000	DOC - Employment and Training Grant Program
\$ 1,000,000	\$ 1,000,000	DOL - Training Initiatives Bureau
\$ 2,046,000	\$ 1,746,000	Community Colleges - Focused Industrial Training Program
\$ 225,000	\$ 225,000	ESC - State Occupational Information Coordinating Committee
\$ 400,000	\$ 400,000	Community Colleges - NC REAL Enterprises
\$ 60,000	\$ 60,000	OSMB - Common Follow-Up Evaluation
\$ 1,000,000	\$ 1,000,000	DOL - Apprenticeship Bureau

**Section 16.15**

**Title: Workforce Development Commission**

**Summary** Codifies the powers and duties of the Commission on Workforce Development and the Workforce Development Boards. Recodifies the Department of Commerce's Employment and Training Grant Program and makes minor changes to the program. Also, directs the commission to develop and submit a five-year strategic plan to the US Secretary of Labor.

**Section 16.16**

**Title: Tourism Promotion Funds**

**Summary** Specifies the selection criteria and maximum grant amounts for tourism promotion grants.

**Section 16.17**

**Title: Rural Tourism Development Funds**

**Summary** Appropriates \$300,000 for the Rural Tourism Development Grant Program and sets out guidelines for distributing funds.

**Section 16.18**

**Title: Credit Enhancement for Tourism Development Projects**

**Summary** Directs the Department of State Treasurer and the Department of Commerce to develop legislative proposals for credit enhancement for tourism development projects in rural counties and report their findings and recommendations to the Joint Legislative Commission on Governmental Operations by May 1, 2000.

**Section 16.19**

**Title: Heritage Tourism Funds**

**Summary** Directs the department to allocate \$139,233 in funds that would otherwise revert at the end of FY 1998-99 among the four heritage tourism sites created in 1997.

Section 16.20

Title: Center for Entrepreneurship and Technology Report

Summary Requires the Center for Entrepreneurship and Technology (formerly NC ACTs) to report budgetary and program activities annually by January 15 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Section 16.21

Title: NC REAL Enterprises Reporting

Summary Requires the NC Rural Entrepreneurship through Action Learning (NC REAL) to report budgetary and program activities annually by January 15 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires NC REAL to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

Section 16.26

Title: Industrial Development Fund/Local Match

Summary Requires local governments seeking exemption from the fund's local match requirement to demonstrate that providing a match is an economic hardship. Also requires the department to develop guidelines for hardship exemption.

Section 16.27

Title: Council of Government Funds

Summary Outlines the process for allocating funds to councils of government or lead regional organizations. Requires each organization to report budgetary and program activities by January 15 of each fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires each organization to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

Section 16.27A

Title: WNC Revitalization/Planning Funds

Summary Creates the Small Town Revitalization and County Planning Program in the department. Directs that not less than 15% of the funds allocated for the program be used for small towns. Specifies guidelines for the administration and distribution of funds.

Section 16.37

Title: Oregon Inlet Funds/Nonrevert

Summary Prevents funds appropriated in FY 1998-99 for the Oregon Inlet Project from reverting on June 30, 1999. Allows these funds to be used for legal costs associated with the project.

Section 16.39

Title: Ports Railway Commission Business Plan

Summary Directs the North Carolina Ports Railway Commission to develop a business plan in consultation with the North Carolina State Ports Authority. Requires the commission to provide the business plan to the board of the State Ports Authority and the Joint Legislative Commission on Governmental Operations by October 1, 1999. Also requires the commission to report quarterly beginning January 1, 2000 to these bodies on their progress in implementing the business plan.



## State Aid to Non-State Entities

		GENERAL FUND	
		FY 99-2000	FY 2000-01
Recommended Budget		\$2,000,000	\$2,000,000
Legislative Changes			
Grants-in-Aid			
110 Land Loss Prevention Project	\$450,000	R	\$450,000 R
Funds to provide free legal representation to low-income, financially distressed farmers (HB 168, Sec. 16.30).			
111 N.C. Association of CDCs	\$400,000	R	\$400,000 R
Provides funds to the N.C. Association of Community Development Corporations to provide training and technical assistance to community development corporations statewide (HB 168, Sec. 16.34).			
112 N.C. Minority Support Center	\$600,000	R	\$600,000 R
Funds to provide technical assistance to community-based credit unions. Nonrecurring funds are to be used as a match for U.S. Department of Treasury funds for Community Development Financial Institutions, and other private or federal funds on a dollar for dollar basis (HB 168, Sec. 16.32).			
	\$1,000,000	NR	
113 Coalition of Farm and Rural Families	\$250,000	R	\$250,000 R
Funds to foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers (HB 168, Sec. 16.31).			
114 Institute of Minority Economic Development	\$1,500,000	R	\$1,500,000 R
Funds to foster economic development within the state through policy analysis, information and technical assistance, resource expansion, and support of community-based initiatives (HB 168, Sec. 16.29).			
115 N.C. Community Development Initiative	\$1,000,000	NR	
Additional funds for the North Carolina Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations (HB 168, Sec. 16.33).			
116 4-H Clubs/Eastern North Carolina Livestock Arena	\$100,000	NR	
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.			



Overview: 1999 Session Fiscal and Budgetary Actions

**FY 99-2000**

**FY 2000-01**

**117 Technological Development Authority**

Grant-in-aid to the NC Technological Development Authority for entrepreneurial support and infrastructure including creating new business incubators, enhancing existing incubators, developing capital formation initiatives and supporting research commercialization programs (HB 168, Sec. 16.24).

\$3,500,000 NR

**118 Yadkin/Pee Dee Lakes Project**

Grant-in-aid to support the Yadkin/Pee Dee Lakes Project's efforts to promote tourism and economic development.

\$100,000 NR

**119 World Trade Center North Carolina**

Provides funds to the World Trade Center North Carolina to support international trade education programs to small and medium sized businesses (HB 168, Sec. 16.28).

\$200,000 NR

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**Total Legislative Changes**

**\$3,200,000**

**R**

**\$3,200,000**

**R**

**\$5,900,000**

**NR**

**Total Position Changes**

**Revised Budget**

**\$11,100,000**

**\$5,200,000**

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# Special Provisions

## 1999 Session: HB 168

### Department: State Aid to Non-State Entities

#### Section 16.24

Title: Technological Development Authority Report

Summary Requires the Technological Development Authority to report budgetary and program activities by January 15, 2000 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires TDA to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

#### Section 16.25

Title: Funds for Technological Development Authority, Inc., Wet Lab and Office Construction Do Not Revert

Summary Prevents funds held in a reserve for the North Carolina Technological Development Authority (TDA) for construction of wet lab and office space in RTP from reverting. Allows TDA to expend those funds for construction elsewhere in the state.

#### Section 16.28

Title: World Trade Center North Carolina Report

Summary Requires the Center to report budgetary and program activities by January 15 of each fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Center to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

#### Section 16.29

Title: N.C. Institute for Minority Economic Development, Inc., Report

Summary Requires the Institute to report budgetary and program activities by January 15 of each fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Institute to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

#### Section 16.30

Title: The Land Loss Prevention Project Report

Summary Requires Land Loss to report budgetary and program activities by January 15 of each fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires Land Loss to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

**Section 16.31**

**Title:** North Carolina Coalition of Farm and Rural Families, Inc., Report

**Summary** Requires the Coalition to report budgetary and program activities by January 15 of each fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Coalition to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

**Section 16.32**

**Title:** North Carolina Minority Support Center Report

**Summary** Requires the Support Center to report budgetary and program activities by January 15 of each fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Support Center to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

**Section 16.33**

**Title:** North Carolina Community Development Initiative, Inc., Report

**Summary** Requires the Initiative to report budgetary and program activities by January 15 of each fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Initiative to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

**Section 16.34**

**Title:** North Carolina Association of Community Development Corporations, Inc., Report

**Summary** Requires the Association to report budgetary and program activities by January 15 of each fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires the Association to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

## N.C. Biotechnology Center

GENERAL FUND

	FY 99-2000	FY 2000-01
Recommended Budget	\$7,638,913	\$7,638,913
Legislative Changes		
N.C. Biotechnology Center		
120 Increase Biotechnology Funds		
Additional nonrecurring funds to continue biotechnology initiatives, programs, and activities.	\$2,000,000 NR	
Total Legislative Changes	\$2,000,000 NR	
Total Position Changes		
Revised Budget	\$9,638,913	\$7,638,913

# **Special Provisions**

**1999 Session: HB 168**

**Department:** N.C. Biotechnology Center

Section 16.22

Title: Biotechnology Center

Summary Requires the NC Biotechnology Center to report budgetary and program activities annually by January 15 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Also requires the agency to recapture funds spent in support of successful research and development efforts in the for-profit sector. Requires the Center to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

Section 16.23

Title: Biotechnology Funds for Minority Universities

Summary Allocates funding for the special biotechnology program initiative for North Carolina's Public Historically Black Colleges and Universities and the University of North Carolina at Pembroke. Also requires the Biotechnology Center to report annually by March 1 to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on various aspects of its grants to these schools.

# Rural Economic Development Center

## GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$3,907,338		\$3,907,338	
<b>Legislative Changes</b>				
<b>Administration</b>				
<b>121 Center Administration</b>	\$200,000	R	\$200,000	R
Provides funds for administration of the Clean Water and Natural Gas Critical Needs Bond Act of 1998 (HB 168, Sec. 16.35(a)).				
<b>Grant Programs</b>				
<b>122 Supplemental Funding Program</b>	\$1,500,000	NR		
Provides funds to support the Supplemental Funding Program for economic development projects, principally water and sewer, in rural areas (HB 168, Sec. 16.35(e)(3)).				
<b>123 Capacity Building Assistance Program</b>	\$1,500,000	NR		
Funds for the Capacity Building Assistance Program to pay all or a portion of the costs for providing technical and financial assistance for water and sewer projects (HB 168, Sec. 16.35(e)(4)).				
<b>Opportunities Industrialization Centers</b>				
<b>124 Reduce Appropriation for Pitt-Greenville OIC</b>	(\$10,000)	R	(\$10,000)	R
Reduce appropriation to the Rural Center for the OICs due to the closing of the Pitt-Greenville OIC and reallocate remaining funds to existing OICs in the amount of \$10,000 each.				
<b>125 Additional Funds for OICs</b>	\$160,000	R	\$160,000	R
Provides an additional \$40,000 to each of the existing four OICs, bringing their total funding to \$100,000 each (HB 168, Sec. 16.36).				
<b>Total Legislative Changes</b>	\$350,000	R	\$350,000	R
	\$3,000,000	NR		
<b>Total Position Changes</b>				
<b>Revised Budget</b>	\$7,257,338		\$4,257,338	



# Special Provisions

## 1999 Session: HB 168

**Department:** Rural Economic Development Center

Section 16.35

**Title:** Rural Economic Development Center

**Summary** As amended by Section 65, S.L. 1999-456 (technical corrections bill), appropriates \$1,457,338 each fiscal year to REDC and allocates funding among various programs. Requires REDC to provide information to the Office of State Budget and Management for preparation of the budget. Limits REDC's use of interest earned on appropriated state funds for administration. Allocates \$5,400,000 in FY 1999-2000 and \$2,400,000 in FY 2000-2001 as follows:

FY 1999-2000	FY 2000-2001	
\$ 900,000	\$900,000	CDCs previously receiving state funds
\$ 250,000	\$250,000	New and emerging CDCs
\$ 50,000	\$ 50,000	REDC for CDC administration
\$ 250,000	\$250,000	Microenterprise Loan Program
\$ 2,450,000	\$950,000	Supplemental Funding Program
\$ 1,500,000	--	Capacity Building Assistance Program

Requires REDC to report budgetary and program activities by January 15 of each fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires REDC to submit their annual audited financial statements to Fiscal Research within 30 days of issuance.

Section 16.36

**Title:** Opportunities Industrialization Center Funds

**Summary** Allocates \$100,000 to each of the following Opportunities Industrialization Centers:

- 1) Opportunities Industrialization Center of Wilson, Inc.
- 2) Opportunities Industrialization Center Inc., in Rocky Mount
- 3) Opportunities Industrialization Center of Lenior, Greene, and Jones Counties
- 4) Opportunities Industrialization Center of Elizabeth City, Inc.

Allocates funds from the Pitt-Greenville Opportunities Industrialization Center that are unencumbered and unexpended as of June 30, 1999 equally to the Opportunities Industrialization Center of Wilson, Inc. and the Opportunities Industrialization Center Inc., in Rocky Mount.

Requires REDC to report budgetary and program activities of the OICs by January 15 of each fiscal year to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Requires REDC to submit each OICs annual audited financial statements to Fiscal Research within 30 days of issuance.

## State Information Processing Services

### GENERAL FUND

	FY 99-2000	FY 2000-01
Recommended Budget	\$0	\$0
Legislative Changes		
State Information Processing Services		
126 Continue N.C. Information Highway		
Provides nonrecurring funds to continue the N.C. Information Highway (HB 168, Sec. 16.38).	\$3,596,000	NR
Total Legislative Changes	\$3,596,000	NR
Total Position Changes		
Revised Budget	\$3,596,000	\$0

# **Special Provisions**

**1999 Session: HB 168**

**Department:** State Information Processing Services

Section 16.38

**Title:** Information Highway Expansion Reporting Requirement

**Summary** Requires SIPS to report to the Information Resource Management Commission and the Joint Select Committee on Information Technology prior to establishing new information highway sites in FY 1999-2000.

**JUSTICE  
AND  
PUBLIC SAFETY**

## Correction

## GENERAL FUND

	FY 99-2000	FY 2000-01
Recommended Budget	\$922,020,076	\$921,431,794

## Legislative Changes

**1 Close GPAC Prison Facilities**

(\$8,537,975)	R	(\$10,888,590)	R
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The Governor recommended closing nine GPAC units. It is recommended that three of the nine units remain open -- Alamance, Cleveland, and Gates. Alamance is operating a work release pilot program that needs more time for assessment. Cleveland is a medium custody unit; its cost per day is comparable to the state average for medium custody units. The cost per day for Gates is lower than the average cost per day for minimum custody. Gates also provides a work crew for the community and operates a water and sewer system for the DOC, DOT, and two local schools.

-347.00		-347.00	
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Six of the nine GPAC prison units originally recommended by the Governor are recommended for closing. These facilities either operate at costs well above the statewide average and/or are minimum custody institutions. Fewer minimum custody beds are needed due to the impact of Structured Sentencing. The closing dates and custody levels are:

Goldsboro 8/1/99 (minimum)  
 Blanch 9/1/99 (medium/close)  
 Stokes 10/1/99 (minimum)  
 Stanly 7/1/99 (minimum)  
 Yadkin (9/1/99) (minimum)  
 Iredell (10/1/99) (medium)  
 (HB 168, Sec. 18.11)

**2 Close Nash Prison Unit**

(\$344,275)	R	(\$413,130)	R
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It is recommended to close Nash 9/1/99 since minimum custody beds are not needed in this area of the state. This is the old Nash field unit which now operates, with 15 employees, as a satellite to the new Nash Unit.

-15.00		-15.00	
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**3 Convert Currituck Unit to Minimum Custody**

(\$619,695)	R	(\$743,634)	R
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Conversion of this prison from medium to minimum custody will reduce cost and allow for creation of minimum custody community work crews to serve the area.

-27.00		-27.00	
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Overview: 1999 Session Fiscal and Budgetary Actions

	FY 99-2000		FY 2000-01	
<b>4 Eliminate Double Celling</b>	(\$3,045,348)	R	(\$3,999,260)	R
In 1995, the General Assembly authorized double celling of inmates at Marion, Pasquotank and Central Prisons and funded the staffing necessary for additional security and programs. With increased availability of prison beds, it is possible to return to single cell close custody in these units and reduce the staffing accordingly.	-125.00		-125.00	
<b>5 Eliminate Expanded Operating Capacity Positions</b>	(\$2,039,745)	R	(\$3,059,618)	R
With the opening of new prison beds, the need for minimum security prison beds has diminished. This budget reduction would reduce beds and population at 16 minimum security units, allowing for reduction of staff.	-108.00		-108.00	
<b>6 Reduce Perimeter Security Positions</b>	(\$247,880)	R	(\$330,506)	R
Perimeter Patrol was reduced at medium custody prisons in 1998 from two patrols on the night shift to one. This recommendation would reduce staffing from two to one on the evening shift. There would continue to be two perimeter patrols on the day shift. Each of the prisons affected has an electronic intrusion fencing system.	-12.00		-12.00	
<b>7 Eliminate Adult Schools at Eastern and Harnett</b>	(\$95,139)	R	(\$103,788)	R
These two teacher positions are the last remaining adult basic education teachers in the male prisons. DOC's focus is now on youthful offenders; Community Colleges will provide these services for adult males at Harnett and Eastern.	-2.00		-2.00	
<b>8 Abolish Education Positions</b>	(\$144,753)	R	(\$167,704)	R
Eliminates four physical education teachers, three vocational teachers, and one Assistant Education Director at Western. The P.E. teachers are the last remaining P.E. teachers in DOC; their duties will be carried out by recreation staff and classroom teachers. The vocational programs at Piedmont will be carried out by Community Colleges, as are all other vocational programs in the prison system. DOC believes the Assistant Education Director duties can be handled by the Director.	-8.00		-8.00	
<b>9 Education Director Position at Eastern</b>	(\$67,322)	R	(\$67,322)	R
This item eliminates funding for the Education Director position which will be vacant July 1, 1999. The DOC adult education program at Eastern has been reduced over time and replaced by community college programs. The DOC adult program at Eastern no longer requires an on-site Education Director.	-1.00		-1.00	



Overview: 1999 Session Fiscal and Budgetary Actions

	FY 99-2000		FY 2000-01	
<b>10 Abolish Parole / Post Release Hearing Officers</b>	(\$291,540)	R	(\$291,540)	R
Eliminates five parole revocation hearing officer positions due to the continued decrease in workload resulting from Structured Sentencing. The Department intends to use contractual employees to hold hearings around the State. Travel expenses are reduced to reflect this change.	-5.00		-5.00	
<b>11 Reduce Leased Space Funds</b>	(\$343,220)	R	(\$343,220)	R
Reduces funds for leased space by consolidating offices and implementing a pilot Home as Duty Station program within the Division of Community Corrections(HB 168, Sec. 18.3).				
<b>12 Consolidate Female IMPACT with Male IMPACT Program</b>	(\$940,783)	R	(\$940,783)	R
The female IMPACT Program has had difficulty maintaining a high utilization rate since its inception. The annual capacity of the program will be reduced from 260 to 120; its operation will be consolidated with the program for males at Morganton, allowing a reduction in positions and funding.	-25.00		-25.00	
<b>13 Additional Reduction in IMPACT Female</b>	(\$400,832)	R	(\$400,832)	R
The IMPACT program for females in Hoffman is being consolidated with the program for men in Morganton, thus eliminating 25 positions. This left twelve positions budgeted for the female program in Hoffman. With this item, eight of those positions are eliminated due to the consolidation. This leaves four positions at Hoffman to continue food service operation for the program for men; a Food Service Manager I, two Correctional Food Service Supervisor I positions, and a Maintenance Mechanic IV.	-8.00		-8.00	
<b>14 Reduce Parole Commissioners from 5 to 3</b>	(\$161,766)	R	(\$176,472)	R
Due to the declining number of paroles since the passage of Structured Sentencing, the number of Post-Release Supervision and Parole Commissioners is reduced from five to three. The terms of all current Commissioners will expire July 31, 1999, and three appointments will be made effective August 1, 1999(HB 168, Sec. 18.2).	-2.00		-2.00	
<b>15 Abolish Two Positions in Parole Commission</b>	(\$92,033)	R	(\$92,033)	R
Two positions from the Post-Release Supervision and Parole Commission, a Victims Services Coordinator and a Public Information Officer, have been transferred to the Office of Citizen Services but were continued in the Parole Commission budget in 1998-99. This item eliminates funding for these positions because alternative funding will be provided by the Office of Citizen Services.	-2.00		-2.00	

Overview: 1999 Session Fiscal and Budgetary Actions

	FY 99-2000		FY 2000-01	
<b>16 Additional Reductions in Parole Commission</b>	(\$101,000)	R	(\$101,000)	R
The Post-Release Supervision and Parole Commission budget is reduced by 5% to reflect decreasing workload. The positions eliminated are an Office Assistant V and an Office Assistant IV. This item also reduces operating expenses by \$32,090.	-2.00		-2.00	
<b>17 Eliminate Vacant Positions</b>	(\$323,563)	R	(\$323,563)	R
The Governor recommended eliminating nine positions that had been vacant for one year or longer. One position was in the Division of Community Corrections and the rest were in the Division of Prisons.	-9.00		-9.00	
<b>18 Reduce Inmate Costs at Closed Facilities</b>	(\$1,078,020)	R	(\$1,265,694)	R
These funds are the inmate budget component (food, clothing, medical) for prisons recommended for closing. Also includes adjustment for moving up closing dates of Stanly and Yadkin Correctional Centers.				
<b>19 Close Stanly and Yadkin Units Early</b>	(\$541,305)	NR		
It is recommended that the DOC close Stanly July 1, 1999 instead of the original proposed date of October 1, 1999 so that employees at Stanly can be used to staff the new Albemarle prison. The budget reduction is the additional amount generated between July 1, 1999 and October 1, 1999. It is also recommended that the Yadkin Unit close early -- September 1, 1999 rather than the original proposed date of November 1, 1999. This will avoid expenditures for major repairs or replacement of the water and sewer system.				
<b>20 Reduce Automobile Replacement Funds</b>	(\$360,197)	NR		
The Subcommittee reduced the budget for automobile replacement by identifying vehicles that would not meet the replacement mileage cap (100,000 miles) until FY 2000-01.				
<b>21 Reduce Medical Contractual Personnel Funds</b>	(\$475,000)	R	(\$475,000)	R
The DOC continuation budget for medical contractual personnel for 1999-2000 and 2000-01 is \$8,500,000, roughly the same amount expended in 1997-98 and estimated in 98-99. However, the General Assembly funded new medical positions at NCCIW that were originally funded from the contractual budget. It is recommended that the contractual services funds be reduced by the amount that was replaced by a portion of the new positions.				
<b>22 Eliminate Funding for New Trainers</b>	(\$415,575)	R	(\$498,650)	R
The Governor's Continuation Budget recommends 10 new Correctional Training Instructors for the Division of Community Correction. This item eliminates funding for these positions.	(\$84,410)	NR		
	-10.00		-10.00	

Overview: 1999 Session Fiscal and Budgetary Actions

	FY 99-2000		FY 2000-01	
<b>23 Eliminate Funds for New Administrative Assistants</b>	(\$472,588)	R	(\$567,060)	R
The Governor's Continuation Budget recommends 13 new Administrative Assistants in the Division of Community Corrections for the Managers in the largest judicial districts. This item eliminates these positions.	(\$105,820)	NR		
	-13.00		-13.00	
<b>24 Reduce Funds for New Probation / Parole Officers</b>	(\$3,905,306)	R	(\$4,447,586)	R
The Governor's Continuation Budget recommends \$5.6 million for 110 new Intermediate Officers (PPO II). Instead of establishing new positions, \$775,727 will be provided in 1999-2000 and \$935,112 in 1999-2000 to the Department of Correction to speedup reallocation of 161 positions from PPO I (Community) to PPO II (Intermediate). These funds will allow raises totaling 10% for all 514 of the PPO II positions that have been created by reallocation. With these reallocations, caseload averages by 2000-2001 will be: 28:2 for Intensive, 65:1 for Intermediate and 106:1 for Community. Reallocations will be phased in between September 1999 and January 2000(HB 168, Sec. 18.18).	(\$921,690)	NR		
	-110.00		-110.00	
<b>25 Eliminate Funding for New Supervisors and Clerks</b>	(\$796,913)	R	(\$956,219)	R
The Governor's Recommended Continuation Budget includes 11 new Chief PPOs and 11 Office Assistants, based on the addition of 110 Intermediate Officers. Because Intermediate Officers will be created through reclassifications of existing officers, these positions are not needed.	(\$288,706)	NR		
	-22.00		-22.00	
<b>26 Remove Inflationary Increase for CJPP</b>	(\$240,000)	R	(\$240,000)	R
The Governor's Recommended Continuation Budget includes a 2.5% increase in Implementation Grants for the counties participating in the Criminal Justice Partnership Program. This item removes funding for this inflationary increase.				
<b>27 Reduce Funds for Nonparticipating Counties-CJPP</b>				
The Governor's Continuation Budget includes an increase of \$4.5 million to fully fund Implementation Grants for 100 counties for the Criminal Justice Partnership Program. Funding is eliminated for the 10 counties not expected to participate during 1999-2000.	(\$705,704)	NR		
<b>28 One-Time Reduction in Prison Enterprises</b>				
This one-time reduction will not affect committed Enterprise projects or planned equipment spending.	(\$400,000)	NR		

**29 Reduce DART Cherry Aftercare Funds**

The Continuation Budget includes \$319,715 in contractual service funds, which are used for aftercare for offenders completing the 28 and 90-day programs at DART-Cherry who are not eligible for existing community programs. Funds for this project are reduced to \$269,715 for 1999-2000.

(\$50,000) NR

**30 Inmate Road Squad Receipts**

Increase receipts from Highway Fund for operating inmate road squads from \$6.5 million to \$7 million to reflect actual cost and to implement directive in 1998-99 Budget Bill to adjust the continuation budget to reflect actual cost of operating road squads. This transfer allows a reduction of \$500,000 in the General Fund. (HB 168, Sec. 27.21)

(\$500,000) R

(\$500,000) R

**31 Alien Assistance Receipts**

North Carolina receives federal funds to partially fund the cost of housing illegal aliens who are inmates in the prison system. Receipts are anticipated to increase, allowing for a reduction in the General Fund.

(\$1,100,000) NR

**32 Inmate Co-Pay Receipts – Reduce General Fund**

The General Assembly authorized inmate co-pay for visits to prison infirmaries in 1997. Inmates pay \$3.00 for routine visits to infirmary and \$5.00 for emergencies if they have funds available in their accounts. This reduction budgets the receipts and reduces the General Fund.

(\$300,000) R

(\$300,000) R

**33 Inmate Canteen Fund**

This reduction is a one-time reduction in the estimated cash balance of the Inmate Welfare Fund. This reduction does not affect planned inmate projects or expenses to operate the fund and inmate services.

(\$750,000) NR

**34 Eliminate Vacant Medical Positions**

The General Assembly authorized 50 new medical positions and 50 reallocations for a total of 100 new medical positions at Central and Women's Prison. This recommendation is to reduce 12 vacant positions at Central. These positions -- 8 lead nurses, 3 Nurse Supervisors and 1 staff nurse -- were established in June 1998 and have not been filled despite continuous reposting. 38 of 50 positions at Central will remain, including 25 nurses.

(\$540,000) R

(\$540,000) R

-12.00

-12.00

**35 Reduce Office Furniture Budget**

Reduces funds for office furniture in the Division of Community Correction's operating budget.

(\$118,336) R

(\$118,336) R

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**36 Modular Prison Unit**

In 1998-99 the General Assembly appropriated \$350,000 to purchase a modular prison unit for the Henderson Correctional Center. Bids for the unit exceeded \$350,000. It is recommended that an additional \$60,000 be appropriated to complete this project.

\$60,000 NR

**37 Continue Boot Camp Aftercare Program**

Provides funds to continue the IMPACT aftercare program in Forsyth, Mecklenburg, New Hanover, Nash/Edgecombe, and Buncombe Counties.

\$440,000 R \$440,000 R

**38 Women at Risk Program**

Funding is increased from \$125,000 to \$200,000 to reflect growth in the program in Buncombe County and expansion to Burke, Caldwell, and Catawba Counties (HB 168, Sec. 18.6).

\$75,000 R \$75,000 R

**39 Harriet's House**

Provides funds for additional support in 1999-2000 to the programs at Harriet's House, a transitional home for female ex-offenders and their children. Harriet's House receives \$200,000 in the Continuation Budget (HB 168, Sec. 18.4).

\$75,000 NR

**40 Continue Victims Assistance Pilot and DOC Program**

Continues pilot program to provide assistance to victims through the Division of Community Correction. The program, in Craven and Wake Counties, includes one Victims Assistant in each location and a clerical position in Craven County. Also provides one-time funds to reprogram the OPUS system for tracking victims' information statewide for the DOC.

\$119,915 R \$119,915 R  
\$75,000 NR  
3.00 3.00

**41 Equipment/Furniture Funds for Parole Commission**

Provides one-time funding to replace outdated equipment and furniture for the Post-Release Supervision and Parole Commission.

\$50,000 NR

**42 Inmate Road Squads at Avery/Mitchell**

The continuation budget includes funds for 6 new road squads at Avery/Mitchell to serve those two counties and surrounding counties where prison units have closed. This item funds expansion of two more road squads effective October 1, 1999 for a total of 8.

\$133,767 R \$178,356 R  
6.00 6.00



Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**43 Funds for Inmate Education Programs**

\$50,000

R

\$50,000

R

Funding to allow the DOC to contract with small community colleges to provide education and training for inmates. The DOC will consult with the Community College System to identify small colleges that otherwise could not afford to provide services.

**44 Additional Discretionary Funding for CJPP**

\$225,000

NR

Counties participating in the Criminal Justice Partnership Program can apply for discretionary grants, which are awarded by the Secretary of DOC based on recommendations of the CJPP Board. These grants are funded from unspent CJPP funds from prior years and were very limited in 1998-99. This item increases the amount available for discretionary grants in 1999-2000.

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**Total Legislative Changes**

(\$25,819,925)

R

(\$31,488,269)

R

(\$4,822,832)

NR

**Total Position Changes**

-856.00

-856.00

**Revised Budget**

\$891,377,319

\$889,943,525

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# Special Provisions

## 1999 Session: HB 168

### Department: Correction

#### Section 18

**Title:** Modification of Funding Formula for the North Carolina State-County Criminal Justice Partnership Act / Status Report on Criminal Justice Partnership Program

**Summary** Clarifies that the 1999-2000 appropriation is intended for implementation grants, without requiring 20% to be set aside for discretionary grants. Allows a single county to apply for funding for a residential program that may serve offenders from other counties. Clarifies that a county may choose both to operate a Day Reporting Center and to provide for residential substance abuse treatment; requires a report to Appropriations Chairs and Corrections Oversight by February 1, 2000 on expenditures and county and offender participation.

#### Section 18.1

**Title:** Post-Release Supervision and Parole Commission / Report on Staffing Reorganization and Reduction

**Summary** Requires the Commission to report on a proposed 10% reduction in staff in 2000-01 due to declining workload and a plan for further reduction through 2003. Report is to Appropriations Chairs by March 1, 2000.

#### Section 18.2

**Title:** Reduce Membership on Post-Release Supervision and Parole Commission

**Summary** Reduces the membership of the Commission from 5 to 3 effective August 1, 1999. The terms of all current members will expire. New appointments will be for 1, 2 and 3 year terms with subsequent terms of 4 years. Decisions will be made by at least 2 Commissioners.

#### Section 18.3

**Title:** Home as Duty Station Pilot Program

**Summary** Requires a report from the Division of Community Correction on the Home as Duty Station Pilot in Cleveland and New Hanover counties in 1999-2000. This pilot program allows adjustments in procedures for probation parole officers in order to reduce the time in the office and the office space required. DOC is to report to Appropriations Chairs by April 1, 2000

#### Section 18.4

**Title:** Report on Harriet's House

**Summary** Requires program to report to Governmental Operations in September and March of each year on expenditures and effectiveness.

#### Section 18.5

**Title:** Report on Summit House

**Summary** Requires program to report to Governmental Operations in September and March of each year on expenditures and effectiveness.

**Section 18.6**

**Title:** Report on Women at Risk

**Summary** Requires program to report to Governmental Operations in September and March of each year on expenditures and effectiveness.

**Section 18.7**

**Title:** Federal Grant Reporting

**Summary** Requires all 5 JPS agencies to report to Governmental Operations and to Appropriations Chairs in September and May of each year on federal grants pre-approved or received

**Section 18.8**

**Title:** Exemption from Licensure and Certificate of Need

**Summary** Continues provision in budget since 1995. Provision exempts four privately operated minimum security prisons that provide residential substance abuse treatment from licensure and certificate of need from DHHS. (350 beds contracted by Correction)

**Section 18.9**

**Title:** Limit Use of Operational Funds

**Summary** Continues provision that has been in budget for several years. Prevents Correction from using funds for operating new prisons for other purposes and limits hiring of personnel for new prisons to 90 days prior to projected completion date.

**Section 18.10**

**Title:** Reimburse Counties for Housing and Extraordinary Medical Costs for Inmates, Parolees, and Post-Release Supervisees Awaiting Transfer to State Prison System

**Summary** Continues language authorizing \$40 a day to counties for holding state DOC inmates in county jails if there are no DOC beds available. Modifies language to require Judicial Department to provide signed orders of commitment to sheriffs within 48 hours of sentencing in district court and 72 hours in superior court. Once orders are received, counties will begin receiving payment the day after notifying Correction that a prisoner is ready for transfer if DOC does not have a prison bed available.

**Section 18.11**

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

**Summary** Continues language from previous years requiring Correction to work with local governments and private firms in determining the best use of the land and facilities at former GPAC prison sites. Priority is to be given to proposals to use sites for criminal justice purposes. Requires approval of transfers by Council of State and report prior to transfer to Governmental Operations.

**Section 18.11A**

**Title:** Site for New Close Custody Prison

**Summary** Requires the Department of Correction to consider Alexander and Iredell counties for a proposed new close custody prison in the western part of the state.

**Section 18.12**

**Title: Inmate Costs**

**Summary** Directs DOC to provide the Appropriation Chairs and Governmental Operations with a report on possible cost savings in the inmate food service and medical programs due to implementing recommendations in the State Budget study of these programs. Also requires DOC to report to these committees if DOC anticipates that spending for food and medical care will exceed the continuation budget.

**Section 18.13**

**Title: Title VII Funds / Report**

**Summary** Continues language in budget since 1997 allowing DOC to use available funds if a lawsuit over recruitment and promotion of female correctional officers is settled during 1999-2000. DOC must report to various committees prior to final settlement. (Note: This provision was amended in HB 162, Section 56, 1999 Technical Corrections Bill to state that details on the settlement of the lawsuit must be reported within 60 days of the court's entry of the final order, not prior to settlement).

**Section 18.14**

**Title: Criminal Justice Education and Training Standards Commission Certification of Correctional Officers**

**Summary** Revises language from 1998 budget to direct convening of special Criminal Justice Training and Standards Committee to resolve issues relating to streamlining of the process for hiring and certification of correctional officers. Requires presentation of new standards by the convening of 2000 Session of the 1999 General Assembly and certification of new standards by July 1, 2000.

**Section 18.15**

**Title: Federal Grant Matching Funds**

**Summary** Continues language from last year authorizing Correction to use available funds (up to \$650,000) to match federal grants. This was authorized after the General Assembly eliminated permanent DOC grant match funding.

**Section 18.16**

**Title: Private Prison Contracts**

**Summary** Continues provision from 1998 budget requiring recommendations and approval from various groups before modifying financial terms of private prison contracts.

**Section 18.17**

**Title: Pilots to Determine Cost-Effectiveness of Placing all Inmates on Work-Release**

**Summary** Continues work release pilots at Alamance and Union Correctional Centers with final report by March 1, 2001.

**Section 18.18**

**Title:** Report on Probation and Parole Caseloads

**Summary** Requires the Department of Correction to report to Appropriations and to Corrections Oversight by March 1 on the current and optimal caseloads for the different levels of probation and parole officers under the Department's revised case management policy.

**Section 18.19**

**Title:** Proposed Standards for Private Prisons for Out-of-State Inmates

**Summary** Continues language from previous biennium but directs DOC to complete final report on standards for private prisons to house out of state inmates by March 15, 2000. Continues moratorium language until completion and approval of standards.

**Section 18.20**

**Title:** Close Security Prisons

**Summary** Provision allows Correction to issue an RFP and enter contracts for the construction of three close security prisons totaling up to 3000 single cells. The RFP shall provide for the option of bidding on one or more of the facilities but each bidder must provide a separate bid on one facility with up to 1000 cells. DOC would operate the prisons. The State would require vendors to submit a purchase schedule. The provision mandates review and approval of recommended contract awards by State Purchasing and Council of State, in consultation with Governmental Operations and Appropriations, as well as approval of the facilities by the Office of State Construction. If a contract is awarded during calendar year 2000, DOC estimates the prisons would be on-line in 2002-03, the year when prison population could exceed bed capacity. Single cells are needed to house an increasing number of serious offenders for a longer period of time as a result of Structured Sentencing.

**Section 18.21**

**Title:** Community Work Program

**Summary** Clarifies statute on use of inmate crews for community work projects. G.S. 148-26(a) is revised to allow inmates to work on "public or private property" as long as the project benefits the citizens of North Carolina or units of state or local government.

## Crime Control and Public Safety

## GENERAL FUND

Recommended Budget	FY 99-2000 \$35,723,850	FY 2000-01 \$35,899,900
Legislative Changes		
<b>45 Abolish One Position in Victim &amp; Justice Services</b> This reduction eliminates a vacant clerical position, effective July 1, 1999.	(\$25,642) R -1.00	(\$25,642) R -1.00
<b>46 Transfer Crime Prevention Division</b> Eliminates funding for three positions in the Division of Crime Prevention, including the Director and two Community Development Specialist II positions. The remaining four positions are transferred to the Governor's Crime Commission.	(\$167,059) R -3.00	(\$167,059) R -3.00
<b>47 Transfer Funding of 3 Positions to Highway Fund</b> Transfers funding of three positions in the Department that specifically support the operations of the State Highway Patrol. These positions include an Assistant Secretary, Accountant III, and Accounting Clerk IV.	(\$209,575) R -3.00	(\$209,575) R -3.00
<b>48 Reduce Operating Funds in Department</b> Reduces funds for workers' compensations payments departmentwide (\$75,000) and aid to governmental units in the Division of Emergency Management (\$75,000).	(\$150,000) R	(\$150,000) R
<b>49 Tarheel Challenge Program</b> Provides state matching funds for the Tarheel Challenge Program, which operates on a 70%-federal to 30%-state basis. This 22-week residential program in Sampson County works with high school dropouts and expellees from throughout North Carolina (HB 168, Sec. 20.4).	\$710,000 R	\$710,000 R
<b>50 Boxing Commission Funds</b> Provides funds for personnel and provides operating expenses required to continue the operation of the Boxing Commission. These funds will be used to cover salaries and benefits, contractual services, travel, and other operating expenses. These funds will allow the program to operate at its 1997-98 level (HB 168, Sec. 20.3).	\$110,220 R 3.00	\$110,220 R 3.00

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**51 National Guard Tuition Assistance Program**

\$100,000

R

\$100,000

R

Provides funds to increase the amount and number of educational benefits for members of the National Guard.

**52 Funds for School Metal Detectors**

\$350,000

NR

Provides funds to purchase metal detectors for public schools throughout North Carolina (HB 168, Sec. 20.5).

**53 Victims Assistance Funds**

\$350,000

NR

Provide funds to expand the services provided by the North Carolina Victims Assistance Network (HB 168, Sec. 20.1).

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**Total Legislative Changes**

\$367,944

R

\$367,944

R

\$700,000

NR

**Total Position Changes**

-4.00

-4.00

**Revised Budget**

\$36,791,794

\$36,267,844

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# **Special Provisions**

## **1999 Session: HB 168**

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

#### **Section 20**

**Title:** Legislative Review of Drug Law Enforcement and Other Grants

**Summary** Provides that State applications for drug law enforcement grants are subject to review by Governmental Operations when the General Assembly is not in session.

#### **Section 20.1**

**Title:** Victims Assistance Network Funds

**Summary** Authorizes the use of \$500,000 in 1999-2000 and \$150,000 in 2000-2001 to support the Victims Assistance Network. The provision also specifies requirements on the use of these funds.

#### **Section 20.2**

**Title:** Report on Crime Victims Compensation Fund

**Summary** Modifies the statutory requirement for an annual report on activities of the Crime Victims Compensation Fund. The report is due to the General Assembly by March 15th of each year.

#### **Section 20.3**

**Title:** Technical Changes of Boxing Commission Law

**Summary** Specifies that the Executive Director of the Boxing Commission shall enforce the law through the Department of Crime Control and Public Safety.

#### **Section 20.4**

**Title:** Annual Evaluation of the Tarheel Challenge Program

**Summary** Requires an annual report due to the General Assembly by April 1 of each year.

#### **Section 20.5**

**Title:** Crime Control Purchase Metal Detectors

**Summary** Directs the Department of Crime Control & Public Safety to spend \$350,000 to purchase metal detectors for public schools. Each local school system may apply for the detectors. Priorities are to place portable walk through models in each school administrative unit and hand held models in each school.

## Judicial

## GENERAL FUND

Recommended Budget	FY 99-2000 \$337,613,191	FY 2000-01 \$340,135,574
Legislative Changes		
<b>54 Reduce Salary Reserve Funds</b> 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.	(\$958,363) R	(\$1,007,767) R
<b>55 Reduce Worker's Compensation Funds</b> Reduce funds for worker's compensation payments department-wide based on a decrease in the numbers of claims and expenses to date in FY 1998-99.	(\$200,000) R	(\$200,000) R
<b>56 Reduce Out of State Travel Expenses</b> Reduce expenses for out of state travel department-wide.	(\$95,552) R	(\$95,552) R
<b>57 Eliminate Reserve for Operations</b> Eliminate funds which have been used to cover unforeseen needs in the areas of postage, travel, etc. The department believes existing appropriations are sufficient to cover these areas.	(\$405,612) R	(\$405,612) R
<b>58 Reduce Reserve for General Office Supplies</b> Reduce funds used to purchase general office supplies for the department. This reduction will still allow the department to keep sufficient inventory in their warehouse.	(\$106,983) R (\$200,000) NR	(\$106,983) R
<b>59 Eliminate Vacant Positions</b> Eliminates funds for the Special Projects Coordinator position and District Attorney Investigator position located in District 6B.	(\$142,367) R -2.00	(\$142,367) R -2.00
<b>60 Reduce Software Maintenance Agreements</b> Reduce estimated increases for software license agreements in the Information Services Division based on revised contracts.	(\$420,148) R	(\$420,148) R

Overview: 1999 Session Fiscal and Budgetary Actions

	FY 99-2000		FY 2000-01	
<b>61 Reduce Indigent Fund Requirements</b>	(\$3,200,000)	R	(\$3,200,000)	R
Reduce estimated increases in indigent fund requirements based on revised projections of expenditures for capital and non-capital cases. Even with these reductions, the fund is being increased \$4.8m in FY 1999-00 and \$9.8m in FY 2000-01.				
<b>62 Reduce Replacement Equipment Funds</b>	(\$1,250,000)	NR		
Reduce funds for replacement office equipment (\$250,000) and computer related equipment (\$1,000,000) in FY 1999-00 by delaying replacement of certain items. This still provides \$3.75m in funds for FY 1999-00.				
<b>63 Reduce Operating Funds Related to Non IV-D Cases</b>	(\$601,078)	R	(\$601,078)	R
Reduce operating funds (paper, postage, envelopes, etc) related to transferring all non IV-D, non-wage withholding child support transactions to DHHS.				
<b>64 Superior Court Judges</b>	\$566,440	R	\$707,095	R
Provide funds for four Special Judges and one Resident Judge to be located in District 22, effective October 1, 1999. (HB 168, Sec. 17.12)	\$38,236	NR		
	5.00		5.00	
<b>65 District Court Judges</b>	\$543,897	R	\$1,058,301	R
Provide funds for 9 additional District Court Judges to be located in Districts 2, 5, 13, 15A, 18, 19A, 26, 27A, and 30. All positions are effective January 1, 2000. (HB 168, Sec. 17.6)	\$99,522	NR		
	9.00		9.00	
<b>66 Judges Support Staff</b>	\$192,809	R	\$314,683	R
Provide funds for two judicial assistant II's and 3 judicial assistant I's effective January 1, 2000. Also provides funds for a project coordinator in Superior Court District 38 and District Court District 15B effective October 1, 1999.	\$37,777	NR		
	7.00		7.00	
<b>67 New Court Reporters / Increase Transcript Fee</b>	\$240,061	R	\$434,037	R
Provide funds to establish 8 additional court reporter positions effective January 1, 2000. Also provides \$45,621 to increase reimbursement for transcripts from \$2.25 to \$2.35 per page.	\$49,848	NR		
	8.00		8.00	
<b>68 Magistrate Positions</b>	\$50,625	R	\$101,223	R
Provide funds for 3 additional magistrate positions to be located in Cumberland, Camden, and Union Counties. All positions are effective January 1, 2000. (HB 168, Sec. 17.4)	\$15,783	NR		
	3.00		3.00	

Overview: 1999 Session Fiscal and Budgetary Actions

	FY 99-2000		FY 2000-01	
<b>69 Deputy Clerks of Court</b>	\$158,816	R	\$313,775	R
Provide funding for 11 additional deputy clerk positions effective January 1, 2000.	\$44,836	NR		
	11.00		11.00	
<b>70 Assistant District Attorneys</b>	\$324,891	R	\$644,868	R
Provide funding for nine assistant district attorney positions to be located in Districts 5, 10 (2 positions), 12, 13, 15A, 19A, 20, and 26. All positions are effective January 1, 2000. (HB 168, Sec. 17.8)	\$58,887	NR		
	9.00		9.00	
<b>71 District Attorney Investigators</b>	\$74,175	R	\$148,476	R
Provide funds for three district attorney investigator positions to be located in Districts 5, 10, and 22. The position for District 10 shall be used to assist the violent offender task force program. All positions are effective January 1, 2000. (HB 168, Sec. 17.9)	\$16,539	NR		
	3.00		3.00	
<b>72 District Attorney Support Staff</b>	\$465,325	R	\$926,275	R
Provide funds for 25 additional victim witness / legal assistant positions in anticipation of providing services to domestic violence misdemeanor victims as a result of the Victims Rights' legislation. All positions are effective January 1, 2000.	\$135,250	NR		
	25.00		25.00	
<b>73 Family Court Funds</b>	\$611,399	R	\$724,915	R
Provide funds to annualize the three existing programs operating in Districts 26 (Mecklenburg), 14 (Durham), and 20 (Anson, Stanly, Union, Richmond). These funds are used to provide case managers and support staff who assist judges in assigning cases that affect families (divorce, alimony, delinquency, abuse). Also provides funding for an administrator position for District 20 effective October 1, 1999.	15.00		15.00	
<b>74 Manage Indigent Fund</b>	\$29,601	R	\$59,253	R
Provide funds for an administrative assistant for indigent services who will assist in reviewing expenditures from the Indigent Defense Fund. Specific responsibilities include: 1) establishing guidelines and procedures for determining indigency, 2) reviewing the feasibility of establishing a uniform fee schedule for certain cases, and, 3) recommending alternatives for putting a management structure in place. The position is effective January 1, 2000. (HB 168, Sec. 17.11)	\$7,096	NR		
	1.00		1.00	
<b>75 Other Judicial Position</b>	\$38,825	R	\$77,544	R
Provide funds for one appellate court reporter position effective January 1, 2000.	\$6,352	NR		
	1.00		1.00	

Overview: 1999 Session Fiscal and Budgetary Actions

	FY 99-2000		FY 2000-01	
<b>76 Guardian Ad Litem Funds</b>	\$482,804	R	\$565,976	R
Provide funds to establish four district secretary positions effective January 1, 2000. Also provides \$400,000 to increase the rate paid to attorneys to assist in retaining experienced counsel.	\$20,992	NR		
	4.00		4.00	
<b>77 Court Management Pilot Program</b>	\$150,000	NR		
Provide funds to establish two court management administrator positions to assist in implementing Senate Bill 1025. These positions will work with the coordinating judge in each pilot program.	2.00			
<b>78 Transfer Indigent Funds for Capital Case Program</b>	\$0	R	\$0	R
Allows the Department to transfer up to \$358,103 in FY 1999-00 and \$396,845 in FY 2000-01 from the Indigent Persons' Attorney Fee Fund to establish 3 assistant public defenders and 1 investigator to work specifically on capital cases. (HB 168, Sec. 17.13)	\$0	NR	\$0	NR
	4.00		4.00	
<b>79 Assistant Public Defenders from Indigent Fund</b>	\$0	R	\$0	R
Allows the Department to transfer up to \$161,448 in FY 1999-00 and \$284,840 in FY 2000-01 from the Indigent Persons' Attorney Fee Fund to establish 4 additional assistant public defender positions. All positions are effective January 1, 2000. (HB 168, Sec. 17.5)	\$0	NR	\$0	NR
	4.00		4.00	
<b>80 Emergency Judge Pay</b>	\$278,245	R	\$278,245	R
Provide funds to continue pay for emergency judges at \$300 per day as specified by the 1998 short session.				
<b>81 Expand Family Court Programs / Education Funds</b>	\$251,608	R	\$428,216	R
Provide funds to expand family court programs into three additional districts. These programs have specially trained judges who work with matters (divorce, alimony, abuse, custody, etc.) affecting the family. The funds would be used to hire 8 case managers effective January 1, 2000. Also provides \$75,000 to establish an educational program for parents who are parties to a custody or visitation action. (HB 168, Sec. 17.16)	\$40,000	NR		
	8.00		8.00	
<b>82 State Bar Funds</b>	\$1,000,000	R	\$1,000,000	R
Provide additional funds to the State Bar to improve the administration of justice. This includes \$660,000 for Legal Services and \$340,000 for the Center for Death Penalty Litigation for each year of the 1999-2000 biennium. (HB 168, Sections 17.1 and 17.1A)				



Overview: 1999 Session Fiscal and Budgetary Actions

	FY 99-2000		FY 2000-01	
<b>83 Drug Treatment Court</b>	\$1,000,000	R	\$1,430,000	R
Provides funds to continue existing programs in Wake, Mecklenburg, Person/Caswell, Warren, and Forsyth Counties. Also provides funds to complete implementation over the biennium of new programs started in 1998-99 in Durham, Vance, Wake District Court and Mecklenburg Superior Court. Provides State funds to the New Hanover program and for the State program to continue to work with districts involved in planning new DTC programs. Unexpended funds from 1998-99 will not revert and will be used to assist programs in 1999-2000. The new position continues a Program Coordinator position in District #26 which was funded with nonrecurring funds in 1998-99(HB 168, Sec. 17.14).	1.00		1.00	
<b>84 Bad Check Programs</b>	\$337,621	R	\$381,474	R
Provide funds to continue existing programs in Columbus, Durham, Rockingham, and Wake Counties. Also provides funds to expand the Columbus program to Bladen and Brunswick Counties and establishes a new program in New Hanover and Pender Counties. These programs are designed to reduce the amount of time spent on prosecuting these cases, and to assist worthless check victims in recovering restitution. (HB 168, Sec. 17.7)	\$12,778	NR		
	10.00		10.00	
<b>85 Community Mediation Center Funds</b>	\$350,000	R	\$350,000	R
Provide additional funds for community mediation centers statewide as recommended by the Mediation Network of North Carolina, Incorporated. (HB 168, Sec. 17.3)				
<b>86 District Court Mediated Settlement Program</b>	\$45,142	R	\$45,142	R
Provide funds to establish pilot programs in district court which assist in mediating equitable distribution, alimony, and child support issues.	1.00		1.00	
<b>87 Increase Community Penalties Funding</b>	\$86,935	R	\$86,935	R
This item provides additional funding to contract programs around the State to allow them to increase salaries comparable to the State employee pay increase.	\$12,422	NR		
<b>88 Business Court Funds</b>	\$52,000	NR		
Provide funds to Guilford County to rent space for the North Carolina Business Court. (HB 168, Sec. 17.18)				
<b>89 Funds for Indigency Screeners</b>	\$100,000	NR		
Provide funds to establish an indigency screening program in Wake County. These funds will be allocated to Carolina Correctional Services Incorporated to establish positions who will be used to determine indigency of criminal defendants.				



Overview: 1999 Session Fiscal and Budgetary Actions

**FY 99-2000**

**FY 2000-01**

**90 Transfer All Non IV-D Transactions to DHHS**

\$2,000,000

R

\$3,328,791

R

Provide funds to DHHS in order to cover the cost of processing all non IV-D, non-wage withholding child support transactions. These funds will be used to cover postage, telephone, personnel, and vendor charges associated with transferring this function from clerks' offices.

**91 Disaster Recovery Program**

\$350,000

NR

Provide funds to complete a disaster recovery program for court information systems. The funds will be used to do environmental impact analysis on existing systems and to determine an appropriate means of backing-up systems during disaster situations.

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**Total Legislative Changes**

\$2,999,116

R

\$7,225,717

R

(\$201,682)

NR

\$0

NR

**Total Position Changes**

129.00

127.00

**Revised Budget**

\$340,410,625

\$347,361,291

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# **Special Provisions**

**1999 Session: HB 168**

**Department: Judicial**

**Section 17**

**Title: Transfer of Equipment and Supply Funds**

**Summary** Continues language which allows the Department to allocate supply and equipment funds from a reserve account to individual programs based on need.

**Section 17.1**

**Title: N.C. State Bar Funds**

**Summary** This provision allows the State Bar to use up to \$250,000 of their \$1,250,000 continuation budget appropriation for the 1999-01 biennium, to contract with the Center for Death Penalty Litigation, which provides training and assistance to attorneys representing indigent capital defendants. Also allows the State Bar to use up to \$340,000 in expansion funds for same purpose.

**Section 17.1A**

**Title: Pisqah Legal Services Funds**

**Summary** Specifies that State funds that would have been provided to Appalachian Legal Services should instead be allocated to Pisqah Legal Services.

**Section 17.2**

**Title: Indigent Persons' Attorney Fee Fund**

**Summary** Continues language which establishes the method of allocation of indigent defense funds to judicial districts.

**Section 17.3**

**Title: Report on Community Mediation Centers**

**Summary** This provision continues annual reporting and match requirements for all Community Mediation Centers receiving State funds.

**Section 17.4**

**Title: Authorize Additional Magistrates**

**Summary** Authorizes a statutory increase in the maximum number of magistrates allowed in Camden, Cumberland, and Union Counties.

**Section 17.5**

**Title: Assistant Public Defenders**

**Summary** Allows AOC to allocate funds from the Indigent Persons' Attorney Fee Fund to establish four additional assistant public defender positions effective January 1, 2000.

**Section 17.6**

**Title:** Additional District Court Judges

**Summary** Specifies that the 9 additional district court judge positions shall be located in districts 2, 5, 13, 15A, 18, 19A, 26, 27A, and 30.

**Section 17.7**

**Title:** Bad Check Program

**Summary** Continues existing bad check programs and authorizes additional programs in Brunswick, Bladen, New Hanover and Pender Counties. Also requires a report to various committees on the effectiveness of the programs by April 1 of each year.

**Section 17.8**

**Title:** Additional Assistant District Attorneys

**Summary** Specifies that the 9 additional assistant district attorney positions shall be located in districts 5, 10 (2 positions), 12, 13, 15A, 19A, 20, and 26.

**Section 17.9**

**Title:** Additional Investigatorial Assistants

**Summary** Specifies that the 3 additional investigatorial assistants shall be located in districts 5, 10 and 22 and that District #6B no longer has one.

**Section 17.10**

**Title:** District Court Vacancies in Districts 9 and 9B

**Summary** Specifies that members of the bar who reside in district court district 9 or 9B (not prosecutorial district 9) shall provide nominations to the Governor in instances where judgeships are vacant.

**Section 17.11**

**Title:** Extend Indigent Fund Study Commission / Study Public Defender Programs

**Summary** Extends the indigent fund study commission for another year and requires a report to various committees by May 1, 2000.

**Section 17.12**

**Title:** Add Special Superior Court Judges / Add Superior Court Judge in District 22

**Summary** Establishes four new special superior court judge positions and one resident superior court judge position to be located in District 22, effective October 1, 1999.

**Section 17.13**

**Title:** Capital Case Program

**Summary** Allows the AOC to continue this program that assists districts who have difficulty finding private counsel to handle capital cases.

Section 17.14

Title: Drug Treatment Court Funds Shall Not Revert

Summary Allows the Drug Treatment Court program to carry over funds that were not spent in 1998-99 to be used for the program in 1999-2000.

Section 17.15

Title: Court Information Technology Fund

Summary Establishes a Court Technology Fund from moneys collected from contracts with third parties who facilitate public access to court records. These funds are to be used to supplement court information technology needs and may be expended after reporting to various legislative committees.

Section 17.16

Title: Education Program for Parents Who Are Parties to a Custody or Visitation Action

Summary Establishes an educational program for parties of a custody or visitation action that shall be administered through existing family court programs. Requires the AOC to report on the implementation and effectiveness of the programs by March 1, 2000.

Section 17.17

Title: Criminal Case Assistance/Local Funds

Summary Allows the AOC to enter into contracts with local governments for the provision of judicial services in order to facilitate the speedy disposition of cases affecting public safety. Also allows a city or county to appropriate funds for such contracts.

Section 17.18

Title: Business Court

Summary Specifies that the AOC shall ensure that the North Carolina Business Court is available to hold sessions throughout the State when doing so is more convenient for the parties before the court. Also requires an annual report on the activities of the court by April 1 of each year.

Section 17.19

Title: District 19B Split

Summary Divides Judicial District #19 B into two districts, #19B1 and #19B2, for purposes of the election of the Superior Court Judges, effective for the 2000 election.

Section 17.20

Title: Divide Superior Court District #5

Summary Divides the 5th Judicial District into #5A, #5B and #5C for purpose of the election of the Superior Court Judges, effective with the 2002 election.

## Justice

## GENERAL FUND

	FY 99-2000	FY 2000-01
Recommended Budget	\$72,273,100	\$71,521,703

## Legislative Changes

**92 Reduce Funding to Replace SBI Vehicles**

The Governor's Continuation Budget recommends \$1,879,600 in 1999-2000 and \$917,000 in 2000-2001 to replace SBI cars and trucks. Funding is reduced by \$103,900 in 1999-2000 and increased by \$123,918 in 2000-2001. This will result in the SBI deferring replacement of approximately seven vehicles from 1999 to 2000. Increased maintenance costs, increased purchase costs, and decreased resale costs are reflected in these figures.

(\$103,900) NR \$123,918 NR

**93 Eliminate Funding for Legal Services Bonuses**

The Continuation Budget includes funds for annual bonuses for Legal Services Attorneys based on outstanding job performance. The funding for this item is eliminated.

(\$93,453) R (\$93,453) R

**94 Eliminate Information Systems Manager Position**

Eliminates position for Information Systems Manager in the Legal Services Division. Information technology is being reorganized departmentwide and this position is no longer needed. Position is eliminated effective August 1, 1999.

(\$66,916) R (\$71,812) R

-1.00 -1.00

**95 Reduce Safe Neighborhoods Program**

Funding is reduced for the Safe Neighborhoods Program. Funds remain to continue the Information and Communication Specialist position, which is currently staffing the program.

(\$59,406) R (\$59,406) R

**96 Increase Realized Receipts for DCI Fees**

The amounts received in fees for criminal record checks and for access to the DCI system have increased with the volume of activity. The increase in receipts allows a reduction in the General Fund appropriation to the Department.

(\$100,000) R (\$100,000) R

**97 Reduction in Lease Expenses for DCI**

The Division of Criminal Information will complete lease/purchase payments for their mainframe system in June 2000, allowing a \$1.2 million reduction in the appropriation to the Department.

(\$1,200,000) R

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**98 Expansion Funding Division of Criminal Information**

\$431,088

R

\$1,631,088

R

Funds are provided to the Division of Criminal Information as follows: \$131,088 in recurring funding for a disaster recovery plan; \$300,000 in 1999-2000 and \$91,600 in recurring funds for upgrade of the system for new applications, with priority given to collecting and maintaining traffic enforcement statistics. If alternative funds are secured for this project, the \$300,000 may be used for other forms of upgrade. This leaves \$1.408 million recurring starting in 2000-2001 to be used to continue upgrading the system and implementing the transition from the current mainframe system.

**99 NC LEAF**

\$125,000

R

\$125,000

R

Provides recurring funds to the NC Legal Education Assistance Foundation to continue assisting public service attorneys with educational loan repayment.

**100 Minority Sensitivity Training**

\$144,760

R

\$161,094

R

These funds allow the Criminal Justice Training and Standards Division to develop a program for minority sensitivity training for law enforcement as mandated in the Juvenile Justice Act. Funds will allow the addition of one Criminal Justice Training Coordinator, contractual employees, and media production for a train-the-trainers program. The position is effective October 1, 1999.

\$5,240

NR

1.00

1.00

**101 New Attorney**

\$49,114

R

\$65,548

R

These funds allow the addition of one Attorney III position to the Service to State Agencies section to represent Judicial Department personnel, effective October 1, 1999.

\$5,000

NR

1.00

1.00

**102 Paralegals for Tort Claims Section**

\$57,214

R

\$76,285

R

Provides funds for two Paralegal II positions to work in the Tort Claims Section. This will allow the Section's attorneys to spend less time on routine tasks and more time on litigating their heavy caseload. This increases the number of paralegals in the Section from one to three. Both positions are effective October 1, 1999.

\$9,600

NR

2.00

2.00

**103 Sheriff's Standards Commission**

\$29,039

R

\$37,052

R

Provides funding to add a Criminal Justice Field Representative and to purchase software to automate the State examination process. The position is effective October 1, 1999.

\$2,250

NR

1.00

1.00



Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**104 Operational Funds for New Dormitory WJA**

A new dormitory will be completed in August 1999 at the Western Justice Academy. This item provides recurring funds for a Criminal Justice Student Housing Coordinator, a Processing Assistant, a half-time Student Services Assistant, and utility costs. Nonrecurring funds are provided to furnish and equip the building. All positions are effective October 1, 1999.

\$162,446	R	\$192,169	R
\$142,000	NR		
2.50		2.50	

**105 New SBI Personnel to handle DNA testing**

Provides funds to add two DNA database technicians and \$100,000 for supplies needed for DNA analysis and maintenance of a DNA database. Positions are effective December 1, 1999.

\$138,946	R	\$166,764	R
2.00		2.00	

**106 Justice Academy Bookstore Positions**

Creates two positions, a Stock Clerk and a Warehouse Manager, for the bookstore at the Justice Academy at Salemburg. Recurring cost of the positions is \$40,693, but the positions will be funded entirely through receipts from the bookstore.

\$0	R	\$0	R
2.00		2.00	

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**Total Legislative Changes**

\$817,832	R	\$930,329	R
\$60,190	NR	\$123,918	NR

**Total Position Changes**

10.50		10.50	
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**Revised Budget**

\$73,151,122		\$72,575,950	
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# Special Provisions

**1999 Session: HB 168**

**Department:** Justice

**Section** 19

**Title:** Repeal Settlement Reserve Fund

**Summary** Repeals the Reserve Fund established in 1998 that required General Assembly control of funds related to court ordered settlements. Requires the Attorney General to report in writing to Governmental Operations and to Appropriations Chairs on funds related to settlements or court orders if the amount exceeds \$75,000. . Specifies effective date of Nov, 15, 1998

**Section** 19.1

**Title:** Limits on Computer Service Upgrade

**Summary** Requires all 5 JPS agencies to report to Governmental Operations, Technology Committees, and Appropriation Chairs prior to spending continuation budget funds for major computer system upgrades.

**Section** 19.2

**Title:** Criminal Justice Information Network Report

**Summary** Requires a report to Appropriations Chairs by March 1, 2000 on the operations and long range plans of the Criminal Justice Information Network Board. Report goes to Appropriation Chairs and to Fiscal Research.

**Section** 19.3

**Title:** Use of Seized and Forfeited Property Transferred to State Law Enforcement Agencies by the Federal Government

**Summary** Requires the Departments of Justice and Crime Control and Public Safety to report to Governmental Operations prior to the use of these assets transferred by the federal government. They are prohibited from using these assets for certain purposes that result in recurring obligations. DOJ may use the assets for certain specified uses without prior report.

**Section** 19.4

**Title:** Private Protective Services and Alarm Systems Licensing Boards Pay for Use of State Facilities and Services

**Summary** Clarifies that these fee-supported agencies reimburse Department of Justice for use of facilities or services.

**Section** 19.5

**Title:** Certain Litigation Expenses to be Paid by Clients

**Summary** Clarifies that agencies shall reimburse the Department of Justice for expenses related to litigation on their behalf.

Section 19.6

Title: Reimbursement for UNC Board of Governors Legal Representation

Summary Clarifies that the Board of Governors of the University of North Carolina system shall reimburse DOJ for the cost of two Attorney III positions.

Section 19.7

Title: Exempt Justice Academy from the Umstead Act

Summary Allows the bookstore at the Justice Academies to sell miscellaneous items to students.

Section 19.8

Title: Study Fee Adjustment for Criminal Records Checks

Summary Directs the Office of State Budget and Management to re-study the feasibility of adjusting the fees charged for Criminal Record Checks. OSBM is to report to Appropriations Chairs by March 1, 2000.

# Office of Juvenile Justice

## GENERAL FUND

	FY 99-2000	FY 2000-01
Recommended Budget	\$130,037,966	\$130,954,378

### Legislative Changes

<b>107 Reduce Electronic House Arrest Funds</b>	(\$100,000)	R	(\$100,000)	R
Reduce continuation budget from \$200,000 to \$100,000. \$100,000 will provide enough units to cover projected admissions and to provide surplus units while others are in repair.				
<b>108 Training School Positions</b>	(\$1,000,000)	R	(\$1,000,000)	R
Due to increases in the training school population in 1998 and 1999, the Governor and OJJ recommended that 72 positions that had been funded as temporary positions be made permanent. Updated projections by the Sentencing Commission indicate that the training school population will decline to levels at or below current capacity (843 beds) for 1999-2001 due to the impact of the Juvenile Justice Act, which will shift misdemeanants (currently 46% of training school population) to the community under intermediate sanctions. The continuation budget included \$1,998,584 for the 72 positions for each year of the biennium. The Subcommittee recommends that \$923,584 be retained to establish 50 part time positions (25 FTE's) for transportation of juveniles (44 now funded from lapsed salaries) and that \$75,000 be used to fund an evaluation of training school and detention center staffing. (HB 168, Sec. 21.4)				
	-47.00		-47.00	
<b>109 Local Juvenile Justice Programs</b>	\$1,000,000	R	\$1,000,000	R
Provide funds to expand intermediate level and community level sanctions and programs for court involved juveniles. The Governor recommended funding of \$3,088,010. This amount is reduced because of the availability of \$5.5 million in funding in 98-99 that has not been expended, authorization of \$5.5 million each year in the continuation budget, and an influx of federal grant funds for juvenile programs. Of the \$1 million dollars, \$500,000 should be allocated to Boys and Girls Clubs in counties with high rates of training school commitments to provide services to court involved and at-risk juveniles. (HB 168, Sections 21.5 and 21.10)				

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**110 Guard Response Funds (GRASP) Program**

Provides funds to expand from four to six programs effective October 1, 1999. This program provides an after school program of regimented training and life skills for court involved and at risk youth. The Governor requested \$746,000 for expansion to 20 programs and establishment of regional administrators, but it is recommended that the programs be funded at a slower rate and evaluated prior to the year 2000 Short Session. (HB 168, Sec. 21)

\$62,500

R

\$84,000

R

\$11,000

NR

**111 Juvenile Justice Information System Development**

Provide funds to continue the implementation of a juvenile justice information system. These funds, along with federal funds provided through the Governor's Crime Commission, will be used to continue the needs assessment / user requirements phase of this project, complete a portion of the system design, and provide operating support for existing positions working on the project. (HB 168, Sec. 21.8)

\$15,000

R

\$15,000

R

\$385,000

NR

\$385,000

NR

**112 Funds for Eckerd Wilderness Camp**

Provide operating funds for a new Eckerd Wilderness Camp beginning January 1, 2000 on a partial basis, with full operation by February 1.

\$850,000

R

\$2,000,000

R

**113 Funding for Multipurpose Group Homes**

Provide operating funds for four 8-bed multipurpose group homes and one part time permanent clerical support position (\$14,184 October 1, 1999). The Governor requested \$1 million in expansion funds the first year. Based on available carryover funds from 1998-99 and staggered opening dates for the 4 homes, it is anticipated that \$800,000 will be adequate funding for 1999-2000.

\$800,000

R

\$2,000,000

R

0.75

0.75

**114 Support Our Students**

Provide funds to expand the SOS program to additional counties in FY 1999-00. The program currently operates in 76 counties. The Governor requested \$975,000 each year; the recommended amount allows expansion for either part year funding of 6 more counties or full year funding for 3. Funding includes \$50,000 for one new technical assistance position and related support to bring total positions from 3 to 4 to manage and support a \$7.25 million dollar program. (HB 168, Sec. 21.3)

\$250,000

R

\$250,000

R

1.00

1.00

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**115 Communities in Schools**

\$450,000 R

\$450,000 R

Communities in Schools is a non-profit organization that develops community "stay in school efforts" for at-risk children and court involved juveniles. The CIS program currently operates in 28 counties. The Governor recommended an expansion budget of \$700,000. The recommended budget allows for continuation of programs funded in 1998-99 and modest expansion.

**116 Center for Prevention of School Violence**

\$500,000 R

\$500,000 R

This program, which operates within the UNC university system, provides research and technical assistance to schools and communities in preventing violence in the schools. The recommended funding is the same amount recommended by the Governor. Funds will be passed through from OJJ to the UNC system.

6.00

6.00

**117 Juvenile Justice Institute**

\$575,000 R

\$575,000 R

Provide funds to establish a Juvenile Justice Institute at North Carolina Central University. The Institute will serve as resource for research and information on national and state juvenile justice practices; provide technical assistance to small non-profit community groups; and survey public and private groups on juvenile justice program effectiveness. Of these funds, \$75,000 shall go the Clinical Program at the North Carolina Central University School of Law to assist expansion of their work into family court, domestic violence cases, and alternative dispute resolution.

1.00

1.00

**118 Teen Court Funds**

\$105,000 R

\$105,000 R

Provide funds to continue programs in Wake (\$25k), Guilford (\$20k), Duplin (\$20k), Durham (\$20k) and Onslow (\$20k) 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. (HB 168, Sec. 21.9)

**119 Juvenile Assessment Center**

\$150,000 R

\$150,000 R

Provide funds for the juvenile assessment center in District 12 which provides prevention and intervention services for at-risk juveniles. (HB 168, Sec. 21.9)

**120 Project Challenge Funds**

\$150,000 R

\$150,000 R

Provide funds for Project Challenge Inc., a nonprofit organization which provides alternative dispositions and services to juveniles in districts 24, 25, 29, and 30 who have been adjudicated delinquent or undisciplined. These funds will also allow for expansion to districts 5, 6A, 6B, and 23. (HB 168, Sec. 21.9)



Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**121 Pilot Juvenile Program**

\$2,500,000 R

This funding allows OJJ to contract with a private-for-profit or non-profit firm to provide up to 100 secure and non-secure beds as part of a multi-functional juvenile facility. The beds, in the discretion of OJJ, can be a mix of detention and residential treatment such as substance abuse and sex offender treatment. The funding for FY 2000-01 assumes a January 1, 2001 operation date for the 100 beds. (HB 168, Sec. 21.13)

**122 Grant for Forsyth County Detention Center**

Provides funding for grant-in-aid to Forsyth County Detention Center.

\$1,750,000 NR

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**Total Legislative Changes**

**\$3,807,500 R \$8,679,000 R**

**\$2,146,000 NR \$385,000 NR**

**Total Position Changes**

**-38.25 -38.25**

**Revised Budget**

**\$135,991,466 \$140,018,378**

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# Special Provisions

## 1999 Session: HB 168

### Department: Office of Juvenile Justice

#### Section 21

Title: Annual Evaluation of Juvenile Justice Community Programs and Multipurpose Group Homes

Summary Continues annual evaluation reports required of DYS prior to consolidation into the Office of Juvenile Justice. Adds reports on new programs – "On Track" Mentoring Program and GRASP (National Guard Program)

#### Section 21.1

Title: Secure Group Home for Female Offenders

Summary Reallocates capital monies appropriated in 1997 (\$1.1 million) for an 8 bed female detention center at the local Gatling Center (Charlotte Mecklenburg area) to the construction of a female offender group home at a different site and to upgrade the Gatling Center to meet all safety standards.

#### Section 21.2

Title: Juvenile Crime Prevention Council Participation

Summary Requires new JCPC's to certify that any state grant funds received shall not duplicate or replace locally funded programs. This repeats requirement made of DYS Community Based Alternative Grants (CBA's) in prior years.

#### Section 21.3

Title: S.O.S. Administrative Cost Limits

Summary In 1995, the General Assembly established a cap of \$350,000 for administrative support of the Support Our Students Program. This provision sets cap at \$450,000.

#### Section 21.4

Title: Study Staffing at Training Schools and Detention Centers

Summary The Joint JPS Subcommittee noted several staffing issues – number of staff, position classification, and salary – that affect supervision of juveniles in training schools and detention centers. This provision directs a study of these issues by an outside consultant and a final product to include a staffing plan for each training school and detention center. The consultant is to work with OJJ, Fiscal Research, and State Personnel in developing study objectives and a work plan.

#### Section 21.5

Title: Local Grant Reporting

Summary Continues language from 1998 Budget Bill that requires OJJ to provide various legislative committees with a list of state grants awarded for local juvenile programs. List will include county, amount of funding, and purpose of funding.

**Section 21.6**

**Title:** Funds for Family Courts, Substance Abuse Prevention, and Multipurpose Group Homes Shall Not Revert

**Summary** Directs that unspent 1998-99 funds for multipurpose group homes (est. \$500,000) a substance abuse prevention study (est. \$50,000) , and family courts (est. \$100,000) not revert. Appropriations for 1999-2000 were adjusted for family courts and group homes based on this provision.

**Section 21.7**

**Title:** *Transfer of Positions form the Department of Correction and the Administrative Office of the Courts to the Office of Juvenile Justice*

**Summary** Authorizes transfer of one management, one administrative, and one clerical position from the Department of Correction to OJJ and one research analyst position from the AOC.

**Section 21.8**

**Title:** Juvenile Justice Information System Report

**Summary** Updates language from Juvenile Justice Act and 1998 Budget Bill that requires the Criminal Justice Information Network (CJIN) Board to report annually to legislative committees on the progress and cost of the Juvenile Justice Information System.

**Section 21.9**

**Title:** Programs and Funds Transferred to the Office of Juvenile Justice

**Summary** Transfers three juvenile programs currently funded through the AOC to OJJ – Teen Courts, the Juvenile Assessment Center in Cumberland, and Project Challenge. Also requires annual reports from all three programs and allows each program to carry over unspent funds from 1998-99.

**Section 21.10**

**Title:** Funds for Local Boys and Girls Clubs

**Summary** Directs OJJ to develop a pilot program to grant state funds to local Boys and Girls Clubs in the 10 counties with the highest training school commitment rates in 1997-98. The \$500,000 appropriation is to be used to provide services to at risk and court involved juveniles. A report on the program is due April 1, 2000.

**Section 21.11**

**Title:** State Funds May Be Used As Federal Matching Funds

**Summary** Continues language in 1998 Budget Bill that directs a report to the General Assembly prior to allocation of federal Juvenile Accountability Incentive Block Grant funds.

**Section 21.12**

**Title:** Report on Site Selection of Training School and Detention Beds

**Summary** Continues language from 1998 Budget Bill that requires OJJ to report to Gov Ops on proposed sites for new detention or training school beds prior to final selection

Section 21.13

Title: Establish Pilot Program for Multi-Functional Juvenile Facility

Summary This provision authorizes the Director of OJJ to contract with a private vendor to establish up to 100 beds for juvenile custody and treatment in Eastern North Carolina. The Director of OJJ will determine whether vendors can provide these services economically and efficiently. This facility would have to meet all state construction and operating standards unless otherwise noted.

Section 21.14

Title: Career Status for Former Judicial Employees Transferred to Office of Juvenile Justice

Summary Judicial employees transferred in 98-99 to form the Office of Juvenile Justice became career state employees (SPA) upon transfer but received no credit for prior years of service. This provision authorizes employees in permanent positions transferred in 98-99 to receive "career status" upon completion of 24 months of continuous employment including previous Judicial Department service. This essentially gives these employees the same grievance and RIF rights as other state employees.

Section 29.6C

Title: Stonewall Jackson Funds

Summary Directs that \$337,000 in capital funds shall be used for removal by relocation or demolition of buildings on the grounds of Stonewall Jackson Training School that contain hazardous asbestos materials and pose safety threats. Also allows the School to retain the net proceeds from the sale or lease of historic properties at the School for capital improvements at the School. (This provision is in the capital section of the budget)

# **GENERAL GOVERNMENT**

## Administration

## GENERAL FUND

		FY 99-2000		FY 2000-01	
Recommended Budget		\$60,161,435		\$60,425,982	
Legislative Changes					
1111 Office of the Secretary					
1 Domestic Violence Commission		\$150,000	R	\$150,000	R
Provides funding for an executive director, an administrative assistant, and operating cost for the Domestic Violence Commission. (HB 168, Sec. 24.2)		2.00		2.00	
1225 State Health Purchasing Alliance					
2 State Health Purchasing Alliance		(\$43,632)	R	(\$43,632)	R
Reduces the operating budget for the Alliance in accordance with actual expenditures. The following budget line items will be reduced:					
532140 System Implementation	\$5,000				
532721 Board/Nonemployee Trans	\$25,000				
532811 Telephone	\$8,000				
532840 Postage	\$2,000				
532850 Printing	\$2,000				
534521 Equipment	\$1,632				
1311 Office of State Personnel					
3 Reduce Personnel and Other Personal Services		(\$81,000)	R	(\$81,000)	R
Eliminate one (1) Human Resources Consultant position (#4065) and related benefits:		-1.00		-1.00	
531211 Salaries	\$46,425				
531511 Social Security	\$3,552				
531521 Retirement	\$5,028				
531561 Medical Insurance	\$1,736				
531572 Unemployment Comp	\$7,016				
531625 State Disability Payment	\$8,000				
531632 Worker's Comp	\$4,900				
532199 Misc. Contractual Serv	\$4,344				
4 Operating Budget Reductions		(\$30,000)	R	(\$30,000)	R
Reduce funds in the following line items:					
532714 Trans - Grnd-In-State	\$3,000				
532721 Lodging, In-State	\$2,000				
532850 Printing	\$10,000				
533720 Education Supplies	\$5,000				
535830 Membership Dues & Sub	\$2,000				
535900 Other Expenses	\$3,000				
537102 Reserve Employee Survey	\$5,000				



Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

1412 State Property Office

**5 Eliminate Vacant Position**

(\$22,948) R

(\$22,948) R

Eliminates the Processing Assistant III (0300) position included in the Governor's recommended adjustments as a reduction. This position has been vacant since May 1996.

-1.00

-1.00

1421 Facilities Management Division

**6 Reduce Utilities Budget**

(\$209,587) R

(\$209,587) R

Reduces funding for electricity (532110). Mild weather as well as pilot energy saving programs implemented in State buildings have resulted in cost savings.

**7 Reserve for New Facility**

(\$367,147) NR

\$0 NR

Reduces the funding to support the operation of the new Museum of Natural Science. Funding in the reserve is based on July 1, 1999 opening date. However, the opening has been delayed until Spring 2000. Reductions will be taken in the following line items:

531XXX SPA Salaries and Benefits	\$114,358
532110 Electricity	\$134,773
532230 Water and Sewer	\$3,036
532184 Janitorial Contract	\$65,871
532310 Building Repairs	\$24,568
533210 Janitorial Supplies	\$10,830
533900 Other Materials and Supplies	\$10,976
533150 Security and Safety Supplies	\$529
533510 Clothing and Uniforms	\$1,126
533690 Other Drug/Phar. Supplies	\$23
534528 Equip. Communication	\$687
534529 Equip. Custody and Security	\$370

1511 Purchase and Contract

**8 Eliminate Vacant Position**

(\$23,916) R

(\$23,916) R

Eliminates the Processing Assistant III (6931) position included in the Governor's recommended adjustments as a reduction. This position has been vacant since January 1998.

-1.00

-1.00

1731 NC Council for Women

**9 Domestic Violence Prevention Funds**

\$1,000,000 NR

Provides funding 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 NC 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.

**10 Sexual Assault Funds**

\$225,000 NR

Provides funds for the continuation of sexual assault programs and the prevention of sexual assault within the State.

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**11 Century of Women Celebrations**

Provides funds to support "A Century of Women" statewide celebrations and to strengthen resources and support of women's organizations and coalitions.

\$15,000 NR

**1771 Veterans Affairs - Administration**

**12 Veterans Affairs**

Eliminates the Jobs for Veteran Committee Chair position. The functions of this position can be fully performed through the field offices.

(\$40,573) R

(\$40,573) R

-1.00

-1.00

**1810 Ethics Board**

**13 Operating Budget Reductions**

Reduces the budget in the following line items to reflect actual expenditures and activity. Actual expenditures are less than the estimates upon which the original budget was based.

(\$35,000) R

(\$35,000) R

532199 Misc. Contractual Services \$10,000

535900 Other Expenses \$25,000

**1871 Science and Technology Research**

**14 Board of Science and Technology**

Provides additional funds to be used as matching money to support research collaborations among NC researchers and those in other states and countries.

\$250,000 NR

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**Total Legislative Changes**

(\$336,656) R

(\$336,656) R

\$1,122,853 NR

\$0 NR

**Total Position Changes**

-2.00

-2.00

**Revised Budget**

\$60,947,632

\$60,089,326

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# Special Provisions

**1999 Session: HB 168**

**Department:** Administration

## Section 24

**Title:** Procurement Card Pilot Program Extension/Savings

**Summary** Amends Section 20.3 (a) of S.L. 1998-212 to extend the procurement card pilot program through August 1, 2000. Directs the Division of Purchase and Contract and the Office of State Budget to develop a system for identifying the savings realized by the governmental entities using the procurement card. Also directs those governmental entities to identify their savings and to report the amount and nature of the savings to the Office of State Budget and Management and the Fiscal Research Division on a quarterly basis.

## Section 24.1

**Title:** Cost-Benefit Analysis of Constructing State Facilities Instead of Leasing Property for State Operations.

**Summary** Directs the State Property Office and the State Construction Office to conduct a cost-benefit analysis of constructing new State-owned facilities instead of leasing property. Directs the agencies to consult with the Office of State Budget and Management in conducting the analysis and to report the results of the analysis to the Joint Legislative Commission on Governmental Operations by March 30, 2000.

## Section 24.2

**Title:** Establish Domestic Violence Commission

**Summary** Establishes a 39-member Domestic Violence Commission to assess statewide needs related to domestic violence issues and to assure that necessary services, policies, and programs are provided to those in need. Requires the Commission to coordinate its efforts with the NC Council for Women. Specifies the composition and terms of the Commission's membership and how the members are to be appointed. Also specifies the powers and duties of the Commission. Directs that \$150,000 of the funds appropriated to the Department are to be used for an executive director, administrative assistant, and operating cost of the Commission.

## Section 24.3

**Title:** Consolidated Mail Service Facility/Saving Reserve

**Summary** Directs the Office of State Budget and Management to identify all savings resulting from the establishment of the facility. All savings in excess of \$1,000,000 for fiscal year 1999-2000 and savings in excess of \$1,500,000 for fiscal year 2000-2001 will be placed in a special reserve and will be spent by authorization of the General Assembly. Also directs the Department of Administration and the Office of State Budget and Management to report on all position changes and expenditures related to the establishment of the consolidated mail facility to the Joint Legislative Commission on Governmental Operations by January 1, 2000.

## Auditor

## GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$11,656,492		\$11,656,492	
Legislative Changes				
1120 Support Services				
15 Reduce Operating Expenses	(\$4,500)	R	(\$4,500)	R
Reduces the operating expenses to correspond to the reduction in field audit staff:				
532942 Other Employee Education Expense	\$1,500			
5328XX Communication	\$1,800			
533110 General Office Supplies	\$1,200			
1210 Field Audit Division				
16 Information System Auditor	\$68,114	R	\$68,114	R
Provides funding for an additional Information System Auditor position to enable the Office to increase the audits of the growing number of computer applications and installations in State government.	\$6,590	NR		
	1.00		1.00	
17 Reduce Personnel	(\$112,065)	R	(\$112,065)	R
Eliminates two Assistant State Auditor II positions and related operating cost as noted:	-2.00		-2.00	
531XXX Salary and Benefits	\$103,465			
5327XX Travel	\$8,000			
53XXXX General Expense	\$600			
Total Legislative Changes	(\$48,451)	R	(\$48,451)	R
	\$6,590	NR		
Total Position Changes	-1.00		-1.00	
Revised Budget	\$11,614,631		\$11,608,041	

# **Special Provisions**

**1999 Session: HB 168**

**Department:** Auditor

Section

Title: (No special provisions reported)

Summary

## Cultural Resources

### GENERAL FUND

	FY 99-2000		FY 2000-01
Recommended Budget	\$58,943,774		\$59,838,161
Legislative Changes			
1110 Secretary's Office			
18 Grants to Local Organizations			
Appropriate funds for local arts, cultural, and historical organizations, and local museums as grants-in-aid. (HB 168, Sec. 26.2)	\$8,000,000	NR	
1120 Administrative Services			
19 Increase Operating Funds			
Appropriate funds to replace computers.	\$100,000	NR	
1210 Archives & History - Administration			
20 Travel			
Reduce funding in line item 532714.	(\$10,000)	R	(\$10,000) R
1230 Archives and Records			
21 Travel			
Reduce funding in line item 532714.	(\$10,000)	R	(\$10,000) R
1241 State Historic Sites			
22 Reduce Line Item Expenditures			
Reduce the following line items:	(\$162,825)	R	(\$162,825) R
532714 Trans - Ground-In-State	\$30,000		
534610 Art & Artifacts	\$132,825		
23 Old Salem Funds			
Provide funds for the restoration and reconstruction of historic St. Phillips Church and the construction of the North Carolina Heritage Education Center at Old Salem.	\$1,000,000	NR	
1320 Museum of Art			
24 Personal Services			
Reduce funds for miscellaneous contractual services - 532199.	(\$66,412)	R	(\$66,412) R
1330 NC Arts Council			
25 Travel			
Reduce funds in line item 532714.	(\$5,000)	R	(\$5,000) R



Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**26 Basic Grants Program**

Funding provides a one-time increase in the continuation budget for grants to local arts organizations:

\$1,200,000 NR

Primary Arts Organizations	\$600,000
Rural Arts Leadership	\$400,000
Cultural Tourism	\$200,000

**27 Grassroots Arts Program**

Provides one-time increase in the continuation budget for grants awarded to local arts councils.  
(HB 168, Sec. 26.4)

\$800,000 NR

**28 Shakespeare Festival Funds**

Provide funds for the Educational Outreach Touring Program.

\$260,000 R \$260,000 R

**29 The Lost Colony**

Appropriate funds to the Roanoke Island Historical Association to support operations of the Lost Colony outdoor drama production.

\$260,000 R \$260,000 R

**1360 Grants-in-Aid to Arts**

**30 NC Symphony Grant-Memorial Auditorium**

Provide balance of State funding as grant-in-aid to NC Symphony Society for acoustical enhancements.

\$1,500,000 NR

**1410 State Library**

**31 Travel**

Reduce funds in line item 532714.

(\$2,000) R (\$2,000) R

**1500 Museum of History**

**32 Adjust Various Line Items**

Reduce funds in the following line items:

(\$93,303) R (\$93,303) R

531311 Temp Salaries	\$40,000
531511 Social security	\$3,060
532714 Tran - Ground-In-State	\$5,917
533990 Other Supplies and Materials	\$22,326
534610 Art and Artifacts	\$22,000

**Total Legislative Changes**

\$170,460 R \$170,460 R  
\$12,600,000 NR

**Total Position Changes**

**Revised Budget**

\$71,714,234 \$60,008,621

# **Special Provisions**

## **1999 Session: HB 168**

### **Department: Cultural Resources**

#### **Section 26**

**Title:** A.A. Cunningham Air Museum

**Summary** Allows the City of Havelock to use funds appropriated to the museum instead of reverting at the end of FY 1998-99.

#### **Section 26.1**

**Title:** Maritime Museum

**Summary** Transfers the Southport Maritime Museum to the Department to operate as a branch of the North Carolina Maritime Museum.

#### **Section 26.2**

**Title:** Procedure for Award of Cultural Resources Grants

**Summary** Appropriates \$8 million to the Department for FY 1999-2000 to use for grants to nonprofit organizations or local governmental entities statewide for cultural, historical, or artistic organizations, for cultural, historical, or artistic projects, including visiting artist programs, and for museums. The Secretary shall consider the merits, significance, and benefits of projects to the State and local communities; and the cost of the projects. These grants are not subject to review by the Historical Commission. Grants shall be limited to amounts of \$100,000 or less per project.

#### **Section 26.3**

**Title:** Department of Cultural Resources May Retain Historical Publication Receipts

**Summary** Allows the Historical Publications Section to retain receipts, including over-realized receipts, from the sale of publications for reprinting these documents.

#### **Section 26.4**

**Title:** Grassroots Arts Program

**Summary** Directs that \$200,000 of the funds appropriated for the program shall be allocated equally among the 100 counties, and the balance distributed according to G.S. 143B-122.

## General Assembly

### GENERAL FUND

	<b>FY 99-2000</b>	<b>FY 2000-01</b>
<b>Recommended Budget</b>	<b>\$35,695,575</b>	<b>\$39,518,408</b>
Legislative Changes		
1900 Reserves and Transfers		
33 <b>Reduce Reserves and Transfers</b>		
Reduce funding in reserve.	(\$715,000) NR	
<b>Total Legislative Changes</b>	<b>(\$715,000) NR</b>	
Total Position Changes		
<b>Revised Budget</b>	<b>\$34,980,575</b>	<b>\$39,518,408</b>

# Special Provisions

1999 Session: HB 168

Department: General Assembly

Section 22

Title: Joint Select Committee on Information Technology

**Summary** Establishes a Joint Select Committee on Information Technology to review current information technology that impacts public policy, including electronic data processing and telecommunications, software technology, and information processing. The Committee has the authority to evaluate, study, or make recommendations related to 1) the current technological infrastructure of State government and information systems use and needs in State government and determine potential demands for additional information staff, equipment, software, data communications, and consulting services in the State during the next 10 years; 2) information technology governance, policy, and management practices, including policies and practices related to personnel and acquisition issues on both statewide and project levels; 3) changes to the NC General Statutes relating to electronic commerce; 4) action regarding reports received by the Committee; and 5) any changes proposed for future development of the information highway system of the State. Additionally, the Committee may consult with the Information Resource Management Commission (IRMC) and review all legislative proposals and other recommendations of the IRMC. The Committee has the authority to obtain information and data from all State officers, agents, agencies, and departments, per G.S. 120-19 as provisions of G.S. 120-19.1 through G.S. 12-19.4 apply, as if it were a committee of the General Assembly. The President Pro Tempore of the Senate and Speaker of the House shall appoint legislative and non-legislative members to serve two (2) year terms, beginning on August 15 of each odd-numbered year with initial terms beginning August 15, 1999. Reimbursement for Committee members is set in accordance with applicable statutes - G.S. 120-31, G.S. 138-6, or G.S. 138-5. Funding in the amount of \$50,000 is allocated for the Committee from funds appropriated to the General Assembly for FY 1999-2000. The Committee's use of funds for consulting services is provided per G.S. 120-32.02. The Committee shall report by March 1 of each year to the Appropriations Committees of the Senate and House of Representatives concerning the Committee's activities and recommendations for statutory changes.

Section 22.1

Title: Information Technology Cost Reporting to the General Assembly

**Summary** Directs executive branch agencies and the Administrative Office of the Courts (AOC) to provide to the Information Resource Management Commission (IRMC) estimates of FY 1999-2000 spending and anticipated spending on technology costs, and the number of permanent, State-funded information positions, as defined by the IRMC. Following consultation with the Senate and House Committees on Information Technology, the IRMC will determine agency report guidelines by October 1, 1999. Agencies and AOC will report by April 10, 2000 and quarterly thereafter on actual information technology costs and permanent positions. The IRMC will report agency information to the Senate Information Technology Committee and provide copies to Directors of the Information Systems and Fiscal Research Divisions by April 20, 2000, and quarterly thereafter. This requirement expires on April 20, 2001.

Section 22.2

Title: Technological Infrastructure Study

Summary Directs the Joint Select Committee on Information Technology to study, evaluate, and recommend changes in the current technological infrastructure of the Departments of the Secretary of State and the State Treasurer. Specifically, the Committee is to consider the advisability of authorizing the Secretary of State to develop and maintain its own computer applications and the need to replace, update, or modify the State Treasurer's mainframe and/or its banking system. Additionally, the Committee is directed to recommend the level of audit staff needed in the Office of the State Auditor to provide adequate audit coverage of the computer applications and installations in State government.

Section 26A

Title: Study Use of Internet for Agency Publications

Summary Directs the departments, subject to the oversight of the Joint Appropriations Subcommittee on General Government, to review printing and publications requirements and schedules, and to develop a plan to reduce the cost of printing, publishing, and distributing agency information and materials, including documents, reports, and other publications by using computer technology and, in particular, the Internet as a means to distribute information and materials to the public. The plan shall include a review of statutory and regulatory requirements by each agency and any recommendations on statutory revisions that may be required. Each agency shall submit a written report to the Fiscal Research Division by April 1, 2000.

# Governor

## GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$5,317,042		\$5,335,850	
<hr/>				
Legislative Changes				
1110 Administration				
34 Operating Budget Reductions	(\$53,678)	R	(\$53,678)	R
Reduces operating budget as noted below:				
5327XX Travel	\$30,000			
533110 Supplies	\$8,678			
5345XX Equipment	\$10,000			
534710 Computer Software	\$5,000			
<hr/>				
Total Legislative Changes	(\$53,678)	R	(\$53,678)	R
Total Position Changes				
Revised Budget	\$5,263,364		\$5,282,172	



# **Special Provisions**

**1999 Session: HB 168**

**Department:** Governor

Section

Title: (No special provisions reported)

Summary

## Insurance

### GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$25,973,947		\$25,984,721	
<b>Legislative Changes</b>				
1200 Company Services				
<b>35 Information Service Needs</b>	\$202,056	R	\$202,056	R
Provides funds to replace outdated computer equipment. Also provides funds to establish two Computer Systems Analyst III positions and one Computer Support Technician II position for the Information Services Division. The Division supports the other divisions within the Department that audit, regulate, and control insurance operations in the State. The General Fund will be reimbursed from the insurance regulatory fund for the total cost.	\$420,500	NR	\$0	NR
	3.00		3.00	
1300 Technical Services Group				
<b>36 Senior Health Insurance Information Program</b>	\$104,000	R	\$104,000	R
Appropriates funds to allow the Program to expand education and counseling services to North Carolina Medicare beneficiaries regarding Medicare+Choice.				
1500 Safety Services Group				
<b>37 Building Code Book Sales</b>	(\$191,740)	R	(\$191,740)	R
Reduces the expenditure (53-2850) for producing the Building Code to reflect actual needs. The Department overestimated the demand for the books.				
<b>Total Legislative Changes</b>	<b>\$114,316</b>	<b>R</b>	<b>\$114,316</b>	<b>R</b>
	<b>\$420,500</b>	<b>NR</b>	<b>\$0</b>	<b>NR</b>
	3.00		3.00	
Total Position Changes				
<b>Revised Budget</b>	<b>\$26,508,763</b>		<b>\$26,099,037</b>	

# **Special Provisions**

**1999 Session: HB 168**

**Department:** Insurance

Section

Title: (No special provisions reported)

Summary

## Office of Administrative Hearings

### GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$2,687,664		\$2,721,970	
<hr/>				
Legislative Changes				
1100 Administration and Operations				
38 Reduce Civil Rights Caseload	\$64,485	R	\$64,485	R
Appropriate funding for a Senior Civil Rights Investigator to reduce caseload backlog, improve timeliness of investigations, and provide expertise in investigating political discrimination cases.	\$5,050	NR		
	1.00		1.00	
<hr/>				
Total Legislative Changes	\$64,485	R	\$64,485	R
	\$5,050	NR		
Total Position Changes	1.00		1.00	
Revised Budget	\$2,757,199		\$2,786,455	

## **Special Provisions**

**1999 Session: HB 168**

**Department:** Office of Administrative Hearings

Section

Title: (No special provisions reported)

Summary

## Revenue

## GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$78,328,188		\$74,905,962	
Legislative Changes				
1660 Field Operations				
39 Interstate Audit Personnel	\$216,137	R	\$216,137	R
Add four positions: three (3) Interstate auditors and one (1) support to expand audit functions.	4.00		4.00	
40 Field Collections	\$261,062	R	\$261,062	R
Add six (6) Revenue Officers and one (1) support position to expand audit capability.	7.00		7.00	
41 Field Examinations	\$342,644	R	\$342,644	R
Appropriate funds for seven (7) additional Revenue Field Auditors and one (1) support position to expand audit functions.	8.00		8.00	
1670 Unauthorized Substance				
42 Unauthorized Substance Tax Enforcement	\$134,978	R	\$134,978	R
Appropriate funds to add two (2) Revenue Enforcement Officers and one (1) support position.	\$15,400	NR		
	3.00		3.00	
1680 Legal & Administrative Services				
43 Administrative Services	\$19,850	R	\$19,850	R
Increase operating funds related to new Revenue Field Officer, Interstate Auditor, and Revenue Officer positions:	\$74,725	NR		
Interstate Audit	\$6,200 R			
	\$18,725 NR			
Field Collections	\$6,650 R			
	\$28,000 NR			
Field Examinations	\$7,000 R			
	\$28,000 NR			
44 Returns Processing	(\$375,000)	R	(\$375,000)	R
Reduce temporary wages and related benefits.				
Total Legislative Changes	\$599,671	R	\$599,671	R
	\$90,125	NR		
Total Position Changes	22.00		22.00	
Revised Budget	\$79,017,984		\$75,505,633	



# Special Provisions

## 1999 Session

**Department:** Revenue

**Title:** Use Tax Payment/Other Changes

**Summary** Session Law 1999-341 (House Bill 1433) amends G.S. 105-164.16(d) and rewrites G.S. 105-269.14 to provide for individuals to pay annual Use Tax with annual Income Tax, to promote electronic filing, and to improve tax collection. To implement the statutory changes the Department may use \$700,000 in FY 1999-2000 from net collections that would otherwise be credited to the General Fund for the statutory changes as follows: 1) \$150,000 to pay the costs of programming, form revision, and resources for taxpayer assistance; 2) \$500,000 to implement a program to allow those taxpayers required under G.S. 105-164.16(d) to report and pay Sales and Use taxes on a semimonthly basis to file the return electronically; and 3) \$50,000 to conduct a study to identify and evaluate proposals for more efficient collection of taxes, including use of electronic commerce and other technology to increase efficiency. The study shall include an analysis of the most efficient tax collection methods used in other states. The State Controller shall assist the Department in this study. The Department shall report findings to the Revenue Law Study Commission by May 1, 2000.

**Title:** Update Internal Revenue Code (I.R.C.) Reference

**Summary** Session Law 1999-415 (House Bill 1476) rewrites sections of G.S. 105-228.90(b)(1a), 105-236(8), 105-236(9), and 105-267 to 1) update the reference to the Internal Revenue Code (I.R.C.) used in defining and determining certain tax provisions, 2) conform to the federal statute of limitations for willful failure to comply with the state tax laws, and 3) increase the amount of time a taxpayer has to protest the payment of a tax. Additionally, the legislation earmarks part of the resulting revenue gain for tax research and directs the State Auditor to conduct a performance audit of the Department of Revenue. The Department may use the following amounts from funds that would otherwise be credited to the General Fund: 1) \$150,000 in FY 1999-2000 and \$250,000 in FY 2000-2001 to support four (4) tax analyst positions in the Tax Research Division, as classified by the Office of State Personnel; and 2) \$100,000 in FY 1999-2000 for costs associated with the performance audit conducted by the State Auditor. The audit shall address the following areas: 1) tax collection and tax auditing activity, with particular attention to the cost, efficiency, and effectiveness of the Integrated Tax Administration System (ITAS) and subsequent automation projects; 2) current methods of processing tax returns and payments, and the ability to employ the latest technology in this processing; 3) internal organization and management structure; 4) budgeting and fiscal management; 5) current and future staffing requirements; and 6) such other issues as may be deemed necessary or desirable by the State Auditor. The Office of the State Auditor shall submit an interim progress report to the Senate and House Appropriations Subcommittee on General Government and the Fiscal Research Division on or before May 30, 2000, and a final report to the General Assembly by January 1, 2001.

## Secretary of State

## GENERAL FUND

		FY 99-2000		FY 2000-01	
Recommended Budget		\$6,284,106		\$6,196,606	
Legislative Changes					
1110 General Administration					
45 Electronic Commerce Specialist Position		\$79,964	R	\$79,964	R
Provides funding for an Applications Analyst/Programmer Specialist position. This position will serve as the Department's Electronic Commerce Specialist, which is responsible for regulating electronic signatures and certification authorities as provided for in the Electronic Commerce Act.		\$6,700	NR		
		1.00		1.00	
46 Operating Budget Reductions		(\$21,199)	R	(\$21,199)	R
Reduces operating budgets for:					
532199 - Misc. Contractual Services		\$1,841			
532942 - Employee Educational Expense		\$15,625			
531311 - Temporary Wages		\$3,733			
1120 Publications Division					
47 Directory of Women in the NC General Assembly					
Provides funds to update and reprint the directory of women in the NC General Assembly in partnership with the Western Carolina Women's Coalition and the NC Council for Women.		\$10,000	NR		
48 Operating Budget Reductions		(\$9,193)	R	(\$9,193)	R
Reduces operating budgets for:					
532199 - Misc. Contractual Services		\$2,000			
532942 - Employee Educational Expense		\$4,125			
531311 - Temporary Wages		\$3,068			
1210 Corporations Division					
49 Electronic Commerce Demonstration Project					
Provides funding to implement an Electronic Commerce Demonstration Project. The purpose of this Project is to allow the ordering, production, and delivery of Certificates of Existence by electronic media, including the Internet and the World Wide Web.		\$98,000	NR		
50 Operating Budget Reductions		(\$14,125)	R	(\$14,125)	R
Reduces operating budgets for:					
532199 - Misc. Contractual Services		\$10,000			
532942 - Employee Educational Expense		\$4,125			
1220 Uniform Commercial Code Division					
51 Operating Budget Reductions		(\$33,125)	R	(\$33,125)	R
Reduces operating budgets for:					
532199 - Misc. Contractual Services		\$30,000			
532942 - Employee Educational Expense		\$3,125			

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

1230 Securities Registration Division

**52 Securities Registration Division Staff Expansion**

Provides funding for a Registration Analyst position and two Investment Advisor Field Auditor positions to examine securities registration applications and to audit investment advisor firms. These positions will help meet the increase in the number of public offerings in the State.

\$130,045	R	\$130,045	R
\$29,985	NR		
3.00		3.00	

**53 Operating Budget Reduction**

Reduces operating budgets for:

532199 - Misc. Contractual Services	\$5,000
532942 - Employee Educational Expense	\$3,125

(\$8,125)	R	(\$8,125)	R
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1240 Business License Division

**54 Rent/Lease Office Buildings**

Reduces the budget for rental and lease of office buildings. The Secretary of State's offices will relocate to the old Dept. of Revenue Building during the 1999-2000 fiscal year.

(\$29,540)	R	(\$29,540)	R
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**55 Operating Budget Reductions**

Reduces operating budget for employee educational expense (532942).

(\$3,125)	R	(\$3,125)	R
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1300 Notary Public Commission

**56 Operating Budget Reductions**

Reduces operating budgets for:

532199 - Misc. Contractual Services	\$1,000
532942 - Employee Educational Expense	\$3,125

(\$4,125)	R	(\$4,125)	R
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1400 Land Records Management

**57 Operating Budget Reductions**

Reduces operating budget for employee educational expense (532942).

(\$3,125)	R	(\$3,125)	R
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1910 Reserves and Transfers

**58 Corporation Division Changes**

Provides start-up costs for the Corporations Division for personnel and computer costs associated with changes implemented in SB 297 and SB 835.

\$175,000	R	\$175,000	R
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**Total Legislative Changes**

\$259,327	R	\$259,327	R
\$144,685	NR		

**Total Position Changes**

4.00		4.00	
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**Revised Budget**

\$6,688,118		\$6,455,933	
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## **Special Provisions**

**1999 Session: HB 168**

**Department:** Secretary of State

Section

Title: (No special provisions reported)

Summary

## State Board of Elections

		GENERAL FUND	
		FY 99-2000	FY 2000-01
Recommended Budget		\$3,159,660	\$3,159,660
Legislative Changes			
1100 Administration			
59 Voter Registration Forms		\$40,000 R	\$40,000 R
Provides funding for the annual distribution of voter registration forms to all institutions of higher learning for every enrolled student. The Higher Education Act, passed by Congress in 1998, requires higher education institutions to offer voter registration to each enrolled student.			
Total Legislative Changes		\$40,000 R	\$40,000 R
Total Position Changes			
Revised Budget		\$3,199,660	\$3,199,660

## **Special Provisions**

**1999 Session: HB 168**

**Department:** State Board of Elections

*Section*

**Title:** (No special provisions reported)

**Summary**



## State Budget and Management

## GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$7,247,118		\$7,348,782	
Legislative Changes				
1022 1999 Special Appropriations				
60 Community Learning Center Grant-in-Aid				
Provides funds to Wake County to expand the Community Learning Center services in Wake County and the region.	\$200,000	NR		
61 NC Humanities Council Funds				
Provides funds to the North Carolina Humanities Council, a nonprofit corporation, for the programs of the Council.	\$100,000	NR		
62 Western Carolina Women's Coalition				
Provides funds to the Western Carolina Women's Coalition to support expansion of the regional network in the 25 westernmost counties among women and women's organizations. The Coalition will focus on women and women's organizations that are aimed at fostering communication and collaboration and building capacity for economic self-sufficiency, leadership, and service. The funds will also help support a major Women's Conference and Women's Equality Day Event.	\$25,000	NR		
63 Special Events Funds				
Provides funds to establish a reserve for the promotion of special events throughout the State.	\$500,000	NR		
64 Graveyard of the Atlantic				
Provides funds to match federal funds for the Graveyard of the Atlantic.	\$750,000	NR		
65 Regional Soccer Funds				
Provides matching funds for regional soccer facilities in Cumberland County.	\$1,000,000	NR		
1310 Office of State Budget				
66 Reduce Operating Expenses	(\$41,000)	R	(\$41,000)	R
Reduces funding for:				
532850-Printing, Binding & Duplicating	\$15,000			
532821-Computer/Data Proc. Services	\$23,000			
533110-Supplies	\$3,000			
67 Advisory Budget Commission	\$20,000	R	\$20,000	R
Provides additional funding for the Advisory Budget Commission's annual statewide tours.				
Total Legislative Changes	(\$21,000)	R	(\$21,000)	R
	\$2,575,000	NR		
Total Position Changes				
Revised Budget	\$9,801,118		\$7,327,782	

# **Special Provisions**

**1999 Session: HB 168**

**Department:** State Budget and Management

Section

Title: (No special provisions reported)

Summary

## State Controller

## GENERAL FUND

	FY 99-2000		FY 2000-01	
Recommended Budget	\$10,798,673		\$10,804,420	
<hr/>				
Legislative Changes				
1000 Departmentwide				
68 Adjustments in Personnel	(\$216,105)	R	(\$216,105)	R
Eliminate four vacant positions: Applications Analyst Program Specialist (#0066), Data Base Analyst (#0082), and two (2) State Management Analysts (#0041 and #0117).	-4.00		-4.00	
69 North Carolina Accounting System Support	\$900,000	R	\$900,000	R
Provide \$1.45 million to support additional requirements of the accounting system with the appropriation of \$900,000 and \$550,000 in receipts available from the revenue transferred from the Special Reserve Account (24172). Total funding is allocated for the following items:				
532140 Syst Implementation/Integration	\$300,000			
532440 Maint Agreement-Data Proc. Equip	\$10,000			
532441 Maint Agreement-Software	\$90,000			
532821 Computer/Data Proc. Svcs	\$1,000,000			
534710 Computer Software	\$50,000			
Total	\$1,450,000			
Receipts	\$550,000			
(HB 168, Sec. 25.1)				
<hr/>				
Total Legislative Changes	\$683,895	R	\$683,895	R
Total Position Changes	-4.00		-4.00	
Revised Budget	\$11,482,568		\$11,488,315	

# Special Provisions

**1999 Session: HB 168**

**Department:** State Controller

Section 25

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

**Summary** In addition to the review in FY 1998-99, per Section 26 of S.L. 1998-212, OSC may 1) conduct a review of other material accounts receivable related to the type of bad debt, to determine actions taken to collect and the likelihood of the debt being collected, and 2) identify specific problem areas and additional bad debt volume that may support the implementation of a Bad Debt Clearinghouse Pilot Program. OSC shall establish a procedure for State agencies or institutions with a material amount of accounts receivable to report on collection of bad debts. Additionally, OSC shall study the feasibility of establishing a one-year Bad Debt Collection Clearinghouse Pilot Program, the use of one or more private collection agencies, and whether the potential pilot shall be administered jointly by the Department of Revenue and the Office of the State Controller. OSC shall report the results of the extended pilot study and recommendations to the General Assembly no later than May 1, 2000.

Section 25.1

**Title:** NCAS Support, AR/Overpayments Project

**Summary** Allows a transfer of \$2.5 million from the Special Reserve Account established for the deposit of proceeds from the Overpayments Project. The \$2.5 million will be allocated as follows: 1) \$550,000 to complete funding required to support data processing costs of the North Carolina Accounting System (NCAS); and 2) the balance to initiate the accounts receivable project, i.e. best practices associated with accounts receivable and bad debt collection per G.S. 147-86.22(a), and software to develop and implement electronic commerce business initiatives. OSC must allocate funding for the NCAS first and may not obligate more funds than are generated from the Overpayments Project to support the NCAS or the new accounts receivable project. Unobligated funds in the Special Reserve Account may be appropriated by the General Assembly in the 2000 Short Session. OSC shall report monthly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on revenue deposited into the Special Reserve Account and the disbursement of the revenue.

## Treasurer

## GENERAL FUND

## Recommended Budget

FY 99-2000

\$19,515,232

FY 2000-01

\$19,515,232

## Legislative Changes

## 1150 Information Services

## 70 Information System Mainframe

Provides funding for the annual payment on the lease-purchase agreement for the Department's mainframe and storage system. The General Assembly's Select Committee on Information Technology will assess and report on the information technology needs for the Department prior to the start of the 2000 Session of the General Assembly. Nontax revenue will be increased by an offsetting amount.

\$268,000 NR

## 1150 Information Systems Division

## 71 Information System Personnel

Provides funding for one Database Administrator II, two Applications Analyst Programmer IIs, one Computer Consultant IV, and one Computer Network Coordinator. These positions will help maintain the Department's growing technological infrastructure.

\$157,561 R

\$195,033 R

\$22,600 NR  
5.00

\$0 NR  
5.00

The total cost is \$348,585 (recurring) and \$50,000 (nonrecurring) for fiscal year 1999-2000 with positions effective October 1, 1999. The annualized recurring cost of positions is \$431,488 for fiscal year 2000-2001. The costs of these positions will be allocated among the divisions within the State Treasurer's Office as noted below:

	1999-2000	2000-2001
Receipt-Supported Divisions		
1130- Escheats	\$33,813R \$4,850NR	\$41,855R
1210- Retirement	\$157,211R \$22,500NR	\$194,600R
Total Receipts	\$191,024R \$27,350NR	\$236,455R

## General Fund-Supported Divisions

1210- Inv. Mgmt	\$63,791R \$9,150NR	\$78,962R
1220- Banking	\$23,704R \$3,400NR	\$29,341R
1310- Local Govt	\$70,066R \$10,050NR	\$86,730R
Total Gen. Fund	\$157,561R \$22,600NR	\$195,033R

Nontax revenue will be increased by the amount of the cost allocated to the General Fund divisions.

## 1210 Investment Management

## 72 Investment Management Funds

Reduces the amount budgeted for financial investment administrative services (532120) to reflect more accurately the actual requirements for custodial services. An offsetting amount will reduce nontax revenue.

(\$1,085,128) R

(\$1,085,128) R

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

1310 Local Government Operations

**73 Local Government Operations Staff Expansion**

\$211,359	R	\$237,896	R
\$16,000	NR		
2.00		2.00	

Provides funding for one Local Government Financial Consultant III position and one Local Government Financial Consultant II position to help meet the growing demands of the Division. The funding includes salaries and benefits and the related operating cost. The positions are effective October 1, 1999. An offsetting amount will increase nontax revenue.

1410 Retirement Operations Division

**74 Retirement Operations**

\$0	R	\$0	R
\$0	NR	\$0	NR
20.00		20.00	

Provides recurring funding of \$979,170 and nonrecurring funds of \$140,000 for fiscal year 1999-2000 for 20 positions effective October 1, 1999. The annualized cost of the 20 positions for fiscal year 2000-2001 is \$1,126,393. The positions are needed to meet the level of demand from members of the State's retirement system. The 20 positions include seven Retirement Benefits Counselors, four Processing Assistant Vs, two Accounting Clerks, and seven Processing Assistant IVs. Retirement Operations is a receipt-supported function of the Department.

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**Total Legislative Changes**

(\$716,208)	R	(\$652,199)	R
\$306,600	NR	\$0	NR

Total Position Changes

27.00		27.00	
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**Revised Budget**

\$19,105,624		\$18,863,033	
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# **Special Provisions**

**1999 Session: HB 168**

**Department:** Treasurer

Section 23

**Title:** Dues Deduction For Retiree Organizations Authorized

**Summary** Authorizes the State Treasurer to deduct the dues for retirees' associations from the member's retirement benefits.

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

# **TRANSPORTATION**

## Transportation

### HIGHWAY FUND

	FY 99-2000	FY 2000-01
Recommended Budget	\$1,137,920,833	\$1,145,178,150

#### Legislative Changes

### Operations

#### (2420) Operations

<b>1 Eliminate Vacant Engineer Trainee Positions</b>	(\$300,238)	R	(\$300,238)	R
Eliminates vacant engineer trainee positions.	-7.00		-7.00	

### Construction and Maintenance

#### (0350) Airport Program

##### 2 Additional Funding for Airports

	1999-2000	2000-2001		
State Aid	\$700,000	0	\$0	NR
General Fund	\$700,000	0		
Appropriation				

#### (0660) Ferry Division

##### 3 Reduce Ferry Operating Funds

Nonrecurring reduction from various line items throughout the Ferry Division budget.	(\$1,000,000)	NR	(\$1,000,000)	NR
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#### (5240) Maintenance - Contract Resurfacing

##### 4 Increase Funding for Contract Resurfacing

Provides additional funding for contract resurfacing.	\$8,000,000	NR	\$7,000,000	NR
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(5940) Rail Program

**5 Expand and Allocate Rail Funds**

	1999-00	2000-01				
6006 State Aid	(12,100,000)	(12,100,000)	\$8,734,405	NR	\$9,407,088	NR
6401 Piedmont, Carolinian						
Operating	2,875,000	2,875,000				
6402 Industrial Access	1,000,000	1,000,000				
6403 Sealed Corridor	1,500,000	1,750,000				
6404 Envir.Studies	2,025,000	1,750,000				
6405 Station						
Improvements	1,000,000					
6406 Western NC Service		3,525,000				
6407 Improve Travel Time						
Raleigh-Charlotte	12,434,405	10,607,088				

(5970) Public Transportation

**6 Funds for Public Transportation**

Provides additional appropriations to fund public transportation.	\$78,007	R	\$78,007	R
	\$18,821,993	NR	\$15,621,993	NR

**Division of Motor Vehicles**

(0520) Vehicle Registration

**7 Reduce Budget for Branch Agent Fees**

Reduces budget for Branch Agent Fees for 1999-00 consistent with current trends in Branch Agent transaction volumes.	(\$500,000)	NR
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**8 Reduce Budget for License Plates and Stickers**

Reduces budget for license plates and stickers for 1999-00 consistent with current projections.	(\$500,000)	NR
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(0530) Driver Licensing

**9 Reduce Budget for Driver License Photos**

Reduces budget for driver license photos for 1999-00 consistent with current projections.	(\$800,000)	NR
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**Reserves**

(6220) DEHNR - LUST Fund

**10 Technical Adjustment**

Appropriations are reduced to reflect a corresponding increase in the appropriation to Revenue for tax collection. By statute, revenues appropriated to the LUST Fund are net of costs of administering collection of the motor fuel inspection tax.	(\$253,007)	R	(\$253,007)	R
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(6230) Dept. of Revenue - Tax Collection

<b>11 Reserve for Revenue Tax Collection</b>	\$253,007	R	\$253,007	R
Provides funds to pay for increased data processing expenses related to the collection of motor fuel taxes.				

(6330) Global Transpark

<b>12 Increase Global Transpark Funding</b>	\$250,000	R	\$250,000	R
Increases funding for three new administrative positions (a chief financial officer, an administrator and a secretary) and miscellaneous expenses.				

(6370) Transfer to Highway Trust Fund

<b>13 Discontinue Transfer to Highway Trust Fund</b>	(\$38,000,000)	NR	(\$38,000,000)	NR
Discontinues, for biennium, 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.				

(6610) Retirement Rate Reduction

<b>14 Contributions-Retiree Health Plan Premium Reserve</b>	(\$7,000,000)	NR		
Suspends surcharge on employer retirement contributions for retiree health benefit premiums for 1999-2000 only; 1999-2000 retiree health benefit premiums funded out of \$270 million balance in State's Reserve for Retiree Health Benefits.				

(6801) Legislative Salary Increase

<b>15 Compensation Bonus</b>	\$2,000,000	NR		
Provides one-time \$125 per full-time employee compensation bonus to employees funded by the Highway Fund.				
<b>16 Legislative Salary Increase</b>	\$12,000,000	R	\$12,000,000	R
Provides funding for a 3% compensation increase for all employees funded from the Highway Fund.				

(6826) Trust Fund Support

<b>17 Increase Trust Fund Administration Support</b>	(\$8,000,000)	R	(\$8,000,000)	R
Increases administrative charges to the Highway Trust Fund, thereby decreasing Highway Fund requirements.				

(6827) State Health Plan

<b>18 Increased State Employee Health Plan Costs</b>	\$5,000,000	R	\$7,000,000	R
Increases the appropriation to the teachers' and state employees' Comprehensive Major Medical Plan for each year of the biennium.				



(6828) Reserve for Maintenance

**19 Increase Maintenance Expenditures**

Increases Maintenance Expenditures.

\$30,010,000 NR \$31,000,000 NR

(6829) Deferred Equipment Purchases

**20 Defer Equipment Purchases**

Defers equipment purchases for 1999-00.

(\$6,000,000) NR

(6830) Administrative Budgets

**21 Delay Filling of Vacancies**

To reduce the Highway Fund appropriation, the Department will keep vacant positions empty for two additional months.

(\$7,200,000) NR

(6831) Increase in Health Plan Contributions

**22 Prescription Drug Card Program for State Employees**

Implements a prescription drug card program, effective January, 2000, in the State Employee Health Benefit Plan's self-insured indemnity program by replacing deductible and 20% coinsurance assessed members of the program for outpatient prescription drugs with prescription copayments paid by members to pharmacies at the time of purchase. Increased employer premiums also paid to HMO's.

\$1,000,000 R \$1,000,000 R

(6832) Visitor Centers

**23 Additional Funding for Visitor Centers**

Provides \$25,000 for each of seven visitor centers to supplement the \$75,000 they receive from the Special Registration Plate Account.

\$175,000 R \$175,000 R

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<b>Total Legislative Changes</b>	<b>\$10,202,769</b>	<b>R</b>	<b>\$12,202,769</b>	<b>R</b>
	<b>\$6,566,398</b>	<b>NR</b>	<b>\$24,029,081</b>	<b>NR</b>
<b>Total Position Changes</b>	<b>-7.00</b>		<b>-7.00</b>	
<b>Revised Budget</b>	<b>\$1,154,690,000</b>		<b>\$1,181,410,000</b>	

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# **Special Provisions**

**1999 Session: HB 168**

**Department: Transportation**

## **Section 27**

**Title: Cash Flow Highway and Highway Trust Fund Appropriations**

**Summary** Changes boilerplate special provision from 1998 to reflect revised revenue forecasts. This language allows DOT to anticipate revenue in future years for the purpose of budgeting multiyear road construction projects.

## **Section 27.1**

**Title: Discontinue Bond Retirement Transfer from Highway Fund to Highway Trust Fund for Biennium**

**Summary** Allows a \$38 million transfer from the Highway Fund to the Highway Trust Fund to be discontinued for the biennium. This transfer was established as a funding source for the Highway Trust Fund and is related to the retirement of debt service on Highway Fund bonds.

## **Section 27.2**

**Title: Blue Ribbon Transportation Finance Study Commission**

**Summary** Repeats, with revisions, a special provision from 1998 establishing a Blue Ribbon Commission to study Highway Trust Fund legislation, maintenance needs, current revenue sources for public transportation, transfers from the Highway Fund to General Fund agencies, and other issues related to transportation finance.

## **Section 27.3**

**Title: Design-Build Transportation Construction Contracts Authorized**

**Summary** Repeats a special provision from 1998 allowing DOT to award three contracts annually on a design-build basis. Without this law, bids for construction projects can only be solicited 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 27.4**

**Title: Require the Department of Transportation to Expand the Use of Recycled Materials in Road Maintenance**

**Summary** Requires DOT to use recycling technology, including, but not limited to, hot in-place recycling, in road and highway maintenance where it is consistent with economic feasibility and applicable engineering and environmental quality standards.

**Section 27.5**

**Title:** Department of Transportation to Report on Delayed Road Construction

**Summary** The Department of Transportation shall study and report to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Commission on Governmental Operations on reasons road construction is delayed in North Carolina. The report shall include recommendations on how identified problems will be addressed.

**Section 27.6**

**Title:** Department of Transportation to Report on Highway Construction Financing

**Summary** The Department of Transportation shall study financing options for increasing the pace of highway construction and shall make recommendations to the Joint Legislative Transportation Oversight Committee, the Fiscal Research Division, and the Blue Ribbon Transportation Finance Study Commission.

**Section 27.7**

**Title:** Simplify Transportation Improvement Program Database

**Summary** The Department of Transportation shall redesign its Transportation Improvement Program database to make it more accessible and shall report on its proposed changes to the Joint Legislative Transportation Oversight Committee.

**Section 27.8**

**Title:** Subdivision Road Acceptance and Maintenance Study

**Summary** Provides that the Joint Legislative Transportation Oversight Committee shall study proposed and ratified legislation and the policies for accepting and maintaining subdivision roads and streets that do and do not meet the standards adopted by the Board of Transportation. The Committee must submit a final report to the 2001 General Assembly.

**Section 27.9**

**Title:** Disclosure of Personal Information in Motor Vehicle Records

**Summary** Prohibits the DMV from disclosing personal information contained in motor vehicle records to bulk marketers unless written permission is received from the person about whom information is requested.

**Section 27.10**

**Title:** Funds for Rail Service to Western North Carolina Revert

**Summary** Provides that \$5.2 million previously appropriated for FY 1998-99 that will not be used shall revert on June 30, 1999.

**Section 27.11**

**Title:** North Carolina Railroad Dividends

**Summary** Provides that \$10 million of the annual dividend of the North Carolina Railroad for FY 1999-2000 shall be used for upgrading tracks in Eastern North Carolina, \$6 million shall be used to purchase right-of-way for the Charlotte train station, and up to \$3 million may be used for the old Burlington station/roundhouse pursuant to a plan to be adopted by the North Carolina Railroad Company. Remaining funds from dividends shall be placed in a reserve until appropriated by the General Assembly. Extends by one year the deadline for the submission to the General Assembly of the Governor's repayment plan for the North Carolina Railroad debt to the State.

**Section 27.12**

**Title:** Federal Funds for Public Transportation Improvements

**Summary** Provides that DOT shall use \$10 million of federal highway funds during each year of the biennium for improvements to public transportation and rail service.

**Section 27.13**

**Title:** Spending Public Transportation and Rail Division Funds

**Summary** Specifies that funds appropriated to the Public Transit and Rail Divisions are to be used only as set forth in the budget. Also specifies the allocation of funds.

**Section 27.13A**

**Title:** Western North Carolina Railroad Stations

**Summary** Provides that the DOT may use up to \$1 million in each year of the 1999-2001 biennium for train stations in Western North Carolina.

**Section 27.14**

**Title:** Overrealized Highway Trust Fund Revenues to Move Division 3 Headquarters

**Summary** Allocates up to \$10.7 million in overrealized Highway Trust Fund revenues from the 1998-99 fiscal year to pay the capital cost of relocating Division 3 headquarters in Wilmington. Funds must be repaid to the Highway Trust Fund by June 30, 2004.

**Section 27.15**

**Title:** Use of Global TransPark Authority Funds

**Summary** Specifies that Global TransPark Authority funds shall be used for:  
Matching federal construction funds, developmental and operational activities related to the Kinston Regional Jetport and the Global TransPark Education and Training Center, and project marketing and industrial development activities.

**Section 27.16**

**Title:** Global TransPark Obligations Maturity Dates Extended

**Summary** Extends by five years the ability of the Global TransPark to borrow from the Escheat Fund.

**Section 27.18**

**Title:** Small Urban Construction Discretionary Funds

**Summary** Allocates \$14 million in each fiscal year for small urban construction projects and \$10 million for rural or small urban highway improvements and related transportation enhancements. Also specifies that these funds are not subject to G.S. 136-44.7

**Section 27.19**

**Title:** Amendment to the Transportation Equity Formula to Exempt Federal Discretionary Funding

**Summary** Exempts from the equity formula federal funds received through competitive awards or discretionary grants outside of TEA-21 (Transportation Equity Act for the 21st Century).

**Section 27.20**

**Title:** Equity Allocation Distribution Study and Report

**Summary** Requires the Secretary of Transportation to submit yearly reports to the General Assembly of the allocations, obligations, and actual yearly expenditures for each distribution region. Also requires a report on proposals for separate funding for roads that impact large-scale economic development projects, separate funding allocations for major highways that impact two or more funding regions, and methods to accommodate these spending proposals in the equity formula.

**Section 27.21**

**Title:** Medium Custody Road Crew Compensation

**Summary** Sets DOT reimbursement of Department of Corrections for highway-related labor performed by medium custody prisoners at \$7 million per year for the biennium. Expresses General Assembly intent that future reimbursements will be negotiated within the executive branch.

**Section 27.22**

**Title:** State Trees and Flowers on DOT Right-of-Way

**Summary** The Department of Transportation shall develop and implement a plan to plant the State tree, the pine, including the loblolly pine, and the State flower, the dogwood, along the State's roads and highways in the right-of-way of the Department.

**Section 27.23**

**Title:** Global TransPark Authority To Report on Future Plans and Performance Measures

**Summary** Requires the Global TransPark Authority to report to the Joint Legislative Transportation Oversight Committee on its strategic and business plans for the years 2000 through 2010, including specific interim goals and performance measures.

**Section 27.23A**

**Title:** Visitor Centers Exempt from Umstead Act

**Summary** Exempts from the Umstead Act the Department of Transportation, or any nonprofit lessee of the Department, for the sale of books, crafts, gifts, and other tourism-related items at Visitor Centers owned by the Department.



Section 27.24

Title: Drivers Education Funding

Summary The Department of Transportation shall pay for the increased costs for drivers education due to the projected increase in average daily membership in the ninth grade drivers education program. In allocating funds for driver training, the State Board of Education shall consider the needs of small and low-wealth local school administrative units.

Section 27.25

Title: Future of the North Carolina Railroad Study Commission

Summary Establishes the Future of the North Carolina Railroad Study Commission, which shall consist of eight members of the House of Representatives and eight members of the Senate. Also directs the Commission to study the appropriate purpose, powers, and governance of the North Carolina Railroad Company and the issues important to the future of passenger and freight rail service in North Carolina.

Section 27.26

Title: Left Turn on Red Funding

Summary Provides that should House Bill 815, or any other bill containing the same or similar language, be ratified, the Department of Transportation shall pay the costs of implementing left turns on red with funds appropriated to the Department.

**STATEWIDE RESERVES/  
DEBT SERVICE**

## Statewide Reserves

GENERAL FUND

FY 99-2000

FY 2000-01

## Reserve

**18 State Funded Compensation Increases**

\$397,600,000	R	\$397,600,000	R
\$0	NR		

*Provides recurring funding to increase salaries of Public School, Community College, and State Employees. The percentage amount of salary increase by group is listed below:*

## Public Schools

Teacher Salary Schedule - 7.5% Average

School-Based Administrator Salary Schedule  
(Principals & Assistant Principals) - 8%

All Other Public School Employees - 3%

Community College Employees - 3% Average

## State Employees

SPA (State Agency/UNC System)

2% Career Growth Award

1% Cost-of-Living Adjustment

EPA (State Agency) - 3%

EPA (UNC System) - 3% Average

State Agency Teachers - 7.5% Average

School of Science &amp; Math Faculty - 7.5% Average

**19 State Funded Compensation Bonus**

\$0	R
\$16,400,000	NR

*Provides nonrecurring appropriation for a one-time, \$125.00 compensation bonus per full-time employee to selected Public School, Community College, and State Employees.*

## Reserves

**20 SPA Minimum Salary/Federal Poverty Guideline**

\$100,000	R	\$100,000	R
\$0	NR		

*Raises the minimum salary of permanent full-time State employees subject, to the State Personnel Act, to the income level for a family of four under the federal poverty guidelines (currently \$16,700).*

**21 Increased State Employee Health Plan Costs**

\$100,000,000	R	\$135,000,000	R
\$0	NR		

*Continues existing benefits in the State Employee Health Benefit Plan's self-insured indemnity program with continued full employer funding for employee and retiree individual premiums; increased employer premiums also provided to HMOs.*

Overview: 1999 Session Fiscal and Budgetary Actions

FY 99-2000

FY 2000-01

**22 Prescription Drug Card Program for State Employees**

\$10,000,000	R	\$12,000,000	R
\$0	NR		

Implements a prescription drug card program in the State Employee Health Benefit Plan's self-insured indemnity program, effective January, 2000, by replacing the deductible and the 20% coinsurance assessed to members of the program for outpatient prescription drugs with prescription copayments paid by members to pharmacies at the time of purchase. Increased employer premiums are also provided to HMOs.

**23 Contributions to Retiree Health Premium Reserve**

\$0	R
(\$144,000,000)	NR

Suspends surcharge on employer retirement contributions for retiree health benefit premiums for 1999-2000 only; 1999-2000 retiree health benefit premiums funded out of \$270 million balance in State's Reserve for Retiree Health Benefits.

**24 Reduce Funds for Retirement Rate Adjustment**

(\$900,000)	R	(\$900,000)	R
\$0	NR		

Due to actuarial gains in the Consolidated Judicial Retirement System.

**25 Salary Reductions of Vacated Positions**

(\$12,709,439)	R	(\$12,709,439)	R
\$0	NR		

Reduces salaries of positions vacated due to retirement during FY 1999-2000 by 30%. This reduction excludes public school teachers, employees whose salaries are set by statute, and teaching faculty at university and community colleges.

**26 Consolidated Mail Service**

(\$1,000,000)	R	(\$1,500,000)	R
\$0	NR		

Reduces cost due to the consolidation of 26 mailrooms into one Consolidated Mail Service (CMS) under the management of the Department of Administration.

**27 Debt Service**

\$193,066,878	R	\$291,865,498	R
\$0	NR		

Debt Service FY 1999-2000:

Adjusted Governor's Rec.	248,138,378
Interest Rate Change	(4,071,500)
Receipts Recurring	(16,500,000)
Receipts Non-Recurring	(34,500,000)
<b>Total</b>	<b>193,066,878</b>

Debt Service FY 2000-2001

Adjusted Governor's Rec.	312,251,998
Interest Rate Change	(3,886,500)
Receipts Recurring	(16,500,000)
<b>Total</b>	<b>291,865,498</b>

**Total Appropriation**

\$686,157,439	R	\$821,456,059	R
(\$127,600,000)	NR		

# **CAPITAL IMPROVEMENTS**

# Capital

## GENERAL FUND

FY 99-2000

FY 2000-01

### Department of Administration

#### 1 Indian Cultural Center - Reserve

Establishes a reserve to be used for land acquisition.

\$250,000 NR

### Department of Agriculture and Consumer Services

#### 2 Construction of Multipurpose Building

Funds construction of multi-purpose facility at the State Fairgrounds. Appropriation for design and site development was made in 1998 Session.

\$9,500,000 NR

#### 3 Eastern Agriculture Center

Funds for continued development of the Eastern Agriculture Center.

\$1,000,000 NR

#### 4 Western North Carolina Farmers Market

Provides for expansion of the Small Dealers Building at the Western North Carolina Farmers Market.

\$250,000 NR

#### 5 Southeastern Farmers Market and Agriculture Center

Continued development of the Southeastern Farmers Market and Agriculture Center.

\$500,000 NR

#### 6 Vernon James Research & Extension Center

Funds Phase II of the Headhouse-Greenhouse project.

\$827,168 NR

### Department of Community Colleges

#### 7 Community College Grants

Provides grants of \$250,000 to each of 58 existing community colleges for purposes of capital improvements or land acquisition. These funds are not subject to a matching requirement.

\$14,500,000 NR

### Department of Cultural Resources

#### 8 Museum of Art Expansion and Renovation

Continued development of the expansion and renovation of the North Carolina Museum of Art.

\$1,000,000 NR

### Department of Environment and Natural Resources

#### 9 Civil Works Projects

Provides state match for civil works projects. Specific projects are listed in special provision entitled "Water Resources Project Development Funds."

\$9,245,000 NR

#### 10 Museum of Natural Science

Provides funds for facility upfit and preparation of exhibits.

\$4,000,000 NR



Overview: 1999 Session Fiscal and Budgetary Actions

**FY 99-2000**

**FY 2000-01**

**11 Reserve for Forestry Headquarters**

Provides funds for construction of Division of Forestry county headquarters. Projects are to be identified by the Department in accordance with needs priority.

\$2,000,000 NR

**12 Museum of Forestry**

Provides capital funds for the Museum of Forestry in Columbus County.

\$250,000 NR

**Department of Health and Human Services**

**13 Whitaker School Construction**

\$5,400,000 NR

**14 Eastern Vocational Rehab Facility**

Provides supplemental funds for repairs and renovations at the Eastern Vocational Rehabilitation Facility in Goldsboro.

\$2,000,000 NR

**Office of Juvenile Justice**

**15 Stonewall Jackson School**

Provides funds for demolition and removal of old homes on confined grounds at Stonewall Jackson School.

\$337,000 NR

**State Ports**

**16 Port Facilities**

Provides funds to continue ports facilities development in accordance with Ports Authority schedule of priorities.

\$6,000,000 NR

**UNC Board of Governors**

**17 Focused Enrollment Growth Capital**

Provides supplemental funds to meet repair and renovations needs on campuses with planned high enrollment growth. Related special provision is entitled "UNC Enrollment/Capital."

\$20,000,000 NR

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**Total Appropriation**

**\$77,059,168 NR**

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# Special Provisions

**1999 Session: HB 168**

**Department: Capital**

**Section 29.1**

**Title: Capital Appropriations/General Fund**

**Summary** Provides a specific schedule that outlines appropriations from the General Fund for the 1999-2001 biennium for use by State departments, institutions, and agencies to provide for capital improvement projects.

**Section 29.2**

**Title: Water Resources Development Project Funds**

**Summary** Allocates \$9,245,000 for the following water resource development projects: (1) Wilmington Harbor Deepening, \$5,700,000; (2) B. Everett Jordan Lake Water Supply, \$100,000; (3) Aquatic Plant Control Statewide and Lake Gaston, \$150,000; (4) Manteo Shallowbag Bay Maintenance Dredging, \$350,000; (5) Long Beach Sea Turtle Habitat Restoration, \$354,000; (6) Lockwood Folly River Feasibility Study, \$300,000; (7) Silver-Lake Harbor (Ocracoke Island) Maintenance Dredging, \$160,000; (8) State-Local Projects, \$750,000 (listed in House Bill 168); (9) Stumpy Point Bay Maintenance Dredging, \$240,000; (10) Cape Fear River above Wilmington Dredging, \$100,000; (11) Moravian Creek Flood Control, \$96,000; (12) Neuse River Basin Flood Studies, \$100,000; (13) Wanchese Harbor Navigation, \$170,000; (14) Battery Island Bird Habitat Protection, \$205,000; (15) Prospective Feasibility Studies, \$200,000; (16) Planning Assistance to NC Communities, \$150,000; (17) Emergency Flood Control Projects, \$120,000.

Funds that are not expended or encumbered for the State-local projects shall revert to the General Fund at the end of the 2000-2001 fiscal year. Reporting guidelines pertaining to unexpended funds for other projects are outlined.

Allows that the Director of the State Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from General Fund appropriations to match federal funds pertaining to water resources or beach renourishment projects.

**Section 29.3**

**Title: Forestry Headquarters in Sampson and Moore Counties/Unused Capital Appropriation**

**Summary** Allows that any funds remaining from the \$700,000 appropriated during the 1998 Session for the construction of forestry headquarters in Sampson and Moore Counties may be used to supplement projects previously appropriated by the General Assembly.

**Section 29.4**

**Title: Reallocate Southeastern Farmers Market and Agriculture Center Funds**

**Summary** Allows that \$250,000 of the \$500,000 appropriated to the Department of Agriculture and Consumer Services for the 1998-99 fiscal year for capital improvement projects for the Southeastern Farmers Market and Agriculture Center may be used for the construction of electronic message boards at the market and center.

**Section 29.5**

**Title: UNC Enrollment/Capital**

**Summary** Appropriates an additional \$20,000,000 in capital improvement funds for facilities' renovations and repairs to the Board of Governors of the University of North Carolina. This provision directs the Board of Governors to allocate these funds among the constituent institutions that are expected to grow in enrollment by twenty percent (20%) by fall, 2003. These institutions must have a facility condition and quality index below the UNC System average.

**Section 29.6**

**Title: UNC-Charlotte Capital Funds Reallocated**

**Summary** Reallocates \$2,500,000 of the \$12,000,000 appropriated during the 1998-99 fiscal year for the University of North Carolina at Charlotte. This \$2,500,000 shall be used for advanced planning of the Science and Technology Building at the University of North Carolina at Charlotte. The balance of these funds shall be used for site preparation and for the construction of Phase 1 of the Humanities Building at this campus.

**Section 29.6A**

**Title: Kellogg Center Funds Do Not Revert**

**Summary** Directs that funds in the amount of \$681,277 appropriated to the University of North Carolina at Asheville for the building of the Center for Craft, Creativity and Design at the Kellogg Center shall not revert, but remain available for expenditure for the project.

**Section 29.6B**

**Title: Polymers Center of Excellence Funds**

**Summary** Directs that any of the unexpended funds appropriated in 1997 to the University of North Carolina at Charlotte for the construction of a new building for the Polymer Extension Program shall be transferred to the Polymers Center of Excellence. These funds may be used for the provision of facilities for operations of the Center.

**Section 29.6C**

**Title: Stonewall Jackson Funds**

**Summary** Directs that of the funds appropriated to the Office of Juvenile Justice, \$337,000 be used to remove, by relocation or demolition, buildings located on the grounds of the Stonewall Jackson Training School that may pose a health and safety hazards. Allows the Stonewall Jackson Training School to retain the net proceeds from the sale or lease of historic properties at the school. These funds may be used for capital improvements.

**Section 29.7**

**Title: Procedures for Disbursement**

**Summary** Provides guidelines on how appropriated funds are to be expended on capital projects specified in House Bill 168.

#### Section 29.8

##### Title: Encumbered Appropriations and Project Reserve Fund

**Summary** Directs that when each capital improvement project appropriated by the 1999 General Assembly, other than those under the Board of Governors of the University of North Carolina, is placed under a construction contract, direct appropriations shall be encumbered to include all costs for construction, design, investigation, administration, movable equipment, and a reasonable contingency. Unencumbered direct appropriations remaining in the project budget shall be placed in a project reserve fund credited to the Office of State Budget and Management. The Director of the Office of State Budget has the discretion to use the project reserve fund for emergency repair and renovation projects and to award contracts where bids exceed appropriated funds.

#### Section 29.9

##### 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 1999-2000 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 29.10

##### 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 of 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 29.11

##### Title: Project Cost Increase

**Summary** Allows the Director of the State Budget upon the request of the administration of a State agency, department, or institution to increase the cost of a capital improvement project. If the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. Increases may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts above those at University of North Carolina Hospitals at Chapel Hill, or direct capital appropriations to that department or institution.

**Section 29.12**

**Title:** New Project Authorization

**Summary** Allows the Governor, upon the request of the administration of any State agency, department, or institution, to authorize the construction of a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at University of North Carolina Hospitals at Chapel Hill, or self-liquidating indebtedness. The Director of the Budget shall report this action to the Joint Legislative Commission on Governmental Operations at its next meeting

**Section 29.13**

**Title:** Advanced Planning of Capital Improvement Projects

**Summary** Allows the Director of the Budget to approve the use of funds that may come available by way of gifts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants, or any other funds that may come available to be utilized for advanced planning through the working drawing phase of capital improvement projects. This revolving fund shall not be utilized by the Board of Governors of the University of North Carolina or the State Board of Community Colleges.

**Section 29.14**

**Title:** Appropriations Limits/Reversions or Lapse

**Summary** Designates that appropriations for capital improvements may be expended only for specific projects set out by the 1999 General Assembly. If construction contracts have not been awarded within 12 months of the first day of the fiscal year, then the direct appropriation for those projects shall revert to the original source.

# **SALARIES AND BENEFITS**



## SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE

### A. SALARY INCREASES

**General Salary Increase** ~ The 1999 Long Session of the General Assembly enacted the following General Fund and Highway Fund appropriations to provide salary increases effective July 1, 1999, for employees paid from State funds:

	1999-2000
General Fund (Recurring)	\$397,600,000
General Fund (Non recurring)	\$16,400,000
Highway Fund (Recurring)	\$12,000,000
Highway Fund (Non recurring)	\$2,000,000
<b>TOTAL</b>	<b>\$428,000,000</b>

### B. SPECIFIED SALARY INCREASES

#### GOVERNOR

- (1) In the 1999 Long Session, the General Assembly authorized a 3% salary increase for the Governor from \$110,346 to \$113,656, effective July 1, 1999.

#### COUNCIL OF STATE

- (2) In the 1999 Long Session, the General Assembly authorized a 3% salary increase for members of the Council of State, effective July 1, 1999.

Council of State	1999-2000
Lieutenant Governor	\$100,310
Attorney General	100,310
Secretary of State	100,310
State Treasurer	100,310
State Auditor	100,310
Superintendent of Public Instruction	100,310
Commissioner of Agriculture and Consumer Services	100,310
Commissioner of Insurance	100,310
Commissioner of Labor	100,310

#### GOVERNOR'S CABINET

- (3) In the 1999 Long Session, the General Assembly authorized a 3% salary increase for members of the Governor's cabinet, effective July 1, 1999.

**Cabinet****1999-2000**

Secretary of Administration	\$98,003
Secretary of Correction	98,003
Secretary of Crime Control & Public Safety	98,003
Secretary of Cultural Resources	98,003
Secretary of Commerce	98,003
Secretary of Environment and Natural Resources	98,003
Secretary of Health and Human Services	98,003
Secretary of Revenue	98,003
Secretary of Transportation	98,003

**CERTAIN EXECUTIVE OFFICIALS**

- (4) In the 1999 Long Session, the General Assembly authorized a 3% salary increase for certain executive officials, effective July 1, 1999.

**Officials****1999-2000**

Chairman, Alcoholic Beverage Control	\$89,200
State Controller	124,835
Commissioner of Motor Vehicles	89,200
Commissioner of Banks	100,310
Chairman, Employment Security Commission	124,677
State Personnel Director	98,003
Chairman, Parole Commission	81,450
Members of the Parole Commission	75,198
Chairman of the Utilities Commission	111,713
Commissioners of the Utilities Commission	100,310
Executive Director, Agency for Public Telecommunication	75,198
General Manager, Ports Railway Commission	67,903
Director, Museum of Art	91,401
Executive Director, North Carolina Housing Finance Authority	110,394
Executive Director, North Carolina Agricultural Finance Authority	86,823

**JUDICIAL PERSONNEL**

- (5) In the 1999 Long Session, the General Assembly authorized a 3% salary increase for officials of the Judicial System, effective July 1, 1999.

**1999-2000**

Chief Justice, Supreme Court	\$113,656
Associate Justice, Supreme Court	110,687
Chief Judge, Court of Appeals	107,919
Judge, Court of Appeals	106,075
Judge, Senior Regular Resident Superior Court	103,193
Judge, Superior Court	100,310
Chief Judge, District Court	91,086
Judge, District Court	88,204
District Attorney	92,931
Administrative Officer of the Courts	103,193
Assistant Administrative Officer of the Courts	94,257
Public Defender	92,931

**Clerks of Court****1999-2000**

Less than 100,000 County Population	\$66,493
100,000 to 149,999 County Population	74,690
150,000 to 249,999 County Population	82,888
250,000 and above County Population	91,086

- (6) In the 1999 Long Session, the General Assembly authorized a 3% increase in the average salaries of Assistant District Attorneys and Assistant Public Defenders effective July 1, 1999. The General Assembly authorized 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 \$57,165 nor the minimum salary fall below \$29,184. The General Assembly also authorized a lump-sum compensation bonus of \$125 to Assistant District Attorneys and Assistant Public Defenders.
- (7) In the 1999 Long Session, the General Assembly authorized a 3% salary increase, effective July 1, 1999, for Assistant and Deputy Clerks of Court in addition to the step increases associated with their respective pay plans. The General Assembly also authorized a lump-sum compensation bonus of \$125 to Assistant and Deputy Clerks of Court.

**1999-2000****Assistant Clerks and Head Bookkeeper**

Minimum	\$24,846
Maximum	43,991

**Deputy Clerks**

Minimum	\$19,865
Maximum	33,886

**MAGISTRATES**

- (8) The salary schedule for full-time magistrates is as follows:

**1999-2000**

Entry Rate	\$25,205
Step 1	27,735
Step 2	30,488
Step 3	33,491
Step 4	36,782
Step 5	40,399
Step 6	44,375

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:

Less than 1 year of service	\$19,866
1 or more but less than 3 years of service	20,887
3 or more but less than 5 years of service	22,941
The General Assembly also authorized a lump-sum compensation bonus of \$125 to magistrates.	

## **LEGISLATORS**

- (9) In the 1999 Long Session, the General Assembly did not authorize any salary increases for the elected members 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 \$81,696 to \$84,147, effective July 1, 1999. The principal clerks also received a lump-sum compensation bonus of \$125. The salaries of the Sergeants-at-Arms and the Reading Clerks in the House of Representatives and the Senate were increased by 3% from \$266 per week to \$274 per week, effective July 1, 1999.

## **C. GENERAL SALARY INCREASES**

- (1) **State Comprehensive Pay Plan for Employees Whose Salaries are Set in Accordance with the State Personnel Act** – In the 1999 Long Session, the General Assembly funded a 3% salary increase per the general guidelines of the Comprehensive Compensation System (State Employee's Pay Plan) that was adopted during the 1994 Session of the General Assembly. The 1999-2000 fiscal year salary increase was funded within two of the three components specified in the statutory guidelines for the Comprehensive Compensation System: a cost-of-living adjustment at 1% and a career growth development component at 2%, both effective July 1, 1999. Employees at the top of their pay range, who would otherwise be ineligible for a career growth development increase, will receive a onetime 2% salary bonus. In lieu of a performance bonus award, all full-time State employees' subject to the State Personnel Act received a lump-sum compensation bonus of \$125.
- (2) **Employees Whose Salaries are Not Set in Accordance with the State Personnel Act** In the 1999 Long Session, the General Assembly increased by 3% the salaries of those employed by 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. This increase became effective, July 1, 1999. State employees exempt from the State Personnel Act also received a lump-sum compensation bonus of \$125.
- (3) **Employees of the University System Exempt from the State Personnel Act** – In the 1999 Long Session, the General Assembly authorized funds for an average annual salary increase of 3%, effective July 1, 1999, for employees of the University of North Carolina System whose salaries are not set in accordance with the State Personnel Act. The increase is awarded to individuals based on rules adopted by the Board of Governors. The non teaching employees were also eligible to receive a lump-sum compensation bonus of \$125. (Note: Please see "Rewarding Excellence in Teaching" under the UNC System section of this publication for information on additional salary increase funding for teaching faculty judged as excellent teachers).

- (4) **Community College Institutional Personnel** – In the 1999 Long Session, the General Assembly authorized funds for an average annual salary increase of 3%, effective July 1, 1999, for community college institutional personnel whose salaries are not set in accordance with the State Personnel Act. The increase is awarded to individuals based on guidelines established by the State Board of Community Colleges. The non teaching employees were also eligible to receive a lump-sum compensation bonus of \$125. *(Note: Please see "Additional Salary Increase Funds" under the Community College section of this publication for information on additional salary funding for community college faculty).*
- (5) **Salary Adjustment Fund** – In the 1999 Long Session, the General Assembly authorized the use of funds appropriated for legislative increases, but not required for that purpose, to supplement the Salary Adjustment Fund. Up to \$60,000 of this fund is earmarked for the Department of Cultural Resources to reclassify security guard positions in the Museum of History and at other State historic sites.
- (6) **Employees of the Public Schools** –
- (a) **Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, Evaluators and Program Administrators** – In the 1999 Session, the General Assembly appropriated funds for an average annual salary increase of 3%, effective July 1, 1999, for Superintendents, Assistant Superintendents, Associate Superintendents, Directors/Coordinators, Supervisors and Finance Officers. These employees also received a lump-sum compensation bonus of \$125, effective July 1, 1999.

The following monthly salary ranges apply to public school superintendents for the 1999-2000 fiscal year:

Superintendent I (Up to 2,500 ADM):	\$4,187 - \$7,150
Superintendent II (2,501 - 5,000 ADM):	\$4,445 - \$7,585
Superintendent III (5,001 - 10,000 ADM):	\$4,716 - \$8,050
Superintendent IV (10,001 - 25,000 ADM):	\$5,005 - \$8,542
Superintendent V (Over 25,000 ADM):	\$5,312 - \$9,066

The salary ranges for central office administrators follows:

School Administrator I	\$2,932 - \$5,003
School Administrator II	\$3,112 - \$5,310
School Administrator III	\$3,303 - \$5,636
School Administrator IV	\$3,436 - \$5,863
School Administrator V	\$3,574 - \$6,101
School Administrator VI	\$3,792 - \$6,475
School Administrator VII	\$3,945 - \$6,737

- (b) **Principals and Assistant Principals** – In the 1999 Regular Session, 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, 1999. The 1999 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 1999 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 1999-2000.

The following schedule outlines the base pay for Principals and Assistant Principals for the 1999-2000 fiscal year:

**1999-2000  
Principal and Assistant Principal Salary Schedules**

Classification						
Yrs. of Exp.	1 Assist Principal	1 Prin I (0-10)	2 Prin II (11-21)	3 Prin III (22-32)	4 Prin IV (33-43)	5 Prin V (44-54)
4	\$3,031	—	—	—	—	—
5	\$3,166	—	—	—	—	—
6	\$3,275	—	—	—	—	—
7	\$3,326	—	—	—	—	—
8	\$3,377	\$3,377	—	—	—	—
9	\$3,430	\$3,430	—	—	—	—
10	\$3,482	\$3,482	\$3,535	—	—	—
11	\$3,535	\$3,535	\$3,589	—	—	—
12	\$3,589	\$3,589	\$3,644	\$3,702	—	—
13	\$3,644	\$3,644	\$3,702	\$3,759	\$3,818	—
14	\$3,702	\$3,702	\$3,759	\$3,818	\$3,878	\$3,939
15	\$3,759	\$3,759	\$3,818	\$3,878	\$3,939	\$4,002
16	\$3,818	\$3,818	\$3,878	\$3,939	\$4,002	\$4,066
17	\$3,878	\$3,878	\$3,939	\$4,002	\$4,066	\$4,132
18	\$3,939	\$3,939	\$4,002	\$4,066	\$4,132	\$4,200
19	\$4,002	\$4,002	\$4,066	\$4,132	\$4,200	\$4,267
20	\$4,066	\$4,066	\$4,132	\$4,200	\$4,267	\$4,336
21	\$4,132	\$4,132	\$4,200	\$4,267	\$4,336	\$4,406
22	\$4,200	\$4,200	\$4,267	\$4,336	\$4,406	\$4,477
23	\$4,267	\$4,267	\$4,336	\$4,406	\$4,477	\$4,551
24	\$4,336	\$4,336	\$4,406	\$4,477	\$4,551	\$4,626
25	\$4,406	\$4,406	\$4,477	\$4,551	\$4,626	\$4,703
26	\$4,477	\$4,477	\$4,551	\$4,626	\$4,703	\$4,797
27	\$4,551	\$4,551	\$4,626	\$4,703	\$4,797	\$4,893
28	\$4,626	\$4,626	\$4,703	\$4,797	\$4,893	\$4,991
29	\$4,703	\$4,703	\$4,797	\$4,893	\$4,991	\$5,091
30	\$4,797	\$4,797	\$4,893	\$4,991	\$5,091	\$5,193
31	\$4,893	\$4,893	\$4,991	\$5,091	\$5,193	\$5,297
32	—	\$4,991	\$5,091	\$5,193	\$5,297	\$5,403
33	—	—	\$5,193	\$5,297	\$5,403	\$5,511
34	—	—	\$5,297	\$5,403	\$5,511	\$5,621
35	—	—	—	\$5,511	\$5,621	\$5,733
36	—	—	—	\$5,621	\$5,733	\$5,848
37	—	—	—	—	\$5,848	\$5,965
38	—	—	—	—	—	\$6,084
39	—	—	—	—	—	—
40	—	—	—	—	—	—
41	—	—	—	—	—	—



**1999-2000  
Principal and Assistant Principal Salary Schedules**

**Classification**

<b>Yrs. of Exp.</b>	<b>6 Prin VI (55-65)</b>	<b>7 Prin VII (66-100)</b>	<b>8 Prin VIII (101+)</b>
4	--	--	--
5	--	--	--
6	--	--	--
7	--	--	--
8	--	--	--
9	--	--	--
10	--	--	--
11	--	--	--
12	--	--	--
13	--	--	--
14	--	--	--
15	--	--	--
16	\$4,132	--	--
17	\$4,200	\$4,336	--
18	\$4,267	\$4,406	\$4,477
19	\$4,336	\$4,477	\$4,551
20	\$4,406	\$4,551	\$4,626
21	\$4,477	\$4,626	\$4,703
22	\$4,551	\$4,703	\$4,797
23	\$4,626	\$4,797	\$4,893
24	\$4,703	\$4,893	\$4,991
25	\$4,797	\$4,991	\$5,091
26	\$4,893	\$5,091	\$5,193
27	\$4,991	\$5,193	\$5,297
28	\$5,091	\$5,297	\$5,403
29	\$5,193	\$5,403	\$5,511
30	\$5,297	\$5,511	\$5,621
31	\$5,403	\$5,621	\$5,733
32	\$5,511	\$5,733	\$5,848
33	\$5,621	\$5,848	\$5,965
34	\$5,733	\$5,965	\$6,084
35	\$5,848	\$6,084	\$6,206
36	\$5,965	\$6,206	\$6,330
37	\$6,084	\$6,330	\$6,457
38	\$6,206	\$6,457	\$6,586
39	\$6,330	\$6,586	\$6,718
40	\$6,457	\$6,718	\$6,852
41	--	\$6,852	\$6,989

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Less than 11 Teachers
Principal II	11 - 21 Teachers
Principal III	22 - 32 Teachers
Principal IV	33 - 43 Teachers
Principal V	44 - 54 Teachers
Principal VI	55 - 65 Teachers
Principal VII	66 - 100 Teachers
Principal VIII	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** – In the 1999 Session, the General Assembly funded the third phase of the teacher salary schedules in the Excellent Schools Act. The 1999 General Assembly appropriated funds which provided average annual salary increases ranging from 4.5% to 11% for most teachers, effective July 1, 1999.

**TEACHER SALARY SCHEDULE**  
(Effective July 1, 1999)

<u>BA TEACHERS</u>			<u>GRADUATE TEACHERS</u>	
YEARS OF EXPERIENCE	MONTHLY SALARY	NBPTS CERT.	MONTHLY SALARY	NBPTS CERT.
0	\$2,405	N/A	\$2,555	N/A
1	\$2,447	N/A	\$2,600	N/A
2	\$2,490	N/A	\$2,646	N/A
3	\$2,668	\$2,988	\$2,835	\$3,175
4	\$2,824	\$3,162	\$3,001	\$3,361
5	\$2,951	\$3,305	\$3,135	\$3,511
6	\$3,052	\$3,418	\$3,243	\$3,632
7	\$3,099	\$3,470	\$3,293	\$3,688
8	\$3,147	\$3,524	\$3,344	\$3,745
9	\$3,196	\$3,579	\$3,396	\$3,803
10	\$3,245	\$3,634	\$3,448	\$3,861
11	\$3,294	\$3,689	\$3,500	\$3,920
12	\$3,344	\$3,745	\$3,553	\$3,979
13	\$3,396	\$3,803	\$3,608	\$4,040
14	\$3,449	\$3,862	\$3,665	\$4,104
15	\$3,503	\$3,923	\$3,722	\$4,168
16	\$3,558	\$3,984	\$3,780	\$4,233
17	\$3,614	\$4,047	\$3,840	\$4,300
18	\$3,671	\$4,111	\$3,900	\$4,368
19	\$3,729	\$4,176	\$3,962	\$4,437
20	\$3,789	\$4,243	\$4,026	\$4,509
21	\$3,850	\$4,312	\$4,091	\$4,581
22	\$3,913	\$4,382	\$4,158	\$4,656

<u>BA TEACHERS</u>			<u>GRADUATE TEACHERS</u>	
YEARS OF EXPERIENCE	MONTHLY SALARY	NBPTS CERT.	MONTHLY SALARY	NBPTS CERT.
23	\$3,976	\$4,453	\$4,225	\$4,732
24	\$4,040	\$4,524	\$4,293	\$4,808
25	\$4,105	\$4,597	\$4,362	\$4,885
26	\$4,172	\$4,672	\$4,433	\$4,964
27	\$4,241	\$4,749	\$4,506	\$5,046
28	\$4,311	\$4,828	\$4,580	\$5,129
29+	\$4,382	\$4,907	\$4,656	\$5,214

- (d) **Non-certified Public School Employees** – In the 1999 Session, the General Assembly authorized funds for a 3% across-the-board salary increase, effective July 1, 1999, for non certified employees of the public schools. These employees also received a lump-sum compensation bonus of \$125, effective July 1, 1999.

**RETIREMENT AND PENSION CHANGES FOR STATE  
AND LOCAL PERSONNEL**

<b>1999 LEGISLATIVE ACTIONS</b>
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**A. CURRENTLY EMPLOYED EMPLOYEES**

- (1) **Average Final Compensation Calculation:** The 1999 General Assembly made changes in the retirement law for calculating the average final compensation for members of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System who are injured on the job during their final years of service. The average final compensation will be calculated using the salary the member would have earned had he not been injured on the job and receiving benefits under workers' compensation, provided the member purchases the period of time while receiving workers' compensation benefits.
- (2) **Transfer of Service to Consolidated Judicial System:** The 1999 General Assembly allowed any member of the Consolidated Judicial Retirement System with five or more years of service to transfer any creditable service from the Teachers' and State Employees' Retirement System or Local Governmental Employees' Retirement System to the Consolidated Judicial Retirement System to be used as membership service. The benefit at retirement will be calculated based on the member's final compensation times the appropriate accrual rate times the number of years of service as a member of the Judicial System, plus a benefit calculated on an average final compensation times the accrual rate in either the State Retirement System or the Local Retirement System times the years of service as a teacher, State employee or local employee that was transferred. The improved benefit was funded out of unencumbered actuarial gains in the Consolidated Judicial Retirement System as of December 31, 1997, which is the equivalent cost of \$1.6 million annually from the General Fund.
- (3) **Retirement Contributions Reduced:** The 1999 General Assembly authorized the Board of Trustees of the Consolidated Judicial Retirement System to adopt a fixed amortization period of nine years for purposes of the unfunded accrued liability. The contribution rate was also reduced by \$900,000 to the Consolidated Judicial Retirement System as a result of actuarial gains as of December 31, 1997.
- (4) **Retirement Benefits for Federal Judges:** The 1999 General Assembly repealed the law that requires retired judges to forfeit retirement benefits or receive reduced retirement benefits from the Consolidated Judicial Retirement System while they are in service as a judicial officer in the federal courts. The improved benefit was funded out of unencumbered actuarial gains in the Consolidated Judicial Retirement System as of December 31, 1997, which is the equivalent cost of \$60,000 annually from the General Fund.
- (5) **Purchase of Temporary and Part-Time Service Rendered While a Full-Time Student:** The 1999 General Assembly enacted legislation which allows members of the Teachers' and State Employees' Retirement System to purchase certain part-time service that was rendered while they were a full-time student, provided that the service rendered was on a permanent part-time basis and required at least 20 hours of service per week.

- (6) **Definition of "Employee" and "Employer" in the Local Governmental Employees' Retirement System:** The 1999 General Assembly changed the definition of "Employee" and "Employer" in the Local Governmental Employees' Retirement System to include full-time, paid firemen who are employed by any fire department that serves a city or county or any part of a city or county and that is supported in whole or in part by municipal or county funds. The Board of Trustees of the North Carolina Local Governmental Employees' Retirement System, through the Office of the Attorney General, shall request a letter of determination or ruling from the Internal Revenue Service, United States Department of Treasury, as to whether the status of the North Carolina Local Governmental Employees' Retirement System as a governmental plan would be adversely affected by the participation of employees affected by this legislation. The request is to be made to the Internal Revenue Service no later than 30 days after the effective date of this act. Fire departments affected by this legislation are eligible for participation in the North Carolina Local Governmental Employees' Retirement System upon the first day of the calendar quarter following receipt of a favorable letter of determination or ruling.
- (7) **Conversion of Annual Leave to Sick Leave:** The 1999 General Assembly allowed for the conversion of annual leave in excess of 30 days to sick leave at the time a teacher or school employee retires, regardless of when the member retires. Prior to this change, the conversion only happened as of June 30 of each year.

#### **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, 1999, the General Assembly provided a 2.3% 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, 1998. In addition, beneficiaries who retired after July 1, 1998, and before June 30, 1999, were authorized an increase in their retirement allowances on July 1, 1999, equal to a prorated amount of the 2.3% increase provided to those who retired on or before July 1, 1998. The prorated amount will be determined by the Retirement Systems' Board of Trustees based upon the number of months that a retirement allowance was paid during 1998-99.

This increase in retirement allowances was funded out of unencumbered actuarial gains in the following Retirement Systems as of December 31, 1997, which is the equivalent cost as follows: Teachers' and State Employees' - \$36.3 million annually from the General Fund and \$3 million annually from the Highway Fund; Consolidated Judicial - \$409,000 annually from the General Fund.

- (2) **Cost-of-Living Adjustment in Retirement Allowances for Retired Local Government Employees:** Effective July 1, 1999, the General Assembly provided a 1% increase in the retirement allowances paid to beneficiaries of the Local Governmental Employees' Retirement System whose retirement began on or before July 1, 1998. In addition, beneficiaries who retired after July 1, 1998, and before June 30, 1999, were authorized an increase in their retirement allowances on July 1, 1999, equal to a prorated amount of the 1% increase

provided to those who retired on or before July 1, 1998. The prorated amount will be determined by the Retirement Systems' Board of Trustees based upon the number of months that a retirement allowance was paid during 1998-99.

The General Assembly funded the increase with unencumbered actuarial gains within the Local System as of December 31, 1997, which is the equivalent cost of \$2.8 million annually from local funds.

- (3) **Cost-of-Living Adjustment in Retirement Allowances for Retired Legislators:** Effective July 1, 1999, the General Assembly provided a 2.3% increase in the retirement allowances paid to beneficiaries of the Legislative Retirement System who retired on or before January 1, 1999, 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, 1999, but before June 30, 1999, were authorized an increase in their retirement allowances on July 1, 1999, equal to a prorated amount of the 2.3% increase provided to those who retired on or before January 1, 1999. The General Assembly funded the increase with unencumbered actuarial gains within the Legislative System as of December 31, 1998, which is the equivalent cost of \$38,000 from the General Fund.



## STATE EMPLOYEE HEALTH BENEFIT CHANGES

**A. CHANGES IN PLAN FINANCING:** Upon the convening of the 1999 Session, the General Assembly was faced with having to provide additional financial support for the Teachers' and State Employees' Comprehensive Major Medical Plan. The Plan's self-insured indemnity program (i.e., \$250 annual deductible, 20% coinsurance up to \$1,000 annually, etc. paid by Plan members) required an additional \$124 million for the 1999-2000 fiscal year and \$166 million for the 2000-2001 fiscal year to continue its existing level of benefits for the 1999-2001 biennium. These additional funds represented a 28% across-the-board general premium increase, effective October 1, 1999, for employing state agencies, public schools, community colleges, and universities, for the State Retirement Systems' retired teachers and state employees, and for enrolled spouses and dependent children paid for by employees and retirees. Of these additional funds, \$78 million and \$105 million was the State General Fund's share for 1999-2000 and 2000-2001 respectively. The State Highway Fund's share of these additional costs was \$4 million for 1999-2000 and \$5 million for 2000-2001, excluding increased charges to highway work orders. Not since the 1991 Session of the General Assembly has the Plan's indemnity program required a general premium rate increase to maintain the program's level of benefits. Providing the same amount of additional General Fund and Highway Fund support for teachers, employees, and retirees enrolled in the Plan's optional health maintenance organizations (HMOs) increased the General Fund's total additional costs to \$102 million for 1999-2000 and \$136 million for 2000-2001 and increased the Highway Fund's total additional costs to \$5 million for 1999-2000 and \$7 million for 2000-2001, excluding increased highway work order charges. The 1999 Session of the General Assembly made the necessary additional appropriations available for the Plan so the benefits for teachers, employees, and retirees under the Plan's self-insured indemnity program would not have to be reduced for the 1999-2001 biennium. The Plan will also increase premiums for spouses and dependent children enrolled in its self-insured indemnity program beginning October 1, 1999. For the 25% of the Plan's participants who have optional HMO health benefit coverage, premium amounts paid by employees and retired employees are also expected to change, effective October 1, 1999. These changes are expected to range from a 6% reduction to an 18% increase for those enrolled in Blue Cross and Blue Shield's Personal Care Plan, a 7% reduction to a 15% increase for those enrolled in Doctors Health Plan, a 5-51% reduction for those enrolled in Kaiser Permanente, a 22% reduction to a 14% increase for those enrolled in Prudential Healthcare, a 25% reduction to a 7% increase for those enrolled in QualChoice of North Carolina, a 26% reduction to a 3% increase for those enrolled in United Healthcare, a 29% reduction to an 11% increase for those enrolled in Optimum Choice of the Carolinas, a 37% reduction to a 26% increase for those enrolled in the Wellness Plan of North Carolina, and a 33-47% increase for those enrolled in Wellpath Select. The amount of premium rate changes by the Plan's HMOs, in these respects, is determined by the type of coverage selected by enrolled teachers and employees.

## **B. BASIC PLAN CHANGES:**

- (1) Change in Outpatient Prescription Drug Coverage: The 1999 Session of the General Assembly responded to requests from employee associations and retired employee associations for the Plan's self-insured indemnity program to reduce its members' out-of-pocket costs for outpatient prescription drugs, to eliminate the need for members to file prescription drug claim forms, and to eliminate delays in members' receipt of claim reimbursements for prescription drug costs. Effective January 1, 2000, outpatient prescription drug claims will no longer be subject to the program's \$250 annual deductible and 20% coinsurance requirements paid by members of the program. Instead, members of the program will pay the following copayments for each prescription at the time of purchase to eligible pharmacies cooperating with the Plan: \$10 for generic drugs, \$15 for brand name drugs, and \$20 for brand name drugs with generic equivalents. Cooperating pharmacies, in turn, will bill the Plan for any remaining charges allowed by the Plan and receive payment directly from the Plan. For the purposes of copayments paid by members, prescriptions will be limited to a 34-day supply. Prescription supplies in excess of 34 days will be subject to multiple copayments. A drug's generic equivalency must be based upon equal therapeutic values and excludes products considered narrow therapeutic range drugs. Allowable charges for which pharmacies will be paid by the Plan and its members will be 90% of a drug's "average wholesale price" (AWP) plus a \$6 dispensing fee per prescription. The term "average wholesale price" is an average of drug manufacturers' suggested prices that wholesalers and distributors charge pharmacies, notwithstanding the fact that each manufacturer establishes its own AWP for its own products. Pharmacies will be under no obligation to cooperate with the Plan in the revised outpatient prescription drug reimbursement arrangement. Members of the Plan's self-insured indemnity program that purchase prescription drugs from pharmacies that do not cooperate with the Plan will be required to pay these pharmacies the full charge for a drug at the time of purchase and file a claim form with the Plan for reimbursement of allowable charges less the amount of the copayment required for the drug. The 1999 General Assembly provided this enhanced outpatient prescription drug benefit to members of the Plan's self-insured indemnity program at an additional cost equal to 2% of 1998-99 premiums, effective October 1, 1999. This additional premium cost the program an additional \$10 million for the 1999-2000 fiscal year and \$13 million for the 2000-2001 fiscal year. The State General Fund's share of these additional costs is \$6 million for 1999-2000 and \$8 million for 2000-2001. Additional State Highway Fund costs are \$800 thousand for 1999-2000 and for 2000-2001, excluding the additional costs from charges to highway work orders. Providing the same 2% of premium increase for teachers, state employees, and retirees enrolled in the Plan's HMOs increased total additional General Fund costs to \$8 million for 1999-2000 and \$11 million for 2000-2001, and increased total additional Highway Fund costs to \$1 million for 1999-2000 and 2000-2001, exclusive of increased highway work order charges.

- (2) Voluntary Participation by Firemen, Rescue Squad Workers, and Members of the National Guard: Effective July 1, 2000, the 1999 General Assembly allowed firemen, rescue squad workers, and members of the National Guard, and their eligible spouses and dependent children, the opportunity to purchase the benefits of the Teachers' and State Employees' Comprehensive Major Medical Plan, including those of its HMOs. Firemen, rescue squad workers, and members of the National Guard must be ineligible for any other type of group health benefits, including Medicare, and must have been without any such benefits for at least 6 months in order to purchase the Plan's health benefits for themselves and their families. Eligible firemen and rescue squad workers are those who participate in the State's Firemen's and Rescue Squad Workers' Pension Fund either as contributing members or as pensioners. Firemen, rescue squad workers, members of the National Guard, and their eligible spouses and dependent children, must enroll in the Plan's benefits within 30 days of their eligibility to enroll. Premiums for these voluntary enrollments will be established by the Plan separate and apart from those established for teachers, state employees, retirees, and their eligible family members, and must be established on a fully-funded actuarial basis so that there is no additional cost to the Plan from these voluntary enrollments.
- (3) Chemical Dependency Coverage of Services Provided by Certified Substance Abuse Professionals: Effective October 1, 1999, the Plan will cover directly the services of certified substance abuse professionals for the treatment of chemical dependency. Certified substance abuse professionals include certified substance abuse counselors, certified substance abuse prevention consultants, certified clinical addiction specialists, and certified residential facility directors.
- (4) Sunset on Chemical Dependency Services Provided by Certified Fee Based Pastoral Counselors Removed: The 1995 Session of the General Assembly authorized direct coverage of chemical dependency benefits provided by certified fee-based practicing pastoral counselors for the period July 15, 1995, through June 30, 1999. Since this authorization did not result in any additional claim costs to the Plan, the 1999 Session removed the June 30, 1999, sunset date.
- (5) Clarification of Coverage for Services Provided by Physician Assistants: Although already covered by the Plan, the 1999 Session of the General Assembly made clear that the services of duly licensed or certified physician assistants are covered by the Plan when the services are performed within a physician assistant's lawful scope of practice and when the Plan's reimbursement for services is made to a physician, clinic, agency, or institution employing the assistant. This clarification becomes effective January 1, 2000.

**C. HMO CHANGES:** Effective October 1, 1998, the Teachers' and State Employees' Comprehensive Major Medical Plan entered into two-year contracts with ten HMOs to offer additional health benefit choices to teachers, state employees, and retired teachers and state employees residing or working in sixty-six of the State's counties. These HMOs



were Blue Cross & Blue Shield's Personal Care Plan, Doctors Health Plan, Kaiser Permanente, Maxicare, Optimum Choice of the Carolinas, Prudential Healthcare, QualChoice of North Carolina, United Healthcare, Wellness Plan of North Carolina, and Wellpath Select. Effective January 1, 1999, Maxicare terminated its contract with the Plan and withdrew its offering to members of the Plan. Of the remaining nine HMOs, eight submitted premium rates for the year beginning October, 1999, that contained increases in excess of the limits specified in their previously agreed to contracts. The only HMO that complied with its contractual terms covered only 14,000 Plan members residing or working in only twenty-one counties in the State. Consequently, the Plan cancelled its existing contracts with all nine of its HMOs and attempted to negotiate special one-year contracts with all HMOs doing business in the State that met the Plan's eligibility criteria regardless of whether or not they had contracts with the Plan beginning in October, 1998. Upon completion of these negotiations, the Plan will lose only Robeson County as a service area in which teachers, state employees, and retirees had a health benefit choice during the 1998-99 year. Teachers and state employees residing or working in Avery County will, on the other hand, have an HMO option available for 1999-2000 which was not available for 1998-99. In addition, Blue Cross & Blue Shield's Personal Care Plan, Optimum Choice of the Carolinas, United Healthcare, and Wellpath Select significantly reduced their service areas in which their products will be offered to Plan members beginning October 1, 1999. Blue Cross & Blue Shield's Personal Care Plan eliminated twenty-two counties from its service area; Optimum Choice and Wellpath Select eliminated four counties each from their service areas; and United Healthcare eliminated thirteen counties from its service area. Some 31,000 Plan members will be affected by a change in these HMO service areas. These HMOs have maintained that they can no longer offer their benefits to Plan members in these counties because of unsatisfactory contracting arrangements with physicians and hospitals located in these areas and unfavorable claims experience for Plan members residing or working in these areas. Teachers, state employees, and retired teachers and state employees residing or working in one of the counties eliminated as service areas by the HMOs can either enroll in another HMO offered in their area or in the Plan's self-insured indemnity program. In negotiating its new one-year contracts, the Plan will be offering a new HMO, Generations Family Health Plan, beginning in October, 1999, resulting in ten HMO options available to teachers, state employees, and retirees in sixty-six counties statewide.

**D. RETIREE HEALTH BENEFIT PREMIUM FINANCING:** Since the beginning of fiscal year 1983-84, the General Assembly has required employing state agencies, public schools, community colleges, and universities to pay a surcharge on their employer retirement contributions to the State Retirement Systems for the purpose of providing funds for the payment of health benefit premiums to the Teachers' and State Employees' Comprehensive Major Medical Plan, including its optional HMOs, for coverage of retired teachers and state employees. Except for a one-time transfer of \$47 million to the State's General Fund in 1990-91, accumulated surcharge funds have been used to pay retired employee health benefit premiums to the Plan and an administrative charge to the Department of State Treasurer for receiving surcharge funds and investment earnings and for disbursing premium payments. Since 1990-91, the surcharge has been a

2% add-on to employer retirement contributions. As of December 31, 1998, accumulated surcharge funds and investment earnings net of disbursements have amounted to over \$258 million. For calendar year 1998, accumulated surcharge funds received \$175 million from the 2% payroll contribution and \$4 million in investment earnings. During the same period, \$134 million in premium payments were made from accumulated funds along with \$177 thousand to the Department of State Treasurer. In contrast, as of June 30, 1996, the State had an actuarially-determined unfunded liability of \$5,379,247,000 for retired employee health benefits. If this liability had been amortized over 40 years, employer payroll contributions would have been 7.27% for the 1996-97 fiscal year. Although prefunding of post-retirement health benefits is not yet required by the Governmental Accounting Standards Board (GASB), GASB is due to issue an exposure draft in the second quarter of 2000 specifying requirements on state and local governments for recognizing and funding their post-retirement employee liabilities. GASB's final standards in this respect are due to be released during the second quarter of 2001. A primary purpose of Governmental Accounting Standards Board requirements is to permit those who finance government or who participate in the financing process - taxpayers, other governments, investors, creditors, underwriters, and analysts - a fully disclosed, consistent, and accurate picture of a state and local government's financial condition. Notwithstanding these circumstances, the 1999 Session of the General Assembly suspended the 2% surcharge on employer retirement contributions for retiree health benefit premium payments for fiscal year 1999-2000 only. General and Highway Fund appropriations enacted by the General Assembly for fiscal year 2000-2001 resume the 2% of payroll contribution for the payment of retired employee health benefit premiums. For 1999-2000, retired employee health benefit premium payments will be financed out of accumulated surcharge funds as of June 30, 1999, estimated to be over \$280 million. The one-time suspension of the 2% surcharge on employer retirement contributions for 1999-2000 is estimated to save employing state agencies, public schools, community colleges, and universities some \$188 million in total contributions - \$144 million in General Fund contributions, \$7 million in Highway Fund contributions, excluding savings to highway work order charges, and \$37 in other receipt-supported contributions. Even with the one-year suspension in payroll contributions for retiree health benefit premiums, accumulated surcharges are estimated to be some \$110 million at the end of 1999-2000 and at the end of 2000-2001.

**E. HEALTH INSURANCE PROGRAM FOR CHILDREN:** During the Special Session of the General Assembly called by the Governor in March, 1998, to consider a Children's Health Insurance Program for North Carolina under Title XXI of the Social Security Act, the Teachers' and State Employees' Comprehensive Major Medical Plan was chosen by the Assembly to administer the State's Health Insurance Program for Children. The U. S. Department of Health and Human Services subsequently approved the State's Child Health Plan in July, 1998, and the Health Insurance Program for Children, called N. C. Health Choice, went into effect October 1, 1998. The same Special Session of the General Assembly included dental benefits for children limited to oral examinations, teeth cleaning and scaling twice a year, full-mouth x-rays every 5 years, supplemental bitewing x-rays once a year, fluoride applications once a year, and

routine fillings to restore diseased teeth. The 1999 Session of the General Assembly, effective July 1, 1999, provided additional dental benefits for eligible children enrolled in the program. These additional benefits include fluoride applications twice a year, sealants, simple extractions, therapeutic pulpotomies, and prefabricated stainless steel crowns. The estimated additional cost to the Plan for providing these additional dental benefits is \$2,173,000 for the 1999-2000 fiscal year and \$2,445,000 for the 2000-2001 fiscal year. Since the bulk of these additional costs is supported by federal receipts, the net additional cost to the State for the additional dental benefits is \$565,000 for 1999-2000 and \$641,000 for 2000-2001. The 1999 Session of the General Assembly also repealed the 1998 Special Session prohibition on the use of school-based health services under the Health Insurance Program for Children, effective March 18, 1999.



# **REVENUE/FEE BILLS**

# **GENERAL FUND REVENUE BILLS**

## **1999 REGULAR SESSION**

### **House Bill 56, Chapter 28 Eliminate Stamps for Deed Tax**

- Summary:** Eliminates the use of Department of Revenue produced tax stamps for payment of the conveyance tax. Under the legislation the taxes are still due, but the counties are responsible for supplying the materials to record the tax stamp.
- Effective Date:** The primary elements of the bill became effective when signed into law. Some technical changes become effective January 1, 2000.
- Fiscal Effect:** Approximately 15-20 counties may be dependent on the Department for deed stamps and will now be responsible for obtaining their own stamps. This may impose a small cost to impacted counties. Potential cost savings (primarily labor) to the Department of Revenue are expected to be insignificant. The Department expects a revenue loss of less than \$500 from eliminating the stamp sales.

### **House Bill 239, Chapter 115 Community College Property Transfers**

- Summary:** Allows any county to acquire an interest in real or personal property for use by a community college and to construct, equip, expand, improve, renovate, repair or otherwise make available property for use by a community college. Once these activities are completed, the county must transfer the property back to the college. This authority is currently allowed in 8 counties under local legislation.
- Effective Date:** The bulk of the bill became effective when signed into law. However, the section that repeals the previous community college specific lease purchase provisions does not become effective until January 1, 2000.
- Fiscal Effect:** The practical effect is to allow a county to use installment purchase arrangements or certificates of participation to finance community college capital outlays. This may reduce State and local sales tax

revenue if a county not having this authority under current law uses the financing. According to the Community College System, North Carolina Community Colleges and the Center for Applied Textile Technology paid \$6.0 million in sales and use taxes in FY 1997-98. Assuming a 5% annual growth rate the projected community college sales tax liability for the 1999-00 fiscal year is \$6.6 million (State portion would be \$4.4 million and the local amount is \$2.2 million). These numbers represent the maximum potential cost, with the actual impact being much lower due to the fact that: (1) 8 counties already have such authority; (2) some counties may be receiving refunds through an inter-local agreement with a community college; (3) 1998 legislation gave all counties this authority for equipment purchases; and (4) the numbers above include materials and supplies (which would not be financed).

**Senate Bill 1110, Chapter 305  
Tech. Commercialization Credit**

**Summary:**

Adds a new investment tax credit, called a technology commercialization credit, to the William S. Lee Act. This credit applies only to investments in machinery and equipment used in production based on technology licensed from a research university and is an alternative to the existing 7% investment credit. This machinery and equipment must be located in a tier one, two, or three enterprise area and the taxpayer's investment must equal at least \$10 million during the taxable year and must total at least \$100 million over a five-year period. If the investment totals between \$100 and \$150 million over five years, the credit is equal to 15% of the amount invested. If the investment equals or exceeds \$150 million over five years, is 20% of the amount invested. The credit remains available for 10 years of investments at a single location and may be taken against both income tax and franchise tax.

**Effective Date:**

This act is effective for taxable years beginning on or after January 1, 2000.

**Fiscal Effect:**

Beginning in FY 2000-01, the General Fund revenue loss is estimated to be \$2.1 million a year. The revenue loss will increase to \$3 million a year in FY 2005-06. The estimates are based on a tax simulation of Dupont Corporation.

**Senate Bill 1043, Chapter 327**  
**Intangibles Tax Settlement**

- Summary:** Enacts the settlement agreement signed on July 8, 1999 by the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Class Counsel for the plaintiffs in the Smith and Shaver lawsuits. The Superior Court of Wake County entered a consent order on July 8, 1999, tentatively approving the settlement agreement. These two cases involve tax refunds claimed by taxpayers who paid intangibles tax on stocks for tax years 1990, 1991, 1992, 1993, and 1994 without protesting the payment of the tax in a timely manner.
- Effective Date:** The act was effective when it was signed into law on July 13, 1999.
- Fiscal Effect:** The General Assembly will appropriate \$440 million to a settlement fund over the next two years. Before October 1, 1999, the General Assembly will draw \$200 million from the Savings Reserve Account and allocate it to this fund. The General Assembly must allocate the remaining \$240 million to the fund by July 10, 2000. It is the intent of the General assembly to restore the \$200 million to the Savings Reserve Account.

**House Bill 74, Chapter 333**  
**Phase II Funds/Immunity Tax Exempt**

- Summary:** Creates a corporate income tax credit for manufacturers who produce cigarettes for exportation to a foreign country. The credit amount varies depending upon the amount of cigarettes exported in the tax year compared to the amount exported in 1998 as shown in the following table:

<u>Volume Compared to its Base Year's Exportation Volume</u>	<u>Per Thousand Cigarettes Exported</u>
120 or more	40¢
199% - 100%	35¢
99% - 80%	30¢
79% - 60%	25¢
59% - 50%	20¢
Less than 50	None

The credit for a taxpayer is limited to the lesser of \$6 million or 50% of the tax due, reduced by the sum of other credits available.

Any unused credit may be carried forward for five years. The credit limit calculation in a particular year includes the carryforwards claimed for prior years.

The bill also provides a corporate and trust income tax exemption for the interest, investment earnings, and gains of a trust that is established to compensate those who suffer economic loss as a result of a settlement agreement between North Carolina and one or more manufacturers to settle claims of the states against the manufacturers for damages arising from a product of the manufacturers.

**Effective Date:** Income tax changes are effective with tax years beginning on or after January 1, 1999. The tobacco manufacturing export credit sunsets on January 1, 2005.

**Fiscal Effect:** The estimated General Fund revenue loss from the export credit is:

FY 1999-00	-\$8.7 million
FY 2000-01	-\$9.0 million
FY 2001-02	-\$9.3 million
FY 2002-03	-\$9.6 million
FY 2003-04	-\$9.9 million

These estimates are based on discussions with major tobacco manufacturers in the state and the impact of the \$6 million cap.

Under the Phase II settlement, tobacco manufacturers will be required to pay up to \$5.15 billion over a 12 year period into the National Tobacco Community Trust. The annual payments are specified in the settlement. However, there is no way to know how much cash will be available for investment between the time the settlement payments are received by the Trust and the disbursement to growers/quota holders.

#### **Senate Bill 290, Chapter 338 Lobbying Law Amendments**

**Summary:** Increases the penalty for filing a late lobbying expense report with the Secretary of State's office from the existing one time late fee of \$10.00 to \$10.00 per day for the first 30 days. After 30 days the penalty increases to \$50.00 per day. The maximum total fine is \$1000. It also increases the penalty for non-compliance with the requirement from a Class 1 misdemeanor to a Class A1 misdemeanor.

**Effective Date:** January 1, 2000.



**Fiscal Effect:**

The Secretary of State reported in 1997 that approximately 13% of lobbyists and principals, an average of 90 per period, were late reporters. In 1997 these late filers created \$950 in revenue. Both South Carolina and Florida have late filing provisions that are somewhat similar to this legislation. These states indicate that only 4% of their lobbyists and principals file late reports. Assuming the 4% experience in Florida and South Carolina applies, North Carolina can expect approximately 50 individuals to be delinquent under the new system. Given the experiences of Florida and South Carolina, these individuals will likely pay between \$25 and \$100 in fines, for potential revenue of \$1250 to \$5000 each filing period. This would be a revenue increase of \$300 to \$4050 after each legislative session, and a similar increase at the close of each calendar year. Since filings are required twice a year, the annual potential revenue increase is \$600 - \$9,000. No FY 1999-00 impact is expected because of the effective date on the legislation.

**House Bill 1433, Chapter 341  
Use Tax Payment/Other Changes**

**Summary:**

Makes several changes to the policies and procedures surrounding North Carolina's use tax, income tax, and state purchasing. First, it requires individuals who file an income tax return to include with that return a use tax payment for purchases made from retailers that do not charge sales tax. The tax shall be calculated at a standard rate of 6%. The bill also directs to the Secretary of Revenue to distribute one-third of the net use tax proceeds to the cities and counties. Second, the bill instructs the Department of Revenue to implement a business electronic filing program for sales and use taxes. Third, it directs the Department to contract for collection of delinquent taxes owed by nonresidents and foreign entities. The results must be reported annually to Revenue Laws Study Committee. Next the legislation directs the Department of Revenue to conduct a study, and identify and evaluate proposals for more efficient collection of taxes, including the use of electronic commerce and other technologies. The State Controller is directed to assist with the study. A report must be made to Revenue Laws by May 1, 2000. The legislation also bars the Secretary of Administration and all other state purchasing entities from contracting with vendors if that vendor (or its affiliate) refuses to collect the use tax on sales delivered to North Carolina.

Finally, the legislation directs the Secretary of Revenue to provide public access to a database containing the names and account



numbers of taxpayers who are not required to pay sales and use taxes because they are either exempt or are authorized to pay the Department directly. Several FY 1999-00 appropriations are made to fund the above directives.

**Effective Date:** The use tax provisions become effective January 1, 1999 while the remainder becomes effective July 1, 1999.

**Fiscal Effect:** The primary revenue impact results from the use tax provisions. Currently the Department of Revenue includes a form for individual use tax payments in the income tax instructions. However, the Department believes placing a special line for use tax payments on the individual income tax form will be much more effective and result in higher use tax payments. In Maine, where a similar program is now in place, the 576,000 income tax returns filed generate \$1.7 million in revenue. Using these figures as a base, the N.C. Department of Revenue believes the use tax changes will increase revenue by approximately \$5.0 million for the state and local governments. Once adjusted for the FY 1999-00 appropriations and the return of 1/3 of the new revenue to local governments, the fiscal impact on the General Fund of the use tax provision is as follows:

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
<b>Revenue Gain</b>	\$3,333,333	\$3,500,000	\$3,675,000	\$3,858,750	\$4,051,688
<b>Less Expend.</b>	(700,000)	-	-	-	-
<b>Net Change</b>	\$2,633,333	\$3,500,000	\$3,675,000	\$3,858,750	\$4,051,688

This assumes a 5% annual growth rate.

### **House Bill 1472, Chapter 342 Simplify Renewable Energy Credits**

**Summary:** Repeals a number of energy related corporate and individual income tax credits (see below) and creates a new income tax credit for investing in renewable energy property. The credit is equal to 35% of the cost of the property and must be taken over 5 years in equal installments (one year if residential). The credit has a maximum of \$250,000 for non residential and \$10,500 for residential. The credit cannot be taken if any other renewable energy credit is taken on the project.

**The following credits are repealed by this act:**

<b>Tax Credit for</b>	<b>Eligible Expenditures</b>	<b>Amount %/ Maximum</b>	<b>Notes</b>
Solar Heating, Cooling, and Hot Water Systems, or Electricity 105-130.23(C) 105-151.2 (I)	Material and installation costs	40% \$1,500	Covers active and passive systems. Full credit is given to any non-structural items used primarily to collect, store transfer, or control solar energy. Five year carry forward.
Peat Processing Facility 105-130.27A(C)	Installation and equipment costs to construct peat processing facility.	20% none	Peat, partially carbonized vegetable matter, is found in many eastern NC coastal counties. Five year carry forward.
Olivine Thermal Storage Brick Facility 105-130.29(C)	Installation and equipment costs of construction of a manufacturing plant to produce olivine thermal storage brick.	20% none	Olivine is a mineral found in North Carolina. Ceramics and bricks made from olivine hold heat unusually well. Five year carry forward.
Methane Gas Facility 105-130.30(C) 105-151.10(I)	Installation and equipment costs of construction of a facility to produce methane gas from renewable biomass resources	10% \$2,500	Methane gas can be produced from animal waste and burned as a fuel to produce heat. No carry forward.
Hydroelectric Generator 150-130.33(C) 150-151.7(I)	Installation and equipment costs of a hydroelectric generator of at least 3 KW capacity.	10% \$5,000	Credit covers dams built at existing dams or free-flowing streams. Eligible installation costs include spillway and other site construction necessary to accommodate the hydroelectric generator. No carry forward.
Wind Energy Device 150-130.31(C) 150-151.9(I)	Installation and equipment costs of a wind powered device for the production of electricity.	10% \$1,000	Must own or control the site at the time the device is installed to claim the credit No carry forward.

<b>Tax Credit for</b>	<b>Eligible Expenditures</b>	<b>Amount %/ Maximum</b>	<b>Notes</b>
Solar Industrial Process Heat 105-130.32(C) 105-151.8(I)	Installation and equipment costs for solar systems used in manufacturing process.	35% \$25,000	A manufacturing process is one that produces a product. Service industries such as laundromats, hotels, and restaurants are likely candidates for this credit.
Wood Boilers 105-130.26(C) 105-151.5(I)	Installation and equipment costs of conversion of oil or gas fired industrial boilers to wood use.	15% none	Credit does not cover the installation of new boiler systems. Only conversions are eligible. Five year carry forward.

(C) – Corporate income tax credit or (I) – Individual income tax credit

**Effective Date:** This act is effective for taxable years beginning on or after January 1, 2000.

**Fiscal Effect:** The elimination of the credits for peat, wind energy, olivine bricks, and methane will have no fiscal impact on the General Fund. Based on Department of Revenue data from the 1980's and on interviews with the Energy Division in the Department of Commerce, the tax credits for peat, wind energy, olivine bricks, and methane have never been used.

The fiscal impact for the new renewable energy tax credit cannot be estimated. The energy credits that have been most commonly used in North Carolina are for solar energy and for conversion of industrial boilers to wood fuel. Hydroelectric power is prevalent in the state, but it is not known whether these companies have taken the existing state tax credit for hydroelectric generators. The North Carolina Solar Energy Association estimates that 50 to 100 residential solar tax credits are taken each year, but the Department of Revenue has no data to confirm this estimate. Solar advocates believe the number of solar credits will increase due to the Million Solar Roofs Initiative that the U.S. Department of Energy (DOE) began in 1997 to install a million solar energy systems on one million U.S. buildings by the year 2010. However, it is uncertain how effective this initiative will be since it did not come with federal tax credits that previously accompanied energy legislation in the late 1970's and early 1980's. North Carolina taxpayers used \$224,004 in tax credits for solar hot water heating in FY 1982-83 when a federal tax credit was available. After the federal tax credit ended in 1985, no taxpayer applied for a state

residential solar credit in FY 1987-88. At a minimum if the current trend of 50 to 100 residential solar projects each year continues, the cost of the program could increase approximately \$100,000 to \$200,000 because the maximum credit amount per dwelling increases from \$1,500 to \$3,500 under this bill.

**Senate Bill 1115, Chapter 360  
Amend Bill Lee Act/Incentives**

**Summary &  
Effective Date**

Amends the tax laws to expand existing tax incentives for businesses, add new tax incentives and tax reductions for specific businesses, and make related changes. The provisions of the bill are listed below.

1. Extend sunset on Bill Lee Act from 2002 to 2006, and require Department of Commerce to continue studying impact of Bill Lee Act incentives.
2. Add passenger air carrier training center to Bill Lee Act credits, effective 1/1/1999.
3. Allow an interstate passenger air carrier a sales tax exemption for aircraft parts and accessories purchased for use at its hub in this State, effective 5/1/1999.
4. Reduce sales tax from 6% to 1% with an \$80 cap for flight crew training aircraft simulators purchased by an interstate passenger air carrier for use at its hub in this State, effective 5/1/1999 .
5. Allow certain nonprofit insurance companies an eight-year sales tax refund for taxes paid on building materials and fixtures, and a four-year sales tax refund for taxes paid on capitalized computer equipment, effective 5/1/1999.
6. Extend Bill Lee Act credits to electronic mail order houses that create at least 250 jobs in tiers one and two, effective 1/1/2000.
7. Extend Bill Lee Act credits to customer service centers in tiers one and two, effective 1/1/2000.
8. Allow annual refund of 6% sales taxes paid on capitalized machinery and equipment sold to businesses eligible for Bill Lee Act credits and located in tier one or two, effective 1/1/2000.
9. Give a more favorable tier designation to small counties, effective 1/1/2000.
10. Close loopholes in definition of development zones, effective 8/1/1999.

11. Allow a 25% credit for contributions to nonprofits for capital projects within development zones, effective 1/1/2000.
12. Allow a credit for rehabilitating or constructing affordable housing, effective for new projects beginning 1/1/2000, sunset 1/1/2006.
13. Allow all Bill Lee Act credits to be taken against insurance premiums tax, effective 1/1/1999.
14. Require businesses to provide health insurance and meet environmental, safety, and health standards in order to qualify for Bill Lee Act credits effective 1/1/2000.
15. Require applicants for Bill Lee Act credits to provide additional information to enable Commerce to evaluate the effectiveness of the credits in providing employment to residents of development zones, effective 30 days after the bill becomes law.
16. Require taxpayers to include with their tax returns the information that they must generate under current law to establish eligibility for the Bill Lee Act credits, effective January 1, 2000.
17. Clarify definitions of industries covered by Bill Lee Act, effective immediately (pages 2-3), and clarify sales tax refunds for sales of fuel to interstate air carriers, effective October 1, 1999.
18. Provide that research and development credit will not expire when the corresponding federal credit expires, effective January 1, 1999.
19. Require projects to obtain an environmental certification in order to qualify for funding from the Industrial Development Fund (Building Renovation Fund), effective when the bill becomes law.
20. Require the Department of Commerce to support reasonable efforts to reduce interstate competition in luring businesses from one state to another.
21. Increase fees paid to the Department of Environment, Health, and Natural Resources for brownfields agreements applied for after the bill becomes law.



## Fiscal Effect:

(\$Million)

DESCRIPTION	EFFECTIVE DATE	1999-00	00-01	01-02	02-03	03-04
Extend Bill Lee Act sunset from 1/1/02 to 1/1/06 (Revenue loss in FY 05-06 is \$38.1 million.)	1/1/02	-	-	-	-13.1	-19.4
Require Commerce to continue impact study	2001 Rep.					
Air carrier incentives:						
Lee Act cent. admin. office extension to train. office at air carrier hub	1/1/99	-	-	-	-	-
1%, \$80 sales tax to training equipment	5/1/99	-0.4	-0.4	-0.4	-0.4	-0.4
Sales tax exemption on repair parts, lubricants, etc.	5/1/99	-1.2	-1.2	-1.2	-1.2	-1.2
Nonprofit insurance company incentives:						
Sales tax refund for building materials, fixtures, equipment (8-year sunset)	5/1/99	-	-0.6	-1.2	-0.6	-
Sales tax refund for capitalized computer equipment (4-year sunset)	5/1/99	-	-	-	-0.6	-0.1
Tier 1 & 2 enhancements:						
Extend Lee Act to customer call centers	1/1/00	-	-	-0.6	-1.2	-1.8
Sales tax refund for machinery & equipment purchased by Bill Lee Act companies	1/1/00	-	-0.1	-0.2	-0.3	-0.6
Extend Bill Lee Act credits to certain electronic mail order houses	1/1/00	-	-	-2.7	-3.8	-4.8
Modify tiers for small counties and high poverty rates:						
Under 50,000 pop., 18% poverty, move up 1 tier	1/1/00	-	-	-	-	-
Under 25,000 pop., at least Tier 3	1/1/00	-	-	-	-	-
Under 10,000 pop., 16% poverty rate, Tier 1 automatically	1/1/00					
Close development zone loopholes	1/1/00	-	0.1	0.1	0.6	0.3
Establish investment tax credit of 25% of contribution or investment to nonprofit organization in Development Zone (\$4 mil. limit)	1/1/00	-	-	-2.5	-4.0	-4.0
Allow tax credit for construction or rehab of low-income housing (6-year sunset)	1/1/00	-	-	-1.5	-3.4	-5.3



		(\$Million)				
Description	Effective Date	99-000000-01	01-02-03	03-04-05	05-06-07	07-08-09
Extend Bill Lee Act credits to insurance company administrative offices	1/1/99	-	-	-	-	-
Subject companies applying for credits to provide for health insurance benefits and meet environmental and OSHA standards	1/1/00	-	-	-	-	-
Restructure application fees for Bill Lee Act credits	30 days	-	-	-	-	-
Require taxpayers receiving Bill Lee Act credits to provide additional information	1/1/00	-	-	-	-	-
Clarify business definitions and refunds	Immed.	-	-	-	-	-
Clarify sales tax revenue for interstate air carriers	10/1/99	-	-	-	-	-
Modify research and development credit expiration	1/1/99	-	-	-	-	-
Require environmental certificate to qualify for Industrial Development Fund	Immed.	-	-	-	-	-
Brownfields property fee changes	Immed.	-	-	-	-	-
Require Department of Commerce to support efforts to reduce interstate competition to lure business investment between states	Immed.	-	-	-	-	-
<b>Total-State General Fund Impact</b>		<b>-1.6</b>	<b>-2.2</b>	<b>-10.2</b>	<b>-28.0</b>	<b>-37.3</b>

**Senate Bill 251, Chapter 389**  
**Modify Historic Rehab Credit/State EFT**

**Summary:**

Modifies the existing historic rehabilitation income tax credit to allow a pass-through organization to allocate the credits among project owners. It requires that the amount of the credit be limited to the owner's adjusted basis in the pass-through entity. It also allows for the recapture of the credit if the taxpayer is required to recapture the credit under the Code or if the taxpayer disposes of his interest in the pass-through entity. It requires the pass-through organization and the property owners to include an allocation statement with their annual tax returns. It recodifies the existing historic rehabilitation credit language in a single Article, and makes conforming changes. The bill also requires corporations that pay federal income tax

estimated payments by electronic funds transfer (EFT) to also pay state income tax estimated payments by EFT.

**Effective Date:** *Changes to the Historic Rehab Credit are effective for taxable years beginning on or after January 1, 1999 and expire effective January 1, 2002 for property placed in service on or after that date. The electronic funds transfer sections are effective for taxable years beginning on or after January 1, 2000.*

**Fiscal Effect:** **I. Historic Rehab Credit**

No estimate available. In 1998, only 2 of the 69 projects reviewed had out-of-state investors. Due to the confidentiality of tax information, it is unknown if these out-of-state investors used their rehab credits. It is also impossible to determine how many projects had in-state investors with no state liability. It is not possible to quantify the impact of this provision.

**II. Electronic Funds Transfer (EFT)**

The Department of Revenue estimates an annual gain of **\$334,662** from the required electronic funds transfer (EFT) provision in this bill. By processing an additional 3,925 transactions by EFT instead of paper based transactions, the state will earn an additional five days of interest on tax collections of \$271.1 million each fiscal year. Using the State Treasurer's FY 1997-98 short-term interest rate of 5.51%, the additional interest is anticipated to be \$339,450. To administer the program, the Department of Revenue will spend \$4,788 each year to process the additional 3,925 EFT transactions and will have a one-time cost of \$1,305 to set up 981 new accounts. The first fiscal year savings will be half of the annual estimate due to a January 1, 2000 effective date. This assumes that the quarterly estimated tax payments are equal and that April and June 2000 income tax payments are made by EFT.

**House Bill 1010, Chapter 412  
Cotton Gins, Warehouses, Merchants**

**Summary:** Requires that all cotton gins, cotton merchants, cotton warehouses and cotton marketing cooperative associations that gin, sell, or warehouse cotton register with the state. They must also pay a \$25.00 annual fee. The bill requires that registration applications for cotton warehouses also include a bond of \$300,000, unless it is bonded through the U.S. Warehouse Act. The legislation directs gins, merchants, warehouses and cooperative associations to maintain transaction records for seven years. Cotton gins must also, within 48 hours of ginning, make appropriate documents available to those who provided the cotton. The producers written consent must

be obtained before the product is sold or committed. All cotton gins, warehouses, and merchants must also assist the Agriculture Commissioner and his agents when inspecting records or weighing cotton bales. Penalties for non-compliance are also included.

**Effective Date:** January 1, 2000.

**Fiscal Effect:** The \$25 annual fee in this bill will generate approximately \$2,400 annually based on 96 cotton gins, warehouses, and merchants in business in 1997.

#### **House Bill 1466, Chapter 414 Pension Tax Withholding**

**Summary:** Provides that a pension payer required to withhold federal taxes on a pension payment to a North Carolina resident must withhold state taxes on a pension payment, annuity, or deferred compensation unless the recipient elects not to withhold.

Under current law, an employer or pension payer may enter into a voluntary agreement to withhold North Carolina tax on pensions or other income not requiring withholding. However, because the agreement is voluntary, the Department of Revenue may not pursue the pension payer for tax it withholds but does not remit. If the pension payer does not remit the tax to the Department of Revenue, then the retiree or pension recipient is not allowed credit against his tax liability for the tax withheld.

**Effective Date:** January 1, 2001

**Fiscal Effect:** No estimate available. The Internal Revenue Service (IRS) does not know how many taxpayers have federal income tax withheld from their pension payment, annuity, or deferred compensation. When a company submits withheld income taxes, it does not separately account for current and former employees. Similarly, the North Carolina Department of Revenue has no data on the number of taxpayers that have chosen voluntary withholding of their pension payment, annuity, or deferred compensation.

#### **House Bill 1476, Chapter 415 Update IRC Reference**

**Summary:** Changes the reference to the Internal Revenue Code used in defining and determining certain state income tax provisions from September 1, 1998 to June 1, 1999. The bill also conforms the state statute of limitations for willful failure to comply with the state's tax laws, to

the federal statute of limitations. The bill changes the protest period for tax payments from one year to three years. The bill allows the Department of Revenue to spend \$150,000 in FY 1999-00 and \$250,000 in FY 2000-01 to fund four Tax Analyst positions. The Department of Revenue may also pay the State Auditor \$100,000 for a performance audit of Revenue functions.

**Effective Date:** The willful failure provisions are effective December 1, 1999. The change in the protest period is effective for taxes paid on or after January 1, 1999. The remainder of the act became effective when it was signed into law.

<b>Fiscal Effect:</b>	<u><b>FY 99-00</b></u>	<u><b>FY 00-01</b></u>	<u><b>FY 01-02</b></u>	<u><b>FY 02-03</b></u>	<u><b>FY 03-04</b></u>
Revenue	\$11,800,000	\$3,200,000	\$1,400,000	\$900,000	\$100,000
Expenditure					
Staff	150,000	250,000			
Audit	100,000				
Net	<u>\$11,550,000</u>	<u>\$2,950,000</u>	<u>\$1,400,000</u>	<u>\$900,000</u>	<u>\$100,000</u>

**Senate Bill 1112, Chapter 438**  
**No Sales Tax Fee/Other Changes**

**Summary:** Makes changes to various tax laws. The following are descriptions of bill sections that have a fiscal impact on the General Fund.

**Section 1** - Repeals the \$15 sales tax certificate of registration fee charged to new businesses.

**Section 2** - Reduces the privilege license tax on loan agencies and brokers from \$750 to \$250 and imposes an annual \$250 privilege license tax on each location of a check cashing or pawnbroker business.

**Section 5** - Exempts from state and local sales tax all durable medical equipment (wheelchairs, IV bag holders) and medical sundries (latex gloves, syringes) that are eligible for coverage under Medicare or Medicaid.

**Section 6** - Repeals the remaining state and local sales tax on prescription drugs such as those administered by physicians in the course of their practice and by physicians in state facilities.

**Section 8** - Removes the sales tax exemption for trade-in items.



**Section 10** - Repeals a sales tax exemption for free circulation publications such as shoppers' guides.

**Section 14** - Allows all local airport authorities to receive a refund of state and local sales taxes.

**Effective Date:** Section 1 (sales tax registration fee) becomes effective January 1, 2000. Sections 2 (privilege license tax) and 14 (local airport authorities) become effective July 1, 1999. Sections 5 (durable medical equipment), 6 (prescription drugs), 8 (used equipment), and 10 (shoppers' guides) become effective October 1, 1999.

**Fiscal Effect:**

	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
<b>REVENUES</b>					
<b>General Fund</b>					
Sales Tax Reg. Fee	(\$270,000)	(\$540,000)	(\$540,000)	(\$540,000)	(\$540,000)
Check Cashing	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Pawnbrokers	\$112,500	\$112,500	\$112,500	\$112,500	\$112,500
Loan Agencies	(\$607,000)	(\$607,000)	(\$607,000)	(\$607,000)	(\$607,000)
Prescription Drugs	(\$1,200,000)	(\$1,872,000)	(\$2,190,000)	(\$2,560,000)	(\$3,000,000)
Medical Equipment	(\$450,000)	(\$640,000)	(\$680,000)	(\$730,000)	(\$790,000)
Used Equipment	\$937,500	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Local Airports	(\$4,040)	(\$4,040)	(\$4,040)	(\$18,040)	(\$18,040)
Shoppers' Guides	\$1,875,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
<b>Net General Fund</b>	<b>\$643,960</b>	<b>\$449,460</b>	<b>\$91,460</b>	<b>(\$342,540)</b>	<b>(\$842,540)</b>

**Section 1**

In 1998 and 1999, sales tax registrations average approximately 3,000 a month. Assuming the continuation of the current registration rate, this section will eliminate the \$15 fee for 36,000 businesses each year. The General Fund revenue loss will be \$540,000 per year. The FY 1999-00 revenue loss will be \$270,000 due to a January 1, 2000 effective date.

**Section 2**

On May 28, 1999, there were 195 check cashing businesses in North Carolina with 975 locations. The Consumer Finance Administrator at the Office of the Commissioner of Banks thinks the check cashing market has now reached a saturation point. It is assumed the number of check cashing businesses will peak at 1,000 in FY 1999-00. The \$250,000 in revenue from the \$250 tax on 1,000 locations will be deposited in the General Fund. With the 1997 law scheduled to sunset on July 1, 2001, it is uncertain how many locations will exist in FY 2001-02 and beyond. As for pawnbrokers, there is no exact data on the number of businesses in the state. Prior to 1997, pawnbrokers were subject to an annual privilege license tax of \$275

(formerly GS 105-50). The Department of Revenue reports that the number of pawnbrokers paying the privilege tax declined from 584 in

FY 1993-94 to 356 in FY 1996-97. The past chair of the NC Pawn Brokers Association estimates there are 450 pawnbrokers in the state. It is assumed there are 450 pawnbroker locations and no future growth. The \$250 annual privilege tax will result in \$112,500 in revenue to the General Fund each year.

In FY 1997-98, there were 1,214 privilege licenses issued to loan agencies or brokers. At \$750 per license, the General Fund received \$910,500 in revenues that fiscal year. Based on 1997-98 data, reducing the license fee from \$750 to \$250 will reduce General Fund revenue by \$607,000. Since the Department of Revenue reports flat growth in this license, no increase is included in future year estimates.

#### **Section 5**

According to the Department of Revenue, there are currently 49 DME items covered by Medicare that are taxable under North Carolina law. The Department determined that these items are taxable because they are not designed to "correct or alleviate a physical ailment" (G.S. 105 - 164.13(12) exempts items that correct or alleviate a physical ailment from sales tax). Since the tax applies to all 49 DME and sundry items regardless of the form or type of payment, the tax should be applied to all private pay, Medicare, and Medicaid sales.

Based on information from the federal Health Care Finance Administration and from a survey of the 110 member North Carolina Association of Medical Equipment Suppliers (NCAMES), Fiscal Research Division staff determined that this sales tax exemption would produce a state and local revenue loss of \$900,000 in FY 1999-00. According to the federal Health Care Financing Administration's Office of the Actuary, national health spending is expected to grow at a rate of 6.5% annually through 2001 and 7.5% a year between 2001 and 2007. These growth rates are used to calculate the revenue loss for this exemption in future years.

	(\$ Million)				
	1999-00	2000-01	2001-02	2002-03	2003-04
State	0.60	0.64	0.68	0.73	0.79

The actual amount for FY 1999-00 is adjusted for an October 1, 1999 effective date.



### **Section 6**

Most prescription drugs are either exempt from State and local sales and use taxes or are refundable. The only entities that pay tax on prescription drugs are 1) physicians and other medical professionals who buy the drugs to administer to patients in the course of their practice and 2) establishes state hospitals, (other than the UNC hospitals), four state psychiatric hospitals, Alcohol and Drug Treatment Centers, and Mental Retardation Centers. The Department of Revenue Sales and Use Tax Division estimates the state and local tax loss from the exemption of prescription drugs to be \$2.4 million in FY 1999-00. This estimate is considerably less than previous estimates due to recent Tax Review Board decisions that held that physicians can be retail sellers of prescription drugs and therefore sales are exempt. The Department did not estimate any growth in the volume of prescription sales or in prescription drug prices. Data from the State Employee Health Benefit Plan's self-insured indemnity program show that prescription drug prices increase 15% to 19% a year. A 17% inflation rate, the midpoint of this range, is used to estimate future General Fund loss. The October 1, 1999 effective date will reduce the FY 1999-00 revenue loss by one fourth.

### **Section 8**

This exemption is for "a used article taken in trade, or a series of trades, as a credit or part payment on the sale of a new article if tax is paid on the sales price of the new article". When a similar law change was proposed in 1991, the Department of Revenue estimated that removing the exemption would result in a \$750,000 to \$1,000,000 annual revenue gain. The Department has not recalculated the amount since that time. Based on audit results, they believe that many dealers are already charging the tax on used items. The Department of Revenue believes that \$1,000,000 to \$1,500,000 would be an accurate estimate of the revenue gain for the current year. The estimate uses the mid-point of these two numbers, \$1,250,000, for the General Fund gain. There is no information on the local sales tax gain since most items in this category are taxed at the 1%, \$80 maximum state tax only.

### **Section 10**

The Sales and Use Tax Division in the Department of Revenue reports the state tax loss for the exemption for free circulation publications is \$2.5 million a year. Repeal of this exemption will provide a revenue gain of \$2.5 million to the General Fund each year. The October 1, 1999 effective date will reduce the FY 1999-00 revenue gain to \$1,875,000 for the General Fund.

#### **Section 14**

Of the 33 local airport authorities in North Carolina, 24 receive refunds of sales and use tax either directly or through their city or county government. Over the years, many airports were given refund authority through local bills such as HB 708 ratified in the 1999 Session for Sanford-Lee and Brunswick airports. The nine airports not receiving refunds were contacted by the General Assembly's Fiscal Research Division to determine the amount of tax to be refunded by this section. The results of this survey are as follows:

	<u>FY 99-00</u>	<u>FY 00-01</u>	<u>FY 01-02</u>	<u>FY 02-03</u>	<u>FY 03-04</u>
Tri-County AA	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Asheboro AA	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Northeast Regional AA	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Elizabeth City AA	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Goldsboro AA	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Morganton-Lenoir AA				\$350,000	\$350,000
Rockingham Co AA	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Rutherford Co AA	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Avery Co AA	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
	<b>\$101,000</b>	<b>\$101,000</b>	<b>\$101,000</b>	<b>\$451,000</b>	<b>\$451,000</b>
States Sales Tax (4%)	\$4,040	\$4,040	\$4,040	\$18,040	\$18,040

## **HIGHWAY FUND REVENUE BILLS**

#### **House Bill 1471, Chapter 380 Adjust Bond Maturity**

**Summary:** Extends the maturity date of the 1996 Highway Bonds from 2013 to 2020 to reflect the change in the estimated completion date of the Highway Trust Fund projects.

**Effective Date:** The bill became effective when it was signed into law.

**Fiscal Effect:** No estimate available.

#### **Senate Bill 254, Chapter 404 Outdoor Advertising Control Act**

**Summary:** Doubles various outdoor advertising permit fees and

authorizes the Department of Transportation (DOT) to charge \$200 for a selective vegetation removal permit. Requires DOT to use certified mail to notify a permit applicant, permit holder, or the owner of outdoor advertising structure that their application is denied, their permit revoked, or their structure violates rules.

**Effective Date:** The act became effective when it was signed into law.

**Fiscal Effect:** The Highway Fund will gain \$320,000 a year from this act. The increase in outdoor advertising permit fees will generate \$220,000 a year in additional income. The new vegetation removal permit fees will earn \$100,000 a year.

**Senate Bill 1112, Chapter 438  
No Sales Tax Fee/Other Changes**

**Summary:** Makes changes to various tax laws. The following sections of this legislation have an impact on the Highway Fund.

**Section 22** - Provides that dyed (untaxed) diesel fuel may be used in special mobile equipment.

**Section 24** - Allows a quarterly refund for tax paid on fuel used in special mobile equipment.

**Section 27** - Increases the registration fee for special mobile equipment from \$20 to \$40.

**Effective Date:** Section 24 (fuel tax refunds) applies to taxes paid on or after January 1, 1999. Section 22 (dyed diesel) becomes effective October 1, 1999. Section 27 (increased fee) becomes effective January 1, 2000.

**Fiscal Effect:** **Sections 22 & 24**  
**No estimate available.** These sections will produce a small revenue loss to the Highway Fund and the Highway Trust Fund, but the Department of Revenue cannot provide the data needed to quantify the loss. Currently operations of special mobile equipment buy enough tax paid clear diesel fuel to cover their miles driven on the highway. For off highway use, the equipment operators used dyed, non-tax diesel fuel. If they request a refund for tax paid on clear fuel, their refunds are processed annually. By providing that dyed fuel may be used in special mobile equipment, this section codifies an administrative practice allowed by the Department of Revenue. However, the Highway Fund will lose the tax paid currently on diesel fuel for highway use. For those that apply for a refund, it will speed

up the refund process and the state will lose interest on invested funds.

**Section 27**

As of January 1, 2000, the fee for special mobile equipment will increase from \$20 a year to \$40 on 2,058 pieces of special mobile equipment. This fee increase will produce a \$41,160 revenue gain for the Highway Fund each year. It is difficult to project future year growth in the volume of vehicles registered, because there has been no consistent pattern of registration in the last five years. Equipment numbers have increased and declined in recent years.

**House Bill 280, Chapter 452  
Motor Vehicle Technical Amendments/AB**

**Summary:**

Makes various changes to the motor vehicle laws. Of the 28 sections in this bill, three have an impact on the Highway Fund.

**Section 14** - Allows DMV to accept electronic applications for registration plates, registration certificates, and certificates of title, and to collect fees and penalties electronically.

**Section 15** - Requires DMV to maintain title records for 20 years.

**Section 17** - Changes the vehicle registration category for small daily rental trucks from "for-hire" to "u-drive-it. This "for-hire" status requires the vehicle owner to carry a high insurance liability policy. The proposal is to classify small daily rental trucks as U-drive-it passenger vehicles, a category that now includes cars and buses. These daily rentals will require lower insurance liability policies, but will pay higher fees for the privilege.

**Section 20** - Requires insurance companies to notify DMV when they terminate policies and issue new ones within 20 working days.

**Effective Date:** These sections become effective October 1, 1999.

**Fiscal Effect:** **Section 14** Section 14 has the potential to both lose revenue and to decrease expenditures. The acceptance of registration renewals online will reduce mail-in renewals for which DMV receives \$1 for each application. There were 1.2 million mail-in renewals last year and thus \$1.2 million in administrative fees paid to the Highway

Fund that will be in jeopardy. Conversely, online renewals will save DMV money for those drivers that renew registrations with contract tag agents. A 1995 study by the NCDOT Productivity Management unit reported that registration renewals performed by DMV were less expensive than those completed by contract tag agents.

#### **Section 15**

Requiring DMV to maintain records for 20 years instead of the life of the vehicle could save DMV computer storage space, but no savings have been estimated for this item.

#### **Section 17**

The Division of Motor Vehicles (DMV) estimates that 2,500 small trucks are licensed each year as daily rentals. The chart below shows the estimated number of trucks by weight class. The chart also shows the current and proposed fees. The first year revenue gain is reduced by one fourth due to an October 1, 1999 starting date. DMV estimates that the number of trucks licensed in future years will grow by 2% annually.

<u>Truck Weight</u>	<u># of Trucks</u>	<u>Current Fees</u>	<u>Current Revenue</u>	<u>Proposed Fees</u>	<u>Proposed Revenue</u>	<u>Net Gain</u>
4,000 lbs	1,000	\$21.50	\$21,500	\$41.50	\$41,500	\$20,000
5,000 lbs	1,000	\$40.75	\$40,750	\$51.00	\$51,000	\$10,250
6,000 lbs	500	\$47.00	\$23,500	\$61.00	\$30,500	\$7,000
	2,500		\$85,750		\$123,000	\$37,250

#### **Section 20**

This section will reduce the number of vehicle owners contacted by DMV who have not experienced a lapse in coverage, but have only "shopped around" for lower premiums. DMV estimates that 400,000 unnecessary letters will be eliminated due to this change in policy.

At a pre-sort postage rate of 26.1 cents per letter, this will create annual savings of \$104,400. The section is effective beginning October 1, 2000, thus first year savings in FY 2000-01 are for nine months. No postal rate increases are included in future year estimates.



	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
<b>HIGHWAY FUND</b>					
<b>REVENUES</b>					
U-Drive-it trucks	\$27,937	\$37,995	\$38,754	\$39,529	\$40,319
<b>EXPENDITURES</b>					
Insurance notices		(\$78,3000)	(\$104,400)	(\$104,400)	(\$104,400)

<p align="center"><b>FINANCE BILLS AFFECTING ALL LOCAL GOVERNMENTS</b></p>
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**Senate Bill 325, Chapter 191  
Continuing Care Retirement Homes**

**Summary:** Makes several changes to items enacted last year to temporarily exempt qualifying continuing care retirement communities (CCRC) from property tax. First, it eliminates a grandfather clause that may be unconstitutional. The original bill established CCRC bylaw requirements for the exemption, as the bylaws existed on August 15, 1998. The bill removes the date requirement. Second, the bill expands the qualifying governing board language. Under previous law the board must be a 501(c)(3) non-profit corporation. The legislation expanded the definition to include 501(c)(8) and (10) associations. Third, it creates a disincentive for counties and cities to "discover" qualifying CCRCs and attempt to collect back taxes. Finally, it directs the Legislative Research Commission to conduct a comprehensive study of property tax exemptions for nonprofit institutions.

**Effective Date:** The disincentive for "discovering" CCRCs became effective July 1, 1998, and expires September 1, 2003. The study provision is effective when the bill is signed into law. The remainder of this act is effective for taxes imposed for taxable years beginning on or after July 1, 1998.

**Fiscal Effect:** No estimate available. The primary statewide local impact relates to the discovered property provisions. Counties and cities can "discover" property that is subject to tax, collect current and back taxes on the property, and assess penalties. The legislation authorizes the Secretary of Revenue to reduce a county or city's intangibles tax reimbursement from the state if they "discover" property that should be temporarily exempt under G.S. 105-278.6A (the CCRC provision). While three counties have indicated to either Fiscal Research or a CCRC their interest in collecting back taxes on "discovered" CCRC property, this is not a representative



sample. Further, because this property can be "discovered" at any time, Fiscal Research can not accurately predict when and if counties would "discover" these properties without the bill. Therefore, no reliable fiscal estimate is possible.

**Senate Bill 484, Chapter 261  
RMV Tax Budgeting**

- Summary:** Changes the method for calculating the ratio of property tax collections to the total levy for local government budgeting purposes by taking into consideration the time frame necessary to collect on a registered motor vehicle (RMV) tax bill. The bill allows the counties to use the proportion of motor vehicle taxes actually collected in the preceding nine months, as defined on March 31, as the proportion of motor vehicle taxes collected for budget purposes. The proposed change should result in a more accurate estimate of the property tax collection ratio for budgeting purposes. G. S. 159-13(b) provides local governments with binding directions and limitations for county annual budgets. G.S.159-13(b)(6) specifically requires that the estimated property tax collection rate used in the budget not exceed the previous fiscal year's collection rate. The previous fiscal year collection rate must be determined as of June 30. The bill leaves the June 30 cutoff for all other property tax collection rates.
- Effective Date:** July 1, 1999 and apply to budget ordinances for the fiscal year beginning on that date.
- Fiscal Effect:** No Fiscal Impact. Most motor vehicle taxes are due and collected on a staggered term. These taxes are due on the date of registration, and not the fiscal or calendar year, under current law. As such, taxes become due on vehicles each and every month. By modifying the June 30 collection rate to reflect only the taxes due before March 31, the bill allows the county additional time to pursue some of the remedies they would use on other property tax delinquencies before their collection rates become final. This bill, in and of itself, makes no changes to the tax imposed, the date the taxes are due, or the remedies local governments can use to pursue delinquencies. It would also have no direct impact on how much revenue the county might generate. It only impacts at what point in time the county takes a "snapshot" of their motor vehicle tax collections, for purposes of setting their upcoming year revenue availability. No change in actual collections is expected as a result of the bill.

**House Bill 1433, Chapter 341**  
**Use Tax Payments/Other Changes**

**Summary:** Requires individuals who file an income tax return to include with that return a use tax payment for purchases made by retailers that do not charge sales tax. The tax shall be calculated at a standard rate of 6%. The bill also directs to the Secretary of Revenue to distribute one-third of the net use tax proceeds to the cities and counties. Currently the Department of Revenue includes a form for individual use tax payments in the income tax instructions. However, the Department believes placing a special line for use tax payments on the individual income tax form will be much more effective and result in higher use tax payments.

**Effective Date:** January 1, 1999.

**Fiscal Effect:** In Maine, where a similar program is now in place, the 576,000 income tax returns filed generate \$1.7 million in total revenue. Using these figures as a base, the N.C. Department of Revenue believes the use tax changes will increase revenue by approximately \$5.0 million for the state and local governments. The local government portion of the use tax revenue is expected to be as follows:

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Local	\$1,666,667	\$1,750,000	\$1,837,500	\$1,929,375	\$2,025,844

This revenue gain to cities and counties assumes a 5% annual growth rate.

**House Bill 315, Chapter 353**  
**Motor Vehicle Tax Value**

**Summary:** Instructs assessors to value the vehicle as of the January proceeding the due date of the tax. Before this legislation, all vehicles were valued as of January in the year in which the registration is due. The taxes are due three months after the registration. Therefore, the registration date is no longer a factor in determining tax value. The legislation also authorizes the Stokes County Board of Equalization and Review to meet after their formal adjournment for specific purposes.

**Effective Date:** Effective for taxes imposed for taxable years beginning on or after July 1, 2000.

**Fiscal Effect:**

Before July 1, 2000, vehicles are valued for property tax purposes on the January proceeding registration. As a result, the property tax assessment can reflect values as old as 16 months. The legislation effectively changes the vehicle tax bills due in the last four months of the year to reflect the value on the most recent January. For example, an automobile is purchased in the fall. The vehicle registration is due in November 1998. The taxes on that vehicle are due three months later in March 1999. Under current law, the tax is based on the vehicle's value on January 1, 1998. With this legislation the vehicle will be taxed on its value as of January 1, 1999.

Assuming 7% annual growth in the motor vehicle tax base, and a flat weighted average tax rate of \$1.00 per \$100.00 of assessed value, the expected property tax revenue from motor vehicles is \$55.2 billion in FY 2002-03. A statewide survey of county assessors indicates that most responding assessors expect to lose between 5% and 6% of the motor vehicle property tax base as a result of this proposal. No county reported a potential loss or gain outside of this range. Assuming 5% of the vehicle base is lost, the actual statewide county revenue loss is as follows:

	1999-00	2000-01	2001-02	2002-03	2003-04
Change		(\$27,613,469.80)	(\$29,546,412.70)	(\$31,614,661.60)	(\$33,827,687.90)

Because the bill does not become effective until July 1, 2000 the loss does not take effect until the FY 2000-01 fiscal year. This shift for the effective date is reflected in the chart.

No fiscal impact is expected as a result of the Stokes County portion of the bill.

**Senate Bill 1115, Chapter 360  
Amend Bill Lee Act/Incentives**

**Summary &****Effective Date:**

Amends the tax laws to expand existing tax incentives for businesses, add new tax incentives and tax reductions for specific businesses, and make related changes. The provisions of the bill are listed below.

Allow an interstate passenger air carrier a sales tax exemption for aircraft parts and accessories purchased for use at its hub in this State, effective 5/1/1999.

Reduce sales tax from 6% to 1% with an \$80 cap for flight crew training aircraft simulators purchased by an interstate passenger air carrier for use at its hub in this State, effective 5/1/1999.

Allow certain nonprofit insurance companies an eight-year sales tax refund for taxes paid on building materials and fixtures, and a four-year sales tax refund for taxes paid on capitalized computer equipment, effective 5/1/1999.

Allow annual refund of 6% sales taxes paid on capitalized machinery and equipment sold to businesses eligible for Bill Lee Act credits and located in tier one or two, effective 1/1/2000.

**Fiscal Effect:**

Description	Effective Date	99-01	00-01	01-01	02-01	03-01
Air carrier incentives:						
1%, \$80 sales tax to training equipment	5/1/99	-0.2	-0.2	-0.2	-0.2	-0.2
Sales tax exemption on repair parts, lubricants, etc.	5/1/99	-0.6	-0.6	-0.6	-0.6	-0.6
Nonprofit insurance company incentives:						
Sales tax refund for building materials, fixtures, equipment	5/1/99	-	-0.3	-0.6	-0.3	-
Sales tax refund for capitalized computer equipment	5/1/99	-	-	-	-0.3	-0.1
Tier 1 & 2 enhancements:						
Sales tax refund for machinery & equipment purchased by Bill Lee Act companies	1/1/00	-	-0.1	-0.1	-0.2	-0.3
<b>Total-Local Government Revenue</b>		<b>-0.8</b>	<b>-1.2</b>	<b>-1.5</b>	<b>-1.6</b>	<b>-1.2</b>

**House Bill 1084, Chapter 378  
County Bonds for Landbanking**

**Summary:** Clarifies that a county may issue general obligation bonds to purchase land for immediate or future use, for open space, community college, and public school purposes.

**Effective Date:** The act is effective when it becomes law.

**Fiscal Effect:** None

**House Bill 1120, Chapter 386  
Authorize Public Hospital Debt**

**Summary:** Adds non-profit corporations or associations that are operating or leasing a public hospital to the list of counties, cities and



specifically named local authorities to use installment financing for capital projects (G. S. 160A-20(h)). It also authorizes public hospitals and the non-profit corporations or associations that operate or lease public hospitals to issue revenue anticipation notes. The bill requires that the unit of local government that owns the hospital approve these contracts and notes.

**Effective Date:** The bill became effective when it was signed into law.

**Fiscal Effect:** Under G.S. 160A-20, certain units of local government have the ability to finance the purchase of property through installment contracts. The bill adds nonprofit corporations or associations operating or leasing a public hospital to the list of units with this authority. There is no direct impact on state or local revenues because the bill only gives these governmental units an additional financing tool.

**Senate Bill 772, Chapter 388  
Expand Municipal Service District**

**Summary:** Extends city council authority to include the creation of a special urban area revitalization district. Any city council may create service districts to finance, provide, or maintain certain city services, facilities or functions. The legislation defines an urban area as an area located in a city of more than 25,000 and meets at least one of the following requirements: 1) Is a central business district, 2) Consists primarily of industrial, retail, wholesale, office or significant employment generating uses, 3) Is on a major transportation corridor and does not contain residential parcels within specified distances, or 4) Has as its focus a major concentration of public or institutional uses.

**Effective Date:** The bill became effective when it was signed into law.

**Fiscal Effect:** No estimate available. According to the Office of State Planning, 23 cities meet the population requirements to take advantage of this legislation. They include Charlotte, Raleigh, Greensboro, Winston-Salem, Durham, Fayetteville, Cary, Jacksonville, High Point, Asheville, Wilmington, Gastonia, Rocky Mount, Greenville, Goldsboro, Concord, Chapel Hill, Burlington, Wilson, Kannapolis, Hickory, Salisbury, and Kinston. The legislation may increase the tax and fee burden on some taxpayers in the 23 listed cities, if those city councils elect to exercise the special service district authorization contained in this legislation. However, Fiscal Research cannot reliably estimate the additional tax burden, since the bill does not set rates, nor does it mandate city participation, but only authorizes creation of these districts.

**Senate Bill 1112, Chapter 438**  
**No Sales Tax Fee/Other Changes**

**Summary:** Makes various changes to local revenue laws. The following sections of this legislation have an impact on local government revenues:

Section 5 – Exempts from sales tax all durable medical equipment and medical sundries that are eligible for coverage under Medicare and Medicaid.

Section 6 – Repeals the remaining sales tax on prescription drugs.

Section 8 – Repeals the sales tax exemption for trade-in items.

Section 10 – Repeals a sales tax exemption for free circulation publications such as shoppers' guides.

Section 14 – Allows all local airport authorities to receive a refund of state and local sales taxes.

**Effective Date:** Section 14 (local airport authorities) becomes effective July 1, 1999. Sections 5 (durable medical equipment), 6 (prescription drugs), 8 (used equipment), and 10 (Shoppers' guides) become effective October 1, 1999.

**Fiscal Effect:**

**Local Govts.**

Prescription Drugs	(\$600,000)	(\$936,000)	(\$1,095,000)	(\$1,280,000)	(\$1,500,000)
Medical Equipment	(\$230,000)	(\$320,000)	(\$340,000)	(\$370,000)	(\$390,000)
Used Equipment	NA	NA	NA	NA	NA
Local Airports	(\$2,020)	(\$2,020)	(\$2,020)	(\$9,020)	(\$9,020)
Shoppers' Guides	\$937,500	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Net Local Govt.	\$105,480	(\$8,020)	(\$187,020)	(\$409,020)	(\$649,020)

**House Bill 120, Chapter 439**  
**Tax Lien Advertisement and Collection**

**Summary:** Requires a county tax collector to send a notice to both the listing owner and the record owner of property as of December 31 if the record owner is different than the listing owner. The notice must be sent by first-class mail at least 30 days before the advertisement is published. The required advertisement shall list only the listing owner's name. The bill allows the tax collector to initiate an in rem foreclosure proceeding as early as 30 days after the tax liens



are advertised. This provision enables collectors to collect the taxes in the fiscal year in which they are due.

**Effective Date:** This act becomes effective January 1, 2001.

**Fiscal Effect:** The bill will have a \$30,000 one-time impact on 25 counties in FY 2000-01. This expense is for counties to reprogram their computers to transfer data between the Register of Deeds and the Tax Assessor and for temporary clerks to enter deed transfer files on the computer in order to update the county tax files.

#### **House Bill 964, Chapter 458 Municipal Incorporations Process**

**Summary:** Provides that a municipality incorporated on or after January 1, 2000, may not receive local sales tax revenue unless it levies a property tax at a rate of at least 5¢, collects at least 50% of the property tax due, and provides four municipal services (was two). The proposed municipality must have a population density of at least 250 persons per square mile. Exempts from this act, communities that filed a petition with the Joint Legislative Commission on Municipal Incorporations before June 1, 1999.

**Effective Date:** The act became effective when it was signed into law.

**Fiscal Effect:** No estimate available.

## **OTHER REVENUE BILLS**

#### **House Bill 1289, Chapter 413 1999 Fee Bill**

**Summary:** Sets the regulatory fees for the insurance industry and public utilities. The bill sets the public utility fee at nine-hundredths percent (0.09%) of each public utility's North Carolina jurisdictional revenues. It also sets a flat fee of \$200,000 to be assessed on the North Carolina Electric Membership Corporation, to cover the cost of the Commission's new oversight responsibilities in H.B. 476. The bill sets the insurance regulatory fee at seven percent (7.0%) of a company's premiums tax liability. The bill applies the insurance regulatory fee to Health Maintenance Organizations (HMO) starting with the January 1, 2000 calendar year. The rate for HMOs is based on a "presumed premiums tax liability", calculated on what these companies would have paid in

premiums tax if they were liable for such a tax (the HMOs do not pay a premiums tax). The bill also presumes an Article 65 corporate tax liability of 1.9% of their premium base. (Their actual premiums tax rate is 0.5%). This provision also becomes effective for the calendar year beginning January 1, 2000.

**Effective Date:** The utility fee becomes effective July 1, 1999. The remainder of the bill became effective when it was signed into law.

**Fiscal Effect:** The bill sets three fees - the public utilities regulatory fee, the electric membership corporation regulatory fee, and the insurance regulatory fee.

**Public Utilities Regulatory Fee:**

The legislation sets the utilities regulatory fee at 0.09% of each public utility's North Carolina jurisdictional revenues, maintaining the rate set in fiscal year 1998-99. The Utilities Commission estimates that combined operations of the Commission and the Public Staff in FY 1999-2000 will require expenditures of not less than \$10,244,533. Revenues generated by the fees are estimated to be \$8,500,000. The balance will be derived from other revenues generated by Commission fees and charges, or from the Accumulated Fee Margin Reserve Account. This will leave an estimated fund balance of \$ 6,569,966.

**North Carolina Electric Membership Corporation (EMC)  
Regulatory Fee:**

House Bill 476 authorizes electric membership corporations to form subsidiary corporations to provide additional services beyond traditional electric services, and charges the Utilities Commission with regulating these new subsidiaries. The cost of this regulation is estimated at \$200,000 annually. House bill 1289 authorizes the Utilities Commission to charge this amount to the North Carolina Electric Membership Corporation, who can then pass this cost through to their member organizations.

**Insurance Regulatory Fee:**

The bill sets the insurance regulatory charge effective for calendar year 1999 at 7.0%. This is an increase of 1.0% over the previous year. The projected revenue for 1999-00 is \$20.65 million. The Department estimates that \$3.3 million in refunds will be made to companies that overpaid their surcharge in the previous year, creating net collections of \$17.35 million (20.65 minus 3.30). The Department estimates that the operating expenditures for 1999-2000 will be \$20.8 million, and that the reserve fund will have a beginning balance of \$8.70 million. The total available (reserve and collections), less the estimated operating expenditures of \$20.8

million, will leave a year-end reserve balance of \$5.25 million, which is approximately one-quarter or 25% of the estimated operating expenditures.

The bill also includes the premiums tax bases of the Article 65 organizations and the HMOs that will be included in next year's rate setting base. Adding these two groups will increase the base against which the fee is charged in future years by approximately \$35 to \$40 million annually.

### **Senate Bill 562, Chapter 435 Insurance Fee Repeals and Increases**

**Summary:**

Makes several changes to the fees and administrative procedures associated with the Department of Insurance. First, it repeals the \$20.00 fee charged for each policy form filed with the Department, as well as every property, casualty, life, accident, or health rate filing. Second, it increases the annual license fee for all insurance companies that are not farmer's mutual assessment fire, a fraternal order, or a mutual burial association from \$500.00 to \$1000.00. It also clarifies that all fees and charges collected by the Commissioner under G.S. 58 are nonrefundable. Third, the bill increases from \$500 to \$1000 the renewal fee for risk retention groups, the annual license renewal fees from title insurance companies and land mortgage companies, the annual license fee for non-profit hospital service organizations, and the license renewal fee for Health Maintenance Organizations (HMO). It also eliminates the \$100 annual report-filing fee for HMOs. Finally, the bill alters the use of funds derived from certain record and asset examinations. Under previous law the Commissioner can charge the insurer for the actual expenses associated with an examination if 1) the insurer maintains at least part of its records or assets out of state, 2) the insurer requests an examination of their records, or 3) the Commissioner examines an insurer that is impaired, insolvent, or unlikely to meet its obligations. The revenue from these fees is currently deposited in the insurance regulatory fund. Under the bill these funds are used to offset the expenses incurred by the Department.

**Effective Date:**

The bill became effective when it was signed into law.

**Fiscal Effect:**

The bill has four primary fiscal impacts. First, the repeal of the \$20 fee for policy forms will reduce revenues by \$900,000 based on Department of Insurance reports for the last three fiscal years. Second, the fee increase from \$500 to \$1000 for insurance company licenses will generate \$888,500 in additional revenue

based on the 1,777 insurers that paid the \$500 fee in FY 1998-99. Third, repealing the \$100 filing fee for 26 licensed HMOs creates a \$2,600 loss. The last impact relates to the charge for certain examinations. Previously these funds reverted to the General Fund. Under the bill the funds now remain with the Department. Since no information is available about the potential reversion amount, no fiscal estimate is possible on this portion of the bill.

Therefore, the total estimated fiscal impact of the bill is as follows:

Repeal of G.S. 58-6-5(5)	(\$900,000)
Increased Fees	888,500
Eliminate HMO Filing Fees	(2,600)
<b>TOTAL</b>	<b>(\$14,100)</b>

**Senate Bill 499, Chapter 392  
Boat Registration Fees/ AB**

**Summary:** Increases the application and renewal fees for identification numbers on boats from \$8 to \$10 for a one year period and from \$20 to \$25 for a three year period. The same fee increase applies to the change in boat ownership. The bill mandates that at least \$3 of each one-year registration fee and \$9 for each three-year registration fee shall be used for boating access area acquisition, development, and maintenance.

**Effective Date:** Section 5 of this act becomes effective January 1, 2000, and applies to fees collected from each boat registration in effect on or after that date. The remainder of this act becomes effective January 1, 2000.

**Fiscal Effect:** The Wildlife Resources Commission has a computerized vessel (boat) registration system that tracks the issuance and renewal of boat identification numbers. The number of three and one year registration renewals for the next five fiscal years (shown below) was obtained from this system. The agency could not project the growth in three-year registrations, but it is clear that one year registrations are flat. Most boat owners are taking advantage of the discount for three-year registration.



	<u>FY 99-00</u>	<u>FY00-01</u>	<u>FY01-02</u>	<u>FY02-03</u>	<u>FY 03-04</u>
3 Year Registration Fee Increase Revenue	96,198 \$5 \$480,990	134,024 \$5 \$670,120	71,874 \$5 \$359,370	96,198 \$5 \$480,990	134,024 \$5 \$670,120
1 Year Registration Fee Increase Revenue	10,843 \$2 \$21,686	10,843 \$2 \$21,686	10,843 \$2 \$21,686	10,843 \$2 \$21,686	10,843 \$2 \$21,686
Total Revenue	\$502,676	\$691,806	\$381,056	\$502,676	\$691,806

With a January 1, 2000 effective date, the FY 1999-00 revenue is half of the \$502,676 projected for that year.

### **House Bill 1009, Chapter 172 Funds for Agricultural Research**

**Summary:** Allows farmers to vote on whether to levy an assessment of fifteen cents (15¢) per ton on mixed fertilizers, commercial feed, and their ingredients. This assessment would be a five cent (5¢) increase over the current assessment amount. The proceeds of the assessment will be used by the Agricultural Foundation, Inc. for agricultural research and dissemination of research facts.

**Effective Date:** The bill became effective when it was signed into law, but the increased assessment of five cents (5¢) per ton cannot be levied before January 1, 2001.

**Fiscal Effect:** Agricultural Foundation, Inc. received approximately \$700,000 - \$775,000 from the current \$0.10 assessment on mixed fertilizers and commercial feed. Known as "nickels for know how", officials at N.C. State University expect the income from this assessment to continue to hover at the \$700,000 - \$775,000 range for the next five years. Assuming the farmers approve the fifty- percent increase (from \$0.10 to \$0.15 per ton), the added revenue generated by the bill will be approximately \$375,000.

### **House Bill 275, Chapter 321 Zero Esc Tax/Training Contribution**

**Summary:** Grants a zero unemployment insurance tax rate to employers with a credit ratio of 4% or greater. Currently, those employers with a 5% or greater credit ratio pay the zero tax rate. The bill also temporarily reduces Unemployment Insurance Taxes for most employers by 20% and levies a 20% "contribution" (capped for

some employers) to be used by the Department of Community Colleges for worker training programs (80% of proceeds) and enhanced reemployment services administered by Employment Security Commission (20% of proceeds).

**Effective Date:** The zero tax rate for certain employers is effective with respect to calendar quarters beginning on or after April 1, 1999. The UI tax cut is effective for calendar quarters beginning January 1, 2000 and ending January 1, 2002.

**Fiscal Effect:**

	(\$ Millions)				
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
<b>REVENUES</b>					
Unemployment Insurance Trust Fund:					
Zero ESC Tax	(-.9)	(\$1.2)	(\$1.3)	(\$1.4)	(\$1.5)
20% UI Tax Cut	(-28.1)	(-72.0)	(-44.9)		
Training & Emp. Account:					
20% Contribution	22.9	60.8	39.0		
80% Earmarking	18.3	48.7	31.2		
20% Earmarking	4.6	12.2	7.8		

**Zero ESC Tax.**

As of April 30 1999, the balance in the Unemployment Insurance Trust Fund stood at \$1.22 billion. In addition, a reserve fund contains an additional \$200 million, due to the Fund's solvency and North Carolina's low unemployment rate, the Employment Security Commission (ESC) recommends a zero tax rate for an additional group of employers with a credit ratio. A credit ratio means that an employer has paid in more money to the Unemployment Insurance Trust Fund than has been deducted from its account for UI benefits paid to employees. ESC estimates that this bill will reduce unemployment insurance taxes for 10,000 employers with a 4% credit ratio in 1999. With additional 6,400 employers reaching the 4% credit ratio each year, ESC estimates that 38,000 employers will benefit from this zero tax rate by 2004.

**UI tax cut.**

ESC provided estimates of the impact for the 2000 and 2001 calendar years. Based on technical discussions between ESC and



FRD, an estimate of \$68.7 million for 2000 and \$73.4 million for 2001 was used. This estimate is about 10% lower than the original ESC projections and does not include interest earnings. A 6.9% growth rate was used to convert 2000 to 2001 liability.

The calendar year estimates were converted to a fiscal year basis by taking into account the one-quarter tax collection lag (taxes accrued on January-March earnings are collected in April) and the fact that historically about 40% of annual taxes are collected for the first quarter liability.

# 1999 TAX LEGISLATION

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
<b>GENERAL FUND</b>					
HB 56 Eliminate Stamps for Deed Tax					
HB 74 Phase II Funds Immunity/Tax Exempt	(\$8,700,000)	(\$9,000,000)	(\$9,300,000)	(\$9,600,000)	(\$9,900,000)
HB 239 Community College Property Transfers		No estimate available			
HB 240 UNC Nonappropriated Capital Projects		(3,427,800)	(3,651,949)	(3,999,452)	(4,129,100)
HB 1010 Cotton Gins, Warehouses, Merchants	2,400	2,400	2,400	2,400	2,400
HB 1433 Use Tax Payment/Other Changes	2,630,000	3,500,000	3,680,000	3,860,000	4,050,000
HB 1466 Pension Tax Withholding		No estimate available			
HB 1472 Simplify Renewable Energy Credits		No estimate available			
HB 1476 Update IRC Reference	11,550,000	2,950,000	1,400,000	900,000	100,000
HB 1479 Newsprint Tax Credit Change		Less than \$1,000			
SB 55 Revenue Laws Technical Changes					
SB 222 Government Accept Electronic Payment		No estimate available			
SB 251 Modify Historic Rehabilitation Credit	163,632	334,662	334,662	334,662	334,662
SB 290 Lobbying Laws Amendments		9,000	9,000	9,000	9,000
SB 968 Waiver of Competitive Bidding Modified		No fiscal impact			
SB 1043 Intangibles Tax Settlement*					
SB 1110 Tech. Commercialization Credit		(2,100,000)	(2,100,000)	(2,100,000)	(2,100,000)
SB 1112 No Sales Tax Fee/Other Changes	643,960	449,460	91,460	(342,540)	(842,540)
SB 1115 Amend Bill Lee Act/Incentives	(1,600,000)	(2,100,000)	(7,300,000)	(23,500,000)	(32,400,000)
<b>TOTAL - General Fund*</b>	<b>\$4,689,992</b>	<b>(\$9,382,278)</b>	<b>(\$16,834,427)</b>	<b>(\$34,435,930)</b>	<b>(\$44,875,578)</b>

\* \$200 million from Savings Reserve Account in 1999 and \$240 million in 2000

<b>HIGHWAY FUND</b>					
HB 280 Motor Vehicle Technical Amend.	\$ 27,937	\$116,295	\$143,154	\$143,929	\$144,719
HB 1471 Adjust Bond Maturity					
SB 254 Outdoor Advertising Control Act	320,000	320,000	320,000	320,000	320,000
SB 1112 No Sales Tax Fee/Other Changes	41,160	41,160	41,160	41,160	41,160
<b>TOTAL - Highway Fund</b>	<b>\$389,098</b>	<b>\$477,455</b>	<b>\$504,314</b>	<b>\$505,089</b>	<b>\$505,879</b>

		<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
<b>LOCAL GOVERNMENT</b>						
HB 120	Tax Lien Advertisement and Collection	(\$30,000)				
HB 315	Motor Vehicle Tax Value	(25,800,000)	(27,600,000)	(29,500,000)	(31,600,000)	(33,800,000)
HB 964	Municipal Incorporation Process		No estimate available			
HB 1084	County Bonds for Landbanking					
HB 1120	Authorize Public Hospital Debt					
HB 1433	Use Tax Payment/Other Changes	1,670,000	1,750,000	1,840,000	1,930,000	2,030,000
SB 325	Continuing Care Retirement Homes					
SB 484	RMV Tax Budgeting					
SB 772	Expand Municipal Service District					
SB 1112	No Sales Tax Fee/Other Changes	107,500	(6,000)	(185,000)	(400,000)	(640,000)
SB 1115	Amend Bill Lee Act/Incentives	(800,000)	(1,200,000)	(1,500,000)	(1,600,000)	(1,200,000)
	<b>TOTAL – Local Funds</b>	<b>(\$24,852,500)</b>	<b>(\$27,056,000)</b>	<b>(\$29,345,000)</b>	<b>(\$31,670,000)</b>	<b>(\$33,610,000)</b>
<b>OTHER FUNDS</b>						
HB 275	Zero ESC Tax Rate	(\$7,100,000)	(\$12,400,000)	(\$7,200,000)	(\$1,400,000)	(\$1,500,000)
HB 1009	Funds for Agricultural Research		187,500	375,000	375,000	375,000
HB 1289	1999 Fee Bill	30,400,000				
SB 499	Boat Registration Fees	251,338	691,806	381,056	502,676	691,806
SB 562	Insurance Fee Repeals and Increases	(14,100)	(14,100)	(14,100)	(14,100)	(14,100)
	<b>TOTAL – Other Funds</b>	<b>\$23,537,238</b>	<b>(\$11,534,794)</b>	<b>(\$6,458,044)</b>	<b>(\$536,424)</b>	<b>(\$447,294)</b>

# **APPENDIX**

# TOTAL STATE BUDGET BY SOURCE OF FUNDS

(In Millions)

(EXCLUDES GENERAL OBLIGATION BONDS)

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
1999-2000	13,911.7 A	-	1,878.8	5,951.1	1,898.8	23,640.4
2000-01	13,558.1	-	1,935.3	6,188.7	1,931.8	23,613.7

\* 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.

A: Includes Intangibles Tax Settlement, \$200 million; Bailey/Emory/Patton, \$399 million; Clean Water Management Trust Fund, \$30 million; and, R/R Reserve, \$150 million.

Source: Office of State Budget

# Total General Fund Authorizations as Adjusted to Determine Total Current Operations

Fiscal Year	Total Authorizations After Carry-forwards	% of Increase Over Prior Year	Capital Improvements		Rainy Day/ Savings Reserve Direct Appropriations	Local Government Shared Revenue	Transfer To Highway Fund	Other	Total Current Operations	% of Increase Over Prior Year
			Direct Appropriations Includes FRS	Earmarking of Unreserved Credit Balance						
1965-66	579,953,934		41,651,578	0	0	0	0	0	538,302,356	
1966-67	591,139,328	1.93%	0	0	0	0	0	0	591,139,328	9.82%
1967-68	783,036,006	32.46%	112,356,788	0	0	0	0	0	670,679,218	13.46%
1968-69	744,733,486	-4.89%		0	0	0	0	0	744,733,486	11.04%
1969-70	951,757,962	27.80%	75,588,603	0	0	0	0	0	876,169,359	17.65%
1970-71	981,127,808	3.09%		0	0	0	0	0	981,127,808	11.98%
1971-72	1,138,180,763	16.01%	64,891,192	0	0	0	0	0	1,073,289,571	9.39%
1972-73	1,187,443,130	4.33%		0	0	0	0	0	1,187,443,130	10.64%
1973-74	1,712,516,853	44.22%	191,822,446	0	0	0	0	0	1,520,694,407	28.06%
1974-75	1,791,783,009	4.83%	93,365,337	0	0	0	0	0	1,698,417,672	11.69%
1975-76	1,766,321,933	-1.42%	28,662,437	0	0	0	0	0	1,737,659,496	2.31%
1976-77	2,008,072,901	13.89%	45,096,295	0	0	0	0	0	1,962,976,606	12.97%
1977-78	2,224,738,340	10.79%	31,332,626	0	0	0	0	0	2,193,405,714	11.74%
1978-79	2,578,019,913	15.88%	126,008,818	0	0	0	0	0	2,452,011,095	11.79%
1979-80	2,835,367,553	9.98%	84,378,719	0	0	0	0	0	2,750,988,834	12.19%
1980-81	3,255,104,769	14.80%	104,141,290	0	0	0	0	0	3,150,963,479	14.54%
1981-82	3,432,556,046	5.45%	30,861,142	0	0	0	0	0	3,401,694,904	7.96%
1982-83	3,626,915,248	5.66%	65,772,358	0	0	0	0	0	3,561,142,890	4.69%
1983-84	3,857,564,088	6.36%	59,782,244	0	0	0	25,800,000	0	3,771,981,844	5.92%
1984-85	4,532,103,411	17.49%	212,535,238	0	0	0	0	0	4,319,568,173	14.52%
1985-86	5,130,563,978	13.20%	253,503,234	0	0	0	0	0	4,877,060,744	12.91%
1986-87	5,531,345,878	7.81%	297,667,245	0	0	0	0	0	5,233,678,633	7.31%
1987-88	5,978,265,764	8.08%	173,020,035	0	0	0	0	0	5,805,245,729	10.92%
1988-89	6,561,392,895	9.76%	258,659,030	0	0	0	0	0	6,302,733,865	8.57%
1989-90	7,266,680,455	10.76%	150,092,738	0	0	233,569,324	0	0	6,883,018,393	9.21%
1990-91	7,973,824,802	9.73%	106,400,195	0	141,000,000	478,793,897	0	0	7,249,630,710	5.33%
1991-92	7,825,732,308	-1.86%	0	0	400,000	468,231,174	A	0	7,357,101,134	1.48%
1992-93	8,209,537,916	4.90%	95,205,570	0	0	232,424,154	B	0	7,881,908,192	7.13%
1993-94	9,317,906,610	13.50%	135,371,704	57,000,000	0	236,824,154	0	0	8,888,710,752	12.77%
1994-95	10,268,424,627	10.20%	189,391,450	60,000,000	66,700,000	236,824,154	0	0	9,715,509,023	9.30%
1995-96	10,031,584,878	-2.31%	113,522,500	125,000,000	0	0	0	0	9,793,062,378	0.80%
1996-97	10,607,678,229 D	5.74%	157,267,000	0	0	0	0	0	10,450,411,229	8.71%



### Total General Fund Authorizations as Adjusted to Determine Total Current Operations

Fiscal Year	Total Authorizations After Carry-forwards	% of Increase Over Prior Year	Capital Improvements		Rainy Day/ Savings Reserve Direct Appropriations	Local Government Shared Revenue	Transfer To Highway Fund	Other	Total Current Operations	% of Increase Over Prior Year
			Direct Appropriations Includes FRS	Earmarking of Unreserved Credit Balance						
1997-98	11,585,834,623 E	9.22%	152,991,120	174,260,955	0	0	0	0	11,258,582,548	7.73%
1998-99	13,111,623,293	13.17%	192,199,500	145,000,000	0	0	0	447,397,819 F	12,327,025,974	9.49%
1999-2000	13,911,703,629	6.10%	77,059,168	150,000,000	0	0	0	629,000,000 G	13,055,644,461	5.91%
2000-01	13,558,096,467	-2.54%	0	0	0	0	0	0	13,558,096,467	3.85%

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 Management Trust Fund

G: Sum includes \$399 million for Bailey/Emory/Patton Reserve; \$200 million for Intangibles Settlement Reserve; \$30 million Clean Water Management 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
1990-1991				0	141,000,000 A	0
1991-1992	7,726,343,007	386,317,150	164,773,001	41,193,253	400,000	41,593,253
1992-1993	7,825,507,308	391,275,365	537,330,259	134,332,565	0	175,925,818
1993-1994	8,114,332,336	405,716,617	622,712,983	155,678,246	(121,000,000) B	210,604,064
1994-1995	9,125,084,906	456,254,245	586,422,276 B	146,305,569	66,700,000	423,609,633
1995-1996	10,019,033,177 C	500,951,659	726,581,754	77,342,029	0	500,951,662
1996-1997	9,793,062,378	489,653,119	759,306,050	0	0	500,951,662
1997-1998	10,450,411,229 D	522,520,561	784,224,890	21,568,903	0	522,520,565
1998-1999	11,258,582,548 E	562,929,127	515,077,350	0 F	(200,000,000) G	322,520,565
1999-2000	12,327,025,974 H	616,351,299				

\*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 paydate.

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

F: The 1999 General Assembly directed that no funds be transferred to the Savings Reserve Account for the fiscal year ending June 30, 1999

G: Funds were appropriated from the Savings Reserve Account for the purpose of complying with the lawsuit settlement on the Intangible Tax Refunds

H: Adjusted for \$6.5 million in Juvenile Justice Reserve transferred to Capital Improvements

# 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, No Adjustments)

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	15,376,466	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	43,840,686	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	3,016,086
	1940-41	3,016,086	0	0	47,280,138	50,296,227	43,015,955	4.94%	0	43,015,955	4.94%	0	7,280,272
	1941-42	7,280,272	0	601,708	57,649,331	66,531,312	46,543,157	8.20%	0	46,543,157	8.20%	0	18,988,156

NOTE: Reserves for 1940's are for the State Post War Account

	1942-43	18,988,155	0	5,500	70,445,137	89,435,792	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	78,622,101	118,259,101	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	80,697,290	138,740,180	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	329,736	90,453,171	118,189,221	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	170,144,674	77,125,832	13.07%	50,932,256	128,068,088	87.73%	30,076,486	12,010,000
	1947-48	12,011,099	30,076,486	456,232	129,566,152	172,111,969	92,018,238	19.31%	0	92,018,238	-28.14%	30,418,417	49,675,314
	1948-49	49,675,314	30,418,417	77,923	140,843,645	221,016,200	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	13,250,163
	1950-51	13,250,163	0	819,087	162,072,863	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	204,726,865	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	220,582,183	182,896,519	10.11%	5,165,508	188,062,027	13.22%	0	32,490,158
	1953-54	32,490,158	0	1,259,909	184,709,897	218,469,962	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	202,617,874	-0.08%	0	202,617,874	-0.08%	0	38,485,550
	1956-57	38,485,550	0	1,011,106	237,768,203	277,264,861	212,198,430	4.73%	0	212,198,430	4.73%	0	65,066,431

# Condition of General Fund Including Federal Revenues (Actual, No Adjustments)

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
	1957-58	65,066,431	0	5,000	242,111,765	307,183,196	247,973,448	16.86%	29,861,865	277,835,313	30.93%	0	29,347,883
	1958-59	29,347,883	0	88,350	253,670,583	283,104,796	264,329,910	8.60%	0	264,329,910	-4.86%	0	18,774,886
	1959-60	18,774,886	0	0	310,207,855	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	325,986,671	370,652,358	296,296,302	4.23%	0	296,296,302	4.21%	0	74,356,054

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	366,975,034	23.85%	1,860,200	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	549,523,566	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	650,727,986	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	114,168,250
	1966-67	114,168,250	0	0	623,709,479	737,875,729	565,195,417	9.30%	0	565,195,417	1.15%	0	172,683,312
	1967-68	172,680,312	0	0	679,198,928	861,879,240	643,992,638	13.94%	112,356,788	756,349,426	33.82%	0	95,529,814
	1968-69	95,529,814	0	0	776,065,736	871,585,550	718,259,774	11.53%	0	718,259,774	-5.04%	0	153,335,775
	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	1,086,526,456	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	1,404,286,156	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%	86,622,446	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	5,634,164
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	5,634,164	0	0	53,049,755	58,683,919			57,200,000	57,200,000		0	1,683,919
Total	1974-75	180,532,052	0	0	1,597,146,807	1,777,478,859	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	64,138,228	48,779,830		4,713,789	53,493,619		0	10,544,607
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	68,368,399



# Condition of General Fund including Federal Revenues (Actual, No Adjustments)

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: 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	80,335,179	70,979,788	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	2,092,634,019		4,749,000	2,097,383,019		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
Anti-Rec	1977-78	5,250,386	0	0	5,916,146	11,166,532	8,906,613		0	8,906,613		0	2,259,919
Total	1977-78	150,882,006	0	0	2,196,552,943	2,347,434,949	2,131,150,750	12.71%	31,332,626	2,162,483,376	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		93,778,818	2,421,827,609		0	187,448,754
FR-Sharing	1978-79	3,710,694	0	0	56,963,007	80,373,701	28,024,132		32,230,000	80,254,132		0	1*9,569
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	2,486,968,296	2,671,919,869	2,358,332,842	10.88%	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	2,972,708,516	2,603,361,242		84,378,719	2,687,739,961		0	284,968,557
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	284,968,657
Gen Fund	1980-81	284,968,557	0	0	2,995,420,535	3,280,389,092	3,021,621,011		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	284,968,657	0	0	3,023,812,444	3,308,781,101	3,050,012,908	14.65%	104,141,290	3,154,154,198	14.92%	0	154,626,903
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	8.39%	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	4,028,974,269	3,715,665,403		59,782,244	3,775,447,647		0	253,526,612
FR-Sharing	1983-84	1,273,723	0	0	169,380	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



# Condition of General Fund Including Federal Revenues (Actual, No Adjustments)

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
	1985-86	380,097,754	0	0	4,910,870,016	5,290,967,770	4,718,355,241	12.86%	253,503,234	4,971,858,475	12.98%	0	319,108,295
	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	6,166,710,295	5,600,754,852	10.88%	173,020,035	5,773,774,887	7.94%	0	392,335,408
	1988-89	392,935,408	0	0	6,154,529,607	6,547,465,015	6,131,757,409	9.48%	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	6,986,406,674	7,145,455,250	6,773,120,129	10.46%	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.

	1991-92	440,498	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		192,371,704	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%	192,371,704	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	10,343,773,482	9,481,059,729		249,391,450	9,730,451,179		320,711,136	292,611,137
DSS Funds	1994-95	209,932,954			95,595,394	305,526,348	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; \$38.5 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	292,611,137	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	408,136,160
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 1996-97 biennium to match federal funds for disaster relief.

**Condition of General Fund including Federal Revenues (Actual, No Adjustments)**

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
<b>Repair/Renovations Allocations were made directly from the Earmarked Reserve for that purpose for 1996-97</b>													
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	315,690,202
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	315,690,202
 <b>Note: 1997-98 Reserve transfer total includes \$135 million earmarked R/R from credit balance and supplemental appropriation of \$38.3 million for R/R projects. Adjustment reflects transfer from Library reserve account.</b>													
Gen Fund	1997-98	318,690,202	174,260,955	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	174,260,955	284,000	11,762,575,641	12,255,810,798	11,108,886,722	7.75%	327,252,075	11,436,138,797	9.26%	668,994,401	150,677,600
 <b>Note: 1998-99 Reserve transfer total includes \$146 million earmarked R/R, \$400 million for Bailey/Emory/Patton Lawsuit and \$47.4 million for the Clean Water Management Trust Fund</b>													
<b>A: An excess of \$19,551,863 over authorized amount was collected and placed in a restricted reserve in accordance with law. These funds are budgeted by State Budget as other nontax revenues for 1999-2000.</b>													
<b>B: Includes \$321,172 transfer to Work First Reserve and \$42,397,519 in Clean Water Management Trust Fund Reserve transferred to Code 14301.</b>													
Gen Fund	1998-99	115,230,489	192,397,819	0	12,648,720,625	12,956,348,933	12,104,393,255 B		337,199,500	12,441,592,755		218,054,152	296,702,026
Bailey Reserve	1998-99	0	400,000,000	0	0	400,000,000	400,000,000			400,000,000		0	0
DSS	1998-99	35,447,111	0	0	85,000,000	120,447,111	120,447,111			120,447,111		0	0 A
Total	1998-99	150,677,600	592,397,819	0	12,733,720,625	13,476,796,044	12,624,840,366	13.65%	337,199,500	12,962,039,866	13.34%	218,054,152	296,702,026

### 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	155,678,248	60,000,000	0	0	0	0	215,678,248	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	55,027,880 G	21,568,903	145,000,000	0	47,397,819	0	400,000,000 H	668,994,401	115,230,489
1998-99	514,756,176	37,000,000 I	0	150,000,000	0	31,054,152	0	0	218,054,152	296,702,026

\*\* 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

I: Appropriation of 1998-99 reversions for Aquariums CI, \$30,000,000; and, Warren County Landfill, \$7,000,000 million. General Fund expenditures include \$321,172 transfer to Work First Reserve.

**TAX REVENUES BY MAJOR SCHEDULES (ACTUAL)**

	<b>Income Tax</b>									<b>Cigarette/ Tobacco</b>	<b>Soft Drinks</b>	<b>Other</b>	<b>Total Tax Revenue</b>
	<b>Individual</b>	<b>Corporate</b>	<b>Total Income</b>	<b>Sales &amp; Use</b>	<b>Franchise</b>	<b>Inheritance</b>	<b>Beverage</b>	<b>Insurance</b>					
1965-66	165,070,174	87,666,287	252,736,461	188,246,243	41,383,086	11,443,886	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	652,482,592
1968-69	239,644,468	110,500,839	350,145,307	239,525,769	58,927,222	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	284,350,605	60,596,686	17,825,615	48,540,468	26,605,303	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	135,086,265	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	23,047,631	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	737,096,123	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	1,449,370,196	277,447,978	1,726,818,176	777,449,131	289,764,189	43,480,819	99,840,685	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	1,764,986,813	387,823,717	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	2,023,483,495	489,955,619	2,513,439,114	1,156,845,141	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	2,206,748,074	510,675,054	2,717,424,128	1,380,409,070	197,584,803	82,020,611	108,961,903	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	48,211,757	-----	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	214,439,488	37,925,056	36,538,688	194,749,199	-----	8,516,755,756
1994-95	4,685,474,733	649,389,836	5,314,864,571	2,781,683,390	458,058,969	109,865,448	163,188,783	236,215,989	44,835,750	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	-----	9,458,755,229
1996-97	5,329,990,261	717,750,574	6,047,740,835	3,127,873,443	387,811,674	132,068,325	150,208,567	258,503,720	46,677,348	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
1998-99	6,606,500,278	848,509,669	7,455,009,947	3,376,206,664	409,558,340	169,935,220	158,026,529	291,230,879	44,852,542	12,349,253	48,094,529	-----	11,965,263,904



**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	% of Change	Tax Revenue	Non-tax Revenue	Other	Federal Revenues	Hwy Trust Transfer	Total	% of Change	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	11,948	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	3.57%	402,825	12,503	0	0	0	415,328	10.80%	51,706	3,638	0	0	0	55,344	
1963-64	417,043	7,875	0	0	0	424,918	18.04%	428,170	9,679	0	0	0	437,849	5.42%	11,127	1,804	0	0	0	12,931	
1964-65	435,518	7,900	0	0	0	443,418	4.35%	480,450	11,251	0	0	0	491,701	12.30%	44,932	3,351	0	0	0	48,283	
1965-66	511,032	14,382	0	0	0	525,414	18.49%	555,416	17,834	0	0	0	573,250	16.59%	44,384	3,452	0	0	0	47,836	
1966-67	532,885	13,795	0	0	0	546,680	4.05%	605,205	18,505	0	0	0	623,710	8.80%	72,320	4,710	0	0	0	77,030	
1967-68	640,850	18,200	0	0	0	659,050	20.55%	652,483	26,716	0	0	0	679,199	8.90%	11,633	8,516	0	0	0	20,149	
1968-69	677,038	18,200	0	0	0	695,238	5.49%	739,511	36,555	0	0	0	776,066	14.26%	62,473	18,355	0	0	0	80,828	
1969-70	815,385	27,515	0	0	0	842,900	21.24%	841,714	35,836	0	0	0	878,550	13.21%	26,329	9,321	0	0	0	35,650	
1970-71	908,630	27,570	0	0	0	937,200	11.19%	921,445	46,191	0	0	0	967,636	10.14%	11,815	18,621	0	0	0	30,436	
1971-72	998,165	46,500	0	0	0	1,044,665	11.47%	1,051,900	42,009	0	0	0	1,093,909	13.05%	53,735	(4,491)	0	0	0	49,244	
1972-73	1,080,490	53,330	0	0	0	1,133,820	8.53%	1,213,997	45,419	0	58,307	0	1,317,723	20.46%	133,507	(7,911)	0	58,307	0	183,903	
1973-74	1,312,051	41,700	0	48,700	0	1,402,451	23.69%	1,358,185	71,579	0	52,727	0	1,482,491	12.50%	46,134	29,879	0	4,027	0	80,040	
1974-75	1,507,270	68,350	0	52,400	0	1,628,020	16.08%	1,451,184	92,913	0	53,050	0	1,597,147	7.73%	(56,086)	24,563	0	650	0	(30,873)	
1975-76	1,595,120	84,400	0	51,753	0	1,731,273	8.34%	1,571,845	76,232	0	62,454	0	1,710,531	7.10%	(23,275)	(8,168)	0	10,701	0	(20,742)	
1976-77	1,824,000	80,617	0	53,613	0	1,958,230	13.11%	1,869,967	82,607	0	65,775	0	2,018,349	18.00%	45,967	1,990	0	12,162	0	50,119	
1977-78	1,978,600	53,104	0	62,000	0	2,103,704	7.43%	2,060,482	74,339	0	61,732	0	2,196,553	8.83%	81,882	11,235	0	(268)	0	92,849	
1978-79	2,262,000	74,500	0	56,588	0	2,393,088	13.76%	2,337,218	93,077	0	56,673	0	2,488,968	13.22%	75,218	18,577	0	85	0	93,880	
1979-80	2,534,763	94,132	0	56,889	0	2,685,784	12.23%	2,639,214	146,046	0	56,782	0	2,842,042	14.28%	104,451	51,914	0	(107)	0	156,258	
1980-81	2,839,500	98,700	0	28,381	0	2,966,581	10.45%	2,845,953	149,467	0	28,392	0	3,023,812	6.40%	6,453	50,767	0	11	0	57,231	
1981-82	3,138,900	141,600	0	0	0	3,280,400	10.58%	3,077,713	151,566	0	262	0	3,229,541	6.80%	(61,087)	9,966	0	262	0	(50,859)	
1982-83	3,370,300	144,800	0	0	0	3,515,100	7.15%	3,279,025	124,818	0	1,274	0	3,405,117	5.44%	(91,275)	(19,982)	0	1,274	0	(109,983)	
1983-84	3,663,900	151,950	0	0	0	3,815,850	8.56%	3,814,378	142,900	0	169	0	3,957,447	16.22%	150,478	(9,050)	0	169	0	141,597	
1984-85	4,129,722	146,840	0	1,500	0	4,278,062	12.11%	4,336,722	188,916	0	53	0	4,525,691	14.36%	207,000	42,076	0	(1,447)	0	247,629	
1985-86	4,607,824	188,500	0	0	0	4,794,424	12.07%	4,694,521	216,347	0	0	0	4,910,868	8.51%	86,597	29,847	0	0	0	116,444	
1986-87	4,997,888	218,000	0	0	0	5,215,888	8.79%	5,180,562	211,515	0	0	0	5,392,077	9.80%	182,696	(6,485)	0	0	0	176,211	
1987-88	5,380,831	234,900	0	0	0	5,615,731	7.67%	5,551,289	253,238	0	0	0	5,804,527	7.65%	170,458	18,338	0	0	0	188,796	
1988-89	5,902,201	266,490	0	0	0	6,168,691	9.85%	5,928,542	225,887	0	0	0	6,154,529	6.03%	26,341	(40,503)	0	0	0	(14,162)	
1989-90	6,746,614	244,600	0	0	279,400	7,270,614	17.86%	6,561,423	262,290	0	0	164,693	6,968,406	13.55%	(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	8.00%	6,892,505	267,229	17,000	0	231,081	7,207,815	3.14%	(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	-0.34%	7,438,446	199,905	8,700	0	170,000	7,817,051	8.45%	5,321	(13,995)	0	0	0	(8,574)	
1992-93	7,892,500	217,700	9,400	0	170,000	8,089,600	3.37%	7,883,017	230,380	9,400	0	170,000	8,292,797	6.09%	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	10.36%	8,516,757	312,478	9,900	93,200	170,000	9,102,335	9.78%	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	8.12%	9,365,818	330,423	10,500	94,000	170,000	9,970,739	9.54%	275,266	42,249	200	0	0	317,715	
1995-96	9,164,500	317,200	11,100	106,900	170,000	9,768,700	1.21%	9,458,755	374,327	11,130	76,013	170,000	10,090,225	1.20%	294,255	57,127	30	(30,887)	0	320,525	
1996-97	9,729,000	382,800	11,800	102,000	170,000	10,395,800	6.41%	10,238,591	409,281	11,853	100,844	170,000	10,930,569	8.33%	509,591	26,381	(47)	(1,156)	0	534,769	
1997-98	10,561,300	449,700	12,600	0	170,000	11,193,600	7.67%	11,092,447	452,062	12,600	0	170,000	11,727,129	7.29%	531,147	2,382	0	0	0	533,529	
1998-99	11,569,500	510,900	13,400	85,000	170,000	12,368,000	10.49%	11,965,264	500,057	13,400	85,000	170,000	12,733,721	8.58%	375,764	(10,843)	0	0	0	366,721	

**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					
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%		8.70%		7.12%			9.70%		4.89%	
1968-69	Authorization	744,733,488	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	878,169,359	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%	106,872,807	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%	148,819,439	14.4%	149,875,596	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%		8.88%			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%	60,836,067	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%	



**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	
			Amount	Percent	Amount	Percent	Amount	Percent						
1974-75	Authorization	1,698,417,872	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%	
	% 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%	99,816,834	6.0%	249,604,282	14.9%	68.4%	274,169,121	16.4%	254,207,975	15.2%	
	Reversion	87,648,234	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	1,962,976,808	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	1,230,089,474	44.7%	145,243,284	5.3%	436,949,552	15.9%	65.9%	473,705,994	17.2%	464,990,550	16.9%	
	Expenditure	2,680,272,288	1,230,089,473	46.2%	145,243,284	5.5%	414,751,963	15.6%	67.3%	429,814,253	16.2%	440,383,335	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%	169,011,830	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%	184,452,082	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%	534,143,580	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	4.81%	1.22%		4.44%		5.89%			10.77%		6.20%		
1982-83	Authorization	3,561,142,880	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%	191,749,833	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 A	1,619,049,894	42.9%	232,195,091	6.2%	641,511,441	17.0%	66.1%	615,625,461	16.3%	663,600,157	17.6%	

**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				
	Expenditure		Amount	Percent	Amount	Percent	Amount	Percent	% of Total	Amount	Percent	Amount	Percent
	Reversion												
	% Unexpended												
1984-85	Authorization												
	Expenditure												
	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												

**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				
	Reversion		Amount	Percent	Amount	Percent	Amount	Percent	% of Total	Amount	Percent	Amount	Percent
	% Unexpended												
		329,120,817	35,980,506	10.9%	7,286,567	2.2%	30,639,398	9.3%	22.5%	187,572,058	57.0%	67,642,088	20.6%
		4.18%	1.05%		1.83%		2.62%			13.30%		4.61%	
1993-94	Authorization	8,888,710,752 A	3,834,055,711	40.9%	450,882,941	5.1%	1,299,865,905	14.6%	60.6%	1,759,286,096	19.8%	1,744,620,099	19.6%
	Expenditure	8,575,733,017	3,587,786,193	41.8%	447,100,088	5.2%	1,266,772,749	14.8%	61.8%	1,647,826,530	19.2%	1,626,247,457	19.0%
	Reversion	312,977,735	46,269,518	14.8%	3,782,403	1.2%	33,093,156	10.6%	26.6%	111,459,566	35.6%	118,373,092	37.8%
	% Unexpended	3.52%	1.27%		0.84%		2.55%			6.34%		6.79%	
1994-95	Authorization	9,715,509,023 A	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%	8,259,027	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 B	4,697,892,305	41.7%	534,873,175	4.8%	1,489,866,397	13.2%	59.7%	2,422,884,666 C	21.5%	2,113,066,005	18.8%
	Expenditure	11,108,888,722	4,693,184,126	42.2%	528,107,908	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 D	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	12,327,025,974	5,068,634,951	41.1%	587,542,475	4.8%	1,628,888,154	13.2%	59.1%	2,663,571,595	21.6%	2,378,388,799	19.3%
	Expenditure	12,177,442,547	5,038,223,817	41.4%	582,222,727	4.8%	1,626,641,828	13.4%	59.5%	2,598,933,047	21.3%	2,331,421,328	19.1%
	Reversion	149,583,427 E	30,411,134	20.3%	5,319,748	3.6%	2,246,526	1.5%	25.4%	64,638,548	43.2%	46,967,471	31.4%
	% Unexpended		0.60%		0.91%		0.14%			2.43%		1.97%	

A: Amounts Adjusted; see Total General Fund Authorizations as Adjusted to Determine Total Current Operations

B: Adjusted to include Year 2000 Appropriation for 1997-98 made by 1998 Session

C: Adjusted for Reorganization reflecting transfer of Health Services to Department of Health and Human Services

D: Reversions for 1997-98 of \$55,027,880 were earmarked for expenditure in Section 9 of SB 1366 (SL1998-212), reducing net reversions to \$94,666,146

E: Reversions of \$37 million were earmarked: \$30 million for Aquariums Capital and \$7 million for Warren County

**General Fund Appropriations and Unexpended Balances**  
(includes Federal Revenue Sharing and Anti-Recession Funds)

Fiscal Year	Appropriations (includes Local Government Shared Revenues, 1989-1995)						Reversions					
	Total Appropriations	Capital Improvements (includes R/R)	Clean Water Management Trust Fund	Transfer to Savings Reserve & Lawsuit Settlements	Carry-Forwards	Net Operating Appropriation	Actual Unexpended Appropriation	Carry-Forward Adjustment	Revised Unexpended Appropriation	Appropriated Reversions	Net Reversions	Reversion as % of Net Operations
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	154,284,801	(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	1.31%
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	208,548,988	-	-	-	3,185,774	208,732,762	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	(29,881,865)	-	-	(3,022,290)	255,320,937	10,369,779	(3,022,290)	7,347,489	-	7,347,489	2.98%
1958-59	288,874,555	-	-	-	3,022,290	271,896,845	7,566,935	-	7,566,935	-	7,566,935	2.78%
1959-60	293,343,782	(85,000)	-	-	(1,747,222)	291,531,560	9,015,515	(1,747,222)	7,268,293	-	7,268,293	2.49%
1960-61	303,615,806	-	-	-	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	18,045,287	-	18,045,287	-	18,045,287	4.21%
1963-64	509,935,687	(80,574,018)	-	-	(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	3.31%
1965-66	590,527,181	(41,851,578)	-	-	(10,573,247)	538,302,356	31,784,722	(10,573,247)	21,191,475	-	21,191,475	3.34%
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	(84,891,192)	-	-	(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	1,712,501,853	(191,822,446)	-	-	-	1,520,679,407	87,452,765	-	87,452,765	-	87,452,765	5.75%
1974-75	1,791,783,009	(93,365,337)	-	-	-	1,698,417,672	70,714,040	-	70,714,040	-	70,714,040	4.16%
1975-76	1,784,892,886	(28,662,437)	-	-	(18,570,953)	1,737,659,496	86,219,187	(18,570,953)	67,648,234	-	67,648,234	3.99%
1976-77	1,889,501,948	(45,096,295)	-	-	18,570,953	1,962,976,606	72,136,909	-	72,136,909	-	72,136,909	3.37%
1977-78	2,224,872,850	(31,332,628)	-	-	(134,310)	2,193,405,714	62,389,274	(134,310)	62,254,964	-	62,254,964	2.34%
1978-79	2,577,885,603	(126,008,818)	-	-	134,310	2,452,011,095	93,678,253	-	93,678,253	-	93,678,253	3.92%
1979-80	2,845,381,200	(84,378,719)	-	-	(10,013,647)	2,750,988,834	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	3,435,885,368	(30,881,142)	-	-	(3,129,320)	3,401,894,904	180,065,491	(3,129,320)	156,936,171	-	156,936,171	4.31%
1982-83	3,623,785,928	(65,772,358)	-	-	3,129,320	3,561,142,890	186,220,906	-	186,220,906	-	186,220,906	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**  
(Includes Federal Revenue Sharing and Anti-Recession Funds)

Fiscal Year	Appropriations (Includes Local Government Shared Revenue, 1989-1995)						Reversions					
	Total Appropriations	Adjustments				Net Operating Appropriation	Actual Unexpended Appropriation	Carry-Forward Adjustment	Revised Unexpended Appropriation	Appropriated Reversions	Net Reversions	Reversion as % of Net Operations
		Capital Improvements (Includes R/R)	Clean Water Management Trust Fund	Transfer to Savings Reserve & Lawsuit Settlements	Carry-Forwards							
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	5,531,345,678	(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) A	-	-	-	7,116,587,717	343,467,595	-	343,467,595 C	-	343,467,595	4.83%
1990-91	7,973,824,082	(106,400,195) B	-	-	-	7,867,423,887	544,207,723	-	544,207,723 D	-	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 E	-	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) F	182,710,542	1.87%
1996-97	10,607,678,229	(157,267,000)	-	-	-	10,450,411,229	140,902,368	-	140,902,368	(115,510,195) G	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) H	94,668,146	0.84%
1998-99	13,111,623,293	(337,199,500)	(47,397,819)	(400,000,000)	-	12,327,025,974	149,583,426	-	149,583,426	(37,000,000) I	112,583,426	0.91%

A Reflects reduction of \$95,171,855 made by Governor during fiscal year due to economic downturn

B Reflects reduction of \$100,897,000 made by Governor during fiscal year due to economic downturn

C Reflects deferment of June 30, 1990 payroll into the next fiscal year--\$163.9 million

D Reflects \$57.4 million retirement matching withheld from Retirement System and delay of 12th pay period (\$108 million) until 1991-92 and \$141.0 million Rainy Day appropriation unexpended balance

E Reflects \$158.7 million in unbudgeted Disproportionate Shared receipts in DHR

F Funds appropriated for capital improvements

G Transfer to Disaster Relief Fund (Hurricane Bertha and Hurricane Fran)

H Funds appropriated per SB 620, Section 5

I Reversions of \$30 million were allocated to the Aquariums and \$7 million was allocated to Warren County PCB Landfill; expenditures include \$10 million in anticipated reversions that were allocated for Community Self-Help in the Medicaid budget

# CAPITAL IMPROVEMENT AUTHORIZATIONS

Year	GENERAL FUND			Federal Revenue Sharing	Legislative Bonds	Total
	Direct Appropriation	Credit Balance Earmarked	Repair/Renov Earmarking			
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	192,199,500 k	0	145,000,000	0	0	337,199,500
1999-2000	77,059,168	0	150,000,000	0	0	227,059,168

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

k: Direct appropriations of \$185,699,500 and the transfer of \$6,500,000 from the Reserve for Juvenile Justice which  
was originally certified to the operating budget



**SCHOOL FACILITIES FINANCE ACT OF 1987  
FUNDING HISTORY**

**Critical School Facility Needs Fund**

<b><u>Date</u></b>	<b><u>Tax Deposits</u></b>	<b><u>Interact</u></b>	<b><u>Annual Total</u></b>	<b><u>Cumulative Total</u></b>
06/30/1988	\$95,500,000	\$2,856,726.65	\$98,356,726.65	-
06/30/1989	10,000,000	9,057,660.86	19,057,660.86	\$117,414,337.51
06/30/1990	10,000,000	8,750,807.56	18,750,807.56	136,165,195.07
06/30/1991	0	4,066,255.71	4,066,255.71	140,231,450.78
06/30/1992	10,000,000	2,383,565.00	12,383,565.00	152,615,015.78
06/30/1993	10,000,000	3,308,834.29	13,308,834.29	165,923,850.07
06/30/1994	10,000,000	1,047,912.33	11,047,912.33	176,971,752.40
06/30/1995	10,000,000	999,959.90	10,999,959.90	187,971,722.30
06/30/1999	10,000,000	880,793.74	10,880,793.74	19,885,251,604.00
06/30/1997	10,000,000	1,189,035.11	11,189,035.11	210,041,551.15
06/30/1998	10,000,000	1,375,855.25	11,375,855.25	221,417,406.40
06/30/1999	<u>10,000,000</u>	<u>1,277,944.60</u>	<u>11,277,944.60</u>	232,695,351.00
<b>TOTALS</b>	<b>\$195,500,000</b>	<b>\$37,195,351.00</b>	<b>\$232,695,351.00</b>	

**SCHOOL FACILITIES FINANCE ACT OF 1987  
FUNDING HISTORY  
Public School Capital Buiding Fund  
ADM Fund**

<u>Date</u>	<u>BD 701 Tax Deposits</u>	<u>Less CPI Allotment</u>	<u>Initial Availability</u>	<u>CPI Actual Transfer</u>	<u>Final Tax Availability Balance</u>	<u>BD 701 Interest</u>	<u>Annual Total</u>	<u>Cumulative Availability</u>
06/30/1988	\$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	\$581,830,418.02
06/30/1989	60,290,342.35	287,000.00	60,003,342.35	0.00	60,290,342.35	9,824,853.36	70,115,195.71	151,945,613.73
06/30/1990	37,593,993.49	287,827.00	37,306,166.49	462,003.82	37,131,959.67	10,955,300.85	48,087,290.52	200,052,904.25
06/30/1991	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
06/30/1992	27,669,428.24	314,654.00	27,354,774.24	289,240.64	27,380,167.60	5,241,428.90	32,621,616.50	268,316,360.47
06/30/1993	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
06/30/1994	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
06/30/1995	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
06/30/1996	50,966,963.68	318,232.00	50,648,731.68	318,232.00	50,648,731.68	6,072,552.39	56,721,284.07	446,759,481.76
06/30/1997	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	501,697,782.27
06/30/1998	56,584,376.62	410,000.00	56,174,376.62	398,646.21	56,185,730.41	7,328,343.67	63,614,074.03	565,211,856.35
06/30/1999	<u>62,864,482.38</u>	<u>413,136.00</u>	<u>62,451,346.38</u>	<u>395,618.28</u>	<u>62,468,864.10</u>	<u>7,683,895.38</u>	<u>70,152,759.43</u>	635,364,615.83
<b>TOTALS</b>	<b>\$561,580,322.18</b>	<b>\$4,010,928.00</b>	<b>\$557,569,394.18</b>	<b>\$3,699,100.08</b>	<b>\$557,881,172.10</b>	<b>\$77,483,393.73</b>	<b>\$635,464,615.73</b>	

# PERMANENT STATE FUNDED POSITIONS BY FISCAL YEAR

## GENERAL FUND

	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	130,018	86,300	216,318	16,983	15,892	249,193
1998-99	133,960	89,432	223,392	16,346	16,314	256,052

# SUMMARY OF STATE FUNDED PERMANENT POSITIONS

## JULY 1, 1999

DEPARTMENT/AGENCY	GENERAL FUND	HIGHWAY FUND	RECEIPTS SUPPORTED	TOTAL POSITIONS
<b>State Government Positions</b>				
Administration	748.4	-	394.7	1,143.1
Administrative Rules Review	4.0	-	-	4.0
Agriculture and Consumer Services	1,116.5	72.0	286.5	1,475.0
Board of Governors	27,338.8	-	6,272.8	33,611.6
Community Colleges	164.0	-	1.0	165.0
Correction	18,703.2	-	412.0	19,115.2
Crime Control and Public Safety	538.9	1,820.0	189.1	2,548.0
Cultural Resources	700.2	-	76.8	777.0
Commerce	388.0	-	2,566.8	2,954.8
Environment & Natural Resources	2,347.7	-	1,683.1	4,030.7
General Assembly	218.0	-	-	218.0
Governor's Office	65.8	-	13.2	79.0
Housing Finance Agency	-	-	88.0	88.0
Human Resources	15,216.6	15.4	3,311.3	18,543.2
Insurance	328.7	-	60.3	388.9
Judicial	5,172.9	-	71.0	5,243.9
Justice	1,082.1	-	138.4	1,220.5
Labor	323.7	-	192.6	516.3
Lieutenant Governor's Office	9.0	-	-	9.0
Miscellaneous Boards and Commissions	-	-	53.6	53.6
Office of Administrative Hearings	44.0	-	-	44.0
Office of Juvenile Justice	1,813.6	-	9.0	1,822.6
Office of State Budget & Management	54.0	-	-	54.0
Office of State Planning	39.0	-	34.0	73.0
Public Instruction	353.6	136.8	165.4	655.8
Revenue	1,164.0	45.0	34.0	1,243.0
Secretary of State	138.8	-	3.0	141.8
State Auditor	172.0	-	22.0	194.0
State Board of Elections	15.0	-	-	15.0
State Controller	99.8	-	2.0	101.8
State Treasurer	64.0	-	201.5	265.5
Transportation	-	14,257.0	32.0	14,289.0
Subtotal	78,424.1	16,346.2	16,313.9	111,084.2
<b>State Funded Local Positions</b>				
Community College System	11,006.8	-	-	11,006.8
Public School System	133,960.6	-	-	133,960.6
<b>GRAND TOTAL</b>	<b>223,391.5</b>	<b>16,346.2</b>	<b>16,313.9</b>	<b>256,051.6</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
1999-00	80.69	4.00

<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