



OVERVIEW:

FISCAL AND BUDGETARY ACTIONS NORTH CAROLINA GENERAL ASSEMBLY

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

RALEIGH, NORTH CAROLINA

FISCAL RESEARCH DIVISION

JAMES D. JOHNSON, DIRECTOR
Rm. 619, Legislative Office Building
Raleigh, North Carolina 27603-5925
Telephone: (919) 733-4910
Fax: (919) 715-3589

Departments/Coverage

Analysts

Budget Development

Appropriations Bill Coordination
Governmental Operations
Capital Budgeting/Planning
State Lands/Building

Senate - Andy Willis
Senate - Mona Moon
House - Lynn Muchmore
House - Charles Perusse

Salaries and Benefits

Sam Byrd
Stanley Moore
Mark Trogdon

General Government

Administration
Administrative Rules Review Commission
Board of Elections
Cultural Resources
General Assembly
Governor's Office
Insurance
Licensing Boards
Lieutenant Governor
Office of Administrative Hearings
Revenue
Secretary of State
State Auditor
State Budget and Management
State Treasurer

Marilyn Chism
Michele Nelson

Justice and Public Safety

Correction
Crime Control & Public Safety
Judicial
Justice

Jim Mills
Kelly Little
Elisa Wolper
Denise Thomas

Departments/Coverage

Analysts

Health and Human Services

Department of Health and Human Services

Karen Hammonds-Blanks
Carol Shaw
Lisa Hollowell
Susan Morgan

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Technology**

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Department of Commerce
Department of Environment, Health,
and Natural Resources
Department of Labor
Office of Information Technology Services

Jennifer Willis
Jennifer Hoffmann
Adam Levinson

Dwayne Pinkney

Transportation

Evan Rodewald
Bob Weiss

Education

Department of Public Instruction

UNC-Board of Governors
Community Colleges

Jim Newlin
Philip Price
Charlotte Todd
Kristine Leggett

Economy and Taxation

Revenue Estimates
Finance Committees
Revenue Laws Study Committee
Economic Issues
State Bond Proposals
Fiscal Trends Commission

Richard Bostic
David Crotts
Linda Millsaps
Martha Walston

Support Staff

Word Processing

Agnes Perry
Faydean Robinson
Bonnie Trivette
Debora Bridgers

Graphics, Databases,
Spread Sheet Preparation
Copy Machine Operator

Don Lambert

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INTRODUCTION

This document is divided into sections as follows: Glossary; Economy and Revenues; Federal Block Grants; Summary: General Fund Appropriation; Budget Adjustments and Special Provisions; Statewide Reserves/Debt Service; Capital; Salaries and Benefits; Revenue/Fee Bills; and Appendix.

Section A - Glossary

Section B (to be included in final version)

Section C - 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 - Summary: General Fund Appropriations summarizes actions taken by the General Assembly to adjust the biennial continuation budget recommended by the Governor.

Sections F through K - Budget Adjustments and Special Provisions display specific budget adjustments for each state agency, and summarize special provisions in the Appropriations Act affecting those agencies.

Section L - Statewide Reserves/Debt Service lists actions that affect state government as a whole rather than specific agencies.

Section M - Capital provides a departmental listing of capital projects.

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/Fee Bills provides a listing of bills authorizing various tax changes and fee increases.

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.

GLOSSARY

Adjusted Appropriation: An appropriation altered to reflect the distribution of reserves or other transfers authorized by the General Assembly.

Appropriation: An action by the General Assembly authorizing withdrawal of funds from the state treasury pursuant to Article V, Section 7 of the North Carolina Constitution.

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 new construction, renovations, repairs and land purchases.

Carryforward: Funds appropriated, but unspent in the first fiscal year of a biennium that are brought forward for expenditure in the second fiscal year of the same biennium.

Certified Appropriation: An appropriation as officially recorded by the Office of State Budget, Planning, and Management.

Contingency and Emergency Fund: A special reserve required by G.S. 143-12 which the Director of the Budget may expend for emergencies or other unanticipated needs with approval by the Council of State.

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.

Departmental Receipts: Monies received by State agencies and institutions as federal grants, charges for services performed, transfers from other governmental units, license fees, gifts and donations, or similar sources.

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

GLOSSARY (Continued)

Entitlements: Payment or benefit granted by law to individuals or political subdivisions.

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

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 fund to which revenues are deposited that are not designated for special purposes and are therefore available to support the general operations of State government.

Highway Fund: The special fund to which revenues are deposited that are designated for transportation-related operations and capital improvements.

Highway Trust Fund: A fund established in 1989 for the completion of certain specified highway construction projects.

Lapsed Salaries: Unexpended appropriations that accrue because funds have been budgeted for positions that are temporarily vacant.

Negative Reserve: A method by which a budget reduction is imposed without detailing the specific lines of expenditure to be decreased.

Nonrecurring: A term applied to revenues or expenditures that are not repeated in future years.

Reversion: The portion of an appropriation that is not expended and is returned to the fund from which the appropriation is made when the appropriation either expires or is cancelled.

Savings Reserve: An account established in G.S. 143-15.3 to reserve General Fund monies as a safeguard against economic fluctuations or major fiscal exigencies. Commonly referred to as the "Rainy Day Fund."

Special Funds: Accounts to which revenues are deposited that are designated for a specific purpose and remain in the account until expended for that purpose.

Tax Reimbursements: State revenues disbursed to local governments as reimbursements due to State-mandated tax relief measures which have a local financial impact on locals.

Total General Fund Availability: The sum of the beginning General Fund credit balance and General Fund revenues for a fiscal period.

**ECONOMY
AND
REVENUES**

ECONOMIC OUTLOOK AND GENERAL FUND REVENUES

1999-2000 EXPERIENCE

After seven straight years of healthy General Fund revenue surpluses, a number of unusual factors converged on the revenue stream during the 1999-2000 fiscal year, leading to a shortfall of \$135.3 million, or 1.0% of the \$13.3 billion estimate. The shortfall would have been over \$200 million had there not been a delay in the processing of income tax refunds.

A comparison of actual General Fund revenues and the budgeted amount for 1999-2000 is shown on Page _____.

The negative items that came into play last year include:

(1) Natural disasters

At the end of the summer vacation season the threat of Hurricane Dennis led to the evacuation of most of the beaches in the Northern Coastal Area. This caused a drop in retail sales over the important Labor Day weekend.

A couple of weeks later the floods of Hurricane Floyd wreaked havoc with major portions of Eastern North Carolina. The impact on General Fund revenues resulted in a drop in sales tax receipts, lower withholding tax growth due to temporary closures of some establishments, and additional income tax refunds for the 1999 tax year due to casualty losses.

It is difficult to come up with a reliable estimate of the exact impact of the hurricanes on state tax collections, especially for the income tax. One indicator of the severity of the situation is that in the 33 counties most affected by the storms sales tax growth was 8% lower during September-November period than the remainder of the State. In the two months prior to the storms, collections in these counties grew at a rate similar to the statewide average.

(2) Retail sales shift

During the fiscal year, the price of gasoline rose from around \$1.00 per gallon to \$1.50 in North Carolina. Some of this increase will add to the receipts of the Highway Fund and the Highway Trust Fund because a portion of the motor fuels tax tied to fuel prices. However, for the General Fund, gasoline purchases are not part of the tax base and additional outlays at the pump "crowded out" the purchase of goods subject to the State and local sales tax.

Another crowding out issue has to do with the continued strength in vehicle sales, which are taxed under the Highway Use Tax but not the sales tax. Even with higher gas prices and the natural disasters, new vehicle registrations were up 7.5% last fiscal year.

A third problem is the steady shift to commerce purchases by consumers. During the next three years, the potential State and local incremental revenue loss from not being able to collect the tax on these transactions could amount to \$238 million. While the loss in sales tax revenue is not huge at this point, e-commerce transactions are adding to the already weakened sales tax pattern.

Finally, slower housing sales due to higher mortgage rates has led to reduced purchases of furniture and appliances.

(3) Slower employment growth

For the 1992-98 period, nonagricultural employment in the State rose annually by an average of 3.2%, one of the strongest and most stable patterns in the U.S. The healthy job growth, coupled with wage increases of 3.5-4.0% per year and employee bonuses, led to consistent withholding tax collection increases of 9-10% per year. This is important because withholding payments, net of refunds, amount to \$5.4 billion per year.

Starting in the spring of 1999, job growth began a steady decline, leading to total employment growth of only 2.4% for the 1999 calendar year. More importantly, job growth by the end of the year fell to just under 2% and has remained at essentially the same level for the first six months of 2000. This means that 1999-2000 fiscal year employment growth was 1.1% lower than the base trend of the last few years. The reduced net withholding tax collections from this factor is equal to about \$77 million.

One component of slower employment growth has to do with manufacturing. This sector began to decline in the spring of 1995 and the trend accelerated to a -2.6% for 1999. This is important because manufacturing represents about 1/5 of total nonagricultural employment in North Carolina. The downsizing has been concentrated in the textile and apparel sectors, amounting to a year-over-year decline in these categories of almost 10% during some months. Most of the loss is due to the shift of production facilities to Mexico and other locations outside the U.S.

In past years, the sustained declines in manufacturing were more than offset by healthy increases other key areas. But in 1999 the loss of manufacturing jobs accelerated at the same time that job growth in other sectors declined. For example, in the three years prior to 1999 growth in the FIRE group (finance, insurance, real estate) ranged between 6% and 9%. In 1999, the rate fell to 3.6% for the year and was essentially flat by yearend. The FIRE group amounts to only 5% of the total employment but the extraordinary growth in this area has provided a major boost to the economy in recent years.

A review of detailed employment records provided by the Employment Security Commission indicates that much of this slowdown occurred in the "Finance" portion. This is likely due to the large number of bank mergers and acquisitions that have occurred in recent years.

A more important trend has to do with services employment. This sector has grown from 18% of the workforce in 1989 to 26% 2000, paralleling the decline in manufacturing. Job increases in service industries fell from 7.6% in 1998 to 6.3% in 1999.

(4) Insurance tax decline

Insurance premiums taxes are paid through three installment payments during the tax year and a final return due March 15. Unlike the corporate income tax, the installment payments are based on the prior year's actual tax liability, not an estimate of the current year's liability.

This tax showed strong positive growth through February, reflecting installment payments tied to a healthy 1998 tax year. In March, final payments for the 1999 tax year fell substantially below the prior year. This meant that April 2000 and June 2000 installment payments came in below the prior year. In addition, tax refunds paid in June rose from \$11 million last year to \$20 million for June 2000.

The slowing of insurance tax collections has shown up recently in many other states. At this time, there is no clear explanation. Preliminary data from the industry indicates premium growth of 3-5% for the 1999 tax year.

(5) High sales tax refunds

Refunds of the state and local sales tax paid to local government units and various nonprofit entities rose from \$313 million for 1998-99 to \$357 million last year, an increase of 14%. The budget estimates had assumed a \$22 million increase due to the 1998 legislation allowing local school boards to receive a refund directly. A potential explanation is that the lack of data on the pre-1998 practice by some school boards of obtaining refunds through the county government under interlocal agreements may have led to an assumed level of pre-1998 refunds that was too high. This may have caused an underestimate of the impact of the school board direct refund bill.

A review of the 1999-2000 breakdown of refunds between counties, cities, school boards, and nonprofits is necessary to determine whether last year's refund spike was due to one-time factors. During the last three years, the growth of refunds to nonprofits has been substantial.

(6) Loss of federal reimbursement for child/support collection actions

A couple of months after the 1999-2000 budget was enacted, federal legislation eliminated a reimbursement to states for their costs of collecting child support payments. The cost of this change is estimated at \$15-17 million for 1999-2000. The full-year impact for 2000-2001 will be \$22.8 million. These receipts had been a part of judicial fees.

(7) Income tax refunds for 1998 tax year

Refunds paid out during July to December, 1999 were \$28 million higher than expected due to an unusually large amount of late filing of 1998 tax returns. This meant that the usual forecast based on the January to June experience did not work. In addition, refunds for the 1999 tax year are up 9.1% versus a forecast of 6.8%. Some of this increase may be due to casualty losses from Hurricane Floyd.

(8) Slowdown in nonwithholding tax payments

In recent years, the "April Surprise" has been well publicized. In one sense, this term is a misnomer because the explosive income tax growth occurs in all quarters of the fiscal year. The trend is most pronounced in April when final tax payments are made for the preceding tax year and the first quarter estimated tax payments are sent in for the current year.

A large part of past increases has been due to capital gains from the sales of shares of stock, bonds, and real estate. Preliminary 1998 state-by-state data from the IRS suggests that the relative underperformance of the shares of stock of traditional North Carolina industries may be restricting the growth of capital gains taxes reported in the State. It is likely that the trend continued in 1999 as high-tech stocks exploded while many traditional North Carolina stocks floundered. One indicator of this pattern is the the extraordinary growth of income tax payments in California, New Jersey, New York, and Connecticut. These receipts may be tied to stock options and Wall Street bonuses.

The under-performance factor may be a major reason for the \$68.9 million shortfall in quarterly estimated tax payments and final tax payments made during the 1999-2000 fiscal year.

ECONOMIC OUTLOOK FOR 2000-2001 FISCAL YEAR

The economic outlook supporting the General Fund revenue forecast for next year takes into account the recent upward revisions in the estimate of 2000 calendar year national economic growth by forecasters with the Congressional Budget Office, The Office of Budget and Management, and private sector forecasters. In addition, the recovery from Hurricane Floyd will stimulate the State's economy. The specifics of the forecast are shown on page C-

**ECONOMIC INDICATORS (STATE FISCAL YEAR BASIS)
ANNUAL RATES OF CHANGE**

	1998-99 <u>Actual</u>	1999-00 <u>Actual</u>	2000-01 <u>Projected</u>
U.S. INDICATORS			
Real Economic Growth	3.8%	5.7%	3.9%
Nonfarm Employment	2.6%	2.3%	1.9%
Personal Income	5.7%	6.0%	6.2%
Industrial Production	3.1%	4.8%	2.7%
Corporate Profits (Pre-Tax)	-.5%	13.5%	12.6%
Short-Term Interest Rates (Actual Rate)	4.6%	5.4%	6.2%
Mortgage Rates (Actual Rate)	6.9%	8.1%	8.1%
NORTH CAROLINA INDICATORS			
Personal Income	5.7%	5.2%	6.4%
Nonfarm Employment	3.0%	2.1%	2.4%
Unemployment Rate (Actual Rate)	3.2%	3.2%	3.4%
Average Hourly Earnings (Manufacturing)	3.5%	4.0%	3.9%
Retail Sales	7.5%	5.3%	7.4%
Housing Starts	15.1%	-5.0%	7.5%
Auto Sales	5.9%	7.5%	-2.9%

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
Tax Revenue						
Personal Income	\$5,035.0	\$5,597.2	\$6,344.7	\$7,075.7	\$7,508.5	\$8,161.0
Sales & Use	2,960.3	3,179.6	3,360.7	3,589.8	3,768.3	4,013.3
Corporate Income**	674.2	718.3	788.0	906.4	949.9	985.4
Franchise	355.9	387.8	411.3	405.6	393.6	412.5
Insurance	244.5	260.3	284.3	291.1	273.4	288.7
Alcoholic Beverage	145.5	150.2	153.8	157.8	166.3	173.9
Intangibles Tax	124.4	124.5	124.6	124.7	124.8	124.9
Inheritance	112.9	132.1	148.2	167.1	229.8	254.8
Soft Drink	39.8	41.2	43.4	43.9	46.2	47.7
Privilege License	42.0	43.4	49.7	37.4	53.4	54.5
Tobacco Products	46.7	46.7	47.2	44.9	43.7	42.0
Piped Natural Gas					27.7	28.3
Gift	11.0	12.6	20.7	19.3	25.1	28.1
Other	1.2	1.2	1.1	1.1	1.1	1.1
Total-Tax Revenue	\$9,793.4	\$10,694.9	\$11,777.7	\$12,864.8	\$13,611.8	\$14,616.1
Nontax Revenue						
Investment Income	\$197.3	\$222.1	\$246.1	\$247.2	\$206.1	\$211.7
Judicial Fees	90.3	94.9	95.7	101.1	80.5	84.6
Disproportionate Share	76.0	100.8	0.0	85.0	105.0	105.0
Other	65.3	68.0	66.1	80.5	90.5	93.2
Insurance Dept.	14.9	14.0	15.3	34.9	36.7	35.8
Total-Nontax Revenue	\$443.8	\$499.8	\$423.2	\$548.7	\$518.8	\$530.3
Total: Tax & Nontax Revenue	\$10,237.2	\$11,194.7	\$12,200.8	\$13,413.5	\$14,130.6	\$15,146.4
Transfers:						
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	\$10,418.3	\$11,376.6	\$12,383.4	\$13,596.9	\$14,314.2	\$15,330.2
		9.2%	8.9%	9.8%	5.3%	7.1%

*Actual numbers have been adjusted for major processing delays

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

*Adjusted for tax law-changes, processing delays, etc.

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
Tax Revenue						
Personal Income	(\$235.0)	(\$267.2)	(\$286.4)	(\$498.6)	(\$515.3)	(\$535.2)
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)	(208.1)
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)	(66.5)	(102.1)
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	(\$364.4)	(\$455.8)	(\$604.3)	(\$978.9)	(\$1,291.5)	(\$1,411.3)
Nontax Revenue						
Investment Income	\$2.0	\$2.0	\$2.0	\$2.0	\$2.2	\$2.3
Judicial Fees		4.2	17.2	19.9	21.0	28.2
Disproportionate Share						
Other		2.2	4.9	9.1	10.2	14.2
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	\$50.6
Total: Tax & Nontax Revenue	(\$357.7)	(\$442.7)	(\$575.3)	(\$942.6)	(\$1,252.6)	(\$1,360.7)
Transfers:						
Highway Trust Fund						
Highway Fund						
Total-Transfers						
Total-General Fund Revenue	(\$357.7)	(\$442.7)	-575.27	(\$942.6)	(\$1,252.6)	(\$1,360.7)

*Adjusted for tax law changes, processing delays, etc.

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
Tax Revenue:						
Personal Income	\$4,800.0	\$5,330.0	\$6,028.9	\$6,606.5	\$6,993.2	\$7,625.8
Sales & Use	2,958.2	3,127.7	3,255.4	3,376.2	3,361.3	3,595.2
Corporate Income	673.1	717.7	696.3	848.5	796.4	777.3
Franchise	355.9	387.8	407.3	409.6	393.6	412.5
Insurance	242.7	258.5	283.8	291.2	273.4	288.7
Alcoholic Beverage	145.5	150.2	153.7	158.1	166.4	174.0
Intangibles Tax						
Inheritance	112.9	132.1	138.1	169.9	163.3	152.7
Soft Drink	39.8	31.4	23.1	12.4	1.3	
Privilege License	42.0	43.4	36.6	27.6	43.8	44.7
Tobacco Products	46.7	46.7	47.2	44.9	43.7	42.0
Gift	11.0	12.6	20.7	19.3	25.1	28.1
Piped Natural Gas					27.7	28.3
Other	1.2	1.2	1.1	1.1	1.1	1.1
Total-Tax Revenue	\$9,429.0	\$10,239.1	\$11,092.2	\$11,965.3	\$12,290.3	\$13,170.4
Nontax Revenue						
Investment Income	\$199.3	\$224.1	\$248.1	\$249.2	\$208.3	\$214.0
Judicial Fees	90.3	99.1	112.8	121.0	101.5	112.8
Disproportionate Share	76.0	100.8	0.0	85.0	105.0	105.0
Other	65.3	70.2	71.0	89.6	100.7	107.4
Insurance Dept.	19.6	18.7	20.3	40.2	42.3	41.7
Total-Nontax Revenue	\$450.5	\$512.9	\$452.2	\$585.0	\$557.7	\$580.9
Total: Tax & Nontax Revenue	\$9,879.5	\$10,752.0	\$11,544.4	\$12,550.3	\$12,848.0	\$13,751.3
Transfers:						
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	\$10,060.6	\$10,933.9	\$11,727.0	\$12,733.7	\$13,031.6	\$13,935.1

*Adjusted for tax law changes, processing delays, etc.

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 disabled children, migrant health, family planning, and immunizations. 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 100 county departments of social services. 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), thereby creating the new Substance Abuse Prevention and Treatment Block Grant (SAPTBG). 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.

FEDERAL BLOCK GRANT PROGRAMS (Continued)

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.

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 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 who receive 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 that emphasize self-sufficiency and work.

2000-2001

DEPARTMENT OF COMMERCE

Community Development Block Grant – 2001 Program Year \$45,000,000

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Division of Mental Health, Developmental Disabilities and Substance Abuse Services	
Social Services Block Grant	\$9,234,601
Mental Health Services Block Grant	8,483,792
Substance Abuse Prevention and Treatment Block Grant	38,855,722
Temporary Assistance for Needy Families Block Grant	9,682,280
Division of Social Services	
Low Income Energy Block Grant	\$19,882,342
Social Services Block Grant	36,238,214
Temporary Assistance for Needy Families	240,404,590
Division of Facility Services	
Social Services Block Grant	\$426,836
Division of Child Development	
Social Services Block Grant	\$3,000,000
Child Care and Development Fund Block Grant	136,291,963
Temporary Assistance for Needy Families	103,296,241
Division of Vocational Rehabilitation	
Social Services Block Grant	\$188,263
Division of Services for the Blind	
Social Services Block Grant	\$3,105,711
Office of the Secretary (Office of Economic Opportunity)	
Social Services Block Grant	\$41,302
Community Services Block Grant	13,752,241
Division of Aging	
Social Services Block Grant	\$1,840,234
Division of Public Health	
Social Services Block Grant	\$280,067
Temporary Assistance for Needy Families	4,839,261
Preventive Health Services Block Grant	5,195,196
Maternal and Child Health Block Grant	16,928,823

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 reserved by the State Treasurer for future appropriation.

SUMMARY:

**GENERAL FUND
APPROPRIATIONS**

General Fund Appropriations

Fiscal Year 2000-01

2000 Session

	2000-01		Recurring	Nonrecurring	Net	Net Position	Revised
	Certified Budget	Transfers	Changes	Changes	Changes	Changes	Appropriation
Education:							
Public Schools	5,277,518,248	0	(21,970,392)	15,490,000	(6,480,392)	0	5,271,037,856
Community Colleges	591,015,693	0	24,836,827	(7,030,225)	17,806,602	0	608,822,295
University	1,656,863,227	(500,000)	41,169,693	639,810	41,309,503	277	1,698,172,730
Total Education	7,525,397,168	(500,000)	44,036,128	9,099,585	52,636,713	277	7,578,032,881
General Government:							
General Assembly	39,518,408	0	0	(272,500)	(272,500)	0	39,245,908
Governor's Office	5,282,172	0	0	0	0	0	5,282,172
State Budget & Management	4,247,782	0	0	200,000	200,000	0	4,447,782
State Planning	2,147,099	0	0	0	0	0	2,147,099
Special Appropriations	3,080,000	0	0	420,000	420,000	0	3,500,000
The Lieutenant Governor	640,485	0	0	0	0	0	640,485
Administration	60,089,326	0	(1,089,572)	1,717,000	627,428	(13)	60,716,754
Office of State Controller	11,488,315	0	0	(115,000)	(115,000)	0	11,373,315
Office of Administrative Hearings	2,788,455	0	(64,368)	0	(64,368)	(1)	2,722,087
Rules Review Commission	309,326	0	0	48,000	48,000	0	357,326
Cultural Resources	58,182,464	0	697,502	2,409,640	3,107,142	3	61,289,606
Cultural Resources - Roanoke Island	1,828,157	0	0	0	0	0	1,828,157
Insurance	21,599,037	0	318,097	110,500	428,597	5	22,027,634
Insurance-RICO	4,500,000	0	0	0	0	0	4,500,000
Secretary of State	6,455,933	0	926,618	1,928,053	2,854,671	45	9,310,604
State Auditor	11,608,041	0	(116,090)	144,144	28,054	0	11,636,095
State Treasurer - Operations	6,568,253	0	926,178	7,254,904	8,181,082	7	14,749,335
State Treasurer - Retirement / Benefits	12,294,780	0	0	0	0	0	12,294,780
Revenue	75,755,633	0	(313,805)	(183,166)	(497,071)	0	75,258,562
State Board of Elections	3,199,680	0	0	0	0	0	3,199,680
Total General Government	331,579,326	0	1,284,460	13,661,575	14,946,035	46	346,625,361
Health and Human Services:							
Office of the Secretary	89,806,803	0	(5,100,000)	(12,495,000)	(17,595,000)	(30)	72,211,803
Aging Division	29,792,117	0	0	250,000	250,000	0	30,042,117
Child Development	305,441,553	0	43,900,000	(48,500,000)	(4,600,000)	68	300,841,553
Public Health	131,979,059	0	(4,129,871)	800,000	(3,329,871)	4	128,649,188
Blind Services	17,455,155	0	225,000	578,750	803,750	5	18,258,905
Vocational Rehabilitation	38,258,403	0	1,043,672	4,315,000	5,358,672	(48)	43,615,075

General Fund Appropriations

Fiscal Year 2000-01

2000 Session

	2000-01		Recurring	Nonrecurring	Net	Net Position	Revised
	Certified Budget	Transfers	Changes	Changes	Changes	Changes	Appropriation
Death Benefit Adjustment	0	0	0	(10,864,400)	(10,864,400)		(10,864,400)
Premium Reserve (Employees)	147,000,000	0	(32,700,000)	0	(32,700,000)		114,300,000
Welfare Reform	412,503	0	0	0	0		412,503
Mail Service Consolidation Savings	(1,500,000)	0	0	0	0		(1,500,000)
Salary Increases of SPA Employees	63,627,578	0	0	0	0		63,627,578
Salary Increases for Employees	397,600,000	0	456,750,000	0	456,750,000		854,350,000
Compensation Bonus				83,500,000	83,500,000		83,500,000
Salary Adjustment Fund	4,444,303	0	0	0	0		4,444,303
SPA Minimum Salary	100,000	0	0	0	0		100,000
Judicial Retirement Rate Adjustment	(900,000)	0	0	0	0		(900,000)
Statewide Reserve for Salary Increases	0	0	(11,000,000)	0	(11,000,000)		(11,000,000)
State Employee Reserve	0		48,000,000	0	48,000,000		48,000,000
Retirement Rate Adjustment			(191,294,000)	0	(191,294,000)		(191,294,000)
Savings - Positions Vacated by Retirement	(12,709,439)	0	0	0	0		(12,709,439)
Total Reserves and Transfers	599,199,945	0	269,756,000	22,635,600	292,391,600		891,591,545
Total General Fund for Operations	13,558,096,467	0	336,121,942	(109,325,649)	226,796,293	496	13,784,892,760
Other General Fund Expenditures:							
Capital Improvements	0	0	0	14,974,172	14,974,172		14,974,172
Repairs and Renovations	0	0	0	100,000,000	100,000,000		100,000,000
Clean Water Trust Fund	0	0	0	30,000,000	30,000,000		30,000,000
Savings Reserve Account	0	0	0	120,000,000	120,000,000		120,000,000
Total Other General Fund Expenditures	0	0	0	264,974,172	264,974,172		264,974,172
Total General Fund Budget - HB 1840	13,558,096,467	0	336,121,942	155,648,523	491,770,465	496	14,049,866,932
Additional Appropriations:							
SB 767 - Board of Elections				250,000			
Revised Total General Fund Budget							14,050,116,932

13,930,116,932

General Fund Appropriations

Fiscal Year 2000-01

2000 Season

	2000-01		Recurring	Nonrecurring	Net	Net Position	Revised
	Certified Budget	Transfers	Changes	Changes	Changes	Changes	Appropriation
Mental Health	607,658,021	0	14,950,000	7,808,474	22,758,474	75	630,416,495
NC Health Choice	25,509,475	0	0	0	0	0	25,509,475
Schools for the Deaf and Hard of Hearing	31,989,549	0	220,000	1,031,250	1,251,250	0	33,240,799
Facility Services	11,198,856	0	1,149,000	500,000	1,649,000	6	12,847,856
Social Services	185,459,375	0	4,450,000	1,000,000	5,450,000	14	190,909,375
Medical Assistance	1,539,549,270	0	(37,600,129)	(69,576,000)	(107,176,129)	6	1,432,373,141
Total Health and Human Services	3,014,095,636	0	19,107,672	(114,287,526)	(95,179,854)	100	2,918,915,782
Justice and Public Safety:							
Correction	889,943,525	0	(6,473,340)	(7,212,602)	(13,685,942)	(42)	876,257,583
Crime Control & Public Safety	36,267,844	(338,000)	(230,000)	0	(568,000)	0	35,699,844
Judicial Department	347,361,291	0	8,753,781	5,535,291	14,289,072	100	361,650,363
Juvenile Justice	140,018,378	1,063,000	2,440,748	(2,537,022)	966,726	44	140,985,104
Justice	72,575,950	(225,000)	254,221	(267,537)	(238,316)	5	72,337,634
Total Justice and Public Safety	1,486,166,988	500,000	4,745,410	(4,481,870)	763,540	107	1,486,930,528
Natural And Economic Resources:							
Agriculture and Consumer Services	54,146,601	0	(159,698)	2,336,316	2,176,618	(4)	56,323,219
Commerce	43,745,365	0	(103,000)	2,985,671	2,882,671	0	46,628,036
Commerce - State Aid	17,096,251	0	0	7,350,000	7,350,000	0	24,446,251
Commerce - Information Technology Services	0	0	0	0	0	0	0
Labor	16,369,251	0	(300,000)	0	(300,000)	0	16,069,251
NC Housing Finance Agency	5,300,000	0	0	3,000,000	3,000,000	0	8,300,000
Environment and Natural Resources	157,700,273	0	(2,245,030)	575,000	(1,670,030)	(30)	156,030,243
Total Natural and Economic Resources	294,357,741	0	(2,807,728)	16,246,997	13,439,259	(34)	307,797,000
Transportation	15,434,165	0	0	0	0		15,434,165
Debt Service:							
Interest / Redemption	290,709,550	0	0	(52,200,000)	(52,200,000)		238,509,550
Federal Reimbursement	1,155,948	0	0	0	0		1,155,948
Total Debt Service	291,865,498	0	0	(52,200,000)	(52,200,000)		239,665,498
Reserves and Transfers:							
Contingency and Emergency	1,125,000	0	0	0	0		1,125,000
Premium Reserve (Retirees)	0	0	0	(50,000,000)	(50,000,000)		(50,000,000)

EDUCATION

Overview: 2000 Session Fiscal and Budgetary Actions

Community Colleges

GENERAL FUND

FY 00-01
\$591,015,693

Total Budget Approved 1999 Session

Budget Changes

A. Community Colleges System Office

1 Salary Adjustment Funds \$225,000 R
Provide funds for position reclassifications and range revisions approved by the State Personnel Commission and in-range equity adjustments approved by the President of the Community College System.

B. State Aid - Community College Institutions

2 Enrollment Adjustment \$22,280,910 R
Provide funds for community college enrollment growth in accordance with the enrollment funding formula (\$20,480,910). Also provide funds to hold harmless from enrollment declines those community colleges in eastern North Carolina counties hardest hit by Hurricane Floyd that experienced a total FTE loss of greater than 20 under the enrollment funding formula (\$1,800,000). Colleges will be held harmless for the 2000-01 fiscal year only. Enrollment funding for subsequent fiscal years shall be determined using the continuing budget concept pursuant to Section 10.4(b) of S.L. 1998-212.

3 Supplement for Summer Term Curriculum Instruction \$7,177,623 R
Provide funds for summer term curriculum instruction as a supplement to curriculum enrollment funding for the regular academic year. These funds shall be a separate line item in state aid fund code 1600 and shall not be included in the continuing budget concept for earned FTE enrollment funding. (HB 1840, Section 9.9).

4 Occupational Continuing Education \$3,000,000 R
Increase funds for occupational extension and continuing education programs by adjusting the funding rate per full-time equivalent student in a continued effort to more closely align funding of continuing education programs with that of curriculum programs.

5 Reduce New and Expanding Industry Training Funds (\$500,000) NR
Reduce the appropriation for the New and Expanding Industry Training (NEIT) program for one year from \$6,028,541 to \$5,528,541. In addition to the program's General Fund appropriation, funds are provided for the 2000-01 fiscal year through the Employment Security Commission Training and Employment Account.

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

6 Reduce Educational Equipment Funds	(\$1,000,000) R
Reduce the appropriation for educational equipment from \$17,319,732 to \$15,299,507. In addition to the General Fund equipment appropriation, funds are provided for the 2000-01 fiscal year through the Employment Security Commission Training and Employment Account.	(\$1,020,225) NR
C. Tuition and Fees	
7 Adjustment for Over-realized Receipts	(\$2,800,000) R
Increase the budgeted amount of tuition and registration fees for the 2000-01 fiscal year to more accurately reflect anticipated receipts and to offset the impact of FTE enrollment declines due to Hurricane Floyd. This reduction also includes a one-time adjustment for over-realized receipts collected in the 1999-2000 fiscal year. (HB 1840, Section 9.4).	(\$2,000,000) NR
8 Increase Curriculum Tuition Charge	(\$2,035,908) R
Increase the in-state tuition charge per semester hour by \$0.75, from \$26.75 to \$27.50. It is anticipated that for most students, this increase will be off-set by federal and state financial assistance programs.	
9 Increase Semester Hours for Which Tuition is Charged	(\$2,010,798) R
Increase the maximum number of semester hours for which tuition is charged from 14 semester hours to 16 semester hours. It is anticipated that for most students, this increase will be off-set by federal and state financial assistance programs.	
D. Reserves and Other Funds	
10 Eliminate Scholarship Reserve Fund Balance	(\$410,000) NR
Eliminate the fund balance remaining in the Community College Scholarship Reserve. This fund balance is derived from accrued interest earnings on the \$4 million scholarship reserve principal eliminated by the General Assembly in 1999.	
11 Reduce State Board Reserve	(\$100,000) NR
Reduce the appropriation to the State Board Reserve for one year from \$1,150,000 to \$1,050,000.	
12 Reduce Need-Based Financial Aid Fund Balance	(\$1,000,000) NR
Reduce the fund balance in the reserve for need-based financial aid to retrieve unused funds from the \$5 million appropriation for the 1999-2000 fiscal year.	
13 Reduce Management Information System (MIS) Fund Balance	(\$2,000,000) NR
Reduce the fund balance in the reserve for development of a management information system (MIS) to retrieve unused funds from the \$8 million appropriation for the 1999-2000 fiscal year.	

Budget Changes	\$24,836,827	R
	(\$7,030,225)	NR
Total Position Changes		
Revised Total Budget	\$608,822,295	

Special Provisions

2000 Session: HB 1840

Department: Community Colleges

Section 9

Title: Expand Focused Industrial Training Program

Summary: Allows expansion of the Focused Industrial Training (FIT) program, which provides customized training to existing manufacturing industries, to include industries involved in the design and programming of computers and telecommunications systems.

Section 9.1

Title: State Board Reserve Allocations

Summary: Directs the State Board of Community Colleges to use funds from the State Board Reserve for the 2000-01 fiscal year for the following purposes:

1. \$75,000 for surveys and data collection to implement performance budgeting, and
2. \$100,000 to continue development of the virtual learning community (a comprehensive approach to distance learning).

Section 9.2

Title: Report Card on Teacher Education Programs/Study of High School Programs

Summary: Requires the State Board of Education to submit performance reports on teacher education programs by December 15, 2000 and annually thereafter by October 1. Also directs the Education Cabinet to study public school, community college, and university programs offered to high school students and to submit a report to the Joint Legislative Education Oversight Committee by January 8, 2001.

Section 9.3

Title: Budget Realignment to Implement Reorganization Authorized

Summary: Allows the Community Colleges System Office to realign its budget to accurately reflect the organizational structure of the system office in accordance with a reorganization plan adopted by the State Board in September 1999. Also requires a report to the Joint Legislative Education Oversight Committee, the House and Senate Appropriations Subcommittees on Education, and the Fiscal Research Division within 30 days of realignment.

Section 9.4

Title: Use of 1999-2000 Over-realized Receipts

Summary: Authorizes the use of over-realized tuition and fee receipts for the 1999-2000 fiscal year to offset a general fund budget reduction for the 2000-01 fiscal year. Otherwise, over-realized receipts are transferred to the community college equipment reserve in accordance with G.S. 115D-31(e).

Section 9.5

Title: Asheville-Buncombe Technical Community College Funds Do Not Revert

Summary: Extends the reversion date for funds appropriated for the Small Business Center at Asheville-Buncombe Technical Community College until the end of the 2000-01 fiscal year.

Section 9.6

Title: Study Distance Learning/Education Programs

Summary: Directs the State Board of Community Colleges to study funding methods and delivery of distance learning and education programs. Requires the use of an independent contractor to perform the study and requires funds from the State Board Reserve to cover the costs of the study. Also requires a report on findings and recommendations to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by January 15, 2001.

Section 9.7

Title: Performance Budgeting/Clarifications

Summary: Recodifies the community college performance budgeting program enacted in 1999 to clarify the authorization to carry forward funds in recognition of both successful and superior performance. Also modifies the requirements for publishing performance data and clarifies authorized uses of performance funds.

Section 9.8

Title: Community College Tuition/Legal Immigrants

Summary: Provides that legal immigrants residing in the State for a 12-month qualifying period shall be charged the in-state tuition rate.

Section 9.9

Title: Supplemental Funding for Summer Term Curriculum Instruction

Summary: Provides that funds appropriated for summer term curriculum instruction are a supplement to enrollment funds provided for the regular academic year and are to be allocated based on summer term full-time equivalent students (FTE). Directs colleges to budget these funds for direct instructional costs. Prohibits funding for summer term curriculum instruction from being included in the enrollment funding formula for regular term curriculum instruction.

Expresses the General Assembly's intent to review summer term curriculum funding annually to determine whether to provide expansion funds for enrollment growth or increases in the amount appropriated per FTE.

Directs the State Board of Community Colleges to adopt a calendar for curriculum instruction to prevent the reporting of summer term FTE as either fall or spring FTE, which are funded at a higher rate.

Requires the State Board of Community Colleges to hold harmless any college with a noted final audit exception for reporting membership hours for the Spring 1999 term for classes that began after the institution's published ending date for that term.

Requires a report on implementation to the Joint Legislative Education Oversight Committee by January 8, 2001.

Section 9.11

Title: Funds for Regional and Cooperative Initiatives

Summary: Directs the State Board of Community Colleges to consider job losses and other economic distress indicators in allocating funds for regional and cooperative initiatives. Also clarifies permissible uses of funds allocated for regional and cooperative initiatives. Prohibits the use of funds for construction, renovation, and other capital-related costs.

Section 9.12

Title: Encourage Training Programs in Boat-Building

Summary: Acknowledges the role of community college programs and institutions in training workers for the boat building industry. Encourages continued development of training programs to support the boat building industry.

Section 9.13

Title: Regulation of Proprietary Schools/Study

Summary: Directs the Legislative Research Commission to study the responsibilities of the Community College System with respect to licensure and regulation of proprietary schools. Requires the commission to report to the 2001 General Assembly.

Overview: 2000 Session Fiscal and Budgetary Actions

Public Education

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$5,277,518,248

Budget Changes

Excellent Schools Act

14 Increase Teacher Salaries

Implement the fourth year of the teacher salary schedule called for in the Excellent Schools Act. \$222,730,457 in recurring funds are included in the Reserve for Compensation increases for this purpose (HB 1840, Sec. 8.10).

15 Teacher Longevity: 2000-2001 Salary Increases

\$7,817,926 R

Appropriate funds for teacher longevity increases associated with the FY 2000-01 salary increases that are part of the Excellent Schools Act.

Improving Student Success

16 Teacher Longevity: Increase in Rates

\$12,500,000 R

Funding to increase the longevity payments for teachers to the same rates as other state employees. Changes in rates are:

- 10-14 years: 1% to 1.5%
- 15-19 years: 1.5% to 2.25%
- 20-24 years: 2% to 3.25%
- 25+ years: remains at 4.5%

(HB 1840, Sec. 8.10).

17 Improving Student Accountability

\$8,000,000 R

a) Appropriate \$8 million to local school systems to improve student performance in grades 3-12. Funds are allocated to local school systems based on the numbers of students scoring at Levels I and II on the end-of-grade tests (HB 1840, Sec. 8).

\$5,000,000 NR

b) Increase School Technology Funds by \$5 million. Funding is for increased technology needs to assist students in achieving computing competency.

18 Limited English Proficiency

\$3,700,000 R

Appropriates additional funds for serving students with limited proficiency in English. This brings total funding for this purpose to \$17,066,386 for FY 2000-01 (prior to adjustments for legislated salary increases) (HB 1840, Sec. 8.3).

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

19 Small County Supplemental Funding	\$5,000,000	R
Includes additional funding for two additional counties (Ashe and Hertford) which become eligible, and adds funds to increase the formula (HB 1840, Sec. 8.25).		
20 Low Wealth Supplemental Funding	\$5,000,000	R
Provides additional Low Wealth Supplemental Funding (HB 1840, Sec. 8.15).		
21 Exceptional Children	\$5,000,000	R
Expansion funding increases the per child supplemental amount from \$2,517.74 to \$2,549.73 per pupil. The amount was \$2,488.83 in 1999-00 (HB 1840, Sec. 8.2).		
22 School Breakfast Program	\$1,600,000	R
Funds to annualize free breakfast for kindergarten students begun in January, 2000.		
23 School Leadership Pilot	\$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 (HB 1840, Sec. 8.19).		
24 Central Office Administration	\$3,355,175	R
Provides funding to assure that all local school districts receive the funds calculated by the State Board of Education formula for this category (HB 1840, Sec. 8.17).		
25 Average Daily Membership Contingency Reserve	\$500,000	NR
Provides additional funds and authority to address transitional year funding for local school districts with new or rapidly growing charter schools (HB 1840, Sec. 8.7).		
26 North Carolina Network Funds	\$100,000	R
Additional 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.		
27 Teacher Cadet Program	\$50,000	R
Provides additional funds for the North Carolina Teacher Cadet Program.		
Various Budget Adjustments		
28 Transportation: Increased Fuel Costs	\$7,000,000	NR
Funds to adjust for recent increases in fuel costs experienced by school bus operations.		
29 Average Annual Salary Adjustment	(\$42,363,546)	R
Annual adjustment of average budgeted salary of certified personnel to reflect actual experience through December 1999.		

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

30 Additional Adjustments in Average Salary Projections	(\$10,032,012)	R
Further analysis of the certified payroll data by the Department of Public Instruction determined that more current certification data produced an additional change in average projected salaries for fiscal year 2000-01.		
31 Substitute Teacher Pay	(\$440,000)	R
Revision of cost estimates to meet increased salary requirements.		
32 Revise Average Daily Membership	(\$6,887,360)	R
Revise the projected increase for the 2000-01 school year downward by 972 students. The revised budget continues to provide for an increase of 19,686 more students in 2000-01.		
33 Revise Headcount of Exceptional Children	(\$2,104,833)	R
Adjust continuation budget to reflect actual April 1, 2000, headcount of exceptional children.		
34 Employee Benefits Program Revisions	(\$1,265,742)	R
Workers' compensation, short-term disability, and annual leave requirements are adjusted to reflect recent experience.		
35 Teaching Fellows Program	(\$2,500,000)	NR
Reduce funding for the Teaching Fellows Scholarship Loan Program Fund to use the fund balance. The reduction will not affect the number of scholarships available.		
36 Prospective Teacher Scholarship Loan Program	(\$750,000)	NR
Reduce funding for the Prospective Teacher Scholarship Loan Program Fund to use the fund balance. The reduction will not affect the number of scholarships available (HB 1840, Sec. 8.26).		
37 Payments for Vacation Days	(\$5,000,000)	R
Adjust funding to reflect recent expenditure experience.		
38 School Bus Purchases	(\$6,000,000)	R
Adjust recurring funding for school buses based on projected schedule for replacements.		
	\$6,000,000	NR
<hr/>		
Budget Changes	(\$21,970,392)	R
	\$15,490,000	NR
Total Position Changes		
Revised Total Budget	\$5,271,037,856	
<hr/>		

Special Provisions

2000 Session: HB 1840

Department: Public Education

Section 8

Title: Expenditure of Funds to Improve Student Accountability

Summary: Alters 1999 language to permit local school districts to use the funds for high school students performing poorly on end-of-course tests. Allows funds to be used through August 31 after the end of a fiscal year to accommodate summer programs (beginning in July 2001).

Section 8.1

Title: Use of Staff Development Funds Mentor Training

Summary: Specifies that school improvement plans may provide for the use of staff development funds for mentor training and time to meet with the teacher being mentored (this resulted from the Joint Legislative Education Oversight Committee's review of the mentor program).

Section 8.2

Title: Exceptional Children

Summary: Specifies the amount of funds per child identified as academically gifted (\$843.59) and for children with special needs (\$2,549.73), as well as specifying the number of children funded under each section.

Section 8.3

Title: Limited English Proficiency

Summary: Clarifies existing limit on funding and adds tutors and transportation as eligible expenses from this funding category.

Section 8.4

Title: Exceptional Children Head Count

Summary: Directs Commission on Children with Special Needs to study potential of one headcount annually for children with special needs.

Section 8.5

Title: Reduce Impact of Significant Reductions in ADM in Small School Systems

Summary: Continues provision to address the impact of charter schools on county school systems with less than 3,000 students. Limits the loss of funding created by a charter school to 4%.

Section 8.6

Title: Funds for the Testing and Implementation of the New Student Information System

Summary: Allows the Department of Public Instruction to use up to \$1 million for lease and purchase of equipment to implement the NC Wise student information system.

Budget: \$15,018,927 for FY 2000-2001

Section 8.7

Title: Uses of the ADM Reserve

Summary: Authorizes the State Board of Education to use reserve for additional students to assist local school districts with funding for new or rapidly growing charter schools.

Reserve increases to \$6 million in the budget.

Section 8.8

Title: Class size Computation for K-2

Summary: Continues current flexibility for local school districts in class size restrictions for grades kindergarten through second grade.

Section 8.9

Title: Litigation Reserve

Summary: Allows the State Board of Education to retain funds set aside for lawsuits and to add to the reserve if necessary.

Section 8.10

Title: Teacher Salary Schedules

Summary: Outlines teacher salary schedules for fiscal year 2000-2001. Masters degree differential increases from 6.25% to 10%.

Average increase is 6.5%. Range is from 2.53% for 30-year+ teachers to 13.8% for third-year teachers with a masters degree.

Includes longevity for teachers at same rates as State employees

Section 8.11

Title: School-Based Administrator Salaries

Summary: Outlines salary schedules for principals and assistant principals.

Average increase is 10.4%.

Includes a 1% bonus and a 1% salary increase if the principal's school meets or exceeds ABC's expectations. Also includes a 1% bonus and a 1% salary increase if the principal's school is classified as a safe school by the local board.

Section 8.12

Title: School Central Office Salaries

Summary: Directs transfer of funds for 4.2% salary increase to a reserve for central office administration.

Local boards can determine the amount of raises to give employees in this category.

Eligible Central Office Administrators also receive a \$500 bonus as of October 1.

Section 8.13

Title: Noncertified Personnel Salary Funds

Summary: Directs allocation of a 4.2% salary increase and a \$500 bonus for these employees. Allows local boards to reduce the percentage of pay increases for continuing employees that worked less than two-thirds of the previous year.

Section 8.13A

Title: Teacher Assistant Salary Schedule

Summary: Provides a 4.2% salary increase and a \$500 bonus. Directs the State Board of Education to develop proposed salary schedule and to gather information on experience and education levels of teacher assistants. The State Board is to determine the cost of implementing a salary schedule, rewarding experience and education, and to report to the Joint Legislative Education Oversight Committee by December 11, 2000.

Section 8.14

Title: Funds to Implement the ABCs of Public Education Program

Summary: Authorizes the State Board of Education to utilize funds carried over from FY 1999-2000 and funds appropriated for FY 2000-2001 to assure that incentive awards earned in FY 1999-2000 are paid.

Section 8.15

Title: Supplemental Funding in Low-Wealth Counties

Summary: Adds school computer technicians as eligible expenses from this funding category. Encourages that at least 25% of these funds be used to improve the academic performance of students below grade level.

Section 8.16

Title: National Board for Professional Teaching Standards Certification

Summary: Codifies current national certification policies for teachers.

Section 8.17

Title: Allocation of Central Office Administration Funds

Summary: Assures that every local education agency receives full funding as calculated by the formula adopted by the State Board of Education.
Increases funding in 50 local education agencies (of the 117 in North Carolina).

Section 8.18

Title: Reduction of Paperwork in Public Schools

Summary: Effort to reduce paperwork for teachers in responding to request for information. Requires local boards of education and the State Board of Education to reduce reporting requirements.

Section 8.19

Title: School Leadership Pilot Project

Summary: Limits local school system participation in this program to three years.

Section 8.21

Title: High School Exit Exams

Summary: Allows State Board of Education to use up to \$3 million for continued development of tests.

Section 8.23

Title: Guidelines for Charter School Expanded Enrollment

Summary: Provides guidance for state Board of Education on issues to consider when requested to increase a charter school's maximum enrollment by greater than 10%.

Section 8.24

Title: Encourage Retired Teachers to Return to the Classroom

Summary: Eliminates restriction that retired teachers returning to fulltime service must be in designated geographic areas or in specific fields of teaching. In effect, it allows all teachers to be eligible to return to the classroom (after a 12-month break in service prior to re-employment) without affecting their retirement earnings.

Section 8.25

Title: Small School System Supplemental Funding

Summary: Each of the 27 eligible school systems will receive an additional \$111,000; the two newly eligible systems will receive approximately \$1 million each.

Section 8.26

Title: Prospective Teacher Scholarship Loan Program

Summary: Provides flexibility to State Board to assure that funds are available to cover costs of all scholarships awarded from funds available.

Section 8.28

Title: Closing the Achievement Gap

Summary: Directs the State Board of Education to conduct various studies and to report to legislative committees on potential causes for differences in academic performance of underachieving minority and at-risk students. Board is to develop Minority Achievement Report Card and hotline for complaints alleging disparate treatment of minority and low-income students. Directs Education Cabinet to review results of several pilot programs and to make recommendations to Joint Legislative Education Oversight Committee on most effective efforts to close the achievement gap.

Section 8.29

Title: Tyrrell County School Pay

Summary: Allows Tyrrell County Board of Education to pay employees every two weeks.

Section 9.2

Title: Report Card on Teacher Education Programs/Study of High School Programs

Summary: Requires the State Board of Education to submit performance reports on teacher education programs by December 15, 2000, and annually thereafter by October 1. Also directs the Education Cabinet to study public school, community college, and university programs offered to high school students and to submit a report to the Joint Legislative Education Oversight Committee by January 8, 2001.

Overview: 2000 Session Fiscal and Budgetary Actions

UNC System

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$1,656,863,227

Budget Changes

39	Reserves for New Facilities				
	A one-time reduction in operating costs for new facilities due to construction delays.		(\$1,210,190)		NR
40	Regular Term Enrollment		\$21,081,793		R
	Funds the additional projected enrollment cost for regular term university system enrollment.		201.00		
41	Off-Campus Enrollment Increase		\$10,000,000		R
	Funds 70% of the Board of Governor's requested enrollment increase for off-campus programs (HB 1840, Sec. 10.4).		80.00		
42	Tuition Receipts		(\$3,345,338)		R
	Additional tuition receipts due to the across-the-board inflationary increase adopted by the UNC Board of Governors for all campuses.				
43	Need-Based Financial Aid		\$5,000,000		R
	Creates a new need-based financial aid program in addition to the other forms of financial aid:				
	New Financial Aid:				
	*Campus specific financial aid:	\$5,611,340			
	*System Need-based Financial Aid :	\$5,000,000			
	*Enrollment-based Financial Aid:	\$ 46,000			
	*In-kind financial aid by funding off-campus programs to allow students to remain at home while taking courses:	\$10,000,000			
	TOTAL:	\$20,657,340			
	Less:				
	-Campus-specific tuition	\$5,611,340			
	-Enrollment financial aid	\$ 46,000			
	-Off-campus enrollment	\$10,000,000			
	NET GENERAL FUND APPROPRIATION:	\$ 5,000,000			
	(HB 1840, Sec. 10.1).				
44	Model Teacher Consortium		\$800,000		R
	Funds to restore the Model Teacher Consortium program to those 21 local education agencies (LEAs) that were part of that program in 1998-99 and to add eight additional ones (HB 1840, Sec.10.7).		\$500,000		NR

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

45 Aid to Students Attending Private Colleges	\$3,257,457	R
Increases the Legislative Tuition Grant (LTG) program by \$50 per student bringing it to a total of \$1,800. Also increases the State Contractual Scholarship Fund (SCSF) by \$50 for each FTE student bringing the total to \$1,100 (HB 1840, Sec. 10.3).		
46 Transfer Center for Prevention of School Violence	(\$500,000)	R
Transfers the Center for the Prevention of School Violence from the University system to the Office of Juvenile Justice in accordance with the recommendation of the Governor.		
	-7.00	
47 Achievement Gap Funds		
Funds to support the Historically Minority College and University Initiative to Close the Achievement Gap.	\$500,000	NR
48 ECU Doctoral Status Funds	\$1,500,000	R
Provides the next phase of funding for East Carolina University in its transition to a Doctoral II institution.		
49 PT-CAM		
Funds the PT-CAM regional workforce training program in the Piedmont Triad area of the state.	\$250,000	NR
50 Chinqua-Penn Plantation		
Accepts the Governor's recommendation on a nonrecurring basis to provide funds for the Board of Governors to allocate to NC State for the operation of the Chinqua-Penn Plantation.	\$100,000	NR
51 Matching Funds for NC A&T State	\$1,222,208	R
Provides matching funds for federal dollars for NC A&T State University's Agriculture Research and Cooperative Extension Programs.		
52 Education Cabinet Funds		
Funds professional staff and support for the Education Cabinet.	\$500,000	NR
53 Institute for Outdoor Drama	\$60,000	R
Provides funds for the Institute for Outdoor Drama.		
54 Blue Crab Research	\$500,000	R
Provides funds to the Sea Grant program for blue crab research.		
55 NCSU Poultry Research Position Funds	\$150,000	R
Provides funds to NCSU to add three additional poultry research positions.		
	3.00	
56 Teacher Academy Funds	\$250,000	R
Provides additional funds for the Teacher Academy.		

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

57 NC Center for the Advancement of Teaching	\$250,000	R
Provides additional funds for the NC Center for the Advancement of Teaching.		
58 Institute for International Understanding	\$218,573	R
Provides additional funds for the Institute for International Understanding.		
59 Program on Southern Politics, Media and Public Life	\$225,000	R
Funding to support this program at UNC-CH.		
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Budget Changes	\$40,669,693	R
	\$639,810	NR
Total Position Changes	277.00	
Revised Total Budget	\$1,698,172,730	
<hr/>		

Special Provisions

2000 Session: HB 1840

Department: UNC System

Section 10

Title: Realign Center for School Leadership Development Programs

Summary: Upon the request of the Board of Governor's, this provision transfers the Principal Executive Program and the UNC Math and Science Education Network from the budget of UNC-Chapel Hill to UNC Center for School Leadership Development.

Section 10.1

Title: UNC Need-Based Student Financial Aid Program

Summary: This provision follows the money decision to fund the Board of Governor's request for a new need-based student financial aid program.

Section 10.2

Title: UNC Charlotte Retain Land Sale Proceeds

Summary: Allows UNC-Charlotte to sell its current chancellor's residence and to use the proceeds of that sale to purchase another chancellor's residence.

Section 10.3

Title: Aid to Students Attending Private Colleges Procedure

Summary: Increases the Legislative Tuition Grant Program by \$50 to a total of \$1,800 per student and the State Contractual Scholarship program by \$50 to a total of \$1,100 per FTE student. Provision follows the money report.

Section 10.4

Title: UNC Distance Education

Summary: Provision follows the money report to set legislative intent of the program. Senate deleted last sentence in the house version which put a priority on baccalaureate programs.

Section 10.5

Title: Higher Education Compensation

Summary: Asks the Joint Legislative Education Oversight Committee to study the faculty salary needs in the UNC and Community Colleges Systems to determine if legislative actions are needed to help attract and retain quality faculty.

Section 10.6

Title: Joint Legislative Education Oversight Committee to Study Global Education Programs

Summary: Asks the Joint Legislative Education Oversight Committee to study the various international education programs to determine if there is any duplication.

Section 10.7

Title: Model Teacher Consortium

Summary: Directs the use of the funds appropriated in the money report to the 21 local education agencies (LEAs) funded by this program in 1998-99 and to add 8 additional ones.

Section 10.9

Title: State Purchasing System Available to Private Universities

Summary: Allows private higher education institutions to purchase materials off of the state contract.

Section 10.10

Title: Transfer Center For Ergonomics Funds to NCSU

Summary: Directs the Office of State Budget and Management to put the \$500,000 for the Center for Ergonomics in the continuation budget of NCSU rather than in the Department of Labor's budget. Currently Labor transfers the money to NCSU through a contract.

Section 10.11

Title: Accountability For School Leadership Development Programs/Study Principal Fellows Program

Summary: Requires the UNC Board of Governors to review all the programs under the Center for School Leadership Development to make sure that they are providing specific accountability and performance measures to determine the effectiveness of each program and to determine if they can achieve some administrative savings.

**HEALTH
&
HUMAN SERVICES**

Overview: 2000 Session Fiscal and Budgetary Actions

Health and Human Services

GENERAL FUND

Total Budget Approved 1999 Session

FY 00-01
\$3,014,095,636

Budget Changes

(1.0) Division of Mental Health

1 Reduce Operating Reserve

Reduces the operating reserve (on a non-recurring basis) for a new neurobehavioral unit to be created within the Black Mountain Center. Allows the unit to open during FY01/02. (\$571,526) NR

(2.0) Division of Social Services

2 Reduce Excess Adoption Assistance Funds

Reduces excess adoption assistance funds and allows for the enhancement of adoptions activities. (\$2,300,000) R

(3.0) Division of Medical Assistance

3 Transfer Medicaid Reserve Funds

Transfers funds from G.S. 143-23.2 reserve to support current services and to reduce appropriations. (\$70,000,000) NR

4 Adjust Medicaid Funding

Reduces appropriations to reflect current projections for the Medicaid Program. (\$32,388,631) R

5 Reduce Administrative Funding

Reduces program funding to support positions required by federal and state mandates. (\$127,000) R

6 Increase Medicaid Drug Rebate Receipts

Increases receipts from the Drug Rebate Program to reflect increased expenditures for prescription drugs. (\$12,146,498) R

(4.0) Office of the Secretary

7 Eliminate Position

Eliminates the Health Care Access Coordinator position funded with TANF block grant funds. \$0 R
-1.00

8 Increase Receipts

Reduces appropriations in anticipation of increased receipts for prior year earned revenue. (\$13,120,000) NR

9 Increase Receipts

Reduces appropriations in anticipation of increased receipts across the department. (\$3,000,000) R

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

10 Eliminate 29 Vacant Positions	(\$2,100,000)	R
Eliminates 29 vacant positions across the department except for specific state institutions.		-29.00
(5.0) Division of Child Development		
11 Reduce Smart Start Funds	(\$49,000,000)	NR
Provides a one-time reduction in Smart Start funding due to lower than anticipated program expenditures.		
(6.0) Division of Vocational Rehabilitation		
12 Eliminate Operating Reserve for TBI Unit	(\$956,328)	R
Eliminates the operating reserve for the Traumatic Brain Injury (TBI) Unit in Goldsboro since the required capital funding was re-directed to support the Hurricane Floyd recovery effort.		-48.00
(7.0) Division of Public Health		
13 Reduce Funding to Family Planning	(\$45,000)	R
Reduces appropriations for family planning services to provide the state match for a Medicaid waiver for the provision of family planning services.	(\$125,000)	NR
14 Reduce Funding to Forensic Test for Alcohol Pgm.	(\$964,871)	R
Reduces appropriations and allows the fees collected to be budgeted to support the functions in the Forensic Test for Alcohol Program.		
15 Reduce Funding to Public Health Laboratory	(\$220,000)	R
Decreases appropriations by the amount of increased Medicaid receipts to offset the cost of Laboratory operations.		
16 Reduce Funding to AIDS Drug Assistance Program	(\$2,000,000)	R
Decreases appropriations for the AIDS Drug Assistance Program by \$2,000,000 due to increased federal funds. Also, decreases appropriations by \$3,000,000 due to under-utilization of the program.	(\$3,000,000)	NR
17 Reduce Funding to Developmental Evaluation Centers	(\$1,000,000)	R
Reduces appropriations to the Developmental Evaluation Centers due to increased Medicaid receipts.		
18 Reduce Funding to Medical Examiner's Office	(\$100,000)	R
Reduces appropriations by the amount of the increase in Medical Examiner's Fees in 1999.		
(8.0) Division of Mental Health		
19 Services for Violent and Assaultive Children		
Provides funds to continue current mental health service levels for violent and assaultive children.	\$4,353,000	NR

<p>20 Early Intervention System Pilots Provides additional funds to support the integrated client database and regional transdisciplinary team pilots for young children receiving early intervention services.</p>	<p>\$250,000</p>	<p>NR</p>
<p>21 Mental Health System Reform Reserve Establishes a Mental Health System Reform Reserve in order to comply with the Olmstead Supreme Court decision regarding de-institutionalization of individuals with mental health disabilities. Also, provides funds for the anticipated reform of the public mental health system.</p>	<p>\$3,000,000</p>	<p>NR</p>
<p>22 Housing Support for the Mentally Ill Provides matching funds to draw down federal funds for the support of an additional 38 housing placements for the mentally ill.</p>	<p>\$301,000</p>	<p>NR</p>
<p>23 Funds for Autistic Adults Provides funds to the N.C. Autism Society for additional services to adults with autism.</p>	<p>\$250,000</p>	<p>R</p>
<p>24 Substance Abuse Services Positions Adds four (4) positions to the Substance Abuse Services Section to support the (1) Employee Assistance Program, (2) Offender Management Program, (3) Quality assurance services for DWI offenders, and (4) Development of housing and other 24-hour services. The positions are offset by the Substance Abuse Prevention and Treatment Block Grant.</p>	<p>\$0 4.00</p>	<p>R</p>
<p>25 Community Mental Health Programs Provides funds for area mental health programs as follows: Substance Abuse Services \$2,000,000 Developmental Disabilities \$2,000,000</p>	<p>\$4,000,000</p>	<p>R</p>
<p>26 Child Residential Treatment/Services Program Establishes a child mental health residential treatment/services program in order to provide appropriate residential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Also, provides for the creation of six (6) new positions: Division of Mental Health, Developmental Disabilities & Substance Abuse Services 3.0; Controller's Office 1.0 and Division of Social Services 2.0.</p>	<p>\$8,000,000 6.00</p>	<p>R</p>
<p>27 Atypical Antipsychotic Medications Provides additional funds for atypical antipsychotic medications as follows: (1) State DHHS facilities \$750,000 (2) Area mental health programs \$750,000</p>	<p>\$1,500,000</p>	<p>R</p>

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

28 Autistic Child & Adolescent Units at Murdoch	\$1,200,000	R
Provides start up and operational funds to establish residential services for autistic children and adolescents within and on the grounds of the Murdoch Mental Retardation Center located at Butner.	\$326,000	NR
	65.00	
29 Area Mental Health Board Training		
Provides funds to train area mental health programs' board members. (This appropriation was included in HB 168 during the 1999 Session but was diverted for flood relief.)	\$150,000	NR
(9.0) Division of Social Services		
30 Special Children Adoption Incentives Fund	\$500,000	R
Establishes a fund to provide financial incentives for foster care families desiring to adopt special needs children residing in their care.		
31 State/County Special Assistance	\$4,450,000	R
Increases monthly State/County Special Assistance payment from \$982 to \$1,062. Effective October 1, 2000.		
32 Food Banks		
Provides funds to be equally distributed to the regional network of food banks in North Carolina.	\$1,000,000	NR
33 Foster Care Independent Living Matching Funds	\$500,000	R
Provides the match for federal Independent Living Program funds in order to prepare children for the transition from foster care to independence. Also, provides for the addition of one position to coordinate the program.	1.00	
34 Special Children Adoption Fund	\$1,100,000	R
Increases the Special Children Adoption Fund which provides financial incentives to local departments of social services and private non-profit adoption placement programs for the placement of children in foster care. Also, provides post-adoption support funds to ensure placements are successful.		
35 Administrative Support	\$0	R
Provides for the addition of ten (10) positions within the Division of Social Services to enhance and support the Work First Program; coordinate expanded after school programs for at-risk children; and child welfare training. These positions are totally offset with TANF block grant funds.	10.00	
36 Adoptions Program	\$200,000	R
Provides additional staff and related funds to address the backlog in processing adoptions information.	3.00	

(10.0) Division of Public Health

37 Prevention of Birth Defects

Provides funding for education and awareness activities on the importance of folate consumption preceding pregnancy to effectively prevent neural tube birth defects and infant mortality. \$150,000 NR

38 Office of Minority Health

Provides funding to support mini-grants for coalition-building at the local level. Provides funding for minority infant mortality reduction efforts. \$200,000 NR

39 Healthy Carolinians

Provides funding for Healthy Carolinians' task forces throughout the state. \$1,000,000 NR

40 Osteoporosis Task Force

Provides funding to continue support for the Osteoporosis Task Force. \$150,000 NR

41 Heart Disease and Stroke Prevention

Provides funding to the Heart Disease and Stroke Prevention Task Force for implementation of the NC Plan to Prevent Heart Disease and Stroke. \$100,000 NR

42 Arthritis Prevention Project

Provides grant-in-aid for a private, local project providing services for arthritis patients in Mecklenburg County. \$25,000 NR

43 Alice Aycock Poe Center for Health Education

Provides grant-in-aid to the Alice Aycock Poe Center for Health Education. \$200,000 NR

44 Prescription Drug Assistance Program

Provides increased funding for the Prescription Drug Assistance Program for persons over age 65. \$500,000 NR

45 Healthy Start Foundation

Funds the statewide public information and education activities of the First Step campaign. Provides mini-grants for local communities to implement pilot programs aimed at reducing infant mortality. \$1,000,000 NR

46 Birth Defects Monitoring Program

Provides funding to initiate the development of a birth defects registry. \$200,000 R

4.00

47 Hepatitis C Education Awareness

Provides funding for Hepatitis C education and awareness activities. \$150,000 NR

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

48 Asthma Education	Provides funding to support asthma management, control, surveillance, and education.	\$250,000	NR
49 State Games	Supports the State Games of North Carolina to promote health and fitness.	\$200,000	NR
(11.0) 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 which assists child care teachers in pursuing higher education in the field of early childhood.	\$400,000	R
51 Smart Start Program	Provides additional funding for direct services statewide, state-level administration, program evaluation, and county collaboration efforts.	\$43,500,000 \$500,000	R NR
52 Child Care Subsidy Program	Authorizes 68 positions in recognition of the significantly increased demand on licensing and monitoring staff due to the growth in regulated child care centers/homes and the implementation of the rated license system. These positions are funded with federal Child Care and Development Fund quality set-aside funding.	\$0 68.00	R
(12.0) Div. of Serv. for Deaf/Hard of Hearing			
53 Individual Education Plan (IEP) Services	Provides additional funding for contractual services required by students' IEPs at the residential schools for the deaf.	\$600,000	NR
54 Teacher Mentor Pay	Provides funding to compensate experienced teachers at the schools for the deaf who serve as mentors for new teachers.	\$56,250	NR
55 Day Student Transportation	Provides funding for transporting deaf and hard of hearing day students to programs at the Division's three residential campuses.	\$375,000	NR
56 Family Support Services	Expands support services to families with deaf and hard of hearing children as a result of increased demand from the newborn hearing screening program.	\$220,000	R
(13.0) Division of Services for the Blind			
57 Individual Education Plan (IEP) Services	Provides additional funding for contractual services required by students' IEPs at the Governor Morehead School.	\$200,000	NR

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

58 Teacher Mentor Pay			
Provides funding to compensate experienced teachers at the Governor Morehead School who serve as mentors for new teachers.		\$18,750	NR
59 Services for Deaf/Blind Children		\$225,000	R
Provides funding to establish a specialized program for deaf/blind children at the Governor Morehead School, including expansion of NC Central University's master's degree program in visual impairment to include intervenor training.		5.00	
60 Vocational Rehabilitation Case Services Funds			
Provides additional funds to offset the increased tuition costs for visually-impaired vocational rehabilitation clients attending in-state universities.		\$235,000	NR
61 Day Student Transportation			
Provides funding for transporting visually-impaired day students to programs at the Governor Morehead School campus.		\$125,000	NR
(14.0) Division of Vocational Rehabilitation			
62 Client Information System			
Completes development and implementation of an automated client information system.		\$1,700,000	NR
63 Case Services Funds			
Provides additional funds to offset the increased tuition costs of clients attending in-state universities.		\$615,000	NR
64 Independent Living Rehabilitation Program		\$2,000,000	R
Provides additional funding to address client needs statewide and continue technical assistance to the housing industry on design requirements for multifamily housing for disabled individuals.		\$2,000,000	NR
(15.0) Division of Medical Assistance			
65 Family Planning Waiver		\$45,000	R
Provides funding for the state match for a Medicaid waiver to provide Medicaid coverage for family planning services to men and women of child bearing ages with family incomes equal to or less than 185% of the federal poverty level. Effective January 1, 2001.		\$424,000	NR
		2.00	
66 Medicaid Positions		\$127,000	R
Provides funding to support three positions to meet federal HIPAA requirements and one position to meet increased demands from provider enrollment.		4.00	
67 Additional CAP-MR/DD Slots		\$6,890,000	R
Funds 600 CAP-MR/DD slots in the Medicaid Program.			

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

(16.0) Office of the Secretary

68 Child Advocacy Institute

Provides funding for the continuation of the Child Advocacy Institute's activities to collect and publish the annual report on the status of children in North Carolina. \$250,000 NR

69 North Carolina Council on the Holocaust

Provides funds for Holocaust education in the public schools. \$50,000 NR

70 Latin American Resource Center

Provides grant-in-aid to the Latin American Resource Center (LARC) for administration and outreach operations relative to its programs, including DIALOGO. \$75,000 NR

71 "Closing the Achievement Gap" Pilot Program

Provides funds to establish a pilot program to assist children and families in order to enhance school performance and family functioning. \$250,000 NR

(17.0) Division of Facility Services

72 Statewide Poison Control Center

Provides funding for the Statewide Poison Control Center at Carolinas Medical Center. \$1,000,000 R

73 Adult Care Home Inspectors

Provides additional inspectors to implement requirements of Senate Bill 10. \$149,000 R

74 Nurse Aide Online Training

Provides funding for the State Board of Community Colleges for the development and implementation of on-site internet training or other innovative training programs designed to improve recruitment and reduce turnover of certified nursing assistants in nursing facilities. 6.00 \$500,000 NR

(18.0) Division of Aging

75 Adult Day Care Start-up Grants

Provides funding for up to 10 start-up grants for new Adult Day Care Programs. \$250,000 NR

Budget Changes

\$19,107,672 R

(\$114,287,526) NR

Total Position Changes

100.00

Revised Total Budget

\$2,918,915,782

Special Provisions

2000 Session: HB 1840

Department: Health and Human Services

Section 5

Title: DHHS Block Grant Provisions

Summary Provides funding of various federal block grants for FY 2000-01 with few changes in grant levels or allocations of funds.

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

- 1) \$18,717,812 for rate increases for child care subsidies
- 2) \$1,500,000 additional for Support Our Students expansion
- 3) \$5,000,000 for residential treatment services for women with children
- 4) \$3,000,000 for domestic violence services
- 5) \$1,000,000 for the Responsible Fatherhood Initiative
- 6) \$2,000,000 for After-School Services for At-Risk Children
- 8) \$7,260,00 for additional child welfare workers for local departments of social services; and
- 9) \$2,000,000 for various child welfare training initiatives

Section 11

Title: State Health Standards

Summary Authorizes DHHS to adopt health standards for State citizens and report annually on how the State compares to national health measurements.

Section 11.1

Title: DHHS Study of New Facilities Division

Summary Directs DHHS to study the feasibility of establishing a new facilities division to consolidate physical plant operations of all State institutions in the Department. Report due January 1, 2001.

Section 11.2

Title: Elimination of Vacant DHHS Positions

Summary Directs DHHS to eliminate 29 vacant positions by November 1, 2000 (with exceptions). Prohibits the elimination of certain positions including positions at State psychiatric hospitals, alcohol and drug abuse treatment centers, the Wright School, or Whitaker School.

Section 11.3

Title: Quality Criteria for Long-Term Care

Summary Authorizes DHHS and the Institute of Medicine to convene a work group to develop criterion-based indicators for the monitoring of quality of care in long-term care facilities in North Carolina.

Section 11.4

Title: Long-Term Care Services Data

Summary Directs DHHS and the Institute of Medicine to collect various data related to providing long-term care services. Extends the date for completing the system for a continuum of long-term care services for the elderly and disabled to January 1, 2002.

Section 11.4A

Title: Closing the Achievement Gap

Summary Establishes pilot programs to assist eligible families with children performing below grade level in strengthening family cohesiveness, functioning, and economic progress and in improving the academic performance of their children. Directs DHHS to convene a task force to assist with development and implementation of the program and requires progress reports, including recommendations, to the General Assembly by March 1, 2001, and February 1, 2002.

Section 11.5

Title: Medicaid Program

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

Nurse Practitioners are added as providers. Public ambulance providers will now be reimbursed at cost.

Authorizes licensed or certified psychologists, certified mental health nurse practitioners, institutional providers of residential services for children, psychiatric residential treatment facility services, and licensed clinical social workers to provide mental health services directly to children eligible for EPSDT services. Mental health services subject to utilization review are exempted from the 24 visits per year limitation.

Authorizes the independent review of the amount, sufficiency, duration, and scope of services provided under the Medicaid Program. Final report due May 1, 2001.

Authorizes DHHS to provide family planning services to men and women of child-bearing age with family incomes equal to or less than 185% of the federal poverty level. Coverage is contingent upon federal approval of the waiver request and shall start no earlier than January 1, 2001.

Section 11.6

Title: County Medicaid Cost Share

Summary Authorizes DHHS to incrementally increase the county share of Medicaid mental health services until the county share reaches 15% of the nonfederal share in FY 2009-2010.

Authorizes DHHS to incrementally decrease the county share of Medicaid personal care services in adult care homes until the county share reaches 15% of the nonfederal share in FY 2009-2010.

Section 11.7

Title: Medicaid Reserve Fund Transfer

Summary Allocates \$99 million for FY 2000-2001 in the Medicaid Reserve 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.

Section 11.8

Title: Waive NC Health Choice Waiting Period for Special Needs Children

Summary Authorizes the Health Insurance Program for Children to waive the 60-day waiting period for a special needs child if insurance has been terminated due to a long-term disability or a substantial reduction in or limitation of lifetime medical benefits. Special needs child is defined under G.S. 108A-70.23(a).

Section 11.9

Title: Extend Adult Care Home Moratorium/Study

Summary Extends the moratorium for approving additional adult care home beds until September 30, 2001. Requires DHHS to study the various types of homes covered by the moratorium and to identify the types of residents currently being served and to recommend licensure categories appropriate to the population served. Report due March 1, 2001.

Section 11.10

Title: Use of Fire Protection Fund for Emergency Generators

Summary Adds emergency generators as an allowable use under the Fire Protection Fund.

Section 11.11

Title: Study Multiunit Assisted Housing with Services Facilities

Summary Directs the NC Study Commission on Aging to study Multiunit Assisted Housing with Services. Report due February 1, 2001.

Section 11.11A

Title: Funds for Training Programs for Recruitment of Certified Nursing Assistants in Nursing Facilities

Summary Directs the Community Colleges System Office to work with nursing home providers to develop and implement the training program and to test the program in at least five nursing facilities in the State. The program shall be evaluated and a report is due June 30, 2001.

Section 11.12

Title: Adult Care Homes Reimbursement Rate Increase/State Auditor Study

Summary Increases the State/County Special Assistance rate from \$982 per month to \$1,062 per month. Directs the State Auditor to study the cost reimbursement system used to reimburse adult care homes. Report due March 1, 2001.

Section 11.13

Title: Extend Special Assistance Demonstration Project

Summary Extends the ending date for the Special Assistance Demonstration Project to June 30, 2002.

Section 11.14

Title: Child Welfare System Improvements

Summary Requires the Department to provide an annual report on the statewide child protection system by October 1 of each year. Also, amends G.S. 131D-10.6A to establish minimum pre- and post-service training requirements for child welfare services staff. Also, authorizes the DHHS, Division of Social Services to grant exceptions to these training requirements under certain circumstances.

Section 11.15

Title: Special Children Adoption Fund

Summary Appropriates \$1.1M for the Special Children Adoption Fund to facilitate adoptions and to enhance adoption-related services.

Section 11.16

Title: Special Needs Adoptions Incentive Fund

Summary Creates an incentive fund to facilitate the adoption of special needs children by their foster care families by removing the financial barriers to the adoption of these children. Clarifies that the funds does not constitute an entitlement and directs the Social Services Commission to adopt rules to implement the fund.

Section 11.16A

Title: Child Welfare Services Data Collection

Summary Directs the DHHS, Division of Social Services to establish a mechanism to report various child welfare services system data at both the state and national levels in order to facilitate the legislative decision-making process. Report is due April 2001.

Section 11.17

Title: Non-Medicaid Reimbursement Changes

Summary Increases eligibility levels for the Atypical Antipsychotic Medication Program from 125% to 150% of the federal poverty level.

Section 11.18

Title: Area Board Member Per Diem

Summary Amends G.S. 122C-120 to allow area mental health authority boards to increase members' compensation rates not to exceed \$50.

Section 11.19

Title: Child Residential Treatment Services Program

Summary Establishes the Child Residential Treatment Services program, including behavioral health screenings, multidisciplinary case management, and collaboration with other affected agencies, in order to provide appropriate and medically necessary residential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Requires an interim report February 2001 and a final report May 2002.

Section 11.20

Title: Funds for Child and Adolescent Residential Unit at Murdoch Center

Summary Appropriates \$1.2 million to develop and operate ten beds to serve autistic children statewide whose behaviors place them at serious risk of institutionalization. Also, appropriates \$326,000 to Residential Services, Inc. to provide residential services for children with autism.

Section 11.21

Title: Services To Children At Risk For Institutionalization or Other Out-Of-Home Placement

Summary Directs DHHS to implement various strategies to reduce costs and to provide medically necessary services to children at risk of institutionalization. Also directs DHHS to eliminate any state or local administrative structures remaining from the formerly court mandated Willie M program; to review all individualized service plans from the program; and to collaborate with other affected agencies to eliminate cost shifting and facilitate cost sharing. Repeals all existing state law impacting the formerly court mandated Willie M program. Requires an interim report February 2001 and a final report May 2002.

Section 11.22

Title: Services To Multiply Diagnosed Adults

Summary Directs DHHS to implement various strategies to reduce costs and to provide medically necessary services to multiply-diagnosed adults. Also directs DHHS to eliminate any state or local administrative structures remaining from the formerly court mandated Thomas S program and to review all individualized service plans to ensure efficient service delivery. Prohibits the purchase of homes or other residential dwellings for clients. Requires an interim report February 2001 and a final report May 2002.

Section 11.23

Title: Funds For Mental Health, Developmental Disabilities, And Substance Abuse Services Oversight Committee

Summary Transfers \$350,000 from DHHS to the General Assembly, Legislative Services Office to facilitate reform of the mental health, developmental disabilities, and substance abuse services system proposed during the 2000 Session (Senate Bill 1217 and House Bill 1519). Also requires DHHS to study the feasibility of creating a division of developmental disabilities. Directs DHHS to proceed with plans for the construction of a new State psychiatric hospital to replace the Dorothea Dix Hospital. Requires the Department to report its findings and recommendations regarding a new division for developmental disabilities no later than January 2001. Also requires DHHS to report the status of the plans for construction of a replacement facility for Dorothea Dix Hospital, including site options, to the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services by October 1, 2000.

Section 11.24

Title: Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve For System Reform and Olmstead Decision

Summary Creates the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead, within the Office of State Budget and Management (OSBM). Requires OSBM to certify that the planned uses of funds are in compliance with the guidelines of this provision prior to allocating funds from the Reserve.

Section 11.25

Title: Early Intervention Services

Summary Directs agencies and LEAs participating in the interagency database pilot to provide the same type of data on all children receiving early intervention services.

Section 11.25A

Title: Licensure Exception for Certain Nonprofit Substance Abuse Facilities

Summary Amends G.S. 122C-22(a) to exclude certain nonprofit facilities which provide shelter care services from alcohol or other drug addiction.

Section 11.26

Title: Transfer Funds for Client Services

Summary Authorizes a transfer of State funds between divisions as part of the overall plan for optimizing the use of federal block grant funding.

Section 11.27

Title: Child Care Subsidy Rates

Summary Revises and simplifies the methodology for reimbursing child care providers who serve children with subsidies. It requires DHHS to conduct market rate studies every two years and to revise market rates within six months, based on the results of these studies. It permits children who are citizens of the United States to be eligible for child care subsidies, even if their parents are not citizens.

Section 11.28

Title: Early Childhood Education and Development Initiatives

Summary Modifies existing language to clarify legislative intent, grants contracting authority to the NC Partnership for Children, Inc., and revises eligibility requirements for the match requirement.

Section 11.29

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

Summary Increases funding for family support services in response to increased demand from universal newborn hearing screenings.

Section 11.30

Title: Maintain Funding For Developmental Evaluation Centers

Summary Requires the DHHS to replace reductions in appropriations for the Developmental Evaluation Centers with Medicaid receipts and prohibits reducing the program budget below the amount certified in FY 1999-2000.

Section 11.31

Title: Use of Newborn Screening Fees

Summary Ensures that each newborn will be given a physiological screening in each ear for the presence of permanent hearing loss. Fees collected for newborn screenings will be used to offset the cost of the newborn screening program.

Section 11.32

Title: Heart Disease and Stroke Prevention Task Force Report

Summary Requires DHHS to report on the budget and activities of the Heart Disease and Stroke Prevention Task Force. A report is due October 1, 2000, on FY 1999-2000 activities.

Section 11.33

Title: Extend Osteoporosis Task Force

Summary Allows the Osteoporosis Task Force to continue activities through FY 2000-2001.

Section 11.34

Title: Limitations on Expansion of Intensive Home Visitation Program

Summary Prohibits DHHS from amending the State Medicaid Plan to provide Medicaid reimbursement for intensive home visiting services and requires an evaluation of the piloted projects.

Section 11.35

Title: AIDS Drug Assistance Program (ADAP)

Summary Requires a comprehensive information management system to be implemented to effectively track client data and prescription drug purchases among participants. The provision sets the client eligibility at 125% of the federal poverty level and allows the DHHS to increase eligibility to 150% when the comprehensive information management system is working and certified by the Office of State Budget. Data reports are due October 1, 2000, for FY 1999-2000 and April 1, 2001, for fiscal year-to-date expenditures.

Section 11.36

Title: Communicable Disease Control Aid to Counties/Report

Summary Requires DHHS to report the impact of combining and allocating funds appropriated for FY 1999-2000 for Aid to Counties in the Acute Communicable Disease Control Funds, the Tuberculosis Control Funds, and the Sexually Transmitted Disease Control Fund into one Acute Communicable Disease Control Aid to Counties Grant. The report is due on October 1, 2000.

Section 11.37

Title: Public Health Prevention Activities Report

Summary Requires DHHS to report on budget, contract and activities of the Kenneth C. Royall, Jr. Children's Vision Screening Improvement Program, Healthy Start Foundation, and the Adolescent Pregnancy Prevention Coalition of North Carolina. The report is due by October 1, 2000, on FY 1999-2000 activities.

Section 11.38

Title: Preventive Health Program Plan

Summary Requires DHHS to analyze and report on areas of duplication among administration of prevention activities.

Section 11.39

Title: Prescription Drug Assistance Program

Summary Appropriates \$1,000,000 to pay the cost of outpatient prescription drugs for persons diagnosed with cardiovascular disease or diabetes over the age of 65 years and not eligible for Medicaid benefits and whose income does not exceed 150% of the federal poverty level.

Section 11.40

Title: Adolescent Pregnancy Prevention Program Changes

Summary Amends G.S. 130A-131.15 to require DHHS to increase accountability for all pregnancy prevention and responsible parenting programs. A report is due March 1, 2001.

Section 11.42

Title: Funds for Prevention of Birth Defects and Reduction in Infant Mortality

Summary Appropriates \$150,000 of nonrecurring funds to be used for an education and awareness campaign on the importance of folate consumption in the prevention of birth defects.

Section 11.42A

Title: Funds for Medicaid Coverage of Family Planning Services

Summary Appropriates \$469,000 to be used as state match for Medicaid for family planning services to men and women of child-bearing age whose family income does not exceed 185% of the federal poverty level.

**NATURAL
&
ECONOMIC RESOURCES**

Overview: 2000 Session Fiscal and Budgetary Actions

Agriculture and Consumer Services

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$54,146,601

Budget Changes

Commissioner's Office

1 Farmland Preservation Trust Fund

Provides funds for the Farmland Preservation Trust Fund for the acquisition of permanent agricultural conservation easements to protect rural lands, particularly in the vicinities of urban growth areas and near waterways and other environmentally sensitive areas. Of these funds, \$200,000 is transferred to the Center for Geographic Information and Analysis (CGIA) for mapping and operational support associated with the Trust Fund.

\$1,713,693 NR

2 Local Agricultural Fairs - Grant Funds

Provides funds for local agricultural fairs.

\$100,000 NR

Markets

3 Specialty Foods Marketing

Provides funds to promote the specialty foods business through trade shows, retail promotions, print materials, and development of an e-commerce web site.

\$300,000 NR

Plant Industry

4 Gypsy Moth Control Funds

Provides funds to supplement federal funds for the department's program to control the spread of the gypsy moth.

\$122,623 NR

Reserves and Transfers

5 Turfgrass Research

Transfers funds to the Board of Governors of the University of North Carolina for allocation to the Agricultural Research Service at North Carolina State University to conduct turfgrass research projects.

\$100,000 NR

Structural Pest Control

6 Eliminate Positions

Eliminates one supervisor and three structural pest inspector positions and associated operating support.

(\$159,698) R

-4.00

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

Budget Changes	(\$159,698)	R
	\$2,336,316	NR
Total Position Changes	-4.00	
Revised Total Budget	\$56,323,219	

Special Provisions

2000 Session: HB 1840

Department: Agriculture and Consumer Services

Section 12

Title: Expand the Permissible Uses of a Grant Received for the 1999-2000 Fiscal Year for the Development of a Local Farmers' Market in New Hanover County

Summary Expands the eligible uses of farmers' markets funds from FY 1999-2000 for New Hanover County to include educational and promotional materials, or to solicit donations for the purchase of property or facilities for a local farmers' market.

Section 12.1

Title: Farmland Preservation

Summary Stipulates that funds appropriated to the department for the Farmland Preservation Trust Fund shall be used for the purchase of agricultural conservation easements that are perpetual in duration.

Overview: 2000 Session Fiscal and Budgetary Actions

Commerce

GENERAL FUND

Total Budget Approved 1999 Session

FY 00-01
\$43,745,365

Budget Changes

Administration

7 Eliminate Fund Balance

Eliminates fund balance from department-wide copy office.
This centralized office is no longer active.

(\$64,329) NR

Business and Industry

8 Industrial Recruitment Competitive Fund

Continues support for the Industrial Recruitment
Competitive Fund.

\$2,000,000 NR

Center for Entrepreneurship and Technology

9 New and Emerging Industries Program

Reduces funding for the New and Emerging Industries
Program by one-third.

(\$100,000) R

N.C. Government Competition Commission

10 N.C. Government Competition Commission

Eliminates funding for the North Carolina Government
Competition Commission. The Commission was repealed by
Section 18.1 of S.L. 1999-395.

(\$218,000) R

Reserves and Transfers

11 North Carolina Rural Redevelopment Authority

Places funds in a reserve for the start-up costs of the
Rural Redevelopment Authority. Funds are contingent upon
enactment of House Bill 1819, Senate Bill 1516, or
substantially similar legislation. Funds are recommended
by the Rural Prosperity Task Force (Section 14.7).

\$250,000 NR

12 Smart Growth, Management and Development Issues

Continues funds for the Commission to Address Smart
Growth, Growth Management, and Development Issues.

\$150,000 NR

13 Regional Economic Development Commissions

Increases recurring support for the State's seven regional
economic development commissions from \$6.075 million to
\$6.425 million. Also provides a one-time \$50,000 increase
for FY 2000-2001 for each of the seven commissions
(Section 14.8).

\$350,000 R
\$350,000 NR

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

Tourism, Film, and Sports Development

14 Rural Tourism Development Grant Funds

Provides 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.

\$300,000 NR

15 Reduce Operating Support

Reduces funding for telephone and postage due to increased use of Internet services.

(\$100,000) R

16 Welcome Centers

Reduces budget for supplies and utilities.

(\$10,000) R

Workforce Commission

17 Reduce Salary Reserve

Reduces salary reserve created when a position moved from General Fund to receipt support.

(\$25,000) R

Budget Changes

(\$103,000) R

\$2,985,671 NR

Total Position Changes

Revised Total Budget

\$46,628,036

Special Provisions

2000 Session: HB 1840

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 2001 program year. Provides for subsequent increases or decreases in federal fund availability. Places limitations on CDBG funds. Allows capacity buildings grants to be made from funds available within program categories, program income, or unobligated funds for non-profit organizations. Directs Commerce to consider ways to address outhouse abatement when developing future CDBG plans.

Section 14

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

Summary **Amends S.L. 1999-237 to allow previously appropriated petroleum overcharge funds to be used for the Residential Energy Conservation Assistance Program (RECAP), as well as State Energy Efficiency Programs.**

Section 14.1

Title: **Energy Conservation Projects on State-Owned Buildings**

Summary **Directs the Energy Division to use up to \$1 million from previously appropriated petroleum overcharge funds to implement energy conservation projects in state-owned buildings.**

Section 14.2

Title: **Petroleum Overcharge Funds Allocation**

Summary **Allocates funds from the Stripper Well Litigation Special Reserve to the following agencies in FY 2000-2001: \$2.6 million to the Department of Commerce for the Residential Energy Conservation Assistance Program (RECAP), \$2 million to the Housing Finance Agency for the Housing Trust Fund for residential energy-related uses as permitted under Stripper Well Litigation, and \$1 million to the NC Community Development Initiative for residential energy-related uses as permitted under Stripper Well Litigation.**

Section 14.3

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

Summary **Authorizes the Employment Security Commission to expend the sum of \$2,078,049 in federal Reed Act Funds for automation purposes in FY 2000-2001.**

Section 14.4

Title: Worker Training Trust Fund Appropriations

Summary Modifies the Worker Training Trust Fund appropriations for FY 2000-2001 by reallocating \$100,000 from the Department of Commerce's Employment and Training Grant Program to the Community College System Office for the Hosiery Technology Center. Allocates \$100,000 to the Community College System Office for the Composites Testing and Training Center. Makes conforming changes to the name of the Community College System Office. Directs the Treasurer to deposit the June 2000 interest earnings from Employment Security Commission's Reserve Fund to the Worker Training Trust Fund for FY 2000-2001 to cover a shortfall in funds.

Section 14.5

Title: Oregon Inlet Funds/Nonrevert

Summary Prevents funds appropriated in FY 1999-2000 for the Oregon Inlet Project from reverting on June 30, 2000. Allows these funds to be used for legal costs associated with the project.

Section 14.6

Title: Industrial Development Funds

Summary Reallocates previously appropriated funds that remain unspent from the Industrial Recruitment Competitive Fund in FY 1998-99 and from Job Loss Assistance funds in FY 1999-2000 to increase the Industrial Development Fund for FY 2000-2001.

Section 14.7

Title: Rural Redevelopment Authority

Summary Places funds appropriated for the North Carolina Rural Redevelopment Authority in a reserve in the department, contingent upon the passage of House Bill 1819, Senate Bill 1516, or a substantially similar bill creating the Authority.

Section 14.8

Title: Regional Economic Development Commission Allocations

Summary Modifies the 1999 session law to adjust the amount of certain interest receipts earned by the Global TransPark Regional Economic Development Commission that are a component of the funding formula calculation used to allocate appropriated funding to the seven regional economic development commissions.

Adds subsection (b) which allocates \$350,000 in recurring funds to the seven regional economic development commissions according to the funding formula. Adds subsection (c) which allocates \$350,000 in nonrecurring funds to the seven regional economic development commissions equally.

Section 14.9

Title: Economic Development Funds Secured

Summary Amends Article 2 of Chapter 158 of the General Statutes to add a new section that secures the deposits of the seven regional economic development commission beyond FDIC coverage.

Section 14.10

Title: Extend Funding of the Study Commission on the Future of Electric Service in North Carolina

Summary Extends the funding for the Study Commission on the Future of Electric Service in North Carolina from the Utilities Commission and Public Staff Fund through June 30, 2006.

Section 14.14

Title: Energy Division Study of Residential Energy Conservation Assistance Program

Summary Directs the Energy Division to track by county the number of owner-occupied housing units vs. rental properties that receive Residential Energy Conservation Assistance Program (RECAP) funds and the amount of funds expended in each of these categories. Requires the division to report its findings to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by January 15, 2001.

Section 14.15

Title: Cap on Residential Energy Conservation Assistance Program Spending

Summary Limits the amount of funds that the Energy Division may spend on weatherization activities in the Residential Energy Conservation Assistance Program (RECAP) in FY 2000-2001 to \$8,977,069, which is equal to the division's level of spending in FY 1998-1999.

Section 14.16

Title: Rural Tourism Development Funds

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

Section 14.17

Title: Employment Security Commission Study of Older and Second Career Workers

Summary Directs the Employment Security Commission (ESC) to study the ability of older and second career workers to secure employment in North Carolina. Requires the ESC to report its findings by April 1, 2001.

Section 14.18

Title: Transfer Energy Division from Department of Commerce to the Department of Health and Human Services and the Department of Administration

Summary Transfers the Residential Energy Conservation Assistance Program (RECAP), funding and personnel in the Energy Division to the Department of Health and Human Services. Also transfers the State Energy Efficiency Programs, funding and personnel, and the Energy Policy Council from the Energy Division to the Department of Administration. These transfers shall have all the elements of a Type I transfer and are effective September 31, 2000. Also abolishes all vacant positions in the Energy Division effective July 1, 2000.

Overview: 2000 Session Fiscal and Budgetary Actions

Environment and Natural Resources

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$157,700,273

Budget Changes

(2.00) Aquariums

18 Operating Reserve Reduction (\$1,569,337) R
Reduces operating reserve for the Pine Knoll Shores Aquarium due to reversion of capital funds to the Hurricane Floyd Reserve Fund. Also reduces operating reserve for the Fort Fisher Aquarium due to construction delay. -25.00

(2.00) Forest Resources

19 Reduce Operating Support (\$475,693) R
Reduces various operating and equipment line items, including computers, software, and trucks.

(2.00) Marine Fisheries

20 Information Technology Funds
Provides funds from commercial fishing license fees for maintenance costs associated with the Fisheries Information Network (FIN) system. Receipts for information technology initiatives are to be capped at \$750,000.

FY 2000-2001
Requirements: \$750,000
Receipts: (\$750,000)
Appropriation: 0

(2.00) Museum of Natural Sciences

21 Grassroots Science Program \$250,000 NR
Provides additional funds for the Grassroots Science Program (Section 13).

(2.00) Office of Environmental Education

22 Environmental Education Grant Funds \$200,000 NR
Provides grant funds 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 (Section 13.1).

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

(2.00) Parks and Recreation

23 Parks and Recreation Operating Reserve

Defers increase in the division's continuation budget operating reserve for capital projects due to construction delays.

(\$100,000) NR

(3.00) Air Quality

24 Increase Budgeted Receipts

Increases the budgeted amount of program receipts and reduces the division's general fund appropriation by an equal amount. This shifts five positions from General Fund to receipt support.

(\$200,000) R

-5.00

(3.00) Coastal Management

25 Reduce Grants

Reduces land-use planning grants to local governments for one more year. The moratorium, in place since July 1, 1999, is expected to continue through June 30, 2001.

(\$100,000) NR

(3.00) Environmental Health

26 Environmental Health Specialists Training

Provides funds for training and continued education to local environmental health specialists to improve the consistency of implementation and enforcement of rules.

\$100,000 NR

(5.00) Reserves and Special Funds

27 Resource Conservation and Development Councils

Provides each of the state's nine Resource Conservation and Development Councils with a \$25,000 grant.

\$225,000 NR

Budget Changes

(\$2,245,030) R

\$575,000 NR

Total Position Changes

-30.00

Revised Total Budget

\$156,030,243

Special Provisions

2000 Session: HB 1840

Department: Environment and Natural Resources

Section 13

Title: Grassroots Science Program Funds

Summary Maintains the schedule of allocation of appropriations for the Grassroots Science Program for FY 2000-2001 at the same level as FY 1999-2000.

Section 13.1

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. Allows the department to use up to 15% of the funds for administrative costs. Requires the department to report on the allocation of grant funds by January 1 and July 1, 2001 to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division.

Section 13.2

Title: DENR Study of DENR

Summary Directs DENR to continue studying the department's organizational efficiency and effectiveness, and to report its recommendations to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Environmental Review Commission no later than January 15, 2001.

Section 13.3

Title: DENR Study/Relocate Division of Coastal Management Office

Summary Directs DENR to study the feasibility of relocating the main office of the Division of Coastal Management from Raleigh to one of the 20 coastal counties. Also requires DENR to report its findings and recommendations to the House and Senate Appropriations Subcommittees on Natural and Economic Resources no later than January 15, 2001.

Section 13.4

Title: ERC Study Recodification of Environmental Statutes

Summary Requires the Environmental Review Commission to study the recodification of the General Statutes relating to the environment and environmental agencies and directs that the recodification make no substantive changes to the current statutes.

Section 13.5

Title: Reallocate Town Fork Creek Funds

Summary Amends the 1999 Session Laws to reallocate \$930,680 from the Madison Connection Project to the Walnut Cove/Industrial Site Connection Project.

Section 13.6

Title: Agricultural Cost Share/Technical Assistance Funds

Summary Directs DENR to make a one-time transfer of \$240,000 from the financial assistance funds of the Agricultural Cost Share Program to the technical assistance funds of the Agricultural Cost Share Program for FY 2000-2001.

Section 13.7

Title: One Stop Permit Assistance Pilot Projects

Summary Requires DENR to establish a One Stop Permit Assistance Pilot Project for one year in two regional offices with the intent of expanding this pilot statewide. Also requires DENR to provide each applicant with a timeframe within which the applicant can expect to receive a final decision about the permit. Requires DENR to report to the House and Senate Appropriations Subcommittees on Natural and Economic Resources, the Environmental Review Commission and the Fiscal Research Division by April 1, 2001. Also allows the department to adopt temporary rules to implement this section.

Section 13.9

Title: Beach Management Plan/Federal Funds

Summary Directs DENR to compile information on current conditions and beach erosion rates, on coastal geology, and on storm and erosion hazards for use in developing a State plan and local governments' land-use planning. Also requires DENR to develop a multiyear beach management and restoration plan, to revise the plan every two years, and to submit the plan to the General Assembly no later than March 1 of each odd-numbered year. In the event federal funds become available for shore protection projects, directs the State to match those funds in accordance with the funding guidelines set out in statute.

Section 13.10

Title: Study Water Capacity Use Area Issues

Summary Directs the House and Senate Appropriations Subcommittees on Natural and Economic Resources to study the proposed rules that provide for the delineation of a water capacity use area in 15 Eastern N.C. counties and to report their findings and recommendations to the 2001 General Assembly.

Overview: 2000 Session Fiscal and Budgetary Actions

Housing Finance Agency

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$5,300,000

Budget Changes

Housing Finance Agency

28 Housing Trust Fund

Provides \$3 million in General Fund money to the Housing Finance Agency for the Housing Trust Fund. Also transfers \$2 million from the Stripper Well Special Reserve for Oil Overcharge Funds. [Section 14.2(b)].

\$3,000,000 NR

2000-2001
Requirements: \$5,000,000
Receipts: (\$2,000,000)
Appropriation: \$3,000,000

Budget Changes

\$3,000,000 NR

Total Position Changes

Revised Total Budget

\$8,300,000

Special Provisions

2000 Session: HB 1840

Department: Housing Finance Agency

Section

Title:

Summary (No Special Provisions reported)

Overview: 2000 Session Fiscal and Budgetary Actions

Labor

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	\$16,369,251
<hr/>	
Budget Changes	
Department Wide	
29 Indirect Cost Receipts	(\$300,000) R
Directs the department to budget overrealized indirect cost receipts and to reduce General Fund appropriations by an equal amount.	
<hr/>	
Budget Changes	(\$300,000) R
Total Position Changes	
Revised Total Budget	\$16,069,251

Special Provisions

2000 Session: HB 1840

Department: Labor

Section

Title:

Summary (No Special Provisions reported)

Overview: 2000 Session Fiscal and Budgetary Actions

N.C. Biotechnology Center

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$7,638,913

Budget Changes

N.C. Biotechnology Center

30 Agricultural Research Funds

Provides funds for state universities to conduct research into value-added and customized crops. Funds will also be used to attract and establish agricultural biomanufacturing facilities. Funds are recommended by the Rural Prosperity Task Force.

\$1,000,000 NR

Budget Changes

\$1,000,000 NR

Total Position Changes

Revised Total Budget

\$8,638,913

Special Provisions

2000 Session: HB 1840

Department: N.C. Biotechnology Center

Section

Title:

Summary (No Special Provisions reported)

Overview: 2000 Session Fiscal and Budgetary Actions

Office of Information Technology Services

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$0

Budget Changes

Office of Information Technology Services

31 North Carolina Information Network (NCIN)

Provides funds from available cash balances and anticipated federal e-rate funding to continue the North Carolina Information Network at the same level as FY 1999-2000.

	FY 2000-2001
Requirements:	\$3,596,000
Receipts:	(\$3,596,000)
Appropriation:	0

Budget Changes

Total Position Changes

Revised Total Budget

\$0

Special Provisions

2000 Session: HB 1840

Department: Office of Information Technology Services

Section

Title:

Summary (No Special Provisions reported)

Overview: 2000 Session Fiscal and Budgetary Actions

Rural Economic Development Center

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$4,257,338

Budget Changes

Grant Programs

32 Supplemental Funding Program

Provides funds to support the Supplemental Funding Program for economic development projects, principally water and sewer, in rural areas of the state (Section 14.13).

\$400,000 NR

33 Capacity Building Assistance Program

Provides funds to support the Capacity Building Assistance Program to pay all or a portion of the costs associated for providing technical and financial assistance for water and sewer projects (Section 14.13).

\$400,000 NR

34 Research and Demonstration Grants Program

Provides funds to support the Research and Demonstration Grants Program.

\$600,000 NR

Reserves

35 Agricultural Advancement Consortium

Places funds in a reserve for expenses associated with the Agricultural Advancement Consortium. The Consortium will facilitate discussion among state experts to develop recommendations regarding ways to improve the state's economic development through farming and agricultural interests. Funds are recommended by the Rural Prosperity Task Force (Section 14.13).

\$250,000 NR

Budget Changes

\$1,650,000 NR

Total Position Changes

Revised Total Budget

\$5,907,338

Special Provisions

2000 Session: HB 1840

Department: Rural Economic Development Center

Section 14.13

Title: Rural Economic Development Center Funds

Summary Amends the 1999 session law to reflect additional funds appropriated to the Rural Economic Development Center for FY 2000-2001 as follows:

- (1) Provides an additional \$400,000 for the Supplemental Funding Grants Program
- (2) Provides \$400,000 for the Capacity Building Grants Program
- (3) Provides \$250,000 for the Agricultural Advancement Consortium for expenses associated with the consortium.

Section 14.13A

Title: Rural Economic Development Center Funds to Research and Demonstration Grants Program

Summary Provides additional funds to the Rural Economic Development Center's Research and Demonstration Grants Program as follows: \$300,000 for value-added alternative crop research and \$300,000 for oyster research.

Overview: 2000 Session Fiscal and Budgetary Actions

State Aid to Non-State Entities

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$5,200,000

Budget Changes

Grants-in-Aid

36 Community Development Initiative

Provides additional funds for the N.C. Community Development Initiative, Inc. to support operating and program activity grants to mature community development corporations (CDCs). In addition, \$1 million is transferred for FY 2000-2001 from the Stripper Well Special Reserve for Oil Overcharge Funds for the Initiative [Section 14.2(c)].

\$1,000,000 NR

37 Technological Development Authority

Provides funds to the N.C. 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 (Section 14.11).

\$3,500,000 NR

38 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 (Section 14.12).

\$200,000 NR

Budget Changes

\$4,700,000 NR

Total Position Changes

Revised Total Budget

\$9,900,000

Special Provisions

2000 Session: HB 1840

Department: State Aid to Non-State Entities

Section 14.11

Title: North Carolina Technological Development Authority, Inc.

Summary Requires the Technological Development Authority (TDA) to report budgetary and program activities by January 15, 2001 to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division. Requires TDA to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

Section 14.12

Title: World Trade Center North Carolina Report

Summary Requires the World Trade Center North Carolina (WTCNC) to report budgetary and program activities by January 15, 2001 to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division. Requires WTCNC to submit their annual audited financial statement to Fiscal Research within 30 days of issuance.

**JUSTICE
AND
PUBLIC SAFETY**

Overview: 2000 Session Fiscal and Budgetary Actions

Correction

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$889,943,525

Budget Changes

- | | | |
|--|-------------|----|
| 1 Reduce Community Corrections Travel Budget | (\$200,000) | R |
| The Department of Correction has studied their travel expenses and adopted several cost savings measures, including reducing the number of Department of Administration owned vehicles in use. Based on these savings, the travel budget for the Division of Community Corrections has been reduced. | | |
| 2 Reduce Division of Prisons Travel Budget | (\$150,000) | R |
| Based on the study of travel costs, the Division of Prisons Travel Budget can also be reduced. | | |
| 3 Community Correction Budget for Employee Physicals | (\$100,000) | R |
| Based on expenditures in 1999-2000 for physicals required as a condition of employment for probation/parole officers, a recurring reduction in the budget will be taken. | | |
| 4 Reduce Community Corrections Equipment Budget | (\$110,000) | NR |
| The equipment budget for the Division of Community Corrections is reduced by \$110,000, roughly 10% of the equipment budget, for 2000-2001 only. | | |
| 5 Reduce DART Cherry Aftercare Funds | (\$100,000) | R |
| The Continuation Budget includes \$319,715 in contractual service funds that 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 \$219,715. | | |
| 6 Abolish One Vacant Position in Parole Commission | (\$45,587) | R |
| The Governor's recommended changes included abolishing a Parole Case Analyst position at a reduction of \$35,561. The actual cost savings (salary plus benefits) from this position cut is \$45,587. | | |
| | -1.00 | |
| 7 Community Substance Abuse Programs | \$100,000 | NR |
| Increases budget of DOC Substance Abuse program for expansion of community-based counseling, job placement, and mentoring programs for offenders. | | |

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

8 Eliminate Electronic House Arrest Staff	(\$93,924)	R
Improved technology for electronic monitoring has reduced some of the workload of staff in the electronic monitoring area. Six Electronic House Arrest Specialist positions in their Technology Center will be eliminated, five of which are currently vacant. During 2000-2001, the Department will retain \$68,000 of the cost of these positions to cover overtime and contractual workers until the new system is fully operational.	-6.00	
9 Increase Fee for Drug Tests	(\$126,186)	R
The Division of Community Corrections operates its own drug testing lab providing testing services to itself, the Division of Prisons, the Office of Juvenile Justice and several local government agencies. They currently charge \$2.50 per test. This budget item reflects an increase in fee to \$4.00 per test, close to the actual cost of \$3.84, not including administrative costs. The Governor recommended an increase to \$3.50 but the subcommittee increased it further to \$4.00.		
10 IMPACT Program	(\$108,300)	R
Reduction in the operating budget for the IMPACT Boot Camp Program.		
11 Eliminate IMPACT Aftercare Funding	(\$440,000)	R
Funding for the IMPACT aftercare program is eliminated. This program has worked in five locations with offenders completing Boot Camp. The Department of Correction is instead working to involve probation parole officers in aftercare planning for all Boot Camp graduates.		
12 Reduce funds for nonparticipating counties - CJPP	(\$420,000)	NR
The continuation budget included funds to fully fund Criminal Justice Partnership Program (CJPP) Implementation Grants for 100 counties. Funding is eliminated for one year for the six counties not expected to participate during 2000-2001 (HB 1840, Sec. 16).		
13 Harriet's House	\$75,000	R
Harriet's House provides services to female offenders released from prison. This funding will increase their state appropriation and will allow the program to serve more clients.		
14 Women at Risk	\$50,000	R
Increases funding for this community correction program for female probationers in Western North Carolina.		
15 Summit House	\$292,834	R
Expansion funding for this residential treatment and assistance program for female probationers and their children.		

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

- 16 ECO Inmate Family Pilot Project**
Provides one-time funds for the Energy Committed Offenders Program (ECO) to develop a program to provide counseling and services to families of inmates. ECO currently receives state funds to operate a halfway house for female inmates prior to their release from the prison system. \$60,000 NR
- 17 Inmate Education and Reentry Program**
Funds for pilot project to provide training and education for male inmates to assist with transition to the community. Funds would go to the Urban Investment Strategies Center at the Kenan Center at UNC Chapel Hill. The project will provide six training programs of 26 sessions each at six prisons statewide. Twenty to 25 male offenders will participate in each program. \$130,000 NR
- 18 Enterprise Fund Accountants**
Nine Enterprise accounting positions are funded from the General Fund. It is recommended that the positions be supported by receipts from the Enterprise Fund allowing for a reduction in the General Fund. (\$344,200) R
- 19 Inmate Welfare Fund**
This special fund is generated from inmate canteens and from contracts for use of telephones by inmates. It is primarily to fund inmate-related projects. It is recommended that funds be transferred from the Inmate Welfare Fund to allow a one-time reduction in the General Fund appropriation. (\$2,250,000) NR
- 20 Data Processing Equipment**
One-time reduction of 10% of the Department's data processing equipment budget. (\$225,862) NR
- 21 Work Release Transportation Fee**
Inmates on work release are required by the General Statutes to contribute toward the cost of their transportation to work. It is recommended that the current fee of \$1.50 be increased to \$2.00 daily to increase receipts and allow for a General Fund reduction. (\$44,844) R
- 22 Division of Prison Employee Uniform Budget**
Correctional officer vacancies and improvements in Central Warehouse inventory procedures allow for a recurring reduction in the employee uniform budget. (\$750,000) R
- 23 Division of Prisons Equipment Budget**
One-time reduction of 10% of the Prison equipment budget (\$460,000) NR
- 24 Food Service Contract**
Meals at the Black Mountain Correctional Center can now be provided by the Marion Correctional Center so the food service contract at Black Mountain can be cancelled. (\$223,372) R

25 Department of Correction Management Budget	(\$300,000) NR
One-time reduction in the nonsalary operating budget for central administration of the Department of Correction.	
26 Close Currituck Correctional Facility	(\$1,140,000) R
As proposed by the Governor, it is recommended that Currituck Correctional Center be closed August 1, 2000. Currituck is one of the original GPAC units recommended for closing. Total reduction recommended by the Governor is \$1,045,000. An additional reduction of 50% of the inmate budget (food, medical, clothing) of \$95,000 will also be taken.	-38.00
27 Division of Prisons Inmate Food Budget	(\$2,000,000) R
Through various cost-saving initiatives, including changes in inventory practices and the master food menu, DOC believes the continuation budget for inmate food can be reduced. The Governor recommended a reduction of \$1,500,000. It is believed an additional \$500,000 can be reduced from this budget.	
28 Division of Prisons Electricity Budget	(\$300,000) R
The Division is realizing savings in the electricity budget due to overbudgeting for electricity in new prisons and better use of peak power options with the power companies.	
29 Increase Correction Enterprise Receipts	(\$500,000) R (\$2,750,000) NR
It is recommended that \$3,250,000 in Enterprise receipts be transferred to the General Fund to allow for a reduction in the General Fund appropriation, both one time and recurring.	
30 Work Release	(\$325,000) R
Increases per diem paid to the Department by inmates on work release from \$14 to \$15 dollars daily.	
31 Delay Automobile Replacement	(\$1,000,000) NR
Based on a revised DOC replacement schedule, a one-time reduction in the budget for vehicle purchases is recommended. This is based on improved maintenance programs and using vehicles from prisons that were closed.	
32 Medical Cost Containment Positions	\$100,239 R \$13,260 NR 3.00
In order to provide additional auditing and review of inmate bills, medical fees, and contracts, three positions are recommended. These are a medical cost containment analyst and two accounting positions - - a technician and a clerk.	

Budget Changes	(\$6,473,340)	R
	(\$7,212,602)	NR
Total Position Changes	-42.00	
Revised Total Budget	\$876,257,583	

Special Provisions

2000 Session: HB 1840

Department: Correction

Section 16

Title: Modify Funding Formula for Criminal Justice Partnership Act

Summary Authorizes 1999 provision to be continued for 2001 directing that the appropriations for Partnership grants shall be used for implementation grants and not discretionary grants. Also requires DOC to report on the Partnership program by February 1 of each year.

Section 16.1

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

Summary Requires the Commission to report on March 1 of each year on a proposed 10% reduction in staff due to declining workload and on a plan for further reductions through 2003.

Section 16.2

Title: Reimburse Counties for Housing Inmates

Summary Continues authority from 1999-2000 and previous years for Correction to use available funds to reimburse counties \$40 daily for housing State inmates, parolees, and post-release supervisees prior to transfer to State prisons (also known as jail backlog provision).

Section 16.3

Title: Ban Private Prisons Housing Out-of-State-Inmates

Summary The General Assembly has restricted private prisons operating in North Carolina from housing out-of-state inmates since 1997. This provision codifies that ban and clarifies that the ban does not apply to prisons owned or operated by the federal government and used exclusively for the confinement of inmates serving sentences for violation of federal law. The provision is effective when it becomes law.

Crime Control and Public Safety

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$36,267,844

Budget Changes

Highway Patrol

- 33 Highway Patrol Overtime Pay \$0 R
 Provides \$480,564 from the Highway Fund to pay overtime for State Highway Patrol in lieu of compensatory leave.
- 34 Salaries and Benefits for New SHP Troopers \$0 R
 Provides a reserve for salaries and benefits for 28 new SHP troopers to be hired January 2001. Funds come from the Highway Fund.

National Guard

- 35 Increase State Match for Tarheel Challenge \$270,000 R
 Provides funds to increase the State match for the Tarheel Challenge Program. The National Guard Bureau increased the total budget to \$2.8 million beginning FY 2000-01. The program will be funded on a 65% federal to 35% State match basis beginning FY 2000.
- 36 Transfer GRASP from CCPS to OJJ (\$338,000) R
 The Guard Response to Alternative Sentencing Program (GRASP) is currently administered by the Department of Crime Control and Public Safety, operated by the NC National Guard. The regimented training programs is for at-risk and adjudicated juvenile offenders aged 13-15. Because this program is designed specifically for juveniles, the direct supervision of the program will be transferred to the Office of Juvenile Justice. The National Guard will continue to operate GRASP through a contractual agreement with OJJ (HB 1840, Sec. 19.7).

Victims & Justice Services

- 37 Reduce CVCF Funds (\$500,000) R
 The Continuation Budget includes a \$2,000,000 General Fund appropriation for the Crime Victims Compensation Fund. The CVCF reimburses victims for the economic costs of criminally injurious conduct. This Fund has carried forward cash balances in excess of \$2 million each year for the past three years. Therefore, funds for this program are reduced to \$1,500,000 (HB 1840, Sec. 18.1).

Budget Changes	(\$568,000)	R
Total Position Changes		
Revised Total Budget	\$35,699,844	

Special Provisions

2000 Session: HB 1840

Department: Crime Control and Public Safety

Section 18

Title: Increase the Educational Assistance Grants for Members of the North Carolina National Guard

Summary Increases the educational assistance grant cap from \$1,000 per academic year to \$2,000 per academic year. Benefits are payable one academic year at a time, renewable at the option of the Secretary for a maximum of \$8,000.

Section 18.1

Title: Partial Cash Balance Reversion

Summary Requires \$1,025,000 of the cash balance of the Crime Victims Compensation Fund to revert to the General Fund on July 1, 2000.

Overview: 2000 Session Fiscal and Budgetary Actions

Judicial

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$347,361,291

Budget Changes

38 Vacant Superior Court Judgeships	(\$185,240)	R
The Continuation Budget is adjusted to reflect the expiration of one Special Superior Court Judgeship as of December 31, 2000, and the elimination of an additional Special Superior Court Judgeship that will be vacant as of October 1, 2000. These Judgeships were created in 1987 and 1993 respectively (HB 1840, Sec. 15.8).	-2.00	
39 Increase Indigent Fund Requirements	\$200,000	R
Because spending requirements have been higher than anticipated and available funds limited by the costs of Hurricane Floyd, funding for the Indigent Fund is increased by \$200,000.		
40 Positions for Office of Indigent Defense Services	\$297,900	R
Senate Bill 1323 would establish a Commission to oversee spending on Indigent Defense, as of July 1, 2001. During 2000-2001, \$375,859 from the Indigent Defense Fund will be used to establish five staff positions for this new office: an Executive Director and Administrative Assistant as of November 1, 2000, and a Deputy Director/Chief Financial Officer, an Information Systems Director and a Research Analyst as of January 1, 2001. Funding for Indigent Defense is increased for 2000-2001 to cover these costs. In addition, \$49,480 nonrecurring funds are provided to fund a change in how longevity would be calculated for Public Defenders and Assistant PDs under SB 1323. If neither HB 1590 nor SB 1323 becomes law, these funds will remain in the indigent fund for ongoing expenses.	\$127,439 5.00	NR
41 Special Counsel for the Mentally III	\$262,415	R
Funds will be used from the Indigent Defense Fund to establish four new positions in the Special Counsel for the Mentally III program. This program represents patients at three state mental institutions. The new positions are three attorneys and one Assistant to Special Counsel/Paralegal at Cherry Hospital. Funding for the Indigent Defense Fund is increased to cover this expense.	\$16,408 4.00	NR

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

42 Court Technology Improvements

\$4,301,726 R
\$3,297,387 NR
29.00

These funds are provided to address critical needs in the area of improving court technology. This item does not preclude AOC using Court Technology or other available funds for similar positions. Funds are to be allocated as follows:

- Implement Magistrate System \$1,543,867 R
199,949 NR

This includes positions to staff help desk, to maintain LAN and WAN, for training and to continue to maintain and enhance the system. (23 positions)

- Add two technical support/computer operator positions. 100,828 R
12,570 NR

- Funds to Improve Facilities for the Court Management Information Division. 150,000 NR

- Reserve for Disaster Recovery 741,755 R
33,162 NR

Funds may be used to establish positions, contractual services, or equipment based on planning process now underway.

- Equipment Replacement 835,679 R
2,780,242 NR

- Migration Manager Position 116,435 R
7,151 NR

This position will oversee implementation of Gartner Report recommendations.

- Support for Worthless Check programs (1 position) 135,419 R
51,135 NR

- Automated Civil Abstract Program 623,998 R
63,178 NR

To begin automating the civil abstract records in Clerks' Offices.
(2 positions)

- Resources to be allocated to additional support or to redesign of legacy court systems. 203,745 R
0 NR

43 Community Mediation Center Funds	Provides additional funds to 19 community mediation/dispute settlement centers and \$25,000 to the Mediation Network of North Carolina as they take on more responsibility for monitoring individual centers. The following centers will receive expansion funding: Alamance (\$8,000), Albemarle (\$8,000), Blue Ridge (\$10,000), Cabarrus (\$11,000), Chatham (\$18,000), Cape Fear (\$15,000), Moore (\$10,000), Duplin (\$11,000), Foothills (\$12,000), Henderson (\$7,500), Asheville (\$28,000), Eastern Carolina (\$25,000), Southern Piedmont (\$15,000), Forsyth (\$15,000), Rockingham (\$15,000), Orange (\$15,000), Piedmont (\$24,380), Transylvania (\$7,000), and Johnston (\$25,750).	\$305,630	R
44 Business Court Funds	Funding is continued on a nonrecurring basis for rent and equipment maintenance expenses for the Business Court located in Greensboro.	\$44,000	NR
45 Increase Funding for Court Interpreters	The increasing numbers of non-English speaking parties has increased the demand for court interpreters. This item increased continuation budget funding to \$458,005.	\$250,179	R
46 Court Reporters	Funds are provided to add two Court Reporters, effective October 1, 2000.	\$75,306 \$11,956 2.00	R NR
47 Worthless Check Programs	Funds are provided to expand the Worthless Check Program to Cumberland, Nash, Edgecombe, Wilson and Onslow Counties. This brings the total number of counties involved to 12. Each program is staffed by a District Attorney Investigator and a Legal Assistant. (Nash/Edgecombe/Wilson will have a second Legal Assistant position to allow a satellite office)(HB 1840, Sec. 15.3A).	\$330,816 \$64,404 7.00	R NR
48 Interpreters for Domestic Violence Cases	These funds will allow the AOC to hire interpreters in Domestic Violence Cases in District Court.	\$75,889	NR
49 Nontechnology Equipment Replacement	These funds will allow replacement statewide of office equipment (copiers, microfilming equipment, and mailing machines) that are at least six years old. The Judicial Branch does not have continuation budget funding for equipment replacement.	\$1,000,000	NR
50 Courtroom Wiring and Audio Equipment	These funds will cover the costs of 75 courtroom recording systems to accommodate District Court and nonjury Superior Court proceedings. New units are needed because of new courtrooms that have been established.	\$211,500	NR

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

51 Additional Magistrates	\$380,292	R
Funds are provided to add magistrates in 13 counties: full-time magistrates in Alamance, Alexander, Anson, Brunswick, Chatham, Guilford, Hertford, Jackson, and Perquimans Counties and half-time positions in McDowell, Mecklenburg, Wake, and Warren Counties. The AOC identified new magistrate positions as a critical need due to increasing caseloads and the difficulties providing 24-hour coverage(HB 1840, Sec. 15.2).	\$72,098	NR
	11.00	
52 NDAA Membership	\$48,000	NR
Funds are provided to allow the 39 elected District Attorneys to join the National District Attorneys' Association and for some DAs to attend the national conference.		
53 Administrative Office of the Courts Positions	\$301,413	R
Funds to add six new positions to support the Administrative Office of the Courts: Leave Specialist and Benefits Specialist for Human Resources, Court Management Specialist, Staff Specialist in the Administrative Division and two Secretaries.	\$42,955	NR
	6.00	
54 District Court Judges	\$613,035	R
Nine new District Court Judge positions are created as of December 15, 2000. New positions are in Districts 1,4,9B,10,11,17A,22,26, and 28 (HB 1840, Sec. 15.3).	\$108,261	NR
	9.00	
55 Additional Superior Court Judges	\$167,820	R
Creates new Superior Court Judgeships in District #4B (Onslow County) and District #26B (Mecklenburg County) as of December 15, 2000 (HB 1840, Sec. 15.6).	\$17,910	NR
	2.00	
56 Judicial Assistant	\$35,547	R
Funds for a Judicial Assistant I for Superior Court District #11B.	\$4,954	NR
	1.00	
57 Additional Court of Appeals Judges and Staff	\$365,295	R
Funds to add three Court of Appeals Judges, three Executive Assistants, and four Research Assistants as of December 15, 2000 (HB 1840, Sec. 15.5).	\$80,988	NR
	10.00	
58 Court of Appeals Mediation Program	\$25,000	R
Funds to allow a new program to mediate cases post-conviction/pre-appeal in order to reduce Court of Appeals filings. Funds will be used to pay judges and for training.		
59 Court of Appeals Research Assistants	\$99,580	R
Funds to provide two Research Assistants for Court of Appeals Judges as of July 1, 2000.	\$13,512	NR
	2.00	

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

60 Expand Family Court Program	\$513,184	R
Funds to expand the Family Court Pilot to two additional districts. This program, established in 1998, coordinates case management and service agency efforts for a family involved in the court system. This brings the number of programs to eight. Funds are used to pay case managers and a program administrator in each district.	\$104,816	NR
	8.00	
61 Salary Increases for Sentencing Services	\$139,691	R
This item allows nongovernmental agencies running Sentencing Services programs to provide their employees the same pay increase (4.2% R and \$500 NR) to be granted to state employees working in the program, as was done in 1999.	\$49,490	NR
62 Guardian Ad Litem Staff	\$274,192	R
Funds to add six full-time equivalent positions to the Guardian-Ad-Litem program; upgrade two 3/4 time regional administrators to full time, add two program supervisors and seven half-time program assistants.	\$43,324	NR
	6.00	
63 Drug Treatment Court Funds	\$100,000	NR
Nonrecurring funds are provided to the Drug Treatment Court program for further support for programs already underway.		
<hr/>		
Budget Changes	\$8,753,781	R
	\$5,635,291	NR
Total Position Changes	100.00	
Revised Total Budget	\$361,650,363	
<hr/>		

Special Provisions

2000 Session: HB 1840

Department: Judicial

Section 15

Title: Report on Community Mediation Centers

Summary Requires Mediation Network of NC, instead of the Judicial Branch, to report annually on the activities of various mediation centers. Recognizes that Durham and Wake Centers are now run by Carolina Correctional Services.

Section 15.1

Title: Report on Court Information Technology Fund

Summary Requires AOC to report in August and February of each year on collections and intended use of Court Information Technology Fund receipts. Last year's version required an annual report.

Section 15.2

Title: Additional Magistrates

Summary Authorizes additional magistrates in 13 counties : Alamance, Alexander, Anson, Brunswick, Chatham, Guilford, Hertford, Jackson, McDowell, Mecklenburg, Perquimans, Wake, and Warren Counties.

Section 15.3

Title: Additional District Court Judges

Summary Adds 9 District Court Judges in Districts 1, 4, 9B, 10, 11, 17A, 22, 26, and 28. Judges effective December 15, 2000, and appointees to run in 2004 election.

Section 15.3A

Title: Worthless Check Program

Summary Expands Worthless Check Program to Nash, Edgecombe and Wilson Counties, Onslow County, and Cumberland County.

Section 15.4

Title: Authorize Court Officials to Apply to the Director of AOC

Summary Allows local governments to contract with AOC for the provision of additional judicial secretaries, clerks' staff, and public defenders' staff. AOC is not required to cover administrative costs and the State is not obligated to continue these positions if the contracts end. AOC to report by March 1 of each year on applications and contracts entered.

Section 15.5

Title: Additional Court of Appeals Judges

Summary Adds three additional Judges to Court of Appeals, effective December 15, 2000. Appointed Judges to stand for election in 2004.

Section 15.6

Title: Additional Superior Court Judges

Summary Adds Resident Superior Court Judges in #4B (Onslow) and #26B (Mecklenburg). Judgeships effective December 15, 2000 . Appointees to stand election in 2002.

Section 15.7

Title: Judicial Department Equipment Replacement Costs

Summary Amends the Executive Budget Act to require the Director of the Budget to include in the budget recommendations an estimate of equipment replacement costs for the Judicial Branch.

Section 15.8

Title: Reduce Special Superior Court Judge/Extend Term of Special Superior Court Judge

Summary Reflects elimination of one Special Superior Court Judgeship on October 1, 2000, and extends an additional Special Judgeship through December 31, 2000.

Section 15.9

Title: Sentencing Services Program

Summary Protects information used in Sentencing Services Plans from use at trial, extends protection from public record laws of presentence investigations to Sentencing Plans, and allows Sentencing Plans to be expunged.

Overview: 2000 Session Fiscal and Budgetary Actions

Justice

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$72,575,950

Budget Changes

64 Transfer J-NET Positions to OJJ (R) (\$225,000)
 Transfers three positions from the Department of Justice to the Office of Juvenile Justice to support the continued development of the J-NET management information system. Included in the transfer is \$15,000 in operating funds (HB 1840, Sec. 19.1). (NR) -3.00

Legal Services

65 Tort Claims Section Positions (R) \$99,951
 Funds are provided to add an Attorney III and Processing Assistant IV position to the Tort Claims Section, effective August 1, 2000. (NR) \$12,897 2.00

SBI

66 DCI Mainframe Migration Project (NR) (\$350,000)
 One-time reduction in expansion funding for the DCI mainframe migration project.

67 Hire Six Forensic Chemists (R) \$154,270
 Effective December 1, 2000, hire six additional chemists to reduce the controlled substance case backlog and to provide a reasonable turnaround time for case completion. (NR) \$69,566 6.00

Budget Changes (R) \$29,221

(NR) (\$267,537)

Total Position Changes 5.00

Revised Total Budget \$72,337,634

Special Provisions

2000 Session: HB 1840

Department: Justice

Section 17

Title: Criminal Justice Information Network Report

Summary Requires the CJIN Governing Board to submit to the General Assembly a report on CJIN operations, budget and accounting, and the long term strategic plan by March 1, 2001.

Section 17.1

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

Summary Allows the Department of Justice to use a portion of seized assets to support lease costs for its operations in Salemberg.

Section 17.2

Title: Traffic Law Enforcement Statistics

Summary Adds officers' identities and location of traffic stop to the other data elements collected, compiled, and maintained as part of the Traffic Law Enforcement Statistics data collection.

Section 17.3

Title: Certification of Department of Correction Employees

Summary Extends until the convening of the 2001 Session the deadline by which the Criminal Justice Education and Training Standards Commission is to develop a system to certify Department of Correction (DOC) employees. If a system is not in place by that time, effective June 30, 2001, this responsibility shall be removed from the Commission. The General Assembly will then identify an alternative system to certify DOC employees.

Overview: 2000 Session Fiscal and Budgetary Actions

Office of Juvenile Justice

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$140,018,378

Budget Changes

Administration

- 68 Management Information System (MIS) Support** \$650,000 R
Funding is provided to support 10 MIS staff positions, effective October 1, 2000. In addition to staff support, partial funding is provided for recurring communications costs. Funds are provided to replace grant funding due to expire in September 2000. 10.00
- 69 Transfer GRASP from CCPS to OJJ** \$338,000 R
The Guard Response to Alternative Sentencing Program (GRASP) is currently administered by the Department of Crime Control and Public Safety, operated by the NC National Guard. The regimented training programs is for at-risk and adjudicated juvenile offenders aged 13-15. Because this program is designed specifically for juveniles, the direct supervision of the program will be transferred to the Office of Juvenile Justice. The National Guard will continue to operate GRASP through a contractual agreement with OJJ (HB 1840, Sec. 19.7).
- 70 Center for Prevention of School Violence** \$500,000 R
Transfers the Center for Prevention of School Violence from NC State University to the Office of Juvenile Justice (HB 1840, Sec. 19). 7.00
- 71 Transfer J-NET Positions from DOJ** \$225,000 R
Transfers three positions from the Department of Justice to the Office of Juvenile Justice to support the continued development of the J-NET management information system. Included in the transfer is \$15,000 in operating funds (HB 1840, Sec. 19.1). 3.00

Detention Bureau

- 72 Delayed Opening of Two New Detention Centers** (\$561,000) NR
A partial operating budget of \$840,000 was appropriated for two new detention centers based on January 2001 start dates. The latest schedule shows a July 1, 2001 start date for the Wayne and Alexander facilities, allowing for a one-time reduction in the FY 2000-2001 budget of \$561,000. The amount of \$279,000 is retained for one-time start up costs such as equipment.

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

73 Multifunctional Juvenile Facility		
One time nonrecurring reduction in operating funds due to delayed opening of the 100 bed multifunctional juvenile facility. Facility was originally expected to open January 2001. The latest target date is July 2001. \$500,000 is left for 2000-2001 in case the facility opens one month early or start-up funding is needed.	(\$2,000,000)	NR
Intervention/Prevention Bureau		
74 Local Juvenile Justice Funding		
Increases county JCPC grants in order to provide additional support for local juvenile programs. \$1 million is recurring to be used for JCPC formula grants. The \$400,000 nonrecurring funds are to be allocated to programs that emphasize tutoring, mentoring, and other delinquency prevention activities for at-risk youth.	\$1,000,000 \$400,000	R NR
Special Initiatives Bureau		
75 Teen Courts		
Provides funding for Teen Courts in Bladen, Chatham, Davidson, Durham, Jones, New Hanover, and Orange Counties.	\$200,000	R
76 Camp Woodson East		
Funding to start a Camp Woodson East October 1, 2000, and to increase staffing at Woodson West by three positions. Camp Woodson is a therapeutic wilderness and education program that is used by the court as an intermediate sanction and as a transitional program for offenders in training schools. The full cost of the program for 2000-2001 (\$966,426) is offset by recurring and nonrecurring receipts.	\$590,748 \$23,978 24.00	R NR
77 Multipurpose Group Homes		
One time nonrecurring reduction in operating funds due to delayed opening of four multipurpose group homes funded in 1998-99.	(\$400,000)	NR
<hr/>		
Budget Changes	\$3,503,748	R
	(\$2,537,022)	NR
Total Position Changes		44.00
Revised Total Budget	\$140,985,104	
<hr/>		

Special Provisions

2000 Session: HB 1840

Department: Office of Juvenile Justice

Section 19

Title: Transfer Center for Prevention of School Violence to the Office of Juvenile Justice

Summary Transfers the Center for Prevention of School Violence from North Carolina State University to the Office of Juvenile Justice.

Section 19.1

Title: Transfer of Positions and Support Cost for the Juvenile Information Network from the Department of Justice to the Office of Juvenile Justice

Summary Transfers three positions and \$225,000 for the Juvenile Information Network from the Department of Justice to the Office of Juvenile Justice.

Section 19.2

Title: Revise Reporting Requirements of Staffing at Training Schools and Detention Centers Study

Summary Extends until September 1, 2000, the due date by which the Office of Juvenile Justice shall report to the General Assembly the results and recommendations of the study of staffing at training schools and detention centers.

Section 19.3

Title: Reports of Fund for Local Organizations of the Boys and Girls Clubs

Summary Continues report to the General Assembly on the expenditures and effectiveness of a pilot program operated by Boys and Girls Clubs in counties with high rates of training school commitments. Requires OJJ to consider counties that were eligible, but not funded, in 1999-2000 before expending funds for additional programs. Also clarifies that programs funded should be fully accredited by the national Boys and Girls Clubs organization.

Section 19.4

Title: State Funds May be Used as Federal Matching Funds

Summary Continues provision that allows funds appropriated to the Office of Juvenile Justice for the 1999-2001 biennium to be used as matching funds for the Juvenile Accountability Incentive Block Grants (JAIBG). Continues reporting requirements but adds new subsection that states that if the Governor transfers authority for administration of JAIBG to the Office of Juvenile Justice (OJJ) before June 30, 2001, OJJ shall consult with the Office of State Budget and Management and the Governor's Crime Commission regarding the criteria for awarding federal funds. If this transfer occurs, OJJ would also be required to report on the proposed use of JAIBG funds prior to allocation.

Section 19.5

Title: Revise Requirements of Multifunctional Juvenile Facility

Summary Clarifies that the intent of the 1999 provision was for the Office of Juvenile Justice to house only juveniles who are in the North Carolina juvenile justice system in the planned multifunctional juvenile facility. Provision also revises reporting dates, stating that OJJ shall make a written report no later than March 1, 2001, on the status of the pilot program and that OJJ shall evaluate the program annually and report on the evaluation findings by May 1, 2002, and May 1, 2003.

Section 19.6

Title: Mecklenburg County Multipurpose Group Homes

Summary Funds appropriated in S.L. 1998-212 and reallocated in S.L. 1999-237 to the Office of Juvenile Justice to construct an eight-bed secure group home for female offenders in Mecklenburg County and to upgrade the Gatling Detention Center may be used to construct two eight-bed multipurpose group homes to house juvenile offenders. A maximum of two beds per group home may be designated for secure detention. The homes may be used to house male offenders until the population of female juvenile offenders increases such that both homes are needed to house female offenders. The Office of Juvenile Justice may contract with Mecklenburg County to implement this section and to assure that the multipurpose group homes authorized in this section are consistent with similar facilities in this State.

Section 19.7

Title: Transfer of Guard Response Alternative Sentencing Program to the Office of Juvenile Justice

Summary Transfers administrative responsibility for the Guard Response Alternative Sentencing Program from the Department of Crime Control and Public Safety to the Office of Juvenile Justice. This transfer has all of the components of a Type I transfer as that term is defined in G.S. 143-6(a).

Section 19.8

Title: Transfer Funds to the Department of Juvenile Justice and Delinquency Prevention

Summary If either House Bill 1804 or Senate Bill 1462 of the 1999 General Assembly becomes law, all funds appropriated in this act to the Office of Juvenile Justice shall be transferred to the Department of Juvenile Justice and Delinquency Prevention.

Section 19.9

Title: Forsyth Detention Center

Summary Allows \$1,750,000 appropriated in the 1999-2000 fiscal year to the Office of Juvenile Justice for a grant-in-aid for construction of the Forsyth Detention Center to be carried forward to the 2000-2001 fiscal year to allow adequate time for completion of a needs assessment by Forsyth County and for review and evaluation by the Office of Juvenile Justice of Forsyth County's plan for the Center.

Section 19.10

Title: S.O.S Administrative Cost Limits

Summary Continues provision capping the use of administrative funds for S.O.S. but increases cap from \$450,000 to \$550,000 for the 2000-2001 fiscal year. Continues language which allows S.O.S. Program to use these funds for administration, to provide technical assistance to applicants and to local S.O.S. programs, and to evaluate the local S.O.S. programs. The provision also allows the Office to contract with appropriate public or nonprofit agencies to provide technical assistance, including training and related services.

Section 19.11

Title: Management Information System Costs

Summary Authorizes the Office of Juvenile Justice to use up to the sum of \$300,000 in funds available to the Office for the 2000-2001 fiscal year to support recurring communications costs for its management information system.

GENERAL GOVERNMENT

Overview: 2000 Session Fiscal and Budgetary Actions

Administration

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$60,089,326

Budget Changes

1225 State Health Plan Purchasing Alliance

1 Eliminate Health Plan Purchasing Alliance Board (\$250,000) R
Eliminates the appropriation for the operating expenses of the State Health Plan Purchasing Alliance Board. The Health Care Purchasing Alliance Act (Article 66 of Chapter 143 of the General Statutes) will sunset on December 31, 2000. The Board is to finalize its business on or before December 31, 2000. The remaining appropriation for the 2000-2001 fiscal year shall be used for salaries and benefits, allowable separation allowances, and the necessary expenses required to phase out the operations of the Board (HB 1840, Sec. 21.2). -4.00

1311 Office of State Personnel

2 Adjust Agency Positions (\$64,679) R
Eliminate salary and related benefits for a vacant position - Office Assistant III, #4000-1002-0104-510. Reduce the salary level and related benefits of the Deputy Director position, #4000-0301-0004-302. Transfer an Administrative Secretary II position, #4000-0700-0004-763, to receipt support. -1.00

1411 State Construction Office

3 Operating Budget Reductions (\$20,000) R
Reduces the operating budget for the following:
532110 - Legal Services \$10,000
532199 - Misc. Contractual Services \$10,000

1421 Facilities Management Division

4 Operating Budget Reductions (\$221,846) R
Reduces funding for building repairs in the Facilities Management Division as recommended by the Governor.

1511 Division of Purchase and Contract

5 Operating Budget Reductions (\$18,000) R
Reduces the operating budget for printing, binding and duplicating (532850).

1731 North Carolina Council for Women

6 Sexual Assault Funds

Provides funds for the continuation of sexual assault programs and the prevention of sexual assault within the State.

\$225,000 NR

7 Domestic Violence Prevention Funds

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.

\$1,000,000 NR

1771 Division of Veterans Affairs

8 National World War II Memorial Funds

Provides funding to the Department of Administration for the Division of Veterans Affairs. The funds will be used for the State's voluntary contribution to the American Battle's Monuments Commission toward the construction of the National World War II Memorial in Washington, DC. The Commission has challenged each state to contribute \$1.00 for each resident who served during World War II. The total requested from North Carolina is \$392,000 (HB 1840, Sec. 21).

\$392,000 NR

1810 Ethics Board

9 Operating Budget Reductions

Reduces the operating budget for other expenses (535900).

(\$10,000) R

1851 Surviving Spouse Pension

10 Reduce Surviving Spouse Pension Fund

Reduce funding in the Surviving Spouse Pension fund. This fund provides \$1,000 per month to the surviving spouse of former Governors of the State. Currently, funding is only needed to provide a pension for one surviving spouse.

(\$12,000) R

1861 Commission on Indian Affairs

11 Lumbee Self-Determination Funds

Provides partial funding for the activities of the Lumbee Tribe Self-Determination Commission established to resolve the issue of determining the legitimate government of the Lumbee people as a result of the Lumbee Tribe v. Lumbee Regional Development Association (LRDA) lawsuit.

\$100,000 NR

1872 Low-Level Radioactive Waste Authority

12 Eliminate Low-Level Radioactive Waste Authority

(\$493,047) R

Eliminates the appropriation for the operating expenses of the Authority. In accordance with Session Law 1999-357 (Senate Bill 247), North Carolina withdrew from membership in the Southeast Interstate Low-Level Radioactive Waste Management Compact. The Authority is to close and restore the proposed Wake County low-level radioactive waste site and finalize all other responsibilities and business of the Authority on or before June 30, 2000.

-8.00

Requirements	(\$893,072)
Receipts	(\$400,025)
Appropriation	(\$493,025)

Budget Changes	(\$1,089,572)	R
	\$1,717,000	NR
Total Position Changes	-13.00	
Revised Total Budget	\$60,716,754	

Special Provisions

2000 Session: HB 1840

Department: Administration

Section 21

Title: National World War II Memorial Funds

Summary: Specifies that \$392,000 of the funds appropriated to the Department of Administration is to be used to fund the State's voluntary contribution toward the construction of the National World War II Memorial in Washington, DC.

Section 21.1

Title: Cost-Benefit Analysis of Constructing State Facilities Instead of Leasing Property for State Operations

Summary: Continues language from the 1999 Session and extends the report date from March 30, 2000 to January 1, 2001 for reporting on the cost-benefit of constructing State facilities versus leasing space for State operations.

Section 21.2

Title: Repeal Health Care Purchasing Alliance Act

Summary: Repeals the Health Care Purchasing Alliance Act, Article 66 of Chapter 143 of the General Statutes, effective December 31, 2000.

Section 21.3

Title: Procurement Card Pilot Program Extension/Savings

Summary: Continues language from the 1999 Session and extends the procurement card pilot program from August 1, 2000 to August 1, 2001.

Section 21.4

Title: Authorize the Commission of Indian Affairs to Use Funds For Repairs, Renovations and Other Capital Improvements to the Riverside Golf Course.

Summary: Permits the use of receipts collected pursuant to the lease between the State and the Riverside Golf Course for repairs, renovations and other capital improvements to the golf course. It directs the Commission to transfer funds held as of July 1, 2000 to Riverside. It also directs the Department of Administration and the Commission to develop procedures by which Riverside can apply for use of future funds received by the Commission pursuant to the lease.

Section 21.5

Title: North Carolina Council for Women/Abuser Treatment Programs

Summary: Permits the Department of Administration to adopt temporary rules to approve abuser treatment programs that apply to the NC Council for Women.

Overview: 2000 Session Fiscal and Budgetary Actions

Auditor

GENERAL FUND

FY 00-01
\$11,608,041

Total Budget Approved 1999 Session

Budget Changes

1210 Field Audit Division

13 Performance Audit Funds

Provides funding to continue the performance audit of the Department of Revenue. Session Law 1999-415 (House Bill 1476) directed the State Auditor to conduct a performance audit of the Department. This funding allows the State Auditor to complete the audit.

\$144,144 NR

14 Over-realized Receipts

Reduces the General Fund appropriation for field audits. The Department has over-realized its budgeted receipts for audit work related to the single audit and CAFR. Increasing budgeted receipts in line items 538301 and 538302 to more accurately reflect actual receipts will result in a reduction in the required General Fund appropriation.

(\$116,090) R

Budget Changes

(\$116,090) R

\$144,144 NR

Total Position Changes

Revised Total Budget

\$11,636,095

Special Provisions

2000 Session: HB 1840

Department: Auditor

Section

Title: (No Special Provisions reported)

Summary:

Cultural Resources

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	\$60,008,621

Budget Changes

1210 Archives and History - Administration

15 Queen Anne's Revenge

Provide funding only for continued recovery and preservation of artifacts from the extremely fragile remains of the shipwreck, "Queen Anne's Revenge".	\$249,818	NR
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1230 Archives and Records

16 Leased Space for Records Storage

Appropriate funds to continue the lease for storage of agency records.	\$148,000	R
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1245 NC Maritime Museum

17 NC Maritime Museum at Southport

Provide funds for personnel and operating costs of the branch museum, which has the following budget:	\$199,898	R
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Total Requirements	\$209,898
Receipts	\$ 10,000
Appropriation	\$199,898

3.00

1330 NC Arts Council

18 Operating Support

Appropriate State funds for administrative costs to allow federal funds to be used as match for additional grant funding.	\$260,000	R
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19 Basic Grants Program

Funding provides one-time increase in the continuation budget for grants to local arts organizations in the following categories:	\$1,200,000	NR
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Primary Arts Programs	\$600,000
Rural Arts Programs	\$400,000
Cultural Tourism	\$200,000

20 Grassroots Arts Program

Provides one-time increase in the continuation budget for grants awarded to local arts councils.	\$800,000	NR
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Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

1410 State Library Services

21 Services to the Blind and Physically Handicapped

\$89,604 R

Appropriate funds to continue operation of the automated library system.

1480 Statewide Programs & Grants

22 Aid to Counties

\$500,000 NR

Provide additional funds to support grants to public libraries based upon the formula for State-Aid to Libraries.

1992 Continuation Reserve

23 Museum of History-Reserve

(\$340,178) NR

Reduce funds to outfit the Museum of the Albemarle as construction will not be completed in FY 2000-01.

Budget Changes

\$697,502 R

\$2,409,640 NR

Total Position Changes

3.00

Revised Total Budget

\$63,115,763

Special Provisions

2000 Session: HB 1840

Department: Cultural Resources

Section

Title: (No Special Provisions reported)

Summary:

Overview: 2000 Session Fiscal and Budgetary Actions

General Assembly

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$39,518,408

Budget Changes

1900 Reserves and Transfers

24 Reserves and Transfers

Reduce contingency reserve funds.

(\$522,500) NR

25 Prescription Drug Study

Provide funds to study prescription drug cards for the elderly. (HB 1840, Sec. 20.2)

\$250,000 NR

Budget Changes

(\$272,500) NR

Total Position Changes

Revised Total Budget

\$39,245,908

Special Provisions

2000 Session: HB 1840

Department: General Assembly

Section 20

Title: Extend Technological Infrastructure Study Reporting Date

Summary: Continues language from the 1999 Session and extends the report date for the study of the State Treasurer's and Secretary of State's technology infrastructure needs from April 1, 2000 to December 1, 2000. The study will be done by the Joint Select Committee on Information Technology.

Section 20.1

Title: Illuminate the Nighttime Display of the United States and North Carolina Flags at the Legislative Building

Summary: Directs the General Assembly to use \$4,800 in the FY 2000-01 budget to install the necessary lighting to illuminate the flags at the Legislative Building at night.

Section 20.2

Title: *Legislative study on Prescription Drug Assistance for Elderly and Disabled Persons*

Summary: Study authorized to determine the feasibility of assisting all elderly and disabled residents in North Carolina who need assistance with the purchase of prescription drugs due to a lack of government-sponsored or private health insurance coverage for prescription drugs. The study shall include the following:

- 1) A review of the Department of Health and Human Services "Report on Proposal for a Prescription Drug Assistance Program for Low-Income Elderly and Disabled."
- 2) Feasibility of tax credits for the purchase of prescription drugs or for the purchase of health insurance coverage for prescription drugs.
- 3) Feasibility of catastrophic or stop-loss insurance coverage for prescription drugs.
- 4) Review of other State proposals to address this problem such as The Heinz Plan of Massachusetts.
- 5) Review of the use of drug rebates or other types of discounts.
- 6) Consider possible interaction between various state proposals and federal actions and proposals.
- 7) Other activities as determined by the Commission.

The Commission may contract for actuarial services to develop cost estimates for various proposals considered by the Commission and may receive funds from other sources to carry out its study.

Reimbursement for Committee members is set in accordance with G.S. 120-3.1. The Committee may contract for or hire employees in accordance with G.S. 120-32.02. Additionally, the Legislative Services Commission shall assign professional and clerical staff to assist the Committee in its work. Expenses of the clerical staff shall be borne by the Committee.

A quorum of the Committee is six members, and no action may be taken except by a majority vote at a meeting at which a quorum is present. The Committee has the authority of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. Members may serve for a two year period, which begins on the convening of the General Assembly in each odd-numbered year, except the term of initial members begins on appointment and ends on the day of the convening of the 2001 General Assembly. Members may complete a term on the Committee even if they do not seek reelection or are not reelected, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee. A member continues to serve until the member's successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

The Committee shall make interim reports to the 2001 General Assembly on January 1, 2001 and May 1, 2002, and shall make a final report to the 2003 General Assembly upon its convening. Upon making its final report, the Committee shall expire.

Overview: 2000 Session Fiscal and Budgetary Actions

Insurance

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$26,099,037

Budget Changes

1200 Company Services

26 Information Technology Funds

Provides funding for contractual services to automate various core insurance functions so that the Department may offer public access to its databases via the Internet. The automation of the core functions will provide the public the ability to submit consumer complaints electronically and track those complaints throughout the Department; access the Department's rules and policy forms of the divisions of Life and Health and Property and Casualty; and access insurance company financial information in order to help consumers make informed choices. The automation shall also provide insurance companies a means by which to submit insurance rates electronically. The General Fund will be reimbursed from the Insurance Regulatory Fund for the total cost.

\$300,000 NR

27 Computer Personnel

Provides funding to establish two Computer Consultant IV positions and one Applications Analyst Programmer II position to automate various core insurance functions so that the Department may offer public access to its databases via the Internet. The General Fund will be reimbursed from the Insurance Regulatory Fund for the total cost.

\$182,097 R
\$16,500 NR
3.00

1500 Safety Services Group

28 Building Code Book Sales

Reduces the operating budget for producing the Building Code to reflect actual needs in line item 532850. The Department overestimated the demand for the books.

(\$220,000) NR

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

1900 Reserves and Transfers

29 Public Protection Classifications

\$136,000 R

\$14,000 NR

2.00

Provides funding to implement House Bill 1696 of the 1999 General Assembly if it becomes law. The funding is for two inspector positions in the Safety Services Division and the necessary operating cost to establish and modify the insurance public protection classifications of fire districts as provided in G.S. 58-36-10(3) and G.S.58-40-25(4) and as rewritten by the Regular 2000 Session of the 1999 General Assembly. The General Fund will be reimbursed from the Insurance Regulatory Fund for the total cost.

Budget Changes

\$318,097 R

\$110,500 NR

Total Position Changes

5.00

Revised Total Budget

\$26,527,634

Special Provisions

· 2000 Session: HB 1840

Department: Insurance

Section

Title: (No Special Provisions reported)

Summary:

Overview: 2000 Session Fiscal and Budgetary Actions

Office of Administrative Hearings

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$2,786,455

Budget Changes

1100 Administration and Operations

30 Reduce Reserve Account	(\$45,708)	R
Eliminate funds that inadvertently were left in the FY 2000-01 continuation budget.		
31 Reduce Personnel	(\$27,470)	R
Eliminate salary and related benefits of a vacant position.		
	-1.00	
32 Reclassify Positions	\$8,810	R
Provide funds to set the salary of the Senior Administrative Law Judge at 95% of the salary of the Chief Administrative Law Judge, and upgrade position of the Director of the Civil Rights Division from salary grade 77 to salary grade 78. (HB 1840, Sec.23B)		

Budget Changes

(\$64,368) R

Total Position Changes

-1.00

Revised Total Budget

\$2,722,087

Special Provisions

2000 Session: HB 1840

Department: Office of Administrative Hearings

Section 23B

Title: Office of Administrative Hearings Classification Study

Summary: Directs the Office of State Personnel to review and make recommendations on the classification of positions in the Office of Administrative Hearings. The Office of State Personnel shall report findings by January 31, 2001 to the Chief Administrative Law Judge, chairs of the Joint Appropriations Committee on General Government and to the Fiscal Research Division.

Overview: 2000 Session Fiscal and Budgetary Actions

Revenue

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$76,755,633

Budget Changes

1605 Planning, Development & Technology

33 2821 Computer/Data Processing Services (\$200,000) R
 Adjust budget as a result of rate reduction in transactions processing by Information Technology Services and no increase in utilization.

34 Adjust Personnel (\$343,821) R
 Eliminate salaries and related benefits of vacant positions: -5.00

Computing Consultant IV (\$72,160)
 (#4773-0000-0030-161)

Application Analyst Programmer I (\$62,585)
 (#4773-0000-0030-535)

Application Analyst Programmer II (\$70,467)
 (#4773-0000-0030-551)

Application Analyst Programmer I (\$60,972)
 (#4773-0000-0030-565)

Systems Programmer III (\$77,637)
 (#4773-0000-0030-405)

35 Reduce Operating Funds (\$236,266) NR
 Reduce funding for contractual services (System Implementation/Integration Services) - 532140.

1607 Tax Research Division

36 Reduce Personnel (\$59,719) R
 Eliminate salary and related benefits of vacant position - Economist III, #4774-0000-0040-250. -1.00

1621 Corporate, Excise & Insurance

37 Adjust Personnel (\$84,633) R
 Eliminate salary and related benefits of vacant position - Tax Assistant Administrator II, #4788-0000-0050-100. -1.00

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

1629 Property Tax Division

38 Training Funds for Commission Members

\$0 R

Provide funding to reimburse commission members for travel and subsistence costs when attending training seminars.

Requirements \$3,800
 Receipts \$3,800
 GF Appropriation \$ 0

1641 Office Examinations

39 Reduce Personnel

(\$50,697) R

Abolish salary and benefits of vacant position - Revenue Tax Auditor I, #4781-0000-0060-382.

-1.00

1660 Field Operations

40 Adjust Personnel

(\$176,243) R

Eliminate salaries and related benefits of vacant positions:

-3.00

Revenue Field Auditor II (\$58,760)
 (#4784-0000-0072-032)

Revenue Field Audit Supervisor (\$57,281)
 (#4784-0000-0074-120)

Revenue Field Auditor I (\$51,757)
 (#4784-0000-0076-237)

Longevity (\$ 8,445)

41 2714 Transportation

(\$150,000) R

Reduce in-state travel funds.

42 Additional Interstate Audit Staff

\$734,158 R

Appropriate funds to support eight Revenue Field Auditor II positions and three Processing Assistant IV.

11.00

1681 Administrative Services

43 Costs Related to New Audit Positions

\$17,050 R

Increase operating funds related to new Interstate Auditor positions:

\$53,100 NR

2811 Telephone Service \$ 3,850 R
 3110 General Office Supplies \$ 13,200 R
 4511 Office Furniture \$22,000 NR
 4521 Office Equipment \$ 1,100 NR
 4522 Computer Equipment \$30,000 NR

Budget Changes	(\$313,905)	R
	(\$183,166)	NR
Total Position Changes	0.00	
Revised Total Budget	\$75,258,562	

Special Provisions

2000 Session: HB 1840

Department: Revenue

Section

Title: (No Special Provisions reported)

Summary:

Overview: 2000 Session Fiscal and Budgetary Actions

Rules Review Commission

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$309,326

Budget Changes

1100 Administration

44 Other Expenses

Appropriate funds to finalize legal expenses resulting from the lawsuit brought by the NC Board of Pharmacy.

\$48,000 NR

Budget Changes

\$48,000 NR

Total Position Changes

Revised Total Budget

\$357,326

Special Provisions

2000 Session: HB 1840

Department: Rules Review Commission

Section 24

Title: *Reserve for Attorneys' Fees of Rules Review Commission*

Summary: Establishes a reserve in the Office of State Budget and Management to provide funds for the Commission's legal fees. Also directs State agencies that file suits against the Commission to pay the Commission's legal expenses when the Commission prevails in the lawsuit.

Overview: 2000 Session Fiscal and Budgetary Actions

Secretary of State

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$6,455,933

Budget Changes

1110 General Administration Division

45 Operating Budget Reductions

(\$14,000) R

Reduces the operating budget for computer and data processing services (532821).

1210 Corporations Division

46 Corporations Division Staff Expansion

\$122,513 R

Provides funding for four Information Processing Technician positions. The additional staff will help the Division meet the filing demands placed upon it by the growing economy and recent statutory changes.

\$37,049 NR
4.00

47 Operating Budget Reductions

(\$40,559) R

Reduces the operating budgets for:
532821- Computer/Data Processing Services \$35,559
533110- General Office Supplies \$ 5,000

1220 Uniform Commercial Code Division

48 Operating Budget Reductions

(\$5,000) R

Reduces the operating budget for computer and data processing services (532821).

1220 Uniform Commercial Code Section

49 Personnel for Implementation of Revised UCC Art. 9

\$600,239 R

Provides funding for salaries (\$482,224) and benefits (\$118,015) for the personnel required to implement SB 1305, Revise Article 9 of the UCC. Funding shall be used to establish the following positions: Director (1 position), Executive Assistant (1 position), Staff Development Specialist (1 position), Applications Analyst Programmer II (1 position), Administrative Assistant (2 positions), Administrative Officer (2 positions), Information Processing Technician (8 positions), Processing Assistant V (24 positions), and Mail Clerk (1 position). The Director, Executive Assistant, Staff Development Specialist, and Applications Analyst Programmer positions are effective October 1, 2000. The Department may establish one Administrative Assistant position, one Administrative Officer position, 4 Information Processing Technician positions, 12 Processing Assistant V positions and the Mail Clerk position effective January 1, 2001. The remaining positions are effective April 1, 2001 (HB 1840, Sec. 24B.1).

41.00

50 Operating Cost for Implementing Revised UCC Art. 9

\$268,425 R

Provides funding for the start-up and operating cost necessary to implement SB 1305, Revise Article 9 of the UCC. The Department shall use nonrecurring funds for office furniture, computer and office equipment, and contractual services. The recurring funds are for the operating costs incurred to implement the bill (HB 1840, Sec. 24B.1).

\$1,891,004 NR

1230 Securities Division

51 Operating Budget Reductions

(\$5,000) R

Reduces the operating budget for computer and data processing services (532821).

Budget Changes

\$926,618 R

\$1,928,053 NR

Total Position Changes

45.00

Revised Total Budget

\$9,310,604

Special Provisions

2000 Session: HB 1840

Department: Secretary of State

Section 24B.1

Title: **Secretary of State UCC Filings**

Summary: **Requires the Secretary of State to report to the Joint Legislative Commission on Governmental Operations, to the Chairs of the House and Senate Appropriations Subcommittee on General Government, and to the Joint Select Committee on Information Technology prior to using any of the funds appropriated in HB 1840 for implementing SB 1305 of the 1999 General Assembly, Revise Article 9 of UCC, or prior to establishing any of the 41 provisions authorized by the General Assembly. It also requires the Department to maintain monthly reports on its UCC filings and to report, quarterly, to the Fiscal Research Division and to the Chairs of the House and Senate Appropriations Subcommittee on General Government on its filing activity.**

Overview: 2000 Session Fiscal and Budgetary Actions

State Budget and Management

GENERAL FUND

FY 00-01

Total Budget Approved 1999 Session

\$7,327,782

Budget Changes

1022 2000 Special Appropriations

52 NC Humanities Council

Provides funds to the North Carolina Humanities Council, a nonprofit corporation, for the programs of the council.

\$100,000 NR

53 NACo Annual National Convention

Provides funding for the 2000 Annual Conference of the National Association of Counties. The conference will be held in July 2000 in Charlotte, NC.

\$200,000 NR

54 National and Regional Board Meetings

Provides \$20,000 for the Southern Regional Educational Board annual meeting to be held in Asheville, NC. Also provides \$100,000 for the National Legislative Black Caucus meeting to be held in Charlotte, NC.

\$120,000 NR

Reserves and Transfers

55 Reserve for Rules Review Commission Lawsuits

Provides a reserve to fund lawsuits brought against the Rules Review Commission (HB 1840, Sec. 24).

\$200,000 NR

Budget Changes

\$620,000 NR

Total Position Changes

Revised Total Budget

\$7,947,782

Special Provisions

2000 Session: HB 1840

Department: State Budget and Management

Section 23

Title: Consolidation of the Office of State Budget and Management and the Office of State Planning

Summary: Consolidates the Office of State Budget and Management and the Office of State Planning into the Office of State Budget, Planning and Management under the Office of the Governor effective July 1, 2000.

Also directs the Department of Environment and Natural Resources to transfer \$177,000 and the responsibility for development of topographic mapping to the Office of State Budget, Planning, and Management.

Section 23.1

Title: North Carolina Youth Legislative Assembly Fund

Summary: Establishes the fund as a special and nonreverting fund and directs that all registration fees, gifts, donations, or contributions are to be credited to the fund and used solely for the support, planning and execution of the North Carolina Youth Legislative Assembly.

Overview: 2000 Session Fiscal and Budgetary Actions

State Controller

GENERAL FUND

	FY 00-01
Total Budget Approved 1999 Session	\$11,488,315
<hr/>	
Budget Changes	
1000 Departmentwide	
56 Operating Budget Adjustment	
Reduce data processing funds.	(\$115,000) NR
<hr/>	
Budget Changes	(\$115,000) NR
Total Position Changes	
Revised Total Budget	\$11,373,315

Special Provisions

2000 Session: HB 1840

Department: State Controller

Section 22

Title: Overpayments Project

Summary: Continues language from the 1999 Session, and allows OSC to use \$550,000 in FY 2000-01 from the funds deposited into the Special Reserve Account for either data processing, debt collection, or e-commerce costs.

Following the allocation of funds to the Office of the State Controller, directs that funds available in the Special Reserve Account will be deposited into the General Fund at the end of the fiscal year and subject to appropriation by the General Assembly in the 2001 Session.

Additionally, directs OSC to continue monthly reports to the Joint Legislative Commission on Governmental Operations and Fiscal Research Division during the interim on the revenue deposited into the Special Reserve Account and the disbursement of that revenue.

Section 22.1

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

Summary: Continues language from the 1999 Session to allow further consideration of the feasibility of creating a Bad Debt Collection Clearinghouse, and allows the Office of the State Controller (OSC) to include additional State agencies with a material amount of accounts receivable bad debts in the pilot.

The OSC shall establish a procedure by which State agencies/institutions with a material amount of accounts receivable shall report on the collection of bad debts. The pilot is intended to concentrate on agencies that have large amounts of bad debts in order to determine the extent to which those debts may be better collected in those agencies and throughout State government. OSC may solicit information from collection agencies concerning the possibility of these agencies maintaining a central debt collection database limited to those State agencies without restrictive data security or confidentiality issues. Procedures for direct access to qualified collection agencies may be established for agencies with restrictive data security or confidentiality issues *when legal and contractual authority permits this action.*

OSC shall administer a one-year Bad Debt Collection Clearinghouse. The pilot shall address the use of one or more private collection agencies and may make provisions to allow local government units to participate. The pilot shall further address whether the potential Bad Debt Collection Clearinghouse should be administered jointly by the Department of Revenue and the OSC.

The final report is due no later than May 15, 2001, with recommendations on changes in law or procedure for better bad debt collection and the feasibility of implementing a centralized Bad Debt Collection Clearinghouse.

Overview: 2000 Session Fiscal and Budgetary Actions

Treasurer

GENERAL FUND

FY 00-01
\$18,863,033

Total Budget Approved 1999 Session

Budget Changes

1150 Information Services Division

57 Information Technology Infrastructure

\$601,861 R
\$7,011,404 NR
7.00

Provides funding to (1) continue improvement of the investment and banking system, (2) complete the information technology infrastructure upgrades, (3) implement a core banking system and (4) upgrade the retirement payroll system. The Department may use the funds for equipment, software and other recurring and nonrecurring operating expenses needed to upgrade the infrastructure and replace the outdated systems. The Department may also establish 7 new positions (a Portfolio Manager, an Accounting Technician V, an Administrative Assistant, a Systems Accountant, an Accountant II, an Applications Programmer and a Computer Operator). The cost of the projects is \$832,249 recurring and \$10,464,000 and will be allocated among the General Fund and Receipt-Supported Divisions as noted below:

General Fund-Supported Divisions

1210 Inv. & Banking	\$576,105 R	\$6,941,260 NR
1310 Local Gov't	\$25,756 R	\$70,144 NR
Total General Fund	\$601,861 R	\$7,011,404 NR

Receipt-Supported Divisions

1130 Escheats	\$10,810 R	\$29,440 NR
1410 Retirement	\$219,578 R	\$3,423,156 NR
Total Receipts	\$230,388 R	\$3,452,596 NR

Nontax revenue will be increased by the amount allocated to the General Fund divisions (HB 1840, Sections 20 and 24A).

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

58 Information System Mainframe			
Provides funding to buy out the lease for the Department's mainframe and storage system. The total cost to buy out the lease is \$487,000. The cost will be allocated among the divisions within the State Treasurer's Office as noted below:			
Receipt-Supported Division			
1410 Retirement	\$243,500	NR	
General Fund-Supported Division			
1210 Investment and Banking	\$243,500	NR	
Nontax revenue will be increased by the amount allocated to the General Fund division.			
1210 Investment and Banking Division			
59 Operating Budget Reductions			
Reduces the operating budget for computer and data processing services (532821). Nontax revenue will be decreased by an offsetting amount.			
			(\$65,683) R
60 Federal Reserve Fees			
Provides funding for the fees paid to the Federal Reserve for providing processed warrants in the dual form of electronic records and electronic images. Nontax revenue will be increased by an offsetting amount.			
			\$390,000 R
<hr/>			
Budget Changes			\$926,178 R
			\$7,254,904 NR
Total Position Changes			7.00
Revised Total Budget			\$27,044,115
<hr/>			

Special Provisions

2000 Session: HB 1840

Department: Treasurer

Section 24A

Title: Department of State Treasurer Information Technology Systems

Summary: *Allows the Department to use its receipts for the 2000-2001 fiscal year to continue improvement of the Department's investment and banking operations system, retirement payroll systems, and other information technology infrastructure needs. Prior to using the receipts, the Department must consult with the Joint Legislative Commission on Governmental Operations and the Chairs of the House and Senate Appropriations Subcommittee on General Government and obtain the approval of the Information Resources Management Commission. The Department must report to the Joint Legislative Commission on Governmental Operations, the Chairs of the House and Senate Appropriations Subcommittee on General Government and the Joint Select Committee on Information Technology by January 1, 2001 and annually thereafter regarding the amount and use of the departmental receipts.*

LEGISLATIVE ACTIONS:

HIGHWAY FUND APPROPRIATIONS

TRANSPORTATION

Overview: 2000 Session Fiscal and Budgetary Actions

Transportation

HIGHWAY FUND

FY 00-01

Total Budget Approved 1999 Session

\$1,181,410,000

Budget Changes

(0240) General Services

1 Additional Property Insurance Payments	\$63,000	R
Provides additional funding for payments into the State Property Fire Insurance Fund.		
2 Additional Postage Costs for DMV	\$400,000	R
Provides additional funding for DMV postage expenses due to increased volume. One-time funds are included to replace the existing mail inserter.		
	\$195,000	NR
3 Central Warehouse Rental and Staff	\$556,914	R
Funds rental of a new central warehouse and four new positions for operating the warehouse: two Stock Clerks II, one Processing Assistant III, and one Warehouse Manager.		
	4.00	

(0530) Drivers License

4 Additional Hearing Officers (Drivers License)	\$136,059	R
DMV is finding it difficult to comply with the law requiring hearings within 60 days of a driver's request. In addition, effective July 1, 2000, DMV will be implementing the 1999 DWI legislation and the Division is predicting an increase in the number of suspensions of license for violation of DWI restrictions and a consequent increase in hearings.		
	3.00	
5 West Raleigh Office Lease	\$296,200	R
The West Raleigh DMV office off Blue Ridge Road is inadequate. Funds are provided to lease a space for 36 Enforcement employees and 17 Drivers License employees.		

(0530/0540) Drivers License/School Bus

6 Drivers License Office Lease Agreement Renewals	\$183,025	R
Provides additional funds for increased lease payments for offices of the Drivers License Section and the School Bus and Traffic Safety Section.		

(0571) Enforcement Section

7 Increase in Safety Inspection Sticker Costs	\$150,000	R
Provides additional funds due to increased costs for safety inspection stickers.		

(5120) Construction - Secondary

8 Technical Adjustment \$192,000 R
 The allocation to secondary road construction is determined by statute and is a function of gas tax revenues. Because estimates of gas tax revenues have increased, this corresponding technical adjustment is made in the budget for secondary road construction.

(5240) Maintenance - Contract Resurfacing

9 Increased Maintenance - Contract Resurfacing \$20,577,486 R
 Provides additional funds for contract resurfacing as part of the maintenance program for the State's highways.

(5400) Capital Improvements

10 Capital Improvements \$9,000,000 NR
 Provides funds for replacement, repair, and renovation of the Department's facilities.

(5910) State Aid - Municipalities

11 Technical Adjustment \$192,000 R
 The allocation to municipalities is determined by statute and is a function of gas tax revenues. Because estimates of gas tax revenues have increased, this corresponding technical adjustment is made in the budget for aid to municipalities.

(5940) Rail Program

12 Make Western NC Rail Funding Nonrecurring (\$3,525,000) R
\$3,525,000 NR

(5970) Public Transportation Program

13 Rural Transit - Elderly, Disabled, General Public \$500,000 R
 Provides funds to assist rural transit programs for the elderly, disabled, and the general public.

14 Operating Assistance to Urban and Regional Transit \$5,900,000 R
 Provides funds for operating assistance for urban and regional transit programs around the State.

15 Capital Assistance - Rural Transit \$1,300,000 R
 Provides funds for capital assistance for rural transit programs.

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

(6220) Leaking Underground Storage Tanks

16 Technical Adjustment

\$200,000 R

The allocation to the Leaking Underground Storage Tank (LUST) Trust Fund is determined by statute and is a function of gasoline inspection tax revenues. Because estimates of gas tax revenues have increased, this corresponding technical adjustment is made in the budget for the LUST Trust Fund.

(6270) Crime Control and Public Safety

17 Highway Patrol Overtime Pay

\$480,564 NR

Provides funds for overtime pay for State Highway Patrol in lieu of compensatory leave.

18 Salaries and Benefits for New SHP Troopers

\$655,065 R

Provides a reserve for salaries and benefits for 28 new SHP troopers to be hired effective January 2001.

28.00

19 Reserve for Equipment for 28 New SHP Troopers

\$1,267,919 NR

Provides equipment for 28 new SHP Troopers.

(6310) Department of Public Instruction

20 Driver Education Program

\$449,802 R

Increased payments from the Highway Fund to the Department of Public Instruction for the Driver Education Program to reflect new ADM estimates.

(6610) Retirement Rate Reduction

21 Premium Reserve (Retirees)

(\$3,100,000) NR

Currently, the State reserve for Retiree Health Benefits has a \$130 million balance. This item would suspend a portion of the surcharge on employer retirement contributions from the Highway Fund for retiree health benefit premiums for FY 2000-2001 only.

(6611) Retirement Rate Adjustment

22 Reduce Fund for Retirement Rate Adjustment

(\$14,900,000) R

Reduces contributions in the Teachers' and State Employees' Retirement System.

(6612) Compensation Bonus

23 State Funded Compensation Bonus

\$8,774,000 NR

Provides nonrecurring appropriation for a one-time \$500 per full-time employee compensation bonus to selected public schools, community colleges and State employees.

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

(6613) Death Benefit Contributions

24 Reduce Death Benefit Contribution Rate

Currently, the Death Benefit Plan has a cash balance of \$44.9 million. This reduction would suspend the State's contribution to the fund for 2000-2001 only.

(\$846,400) NR

(6801) Legislative Salary Increase

25 Funds for Salary Increase

Provides for a 2.2% cost-of-living adjustment and a 2.0% career growth recognition award.

\$18,200,000 R

(6828) Reserve for Maintenance

26 Additional Funds for Maintenance

Provides reserve for additional funds for primary, secondary, and urban maintenance.

\$6,277,366 R

(6834) Reserve for DMV Systems Maint.

27 Reserve for DMV Computer Systems Maintenance

The Division currently performs computer system maintenance primarily with contractors at a total cost of \$5 million per year but with a budget of approximately \$1 million. This reserve would permit DMV to begin a transition to in-house staff at a lower cost than contractors.

\$3,300,000 R

(6835) Pilot Program - Unpaved Roads

28 Pilot Program to Improve Unpaved Roads

Provides funds for pilot program to provide minimal improvements to make unpaved roads more accessible.

\$1,500,000 NR

(6836) State Employee Reserve

29 State Employee Reserve

Creates a reserve to offset any cost increases in the Teachers' and State Employees' Comprehensive Major Medical Plan.

\$3,700,000 R

Budget Changes

\$44,803,917 R

\$20,796,083 NR

Total Position Changes

35.00

Revised Total Budget

\$1,247,010,000

Special Provisions

2000 Session: HB 1840

Department: Transportation

Section 25

Title: Cash-Flow Highway Fund and Highway Trust Fund Appropriations

Summary Changes boilerplate special provision from 1999 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 25.2

Title: State Highway Patrol to Study Reimbursements for Costs of Added Special Services at Scheduled Events

Summary Requires the State Highway Patrol to study reimbursements for costs of added special services at scheduled events, e.g., sports and entertainment events, and to report the results of the study and any legislative recommendations to the Joint Transportation Oversight Committee by November 1, 2000.

Section 25.3

Title: Global TransPark Construction Bonds

Summary Allows the Global TransPark Authority to use funds it has borrowed from the Escheat Fund for the construction of buildings and facilities, as well as the purchase of land.

Section 25.4

Title: Unpaved Road Improvement Pilot Program

Summary Provides that \$1.5 million of funds appropriated from the Highway Fund shall be used for a pilot program to improve unpaved roads. DOT shall establish criteria for the unpaved roads and shall select at least one eligible county in each of the seven distribution regions. The program shall provide for the minimal improvements of the selected unpaved roads. Requires DOT to report to the Joint Transportation Oversight Committee by December 31, 2000, on the implementation of the program, the costs of expanding the pilot program statewide, and the cost of bringing eligible unpaved roads up to standards necessary for acceptance into the State highway system.

Section 25.5

Title: Study of Commission Contracts for Issuance of Motor Vehicle Registration Plates and Certificates

Summary Creates a Commission, with membership from the General Assembly, tag agents, and DMV, to study the process by which tags are issued, the implications of DMV's authority to use electronic applications and collections, the improving of services, and other factors it deems relevant. The Commission shall report to the 2001 Session.

Section 25.6

Title: Clarify Development Authority of Regional Public Transportation Authorities

Summary Allows regional public transportation authorities to join with public, private, or nonprofit entities in developing property at and around transit stations.

Section 25.7

Title: State Full-Funding Grant Agreements with Transportation Authorities and Municipalities

Summary Permits the Secretary of Transportation to enter into agreements with Regional Public Transportation Authorities or municipalities, subject to General Assembly appropriations, to provide State funds to match federal funds for "new start" fixed guideway transit projects. Proposed agreements must be submitted to the Joint Transportation Oversight Committee for review.

Section 25.8

Title: Exempt Farm Trucks from the State Requirements that Certain Business Vehicles be Marked

Summary Raises from 10,000 pounds to 26,000 pounds the weight at which farm vehicles must comply with the requirement that vehicles used in intrastate commerce have the name of the owner marked on the side of the vehicle.

Section 25.11

Title: Detention of Commercial Vehicles Until Fines and Penalties are Paid

Summary Provides that a law enforcement officer may seize and detain a property-hauling commercial vehicle when the motor carrier under whose authority the vehicle is operating has been assessed a fine pursuant to G.S. 20-17.7 and that fine has not been paid.

Section 25.12

Title: DOT to Lease Right-of-Way of Highway 421/Business 40 to Wake Forest University for Medical School Parking

Summary DOT may lease designated section of right-of-way to Wake Forest University for Medical School parking.

Section 25.13

Title: Western North Carolina Passenger Rail Infrastructure Funds Placed In Reserve

Summary Reserves funds appropriated for Western North Carolina passenger rail infrastructure improvements in 1998-1999 until further action by the General Assembly.

Section 25.14

Title: Joint Legislative Transportation Oversight Committee to Study Highway Fund and Highway Trust Fund Cash Balances and Use of Cash-Flow Financing

Summary Provides for a study and recommendations on the appropriate level of cash balances, possible acceleration of highway construction by use of cash-flow financing, appropriate safeguards in the use of cash-flow financing, necessary organizational and work process changes, and necessary legislative changes. The study shall be completed before March 31, 2001.

Section 25.15

Title: Department of Transportation to Study Providing Passenger Rail Service to Western North Carolina

Summary DOT shall study the feasibility of providing passenger rail service to Western North Carolina. The study shall include a phased project timetable for the implementation of passenger service, the cost of implementing each phase, and specific interim goals and performance measures. DOT shall submit its report by March 1, 2001.

Section 25.16

Title: Small Urban Construction Funds

Summary Provides that, of the funds appropriated for the 2000-2001 fiscal year for small urban construction, no more than 50% shall be obligated prior to December 31, 2000.

**STATEWIDE RESERVES/
DEBT SERVICE**

Overview: 2000 Session Fiscal and Budgetary Actions

Statewide Reserves

GENERAL FUND

FY 00-01

1 Compensation Increases	\$456,750,000	R
<i>Provides recurring funds to increase salaries of Public School, Community College, University, and State Employees. Percentage increases for each group of employees is listed below.</i>		
Public Education:		
Teacher Salary Schedule - 6.5% average		
Principals and Assistant Principals - 10% average		
Other Public School Employees - 4.2%		
Community College Employees - 4.2% average		
State Employees:		
SPA (State Agency and UNC System) - 4.2%		
EPA (State Agency) - 4.2%		
EPA (UNC System) - 4.2% average		
State Agency Teachers - 6.5% average		
School of Science and Math Faculty - 6.5% average		
2 State Employee Reserve	\$48,000,000	R
<i>Creates a reserve to offset any increases in the cost of the Teachers' and State Employees' Comprehensive Major Medical Plan.</i>		
3 State Funded Compensation Bonus	\$83,500,000	NR
<i>Provides nonrecurring appropriation for a one-time \$500 per full-time employee compensation bonus to selected Public Schools, Community Colleges, and State employees.</i>		
4 Savings Reserve Account	\$120,000,000	NR
<i>Provides a direct appropriation of \$120,000,000 into the Savings Reserve Account. This appropriation would raise the balance in the account to \$156,554,741.</i>		
5 Clean Water Management Trust Fund	\$30,000,000	NR
<i>Provides a direct appropriation of \$30,000,000 to finance projects that improve surface water quality.</i>		
6 Statewide Reserve for Salary Increases	(\$11,000,000)	R
<i>Funds remaining in the Reserve for FY 1999-00 Salary Increases are not needed and it is recommended that they be reduced from the FY 2000-01 General Fund Budget.</i>		

Overview: 2000 Session Fiscal and Budgetary Actions

FY 00-01

7 Debt Service	Reduces funds for debt service due to revised requirements for principal and interest payments.	(\$52,200,000) NR
8 Retirement Rate Adjustment	Currently, the Retirement System recognizes approximately 73% of all assets (\$30.2 billion of \$41.4 billion assets). This item would reduce the contribution rate from 8.15% to 5.33% of payroll for members of the Teachers' and State Employees' Retirement System. This adjusted rate would now recognize approximately 77% of all Retirement System assets.	(\$191,294,000) R
9 Death Benefit Contribution Rate	Currently, the Death Benefit Pension Fund has a cash balance of \$44.9 million. This reduction would suspend the State's contribution to this Fund only for the 2000-01 fiscal year.	(\$10,864,400) NR
10 Premium Reserve (Employees)	Reduces funds for premium increases to the Teachers' and State Employees' Comprehensive Major Medical Plan.	(\$32,700,000) R
11 Premium Reserve (Retirees)	Currently, the State Reserve for Retiree Health Benefits has a \$130 million balance. This item would suspend a portion of the surcharge on employer retirement contributions for retiree health benefit premiums for FY 00-01 only.	(\$50,000,000) NR
<hr/> Total Appropriation to Statewide Reserves		\$269,766,000 R \$120,435,600 NR <hr/>

Special Provisions

2000 Session: HB 1840

Department: Statewide Reserves

Section 6.

Title: General Fund Availability Statement

Summary: Sets forth financial information to satisfy Budget Reform requirements and makes transfers/reversions underlying General Fund availability.

Section 6.1

Title: Highway Fund Availability

Summary: Shows Highway Fund Availability estimates.

Section 7.

Title: Controller Financial Statement Reporting Clarification

Summary: Clarifies financial reporting requirements for component units as defined under generally accepted accounting principles.

Section 7.2

Title: North Carolina Railroad Dividends/Report

Summary: Provides that dividends received by the State from the North Carolina Railroad Company shall be used by the Department of Transportation to improve the property of the North Carolina Railroad Company, and that dividends so used will reduce the obligations of the North Carolina Railroad Company to the State. Requires annual report to the Joint Legislative Commission on Governmental Operations.

Section 7.3

Title: State-Supported Science/Technology Recommendations/Study

Summary: Requires the Legislative Research Commission to study the issue of reimbursement to the State for funding support provided by the State to non-State entities engaged in scientific and technological development activity.

Section 7.4

Title: Budgeting of Funds to Implement the ABCs of Public Education Program

Summary: Requires the Director of the Budget to include funding for ABC performance incentives in future continuation budgets.

Section 7.5

Title: Disaster Relief Funds

Summary: Provides that lapsed salary funds may be used to match federal funds for disaster relief.

Section 7.7

Title: Clean Water Management Trust Fund

Summary: Establishes a continuing appropriation to the Clean Water Management Trust Fund at levels rising to \$100 million in fiscal year 2003-2004.

Section 7.8

Title: Electronic Procurement

Summary: Provides for the establishment of operating standards governing electronic procurement systems used by State agencies.

Section 7.9

Title: Development and Implementation of Web Portals/Public Agency Links

Summary: Requires the development of centralized Web portals that will allow persons to access State government services on a 24-hour basis.

Section 7.10

Title: Date Labels for Meat/Poultry/Seafood

Summary: Adds to the list of criteria under which food is deemed to be misbranded.

Section 7.11

Title: Training for Members of the Property Tax Commission

Summary: Provides that members of the Property Tax Commission shall receive per diem while attending training or continuing education classes.

Capital

Overview: 2000 Session Fiscal and Budgetary Actions

Capital

GENERAL FUND

FY 00-01

1 Repairs and Renovations Funds

Provides a direct appropriation of \$100,000,000 for repairs and renovations of UNC System and State Buildings throughout North Carolina.

\$100,000,000 NR

2 Water Resources Projects

Provides state funds to match federal and/or local funds for water resources development projects as outlined in the state's Water Resources Plan.

\$13,356,000 NR

3 National Guard Armory at Charlotte

Provides state's match for a new armory in Charlotte. The federal share is \$5,874,100 and the local government share is \$777,000.

\$1,618,172 NR

Total Appropriation to Capital

\$114,974,172 NR

Special Provisions

2000 Session: HB 1840

Department: Capital

Section 27.1

Title: Water Resources Development Project Funds

Summary: Sets rules for the reallocation of Water Resources Project funding. Requires quarterly reports to the Joint Legislative Commission on Governmental Operations.

Section 27.2

Title: Expenditure of Funds for Repairs and Renovations

Summary: Provides for the allocation of Repairs and Renovations Reserve funds between university and nonuniversity projects. Requires reports to the the Joint Legislative Commission on Governmental Operations.

SALARIES AND BENEFITS

**SALARY CHANGES FOR EMPLOYEES SUPPORTED
BY THE STATE**

A. SALARY INCREASES

General Salary Increase -- The General Assembly enacted the following General Fund and Highway Fund appropriations to provide salary increases effective July 1, 2000, for employees paid from State funds:

	2000-2001
General Fund (Recurring)	\$456,750,000
General Fund (Nonrecurring)	\$83,500,00
Highway Fund (Recurring)	\$18,200,000
Highway Fund (Nonrecurring)	\$8,774,000
TOTAL	\$567,224,000

B. SPECIFIED SALARY INCREASES

GOVERNOR

- (1) The General Assembly authorized a 4.2% salary increase for the Governor to a salary of \$118,430, effective July 1, 2000.

COUNCIL OF STATE

- (2) The General Assembly authorized a 4.2% salary increase for members of the Council of State, effective July 1, 2000.

Council of State	2000-2001
Lieutenant Governor	\$104,523
Attorney General	104,523
Secretary of State	104,523
State Treasurer	104,523
State Auditor	104,523
Superintendent of Public Instruction	104,523
Commissioner of Agriculture and Consumer Services	104,523
Commissioner of Insurance	104,523
Commissioner of Labor	104,523

GOVERNOR'S CABINET

- (3) The General Assembly authorized a 4.2% salary increase for members of the Governor's cabinet, effective July 1, 2000.

Cabinet	2000-2001
Secretary of Administration	\$102,119
Secretary of Correction	102,119
Secretary of Crime Control and Public Safety	102,119
Secretary of Cultural Resources	102,119
Secretary of Commerce	102,119
Secretary of Environment and Natural Resources	102,119
Secretary of Health and Human Services	102,119
Secretary of Revenue	102,119
Secretary of Transportation	102,119

CERTAIN EXECUTIVE OFFICIALS

- (4) The General Assembly authorized a 4.2% salary increase for certain executive officials, effective July 1, 2000.

Officials	2000-2001
Chairman, Alcoholic Beverage Control	\$92,946
State Controller	130,078
Commissioner of Motor Vehicles	92,946
Commissioner of Banks	104,523
Chairman, Employment Security Commission	129,913
State Personnel Director	102,119
Chairman, Parole Commission	84,871
Members of the Parole Commission	78,356
Chairman, Utilities Commission	116,405
Commissioners of the Utilities Commission	104,523
Executive Director, Agency for Public Telecommunication	78,356
General Manager, Ports Railway Commission	70,755
Director, Museum of Art	95,240
Executive Director, North Carolina Housing Finance Authority	115,031
Executive Director, North Carolina Agricultural Finance Authority	90,470

JUDICIAL PERSONNEL

- (5) The General Assembly authorized a 4.2% salary increase for officials of the Judicial System, effective July 1, 2000. The General Assembly also set the salary for District Attorneys and Public Defenders at the midpoint between the salary of

a Senior Regular Resident Superior Court Judge and a Chief District Court Judge; the resulting salary for the 2000-2001 fiscal year for District Attorneys and Public Defenders will be \$101,220.

	2000-2001
Chief Justice, Supreme Court	\$118,430
Associate Justice, Supreme Court	115,336
Chief Judge, Court of Appeals	112,452
Judge, Court of Appeals	110,530
Judge, Senior Regular Resident Superior Court	107,527
Judge, Superior Court	104,523
Chief Judge, District Court	94,912
Judge, District Court	91,909
Administrative Officer of the Courts	107,527
Assistant Administrative Officer of the Courts	98,216

Clerks of Court	2000-2001
Less than 100,000 County Population	\$69,286
100,000 to 149,999 County Population	77,827
150,000 to 249,999 County Population	86,369
250,000 and above County Population	94,912

- (6) The General Assembly authorized a 4.2% increase in the average salaries of Assistant District Attorneys and Assistant Public Defenders, effective July 1, 2000. 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 average salary does not exceed \$59,566, nor the minimum salary fall below \$30,410. The General Assembly also authorized a lump-sum compensation bonus of \$500 to Assistant District Attorneys and Assistant Public Defenders in service as of April 1, 2000, and who continue their employment through October 1, 2000.
- (7) The General Assembly authorized a 4.2% salary increase, effective July 1, 2000, for Assistant and Deputy Clerks of Court in addition to the step increases associated with their respective pay plans, and increased the minimum salary for Deputy Clerks by 10.3%. The General Assembly also authorized a lump-sum compensation bonus of \$500 to Assistant and Deputy Clerks of Court Defenders in service as of April 1, 2000 and who continue their employment through October 1, 2000.

	2000-2001
Assistant Clerks and Head Bookkeeper	
Minimum	\$25,890
Maximum	45,839
Deputy Clerks	
Minimum	\$21,940
Maximum	35,309

MAGISTRATES

(8) The salary schedule for full-time magistrates is as follows:

	2000-2001
Entry Rate	\$26,264
Step 1	28,900
Step 2	31,768
Step 3	34,898
Step 4	38,327
Step 5	42,096
Step 6	46,239

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	\$20,700
1 or more but less than 3 years of service	21,764
3 or more but less than 5 years of service	23,905

The General Assembly also authorized a lump-sum compensation bonus of \$500 to magistrates in service as of April 1, 2000, and who continue their employment through October 1, 2000.

LEGISLATORS

(9) 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 4.2% to \$87,681, effective July 1, 2000. The principal clerks also received a lump-sum compensation bonus of \$500. The salaries of the Sergeants-at-Arms and the Reading Clerks in the House of Representatives and the Senate were increased by 4.2% to \$286 per week, effective July 1, 2000.

C. GENERAL SALARY INCREASES

- (1) **(STATE COMPREHENSIVE PAY PLAN FOR EMPLOYEES WHOSE SALARIES ARE SET IN ACCORDANCE WITH THE STATE PERSONNEL ACT)** The General Assembly funded a 4.2% salary increase per the general guidelines of the Comprehensive Compensation System (applicable to State employees subject to the State Personnel Act) that was adopted during the 1994 Session of the General Assembly. The 2000-2001 fiscal year salary increase was funded as follows: a 2.2% cost-of-living adjustment for all employees and a 2% career growth development component subject to the performance evaluation provisions of the State Personnel Act; both salary increases are effective July 1, 2000. Employees at the top of their pay range, who would otherwise be ineligible for a career growth development increase, will receive a one-time 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 \$500 who were employed in service as of April 1, 2000, and who continue their employment through October 1, 2000. Selected personnel do not receive the Compensation Bonus if they are paid on the Teacher Salary Schedule or the School-Based Administrator Salary Schedule.
- (2) **(EMPLOYEES WHOSE SALARIES ARE NOT SET IN ACCORDANCE WITH THE STATE PERSONNEL ACT)** The General Assembly increased by 4.2% 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, 2000. State employees exempt from the State Personnel Act also received a lump-sum compensation bonus of \$500 in service as of April 1, 2000 and who continue their employment through October 1, 2000. Selected personnel do not receive the Compensation Bonus if they are in certain high level positions in the Executive Branch (for example, Governor, Department Heads, etc) and the Judicial Branch (Judges, DA's, etc).

- (3) **(EMPLOYEES OF THE UNIVERSITY SYSTEM EXEMPT FROM THE STATE PERSONNEL ACT)** The General Assembly authorized funds for an average annual salary increase of 4.2%, effective July 1, 2000, 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. University employees exempt from the State Personnel Act also received a lump-sum compensation bonus of \$500 who were employed in service as of April 1, 2000 and who continue their employment through October 1, 2000.
- (4) **(COMMUNITY COLLEGE INSTITUTIONAL PERSONNEL)** The General Assembly authorized funds for an average annual salary increase of 4.2%, effective July 1, 2000, 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. Community College employees exempt from the State Personnel Act also received a lump-sum compensation bonus of \$500 who were employed in service as of April 1, 2000, and who continue their employment through October 1, 2000.
- (5) **(SALARY ADJUSTMENT FUND)** The General Assembly authorized the use of funds appropriated for legislative increases, but not required for that purpose, to supplement the Salary Adjustment Fund. The General Assembly also directed the Office of State Personnel to conduct an evaluation of the Salary Adjustment Fund to adequately fund salary adjustments involving position reallocations, salary range revisions, and in-range adjustments.

Employees of the Public Schools --

(a) **Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, Evaluators, and Program Administrators** – In the 2000 Session, the General Assembly appropriated funds for an average annual salary increase of 4.2%, effective July 1, 2000, for Superintendents, Assistant Superintendents, Associate Superintendents, Directors/Coordinators, Supervisors, and Finance Officers. These employees also received a lump-sum compensation bonus of \$500, effective October 1, 2000 (if employed April 1, 2000).

The following monthly ranges apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2000-2001 fiscal year, beginning July 1, 2000:

	Salary Ranges
School Administrator I	\$2,932 - \$5,214
School Administrator II	\$3,112 - \$5,534
School Administrator III	\$3,303 - \$5,873
School Administrator IV	\$3,436 - \$6,110
School Administrator V	\$3,574 - \$6,358
School Administrator VI	\$3,792 - \$6,747
School Administrator VII	\$3,945 - \$7,020

The following monthly salary ranges apply to public school superintendents for the 2000-2001 fiscal year, beginning July 1, 2000:

	Salary Ranges
Superintendent I (Up to 2,500 ADM)	\$4,187 - \$7,451
Superintendent II (2,501 – 5,000 ADM)	\$4,445 - \$7,904
Superintendent III (5,001 – 10,000 ADM)	\$4,716 - \$8,389
Superintendent IV (10,001 – 25,000 ADM)	\$5,005 - \$8,901
Superintendent V (Over 25,000 ADM)	\$5,312 - \$9,447

- (b) **Principals and Assistant Principals** – In the 2000 Session, the General Assembly appropriated funds which provided average annual salary increases ranging from 6% to 13.8% for Principals and Assistant Principals, effective July 1, 2000. The 2000 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 ABCs of Public Education Program. The 2000 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 2000-2001.

The following schedule outlines the base pay for Principals and Assistant Principals for the 2000-2001 fiscal year:

2000-2001

Principal and Assistant Principal Salary Schedules
Base Salary Schedule. No ABC or Safe School Incentives

Classification

Yrs of Exp	Classification								
	Assistant Principal	Principal I (0-10)	Principal II (11-21)	Principal III (22-32)	Principal IV (33-43)	Principal V (44-54)	Principal VI (55-65)	Principal VII (66-100)	Principal VIII (101+)
0-4	\$3,195								
5	\$3,340								
6	\$3,480								
7	\$3,593								
8	\$3,645	\$3,645							
9	\$3,699	\$3,699							
10	\$3,753	\$3,753	\$3,808						
11	\$3,808	\$3,808	\$3,862						
12	\$3,862	\$3,862	\$3,918	\$3,975					
13	\$3,918	\$3,918	\$3,975	\$4,034	\$4,095				
14	\$3,975	\$3,975	\$4,034	\$4,095	\$4,155	\$4,218			
15	\$4,034	\$4,034	\$4,095	\$4,155	\$4,218	\$4,280			
16	\$4,095	\$4,095	\$4,155	\$4,218	\$4,280	\$4,345	\$4,412		
17	\$4,155	\$4,155	\$4,218	\$4,280	\$4,345	\$4,412	\$4,479	\$4,620	
18	\$4,218	\$4,218	\$4,280	\$4,345	\$4,412	\$4,479	\$4,550	\$4,690	\$4,763
19	\$4,280	\$4,280	\$4,345	\$4,412	\$4,479	\$4,550	\$4,620	\$4,763	\$4,837
20	\$4,345	\$4,345	\$4,412	\$4,479	\$4,550	\$4,620	\$4,690	\$4,837	\$4,914
21	\$4,412	\$4,412	\$4,479	\$4,550	\$4,620	\$4,690	\$4,763	\$4,914	\$4,991
22	\$4,479	\$4,479	\$4,550	\$4,620	\$4,690	\$4,763	\$4,837	\$4,991	\$5,091
23	\$4,550	\$4,550	\$4,620	\$4,690	\$4,763	\$4,837	\$4,914	\$5,091	\$5,193
24	\$4,620	\$4,620	\$4,690	\$4,763	\$4,837	\$4,914	\$4,991	\$5,193	\$5,297
25	\$4,690	\$4,690	\$4,763	\$4,837	\$4,914	\$4,991	\$5,091	\$5,297	\$5,403
26	\$4,763	\$4,763	\$4,837	\$4,914	\$4,991	\$5,091	\$5,193	\$5,403	\$5,511
27	\$4,837	\$4,837	\$4,914	\$4,991	\$5,091	\$5,193	\$5,297	\$5,511	\$5,621
28	\$4,914	\$4,914	\$4,991	\$5,091	\$5,193	\$5,297	\$5,403	\$5,621	\$5,733
29	\$4,991	\$4,991	\$5,091	\$5,193	\$5,297	\$5,403	\$5,511	\$5,733	\$5,848
30	\$5,091	\$5,091	\$5,193	\$5,297	\$5,403	\$5,511	\$5,621	\$5,848	\$5,965
31	\$5,193	\$5,193	\$5,297	\$5,403	\$5,511	\$5,621	\$5,733	\$5,965	\$6,084
32		\$5,297	\$5,403	\$5,511	\$5,621	\$5,733	\$5,848	\$6,084	\$6,206
33			\$5,511	\$5,621	\$5,733	\$5,848	\$5,965	\$6,206	\$6,330
34			\$5,621	\$5,733	\$5,848	\$5,965	\$6,084	\$6,330	\$6,457
35				\$5,848	\$5,965	\$6,084	\$6,206	\$6,457	\$6,586
36				\$5,965	\$6,084	\$6,206	\$6,330	\$6,586	\$6,718

37					\$6,206	\$6,330	\$6,457	\$6,718	\$6,852
38						\$6,457	\$6,586	\$6,852	\$6,989
39							\$6,718	\$6,989	\$7,129
40							\$6,852	\$7,129	\$7,272
41								\$7,272	\$7,417

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 2000 Session, the General Assembly funded the fourth phase of the teacher salary schedules in the Excellent Schools Act. The 2000 General Assembly appropriated funds which provided average annual salary increases ranging from 4.36% to 13.8% for most teachers, effective July 1, 2000.

**Teacher Salary Schedule
For the 2000-2001 School Year
(NBPTS Bonus = 12%, Masters 10.00% Higher Than Bachelors)
Annual Salary**

Years of Experience	Bachelors		Masters/Advanced Competencies	
	"A" Teacher	"A" With NBPTS Certification	"M" Teacher	"M" With NBPTS Certification
0	\$2,500	N/A	\$2,750	N/A
1	\$2,542	N/A	\$2,796	N/A
2	\$2,585	N/A	\$2,844	N/A
3	\$2,737	\$3,065	\$3,011	\$3,372
4	\$2,875	\$3,220	\$3,163	\$3,542
5	\$3,006	\$3,366	\$3,307	\$3,703
6	\$3,133	\$3,508	\$3,446	\$3,859
7	\$3,234	\$3,622	\$3,557	\$3,983
8	\$3,281	\$3,674	\$3,609	\$4,042
9	\$3,329	\$3,728	\$3,662	\$4,101
10	\$3,378	\$3,783	\$3,716	\$4,161
11	\$3,427	\$3,838	\$3,770	\$4,222
12	\$3,476	\$3,893	\$3,824	\$4,282

13	\$3,526	\$3,949	\$3,879	\$4,344
14	\$3,578	\$4,007	\$3,936	\$4,408
15	\$3,631	\$4,066	\$3,994	\$4,473
16	\$3,685	\$4,127	\$4,054	\$4,540
17	\$3,740	\$4,188	\$4,114	\$4,607
18	\$3,796	\$4,251	\$4,176	\$4,677
19	\$3,853	\$4,315	\$4,238	\$4,746
20	\$3,911	\$4,380	\$4,302	\$4,818
21	\$3,971	\$4,447	\$4,368	\$4,892
22	\$4,032	\$4,515	\$4,435	\$4,967
23	\$4,095	\$4,586	\$4,505	\$5,045
24	\$4,158	\$4,656	\$4,574	\$5,122
25	\$4,222	\$4,728	\$4,644	\$5,201
26	\$4,287	\$4,801	\$4,716	\$5,281
27	\$4,354	\$4,876	\$4,789	\$5,363
28	\$4,423	\$4,953	\$4,865	\$5,448
29+	\$4,493	\$5,032	\$4,942	\$5,535

- (d) **Noncertified Public School Employees** – In the 2000 Session, the General Assembly authorized funds for a 4.2% across-the-board salary increase, effective July 1, 2000, for noncertified employees of the public schools. These employees also received a lump-sum compensation bonus of \$500, effective October 1, 2000 (if employed April 1, 2000).

RETIREMENT AND PENSION CHANGES FOR STATE AND LOCAL PERSONNEL 2000 LEGISLATIVE ACTIONS

A. CURRENTLY EMPLOYED EMPLOYEES

- (1) **Retirement Contributions Reduced:** The 2000 General Assembly directed the Board of Trustees of the Teachers' and State Employees' Retirement System to recognize the actuarial value of the assets from the current level to a level not to exceed 77% of the market value. As a result of recognizing 77% of market value, the State contribution rate was reduced by 2.82% of payroll, which reduced the appropriation by \$191.3 million from the General Fund and \$14.9 million from the Highway Fund.

The General Assembly also eliminated the contributions of \$10.8 million from the General Fund and \$846,400 from the Highway Fund to the Death Benefit Trust for the Teachers' and State Employees' Retirement System, for the 2000-2001 year only. The Death Trust had a balance of \$44.9 million as of the December 31, 1998 valuation. The Death Trust pays the death benefit of one year's salary with a minimum of \$25,000 and a maximum of \$50,000 for members of the System who die in service with a minimum of one year of service.

- (2) **Benefit Accrual Rate Increased:** Effective July 1, 2000, the benefit accrual rate, or retirement formula, was increased in the Teachers' and State Employees' Retirement System from 1.80% to 1.81% of average final compensation per year of creditable service. The net effect of this increase will be to increase the annual retirement allowance of all employees who retire on and after July 1, 2000, by approximately 0.6%. The General Assembly funded the increase with funds created by recognizing a larger percentage of market value of assets. This is the equivalent cost of \$27.3 million annually from the General Fund and \$2.1 million from the Highway Fund.

Also effective July 1, 2000, the benefit accrual rate, or retirement formula, was increased in the Local Governmental Employees' Retirement System from 1.77% to 1.78% of average final compensation per year of creditable service. The net effect of this increase will be to increase the annual retirement allowance of all employees who retire on and after July 1, 2000, by approximately 0.6%. The General Assembly funded the increase with unencumbered actuarial gains within the Local System, as of December 31, 1998, which is the equivalent cost of \$6.6 million annually from local funds.

- (3) **Licensing and Examining Boards:** The General Assembly enacted legislation which will allow any State board or agency, charged with the duty of the examination and licensing of persons to practice a profession, trade or occupation, to make an irrevocable election on or before October 1, 2000, to become a participating employer in the Teachers' and State Employees' Retirement System. The legislation also allows any employees of the board on the date the board makes the irrevocable election to purchase any service with the board prior to the election by paying the full actuarial cost.
- (4) **Firemen's and Rescue Squad Workers' Pension Fund:** Effective July 1, 2000, the 2000 General Assembly enacted an increase in the pension for members of the Firemen's and Rescue Squad Workers' Pension Fund from \$146 to \$151 per month at a cost of \$1.2 million annually. This increase applies to current pensioners and to those entitled to receive a pension in the future at age 55 with 20 years of service.

Effective October 1, 2000, the General Assembly enacted an "open-door" enrollment period to allow qualified firemen or rescue squad workers to purchase retroactive membership credits for all their qualified service. A fireman or rescue squad worker will be required to pay \$10 for each month of eligible credit plus applicable interest. A fireman or rescue squad worker will have until March 31, 2001, to make application to purchase any retroactive service credits and until June 30, 2001, to make payment for such service. The cost of this "open-door" enrollment period is estimated to be between \$3.3 million based on 4,000 new members and \$4.9 million based on 6,000 new members.

The fire marshal of each county can be a member of the Firemen's and Rescue Squad Workers' Pension Fund provided that the fire marshal's sole duty is that of the fire marshal. The board of county commissioners must certify the fire marshal's attendance at no less than 36 hours of drills and meetings.

The General Assembly authorized the Board of Trustees of the Firemen's and Rescue Squad Workers' Pension Fund to adopt a fixed amortization period of nine years for purposes of the unfunded accrued liability. The nine-year liquidation period afforded the Pension Fund to fund the cost of increasing the monthly benefit and the cost of allowing the "open-door" enrollment period.

B. RETIRED EMPLOYEES

- (1) **Cost-of-Living Adjustment in Retirement Allowances for Retired Teachers and State Employees:** Effective July 1, 2000, the General Assembly provided a 3.6% increase in the retirement allowances paid to beneficiaries of the Teachers' and State Employees' Retirement System

whose retirement began on or before July 1, 1999. In addition, beneficiaries who retired after July 1, 1999, and before June 30, 2000, were authorized an increase in their retirement allowances on July 1, 2000, equal to a prorated amount of the 3.6% increase provided to those who retired on or before July 1, 1999. The Retirement Systems' Board of Trustees will determine the prorated amount based upon the number of months that a retirement allowance was paid during 1999-2000.

The increase in retirement allowances was funded from unencumbered actuarial gains in the Teachers' and State Employees' Retirement System as of December 31, 1998. This increase is the equivalent cost of \$64.5 million annually from the General Fund and \$5 million annually from the Highway Fund.

- (2) **Cost-of-Living Adjustment in Retirement Allowances for Retired Judges, District Attorneys, and Superior Court Clerks:** Effective July 1, 2000, the General Assembly provided a 2.6% increase in the retirement allowances paid to beneficiaries of the Consolidated Judicial Retirement System whose retirement began on or before July 1, 1999. In addition, beneficiaries who retired after July 1, 1999, and before June 30, 2000, were authorized an increase in their retirement allowances on July 1, 2000, equal to a prorated amount of the 2.6% increase provided to those who retired on or before July 1, 1999. The Retirement Systems' Board of Trustees will determine the prorated amount based upon the number of months that a retirement allowance was paid during 1999-00.

The increase in retirement allowances was funded from unencumbered actuarial gains in the Consolidated Judicial Retirement System as of December 31, 1998. This increase is the equivalent cost of \$465,000 annually from the General Fund.

- (3) **Cost-of-Living Adjustment in Retirement Allowances for Retired Local Government Employees:** Effective July 1, 2000, the General Assembly provided a 3.8% increase in the retirement allowances paid to beneficiaries of the Local Governmental Employees' Retirement System whose retirement began on or before July 1, 1999. In addition, beneficiaries who retired after July 1, 1999, and before June 30, 2000, were authorized an increase in their retirement allowances on July 1, 2000 equal to a prorated amount of the 3.8% increase provided to those who retired on or before July 1, 1999. The Retirement Systems' Board of Trustees will determine the prorated amount based upon the number of months that a retirement allowance was paid during 1999-2000.

The General Assembly funded the increase with unencumbered actuarial gains within the Local System as of December 31, 1998. This increase is the equivalent cost of \$11.4 million annually from local funds.

- (4) **Cost-of-Living Adjustment in Retirement Allowances for Retired Legislators:** Effective July 1, 2000, the General Assembly provided a 3.6% increase in the retirement allowances paid to beneficiaries of the Legislative Retirement System who retired on or before January 1, 2000, 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, 2000, but before June 30, 2000, were authorized an increase in their retirement allowances on July 1, 2000, equal to a prorated amount of the 3.6% increase provided to those who retired on or before January 1, 2000. The General Assembly funded the increase with unencumbered actuarial gains within the Legislative System as of December 31, 1999. This increase is the equivalent cost of \$59,600 from the General Fund.
- (5) **Re-employment of Retired Teachers:** The 2000 General Assembly enacted legislation, effective July 1, 2000, which removes any restrictions on the amount of post-retirement earnings for any retiree of the Teachers' and State Employees' Retirement System who is employed to teach as a substitute teacher or to teach on an interim or permanent basis in a public school. To qualify, a teacher must have been retired for 12 months and not have been employed in any capacity with a public school, except as a substitute teacher, for at least 12 months immediately preceding the return to teaching.

BENEFIT CHANGES FOR STATE AND LOCAL PERSONNEL

DEPUTY INDUSTRIAL COMMISSIONER PAY EQUITY

The General Assembly authorized the Office of State Personnel to conduct a salary equity study of the Deputy Industrial Commissioner class in the North Carolina Industrial Commission under the Department of Commerce. The General Assembly also authorized the Office of State Budget, Planning and Management to transfer an amount up to \$35,000 from the Reserve for Compensation Increase to the Industrial Commission to address possible salary inequities in the Deputy Industrial Commissioner class if the Office of State Personnel salary equity study substantiates any salary inequities.

SALARY ADJUSTMENTS FOR DISTRICT ATTORNEYS, PUBLIC DEFENDERS, AND CERTAIN INDUSTRIAL COMMISSION SALARIES SET BY STATUTE

The General Assembly modified the statute that set the annual salary for District Attorneys G.S. 7A-65(a) and placed in statute the annual salary of Public Defenders G.S. 7A-465(b). The statutory changes now sets the salary for District Attorneys and Public Defenders at the midpoint between the salary of a Senior Regular Resident Superior Court Judge and a Chief District Court Judge; the resulting salary for the 2000-2001 fiscal year for District Attorneys and Public Defenders will be \$101,220.

The increase to District Attorney salaries triggered an increase to the salaries of the Commissioners of the NC Industrial Commission, which are tied by statute GS 97-78 to that fixed from time to time for district attorneys. The Chair of the Industrial Commission is paid the same as a district attorney plus \$1,500. Therefore, the salary of an Industrial Commissioner will increase to \$101,220 and the Chair of the Industrial Commission will be paid \$102,720.

The increase to Industrial Commissioner salaries triggered an increase to the salaries of the Administrator of the Commission (\$91,098) and the Executive Secretary of the Commission (\$80,976), whose salaries are tied by statute GS 97-78 to the salary of an Industrial Commissioner. The statute specifies that the salary of the Administrator of the Commission shall be 90% of that for an Industrial Commissioner and the salary of the Executive Secretary shall be 80% of that for an Industrial Commissioner.

STATE AGENCY TEACHER/PRINCIPAL/ASSISTANT PRINCIPAL SUPPLEMENTS

The General Assembly authorized the Governor, for the 2000-2001 biennium, to fund a 5% salary supplement for State agency teachers who are paid on the same salary schedule as public school teachers. The Governor is also authorized to provide a 5% salary supplement for State agency principals and assistant principals, provided they possess the title and perform the duties of a principal or assistant principal.

ESTABLISH SENIOR ADMINISTRATIVE LAW JUDGE SALARY

The General Assembly rewrote G.S. 7A-751(a) to establish the annual salary of a Senior Administrative Law Judge (\$87,314) at 95% of the annual salary for the Chief Administrative Law Judge (\$91,909).

STATE EMPLOYEE HEALTH BENEFIT CHANGES

A. CHANGES IN PLAN FINANCING: Although the 1999 Session of the General Assembly appropriated additional funds from the General and Highway Funds for fiscal year 1999-2000 and fiscal year 2000-2001 to support a 30% across-the-board premium increase, effective October 1, 1999, for employees and retired employees enrolled in the Teachers' and State Employees' Comprehensive Major Medical Plan, the Plan's Executive Administrator reported to the 2000 General Assembly that the Plan's self-insured indemnity program (i.e., \$250 annual deductible, 20% coinsurance up to \$1,000 annually, etc. paid by Plan members) would have a \$50 million deficit for the 2000-2001 fiscal year without a reduction in the program's benefits. Consequently, the 2000 Session appropriated \$48 million from the General Fund and \$3.7 million from the Highway Fund for fiscal year 2000-2001 to a State Employee Reserve to offset any deficits in the Plan's self-insured indemnity program without having to increase the program's premiums or decreasing its benefits for the year. For the 22% 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, 2000. These changes are expected to range from a 30-141% increase for those enrolled in Coventry Health Care of the Carolinas, a 28-136% increase for those enrolled in Prudential Healthcare, and a 28-134% 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 Payments: The main reason that the Plan's Executive Administrator reported a \$50 million deficit in the Plan's self-insured indemnity program for fiscal year 2000-2001 was a dramatic increase in the program's claim payments for outpatient prescription drugs. Claim payments increased from \$115 million for 1998-1999 to more than \$172 million for 1999-2000 in this regard. Per capita claims for outpatient prescription drugs increased some 44% for the same periods. From 1998-1999 to 1999-2000, outpatient prescription drug claim costs jumped from 16% of the program's total claims to 21% of total claims. For the first time in the program's 20-year history, 1999-2000 claim payments for outpatient prescription drugs amounted to more than the program's claim payments for hospital inpatient costs. In response to these trends, the 2000 Session of the General Assembly took steps to reduce the program's outpatient prescription drug costs. The first step was to reduce the basis of claim payments to pharmacies. Effective August 1, 2000, pharmacies STET allowed dispensing fees were reduced from \$6 to \$4 per prescription. In addition, allowed ingredient pricing to pharmacies for generic drugs was reduced from 90% to 80%

of average wholesale price (AWP) for those generic drugs not subject to maximum allowable charge limits set by the federal Health Care Financing Administration (HCFA) for use by state Medicaid programs. For those generic drugs subject to HCFA price limits, the program will use HCFA pricing. The allowable ingredient pricing to pharmacies will change on August 1, 2000. No change was made in the ingredient pricing for branded drugs, which was set at 90% of AWP. Effective July 1, 2001, allowable dispensing fees and ingredient prices for pharmacies will be set by the Plan's Executive Administrator and Board of Trustees. Another step taken by the 2000 Session to reduce the program's outpatient prescription drug claims was for the Executive Administrator and Board of Trustees to hire a pharmacy benefit manager through a third-party contract as soon as possible during the 2000-2001 fiscal year. Such a contract is expected to be entered into by the first of October 2000. A pharmacy benefit manager's duties will include implementing drug formularies, implementing dispensing limits, securing manufacturer rebates, generic substitutions, concurrent utilization reviews for compliance with appropriate clinical protocols, cost-effective protocols, and contraindications, and prospective utilization reviews for drugs requiring prior approval. Retrospective reviews will also be made for informational purposes. The 2000 Session of the General Assembly further required that any formularies used by the Plan and its pharmacy benefit manager be open formularies, that a \$25 copayment be assessed against members of the program using non formulary drugs, and that the program not provide coverage for erectile dysfunction, growth hormone, anti-wrinkle, weight loss, and hair growth drugs unless the coverage is medically necessary to the health of the program member. The reduction in the program's outpatient prescription drug claim costs from these steps is expected to be \$33 million in fiscal year 2000-2001, and some \$60 million per year thereafter.

- (2) Voluntary Case Management and Disease Management Programs: The 2000 General Assembly authorized the Executive Administrator and Board of Trustees of the Plan to implement case management and disease management programs for the Plan's self-insured indemnity program. These programs will be voluntary on the part of Plan members and will target selected high cost and chronic disease situations. Third-party contractors will be used to help manage these programs. Fiscal year 2000-2001 claim cost savings to the Plan's self-insured indemnity program from these efforts are expected to be \$2 million. Annual claim cost savings are expected to be some \$8 million after the 2000-2001 fiscal year.
- (3) Annual Pap Smears for Wellness Program: Effective August 1, 2000, the Plan's self-insured indemnity program will cover pap smears under its wellness provisions on an annual basis for covered females under the age of 50. Prior to August 1, 2000, such tests were allowed once every three years for covered individuals under the age of 40 and once every two years for those age 40 to 49. The 2000 Session of the General Assembly made no change in the \$150 annual

maximum claim payment per person for wellness benefits. Annual wellness pap smears are expected to cost the Plan's self-insured indemnity program some \$500,000 for fiscal year 2000-2001, due to higher utilization resulting from the increased benefit.

C. ELIGIBILITY CHANGES:

- (1) **Benefit Eligibility Resumed for Fraudulent Claim Filers:** Effective August 1, 2000, the 2000 Session of the General Assembly authorized the Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan to allow members of the Plan excluded from coverage for filing fraudulent claims back into the Plan. Such members who knowingly and willfully made or caused to be made false statements or representations resulting in a claim payment under the Plan were previously excluded from the Plan's coverage. The action of the 2000 Session requires that such fraudulent claim filers be excluded from coverage for a minimum of five years and make full and complete restitution to the Plan for all fraudulent claim amounts. Other than a likelihood of some adverse selection against the Plan from an individual being out of the Plan for at least five years, this change by the 2000 Session is not expected to materially affect the financial condition of the Plan.

- (2) **Employees of Certain State Occupational Licensing and Examining Boards:** Effective July 1, 2000, employees of the State's occupational licensing and examining boards that are subject to the State's Executive Budget Act may become members of the Teachers' and State Employees' Comprehensive Major Medical Plan. Boards affected are the Board of Barber Examiners, Board of Cosmetology, Board of Opticians, Psychology Board, Board of Nursing Home Administrator Examiners, Auctioneer Licensing Board, and Board of Electrolysis Examiners. In order for employees to be covered by the Plan, each board is required to make an irrevocable election by resolution to become an employer in the Teachers' and State Employees' Retirement System on or before October 1, 2000. Approximately 50-55 employees could be affected by this change in eligibility. Employees of the State's occupational licensing and examining boards were excluded from membership in the State Retirement System and hence the Comprehensive Major Medical Plan in 1983. The 1983 Session of the General Assembly excluded employees hired on and after July 1, 1983 from membership in the Retirement System and the Plan upon a legislative study of contingent retirement and health benefit liabilities on the State resulting from optional enrollment of employees by employers which may or may not have technically been state agencies. These specific liabilities involved retiree retirement and health benefits promised versus a continuing obligation upon their employers to pay for such benefits. The Plan, however, did not terminate the health benefits eligibility for the new employees of the occupational licensing and examining boards until March, 1989.

(3) Non-Contributory Health Benefit Premiums for Retired Employees: From October 1, 1978, through September 30, 1995, the State's policy was to fully pay for health benefit premiums for retired teachers and state employees. In 1995, the General Assembly required that whenever employees and office holders first employed or taking office on and after October 1, 1995, become eligible for retirement benefits, the amount of premium paid by the State will be based upon the retiree's amount of retirement service credit at the time of retirement. Only those retirees with 20 or more years of service credit at retirement would be eligible for non-contributory health benefit premiums. Retirees with 10 or more years of service credit at retirement, but less than 20 years, would be eligible for 50% partially contributory health benefit premiums. Retirees with 5 but less than 10 years of service credit at retirement would have to pay fully contributory health benefit premiums. The actions of the 1995 Session would have taken affect at the earliest in October, 2000, since 5 years of retirement service credit is necessary to receive a retirement benefit. Most members of the State's Retirement Systems can receive a retirement benefit at age 60 with 5 years of service credit. Members of the Consolidated Judicial Retirement System however can receive a retirement benefit at age 50 with 5 years of retirement service credit. The 2000 Session of the General Assembly repealed the actions of the 1995 Session in this respect and returned the State's policy on retiree health benefit premiums to its pre-1995 position. Such a change is expected to have no financial impact upon the Teachers' and State Employees' Comprehensive Major Medical Plan.

D. HMO CHANGES: Due to ever increasing uncertainties in the State's HMO market, the Teachers' and State Employees' Comprehensive Major Medical Plan was forced to enter into one-year contracts with 10 HMOs for fiscal year 1999-2000. These HMOs covered employees and retired employees residing or working in 66 of the State's 100 counties. Since preliminary information from these HMOs indicated that most of them no longer wanted to underwrite health benefit coverage for members of the Plan, the Plan's Executive Administrator attempted to enter into another one-year contract with HMOs for the year beginning October 1, 2000. HMOs have maintained that they cannot offer benefits to Plan members because of unsatisfactory contracting arrangements with physicians and hospitals located in their service areas, unfavorable claims experience for Plan members, inability to offer geographically determined premium rates as opposed to one statewide rate required by the Plan, and the Plan's other restrictions against selective enrollment. Of the ten HMOs available for fiscal year 1999-2000, only five (Coventry Health Care of the Carolinas, Doctors Health Plan, Generations Family Health Plan, Prudential Healthcare, and Wellpath Select) showed any interest in participating in the Plan for fiscal year 2000-2001. Only 25 counties were to be covered in this regard. Doctors Health Plan and Generations Family Health Plan withdrew their interest in participating in the Plan since it appeared that they would be enrolling more members of the Plan than they wanted. Consequently, the Plan will have only three HMO options available to employees and retired employees residing or working in 24 of the State's counties (Alamance, Cabarrus, Catawba, Durham, Franklin, Gaston, Granville, Guilford,

Harnett, Iredell, Johnston, Lincoln, Mecklenburg, Nash, Orange, Person, Randolph, Rockingham, Rowan, Stanly, Union, Vance, Wake, and Warren) for the year beginning October 1, 2000. These three HMO options will be available for only one year. In addition to premium amounts paid by employees and retired employees enrolling in one of the three HMOs increasing 30-140% for the year beginning October 1, 2000, copayments paid by members of these HMOs will also be increased at the same time. Physician office visit copayments will increase from \$10 to \$15; outpatient prescription drug copayments will increase from \$10 to \$15 for branded drugs and from \$10 to \$20 for branded drugs with generic equivalents; and hospital copayments will be added at \$75 for inpatient admissions and \$50 for outpatient services. Teachers, State employees, and retired teachers and State employees having an HMO option for 1999-2000 that will no longer be available for 2000-2001 can enroll in the Plan's self-insured indemnity program.

E. 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. From 1990-91 through 1998-99, the surcharge had been a 2% add-on to employer retirement contributions. 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 1999 General Assembly for fiscal year 2000-2001, however, resumed the 2% of payroll contribution for the payment of retired employee health benefit premiums. For 1999-2000, retired employee health benefit premium payments were financed out of accumulated surcharge funds as of June 30, 1999. The 2000 Session of the General Assembly followed the same strategy of the 1999 Session by reducing the 2% payroll contribution for retired employee health benefit premiums to 1.28%, relying on an estimated balance of \$122 million in accumulated surcharge funds as of June 30, 2000, to help pay the required premiums. This reduction in employer payroll contributions resulted in a savings to the General Fund of \$50 million for fiscal year 2000-2001 and a savings to the Highway Fund of \$3.1 million for the same period. Another \$14 million in savings from receipt-supported contributions will also be available for fiscal year 2000-2001. In contrast, as of June 30, 1999, the State had an actuarially determined unfunded liability of \$8,120,741,261 for retired employee health benefits. If this liability had been amortized over 30 years, employer payroll contributions would have been 9.66% for the 1998-99 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 fourth quarter of 2001 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 fourth quarter of 2002. 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. Suspension and reduction of employer contributions to the State Retirement Systems for retiree health benefit premiums by the 1999 and 2000 Sessions of the General Assembly resulted in reduced amounts of General Fund appropriations required for the 1999-2001 biennium. Of the additional General Fund appropriation of \$102 million for 1999-2000 and \$136 million for 2000-2001 made by the 1999 Session to maintain the Plan's benefits, \$25 million was available to be redirected to Hurricane Floyd relief in 1999-2000, (\$55 million was actually used by the Office of State Budget and Management) and \$32.7 million was made available to be spent on other items in 2000-2001.

REVENUE/FEE BILLS

BILLS AFFECTING GENERAL FUND REVENUES

House Bill 1545, Chapter 16 Excise Tax on Timber Contracts

- Summary:** Clarifies that the excise tax on instruments conveying real property applies to timber deeds and contracts for the sale of standing timber. The Revenue Laws Study Commission recommended the bill.
- Effective Date:** The bill becomes effective July 1, 2000 and applies to timber deeds and contracts for the sale of standing timber executed on or after that date.
- Fiscal Effect:** There is no fiscal impact of this bill because it continues the historical tax treatment of timber deeds and contracts as real property. Despite recent court cases that argue timber deeds are personal property, most Registers of Deeds have continued to impose an excise tax on transfers of interests in timber deeds and contracts. (The amount of tax generated from timber deeds cannot be ascertained because Registers of Deeds do not separate timber deeds from other records.)

House Bill 1326, Chapter 19 Dry Cleaning Solvent Cleanup Amends.

- Summary:** Transfers 60% of the state sales tax on dry cleaning and laundry services to the Dry Cleaning Solvent Cleanup Fund. The bill increases the privilege tax on chlorine-based dry cleaning solvent from \$5.85 per gallon to \$10 per gallon and increases the privilege tax on hydrocarbon-based dry cleaning solvent from 80¢ per gallon to \$1.35 per gallon. The act repeals financial responsibility requirements for dry cleaning facilities and dry cleaning solvent distribution facilities. The act also directs the Secretary of Environment and Natural Resources to study the use of dry cleaning solvents in North Carolina.
- Effective Date:** The sales tax transfer becomes effective April 1, 2003 and is repealed July 1, 2010. The dry cleaning solvent tax increase becomes effective October 1, 2000.

Fiscal Effect:

Beginning in FY 2003-04, the General Fund will lose \$9.1 million a year in sales tax receipts when funds are transferred to the Dry Cleaning Solvent Cleanup Fund. The solvent tax increase will generate an additional \$500,000 in revenue each year for the Dry Cleaning Solvent Cleanup Fund.

**House Bill 1560, Chapter 56
Modify Bill Lee Act**

Issue Background:

Amends the Bill Lee Act, a package of state tax incentives that was first adopted in 1996 and modified in each subsequent year. The incentives are primarily in the form of tax credits for investment in machinery and equipment, job creation, worker training, and research/development. For many of the credits the counties of the State are divided into five economic distress tiers based on the unemployment rate, per capita income, and population growth. In general, the lower the tier of a county, the more favorable the incentive.

**Summary &
Effective Date:**

Application Fee Changes. Expands the fee exemption for Bill Lee Act credits claimed in a development zone and clarifies that there is no application fee for the special credit for a development zone project. Effective for applications made on or after January 1, 2001.

Extend Credit Carryforwards. Creates a new rule that allows unused credits to be carried forward 10 years in cases where the taxpayer will purchase or lease, and place in service within 2 years, at least \$50 million of real property, machinery and equipment, central office property, or aircraft facility property. Current Bill Lee Act credits generally cannot exceed 50% of tax liability, with a 5-year carryforward. In recent years, longer carryforwards have been established for specific incentives. Effective for taxable years beginning on or after January 1, 2000.

Wage Standards for Grants. Requires a business seeking a grant from the Industrial Recruitment Competitive Fund to meet the average weekly wage standards that apply to jobs credits under the Bill Lee Act. The bill also requires the project for which a local government unit is seeking an Industrial Development Fund grant to meet the wage standard. The standards vary by tier. Effective for activity occurring on or after July 1, 2000.

Prohibit Funding for Defaulting Grantees. Prohibits the Department of Commerce from making a loan or awarding a grant to any individual, organization, or governmental units currently in default on a loan made by Commerce. This section is effective for activity occurring on or after July 1, 2000.

Aircraft Maintenance Facility Credit. Expands the list of eligible businesses for the Bill Lee Act credits to include an auxiliary subdivision of an interstate passenger air carrier primarily engaged in aircraft maintenance and repair services or aircraft rebuilding. This section is effective for tax years beginning on or after January 1, 2001.

Employee Buyout Incentive. Makes technical changes to 1998 exception language for employee buyout situations. In general, the acquisition of a business, or any other transaction by which an existing business reformulates itself, does not create new eligibility in the succeeding business. However, in 1998 an exception was allowed for employee buyout situations. Effective for acquisitions made on or after May 1, 1999.

Low Income Housing Credit for Disaster Counties. Provides that the 75% low income housing credit is allowed for buildings located in a county that has been designated as having sustained severe or moderate damage from a hurricane or hurricane-related disaster. The 1999 General Assembly allowed a tax credit for constructing or rehabilitating low income housing. A 75% credit is allowed in tier 1 or 2 counties and 25% in the other counties. Effective for tax years beginning on or after January 1, 2001 and applies to buildings to which federal credits are allocated on or after January 1, 2001 and expires on January 1, 2005.

Low Income Housing Credit Technical Change. Clarifies that if a building in a tier 3, 4, or 5 county no longer meets the State tax credit requirements, the remaining installments of the tax credit may not be taken even though the federal credit may still apply. Effective for tax years beginning on or after January 1, 2000.

Jobs Tax Credit Change. Eliminates the requirement that a taxpayer must have 5 or more employees for at least 40 weeks per year. Effective for tax years beginning on or after January 1, 2000.

Investment Tax Credit Correction. Provides that the remaining installments of the investment tax credit may be taken if the value of the newly acquired machinery and equipment offsets at least 80% of the value of the items taken out of service. Under the current Bill Lee Act, a targeted investment tax credit for investing in machinery and equipment must be taken over a 7-year period. If the taxpayer replaces the machinery or equipment with newly acquired property during the installment period, the remaining credit installments are eliminated and no credit is allowed on the new items except to the extent that its value exceeds the value of the original machinery. Effective for tax years beginning on or after January 1, 2000.

Technical Correction. Clarifies the eligibility requirements for the 1999 sales tax refunds to certain nonprofit insurance companies.

Fiscal Effect: The estimated General Fund revenue loss from the Bill Lee Act changes is as follows:

FY 2002-03	(\$30,000)
FY 2003-04	(\$60,000)
FY 2004-05	(\$90,000)

**Senate Bill 1318, Chapter 73
Amend Bill Lee Act Tier Designations**

Summary: Specifies that a Tier 2 county must remain a Tier 2 county for at least two years before moving to a higher tier (with less favorable incentives).

Issue Background: The Bill Lee Act is the package of state tax incentives that was first created in 1996 and has been modified in each subsequent year. Examples include a targeted investment tax credit for machinery and equipment, a jobs credit, a research and development credit, and a worker training tax credit. For many of the credits the counties of the State are divided into five economic distress tiers based on the unemployment rate, per capita income, and population growth. In general, the lower the tier of a county, the more favorable the incentive. The 1997 General Assembly modified the tier determination language to guarantee that a Tier 1 county must remain a Tier 1 county for a minimum of two years.

Effective Date: Applies to tier designations for the 2000 and later tax years.

Fiscal Effect: The estimated General Fund revenue loss from the tier change is as follows:

FY 2001-02	(\$111,000)
FY 2002-03	(\$233,000)
FY 2003-04	(\$344,500)
FY 2004-05	(\$456,000)

**House Bill 1544, Chapter
Refund Overpayment of Deed Stamp Tax**

Summary: Clarifies that a taxpayer can receive a refund of an overpayment of the Deed Stamp Tax. The act lays out the procedures to apply for such a refund, provides refunds for overpayments dating back to July 1, 1997 and requires that the taxpayer be paid interest if the money is held more than 90 days before a refund is given. The Revenue Laws Study Commission recommended the bill.

Effective Date: The bill is effective when it becomes law and applies retroactively to taxes paid on or after July 1, 1997.

Fiscal Effect: Under current law, a tax is levied when an interest in real property, usually as a deed, is transferred. The county retains 51% of these funds, while the balance is sent to the state and divided between the Parks and Recreation Trust Fund and the Natural Heritage Trust Fund. Taxpayers often file for a refund of this tax because either the deed is filed in the wrong county, or a taxpayer paid the tax on a transfer that was not subject to the tax. Some counties currently provide refunds when an error is made while others do not. The Department of Revenue generally offers a refund. The Department reports that in a typical year they see less than \$2000 in requests for refunds. Therefore, an impact of \$2000 or less is expected on the two state trust funds and a similarly small loss is expected at the local government level. There is no General Fund impact.

House Bill 1624, Chapter 120 Streamlined Sales Tax System

Summary:

Streamlines the sales tax system by shifting its administration to a technology-oriented business model where the primary responsibility for calculating, collecting, reporting, and remitting the use tax lies with a "Certified Sales Tax Collector" instead of the remote retailer. The State would reimburse the Collector for the cost of integrating the system with a vendor's system and for operating the system. The costs of the system would be funded from receipts collected and could be recovered through a flat transaction fee, a percentage rate, or some combination.

Specifically the legislation:

- Eliminates the "good faith" requirement when accepting an exemption certificate from a remote purchaser.
- Authorizes the Department of Revenue to issue direct pay certificates to a buyer who is uncertain how the property should be taxed at the time of purchase.
- Extends the penalty provisions for misuse of an exemption certificate to a direct pay and farmer's certificate.
- Determines that tax liability is based on the "ship to" address.
- Clarifies that customers making purchases from retailers using this system are liable for sales and use taxes.
- Limits local sales tax rate changes to no more than two times a year, and requires that 90-day notice be given to DOR for these changes.
- Prohibits a retailer's use of the state courts to collect debts if the retailer is required to collect use tax but refuses to do so. This applies only to retailers who have gross sales of at least \$5 million.
- Instructs DMV to release social security numbers to the Department of Revenue.
- Allows the Department of Revenue to use funds collected through the new system to fund the collection contracts.
- Authorizes the Department of Revenue to use nonresident and foreign entity delinquent debt collections to fund a request for proposal for a more automated tax collection system.
- Requires that certified sales tax collectors be bonded or have an irrevocable letter of credit.
- Allows the Department of Revenue to audit a participating retailer in the case of fraud.
- Repeals the use tax line item on the state income tax form in 2003 and replaces it with a system of annual returns.

Effective Date: The sales tax exemption certificate provision becomes effective January 1, 2001. The repeal of the use tax reporting requirement becomes effective for tax years beginning on or after January 1, 2003. The remainder of the bill becomes effective when it becomes law.

Fiscal Effect: No fiscal estimate is possible because the legislation is only the first step in establishing a new remote sales and use tax collection system. However, once completed, the fiscal impact could be significant. A recent study by the University of Tennessee estimates that by 2003 the incremental state and local revenue loss on e-commerce transactions will be \$238 million for North Carolina. If the current revenue losses on catalog sales and e-commerce purchases are included, the amount could be over \$400 million.

**House Bill 1583, Chapter
Nonhazardous Dry Cleaning Technology Incentive**

Summary: Provides an income tax credit equal to 20% of the cost of purchasing or leasing nonhazardous dry cleaning equipment. The bill also allows the State Treasurer to invest state funds in the North Carolina Economic Opportunities Fund.

Effective Date: The tax credit is effective for taxable years beginning on or after July 1, 2001. The remainder of this act is effective when it becomes law.

Fiscal Effect: The estimated General Fund revenue loss from the tax credit is as follows:

FY 2001-02	(\$584,100)
FY 2002-03	(\$423,000)
FY 2003-04	(\$507,600)
FY 2004-05	(\$625,200)

**House Bill 1559, Chapter
Conform with Federal Law**

Summary: Changes the reference to the Internal Revenue Code used in defining and determining certain state income tax provisions from June 1, 1999 to January 1, 2000. The bill conforms state statutes with federal law regarding pension tax withholding and deadlines

for payments of certain estimated income taxes. The bill clarifies that receipts of a multi-state corporation should only include the net gain realized from the sale or maturity of securities, not the rolled over capital or return of principal. The bill also allows the Department of Revenue to collect delinquent tax debts with the assistance of the U.S. Department of the Treasury and charge the delinquent taxpayer a \$15 collection fee.

Effective Date: The sections on pension tax withholding are effective on January 1, 2001. The remainder of the act is effective when it becomes law.

Fiscal Effect: The estimated General Fund revenue impact from the Internal Revenue Code update is as follows:

FY 2000-01	(\$2,030,000)
FY 2001-02	(\$4,350,000)
FY 2002-03	\$650,000
FY 2003-04	\$850,000
FY 2004-05	\$600,000

Conforming the tax deadline and clarifying the sales factor for multi-state corporations have no fiscal impact. The collection of delinquent tax debts has a potential revenue gain, but no estimate is available.

House Bill 1551, Chapter Tax Enforcement

Summary: Creates a \$500 civil penalty for filing frivolous income tax returns, permits local law enforcement agencies to report non tax paid unauthorized substance cases directly to the Department of Revenue, allows Revenue Law Enforcement Agents to enforce misdemeanor tax laws, and allows the Secretary of Revenue to administer the oath of office to Revenue Law Enforcement Agents.

Effective Date: The penalty on frivolous returns is effective October 1, 2000. The reporting of unauthorized substances is effective on December 1, 2000. All other sections of the bill are effective when the bill becomes law.

Fiscal Effect: Based on the current caseload of fraudulent tax preparers, the \$500 civil penalty could produce \$300,000 to \$1 million in revenue each year for the General Fund. The amount is difficult to estimate because: 1) the Department of Revenue does not report the amount

of penalty revenue it receives now, 2) the Department might waive the penalty or not apply the penalty in some cases, and 3) the penalty may act as a deterrent to fraud and reduce the number of convictions.

**House Bill 1854, Chapter 109
2000 Fee Bill**

Summary: Increases all categories of General Court of Justice fees and increases the fee charged nuclear facilities.

Effective Date: The increased court costs are effective July 15, 2000 and the increased nuclear facility fee is effective when the bill becomes law.

Fiscal Effect: The increased court fees will increase General Fund revenue by \$6.35 million each fiscal year. The revised Court of Justice fees are shown below.

CATEGORY	CURRENT COJ FEE	PROPOSED INCREASE	NEW COJ FEE
District Ct—Criminal	\$61	\$4	\$65
District Ct-Civil	\$40	\$4	\$44
Superior Ct—Criminal	\$68	\$4	\$72
Superior Ct-Civil	\$55	\$4	\$59
Magistrate—Civil	\$28	\$5	\$33
Special Proceedings - Nonforeclosures	\$26	\$4	\$30
Foreclosures	\$30	\$10	\$40
Estates (fixed portion of fee)	\$26	\$4	\$30
Minimum Charge for Other filings	\$10	\$ 5	\$15
Trust under Will	\$15	\$ 5	\$20
Probate	\$17	\$ 3	\$20

The fee for emergency planning in nuclear facilities is doubled from \$18,000 to \$36,000 per year in section 6 of the bill. The Division of Radiation Protection in the Department of Environment and Natural Resources uses the funds paid by the state's four nuclear facilities to provide off-site radiological emergency response to the facilities. The current fee generates \$72,000 per year and pays for half of the program costs. The fee increase will boost revenues to \$144,000 in FY 2000-01 and pay for 100% of program cost.

**House Bill 1473, Chapter
Renewable Energy Manufacturer Credit**

Summary: Replaces the corporate tax credit for constructing a photovoltaic (PV) equipment facility with a corporate tax credit for constructing a renewable energy equipment facility. The tax credit is taken in five equal installments over five years, and the amount of the credit may not exceed 50% of the amount of the tax imposed for the taxable year. Unused tax credits have a 10-year carry forward period. No taxpayer may receive more than one tax credit for this type of facility. The bill also makes a slight modification to the distribution of the State franchise tax on utility gross receipts that is shared with cities.

Effective Date: The tax credit is effective for taxable years beginning on or after January 1, 2000. The franchise distribution is effective on or after October 1, 2000.

Fiscal Effect: It is not possible to predict the number of firms that will apply for this revised corporate tax credit, nor the amount of the credit to be requested. Therefore, no estimate is available at this time. However, if only one firm applies for the credit, there will be a General Fund revenue loss due to the absence of applicants for the current tax credit program.

**Senate Bill 1305, Chapter
Revise Article 9 of the UCC**

Summary: Rewrites Article 9 of the Uniform Commercial Code to conform state law to revisions adopted by the National Conference of Commissioners on Uniform State Laws. One major change is a requirement that all financing statements be filed with the Secretary of State except for fixture filings, which will continue to be filed with county Registers of Deeds. The bill also increases filing fees from \$15 to \$30.

Effective Date: The fee increase is effective September 1, 2000 and applies to fees paid on or after that date. The transfer of county filings to the Secretary of State is effective July 1, 2001. The remainder of the bill is effective when it becomes law.

Fiscal Effect:

	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
REVENUES					
General Fund					
Secretary of State	\$3,926,055	\$8,804,529	\$8,804,529	\$8,804,529	\$8,804,529
County Revenues	(\$240,155)	(\$1,915,067)	(\$1,915,067)	(\$1,915,067)	(\$1,915,067)
EXPENDITURES					
General Fund					
Secretary of State	\$868,664 R	\$1,804,557	\$1,804,557	\$1,804,557	\$1,804,557
	\$1,891,004 NR				
Total G.F.	\$2,759,668	\$1,804,557	\$1,804,557	\$1,804,557	\$1,804,557
POSITIONS:	41	41	41	41	41

BILLS AFFECTING HIGHWAY FUND REVENUE

House Bill 1302, Chapter 72 Charter School Fuel Exemption

Summary: Exempts charter schools from paying the motor fuels tax.

Effective Date: This bill is effective on October 1, 2000.

Fiscal Effect: The revenue loss from this bill is as follows:

<u>FY</u>	<u>Highway Fund</u>	<u>Highway Trust Fund</u>
2000-01	\$24,740	\$8,247
2001-02	\$24,807	\$8,269
2002-03	\$24,472	\$8,157
2003-04	\$24,249	\$8,083
2004-05	\$24,249	\$8,083

House Bill 723, Chapter 75 Dark Window Inspection Fee

Summary: Allows persons with photosensitive medical conditions, such as systemic lupus erythematosus, to obtain medical exceptions from the window tinting law. To receive a medical exception permit, a person must complete an application with the Division of Motor Vehicles and obtain a doctor's written statement about the photosensitive medical condition that warrants darker window tinting. The medical exception permit is renewed every five years and must be accompanied by a medical recertification. A person may receive no more than two medical exception permits.

Effective Date: This bill is effective July 1, 2001.

Fiscal Effect: The Division of Medical Evaluation in the Department of Health and Human Services estimates that only 100 persons per year will apply for this permit. Given the small number of potential applicants, the Department of Transportation feels that DMV can administer this program at no additional cost. Therefore, there is no fiscal impact from this bill.

**House Bill 1566, Chapter
Temp MV Lien Filing**

Summary: Provides alternative methods of title transfer when the manufacturer's statement of origin or an existing certificate of title is not available in a timely fashion. Under current law, a manufacturer's statement of origin or a certificate of title is needed when transferring vehicle ownership. Under the bill, when these documents are not available, a licensed motor vehicle dealer can transfer title by certifying in writing to DMV that: 1) all prior perfect liens on the vehicle have been paid and 2) despite "reasonable diligence" these documents are unavailable. Similarly, a dealer who is the first lienholder may file a notarized copy of an instrument creating and evidencing a security interest in the vehicle with the DMV. Filing of a false sworn certification in these instances is a Class H felony. The DMV can charge a fee of up to \$10 for each notation of security interest filed. The bill also guarantees that the consumer-purchaser is held harmless from any damages that might arise from use of the temporary lien procedure.

Effective Date: This bill is effective on May 1, 2001.

Fiscal Effect: Tennessee has a temporary lien program similar to this legislation. They process 200 to 250 temporary lien applications a day, or 52,000 to 65,000 per year. According to the U.S. Department of Transportation, North Carolina has approximately 50% more registered vehicles than Tennessee. Using this percentage as a proxy suggests that North Carolina will see 300 to 375 temporary lien applications each day. The lower estimate of 300 per day or 78,000 per year is used for a revenue estimate. Assuming the \$10 application fee is charged, the legislation will generate \$780,000 annually.

The Division of Motor Vehicles believes they will need one additional staff person (Grade 57), additional equipment, and some reprogramming to implement the provisions of the bill. DMV will also pay tag agents \$1.35 per temporary lien or \$105,300 per year.

The overall anticipated revenues and expenditures are as follows:

	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Revenues					
Application Fees @ \$10 each	\$130,000	\$780,000	\$780,000	\$780,000	\$780,000
Expenditures					
DMV and MIS Start-Up Combined	\$255,193	\$23,990	\$23,990	\$23,990	\$23,990
Tag Agent Fees	\$17,550	\$105,300	\$105,300	\$105,300	\$105,300
Total Expenditures	\$272,743	\$129,290	\$129,290	\$129,290	\$129,290
NET REVENUES	(\$142,743)	\$650,710	\$650,710	\$650,710	\$650,710

Because the legislation specifies a Class H felony for a motor vehicle dealer filing a false sworn certification, there may a prison cost associated with the bill. However, Fiscal Research believes that convictions for this new offense would be infrequent and the impact can be absorbed by the prison system.

Senate Bill 1210, Chapter Special Registration Plates

Summary: Authorizes the Division of Motor Vehicles (DMV) to issue the following special registration plates:

- "Support Public Schools"
- "Ducks Unlimited"
- "Omega Psi Phi Fraternity"
- "Tobacco Heritage"
- "Litter Prevention"
- "Goodness Grows"

This legislation also removes the additional \$10 special registration fee for Congressional Medal of Honor, 100% Disabled Veteran, Legion of Valor Member, Ex-Prisoner of War, and Silver Star plates.

Effective Date: This bill becomes effective when it is signed into law.

Fiscal Effect:

	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>
REVENUES					
Highway Fund					
Special Reg. Plate Account					
New Plates	\$16,500	\$16,500	\$16,500	\$16,500	\$16,500
Existing Plates*	(\$47,810)	(\$47,810)	(\$47,810)	(\$47,810)	(\$47,810)
Net	(\$31,310)	(\$31,310)	(\$31,310)	(\$31,310)	(\$31,310)
State Board of Education	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Wildlife Resources Commission	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
United Negro College Fund	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Litter Prevention Acct.	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
NC Ag. Promotions Inc.	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
EXPENDITURES					
Highway Fund					
Special Reg. Plate Account	\$6,000	\$5,400	\$5,400	\$5,400	\$5,400
* The following agencies receive all revenues that exceed the operating cost of the Special Plate program.					
Department of Transportation		(\$23,905)			
Department of Commerce		(\$15,777)			
Department of Health & Human Services		(\$8,128)			

**House Bill 1854, Chapter 109
2000 Fee Bill**

Summary:

Authorizes the Department of Transportation (DOT) to increase the fee for a single trip oversize/overweight permit from \$10 to \$12. This legislation also replaces the fee schedule for annual permits with a \$200 annual permit fee for moving house trailers and a \$100 annual permit fee for moving other commodities. This fee does not apply to farm equipment or to material transported by State and Federal agencies. The bill adds a nonrefundable \$100 fee for superload permits that require an engineering study for pavement, structures, or other special considerations. Additionally, a fee of \$3 per 100 lbs. is charged for any permit issued over 132,000 lbs. The bill also authorizes the DOT to assess civil penalties for overweight permit violations.

Fiscal Effect: The revenue gain to the Highway Fund is summarized below:

	FY 2000-01	FY 2001- 02	FY 2002-03	FY 2003-04	FY 2004-05
Single trip permits	19,700	21,670	23,837	26,221	28,843
\$2 fee increase *	\$29,550	\$43,340	\$47,674	\$52,441	\$57,686
Annual permits	3,100	3,410	3,751	4,126	4,539
\$150 fee increase *	\$348,750	\$511,500	\$562,650	\$618,900	\$680,850
Total Highway Fund	\$378,300	\$554,840	\$610,324	\$671,341	\$738,536
* FY 2000-01 adjusted for October 1, 2000 effective date					

BILLS AFFECTING LOCAL GOVERNMENT REVENUE

Senate Bill 1076, Chapter 2 Reform Tax on Rental Cars

Summary: Exempts from property tax vehicles that are termed short-term leased vehicles. These vehicles are leased for 365 days or less and include rental cars, sports utility vehicles, cargo vans, trucks, trailers and small semi-trailers. The bill authorizes both counties and cities to levy up to a 1.5% tax on the gross receipts from the short-term lease or rental of vehicles. The legislation directs the Fiscal Research Division of the General Assembly to compare the revenue generated from the gross receipts tax authorized by this act with the revenue previously generated by the ad valorem tax on short term leased vehicles. The results of this comparison must be provided to the 2003 Session of the General Assembly.

Effective Date: Effective for taxable years beginning on or after July 1, 2000.

Fiscal Effect: The law will have an impact on property and local gross receipts taxes.

Property Tax. Currently no organization tracks the number of vehicles leased for 365 days or less. The N.C. Division of Motor Vehicles (DMV) suggests that 40,000 passenger vehicles are leased or rented for 30 days or less each year. Industry analysts estimate that 70%-80% of all rental cars are located near major airports. A Fiscal Research Division survey of the seven counties near large airports (Wake, Mecklenburg, Forsyth, Nash, Guilford, New Hanover, and Buncombe) revealed that 31,397 rental vehicles, or 78.5% of the total North Carolina market, are listed in these counties. These seven counties report a total rental car tax value of \$424,077,070 with an average vehicle value of \$13,507. The property tax associated with these vehicles is \$4.187 million. Assuming the average value applies to the cars in other counties (the remaining 21.5%), the total value of rental cars in North Carolina is \$540,277,186. Assuming the average vehicle tax from the reporting counties (\$133.36) applies to the remaining counties, the legislation will create a \$5,334,506 annual property tax loss from rental cars alone. The four largest counties in North Carolina reveal that the property tax on rental trucks is equal to 5% of the property tax on rental cars. Using this ratio as a proxy, the

statewide loss associated with rental trucks and trailers is approximately \$266,725 per year, creating a total, annual property tax loss of \$5,601,231 (rental cars and rental trucks). This is a minimum estimate as it does not include trucks rented by smaller companies or vehicles leased for periods between 31 and 365 days.

Gross Receipts. The bill allows counties and cities to levy a gross receipts tax on short-term rental vehicles. No accurate fiscal information is available on gross receipts for 365 day or less rentals. A survey of the eight major car rental companies indicated a 1.5% gross receipts tax on 30-day automobile rentals would generate \$7.5 million in revenue. However, because the language associated with this portion of the law is permissive, Fiscal Research cannot predict what proportion of affected counties or cities will levy the new tax. Therefore, no firm fiscal estimate is given for this portion of the bill.

**House Bill 133, Chapter 18
Exempt Disabled Veteran Vehicles**

Summary: Exempts from property tax motor vehicles that are owned by a disabled veteran and altered to accommodate a service-connected disability.

Effective Date: This bill is effective on July 1, 2000.

Fiscal Effect: Under federal law, veterans who have particular service related permanent injuries qualify for federal automobile assistance. The North Carolina Division of Veterans Affairs reports that 1,560 North Carolina veterans are entitled to such federal assistance. The average vehicle value in 1999, for property tax purposes, was \$7,632. Assuming disabled veterans would be subject to a property tax rate of \$1 per \$100 of assessed value, the FY 1999-00 loss would have been \$119,059 (\$7,632 value x 1,560 veterans x property tax rate) had the legislation been in effect for that fiscal year.

The estimated property tax loss on all local governments is as follows:

FY 2000-01	(\$119,059)
FY 2001-02	(\$118,700)
FY 2002-03	(\$119,293)
FY 2003-04	(\$120,136)
FY 2004-05	(\$120,604)

House Bill 1573, Chapter 20
Health Care Facility / CCRC Tax Exempt

Summary: Extends the sunset on the property tax exemption for Continuing Care Retirement Communities to July 1, 2001. The bill clarifies that the property tax exemption for health care facilities funded through Medical Care Commission (MCC) bonds or notes only applies to the portion of the facility funded by the MCC bond or note, or the principal amount of that bond or note, whichever is smaller.

Effective Date: The bond clarification becomes effective October 1, 2000 and applies to bonds or notes issued on or after that date. The property tax exemption for Continuing Care Retirement Communities becomes effective July 1, 2000. The remainder of the bill is effective when it becomes law.

Fiscal Effect: The MCC bond clarification will not impact facilities funded under existing bonds. The primary impact will occur in communities with Continuing Care Retirement Communities that will apply for MCC funding in the future, since many of these facilities are or could be subject to property tax. Since Fiscal Research cannot anticipate the amount of bonds to be issued in the future to these facilities, no fiscal estimate is possible.

Extending the property tax sunset one year has no fiscal impact on local governments. Since July 1, 1998 non-charitable CCRCs have been exempt from property taxes under G.S. 105-278.6A. However, if the sunset had expired in 2000 and the non-charitable CCRCs became fully taxable, then city and county governments could have assessed taxes on the property and received an estimated \$5.1 million in property tax revenues. There is no General Fund impact of the proposal.

House Bill 1602, Chapter 70
Stormwater Utility Fees

Summary: Amends the definition of "public enterprise" in the county and municipal statutes to include, among other things, "stormwater management programs designed to protect water quality by controlling the level of pollutants in, and the quantity and flow of, stormwater and structural and natural stormwater and drainage systems of all types." The bill also makes conforming changes to the statutes that allow counties and municipalities to charge fees for the use of and services provided by public enterprises (also known as utilities).

Effective Date: This bill is effective when it becomes law and applies retroactively to July 15, 1989 for counties and July 8, 1991 for cities.

Fiscal Effect: This bill imposes no new expenditure requirements on counties or municipalities. It only expands counties' and municipalities' options for paying the expenses associated with a federal law that requires operators of municipal storm sewer systems serving 100,000 people or more to develop stormwater management programs. The selection of this option is discretionary. Because this bill does not require any county or municipality to charge a stormwater utility fee, there is no fiscal impact on the local governments' revenues as a result of this bill.

**Senate Bill 1152, Chapter
Nonresidential Abandoned Structures**

Summary: Gives city inspectors the authority to declare a nonresidential building - located in a community development target area - unsafe if the building is both vacant or abandoned and appears to be "in such a dilapidated condition as to cause or contribute to blight, disease, vagrancy, fire or safety hazard, to be a danger to children, or to tend to attract persons intent on criminal activities or other activities which would constitute a public nuisance". If, after appropriate notice, the owner fails to correct the site, the bill authorizes the city to remove or demolish the structure. The cost of removal or demolition can be placed as a lien against the property. Cities are authorized to sell any usable materials and credit the proceeds against the lien. If materials are sold for more than the cost of demolition, the balance is placed with the superior court clerk to be forwarded to the owner. The bill also defines a community development target area. The legislation applies to all North Carolina municipalities.

Effective Date: The bill is effective when it becomes law.

Fiscal Effect: Since the bill is permissive, and the value of potentially impacted properties is unknown, Fiscal Research cannot accurately estimate the impact on local government. As such, no fiscal estimate is possible. Because the bill applies only to local governments, there is no state General Fund impact.

**House Bill 1290, Chapter
Revenue Laws Clarifying Changes**

- Summary:** Makes numerous technical and clarifying changes to the state revenue laws and related statutes. Section 2 of the bill returns the maximum city and county privilege license tax on pawnbrokers to \$275. 1999 legislation inadvertently capped the annual local tax at \$100.
- Effective Date:** The effective date for section 2 is July 1, 2000. The remainder of the act is effective when it becomes law.
- Fiscal Effect:** The bill has no fiscal impact. However, failure to pass the bill would have cost local governments approximately \$50,000 in lost revenue due to a lower tax.

**Senate Bill 1252, Chapter
Brownfields Tax Incentives**

- Summary:** Creates a partial property tax exemption for the appraised value of qualifying quality improvements on brownfields sites for the first five taxable years. The following table outlines the partial tax exemption schedule:

<u>Year</u>	<u>Percentage of Appraised Value for Qualified Improvements Excluded</u>
Year 1	90%
Year 2	75%
Year 3	50%
Year 4	30%
Year 5	10%

- Effective Date:** This partial exemption is effective for qualified improvements under the brownfields program completed after July 1, 2001.
- Fiscal Effect:** Department of Environment and Natural Resources staff feel that this tax incentive will serve as an effective means of attracting additional brownfields site developers, as well as providing an incentive for pending agreements to proceed at a more rapid pace. However, it is not possible to accurately predict the extent to which this tax exemption will induce new developers to enter the program.

The tax exemption only extends to the tax appraised value of qualifying improvements upon the site, not the value of the entire site. It is not possible to predict the amount that each developer would spend on qualifying improvements, nor the tax assessed value of these improvements. However, DENR staff and numerous county tax assessors feel that the additional property tax revenue provided by improvements to sites would be far greater than the combined tax loss over the five-year partial exemption period. This would result in increased municipal and county property tax revenues. Due to the aforementioned factors, no estimate is available at this time.

**Senate Bill 1529, Chapter
Register of Deeds Fee Adjustments**

Summary: Amends G.S. 161-10 (a) to authorize the county Register of Deeds to collect a \$2 access fee to the Vital Records Network and to collect the cost of providing miscellaneous services such as faxing documents, laminating copies of documents, etc.

Effective Date: This bill becomes effective on October 1, 2000.

Fiscal Effect: Under current legislation, Registers of Deeds are only authorized to collect \$8 for access to the Vital Records Network. Of this \$8, \$5 is directed to the State Automation Fund, and \$3 is directed to the county general fund. This situation creates a \$2 discrepancy between obtaining a birth certificate via the network and obtaining a certificate by the conventional means of mail request or traveling to Raleigh. Upon the passing of this legislation, the fee for obtaining a birth certificate duplicate would be the same regardless of which method is used. There is currently no estimate of the number of North Carolinians who will utilize the Vital Records Network service or the number of counties that will participate until the performance of a test pilot in Harnett County is evaluated. Therefore, no estimate of the fiscal impact of this portion of the bill is available at this time.

This bill also allows the county Register of Deeds to collect the costs of providing miscellaneous services that vary across counties. This legislation merely allows county Registers of Deeds to recoup the costs of these services, and therefore has no fiscal impact.

**House Bill 1854, Chapter 109
2000 Fee Bill**

Summary: Increases the jail fees paid by probationers from \$5/day to the amount counties are reimbursed for misdemeanants held in local jails (currently \$18/day). The bill also repeals the July 1, 2001 sunset on the white goods tax.

Effective Date: The jail fees are effective on July 1, 2000.

Fiscal Effect: Jail fees are collected by the AOC but returned to local governments (99.9% to counties). In 1998-99, \$1,939,224 was collected, suggesting billing for about 387,845 days of jail. At \$18/day, this would increase to \$6,981,206. Unfortunately, AOC cannot determine what portion of these funds came from probationers. If all the fees came from probationers (highly unlikely), the increase from \$5 to \$18 would generate an additional \$5,041,982 for local governments. This is an upper bound—no better estimate is available at this time.

This bill extends the \$3 white goods tax beyond its July 1, 2001 expiration date. The tax brings in approximately \$4 million a year. Counties receive 72% of this revenue. The additional county revenue due to the tax extension is as follows:

FY 2001-02	\$3,008,897
FY 2002-03	\$3,183,413
FY 2003-04	\$3,368,051
FY 2004-05	\$3,563,398

**House Bill 1854, Chapter 109
2000 Fee Bill**

Summary: Sets the regulatory fees for the insurance industry and public utilities at the same rates as 1999. The bill sets the public utility fee at nine-hundredths percent (.09%) of each public utility's North Carolina jurisdictional revenue. It also sets a flat fee of \$200,000 on the N.C. Electric Membership Corporation. The bill sets the insurance regulatory fee at seven percent (7.0%) of a company's premiums tax liability and assesses the fee for the first time against Blue Cross Blue Shield, Delta Dental, and Health Maintenance Organizations. The bill also repeals the July 1, 2001 sunset on the white goods tax and authorizes state agencies to charge a fee for Internet transactions.

Effective Date: The public utility regulatory fee and the N.C. Electric Membership Corporation fee are effective July 1, 2000. The remainder of the bill is effective when it becomes law.

Fiscal Effect: **Public Utilities Regulatory Fee.** This bill sets the utilities regulatory fee at .09% of each utility's North Carolina jurisdictional revenues maintaining the rate set in fiscal year 1999-00. The Utilities Commission estimates that the combined operations of the Commission and the Public Staff in FY 2000-01 will require expenditures of \$11,980,319. Revenues generated by the fees are estimated to be \$9,059,000. The balance needed to fund the agency will be derived from the Accumulated Fee Margin Reserve Account (\$2.3 million) and from other Commission fees and charges (\$655,000). The estimated fund balance in the Accumulated Fee Margin Reserve Account at the end of FY 2000-01 will be \$4.5 million.

Insurance Regulatory Charge. The bill sets the insurance regulatory charge effective for calendar year 2000 at 7%; the same rate as 1999. The projected revenue from the fee in FY 2000-01 is \$25.65 million. The Department of Insurance estimates that the operating expenses will be \$22.9 million in FY 2000-01 and that the year-end balance will be \$9.1 million. The fund balance will be approximately one-third of the estimated operating expenditures.

Internet Transactions. The language in section 8 of the bill is permissive for state agencies, thus no estimate is available for this proposed fee. Each department will set its own fee based on the costs of completing a transaction on the Internet or other means of electronic access.

White Goods Sunset Repeal. This bill extends the \$3 white goods tax beyond its July 1, 2001 expiration date. The tax brings in approximately \$4 million a year. The Solid Waste Management Trust Fund (SWMTF) receives 8% of the white goods tax and the White Goods Management Account (WGMA) receives 20%. The remaining 72% goes to the counties.

The additional revenue due to the tax extension is as follows:

	<u>SWMTF</u>	<u>WGMA</u>
FY 2001-02	\$334,320	\$835,803
FY 2002-03	\$353,710	\$884,280
FY 2003-04	\$374,225	\$935,568
FY 2004-05	\$395,930	\$989,831

**Senate Bill 1184, Chapter
Spay / Neuter Program**

Summary: Establishes a spay/neuter program in the North Carolina Department of Health and Human Services (HHS) – Division of Public Health. HHS will develop a statewide program to educate the public about the benefits of spaying and neutering cats and dogs. HHS will also create a Local Spay/Neuter Assistance Program to reimburse cities and counties for costs of performing spaying and neutering of pets belonging to low income persons. These spay/neuter programs are funded by: 1) a voluntarily paid 50 cents fee on rabies vaccination tags, 2) \$10 from the sale of each Animal Lovers license plate, and 3) any appropriations or contributions. All revenues are paid into a Spay/Neuter Account that is then allocated 20% to statewide education, 20% to administration, and 60% to aid local governments.

Effective Date: This bill becomes effective January 1, 2000.

Fiscal Effect:

	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>
REVENUES					
Spay/Neuter Account					
License Plates		Minimum of \$5,920 each year			
EXPENDITURES					
Dept. of HHS					
General Fund	\$26,499	\$21,886	\$22,577	\$23,329	\$24,162
Spay/Neuter Account		No estimate available			
POSITIONS:					
Dept. of HHS	.5	.5	.5	.5	.5

LOCAL GOVERNMENT TAX AID – HISTORICAL DATA
(\$ In Millions)

Fiscal Year	Local Sales Tax	Tax Sharing¹	Tax Reimbursements²	Powell Bill	Total Tax Aid	Property Tax³
1973-1974	\$ 98.4	\$ 57.3	--	\$ 29.3	\$ 185.0	\$ 548.4
1978-1979	175.8	89.3	--	33.5	298.6	867.4
1983-1984	296.5	158.3	--	43.2	498.0	1,468.5
1988-1989	831.7	206.7	226.9	66.7	1,332.0	2,016.1
1993-1994	1,047.2	236.8	237.8	92.7	1,607.9	3,019.0
1998-1999	1,498.4	185.5	336.2	123.0	2,143.1	4,222.4
2003-2004(E)	1,945.2	245.2	336.2	139.2	2,665.8	5,650.5
Increase since 1973-1974	1,877%	327%	--	375%	1,340%	903%

¹ Fiscal Years 1973-1974 through 1994-1995 - Includes intangibles tax (stocks and bonds), beer/wine excise tax, and utility gross receipts tax (cities only). Beginning with 1995-96, the intangibles tax distribution was switched to "Tax Reimbursements" when the tax was repealed.

² Fiscal Years 1973-1974 through 1994-1995 - Includes state reimbursement for the elimination of property tax on business inventories, sales tax exemption on food stamp purchases, and homestead exemption relief since 1981. Beginning with 1995-96, the intangibles tax distribution was switched to "Tax Reimbursements" when the tax was repealed.

³ Shown for comparison purposes.

(E) = Estimated

BOND BILLS

Senate Bill 912, Chapter 3 Bonds for Higher Education

Summary:

(1) General Obligation Bonds. Authorizes the State to issue up to \$2.5 billion of university improvement general obligation bonds, if approved by the voters, to acquire, construct, and improve University property. In addition, the bill authorizes \$600 million of community college general obligation bonds to acquire, construct, and improve community college property. The bond authorizations will be combined into a single ballot question. The referendum will be held during the November, 2000 general election. The maximum amount of bonds that can be issued per state fiscal year is:

<u>Fiscal Year</u>	<u>University</u>	<u>Community Colleges</u>
2000-2001	\$201,600,000	\$48,400,000
2001-2002	241,900,000	58,100,000
2002-2003	483,900,000	116,100,000
2003-2004	483,900,000	116,100,000
2004-2005	564,500,000	135,500,000
2005-2006	524,200,000	125,800,000

(2) UNC Special Obligation Bonds. Authorizes the UNC Board of Governors to issue special obligation bonds payable with any source of income or receipts of the Board of Governors or a constituent institution with the exception of tuition payments or General Fund appropriations from state revenue. The bond proceeds can be used for construction, improvement, and acquisition of any building or facilities located at UNC constituent and affiliated institutions. The maximum maturity on the bonds is 25 years. The bonds can be issued only for projects specifically authorized by the General Assembly.

Since the special obligation bonds do not pledge the full faith and credit or taxing power of the State, they do not require a vote of the people. The bonds will be secured by the Board of Governors' pledge of income or receipts to serve as security for the bonds.

Language in the bill authorizes and requires the Board to increase the underlying fees or charges as necessary to generate sufficient revenues to pay the bonds. In addition, the Board must set aside a sufficient amount of resources on a regular basis into a sinking fund pledged to pay the debt service on the bonds. Finally the State pledges and contracts that it will not limit or alter the rights vested in the Board of Governors with respect to the bonds as long as any bonds are outstanding.

Effective Date: The bill is effective when it becomes a law.

Fiscal Effect: The debt service costs paid from the state General Fund are as follows:

	Expenditures (Millions)
FY 00-01	-
FY 01-02	\$ 28.7
FY 02-03	\$ 62.4
FY 03-04	\$129.6
FY 04-05	\$194.9

**House Bill 1539, Chapter 69
Qualified Zone Academy Bond Act**

Summary: Authorizes the State Board of Education to administer selection and monitoring provisions of federal legislation (26 U.C.S. 1379E) that allows counties to issue Qualified Zone Academy Bonds (AZABs) on behalf of eligible public schools.

Issue Background: The federal Taxpayer Relief Act of 1997 provided federal funding for certain public schools and programs by allowing local governments to issue Qualified Zone Academy Bonds for the rehabilitation and renovation of schools, development of course materials, and training of teachers and personnel. Bonds may not be issued for new construction. The local governments pay the principal on the bond, but pay no interest to the bondholder. In lieu of interest, the bondholder receives a federal tax credit.

A total of \$9,115,000 was allocated to North Carolina in 1998 and \$8,851,000 in 1999 under the federal QZAB program. North Carolina counties are authorized to issue \$11,281,000 in bond principal for the year 2000. In order for North Carolina counties to utilize the interest exemption on the 1998 authorization, the county bonds must be issued by December 31, 2000.

Effective Date: The bill is effective when it becomes a law.

Fiscal Effect: None.

**House Bill 1629, Chapter 81
Butner Water & Sewer Bonds**

Summary: Authorizes the issuance of up to \$40 million in state revenue bonds to finance improvements to the water and sewer system for the community of Butner and the Camp Butner reservation. The bonds will be sold by the Local Government Commission and will be exempt from state tax.

Effective Date: The bill is effective when it becomes a law.

Fiscal Effect: None.

**Senate Bill 1381, Chapter
Reallocate Water Bond Funds**

**Summary &
Effective Date:**

(1) Shifts \$200 million of the loan portion of the 1998 clean water bonds to grants, effective July 1, 2000.

(2) Allocates the \$200 million to various purposes, effective July 1, 2000.

(3) Revises the maximum grant award to any applicant from \$3 million per fiscal year to \$3 million over a period of 3 years.

Issue Background: The 1998 clean water bond act allocated \$300 million to pass-through loans to local government units whose debt service would be fully repaid by the units applying for the loans. At the present time \$285.2 million of the loans remain uncommitted.

Fiscal Effect: The General Fund impact of the bill is as follows:

	Expenditures (Millions)
FY 00-01	-
FY 01-02	\$.9
FY 02-03	\$ 7.5
FY 03-04	\$18.6
FY 04-05	\$20.4

**Senate Bill 1477, Chapter
Finance Wildlife Centers**

- Summary:** Authorizes the Wildlife Resources Commission (WRC) to enter into a financing contract for \$13.5 million for the purposes of constructing a WRC administration building and resources center to be located on the Centennial Campus of North Carolina State University. The bill also authorizes the WRC to finance \$4 million for the construction of a new eastern wildlife education center to be located in Currituck County.
- Effective Date:** This bill is effective when it becomes law.
- Fiscal Effect:** The construction financing costs authorized by this bill have no general fund impact, but rather are borne entirely by the Wildlife Resources Commission (WRC). The WRC expects to fund the construction of the new administration and education center and the Eastern Wildlife Education Center internally, with currently unbudgeted funds. The anticipated yearly loan payment cost of the \$13.5 million Raleigh administration and education facility at 5.1% interest for 25 years is \$956,495. The annual loan payment for the \$4 million Eastern Wildlife Education Center given the same loan term and interest rate is \$283,406.

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
1970-71	961.4		304.7	335.1	171.2	1,772.4
1971-72	1,198.0		344.8	476.7	218.6	2,238.1
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	5,031.6
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	5,752.7
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	8,941.1
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	19,058.5
1997-98	11,565.3		1,775.5	5,220.4	1,863.6	20,424.8
1998-99	13,111.6		1,807.6	5,465.3	1,797.1	22,181.6
1999-00	14,237.7		1,878.8	5,951.1	1,898.8	23,966.4
2000-01	14,050.1		2,058.8	6,134.4	1,958.4	24,201.7

*General Fund totals reflect amounts originally authorized by the General Assembly.

Source: Office of State Budget

Total General Fund Authorizations as Adjusted to Determine Total Current Operations

Fiscal Year	Total Authorizations	% Increase Over Prior Year	Capital Improvements		Rainy Day/	Local Govern-ment Shared Revenue	Transfer To Highway Fund	Other	Total Current Operations	% Increase Over Prior Year
			Direct Appropriations Includes FRS	Earmarking of Unreserved Credit Balance	Savings Reserve Direct Appropriations					
1970-1971	981,127,808			0	0	0	0	0	981,127,808	
1971-1972	1,138,180,763	16.01%	64,891,192	0	0	0	0	0	1,073,289,571	9.39%
1972-1973	1,187,443,130	4.33%		0	0	0	0	0	1,187,443,130	10.64%
1973-1974	1,712,516,853	44.22%	191,822,446	0	0	0	0	0	1,520,694,407	28.06%
1974-1975	1,791,783,009	4.63%	93,365,337	0	0	0	0	0	1,698,417,672	11.69%
1975-1976	1,766,321,933	-1.42%	28,662,437	0	0	0	0	0	1,737,659,496	2.31%
1976-1977	2,008,072,901	13.69%	45,096,295	0	0	0	0	0	1,962,976,606	12.97%
1977-1978	2,224,738,340	10.79%	31,332,626	0	0	0	0	0	2,193,405,714	11.74%
1978-1979	2,578,019,913	15.88%	126,008,818	0	0	0	0	0	2,452,011,095	11.79%
1979-1980	2,835,367,553	9.98%	84,378,719	0	0	0	0	0	2,750,988,834	12.19%
1980-1981	3,255,104,769	14.80%	104,141,290	0	0	0	0	0	3,150,963,479	14.54%
1981-1982	3,432,556,046	5.45%	30,861,142	0	0	0	0	0	3,401,694,904	7.96%
1982-1983	3,626,915,248	5.66%	65,772,358	0	0	0	0	0	3,561,142,890	4.69%
1983-1984	3,857,564,088	6.36%	59,782,244	0	0	0	25,800,000	0	3,771,981,844	5.92%
1984-1985	4,532,103,411	17.49%	212,535,238	0	0	0	0	0	4,319,568,173	14.52%
1985-1986	5,130,563,978	13.20%	253,503,234	0	0	0	0	0	4,877,060,744	12.91%
1986-1987	5,531,345,878	7.81%	297,667,245	0	0	0	0	0	5,233,678,633	7.31%
1987-1988	5,978,265,764	8.08%	173,020,035	0	0	0	0	0	5,805,245,729	10.92%
1988-1989	6,561,392,895	9.75%	258,659,030	0	0	0	0	0	6,302,733,865	8.57%
1989-1990	7,266,680,455	10.75%	150,092,738	0	0	233,569,324	0	0	6,883,018,393	9.21%
1990-1991	7,973,824,802	9.73%	106,400,195	0	141,000,000	476,793,897	0	0	7,249,630,710	5.33%
1991-1992	7,825,732,308	-1.86%	0	0	400,000	468,231,174	A	0	7,357,101,134	1.48%
1992-1993	8,209,537,916	4.90%	95,205,570	0	0	232,424,154	B	0	7,881,908,192	7.13%
1993-1994	9,317,906,610	13.50%	135,371,704	57,000,000	0	236,824,154	0	0	8,888,710,752	12.77%
1994-1995	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%

Total General Fund Authorizations as Adjusted to Determine Total Current Operations

Fiscal Year	Total Authorizations	% Increase Over Prior Year	Capital Improvements		Rainy Day/ Savings Reserve Direct Appropriations	Local Govern- ment Shared Revenue	Transfer To Highway Fund	Other	Total Current Operations	% Increase Over Prior Year
			Direct Appropriations Includes FRS	Earmarking of Unreserved Credit Balance						
1995-1996	10,031,584,878	-2.31%	113,522,500	125,000,000	0	0	0	0	9,793,062,378	0.80%
1996-1997	10,607,678,229 D	5.74%	157,267,000	0	0	0	0	0	10,450,411,229	6.71%
1997-1998	11,585,834,623 E	9.22%	152,991,120	174,260,955	0	0	0	0	11,258,582,548	7.73%
1998-1999	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	14,237,669,453	8.59%	77,059,168	90,000,000 H	0	0	0	629,000,000 G	13,441,610,285	9.04%
2000-2001	14,050,116,932	-1.32%	114,974,172 J	0	120,000,000	0	0	30,000,000 K	13,785,142,760 I	2.56%

Notes:

- A: Amount shown is net after transfer of \$6.6 million to EHNR operating budget
- B: Amount shown is net after transfer of \$4.4 million to EHNR 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 \$399mn for Bailey/Emory/Patton Reserve; \$200m for Intangibles Settlement Reserve; and \$30m Clean Water Management Trust Fund
- H: Original sum was \$150m but \$60m was transferred to the Hurricane Floyd Disaster Relief Fund
- I: Includes \$240m transfer to the Reserve for Intangibles Tax Settlement effective June 30, 2000
- J: Includes \$100m direct appropriation to R & R
- K: \$30m direct appropriation to Clean Water Trust Fund

Savings Reserve at Year Ending June 30

(Earmarking limited to 25% of the Credit Balance or the amount required to reach cap if less than 25%)

Fiscal Year	Prior Year Current Appropriations Total* (Base for Calculations)	5% of Prior Year Appropriation (Cap)	June 30 Unreserved Credit Balance	Current Year Earmarking / Appropriation to Savings Reserve	Withdrawal from Savings Reserve	Total In Savings Reserve
1990-1991				141,000,000 A		0
1991-1992	7,726,343,007	386,317,150	164,773,001	41,593,253	0	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	213,005,569		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	3,869,243	967,311	(285,965,824) I	37,522,052
2000-2001	13,441,610,285	672,080,514		120,000,000		157,522,052

***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
- I: Funds were appropriated from the Savings Reserve Account to the Hurricane Floyd Reserve Fund (Office of State Budget Disaster Relief Fund)

Earmarking of the Credit Balance by Fiscal Year

(Includes Earmarkings / Transfers / Appropriations Directly from Year End Balance)

Fiscal Year	June 30 Credit Balance (Actual)	Transfer to Savings Reserve	Repairs & Renovations	Clean Water Management Trust Fund	Tax Relief/ Tax Refunds	Other Earmarking	Appropriation of Reversions	Total	Unreserved Credit Balance Beginning July 1
1991-92	164,773,001	41,193,253	0	0	0	0	0	41,193,253	123,579,748
1992-93	537,330,259	134,332,565	57,000,000	0	0	0	0	191,332,565	345,997,694
1993-94	622,712,983	155,678,246	60,000,000	0	0	0	0	215,678,246	407,034,737
1994-95	680,022,275	213,005,569 *	146,305,569 A	0	28,100,000 B	0	0	387,411,138	292,611,137
1995-96	726,581,754	77,342,026	130,000,000	47,100,000	26,200,000 C	0	39,803,567 D	320,445,593	406,136,161
1996-97	759,306,050	0	174,260,955	49,354,893	156,000,000 E	61,000,000 F	0	440,615,848	318,690,202
1997-98	784,224,890	21,568,903	145,000,000	47,397,819	0	400,000,000 H	55,027,680 G	668,994,402	115,230,488
1998-99	514,756,178	0	150,000,000	31,054,152	0	0	37,000,000 I	218,054,152	296,702,026
1999-00	3,869,243	967,311	2,901,932	0	0	0	0	3,869,243	0

* Includes Direct Transfer to the Savings Reserve Account of \$66,700,000

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, \$30m; Warren County Landfill, \$7m.

Tax Revenues By Major Schedules (Actual)

Fiscal Year	Income Tax			Sales & Use	Franchise	Inheritance	Beverage	Insurance	Cigarette/ Tobacco	Soft Drinks	Other	Total Tax Revenue
	Individual	Corporate	Total Income									
1970-1971	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
1971-1972	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
1972-1973	431,222,164	135,086,285	566,308,449	368,746,184	80,622,288	34,030,814	63,957,863	40,802,936	20,228,597	19,724,564	19,575,349	1,213,997,044
1973-1974	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
1974-1975	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
1975-1976	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
1976-1977	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
1977-1978	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
1978-1979	996,226,723	252,704,464	1,248,931,187	646,729,888	181,454,337	37,709,225	85,115,511	71,109,177	18,826,236	23,047,831	24,294,753	2,337,218,145
1979-1980	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
1980-1981	1,303,517,221	279,803,897	1,583,321,118	737,098,123	235,280,325	43,433,565	95,389,760	86,188,075	18,247,220	22,278,966	24,716,296	2,845,953,448
1981-1982	1,449,370,198	277,447,978	1,726,818,176	777,449,131	269,764,189	43,480,619	99,640,685	92,817,199	18,277,757	21,882,630	27,582,451	3,077,712,837
1982-1983	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
1983-1984	1,784,986,813	367,823,717	2,152,810,530	998,987,392	326,787,458	66,412,027	101,192,377	106,523,346	14,970,694	23,667,499	23,026,280	3,814,377,603
1984-1985	2,023,463,495	489,955,619	2,513,419,114	1,155,845,141	310,142,987	71,203,186	105,075,395	116,107,705	14,907,150	24,607,217	25,414,359	4,336,722,254
1985-1986	2,206,749,074	510,675,054	2,717,424,128	1,380,409,070	197,594,803	82,020,611	108,981,903	134,814,850	14,895,376	25,712,882	32,667,227	4,694,520,850
1986-1987	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
1987-1988	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
1988-1989	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
1989-1990	3,390,389,817	557,763,530	3,948,153,347	1,762,717,987	262,760,974	72,871,272	145,690,616	176,714,976	15,315,186	28,987,047	148,211,757	6,561,423,162
1990-1991	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
1991-1992	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
1992-1993	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
1993-1994	4,254,506,549	487,796,660	4,742,303,209	2,578,846,239	439,287,031	106,533,229	161,133,617	219,439,488	37,925,056	36,538,688	194,749,199	8,516,755,756
1994-1995	4,665,474,733	649,389,838	5,314,864,571	2,781,683,390	458,058,989	109,865,448	163,188,783	236,215,989	44,635,750	37,958,080	219,345,056	9,365,816,056
1995-1996	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
1996-1997	5,329,990,261	717,750,574	6,047,740,835	3,127,673,443	387,811,674	132,068,325	150,208,567	258,503,720	46,677,349	31,347,645	57,115,919	10,239,147,477
1997-1998	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
1998-1999	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
1999-2000	7,080,106,177	903,241,974	7,983,348,151	3,354,897,708	306,979,197	163,327,319	166,372,353	273,367,118	43,663,205	1,285,949	97,737,509	12,390,978,509

Authorized and Actual Revenue Collections by Fiscal Year (\$ in Thousands)

Fiscal Year	Tax		Authorized			% of Change	Tax		Actual Collections					% of Change	Tax		Overcollections			Total
	Revenue	Non-tax Revenue	Other	Federal Revenues	Hwy Trust Transfer		Revenue	Non-tax Revenue	Other	Federal Revenues	Hwy Trust Transfer	Total	Revenue		Non-tax Revenue	Other	Federal Revenues	Hwy Trust Transfer		
1970-1971	909,630	27,570	0	0	0	937,200	921,443	46,191	0	0	0	967,636	11,815	18,621	0	0	0	30,436		
1971-1972	998,165	46,500	0	0	0	1,044,665	1,051,900	42,009	0	0	0	1,093,909	13.05%	53,735	(4,491)	0	0	49,244		
1972-1973	1,080,490	53,330	0	0	0	1,133,820	1,213,997	45,419	0	58,307	0	1,317,723	20.46%	133,507	(7,911)	0	58,307	183,903		
1973-1974	1,312,051	41,700	0	48,700	0	1,402,451	1,358,185	71,579	0	52,727	0	1,482,491	12.50%	46,134	29,879	0	4,027	80,040		
1974-1975	1,507,270	68,350	0	52,400	0	1,628,020	1,451,184	92,913	0	53,050	0	1,597,147	7.73%	(56,086)	24,563	0	650	(30,873)		
1975-1976	1,595,120	84,400	0	51,753	0	1,731,273	1,571,845	76,232	0	62,454	0	1,710,531	7.10%	(23,275)	(8,168)	0	10,701	(20,742)		
1976-1977	1,824,000	80,617	0	53,613	0	1,958,230	1,869,967	82,607	0	65,775	0	2,018,349	18.00%	45,967	1,990	0	12,162	60,119		
1977-1978	1,978,600	53,104	0	62,000	0	2,103,704	2,060,482	74,339	0	61,732	0	2,196,553	8.83%	81,882	11,235	0	(268)	92,849		
1978-1979	2,262,000	74,500	0	56,588	0	2,393,088	2,337,218	93,077	0	56,673	0	2,486,968	13.22%	75,218	18,577	0	85	93,880		
1979-1980	2,534,763	94,132	0	56,889	0	2,685,784	2,639,214	146,046	0	56,782	0	2,842,042	14.28%	104,451	51,914	0	(107)	156,258		
1980-1981	2,839,500	98,700	0	28,381	0	2,966,581	2,845,953	149,467	0	28,392	0	3,023,812	6.40%	6,453	50,767	0	11	57,231		
1981-1982	3,138,800	141,600	0	0	0	3,280,400	3,077,713	151,566	0	262	0	3,229,541	6.80%	(61,087)	9,966	0	262	(50,859)		
1982-1983	3,370,300	144,800	0	0	0	3,515,100	3,279,025	124,818	0	1,274	0	3,405,117	5.44%	(91,275)	(19,982)	0	1,274	(109,983)		
1983-1984	3,663,900	151,950	0	0	0	3,815,850	3,814,378	142,900	0	169	0	3,957,447	16.22%	150,478	(9,050)	0	169	141,597		
1984-1985	4,129,722	146,840	0	1,500	0	4,278,062	4,336,722	188,916	0	53	0	4,523,691	14.36%	207,000	42,076	0	(1,447)	247,629		
1985-1986	4,607,924	186,500	0	0	0	4,794,424	4,694,521	216,347	0	0	0	4,910,868	8.51%	86,597	29,847	0	0	116,444		
1986-1987	4,997,866	218,000	0	0	0	5,215,866	5,180,562	211,515	0	0	0	5,392,077	9.80%	182,696	(6,485)	0	0	176,211		
1987-1988	5,380,831	234,900	0	0	0	5,615,731	5,551,289	253,238	0	0	0	5,804,527	7.65%	170,458	18,338	0	0	188,796		
1988-1989	5,902,201	266,490	0	0	0	6,168,691	5,928,542	225,987	0	0	0	6,154,529	6.03%	26,341	(40,503)	0	0	(14,162)		
1989-1990	6,746,614	244,600	0	0	279,400	7,270,614	6,561,423	262,290	0	0	164,693	6,988,406	13.53%	(185,191)	17,690	0	0	(114,707)		
1990-1991	7,357,400	214,700	17,000	0	264,000	7,852,400	6,692,505	267,229	17,000	0	231,081	7,207,815	3.14%	(664,895)	53,229	0	0	(32,919)		
1991-1992	7,433,125	213,900	8,700	0	170,000	7,825,725	7,438,446	199,905	8,700	0	170,000	7,817,051	8.45%	5,321	(13,995)	0	0	(8,674)		
1992-1993	7,692,500	217,700	9,400	0	170,000	8,089,600	7,883,017	230,380	9,400	0	170,000	8,292,797	6.09%	190,517	12,680	0	0	203,197		
1993-1994	8,360,900	293,760	9,900	93,200	170,000	8,927,760	8,516,757	312,478	9,900	93,200	170,000	9,102,335	9.76%	155,857	18,718	0	0	174,575		
1994-1995	9,090,550	288,174	10,300	94,000	170,000	9,653,024	9,365,818	330,423	10,500	94,000	170,000	9,970,739	9.54%	275,266	42,249	200	0	317,715		
1995-1996	9,164,500	317,200	11,100	106,900	170,000	9,769,700	9,458,755	374,327	11,130	76,013	170,000	10,090,225	1.20%	294,255	57,127	30	(30,887)	320,525		
1996-1997	9,729,000	382,900	11,900	102,000	170,000	10,395,800	10,238,591	409,281	11,853	100,844	170,000	10,930,569	8.33%	509,591	26,381	(47)	(1,156)	534,769		
1997-1998	10,561,300	449,700	12,600	0	170,000	11,193,600	11,092,447	452,082	12,600	0	170,000	11,727,129	7.29%	531,147	2,382	0	0	533,529		
1998-1999	11,589,500	510,900	13,400	85,000	170,000	12,368,000	11,965,264	500,057	13,400	85,000	170,000	12,733,721	8.58%	375,764	(10,843)	0	0	365,721		
1999-2000	12,468,000	519,300	13,600	105,000	170,000	13,275,900	12,390,979	456,501	13,600	105,000	170,000	13,136,080	3.16%	(77,021)	(62,799)	0	0	(139,820)		
2000-2001	13,214,300	476,700	13,800	106,000	170,000	13,980,800	13,214,300	531%												

North Carolina General Fund Operating Appropriations
(Excludes Local Government Shared Revenues/Reimbursements)

Fiscal Year	Total Current Operations	Education								Health & Human Services		All Other	
		Public Schools		Community Colleges		University		as a % of Total	Amount	Percent	Amount	Percent	
		Amount	Percent	Amount	Percent	Amount	Percent						
1970-71	Authorization	981,127,808	510,055,771	52.0%	44,935,256	4.6%	147,326,678	15.0%	71.6%	131,483,760	13.4%	147,326,343	15.0%
	Expenditure	939,311,030	496,905,842	52.9%	43,642,139	4.6%	138,608,501	14.8%	72.3%	122,069,070	13.0%	138,085,478	14.7%
	Reversion	41,816,778	13,149,929	31.4%	1,293,117	3.1%	8,718,177	20.8%	55.4%	9,414,690	22.5%	9,240,865	22.1%
	% Unexpended	4.26%	2.58%		2.88%		5.92%			7.16%		6.27%	
1971-72	Authorization	1,073,289,571	533,536,652	49.7%	55,958,450	5.2%	163,331,175	15.2%	70.1%	160,607,710	15.0%	159,855,584	14.9%
	Expenditure	1,031,353,080	527,938,182	51.2%	55,954,999	5.4%	148,864,864	14.4%	71.0%	148,919,439	14.4%	149,675,596	14.5%
	Reversion	41,936,491	5,598,470	13.3%	3,451	0.0%	14,466,311	34.5%	47.9%	11,688,271	27.9%	10,179,988	24.3%
	% Unexpended	3.91%	1.05%		0.01%		8.86%			7.28%		6.37%	
1972-73	Authorization	1,187,443,130	575,012,350	48.4%	63,193,535	5.3%	179,910,706	15.2%	68.9%	180,762,164	15.2%	188,564,375	15.9%
	Expenditure	1,139,500,642	569,792,945	50.0%	60,636,067	5.3%	166,208,535	14.6%	69.9%	168,819,831	14.8%	174,043,264	15.3%
	Reversion	47,942,488	5,219,405	10.9%	2,557,468	5.3%	13,702,171	28.6%	44.8%	11,942,333	24.9%	14,521,111	30.3%
	% Unexpended	4.04%	0.91%		4.05%		7.62%			6.61%		7.70%	
1973-74	Authorization	1,520,694,407	718,947,864	47.3%	99,582,404	6.5%	222,838,796	14.7%	68.5%	224,614,625	14.8%	254,710,718	16.7%
	Expenditure	1,433,241,642	702,789,400	49.0%	92,458,946	6.5%	207,225,420	14.5%	69.9%	198,201,121	13.8%	232,566,755	16.2%
	Reversion	87,452,765	16,158,464	18.5%	7,123,458	8.1%	15,613,376	17.9%	44.5%	26,413,504	30.2%	22,143,963	25.3%
	% Unexpended	5.75%	2.25%		7.15%		7.01%			11.76%		8.69%	
1974-75	Authorization	1,698,417,672	789,391,908	46.5%	109,218,752	6.4%	280,638,400	16.5%	69.4%	270,434,740	15.9%	248,733,872	14.6%
	Expenditure	1,627,703,631	772,145,444	47.4%	106,413,517	6.5%	267,090,160	16.4%	70.4%	246,757,184	15.2%	235,297,326	14.5%
	Reversion	70,714,041	17,246,464	24.4%	2,805,235	4.0%	13,548,240	19.2%	47.5%	23,677,556	33.5%	13,436,546	19.0%
	% Unexpended	4.16%	2.18%		2.57%		4.83%			8.76%		5.40%	
1975-76	Authorization	1,737,659,496	800,937,335	46.1%	105,465,494	6.1%	270,526,549	15.6%	67.7%	282,548,220	16.3%	278,181,898	16.0%
	Expenditure	1,670,011,262	792,213,250	47.4%	99,816,634	6.0%	249,604,282	14.9%	68.4%	274,169,121	16.4%	254,207,975	15.2%
	Reversion	67,648,234	8,724,085	12.9%	5,648,859	8.4%	20,922,767	30.9%	52.2%	8,379,099	12.4%	23,973,424	35.4%
	% Unexpended	3.89%	1.09%		5.36%		7.73%			2.97%		8.62%	
1976-77	Authorization	1,962,976,606	899,151,043	45.8%	116,481,854	5.9%	307,123,340	15.6%	67.4%	335,842,343	17.1%	304,378,026	15.5%
	Expenditure	1,890,839,697	888,449,745	47.0%	110,824,929	5.9%	289,972,146	15.3%	68.2%	313,022,287	16.6%	288,570,590	15.3%
	Reversion	72,136,909	10,701,298	14.8%	5,656,925	7.8%	17,151,194	23.8%	46.5%	22,820,056	31.6%	15,807,436	21.9%
	% Unexpended	3.67%	1.19%		4.86%		5.58%			6.79%		5.19%	
1977-78	Authorization	2,193,405,714	997,654,527	45.5%	114,065,103	5.2%	357,790,592	16.3%	67.0%	368,169,434	16.8%	355,726,058	16.2%
	Expenditure	2,131,150,750	988,189,540	46.4%	113,168,528	5.3%	337,633,079	15.8%	67.5%	351,655,302	16.5%	340,504,301	16.0%
	Reversion	62,254,964	9,464,987	15.2%	896,575	1.4%	20,157,513	32.4%	49.0%	16,514,132	26.5%	15,221,757	24.5%
	% Unexpended	2.84%	0.95%		0.79%		5.63%			4.49%		4.28%	
1978-79	Authorization	2,452,011,095	1,098,173,958	44.8%	139,794,869	5.7%	394,767,166	16.1%	66.6%	412,559,917	16.8%	406,715,185	16.6%
	Expenditure	2,358,332,842	1,092,015,308	46.3%	133,975,021	5.7%	379,305,638	16.1%	68.1%	372,632,422	15.8%	380,404,453	16.1%
	Reversion	93,678,253	6,158,650	6.6%	5,819,848	6.2%	15,461,528	16.5%	29.3%	39,927,495	42.6%	26,310,732	28.1%
	% Unexpended	3.82%	0.56%		4.16%		3.92%			9.68%		6.47%	

North Carolina General Fund Operating Appropriations
(Excludes Local Government Shared Revenues/Reimbursements)

Fiscal Year	Total Current Operations	Education								Health & Human Services		All Other		
		Public Schools		Community Colleges		University		as a	Amount	Percent	Amount	Percent		
		Amount	Percent	Amount	Percent	Amount	Percent	% of Total			Amount	Percent		
1979-80	Authorization	2,750,988,834		1,230,099,474	44.7%	145,243,264	5.3%	436,949,552	15.9%	65.9%	473,705,994	17.2%	464,990,550	16.9%
	Expenditure	2,660,272,288		1,230,099,473	46.2%	145,243,264	5.5%	414,751,963	15.6%	67.3%	429,814,253	16.2%	440,363,335	16.6%
	Reversion	90,716,546		1	0.0%	0	0.0%	22,197,589	24.5%	24.5%	43,891,741	48.4%	24,627,215	27.1%
	% Unexpended	3.30%		0.00%		0.00%		5.08%			9.27%		5.30%	
1980-81	Authorization	3,150,963,479		1,390,907,313	44.1%	174,996,965	5.6%	515,255,082	16.4%	66.0%	532,775,202	16.9%	537,028,917	17.0%
	Expenditure	3,050,012,908		1,390,907,313	45.6%	169,011,630	5.5%	487,919,423	16.0%	67.1%	488,201,903	16.0%	513,972,639	16.9%
	Reversion	100,950,571		0	0.0%	5,985,335	5.9%	27,335,659	27.1%	33.0%	44,573,299	44.2%	23,056,278	22.8%
	% Unexpended	3.20%		0.00%		3.42%		5.31%			8.37%		4.29%	
1981-82	Authorization	3,401,694,904		1,495,263,953	44.0%	194,452,082	5.7%	567,573,821	16.7%	66.4%	562,503,966	16.5%	581,901,082	17.1%
	Expenditure	3,244,758,733		1,477,036,604	45.5%	185,809,489	5.7%	534,143,560	16.5%	67.7%	501,927,937	15.5%	545,841,143	16.8%
	Reversion	156,936,171		18,227,349	11.6%	8,642,593	5.5%	33,430,261	21.3%	38.4%	60,576,029	38.6%	36,059,939	23.0%
	% Unexpended	4.61%		1.22%		4.44%		5.89%			10.77%		6.20%	
1982-83	Authorization	3,561,142,890		1,515,742,033	42.6%	205,585,837	5.8%	599,235,054	16.8%	65.2%	589,530,327	16.6%	651,049,639	18.3%
	Expenditure	3,374,921,984		1,455,408,320	43.1%	191,749,633	5.7%	560,438,959	16.6%	65.4%	547,208,474	16.2%	620,116,598	18.4%
	Reversion	186,220,906		60,333,713	32.4%	13,836,204	7.4%	38,796,095	20.8%	60.7%	42,321,853	22.7%	30,933,041	16.6%
	% Unexpended	5.23%		3.98%		6.73%		6.47%			7.18%		4.75%	
1983-84	Authorization	3,771,981,844 A		1,619,049,694	42.9%	232,195,091	6.2%	641,511,441	17.0%	66.1%	615,625,461	16.3%	663,600,157	17.6%
	Expenditure	3,689,904,837		1,615,216,290	43.8%	226,494,819	6.1%	615,765,535	16.7%	66.6%	584,128,657	15.8%	648,299,536	17.6%
	Reversion	82,077,007		3,833,404	4.7%	5,700,272	6.9%	25,745,906	31.4%	43.0%	31,496,804	38.4%	15,300,621	18.6%
	% Unexpended	2.18%		0.24%		2.45%		4.01%			5.12%		2.31%	
1984-85	Authorization	4,319,568,173		1,886,700,077	43.7%	259,101,105	6.0%	746,998,910	17.3%	67.0%	676,582,049	15.7%	750,186,032	17.4%
	Expenditure	4,187,988,292		1,854,957,593	44.3%	257,230,807	6.1%	714,513,120	17.1%	67.5%	629,977,924	15.0%	731,308,848	17.5%
	Reversion	131,579,881		31,742,484	24.1%	1,870,298	1.4%	32,485,790	24.7%	50.2%	46,604,125	35.4%	18,877,184	14.3%
	% Unexpended	3.05%		1.68%		0.72%		4.35%			6.89%		2.52%	
1985-86	Authorization	4,877,060,744		2,185,803,123	44.8%	281,875,727	5.8%	840,311,094	17.2%	67.8%	747,615,271	15.3%	821,455,529	16.8%
	Expenditure	4,718,355,240		2,156,921,328	45.7%	277,815,320	5.9%	793,114,439	16.8%	68.4%	707,151,818	15.0%	783,352,335	16.6%
	Reversion	158,705,504		28,881,795	18.2%	4,060,407	2.6%	47,196,655	29.7%	50.5%	40,463,453	25.5%	38,103,194	24.0%
	% Unexpended	3.25%		1.32%		1.44%		5.62%			5.41%		4.64%	
1986-87	Authorization	5,233,678,633		2,346,139,866	44.8%	307,102,490	5.9%	909,134,150	17.4%	68.1%	804,932,884	15.4%	866,369,243	16.6%
	Expenditure	5,051,335,794		2,293,921,501	45.4%	299,359,220	5.9%	853,232,567	16.9%	68.2%	771,114,680	15.3%	833,707,826	16.5%
	Reversion	182,342,839		52,218,365	28.6%	7,743,270	4.2%	55,901,583	30.7%	63.5%	33,818,204	18.5%	32,661,417	17.9%
	% Unexpended	3.48%		2.23%		2.52%		6.15%			4.20%		3.77%	
1987-88	Authorization	5,805,245,729		2,639,237,658	45.5%	326,296,294	5.6%	980,746,492	16.9%	68.0%	874,393,715	15.1%	984,571,570	17.0%
	Expenditure	5,600,754,849		2,571,179,747	45.9%	317,666,441	5.7%	936,874,299	16.7%	68.3%	824,077,048	14.7%	950,957,314	17.0%
	Reversion	204,490,880		68,057,911	33.3%	8,629,853	4.2%	43,872,193	21.5%	59.0%	50,316,667	24.6%	33,614,256	16.4%
	% Unexpended	3.52%		2.58%		2.64%		4.47%			5.75%		3.41%	

North Carolina General Fund Operating Appropriations
(Excludes Local Government Shared Revenues/Reimbursements)

Fiscal Year	Total Current Operations	Education								Health & Human Services		All Other	
		Public Schools		Community Colleges		University		as a	Amount	Percent	Amount	Percent	
		Amount	Percent	Amount	Percent	Amount	Percent	% of Total			Amount	Percent	
1988-89	Authorization	6,302,733,865	2,930,643,866	46.5%	332,064,381	5.3%	1,039,510,499	16.5%	68.3%	961,204,892	15.3%	1,039,310,227	16.5%
	Expenditure	6,131,757,410	2,857,740,313	46.6%	324,207,283	5.3%	996,187,476	16.2%	68.1%	939,216,000	15.3%	1,014,406,338	16.5%
	Reversion	170,976,455	72,903,553	42.6%	7,857,098	4.6%	43,323,023	25.3%	72.6%	21,988,892	12.9%	24,903,889	14.6%
	% Unexpended	2.71%	2.49%		2.37%		4.17%			2.29%		2.40%	
1989-90	Authorization	6,883,018,393 A	3,134,428,215	45.5%	365,537,274	5.3%	1,109,917,895	16.1%	67.0%	1,010,637,670	14.7%	1,262,497,339	18.3%
	Expenditure	6,539,691,898	3,111,034,727	47.6%	346,856,268	5.3%	989,230,466	15.1%	68.0%	943,279,717	14.4%	1,149,290,720	17.6%
	Reversion	343,326,495	23,393,488	6.8%	18,681,006	5.4%	120,687,429	35.2%	47.4%	67,357,953	19.6%	113,206,619	33.0%
	% Unexpended	4.99%	0.75%		5.11%		10.87%			6.66%		8.97%	
1990-91	Authorization	7,249,630,710 A	3,329,171,720	45.9%	387,611,956	5.3%	1,143,216,957	15.8%	67.0%	1,098,228,128	15.1%	1,291,401,949	17.8%
	Expenditure	6,877,865,221	3,176,190,223	46.2%	374,186,097	5.4%	1,089,669,672	15.8%	67.5%	1,071,202,135	15.6%	1,166,617,094	17.0%
	Reversion	371,765,491	152,981,497	41.1%	13,425,859	3.6%	53,547,285	14.4%	59.2%	27,025,993	7.3%	124,784,857	33.6%
	% Unexpended	5.13%	4.60%		3.46%		4.68%			2.46%		9.66%	
1991-92	Authorization	7,357,101,134 A	3,293,699,663	44.8%	344,131,858	4.7%	1,121,976,740	15.3%	64.7%	1,237,322,428	16.8%	1,359,970,445	18.5%
	Expenditure	7,184,089,741	3,235,476,119	45.0%	338,050,542	4.7%	1,092,166,393	15.2%	64.9%	1,223,468,038	17.0%	1,294,928,649	18.0%
	Reversion	173,011,390	58,223,544	33.7%	6,081,316	3.5%	29,810,346	17.2%	54.4%	13,854,390	8.0%	65,041,794	37.6%
	% Unexpended	2.35%	1.77%		1.77%		2.66%			1.12%		4.78%	
1992-93	Authorization	7,881,908,182 A	3,435,634,234	43.6%	398,689,471	5.1%	1,170,947,533	14.9%	63.5%	1,410,255,601	17.9%	1,466,381,343	18.6%
	Expenditure	7,552,787,565	3,399,653,728	45.0%	391,402,904	5.2%	1,140,308,136	15.1%	65.3%	1,222,683,543	16.2%	1,398,739,254	18.5%
	Reversion	329,120,617	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%
	% Unexpended	4.18%	1.05%		1.83%		2.62%			13.30%		4.61%	
1993-94	Authorization	8,888,710,752 A	3,634,055,711	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%	6,259,027	4.4%	2,817,909	2.0%	30.8%	36,310,794	25.8%	61,140,451	43.4%
	% Unexpended	1.35%	0.80%		1.25%		0.20%			1.66%		2.95%	

North Carolina General Fund Operating Appropriations
(Excludes Local Government Shared Revenues/Reimbursements)

Fiscal Year	Total Current Operations	Education								Health & Human Services		All Other	
		Public Schools		Community Colleges		University		as a % of Total	Amount	Percent	Amount	Percent	
		Amount	Percent	Amount	Percent	Amount	Percent						
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	11,108,886,722	4,693,184,126	42.2%	528,107,909	4.8%	1,475,180,196	13.3%	60.3%	2,359,194,346	21.2%	2,053,220,145	18.5%
	Reversion	149,695,826 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	1.33%	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%	1,626,641,628	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	1.21%	0.60%		0.91%		0.14%			2.43%		1.97%	
1999-00	Authorization	13,441,610,285	5,497,075,780 F	40.9%	589,634,008	4.4%	1,682,143,914	12.5%	57.8%	2,797,755,988	20.8%	2,875,000,595	21.4%
	Expenditure	13,297,649,285	5,450,607,364	41.0%	582,151,546	4.4%	1,679,203,122	12.6%	58.0%	2,776,740,143	20.9%	2,808,947,110	21.1%
	Reversion	143,961,000	46,468,416	32.3%	7,482,462	5.2%	2,940,792	2.0%	39.5%	21,015,845	14.6%	66,053,485	45.9%
	% Unexpended	1.07%	0.85%		1.27%		0.17%			0.75%		2.30%	

Notes:

- 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 \$55,027,680 were earmarked for expenditure in Section 9 of SB 1366 (SL1998-212), reducing net reversions to \$94,668,146
- E: Reversions of \$37 million were earmarked: \$30 million for Aquariums Capital and \$7 million for Warren County
- F: Total includes \$240m transfer from 11th/12th month payroll funds to Intangibles Reserve and additional \$11m transfer to General Fund

Capital Improvement Authorizations

Fiscal Year	Direct Appropriation	Repairs and Renovations	Federal Revenue Sharing	Legislative Bonds	Grand Total
1969-70	75,588,603	0	0	0	75,588,603
1971-72	64,891,192	0	0	45,996,500	110,887,692
1973-74	86,622,446	0	105,200,000	0	191,822,446
1974-75	36,165,337 A	0	57,200,000	0	93,365,337
1975-76	23,948,648	0	4,713,789	0	28,662,437
1976-77	28,969,937 B	0	16,126,358	0	45,096,295
1977-78	4,749,000	0	26,583,626	0	31,332,626
1978-79	93,778,818	0	32,230,000	0	126,008,818
1979-80	84,378,719	0	0	0	84,378,719
1980-81	104,141,290	0	0	0	104,141,290
1981-82	30,861,142	0	0	0	30,861,142
1982-83	65,772,358	0	0	0	65,772,358
1983-84	59,782,244	0	0	0	59,782,244
1984-85	212,535,238	0	0	0	212,535,238
1985-86	253,503,234	0	0	0	253,503,234
1986-87	297,667,245 C	0	0	0	297,667,245
1987-88	173,020,035 D	0	0	0	173,020,035
1988-89	258,659,030	0	0	20,498,803 E	279,157,833
1989-90	150,092,738 F	0	0	0	150,092,738
1990-91	106,400,195 G	0	0	75,000,000	181,400,195
1991-92	0	0	0	45,000,000	45,000,000
1992-93	95,205,570	0	0	0	95,205,570
1993-94	135,371,704	57,000,000	0	0	192,371,704
1994-95	189,391,450	60,000,000	0	0	249,391,450
1995-96	113,522,500	125,000,000	0	0	238,522,500
1996-97	196,786,567 H	130,000,000	0	0	326,786,567
1997-98	197,252,975 I	135,000,000	0	0	332,252,975
1998-99	222,199,500 J	145,000,000	0	0	367,199,500
1999-00	77,059,168	90,000,000 K	0	0	167,059,168
2000-01	14,974,172	100,000,000	0	0	114,974,172

Notes:

- A. Includes contingent appropriation of \$1,789,000
- B. Includes appropriation adjustment of \$1,000,000
- C. Includes Emergency Prison Bill enacted by 1987 Session
- D. Reflects transfer of Sematech to R/R Reserve in accordance with Section 73, Chapter 1515
- E. Reflects reduction of \$4,501,097 of authorization not issued at June 30, 1989
- F. Reflects reduction of \$95,171,855 made by Governor due to economic downturn
- G. Reflects reduction of \$100,897,000 made by Governor due to economic downturn
- H. Includes \$39,519,567 earmarked from credit balance
- I. Includes \$39,260,955 earmarked from credit balance and \$5m for South Mtn gameland acquisition
- J. Direct appropriation of \$185,699,500, transfer of \$6,500,000 from the Reserve for Juvenile Justice, and \$30m earmarked for Aquariums from year-end reversions
- K. Original authorization was \$150,000,000; \$60,000,000 was transferred to Hurricane Floyd Disaster Reserve

General Obligation Bond Acts Since 1971
(Voted on by the Public)

Year	Authorization	Description	State Projects	Local Projects
1971	Chapter 909	Clean Water Bonds		150,000,000
1971	Chapter 953	NC Zoological Park Facilities	2,000,000	
1973	Chapter 657	Public School Facilities		300,000,000
1975	Chapter 854	UNC System	43,250,000	
1977	Chapter 677	Clean Water Bonds		230,000,000
1990	Chapter 935	Prison and Youth Services Facilities Authorized for use in 1991	112,500,000	
		Authorized for use in 1993	87,500,000	
1993	Chapter 542	Education, Clean Water and Parks		
		UNC System	310,000,000	
		State Parks	35,000,000	
		Community Colleges*		250,000,000
		Clean Water		145,000,000
1996	Chapter 631	Public School Facilities		1,800,000,000
1998	SL 1998-132	Clean Water and Natural Gas		
		Clean Water	800,000,000	
		Extension of Natural Gas Service	200,000,000	
2000	SL 2000-3	Higher Education Bonds		
		UNC System	2,500,000,000	
		Community Colleges		600,000,000
		Grand Total	4,090,250,000	3,475,000,000

* \$23.9 million was part of 1993 Issue but reserved to be addressed by 1994 Session.

Total North Carolina Budget for Debt Service
(Principal & Interest)

Fiscal Year	General Fund	Highway Fund	Total	Per Capita	G.F. Debt as a % of G.F. Budget	G.F. Debt as a % of G.F. Revenue
1970-71	17,757,503	25,599,500	43,357,003	8.32	1.8%	1.8%
1971-72	18,631,260	32,617,500	51,248,760	9.67	1.6%	1.7%
1972-73	21,466,030	25,749,000	47,215,030	8.77	1.8%	1.6%
1973-74	48,147,042	25,083,000	73,230,042	13.40	2.8%	3.2%
1974-75	0	24,415,500	24,415,500	4.41	0.0%	0.0%
1975-76	34,870,615	23,776,500	58,647,115	10.48	2.0%	2.0%
1976-77	40,024,500	23,156,000	63,180,500	11.14	2.0%	2.0%
1977-78	49,202,210	27,522,500	76,724,710	13.35	2.2%	2.2%
1978-79	53,000,000	29,596,000	82,596,000	14.22	2.1%	2.1%
1979-80	55,341,050	29,292,661	84,633,711	14.36	2.0%	1.9%
1980-81	62,173,700	30,329,757	92,503,457	15.53	1.9%	2.1%
1981-82	65,062,550	30,062,040	95,124,590	15.81	1.9%	2.0%
1982-83	75,020,500	38,772,567	113,793,067	18.73	2.1%	2.2%
1983-84	79,525,500	38,288,000	117,813,500	19.11	2.1%	2.0%
1984-85	76,077,250	38,401,500	114,478,750	18.30	1.7%	1.7%
1985-86	75,781,250	38,445,500	114,226,750	18.06	1.5%	1.5%
1986-87	64,506,250	38,445,500	102,951,750	16.07	1.2%	1.2%
1987-88	73,929,627	32,453,812	106,383,439	16.41	1.2%	1.3%
1988-89	71,636,370	37,295,105	108,931,475	16.58	1.1%	1.2%
1989-90	69,083,445	38,491,163	107,574,608	16.16	1.0%	1.0%

Total North Carolina Budget for Debt Service
(Principal & Interest)

Fiscal Year	General Fund	Highway Fund	Total	Per Capita	G.F. Debt as a % of G.F. Budget	G.F. Debt as a % of G.F. Revenue
1990-91	71,259,383	37,392,600	108,651,983	16.10	0.9%	1.0%
1991-92	79,683,770	38,227,230	117,911,000	17.26	1.0%	1.0%
1992-93	89,020,478	38,018,250	127,038,728	18.29	1.1%	1.1%
1993-94	92,263,558	37,359,875	129,623,433	18.36	1.0%	1.0%
1994-95	114,837,478	27,631,295	142,468,773	19.83	1.1%	1.2%
1995-96	131,836,603	25,133,780	156,970,383	21.48	1.3%	1.3%
1996-97	129,326,640	4,978,215	134,304,855	18.08	1.2%	1.2%
1997-98	165,973,573	0	165,973,573	22.00	1.4%	1.4%
1998-99	199,286,633	28,357,925	227,644,558	29.75	1.5%	1.6%
1999-00	242,910,930	27,607,550	270,518,480	34.88	1.7%	1.8%
2000-01	268,834,550	26,857,175	295,691,725	37.69	1.9%	1.9%

North Carolina Bond Indebtedness
(Includes General Obligations Bonds Only)

Fiscal Year	General Fund	Highway Fund	Total	Per Capita	G.F Debt as a % of G.F. Budget	As a % of Personal Income
1970-71	174,780,000	240,000,000	414,780,000	79.58	17.8%	2.4%
1971-72	208,360,000	217,000,000	425,360,000	80.30	18.3%	2.2%
1972-73	194,995,000	199,000,000	393,995,000	73.17	16.4%	1.8%
1973-74	215,370,000	181,000,000	396,370,000	72.54	12.6%	1.6%
1974-75	305,870,000	163,000,000	468,870,000	84.66	17.1%	1.8%
1975-76	418,900,000	145,000,000	563,900,000	100.73	23.7%	1.9%
1976-77	530,600,000	127,000,000	657,600,000	115.90	26.4%	2.0%
1977-78	507,200,000	164,000,000	671,200,000	116.82	22.8%	1.8%
1978-79	533,300,000	201,000,000	734,300,000	126.43	20.7%	1.8%
1979-80	574,750,000	179,000,000	753,750,000	127.86	20.3%	1.6%
1980-81	544,200,000	219,000,000	763,200,000	128.15	16.7%	1.5%
1981-82	582,700,000	323,000,000	905,700,000	150.48	17.0%	1.6%
1982-83	630,900,000	306,500,000	937,400,000	154.25	17.4%	1.6%
1983-84	589,200,000	290,000,000	879,200,000	142.62	15.3%	1.3%
1984-85	548,500,000	272,500,000	821,000,000	131.26	12.1%	1.1%
1985-86	508,000,000	254,000,000	762,000,000	120.51	9.9%	0.9%
1986-87	525,500,000	250,000,000	775,500,000	121.06	9.5%	0.9%
1987-88	481,410,000	226,750,000	708,160,000	109.23	8.1%	0.7%
1988-89	457,698,902	202,730,000	660,428,902	100.54	7.0%	0.6%
1989-90	412,038,903	175,965,000	588,003,903	88.33	5.7%	0.5%

North Carolina Bond Indebtedness
(Includes General Obligations Bonds Only)

Fiscal Year	General Fund	Highway Fund	Total	Per Capita	G.F Debt as a % of G.F. Budget	As a % of Personal Income
1990-91	441,378,903	148,635,000	590,013,903	87.44	5.5%	0.5%
1991-92	548,678,902	118,695,000	667,373,902	97.69	7.0%	0.5%
1992-93	493,678,902	87,055,000	580,733,902	83.59	6.0%	0.4%
1993-94	936,191,005	55,285,000	991,476,005	140.42	10.0%	0.7%
1994-95	990,245,681	29,445,000	1,019,690,681	141.91	9.6%	0.7%
1995-96	940,252,373	4,895,000	945,147,373	129.34	9.4%	0.6%
1996-97	1,508,215,259	0	1,508,215,259	203.03	14.2%	0.9%
1997-98	1,867,480,343	250,000,000	2,117,480,343	280.62	16.1%	1.1%
1998-99	2,212,108,040	233,325,000	2,445,433,040	319.64	16.9%	1.2%
1999-00	2,286,848,925	216,650,000	2,503,498,925	322.76	16.1%	1.2%

**ACROSS-THE-BOARD SALARY COST
FOR EACH 1% INCREASE
(MILLIONS)**

YEAR	GENERAL FUND	HIGHWAY FUND
1971-72	\$8.40	\$1.17
1972-73	8.43	1.17
1973-74	10.13	1.35
1974-75	12.27	1.51
1975-76	No Increase Granted	
1976-77	13.91	1.73
1977-78	15.79	1.84
1978-79	17.44	2.01
1979-80	18.86	2.13
1980-81	21.29	2.26
1981-82	25.14 ^a	2.51 ^a
1982-83	No Increase Granted	
1983-84	25.97	2.57
1984-85	27.60	2.70
1985-86	32.10	2.50
1986-87	36.45	2.66
1987-88	40.84 ^b	2.72
1988-89	45.40	2.93
1989-90	47.75	2.93
1990-91	55.90	3.35
1991-92	No Increase Granted	
1992-93	54.11	3.39
1993-94	55.75	3.48
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
2000-01	86.45	4.33

^a Figure reflects annual cost, even though the increase was not effective until January 1, 1982.

^b Figure does not reflect adjustment to offset anticipated savings from the tax sheltering of employee health benefits from the social security tax.

LEGISLATIVE INCREASES

YEAR	STATE EMPLOYEES	TEACHERS
1965-67	10% 20%	1967-69 6%
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 ^a	-0-	-0-
1983-84 ^a	5%	5%
1984-85 ^a	10%	10% + (4.8% salary classification adjustment)
1985-86 ^b	5% + (1 step increase 9.6%)	1 step increase (4.8% - second-year teacher/2-step increase for teachers with 3 or more years)

LEGISLATIVE INCREASES (Continued)

YEAR	STATE EMPLOYEES	TEACHERS
1986-87	\$75 month (average 6%)	6.5%
1987-88	5%	5%
1988-89	4.5%	4.5%
1989-90	4% + (2% merit funds)	6.65% average
1990-91	4% +(2% merit funds)	6.15% average
1991-92	-0-	-0-
1992-93	\$522	2% average
1993-94	2% + (1% one-time bonus payment)	3% average
1994-95	4% + (1% one-time bonus payment)	5% - 1-3 years 7% - 4-29 years
1995-96	2%	2%
1996-97	2.50% COLA + (2% career growth)	5.50%
1997-98 ^c	2% COLA + (2% career growth)	4% to 9%
1998-99	1% COLA +(2% career growth) + (1% one-time bonus)	4% to 9%
1999-00	1% COLA + (2% career growth + \$125 compensation bonus)	4% to 11%
2000-01	2.2% COLA + (2% career growth + \$500 compensation bonus)	2.5% to 13.8%

^a Salary increment program frozen

^b Conditional upon continuous employment for one year

^c Most teachers received between 4% to 9%. Teachers receiving National Board of Professional Teaching Standards (NBPTS) certification were eligible for larger increases.

**AVERAGE SALARY OF EMPLOYEES
SUBJECT TO THE PERSONNEL ACT**

YEAR	AVERAGE SALARY
1966-67	\$4,995
1968-69	5,707
1970-71	6,748
1972-73	7,680
1973-74	8,249
1974-75	9,013
1975-76	9,092
1976-77	9,431
1977-78	11,060
1978-79	11,756
1979-80	12,677
1980-81	14,233
1981-82	15,329
1982-83	15,329
1983-84	16,026
1984-85	17,587
1985-86	18,742
1986-87	20,290
1987-88	21,305
1988-89	22,272
1989-90	23,105
1990-91	23,397
1991-92	24,665
1992-93	25,152
1993-94	25,645
1994-95	26,605
1995-96	27,087
1996-97	27,473
1997-98	28,166
1998-99	30,332
1999-00	31,385

NOTE: (1) Prior to 1972, computations were made every two years.

(2) The average salary figures show all permanent SPA employees at a particular point in time. During these years, new programs were added and SPA coverage was extended to positions previously exempt. When new positions were added at salaries above the average or at salaries below the average, this resulted in an increase or decrease in average salary levels. **Therefore, changes in average salaries are not measures of salary increases or decreases.**

