

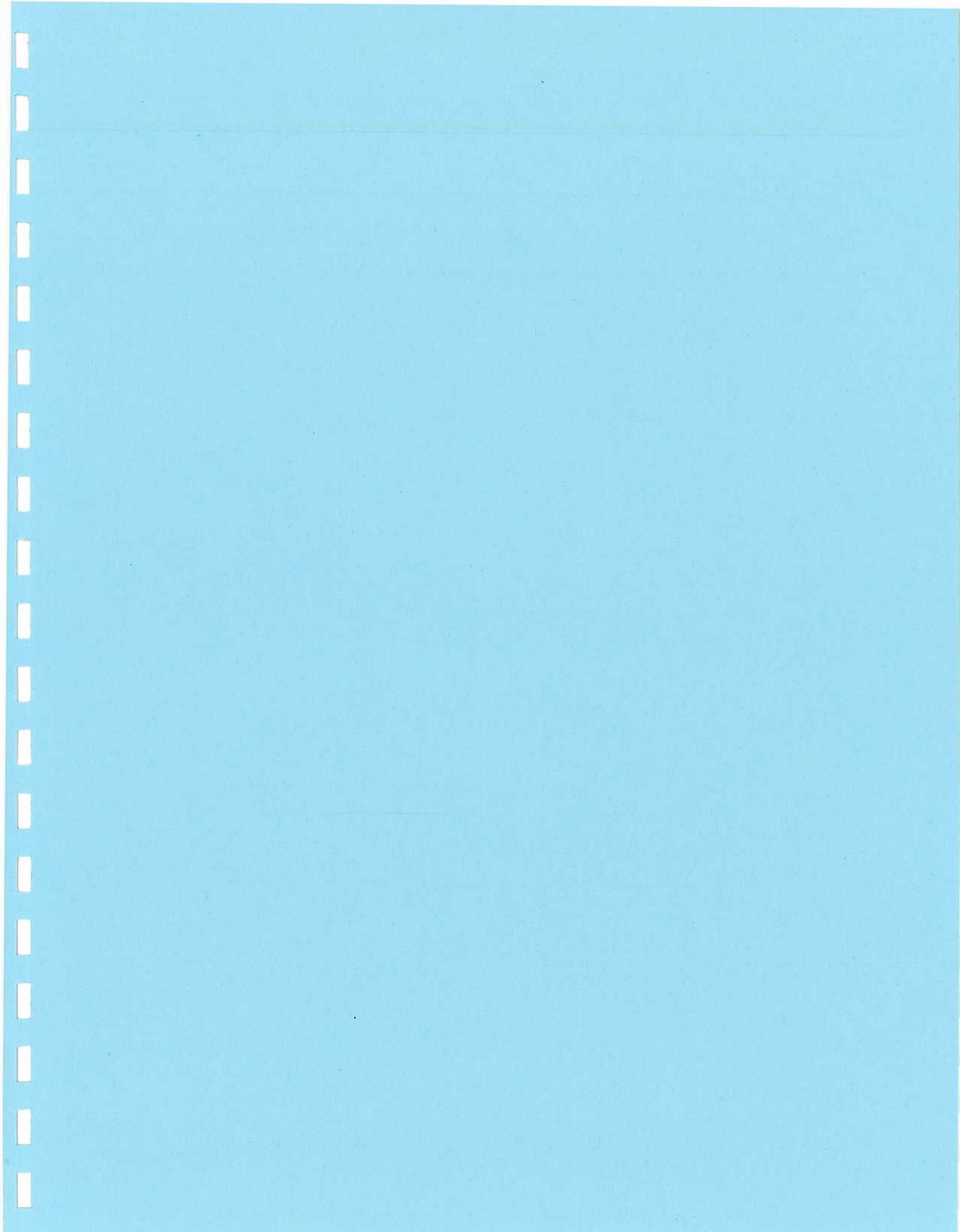
Madewell
FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

**2008 ANNOTATED JOINT
CONFERENCE COMMITTEE REPORT
ON THE CONTINUATION, EXPANSION
AND CAPITAL BUDGETS**

*AN UNOFFICIAL DOCUMENT PRODUCED FOR USE BY
FISCAL RESEARCH DIVISION STAFF*

**(also includes summaries of relevant provisions of S.L. 2008-118, House Bill
2438, Budget Technical Changes/Corrections and related bills)**

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FOREWORD

This unofficial document is an annotated version of the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets for FY 2008-09. This Annotated Report includes all legislative adjustments to the FY 2008-09 State Budget (S.L. 2008-107 and S.L. 2008-118) and also includes summaries of select finance-related bills and other budgetary information.

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Lieutenant Governor
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FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

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Agriculture
Commerce
Labor

Transportation

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**TOTAL STATE BUDGET
&
OTHER BUDGET
INFORMATION**

Total State Budget by Source of Funds

Source	<u>Amounts</u>	<u>Percentage</u>
General Purpose Revenue	20,849,734,710	41.68%
Federal Funds	11,855,554,097	23.70%
Highway & Highway Trust Funds	2,765,610,000	5.53%
Other Agency Revenue	7,875,746,677	15.77%
Unreserved Fund Balance ¹	599,037,699	1.20%
Subtotal	\$43,945,683,183	87.84%
Budget Transfers (Inter & Intra) ² and Other Fund Balances	6,081,935,179	12.16%
TOTAL	\$50,027,618,362	100.00%
Less: Total Appropriations³	\$49,934,813,387	
Unappropriated Balance Remaining	\$92,804,975	

NOTE:

¹Reflects actual June 30, 2008 final unreserved fund balance available for appropriation. S.L. 2008-107, reflected an estimated unreserved fund balance of \$506,232,724.

²Total transfers include fund balances from other Funds; total transfers do not always reflect unduplicated numbers due to variations in budgeting of inter/intra-agency budgetary transfers.

³Total represents all **appropriations** as enacted by the General Assembly; a balance of \$92.8 million was left unappropriated.

North Carolina
Total State Budget by Function
FY 2008-09

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Intra/Inter Agency Transfers	Change in Fund Balance	Grand Total Requirements
Education:								
13510	Public Schools	7,802,046,538	33,949,682	3,064,422	1,450,022,677	382,338,366	0	9,671,421,685
23510	Public Schools-Special	0	0	5,357,047		200,629	0	5,557,676
23511	DPI-School Technology Fund (GF)	0	0	815,000	0	31,500,000	0	32,315,000
23515	DPI-IT Projects	0	0	0	0	31,077,644	0	31,077,644
29110	DPI-Public School Building Fund	0	0	91,636,373	0	154,204,550	0	245,840,923
63501	DPI-Trust	0	0	1,534,023	0	12,429,387	0	13,963,410
63503	DPI-Trust-GF	0	0	2,355,344	0	6,198,198	0	8,553,542
63510	DPI-Trust	0	0	10,162,058	0	-655,909	0	9,506,149
63511	DPI-Trust	0	0	140,000	0	35,665,781	0	35,805,781
73510	DPI-Internal Service	0	0	5,220,683	0	160,418,909	0	165,639,592
	Subtotal Public School	7,802,046,538	33,949,682	120,284,950	1,450,022,677	813,377,555	0	10,219,681,402
16800	NC Community Colleges-NCCCS	933,282,701	0	199,445,831	16,174,484	16,365,210	0	1,165,268,226
26800	NCCCS-Special Funds	0	0	2,230,399	0	28,113,423	0	30,343,822
26802	NCCCS-Information Technology	0	0	0	0	27,279,227	0	27,279,227
66800	NCCCS-Trust	0	0	263,449	0	3,054	0	266,503
66801	NCCCS-Special Funds Interest Earning	0	0	30,000	0	13,981,202	0	14,011,202
	Subtotal Community Colleges	933,282,701	0	201,969,679	16,174,484	85,742,116	0	1,237,168,980
University System:								
16010	UNC - GA	42,647,024	0	310,661	0	8,585,039	0	51,542,724
16011	UNC - Institutional Programs	207,658,990	0	0	0	0	0	207,658,990
16012	UNC - Related Education Programs	83,355,572	0	0	1,503,374	174,818,216	0	259,677,162
16020	UNC - CH Academic Affairs	275,266,825	0	179,624,090	246,671	7,421,126	0	462,558,712
16021	UNC - CH Health Affairs	193,671,006	0	40,550,783	0	8,006,714	0	242,228,503
16022	UNC - CH Area Health Education	47,818,875	0	0	0	0	0	47,818,875
16030	NCSU - Academic	358,052,941	0	166,580,102	200,000	22,619,990	0	547,453,033
16031	NCSU - Agri. Research Svcs.	52,144,009	0	2,441,714	8,154,831	0	0	62,740,554
16032	NCSU - Agri. Extension Svcs.	42,126,187	0	624,136	14,811,058	0	0	57,561,381
16040	UNC - Greensboro	149,948,462	0	60,059,536	111,798	0	0	210,119,796
16050	UNC - Charlotte	166,344,348	0	83,266,912	100,000	0	0	249,711,260
16055	UNC - Asheville	34,124,750	0	13,488,828	10,400	109,524	0	47,733,502
16060	UNC - Wilmington	96,480,676	0	45,648,160	71,575	0	0	142,200,411
16065	ECU - Academic	209,463,269	0	100,050,950	145,900	0	0	309,660,119
16066	ECU - Health Svcs.	48,649,036	0	1,718,500	0	0	0	50,367,536
16070	NC A & T	91,194,822	0	52,278,600	58,714	0	0	143,532,136
16075	Western Carolina	85,233,956	0	26,708,001	42,400	0	0	111,984,357
16080	Appalachian State	123,309,120	0	51,841,356	86,783	75,618	0	175,312,877
16082	UNC - Pembroke	54,908,110	0	15,342,606	42,968	0	0	70,293,684
16084	Winston Salem State	69,552,386	0	16,666,629	25,195	0	0	86,244,210
16086	Elizabeth City State	32,587,386	0	8,074,709	48,400	177,613	0	40,888,108
16088	Fayetteville State	53,809,289	0	17,091,155	0	0	0	70,900,444
16090	NC Central	78,129,122	0	31,564,763	108,431	1,600	0	109,803,916
16092	NC School of Arts	24,042,061	0	9,631,878	14,550	334,032	0	34,022,521
16094	NCSSM	17,065,422	0	796,151	0	42,000	0	17,903,573
16095	UNC Hospitals	45,673,970	0	0	0	0	0	45,673,970
56095	UNC Hospitals-Auxiliary Enterprises	0	0	0	0	0	0	0
56096	UNC Hospitals-Operating Fund	0	0	760,808,653	0	45,673,970	6,073,554	812,556,177
	Total UNC System	2,683,257,614	0	1,685,168,873	25,783,048	267,865,442	6,073,554	4,668,148,531
	Total Education	11,418,586,853	33,949,682	2,007,423,502	1,491,980,209	1,166,985,113	6,073,554	16,124,998,913

North Carolina
Total State Budget by Function
FY 2008-09

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Intra/Inter Agency Transfers	Change in Fund Balance	Grand Total Requirements
General Government:								
14100	Administration	72,236,582	0	12,024,203	0	23,776,887	0	108,037,672
24100	DOA-Special	0		974,282	6,160,019	5,485,122	554,666	13,174,089
24102	DOA-Special	0	0	391,837	0	478,405	101,836	972,078
24104	DOA-Special-GF	0	0	0	0	0	4,515,378	4,515,378
64100	DOA-Trust	0	0	2,000	0	0	0	2,000
64106	DOA-NC Veteran Trust	0	0	17,181,130	0	0	0	17,181,130
74103	DOA-Internal Service	0	0	1,650,998	0	0	3,236,836	4,887,834
18210	Office of Administrative Hearings	3,835,279	0	54,859	0	0	0	3,890,138
13300	State Auditor	12,462,541	0	50	0	3,422,847	0	15,885,438
23300	State Auditor-Special Revenue-GF	0	0	0	0	0	179,117	179,117
18025	State Board of Elections (SBE)	10,209,802	0	39,500	0	3,492,617	0	13,741,919
28025	SBE-HAVA Federal Funds	0	0	579,745	49,505	0	12,407,196	13,036,446
68025	SBE-NC Candidate	0	0	1,089,510	0	0	0	1,089,510
68026	SBE-NC Political Party	0	0	258,876	0	0	0	258,876
14160	Office of State Controller (OSC)	20,616,758	0	27,680	0	50,000	0	20,694,438
24160	OSC-Special Revenue	0	0	0	0	0	-2,789,153	-2,789,153
14800	Cultural Resources	75,666,791	0	1,633,083	6,044,253	105,854	0	83,449,981
14802	Cultural Resources - Roanoke Island	2,005,023	0	0	0	0	0	2,005,023
24800	Cultural Resources-Special	0	0	496,940	0	300	0	497,240
24801	Cultural Resources-Art Museum	0	0	10,000	0	0	0	10,000
24802	CR-Roanoke Island Special	0	0	0	0	2,107,546	0	2,107,546
24803	Cultural Resources-Special	0	0	331	0	0	0	331
24804	Cultural Resources-Tryon Palace	0	0	1,063,875	0	0	-1,063,875	0
54800	Cultural Resources-Enterprise	0	0	94,032	0	0	0	94,032
11000	General Assembly	54,859,786	0	1,003,838	0	139,969	0	56,003,593
13000	Governor's Office	6,216,382	0	224,739	0	206,366	0	6,647,487
23000	Governor's Office-Special	0	0	75	2,722,383	19,950	73,935	2,816,343
23001	Governor's Office-Interest Earning Spc.	0	0	42,000	0	0	538,281	580,281
24467	Information Technology Services-ITS	0	0	9,900,000	0	2,840,000	841,140	13,581,140
24669	ITS-Wireless Fund	0	0	105,408,389	0	0	-1,793,635	103,614,754
13005	State Budget and Management (OSBM)	5,892,682	0	500	0	213,944	0	6,107,126
13085	OSBM - Special Appropriations	22,571,446	0	0	0	1,120,000	0	23,691,446
23003	OSBM. NC Education Lottery Fund	0	0	0	0	405,250,000	0	405,250,000
23004	OSBM-NC Education Lottery Reserve	0	0	0	0	0	19,750,000	19,750,000
23005	OSBM-Fines and Penalties	0	0	400,000	0	131,638,000	0	132,038,000
23009	OSBM-Disaster Relief-GF	0	0	0	0	6,947,157	0	6,947,157
13010	NC Housing Finance	21,608,417	0	0	0	0	0	21,608,417
23010	NC Housing Finance-Special	0	0	1,372,255	44,623,825	11,286,043	0	57,282,123
63011	NC Housing Finance-Partnership	0	0	0	0	8,000,000	0	8,000,000
13900	Insurance	31,570,196	0	2,118,847	343,608	2,346,843	0	36,379,494
23900	Insurance-Special-Interest Earning	0	0	29,174,465	0	485,000	-769,480	28,889,985
13901	Insurance - Worker's Compensation Fund	3,350,000	0	0	0	0	0	3,350,000
23901	Insurance-Special-Non-Interest Earning	0	0	1,070,258	170,725	0	0	1,240,983

North Carolina
Total State Budget by Function
FY 2008-09

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Intra/Inter Agency Transfers	Change in Fund Balance	Grand Total Requirements
23902	Insurance-Special-Interest Earning	0	0	168,554	0	0	76,979	245,533
23903	Insurance-Special-Non-Interest Earning	0	0	75,549	0	0	10,643	86,192
63901	Insurance-Trust	0	0	5,975,386	0	0	0	5,975,386
63902	Insurance -Trust	0	0	2,385,094	0	4,500,000	0	6,885,094
13100	Lieutenant Governor	915,109	0	0	0	0	0	915,109
14700	Revenue	83,914,747	7,346,701	402,942	0	18,672,403	0	110,336,793
24700	Revenue-Special	0	0	12,143,764	0	0	0	12,143,764
24704	Revenue-Project Collect Tax	0	0	0	0	12,119,752	0	12,119,752
24706	Revenue-Lee Tax Credits	0	0	160,190	0	0	0	160,190
24707	Revenue-Tax Transaction Fees	0	0	448,194	0	0	0	448,194
24708	Revenue-IT Projects	0	0	0	0	40,000,000	0	40,000,000
13200	Secretary of State	10,878,812	0	568,431	0	0	0	11,447,243
23200	Secretary of State-Special	0	0	226,921	0	0	0	226,921
63201	Secretary of State-Trust Special Revenue	0	0	184,420	0	0	0	184,420
13410	State Treasurer (DST)	10,090,019	0	1,160,637	0	29,890,036	0	41,140,692
13412	State Treasurer - Retirement / Benefits	10,486,808	0	0	0	0	0	10,486,808
23401	DST Clean Water Loan Bond Proceeds	0	0	9,812,176	0	0	18,689	9,830,865
23410	DST-Combined Motor Vehicle & Registration	0	0	5,926,149	0	0	-5,926,149	0
23420	DST-IT Projects	0	0	0	0	573,336	0	573,336
23460	DST-Health & Wellness Trust Fund	0	0	0	0	0	25,496,722	25,496,722
68190	DST-Interest Public Improvement Bond	0	0	2,896,616	0	0	8,419,830	11,316,446
68188	DST-Interest Higher Ed. CC2001A	0	0	601,244	0	0	2,447,500	3,048,744
68183	DST-Interest Clean Water Bond 1999C	0	0	6,306	0	0	-6,247	59
68175	DST--Interest Public School 1997 Bond	0	0	304,872	0	0	1,978,573	2,283,445
68174	DST-Interest CI 1997	0	0	23,951	0	0	266,529	290,480
68163	DST-Bond Refunding Proceeds	0	0	153,444	0	0	-41,337	112,107
68157	DST-Interest 2006A Clean Water	0	0	1,923,583	0	0	-53,195	1,870,388
68158	DST-Interest 2006A Higher Ed	0	0	9,935,314	0	0	9,261,511	19,196,825
68155	DST-Interest-Nat. Gas 2005 Bond	0	0	20,112	0	0	443,888	464,000
68154	DST-Interest Public Imp. 2005A	0	0	1,791,964	0	0	32,468,754	34,260,718
68150	DST-Interest Drinking Water 2004A	0	0	7,512	0	0	15,707	23,219
68198	DST-Interest Wastewater Reptyl. 2002	0	0	112,325	0	0	-111,354	971
23480	DST-Blount Street Properties	0	0	97,660	0	5,000,000	-5,097,660	0
63412	DST-Escheats	0	0	202,107,116	0	0	-135,420,214	66,686,902
63414	DST-Fire Loan Trust	0	0	13,450	0	0	-13,450	0
63415	DST-Assur Land Titles	0	0	5,070	0	0	-5,070	0
68126	DST-Drinking Water Rept. 1999C	0	0	12,751	0	0	-12,640	111
68128	DST-Interest Wastewater Reptyl. 1999C	0	0	25,023	0	0	-24,803	220
68132	DST-Interest Clean Water Revolving Loans	0	0	77	0	0	1,486	1,563
68133	DST-Interest Wastewater Reptyl 2003A	0	0	14,606	0	0	11,965	26,571
68137	DST-Interest Drkwtr Repayment 2003A	0	0	4,148	0	0	4,418	8,566

North Carolina
Total State Budget by Function
FY 2008-09

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Intra/Inter Agency Transfers	Change in Fund Balance	Grand Total Requirements
68140	DST-2003B Interest Clean Water	0	0	1,097	0	0	21,163	22,260
68141	DST-Interest Waster Repyt. 2003B	0	0	9,389	0	0	13,281	22,670
68142	DST-Interest Drinking Water Repayment 2003B	0	0	3,326	0	0	7,891	11,217
68148	DST-Interest Clean Water Revolving Loan	0	0	80,545	0	0	-79,324	1,221
68192	DST-Interest Drkwtr. Repyt. 2002C	0	0	38,118	0	0	-37,790	328
68193	DST-Interest Clean Water 2002C	0	0	1,118	0	0	18,354	19,472
68220	DST-Interest 2007A GO Pub. Imp.	0	0	30,170,483	0	0	-9,930,473	20,240,010
69430	DST-Debt Service Clearing	0	0	99,714,168	0	610,198,099	-1,131,643	708,780,624
69450	DST-Basis SWAP	0	0	5,836,628	0	0	0	5,836,628
68149	DST-Interest Wastewater Repayment 2004A	0	0	23,750	0	0	38,515	62,265
69440	DST-Infrastructure Finance Corp.	0	0	0	0	405,878,671	-11,044,240	394,834,431
28101	NC State Board of Barber Examiners	0	0	543,549	0	0	-14,752	528,797
28102	NC State Board of Cosmetology	0	0	1,066,211	0	0	1,061,376	2,127,587
28103	NC State Board of Opticians	0	0	176,265	0	0	33,192	209,457
28104	NC Psychology Board	0	0	783,830	0	0	-182,595	601,235
28106	NC State Auctioneer Licensing Board	0	0	462,039	0	47,500	-882	508,657
28107	NC State Board of Electrolysis Examiners	0	0	22,900	0	0	0	22,900
28410	NC State Health Plan	0	0	0	0	129,288,534	0	129,288,534
58410	NC State Health Plan-Child Insurance	0	0	421,500	0	214,197,800	0	214,619,300
Total General Government		459,387,180	7,346,701	587,338,764	60,114,318	2,079,778,981	-51,234,610	3,142,731,334
Health and Human Services:								
0								
0								
14410	Central Administration	52,782,212	0	119,602	78,041,212	17,925,120	0	148,868,146
64410	Central Administration-Trust	0	0	0	0	268,419	0	268,419
64412	Central Administration-Trust Interest	0	0	0	0	475,325	0	475,325
14411	Aging	38,245,179	0	10,461,901	38,711,260	33,503	0	87,451,843
14420	Child Development	304,881,785	0	806,000	331,961,585	738,000	0	638,387,370
14424	Education Services	39,554,397	0	298,720	280,193	1,754,340	0	41,887,650
14430	Public Health	188,968,247	673,803	76,191,178	414,155,979	36,735,377	0	716,724,584
24430	Public Health-Special	0	0	5,635,926	0	0	0	5,635,926
14440	Social Services	222,371,820	0	561,981,470	702,705,316	20,260,952	0	1,507,319,558
14445	Medical Assistance	3,179,171,463	0	1,282,478,847	6,671,674,842	606,686,847	0	11,740,011,999
24445	Medical Assistance-Special	0	0	233,811,100	0	50,004,960	8,056,707	291,872,767
14446	Child Health	69,448,019	0	0	200,251,240	850,000	0	270,549,259
14450	Services for the Blind	11,509,643	0	1,640,395	16,603,323	509,727	0	30,263,088
24450	Services for the Blind-Special	0	0	1,086,860	1,249,799	338,255	0	2,674,914
54450	Services for the Blind-Enterprise	0	0	66,363	0	0	0	66,363
64450	Services for the Blind-Trust	0	0	1,025	0	0	0	1,025
67425	Services for the Blind-Trust	0	0	4,727,167	0	5,254,613	0	9,981,780
14460	Mental Health/DD/SAS	742,987,556	0	47,551,177	127,351,315	344,574,745	0	1,262,464,793
24401	Mental Health-Julian Keith ADATC	0	0	18,919	0	13,399	0	32,318

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General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Intra/Inter Agency Transfers	Change in Fund Balance	Grand Total Requirements
24403	Mental Health-WB Jones ADATC	0	0	16,617	0	16,617	0	33,234
24404	Mental Health-NC SPC. Care Center	0	0	16,913	0	15,879	107	32,899
24406	Mental Health-Black Mt. Center	0	0	9,975	0	9,400	0	19,375
24462	Mental Health-Dorothea Dix	0	0	231,958	0	20,490	5,715	258,163
24463	Mental Health-Broughton Hospital	0	0	90,375	0	54,178	18,625	163,178
24464	Mental Health-Cherry Hospital	0	0	110,815	0	34,430	12,785	158,030
24465	Mental Health-Umstead Hospital	0	0	109,559	0	59,248	4,071	172,878
24466	Mental Health-Car. Center	0	0	265,415	251,516	22,089	117,865	656,885
24467	Mental Health-O'Berry Center	0	0	325,263	0	77,216	0	402,479
24468	Mental Health-Murdoch Center	0	0	76,148	0	51,495	0	127,643
24469	Mental Health-Caswell Center	0	0	225,256	310,591	97,649	0	633,496
64404	Mental Health-Longleaf Neuro-Medical	0	0	1,995	0	0	0	1,995
64406	Mental Health-Black Mt. Center	0	0	0	0	0	123	123
64462	Mental Health-Dorothea Dix-Trust	0	0	10	0	0	0	10
64463	Mental Health-Broughton Hospital	0	0	32,422	0	5,480	15,148	53,050
24460	Mental Health/DD/SAS-Special	0	0	0	0	178,535	0	178,535
64464	Mental Health-Cherry Hospital	0	0	18,800	0	0	37	18,837
64466	Mental Health-J. Iverson Riddle Dev. Ctr.	0	0	108,251	0	0	-7,940	100,311
64467	Mental Health-O'Berry Center	0	0	82,450	0	0	0	82,450
64468	Mental Health-Murdoch Center	0	0	47,524	0	9,726	-162	57,088
64469	Mental Health-Caswell Center	0	0	1,632	0	0	238	1,870
67406	Mental Health-Black Mt. Center	0	0	7,815	0	0	-1,540	6,275
67462	Mental Health-Dorothea Dix	0	0	1,894	0	5,167	978	8,039
67463	Mental Health-Broughton Hospital	0	0	73,484	0	0	-17,727	55,757
67464	Mental Health-Cherry Hospital	0	0	142,500	0	0	8,700	151,200
67466	Mental Health-West Car. Center	0	0	76,409	0	0	23,789	100,198
67467	Mental Health-O'Berry Center	0	0	32,943	0	0	0	32,943
67468	Mental Health-Murdoch Center	0	0	126,638	0	39,788	2,235	168,661
67469	Mental Health-Caswell Center	0	0	412,425	0	0	-74,729	337,696
54465	Mental Health/DD/SAS-Butner Enterprises	0	0	1,547,652	0	436,966	0	1,984,618
74465	MH/DD/SAS-Umstead Hospital-Internal Service	0	0	775,695	0	0	-25,717	749,978
14470	Health Service Regulation	21,478,256	0	4,668,047	28,009,298	713,212	0	54,868,813
14480	Vocational Rehabilitation	43,518,365	0	6,763,738	78,204,238	8,392,029	0	136,878,370
24480	Vocational Rehabilitation-Special	0	0	606,781	0	0	0	606,781
24481	Disability Determination-Special	0	0	0	57,252,881	2,275,853	0	59,528,734
Total Health and Human Services		4,914,916,942	673,803	2,243,884,049	8,747,014,588	1,098,939,029	8,139,308	17,013,567,719
Justice and Public Safety:								
14500	Correction	1,226,917,398	11,300,000	9,843,168	3,857,456	8,491,762	0	1,260,409,784
24500	Correction-Special	0	0	953,775	1,062,560	0	0	2,016,335
24501	Correction-Special IT	0	0	0	0	359,700	0	359,700
24502	Correction-Canteen Fund	0	0	8,308,116	0	5,084,887	0	13,393,003
24503	Correction-Special-Interest Earning	0	0	2,045	27	0	0	2,072
74500	Correction-Internal Service	0	0	85,509,921	0	0	-418,725	85,091,196
14900	Crime Control & Public Safety	44,069,212	0	1,745,195	62,785,882	3,873,175	0	112,473,464

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General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Intra/Inter Agency Transfers	Change in Fund Balance	Grand Total Requirements
24960	CC&PS Highway Patrol Fund	0	0	3,860,685	0	433,104	0	4,293,789
24961	CC&PS-Seized & Forfeiture Assets	0	0	0	0	0	1,500,000	1,500,000
24962	CC&PS-Juvenile Justice Block Grant	0	0	131,299	11,524,672	0	0	11,655,971
24963	CC&PS-Special Rev. Disaster Relief	0	0	0	0	0	62,449,480	62,449,480
24964	CC&PS Other Special Grants	0	0	0	60,971,988	0	0	60,971,988
12000	Judicial-AOC	450,831,662	0	616,948	0	1,692,432		453,141,042
12001	Judicial - Indigent Defense	115,556,291	0	8,871,115	0	0	0	124,427,406
22001	AOC-Special Revenue Funds	0	0	0	0	0	13,621,947	13,621,947
22004	AOC-Reserve for Safe Roads	0	0	1,965,554	0	0	0	1,965,554
22005	AOC-Worthless Check Fund	0	0	803,619	0	0	0	803,619
22006	AOC-IT Fund	0	0	2,179,963	0	0	0	2,179,963
22007	AOC-Appellate Courts Printing/Comp.	0	0	509,489	0	0	0	509,489
22008	AOC-Special Revenue-GF	0	0	0	0	14,515	0	14,515
13600	Justice	91,744,912	0	8,651,173	2,298,456	15,578,435		118,272,976
23600	Justice-Special	0	0	297,000	0	53,455	11,595,986	11,946,441
23601	Justice-Special	0	0	2,347,726	212,257	11,576	0	2,571,559
23606	Justice-Seized & Forfeited Assets	0	0	0	0	0	1,290,587	1,290,587
63600	Justice-Private Protective Services	0	0	34,223	0	0	0	34,223
63602	Justice-Alarm Systems Recovery	0	0	5,000	0	0	0	5,000
14060	Juvenile Justice	159,750,384	0	7,652,933	0	3,127,262	0	170,530,579
24060	Juvenile Justice-Special	0	0	1,507,697	0	0	6,241	1,513,938
Total Justice and Public Safety		2,088,869,859	11,300,000	145,796,644	142,713,298	38,720,303	90,045,516	2,517,445,620
<u>Natural and Economic Resources:</u>								
13700	Agriculture & Consumer Services	65,659,590	4,934,152	11,279,956	7,018,162	6,561,560	0	95,453,420
23700	Agriculture-Livestock Special	0	0	531,800	0	60,000	8,431,252	9,023,052
23701	Agriculture-Warehouse Investment	0	0	2,000	0	0	0	2,000
23703	Agriculture-Tobacco Trust-Special	0	0	234,467	0	34,806,977	0	35,041,444
53700	Agriculture-Raleigh Farmers Market	0	0	1,480,114	0	1,000	0	1,481,114
53725	Agriculture-WNC AG CT/MTN Fair	0	0	2,379,066	0	154,000	0	2,533,066
53750	Agriculture-State Fair	0	0	13,965,494	0	502,000	3,435,000	17,902,494
63700	Agriculture-Trust Special	0	0	121,550	0	353,010	0	474,560
63702	Agriculture-Rural Rehab Loans	0	0	759,838	0	0	199,188	959,026
63703	Agriculture-Finance Authority	0	0	582,680	0	0	657,320	1,240,000
63704	Agriculture-Cooperative Grading Program	0	0	6,176,400	0	252,000	0	6,428,400
14600	Commerce	53,264,311	0	5,409,996	45,610,631	1,403,068		105,688,006
14601	Commerce - State Aid	131,750,205	0	0	0	0		131,750,205

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General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Intra/Inter Agency Transfers	Change in Fund Balance	Grand Total Requirements
24600	Commerce-Special Revenue	0	0	3,711,182	121,136,744	26,775,776	36,212,685	187,836,387
24602	Commerce-Special Disaster Relief	0	0	1,500,000	0	0	0	1,500,000
24604	Commerce-Special-Morehead	0	0	11,000	0	0	0	11,000
24605	Commerce-Special Cape Fear	0	0	6,000	0	0	0	6,000
24606	Commerce-Special Clean Water Bonds	0	0	0	0	2,074,474	0	2,074,474
24609	Commerce-Special Revenue-Grants	0	0	0	0	0	9,250,000	9,250,000
24610	Commerce-Second Injury Fund	0	0	66,100	0	0	0	66,100
24611	Commerce-IT Projects	0	0	0	0	0	2,989,549	2,989,549
64604	Commerce-Trust EDA	0	0	200,000	0	0	0	200,000
64605	Commerce-Public Staff Trust	0	0	13,000,000	0	0	0	13,000,000
64612	Commerce-NC Rural Electric Authority	0	0	178,500	0	0	0	178,500
64613	Commerce-Natural Gas Trust	0	0	601	0	0	2,869	3,470
64616	Commerce-CDBG Revolving Loan	0	0	1,000,000	0	0	0	1,000,000
24650	Commerce-ESC	0	0	16,688,300	195,598,188	34,372,212	0	246,658,700
54600	Commerce-Enterprise Fund	0	0	20,655,235	145,823	14,120,897	2,266,726	37,188,681
64650	Commerce-Employment Security Commission Trust	0	0	2,742,378	0	2,000,000	0	4,742,378
64651	Commerce-Employment Security Commission Trust, Claims/Benefits	0	0	0	0	880,915,483	0	880,915,483
64652	Commerce-Employment Security Commission Trust Clearing	0	0	944,644,817	0	0	0	944,644,817
64653	Commerce-Employment Security Commission Trust Reserve	0	0	157,982,484	0	5,000,000	0	162,982,484
64655	Commerce-Employment Security Commission Trust, Training & Employment Account	0	0	74,141	0	0	0	74,141
54670	NC Education Lottery Commissior	0	0	0	0	61,021,985	0	61,021,985
54641	NC Education Lottery Proceeds	0	0	1,256,584,138	0	0	0	1,256,584,138
14300	Environment and Natural Resources	205,089,397	0	39,237,842	58,511,532	26,596,843	0	329,435,614
24300	DENR-Special	0	0	38,285,152	0	1,443,608	14,640,927	54,369,687
24301	DENR-Air Quality-Fuel Tax Special	0	0	11,564,215	0	0	14,097	11,578,312
24302	DENR-Governor's Cup Trust-Special	0	0	4,414	0	0	4,666	9,080
24303	DENR-Marine Fish Conservation	0	0	47,737	0	0	161,039	208,776
24304	DENR-Wetlands Trust-Special	0	0	33,439,660	0	0	59,755,860	93,195,520
24305	DENR-Clean Water Mgmt. Trust-Special	0	0	-5,616,446	0	105,616,446	13,500,000	113,500,000
24306	DENR-Special Dry Cleaning Solvent Tax	0	0	10,039,027	0	960,973	873,156	11,873,156
24307	DENR-Special Forest Development	0	0	2,620,192	0	589,500	0	3,209,692
24308	DENR-Special	0	0	1,865,630	55,000	30,107,933	1,813,245	33,841,808
24309	DENR-PARTF-Special	0	0	59,518,567	0	67,056	9,360,131	68,945,754
24310	DENR-Disaster Relief Programs	0	0	0	356,319	9,643,681	5,046,201	15,046,201
24311	DENR-Interest-CI	0	0	200,000	0	0	0	200,000
24317	DENR-Special-GF	0	0	0	0	718,731	771,980	1,490,711
24318	DENR-Special-Interest	0	0	0	0	200,000	700,000	900,000
24321	DENR-CWB-WS Loan 1998 Program	0	0	0	0	294,502	0	294,502
24323	DENR-Marine Resources Fund	0	0	6,967,173	0	224,309	2,261,393	9,452,875
24325	DENR-DWR-FERC Interest	0	0	150,000	0	0	0	150,000

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General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Intra/Inter Agency Transfers	Change in Fund Balance	Grand Total Requirements
64300	DENR-Trust-Special	0	0	2,509	0	0	43,491	46,000
64301	DENR-Waste Water Oper. Train. Special	0	0	452,594	0	0	90,105	542,699
64302	DENR-Natural Heritage Trust-Special	0	0	16,000,000	0	4,149,825	45,252,915	65,402,740
64303	DENR_Solid Waste Mgmt. Trust-Special	0	0	7,024,533	0	0	22,000	7,046,533
64304	DENR-Clean Water Revolving Loan	0	0	4,596,871	0	0	4,847,898	9,444,769
64305	DENR-Commercial LUST Cleanup-Special	0	0	30,325,864	0	3,000	14,236,640	44,565,504
64306	DENR-Waste Water Treatment	0	0	20,000	0	0	280,000	300,000
64307	DENR-Conservation Grant Endowment	0	0	179,298	0	414,242	-414,242	179,298
64308	DENR-Noncomm.LUST Cleanup	0	0	3,805,020	0	2,125,000	1,630,615	7,560,635
64311	DENR-Water Poll. Revolving Loan	0	0	38,772,524	1,626,808	19,960,624	0	60,359,956
64312	DENR-Federal Bond Revolving Loan	0	0	3,269,767	0	0	464	3,270,231
64319	DENR-CWSRF Federal Program	0	0	7,034,546	0	0	0	7,034,546
64320	DENR-Drinking Water SRF	0	0	4,754,503	22,945,497	0	0	27,700,000
64321	DENR-High Unit Cost WS Grants	0	0	0	0	4,264,883	0	4,264,883
64322	DENR-Drinking Water SRF Match	0	0	2,020,012	1,445,160	375,484	0	3,840,656
64323	DENR-Drinking Water SRF Bond Match	0	0	1,067,130	0	680,000	-1,641,554	105,576
64324	DENR-Drinking Water Reserve	0	0	472,051	0	0	0	472,051
64326	DENR-Trust-Special	0	0	1,000	0	0	0	1,000
14301	Clean Water Management Trust Fund	100,000,000	0	0	0	0	0	100,000,000
24350	Wildlife Resources-Special	0	0	1,848,506	3,665,506	54,172,163	-50,666	59,635,509
24351	Wildlife Resources-Special (Interest)	0	0	18,579,631	5,625,046	0	0	24,204,677
24352	Wildlife Resources-Special (Non-Interest)	0	0	3,799,393	0	22,819,147	0	26,618,540
13800	Labor	17,496,343	0	355,700	7,305,017	945,059	0	26,102,119
23800	Labor-Special Revenue Fund	0	0	5,115,002	0	0	0	5,115,002
63800	Labor-Trust Fund	0	0	2,880	0	0	0	2,880
63801	Labor-Trust Fund IDA	0	0	85,002	0	0	0	85,002
Total Natural and Economic Resources		573,259,846	4,934,152	2,809,875,736	471,045,433	1,356,747,451	236,644,950	5,452,507,568
84210/290	Transportation	0	2,612,860,941	38,815,768	942,686,251	0	0	3,594,362,960
Net Agency		19,455,020,680	2,671,065,279	7,833,134,463	11,855,554,097	5,741,170,877	289,668,718	47,845,614,114
19600	Capital Improvements	129,082,062	9,084,221	0	0	0	0	138,166,283
Debt Service:								
19420	General Debt Service	641,516,907	85,460,500	42,612,214	0	51,095,584	0	820,685,205
19425	Federal Reimbursement	1,616,380	0	0	0	0	0	1,616,380
Total Debt Service		643,133,287	85,460,500	42,612,214	0	51,095,584	0	822,301,585
Reserves and Adjustments:								
19001	Contingency and Emergency Reserve	5,000,000	0	0	0	0	0	5,000,000
19003	Compensation Increase Reserve	868,012,566	0	0	0	0	0	868,012,566
19004	Salary Adjustment Reserve	23,688,000	0	0	0	0	0	23,688,000
19007	Pesticide Prevention Program Reserve	357,055	0	0	0	0	0	357,055
19013	JDIG-Reserve	27,400,000	0	0	0	0	0	27,400,000
19015	Vacant Eliminated Position Reserve	-10,038,466	0	0	0	0	0	-10,038,466
19018	Multipurpose Database Reserve	1,000,000	0	0	0	0	0	1,000,000
19019	Pending Legislation for Gang Prevention	10,000,000	0	0	0	0	0	10,000,000

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General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Intra/Inter Agency Transfers	Change in Fund Balance	Grand Total Requirements
19025	No Penalty for Teachers Reserve	5,000,000	0	0	0	0	0	5,000,000
19034	Criminal Justice Data Integration Pilot	5,000,000	0	0	0	0	0	5,000,000
19043	Health Plan Reserve	117,890,207	0	0	0	0	0	117,890,207
19044	IT Initiative Reserve	7,840,000	0	0	0	0	0	7,840,000
19047	Retirement Rate Adjustment Reserve	65,942,400	0	0	0	0	0	65,942,400
19051	Reserve to add steps to Judicial Longevity	566,643	0	0	0	0	0	566,643
19052	Reserve to Transfer PD's to Judicial Retirement System	573,000	0	0	0	0	0	573,000
19054	DHHS Sign-on Bonuses for Nurses	500,000	0	0	0	0	0	500,000
	Total Reserves and Adjustments	1,128,731,405	0	0	0	0	0	1,128,731,405
	Total Budget	21,355,967,434	2,765,610,000	7,875,746,677	11,855,554,097	5,792,266,461	289,668,718	49,934,813,387

NOTE:

¹Total does not include \$201,567,758 transfer from Highway Fund to support operating budget (Budget 24960) of \$205,861,547 for the State Highway Patrol.

²Total includes a transfer of \$201,567,758 for State Highway Patrol operations.

State of North Carolina
Full-time Equivalent Position Counts by GAAP Fund Type
(December 2007)

	General Fund (1)		Highway Fund		Enterprise Fund	Institutional Fund	Internal Service Fund	Special Fund	Trust Fund	Total by Sector
	Appropriated	Receipt	Appropriated	Receipt (2)						
Government Sector										
State Government										
UNC System(3)	34,105.81	1,827.41	-	-	-	16,565.28	-	-	6,614.60	59,113.11
Justice and Public Safety	30,859.84	492.26	2,306.50	-	-	-	397.00	425.00	-	34,480.60
Health & Human Services	9,049.48	9,513.39	10.00	-	8.00	-	9.00	676.24	27.00	19,293.11
Transportation	-	-	8,297.50	6,435.50	-	-	-	-	19.00	14,752.00
Natural & Economic Resources	3,958.96	1,341.59	-	147.00	624.00	-	-	2,819.03	188.45	9,079.03
General Government	4,285.65	779.69	6.00	88.00	1.00	-	690.00	332.15	1.00	6,183.49
Education (State Administration)	644.28	335.42	-	-	-	-	-	-	11.55	991.25
Sub-total	82,904.01	14,289.77	10,620.00	6,670.50	633.00	16,565.28	1,096.00	4,252.42	6,861.60	143,892.58
Local Education										
Public Schools(3)(4)	162,280.37	-	68.88	-	-	-	-	-	-	162,349.25
Community Colleges(3)	16,479.80	-	-	-	-	-	-	-	-	16,479.80
Sub-total	178,760.17	-	68.88	-	-	-	-	-	-	178,829.05
Total by GAAP Fund Type	261,664.18	14,289.77	10,688.88	6,670.50	633.00	16,565.28	1,096.00	4,252.42	6,861.60	322,721.63

Notes:

- 1) Salary Base includes 587 positions in Reserve budget codes.
- 2) Includes 5,868 work order positions funded out of construction and maintenance line-items in the Highway Fund Budget.
- 3) Includes FTE growth due to projected enrollment growth for the 2008-2009 fiscal year.
- 4) The total number contains some non-FTE counts that may slightly overstate the overall total position count.

Source: Survey of State Agencies and Other State-funded Institutions, Fiscal Research Division, NC General Assembly, Office of State Budget and Management, December 2007.

Total General Fund by Source of Funds

Source	Amounts	Percentage
Taxes	19,839,400,000	49.60%
Nontax	1,010,334,710	2.53%
Unreserved Fund Balance ¹	<u>599,037,699</u>	<u>1.50%</u>
Subtotal	\$21,448,772,409	53.62%
Agency Revenue	<u>18,552,416,693</u>	<u>46.38%</u>
TOTAL	\$40,001,189,102	100.00%

NOTE:

¹Reflects actual June 30, 2008 final unreserved fund balance available for appropriation. S.L. 2008-107, reflected an estimated unreserved fund balance of \$506,232,724.

S.L. 2008-108
General Fund Availability Statement
G.S. 143C-5-3

	<u>FY 2008-09</u>
Unappropriated Balance from FY 2007-08, S.L. 2007-323	270,504,098
Net Adjustment - S.L. 2007-540	(1,000,000)
Adjustment from Estimated to Actual 2007-08 Beginning Unreserved Balance	47,867,864
Projected Reversions from FY 2007-08	170,000,000
Projected Overcollections from FY 2007-08	88,700,000
Less: Credit to Repairs and Renovation Reserve Account	(69,839,238)
Beginning Unreserved Fund Balance	<u>506,232,724</u>
Revenues Based on Existing Tax Structure	19,903,800,000
Non-tax Revenues	
Investment Income	247,300,000
Judicial Fees	204,800,000
Disproportionate Share	100,000,000
Insurance	62,900,000
Other Non-Tax Revenues	160,600,000
Highway Trust Fund Transfer	172,500,000
Highway Fund Transfer	17,600,000
Subtotal Non-tax Revenues	<u>965,700,000</u>
Total General Fund Availability	21,375,732,724
Adjustments to Availability: 2008 Session	
Adjustments for Economic Uncertainty	(45,000,000)
Extend Sunset for State Ports Tax Credit	(1,000,000)
Extend Credit for Research & Development	(1,000,000)
Modify Estate Tax Law	(2,000,000)
Exempt Disaster Assistance Debit Sales	(500,000)
Sales Tax Holiday for Certain Energy Star Rated Appliances	(1,400,000)
Extend Sunset for Small Business Employee Health Benefits Tax Credit	(8,500,000)
State Sales Tax Exemption for Baked Goods Sold By Artisan Bakeries	(1,600,000)
Small Businesses Protection Act	(2,200,000)
Excise Tax on Machinery Refurbishers	(300,000)
Expand Film Industry Credit and Extend Sunset	(100,000)
Expand Renewable Energy Tax Credit	(100,000)
Reserve for Tax Relief	(700,000)
Health Care Facility Construction Project Fee Service Regulation Fee Increase	822,028
Adjust Fee Receipts for Asbestos Hazard Management Program	71,615
Adjust Securities Filing Fee	1,993,500
Reduce Transfer to Highway Trust Fund	(25,000,000)
Transfer from Disaster Relief Reserve (Western NC Disasters)	26,000,000
Transfer from NC Rx Unexpended Balance	3,500,000
Transfer from Tobacco Trust Fund	5,000,000
Transfer from Health & Wellness Trust Fund	5,000,000
Transfer from Coaching Scholarship Fund	267,000
Transfer from Principal Fellows Trust Fund	1,000,000
Transfer from NC Community College System Computer Information System Fund Balance	4,500,000
Transfer from Focused Industrial Training Unexpended Balance	783,246
Transfer from Disproportionate Share Reserve	19,300,000
Adjust Transfer from Insurance Regulatory Fund	633,492
Adjust Transfer from Treasurer's Office	763,829
Subtotal Adjustments to Availability: 2008 Session	<u>(19,765,290)</u>
Revised General Fund Availability for 2008-09 Fiscal Year	21,355,967,434
Less: Total General Fund Appropriations for 2008-09 Fiscal Year	<u>(21,355,967,434)</u>
Unappropriated Balance Remaining	0

**Total FY 2008-09 General Fund Appropriations¹ by Function
and Percentage**

Function	Amount	% of Total
Education:		
Public Education	7,802,046,538	36.5%
Community Colleges	933,282,701	4.4%
Universities	2,683,257,614	12.6%
Subtotal Education	11,418,586,853	53.5%
General Government	459,387,180	2.2%
Health and Human Services	4,914,916,942	23.0%
Justice and Public Safety	2,088,869,859	9.8%
Natural and Economic Resources	573,259,846	2.7%
Transportation	-	
Debt Service	643,133,287	3.0%
Reserves	1,128,731,405	5.3%
Total Current Operations	21,226,885,372	99.4%
Capital	129,082,062	0.6%
Total Appropriations	21,355,967,434	100.0%

NOTE:

¹ Includes General Purpose Revenue only; total State General Fund Appropriations total \$39.9 billion.

SUMMARY:

**GENERAL FUND
APPROPRIATIONS**

FISCAL YEAR 2008-09

**General Fund Appropriations
Fiscal Year 2008-09
2008 Session**

	Certified Appropriation 2008-09	Recurring Adjustments	Legislative Adjustments Nonrecurring Adjustments	Net Changes	Position Changes	Revised Appropriation 2008-09
Education:						
Community Colleges	899,643,003	24,845,698	8,794,000	33,639,698	1.00	933,282,701
Public Education	7,708,315,285	(42,542,790)	136,274,043	93,731,253	0.00	7,802,046,538
University System	2,656,447,099	44,828,045	(18,017,530)	26,810,515	2.00	2,685,257,614
Total Education	11,264,405,387	27,130,953	127,050,513	154,181,466	3.00	11,418,586,853
Health and Human Services:						
Central Management and Support	62,592,178	(5,134,966)	(4,675,000)	(9,809,966)	0.00	52,782,212
Aging and Adult Services	35,745,179	2,000,000	500,000	2,500,000	0.00	38,245,179
Blind and Deaf / Hard of Hearing Services	11,434,643	0	75,000	75,000	0.00	11,509,643
Child Development	310,984,207	(6,110,422)	8,000	(6,102,422)	3.00	304,881,785
Education Services	38,855,457	0	698,940	698,940	0.00	39,554,397
Health Services Regulation	20,656,228	787,918	34,110	822,028	8.00	21,478,256
Medical Assistance	3,389,993,470	(204,606,516)	(6,215,491)	(210,822,007)	18.00	3,179,171,463
MH/DD/SAS	721,639,723	19,407,236	1,940,597	21,347,833	226.85	742,987,556
NC Health Choice	59,391,155	9,411,246	645,618	10,056,864	0.00	69,448,019
Public Health	182,162,710	2,050,131	4,755,406	6,805,537	2.00	188,968,247
Social Services	221,227,038	(455,218)	1,600,000	1,144,782	0.00	222,371,820
Vocational Rehabilitation	45,518,365	0	(2,000,000)	(2,000,000)	0.00	43,518,365
Total Health and Human Services	5,100,200,353	(182,650,591)	(2,632,820)	(185,283,411)	257.85	4,914,916,942
Justice and Public Safety:						
Correction	1,226,627,581	2,623,108	(2,333,291)	289,817	41.00	1,226,917,398
Crime Control & Public Safety	41,489,037	(182,404)	2,762,579	2,580,175	0.00	44,069,212
Judicial Department	452,389,917	(758)	(1,557,497)	(1,558,255)	32.25	450,831,662
Judicial - Indigent Defense	115,991,348	(1,770,057)	1,335,000	(435,057)	0.00	115,556,291
Justice	92,171,670	(189,120)	(237,638)	(426,758)	3.00	91,744,912
Juvenile Justice & Delinquency Prevention	139,556,104	20,831,264	(636,984)	20,194,280	30.00	159,750,384
Total Justice and Public Safety	2,068,225,657	21,312,033	(667,831)	20,644,202	106.25	2,088,869,859

General Fund Appropriations
Fiscal Year 2008-09
2008 Session

	Certified Appropriation 2008-09	Recurring Adjustments	Legislative Adjustments Nonrecurring Adjustments	Net Changes	Position Changes	Revised Appropriation 2008-09
Natural And Economic Resources:						
Agriculture and Consumer Services	60,699,001	(317,116)	5,277,705	4,960,589	6.00	65,659,590
Commerce	45,289,341	(1,590,267)	9,565,237	7,974,970	1.00	53,264,311
Commerce - State Aid	21,361,485	652,635	12,248,943	12,901,578	0.00	34,263,063
Environment and Natural Resources	192,815,663	854,336	11,419,398	12,273,734	26.62	205,089,397
DENR - Clean Water Mgmt. Trust Fund	100,000,000	0	0	0	0.00	100,000,000
Labor	16,594,951	901,392	0	901,392	5.00	17,496,343
NC Biotechnology Center	15,583,395	(155,834)	4,000,000	3,844,166	0.00	19,427,561
Rural Economic Development Center	24,302,607	(243,026)	54,000,000	53,756,974	0.00	78,059,581
Total Natural and Economic Resources	476,646,443	102,120	96,511,283	96,613,403	38.62	573,259,846
General Government:						
Administration	70,959,534	603,171	673,877	1,277,048	-3.00	72,236,582
Auditor	12,746,479	(283,938)	0	(283,938)	0.00	12,462,541
Cultural Resources	71,881,424	(439,633)	4,225,000	3,785,367	0.00	75,666,791
Cultural Resources - Roanoke Island	2,020,023	(15,000)	0	(15,000)	0.00	2,005,023
General Assembly	55,740,786	(636,000)	(245,000)	(881,000)	0.00	54,859,786
Governor	6,300,587	(84,205)	0	(84,205)	0.00	6,216,382
NC Housing Finance Agency	9,608,417	5,000,000	7,000,000	12,000,000	0.00	21,608,417
Insurance	30,936,704	613,492	20,000	633,492	6.00	31,570,196
Insurance - Worker's Compensation Fund	4,500,000	0	(1,150,000)	(1,150,000)	0.00	3,350,000
Lieutenant Governor	915,109	0	0	0	0.00	915,109
Office of Administrative Hearings	3,521,735	60,144	253,400	313,544	0.00	3,835,279
Revenue	85,330,611	(1,415,864)	0	(1,415,864)	-29.00	83,914,747
Secretary of State	10,743,041	136,877	(1,106)	135,771	4.00	10,878,812
State Board of Elections	9,626,868	414,226	168,708	582,934	5.00	10,209,802
State Budget and Management	5,877,440	15,242	0	15,242	1.00	5,892,682
State Budget and Management -- Special Approps	5,621,446	300,000	16,650,000	16,950,000	0.00	22,571,446
State Controller	20,727,698	(110,940)	0	(110,940)	0.00	20,616,758
Treasurer - Operations	9,326,190	763,829	0	763,829	6.00	10,090,019
Treasurer - Retirement / Benefits	9,458,957	1,027,851	0	1,027,851	0.00	10,486,808
Total General Government	425,843,049	5,949,252	27,594,879	33,544,131	-10.00	459,387,180

**General Fund Appropriations
Fiscal Year 2008-09
2008 Session**

	Certified Appropriation 2008-09	Recurring Adjustments	Legislative Adjustments Nonrecurring Adjustments	Net Changes	Position Changes	Revised Appropriation 2008-09
Transportation	0	0	0	0		0
Statewide Reserves and Debt Service:						
Debt Service:						
Interest / Redemption	659,016,907	0	(17,500,000)	(17,500,000)		641,516,907
Federal Reimbursement	1,616,380	0	0	0		1,616,380
Subtotal Debt Service	660,633,287	0	(17,500,000)	(17,500,000)	0.00	643,133,287
Statewide Reserves:						
Compensation Increases	500,807,621	360,192,676	8,651,912	368,844,588		869,652,209
Salary Adjustment Fund 2007-09 Biennium	23,688,000	0	0	0		23,688,000
Teachers' & State Employees Retirement Cont	35,705,000	30,237,400	0	30,237,400		65,942,400
Hospitalization Reserve	122,890,207	(5,000,000)	0	(5,000,000)		117,890,207
Reserve for Eliminated Positions	(10,038,466)	0	0	0		(10,038,466)
Grant to Counties for Teachers' Personal Leave Day	0	0	5,000,000	5,000,000		5,000,000
Contingency and Emergency Fund	5,000,000	0	0	0		5,000,000
Information Technology Fund	7,840,000	0	0	0		7,840,000
Job Development Investment Grants Reserve	12,400,000	15,000,000	0	15,000,000		27,400,000
North Carolina Master Address Dataset	0	0	1,000,000	1,000,000		1,000,000
Criminal Justice Data Integration	0	0	5,000,000	5,000,000		5,000,000
Pending Gang Prevention Legislation (HB 274)	0	0	10,000,000	10,000,000		10,000,000
Task Force on Preventing Pesticide Exposure	0	221,374	135,681	357,055	4.00	357,055
Subtotal Statewide Reserves	698,292,362	400,651,450	29,787,593	430,439,043	4.00	1,128,731,405
Total Reserves and Debt Service	1,358,925,649	400,651,450	12,287,593	412,939,043	4.00	1,771,864,692
Total General Fund for Operations	20,694,246,538	272,495,217	260,143,617	532,638,834	399.72	21,226,885,372
Other General Fund Expenditures:						
Capital Improvements	0	0	129,082,062	129,082,062		129,082,062
Repairs and Renovations	0	0	0	0		0
Total Other General Fund Expenditures	0	0	129,082,062	129,082,062	0.00	129,082,062
Total General Fund Budget	20,694,246,538	272,495,217	389,225,679	661,720,896	399.72	21,355,967,434

EDUCATION

Public Education

GENERAL FUND

	FY 08-09	
Total Budget Approved 2007 Session		\$7,708,315,285

Budget Changes

A. Technical Adjustments

1 Average Daily Membership (ADM) (\$1,463,191) R

Revises projected increase in ADM for FY 2008-09 to reflect 2,382 fewer students than originally projected. Dollar amount of adjustment includes adjustments in all position, dollar, and categorical allotments.

Total funded ADM for FY 2008-09 is 1,476,566, an increase of 14,826 over FY 2007-08.

Due to a projected increase in ninth grade ADM, receipts from the Highway Fund budgeted for Driver's Education will increase by \$616,491.

2 Budgeted Average Salary (\$43,615,839) R

Revises budgeted funding for certified personnel salaries based on actual salary data from December 2007. Adjustment does not reduce any salary paid to certified personnel.

3 Transportation Adjustment for ADM (\$4,000,000) R

Adjusts this allotment formula to align it with allotted ADM.

4 Transportation Fuel \$35,000,000 NR

Provides additional funding to defray the increasing cost of diesel fuel. Diesel fuel was funded at \$1.83 per gallon in the FY 2008-09 certified budget. The Department of Public Instruction shall use funds available from the State Public School Fund to cover fuel costs above the budgeted amount, if any. (H.B. 2518/S.B. 1760)

5 Class-Size Reduction
 Directs the Director of the Budget to transfer sufficient funding from the Education Lottery Reserve Fund to maintain K-3 student/teacher ratios at 18:1. The amount of this transfer is estimated to be \$19,750,000. (S.L. 2008-107, Sec 5.2)

6 Over-realized Civil Penalties	(\$36,538,000)	R
<p>Adjusts for the continued over-collection of civil penalty receipts. Collected civil penalty revenues are required to be deposited in the State Public School Fund (SPSF) for allotment to local education agencies on a per ADM basis. Civil penalties receipts are budgeted in the amount of \$77,500,000 in the SPSF for FY 2008-09. These receipts were over-realized by \$36.5 million in FY 2007-08.</p>		
B. State Public School Fund		
7 Average Daily Membership (ADM) Reserve	(\$3,000,000)	R
<p>Reduces reserve to reflect actual FY 2007-08 use. \$2 million remains available to deal with unforeseen ADM growth.</p>		
8 Replacement School Buses	(\$4,500,000)	NR
<p>Reduces the number of buses replaced in FY 2008-09 by approximately 160, continuing the FY 2007-08 nonrecurring reduction. The remaining \$67.2 million budgeted in FY 2008-09 for this purpose will support the replacement of approximately 665 school buses.</p>		
9 Children With Disabilities Head-Count Adjustment	(\$7,135,129)	R
<p>Makes a technical adjustment to the Children With Disabilities allotment. The continuation budget includes anticipated growth based on the projected head-count of children with disabilities. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect actual April 1, 2008 headcount. Adjustment does not reduce funding per student.</p>		
10 Children With Disabilities	\$6,200,000	R
<p>Increases funds allotted to LEAs to support special education and related services for students with identified disabilities. Increases funding factor by \$36.03 per student in funded headcount (172,079), bringing the factor to \$3,386.84 per student. (H.B. 2169; S.L. 2008-107, Sec. 7.1)</p>		
11 State-Funded Tests	(\$3,343,412)	R
<p>Eliminates funds to support writing tests for grades 4, 7, and 10, as recommended by the Blue Ribbon Commission on Testing. DPI shall provide rubrics to LEAs for local writing assessments.</p>		
12 Group Homes and Community Residential Centers	(\$2,000,000)	R
<p>Decreases the unexpended balance for these two expenditure categories. The FY 2007-08 unexpended balance for these activities was approximately \$3 million.</p>		

13 Learn and Earn Online	Reduces FY 2008-09 recurring funding from \$10.1 million to \$6.5 million and eliminates the \$5 million non-recurring reserve. Projected program expenditures in FY 2007-08 were approximately \$3 million, less than half of the amount provided for FY 2008-09.	(\$3,600,000) R (\$5,000,000) NR
	S.L. 2008-107, Section 3.3 allows DPI to use up to \$430,000 in funds appropriated for up to 14 planning grants for additional Learn and Earn High Schools. (S.L. 2008-107, Sec. 7.5 and Sec. 7.15)	
14 At-Risk Funding	Eliminates the FY 2007-08 allocation of \$500,000 from this allotment to the State Board of Education for discretionary projects. The State Board may not spend any funds from this allotment on discretionary projects.	(\$500,000) R
15 Inflationary Increases for Instructional Supplies	Reduces the inflationary increases for instructional supplies in FY 2008-09.	(\$396,052) R
16 Inflationary Increases for Textbooks	Removes the inflationary increases for textbooks for FY 2008-09 and adjusts the budgeted amount to the FY 2007-08 per ADM rate.	(\$1,039,128) R
17 ABC Bonuses	Funds ABC bonuses for schools that met or exceeded expected growth in the FY 2007-08 school year. (S.L. 2008-107, Sec. 7.3)	\$90,000,000 NR
18 Learn and Earn High Schools	Provides funding for 14 additional Learn and Earn high schools that will be operational in FY 2008-09, bringing the total number of Learn and Earn "traditional" high schools to 56. Nonrecurring appropriation provides \$10,000 per site to support start-up costs associated with the first year of implementation.	\$3,459,461 R \$110,000 NR
19 North Carolina 1:1 Learning Project	Provides additional funds to the North Carolina 1:1 Learning Project, a pilot program in 8 high schools that provides laptop computers for all teachers and students in the pilot schools. State funds are used to support program evaluation, improve network connectivity at each of the pilot sites, assist with professional development for teachers and principals, provide technical support staff, and purchase additional software, hardware, or other equipment necessary to support the program. The North Carolina 1:1 Learning Project received a nonrecurring appropriation of \$3 million in FY 2007-08.	\$1,500,000 NR

<p>20 School Connectivity</p> <p>Provides additional funding to support the implementation of a plan for State-funded and supported IT infrastructure in the LEAs. The School Connectivity initiative is part of the effort to increase schools' abilities to use up-to-date instructional technology. These funds are in addition to the \$12,000,000 in the base budget. (H.B. 174/S.B. 135; S.L. 2008-107, Sec. 7.6)</p>	<p>\$10,000,000</p>	<p>R</p>
<p>21 Mentoring</p> <p>Provides additional funds to establish a flexible mentoring program to serve all first- and second-year teachers as well as first-year instructional support personnel. LEAs will have the flexibility to use mentoring funds, under a plan approved by the State Board of Education, to implement those strategies it believes will best serve the target population.</p> <p>This change to the mentoring program was recommended by the Joint Legislative Study Committee on Public School Funding Formulas. (H.B. 2565/S.B. 1994; S.L. 2008-107, Sec. 7.8)</p>	<p>\$3,000,000</p>	<p>R</p>
<p>22 Disadvantaged Student Supplemental Funding (DSSF)</p> <p>Expands DSSF allotment for all LEAs to increase each LEA's capacity to meet the needs of all of its students. These funds are in addition to the \$70,172,729 in the base budget. (H.B. 2734/S.B. 2047; S.L. 2008-107, Sec. 7.9)</p>	<p>\$6,000,000</p>	<p>R</p>
<p>23 Academically or Intellectually Gifted</p> <p>Increases funds allotted to LEAs to support programming for students identified as academically or intellectually gifted. Increases funding factor by \$54.18 per ADM (for 4% of ADM), bringing factor to \$1,137.19 per student. (H.B. 2273; S.L. 2008-107, Sec. 7.2)</p>	<p>\$3,200,000</p>	<p>R</p>
<p>24 Dropout Prevention Grants</p> <p>Provides a second year of funding for a grant program that distributes funding on a competitive basis to support innovative LEA programs that address dropout prevention. The FY 2007-08 budget provided a nonrecurring appropriation of \$7 million for this purpose. Of these funds, the Department of Public Instruction shall use up to \$90,000 to provide Positive Behavior Support training. (H.B. 2418; S.L. 2008-107, Sec. 7.14)</p>	<p>\$15,000,000</p>	<p>NR</p>
<p>25 Low Wealth Counties Supplemental Funding</p> <p>Provides a second year of "one-time" funding to LEAs that experienced decreases in Low Wealth Counties Supplemental Funding in FY 2007-08. This money will restore 40% of each LEA's decrease in Low Wealth Counties Supplemental Funding experienced in FY 2007-08. (S.L. 2008-107, Sec. 7.10)</p>	<p>\$2,904,043</p>	<p>NR</p>
<p>26 More at Four</p> <p>Expands program that provides high-quality pre-K services to eligible four-year olds. (S.L. 2008-107, Sec. 7.17)</p>	<p>\$30,000,000</p>	<p>R</p>

27 Child Obesity Pilot Programs \$500,000 NR
 Provides funds to implement pilot programs to address child obesity. The State Board of Education shall establish guidelines for designing and implementing the programs.

28 Learn and Earn Virtual Schools \$1,000,000 R
 Provides funding for the four Learn & Earn Virtual high schools ready for operation in Currituck, Hyde, Jackson, and Tyrrell Counties.

C. Department of Public Instruction

29 Teacher Working Conditions Survey (\$90,000) NR
 Reduces the appropriation for the Teacher Working Conditions Survey for one year.

30 Teacher Academy (\$500,000) R
 Eliminates \$500,000 in funding to the North Carolina Teacher Academy for the training of literacy coaches. The North Carolina Teacher Academy will retain \$1,500,000 in previously appropriated funds in order to train the 200 existing literacy coaches. (S.L. 2008-107, Sec. 7.24)

D. Pass-Through Funds

31 Teacher Cadet Program \$278,500 R
 Converts the \$278,500 in nonrecurring funds for the Teacher Cadet Program in FY 2007-08 into recurring funding to support the program. The Teacher Cadet Program is part of the North Carolina Foundation for Public School Children, a private non-profit organization that encourages high achieving students to consider teaching as a career. (H.B. 2145/S.B. 1613)

32 Teach for America \$750,000 R
 Provides funds to this private non-profit organization in addition to the \$200,000 in recurring funds already in the FY 2008-09 budget. Funds will offset the costs of recruiting, selecting, training, and supporting teachers in North Carolina. The General Assembly appropriated \$200,000 in nonrecurring funds for the Teach for America program in FY 2007-08. (S.B. 2012)

33 Communities in Schools \$500,000 R
 Expands the recurring Communities in Schools budget from \$1,107,500 to \$1,607,500. Communities in Schools is a private non-profit organization that connects at-risk youth and their families with resources to assist in school success and dropout prevention. Expansion amount may support the creation of Performance Learning Centers and will be matched, in part, by a grant from the Bill & Melinda Gates Foundation. (H.B. 2089/S.B. 1974, H.B. 2277/S.B. 1940)

- 34 PTA Parental Involvement Initiative** \$300,000 NR
 Provides funds to the North Carolina Congress of Parents and Teachers, Incorporated, a non-profit organization, to implement the PTA Parental Involvement Initiative. The PTA Parental Involvement Initiative received a nonrecurring appropriation of \$262,500 in FY 2007-08. (H.B. 2307/S.B. 2018)
- 35 Literacy Connection Program** \$200,000 R
 Provides funding to Project Enlightenment, an early childhood education and intervention program of the Wake County Public School System, to operate the Literacy Connection Program. The program will develop a statewide network of preschool early literacy leaders and provide them with training and support for coaching preschool teachers on literacy instruction strategies. In addition, the program will provide training and technical support to the More at Four program. The Literacy Connection received a nonrecurring appropriation of \$200,000 in FY 2007-08. (H.B. 2082/S.B. 1618)
- 36 ExplorNet** \$100,000 NR
 Provides additional funds to the Centers for Quality Teaching and Learning to develop, pilot, and implement a program for new and lateral entry teachers designed to prepare them to be successful and to remain in the classroom. The FY 2008-09 budget includes \$300,000 recurring for ExplorNet. (H.B. 2475)
- 37 Kids Voting** \$250,000 NR
 Provides funding to support continued operation of the Kids Voting program, which received a non-recurring appropriation of the same amount in FY 2007-08. \$50,000 will be used to implement new Kids Voting programs in nonparticipating counties across the State. \$200,000 will be divided on the basis of the North Carolina Department of Public Instruction's ADM with a minimum of \$2,500 for the following counties: Alleghany, Beaufort, Buncombe, Burke, Cabarrus, Catawba, Chowan, Clay, Cumberland, Davie, Durham, Forsyth, Greene, Guilford, Haywood, Henderson, Iredell, Jackson, Lee, Madison, Mecklenburg, New Hanover, Onslow, Randolph, and Wake. Funds will assist those counties with their Kids Voting programs. (H.B. 2535/S.B. 1849)
- 38 North Carolina Science, Mathematics and Technology Education Center** \$100,000 NR
 Provides \$100,000 to the North Carolina Science, Mathematics and Technology Education Center, Inc. (NCSMTEC) to support the establishment of new interscholastic science competitions. The FY 2008-09 budget includes \$100,000 recurring for NCSMTEC. (H.B. 2641/S.B. 1972)

39 NC Humanities Council Teacher Institute Program

Provides additional funds to non-profit program focused on promoting teaching and learning that develops teachers' capacities to understand, empathize with, and relate to various cultures. This organization received a non-recurring appropriation of \$100,000 in FY 2007-08. (H.B. 2595)

\$100,000 NR

Budget Changes

(\$42,542,790) R

\$136,274,043 NR

Total Position Changes

Revised Total Budget

\$7,802,046,538

Special Provisions

2008 Session: HB 2436

Department: Public Education

Section: 7.1

Title: Children with Disabilities

Summary Provides funds for children with disabilities of \$3,386.84 per child for a maximum of 172,079 children for the 2008-09 school year. This funding factor reflects all adjustments to headcounts and expansion funding. (H.B. 2169)

Section: 7.2

Title: Funds for Academically Gifted Children

Summary Provides funds for academically and intellectually gifted children of \$1,137.19 per child for a maximum of 59,063 children (4% of ADM) for the 2008-09 school year. This funding factor reflects expansion funding. (H.B. 2273)

Section: 7.3

Title: Funds to Implement the ABCs of Public Education

Summary Authorizes funding for ABC bonuses. Limits expenditures for this program to the average expenditure over the last 11 years (\$94,325,612). Subsection (b) allows the State Board of Education to move funds to implement the comprehensive/consolidated assistance program in under-performing school districts.

Section: 7.4

Title: North Carolina Virtual Public School

Summary Amends Sec. 7.20(d) of S.L. 2007-323 to direct the State Board of Education to implement a new allotment formula, effective in FY 2009-10, for funding e-learning. Allows the State Board of Education to use funds appropriated for NCVPS to create up to 15 full-time positions.

Section: 7.5

Title: Learn and Earn Online Carryforward

Summary Allows unexpended funds appropriated for Learn and Earn Online in FY 2007-08 to carry forward to FY 2008-09.

S.L. 2008-118, Section 3.3 (2008 Budget Technical Corrections) allows the Department of Public Instruction to use up to \$430,000 of funds appropriated for Learn and Earn Online for 14 planning grants for Learn and Earn sites. (H.B. 2618)

Section: 7.6

Title: **School Connectivity Initiative**

Summary Allows up to \$600,000 to be transferred annually through June 30, 2013 to the Friday Institute at North Carolina State University to evaluate the effectiveness of using technology and its impact on 21st Century Teaching and Learning outcomes approved by the State Board of Education. Allows up to \$250,000 to be used to sustain the Education E-Learning Portal. Unused funds for the School Connectivity Initiative will not revert until June 30, 2010.

Section: 7.8

Title: **Allotment for Mentoring Services**

Summary Creates a new formula for allotting funds for mentoring services. Funds shall be allotted based on the highest number of employees eligible for receiving mentoring services in the preceding three school years. (H.B. 2565/S.B. 1994)

Section: 7.9

Title: **Disadvantaged Student Supplemental Funding**

Summary Amends Sec. 7.8(c) of S.L. 2007-323 to change student/teacher ratios used for distributing all funds in the DSSF allotment. These changes will increase funding allotments.

Section: 7.10

Title: **Modify Low-Wealth School Funding Formula**

Summary Modifies the Low Wealth School funding formula so that LEAs will receive the same amount of Low Wealth funds in FY 2008-09 as they received in FY 2007-08, adjusted for legislative salary increments and other benefit adjustments. (H.B. 2517/S.B. 1995)

Section: 7.11

Title: **Additional Lottery Funds for School Bldgs**

Summary Changes the allocation of Lottery funds for school buildings. \$140,000,000 shall be allocated pursuant to G.S. 115C-546.2(d). The remainder shall be allocated on the basis of average daily membership to LEAs that did not qualify for funding for FY 2008-09 pursuant to G.S. 115C-546.2(d)(2). Section 2.1(c) of S.L. 2008-118 amended this section by requiring that overrealized lottery proceeds in both FY 2007-08 and FY 2008-09 be allocated to those districts not qualifying for funding in FY 2008-09 pursuant to G.S. 115C-546.2(d) and specifying that the FY 2008-09 quarterly distributions for these districts is to be \$2.5 million in each of the first two quarters, and \$4.6 million in each of the final two quarters.

Section: 7.12

Title: **Study of Students with Disabilities**

Summary Requires that the Department of Public Instruction analyze the participation of students with disabilities in Learn and Earn Early College High Schools, Redesigned High Schools, the North Carolina Virtual Public School, and high schools that are on block schedules. The analysis will consider enrollment, graduation, and dropout rates, and will be reported by March 15, 2009. (H.B. 2356/S.B. 1758)

Section: 7.13

Title: **Focused Ed. Reform Prog. Funds Do Not Revert**

Summary Allows unexpended funds appropriated for the Focused Education Reform Program in FY 2007-08 to carry forward to FY 2008-09. (H.B. 2142/S.B. 1614)

Section: 7.14

Title: **Reestablish Committee on Dropout Prevention**

Summary Amends Sec. 7.32(e) of S.L. 2007-323 to reestablish the Committee on Dropout Prevention (the Committee) through December 31, 2010. Establishes the process for awarding grants and the criteria the Committee is to use when selecting grant recipients. Outlines the necessary components of the Committee's evaluation of the dropout prevention grants and sets various reporting requirements. Requires the Joint Legislative Commission on Dropout Prevention and High School Graduation (the Commission) to study the development of an effective network for the purpose of sharing best practices among the grant recipients and other organizations. Allows funds to be used for a consultant to assist with the evaluation (\$100,000) and for staffing of the Committee (\$50,000). Sections 1.3(b) and 1.3(c) of S.L. 2008-118 made technical corrections to this provision. (H.B. 2418)

Section: 7.14A

Title: **Dropout Prevention Technical Correction**

Summary Makes a technical correction to Section 7.32(c) of S.L. 2007-323 to conform the language to the North Carolina State Constitution.

Section: 7.15

Title: **Use of Learn and Earn Online for Hybrid Courses**

Summary Allows LEAs to use Learn and Earn Online funds for college-level courses taught by university instructors at public schools. Eligible courses must be partially delivered online.

Section: 7.16

Title: **Comprehensive Support for School Systems and Schools**

Summary Allows the State Board of Education to grant additional flexibility with regard to State allotments to those LEAs targeted for comprehensive support. Additionally, the State Board of Education can use funds already appropriated to allocate time-limited funds to LEAs targeted for comprehensive support.

Section: 7.17

Title: **More at Four Program**

Summary Amends Section 7.24(f) of S.L. 2007-323 to extend the additional funding flexibility to those counties that demonstrate financial need through FY 2008-09. Instructs the Office of School Readiness to develop a plan by January 1, 2009 to tier the local More at Four slots in child care facilities based on child care subsidy market rates. The provision further requires DPI to contract with an independent research organization to study More at Four. The study must follow participants in More at Four through ninth grade and compare their progress against a similar group of children who did not participate in More at Four.

Note that S.L. 2008-181, Sec. 49.1 amends the language on the required study. Rather than conducting an actual study, DPI is now required to study the feasibility of conducting a longitudinal evaluation that has a quasi experimental design.

Section: 7.18

Title: **Plant Operation Funding**

Summary Amends G.S. 115C-546.2(a) to permit the State Board of Education to allocate up to \$1,000,000 from the Public School Building Capital Fund to cover the operating costs of the Plant Operation Section of the Department of Public Instruction. (H.B. 2282/S.B. 1762)

Section: 7.19

Title: **Report on the Use of Funds for Agricultural Education Programs**

Summary Requires the State Board of Education to report to the Joint Legislative Education Oversight Committee on its use of federal funds supporting career and technical education prior to the convening of the 2009 General Assembly.

Section: 7.20

Title: **Allotments of Teachers for Small Schools**

Summary Directs the State Board of Education to modify its policy on the allotment of funds for small schools by (1) changing the definition of small schools to include schools of fewer than 110 students, and (2) giving consideration to small, geographically isolated schools over other qualifying programs and schools.

Section: 7.21

Title: **Math and Science Teachers Pilot Program Modified**

Summary Expands the eligibility requirements of the Math and Science Teachers Pilot Program to permit highly qualified teachers to receive salary supplements.

Section: 7.23

Title: **Increases In Student Population Due to BRAC Activity**

Summary Provides additional teacher positions to those LEAs impacted by Base Realignment and Closure (BRAC) activity. Impacted districts receive additional teacher positions based on the greater of (1) the LEA's first month ADM, and (2) 50% of the projected increase in ADM resulting from BRAC activity that is above allotted ADM.

Section: 7.24

Title: **Report on Use of Teacher Academy Funds**

Summary Requires the North Carolina Teacher Academy to report on the use of funds for literacy coach training to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 15, 2009.

Section: 7.25

Title: **Child Nutrition**

Summary Extends the date by which all elementary schools shall implement Child Nutrition Program standards to the end of the 2009-10 school year. The section also encourages LEAs to take steps towards implementation during the 2008-09 school year.

2008 Session: HB 2438

Department: Public Education

Section: 3.3

Title: Additional Learn and Earn Planning Grants

Summary Permits the Department of Public Instruction to use up to \$430,000 appropriated for Learn and Earn Online for fourteen Learn and Earn planning grants.

Section: 3.4

Title:

Summary Allows the Office of State Budget and Management to provide the Department of Public Instruction with up to \$1,000,000 from funds available in any agency. This money, if requested by the State Board of Education, is to be used to inform eighth- and ninth-grade students about opportunities to gain access to college and to college coursework. The Department of Public Instruction is required to report on the use of these funds to the Joint Legislative Education Oversight Committee prior to January 1, 2009, and again prior to June 30, 2009.

UNC System

GENERAL FUND

FY 08-09

Total Budget Approved 2007 Session

\$2,656,447,099

Budget Changes

A. Base Budget Adjustments

40	Enrollment Growth	\$34,613,302	R
	Increases the enrollment growth funding in the base budget (\$39,830,577) to meet the projected need of \$74,443,879 for an additional 8,082 FTE students in FY 2008-09.		
41	Management Flexibility Reduction	(\$16,000,000)	R
	Mandates a management flexibility reduction for the UNC budget. The UNC President and the UNC Board of Governors will determine the allocation of budget cuts.		
42	Building Reserve Adjustments	(\$3,673,321)	R
	Adjusts the building reserves for new and renovated buildings due to changes in completion dates and recalculation of reserve costs.	\$732,470	NR
43	Legislative Tuition Grant Adjustment	(\$1,700,000)	R
	Adjusts the appropriation for the Legislative Tuition Grant due to lower than expected enrollment in FY 2007-08. The remaining appropriation allows for 3% growth in on-campus students and 1% growth in off-campus students in FY 2008-09.		
44	State Contractual Scholarship Fund Adjustment	(\$1,100,000)	R
	Adjusts the appropriation for the State Contractual Scholarship Fund due to lower than expected enrollment in FY 2007-08. The remaining appropriation allows for 1.5% growth in FTE for the campuses in FY 2008-09.		
45	SREB Contract Programs Phase-Out	(\$93,000)	R
	Begins phase-out of the Southern Regional Education Board (SREB) contract programs in Optometry, Dentistry, and Medicine with universities in other states. Students now enrolled through this program will be allowed to graduate, but future students will be directed to apply for financial assistance through the North Carolina Student Loan Program for Health, Science, and Math that requires a commitment to work in North Carolina to repay the scholarship loan. This is the first year savings from the phase-out.		

46 EARN Scholars Revision

Revises the Education Access Rewards North Carolina Scholars Fund (EARN) to allow private college students to participate. This change will cost \$6,225,000 in FY 2008-09. With this change, the total cost of EARN in FY 2008-09 is estimated to be \$66.2 million. The current program is funded in FY 2008-09 with \$60 million General Fund and \$40 million Escheat Fund. The proposed change is to fund \$16.2 million from the General Fund and up to \$50 million from the Escheat Fund. (H.B. 2141; S.L. 2008-107, Sec.9.2; S.L. 2008-118, Sec.1.3(f))

(\$43,775,000) NR

47 Coaching Scholarships Elimination

Begins phase-out of the Physical Education / Coaching Scholarship Loan program. The students currently receiving the scholarship loan will continue to receive this two year award, but no new aid will be offered in FY 2009-10. In addition, a trust fund containing \$267,000 in unspent appropriations from prior years is reverted to the General Fund. The increased General Fund availability resulting from this reversion will be used to fund expansion budget items. (S.L. 2008-107, Sec.9.1)

(\$72,000) R

48 Principal Fellows Program Trust Fund Reversion

Reverts \$1.0 million from the \$3.1 million Principal Fellows Program Trust Fund to the General Fund. This increase in General Fund availability will be used to fund expansion budget items. (S.L. 2008-107, Sec.9.4 (c))

49 Tuition Surcharge Over-realized Receipts

Adjusts the budgeted amount for tuition surcharge receipts. A 25% tuition surcharge is levied on students who exceed 140 degree credit hours for a baccalaureate degree in a four-year program or who exceed 110% of the credit hours needed in a five-year program. Receipts have averaged \$1.47 million in the past three fiscal years, but the budgeted receipts are \$850,000.

(\$400,000) R

B. Expansion

50 Campus Safety

Provides funding to the UNC Board of Governors to implement recommendations of the UNC Campus Safety Task Force. (S.B. 2080)

\$6,000,000 R

\$9,000,000 NR

51 Principal Fellows Program - Class 10 Payments

Reserves \$1.74 million of the balance in the Principal Fellows Program Trust Fund Funds for \$20,000 payments to the 87 participants of Class 10 of the Principal Fellows Program (PFP). Two months after accepting the PFP scholarship loan, the 2003 General Assembly reduced the second year stipend by \$20,000. To receive this payment, Class 10 members will be required to extend their service to the state as a public school principal or assistant principal for six months beyond the current four year commitment. (H.B. 2594/S.B.2051; S.L. 2008-107, Sec.9.4 (a)(b))

52 Perinatal Mortality and Disease	Appropriates funds to the UNC Chapel Hill School of Medicine to support the Perinatal Quality Collaborative of North Carolina. This group is committed to improving clinical and health system issues in perinatal care. (S.B. 474)	\$250,000	NR
53 AHEC	Provides funds to Area Health Education Centers (AHEC) to address health workforce shortages, primary care residency training, and quality of patient care and patient safety in local health facilities.	\$1,750,000	R
54 Cochlear Implant Programs	Appropriates \$575,000 to the Center for the Acquisition of Spoken Language through Listening Enrichment (CASTLE) and \$100,000 to East Carolina University Health Sciences Division and Project EAR (Enrichment & Auditory-Oral Resources) to 1) train teachers and therapists to work with deaf preschool-age children with cochlear implants and 2) provide oral classes to children with cochlear implants. (H.B. 1469, H.B. 2149/ S.B.1742, H.B. 2210)	\$675,000	NR
55 Medical School Expansion	Provides funding to plan the programmatic elements of the expansion of the medical schools at the University of North Carolina at Chapel Hill and East Carolina University. The proposed additional medical students will spend their third and fourth years in clinical rotations in Charlotte, Asheville, and selected cities in Eastern North Carolina. (H.B. 2110, S.B. 1739)	\$1,500,000	NR
56 ECU Dental School Operations	Funds the additional professional staff needed for planning and operation of the new ECU dental school. (H.B. 2201/S.B. 1821)	\$1,500,000	R
57 TEACCH	Provides funds to the TEACCH (Treatment and Education of Autistic and Related Communication-Handicapped Children) program to provide early intervention services for 18 month old to three year old autistic children and to provide student training stipends. (H.B. 2140, S.B. 1658)	\$353,064	R
58 Statewide Program for Infection Control and Epidemiology (SPICE)	Funds the Statewide Program for Infection Control and Epidemiology (SPICE) at the UNC-Chapel Hill School of Medicine. SPICE is charged with investigating and controlling healthcare-associated infections in medical and long-term care facilities. (H.B. 2321/S.B. 1615)	\$250,000	NR

59 Veterinary Medicine Clinical Teaching and Research Fund	Provides continued funding to the NC State University College of Veterinary Medicine for the Veterinary Medicine Clinical Teaching and Research Fund. This fund allows advanced diagnostic and treatment options for animals where a) owner financing of such options are limited, b) significant instructional value exists, or c) the diagnostic and treatment options have the potential of adding significantly to core knowledge in the relevant clinical area. (H.B. 2083/S.B. 1616)	\$200,000	NR
60 WCU Forensic Science Program	Funds additional faculty and equipment for DNA analysis in the Forensic Science Program at Western Carolina University. The program trains students for careers in forensic science, assists law enforcement agencies with crime scene investigations, and provides training for law enforcement professionals.	\$500,000	R
61 FSU Fire Training Tower	Provides funding to Fayetteville State University to help fund a fire training tower for its BS in Fire Science program. (H.B. 2521/S.B. 1663)	\$400,000	NR
62 Dairy Agriculture Extension Agents	Funds two Area Specialized Dairy Agents in the NC Cooperative Extension Service. (H.B. 2331)	\$200,000	R
63 NCSU College of Engineering	Provides additional operating funds for the bioengineering program in the NCSU College of Engineering. (S.B. 1414)	\$2,000,000	R
64 NC A&T College of Engineering	Provides funds to North Carolina A&T State University's College of Engineering for additional faculty, equipment replacement and maintenance, and support of academic programs.	\$2,000,000	R
65 Special Focus Institutions	Provides funding to UNC School of the Arts (\$750,000), to UNC-Asheville (\$750,000), and to the North Carolina School of Science and Math (\$250,000). The missions and limited sizes of these institutions make it difficult for them to generate sufficient funds from the student credit hour enrollment funding model and other sources to provide the services students need. (H.B. 1014/S.B. 1235, H.B. 1886, H.B. 2194/ S.B.1609, S.B.455)	\$1,750,000	R
66 Distinguished Professors Endowment Fund	Provides State matching funds for Spangler Foundation grants to establish distinguished professorships on each of the 16 constituent university campuses.	\$4,600,000	NR
67 ECSU Aviation Program	Funds a flight school in the Aviation program at Elizabeth City State University. (H.B. 1920)	\$300,000 \$300,000	R NR

68 NCCU Law School	Provides funds to the North Carolina Central University Law School to address ABA recommendations to enhance academic and student services infrastructure and to continue the transition of core functions away from federal Title III funding. This funding is in addition to the \$2.5 million (R) granted the NCCU law school in FY 2007-08.	\$2,000,000	R
69 NC Research Campus at Kannapolis	Provides funds to pay lease costs, hire faculty and staff, and purchase equipment and supplies for UNC programs located at the North Carolina Research Campus at Kannapolis. (H.B. 2680/S.B. 2022)	\$6,000,000	R
70 UNC-TV Public Affairs Programs	Provides funds to produce North Carolina Now and related statewide public affairs programs.	\$200,000	R
71 NC Arboretum International Institute for Natural Biotechnology	Provides funds to the North Carolina Arboretum's International Institute for Natural Biotechnology and Integrative Medicine (Bent Creek Institute). The Institute studies the chemical makeup of traditional plant remedies in search of new medicines. The Institute houses the nation's first seed collection for medicinal plants. (H.B. 2351/S.B. 1782)	\$200,000	NR
72 A+ Schools	Provides funds to expand the number of public schools participating in the A+ Schools program affiliated with UNC-Greensboro. The program assists schools in implementing school reform by integrating arts into the curriculum. (H.B. 2534/S.B. 2114)	\$100,000	NR
73 UNC Pembroke Fire Protection Funds	Provides a grant-in-aid to the Pembroke Rural Fire Department to 1)reimburse the Department for the extra costs incurred when it purchased a 100-foot aerial fire truck to ensure adequate fire protection services to UNC Pembroke and 2)purchase additional equipment for the fire truck that is needed to make the fire truck operational. (H.B. 2296)	\$200,000	NR
74 North Carolina in the World Project	Provides funds to continue the NC in the World Project that began in FY 2005-06. This project is an initiative of the NC Center for International Understanding and is focused on improving students' knowledge about the world.	\$200,000	NR
75 Legislative Tuition Grant for Half-time Students	Provides the Legislative Tuition Grant to NC residents enrolled in a minimum of six credit hours per semester in NC Independent Colleges and Universities. (H.B. 2098/S.B. 1759; S.L. 2008-107, Sec.9.11)	\$1,750,000	NR

76 BRITE Operating Funds	Completes funding the operations of the newly constructed Biomanufacturing Research Institute & Technology Enterprise (BRITE) program at North Carolina Central University.	\$1,000,000	R
77 Joint Graduate School of Nanoscience and Nanoengineering	Provides additional operating funds for the new joint Graduate School of Nanoscience and Nanoengineering at NC A&T and UNC-G's Millennium Campus. (H.B. 2359/S.B. 1721, H.B. 2568/S.B. 2071)	\$1,500,000	R
78 Faculty Recruiting and Retention Fund	Continues the Faculty Recruiting and Retention Fund that was initiated in FY 2006-07. The UNC President may use the Fund to offer salary increases to recruit and retain faculty members in the 16 constituent universities.	\$3,000,000	R
79 Research Competitiveness Fund	Continues funding a Research Competitiveness Fund that began in FY 2007-08. The Fund is used to invest in those research topics important to the economic competitiveness of the state as identified by the UNC Tomorrow Commission. Previous funding was spent on research in biofuels, nanotechnology, natural products, and improved weather forecasting.	\$1,000,000	NR
80 Graduate Student Recruitment and Retention	Funds new tuition waivers aimed at recruiting and retaining top tier graduate students in math and science.	\$1,500,000	R
81 Math and Science Education Network (MSEN) Pre-College Programs	Provides additional funds to the NC Math and Science Education Network (MSEN) for pre-college enrichment programs to help prepare under-represented students in grades 6-12 to pursue college studies in science and math. These funds shall be used to continue programs at Western Carolina University and East Carolina University.	\$400,000	NR
82 Systems Support and Data Integration	Creates a unit within UNC General Administration that is devoted to supporting campuses as they implement integrated computing systems. The first project the unit will undertake is the implementation of a university-based payroll system.	\$1,000,000	R
83 NCSU Horticultural Program in Eastern NC	Provides funding for graduate students in the horticultural program at the College of Agriculture and Life Sciences at North Carolina State University to have an opportunity to perform fieldwork in the coastal region of the state.(S.B. 2016)	\$200,000	R
84 NCSU Advanced Transportation Energy Center	Funds electric vehicle research underway at the NCSU Advanced Transportation Energy Center. Funding will be matched by grants from Progress Energy and Duke Energy.	\$250,000	NR

85 Support for Regional Partnerships	\$500,000	R
Provides operating support for the higher education partnerships in Hickory, Rocky Mount, and Onslow County.		
86 Williamsdale Farm Agricultural Extension and Research Facility	\$1,250,000	NR
Provides funding for infrastructure improvements and plot development at the Williamsdale Farm Agricultural Extension and Research Facility in Duplin County. This NCSU research farm is developing biofuel crops for processing in the biomass pilot plant at the Lake Wheeler Road Field Lab in Wake County. (H.B. 861/S.B. 557, S.B. 1726)		
<hr/>		
Budget Changes	\$44,828,045	R
	(\$18,017,530)	NR
Total Position Changes		2.00
Revised Total Budget	\$2,683,257,614	
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Special Provisions

2008 Session: HB 2436

Department: UNC System

Section: 9.1

Title: Eliminate Coaching Scholarship Loan Program/Transfer Fund Balance to General Fund

Summary Eliminates the Coaching Scholarship Loan Program established in 2005 and reverts the unencumbered funds in the program to the General Fund. Grandfathers in the current scholarship students.

Section: 9.2

Title: Private College Student Eligibility for EARN Scholarship/Use of Escheat Funds for Certain EARN Scholarships

Summary Includes private college students in the EARN scholarship program. Adjusts the amount of Escheat Fund used for the program in FY 2008-09 from \$40 million to \$50 million and reduces the General Fund appropriation from \$60 million to \$16,225,000. Note that S.L. 2008-118, Section 1.3(f) made a technical corection to the Escheat Fund appropriation. (H.B. 2141)

Section: 9.3

Title: Closing the Achievement Gap/Grants

Summary Directs NC Central University (NCCU) to spend only 15% of the \$550,000 appropriated for Closing the Achievement Gap on administration and the remaining 85% on grants for after-school programs. NCCU will report to the Joint Legislative Education Oversight Committee in April 2009 on the grants awarded.

Section: 9.4

Title: Optional Scholarship for Certain Graduates of the Principal Fellows Program

Summary Provides a \$20,000 payment to Class 10 members of the Principal Fellows Program if they complete an additional six months of service after they complete their current four-year service commitment. The funds are taken from the balance in the Principal Fellows Trust Fund. Note that S.L. 2008-118, Section 1.4 changed the name of the additional payment from stipend to scholarship. (H.B. 2594/S.B. 2051)

Section: 9.6

Title: Reporting on UNC Faculty Workload

Summary Requires the UNC Board of Governors to study faculty workload and report to the Joint Legislative Education Oversight Committee by August 1, 2008.

Section: 9.7

Title: UNC-NCCCS 2+2 E-Learning Initiative

Summary Requires 2+2 E-Learning funds be spent on online teacher education programs and requires an annual report on the students served.

Section: 9.8

Title: UNC Enrollment Growth Request to Contain Previous Academic Year's Actual Student Credit Hours (SCH) and Full Time Equivalencies (FTE)

Summary Requires the UNC Board of Governors to provide detailed documentation for the annual enrollment growth funding request.

Section: 9.9

Title: Revert the 2007-2008 Appropriation for the Education Access Rewards North Carolina (EARN) Scholars Fund

Summary Reverts the \$27.6 million appropriated for the EARN program in FY 2007-08.

Section: 9.10

Title: Higher Education Studies/Distance Education and UNC Enrollment Growth Funding Formulas

Summary Directs the General Assembly's Program Evaluation Division to study the cost of distance education programs and to conduct a review of enrollment growth funding models.

Section: 9.11

Title: Legislative Tuition Grant/Redefine Part-Time Student

Summary Permits North Carolina residents attending private colleges in the state and taking at least 6 hours of credits each semester to qualify for a pro rata share of the Legislative Tuition Grant. (H.B. 2098/S.B. 1759)

Section: 9.12

Title: University of North Carolina to Study Coastal Sounds Wind Energy

Summary Requires UNC to study the feasibility of establishing wind turbines in the Pamlico and Albemarle Sounds.

Section: 9.13

Title: Agriculture Research Stations

Summary Requires the Commissioner of Agriculture and the Deans of Agriculture at NCSU and NC A&T to jointly study and develop a plan for the management of the agriculture research stations and the NC A&T research farm.

Section: 9.14

Title: Study of Structure and Organization of the Department of Public Instruction

Summary Requires the General Assembly's Program Evaluation Division to conduct an independent review of the structure and organization of the Department of Public Instruction and the State Board of Education.

Section: 9.15

Title: Biennial Projection of UNC Enrollment Growth

Summary Requires the UNC General Administration to provide the Joint Education Legislative Oversight Committee and the Office of State Budget and Management with a projection of student enrollment for the next biennium by September 1 of each even-numbered year.

Section: 9.17

Title: **University of North Carolina and Department of Environment and Natural Resources to Study Plastics Use**

Summary Directs the UNC Board of Governors and the Department of Environment and Natural Resources to study the current state, usage, and recycling of plastics in North Carolina.

Community Colleges

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09

\$899,643,003

Budget Changes

A. Enrollment

87 Fully Fund Enrollment Growth \$23,779,955 R

Provides funds to fully fund enrollment growth. According to the FY 2007-08 spring semester census, enrollment has increased by 6,455 full-time equivalent (FTE) students above the FY 2007-08 budgeted enrollment of 195,375. This is a 3.3% increase and brings FY 2008-09 budgeted enrollment to 201,830. Curriculum enrollment increased by 6,119 FTE (or 4.1%), continuing education enrollment by 288 (or 1.2%), and basic skills enrollment by 48 FTE (or 0.3%).

88 Enrollment Growth Reserve \$2,500,000 NR

Provides funds for an Enrollment Growth Reserve to assist colleges that experience high growth in the fall semester. Funds shall be distributed to colleges that realize an increase greater than 5% over the previous year. Last year \$2 million non-recurring was provided for this purpose. (H.B. 2129)

B. Reductions

89 Minimum Faculty Salary Technical Correction (\$540) R

Eliminates the remaining \$540 in the Minimum Faculty Salary line. This categorical appropriation was eliminated by the General Assembly in 2007. Due to a rounding error, however, the reduction failed to zero out the line.

90 Adjust College Information System (CIS) to Reflect Steady Operational State (\$3,332,426) R

Reduces the overall budget of CIS to \$11.7 million, the amount needed for on-going maintenance and operations, including periodic system upgrades. In 1999 the General Assembly appropriated \$15 million to develop a comprehensive, system-wide management information system. As of February 2008, the College Information System (CIS) has been implemented at all 58 community colleges. (S.L. 2008-107, Sec. 8.2)

91 Unexpended CIS Fund Balance

Reverts the anticipated year-end fund balance in budget code 26802 to the General Fund. Due to the full implementation of CIS in February 2008, a portion of the funds appropriated were not expended. Through a special provision, this reversion will increase availability by \$4,500,000 NR, which will be used for expansion budget items. (S.L. 2008-107, Sec. 8.9)

92 Reduce NCCCS BioNetwork

(\$600,000) R

Reduces the \$7.4 million appropriation for BioNetwork. BioNetwork provides specialized training, curricula, and equipment to community colleges statewide to develop the workforce for the biotechnology, pharmaceutical, and life science industries. The reduction will reduce BioNetwork's advertising budget and eliminate unused funds.

93 Adjust for Over-realized Tuition Receipts

(\$2,500,000) NR

Increases the budgeted amount of tuition and registration fees to more accurately reflect anticipated receipts. These additional receipts are expected to be available because FY 2008-09 actual enrollment is expected to exceed budgeted levels.

94 Focused Industrial Training (FIT)

Reverts the remaining \$783,246 balance of HB 275 funds for FIT - this balance has remained unchanged since FY 2004-05. By special provision, this reversion will increase availability for expansion budget items. FIT provides customized training for incumbent workers in existing manufacturing industries whose jobs are changing because of technological or process advances. This reduction does not affect FIT's recurring General Fund appropriation of \$3,964,471. (S.L. 2008-107, Sec. 8.9)

95 Customized Industry Training (CIT)

(\$285,891) R

Reduces the current Customized Industry Training (CIT) budget of \$2.75 million. This program helps existing businesses and industries improve their productivity and profitability by providing incumbent worker training. A project may be funded through CIT when it does not meet the eligibility guidelines for New and Expanding Industry Training (NEIT) or Focused Industrial Training (FIT).

96 Materials Composite Testing

(\$100,000) R

Eliminates the appropriation for Materials Composite Testing. Since the original \$100,000 recurring appropriation in FY 2004-05, this program has adjusted its focus to become primarily a metrology training resource.

97 State Board Reserve

(\$100,000) R

Reduces the current State Board Reserve budget of \$800,000. Per G.S. 115D-5(j), these reserve funds must be used on feasibility studies, pilot projects, start up of new programs, and innovative ideas.

98 NC Military Business Center	Eliminates recurring funding for the NC Military Business Center (NCMBC) and provides non-recurring funds for FY 2008-09. Restoration of recurring funding in FY 2009-10 is subject to the findings of a legislative continuation review. The NCMBC operates under the supervision of Fayetteville Technical Community College and has offices at ten Community Colleges across the state. The mission of the Military Business Center is to leverage military and other federal business opportunities for economic development and quality of life in North Carolina. (S.L. 2008-107, Sec. 6.7)	(\$1,250,000) \$1,250,000	R NR
 C. Categorical Programs			
99 Allied Health	Provides funds to support high-cost allied health programs. Funds may be used for allied health faculty, equipment, or supplies. Funds may also be used for National League of Nursing Accreditation fees. These funds are in addition to the \$5.6 million included in the base budget for this purpose. Funds shall be distributed on the basis of Allied Health FTE. (H.B. 2146/S.B. 1719; S.L. 2008-107, Sec. 8.3)	\$4,000,000	R
100 Technical Education	Provides funds to re-establish and place renewed emphasis on technical education programs. Funds may be used for faculty, equipment, or supplies in the following curriculum areas: Construction, Engineering, Industrial, and Transport Systems Technologies. Funds shall be distributed among colleges based on the number of FTE students enrolled in these areas. (H.B. 2147/S.B. 1718)	\$1,000,000	R
101 Equipment	Provides funds for the purchase of instructional equipment at all 58 colleges. These funds are in addition to the \$31.3 million included in the base budget for this purpose. Funds shall be distributed in accordance with the existing equipment formula. Last year the General Assembly appropriated \$10 million non-recurring in addition to the base budget. (H.B. 2616, S.B. 1711)	\$5,000,000	NR
102 NC Research Campus	Provides funds to Rowan-Cabarrus Community College for operating expenses related to community college programs at the NC Research Campus in Kannapolis. These programs will focus on biotechnology. Two programs will be provided collaboratively with Forsyth Tech and Gaston College. These funds are in addition to the \$2.3 million in the base budget for this program. (H.B. 2671/S.B. 2023, H.B. 2375)	\$1,000,000	R

103 Minority Male Mentoring	Provides funds to continue the 15 Minority Male Mentoring programs established in FY 2007-08 and establish 17 new programs, thus supporting a total of 32 State-funded programs. These programs provide such activities as academic and personal counseling, drug intervention, and personal growth and development. The location of the new programs will be determined through a competitive application process. In addition, \$25,000 may be used to support the program's statewide conference, where colleges share experiences and best practices. Last year, the General Assembly provided \$475,000 non-recurring for this purpose. (H.B. 2236/S.B. 1720; S.L. 2008-107, Sec. 8.5)	\$985,000	NR
104 Multi-Campus Center Funds	Provides additional funds to support multi-campus centers (MCCs), satellite campuses that provide student services and at least one degree program onsite. These funds will support two additional MCCs - the North and West Campuses of Wake Tech - bringing the total number of MCCs to 26. These funds are in addition to the \$13,455,197 currently in the base budget. (S.B. 2095)	\$562,607	R
105 NC REAL	Provides funds for NC REAL (NC Rural Entrepreneurship through Active Learning). Funds shall be used for a training program in entrepreneurial skills. This program was formerly supported by the Worker Training Trust Fund (WTF). Since 2005 funds have not been available from the WTF; therefore, the General Assembly has provided \$250,000 non-recurring each year from the General Fund for this purpose. (H.B. 1516)	\$250,000	NR
106 Fayetteville Tech 3-D Technology Project	Provides funds to establish the nation's first interactive 3-D center. The project will offer modeling and simulation training and development for military and civilian applications. (H.B. 2681/S.B. 1975)	\$400,000	NR
107 NC Center for Applied Textile Technology	Provides funds for operations and equipment at the North Carolina Center for Applied Textile Technology at Gaston College. These funds are in addition to the \$994,142 in the base budget for this program. (H.B. 2626/S.B. 2065)	\$400,000	NR
108 Motorsports Consortium	Provides funds to support the Motorsports Consortium, which is established to help create a highly trained workforce for the State's motorsports industry. The consortium includes community colleges across the State. In FY 2007-08, the General Assembly provided \$500,000 NR for this purpose. (H.B. 1351/S.B. 1536)	\$500,000	NR

109 Tuition Waiver for Non-Certified School Employees	\$80,000	R
<p>Provides funds to support a tuition waiver for non-certified elementary and secondary school employees taking CPR and First Aid courses at community colleges. Currently only teachers may receive the waiver under Administrative Rule 23 NCAC 02D.0203. (S.B. 1893; S.L. 2008-107, Sec. 8.17)</p>		

D. Community College System Office

110 Facility Engineer	\$91,993	R
<p>Provides funds for a facility engineer position at the Community College System Office to help colleges with their advanced planning and capital construction projects. Nonrecurring funds are appropriated for equipment specific to the position. (H.B. 2615)</p>		
	\$9,000	NR
	1.00	

Budget Changes	\$24,845,698	R
	\$8,794,000	NR
Total Position Changes		1.00
Revised Total Budget	\$933,282,701	

Special Provisions

2008 Session: HB 2436

Department: Community Colleges

Section: 8.1

Title: Reorganization of the North Carolina Community Colleges System Office

Summary Permits the President of the NC Community College System to reorganize the System Office subject to approval by the State Board of Community Colleges.

Section: 8.2

Title: Use of Funds for the College Information System

Summary Directs that funds appropriated to the System Office for the College Information System (CIS) shall not revert. Also directs the use of these funds and requires a report to the Joint Legislative Education Oversight Committee on the transition from the implementation phase of CIS to ongoing operations and maintenance.

Section: 8.3

Title: Report on Effect of Additional Allied Health Funding

Summary Requires the System Office to report on the impact of additional funding received for nursing and allied health programs.

Section: 8.4

Title: Report on Cost of All Programs

Summary Requires the System Office to report on the instructional cost of all curriculum and non-curriculum programs by May 1, 2009.

Section: 8.5

Title: Minority Male Mentoring Program Funds

Summary Directs that funds appropriated for Minority Male Mentoring shall not revert. Also directs that up to \$100,000 of funds carried forward may be used to recruit minority male students to community colleges, market the 32 pilot programs statewide, and contract for summer enrichment programs for program participants.

Section: 8.6

Title: Learn and Earn Online Funds

Summary Directs that funds reimbursed to the Community College System for full-time equivalent (FTE) students participating in learn and earn online courses shall not revert at the end of the fiscal year, but shall remain available for expenditure for 12 months after the close of the fiscal year. (H.B. 2618)

Section: 8.7

Title: Consolidate Workforce Development Programs

Summary Consolidates the existing New and Expanding Industry Training (NEIT) and Customized Industry Training (CIT) programs into one program. Also allows a limited amount of funds to be used to increase community colleges' internal capacity to provide customized training. (H.B. 2637, H.B. 2638)

Section: 8.8

Title: Basic Skills Block Grant

Summary Directs the System Office to develop a new formula for the Basic Skills Block Grant for consideration during the 2009 Session of the General Assembly and directs certain changes to be incorporated into the new formula. Note that S.L. 2008-118, Section 1.3(d) made technical corrections to this provision.

Section: 8.9

Title: Transfers of Cash Balances to the General Fund

Summary Transfers a portion of the cash balances remaining in the NC Community College System Information Technology CIS Fund (\$4.5 million) and the Focused Industrial Training (FIT) programs (\$783,246) to support the General Fund appropriations for FY 2008-09 expansion funding for the NC Community College System. Note that S.L. 2008-118, Section 1.3(e) made technical corrections to this provision.

Section: 8.10

Title: Funds for Campus Security

Summary Authorizes colleges to use up to 2% of their existing institutional support budget for campus security. This additional flexibility shall be used to supplement and not supplant existing local funding for campus security. (H.B. 2661)

Section: 8.11

Title: Clarify Use of Fees Collected for GED Testing

Summary Amends G.S. 115D-5 by adding a new subsection permitting the State Board of Community Colleges to retain and budget fees charged for students taking the General Education Development (GED) test and directing the use of those funds. (H.B. 2636)

Section: 8.12

Title: Carryforward of North Carolina Research Campus Biotechnology Training Funds

Summary Directs that funds appropriated in 2006 and 2007 for the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the NC Research Campus in Kannapolis shall not revert.

Section: 8.13

Title: Use of Basic Skills Funds

Summary Permits local community colleges to use up to 5% of the Literacy Funds allocated by the State Board of Community Colleges to purchase instructional technology for literacy labs.

Section: 8.14

Title: **Surry Community College Viticulture & Enology Center Funds**

Summary Directs that funds appropriated for FY 2007-08 to the System Office for the operations of the NC Viticulture and Enology Center located at the Surry Community College shall not revert and may be used for capital construction for the Center.

Section: 8.15

Title: **Study of Changes Necessary to Improve Financial Aid to Community College Students**

Summary Directs the Joint Legislative Education Oversight Committee to study the changes necessary to improve financial aid for community college students.

Section: 8.16

Title: **Use of Hosiery Center Funds.**

Summary Directs that funds appropriated to the System Office for the Hosiery Technology Center at Catawba Valley Community College may be expended for the Center for Emerging Manufacturing Solutions (CEMS). (H.B. 2322)

Section: 8.17

Title: **No Fees for First Aid Courses Taken by School Employees**

Summary Provides a tuition waiver for non-certified elementary and secondary school employees taking CPR and First Aid courses at community colleges. (S.B. 1893)

Section: 8.18

Title: **Students in the Gateway to College Program May Enroll in Developmental Courses**

Summary Amends G.S. 115D-5 to add a new subsection directing the State Board to allow high school students who are enrolled in Gateway to College Programs to enroll in developmental courses based on an assessment of their individual student needs by a high school and community college staff team.

Section: 8.19

Title: **Use of Funds for Isothermal Community College**

Summary Directs that funds appropriated by the 2005 General Assembly as a grant-in-aid for Isothermal Community College for a capital project shall remain available to the college and may be used for another capital project at the college.

**HEALTH
&
HUMAN SERVICES**

Health and Human Services

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09

\$5,100,200,353

Budget Changes

(1.0) Division of Central Management and Support

1 Budget Department-wide Prior-Year Earned Revenues

Requires prior-year earned revenue to be budgeted throughout the department and reduces State appropriations. (\$7,550,000) NR
 (No special provisions)

2 Reduce Automation Reserve

Reduces funding for the Automation Reserve Fund. (\$3,634,966) R
 (No special provisions)

3 Eliminate Funding for Strategic LME Teams

Eliminates funding in the Office of the Secretary for the strategic mental health Local Management Entity (LME) teams. These funds have been under-utilized since appropriated in 2006. (\$300,000) R
 (No special provisions)

4 Budget Over-realized Unbudgeted Receipts

Requires over-realized receipts throughout the department to be budgeted and reduces State appropriations. (\$4,000,000) R
 (No special provisions)

5 Realign Funding from NC FAST

Realigns part of the balance of funds in NC FAST, of which \$645,618 is to be used for the transition in claims processing for NC Health Choice. (\$5,000,000) NR
 (No special provisions)

6 MMIS Replacement Project

Provides a total of \$6,500,000 in receipts to be used for MMIS Replacement - \$1,300,000 in Prior Year Earned Revenue and \$5,200,000 in Federal matching funds.
 (No special provisions)

7 MMIS Oversight and Integration of Health Choice

Provides up to \$300,000 to obtain the services of an outside consultant that possesses the background, experience, and capability to oversee the MMIS project, including the cost of integrating Health Choice into MMIS. \$300,000 NR
 (S.L. 2008-107, Sec.10.9.(b))

8 NC NOVA			
Provides funding for the NC New Order Vision Award that is part of the star-rating certification of Adult Care Homes. (H.B. 2697)		\$75,000	NR
9 Health Net Grants		\$2,800,000	R
Provides funding to sustain provider networks that coordinate free health care for low-income and uninsured patients, including the collaboration and support between Health Net and NC AHA. (H.B. 2697)		\$950,000	NR
10 Aid to Safety Net Community Health Centers			
Provides funding on a competitive grant basis to rural health centers, local health departments, qualified health centers, free clinics, school-based health centers, and entities providing preventive care. (H.B. 2393/S.B. 1697)		\$4,000,000	NR
11 Rural Hospitals Operations and Maintenance			
Provides funding for small rural hospitals for assistance with operations and infrastructure maintenance. (S.B. 1693)		\$2,000,000	NR
12 Institute of Medicine			
Provides funding for the Institute of Medicine to hire staff to undertake additional studies at the request of the General Assembly. (H.B. 2275; S.L. 2008-107, Sec. 10.15.(s))		\$300,000	NR
13 Expand Adolescent School Health Centers			
Provides funding on a competitive grant basis to School-based Health Centers providing preventive health care to children and adolescents. (H.B. 2300; S.B. 1677)		\$250,000	NR
(2.0) Division of Aging and Adult Services			
14 Project CARE			
Provides funding to replace expiring Federal funding for Project CARE (Caregiver Alternatives to Running on Empty), a respite-care program for caregivers of persons with Alzheimer's disease and dementia. (H.B. 2325; H.B.2245)		\$500,000	NR
15 Home and Community Care Block Grant			
Provides funding for the Home and Community Care Block Grant, the main source of in-home and community-based services for seniors in local communities. (No special provisions)		\$2,000,000	R
(3.0) Division of Child Development			
16 Child Care Subsidies			
Replaces General Fund appropriations for child care subsidies with \$6,836,921 in federal TANF block grant funds. (No special provisions)		(\$6,836,921)	R

17 TANF Funds for Child Care Subsidy Services		
Provides \$9 million in funding from the federal TANF block grant for child care subsidy services -- includes \$4.9 million to remove 1,110 children from the child care subsidy waiting list and \$4.1 million to replace nonrecurring funds to maintain services for 931 children. (H.B. 2126/S.B. 1685)		
18 Three Criminal Records Check Positions	\$126,499	R
Provides funding for three positions in the Criminal Records Check Unit to help implement new types of record checks and ensure processing times do not increase for existing checks.	\$8,000	NR
	3.00	
Processing Assistant IV (2) - \$31,132 each; or \$62,264 in total. Processing Assistant V (1) - \$33,621 (No special provisions)		
19 T.E.A.C.H Early Childhood Education	\$100,000	R
Provides funding for the North Carolina T.E.A.C.H Early Childhood Project. (H.B. 2209/S.B. 1738)		
20 Regulatory Services Position		
Provides funding for a position in Regulatory Services to schedule and prepare pre-licensing workshops for child care providers. Funded by \$35,337 from the federal Child Care Development Fund Block Grant.		
Processing Assistant V (1) - \$35,337. (No special provisions)		
21 Smart Start	\$500,000	R
Provides funding for local Smart Start initiatives. (H.B. 2078/S.B. 1679)		
(4.0) Office of Education Services		
22 Replace Telephone System for Governor Morehead School for the Blind		
Provides funding to purchase a new telephone/campus-wide emergency system for the Governor Morehead School for the Blind. (No special provisions)	\$698,940	NR
23 Textbooks for Deaf and Blind Schools		
Provides \$77,466 in nonrecurring receipts for textbooks. (No special provisions)		
(5.0) Division of Public Health		
24 Budget State Public Health Laboratory Receipts	(\$401,379)	R
Increases budgeted receipts for the State Public Health Laboratory to reflect actual collections and reduce State appropriations. (No special provisions)		

<p>25 Reduce WIC by Prior Year Reversions Reduces State appropriations to the Women, Infant, and Children program to historic level of spending. (No special provisions)</p>	<p>(\$305,095)</p>	<p>R</p>
<p>26 Reduce Operating Funds (Accounts 2XXX Through 5XXX) Reduces State appropriations for operating funds in the Division of Public Health to the historic level of spending. (No special provisions)</p>	<p>(\$1,900,000)</p>	<p>R</p>
<p>27 Eliminate Vision Care Program Eliminates funding for the Vision Care Program. (No special provisions)</p>	<p>(\$500,000)</p>	<p>R</p>
<p>28 Realign Funding from BCCCP Program Reduces State appropriations to the Breast and Cervical Cancer Control Program to the level of current utilization. (No special provisions)</p>	<p>(\$500,000)</p>	<p>R</p>
<p>29 Reduce Funds For Contracts (Account 6XXX) Reduces State appropriations for operating funds in the Division of Public Health to the historic level of funding. (No special provisions)</p>	<p>(\$2,000,000)</p>	<p>R</p>
<p>30 Funds to Support State Facility Death Reporting Requirements Provides funding to the Office of the Chief Medical Examiner for one position and increased operating costs due to additional reporting requirements of deaths at State institutions. (H.B. 2429/S.B. 1770)</p> <p>Public Health Nursing Consultant II (1) - \$66,001.</p>	<p>\$155,226</p> <p>\$3,100 1.00</p>	<p>R</p> <p>NR</p>
<p>31 Cystic Fibrosis Screening and Outreach Provides funding from fee receipts to add screening for Cystic Fibrosis to the panel of tests administered to newborns. The salaries of five positions associated with test and follow up are supported by fee receipts of \$989,320.</p> <p>Public Health Genetic Counselor (1) - \$50,628 Public Health Educator III (1) - \$50,628 Medical Laboratory Technologist II (1) - \$48,528 Laboratory Improvement Consultant (1) - \$55,150 Medical Laboratory Specialist (1) - \$55,150. (No special provisions)</p>		
<p>32 Obesity Prevention Provides funding for comprehensive demonstration projects to reduce obesity and the chronic diseases caused by obesity. (H.B. 2370/S.B. 1676)</p>	<p>\$2,000,000</p>	<p>NR</p>

33 Raise Monetary Ceiling on Asbestos Material Removal		
Provides funding from fee receipts for the Asbestos Hazard Management Program, by raising the cap on the fee for removal of asbestos in demolition to \$1,500. The increase will result in an additional \$71,615 in receipts. (No special provisions)		
34 OCME Toxicology Laboratory Improvements	\$151,379	R
Provides funding for an additional position to alleviate a backlog in toxicology tests and to purchase new equipment. Chemist II (1) - \$61,044. (No special provisions)	\$350,000 1.00	NR
35 Improve Birth Outcomes and Reduce Infant Mortality	\$247,000	NR
Provides funding to educate women on the benefits of progesterone, to purchase medication for eligible women at risk for pre-term births, and for the development and implementation of a safe sleep public awareness campaign. (H.B.2457/S.B. 1735, H.B.2466/S.B. 1732)		
36 Funds for Dental Supplies	\$250,000	R
Provides funding to restore and expand the Fluoride Mouth Rinse Program to low-income children at risk of tooth decay. Up to 5% of these funds may be used to administer the expansion of the program. (No special provisions)		
37 Vital Records		
Provides funding for Vital Records Section to relocate to more efficient space and for two new positions associated with the move. Funded by \$800,000 in receipts. Office Assistant IV (1) - \$32,132 Public Safety Officer (1) - \$39,247. (No special provisions)		
38 State Public Health Laboratory Position Conversions		
Provides funding to reallocate 4 positions to reestablish an Assistant Director and 3 scientifically-oriented positions. Funded by \$164,302 in receipts. Assistant Laboratory Director (1) Laboratory Safety Officer (1) Medical Laboratory Technologists (2). (No special provisions)		
39 Tobacco Quitline	\$500,000	R
Provides funding for medical and counseling services to persons using tobacco. (H.B. 2370/S.B. 1676)		
40 Communities for Eliminating Health Disparities Initiative	\$1,000,000	R
Provides funding for grants-in-aid to community programs seeking to prevent chronic illness among minority populations. (H.B. 2046)		

<p>41 Healthy Carolinians Provides funding for local health departments to establish and maintain infrastructure to reduce rates of diabetes, cancer, heart disease, obesity, injury, and infant mortality. (H.B. 25/S.B. 26)</p>	<p>\$435,306</p>	<p>NR</p>
<p>42 Aid to Local Health Departments Provides funding to Local Health Departments based on need and current health status data, for the ten essential services of public health. (H.B. 2300; S.B. 1676)</p>	<p>\$4,800,000</p>	<p>R</p>
<p>43 Women's Health Services Provides funding for family planning to uninsured women who are not eligible for Medicaid. (H.B. 2465/S.B. 1737)</p>	<p>\$100,000</p>	<p>R</p>
<p>44 Healthy Start Provides funding for a grant-in-aid to the Healthy Start Foundation. (H.B. 2208/S.B. 1672).</p>	<p>\$500,000</p>	<p>R</p>
<p>45 Recruitment of Minorities into Pharmacy Schools Provides funding to continue a program to enhance recruitment of minority students for Schools of Pharmacy. (H.B. 2199/S.B. 1810)</p>	<p>\$275,000</p>	<p>NR</p>
<p>46 Prevent Blindness Provides funding for a grant-in-aid to Prevent Blindness North Carolina to expand the pre-kindergarten screening program. (H.B. 2085/S.B. 1624)</p>	<p>\$150,000</p>	<p>NR</p>
<p>47 Adolescent Pregnancy Prevention Program Provides funding for a grant-in-aid to the Adolescent Pregnancy Prevention Coalition of North Carolina. (H.B. 2303; S.B. 1670)</p>	<p>\$250,000</p>	<p>NR</p>
<p>48 Teen Pregnancy Prevention Initiative Provides funding for the adolescent pregnancy prevention, teen parenting, and school dropout prevention program. (H.B. 2225; S.B. 1914)</p>	<p>\$400,000</p>	<p>NR</p>
<p>49 Osteoporosis Education Provides funding for a grant-in-aid to North Carolina Osteoporosis Foundation for public education and awareness activities. (H.B. 2337; S.B. 1623)</p>	<p>\$75,000</p>	<p>NR</p>
<p>50 Poison Control Center Provides funding to increase the State contract with the Poison Control Center operated by the Carolinas Medical System. (No special provisions)</p>	<p>\$200,000</p>	<p>R</p>

51 Medically-Fragile Children's Program	Provides funding for services for the child care component of pediatric day treatment centers for medically-fragile children. Additionally, \$290,000 is also allocated from Social Services Block Grant. (No special provisions)	\$70,000	NR
52 Stroke Prevention	Provides funding for operation of Stroke Advisory Council, the continued implementation of public awareness campaign, and identification of stroke rehabilitation services throughout the state to establish a partnership with the NCcareLINK to disseminate information. (H.B. 2248, H.B. 2250, H.B. 2251, S.B. 1674, S.B. 1674, S.B. 1680)	\$450,000	NR
53 North Carolina Arthritis Patient Services	Provides a grant-in-aid to the North Carolina Arthritis Patient Services to support activities. (S.B. 2048)	\$50,000	NR
(6.0) Division of Social Services			
54 Work First Cash Assistance	Reduces State appropriations for Work First Cash Assistance. (No special provisions)	(\$9,352,223) (\$800,000)	R NR
55 Adjust State/County Special Assistance	Reduces funding for the State/County Special Assistance Program to the anticipated level of spending for FY 2008-09. (No special provisions)	(\$2,500,000)	R
56 State/County Special Assistance Rate Increase	Provides funding to increase the State/County Special Assistance Rate from \$1,173 to \$1,207 per month, effective January 1, 2009. Counties will provide matching funds, resulting in a total funding increase of \$5,707,272. (H.B. 2392, S.B. 1978; S.L. 2008-107, Sec. 10.2)	\$2,853,636	R
57 Foster Care and Adoption Assistance Payments	Provides funding to increase foster care and adoption assistance payments and to implement a new foster care reimbursement system, effective January 1, 2009. (S.L. 2008-107, Sec. 10.7)	\$8,193,369	R
58 Adoption Incentive	Provides \$1,000,000 in receipts (\$500,000 from the Social Services Block Grant and \$500,000 from county funds) to help the families of an additional 125 medically-fragile adopted children in meeting non-medical expenses. (No special provisions)		

59 Child Support Enforcement Fee Receipts

Increases budgeted receipts of \$1,800,000 in Child Support Enforcement (CSE) collected from a new federally-required fee for child support collections, effective October 1, 2007: \$1,200,000 for payment of federal receipts, \$450,000 for county-operated CSE offices, and \$150,000 to replace under-collected receipts in state-operated CSE offices. (No special provisions)

60 Food Banks

Provides funding to be equally distributed to the regional network for food banks in North Carolina. Up to \$500,000 of the increased funding may be used to offset increased costs for fuel consumption related to transporting food. (No special provisions)

\$1,500,000 NR

61 Child Advocacy Centers

Provides funding for grants-in-aid for each certified child advocacy center. (No special provisions)

\$350,000 R

62 Work First Block Grant Positions

Provides funding for two positions in Child Welfare Services to monitor the Work First Block Grant in all 100 counties to ensure compliance with federal regulations. Funded by \$118,000 from the federal TANF block grant.

Social Services Regional Program Representatives (2) - \$45,238 each, or \$90,476 in total. (No special provisions)

63 Child Welfare Collaborative Funds

Provides funding to expand social work programs at four additional universities to increase the number of persons holding Bachelors of Social Work and Masters of Social Work degrees working in Child Protective Services in local departments of social services. In addition to this funding, up to \$2,738,827 is available for various child welfare training projects in the Social Services Block Grant. The four additional universities are:
UNC-Charlotte,
Fayetteville State University,
UNC-Pembroke, and
Western Carolina University.
(H.B. 2645/S.B. 2004)

\$900,000 NR

(7.0) Division of Medical Assistance

64 Technical Adjustment - Medicaid Rebase

Reduces funding for the Medicaid budget, primarily due to an increased Federal Medical Assistance Percentage (FMAP) and an increase in projected drug rebate collections. (No special provisions)

(\$65,524,706) R

- 65 Provider Inflationary Freeze** (\$35,324,306) R
 Reduces funding for Medicaid provider inflation. The reduction applies to all public and private providers except for federally qualified health centers, rural health centers, school-based and school-linked health centers, State institutions, hospital outpatient, pharmacy, and the non-inflationary components of the case-mix reimbursement system for nursing facilities.

 The reduction in requirements totals \$107,466,705 with a \$72,142,399 reduction in receipts and a \$35,324,306 reduction in State appropriation.
 (No special provisions)
- 66 Additional Drugs on the State Maximum Allowable Cost (SMAC) List** (\$5,025,115) R
 Reduces funding due to savings generated by adding generically available specialty drugs to the State Maximum Allowable Cost (SMAC) list and the pricing of single-source specialty drugs using enhanced specialty discounts.
 (S.L. 2008-107, Sec. 10.10.(e))
- 67 Management of Chronic Care by CCNC** (\$29,445,618) R
 Reduces funding for the Medicaid Program due to an expansion of the implementation of chronic care management programs for the aged, blind, and disabled through Community Care of North Carolina.
 (No special provisions)
- 68 Delayed Start to NC Kids' Care** (\$7,000,000) NR
 Reduces funding for NC Kids' Care due to the delayed start of the Health Choice NC Kids' Care health insurance program to July 1, 2009.
 (S.L.2008-107, Sec. 10.12)
- 69 Community Support Program Refunds** (\$12,290,298) NR
 Reduces funding for the Community Support Services Medicaid program, with a \$37,390,624 reduction in requirements and a \$25,100,326 reduction in receipts. These funds are estimated based on refunds due to the State resulting from provider post-payment reviews and audits. The reduced receipts represent federal and county share of refunds.
 (No special provisions)
- 70 Cap on Community Support Program Service Hours** (\$9,082,049) R
 Reduces funding for the Community Support Services program due to a reduction in the allowable service hours per consumer per week from 15 to 8. Increased documentation will be required for a consumer to receive more than 8 hours per week.

 The reduction in requirements totals \$27,630,206, with a corresponding \$18,548,157 reduction in receipts.
 (S.B. 2116; S.L. 2008-107, Sec. 10.15A.(j))

71 Tighten Eligibility and Revise Community Support Service Guidelines	(\$72,000,000)	R
<p>Reduces funding for the Community Support Services program due to cost-saving measures implemented in FY 2007-08, with a \$219,044,722 reduction in requirements and a \$147,044,722 reduction in receipts.</p> <p>Also provides nonrecurring funding to phase in the reduction. Requirements for the nonrecurring funding total \$21,135,908 with \$14,188,535 in receipts. (H.B. 2301, S.B. 1610, S.B. 2116; S.L. 2008-107, Sec. 10.15A as modified by S.L. 2008-118)</p>	\$6,947,373	NR
72 Medicaid Appeals Process	\$217,021	R
<p>Provides funding for additional 7 permanent and 6 contract staff to the department to implement a new appeals process for consumers when Medicaid-funded services are terminated, reduced or denied.</p> <p>The total cost of the positions is \$933,110, supported by \$466,555 in Medicaid receipts. Permanent positions and annual salaries are listed below.</p> <p>Hearing Officer (4) - \$52,819 each, or \$211,276 in total Administrative Assistant III (3) - \$33,621 each, or \$100,863 in total. (S.B. 2008; S.L. 2008-107, Sec. 10.15.(e)-(h1) as modified by S.L. 2008-118)</p>	\$249,534 7.00	NR
73 Legal Positions in the Attorney General's Office	\$70,934	R
<p>Provides for the Attorney General's Office four time-limited attorney positions, one permanent attorney position, and paralegal to handle the backlog of community support appeals cases currently in the Office of Administrative Hearings.</p> <p>These positions will be funded through a contract with the Division of Medical Assistance. (S.B. 2008; S.L. 2008-107, Sec. 10.15.(e)-(h1) as modified by S.L. 2008-118)</p>	\$165,145	NR

74 CAP-MR/DD Tiered Slots

\$6,666,667 R

Provides funding for the State's share of additional Community Alternatives Program Mental Retardation/Developmental Disability (CAP-MR/DD) slots beginning November 1, 2008. Total requirements for this item are \$20,281,919, with an increase in receipts of \$13,615,252.

The full-year cost of the State's share in 2009-2010 will be \$10,000,000, which will be matched by Medicaid receipts totaling \$20,422,878 for a total cost of \$30,422,878 in 2009-2010.

A per-capita share will be allocated for slots managed under the North Carolina Piedmont Behavioral Health Care 1915(b) and (c) Medicaid waiver (Cabarrus, Davidson, Rowan, Stanly and Union counties), and a per-capita share will be allocated for tier one slots to be managed under the North Carolina CAP-MR/DD 1915(c) Medicaid waiver (the remaining 95 counties).

The funding for tier one slots will create up to 1,738 slots.
(H.B. 2361/S.B. 1794; S.L. 2008-107, Sec. 10.15.(p)-(r))

75 Mental Health Screenings and Assessments in Adult Care Homes

\$198,846 R

Provides funding to implement a mental health screening program for residents of adult care homes. Non-recurring funds will allow for 7,800 evaluations in FY 2008-09; recurring funds will provide approximately 850 evaluations per year in future years.
(No special provisions)

\$1,905,648 NR

76 MMIS Code Conversion to HCPCS

Provides funding for the conversion of locally-developed claims processing codes to nationally-accepted codes (HCPCS) in the existing MMIS system in order to comply with federal mandates.
(No special provisions)

\$3,500,000 NR

<p>77 Program Integrity Section Improvements</p> <p>Provides funding for nine positions and operating expenses to increase the efficacy and efficiency of the Medicaid Program Integrity Section. Position classifications, number of FTEs, and annual salaries are listed below:</p> <p>Data Mining Project Manager (1) - \$69,082 Statistician (1) - \$63,044 Business Officer III (1) - \$66,001 Social Case Worker Field Investigator (4) - \$57,666 each, or \$230,664 in total Processing Assistants (2) - \$31,132 each, or 62,264 in total.</p> <p>Funds will also support a new data mining software to improve pharmacy recoupment activities and a consolidated complaint line.</p> <p>Savings are projected due to increased collections from overpayments of Medicaid claims. (No special provisions)</p>	<p>(\$417,376) R \$69,816 NR 9.00</p>
<p>78 Money Follows the Person Administrative Funding</p> <p>Provides funding for two positions and operating expenses to implement the federal Money Follows the Person grant. Position classifications, number of FTEs, and annual salaries are as follows:</p> <p>Mental Health Planner Evaluator (1) - 57,666 Office Assistant III (1) - \$33,621.</p> <p>Savings generated by transitioning individuals from long-term care facilities to community-based services result in a net reduction in appropriation. (No special provisions)</p>	<p>\$59,186 R (\$262,709) NR 2.00</p>
<p>79 Increase Dental Rates</p> <p>Provides funding for a 5 percent increase in dental reimbursement rates. (No special provisions)</p>	<p>\$5,000,000 R</p>
<p>80 CCNC Medical Home and Patient Model Program</p> <p>Provides funding to develop a plan for implementing a medical home and patient centered collaborative model program to enhance the cost containment efforts of CCNC. (S.L. 2008-107, Sec. 10.10C)</p>	<p>\$500,000 NR</p>
<p>(8.0) NC Health Choice</p>	
<p>81 NC Health Choice Expansion</p> <p>Provides funding to expand the NC Health Choice program to support an additional 7,341 children, for a total of 129,694 children. (S.L. 2008-107, Sec. 10.14)</p>	<p>\$9,411,246 R</p>

82 NC Health Choice Claims Processing Transition

Provides funding for costs associated with the transition of claims processing from the Blue Cross Blue Shield system to the new Power MHS system. Funds come from realigned NC FAST funds and \$850,000 in prior year earned revenue receipts.
(S.L. 2008-107, Sec. 10.13)

\$645,618 NR

(9.0) Divisions of Services for the Blind and Services for the Deaf and Hard of Hearing

83 Accessible Electronic Information for Blind and Disabled Persons

Provides funding to continue accessible electronic information services for blind and disabled persons.
(S.B. 1909)

\$75,000 NR

(10.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

84 Budget Over-Realized Mixed Beverage Receipts

Increases budgeted receipts for substance abuse services based on historical collections of mixed-beverage receipts. Funds are paid to DHHS by local Alcohol Beverage Control boards as required by GS 18B-805(b)(3).
(No special provisions)

(\$500,000) R

85 Budget Patient Receipts to Anticipated Collection Amount

Increases budgeted patient receipts at the State's mental health, developmental disability, and substance abuse services facilities.
(No special provisions)

(\$15,000,000) R

86 Budget Prior Year Cost Settled Funds

Increases budgeted receipts from prior year cost settled funds.
(No special provisions)

(\$500,000) NR

87 Management Flexibility Reserve

Reduces funding for new positions and associated costs funded in the Division of MH/DD/SAS by 30% and allows management flexibility in handling the cut. Of the funds reduced, \$4,083,477 is from salaries and benefits funding and \$191,653 from operating funding.
(No special provisions)

(\$4,275,130) NR

88 Mobile Crisis Intervention Teams

Provides funding to provide operating subsidies to 30 mobile crisis teams state-wide. Also provides start-up funding for 11 crisis teams to bring the total number of teams state-wide to 30.
(S.L. 2008-107, Sec. 10.15.(j))

\$4,655,000 R
\$1,100,000 NR

89 New Local Psychiatric Inpatient Capacity

Provides funding for the State-paid share of new local psychiatric inpatient capacity (beds/bed days).
(S.L. 2008-107, Sec. 10.15.(k))

\$8,121,644 R

<p>90 START Crisis Model for Developmental Disabilities Provides funding for 6 Developmental Disabilities Systemic, Therapeutic, Assessment, Respite, and Treatment (START) Crisis Model teams. (S.L. 2008-107, Sec. 10.15.(l))</p>	<p>\$1,737,250 R \$138,993 NR</p>
<p>91 Respite Beds for Developmental Disabilities Provides funding for start-up and ongoing support of 12 respite beds for individuals with disabilities across the State. (S.L. 2008-107, Sec. 10.15.(m))</p>	<p>\$903,375 R \$177,617 NR</p>
<p>92 Walk-In Crisis and Immediate Psychiatric Aftercare Provides funding to Local Management Entities (LMEs) for walk-in crisis and immediate psychiatric aftercare. Also provides funding for the purchase of telepsychiatry equipment. (S.L. 2008-107, Sec. 10.15.(n))</p>	<p>\$4,463,947 R \$1,650,000 NR</p>
<p>93 Clinical Staffing Ratios at Psychiatric Hospitals Provides funding for 107 positions at the State's psychiatric hospitals to improve the direct care of clients by increasing staffing ratios. Total requirements for these positions are \$7,673,694, with \$397,870 in Medicaid receipts.</p> <p>Licensed Practical Nurse (34) - \$36,847 each, or \$1,252,798 in total Registered Nurse B (40) - \$53,563 each, or \$2,142,520 in total Psychiatrist (7) - \$179,212 each, or \$1,254,484 in total Medical MD (1) - \$160,914 Health Care Technician II (20) - \$29,002 each, or \$580,040 in total Health Care Technician III (5) - \$33,194 each, or \$165,970 in total. (No special provisions)</p>	<p>\$7,275,824 R 107.00</p>

94 Clinical and Operational Enhancements of State Facilities

\$1,802,561 R
\$51,951 NR
19.00

Provides funding to improve training and supervision of direct care staff, for monitoring of State facilities, for pharmacy management, and for information technology and accounting positions. Total requirements for these positions are \$1,906,445, with \$103,884 in various Federal receipts.

Clinical Nurse Specialists (2 at each of the three psychiatric hospitals and one at each Alcohol and Drug Abuse Treatment Center)

Nurse C (9) - \$63,044 each, or \$567,396 in total

State-Operated Services Compliance Team

Mental Health Program Manager I (1) - \$57,666

Mental Health Program Manager II (4) - \$63,044 each,

or

\$252,176 in total

Clinical Policy Section

Pharmacy Manager III (1) - \$104,825

HEARTS Training Coordinator (patient billing system)

Social/Clinical Research Specialist (1) - \$47,400

DHHS Controller's Office

Accounting Technician III (1) - \$36,262

Accounting Technician IV (1) - \$39,247

Longleaf Neuro-Medical Center

Technology Support Technician (1) - \$40,590.

(No special provisions)

95 Recruitment and Workforce Development

\$1,270,519 R

Provides funding for recruitment and workforce development initiatives at State facilities, including psychiatrist loan repayment, increased recruitment efforts, and expansion of the Psychiatry Nurse Practitioner scholarship program. Funding for each item is as follows:

Psychiatrist Loan Repayment Program in Office of Rural Health - \$868,519

Expansion of Recruitment and Advertising Funding for Difficult-to-Recruit Positions - \$277,000

Psychiatric Nurse Practitioner Scholarship Program at UNC School of Nursing - \$125,000

Additionally, \$500,000 NR is included for sign-on bonuses for hard-to-recruit Registered Nurse positions at the State's psychiatric institutions in the Statewide Reserves Section of this report.

(No special provisions)

96 Resident Furnishings

Provides \$608,333 R and \$1,016,667 NR in receipts for replacing resident furnishings in poor condition in State mental health facilities.
(No special provisions)

97 Dorothea Dix Hospital Overflow Unit

\$5,212,166 NR
96.85

Provides funding for the Dorothea Dix Hospital Overflow Unit, a 60-bed unit to remain open on the Dorothea Dix campus after the opening of the new Central Regional Hospital. Total requirements for this item are \$10,731,103 with \$4,767,760 in receipts from Wake County and \$751,177 in Medicaid receipts.

The 60-bed unit will be staffed with a total of 174.75 FTEs, of which 77.9 will be funded by Wake County receipts and 96.85 are funded by State appropriation and Medicaid receipts. Position classifications, number of FTEs, and annual salaries for all 174.75 positions are listed below.

- Physician III-B (5.75) - \$150,000 each, or \$862,500 in total
- Physician III-B (2) - \$160,000 each, or \$320,000 in total
- Physician IV-B (1) - \$150,000
- Physician III-A (.5) - \$80,000
- Psychiatric Unit Administrator II (1) - \$75,000
- Senior Psychologist I (1.5) - \$70,000 each, or \$105,000 in total
- Physician Extender II (3) - \$73,819 each, or \$221,457 in total
- Nurse Supervisor B (1) - \$70,000
- Nurse B (33) - \$50,000 each, or \$1,650,000 in total
- Nurse B (4) - \$57,000 each, or \$228,000 in total
- Health Care Technician I (62) - \$25,000 each, or \$1,550,000 in total
- Health Care Technician II (4) - \$30,000 each, or \$120,000 in total
- Clinical Social Worker (6.5) - \$44,862 each, or \$291,603 in total
- Social Work Supervisor (1) - \$46,268
- Clinical Pharmacist (1) - \$95,000
- Clinical Dietitian I (1) - \$51,692
- Office Assistance IV (1) - \$25,495
- Occupational Therapist I (1.5) - \$57,548 each, or \$86,322 in total
- Therapeutic Recreational Specialist I (2.5) - \$34,237 each, or \$85,593 in total
- Rehabilitation Therapist (9) - \$30,000 each, or \$270,000 in total
- Advocate I (.5) - \$21,500
- Word Processor IV (1) - \$25,495
- Personnel Technician III (1) - \$42,536
- Office Assistant IV (3) - \$25,495 each, or \$76,485 in total
- Utilization Review Nurse (1) - \$45,000
- Patient Relations Representative V (1) - \$30,000
- Medical Records Assistant IV (1.5) - \$30,000 each, or \$45,000 in total
- Housekeeping Supervisor II (1) - \$24,767
- Floor Maintenance Assistant (1) - \$23,310
- Housekeeper (8.5) - \$23,310 each, or \$198,135 in total
- Kitchen Manager (1) - \$35,000
- Food Services Supervisor (1) - \$28,000
- Cook II (3) - \$25,000 each, or \$75,000 in total
- Food Services Assistant (6) - \$24,000 each, or \$144,000 in total
- Diet Clerk (1) - \$25,000

Pharmacy Technician (1) - \$30,000.
(S.L. 2008-107, Sec. 10.15.(h)-(i))

98 Realignment of Mental Health Trust Fund Funding for Housing Initiative

Realigns unallocated funding from the Mental Health Trust Fund to the Housing Trust Fund to continue the MH/DD/SA Housing Initiative.
(S.L. 2008-107, Sec. 10.15.(o))

(\$2,000,000) NR

99 Continuing the MH/DD/SA Housing Initiative - Housing Trust Fund

Provides \$7,000,000 in non-recurring funding (\$2,000,000 of which is realigned from the Mental Health Trust Fund) for the financing of additional independent- and supportive-living apartments for people with disabilities. The apartments shall be affordable to those with incomes at the Supplemental Security Income (SSI) level.

The funds for this item are located in the Housing Finance Agency section of this report.
(S.L. 2008-107, Sec. 10.15.(o))

100 Continuing the MH/DD/SA Housing Initiative - Operating Cost Subsidy

\$1,000,000 R

Provides funding for operating cost subsidies for independent- and supportive-living apartments for individuals with disabilities. The apartments shall be affordable to those with incomes at the SSI level.
(S.L. 2008-107, Sec. 10.15.(o))

101 Julian F. Keith ADATC Pharmacy

\$472,785 R

Provides funding for four positions to create a pharmacy program at the Julian F. Keith Alcohol and Drug Abuse Treatment Center (ADATC) to serve the expanded acute treatment beds.

4.00

The Substance Abuse Prevention and Treatment Block Grant includes \$70,000 for one-time start-up costs associated with the pharmacy.

Position classifications, number of FTEs, and annual salaries are as follows:

Clinical Pharmacist (1) - \$110,000
Pharmacy Technician (2) - \$32,345 each, or \$64,690 in total
Pharmacy Manager I (1) - \$120,536.
(S.L. 2008-107, Sec. 10.17)

102 Early Intervention for Autism	\$1,875,000	R
<p>Provides funding for services for children ages 0-10 with autism (i.e., autism early intervention), as follows:</p> <p>\$625,000 to the Autism Society of North Carolina for training and collaboration with model programs and community agencies to increase availability of autism early intervention services.</p> <p>\$1,250,000 for the department to contract directly for three model programs of early intervention services. (H.B. 2131/S.B. 1824, S.B. 554)</p>		
103 Autism Awareness and Education Video	\$30,000	NR
<p>Provides funding to develop a video for autism education and awareness for public officials, including judicial branch officials. Funds will be allocated to the Treatment and Education of Autistic and Related Communication-Handicapped Children (TEACCH) at the University of North Carolina at Chapel Hill. (H.B. 2523/S.B. 1892; S.L. 2008-83)</p>		
104 Supportive Services for HUD 811 Projects	\$129,331	R
<p>Provides funding for on-going operations and start-up expenses to support 6 two-bedroom and 19 one-bedroom apartments financed through the United States Department of Housing and Urban Development. (No special provisions)</p>		
105 Program Service Funding for Group Homes	\$200,000	R
<p>Provides funding for on-going program service funding for two group homes under development by the Mental Health Association in N.C., Inc. (No special provisions)</p>		
106 Traumatic Brain Injury Services	\$1,000,000	R
<p>Provides funding for the provision of traumatic brain injury (TBI) services. (H.B. 2552)</p>		
107 Beyond Academics: Intellectual Disability Transition Program	\$200,000	NR
<p>Provides funding to support Beyond Academics, a non-degree university-based program for students with developmental disabilities to assist them in living as independently as possible. (H.B. 2206)</p>		
(11.0) Division of Health Service Regulation		

108 Increase Staff for Reviewing Construction Plans \$787,918 R
 Provides funding for eight new positions for the Construction program to provide a more timely review of construction plans for health care and local confinement facilities. The funding for these positions will be offset by increased fees that will be deposited into the General Fund as non-tax revenue. Positions classifications, FTEs, and annual salaries are listed below. \$34,110 NR
8.00

- Building System Engineer III (1) - \$85,184
- Facility Architect II (3) - \$74,213 each, or \$222,639 in total
- Building System Engineer II (2) - \$74,213 each, or \$148,426 in total
- Building System Engineer I (1) - \$64,762
- Processing Assistant IV (1) - \$31,132.
- (No special provisions)

(12.0) Division of Vocational Rehabilitation

109 Vocational Rehabilitation Case Services Program (\$2,000,000) NR
 Reduces funding due to a decline in the number of consumers served.
 (No special provisions)

Budget Changes	(\$182,650,591)	R
	(\$2,632,820)	NR
Total Position Changes	257.85	
Revised Total Budget	\$4,914,916,942	

Special Provisions

2008 Session: HB 2436

Department: Health and Human Services

Section: 10.1

Title: **NC Rx Funds Transfer**

Summary Transfers \$3.5 million of the cash balance in the NC Rx Program to the State Controller to be deposited in a Nontax Budget Code and be used to support General Fund appropriations.

Section: 10.1A

Title: **DHHS Budget Flexibility**

Summary Allows DHHS, with the approval of OSBM, to realign or adjust authorized budgets to fund payments for audit services and data processing services, notwithstanding G.S. 143C-6-4.

Section: 10.2

Title: **State County Special Assistance**

Summary Amends Section 10.13 of S.L. 2007-323 to increase the maximum monthly rate for non-Special Care Unit residents of adult care homes from \$1,173 to \$1,207 per month per resident, effective January 1, 2009.
(H.B. 2392; S.B. 1978)

Section: 10.3

Title: **AIDS Drug Assistance Program**

Summary Rewrites Section 10.26 of S.L. 2007-323 to allow DHHS to use existing ADAP resources to increase the eligibility for the AIDS Drug Assistance Program for FY 2008-09 to persons with annual incomes of from 250% to 300% of the federal poverty level (FPL). If a waiting list develops, those persons with incomes at or below 125% FPL are to be given first priority, followed by those persons with incomes of between 126% and 250% FPL.

Section: 10.4

Title: **Changes to Community-Focused Eliminating Health Disparities Initiative**

Summary Increases from \$2.0 million to \$3.0 million for FY 2008-09 the amount that DHHS is to allocate to the Community-Focused Eliminating Health Disparities Initiative. Also moves the due date for the program's evaluation report to October 1, 2009.

Section: 10.4B

Title: **Nicotine Replacement Therapy Programs**

Summary Amends Article 1 of Chapter 90, Section 18.6 to allow DHHS and the Health and Wellness Trust, or its agents, to recommend over-the-counter nicotine replacement products. All medical aspects of this program are to be supervised by a physician licensed to practice medicine under this Act.

Section: 10.5

Title: **HIV Prevention Funds**

Summary Expands the use of these funds to include case management services.

Section: 10.6

Title: **Child Care Funds Matching Requirement**

Summary Directs that no matching funds may be required by local governments receiving the initial allocation of child care funds. Reallocated funds that exceed \$25,000, beyond a local purchasing agency's initial allocation, require a 20 percent match.

Section: 10.7

Title: **Changes to Foster Care and Adoption Assistance Payments**

Summary Effective January 1, 2009:

Increases the rates for both the foster care and adoption assistance programs as follows:

- Ages 0 to 5: Rate increase from \$390 to \$475;
- Ages 6 to 12: Rate increase from \$440 to \$581; and
- Ages 13 to 18: Rate increase from \$490 to \$634.

Directs the State and counties participating in the foster care assistance programs to each contribute 50% of the nonfederal share of the cost of care for children placed in family foster care homes or residential child care facilities. Requires that counties be held harmless from contributing 50% of the cost of care until the child leaves the foster care system or experiences a placement change, whichever comes first.

Section: 10.8

Title: **Ticket to Work Implementation Date**

Summary Directs that DHHS implement a Medicaid buy-in eligibility category for the Ticket to Work program by July 1, 2008.

Section: 10.9

Title: **Implementation of MMIS/Contract Provision**

Summary Requires any contract between DHHS and the contract vendor chosen to develop and implement the replacement MMIS system to contain the explicit provision that MMIS have the capability to implement and administer NC Health Choice, NC Kids' Care, Ticket to Work, CAP Children's Program, relevant Medicaid waivers, and the Medicaid 646 waiver. DHHS is to make periodic reports to the General Assembly on its progress in developing and implementing MMIS.

Section: 10.10

Title: **Medicaid Policy Change**

Summary Subsection (a) requires the Division of Medical Assistance to inform the Office of State Budget and Management before making a medical policy change that will exceed \$3 million in total requirements and that is required for federal compliance. Previously, changes made in order to comply with federal law did not have to be submitted to the Office of State Budget and Management.

Subsection (b) eliminates the requirement that all personal care services must receive prior authorization.

Subsection (c) amends S.L. 2007-323, Sec. 31.16.1(d) to delete the effective date for S.L. 2007-323, Sec. 31.16.1(c) and to clarify instead that the subsection applies to Medicaid claims paid by the State on or after June 1, 2009;

Subsection (d) eliminates the requirement that all Medicaid-enrolled providers must obtain performance bonds. The Division may require an enrolled provider to purchase a performance bond based upon criteria specified in the Session Law.

Subsection (e) reduces the General Fund appropriation for Medicaid by a net \$5.0 million in State funds due to anticipated savings in the Division of Medical Assistance by adding generically-available specialty drugs to the State Maximum Allowable Cost list and pricing single-source specialty drugs using enhanced specialty discounts. Directs that until December 31, 2008 this policy applies only to drugs costing \$1,500 or more per month, and that DHHS may add additional drugs after January 1st in order to achieve these cost savings.

(Note: S.L. 2008-118, Sec. 1.6.(a), 2008 Budget Technical Corrections Act, amended S.L. 2008-107, Sec. 10.10.(e), to clarify that the \$1,500 cost limitation referred to the monthly drug cost.)

Section: 10.10A

Title: **DMA Budget Flexibility**

Summary Subsection (a) requires DHHS to obtain approval from the Office of State Budget and Management before entering into new contracts or increasing the cost of current contracts.

Subsection (b) directs the Division of Medical Assistance to save money when possible and allows the Division to use any funds appropriated to it to address budget shortfalls in the Medical Assistance Payments budget.

Subsections (c) and (d) allow the Division to use funds appropriated to it to fund a budget shortfall for contracts and require the Division to report to the Legislature on its efforts to do so.

Section: 10.10C

Title: **CCNC Chronic Disease/Medical Home and Patient Model Program**

Summary Directs \$500,000 of the funds appropriated to the DHHS, Division of Medical Assistance in FY 2008-09 to be used to develop a plan for the implementation of a medical home and patient-centered collaborative model. The model is to build on the CCNC program.

Section: 10.12

Title: **Expand Health Choice/NC Kids' Care**

Summary Directs DHHS to implement NC Kids' Care to provide health insurance coverage to children in families with annual incomes of between 200% and 250% FPL. Establishes criteria for benefits, benefit limitations, and cost sharing and limits enrollment to no more than 15,000 children. States that NC Kids' Care is to be implemented July 1, 2009, but only if Congress has reauthorized the State Children's Health Insurance Program with sufficient funding to support the current NC Health Choice Program and the proposed NC Kids' Care program.

Section: 10.13

Title: **NC Health Choice Transition**

Summary Provides for the administration of the NC Health Choice program to be transferred from the State Health Plan to the Division of Medical Assistance, DHHS.

(S.L. 2008-118, Sec.1.6.(b) and (c), 2008 Budget Technical Corrections Act, amended S.L. 2008-107, Sec. 10.13, to correct typographical errors.)

Section: 10.14

Title: **Health Choice Enrollment Growth Cap**

Summary Caps enrollment growth for the Health Choice Program for FY 2008-09 at 6%. If DHHS anticipates the enrollment cap will be exceeded, it is to alert the General Assembly and prepare to freeze enrollment, so the cap will not be exceeded.

(S.L. 2008-118, Sec.1.6.(d), 2008 Budget Technical Corrections Act, amended S.L. 2008-107, Sec. 10.14, to clarify the Health Choice data to be supplied by DHHS.)

Section: 10.15

Title: **Mental Health Changes**

Summary Descriptions of subsections follow.
(H.B. 2301; H.B. 2361/S.B. 1794; S.B. 1610)

Section: 10.15.(a)

Title: **LME Funding**

Summary Directs the Department to distribute to each non-single stream LME at least 1/12 of the LME's continuation allocation for service dollars at the beginning of the fiscal year and to subtract that amount from the LME's total reimbursements for the year.

Section: 10.15.(b)

Title: **Increase Availability of Substance Abuse Treatment**

Summary Directs the Department to allocate \$8,000,000 in FY 2008-09 to support LMEs in establishing regionally purchased locally hosted substance abuse services. The provision requires LMEs to report to the Department on their use of these funds.

(Note: S.L. 2008-118, Sec. 1.6.(e), 2008 Budget Technical Correction Act, amended S.L. 2008-323, Sec. 10.15.(b) to clarify that this requirement applies to FY 2008-09.)

Section: 10.15.(c)

Title: **LME Funding**

Summary Directs the Department to encourage the LMEs who do not receive their funds via single-stream funding to convert to single-stream funding. Further, directs DHHS to expand the standards with which single-stream LMEs must comply to include prompt pay guidelines.

Section: 10.15.(d)

Title: **LME Funding**

Summary Directs the Department to simplify the current State Integrated Payment and Reporting System (IPRS) and to work with LMEs to develop billing codes currently lacking.

Section: 10.15.(e)

Title: **Service Dollar Expenditures**

Summary Directs the Department to work with Local Management Entities and service providers to understand why State dollars appropriated for services have been underspent. Requires the Department to report back on its findings.

Section: 10.15.(f)

Title: **Services Gap Analysis**

Summary Directs the Department to perform a service gap analysis of the MH/DD/SAS system and report by January 1, 2010. The provision directs the Department to involve LMEs and not to contract with an independent entity to perform the analysis.

Section: 10.15.(g)

Title: **Opening of Central Regional Hospital**

Summary Prohibits DHHS from transferring patients to the new Central Regional Hospital until the Secretary provides a written report to the Governor stating that on the day of its opening and thereafter, Central Regional Hospital will be operated in a manner that provides a safe and secure environment for its patients and staff.

Allows DHHS to transfer patients from Dorothea Dix Hospital to the new Central Regional Hospital after patients have been transferred from John Umstead Hospital if the Secretary has determined that an inspection of Central Regional Hospital indicates no findings of noncompliance with conditions of participation from the Centers for Medicare and Medicaid Services (CMS), and if the Secretary finds that Central Regional Hospital is in compliance with Joint Commission on the Accreditation of Healthcare Organizations standards for accreditation.

Section: 10.15.(h)

Title: **Central Regional Hospital - Wake Unit**

Summary Permits DHHS to open and operate on a temporary basis up to 60 beds at the Central Regional Hospital Wake Unit on the Dorothea Dix Campus.

Section: 10.15.(i)

Title: **Central Regional Hospital - Wake Unit**

Summary Specifies that one-time funds appropriated for the Dorothea Dix Hospital overflow unit shall be used to support the temporary opening and operation of the Central Regional Hospital Wake Unit on the Dorothea Dix Campus; that the General Assembly intends to fund the Wake Unit for three years; and that the Office of State Budget and Management shall establish the positions for the Central Regional Hospital Wake Unit on the Dorothea Dix campus as time-limited positions for up to three years.

Section: 10.15.(j)

Title: **Crisis and Acute Care Services**

Summary Directs the use of \$5,755,000 appropriated to DHHS for mobile crisis teams.

Section: 10.15.(k)

Title: **Crisis and Acute Care Services**

Summary Directs the use of \$8,121,644 allocated to DMHDDSA to purchase local inpatient psychiatric capacity. Specifies the role of DHHS and LMEs in using the funds. Further specifies that the funds cannot be used to supplant other funds for the purchase of psychiatric inpatient services under contract with community hospitals, including capacity purchased through Hospital Pilot funds appropriated in S.L. 2007-323.

Requires DHHS to report back to the General Assembly on capacity purchased (i) with local funds, (ii) from existing State appropriations, (iii) under the Hospital Utilization Pilot, and (iv) using funds appropriated under this subsection.

Section: 10.15.(l)

Title: **Crisis and Acute Care Services**

Summary Specifies that of funds appropriated to DHHS, \$1,876,243 must be allocated for the START crisis model for developmental disability services; that the funds must be distributed to LMEs to support six crisis teams; and that the new crisis teams must be distributed across the State according to need as determined by the Department.

Section: 10.15.(m)

Title: **Crisis and Acute Care Services**

Summary Specifies that the \$1,080,992 allocated for start-up and ongoing support of respite beds for individuals with developmental disabilities must be distributed across the State by the Department according to need.

Section: 10.15.(n)

Title: **Crisis and Acute Care Services**

Summary Specifies that of funds appropriated to DHHS, DMHDDSA, \$6,113,947 shall be allocated for walk-in crisis and immediate psychiatric aftercare and shall be distributed to the LMEs according to need as determined by the Department to support 30 psychiatrists and related support staff.

Specifies that of these funds, \$1,650,000 shall be used for telepsychiatry equipment to be owned by the LMEs.

(Note: S.L. 2008-118, Sec. 1.6.(f), 2008 Budget Technical Correction Act, amended S.L. 2008-107, Sec. 10.15.(n) to correct typographical errors.)

Section: 10.15.(o)

Title: **Housing Assistance**

Summary Directs that independent and supportive living apartments for persons with disabilities constructed with funds appropriated in S.L. 2008-107 be affordable to persons with incomes at the SSI level.

Section: 10.15.(p)

Title: **CAP-MR/DD Medicaid Waiver**

Summary Directs DHHS to implement the tiered CAP-MR/DD waiver program in accordance with Section 10.49.(dd) of S.L. 2007-323.

Creates four tiers as follows: (i) up to \$17,500; (ii) between \$17,501 and \$45,000; (iii) between \$45,001 and \$75,000; and (iv) between \$75,001 and \$100,000.

Requires DHHS to review on a case-by-case basis tier funding exceeding \$100,000 and allows DHHS to authorize the excess amount based on standards adopted by the Department.

Section: 10.15.(q)

Title: **CAP-MR/DD Medicaid Waiver**

Summary Specifies that a portion of the funds appropriated to DHHS for additional CAP-MR/DD slots shall be used to fund CAP-MR/DD slots statewide and must fund a combination of i) tier one slots managed under the North Carolina CAP-MR/DD 1915(c) Medicaid waiver and ii) slots managed under the North Carolina Piedmont Behavioral Health Care 1915(b) and (c) Medicaid waiver.

Section: 10.15.(r)

Title: **CAP-MR/DD Medicaid Waiver**

Summary Directs DHHS to implement a plan to catch up Piedmont Behavioral Health (PBH) CAP-MR/DD slots to the Statewide average.

Directs that the catch-up plan must transfer 1% of the funds for turnover CAP-MR/DD slots each year to PBH until PBH CAP-MR/DD slots reach the State per capita average of slots.

Section: 10.15.(s)

Title: **Institute of Medicine Task Force/ Study Developmental Disability Transitions**

Summary Directs the NCIOM to study and report by March 1, 2009 on the barriers to and best practices in successful transitions for persons with developmental disabilities from one life setting to the next.

Section: 10.15.(t)

Title: **Developmental Disability Centers Discharge Planning**

Summary Directs the Department to assist LMEs in using 5% of specific funds to help successfully transition individuals from developmental disability centers into the community. The provision directs the Department to report on the progress of this provision by March 1, 2009.

Section: 10.15.(u)

Title: **State-County Special Assistance Rates**

Summary Directs the Department to review State County Special Assistance rules and rates to develop an appropriate rate for special care units for persons with a mental health disability including Traumatic Brain Injury and report by January 1, 2009.

Section: 10.15.(v)

Title: **Veterans and Families as a Target Population for Services**

Summary Directs the Department to include veterans and their families as a target population within the MH/DD/SAS system.

Section: 10.15.(w)

Title: **Service Authorization Process**

Summary Directs the Department to develop a service authorization process that requires a licensed clinician to complete a comprehensive clinical assessment before a consumer receives non-crisis services. The provision requires licensed professionals to indicate on medical orders whether they have had direct contact with the consumer and have reviewed the consumer's assessment.

Directs DHHS to report to the proper occupational licensing board when a licensed professional fails to comply with this provision. The Department shall report on this process by October 1, 2009 and must notify the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services and the LOC 15 days prior to implementation.

Section: 10.15.(x)

Title: **LME Core Functions**

Summary Directs the Department to develop a plan to return service authorization, utilization review, and utilization management functions to LMEs. Requires that by July 1, 2009, these functions shall be returned to LMEs for at least 30% of the State's population.

Requires that to provide the functions, LMEs must be nationally accredited and meet all requirements of the existing vendor contract. Prohibits DHHS from contracting or obligating the State with an outside vendor for these functions beyond September 30, 2009.

Authorizes the Department to develop a plan to return authorization for CAP-MR/DD slots to the LMEs.

(Note: S.L. 2008-118, Sec. 1.5.(a), 2008 Budget Technical Corrections Act, amended S.L. 2008-107, Sec. 10.15.(x), to clarify that functions may be returned to LMEs that have met certain criteria for submitting an application for accreditation, as well as to LMEs that have actually attained accreditation. Further, directs DHHS to provide information to the General Assembly that can be used to assess whether DHHS should be authorized to contract with an outside vendor beyond September 30, 2009.)

Section: 10.15.(y) - (z)

Title: **Medicaid Waivers for Mental Health, Developmental Disability or Substance Abuse Services**

Summary Direct the Division of MH/DD/SAS to study and report by March 1, 2009, on the use of Medicaid waivers for all LMEs and to recommend other strategies that would increase LME flexibility to provide case management assessments and to have more control over provider networks. Subsection (z) provides that the Piedmont Behavioral Health LME is deemed as a demonstrational model.

Section: 10.15.(aa) - (bb)

Title: **LME Administration**

Summary Direct that the Secretary shall not take any action prior to January 1, 2010 that would result in a merger or consolidation of LMEs including establishing consortia or regional arrangements. This does not include LMEs that did not meet catchment area requirements as of January 1, 2008 (Foothills, Johnston) or the proposed administration service agreement under development as of March 1, 2008 (Guilford, Smoky Mountain, Mecklenburg).

Section: 10.15.(cc) - (ee)

Title: **LME Administration**

Summary Amend the General Statutes relating to the Secretary's authority to remove or designate to another LME the primary functions of an LME as outlined in G.S. 122C-115.4(b). Prohibits the Secretary from taking this action until an LME fails to achieve a satisfactory outcome on any critical performance measures for three consecutive months; limits the technical assistance that DHHS must provided to three months rather than six months.

Further, defines "minimally-adequate services" as a level of service required for compliance with all laws, rules, regulations, and policies of the State and federal government and with generally-accepted professional standards and principles.

Section: 10.15A

Title: **Improve and Strengthen Fiscal Oversight of Community Support Services**

Summary Descriptions of subsections follow.
(H.B. 2301; S.B. 1610; S.B. 2116)

Section: 10.15A.(a)

Title: **Change Community Support Service Definitions**

Summary Requires DHHS to amend the service definitions for adult and child community support services to focus on rehabilitative services and to minimize overexpenditures.

Section: 10.15A.(b)

Title: **Community Support Services Reimbursement Rate**

Summary Requires DHHS to replace the current blended rate for community support services with a tiered rate structure that reimburses providers based on their levels of skill, education, or professional knowledge.

Section: 10.15A.(c)

Title: **National Accreditation for Service Providers**

- Summary Amends G.S. 122C to allow the Secretary of DHHS to designate MH/DD/SA services that require national accreditation. Provides timeframes within which providers of those services must achieve the national accreditation.

Section: 10.15A.(e1) - (f)

Title: **Appeals by Providers of MH/DD/SA Services**

- Summary Subsections (e1) through (f) require DHHS to implement a temporary community support provider appeals process for certain providers, to expire July 1, 2010. The appeals process is to be conducted on a timely basis by a hearings officer within DHHS, and providers may appeal the final decision to Wake County Superior Court. Any petition pending hearing at the Officer of Administrative Hearings is to be transferred to DHHS. Finally, DHHS may suspend a Medicaid provider's endorsement pending a final agency decision.

Section: 10.15A.(g)

Title: **Endorsement of Providers by Local Management Entities**

- Summary Requires the Department to adopt guidelines for local management entities to follow to ensure that only qualified providers are endorsed and that endorsed providers are held accountable.

Section: 10.15A.(h)

Title: **Appeals by Consumers of Mental Health, Developmental Disability or Substance Abuse Services**

- Summary Amends G.S. 122C-151.4, which governs appeals by providers of MH/DD/SA services, by specifying that a "contractor" includes a provider whose application for endorsement has been denied by an LME, and by providing a method for these providers to appeal the LME's decision.

Section: 10.15A.(h1)

Title: **Appeals by Providers of Mental Health, Developmental Disability or Substance Abuse Services**

- Summary Directs DHHS and the Office of Administrative Hearings to improve and streamline the process for Medicaid recipient appeals, and directs DHHS to ensure that Medicaid applicants are eligible to receive medically-necessary community support services.

(Note: S.L. 2008-118, Sec. 3.13.(a) and 3.13.(b), 2008 Budget Technical Corrections Act, amends S.L. 2008-107, Sec. 10.15A.(h1) and added sections (h2) - (h6). See HB 2438 in this document for additional information.)

Section: 10.15A.(i)

Title: **Authorization of Services; Minimum Staff Qualifications**

- Summary Requires service providers to obtain prior authorization for all Community Support services. Directs that after the tiered reimbursement rates mandated in Sec. 10.15A.(a) are implemented, 50% of community support services must be delivered by qualified professionals.

(Note: S.L. 2008-118, Sec. 3.11, 2008 Budget Technical Corrections Act, amended S.L. 2008-107, Sec. 10.15A.(i) to remove the requirement that 50% of services must be delivered by qualified professionals. Further clarifies that after the tiered rates are implemented, within sixty days at least 35% of community support services must be delivered by qualified professionals and within six months, at least 50% must be provided by qualified professionals.)

Section: 10.15A.(j)

Title: **Cap on Hours of Community Support Services Provided to Consumers**

Summary Limits the quantity of community support services per consumer per week to no more than eight hours.

Section: 10.15A.(k)

Title: **Exemption for Piedmont Behavioral Health Local Management Entity**

Summary Exempts Piedmont Behavioral Health Local Management Entity, which provides services under a Medicaid 1915(b)(c) waiver, from restrictions regarding community support services that were placed on LMEs in S.L. 2007-323, Sec. 10.49.(ee).

Section: 10.16

Title: **Non-Medicaid Reimbursement Changes**

Summary Amends S.L. 2007-323, Sec. 10.5, to delete references to a program that no longer exists.

Section: 10.16A

Title: **Adult-Care Home Training/Technical Assistance**

Summary Rewrites Section 10.54.(b) of S.L. 2007-323 to allocate \$35,000 of the funds appropriated to DHSR for the Adult Care Home Quality Improvement Consultation program. Remaining funds are allocated for training and technical assistance to implement the star rating certificate program and to fund the development and implementation of training activities by the North Carolina adult care home provider associations.

Section: 10.17

Title: **DHHS Block Grants**

Summary Appropriates federal block grant funding for the following DHHS Block Grants:

Temporary Assistance for Needy Families Block Grant (TANF)
Social Services Block Grant (SSBG)
Low-Income Home Energy Assistance Program Block Grant (LIHEAP)
Child Care and Development Fund Block Grant (CCDF)
Mental Health Services Block Grant (MHSBG)
Substance Abuse Prevention and Treatment Block Grant (SAPTBG)
Maternal and Child Health Block Grant (MCHBG)
Preventive Health Services Block Grant (PHSBG)
Community Services Block Grant (CSBG)

Provides Legislative guidance to DHHS on how block grant appropriations are to be managed:

- Content of annual block grant plans;
- Changes in allocations;
- Changes in federal fund availability including increases and decreases; and
- Reporting on the positions supported with block grant funding.

Provides guidance for specific appropriations from the various block grants.

(Note: S.L. 2008-118, Sec. 1.5.(b), 2008 Budget Technical Corrections Act, amends S.L. 2008-107, Section 10.17.(cc), to clarify membership of the Task Force on Preventing Childhood Obesity, which is to be funded with Maternal and Child Health Block Grant funds.)

(Note: Section 10.17(p) provides \$600,000 from the TANF Block Grant to implement a Citizens School Program, a three year urban/rural dropout prevention pilot program in Durham and Vance counties public school systems.)
(H.B. 2334/S.B. 1960)

(Note: Notwithstanding G.S. 108A-27.11(c), S.L. 2008-69, Electing Counties/Hold Harmless, allows Work First electing counties to be held harmless in FY 2008-09 for Work First Family Assistance up to the actual TANF Block Grant allocation for FY 2007-08. The electing counties are Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln, Macon, and Wilson counties.)
(Also see Special Provisions section)

Special Provisions

2008 Session: HB 2438

Department: Health and Human Services

Section: 1.5.(a)

Title: **TECHNICAL CHANGE: Mental Health Changes**

Summary Amends S.L. 2008-107, Sec. 10.15.(x), to clarify that the service authorization, utilization review, and utilization management functions may be returned to LMEs that have met certain criteria for submitting an application for accreditation, as well as to LMEs that have actually attained accreditation.

Further, directs DHHS to provide information to the General Assembly that can be used to assess whether DHHS should be authorized to contract with an outside vendor beyond September 30, 2009.

Section: 1.5.(b)

Title: **TECHNICAL CHANGE: DHHS Block Grants**

Summary Amends S.L. 2008-107, Section 10.17.(cc), to clarify membership of the Task Force on Preventing Childhood Obesity, which is to be funded with Maternal and Child Health Block Grant funds.

Section: 1.6.(a)

Title: **TECHNICAL CHANGE: Medicaid Policy Change**

Summary Amends S.L. 2008-107, Sec. 10.10.(e), to clarify that the drug cost of \$1,500 represented a monthly cost.

Section: 1.6.(b)

Title: **TECHNICAL CHANGE: Mental Health Changes**

Summary Amends S.L. 2008-107, Sec. 10.15.(b) to clarify that this requirement for DHHS to allocate \$8,000,000 in FY 2008-09 to support LMEs in establishing regionally purchased locally hosted substance abuse services applies to FY 2008-09.

Section: 1.6.(b)-(c)

Title: **TECHNICAL CHANGE: NC Health Choice Transition**

Summary Amends S.L. 2008-107, Sec. 10.13, to correct typographical errors.

Section: 1.6.(d)

Title: **TECHNICAL CHANGE: Health Choice Enrollment Growth Cap**

Summary S.L. 2008-118, Sec.1.6.(d), 2008 Budget Technical Corrections Act, amended S.L. 2008-107, Sec. 10.14, to clarify the Health Choice data to be supplied by DHHS.

Section: 1.6.(f)

Title: **TECHNICAL CHANGE: Mental Health Changes**

Summary Amends S.L. 2008-107, Sec. 10.15.(n) to correct typographical errors.

Section: 2.4

Title: **CLARIFYING CHANGE: Medicaid Appeals Processes**

Summary Directs that funds appropriated in S.L. 2008-107 for the Medicaid appeals process shall be used to implement a new appeals process when Medicaid-funded services are terminated, reduced or denied.

Section: 3.11

Title: **CLARIFYING CHANGE: Improve and Strengthen Fiscal Oversight of Community Support Services**

Summary Amends S.L. 2008-107, Sec. 10.15A.(i) to remove the requirement that 50% of community support services must be delivered by qualified professionals. Further clarifies that after the tiered rates are implemented, within sixty days at least 35% of community support services must be delivered by qualified professionals and within six months, at least 50% must be provided by qualified professionals.

Section: 3.13

Title: **Clarifying Changes**

Summary Amends S.L. 2008-107, Sec. 10.15A.(h1) and adds sections 10.15A(h2) - (h6) as follows.

Subsection (a) amends S.L. 2008-107, Sec. 10.15A.(h1) to establish a temporary appeals process for Medicaid applicants and recipients who have been denied, terminated, suspended or reduced benefits. Further, requires DHHS to notify the recipient at least 30 days before the adverse determination is effective and to let the recipient know of his/her right to appeal. Allows applicants and recipients 30 days to appeal, and directs that an appeal is a contested case under Chapter 150B of the General Statutes, to be heard by an administrative law judge.

Subsection (b) amends S.L. 2008-107, Sec. 10.15A to add subsections (h2) - (h6), described below:

- Subsection (h2) directs that prior to a hearing before the administrative law judge, mediation is to be offered to the applicant or recipient. If mediation is successful, the mediator is to tell this to the administrative law judge. If mediation is unsuccessful, the administrative law judge is to hear the case and make a determination. The burden of proof in the hearing is on the Department if the adverse determination being appealed is imposing a penalty or is reducing, terminating, or suspending a benefit previously granted.

- Subsection (h3) directs DHHS to transfer \$2 million of the funds appropriated to it to the Office of Administrative Hearings (OAH) and directs OAH to allocate the funds for mediation services for Medicaid applicant and recipient appeals and for other services necessary to conduct the appeals process.

- Subsection (h4) directs DHHS to discontinue by October 1, 2008, its internal appeals process for Medicaid applicant or recipients and directs the Department to offer any outstanding appeals the opportunity to appeal to OAH.

- Subsection (h5) clarifies that S.L. 2008-107 does not prevent DHHS from reviewing any case with a Medicaid applicant or recipient on an informal basis before issuing a notice of adverse determination.

- Subsection (h6) provides that this appeals process expires July 1, 2010. Further, specifies a reporting requirement for DHHS and OAH regarding the costs, effectiveness and efficiency of the appeals process to make recommendations regarding whether this temporary process should be continued.

Section: S.L 2008-69

Title: **Electing Counties/Hold Harmless**

Summary Notwithstanding G.S. 108A-27.11(c), S.L. 2008-69, Electing Counties/Hold Harmless, allows Work First electing counties to be held harmless in FY 2008-09 for Work First Family Assistance up to the actual TANF Block Grant allocation for FY 2007-08. The electing counties are Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln, Macon, and Wilson counties.
(Also see Section 10.17 DHHS Block Grants)

Section: S.L. 2008-123

Title: **Allow Smart Start to Retain Unexpended Funds**

Summary S.L. 2008-123 amends S.L 2008-107 to allow funds appropriated for the North Carolina Partnership for Children (NCPC) that are unexpended to remain available to the NCPC to reallocate to local Smart Start partnerships.

**NATURAL
&
ECONOMIC RESOURCES**

2008 Annotated Committee Report

Agriculture and Consumer Services

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$60,699,001

Budget Changes

Agronomic Services

1 Soil Receiving Position \$31,872 R
Establishes a Research Technician position to track the increasing number of incoming soil samples for lime and fertilizer analysis and recommendations. 1.00

Department Wide Receipts

2 Over-Realized Receipts to Replace Appropriation (\$331,990) R
Incorporates \$331,990 in over-realized receipts from the following sources:

Pesticide Registration	\$151,990
Phytosanitary	\$55,000
Seed Dealer's License	\$10,000
Weight and Measures Fee	\$65,000
Calibration Fee	\$30,000
Fertilizer Tax	\$20,000

This reduction was included in the Governor's recommended reduction to the Department.

Emergency Programs

3 Receipt Supported Position
Allows for the creation of a Business & Technology Applications Analyst in Emergency Programs. This position will develop applications and provide information technology support as it relates to maintaining the Multi-Hazard Threat Database. It will be paid for by a federal grant.

Business & Technology Applications Analyst \$79,219

Food and Drug

4 Receipt Supported Position
Allows for the creation of an Agricultural Microbiologist II in Food and Drug. This position will be developing methodology to test for staphylococcal enterotoxins in a variety of food matrices that currently do not have any approved methods. It will be paid from federal receipts.

Agricultural Microbiologist II \$47,305

5 Over-Realized Receipts to Replace Appropriation (\$130,000) R
 Incorporates \$130,000 in over-realized receipts from the following sources:

Noncan Pet Food Registration	\$45,000
Feed Analysis Fees	\$15,000
Drug Registration	\$45,000
Drug License Fee	\$25,000

This reduction was included in the Governor's recommended reduction to the Department.

Food Distribution

6 Farm to School Program \$200,000 NR
 Re-establishes the NC Farm to School Program by providing seed money to the Division. This program will be self-supporting beginning in FY 2009-10. (H.B. 2474/S.B. 1973)

Marketing

7 Over-Realized Receipts to Replace Appropriation (\$145,000) R
 Incorporates \$145,000 in over-realized receipts from the following sources:

Gate/Admission Fee	\$75,000
Rental of Real Property	\$70,000

This reduction was included in the Governor's recommended reduction to the Department.

8 Green Industries Education and Promotion \$500,000 NR
 Provides funding for the following items:

Got to Be NC	\$200,000
Water Conservation Education	\$ 75,000
Water Conservation Promotion	\$225,000

(H.B. 2345/S.B. 1932)

9 Marketing Funds \$50,000 NR
 Funds shall be used for the promotion of agriculture festivals in small towns with populations less than 5,000. The amount per festival shall not exceed \$5,000.

Meat and Poultry

10 Food Safety and Security Positions \$141,335 R
 \$2,705 NR
 2.00
 Creates two additional food safety positions to provide food safety and security inspections as mandated by the USDA's Food Safety and Inspection Service. These positions are funded on a 50/50 split with the federal government. Establishing these positions will allow three new plants to open.

Reserves and Transfers

11 Agricultural Development and Farmland Preservation (NCADFP) Trust Fund

Provides funding for the NC ADFP Trust Fund to prevent the continued loss of our State's farmlands. Also, these funds will assist in the protection of our natural resources, wildlife habitat, and water resources. (H.B. 2525)

\$4,000,000 NR

12 Operating Efficiency Reductions

(\$750) R

Reduces non-profit pass-through funding by the following amounts:

Ag in the Classroom	\$250
Future Farmers of America	\$500

Standards

13 Receipt Supported Positions

Allows for the creation of two receipt supported positions within the Standards Division. Both are funded from the Highway Fund.

The Standards Inspector I position responsible for testing retail motor fuel dispensers and responding to consumer complaints concerning meter accuracy and operation of the dispensers.

The Chemistry Technician II is responsible for testing fuel quality, primarily at retail locations and collecting fuel samples for the Motor Fuels Lab, and responding to complaints and requests concerning fuel quality.

Standards Inspector I	\$39,405
Chemistry Technician II	\$34,694

Veterinary Services

14 Receipt Supported Position

Allows for the creation of a Medical Laboratory Technologist III. This position will develop and validate new viral and bacterial molecular tests for the BSL lab and provide surge laboratory testing support. This position is funded from a federal grant.

Medical Lab Technologist II \$67,672

15 Transfer Support Positions from Federal Funding to State Appropriations

\$117,417 R

Transfers three federally funded administrative support positions to State appropriation due to a reduction in federal funds.

3.00

16 Rollins Lab Incinerator and Freezers

Appropriates funds to replace the incinerator at Rollins Lab and provide two freezers for the regional laboratory system. (H.B. 2383)

\$525,000 NR

Budget Changes	(\$317,116)	R
	\$5,277,705	NR
Total Position Changes	6.00	
Revised Total Budget	\$65,659,590	

Special Provisions

2008 Session: HB 2436

Department: Agriculture and Consumer Services

Section: 11.1

Title: Study Certain Department of Agriculture and Consumer Services Fees

Summary Requires the Department to study the feasibility and advisability of increasing veterinary fees, establishing soil testing fees, and using alternative sources of funding for the "Agricultural Review." Requires the Department to report no later than March 1, 2009 to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources.

2008 Annotated Committee Report

Labor

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$16,594,951

Budget Changes

Elevator and Amusement Device Bureau

17 Receipt Supported Positions

Allows for the creation of two field supervisors in the Elevator and Amusement Device Bureau. These positions will be wholly receipt supported from fees charged for inspections.

2 Elevator and Amusement Device Field Supervisors
\$174,000

Occupational Safety and Health

18 Federal Funding Offset for Operating Funds

\$500,000 R

Provides funds to offset several years of static growth in federal funds.

19 Replace Partially Funded Positions

\$51,392 R

Provides funds to make one OSHA Safety Officer and one Processing Assistant V wholly State supported. These positions are currently funded 50% State and 50% federal. Federal funds have been frozen, leaving the positions vacant. Moving these two positions to full State support will allow the Department to fill the positions to assist with increasing OSH inspections.

1.00

20 Worker Safety Positions

\$350,000 R

Appropriates funds to fund new positions for a program to assure worker safety. These positions will evaluate workers and workforce conditions affecting worker safety and make recommendations as appropriate.

4.00

Budget Changes

\$901,392 R

Total Position Changes

5.00

Revised Total Budget

\$17,496,343

Special Provisions

2008 Session: HB 2436

Department: Labor

Section:

Title: No special provisions.

Summary

Environment & Natural Resources

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$192,815,663

Budget Changes

(1.0) Department Wide

21 Administration and Leasing Offices Operating Efficiencies

(\$46,057) R

Reduces the following line items:

Administration Telephone	\$ 1,592
Administration Maintenance Agree-Serve	\$ 256
Regional Offices Leasing Budgets	\$44,209

This reduction was included in the Governor's recommended reduction to the Department.

(2.0) Coastal Management

22 Coastal Management Operating Efficiencies

(\$14,886) R

Reduces the following line items in the Division of Coastal Management:

Temp Wages	\$7,250
Aid to Cities and Towns	\$6,836
Computer/Data Processing	\$ 800

This reduction was included in the Governor's recommended reduction to the Department.

(2.0) Environmental Health

23 Environmental Health Operating Efficiencies

(\$394,833) R

Reduces the following line items in the Division of Environmental Health:

Other Contracts/Grants	\$ 39,297
Trans Air-Out-State	\$ 11,145
Autos, Trucks, & Bus	\$ 2,633
Trailers	\$ 2,632
Rent/Lease Motor Vehicles	\$ 1,932
Transp-Grnd-In State	\$ 1,932
Rent/Lease Motor Vehicles	\$ 1,059
Aid To Counties*	\$105,600
Aid to Cities and Towns*	\$224,400
Other Facility & Hardware	\$ 1,000
Other Materials & Supplies	\$ 1,172
Postage, Freight	\$ 1,000
Print, Bind, Duplicate	\$ 594
Lodging-In-State	\$ 437

This reduction was included in the Governor's recommended reduction to the Department.

*These items reduce the Mosquito Control Fund.

(2.0) Land Resources

24 Land Resources Operating Efficiencies

(\$19,343) R

Reduces the following line items the Division of Land Resources:

Rent/Lease Motor Vehicles	\$16,019
Misc. Contractual Services	\$ 1,088
Misc. Contractual Services	\$ 1,215
Computer/Data Processing	\$ 1,021

This reduction was included in the Governor's recommended reduction to the Department.

25 Landslide Hazard Mapping Program

\$341,305 R

Provides funds to fund shift three positions and operating expenses to General Fund support from special Hurricane Recovery Act of 2005 funds. Three positions were already fund shifted in the FY 2007-08 budget.

3.00

(2.0) Pollution Prevention & Env. Assistance

26 Pollution Prevention and Environmental Assistance (\$6,004) R
Operating Efficiencies

Reduces the following line items in Pollution Prevention and Environmental Assistance:

Trans Air-Out-State	\$1,000
Lodging-Out-State	\$1,000
General Office Supplies	\$1,000
Rent-Lease Motor Vehicle	\$1,000
Meals-In-State	\$ 250
Registration Fees	\$1,000
PC/Printer Equipment	\$ 754

This reduction was included in the Governor's recommended reduction to the Department.

27 Continue Environmental Stewardship Initiative \$276,624 R

Restores funding for the Environmental Stewardship Initiative. This funding was made non-recurring in FY2007-08 pending a continuation review.

(2.0) Waste Management

28 Waste Management Operating Efficiencies (\$15,501) R

Reduces the following line items in the Division of Waste Management:

Transportation Air-Out of State	\$2,000
Transp-Grnd-In State	\$5,000
Other Materials & Supplies	\$2,000
Rent/Lease Motor Vehicles	\$1,500
Meals-In-State	\$ 473
Telephone	\$2,000
Lodging-Out of State	\$1,000
Meals-Out of State	\$ 500
Internet Service	\$ 600
Postage, Freight	\$ 428

This reduction was included in the Governor's recommended reduction to the Department.

29 Receipt Supported Positions

Allows for the creation of six positions for the inactive hazardous sites program. These positions are being created in response to the passage of SB 1492 (S.L. 2007-550) which created a new program to assess and correct the hazards posed by old unlined landfills. The hydrogeologist positions will review hydrogeological assessment plans and reports, conduct groundwater and surface water assessments, and oversee contamination remediation. The Environmental Engineer II will establish and direct state contracts to address cleanup, including reviewing design specifications and other engineering documents. The Environmental Program Supervisor II will supervise these staff members.

4 Hydrogeologist II	\$301,012
1 Environmental Engineer II	\$ 80,650
1 Environmental Program Supervisor II	\$ 80,401

30 Receipt-Supported Positions

Allows for the creation of two new positions for the Dry Cleaning Solvent Cleanup Program. The Environmental Specialist will inspect dry cleaning facilities in the eastern part of the State. The Environmental Senior Specialist will serve as an enforcement specialist, providing technical support to field inspectors for facilities with serious compliance violation. This position will also provide technical assistance to operators in ensuring that violations are addressed.

1 Environmental Specialist	\$60,224
1 Environmental Senior Specialist	\$67,871

(2.0) Water Quality

31 Water Quality Operating Efficiencies

(\$73,960) R

Reduces the following line items in the Division of Water Quality:

Furniture-Office	\$ 940
Service & Other Award	\$ 388
Equipment-Scientific/Med	\$ 3,864
Equipment-Scientific/Med	\$ 9,365
Carpentry & Hardware	\$ 4,050
Sand, Gravel, Concrete	\$ 2,000
Other Facility & Hardware	\$ 1,500
Other Materials & Supplies	\$ 4,500
Lodging-In State	\$ 3,560
Other Materials & Supplies	\$ 2,000
Meals-In-State	\$ 1,500
Meals-Out of State	\$ 1,500
Registration Fees	\$ 3,501
Security & Safety Supplies	\$ 2,500
Scientific Supplies	\$ 3,500
Office Equipment	\$ 3,000
Equipment-Scientific/Med	\$ 2,500
Other DP Equipment	\$20,792
Other Computer Software	\$ 3,000

This reduction was included in the Governor's recommended reduction to the Department.

32 Swine Farm Permitting and Compliance Positions

\$108,550 R

Transfers three existing positions for swine farm permitting and compliance program to General Fund positions. The positions are funded by the Smithfield Grant through December 2008.

3.00

33 Water Quality Monitoring on Ferry Vessels

\$384,355 NR

Provides funds for the FerryMon and ModMon Programs which evaluate water quality in the Pamlico Sound, tributary rivers, and the Neuse River using equipment attached to ferry vessels. (H.B. 2330, H.B. 2332)

(2.0) Water Resources

34 Water Resources Operating Efficiencies

(\$33,408) R

Reduces the following line items in the Division of Water Resources:

Meals-In-State	\$5,000
Rent/Lease Motor Vehicles	\$5,000
Registration Fees	\$2,000
Other Materials & Supplies	\$5,000
Furniture-Office	\$2,000
Other DP Equipment	\$3,000
Other Equipment	\$1,649
Other Expenses	\$2,000
Emp Education Assist	\$2,000
Membership Dues & Subs	\$1,000
Data Processing Supp	\$1,000
Education Supplies	\$1,000
PC/Printer Equipment	\$1,000
General Office Supplies	\$1,000
Textbooks	\$ 759

This reduction was included in the Governor's recommended reduction to the Department.

35 River Basin Water Supply Planning

\$482,384 R

Provides funding for five new positions to work on river basin water supply plans to ensure sustainability of the State's water supplies in each river basin. Provides funding to strengthen the water use database, as well as funding to perform instream flow studies. Also provides funding for staff support to the State's river basin commissions. Funds may be used to pay for expenses associated with the river basin commissions.

\$26,000 NR
5.00

(3.0) Aquariums

36 Transfer Oyster Hatchery Research Funding to Marine Fisheries

(\$600,000) R

Transfers \$600,000 to the Division of Marine Fisheries to fund the Oyster Sanctuary Program.

37 Aquariums Operating Efficiencies

(\$114,754) R

Reduces the following line items in for the Aquariums:

Advertising	\$31,842
Printing	\$ 234
General Contracting	\$28,209
Vehicles	\$49,469
Other Expenses	\$ 5,000

This reduction was included in the Governor's recommended reduction to the Department.

(3.0) Forest Resources

38 Forest Resources Operating Efficiencies

(\$412,278) R

Reduces the following line items in the Division of Forest Resources:

Straight Overtime Pay	\$ 50,052
Overtime Pay	\$352,053
Holiday Pay	\$ 10,173

This reduction was included in the Governor's recommended reduction to the Department.

39 Forest Development Fund

(\$589,500) R

Changes the funding for the Forest Development Fund to non-recurring. This program is subject to continuation review. (S.L. 2008-107, Sec. 6.7)

\$589,500 NR

(3.0) Marine Fisheries

40 Transfer Commercial License Receipt Positions to State Appropriations

\$500,000 R

Transfers 16 partially funded positions from commercial license receipts to State appropriations due to the decline in receipts. The net effect of this transfer is 8.62 FTE.

8.62

41 Oyster Sanctuary Program

\$2,000,000 R

Provides funds to establish six positions for the Oyster Sanctuary Program in the Division of Marine Fisheries. Also provides funds for the equipment, operations, and materials needed to run the program. (S.B. 1813)

6.00

(3.0) Museum of Natural Sciences

42 Museum Operating Efficiencies

(\$50,242) R

Reduces the following line items in for the Museum:

Office Furniture	\$ 5,000
Other DP Equipment	\$ 45,242

This reduction was included in the Governor's recommended reduction to the Department.

(3.0) Office of Environmental Education

43 Environmental Education Operating Efficiencies

(\$2,413) R

Reduces the following line items in the Office of Environmental Education:

Office Equipment	\$1,708
Other Expenses	\$ 705

(3.0) Parks and Recreation

44 Parks and Recreation Operating Efficiencies

(\$235,177) R

Reduces the following line items in the Division of Parks and Recreation:

Other Equipment \$235,177

This reduction was included in the Governor's recommended reduction to the Department.

(3.0) Soil and Water Conservation

45 NC Agriculture Cost Share Financial Assistance

(\$268,331) R

Reduces the financial assistance side of the Agriculture Cost Share program.

This reduction was included in the Governor's recommended reduction to the Department.

46 NC Agriculture Cost Share Technical Assistance

\$200,000 NR

Provides money for the 50-50 cost share to local soil and water conservation districts and counties for technical and engineering assistance in promoting water quality best-management practices through the Agriculture Cost Share Program.

47 Agricultural Drought Response

\$1,500,000 NR

Funds the following items:

Pasture Renovation \$1,150,000
Well Drilling and Repair \$ 200,000
Pond Renovation or Construction \$ 150,000

(H.B. 2345/S.B. 1932; S.L. 2008-107, Sec. 12.4)

48 Lagoon Conversion Program

\$72,633 R

Continues the lagoon conversion program established in S.L. 2007-523. The program awards grants to assist in converting existing anaerobic lagoon animal waste management systems to more technologically advanced animal waste management systems. Creates an Environmental Engineer II position to provide technical assistance and oversee the implementation of the grants.

\$14,294 NR
1.00

49 Travel Funding for Soil and Water Conservation Districts

\$50,000 NR

Provide additional funds to reimburse Soil and Water Conservation District supervisors for travel related expenses. (H.B. 2644)

(3.0) Zoo

50 NC Zoological Park Operating Efficiencies

(\$50,473) R

Reduces the following line items for the Zoo:

Other Motorized Vehicles \$50,473

This reduction was included in the Governor's recommended reduction to the Department.

(4.0) Reserves and Transfers

51 Drought Reserve

Provides funding for the following drought-related items: \$660,000 NR

- Three Water Supply Interconnections \$300,000
- Local Water Audits \$310,000
- Drought Education Materials \$ 50,000

52 Clean Water State Revolving Fund Match

Provides funds to meet the 20% State match requirement for drawing down the maximum available federal funds for the Wastewater Treatment Plant (Clean Water) State Revolving Fund. \$2,456,249 NR

53 Drinking Water State Revolving Fund Match

Provides funds to meet the 20% State match requirement for drawing down the maximum available federal funds for the Drinking Water State Revolving Fund. \$5,539,000 NR

Budget Changes

\$854,336 R

\$11,419,398 NR

Total Position Changes

26.62

Revised Total Budget

\$205,089,397

Special Provisions

2008 Session: HB 2436

Department: Environment & Natural Resources

Section: 12.1

Title: Bernard Allen Memorial Emergency Drinking Water Fund Amendments

Summary Makes technical changes to G.S. 87-98, clarifying contaminant level language. Directs the Department of Environment and Natural Resources to give preference to public water supply or new private wells over filtration systems. Limits grants to \$10,000 per household for waterline extension projects. Limits providing alternative drinking water supplies except in certain situations. Clarifies that the Fund shall not be used for groundwater contamination remediation.

Allows the Department to use up to \$100,000 of the Fund balance for administrative expenses. (H.B. 2497)

Section: 12.1A

Title: Inactive Hazardous Waste Sites Report Requirement

Summary Amends G.S. 130A-310.2 to require that DENR report to each member of the General Assembly who has an inactive hazardous waste site in their district on the type and amount of hazardous waste at the site, the last action taken on the site, and the date action was taken.

Section: 12.4

Title: Agricultural Drought Response Cost Share Program

Summary Directs that the Agricultural Drought Response cost-share funds shall be implemented and supervised by the Soil and Water Conservation Commission through the Agriculture Cost Share Program for Nonpoint Source Pollution Control. Directs the Division of Soil and Water Conservation to submit a report to the Environmental Review Commission no later than January 31, 2009. (H.B. 2345/S.B. 1932)

Section: 12.5

Title: Inactive Hazardous Waste Sites Cleanup Funds

Summary Appropriates \$400,000 from the interest earned on the Dry Cleaning Solvent Cleanup Fund in FY 2007-08 to DENR to use to cleanup inactive hazardous waste sites.

Section: 12.6

Title: **Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund**

Summary Appropriates \$791,614 from the Commercial LUST Fund to support 11 new positions for the UST program to increase the frequency of inspections at UST facilities.

(Note: S.L. 2008-195 amends G.S. 142-215.94C raising the annual permit fee for commercial USTs from \$200 or \$300 depending on size to a universal fee of \$420. This change will result in more revenue into the Fund to fund the 11 positions established in this special provision. This law also establishes time limitations for eligibility determinations and reimbursement requests; clarifies financial responsibility requirements; and requires studies and reports among other things.)

Section: 12.7

Title: **Funds for Pending Civil Litigation Expenses**

Summary Appropriates \$750,000 from the I & M Air Pollution Control Account to the Office of State Budget and Management to be used by the Department of Justice for expenses related to the TVA lawsuit (North Carolina v. Tennessee Valley Authority) or the Southeast Compact Lawsuit (South Carolina v. North Carolina). Any unused funds as of June 30, 2009 shall revert to the I & M Account.

Section: 12.11

Title: **Marine Fisheries Funds for the Fishery Resource Grant Program**

Summary Specifies that of the \$1 million appropriated to DENR for the Fisheries Resource Grant Program \$853,688 shall be used for the Fishery Resource Grant Program and \$146,312 shall be used for river herring research. No funds shall be used for administrative costs.

Section: 12.12

Title: **Study Adding Area Surrounding Rutherford Trace to State Parks System**

Summary Directs the Division of Parks and Recreation to study the feasibility and the desirability of acquiring land and establishing a State park for inclusion in the State Parks System on property surrounding Rutherford Trace in McDowell County. The study shall include estimates of the cost of purchasing the land and the costs of developing and operating the proposed State park. The Division shall report its findings and recommendations, including any legislative proposals, to the Environmental Review Commission and to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources no later than February 1, 2009.

Section: 12.13

Title: **Conservation Grant Fund Investments**

Summary Amends G.S. 147-69.2(a) to allow the State Treasurer to invest money held in the Conservation Grant Fund in high yield assets.

DENR-Clean Water Management Trust Fund

GENERAL FUND

Total Budget Approved 2007 Session	FY 08-09 \$100,000,000
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Budget Changes

54 Statutory Appropriation Pursuant to G.S. 113A-253.1
No legislative adjustments.

Budget Changes

Total Position Changes

Revised Total Budget \$100,000,000

Special Provisions

2008 Session: HB 2436

Department: DENR-Clean Water Management Trust Fund

Section: 12.9

Title: **Establish NC Conservation Easement Endowment Fund**

Summary Establishes an endowment for the Clean Water Management Trust Fund to house funds used for stewardship of conservation easement lands.

2008 Annotated Committee Report

Commerce

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$45,289,341

Budget Changes

A. Administrative Services

55 Administrative Services Operating Efficiencies (\$18,215) R
Reduces the Computer/Data Processing line item in the Administrative Services budget. This reduction was included in the Governor's recommended reduction to the Department.

B. Executive Aircraft

56 Aircraft Lease (\$1,156,428) NR
Delays the lease of a replacement aircraft for the King Air B-200. The Department will not take receipt of the new aircraft until June 2009.

57 Executive Aircraft Operating Efficiencies (\$20,651) R
Reduces the Other Insurance line item in the Executive Aircraft budget. This reduction was included in the Governor's recommended reduction to the Department.

C. Science and Technology

58 Science and Technology Operating Efficiencies (\$2,628) R
Reduces the Miscellaneous Contractual Service line item in the Science & Technology budget. This reduction was included in the Governor's recommended reduction to the Department.

D. MIS

59 Management Information Services (MIS) Operating Efficiencies (\$9,727) R
Reduces the Office Furniture line item in the MIS budget. This reduction was included in the Governor's recommended reduction to the Department.

E. Policy and Research

60 Policy and Research Operating Efficiencies (\$8,916) R
Reduces the Misc. Contractual Service line item in the Policy and Research budget. This reduction was included in the Governor's recommended reduction to the Department.

61 Economic Development Information System

Provides funds for the continued expansion of the Economic Development Information System (EDIS) and to increase the ability of the Department to provide strategic economic impact analysis.

\$150,000 NR

F. Marketing

62 Marketing Operating Efficiencies

Reduces the Print, Bind, Duplicate line item in the Marketing budget. This reduction was included in the Governor's recommended reduction to the Department.

(\$8,042) R

63 Commerce Webmaster

Provides funds to establish a webmaster position within the Department of Commerce. The position will be responsible for both editorial and marketing content for the Department's website, and will provide division content authors with editorial oversight to ensure Commerce's overall message stays unified throughout the site. In addition, the position will support the implementation of metrics-based marketing analytics to track the website's effectiveness and then manage Internet-based marketing programs to increase both site traffic and site effectiveness.

\$78,900 R

1.00

64 Transfer High Point Furniture Market Funds to State Aid

Transfers the pass-through appropriation to the High Point International Home Furnishings Market Authority Corporation to the Commerce - State Aid fund code. Most recurring funding for non-profits that passes through Commerce is in the State Aid budget.

(\$875,000) R

G. Business and Industry

65 Business and Industry Operating Efficiencies

Reduces the following line items in the Business and Industry Division:

(\$41,768) R

Janitorial Services	\$ 6,000
Trans. Air In-State	\$10,000
General Office Supplies	\$10,768
Advertising	\$10,000
Emp. Education Asst.	\$ 5,000

This reduction was included in the Governor's recommended reduction to the Department.

66 Building and Sites Website Redesign

Provides funds for the redesign and upgrade of the Building and Sites website.

\$100,000 NR

H. International Trade

67 International Trade Operating Efficiencies (\$19,146) R
Reduces the following line items in the International Trade Division:

Advertising \$10,000
Trans. Air Out-of-State \$ 5,000
Lodging - Out-of-Country \$ 4,146

This reduction was included in the Governor's recommended reduction to the Department.

68 International Affairs Council (\$19,000) R
Eliminates the pass-through appropriation to the International Affairs Council.

69 International Trade Office - China \$175,000 R
Provides funding to support a new International Trade Office in China, beginning in January, 2009. Funds will be used to contract for one position to work with business and industry in China to recruit Chinese investment in the State, and one position to work with North Carolina companies to increase trade with China.

70 Performance Bonuses & Inflationary Increases \$25,000 R
Provides \$10,000 to provide a performance increase for staff in five foreign trade offices. Also provides \$15,000 for inflationary increases for these offices.

I. Tourism, Film, and Sports Development

71 Tourism, Film, and Sports Development Operating Efficiencies (\$88,926) R
Reduces the following line items in the Tourism, Film, and Sports Development Division:

Lodging Out-of-Country \$ 8,926
Postage, Freight, & Delivery \$40,000
Trans. Air Out-of-Country \$ 5,000
Print, Bind, Duplicate \$20,000
Memberships, Dues, & Subscrip. \$10,000
General Office Supplies \$ 5,000

This reduction was included in the Governor's recommended reduction to the Department.

72 Travel and Tourism Funds \$300,000 NR
Provides additional funds for the Division of Tourism, Film, and Sports Development. (H.B. 2458/S.B. 1730, H.B. 2564)

J. Welcome Centers

73 Welcome Center Operating Efficiencies (\$6,923) R

Reduces the following line items in the Welcome Centers budget:

Trans. Ground	\$4,000
Clothing & Uniforms	\$2,923

This reduction was included in the Governor's recommended reduction to the Department.

K. Wanchese Seafood Industrial Park

74 Wanchese Operating Efficiencies (\$3,339) R

Reduces the Repairs - Buildings line item in the Wanchese Seafood Industrial Park budget. This reduction was included in the Governor's recommended reduction to the Department.

L. Commerce Finance

75 Commerce Finance Operating Efficiencies (\$4,080) R

Reduces the PC Software line item in the Commerce Finance budget. This reduction was included in the Governor's recommended reduction to the Department.

76 One North Carolina Fund

Provides funds for One North Carolina to offer economic development incentive grants to businesses creating new jobs in the State for infrastructure, repair and renovation, and machine or equipment purchases. (S.L. 2008-107, Sec. 13.1) \$5,000,000 NR

77 One North Carolina Small Business

Appropriates funds for the Department of Commerce to provide grants under the North Carolina SBIR/STTR Incentive Program. \$3,500,000 NR

78 Green Business Fund

Appropriates funds to the NC Green Business Fund to provide grants to private businesses with less than 100 employees, non-profit organizations, and State agencies to encourage the growth of a green economy in the State. (S.L. 2008-107, Sec. 13.2) \$1,000,000 NR

M. Community Assistance

79 Community Assistance Operating Efficiencies (\$21,518) R

Reduces the following line items in the Division of Community Assistance:

Transp.- Ground In-State	\$ 4,016
Office Furniture	\$ 2,500
Office Equipment	\$ 1,500
PC/Printer Equipment	\$12,002
PC Software	\$ 1,500

This reduction was included in the Governor's recommended reduction to the Department.

N. Industrial Commission

80 Industrial Commission Operating Efficiencies

(\$49,623) R

Reduces the following line items in the Industrial Commission budget:

Legal Services	\$ 4,000
Misc. Contractual Serv.	\$ 4,000
Repairs - Bldgs	\$10,000
Print, Bind, Duplicate	\$ 2,000
Registration Fees	\$ 1,500
Other Employee Education	\$ 500
Data Processing Supplies	\$ 5,000
Other Materials & Supplies	\$ 2,000
Office Equipment	\$ 9,500
Other Equipment	\$ 500
Library & Learning Res.	\$ 8,523
Memberships, Dues, & Subscrip.	\$ 2,100

This reduction was included in the Governor's recommended reduction to the Department.

81 Receipt Supported Position

Allows for the creation of a Technology Application Specialist in the Industrial Commission. The position will assist in the replacement of the Electronic Document Management System (EDMS), and will be paid from the compromised settlement fee being used to support replacement of the EDMS system.

Technology Application Specialist \$110,620

82 Continuation Review of the Safety Inspection Program

(\$671,665) R
\$671,665 NR

Changes the funding for the Safety Inspection Program in the Industrial Division to non-recurring. This program is subject to continuation review. (S.L. 2008-107, Sec. 6.7)

O. Wine and Grape Growers Council

83 Receipt Supported Positions

Allows for the creation of the following receipt supported positions for the Wine and Grape Growers Council:

2 Tourist Information Specialists \$132,476

These positions will assist the Executive Director in responding to the growing demand for marketing and consultative work among grape growers and wineries in the State. The Grape Growers Council is fully supported by receipts from the excise tax collected on unfortified wine (G.S. 105-113.81A). Those receipts will also support the additional positions.

Budget Changes	(\$1,590,267)	R
	\$9,565,237	NR
Total Position Changes		1.00
Revised Total Budget	\$53,264,311	

Special Provisions

2008 Session: HB 2436

Department: Commerce

Section: 13.1

Title: One North Carolina Fund

Summary Amends the One North Carolina Fund provision from S.L. 2007-323 to allow the use of up to \$300,000 of the funds appropriated for One NC for administration of the Fund in FY 2008-09. Adds new language allowing the Department to use funds recovered from businesses that did not meet the requirements of their grant agreement for Client Relationship Management software and to upgrade the building and sites database and website for the Certified Sites Program.

Section: 13.2

Title: NC Green Business Fund

Summary Allows the Department of Commerce to use up to \$50,000 of the funds appropriated for the Green Business Fund for administration of the Fund.

Section: 13.2A

Title: CIAA Basketball Tournament Tourism and Marketing

Summary Directs the Department of Commerce to use \$500,000 of the funds appropriated to the Division of Tourism, Film and Sports Development to support the Central Intercollegiate Athletic Association Tournament to be held in Charlotte in February, 2009.

Section: 13.2B

Title: Funds for Envirothon and WNC Communities

Summary Allocates \$75,000 of the funds appropriated to the Division of Tourism, Film and Sports Development to the NC Foundation for Soil and Water Conservation, Inc., for the 2009 North America Envirothon Competition in Asheville. Also allocates \$75,000 to WNC Communities.

Section: 13.3

Title: Welcome/Visitor Center Construction

Summary Eliminates language inadvertently included in S.L. 2007-356 that directed the Department of Commerce to operate visitor centers in Randolph County.

Section: 13.4

Title: Wanchese Seafood Industrial Park/Oregon Inlet Funds

Summary Boilerplate provision that prevents any unexpended or unencumbered funds appropriated to the Wanchese Seafood Industrial Park and the Oregon Inlet Project from reverting to the General Fund.

Section: 13.5

Title: **NER Block Grants**

Summary Allocates \$45 million in federal Community Development Block Grant (CDBG) funds for FY 2008-09. Provides for subsequent increases or decreases in fund availability and places limitations on the use of CDBG funds. Allows capacity building grants to be made for non-profit organizations from funds available within program categories, program income or unobligated funds. Directs Commerce to consult with the Joint Legislative Commission on Governmental Operations prior to reallocating funds, except when an emergency arises that poses a threat to public health or safety or if future funding might be adversely affected.

Section: 13.6

Title: **Employment Security Commission Funds**

Summary Subsection (a) allows for funds in the Employment Security Commission (ESC) Reserve Fund to be available for use as collateral to secure federal funds and to pay for the administrative costs associated with the collection of the Employment Security Commission Reserve Fund surcharge. ESC recommended using the reserve fund for collateral and administrative costs in 2005 when the Courts determined that all fines and forfeitures must go to the public schools.

Subsection (b) appropriates \$20 million from the Employment Security Commission Reserve Fund for the following purposes:

ESC Local Offices	\$19,700,000
ESC SOICC	\$ 200,000
ESC Common Follow-Up	\$ 100,000

Subsection (c) appropriates \$1 million from the Reserve Fund to ESC to fund State initiatives not currently funded through federal grants. Subsection (d) appropriates \$350,000 from the Reserve Fund to ESC to allow the Commission to continue to work with Connect, Inc., to provide dislocated workers with assistance in obtaining health care benefits, receiving vocational training, and securing employment.

Section: 13.6A

Title: **NC Wine and Grape Growers Council/Additional Funds for Research and Development**

Summary Amends G.S. 105-113.81A, Distribution of part of wine taxes attributable to North Carolina wine. Previously, \$800,000 of the revenue from the excise tax on unfortified wine sold in the State was appropriated to the Wine and Grape Grower's Council. This provision increases that amount by \$100,000 for a total of \$900,000 recurring. The additional funds are to be used to contract for research and development services to improve viticultural and enological practices within the State. (S.B. 1743)

Section: 13.6B

Title: **State Banking Commission/Grants to Nonprofit Agencies to Provide Housing Counseling and Related Services**

Summary Directs the Commissioner of Banks to use \$1 million of the funds available to the State Banking Commission in FY 2008-09 to make grants to nonprofit counseling agencies in the State. Grants are to be used to provide counseling and related services to help homeowners avoid home loss and foreclosure and to preserve home equity. Grants may also be used to provide training for counselors. The Banking Commission is required to report to the Joint Legislative Commission on Governmental Operations by February 15, 2009 on the implementation of this program. (H.B. 2462)

(Section 4(b) of S.L. 2008-226 amended this provision to reduce the amount for grants to \$600,000 and directed the Commissioner of Banks to use \$400,000 to implement the Emergency Home Foreclosure Reduction Program created by S.L. 2008-226.)

Section: 13.7

Title: **Regional Economic Development Commission Allocations**

Summary Subsections (a) and (b) outline the three-step process for allocating the \$6.4 million appropriation to the seven Regional Economic Development Commissions.

First, each commission's allocation is calculated by taking the sum of the allocations to each county that is a member of that commission. County allocations are determined by dividing the county's development factor (as calculated by the Department of Commerce using the Tier calculation formula) by the sum of the development factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation.

Next, the allocation for NC's Eastern Region is adjusted by subtracting the interest earnings from the 1993 \$7.5 million appropriation to what was then the Global TransPark Development Zone. For the current year, NC's Eastern Region reported \$469,740, which represents the total interest earnings in FY 2007-08 on the estimated balance of the \$7.5 million and the total interest earnings in FY 2007-08 on any loans made from the \$7.5 million.

Finally, the \$469,740 is redistributed among the seven commissions according to the same formula used to calculate the original allocations.

Subsection (c) restricts individual salaries paid from State funds to no more than \$120,000 per year. (This limitation applies to State funds only; there is no restriction on the use of other funds for this purpose.) Subsection (d) encourages the commissions to seek funding from other sources.

2008 Annotated Committee Report

Commerce - State Aid

GENERAL FUND

Total Budget Approved 2007 Session	FY 08-09 \$21,361,485
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Budget Changes

- | | | |
|---|-------------|----|
| <p>84 Non-Profit Operating Efficiencies
Reduces pass-through appropriations to non-profits by one percent.</p> | (\$213,615) | R |
| <p>85 Eliminate Fund Balance for Manchester CDC, Inc.
Eliminates a fund balance for Manchester CDC, Inc. These funds were appropriated for this entity in FY 2005-06, but were never drawn down.</p> | (\$10,000) | NR |
| <p>86 Transfer Furniture Market Funds to State Aid
Transfers the pass-through appropriation to the High Point International Home Furnishings Market Authority Corporation from the Commerce fund code and reduces the appropriation by one percent. All recurring funding for non-profits that passes through Commerce is in the State Aid budget. (H.B. 2099/S.B. 1908)</p> | \$866,250 | R |
| <p>87 Coalition of Farm and Rural Families
Provides funds to the Coalition of Farm and Rural Families.</p> | \$600,000 | NR |
| <p>88 Johnson and Wales University
Provides funds to Johnson and Wales University in Charlotte, a private university that specializes in the culinary and hospitality industries. (H.B. 2262/S.B. 2046, S.B. 1713)</p> | \$158,943 | NR |
| <p>89 Defense and Security Technology Accelerator
Provides funds for the Partnership for Defense Innovation to support the Defense and Security Technology Accelerator, a business incubator focusing on economic development opportunities in industries relating to homeland security and national defense. (H.B. 2179/S.B. 1612)</p> | \$1,500,000 | NR |
| <p>90 Biofuels Center of North Carolina
Provides funds for the Biofuels Center's costs of implementing the North Carolina Strategic Plan for Biofuels Leadership developed under S.L. 2006-206. (H.B. 2109/S.B. 1655)</p> | \$5,000,000 | NR |

91 e-NC Authority	Provides funds to the e-NC Authority to increase the availability of internet connectivity in underserved areas of the State. (H.B. 2557/S.B. 1964)	\$1,500,000	NR
92 Community Development Initiative	Provides funds to the North Carolina Community Development Initiative, Inc. to provide mini-environmental and conservation grants under its existing Green Fund conservation-based affordable housing program. Grants will be used to reduce energy costs, conserve water, and provide other environmental benefits. (H.B. 2233/S.B. 1729)	\$1,000,000	NR
93 Minority Support Center	Provides funds for the Minority Support Center, Inc., to provide financial assistance to small businesses unable to obtain adequate financing and bonding assistance in connection with contracts. (H.B. 2473/S.B. 1728)	\$1,000,000	NR
	(S.L. 2008-118, Section 2.8 amended this item to direct that funds shall be used by the Center to expand economic development lending and financial literacy.)		

Budget Changes	\$652,635	R
	\$12,248,943	NR
Total Position Changes		
Revised Total Budget	\$34,263,063	

Special Provisions

2008 Session: HB 2436

Department: Commerce - State Aid

Section:

Title: No special provisions.

Summary

2008 Annotated Committee Report

N.C. Biotechnology Center

GENERAL FUND

	FY 08-09
Total Budget Approved 2007 Session	\$15,583,395
<hr/>	
Budget Changes	
94 Biotech Center Operating Efficiencies	(\$155,834) R
Reduces the pass-through appropriation to the NC Biotechnology Center by one percent.	
95 Building Expansion	\$2,500,000 NR
Provides funds for the NC Biotechnology Center's building expansion project. Remaining funds necessary for the project will come from private and federal sources. (H.B. 2088)	
96 Economic Development Loan Program	\$1,500,000 NR
Provides funds to expand the Biotechnology loan program for pre-venture, start-up companies. (H.B. 2549/S.B. 2036)	
<hr/>	
Budget Changes	(\$155,834) R
	\$4,000,000 NR
Total Position Changes	
Revised Total Budget	\$19,427,561

Special Provisions

2008 Session: HB 2436

Department: N.C. Biotechnology Center

Section:

Title: No special provisions.

Summary

2008 Annotated Committee Report

Rural Economic Development Center

GENERAL FUND

	FY 08-09	
Total Budget Approved 2007 Session	\$24,302,607	
<hr/>		
Budget Changes		
97 Rural Center Operating Efficiencies	(\$243,026)	R
Reduces the pass-through appropriation to the Rural Center by one percent.		
98 Water, Sewer, and Natural Gas Funds	\$50,000,000	NR
Appropriates additional funds to the Rural Center to provide grants to local units of government to address critical needs related to supplying drinking water, wastewater treatment, and natural gas lines. (H.B. 2593/S.B. 2082; S.L. 2008-107, Sec. 13.8)		
99 Rural Economic Transition Program	\$4,000,000	NR
Provides funds to continue and expand the Rural Economic Transition Program. Funds shall be used to provide grants for building reuse and restoration projects, for economic recovery and revitalization programs in small towns, and for innovative economic development and agriculture diversification projects. (H.B. 2227/S.B. 1848; S.L. 2008-107, Sec. 13.9)		
<hr/>		
Budget Changes	(\$243,026)	R
	\$54,000,000	NR
Total Position Changes		
Revised Total Budget	\$78,059,581	

Special Provisions

2008 Session: HB 2436

Department: Rural Economic Development Center

Section: 13.8

Title: Rural Center/Funds for Local Government Water, Sewer, and Natural Gas Improvement Grants

Summary Allocates \$50 million of the Rural Center's appropriation for water, sewer, and natural gas grants. Authorizes the Rural Center to give planning grants up to \$40,000 to local government units in economically distressed rural counties.

Authorizes the Rural Center to give supplemental grants to local government units in rural counties who set service rates equal to or in excess of the high-unit-cost threshold. Supplemental grants are limited to \$500,000 except for economically distressed, high poverty counties in which the maximum is the lesser of \$1 million or 25% of the total project cost.

Provides requirements for criteria for grants, grant applications, environmental assessments, review of grants, disbursement of grants, and withdrawal of grants.

Allows the Rural Center to use up to 2% of the allocation for administrative expenses and requires that it report quarterly to the Joint Legislative Commission on Governmental Operations. (H.B. 2593/S.B. 2082)

Section: 13.9

Title: Rural Economic Transition Program Funds

Summary Allocates \$4 million of the Rural Center's appropriation for the Rural Economic Transition Program. Provides that grants should be made for building reuse and restoration projects, including brownfield projects, small town economic recovery and revitalization projects, and economic development and agriculture diversification projects. Gives priority for grants to Tier One counties.

Allows the Rural Center to use up to 2% of the allocation for administrative expenses and requires that it report by July 1, 2009 to the Joint Legislative Commission on Governmental Operations. (H.B. 2227/S.B. 1848)

**JUSTICE
&
PUBLIC SAFETY**

Correction

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09

\$1,226,627,581

Budget Changes

Alcoholism and Chemical Dependency Programs

1 Substance Abuse Treatment Program for Females

\$1,543,150 R
\$348,218 NR
35.00

Provides funding for a 50-bed substance abuse treatment program for female parolees and probationers. Both 28-day and 90-day programs would be provided for approximately 300-360 females per year. Currently, the department does not have a treatment program for this population, although demand is estimated to be 4,725 parolees and probationers per year. The program would be located at the Black Mountain Correctional Center for Women, which will be vacated as the current inmates are relocated to a new facility.

2 Inmate Drug and Alcohol Addiction Treatment

\$239,805 R

Increases capacity for treating drug and alcohol addiction by providing ten additional contract beds to house male inmates who are being provided intensive treatment for drug and alcohol abuse and addiction. These funds shall be used solely to house and treat these inmates and to maximize the treatment facility's capability to provide intensive treatment to chemically dependent male inmates. (H.B.2298/S.B.2030)

Community Corrections

3 Reserve for Probation Supervision

\$2,000,000 R
\$500,000 NR

Establishes a reserve fund to address critical resource needs in Probation and Parole Field Services. The designation of funds is pending the findings of a performance review by the National Institute of Corrections. Of these funds, \$500,000 is non-recurring and non-reverting.

4 Probation Officer Interface to Court Information

\$140,000 NR

Appropriates \$140,000 NR to develop an interface between the case management functions of the Offender Population Unified System (OPUS) of the Department of Correction and the Automated Court Information System. This interface will provide probation parole officers with access to up-to-the-minute information on arrests and pending charges of offenders on probation. These funds are non-recurring and non-reverting.

<p>5 Restore CJPP Funding</p> <p>The Governor recommends the funding be restored for the Criminal Justice Partnership Program (CJPP). The appropriation for the CJPP was eliminated for FY 2008-09 pending the findings of a Continuation Review.(S.B.2091)</p>	<p>\$9,153,134</p>	<p>R</p>
<p>6 Criminal Justice Partnership Expansion</p> <p>Increases the appropriation to the State County Criminal Justice Partnership Program by \$257,729. These additional funds will be allocated based on the program's existing funding formula.</p>	<p>\$257,729</p>	<p>R</p>
<p>7 Increase Women at Risk Pass-Through</p> <p>Increases the current \$350,000 recurring appropriation by \$100,000. NR. This program provides community-based treatment for females probationers. This appropriation also expands services in 10 Western counties, including Buncombe, Henderson, McDowell, Rutherford, Yancey, Madison, Haywood, Jackson, Transylvania, and Polk.(H.B. 2176)</p>	<p>\$100,000</p>	<p>NR</p>
<p>8 Increase Summit House Pass-Through</p> <p>Increases the current \$1,231,293 appropriation to Summit House by \$100,000 NR. This program provides housing and support services to women on probation and their children.</p>	<p>\$100,000</p>	<p>NR</p>
<p>Custody and Security</p>		
<p>9 Reduce Budget for Building/Acquisition Costs</p> <p>Reduces the budget for building/acquisition costs based on prior year expenditures.</p>	<p>(\$175,000)</p> <p>(\$125,000)</p>	<p>R</p> <p>NR</p>
<p>Department Management</p>		
<p>10 Support Positions for Construction Projects</p> <p>Provides funding for five engineers and one architect to support current and future design and construction work related to department facilities. These positions are necessary to maximize the benefits of the Inmate Construction Program and realize a cost savings of 28% compared to using outside contractors.</p>	<p>\$1,143,091</p> <p>\$543,491</p> <p>6.00</p>	<p>R</p> <p>NR</p>
<p>Department-Wide</p>		
<p>11 Reduce Various Operating Budgets</p> <p>Reduces the following FY 2008-09 inflationary increases and budgets throughout the Department of Correction: Short Term Disability Payments(\$500,000 R), Building/Office Leases (\$300,000 R), Energy - Natural Gas/Propane (\$500,000 R, \$500,000 NR), Longevity (\$250,000 NR), and Equipment (\$500,000 NR).</p>	<p>(\$1,300,000)</p> <p>(\$1,250,000)</p>	<p>R</p> <p>NR</p>

12 Increase Federal Alien Assistance Receipts (\$1,549,375) R

The State Criminal Alien Assistance Program (SCAAP) provides federal funds to states to offset the cost of incarcerating undocumented aliens, over \$3.8 million annually for North Carolina. The federal budget indicates that this assistance will increase by \$1,549,375 for the coming year. This item budgets those increased receipts, offsetting the continuation budget for the Department.

Prison Health Services

13 Reduce Various Medical Budgets (\$6,639,426) R
(\$3,000,000) NR

Reduces various medical budget items within the Division of Prisons. This item eliminates the FY 2008-09 inflationary increases and reduces budgets for Prescription Drugs (\$1,800,000 R, \$100,000 NR), Medical Contractual Employees (\$1,500,000 R), Hospital Provided Medical Services (\$1,150,000 R, \$2,600,000 NR) and Other Provided Medical Services (\$2,189,426 R, \$300,000 NR).

14 Increase Medical Recoupment Receipts (\$2,150,000) R

Increases the budgeted receipts for medical recoupment. These receipts have been over-collected for the last two fiscal years.

Prisons

15 Our Children's Place Administration \$50,000 NR

Provides funds for a contractual position to oversee services to incarcerated mothers and their children during the period of their incarceration. (S.B.2074)

16 Domestic Violence Rehabilitation Reserve \$100,000 R

Should HB 44, or a substantially similar piece of legislation changing the definition of repeat violation of a protective order, become law, this reserve provides funds for expansion of the Division of Prisons' rehabilitation program for offenders with a history of domestic violence offenses. (S.B.27/H.B.44)

Reserves

17 North Carolina GangNet \$260,000 NR

Provides funds to Durham County to enhance North Carolina GangNet, an Internet-based law enforcement intelligence sharing database that contains information about known gang members. This database has been available in Durham County for several years and is now being expanded statewide through federal funds. Through this appropriation, GangNet will be enhanced through the incorporation of gang data currently collected in the Offender Population Unified System (OPUS), which is maintained by the Department of Correction.

Budget Changes	\$2,623,108	R
	(\$2,333,291)	NR
Total Position Changes	41.00	
Revised Total Budget	\$1,226,917,398	

Special Provisions

2008 Session: HB 2436

Department: Correction

Section: 17.1

Title: Temporary Housing Funds

Summary Permits the Department of Correction to use available funds to secure temporary housing for offenders pending release from prison who have no adequate home placement plan. This provision primarily affects sex offenders, who are bound by more restrictions on housing proximity than other categories of offenders. The provision also forbids using funds for housing offenders in hotels, motels, nursing homes, or group homes, and also directs the Department to report to the Joint Legislative Oversight Commission on Corrections, Crime Control, and Juvenile Justice by January 1, 2009, on the best methods for providing housing to this difficult-to-place population.

Section: 17.2

Title: Federal Grant Matching Funds

Summary Updates a standard provision from the 2007 budget that caps the amount of available funds the Department of Correction can use to match federal grants at \$1.5 million for the fiscal year.

Section: 17.3

Title: Reserve Fund for Probation and Parole Staffing and Resources

Summary Establishes a \$2.5 million reserve fund in the Office of State Budget and Management which can be allocated to the Department of Correction's Division of Community Corrections to implement the recommendations of an audit by the National Institute of Corrections. Of these funds, \$500,000 is non-recurring and non-reverting and can be used for technology projects. The Department is required to report to the Governmental Operations Commission and the Corrections Oversight Committee prior to expending the funds in the reserve.

Section: 17.4

Title: Report on Probation and Parole Caseloads

Summary Modifies the statutory requirements for the Division of Community Corrections' annual report on probation and parole caseloads. With this change, the Division must report on the officer to supervisor ratios in addition to caseloads for line officers, and work with the Office of State Personnel to conduct a compensation study for the various classes of Probation/Parole Officer. Additionally, the Division must report on its risk and needs assessment processes, and other screening and assessment services available for offenders through the State, specifically the TASC program in DHHS and the Sentencing Services Program.

Section: 17.7

Title: Criminal Justice Partnership/Notification of Amount of Formula Funding/Schedule for Application to Receive Reallocation of Unobligated Funds

Summary Directs the Department of Correction to notify counties participating in the Criminal Justice Partnership grant program of their projected funding amounts by January 15 in every year in which the formula is updated with new input data. This earlier notification date is expected to work better in the counties' budget cycle. The funding amounts are still subject to the funding appropriated by the General Assembly. The provision also opens the process for reallocating unspent funds to a semi-annual basis.

Crime Control and Public Safety

GENERAL FUND

	FY 08-09
Total Budget Approved 2007 Session	\$41,489,037

Budget Changes

Administration

18 Law Enforcement Support Services

Funding for warehouse rental costs. This program provides federal surplus equipment to local law enforcement free of charge. \$160,000 NR

Department - Wide

19 Reduce Various Operating Budgets

Governor's recommendation that the following FY 2008-09 budgets be reduced throughout the department: (\$160,482) R
 Administrative Services (\$25,000NR) Miscellaneous (\$140,421) NR
 Contractual Services (\$98,100R), Rent Building/Office
 (\$45,000NR) Rent/Lease Other Data Processing Equipment
 (\$46,900R), Lodging In-State (\$15,482R), Other Employee
 Educational Expense (\$50,421NR) and General Office
 Supplies (\$20,000NR)

Emergency Management

20 Regional Response Teams

There are currently seven Hazardous Materials (HAZMAT) \$200,000 NR
 Regional Response Teams in the state. These HAZMAT teams
 respond to incidents such as the explosion and fire at the
 EQ chemical storage facility in Apex. To ensure adequate
 statewide coverage for hazardous material emergencies, the
 Governor's HAZMAT Task Force recommended in its December
 2006 report that funding be provided to support the
 operating needs and equipment replacement for the HAZMAT
 teams.

Governor's Crime Commission

21 Crime Commission Study

Funds are provided for a contract to study the legal, \$200,000 NR
 systematic, and organizational impact of expanding the
 jurisdiction of the Department of Juvenile Justice and
 Delinquency Prevention to include persons 16 and 17 years
 of age.

22 Illegal Immigration Project

Funding to the Governor's Crime Commission to contract \$600,000 NR
 with the North Carolina Sheriffs' Association for
 immigration enforcement services. This funding will be
 used for technical assistance and training associated with
 immigration enforcement.

23 Reserve for Sheriff Department Grants

Should pending legislation become law that establishes new sex offender registration requirements, funds are appropriated for a reserve for grants to sheriffs' departments. The Governor's Crime Commission shall award grants of up to \$25,000 to sheriffs' offices to assist with the enforcement of the State's sex offender laws. (S.L. 2008-220)

\$250,000 NR

National Guard**24 Tarheel Challenge Academy**

Governor's recommendation: The Tarheel Challenge is designed to give highschool dropouts a second chance at getting an education, with 70% of participants currently graduating from the program with their GED. It is recommended that funding be provided to increase the number of Tarheel Challenge graduates from 220 to 250 annually. This request also includes federal funds, which the state will receive as a result of the increase in program graduates.

\$193,000 NR

25 National Guard Kids on Guard Program

funding to support Operation Kids on Guard, a non profit program created specifically for children of the North Carolina National Guard as a way to assist children in coping with deployment fears and understanding why their parents are away from home.

\$200,000 NR

26 Continuation Review - Tarheel Challenge Academy

Tarheel Challenge Program funding is provided for the Tarheel Challenge Program for FY 2008-09 only. Restoration of recurring funds is subject to the findings of the continuation review.

(\$1,100,000) R
\$1,100,000 NR

Victim Compensation Services**27 Funding for the Rape Victim Assistance Program**

Funding to support the Rape Victim Assistance Program. This appropriation will allow for the expansion of the program's victim eligibility criteria allowing the program to pay bill co-pays for rape victims that have a collateral source of payment and 100 percent of forensic exam costs for rape victims that have no collateral source of payment.

\$1,078,078 R

Budget Changes

(\$182,404) R

\$2,762,579 NR

Total Position Changes**Revised Total Budget**

\$44,069,212

Special Provisions

2008 Session: HB 2436

Department: Crime Control and Public Safety

Section: 18.1

Title: Governor's Crime Commission Study/Expand Juvenile Jurisdiction

Summary Directs the Governor's Crime Commission to study the legal, systemic and organizational impact of expanding the jurisdiction of the Department of Juvenile Justice and Delinquency Prevention to include persons 16 and 17 years of age who commit crimes. The Commission shall report its findings and legislative, administrative, and funding recommendations to the General Assembly and the Governor by April 1, 2009.

Section: 18.2

Title: Enhance Rape Victims Assistance Program

Summary Amends G.S. 143B-480.2 to expand the program's eligibility criteria to include rape victims that have a collateral source of payment; changes the program's reporting requirement from 5 days to 72 hours; establishes a fee schedule for services rendered by medical healthcare providers.

Section: 18.3

Title: Report on the Use of Illegal Immigration Project Funds

Summary Directs the NC Sheriffs Association to report to the General Assembly on the operations and effectiveness of the Illegal Immigration Project funded in the budget. The report is due no later than March 1, 2009.

Section: 29.7

Title: Increase Registration Fee for Deeds of Trust and Mortgages for Floodplain Map Use

Summary Increases the Registration Fee for Deeds of Trust and Mortgages from \$12 to \$22. The \$10 increase shall be forwarded to the Department to be credited to the Floodplain Mapping Fund. This special revenue fund shall be used to offset the costs of mapping and regulating floodplains.

2008 Annotated Committee Report

Judicial

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09

\$452,389,917

Budget Changes

Appellate

28 Expansion of Innocence Inquiry Commission	\$121,537	R
Funding is provided for two (2) new positions, Investigator and Secretary II, to provide adequate support to the Innocence Inquiry Commission.	\$18,537	NR
	2.00	

Department-wide

29 Reduce Telephone Service	(\$927,972)	R
Reduce funding for telephone service charges. Should SB 2107 become law, effective July 1, 2008, a special reserve fund will be used, instead of the General Fund, to pay for the monthly service charges for the AOC and county courthouse telephone systems. (S.B. 2107/S.L. 2008-107, Sec.29.8)		

30 Reduce Telephone Equipment	(\$730,277)	R
Reduce funding for telephone equipment. Should SB 2107 become law, effective July 1, 2008, a special reserve fund will be used, instead of the General Fund, to purchase and install AOC and county courthouse telephone systems. (S.B. 2107/S.L. 2008-107, Sec. 29.8)	(\$1,695,084)	NR

31 Funds to Assist Low Income Home Owners	\$200,000	R
Funds are provided to the North Carolina State Bar to provide \$100,000 R to the Land Loss Prevention Project and \$100,000 R to the Financial Protection Law Center for the provision of legal assistance to low-income consumers in cases involving predatory mortgage lending, mortgage broker and loan services abuses, foreclosure defense, and other legal issues that relate to helping low-income consumers avoid foreclosure and home loss. (H.B.2461/S.L. 2008-107, Sec.14.9)		

District Attorneys

32 Restore DA Conference Funds	\$401,289	R
Governor's Recommendation: restore the recurring funds for the Conference of District Attorneys. The funds were eliminated pending the findings of a continuation review.	5.00	

33 New Prosecutor Positions	\$300,021	R
Funding is provided for three (3) new Assistant District Attorney Positions to be allocated as recommended by AOC:	\$11,295	NR
	3.00	
1.0 Mecklenburg		
1.0 Wake		
1.0 Harnett, Johnston, Lee		
34 Receipt-Supported Positions - Mecklenburg		
The Mecklenburg County DA's Office may establish eight (8) time-limited Assistant District Attorney positions using funds provided by Mecklenburg County and/or the city of Charlotte:		
Assistant District Attorney 8.0		
Sentencing Commission		
35 Sentencing and Policy Advisory Commission Staff	\$102,913	R
Funds are provided for a Senior Research and Policy Associate to assist the Commission with the formulation of sentencing laws and policy and with various research activities requested by the Legislature.	\$11,527	NR
	1.00	
Trial Courts		
36 Dispute Resolution Centers	(\$103,808)	R
Governor's Recommendation: eliminate budget for the closed dispute resolution centers: Scotland (\$35,000), 1st District (451,977), and Polk (\$16,831)		
37 Eliminate Special Superior Court Judge Position	(\$159,651)	R
Eliminate one vacant special superior court judge position, which was previously not included in the Judicial Branch expansion budget request.	-1.00	
38 Restore Clerks Conference Funding	\$121,402	R
Governor's Recommendation: restore recurring funding for the Clerks of Superior Court Conference. The funds were eliminated pending the findings of a continuation review.	2.00	
39 Eliminate Drug Treatment Court Reserve	(\$294,613)	R
Eliminate 2.75 drug treatment court positions authorized during the 2007 long session to replace existing federal and county grant funds. Of the 5.75 positions of this nature, 3.00 FTE have been established. Funds for 2.75 FTE remain in a reserve for this purpose.	-2.75	
40 Eliminate Judicial Assistants	(\$84,862)	R
Eliminate 2 judicial assistant positions authorized in the 2007 long session to assist the new special superior court judges.	(\$6,668)	NR
	-2.00	

41 Guardian ad Litem Program Staff		\$318,664	R
Funding is provided for 3 new program supervisor positions and to upgrade a part-time program supervisor position to full time. In addition, funds are provided to upgrade 7 program assistant positions from part time, 0.75 FTE, to full time.		\$8,478	NR
		5.00	
42 New District Court Judge Positions		\$226,236	R
Funding is provided for three (3) new district court judge positions effective January 15, 2009. The positions shall be allocated as recommended by AOC:		\$29,496	NR
		3.00	
Dist 26 Mecklenburg			
Dist 10 Wake			
Dist 11 Harnett, Johnston, Lee			
43 New Deputy Clerk Personnel		\$149,014	R
Provides funding for 4 new Deputy Clerk positions to more effectively manage Superior and District Court caseloads.		\$7,303	NR
		4.00	
44 New Magistrate Positions		\$287,310	R
Funding is provided for 10 new magistrate positions, effective 01/01/09, to be allocated as recommended by AOC:		\$47,620	NR
		10.00	
County	# Positions		
Durham	1.0		
Forsyth	1.0		
Gaston	1.0		
Guilford	1.0		
Mecklenburg	4.0		
Wake	2.0		
45 New District Court Judicial Support Staff		\$72,039	R
Funding is provided for three (3) District Court Judicial Assistant I positions, effective 01/15/09.		\$9,999	NR
		3.00	
Budget Changes		(\$758)	R
		(\$1,557,497)	NR
Total Position Changes		32.25	
Revised Total Budget		\$450,831,662	

Special Provisions

2008 Session: HB 2436

Department: Judicial

Section: 14.5

Title: Judicial Department Grant Funds

Summary Authorizes the Judicial Department to use \$856,907 as State matching funds for 24 federal grant projects.

Section: 14.6

Title: Additional Assistant District Attorneys

Summary Allocates 31 new ADA positions effective on July 1, 2008 to counties as recommended by the Administrative Office of the Courts.

Section: 14.7

Title: JCPC Effectiveness Study

Summary Directs the NC Sentencing and Policy Advisory Commission to conduct a feasibility study to measure the effectiveness of programs that receive JCPC (Juvenile Crime Prevention Councils) funding through the Department of Juvenile Justice.

Section: 14.9

Title: Legal Assistance to Homeowners

Summary Authorizes the legal aid agencies to provide assistance to consumers in cases involving predatory mortgage lender, loan service abuses, and foreclosures.

Section: 14.13

Title: Additional District Court Judges

Summary Allocates the three new district court judge positions to Districts 10, 11, and 26.

Section: 14.15

Title: Probation Officer Access to Automated Court Information

Summary Directs AOC to use \$100,000 from the Court Information Technology Fund to develop an interface which will give probation officers updated information on arrests and pending charges against probationers.

Section: 29.8

Title: Establish State Court Facility Fee for Phone System

Summary Establishes a new \$1.00 court fee to be deposited into the Court Information Technology Fund and used for the upgrade, maintenance, and operation of the judicial and county courthouse phone systems. Requires AOC to report by August 1 and February 1 each year on the amounts collected and expended. Repeals S.L. 2007-323, Section 14.16 which, effective July 1, 2008, would have prohibited the use of State funds to purchase county courthouse telephone equipment or services. (S.B. 2092/S.B. 2107)

Judicial - Indigent Defense

GENERAL FUND

		FY 08-09
Total Budget Approved 2007 Session		\$115,991,348
Budget Changes		
Department-Wide		
46 Reduce Various Operating Budgets	(\$200,000)	R
Governor's Recommendation: eliminate inflationary increases and reduce various operating line items such as lodging, transportation, supplies, etc.		
Indigent Person Attorney		
47 Funding for Private Assigned Counsel	\$1,135,000	NR
Provide \$1,135,000 NR to address the increased demands for private assigned counsel as a result of continued growth and indigency rates.		
48 Eliminate Public Defender Expansion Funds	(\$1,570,057)	R
Eliminate the funds provided in S.L. 2007-323 to expand the number of public defender offices and attorney positions around the state.		
Sentencing Services		
49 Funding for Local Programs	\$200,000	NR
Funding is provided to maintain grants for local Sentencing Services programs operated by non-profit agencies at the FY 2007-08 level.		
Budget Changes	(\$1,770,057)	R
	\$1,335,000	NR
Total Position Changes		
Revised Total Budget	\$115,556,291	

Special Provisions

2008 Session: HB 2436

Department: Judicial - Indigent Defense

Section: 14.1

Title: Pilot Program for Alternative Scheduling

Summary Allows OIDS to use up to \$25,000 to pilot an alternative scheduling program to reduce costs by reducing the amount of waiting time for attorneys in court.

Section: 14.3

Title: OIDS Expansion of Existing Public Defender Offices

Summary Authorizes OIDS to use up to \$2.3 million from funds appropriated for the Private Attorney Fee Fund to create new positions in existing or new Public Defender offices across the state.

Section: 14.4

Title: Repeal Public Defender Expansion Authority

Summary Repeals S.L. 2007-323, Sec. 14.4(b) which authorized OIDS to establish new public defender offices without prior action by the Legislature.

Section: 14.7

Title: Feasibility Study on Providing OIDS with Indigent Case Information When Cases are Initiated

Summary Directs AOC and OIDS to consult to develop a statewide system to gather information earlier in the process for determining if persons are eligible for indigent defense services.

2008 Annotated Committee Report

Justice

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09

\$92,171,670

Budget Changes

Department-Wide

50 Reduce Various Operating Budgets (\$356,525) R
 Recommend that inflationary increases be eliminated and (\$411,959) NR
 budgets be reduced across various line items.

Justice Training Academy

51 Program Assistant V \$33,621 R
 Recommendation that funding be provided for one new
 Program Assistant V position to support the law
 enforcement in-service training program. 1.00

Legal Services

52 Receipt Supported Positions
 New staff positions to be funded with receipts from
 agencies that receive legal services from the Department.

 Accounting Tech III - Department of Public Instruction
 \$51,064
 Paralegal II - Administrative Office of the Courts \$61,301

SBI

53 Forensic Firearms Analysts \$133,784 R
 Funding for two non-sworn Forensic Firearm Analysts. These
 positions are approved in an effort to expedite the
 processing of firearm and ballistic evidence analysis,
 which will lead to faster conviction rates for violent
 crimes. Agency seized and forfeited asset funds should be
 used to pay for any nonrecurring costs associated with the
 establishment of these positions. These positions are to
 be located in the following laboratories: 2.00

Raleigh Crime Laboratory 1.0
 Asheville Crime Laboratory 1.0

54 SBI Crime Laboratory Equipment \$174,321 NR
 Funding is provided for the purchase of new and
 replacement laboratory equipment.

Budget Changes	(\$189,120)	R
	(\$237,638)	NR
Total Position Changes		3.00
Revised Total Budget	\$91,744,912	

Special Provisions

2008 Session: HB 2436

Department: Justice

Section: 15.2

Title: Use of Grant or Other Receipt Funds for Replacement Laboratory Equipment and Forensic Firearms Analyst Start Up Costs.

Summary Authorizes the Department of Justice to use up to \$140,000 of grant or other receipt funds to purchase laboratory equipment and for the start up costs for forensic firearms analyst positions approved in the budget.

2008 Annotated Committee Report

Juvenile Justice & Delinquency Prevention

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09

\$139,556,104

Budget Changes

Administrative Services

55 Reduce Budget for Board & Non-Employee Travel (\$14,000) R
 The Governor recommends reducing the Board & Non-Employee Transportation and Subsistence budget based on prior year expenditures.

Department-Wide

56 Reduce Various Operating Budgets (\$725,954) R
 The Governor recommends that inflationary increases be eliminated and budgets be reduced across various line items. (\$25,000) NR

Detention Services

57 New Psychologist Positions \$367,979 R
 The Governor recommends one Psychologist position at each of the state's nine Detention Centers to provide mental health services for youth in detention. \$8,910 NR
9.00

58 Additional Detention Staffing \$309,743 R
 Expand the staff at Detention Centers to address the staffing needs of the facilities that are consistently over capacity. \$2,437 NR
20.00
 15 Youth Counselor Technicians
 3 Youth Monitor Supervisors
 2 Cooks

59 New Nurse Position \$36,298 R
 The Governor recommends adding a nurse position at the Cumberland Juvenile Detention Center. This Center has the largest population of the state's nine centers. The services are currently provided through a contract, but it has been difficult to recruit and retain contractual staff. \$990 NR
1.00

Intervention/Prevention

60 Restore JCPC Funding \$22,652,860 R
 The Governor recommends the funding be restored for the Juvenile Crime Prevention Councils (JCPC). The appropriation for the JCPCs was eliminated for FY 2008-09 pending the findings of a Continuation Review.(S.B.2090)

61 Expand JCPC County Allocation \$500,000 R
 Increase funding for the JCPC County formula allocation which goes to all 100 counties.

Special Initiatives

62 Eliminate funds for the Eckerd EFFORT project	(\$2,695,662)	R
Due to administrative barriers to implement the project as envisioned, funding for the Eckerd EFFORT project is eliminated.		
63 Operating funds for the Macon County MPGH	\$600,000	R
Provide funds for recurring operating funds for the state-owned Macon County Multipurpose Group Home. Non-recurring start-up funds were provided in the 2007 Session.		

Support Our Students

64 Reduce Administrative Contracts for SOS	(\$200,000)	R
Reduce the amount budgeted for miscellaneous contracts for the evaluation of the Support Our Students (SOS) program.		

Youth Development Centers

65 Reduce funding for Triad YDC	(\$624,321)	NR
Reduce continuation budget funding for Triad Youth Development Center because of construction delays.		

Budget Changes	\$20,831,264	R
	(\$636,984)	NR
Total Position Changes	30.00	
Revised Total Budget	\$159,750,384	

Special Provisions

2008 Session: HB 2436

Department: Juvenile Justice & Delinquency Prevention

Section: 16.1

Title: JCPC Grant Reporting and Certification

Summary Modifies the annual JCPC reporting requirements to include a breakdown of the number of at-risk, diverted, and adjudicated juveniles served by county; the Department's actions to ensure county JCPC's prioritize funding for dispositions of intermediate and community-level sanctions for court-adjudicated juveniles; and changes the reporting date to October 1.

Section: 16.2

Title: Support Our Students (SOS) Grant Eligibility

Summary Modifies the entities eligible to apply for a SOS grant to include community- or neighborhood-based 501 c 3, community-based, public or private nonprofit, tax exempt organizations, local school systems, or a local government agency.

Section: 16.3

Title: JCPC Formula Revision

Summary Directs the Department of Juvenile Justice and Delinquency Prevention, the NC Juvenile Services Association, and the Community Alternatives for Youth, in consultation with the Fiscal Research Division, to develop and propose a revision to the county allocation for JCPC funds by December 1, 2008.

Section: 16.4

Title: State Funds May Be Used as Federal Matching Funds

Summary Allows the State appropriations to the Department to be counted as the required match for federal block grant funds awarded to county and local government agencies.

**GENERAL
GOVERNMENT**

2008 Annotated Committee Report

Administration

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$70,959,534

Budget Changes

1264 Agency for Public Telecommunications

1 Camera and Recording Equipment

The use of \$70,000 in receipts are authorized to fund a video production package that provides high definition (HDTV) capabilities.

1421 Facilities Management

2 Energy Reserve Savings

(\$203,000) R

Annual Energy Savings from 2007 Energy Reserve in the amount of \$203,000.

1511 Purchasing and Contracts

3 Personnel Reductions

(\$92,739) R

Eliminates the salaries and related fringe benefits of one vacant State Procurement Specialist III (\$47,352 - 4108-0404-0006-740) and one vacant State Procurement Specialist II (\$45,387 - 4108-0405-0006-704).

-2.00

531211	Salaries	(92,739)
531511	Soc. Security	(7,095)
531521	Retirement	(7,261)
531561	Medical Ins.	(8,314)

1623 State Capital Police

4 Additional State Capitol Police Officers

\$100,000 R

Provides funding for two new positions to increase police visibility through bike and foot patrols on the streets and in the parking decks in and around the government complex. (S.B. 1921)

2.00

Recurring		FY 2008-09
531231	Salaries	\$ 62,400
531411	Overtime Pay	\$ 5,000
531411001	Straight-Time OT	\$ 5,000
531511	Social Security	\$ 5,539
531531	Retirement	\$ 9,289
531561	Medical Insurance	\$ 8,314
533150	Sec. & Safety Supplies	\$ 2,000
533510	Clothing & Uniforms	\$ 2,458
Total Recurring		\$100,000

1734 Rape Crisis Program

5 Sexual Assault/Rape Crisis Funds

\$1,000,000 R

Provides \$1 million in recurring funding to the Sexual Assault and Rape Crisis Center Fund for sexual assault and rape crisis services. (S.L. 2008-107, Sec. 19.1)

1771 Veterans Affairs

6 Scholarship for Children of War Veterans

\$326,500 R

Funding is provided to increase educational scholarships for children of veterans killed or disabled during wartime. Authorizes the Department of Administration to increase the requirement receipts for the Scholarships for Children of War Veterans in the amount of \$690,000 from the Escheats Fund. The total amount for the Scholarship Program for FY 2008-09 is \$9,551,794, which includes \$6,918,633 from Escheats and \$2,633,161 from the General Fund. (S.B. 1983; S.L. 2008-107, Sec. 19.2(a))

1782 Domestic Violence Center

7 Domestic Violence Center Fund

The divorce filing fee is raised from \$55 to \$75 and the additional \$20 is dedicated to the Domestic Violence Center Fund for domestic violence shelters.

1810 State Ethics Commission

8 Ethics Commission

\$123,034 R
\$233,000 NR
1.00

Provides funding for one Attorney position (\$82,960) and associated recurring expenses (\$7,675) and \$230,000 nonrecurring for contractual services to reduce the backlog of work. Additional funds are provided for the purchase of law books (\$10,000 recurring) and a legal research tool (\$5,400 recurring).

Recurring		FY 2008-09
531231	Salary	\$ 82,960
531511	Social Security	\$ 6,346
531531	Retirement	\$ 6,496
531561	Medical Insurance	\$ 4,157
532XXX	Travel/Telecom/Equip	\$ 5,675
532140	Other IT Services	\$ 5,400
532850	Print Law Books	\$ 10,000
533XXX	Supplies	\$ 2,000

Non-Recurring		FY 2008-09
53XXXX	Contractual Services	\$230,000
534XXX	Office Furniture/Equip	\$ 3,000

(H.B. 2543/S.B. 1877)

9 Lease and Moving Expenses

\$60,000 R
\$5,000 NR

Funding is provided for lease and moving expenses associated with relocating the State Ethics Commission from its present location in the Administration Building.

10 Operating Budget Reductions

(\$6,655) R

Recurring reduction of \$6,655 in the following expenditure accounts:

532181 Seminars (4,195)
532714 In-State Grnd Trans. (1,960)
534534 PC/Printer Equip. (500)

1861 Commission of Indian Affairs

11 NC Indian Economic Development Initiative, Inc.

The Governor recommends funding to continue the work of the North Carolina Indian Economic Development Initiative, Inc. (H.B. 2268)

\$135,000 NR

7218 Mail Service Center

12 Letter Sorting Machine

Provides funds to replace a 15-year-old mail-sorting machine.

\$300,877 NR

7251 State Parking System

13 Continuation Review - State Parking Office

Changes the funding for the State Parking Office to non-recurring. Restoration of FY 2009-10 funds is subject to findings of the Continuation Review. State Parking Office receipts for FY 2008-09 total \$1,618,418.

Department-wide

14 Decrease Operating Budget

Reduces operating support for Managed LAN Service (532822).

(\$63,184) R

15 Decrease Operating Budget

(\$499,171) R

The Governor recommends a recurring reduction of \$499,171 in the operating budget.

Department-wide:

1111	531649	Governor's Pages	(5,000)
	534534	PC/Printer Equip.	(2,000)
1121	534534	PC/Printer Equip.	(9,000)
1122	534534	PC/Printer Equip.	(1,200)
1123	532170	Admin. Services	(20,000)
	532199	Misc. Contr. Services	(40,000)
	532731	Non-Empl. Transp.	(26,000)
	532813	Teleconf. Charges	(11,000)
	534534	PC/Printer Equip.	(1,000)
1230	534534	PC/Printer Equip.	(1,000)
1241	532822	Managed LAN Serv.	(32,917)
	534534	PC/Printer Equip.	(10,000)
1264	534534	PC/Printer Equip.	(10,000)
1311	532821	Computer/DP Serv	(33,833)
	532822	Man. LAN Service	(42,291)
1411	532811	Telephone Serv.	(10,000)
	534534	PC/Printer Equip.	(44,000)
1412	534534	PC/Printer Equip.	(12,000)
1421	534534	PC/Printer Equip.	(24,000)
1466	535900	Other Expenses	(45,000)
1511	532170	Admin. Services	(18,000)
	532822	Managed LAN Serv.	(5,000)
	533110	Office Supplies	(5,000)
	533120	DP Supplies	(19,000)
	534534	PC/Printer Equip.	(23,000)
1731	534534	PC/Printer Equip.	(1,500)
1732	534534	PC/Printer Equip.	(2,500)
1734	534534	PC/Printer Equip.	(1,500)
1742	534534	PC/Printer Equip.	(1,500)
1761	534534	PC/Printer Equip.	(1,400)
1771	534534	PC/Printer Equip.	(5,000)
1861	534534	PC/Printer Equip.	(2,500)

16 Eliminate Vacant Positions

(\$141,614) R

Four vacant positions are eliminated:

-4.00

Title	Position Number	Salary
Tech. Support Technician	4119-0000-0007-479	\$26,247
Housekeeping Supervisor	4151-0304-0008-422	\$29,317
Gen. Utility Worker	4151-0400-0009-416	\$25,287
Bldg & Environmental Sup.	4151-1100-0013-024	\$27,380

531211	Salaries	(108,231)
531511	Soc. Security	(8,280)
531521	Retirement	(8,475)
531561	Medical Ins.	(16,628)

Budget Changes	\$603,171	R
	\$673,877	NR
Total Position Changes		-3.00
Revised Total Budget	\$72,236,582	

Special Provisions

2008 Session: HB 2436

Department: Administration

Section: 19.1

Title: Sexual Assault and Rape Crisis Center Fund

Summary Amends G.S. 143B by adding a new section that codifies the Sexual Assault and Rape Crisis Center Fund, administered by the North Carolina Council for Women.

Section: 19.2

Title: Scholarships for Children of War Veterans

Summary Modifies the scholarship program by amending the benefits so that scholarship recipients will receive the tuition amount required to attend their specific State educational institution. This provision also amends the room and board allowances for recipients attending a State educational institution. Recipients will now receive a standard allowance that is specific to a State educational institution in addition to matriculation and other institutional fees required by the institution. The provision also includes a requirement that the total of the scholarships awarded to the recipient may not exceed the cost of attending the State educational institution.

2008 Annotated Committee Report

Auditor

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$12,746,479

Budget Changes

1110 Administration

1 ITS Hosting Services

\$82,128 R

Funding is provided for ITS hosting services for the non-governmental audit project approved in the previous fiscal year.

Department-wide

2 Budget Over-realized Receipts

(\$366,066) R

Budgets over-realized receipts in the amount of \$366,066.

Budget Changes

(\$283,938) R

Total Position Changes

Revised Total Budget

\$12,462,541

Special Provisions

2008 Session: HB 2436

Department: Auditor

Section:

Title: No Special Provisions

Summary

2008 Annotated Committee Report

Cultural Resources

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$71,881,424

Budget Changes

1120 Administrative Services

1 Information Technology Consolidation \$224,800 R
 Funding is provided to support incremental costs for statewide infrastructure consolidation.

1210 Archives and History

2 African American Heritage Commission \$32,500 R
 Funding is provided to establish an African American Heritage Commission to increase awareness across the state about preservation of African American history and culture. (H.B. 2479/S.B. 1920; S.L. 2008-107, Sec. 19A.2)

Recurring:

532199 Misc. Contractual Services	\$17,500
532714 Trans. Grnd In-State	\$ 3,500
532721 Lodging In-State	\$ 2,600
532724 Meals In-State	\$ 1,500
533110 General Office Supplies	\$ 1,500
532811 Telephone Service	\$ 900
532850 Printing	\$ 4,000
532840 Post., Freight & Delivery	\$ 1,000

(H.B. 2479/S.B. 1920)

3 CSS Neuse Funds \$75,000 NR
 Appropriates \$75,000 to provide adequate climate-controlled housing for the CSS Neuse, a Civil War-era ironclad gunboat. The relic is a designated historic site in the Division of Archives and History, and needs proper storage and preservation to prevent its loss. (S.B. 2044)

4 International Civil Rights Museum \$500,000 NR
 Appropriates \$500,000 for capital costs of a civil rights museum. The Department will pass these funds to the nonprofit organization Sit-In Movement, Inc.(H.B. 2482/S.B. 1915)

1241 State Historic Sites

5 Bentonville Battlefield Fund
 Receipts generated from the Bentonville Historic Site will be transferred to the Bentonville Battlefield Fund. (S.L. 2008-107, Sec. 19A.1)

1260 Office of State Archaeology

6 Queen Anne's Revenge Archaeology Project

Increases operational support for the Queen Anne's Revenge archaeological project. These funds will sustain major recovery efforts, conservation, and analysis of artifacts and images from the 18th century shipwreck. (H.B. 2533) \$150,000 NR

1320 Museum of Art

7 Art Museum Transition

Funding is provided to bridge the gap between declining foundation revenues and increased operating costs related to expansion and renovation at the Museum of Art. (H.B.2467/S.B. 1943) \$250,000 NR

1330 NC Arts Council

8 Arts Council Basic Grants

Provides nonrecurring funds for the competitive Basic Grants Program in the Arts Council to be awarded through the formal application process. (H.B. 2480/S.B. 1913, H.B. 2164) \$175,000 NR

9 cARTwheels

Appropriates funds to extend the arts components of the cARTwheels program. The program will provide exposure to professional performing arts for students in the public schools. These funds are appropriated to the NC Arts Council, and will be awarded based on a competitive application process to emphasize geographic distribution, diversity, and variety of programs, such as dance, opera, music, and theater. At least 25% of the total grant funds will be awarded to professional performing arts groups that have not received a grant from the cARTwheels program. (H.B. 2480/S.B. 1913; S.L. 2008-107, Sec 19A.3) \$1,000,000 NR

(S.L. 2008-118, Section 2.6 amends this provision to require the Department of Cultural Resources to report on the cARTwheels program to the Joint Legislative Commission on Governmental Operations by December 1, 2008 instead of September 1, 2008.

10 Grassroots Arts Program Funds

Appropriates \$500,000 to the Grassroots Arts Program in the Arts Council. (H.B. 2480/S.B. 1913, H.B. 2164) \$500,000 NR

11 Horn in the West Operational Support

Appropriates \$25,000 to the Southern Appalachian Historical Association, Inc., for operational support for the outdoor drama Horn in the West. (H.B. 2080) \$25,000 NR

12 Matching Funds for John Coltrane Music Hall

Funds are provided to the High Point Area Arts Council, Inc. to construct and equip the John Coltrane Music Hall at the Community Arts Center in High Point. Funds are contingent on the Council raising an equal amount of funds from local sources. (H.B. 2197/S.B. 1904) \$75,000 NR

13 Penderlea Homestead Museum

Provides funds to the Department of Cultural Resources in the sum of \$25,000 to be allocated to Penderlea Homestead Museum, Inc. to preserve the agricultural history of Pender County's depression-era heritage. (H.B. 2220/S.B. 1593)

\$25,000 NR

1340 North Carolina Symphony

14 Increase Appropriation for North Carolina Symphony

Funding is provided to the Symphony for operating support.

\$450,000 NR

1480 Statewide Programs and Grants

15 Aid to Public Libraries

Increases the aid to public libraries by \$1 million non-recurring. These funds will be distributed based on the existing formula for county library grants. The funds may be used for the purchase of books or for other operational expenses.(H.B. 2090/S.B. 1659)

\$1,000,000 NR

Department-wide

16 Decrease Operating Budget

(\$696,933) R

Recurring reduction of \$696,933 in the operating budget.

Department-wide:

1110	532721	Lodging- In-State	(1,800)
	532840	Post., Frght & Delivery	(2,700)
	532850	Print., Bind & Duplicate	(3,600)
1120	532390	Repairs - Other	(900)
	532490	Maint. Agree. - Other	(7,555)
	532721	Lodging - In-State	(1,000)
	532942	Oth Empl. Educ. Exp.	(3,600)
	533120	Data Process. Supplies	(2,700)
	533900	Oth Mater./Supplies	(1,800)
	534539	Other Equipment	(2,700)
1210	532XXX	Purchased Services	(20,000)
	532199	Misc. Contract. Serv.	(1,000)
	532390	Repairs - Other	(1,000)
	532721	Lodging - In-State	(1,500)
	532811	Telephone Service	(4,070)
	533XXX	Supplies	(2,000)
	533110	General Office Supplies	(1,000)
	533900	Oth. Mater./Supplies	(588)
1220	532XXX	Purchased Services	(5,000)
	532850	Print., Bind & Duplicate	(5,133)
	533110	General Office Supplies	(1,000)
1230	532390	Repairs - Other	(1,000)
	532490	Maint. Agree. - Other	(1,500)
	532714	Trans.-Grnd-In-State	(2,000)
	532715	Trans.-Grnd-Out-Of-State	(1,000)
	532721	Lodging-In-State	(500)
	532727	Misc.-In-State	(2,500)
	532728	Misc. Sub-Out of State US	(1,000)
	532942	Oth Empl. Edu. Ex	(2,000)
	532840	Post., Frght & Delivery	(1,039)
	532850	Print., Bind & Duplicate	(500)
	533XXX	Supplies	(10,000)
	533110	General Office Supplies	(1,795)
	533900	Oth Mater./Supplies	(3,205)
	534511	Furniture - Office	(1,249)
	534539	Other Equipment	(13,631)
1241	532199	Misc. Contract. Serv.	(16,902)
	532390	Repairs - Other	(35,797)
	533900	Other Mater./Supplies	(8,679)
	534539	Other Equipment	(4,702)
	534541	Motor Vehicles	(3,652)
	534549	Other Motorized Vehicles	(4,033)
	534610	Art & Artifacts	(3,135)
1242	532310	Repairs - Buildings	(5,000)
	532333	Repairs - Oth Equip.	(2,000)
	533900	Oth Mater./Supplies	(12,517)
	534511	Furniture - Office	(936)
	534539	Other Equipment	(4,000)
1243	533900	Oth Mater./Supplies	(3,821)
1245	534XXX	Prop., Plant, Equip	(10,000)
	534539	Other Equipment	(10,926)
1250	532199	Misc. Contract. Serv.	(3,000)

	532714	Trans - Grnd In State	(3,000)
	533900	Oth Mater./Supplies	(3,060)
1260	532210	Energy Serv-Electrical	(3,500)
	532220	Energy Serv-Nat. Gas	(627)
	532230	Energy Serv-Water & Sewer	(180)
	532390	Repairs	(290)
	532490	Maint. Agree. - Other	(1,000)
	532715	Trans.-Out-of-State	(189)
	532811	Telephone Service	(2,000)
	533900	Oth Mater./Supplies	(631)
1290	532210	Energ. Serv - Electrical	(275)
	532390	Repairs - Other	(214)
	532721	Lodging -In-State	(500)
	532727	Misc.- In-State	(150)
	532811	Telephone Service	(600)
	532840	Post., Frght & Delivery	(150)
	533900	Oth Mater./Supplies	(1,000)
1320	532199	Misc. Contract. Serv.	(7,500)
	532714	Trans-Grnd In State	(3,000)
	532715	Trans Grnd-Out-of-State	(1,000)
	532721	Lodging - In-State	(1,000)
	532811	Telephone Service	(4,000)
	532840	Post., Frght & Delivery	(3,000)
	534610	Art & Artifacts	(21,450)
1330	534511	Office Furniture	(4,167)
	536932	Vagabond School of Drama	(465)
	536948	Lost Colony	(2,488)
	536971	NC Shakespeare Festival	(2,488)
	536990	Basic Grants Program	(41,813)
	536996	Grassroots Arts Program	(29,255)
1340	532490	Maint. Agree. - Other	(100)
	532811	Telephone Service	(300)
	532840	Post., Frght & Delivery	(500)
	533110	General Office Supplies	(100)
	536936	NC Symphony Soc. Inc.	(11,210)
1410	534630	Library & Learn. Resour. Coll.	(49,351)
1480	534631	Library & Learn. Resour. Coll.	(161,355)
	536963	Quiz Bowl Grant	(3,000)
1500	534610	Art & Artifacts	(63,116)
1992	537140	Maritime Museum	(1,500)
	537131	CSS Neuse	(1,000)
	537112	Museum of Art	(3,000)
	537137	Oteen Center	(2,145)
	537134	CHB Memorial	(500)
1584	538182	Trns to Spec Rev Fund	(18,180)

Budget Changes

(\$439,633) R

\$4,225,000 NR

Total Position Changes

Revised Total Budget

\$75,666,791

Special Provisions

2008 Session: HB 2436

Department: Cultural Resources

Section: 19A.1

Title: Bentonville Battlefield Fund

Summary Establishes the Bentonville Battlefield Fund as a special fund in the Department. All receipts generated at this State Historic Site that are received from donations or from fees obtained from events held at the Site are deposited in to the Fund.

Section: 19A.2

Title: Establish African-American Heritage Commission

Summary Establishes the African-American Heritage Commission to advise and assist the Department in the preservation, interpretation, and promotion of African-American history, arts, and culture.

Section: 19A.3

Title: cARTwheels Program

Summary Requires the North Carolina Arts Council to administer cARTwheels grants through a competitive application process. While grants may be awarded to previous grantees, the provision requires that at least 25 percent but no more than 50 percent of the total grant funds be awarded to professional performing arts groups that have not received cARTwheels grants previously.

Special Provisions

2008 Session: HB 2438

Department: Cultural Resources

Section: 2.6

Title: CLARIFYING CHANGES: cARTwheels

Summary Amends Sec. 19A.3(b) of S.L. 2008-107 to require the Department of Cultural Resources shall report on the cARTwheels Program to the Joint Legislative Commission on Governmental Operations by December 1, 2008.

2008 Annotated Committee Report

Cultural Resources - Roanoke Island Commission

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$2,020,023

Budget Changes

Department-wide

1 Energy Reserve Savings (\$15,000) R
Annual Energy Savings from 2007 Energy Reserve in the amount of
\$15,000.

Budget Changes (\$15,000) R

Total Position Changes

Revised Total Budget \$2,005,023

Special Provisions

2008 Session: HB 2436

Department: Cultural Resources - Roanoke Island Commission

Section:

Title: No Special Provisions

Summary

2008 Annotated Committee Report

General Assembly

GENERAL FUND

Total Budget Approved 2007 Session	FY 08-09	
	\$55,740,786	
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Budget Changes		
1 Decrease Operating Budget		
Recurring reduction of \$636,000 in agency reserves.	(\$636,000)	R
2 Reduce Number of Budgeted Session Weeks		
Reduces the number of budgeted sessions from 31 to 30 weeks.	(\$245,000)	NR
<hr/>		
Budget Changes	(\$636,000)	R
	(\$245,000)	NR
Total Position Changes		
Revised Total Budget	\$54,859,786	

Special Provisions

2008 Session: HB 2436

Department: General Assembly

Section:

Title: No Special Provisions

Summary

2008 Annotated Committee Report

Governor

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$6,300,587

Budget Changes

Department-wide

1 Decrease Operating Budget (\$84,205) R

Recurring reduction of \$84,205 in the operating budget of the following accounts:

1110 Administration

532430	Maint. Agreement-Equip.	(2,000)
532524	Rent/Lease Gen Office E	(2,000)
532711	Transp. Air-In-State	(2,000)
532712	Transp. Air-Out-Of State	(1,000)
532811	Telephone Service	(2,000)
532814	Cellular Phone Service	(3,503)
532930	Registration Fees	(4,000)
532900	Oth. Materials & Supplies	(4,000)
533XXX	Supplies	(10,000)
534XXX	Property, Plant, Equip	(5,000)
534534	PC/Printer Equipment	(8,000)
538156	Transfer to ITS	(25,202)

1200 Office of Citizens' Affairs

532840	Post., Frght & Delivery	(2,000)
532850	Print., Bind & Duplicate	(1,000)
534XXX	Purchased Services	(10,000)
533XXX	Supplies	(500)

1230 Educational Programs

532XXX	Purchased Services	(2,000)
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Budget Changes

(\$84,205) R

Total Position Changes

Revised Total Budget

\$6,216,382

Special Provisions

2008 Session: HB 2436

Department: Governor

Section:

Title: **No Special Provisions**

Summary

2008 Annotated Committee Report

Housing Finance Agency

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$9,608,417

Budget Changes

Home Protection Program

1 Home Protection Program	\$3,000,000	R
Provides recurring funds to expand the Home Protection Program from 61 counties to statewide. (H.B. 2230/S.B. 1793; S.L. 2008-107, Sec. 21.1)		

Housing Trust Fund

2 Housing Assistance for Persons with Disabilities	\$7,000,000	NR
Provides funding to the North Carolina Housing Trust Fund for the financing of additional independent- and supportive-living apartments for persons with disabilities. The apartments shall be affordable to those with incomes at the Supplemental Security income (SSI) level. A description of this item is located in the Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services Section of this report. (H.B. 2087, H.B. 2477)		

3 North Carolina Housing Trust Fund	\$2,000,000	R
Appropriates additional recurring funds to support the Housing Trust Fund. This fund seeks to provide decent, safe, and affordable housing for North Carolina citizens with low to moderate incomes. The trust fund currently expends \$8 million per year; this expansion will increase that expenditure to \$10 million recurring. (S.B. 1910)		

Budget Changes	\$5,000,000	R
	\$7,000,000	NR
Total Position Changes		
Revised Total Budget	\$21,608,417	

Special Provisions

2008 Session: HB 2436

Department: Housing Finance Agency

Section: 21.1

Title: Housing Finance Agency Shall Continue and Expand the Home Protection Program

Summary Codifies the Home Protection Program and establishes the Home Protection Program Fund that provides mortgage relief to citizens who are at risk of foreclosure as a result of changing economic conditions. Requires a report to the Appropriation Subcommittees on General Government on the Program's effectiveness by April 1 of each year. (H.B. 2230/S.B. 1793)

Insurance

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$30,936,704

Budget Changes

1200 Company Services Group

1 Insurance Examiner II

\$166,080 R
\$12,000 NR
2.00

Funds are provided for two Insurance Examiner II positions (\$63,584) for the Financial Evaluation Division. These positions will provide regulatory oversight emphasizing licensing and financial solvency for approximately 140 Professional Employer Organizations (PEO) that employ thousands of North Carolina residents.

Recurring	FY 2008-09
531211 Salaries	\$127,168
531511 Social Security	\$ 9,728
531521 Retirement	\$ 9,957
531561 Medical Insurance	\$ 8,366
532512 Rent/Lease-Bld/Off.	\$ 4,200
532712 Trans Air-Out State	\$ 800
532714 Trans.-grnd in-state	\$ 600
532715 Trans.-grnd out-st.	\$ 100
532721 Lodging in-state	\$ 400
532722 Lodging out-of-state	\$ 600
532724 Meals in-state	\$ 200
532725 Meals out-of-state	\$ 200
532811 Telephone Service	\$ 800
532817 Internet Serv Chrg	\$ 960
533110 General Office Supp	\$ 1,000
533120 Data Processing Sup.	\$ 1,000
Total Recurring	\$166,080

Non-Recurring	
534534 PC/Printer Equipment	\$ 4,000
534511 Office Furniture	\$ 8,000
Total Non-Recurring	\$ 12,000

1400 Public Services

2 Insurance Regulatory Analyst I

\$297,412 R
 \$8,000 NR
 4.00

Funding is provided for additional Insurance Regulatory Analysts who travel to company locations in order to audit, analyze and review the records of agent companies that have complaints filed against them.

Recurring		FY 2008-09
531211	Salaries	\$200,000
531511	Social Security	\$ 15,300
531521	Retirement	\$ 15,660
531561	Medical Insurance	\$ 16,732
532712	Trans Air Out State	\$ 1,600
532714	Trans Grnd In State	\$ 20,000
532715	Trans Grnd Out State	\$ 200
532721	Lodging In State	\$ 12,000
532722	Lodging Out State	\$ 2,000
532724	Meals In State	\$ 6,000
532725	Meals Out of State	\$ 400
532811	Telephone Service	\$ 1,600
532817	Internet Serv Charge	\$ 1,920
533110	Office Supplies	\$ 2,000
533120	Data Processing Supp	\$ 2,000
Total Recurring		\$297,412

Non-Recurring		
534534	PC/Printer Equipment	\$ 8,000

1500 Office of the State Fire Marshal

3 Training and Inspection Travel

\$150,000 R

Funding is provided for training and travel related to state and federal mandates and the inspection of fire departments in the 1,512 fire districts requiring inspections every five years.

Budget Changes	\$613,492	R
	\$20,000	NR
Total Position Changes		6.00
Revised Total Budget	\$31,570,196	

Special Provisions

2008 Session: HB 2436

Department: Insurance

Section:

Title: No Special Provisions

Summary

Special Provisions

2008 Session: HB 2438

Department: Insurance

Section: 3.2

Title: CLARIFYING CHANGES: North Carolina Health Insurance Risk Pool Fund

Summary Amends G.S. 58-50-175 changing the title of the fund to be The North Carolina Health Insurance Risk Pool Fund. It also amends G.S. 58-50-225 to provide the fund with revenue coming from any interest earned by the fund. Section 3.2(e) amends G.S. 105-228.5B and directs the State Treasurer to transfer from the General Fund to the NC Health Insurance Risk Pool an amount equal to 30% of the growth in revenue. Prior to the change all of the growth in revenue was transferred to the fund.

Insurance - Volunteer Safety Workers' Compensat

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$4,500,000

Budget Changes

1900 Reserves and Transfers

1 Volunteer Safety Workers' Compensation Fund

Reduces the General Fund appropriation to the Volunteer Safety Workers' Compensation Fund on a non-recurring basis. This reduction will not affect the solvency of the fund.

(\$1,150,000) NR

Budget Changes

(\$1,150,000) NR

Total Position Changes

Revised Total Budget

\$3,350,000

Special Provisions

2008 Session: HB 2436

Department: Insurance - Volunteer Safety Workers' Compensation Fund

Section:

Title: No Special Provisions

Summary

2008 Annotated Committee Report

Lieutenant Governor

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$915,109

Budget Changes

1 NO LEGISLATIVE ACTION REPORTED.

Budget Changes

Total Position Changes

Revised Total Budget

\$915,109

Special Provisions

2008 Session: HB 2436

Department: Lieutenant Governor

Section:

Title: **No Special Provisions**

Summary

2008 Annotated Committee Report

Office of Administrative Hearings

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$3,521,735

Budget Changes

1100 Administration

- | | | |
|--|-----------|----|
| 1 Automated Rules Tracking System | \$49,140 | R |
| Funding is provided to replace the current Rules Automated Tracking System with a new system that enables increased public interaction and improved interagency communication processes. | \$253,400 | NR |
| 2 Information Technology Consolidation | \$42,700 | R |
| Funding is provided to support incremental costs for statewide infrastructure consolidation. | | |

Department-wide

- | | | |
|---|------------|---|
| 3 Decrease Operating Budget | (\$31,696) | R |
| Recurring reduction of \$31,696 in the operating budget for rent/lease. | | |

Budget Changes	\$60,144	R
	\$253,400	NR
Total Position Changes		
Revised Total Budget	\$3,835,279	

Special Provisions

2008 Session: HB 2436

Department: Office of Administrative Hearings

Section:

Title: No Special Provisions

Summary

Special Provisions

2008 Session: HB 2438

Department: Office of Administrative Hearings

Section: 3.13

Title: **CLARIFYING CHANGES: Medicaid Consumer and Applicant Appeals**

Summary Amends S.L. 2008-107, Sec. 10.15A(h1) and adds sections 10.15A(h2) - (h6) as follows.

Subsection (a) amends S.L. 2008-107, Sec. 10.15A.(h1) to establish a temporary appeals process for Medicaid applicants and recipients who have been denied, terminated, suspended or reduced benefits. Further, requires DHHS to notify the recipient at least 30 days before the adverse determination is effective and to let the recipient know of his/her right to appeal. Allows applicants and recipients 30 days to appeal, and directs that an appeal is a contested case under Chapter 150B of the General Statutes, to be heard by an administrative law judge.

Subsection (b) amends S.L. 2008-107, Sec. 10.15A to add subsections (h2) - (h6), described below:

- Subsection (h2) directs that prior to a hearing before the administrative law judge, mediation is to be offered to the applicant or recipient. If mediation is successful, the mediator is to tell this to the administrative law judge. If mediation is unsuccessful, the administrative law judge is to hear the case and make a determination. The burden of proof in the hearing is on the Department if the adverse determination being appealed is imposing a penalty or is reducing, terminating, or suspending a benefit previously granted.

- Subsection (h3) directs DHHS to transfer \$2 million of the funds appropriated to it to the Office of Administrative Hearings (OAH) and directs OAH to allocate the funds for mediation services for Medicaid applicant and recipient appeals and for other services necessary to conduct the appeals process.

- Subsection (h4) directs DHHS to discontinue by October 1, 2008, its internal appeals process for Medicaid applicant or recipient and directs the Department to offer any outstanding appeals the opportunity to appeal to OAH.

- Subsection (h5) clarifies that S.L. 2008-107 does not prevent DHHS from reviewing any case with a Medicaid applicant or recipient on an informal basis before issuing a notice of adverse determination.

- Subsection (h6) provides that this appeals process expires July 1, 2010. Further, specifies a reporting requirement for DHHS and OAH regarding the costs, effectiveness and efficiency of the appeals process to make recommendations regarding whether this temporary process should be continued.

2008 Annotated Committee Report

Revenue

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$85,330,611

Budget Changes

1605 Tax Information Management System

1 Replace Current Integrated Tax Administration System (ITAS)

Funding is provided for a new Tax Information Management System (TIMS), which will enable taxpayers to interact electronically with the Department of Revenue. For FY 2008-2009, \$25,000,000 is to be funded from fees collected through Project Collect Tax. (S.L. 2008-107, Sec. 23.1)

1660 Examination and Collection

2 Budget Project Collect Fees

(\$1,363,567) R

Transfers twenty-nine positions from appropriated to receipts-supported to generate a recurring reduction of \$1,363,567 in the operating budget.

-29.00

Department-wide

3 Decrease Operating Budget

(\$52,297) R

Recurring reduction of \$52,297 in the operating budget of the following accounts:

531572	Unemp Comp Pmts	\$	3,131
531631	Workers Comp Med Pmt	\$	49,166
Total Recurring		\$	52,297

Budget Changes

(\$1,415,864) R

Total Position Changes

-29.00

Revised Total Budget

\$83,914,747

Special Provisions

2008 Session: HB 2436

Department: Revenue

Section: 23.1

Title: Use of Collection Assistance Fee

Summary Permits the Department of Revenue to use the proceeds of the collection assistance fee for the Tax Information Management System (TIMS) computer system that records tax payments and determines when the payments are overdue.

Secretary of State

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$10,743,041

Budget Changes

1110 General Administration

1 Accountant I position

Provides funding for one Accountant I position (\$52,819) to support the budget section in the accounting and purchasing functions.

\$66,178 R
\$3,000 NR
1.00

Recurring		FY 2008-09
531211	Salaries	\$52,819
531511	Social Security	\$ 4,041
531521	Retirement	\$ 4,136
531561	Medical Insurance	\$ 4,183
Total Recurring		\$66,178

Non-Recurring		FY 2008-09
532XXX	Purchased Services	\$ 500
533XXX	Supplies	\$ 1,500
534XXX	Property, Plant, Equip	\$ 2,000
Total Non-Recurring		\$ 3,000

1150 Lobbyist Registration

2 Lobbyist Registration Funds

\$37,653 R
 \$80,547 NR
 1.00

Funds are provided for one Office Assistant V (\$26,444) to provide manpower due to the enactment and amendment of the new lobbying law as recognized by OSBM in its January 2008 management study of the Lobbyist Division. An additional \$75,000 in nonrecurring funds is provided for contractual services to reduce the backlog of work.

Recurring		FY 2008-09
531211	Salaries	\$26,444
531511	Social Security	\$ 2,023
531521	Retirement	\$ 2,071
531561	Medical Insurance	\$ 4,157
532714	Trans.-grnd in-state	\$ 4,368
533110	General Office Supp	\$ 1,200
532811	Telephone Service	\$ 150
532430	Equip. Maint.	\$ 1,608
Total Recurring		\$37,653

Non-Recurring		
534534	PC/Printer Equipment	\$ 3,000
534511	Office Furniture	\$ 500
534521	Office Equipment	\$ 2,047
53XXXX	Misc. Contract Serv	\$75,000
Total Non-Recurring		\$80,547

1210 Corporations

3 Processing Asst V

\$35,845 R
 \$7,047 NR
 1.00

This position will assist in combining the cash management functions of the following units: corporations (both annual report and regular document filings), authentications, service of process, advance healthcare, and cable franchise.

Recurring		FY 2008-09
531211	Salaries	\$ 26,444
531511	Social Security	\$ 2,023
531521	Retirement	\$ 2,071
531561	Medical Insurance	\$ 4,157
532811	Telephone Service	\$ 150
533110	General Office Supp	\$ 1,000
Total Recurring		\$ 42,892

Non- Recurring		FY 2008-09
544XXX	Property, Plant, Equip	\$ 7,047
Total Non-Recurring		\$ 7,047

1230 Securities Registration

4 Paralegal II

The primary function of this position will be to administer the compliance of companies who offer securities in North Carolina which are covered under federal law.

\$47,201 R
\$8,300 NR
1.00

Recurring		FY 2008-09
531211	Salaries	\$ 35,585
531511	Social Security	\$ 2,722
531521	Retirement	\$ 2,786
531561	Medical Insurance	\$ 4,157
532714	Trans.-grnd in-state	\$ 500
532811	Telephone Service	\$ 500
532840	Postage	\$ 250
532850	Printing	\$ 250
532930	Registration	\$ 200
533110	General Office Supp	\$ 250
Total Recurring		\$ 47,201

Non-Recurring		
534534	PC/Printer Equipment	\$ 4,000
534511	Office Furniture	\$ 4,000
534521	Office Equip	\$ 300
Total Non-Recurring		\$ 8,300

Department-wide

5 Budgets Over-realized receipts

Budgets over-realized receipts in the amount of \$100,000.

(\$100,000) NR

6 Decrease Operating Budget

Recurring reduction in the operating budget.

(\$50,000) R

Department-wide:

1110	534535	Server Equipment	(20,000)
	534713	PC Software	(5,000)
	534714	Server Software	(6,000)
1120	532850	Print, Bind, Duplicate	(7,000)
1210	532840	Office Equipment	(2,000)
1220	533110	General Off. Supplies	(2,450)
1230	532942	Oth. Emp. Educ. Ex.	(1,000)
	535830	Membership Dues & Subsc	(6,550)

Budget Changes

\$136,877 R

(\$1,106) NR

Total Position Changes

4.00

Revised Total Budget

\$10,878,812

Special Provisions

2008 Session: HB 2436

Department: Secretary of State

Section:

Title: No Special Provisions

Summary

State Board of Elections

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$9,626,868

Budget Changes

1100 Administration

1 Administration Officer II \$46,970 R

Funding is provided to establish an Administrative Officer II (\$37,074) to manage personnel and budget responsibilities to allow the Deputy Director to concentrate on election-related matters.

1.00

Recurring	FY 2008-09
531211 Salaries	\$37,074
531511 Social Security	\$ 2,836
531521 Retirement	\$ 2,902
531561 Medical Insurance	\$ 4,157
Total Recurring	\$46,970

1200 Campaign Reporting

2 Three Disclosure and Education Specialists \$202,861 R

Funding is provided to establish three Disclosure and Education Specialists (\$54,956) in the Campaign Reporting Division to audit campaign finance reports and provide education to candidates, committees and the public.

3.00

Recurring	FY 2008-09
531211 Salary	\$164,868
531511 Social Sec.	\$ 12,612
531521 Retirement	\$ 12,909
531561 Medical Insurance	\$ 12,471
Total Recurring	\$202,861

3 Time-Limited Position Changes \$59,887 R

Funding is provided to convert two time-limited audit specialists (\$59,887) to permanent positions to continue auditing campaign finance reports to reduce the backlog. The positions received funding through December 2008 in the 2007 Budget. One time-limited position is eliminated as of January 1, 2009.

-1.00

1300 Voter Registration & Voting Systems

4 Additional IT Personnel

\$152,643 R

Funding is provided for one Business & Technology Applications Analyst (\$75,000) and one Technology Support Analyst (\$50,000) to support the Statewide Elections Information Management System.

2.00

Recurring		FY 2008-09
531211	Salaries	\$125,000
531511	Social Security	\$ 9,563
531521	Retirement	\$ 9,788
531561	Medical Insurance	\$ 8,592

1901 HAVA Maintenance of Effort

5 Provide Help America Vote Act (HAVA) State Match

\$168,708 NR

Provides additional State funding to meet the obligatory 5% State Match of \$168,708 for federal Help America Vote Act (HAVA) of 2002 Title II requirements payment for Federal Fiscal Years 2008 and 2009.

Department-wide

6 Decrease Operating Budget

(\$48,135) R

Recurring reduction of \$48,135 in the operating budget of the LAN Support account.

Budget Changes

\$414,226 R

\$168,708

Total Position Changes

5.00

Revised Total Budget

\$10,209,802

Special Provisions

2008 Session: HB 2436

Department: State Board of Elections

Section: 24.1

Title: 2008 Early Voting Funds

Summary Directs the Board to expend \$1 million in FY 2008-09 from the Maintenance of Effort (MOE) Reserve for additional operating support for one-stop absentee voting (early voting) sites for the 2008 General Election.

2008 Annotated Committee Report

State Budget & Management

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$5,877,440

Budget Changes

1310 Office of State Budget

1 One Business and Technology Position \$99,139 R
 Funding is provided for one Business and Technology Applications Specialist position (\$84,375) to perform administration of Oracle and SAS. 1.00

Recurring		FY 2008-09
531211	Salaries	\$ 82,250
531511	Social Security	\$ 6,292
531521	Retirement	\$ 6,440
531561	Medical Insurance	\$ 4,157
Total Recurring		\$ 99,139

Department-wide

2 Decrease Operating Budget (\$83,897) R
 Recurring reductions of \$83,897 in the operating budget to the following accounts:

Department-wide:

532199	Misc. Contractual Services	(23,897)
532430	Maint. Agreement-Equip.	(8,000)
532712	Travel/Emp Expenses	(20,000)
532712	Transp. Air-Out-Of-State	(3,000)
532721	Lodging-In-State	(2,000)
532722	Lodging-Out-Of-State	(6,000)
532811	Telephone	(5,000)
532941	Employee Educ. Assist.	(5,000)
533100	Gen Administrative Supplies	(3,000)
534XXX	Property, Plant, Equipment	(8,000)

Budget Changes \$15,242 R

Total Position Changes 1.00

Revised Total Budget \$5,892,682

Special Provisions

2008 Session: HB 2436

Department: State Budget & Management

Section: 22.1

Title: Staffing Analysis of the Ethics Commission and the Lobbyist Registration Section of the Department of Secretary of State

Summary Directs the Office to conduct a staffing analysis of the State Ethics Commission and the Lobbyist Registration Division to determine if the staffing is appropriate for the workload volume.

Section: 22.2

Title: Modify State Fire Protection Grant Fund

Summary Makes technical changes to the Fire Protection Grand Fund statute to conform to the funds appropriated in this year's budget.

Section: 22.3

Title: Military Morale, Recreation, and Welfare Funds

Summary Establishes a funding formula for funds appropriated to the Military Morale reserve fund, requiring the funds to be allocated on a per capita basis to each of the military installations in the State.

Section: 22.4

Title: Staffing Analysis of the Youth Advocacy & Involvement Office

Summary Directs the Office to conduct a staffing analysis of the Youth Advocacy and Involvement Office of the Department of Administration. A report is due to the Governmental Operations Commission by March 1, 2009.

Section: 22.5

Title: Staffing Survey of State Agencies and Universities that Use the BEACON System

Summary Directs the Office to conduct a staffing survey of the State agencies and universities that use the BEACON system to determine the number of staff assigned to conduct BEACON training. A report is due to the General Government Appropriations Subcommittees and to the Fiscal Research Division by March 1, 2009.

Section: 22.6

Title: Study DOA Assistance to County Veterans Service Programs

Summary Directs the Office to study the Veterans Service Programs within the Department of Administration. A report is due to the General Government Appropriations Subcommittees and to the Fiscal Research Division by March 1, 2009.

Section: 22.7

Title: North Carolina State Veterans Park

Summary Appropriates \$15 million to the City of Fayetteville for the construction of the North Carolina State Veterans Park.

State Budget and Management - Special

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$5,621,446

Budget Changes

1023 Fire Protection Grants

1 Fire Protection Grant		\$300,000	R
	The Governor recommends funding the fire protection grants-in-aid program on a recurring basis in order to assist local fire districts that provide fire protection and other services to state-owned facilities. In 2007-08, \$300,000 was appropriated on a one-time basis. (H.B. 2205; S.L. 2008-107, Sec. 22.2)		

1900 Reserves and Transfers

2 Earned Income Tax Credit Outreach		\$150,000	NR
	Provides funding to the EITC Carolinas Initiative at MDC, Inc., to support free tax preparation and outreach efforts associated with the earned income tax credit for low-income North Carolina taxpayers.		
3 Museum of the Marine		\$500,000	NR
	Funding is provided to the Museum of the Marine, a non-profit organization, to complete the architectural plans of the Museum of the Marine. The museum will be located in the City of Jacksonville. (H.B. 2232)		
4 North Carolina State Veterans Park		\$15,000,000	NR
	Funding is provided to construct the North Carolina State Veterans Park, which includes a formal garden, a visitors center, and a Freedom Trail. (H.B. 2520/S.B. 1611; S.L. 2008-107, Sec. 22.7)		
5 Reserve for Military Morale, Recreation, & Welfare		\$1,000,000	NR
	Funding is provided for the reserve for military morale, recreation, and welfare to sustain historical grants to military installations to provide community service and quality-of-life programs for military members and their families in North Carolina. (S.L. 2008-107, Sec. 22.3)		

Budget Changes	\$300,000	R
	\$16,650,000	NR
Total Position Changes		
Revised Total Budget	\$22,571,446	

Special Provisions

2008 Session: HB 2436

Department: State Budget and Management - Special

Section:

Title: No Special Provisions

Summary

2008 Annotated Committee Report

State Controller

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$20,727,698

Budget Changes

Department-wide

1 Decrease Operating Budget (\$110,940) R
Recurring reduction of \$110,940 in the operating budget of the
Data Processing account.

Budget Changes (\$110,940) R

Total Position Changes

Revised Total Budget \$20,616,758

Special Provisions

2008 Session: HB 2436

Department: State Controller

Section: 20.1

Title: BEACON Staff to Support Statewide Enterprise Training Program

Summary Authorizes the State Controller to establish eight full-time time-limited positions to support their training program. Existing BEACON receipts were authorized for FY 2008-09.

2008 Annotated Committee Report

Treasurer

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$9,326,190

Budget Changes

1210 Investment Division

1 Investment Management Positions

\$763,829 R

Funds are provided for 2 salary increases and 6 new positions. The new positions include one Senior Portfolio Manager position (\$160,000), 3 Portfolio Manager/Sr. Credit Analyst positions (\$70,000), and 2 Investment/Credit Analyst positions (\$55,000).

6.00

The existing Senior Portfolio Manager position (Pos. No. 3430-2611-2100-110 and 3430-2611-2100-113) salaries will increase to \$160,000.

Recurring		FY 2008-09
531211	Salaries	\$ 639,840
531511	Social Security	\$ 48,978
531521	Retirement	\$ 50,099
531561	Medical Insurance	\$ 24,942
	Total Recurring	\$ 763,829

1410 Retirement Operations

2 Audit State Employee Service Records

Nonrecurring receipts in the amount of \$1,200,000 for FY 2008-09 are authorized for financial/audit services to audit State employee service records. (S.B. 2140)

3 Four Business & Technology App. Analysts

Funds are provided for four Business and Technology Application Analysts (\$75,469) for ORBIT support. All expenditures will be funded with receipts. (S.B. 2140)

Recurring		FY 2008-09
531211	Salaries	\$301,876
531511	Social Security	\$ 23,094
531521	Retirement	\$ 23,636
531561	Medical Insurance	\$ 16,628
	Total Recurring	\$365,234

Budget Changes	\$763,829
Total Position Changes	6.00
Revised Total Budget	\$10,090,019

Special Provisions

2008 Session: HB 2436

Department: Treasurer

Section:

Title: No Special Provisions

Summary

2008 Annotated Committee Report

Treasurer - Retirement for Fire and Rescue

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$9,458,957

Budget Changes

1412 Gen. Fund Contribution to Fire Pension Fund

1 Increase Retirement Benefits

\$1,027,851 R

Increases the benefits in the Fireman's and Rescue Squad Workers' Pension Fund from \$167 to \$170 per month for retirees and future retirees effective July 1, 2008. (H.B. 2729/S.B. 2142, H.B. 2081)

Budget Changes

\$1,027,851

Total Position Changes

Revised Total Budget

\$10,486,808

Special Provisions

2008 Session: HB 2436

Department: Treasurer - Retirement for Fire and Rescue

Section:

Title: No Special Provisions

Summary

TRANSPORTATION:

HIGHWAY FUND

&

HIGHWAY TRUST FUND

APPROPRIATIONS

Highway Fund

HIGHWAY FUND

Total Budget Approved 2007 Session

FY 08-09

\$1,810,990,000

Budget Changes

Administration

- 1 Janitorial Contracts** \$601,581 R
 Increases funds to support contracted janitorial services at DOT facilities statewide.
- 2 Repairs and Renovations** \$9,084,221 NR
 Provides funds for repairs and renovations of department facilities located throughout the state.
- 3 Reduction to Administrative Budgets** (\$12,000,000) R
 Reduces funds for central administration within DOT.

Division of Motor Vehicles

- 4 Driver License Vertical Format** \$50,000 NR
 Provides funds for the implementation of a vertical driver license format for drivers under 21 years of age. These funds shall not be expended unless HB 2487 or substantially similar legislation is enacted during the 2008 General Assembly. (H.B. 2487 was enacted as S.L. 2008-217.)
- 5 Space Requirements** \$195,266 R
 Increases funds for overall space needs at six driver license offices to meet standards for customer service delivery and increased staff and equipment. Offices are located in Asheboro, Brevard, Kenansville, Lumberton, Marshall and Wallace.
- 6 IT Requirements - Property Tax Collection**
 Provides funds for the planning and detail design of an information technology project necessary for meeting the requirements of HB1779. The nonrecurring funding requirement for FY2008-09 is \$4,873,099 and the source is the Combined Motor Vehicle and Registration Account, held in the NC State Treasurer's Office.
- 7 IT Requirements - Database Project**
 Provides funds to create a database of vehicle property tax data necessary for meeting the requirements of HB1779. The nonrecurring funding requirement for FY2008-09 is \$367,200 and the source is the Combined Motor Vehicle and Registration Account, held in the NC State Treasurer's Office.

8 Postage Costs	\$1,815,111	R
Increases funds for additional postage necessary to comply with statutory requirements of HB 267, requiring central issuance of all driver licenses effective July 1, 2008.		
Ferry Division		
9 Ferry Division	\$1,000,000	NR
Provides additional funds for the ferry maintenance facility in Manns Harbor.		
Maintenance		
10 System Preservation	\$24,542,804	NR
Provides funds for highway maintenance activities that preserve and extend the life of infrastructure assets, including pavement, bridges, traffic signals and other roadside features.		
11 Continuation Review of Spot Safety Program	(\$9,100,000)	R
Changes the funding for the Spot Safety Program from recurring to non-recurring. This program is subject to continuation review.		
Rail Division		
12 Grants to Short-Line Railroads	\$1,000,000	NR
Provides funds to continue the grant program supporting short-line railroad companies. The funds are used to rehabilitate and strengthen North Carolina's short-line infrastructure.		
Statutory Adjustments		
13 Secondary Road Construction Program	\$1,807,592	R
Adjusts funding for secondary road construction based on revised projections for motor fuels tax revenue in accordance with G.S. 136-44.2A.		
14 Leaking Underground Storage Tank Fund	(\$185,000)	R
Adjusts budget for the Leaking Underground Storage Tank Fund based on projections for the motor fuels inspection fee in accordance with G.S.119-18.		
15 Aid to Municipalities	\$1,807,592	R
Adjusts funding for aid to municipalities based on revised projections for motor fuels tax revenue in accordance with G.S. 136-41.1.		
Transfers		
16 Driver Education Program	\$616,491	R
Increases funds for the Driver Education Program to support an increase in the average daily membership of students eligible for driver education training in FY2008-09.		

17 New Positions

Transfers funds from the Highway Fund to the Department of Agriculture and Consumer Services for the support of one Gas and Oil Inspector position and one Chemistry Technician II position.

The recurring amount of \$84,749 includes salary, benefits, vehicle operating expenses, office supplies and cell phone services. The non-recurring amount of \$99,350 includes vehicles, testing and computer equipment.

\$84,749 R
\$99,350 NR
2.00

18 Leaking Underground Storage Tank Fund Reduction

Reduces appropriation to the Leaking Underground Storage Tank Fund, thus making funds available to support two positions in the Department of Agriculture and Consumer Services. (See Item 15).

(\$84,749) R
(\$99,350) NR

Budget Changes

(\$14,441,367) R
\$44,777,025 NR

Total Position Changes

2.00

Revised Total Budget

\$1,841,325,658

Highway Trust Fund

HIGHWAY TRUST FUND

Total Budget Approved 2007 Session

FY 08-09

\$1,138,780,000

Budget Changes

Highway Trust Fund

<p>19 Intrastate System Reduces funds for the Intrastate System to \$504,290,380 for FY2008-09 consistent with new revenue estimates and statutory formula.</p>	<p>(\$40,691,943) R</p>
<p>20 Urban Loops Reduces funds for the Urban Loops to \$203,914,028 for FY2008-09 consistent with new revenue estimates and statutory formula.</p>	<p>(\$16,454,126) R</p>
<p>21 Aid to Municipalities Reduces funds for Aid to Municipalities to \$52,911,824 for FY2008-09 consistent with new revenue estimates and statutory formula.</p>	<p>(\$4,269,533) R</p>
<p>22 Transfer to General Fund Reduces transfer to General Fund in FY2008-09 by \$25,000,000. The total amount of the transfer to the General Fund under G.S. 105-187.9b(1) is \$145,000,000 for FY2008-09. (S.L. 2008-107, Sec.25.5)</p>	<p>(\$25,000,000) R</p>
<p>23 Secondary Road Construction Reduces funds for the Secondary Road construction program to \$88,102,604 for FY2008-09, consistent with new revenue estimates and statutory formula.</p>	<p>(\$7,687,965) R</p>
<p>24 North Carolina Turnpike Authority Provides funds for the North Carolina Turnpike Authority for its gap funding for the Triangle Expressway project.</p>	<p>\$25,000,000 R</p>
<p>25 Transfer to General Fund Reduces transfer to General Fund in FY2008-09 to \$2,531,245 in accordance with G.S. 105-187.9(b)2.</p>	<p>(\$143,793) R</p>
<p>26 Administration Increases funds for administration to \$51,409,920 in FY2008-09 consistent with an increase to 4.8% in the statutory formula for maximum amount allowed for administration. (S.L. 2008-107, Sec. 25.1)</p>	<p>\$3,627,360 R</p>

Budget Changes	(\$65,620,000)	R
Total Position Changes		
Revised Total Budget	\$1,073,160,000	

Special Provisions

2008 Session: HB 2436

Department: Transportation

Section: 25.1

Title: Increase Administrative Appropriation for the Highway Trust Fund

Summary Increases the allowable percentage of funds that may be used for administration of the Highway Trust Fund and North Carolina Turnpike Authority. The amount increases from 4.2% to 4.8% of the total amount available in the Highway Trust Fund.

Section: 25.2

Title: Department of Transportation to Produce Biennial State Transportation Maps and Coastal Boating Guides

Summary Requires DOT to produce the North Carolina Transportation Map biennially instead of annually. Additionally, DOT may continue to financially support the partial cost of production of the Coastal Boating Guide that Wildlife Resources Commission will begin producing. The DOT shall report to the Joint Legislative Transportation Oversight Committee on cost savings by March 1, 2009.

Section: 25.3

Title: One-Stop-Shops for Drivers license and Registration Plates

Summary Requires DOT, Division of Motor Vehicles to prepare an analysis and plan of One-Stop Shops. The plan shall include information a cost-effectiveness comparison of one-stop-shops and licensed plate agencies. The report is due to Joint Legislative Transportation Oversight Committee and Fiscal Research Division by October 31, 2008.

Section: 25.4

Title: Realign The Continuation and Certified Budgets of Each Division Within The Department

Summary Directs DOT to work with Office of State Budget and Management to review and realign the certified budgets of each division within the Department, prepare a cash spending plan based on certified budget fund codes, and report quarterly about performance. The DOT shall report no later than November 1, 2008 to the Joint Legislative Transportation Oversight Committee and Fiscal Research Division.

Section: 25.5

Title: Transfer Highway Trust Fund Monies in the Amount of Twenty-Five Million Dollars Beginning in Fiscal Year 2008-2009, Sixty-Four Million Dollars Beginning in Fiscal year 2009-2010

Summary Reduces the transfer from the Highway Trust Fund to the General Fund from \$170 million by \$99 million over 3 years. These funds will be used as follows:
\$25 million to fund the debt service on the Triangle Expressway beginning in FY2008-09; an additional \$39 million to fund the debt service on the Monroe Connector/Bypass and Mid-Currituck Bridge beginning in FY2009-10, and an additional \$35 million to fund the debt service on the Garden Parkway beginning in FY2010-11.

Section: 25.6

Title: **Funds for Unsafe and Obsolete Facilities**

Summary Repeals Section 27.6 of S.L. 2007-323. It revises the procedure for budgeting funds for repairs and renovations of DOT field facilities by making that budget an explicit part of the appropriations process.

Section: 25.7

Title: **Cash Flow Highway Funds and Highway Trust Fund Appropriations**

Summary This is a boilerplate provision that allows DOT to contract for payments beyond the biennium.

Section: 25.8

Title: **Department of Transportation to Apply for Interstate Corridor Grant Funds**

Summary This provision requires DOT to apply to USDOT for any interstate corridor grant funds that may be available.

Section: 25.9

Title: **Aviation Funds for the Mount Airy-Surry County Airport Authority and the Ashe County Airport**

Summary Directs DOT to allocate \$3,000,000 for the Mount Airy-Surry County Airport and \$2,500,000 to the Ashe County Airport for expansion and renovation.

Section: 25.10

Title: **Closure of Exits on Interstate Highways**

Summary Directs the Department of Transportation to apply for a waiver from the US Department of Transportation to keep certain exits scheduled for closure on interstate highways open.

Section: 25.12

Title: **Department of Transportation to Plant Seedlings in Rights-of-Way**

Summary Directs DOT to use \$1,000,000 of funds appropriated for five years to develop and implement a plan to plant trees and shrubs native to North Carolina along the State's roads and highways in the rights-of-way. (S.L. 2050)

Section: 25.13

Title: **Drivers License Format Change**

Summary Provides that up to \$50,000 of any funding received by the Division of Motor Vehicles to help fund the drivers license format change from horizontal to vertical for drivers less than 21 years of age shall be appropriated to the DOT System Preservation Account to replace funds previously expended for the format change.

Section: 25.14

Title: **Short Line Rail Improvements for the Piedmont & Northern Corridor and Other Transit and Rail Improvements**

Summary Directs DOT to spend up to \$5,000,000 of funds appropriated to the Divisions of Rail and Public Transportation to improve the railroad track for the Piedmont & Northern corridor to current operating standards after the Rail Division has entered into a formal lease with a qualified operator. The lease is to contain a cost share from the operator of at least ten percent.

Section: 25.15

Title: **Funds Transfer to Support Global TransPark Freight Transportation System**

Summary Permits DOT to use up to \$29,000,000 of available funds to contract for freight transportation improvements for the Global TransPark.

Section: 25.16

Title: **Keep America Beautiful Organization Staff Funds**

Summary Allocates \$40,000 of recurring funds for transfer to the North Carolina Clean Foundation to support a program coordinator for the North Carolina Keep America Beautiful organization. (S.B. 1931)

Section: 25.17

Title: **Repairs and Renovations Funds**

Summary Permits the expenditure of \$5,250,000 from the Highway Trust Fund for repairs and renovations of Department facilities throughout the State.

Section: 25.18

Title: **Stormwater Runoff from Bridges**

Summary Requires DOT to conduct, in cooperation with the Center for Transportation and the Environment at North Carolina State University, a pilot study on 50 bridges to test various methods and systems of storm water detention, collection, and filtering.

**RESERVES,
DEBT SERVICE
&
ADJUSTMENTS**

GENERAL PROVISIONS

2008 Annotated Committee Report

Statewide Reserves

GENERAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$698,292,362

Legislative Changes

A. Employee Benefits

1 State Funded Compensation Increases

\$360,192,676 R
\$8,151,912 NR

Provide funds to support salary increases for employees of State agencies, departments, universities, community college institutions, and public schools. (S.L. 2008-107, Sec. 26.1-26.12, 26.13, 26.14, and 26.16-26.20) (S.L. 2008-118, Section 3.6.(a) amended the salary of the Chief Judge, Court of Appeals further increasing it to \$135,061)

2 Public School Salary Increases

Certified Teaching, School Based Administrators and Non-certified Personnel in local Public Schools, State agency based Public Schools, and the NC School of Science and Mathematics.

Teachers and Instructional Support - Funds are provided to support an experience based step increase for teachers and instructional support personnel (average salary increase of 1.83%) and a flat annual increase in the base teacher salary schedule of \$680 for steps 0-2 and \$470 for steps 3-31 for Fiscal Year 2008-2009 (total average increase of 3.0%). Teachers and Instructional Support who are at the top of the experience based salary schedule will receive a 1.8% one-time lump sum bonus.

Principals and Assistant Principals - Funds are provided to support an experience based step increase for school board administrators (average salary increase of 1.67%) and a flat annual increase in the school based administrators salary schedule for Fiscal Year 2008-2009 (total average increase of 2.69%). School based administrators who are at the top of the experience based salary schedule will receive a 2.0% one-time lump sum bonus.

All other Public School Personnel - Provide funds to support an annual salary increase equal to the greater of \$1,100 or 2.75%.

3 Community College Salary Increases

Faculty and Professional Staff - Provide funds to support a 3.0% annual salary increase.

All other Community College Personnel - Provide funds to support an annual salary increase equal to the greater of \$1,100 or 2.75%.

4 University Salary Increases

EPA Faculty and EPA Non-faculty - Provide funds to support a 3.0% annual salary increase.

All other University Personnel - Provide funds to support an annual salary increase equal to the greater of \$1,100 or 2.75%.

5 State Agency/Department Salary Increases

Provide funds to support an annual salary increase equal to the greater of \$1,100 or 2.75% for permanent employees of State agencies and departments.

6 Highway Fund Reserve for Compensation Increases

Provides funding in the amount of \$14,762,342 recurring to support an annual salary increase equal to the greater of \$1,100 or 2.75% for permanent employees whose salaries are supported by Highway Fund appropriations. (S.L. 2008-107, Sec. 26.1-26.12, 26.13, 26.14, and 26.16-26.20)

7 No Penalty for Teachers Taking Personal Leave

Provides funding to allow classroom teachers and media specialists who require a substitute to use one personal leave day during FY 2008-2009 and receive full salary. Teachers and media specialists will continue to receive full salary less the required substitute deduction for personal leave days used over one day in FY 2008-2009. (S.L. 2008-107, Sec. 26.21)

\$5,000,000 NR

8 Department of Health and Human Services/Sign-on Bonuses

Provides funding for sign-on bonuses for newly employed registered nurses hired in State operated facilities in the Division of Mental Health, Developmental Disabilities and Substance Abuse Services. (S.L. 2008-107, Sec. 26.12B)

\$500,000 NR

9 Retirement System Contributions

Increases the State's contribution for Fiscal Year 2008-2009 to provide a 2.2% cost-of-living adjustment for retirees of the Teachers' and State Employees' Retirement System. This adjustment is funded in part with actuarial gains within the Retirement System. (S.L. 2008-107, Sec. 26.22)

\$30,237,400 R

10 Highway Fund Reserve for Retirement System Contributions

Provides funding in the amount of \$1,462,000 recurring to increase the State's retirement contribution for positions supported by Highway Fund appropriations for Fiscal Year 2008-2009 in order to provide a 2.2% cost-of-living adjustment to retirees of the Teachers' and State Employees' Retirement System. This adjustment is funded in part with actuarial gains within the Retirement System. (S.L. 2008-107, Sec. 26.22)

11 Reduce Statewide Reserves -- Premium Contributions

(\$5,000,000) R

Reduces appropriation to a statewide reserve used to fund increased health benefit related premium contribution costs incurred by employing agencies. According to the Office of State Budget and Management, funds to be eliminated have not been disbursed from the statewide reserve and are in excess of projected requirements. This action does not affect funding of the State Health Plan.

B. Other Reserves

12 Task Force on Preventing Agricultural Pesticide Exposure

\$221,374 R

Appropriates funds for four positions to implement the recommendations outlined in the Governor's Task Force on Preventing Pesticide Exposure report.

\$135,681 NR
4.00

13 Pending Legislation for Gang Prevention

Provides funds contingent upon the enactment of pending legislation for gang prevention. (S.L. 2008-220; SB 1736)

\$10,000,000 NR

14 Job Development Investment Grants (JDIG)

\$15,000,000 R

Provides additional funds to meet projected cash flow requirements for JDIG.

15 North Carolina Master Address Dataset

Provides funding to the Center for Geographic Information and Analysis for a master data set to ensure the accuracy and completeness of the 2010 census. The dataset will also improve emergency response, school and voting redistricting, delivery of citizen services, and other public agency business applications and functions.

\$1,000,000 NR

16 Criminal Justice Data Integration Pilot

Provides funding to begin the development and implementation of a Criminal Justice Data Integration pilot program to integrate and ensure the real time availability of critical information for law enforcement and the judicial system.

\$5,000,000 NR

C. Debt Service

17 Debt Service

Reduces the General Fund appropriations for debt service due to revised earnings on bond proceeds (\$17,500,000) NR

Total Legislative Changes	\$400,651,450	R
	\$12,287,593	NR
Total Position Changes	4.00	
Revised Budget	\$1,111,231,405	

Special Provisions

2008 Session: HB 2438

Department: Statewide Reserves

Section: 1.1

Title: **TECHNICAL CHANGES: Pending Gang Prevention Legislation (HB 274)**

Summary: Amends S.L. 2008-107, Section 2.1, Reserves, Adjustments and Debt Service to remove HB 274 from the title.

Section: 1.2

Title: **TECHNICAL CHANGES: Study of Lapsed Salary Use**

Summary: Amends S.L. 2007-323, Section 6.18(b) to require an additional report due February 1, 2009 and to clarify that the report is to include an estimate of the total amount of lapsed salaries by State agency.

Section: 2.1

Title: **CLARIFYING CHANGES: Education Lottery**

Summary: S.L. 2008-118, Section 2.1 amends the 2008 Appropriations Act (S.L. 2008-107, Section 5.2) to require overrealized lottery proceeds in both FY 2007-08 and FY 2008-09 be allocated to those districts not qualifying for funding in FY 2008-09 pursuant to G.S. 115C-546.2(d). Further requires that the FY 2008-09 quarterly distributions for these districts be \$2.5 million in each of the first two quarters, and \$4.6 million in each of the final two quarters.

2008 Session: HB 2436

Department: Statewide Reserves

Section: 2.1

Title: **Current Operations and Expansion/General Fund**

Summary: Sets forth adjustments to the FY 2008-09 budget enacted during the 2007 legislative session. Adjustments represent net adjustments to the certified budgets.

Section: 2.2

Title: **General Fund Availability Statement**

Summary: Pursuant to G.S. 143C-5-3, this provision sets forth the resources used as the basis for appropriations from the General Fund:

(a) sets forth the \$21,355,967,434 in general purpose revenue and available funds to support general fund appropriations for FY 2008-09. The balance to completely offset general fund appropriations is derived from agency receipts.

(b and c) sets forth the enacted earmark for Repairs and Renovations Reserve Account and appropriates that amount (\$69,839,238). G.S. 143C-4-3 mandates one-quarter of the year-end unreserved fund balance be credited to the Repair and Renovations Account.

(c1) directs that no funds be credited to the Savings Reserve Account or "Rainy Day Fund."

(d) amends S.L. 2007-323, Section 2.2(d) to reduce the amount transferred from the Highway Trust Fund as per G.S. 105-187.9(b)(1), from \$170 million to \$145 million.

(e - i) sets forth funds transferred from reserves or other funds as follows:
\$5 million from Tobacco Trust Fund
\$5 million from Health and Wellness Trust Fund

\$26 million from Disaster Reserve Fund
\$19.3 million from Disproportionate Share Receipt Reserve
\$10,050,246 from various sources listed in Sections 8.9, 9.1, 9.4, and 10.1.

Section: 3.1

Title: **Current Operations and Expansion/Highway Fund**

Summary: Sets forth adjustments to the FY 2008-09 budget enacted during the 2007 legislative session. Adjustments represent net adjustments to the certified budgets.

Section: 3.2

Title: **Highway Fund Availability Statement**

Summary: Pursuant to G.S. 143C-5-3, this provision sets forth the \$1.86 billion in resources used as the basis for appropriations from the Highway Fund to support appropriations for the Department of Transportation for FY 2008-09.

Section: 4.1

Title: **Highway Trust Fund**

Summary: Sets forth adjustments in the FY 2008-09 appropriations enacted during the 2007 legislative session from the Highway Trust Fund. Adjustments represent net adjustments to the certified budget.

Section: 4.2

Title: **Highway Trust Fund Availability Statement**

Summary: Pursuant to G.S. 143C-5-3, this provision sets forth the \$1.08 billion in resources used as the basis for appropriations from the Highway Trust Fund to support appropriations for the Department of Transportation for FY 2008-09.

Section: 5.1

Title: **Civil Penalties and Forfeitures/Fund Availability and Appropriation**

Summary: Sets forth the \$132 million in Civil Penalty and Forfeiture Fund revenue collected by various State agencies in support of appropriations for public schools.

Section: 5.2

Title: **Education Lottery**

Summary: Sets forth the \$405 million in lottery net proceeds and lottery reserve funding in support of appropriations for four different education programs, which benefit students at both public schools and postsecondary institutions. Of this amount, \$19.75 million is transferred from the lottery reserve to support class size reduction in grades K-3. The remaining \$385 million is made available from estimated lottery net proceeds.

Section: 5.3

Title: **Information Technology Fund Availability and Appropriation**

Summary: Sets forth a portion of the funds available to support appropriations for the Information Technology Fund. (For more information, please see the Information Technology Section.)

Section: 6.1

Title: **Appropriation of Cash Balances**

Summary: Amends the 2007 Appropriations Act {S.L. 2007-323, Section 6.1} to appropriate all State funds as defined in the State Budget Act, {G.S. 143C-1-1(d)(25)} which are included in the budget supplement titled "Governor's Recommended Budget for Governmental and Proprietary Funds and Selected Component Units 2008-09" and as revised by the General Assembly.

A listing of each governmental and proprietary fund and selected component unit, please refer to the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets dated July 3, 2007.

Section: 6.2

Title: **Expenditures of Funds in Reserves Limited**

Summary: Prohibits the use of funds appropriated specifically into a reserve to be used for any other purpose - examples include Compensation Increases Reserve and Salary Adjustment Fund Reserve.

Section: 6.3

Title: **Budget Code Consolidations**

Summary: Allows the Office of State Budget and Management to adjust the enacted budget solely for the purposes of consolidating budget codes and closing inactive budget or fund codes.

Section: 6.4

Title: **Consultation not Required Prior to Establishing or Increasing Fees Pursuant to the State Budget Act**

Summary: Waives G.S. 12-3.1 to allow agencies to implement fee adjustments, without prior consultation with the Joint Commission on Governmental Operations, if the fee was authorized in S.L. 2008-107, the 2008 Appropriations Act.

Section: 6.6

Title: **Authorization to Establish Receipt Supported Positions**

Summary: Allows an agency, upon approval of the Governor, to establish a position (authorized in S.L. 2008-107, at a different salary level within the existing salary range grade and within funds available from the proposed source.

Section: 6.7

Title: **Continuation Review of Certain Funds, Programs, and Divisions**

Summary: Directs continuation reviews be conducted by the seven departments/agencies that administer the programs and to provide written reports to the General Assembly by March 1, 2009 in accordance with specified requirements. These reports will provide the bases for the Committees' review of the programs. Restoration of funding for the programs is subject to the Appropriations Committees' review and their determination of whether to continue, reduce, or eliminate funding for them.

The following programs were selected for a continuation review:

1. Department of Crime Control and Public Safety - Tarheel Challenge Academy
2. Department of Transportation - Spot Safety Program
3. Community College System - Military Business Center
4. Department of Health and Human Services -Purchase of Medical Care Services Program
5. Department of Administration - Parking Office
6. Department of Environment and Natural Resources - Forest Development Fund

Section: 6.8

Title: **State Support of Our Military Personnel**

Summary: Sets forth the various initiatives and funds provided in support of the State's veterans and active military personnel.

Section: 6.9

Title: **Federal and Other Receipts From Pending Grant Awards**

Summary: Appropriates funds from grants awarded subsequent to the enactment of the 2008 Appropriations Act, provided the application for those grants were made prior to May 14, 2008. Agencies must report to the Joint Commission on Governmental Operations prior to expending the grant funds.

A listing of each grant may be found in The Governor's Budget 2008 {House Bill 2697, Section 6.2.}

Section: 6.9A

Title: **State Housing Support**

Statewide Reserves

Summary: Sets forth the various initiatives and funds provided in support of homeownership and healthy housing for the State's families and individuals of low and moderate incomes.

Section:

Title: **SALARIES AND BENEFITS SPECIAL PROVISION SUMMARIES**

Summary: Please note:

All special provision summaries related to State employee salaries, retirement, health care and other benefits is located in the Salaries and Benefits Section of the report.

CAPITAL

Capital

GENERAL FUND

FY 08-09

A. Department of Administration

1 State Capital Visitors Center/Plaza/Underground Parking Facility Planning

Provides capital planning funds for the proposed State Capital Visitors Center, public plaza, and underground parking. The Department of Administration will work with the Department of Cultural Resources regarding the design of the visitors center. The size of the visitors center will be no more than 45,800 square feet and the parking facility will have 490 spaces. The General Assembly appropriated \$250,000 in FY 2005-06 and \$627,281 in FY 2007-08 for current advance planning efforts. The total project cost is \$41.3 million. (H.B.1336)

\$2,600,000 NR

2 NC Freedom Monument

Provides capital planning funds for the NC Freedom Monument, a half-acre plaza located in Raleigh. The plaza will honor the struggle by North Carolinians to gain and protect freedom. The total cost is \$4.5 million and \$1.5 million of the cost will be offset by receipts. The General Assembly appropriated \$100,000 for the monument in FY 2007-08.

\$450,000 NR

The Department of Administration will contract with NC Freedom Monument Project, Inc. to accomplish this project and use plans developed by NC Freedom Monument Project, Inc. (S.L.2008-107, Sec.27.7A)

D. Crime Control and Public Safety

3 Statewide Master Facilities Plan - Phase 2

Provides capital planning funds for developing Phase 2 of the National Guard's statewide master facilities plan. The State owns and operates 92 armory facilities across North Carolina, and many facilities are 30 years old or more. The five phase master planning process will determine future renovation and construction needs. The General Assembly appropriated \$280,294 in General Funds monies and \$290,000 in federal receipts for Phase 1 in FY 2007-08. The federal government will offset \$345,578 of the cost for Phase 2. The total cost for all five phases is \$2.6 million.

\$300,300 NR

4 Siler City Armory Rehabilitation

Provides capital funds for the comprehensive rehabilitation of the National Guard's Siler City Armory. This rehabilitation is needed to protect the State's asset and meet State mission needs. No federal funds are available for this project. The total project cost is \$929,600.

\$929,600 NR

5 Camp Butner Land Buffers - Phase 2

Provides capital funds for the purchase of conservation easements and other development rights from privately held property around the National Guard's Camp Butner. This project is intended to protect the Camp's operations and mission from encroaching development in Butner. This is Phase 2 of a six phase plan for acquiring land buffers. The General Assembly appropriated \$117,800 for Phase 1 in FY 2007-08. The total cost for all six phases is \$830,203.

\$126,200 NR

6 Camp Butner Latrine Replacement

Provides capital funds for the construction of 1,500 square feet of latrine facilities for training sites at Camp Butner. This project will coincide with the extension of a federally-funded sewer line to the Camp. The sewer line project will cost \$738,950. The project cost is \$245,430.

\$245,430 NR

E. Department of Justice

7 SBI Buildings 17 & 18 Addition

Provides capital funds for constructing an addition to buildings 17 and 18 on the Garner Road Complex to house the Department's information technology group. The IT group was recently relocated to the Garner Road Complex after the sale of the Blount Street property in downtown Raleigh. The current space is inadequate to meet the Department's IT needs. The project will increase the size of buildings 17 and 18 by no more than 11,500 square feet. The total project cost is \$1.8 million.

\$1,792,006 NR

F. Department of Commerce

8 Wanchese Capital Improvements

Provides capital funds for the following improvements at the Wanchese Seafood Industrial Park:

\$605,700 NR

Fire Protection Improvements	\$110,900
Road Repair and Improvements	\$94,800
Wastewater Treatment Improvements	\$400,000

G. Department of Agriculture and Consumer Services

9 Veterinary Laboratory System Study

Provides capital planning funds for examining the current veterinary lab system. The study will determine needed facilities replacement and rehabilitation projects to enhance the lab system's mission of disease diagnosis and control. The study will encompass the main lab facility in Raleigh and four regional labs.

\$620,000 NR

10 Motor fuels/Metrology Laboratory Study

Provides capital planning funds for a combined motor fuels/metrology laboratory to replace the two existing labs. The current motor fuels lab is overcrowded and not suited for evolving motor fuels regulation. The current metrology lab is hampered by increasing traffic and construction around the Blue Ridge Complex. Such activity creates ground vibrations that impact the measuring equipment in the metrology lab.

\$300,000 NR

The total project cost for a joint replacement laboratory is not available and would be determined in the planning process. The undetermined cost to relocate the metrology lab or develop foundation solutions to mitigate ground vibrations makes estimating the total project cost difficult at this time.

11 Hunt Horse Complex Horse Barn

Provides capital funds for a horse barn at the James B. Hunt Horse Complex in Raleigh.

\$900,000 NR

H. Department of Environment and Natural Resources

12 NC Zoo - Africa Pavilion Replacement Planning

Provides capital planning funds for the replacement of the current Africa Pavilion. Changes to the protocol for handling primates, flaws in the original pavilion design, the lack of air conditioning, and the condition of the existing facility create the need to replace the Africa Pavilion. The new facilities will provide more outdoor exhibit space, appropriate animal handling facilities, and enhanced visitor support facilities. The NC Zoo Society will provide \$400,000 towards planning the replacement facilities. The total project cost is \$25 million. (H.B.2102/S.B.1660)

\$600,000 NR

13 Water Resources Development Projects

Provides funds for the State's share of Water Resources Development Projects. Projects are specified in a special provision. (H.B.2276/S.B.1591, S.B.2025; S.L.2008-107, Sec.27.2)

\$20,000,000 NR

I. UNC System Board of Governors

14 Appalachian State University - Nursing Building Planning

Provides capital planning funds for the proposed College of Nursing and Health Sciences Building. The facility will contribute to the UNC Tomorrow committee's goal of improving health and wellness. The building size will be no more than 150,000 square feet. The total project cost is \$42 million. (H.B.2119/S.B.1783)

\$4,200,000 NR

15 Elizabeth City State University - Aviation Complex Site Development

Provides capital planning and site development funds for the proposed Aviation Complex. The facility will contribute to the UNC Tomorrow committee's goal of economic transformation. The building size will be no more than 75,000 square feet. The facility will include additional lease space to house community college aviation programs. The General Assembly appropriated \$500,000 to this project in FY 2006-07. The total project cost is \$17.5 million.

\$1,500,000 NR

16 Fayetteville State University - Teaching Education Building Planning

Provides capital planning funds for the proposed Teaching Education and General Classroom Building. The facility will contribute to the UNC Tomorrow committee's goal of improving public education. The building size will be no more than 130,000 square feet. The total project cost is \$42.7 million.

\$4,272,110 NR

17 Millennium Campus - Joint Primary Data Center Planning

Provides capital planning funds for the proposed Joint Primary Data Center to be located at the Gateway University Research Park. The facility will be shared between NC Agricultural and Technical State University and the University of North Carolina at Greensboro. The facility will contribute to the UNC Tomorrow committee's goal of improving global readiness. The building size will be no more than 50,680 square feet. The total project cost is \$46.3 million. (H.B.2567/S.B.2054)

\$1,852,016 NR

18 NC School of Science and Math - Discovery Center Site Development

Provides capital planning and site development funds for the proposed Discovery Center. The facility will provide new classroom, research, dining, and residential space, as well as, infrastructure upgrades for the campus. The building size will be no more than 275,000 square feet. The General Assembly appropriated \$3,337,000 in FY 2007-08. The total project cost is \$70 million.

\$7,250,000 NR

19 NC State University - Engineering Complex Planning

Provides capital planning funds for the construction of Engineering Buildings IV and V on the Centennial Campus. Combined, the two new engineering buildings will be no larger than 430,000 square feet.

\$14,400,000 NR

The total project includes the comprehensive renovation of Broughton Hall, Mann Hall, Page Hall, and Daniels Hall. These buildings would be vacated by the School of Engineering as new buildings are completed.

The total cost for the project is \$213.7 million.

20 UNC Asheville - Carmichael Hall and Lecture Hall Replacement Planning

Provides capital planning funds for the proposed replacement of Carmichael Hall and the University Lecture Hall. The facility will contribute to the UNC Tomorrow committee's goal of improving access. The building size will be no more than 60,000 square feet. The total project cost is \$26.8 million. (H.B.2173/S.B.1782)

\$1,100,000 NR

21 UNC Chapel Hill - Biomedical Research Imaging Center (BRIC)

Provides capital funds to complete planning, begin site development, and prepurchase materials for the Biomedical Research Imaging Center (BRIC). The newly scoped project will now include wet labs and drug research space not included in the original project scope. The facility will contribute to the UNC Tomorrow committee's goal of improving health and wellness. The building size will be no more than 343,000 square feet. The General Assembly appropriated \$8 million in FY 2007-08. The total project cost is \$260 million.

\$35,000,000 NR

A special provision will establish G.S. 116-29.5, which will appropriate \$220 million in General Fund monies over the next biennium to fully construct the BRIC building. This statute will automatically expire, if debt financing is authorized for the project by June 30, 2009. (S.L.2008-107, Sec.27.7B)

22 UNC-Chapel Hill - Carolina North Phase 1 and School of Law Replacement

Provides capital funds for Phase 1 of Carolina North. Phase I comprises the first 15 years of development on the research campus. The funding will plan the replacement facility for the School of Law to be located at Carolina North. These funds will provide shared infrastructure for the law school and the Innovation Center, a self-liquidating project approved by the General Assembly in 2007. The campus will contribute to the UNC Tomorrow committee's goal of economic transformation. The University will provide \$160.8 million in receipt-supported funds to the project. The total cost for Phase 1 is \$329.8 million.

\$11,500,000 NR

23 UNC-Chapel Hill - Morehead Planetarium Comp. Renovation and Expansion

Provides capital planning funds for the comprehensive renovation for the Morehead Planetarium. The project also includes planning funds for the expansion of the facility to include a science education center. The total project cost is \$58 million.

\$1,800,000 NR

24 UNC Charlotte Science Building Planning

Provides capital planning funds for the proposed Science Building. The facility will contribute to the UNC Tomorrow committee's goal of improving global readiness and science education. The building size will be no more than 235,000 square feet. The total project cost is \$120 million.

\$2,400,000 NR

25 UNC Pembroke - Information Commons Building Planning

Provides capital planning funds for the proposed Information Commons Building. The facility will contribute to the UNC Tomorrow committee's goal of improving access. The building size will be no more than 150,000 square feet. The total project cost is \$50 million.

\$2,000,000 NR

26 UNC Wilmington - Allied Health and Human Science Building Planning

Provides capital planning funds for the proposed Allied Health and Human Science Building. The facility will contribute to the UNC Tomorrow committee's goal of improving health and wellness. The building size will be no more than 105,000 square feet. The total project cost is \$43.2 million.

\$4,320,000 NR

27 Western Carolina University - Education and Professions Building Planning

Provides capital planning funds for the proposed Education and Allied Professions Building. The facility will contribute to the UNC Tomorrow committee's goal of improving public education. The building size will be no more than 163,000 square feet. The total project cost is \$47.7 million.

\$4,018,700 NR

28 Winston-Salem State University - Science and Office Building Planning

Provides capital planning funds for the proposed Science and General Office Building. The facility will contribute to the UNC Tomorrow committee's goal of improving global readiness. The building size will be no more than 69,000 square feet. The total project cost is \$28.2 million.

\$3,000,000 NR

29 UNC Upper Coastal Plain Higher Education and Health Center Planning

Provides capital planning funds for the proposed UNC Upper Coastal Plain Higher Education and Health Center. The facility will contribute to the UNC Tomorrow committee's recommendation for establishing regional campuses or service centers. The facility will house the regional consortium involving East Carolina University, Elizabeth City State University, NC Central University, and NC State University. The building will also house a nursing and allied health program run by East Carolina University and Edgecombe Community College. The total project cost is \$15 million. (S.L.2008-118, Section 3.1 modifies this item to include Nash Community College as a partner in running the Health Center.)

\$1,000,000 NR

J. State Facilities Special Indebtedness**30 Department of Cultural Resources - Museum of Art Expansion Supplement**

Revises S.L. 2006-66 to increase the authorization for certificates of participation to complete the construction of the new Museum of Art Building. The total cost of this project is \$ 72.3 million. The General Assembly appropriated \$2.2 million in FY 2004-05 and \$10 million in FY 2005-06. The City of Raleigh and Wake County have jointly committed \$15 million towards the expansion. Total debt authorized is increased by \$5.1 million to a total amount of \$45.1 million. (H.B.2467/S.B.1943;S.L.2008-107,Sec.27.8)

31 Department of Cultural Resources - CSS Neuse Phase I

Authorizes the issuance of certificates of participation for the construction of a climate controlled building to house the CSS Neuse, the remains of a Civil War ironclad gunboat. The size of the building will be no more than 20,000 square feet. This is the first of three phases to develop the CSS Neuse State Historic Site in Kinston.

Future phases include the renovation of an old bank building and the creation of exhibits in the Phase 1 building and the Phase 2 renovated building.

The project cost of Phase 1 is \$3.5 million. The General Assembly provided \$500,000 for this project in FY 2007-08. The total cost for all three phases is \$9.3 million.

Total debt authorized is \$2.9 million. (S.B.2044;S.L.2008-107,Sec.27.8)

32 Administrative Office of the Courts - System Office Building Acquisition

Authorizes the issuance of certificates of participation for the acquisition of the Administrative Office of the Courts' main office building in Raleigh. The facility is currently leased.

The purchase would include a 180,000 square foot office building, a 35,000 square foot warehouse, 17.5 acres of land, and 585 parking spaces. The total cost is \$34 million. The total debt authorized is \$34 million.

The total amount authorized is \$34 million. (S.L.2008-107, Sec.27.8)

33 NC Correctional Institution for Women - Healthcare Facility

Authorizes the issuance of certificates of participation for the construction of a healthcare and mental health facility for the NC Correctional Institution for Women. The facility will include 80 infirmary beds and 70 mental health beds. The total cost of this project is \$51.7 million. The General Assembly appropriated \$5 million in FY2007-08. The Department has committed \$1.6 million in receipts to the project. Total debt authorized is \$45.2 million. (S.L.2008-107, Sec.27.8)

34 Scotland Correctional Institution - Minimum Security Addition

Authorizes the issuance of certificates of participation for the construction of a 252 bed minimum custody addition to Scotland Correctional Institution. The total cost of this project is \$13.9 million. The General Assembly appropriated \$3.5 million in advance planning funds for this and three other prison additions in FY 2007-08. Total debt authorized is \$13 million. (S.L.2008-107, Sec.27.8)

35 Bertie Correctional Institution - Medium Security Addition

Authorizes the issuance of certificates of participation for the construction of a 504 bed medium custody addition to Bertie Correctional Institution. The total cost of this project is \$19.8 million. The General Assembly appropriated \$3.5 million in advance planning funds for this and three other prison additions in FY 2007-08. Total debt authorized is \$19 million. (S.L.2008-107, Sec.27.8)

36 Tabor Correctional Institution - Minimum Security Addition

Authorizes the issuance of certificates of participation for the construction of a 252 bed minimum custody addition to Tabor Correctional Institution. The total cost of this project is \$13.9 million. The General Assembly appropriated \$3.5 million in advance planning funds for this and three other prison additions in FY 2007-08. Total debt authorized is \$13 million. (S.L.2008-107, Sec.27.8)

37 Lanesboro Correctional Institution Medium Security Addition

Authorizes the issuance of certificates of participation for the construction of a 504 bed medium custody addition to Lanesboro Correctional Institution. The total cost of this project is \$19.8 million. The General Assembly appropriated \$3.5 million in advance planning funds for this and three other prison additions in FY 2007-08. Total debt authorized is \$19 million.(S.L.2008-107,Sec.27.8)

38 Department of Commerce - NC Ports Improvements

Authorizes the issuance of certificates of participation for the following NC Ports projects.

Debt proceeds will replace 400 linear feet of berthing at the Port of Wilmington. Phase 2 will replace an additional 600 linear feet of Berth 8. The General Assembly appropriated \$5 million for this project in FY 2007-08. The NC Ports will provide \$10.3 million in receipt-supported funds towards the project. The project cost is \$20.3 million.

Debt proceeds will be used for assorted berth improvements throughout the Port at Morehead City. This is the first phase of a multi-year series of improvements to the Port of Morehead City's berths. The NC Ports will provide \$14.4 million in receipt-supported funds over the course of completing the planned berth improvements. The total cost to complete planned berth improvements is \$26.9 million.

Total debt authorized is \$7 million.(H.B.2365/S.B.1587;S.L.2008-107,Sec.27.8)

39 DENR - NC Zoo Polar Bear Exhibit Renovation and Expansion

Authorizes the issuance of certificates of participation for the renovation and expansion of the polar bear exhibit at the North Carolina Zoo. The Zoo has determined that its most popular exhibit is inadequate for handling polar bears in captivity. It has one remaining adult polar bear and the current exhibit will impact the Zoo's ability to acquire new bears. The project will replace holding facilities, provide off-exhibit outdoor pens, and expand the main exhibit to provide walking space for the bears. The NC Zoo Society will provide \$1.8 million in receipts for the project. Total project cost is \$4.5 million. Total debt authorized is \$2.7 million.(H.B.2102/S.B.1660;S.L.2008-107,Sec.27.8)

40 DENR - Research Oyster Hatchery

Authorizes the issuance of certificates of participation for a research scale oyster hatchery in the Division of Marine Fisheries. The hatchery will be located at the Center for Marine Science at UNC Wilmington. The total cost of the project is \$4.3 million. Total debt authorized is \$4.3 million.(S.B.1813;S.L.2008-107,Sec.27.8)

41 DENR - Land for Tomorrow Parks and Land Conservation

Authorizes the issuance of certificates of participation for the acquisition of State park lands and conservation areas. Parks projects would be identified by the NC Parks and Recreation Authority for expanding the State Park System and the Mountain to Seas Trail. Natural heritage projects would be identified by the trustees of the Natural Heritage Trust Fund to represent the ecological diversity of the State.

All funds will support the conservation priorities of the One North Carolina Naturally Program.

Total debt authorized is \$50 million.(S.L.2008-107,Sec.27.8)

42 Department of Agriculture and Consumer Services Improvements

Authorizes the issuance of certificates of participation to complete the following capital improvements in the Department of Agriculture and Consumer Services:

Western North Carolina Agricultural Center Davis Area Renovation and Expansion	\$7,450,000
Western North Carolina Farmers' Market Bathroom and Truckshed Expansion	\$650,000

The total amount authorized for these projects is \$8.1 million.(H.B.2663,H.B.2699;S.L.2008-107,Sec.27.8)

43 DA&CS - Southeastern North Carolina Agriculture Center Pavillion

Authorizes the issuance of certificates of participation for a 60,000 square foot pavilion building for equine, livestock, and trade show events. The total project cost is \$3.7 million. Total debt authorized is \$3.7 million.(S.L.2008-107,Sec.27.8)

44 East Carolina University - School of Dentistry Facilities

Authorizes the issuance of certificates of participation for the construction of the School of Dentistry building in Greenville and up to 10 satellite dental clinics around the State. The size of the main building will be no more than 112,500 square feet. The total cost of this project is \$97 million. The General Assembly appropriated \$3 million in FY 2006-07 and \$25 million in FY2007-08 for this project. Total debt authorized is \$69 million.(H.B.2144/S.B.1822;S.L.2008-107,Sec.27.8)

45 East Carolina University - Family Medicine and Geriatric Center

Authorizes the issuance of certificates of participation for the construction of the Family Medicine and Geriatric Center. The size of the main building will be no more than 118,000 square feet. The total cost of this project is \$46.8 million. The University will provide \$10 million in receipt-supported funds for the project. Total debt authorized is \$36.8 million. (H.B.2200/S.B.1740;S.L.2008-107,Sec.27.8)

46 Elizabeth City State University - School of Education Building

Authorizes the issuance of certificates of participation for the construction of a new School of Education building. The size of the facility will be no more than 45,000 square feet. The total cost of this project is \$20 million. The General Assembly appropriated \$2 million in FY2007-08. Total debt authorized is \$18 million. (S.L.2008-107,Sec.27.8)

47 NC Agricultural and Technical University - General Classroom Building

Authorizes the issuance of certificates of participation for the construction of a new general classroom building. The size of the building will be no more than 115,000 square feet. The total cost of this project is \$26.8 million. The General Assembly appropriated \$1 million in FY2006-07 and \$5.3 million in FY2007-08. Total debt authorized is \$20.5 million. (S.L.2008-107,Sec.27.8)

48 NC Agricultural and Technical University - Horse Barns

Authorizes the issuance of certificates of participation for land acquisition and construction of the State-owned portion of the facility to support the equestrian program of NC A&T. The facility will be located at the proposed Barnes Street site in Reidsville and will be jointly operated by NC A&T, the County of Rockingham, and the City of Reidsville. Total debt authorized is \$2.4 million. (S.L.2008-107,Sec.27.8)

49 NC Central University - School of Nursing Building

Authorizes the issuance of certificates of participation for the construction of a new School of Nursing building. The size of the building will be no more than 65,000 square feet. The total cost of this project is \$27 million. The General Assembly appropriated \$2.5 million in FY2007-08. Total debt authorized is \$24.5 million. (S.L.2008-107,Sec.27.8)

50 NC School of the Arts - Central Storage Facility

Authorizes the issuance of certificates of participation for the construction of a Central Storage Facility. The size of the building will be no more than 60,000 square feet with 10,000 square feet for NCSA police operations. The total cost of this project is \$11.1 million. Total debt authorized is \$11.1 million. (S.L.2008-107,Sec.27.8)

51 NC School of the Arts - Film School Production Design Facility

Authorizes the issuance of certificates of participation for the construction of a Film School Production Design Facility. The total cost of this project is \$12.9 million. Total debt authorized is \$12.9 million. (S.L.2008-107,Sec.27.8)

52 NC State University - Centennial Campus Library

Authorizes the issuance of certificates of participation for the construction of a new library building at NC State's Centennial Campus. The size of the building will be no more than 279,000 square feet. The total cost of this project is \$126 million. The General Assembly appropriated \$17 million in FY2007-08. Total debt authorized is \$109.1 million. (S.L.2008-107,Sec.27.8)

53 NC State University - 4-H Camps Improvements

Authorizes the issuance of certificates of participation for the proposed renovations and new facilities at the State's 4-H camps. The General Assembly appropriated \$7.5 million in FY 2007-08 towards a \$34 million facilities plan. This \$4 million would be the second installment in funding the multi-year plan.

Total debt authorized is \$4 million. (H.B.2103/S.B.1768;S.L.2008-107,Sec.27.8)

54 UNC Chapel Hill - School of Dentistry Expansion

Authorizes the issuance of certificates of participation for the construction of expanded facilities for the School of Dentistry. The size of the project will be no more than 216,000 square feet. The total cost of this project is \$125 million. The General Assembly appropriated \$2 million in FY 2005-06, \$3 million in FY 2006-07, and \$25 million in FY2007-08 towards this project. The University will provide \$26 million in receipt-supported funding for the project. Total debt authorized is \$69 million. (S.L.2008-107,Sec.27.8)

55 UNC Charlotte - Energy Production Infrastructure Center (EPIC)

Authorizes the issuance of certificates of participation for the Energy Production Infrastructure Center (EPIC). The size of the building will be no more than 200,000 square feet. The total cost of this project is \$76.2 million. The General Assembly appropriated \$19 million in FY2007-08. Total debt authorized is \$57.2 million. (S.B.1712;S.L.2008-107,Sec.27.8)

56 UNC Greensboro - Academic Classroom and Office Building

Authorizes the issuance of certificates of participation for the construction of a new academic classroom and office building. The building will primarily serve School of Education needs. The size of the building will be no more than 120,000 square feet. The total cost of this project is \$47.5 million. The General Assembly appropriated \$2.3 million in FY2006-07 and \$2.5 million in FY2007-08 for this project. Total debt authorized is \$42.7 million.(S.L.2008-107,Sec.27.8)

57 Winston-Salem State University - Student Activity Center

Revises S.L. 2007-323 to increase the authorization for certificates of participation to complete the construction of the Student Activity Center. Originally proposed as a project to be funded with 50% General Fund monies and 50% student fees, student fees are now proposed to cover 10% of the project cost. The General Assembly appropriated \$768,225 in FY 2006-07 and authorized \$18.7 million in special indebtedness in FY 2007-08. Total debt authorized is increased by \$9.8 million to a total amount of \$28.5 million.(S.L.2008-107,Sec.27.8)

58 Center for Design Innovation - Site Development Supplement

Revises S.L. 2004-179 as revised in S.L. 2006-146 to increase the authorization for certificates of participation to complete the construction of the Center for Design Innovation. The project, jointly operated by Winston-Salem State University and the North Carolina School of the Arts, will be located at the Piedmont Triad Research Park. The total cost of this project is \$11.5 million. Total debt authorized is increased by \$1.5 million to total authorization amount of \$11.5 million.(S.L.2008-107,Sec.27.8)

59 UNC System - Dormitory Fire Sprinklers

Authorizes the issuance of certificates of participation for the installation of fire sprinklers in campus dormitories. Installation projects will be coordinated with other renovation projects. Funds will be combined with the authority to use repairs and renovations funds and housing receipts to complete sprinklering projects. These funds will help UNC fully sprinkle campus dormitories by 2012. UNC allocated \$9.3 million in housing receipts, receipt-supported debt, and repairs and renovations funds toward sprinkler projects in FY 2007-08. The total cost for system-wide fire protection is \$47.4 million. Total debt authorized for this initiative is \$10 million.(S.L.2008-107,Sec.27.8)

60 UNC System - Land Acquisition

Authorizes the issuance of certificates of participation for the acquisition of State land for campuses throughout the system. The allocation of debt proceeds will be administered by UNC General Administration, at the discretion of the President. Total debt authorized for land acquisitions is \$25 million. (S.L.2008-107,Sec.27.8)

K. General Obligation Bonds**61 DENR - Green Square Complex**

Authorizes the issuance of general obligation bonds under Article V, Section 4(2) of the NC Constitution to complete the construction of the Green Square Project. The project consists of a 172,000 square foot office building for the Department of Environment and Natural Resources; a 79,400 square foot expansion of the NC Museum of Natural Science, called the Nature Research Center; and 426 spaces of underground parking. This project is combined with a parking deck authorized in S.L. 2006-231 that will house up to 900 spaces.

The total cost of the project is \$150 million, excluding the 900 space parking deck. The General Assembly appropriated \$25 million for the project in FY 2007-08. Parking receipts will service the debt for parking construction. The Friends of the Museum of Natural Science have committed \$27.5 million towards the cost of construction of the Nature Research Center and \$15.5 million towards exhibits. The Friends will fundraise during construction and make their gift at the completion of construction. Total debt authorized is \$107 million.

A special provision authorizes the State to use Dry Cleaning Solvent Fund monies to offset the clean up costs of the project site. (S.L.2008-107,Sec.27.6,Sec.27.9; S.L.2008-118, Sec.2.7(a) amends this item to correctly reference Article V, Section 3(1) of the North Carolina Constitution.)

Total Appropriation to Capital

\$129,082,062 NR

Special Provisions

2008 Session: HB 2436

Department: Capital

Section: 27.1

Title: **Capital Appropriations/General Fund**

Summary: Appropriates \$129.1 million for capital improvement projects for the 2008-09 fiscal year as follows:

Department of Administration - \$3,050,000
Department of Agriculture & Consumer Services - \$1,820,000
Department of Crime Control & Public Safety - \$1,601,530
Department of Environment & Natural Resources - \$20,600,000
Department of Justice - \$1,792,006
Department of Commerce - \$605,700
University of North Carolina System - \$99,612,826

(Note: Detailed project-by-project information of each State agency/department may be found on pages M-1 through M-12)

Section: 27.2

Title: **Water Resources Development Project Funds**

Summary: 23.2(a) allocates \$20 million for the following projects:

Wilmington Harbor Deepening - \$1,000,000
Wilmington Harbor Maintenance - \$500,000
Morehead City Harbor Maintenance - \$0
B. Everett Jordan Water Supply Storage - \$200,000
Dredging Contingency Fund - \$3,619,000
Deep Creek Structure 5-D (Yadkin County) - \$5,444,000
North Carolina Beach and Inlet Management Plan - \$250,000
Neuse River Basin Study - \$33,000
Manteo (Shallowbag Bay) Channel Maintenance - \$100,000
Currituck Sound Water Management Study - \$50,000
Planning Assistance to Communities - \$100,000
Bogue Banks Beach Protection - \$120,000
West Onslow Beach (Topsail Beach, Pender County) - \$0
Belhaven Harbor Feasibility Study - \$15,000
Princeville Flood Control - \$0
Surf City - N. Topsail Beach Protection (Pender County) - \$0
North Carolina International Terminal - \$500,000
AIWW Dredging - \$3,119,000
State-Local Projects - \$2,000,000
Swan Quarter Dike Project (Hyde County) - \$250,000
Aquatic Plant Control, Statewide and Lake Gaston - \$200,000
Aquatic Weed Program Storage Facility - \$100,000
Dillsboro Dam Removal - \$400,000
Topsail Beach Emergency Nourishment - \$2,000,000

27.2(b) Allows adjustment of the allocations among projects if actuals costs vary from the estimated costs. Provides for the use of available funds resulting from delayed projects. Requires reversion of funds that remain unexpended or unencumbered at the end of the 2009-10 fiscal year.

Allows the use of available funds for State-local projects; US Army Corps of Engineers feasibility studies; or to pay required State match for any additional federal water resource development funds that become available during the 2008-09 fiscal year.

27.2(c) Requires semi-annual reports on the use of funds.

Section: 27.3

Title: **Repairs and Renovations Reserve Allocation**

Summary: Section 2.2(b) supercedes G.S.143C-4-3 and directs the State Controller to transfer \$69,839,238 from the unreserved credit balance of the General Fund to the Repairs and Renovation Reserve Account.

27.3(a) continues the General Assembly's policy for allocating funds in the Repairs and Renovations Reserve Account, 54% to State agencies and 46% to universities. For FY 2008-09, \$37,713,188 will be allocated to State agencies and \$32,126,049 to the University of North Carolina (UNC) System.

27.3(b) allocates funds to: 1. UNC General Administration to install sprinklers in various UNC campuses, 2. The Office of State Budget and Management (OSBM) for renovations of Mattamuskeet Lodge(\$6.6 million), the Museum of History Chronology Exhibit(\$2.6 million), plans and specifications to renovate the Department of Agriculture and Consumer Services' main office building in Raleigh(\$1.2 million), renovations of the North Carolina Museum of Forestry(\$1.3 million), and renovations of Charlotte Hawkins Brown State Historic Site(\$1 million); and 3. directs OSBM to allocate \$2.7 million to the Energy Efficiency Reserve and directs UNC to allocate \$2.3 million to energy projects. (S.L.2008-118, Section 2.7(b) revises this provision to clarify that the UNC Board of Governors will determine the allocation of UNC energy reserve funds.)

Section: 27.4

Title: **Non-General Fund Capital Improvement Authorizations**

Summary: Authorizes \$180.5 million in capital improvement projects funded by sources outside of the General Fund.

Section: 27.5

Title: **Study the Relocation of Highway Patrol Training Facilities**

Summary: Directs the Department of Crime Control and Public Safety and the Department of Administration to study locations outside of Raleigh to relocate the State Highway Patrol's training facilities, currently located at the Garner Road Complex in Raleigh. The Departments must report by February 1, 2009.

Section: 27.6

Title: **Access to Dry Cleaning Solvent Cleanup Fund for Green Square Project**

Summary: Authorizes the transfer of up to \$2 million from the Dry Cleaning Solvent Fund to the Green Square Project to remediate on-site soil pollution from an old dry cleaning operation.

Section: 27.7

Title: **Chronology Exhibit on the First Floor of the NC Museum of History**

Summary: Clarifies that the Department of Cultural Resources may spend funds authorized and appropriated for the Chronology Exhibit for the proposed first-floor project scope.

Section: 27.7A

Title: **Design and Construction of the North Carolina Freedom Monument**

Summary: Directs the Department of Administration to work with the North Carolina Freedom Monument Project Inc. to develop the monument and use design services retained by the non-profit partner.

Section: 27.7B

Title: **Biomedical Research Imaging Center**

Summary: Establishes G.S. 116-29.5 and appropriates \$172 million in FY 2009-10 and \$45 million in FY 2010-11 from the General Fund to plan and construct the Biomedical Research Imaging Center building at the University of North Carolina at Chapel Hill. The appropriation expires if sufficient debt is authorized on or before June 30, 2009.

Section: 27.7C

Title: **Transfer of Prairie Ridge Land to Department of Environment and Natural Resources**

Summary: Reallocates the facilities and land for the Prairie Ridge Ecostation from the Department of Administration to the Department of Environment and Natural Resources.

Section: 27.8

Title: **Special Indebtedness Projects**

Summary: Authorizes the issuance of special indebtedness, in the form of limited obligation bonds, for various State capital improvements projects. Debt is authorized in phases over FY 2008-09 through FY 2011-12 according to the cash needs of each project. The projects are as follows:

27.8(a)(1) authorizes \$69 million for the East Carolina University School of Dentistry facilities.

27.8(a)(2) authorizes \$36.8 million for the East Carolina University Family Medicine Center.

27.8(a)(3) authorizes \$18 million for the Elizabeth City State University School of Education building.

27.8(a)(4) authorizes \$2.4 million to the North Carolina Agricultural and Technical State University for horse park facilities in Rockingham County.

27.8(a)(5) authorizes \$20.5 million for the North Carolina Agricultural and Technical State University General Classroom building.

27.8(a)(6) authorizes \$24.5 million for the North Carolina Central University School of Nursing building.

27.8(a)(7) authorizes \$11.1 million for the North Carolina School of the Arts Central Storage facility.

27.8(a)(8) authorizes \$12.9 million for the North Carolina School of the Arts Film School Production facility.

27.8(a)(9) authorizes \$109.1 million for the North Carolina State University Centennial Campus Library.

27.8(a)(10) authorizes \$4 million for the North Carolina State University 4-H Campuses.

27.8(a)(11) authorizes \$69 million for the University of North Carolina at Chapel Hill School of Dentistry expansion.

27.8(a)(12) authorizes \$57.2 million for the University of North Carolina at Charlotte Energy Production Infrastructure Center.

27.8(a)(13) authorizes \$42.7 million for the University of North Carolina at Greensboro Academic Classroom and Office building.

27.8(a)(14) authorizes \$10 million for the University of North Carolina System to install fire sprinkler systems in campus dormitories.

27.8(a)(15) authorizes \$25 million for the University of North Carolina System to expand campus land holdings.

27.8(a)(16) authorizes \$34 million for the Administrative Office of the Courts Office building purchase.

27.8(a)(17) authorizes \$45.2 million for the North Carolina Correctional Institution for Women Healthcare and Mental Health facility.

27.8(a)(18) authorizes \$13 million for the Scotland Correctional Institution minimum security addition.

27.8(a)(19) authorizes \$19 million for the Bertie Correctional Institution medium security addition.

27.8(a)(20) authorizes \$13 million for the Tabor Correctional Institutional minimum security addition.

27.8(a)(21) authorizes \$19 million for the Lanesboro Correctional Institution medium security addition.

27.8(a)(22) authorizes \$2.9 million for the Department of Cultural Resources CSS Neuse building.

27.8(a)(23) authorizes \$7 million for the North Carolina Ports Authority berthing improvements.

27.8(a)(24) authorizes \$3.7 million for the Department of Agriculture and Consumer Services Southeastern North Carolina Agricultural Center Pavilion.

27.8(a)(25) authorizes \$8.1 million for the Department of Agriculture and Consumer Services Western North Carolina Center Davis Arena and the Western North Carolina Farmers' Market improvements.

27.8(a)(26) authorizes \$4.3 million for the Department of Environment and Natural Resources Oyster Hatchery.

27.8(a)(27) authorizes \$2.7 million for the Department of Environment and Natural Resources North Carolina Zoo Polar Bear Exhibit.

27.8(a)(28) authorizes \$50 million for the Department of Environment and Natural Resources Land for Tomorrow initiative.

27.8(b) authorizes \$1.5 million for a suppliment to the Center for Design Innovation.

27.8(c) authorizes \$5.1 million for a suppliment to the Department of Cultural Resources North Carolina Museum of Art expansion.

27.8(d) authorizes \$9.8 million for a suppliment to the Winston-Salem State University Student Activities Center.

Section: 27.9

Title: **Two-Thirds Bonds Act of 2008**

Summary: Authorizes the issuance of \$107 million in general obligation bonds to finance the construction of the Green Square Project, expanding the NC Museum of Natural Science and providing an office building for the Department of Environment and Natural Resources. The maximum aggregate amount is not to exceed two-thirds of the amount by which the State's outstanding debt was reduced during the biennium ending June 30, 2008. (S.L.2008-118, Sec. 2.7(c) and Sec.2.7(d) clarifies that the authorization expires on June 30, 2009 and that the authority applies to one project.)

**INFORMATION
TECHNOLOGY
SERVICES**

Information Technology Services

SPECIAL FUND

Total Budget Approved 2007 Session

FY 08-09
\$0

Budget Changes

<p>1 Office of State Chief Information Officer Provides funding to support the operations of the State CIO's Office.</p>	<p>\$2,027,464</p>	<p>R</p>
<p>2 ISO/Security Initiatives Provides funding to continue support for Statewide security initiatives.</p>	<p>\$1,696,490</p>	<p>R</p>
<p>3 Information Technology Asset Management Provides funding to support the implementation of a Statewide asset management system by the Office of Information Technology Services.</p>	<p>\$1,602,904 \$550,000</p>	<p>R NR</p>
<p>4 Enterprise Project Management Office Continues the operation of the office responsible for overseeing the development and implementation of IT systems within State agencies.</p>	<p>\$2,185,706</p>	<p>R</p>
<p>5 Enterprise Technology Strategies Office Provides Statewide engineering and architecture support.</p>	<p>\$1,189,214</p>	<p>R</p>
<p>6 Start-up Funding: Enterprise Services Provides funding to support the implementation of new enterprise-wide applications to support State agency operations.</p>	<p>\$200,000</p>	<p>R</p>
<p>7 State Portal Provides funding for the State portal.</p>	<p>\$163,000</p>	<p>R</p>
<p>8 ESRI Licenses Provides funding for cost of ESRI licenses to support Geographic Information Systems (GIS) within the State.</p>	<p>\$597,500</p>	<p>R</p>
<p>9 NCID Provides the State with technology to support identity management, authentication, and authorization of users.</p>	<p>\$2,219,314</p>	<p>R</p>
<p>10 Information Technology Consolidation Provides funding to continue the Information Technology Consolidation program.</p>	<p>\$749,548 \$400,000</p>	<p>R NR</p>

11 BEACON/Data Integration Funds

Provides funding to develop a Statewide data integration initiative implemented under the guidance of the BEACON Steering Committee.

\$5,000,000 NR

Budget Changes

\$12,631,140 R

\$5,950,000 NR

Total Position Changes

Revised Total Budget

\$18,581,140

Special Provisions

2008 Session: HB 2436

Department: Information Technology Services

Section: 6.10

Title: Improve Disaster Recovery and Business Continuity

Summary: Requires the State Chief Information Officer (CIO) to determine whether agencies have made adequate preparations for backing up critical information technology applications. For agencies that do not have sufficient backup, the State CIO, in conjunction with the agencies and the Office of State Budget and Management, shall develop plans to use the Western Data center for backup. By December 1, 2008, the State CIO is required to report to the Joint legislative Oversight Committee on Information technology on critical applications without adequate backup.

Section: 6.11

Title: Multiyear Contracts for Information Technology

Summary: The Office of Information Technology (ITS) services is given the authority to procure information technology goods and services for periods not exceeding three years where the terms require payment of all or a portion of the purchase price at the beginning of the agreement. Beginning January 1, 2009, ITS is required to submit a quarterly report on multiyear contracts to the Joint Legislative Oversight Committee on Information Technology and Fiscal Research Division.

Section: 6.12

Title: Document Management/Digital Signature Pilot

Summary: The Office of Information Technology Services (ITS) is required to use \$200,000 to fund the pilot for a statewide electronic document management system that will include a digital signature capability. By April 1, 2009, ITS is to submit a written report to the Joint Legislative Oversight Committee on Information Technology and Fiscal Research Division on the status and effectiveness of the pilot.

(NOTE: S.L. 2008-118 amends this section - see HB 2438 section that follows)

Section: 6.13

Title: State Geographic Information/Consolidation Implementation

Summary: The State Chief Information Officer, the Office of State Budget and Management, and the Geographic Information Coordinating Council are to develop a plan to consolidate agency Geographic Information System (GIS) efforts. By December 1, 2008, this plan is to be submitted to the Chairs of the Senate and House Appropriations Committees and Fiscal Research Division.

Section: 6.14

Title: Single Electronic Mail System

Summary: By November 1, 2008, the State CIO is required to develop a detailed plan for transitioning all State agencies, departments, and institutions to a single statewide electronic mail system by January 1, 2010.

Section: 6.15

Title: **Criminal Justice Data Integration Pilot Program**

Summary: The Office of the State Controller, in cooperation with the State Chief Information Officer, and under the governance of the BEACON Project Steering Committee, is to develop and implement a Criminal Justice Data Integration Pilot in Wake County by May 1, 2009. The pilot is to integrate and provide up-to-date criminal information in a centralized location via a secure connection for use by State and local government. The sum of \$5 million dollars is appropriated to support this effort, and other funds available for BEACON may also be used.

Section: 6.16

Title: **BEACON Data Integration**

Summary: The Office of the State Controller, in cooperation with the State Chief Information Officer, is to begin implementing the the BEACON Strategic Plan for Data Integration, issued in May 2008. The plan is to be implemented under the governance of the BEACON Project Steering Committee. The intent of this initiative is to provide broad access to information across State government, while complying with necessary security measures and restrictions.

(NOTE: S.L. 2008-118 amends this section - see HB 2438 section that follows)

2008 Session: HB 2438

Department: Information Technology Services

Section: 2.2

Title: **CLARIFYING CHANGES: Document Management/Digital Signature Pilot**

Summary: Amends S.L. 2008-107, Section 6.12 to require the Office of Information Technology to consult with the Department of Cultural Resources and Secretary of State on the pilot.

Section: 2.2

Title: **CLARIFYING CHANGE: BEACON Data Integration**

Summary: Amends S.L. 2008-107, Sec. 6.16 to add the Secretary of Administration to the membership of the BEACON Project Steering Committee.

SALARIES & BENEFITS

<p>SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE</p>

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, 2008, for employees paid from State funds:

	2008-2009
General Fund (Recurring)	\$360,192,676
General Fund (Non recurring)	8,151,912
Highway Fund (Recurring)	14,762,342
Highway Fund (Non recurring)	0
TOTAL	\$383,106,930

B. SPECIFIED SALARY INCREASES

GOVERNOR

- (1) The General Assembly increased the annual salary of the Governor by the greater of \$1,100 or 2.75% to an annual rate of \$139,590, effective July 1, 2008.

COUNCIL OF STATE

- (2) The General Assembly increased the annual salary of members of the Council of State by the greater of \$1,100 or 2.75% to an annual rate of \$123,198, effective July 1, 2008.

Council of State	2008-2009
Lieutenant Governor	\$123,198
Attorney General	123,198
Secretary of State	123,198
State Treasurer	123,198
State Auditor	123,198
Superintendent of Public Instruction	123,198
Commissioner of Agriculture and Consumer Services	123,198
Commissioner of Insurance	123,198
Commissioner of Labor	123,198

GOVERNOR'S CABINET

- (3) The General Assembly increased the annual salary of members of the Governor's Cabinet by the greater of \$1,100 or 2.75% to an annual rate of \$120,363, effective July 1, 2008.

Cabinet	2008-2009
Secretary of Administration	\$120,363
Secretary of Correction	120,363
Secretary of Crime Control & Public Safety	120,363
Secretary of Cultural Resources	120,363
Secretary of Commerce	120,363
Secretary of Environment and Natural Resources	120,363
Secretary of Health and Human Services	120,363
Secretary of Juvenile Justice and Delinquency Prevention	120,363
Secretary of Revenue	120,363
Secretary of Transportation	120,363

CERTAIN EXECUTIVE OFFICIALS

- (4) The General Assembly increased the annual salary of Certain Executive Officials by the greater of \$1,100 or 2.75% to the annual rates listed below, effective July 1, 2008.

Officials	2008-2009
Chairman, Alcoholic Beverage Control	\$109,553
State Controller	153,319
Commissioner of Motor Vehicles	109,553
Commissioner of Banks	123,198
Chairman, Employment Security Commission	133,161 ¹
State Personnel Director	120,363
Chairman, Parole Commission	100,035
Members of the Parole Commission	46,178
Chairman of the Utilities Commission	137,203
Commissioners of the Utilities Commission	123,198
Executive Director, Agency for Public Telecommunication	92,356
Director, Museum of Art	112,256
Executive Director, North Carolina Agricultural Finance Authority	106,635
State Chief Information Officer	153,227

¹ Salary was frozen at the 2004-2005 salary; Session Law 2005-276, Section 29.3. Legislation was also enacted in 2005 that sets the salary of the Chairman of the Employment Security Commission the same as the salary of the Secretary of Commerce effective with the appointment of the next Chairman; Session Law 2005-276, Section 29.20A.

JUDICIAL PERSONNEL

- (5) The General Assembly increased the annual salary of Judges, Clerks of Superior Court, certain administrative officers, district attorneys, and public defenders by the greater of \$1,100 or 2.75% to the annual rates listed below, effective July 1, 2008.

2008-2009

Chief Justice, Supreme Court	\$140,932
Associate Justice, Supreme Court	137,249
Chief Judge, Court of Appeals	135,061 ²
Judge, Court of Appeals	131,531
Judge, Senior Regular Resident Superior Court	127,957
Judge, Superior Court	124,382
Chief Judge, District Court	112,946
Judge, District Court	109,372
District Attorney	119,305
Administrative Officer of the Courts	126,738
Assistant Administrative Officer of the Courts	115,763
Public Defender	119,305
Director of Indigent Defense Services	123,022

² See S.L. 2008-118, sec. 3.6.(a)

Clerks of Court

2008-2009

Less than 100,000 County Population	\$82,401
100,000 to 149,999 County Population	92,468
150,000 to 249,999 County Population	102,536
250,000 and above County Population	112,607

- (6) The General Assembly authorized an across-the-board annual salary increase of the greater of \$1,100 or 2.75% in the average salaries of Assistant District Attorneys and Assistant Public Defenders effective July 1, 2008. 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 \$70,946 or the minimum salary fall below \$37,182.
- (7) The General Assembly authorized an across-the-board annual salary increase of the greater of \$1,100 or 2.75%, effective July 1, 2008, for Assistant and Deputy Clerks of Court in addition to the step increases associated with their respective pay plans.

2008-2009

Assistant Clerks and Head Bookkeeper

Minimum	\$32,222
Maximum	54,767

Deputy Clerks

Minimum	\$27,888
Maximum	42,596

MAGISTRATES

- (8) The General Assembly authorized an across-the-board annual salary increase of the greater of \$1,100 or 2.75% effective July 1, 2008, for Magistrates.

2008-2009

Entry Rate	\$32,633
Step 1	35,525
Step 2	38,671
Step 3	42,134
Step 4	45,999
Step 5	50,355
Step 6	55,238

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	\$26,528
1 or more but less than 3 years of service	27,695
3 or more but less than 5 years of service	30,044

LEGISLATORS

- (9) The General Assembly did not authorize a salary increase for the elected members of the General Assembly. The last increase in salary for legislators was authorized in 1994 to be effective with the convening of the 1995 Regular Session of the General Assembly.

SALARY INCREASES FOR LEGISLATIVE PRINCIPAL CLERKS, SERGEANTS-AT-ARMS, AND READING CLERKS

- (10) The annual salaries of the Principal Clerks in the House of Representatives and Senate were increased by the greater of \$1,100 or 2.75% to an annual rate of \$104,084, effective July 1, 2008. The salaries of the Sergeants-at-Arms and the Reading Clerks in the House of Representatives and the Senate were increased to \$380 per week, effective July 1, 2008.

SALARY INCREASES FOR LEGISLATIVE EMPLOYEES

- (11) The General Assembly authorized the Legislative Services Officer to increase salaries of legislative employees by the greater of \$1,100 or 2.75% effective July 1, 2008.

C. GENERAL SALARY INCREASES

- (1) **State Employees Subject to the State Personnel Act** – The General Assembly authorized an across-the-board annual salary increase of the greater of \$1,100 or 2.75% effective July 1, 2008 for employees whose salaries are set in accordance with the State Personnel Act.
- (2) **State Agency Employees Exempt from the State Personnel Act** – The General Assembly authorized an across-the-board annual salary increase of the greater of \$1,100 or 2.75% effective July 1, 2008 for employees whose salaries are not set in accordance with the State Personnel Act.

- (3) **University Employees Exempt from the State Personnel Act** – For employees of the University of North Carolina System whose salaries are not set in accordance with the State Personnel Act, the General Assembly provided funding to support an annual salary increase of 3% for faculty and non-faculty, effective July 1, 2008. The General Assembly also authorized the UNC Board of Governors to award the salary increases on an aggregated average basis.
- (4) **Community College Institutional Personnel** – The General Assembly authorized an annual salary increase of 3% effective July 1, 2008 for all community college faculty and professional staff. The General Assembly also authorized an annual salary increase of the greater of \$1,100 or 2.75% effective July 1, 2008 for all other eligible community college institution personnel.

D. STATE-FUNDED LOCAL PUBLIC SCHOOL EMPLOYEES

Central Office Personnel (Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, and Finance Officers)

The General Assembly authorized an across-the-board annual salary increase of the greater of \$1,100 or 2.75% effective July 1, 2008 for Central Office Personnel employed by the Public Schools. Please see Table 1 in this section for the current central office personnel salary schedules.

TABLE 1

The following monthly salary ranges apply to public school assistant superintendents, associate superintendents, directors/coordinators, supervisors and finance officers for the 2008-2009 fiscal year, beginning July 1, 2008:

	Salary Ranges	
School Administrator I	\$3,309	- \$6,207
School Administrator II	\$3,508	- \$6,583
School Administrator III	\$3,724	- \$6,984
School Administrator IV	\$3,874	- \$7,262
School Administrator V	\$4,030	- \$7,556
School Administrator VI	\$4,275	\$8,013
School Administrator VII	\$4,447	\$8,336

The following monthly salary ranges apply to public school superintendents for the 2008-2009 fiscal year, beginning July 1, 2008:

	Salary Ranges	
Superintendent I (Up to 2,500 ADM)	\$4,720	- \$8,843
Superintendent II (2,501 - 5,000 ADM)	\$5,011	- \$9,377
Superintendent III (5,001 - 10,000 ADM)	\$5,316	- \$9,948
Superintendent IV (10,001 - 25,000 ADM)	\$5,642	- \$10,552
Superintendent V (Over 25,000 ADM)	\$5,988	- \$11,196

Non-certified Public School Employees

The General Assembly authorized an across-the-board annual salary increase of the greater of \$1,100 or 2.75% effective July 1, 2008 for non-certified personnel employed by the Public Schools.

Principals and Assistant Principals

The General Assembly appropriated funds for the 2008-09 fiscal year to provide annual salary increases ranging from 2.38% to 5.39% (average of 2.69%) for Public School principals and assistant principals, effective July 1, 2008. The salary increase is based on the employees' natural movement up the salary schedule, based on years-of-experience credit, and a flat dollar increase to each step on the School-based Administrator Salary Schedule. Please see Table 2 in this section for the current salary schedule applicable to Principals and Assistant Principals.

Teachers

The General Assembly appropriated funds for the 2008-09 fiscal year to provide annual salary increases ranging from 2.39% to 6.63% (average of 3%) for Public School teachers, effective July 1, 2008. The salary increase is based on the teachers' natural movement up the salary schedule, based on years-of-experience credit, and an increase of \$680 for steps 0-2 and \$470 for steps 3-31 on the "A" salary schedule (slightly larger increases to the "M" and "NBPTS" schedules). Please see Table 3 in this section for the current salary schedule applicable to teachers.

Bonus for Certified Personnel at the Top of Their Salary Schedules

The General Assembly appropriated \$8,151,912 to provide a one-time bonus equivalent to 1.8% for teachers and instructional support and 2% for principals and assistant principals paid at the top of the experience-based salary schedules.

TABLE 2

FY 2008-09

Principal and Assistant Principal Salary Schedules

Base Salary Schedule. No ABC or Safe School Incentives

Yrs of Exp	Classification								
	1	1	2	3	4	5	6	7	8
	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	\$3,781	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	\$3,931	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	\$4,074	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	\$4,189	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	\$4,243	\$4,243	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	\$4,298	\$4,298	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	\$4,353	\$4,353	\$4,408	N/A	N/A	N/A	N/A	N/A	N/A
11	\$4,408	\$4,408	\$4,464	N/A	N/A	N/A	N/A	N/A	N/A
12	\$4,464	\$4,464	\$4,521	\$4,579	N/A	N/A	N/A	N/A	N/A
13	\$4,521	\$4,521	\$4,579	\$4,640	\$4,701	N/A	N/A	N/A	N/A
14	\$4,579	\$4,579	\$4,640	\$4,701	\$4,762	\$4,828	N/A	N/A	N/A
15	\$4,640	\$4,640	\$4,701	\$4,762	\$4,828	\$4,891	N/A	N/A	N/A
16	\$4,701	\$4,701	\$4,762	\$4,828	\$4,891	\$4,956	\$5,025	N/A	N/A
17	\$4,762	\$4,762	\$4,828	\$4,891	\$4,956	\$5,025	\$5,092	\$5,237	N/A
18	\$4,828	\$4,828	\$4,891	\$4,956	\$5,025	\$5,092	\$5,166	\$5,310	\$5,383
19	\$4,891	\$4,891	\$4,956	\$5,025	\$5,092	\$5,166	\$5,237	\$5,383	\$5,458
20	\$4,956	\$4,956	\$5,025	\$5,092	\$5,166	\$5,237	\$5,310	\$5,458	\$5,537
21	\$5,025	\$5,025	\$5,092	\$5,166	\$5,237	\$5,310	\$5,383	\$5,537	\$5,617
22	\$5,092	\$5,092	\$5,166	\$5,237	\$5,310	\$5,383	\$5,458	\$5,617	\$5,725
23	\$5,166	\$5,166	\$5,237	\$5,310	\$5,383	\$5,458	\$5,537	\$5,725	\$5,839
24	\$5,237	\$5,237	\$5,310	\$5,383	\$5,458	\$5,537	\$5,617	\$5,839	\$5,956
25	\$5,310	\$5,310	\$5,383	\$5,458	\$5,537	\$5,617	\$5,725	\$5,956	\$6,075
26	\$5,383	\$5,383	\$5,458	\$5,537	\$5,617	\$5,725	\$5,839	\$6,075	\$6,197
27	\$5,458	\$5,458	\$5,537	\$5,617	\$5,725	\$5,839	\$5,956	\$6,197	\$6,321
28	\$5,537	\$5,537	\$5,617	\$5,725	\$5,839	\$5,956	\$6,075	\$6,321	\$6,447
29	\$5,617	\$5,617	\$5,725	\$5,839	\$5,956	\$6,075	\$6,197	\$6,447	\$6,576
30	\$5,725	\$5,725	\$5,839	\$5,956	\$6,075	\$6,197	\$6,321	\$6,576	\$6,708
31	\$5,839	\$5,839	\$5,956	\$6,075	\$6,197	\$6,321	\$6,447	\$6,708	\$6,842
32	N/A	\$5,956	\$6,075	\$6,197	\$6,321	\$6,447	\$6,576	\$6,842	\$6,979
33	N/A	N/A	\$6,197	\$6,321	\$6,447	\$6,576	\$6,708	\$6,979	\$7,119
34	N/A	N/A	\$6,321	\$6,447	\$6,576	\$6,708	\$6,842	\$7,119	\$7,261
35	N/A	N/A	N/A	\$6,576	\$6,708	\$6,842	\$6,979	\$7,261	\$7,406
36	N/A	N/A	N/A	\$6,708	\$6,842	\$6,979	\$7,119	\$7,406	\$7,554
37	N/A	N/A	N/A	N/A	\$6,979	\$7,119	\$7,261	\$7,554	\$7,705
38	N/A	N/A	N/A	N/A	N/A	\$7,261	\$7,406	\$7,705	\$7,859
39	N/A	N/A	N/A	N/A	N/A	N/A	\$7,554	\$7,859	\$8,016
40	N/A	N/A	N/A	N/A	N/A	N/A	\$7,705	\$8,016	\$8,176
41	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$8,176	\$8,340

TABLE 3**Teachers****Teacher Salary Schedule****For the 2008-2009 School Year****NBPTS Bonus = 12%, Master's 10.00% Higher Than Bachelor's
Annual Salary**

Years of Experience	"A" Teachers	NBPTS Certification	Years of Experience	"M" Teachers	NBPTS Certification
0	\$3,043	N/A	0	\$3,347	N/A
1	\$3,085	N/A	1	\$3,394	N/A
2	\$3,129	N/A	2	\$3,442	N/A
3	\$3,264	\$3,656	3	\$3,590	\$4,021
4	\$3,404	\$3,812	4	\$3,744	\$4,193
5	\$3,538	\$3,963	5	\$3,892	\$4,359
6	\$3,667	\$4,107	6	\$4,034	\$4,518
7	\$3,771	\$4,224	7	\$4,148	\$4,646
8	\$3,819	\$4,277	8	\$4,201	\$4,705
9	\$3,868	\$4,332	9	\$4,255	\$4,766
10	\$3,918	\$4,388	10	\$4,310	\$4,827
11	\$3,967	\$4,443	11	\$4,364	\$4,888
12	\$4,018	\$4,500	12	\$4,420	\$4,950
13	\$4,069	\$4,557	13	\$4,476	\$5,013
14	\$4,122	\$4,617	14	\$4,534	\$5,078
15	\$4,176	\$4,677	15	\$4,594	\$5,145
16	\$4,231	\$4,739	16	\$4,654	\$5,212
17	\$4,286	\$4,800	17	\$4,715	\$5,281
18	\$4,345	\$4,866	18	\$4,780	\$5,354
19	\$4,403	\$4,931	19	\$4,843	\$5,424
20	\$4,461	\$4,996	20	\$4,907	\$5,496
21	\$4,523	\$5,066	21	\$4,975	\$5,572
22	\$4,584	\$5,134	22	\$5,042	\$5,647
23	\$4,650	\$5,208	23	\$5,115	\$5,729
24	\$4,714	\$5,280	24	\$5,185	\$5,807
25	\$4,779	\$5,352	25	\$5,257	\$5,888
26	\$4,845	\$5,426	26	\$5,330	\$5,970
27	\$4,913	\$5,503	27	\$5,404	\$6,052
28	\$4,984	\$5,582	28	\$5,482	\$6,140
29	\$5,055	\$5,662	29	\$5,561	\$6,228
30	\$5,153	\$5,771	30	\$5,668	\$6,348
31+	\$5,255	\$5,886	31+	\$5,781	\$6,475

SALARY AND BENEFIT CHANGES FOR STATE AND LOCAL PERSONNEL

A. SALARY RELATED CHANGES

- (1) **Lottery Commission Compensation Increases:** The General Assembly amended Article 8 of Chapter 18C by enacting a new section limiting the total dollar amount the Lottery Commission may spend for salary increases. The Lottery Commission may not spend funds for employee merit and performance based salary increases, during any fiscal year, in excess of the total amount required to award Commission employees an across-the-board salary increase. An across-the-board salary increase for this purpose is the same rate of increase as granted to State employees subject to the State Personnel Act in the same fiscal year. The Lottery Commission is authorized to award merit and performance-based salary increases on an aggregated average basis. (S.L. 2008-107, Sec. 26.12A)
- (2) **Mental Health Nurses/Sign-On Bonus:** The General Assembly authorized the Department of Health and Human Services to pay sign-on bonuses to newly-employed registered nurses hired during FY 2008-09 to work in State-operated facilities in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. The sign-on bonus cannot exceed \$8,000 per full-time registered nurse or \$4,000 per part-time registered nurse hired to work at least 20 hours but less than 30 hours per week. One-half of the sign-on bonus is to be paid in the employee's first paycheck with the second installment to be paid after the completion of 36 months of consecutive State service as a registered nurse in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. The General Assembly appropriated \$500,000 nonrecurring for the initial installments to be paid during FY 2008-09. (S.L. 2008-107, Sec. 26.12B)
- (3) **Licensed Ferry Personnel/Classification Study/Report:** The General Assembly has directed the Office of State Personnel to conduct a classification study of licensed ferry personnel within the Ferry Division of the Department of Transportation to ensure that the Division retains and recruits the most qualified personnel, in the interests of public safety and efficiency, to accomplish the State's ferry transportation function. The Office of State Personnel is to report to the Senate and House Appropriations Committees, by the convening of the 2009 General Assembly, the findings of the study including any related actions of the State Personnel Commission and any related salary increases or adjustments. (S.L. 2008-107, Sec. 26.12C)
- (4) **Salary Adjustment Fund Changes:** The General Assembly modified the provisions of Section 28.18 of S.L. 2007-323 which authorized the use of funds appropriated for across-the-board compensation increases, but not required for that purpose, to supplement the Salary Adjustment Fund. The Salary Adjustment Fund provides funding to support agency and university requests to increase employee salaries due to range revisions, special minimum rates, grade-to-band transfers, geographic differentials, and reallocations. The modifications include a \$484,000 earmark for the State Construction Office of the Department of Administration to adjust salaries of engineering and architect positions due to the career banding of those positions. In

addition, the Ferry Division of the Department of Transportation is to receive the highest funding priority of funds available in the Highway Fund Salary Adjustment Fund to increase salaries of licensed ferry personnel in the event the State Personnel Commission approves increases as a result of the Licensed Ferry Personnel Classification Study, see item number 3 above. (S.L. 2008-107, Sec. 26.12D)

- (5) **No Penalty For Teachers Taking One Day Of Personal Leave:** The General Assembly appropriated \$5 million to allow classroom teachers and media specialists who require a substitute to use one personal leave day during FY 2008-09 and receive full salary. Teachers and media specialists will continue to receive full salary less the required substitute deduction for personal leave days used over one day during FY 2008-09. Section 26.21 rewrites G.S. 115C-302.1(d) to implement this change only for FY 2008-09. See also item 4 under Other Changes below. (S.L. 2008-107, Sec. 26.21)

B. OTHER CHANGES

- (1) **Disapprove Rules Adopted By The State Personnel Commission Relative To Temporary Employees:** The act disapproves rules adopted by the State Personnel Commission on February 16, 2007, and approved by the Rules Review Commission on May 17, 2007 relating to the employment of temporary employees and temporary employment services. In addition, the act directs the Office of State Personnel to conduct a thorough analysis of State agencies' use of non-permanent employees and to develop recommendations for policies regarding the definition, selection, appointment, and duration of various categories of non-permanent employees. The recommendations must prohibit the establishment of any new temporary employment services by individual State agencies, other than those in existence on the effective date of the act. The Office of State Personnel must report its findings to the General Assembly on or before December 31, 2008 including any recommendations for proposed legislation. To the extent it accepts the recommendations of the Office of State Personnel, the State Personnel Commission must adopt rules in accordance with the Administrative Procedures Act to implement a plan for nonpermanent employment in State government. (S.L. 2008-82)
- (2) **Funeral Expenses For Members Of The State Highway Patrol Killed In The Line Of Duty:** The act amends G.S. 143B-476 authorizing the Secretary of the Department of Crime Control and Public Safety to expend up to \$10,000 from available funds as reimbursement of funeral expenses for a member of the State Highway Patrol killed in the line of duty. In addition, the act directs the Department to study whether the Secretary should be authorized to reimburse family members for funeral expenses of a State law enforcement officer who is killed in the line of duty. The study must include a determination on the maximum amount to be paid and whether additional funds should be appropriated for funeral expenses. The Department must report the results of its study along with any recommendations for legislation to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by January 1, 2009. Section 1 of the act authorizing the expenditure of funds for funeral expenses became effective June 1, 2008 and expires June 1, 2009. The remainder of the act became effective July 28, 2008. (S.L. 2008-142)

- (3) **Study Commission On Compensation Of The Governor's Cabinet And Elected Officials:** This part creates the Study Commission on Compensation of the Governor's Cabinet and State Elected Officials. The Commission is directed to study whether compensation is fair and appropriate and whether such officials are paid according to the duties of their offices. The Commission must make its final report, including any proposed legislation, to the General Assembly by January 15, 2009. (S.L. 2008-181, PART XL)
- (4) **No Penalty For Teachers Taking Personal Leave Under Some Circumstances:** S.L. 2008-107, section 26.21 (see full explanation above), provides teachers and media specialists full salary, with no substitute deduction, for the use of one personal leave day during FY 2008-09 (expires June 30, 2009). In addition, S.L. 2008-209 provides full salary with no substitute deduction for the use of personal leave days on non-protected teacher workdays effective August 9, 2008. (S.L. 2008-209)

RETIREMENT AND PENSION CHANGES FOR STATE AND LOCAL PERSONNEL

A. CURRENT EMPLOYEES

- (1) **Salary-Related Contributions/Employer:** The General Assembly adjusted the contribution rates for the Teachers' and State Employees' Retirement System from 3.05% of payroll to 3.36% of payroll for retirement plus 0.52% of payroll for the Disability Income Plan, 0.16% of payroll for the Death Benefit and 4.1% of payroll for retiree health benefits. This increase in the contribution rate resulted in an appropriation of \$30,237,400 from the General Fund and \$1,462,000 from the Highway Fund. (S.L. 2008-107, Sec. 26.22)

- (2) **Include The Director Of The Office Of Indigent Defense Services As A Member Of The Consolidated Judicial Retirement System:** The General Assembly allowed for the transfer of the Director of the Office of Indigent Defense Services, who is serving on July 1, 2008, from the Teachers' and State Employees' Retirement System to the Consolidated Judicial Retirement System. Also, creditable service as the Director of the Office of Indigent Defense Services beginning July 1, 2004 will be transferred from the Teachers' and State Employees' Retirement System to the Consolidated Judicial Retirement System. Anyone who becomes the Director of the Office of Indigent Defense Services after July 1, 2008 will also become a member of the Consolidated Judicial Retirement System. (S.L. 2008-107, Sec. 26.24)

- (3) **Firemen And Rescue Squad Workers' Pension Fund:** The General Assembly enacted, effective July 1, 2008, an increase in the pension for members of the Firemen's and Rescue Squad Workers' Pension Fund from \$167 to \$170 per month at a cost of \$1,027,851 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. (S.L. 2008-107, Sec. 26.25)

- (4) **Stovall Retirement:** The General Assembly allowed the Town of Stovall to participate in the Local Governmental Employees' Retirement System without providing any prior service credits to its employees and not requiring the Town to pay for any prior service credits for its employees. (S.L. 2008-52)

- (5) **Supplemental Retirement Board Of Trustees:** The General Assembly enacted legislation consolidating the Board of Trustees for the North Carolina Public Employee Deferred Compensation Plan [457 Plan] and the Board of Trustees for the Supplemental Retirement Income Plan [401(k) Plan] into the Supplemental Retirement Board of Trustees. The newly-created Board will consist of nine voting members. The legislation also removes the membership requirements and appointment authority for the Board of Trustees of the North Carolina Public Employee Deferred Compensation Plan and transfers its administrative authority effective July 1, 2008 to the Supplemental Retirement Board of Trustees. (S.L. 2008-132)

- (6) **Extend Fire And Rescue Death Benefits:** The General Assembly enacted legislation that provides line-of-duty death benefits to fire and rescue instructors, who

are otherwise eligible for benefits, while they are conducting fire and rescue training to another eligible unit. (S.L. 2008-163)

B. RETIRED EMPLOYEES

Provide Cost-Of-Living Increases For Retirees Of The Teachers' And State Employees' Retirement System, The Judicial Retirement System, And The Legislative Retirement System: (S.L. 2008-107, Sec. 26.23)

- (1) **Teachers and State Employees' Retirement System** - Effective July 1, 2008, the General Assembly provided a 2.2% increase in the retirement allowances paid to beneficiaries of the Teachers' and State Employees' Retirement System whose retirement began on or before July 1, 2007. In addition, beneficiaries who retired after July 1, 2007, and before June 30, 2008, were authorized an increase in their retirement allowances on July 1, 2008, equal to a prorated amount of the 2.2% increase provided to those who retired on or before July 1, 2007. The prorated amount will be determined by the Retirement System's Board of Trustees based upon the number of months that a retirement allowance was paid during 2007-08.

This increase in retirement allowances was funded in part with unencumbered actuarial gains in the Teachers' and State Employees' Retirement System as of December 31, 2006 and in part by an appropriation of \$30.2 million from the General Fund and \$1.5 million from the Highway Fund. If the increase had not been funded in part with unencumbered actuarial gains, the increase would have required a total annual appropriation of \$71.2 million from the General Fund, \$3.4 million from the Highway Fund, and \$25.6 million from receipt funds.

- (2) **Consolidated Judicial Retirement System** - The General Assembly provided a 2.2% increase in the retirement allowances paid to beneficiaries of the Consolidated Judicial Retirement System whose retirement began on or before July 1, 2007. In addition, beneficiaries who retired after July 1, 2007, and before June 30, 2008, were authorized an increase in their retirement allowances on July 1, 2008, equal to a prorated amount of the 2.2% increase provided to those who retired on or before July 1, 2007. The prorated amount will be determined by the Retirement System's Board of Trustees based upon the number of months that a retirement allowance was paid during 2007-08. This increase in retirement allowances was funded with unencumbered actuarial gains in the Consolidated Judicial Retirement System as of December 31, 2006. The total cost of the cost-of-living adjustment was \$700,000 annually.
- (3) **Legislative Retirement System** - The General Assembly provided a 2.2% increase in the retirement allowances paid to beneficiaries of the Legislative Retirement System who retired on or before January 1, 2008, comparable to the increases granted to retired beneficiaries of the Teachers' and State Employees' Retirement System. In addition, beneficiaries who retired after January 1, 2008, but before June 30, 2008, were authorized an increase in their retirement allowances on July 1, 2008, equal to a prorated amount of the 2.2% increase provided to those who retired on or before January 1, 2008. The increase was funded within the Legislative System at an annual cost of \$48,508.

EMPLOYEE HEALTH BENEFIT COVERAGE SUPPORTED BY THE STATE

A. Health Benefit Plan for Employees, Retired Employees, and their Eligible Dependents

The State Health Plan for Teachers and State Employees (Plan) administers health benefit coverage for active employees from employing units of State agencies and departments, universities, local public schools, and local community colleges. Eligible retired employees of authorized employing units may also access health benefit coverage under the Plan. Eligible dependents of active and retired employees are authorized to participate in the Plan provided they meet certain requirements.

Employees and retired employees of selected local governments may also participate in the Plan under certain conditions. Members of fire, rescue squads, and the National Guard may also obtain coverage under the Plan provided they meet certain eligibility criteria.

The State finances the Plan on a self-funded basis and administers benefit coverage under a Preferred Provider Option (PPO) arrangement. As of August 2008, enrollment in the Plan was 652,864 Plan members. Premiums for health benefit coverage are paid by (1) employing agencies for active employees, (2) the Retiree Health Benefit Fund for retired employees, and (3) employees and retirees who elect dependent coverage. Total requirements for the Plan are estimated to be \$2.6 billion for FY 2008-09.

B. Changes in State Health Plan Financing, Benefits, and Other Purposes

- (1) The General Assembly reduced by \$5 million (recurring) a FY 2007-08 appropriation to the statewide reserve used to cover increases in State employee's health benefit premiums. According to the Office of State Budget and Management, the eliminated funds would not have been disbursed because employing agency requirements were adequately funded. This action did not affect the Plan's funding because the Plan does not receive funds directly from this statewide reserve.
- (2) There were no special provisions in the 2008 Appropriations Act that affected the Plan's health benefit functions. However, please see the Health and Human Services section of this document for a summary of legislative changes (Section 10.13 -- NC Health Choice Transition) regarding the policy change to allow the Department of Health and Human Services to begin assuming over-time the claims processing responsibilities for the N.C. Health Choice program. Currently these claims processing responsibilities reside fully with the Plan.
- (3) The General Assembly enacted House Bill 2443 to make the changes to the General Statutes necessitated by the repeal of the Plan's Indemnity plan benefit option and to establish and clarify statutory guidance for the offering of a Preferred Provider Option benefit plan. The majority of the bill's content is technical in nature (e.g. re-codifying current law with a new section number in the General Statutes). There are however

several significant changes made in the bill to the Plan's governing statutes that are substantive in nature from a financial perspective: (S.L. 2008-168)

- **Authority of the Executive Administrator and Board of Trustees to offer multiple type benefit plans:** The Executive Administrator and Board of Trustees may operate group plans as a preferred provider option, health maintenance, point-of-service, or other organizational arrangement. Furthermore, an act of the General Assembly is required for the Executive Administrator and the Board of Trustees to change at any point in time the Plan's comprehensive benefit coverage, including co-payments, deductibles, out-of-pocket expenditures, and lifetime maximums, under any plan type option authorized.
- **Authorize an optional Medicare Advantage program:** The Plan is authorized to offer an insured Medicare Advantage product to Medicare eligible plan members in lieu of other coverage offered under the Plan in conjunction with carve outs for Medicare Parts A & B. Under the proposed authorization Medicare eligible plan members would have an option to select a Medicare Advantage plan offered through an authorized insurer under contract with the Plan. The authorizing language also requires the Plan to continue to offer the Plan's current outpatient prescription drug coverage to all Medicare eligible plan members regardless of whether they are enrolled in a Medicare Advantage product or continue to remain in other benefit plans offered by the Plan.
- **Cost-savings initiatives and incentive programs:** Codifies existing authority to allow the Executive Administrator and the Board of Trustees to authorize coverage of certain over-the-counter medications and to establish certain incentive programs. The original authority for these programs was slated to expire July 1, 2009 (see Session Law 2006-249, HB 1059).

There were also several substantive changes to the Plan's governing statutes that are unrelated to the Plan's financing. The two primary changes were: (1) the creation of the State Health Plan Administrative Commission which is charged with appointing the State Health Plan's Executive Administrator. Under prior law, the Executive Administrator was appointed by the Commissioner of Insurance; and (2) an authorization that allows the Board of Trustees to make final decisions in contested cases under the Administrative Procedures Act and require the Plan's Executive Administrator to execute the Board's decisions.

C. Plan's Financial Condition

Adverse Financial Results for the Plan in FY 2007-08

The Plan's management used a significantly flawed actuarial projection to estimate funding requirements for the 2007 biennium. According to the current Executive Administrator of the Plan, some key problems with the original projection were as follows:

- Provider discounts achieved under the Preferred Provider Option (PPO) were less than projected;
- Financial savings expected from out-of-pocket cost sharing borne by plan members under the PPO proved to be less than actual results;

- Utilization of medical services by plan members enrolled in the PPO was at a greater rate than projected;
- A component of administrative costs negotiated by the Plan's former management in its claims processing contract was not accounted for in the actuarial projection; and
- Adverse selection costs incurred from the Plan offering multiple PPO choices, and offering enhanced PPO benefits over the Indemnity plan were not accurately estimated.

As a result, the Plan experienced substantial un-projected financial losses in FY 2007-08. The Plan's operating results reveal a \$17.0 million loss for the period as compared to projected income of \$57.9 million. Furthermore, it has been disclosed by the Plan's current Executive Administrator that an estimated \$62.8 million in June 2008 medical and pharmacy claims were not paid in a timely manner by the Plan's former management. Therefore, these June 2008 claims became obligations in FY 2008-09 that will adversely affect financial operating results for the fiscal period. If the June 2008 claims had been paid on a timely basis, the reported loss for FY 2007-08 would have been an estimated \$79.7 million (\$17 million + \$62.8 million = \$79.8 million) as compared to projected income of \$57.9 million.

A swing from a projected income of \$57.9 million to a loss of \$79.8 million means the projected operating income fell short by \$137.7 million (\$57.9 million loss of projected income + \$79.8 million estimated loss). According to the Plan's Executive Administrator, the most significant cost components thought to cause this deviation are reflected in the table below:¹

Estimated Losses Not Accounted For In Projection Used to Determine Plan Funding²
State Health Plan
FY 2007-08
(\$millions)

Over-estimated Premium Collections	(8.8)
Under-estimated Claims Paid & Administrative Expenses	
Medical Claims	(58.4)
Pharmacy Claims	(48.1)
Admin Costs	(19.7)
Sub-total	(126.2)
Total	(\$135.0)

¹ State Health Plan for Teachers and State Employees, Board of Trustees meeting, August 18, 2008.

² Financial numbers reported in the table vary slightly from those reported by the Plan's Executive Administrator. This variance occurs to meet publication style requirements limiting the reporting of dollars to a single decimal point. The variance in dollars between those reflected in the table above and those reported are negligible.

Revised Actuarial Projection for FY 2008-09

Given the unexpected adverse financial results for FY 2007-08 and the shift of June 2008 claims to FY 2008-09, the Plan has obtained a revised actuarial projection for FY 2008-09. The Plan's consulting actuary now reports that the Plan is expected to lose between \$264.4 million and \$280.8 million for the fiscal period. These projected losses are expected to deplete the Plan's cash balance of \$139.8 million and leave it without sufficient operating resources to continue operations for the fiscal year. It is currently estimated by the Plan's Executive Administrator that the Plan will not be able to pay claims on a timely basis by the end of the 2nd quarter or the beginning of the 3rd quarter for FY 2008-09.

Consequently, the reforecast of Plan finances now indicates that the Plan will require over \$300 million in additional resources to operate for the balance of the 2008-09 fiscal year. This amount represents the estimated funds necessary to fund claims and administrative expenses through June 30, 2009 plus funding a minimum stabilization reserve equal to 7.5% of projected claims.

Plan's Revised Financial Projection for FY 2008-09³

For the fiscal year beginning July 1, 2008, the Plan began its operations with a beginning cash balance of \$139.8 million. Receipts for the year are projected to be \$2.3 billion from premium collections, \$53.9 million from Medicare Part D subsidies, and \$2.7 million from investment earnings for a total of slightly over \$2.3 billion in receipt income for the year. Projected disbursements from the Plan are expected to be \$2.4 billion in claim payment expenses and \$168.7 million in administration and claims processing expenses for projected total expenses of nearly \$2.6 billion for FY 2008-09. The Plan's net operating loss is projected to be approximately \$264.4 million for the fiscal year assuming a 9% annual claims growth trend. If the claims growth trend extends up to as high as 10.5% annually, the estimated losses could increase to approximately \$280.8 million.

Calendar Year 2007 Actuarial Valuation of Retiree Health Benefit Liabilities

The State's second formal actuarial valuation of retired employee health benefit coverage reported a \$28.6 billion unfunded liability as of December 31, 2007. This liability represents, in today's dollars, the unfunded benefit obligations already earned by current retirees, active employees, and inactive former employees eligible to retire at some point in the future.

The actuarial valuation was conducted according to Governmental Accounting Standards Board (GASB) standards that significantly change how public employers must measure, expense, and disclose obligations for other nonpension post-employment benefits. These standards (GASB 43 and 45) require public employers to use actuarial valuation methods and accrual accounting conventions — similar to the way pension obligations are measured and reported — to acknowledge the accumulation of Other Post-Employment Benefit (OPEB) liabilities. The most significant OPEB for the State of North Carolina is health benefit coverage provided to retired employees of State agencies and departments, university institutions, local public schools, and local community colleges. Retired employees are eligible for health benefit coverage provided that at the time of retirement they have five years of eligible service.

³ Numbers may not be additive due to rounding to a single decimal point to meet publication style requirements.

Responsibility for paying the premium contribution for health benefit coverage during an employee's retirement years depends upon the "first hire" date for the employee. If an employee was first hired on or before October 1, 2006, then at the point in time they retire from service, if they have five or more years of service they are eligible for non-contributory (i.e., State paid) health benefit coverage. For employees who were first hired on or after October 1, 2006, the responsible party for payment of the premium contribution is determined by the employees' years of service at retirement. If a retiring employee has 20 or more years of service they are eligible for non-contributory coverage. For an employee retiring with 10 up to 20 years of service the premium contribution is paid on a partially contributory basis where 50% of the contribution is paid by the retired employee and the other half by the State. Finally, for an employee retiring with 5 up to 10 years of service they must pay 100% of the premium contribution (i.e., fully contributory basis).

**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
2001-02	89.73	4.32
2002-03	91.05 ^c	4.19
2003-04	91.35 ^d	4.15
2004-05	95.13	4.37
2005-06	100.61	4.56
2006-07	106.89	4.79
2007-08	117.08	5.11
2008-09	124.93	5.37

^a Figure reflects annual cost, even though the increase was not effective until January 1, 1982.

^b Figure does not reflect adjustment to offset anticipated savings from the tax sheltering of employee Health Benefits from Social Security tax.

^c No across-the-board salary increases were funded by the General Assembly for employees in the 2002-03 fiscal year except for the salary step increases funded for teachers and school-based administrators.

^d No across-the-board salary increases were funded by the General Assembly for employees in the 2003-2004 fiscal year except for the salary step increases funded for teachers and school-based administrators and a one-half percent (.5%) average salary increase for Community College faculty and professional staff.

LEGISLATIVE INCREASES

YEAR	STATE EMPLOYEES	TEACHERS
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 or more teacher)
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-

LEGISLATIVE INCREASES (Continued)

YEAR	STATE EMPLOYEES	TEACHERS
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% - 9%
1998-99	1% COLA + 2% career growth + 1% one-time bonus	4% - 9%
1999-00	1% COLA + 2% career growth + \$125 Compensation Bonus	4%-11%
2000-01	2.2% COLA + 2% career growth + \$500 Compensation Bonus	2.5%-13.8%
2001-02	\$625	1.0% to 6.92% (2.86% average)
2002-03	-0-	0.0% to 5.85% (1.84% average)
2003-04	-0-	1.42% to 5.86% (1.81% average)
2004-05	Greater of a \$1,000 or 2.5% across-the-board increase	1.41% to 5.90% (2.5% average)
2005-06	Greater of a \$850 or 2.0% across-the-board increase	1.77% to 6.27% (2.24% average)
2006-07	5.5% across-the-board increase	6.45% to 14.05% (8.23% average)
2007-08	4.0% across-the-board increase	4.05% to 9.53% (5.0% average)
2008-09	Greater of \$1,100 or 2.74% across-the-board increase	2.39% to 6.63% (3.0% average)

a Salary increment program frozen

b Conditional upon continuous employment for one year

c Most teachers received between 4%-9%. Teachers receiving National Board of Professional Teaching Standards (NBPTS) certification were eligible for larger increases.

**AVERAGE SALARY OF EMPLOYEES SUBJECT
TO THE PERSONNEL ACT**

YEAR	AVERAGE SALARY ^{1,2}
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
2000-01	32,803
2001-02	33,474
2002-03	33,556
2003-04	33,854
2004-05	35,151
2005-06	36,691
2006-07	38,743
2007-08	40,283

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.**

**NC's ECONOMY & STATE
REVENUE**

and

**SUMMARY OF REVENUE & FEE
BILLS ENACTED**

NC's Economy and State Revenue & Summary of Revenue & Fee Bills Enacted

North Carolina's Economic Outlook

At the start of 2007, it appeared that some states including North Carolina would avoid a significant economic slowdown. But as the national and global economy worsened, North Carolina's economy began showing signs of weakening. Employment growth stalled, leading to an increase in the unemployment rate. Consumers began cutting back on spending, dwindling demand in the retail and services sectors. Both the housing recession and the financial market turmoil began to significantly impact financial sector jobs, a key component of North Carolina's job market. By the end of the second quarter of 2008, it was clear that the State would experience an economic slowdown along with the rest of the nation.

The initially minor slowdown experienced by the State might have been due in part to North Carolina's relatively mild housing problems during this period. For example, real estate conveyance tax receipts in North Carolina were essentially flat compared to double-digit declines in many other states. The State's housing bubble was limited to a few resort areas. Therefore, the statewide impact from the housing slowdown was far less severe than the nation's. Additionally, the State continued to experience strong population and employment growth through the first half of 2007, which may have helped limit the impact from the housing slump.

North Carolina Economic Indicators

	Actual FY 2006-07	Actual FY 2007-08	Projected FY 2008-09	Projected FY 2009-10
Personal Income	7.1%	5.4%	3.5%	4.6%
Wages & Salaries	7.4%	5.3%	3.9%	5.0%
Retail Sales	7.0%	5.3%	3.7%	3.8%
Unemployment Rate	4.7%	5.0%	6.5%	6.6%
Employment (Nonagricultural)	3.4%	1.7%	0.1%	1.8%
Existing Single-family Home Sales	-0.1%	-21.3%	4.7%	8.0%
Average Hourly Earnings: Manufacturing	2.9%	3.2%	4.0%	3.4%

The economic slowdown in North Carolina began in earnest during the second quarter of 2008. The housing recession continued its slow unwinding, and financial markets began to feel the impact as housing defaults and foreclosures increased. The problems experienced by the housing and financial markets became clear when the State's real estate conveyance tax collections in the third quarter of 2007 fell 15.4% from the same quarter the previous year. Each quarter thereafter has had double-digit declines.

As shown in the preceding table, North Carolina's economic indicators highlight the impact of current and projected economic conditions. State personal income is expected to grow only 3.5% in FY 2008-09 and rebound modestly to 4.6% growth the following fiscal year. In comparison, the nation's personal income is only expected to grow at 3% and 4.1% during the next two fiscal years. In part, the slow growth in income will be driven by near zero employment growth in FY 2008-09 and only 1.8% in FY 2009-10.

Part of the employment story is the downturn in the State's financial sector. This sector has experienced strong growth over the past several years, with over 4% growth in 2006. Financial sector employment is now projected to decline in both 2008 and 2009. However, the education and health services industry, such as private and public education providers and healthcare

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providers, is expected to continue its positive growth. While the education and health services industry will not grow at the robust rate of 5% it did in 2006, it is expected to maintain employment growth near 2.5%.

In general, North Carolina's economy is expected to be more resilient than the nation's. Nonetheless, the state, like the nation, will experience weak economic growth during the next year. Employment losses in the manufacturing industry will continue throughout the next year, but growth in the service and tech industries are expected to rebound earlier than some sectors and will be a stimulus to economic growth in the state. There is little doubt that the state will experience a significant economic slowdown over the next couple of years, but North Carolina remains in a position to perform better than the nation as a whole.

General Fund Revenue Sources

Outside of Federal funds, the primary funding source for State government operations is the General Fund. The table at the end of this section, Historical and Projected Revenue Collections, provides data for the major General Fund revenue sources as well as budgeted revenue for the 2008-09 fiscal year. While the table highlights the nominal growth in tax collections, the narrative below discusses economy-based growth. Economy-based growth focuses on the growth in tax revenue resulting from growth in the economy and provides a more accurate picture of the State's economic conditions. Nominal growth captures both revenue increases and decreases that result from tax law changes and economy-based growth.

Personal Income Tax

The largest General Fund revenue source is the personal income tax, accounting for 55% of total revenues. North Carolina income tax rates range from 6% to 7.75% (effective January 1, 2008) depending on taxable income. The largest source of taxable income is wages and salaries, amounting to an estimated 80% of the income-tax base in 2006. These payments include bonuses and certain stock options. As mentioned in the North Carolina Economic Outlook section, state personal income is expected to grow only 3.5% in FY 2008-09 and rebound modestly to 4.6% growth the following fiscal year.

Another important source of taxable income is capital gains. This income is derived from the stock market, bonds, investment real estate and the sale of assets. Income tax collections related to capital gains are extremely volatile and difficult to predict. In 2001, for example, capital gains taxes were down 48.1% compared to the previous year, while in 2004 they were up 49.8%. This source is expected to decline by 6.7% in 2008.

Sales and Use Tax

The second largest General Fund revenue source is the sales and use tax, amounting to about a quarter of State revenues. For the retail sales outlook, Fiscal Research projects that slowing job growth, coupled with problems in real estate and high-energy prices, will keep sales-and-use tax activity at minimal levels. Sales tax collections are projected to increase 3.1% for FY 2008-09, a substantial decline from the 8-10% in annual growth experienced since mid-2003.

Corporate Income Tax

The State levies a corporate income tax on the profits of C-corporations derived from business in the State. Multi-state corporations are required to use a formula to determine how much of their nationwide income can be attributed to North Carolina receipts. Fiscal Research expects corporate income-tax collections to remain relatively flat based on the impact on profits from tighter lending and higher interest rates, rising wages, and higher energy costs. This projection

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also takes into account the expected slowdown in product demand and the volatile nature of the tax.

Other General Fund Sources

The General Fund also includes the funds raised from other tax and non-tax sources. Alcoholic beverage and tobacco tax collections will represent roughly two percent of collections in the 2008-09 fiscal year. The General Fund's non-tax revenues, investment income, fees, federal government revenues, and transfers from the Highway Trust Fund and the Highway Fund represent approximately five percent of General Fund Revenue during the 2008-09 fiscal year.

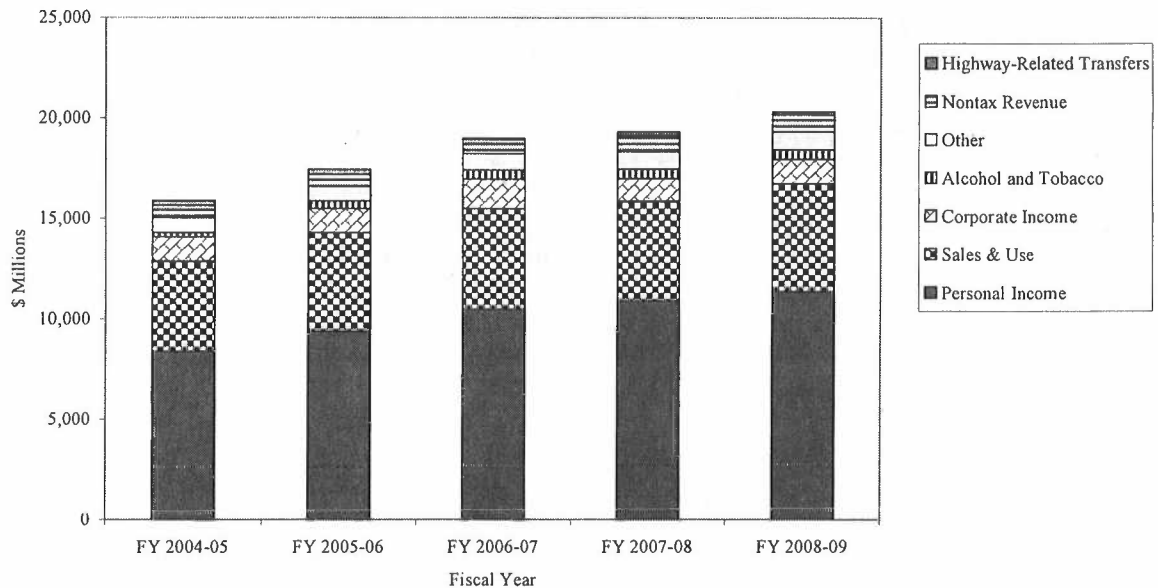
Historical and Projected General Fund Revenue Collections (\$Millions)

	Actual FY 2004-05	Actual FY 2005-06	Actual FY 2006-07	Actual FY 2007-08	Estimated FY 2008-09
Tax Revenue:					
Personal Income	8,409	9,400	10,508	10,902	11,386
Sales & Use	4,477	4,894	4,996	4,982	5,374
Corporate Income	1,194	1,204	1,451	1,112	1,192
Franchise	499	477	531	574	587
Insurance	432	432	476	493	522
Tobacco Products	43	172	241	237	236
Alcoholic Beverage	189	201	213	225	234
Other	235	242	296	307	308
Total-Tax Revenue	\$15,478	\$17,020	\$18,712	\$18,832	\$19,839
Nontax Revenue	590	599	690	801	845
Transfers:					
Highway Trust Fund	243	253	58	173	148
Highway Fund	16	0	0	18	18
Total-General Fund Revenue	\$16,327	\$17,873	\$19,460	\$19,824	\$20,850

The chart below shows the most recent five-year trend of historical and projected General Fund revenues by major category.

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Five-Year Trend in North Carolina General Fund Revenues by Major Source



Other revenue sources include: franchise, insurance, inheritance, gift, freight car lines, and miscellaneous taxes.

Nontax revenue includes: investment income, judicial fees, etc.

Significant Special Provisions

Session Law 2008-107, House Bill 2436

Section 28.1, IRC Update

Section 28.1 updates North Carolina's reference to the Internal Revenue Code, which is used in defining and determining certain State tax provisions. By doing so, the state conforms to changes made by three federal acts, except that it delays the impact of the bonus depreciation provision authorized by the 2008 Economic Stimulus Act. To accomplish this "decoupling" from the federal accelerated depreciation provision, the act does two things:

- It requires the taxpayer to add back to federal taxable income 85% of the accelerated depreciation allowed by the 2008 Economic Stimulus Act. The add-back means that for State tax purposes, a taxpayer will deduct less in depreciation costs than the amount allowed at the federal level.
- Beginning on or after January 1, 2009, the taxpayer for North Carolina tax purposes may deduct from federal taxable income the remaining amount in depreciation cost claimed during the 2007 or 2008 tax year, divided into five equal, annual installments. This means that for State tax purposes, a taxpayer is allowed to deduct a greater depreciation amount in the outlying tax years – the normal depreciation amount plus 20% of the unclaimed accelerated depreciation amount. Over the life of an asset placed in service during 2008, taxpayers will be able to deduct the same amount of the asset's basis under both federal and State law; only the timing of the deduction will differ.

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For FY 2008-09, the estimated fiscal impact of this change is \$1.2 million.

Section 28.2, Extend Credit for Research and Development

Section 28.2 extends the tax credit for research and development through taxable years beginning on or after January 1, 2014. The credit was scheduled to expire for taxable years beginning on or after January 1, 2009. A taxpayer that has qualified North Carolina research expenses or North Carolina University research expenses is allowed a tax credit. For University of North Carolina research expenses, the credit amount is equal to 20% of the amount the taxpayer paid to the university for the research and development. For all other qualified research expenses, the credit is equal to a specified percentage of the expenses. The estimated fiscal impact of this change is \$1 million in FY 2008-09.

Section 28.3, Extend Low-Income Housing Credit

Section 28.3 extends the low-income-housing tax credit through taxable years beginning on or after January 1, 2015. The credit was scheduled to expire for taxable years beginning on or after January 1, 2010. North Carolina has a low-income-housing tax credit modeled after the federal housing credit. A taxpayer may elect to receive the credit in the form of either a credit against tax liability or a loan generated by transferring the credit to the Housing Finance Authority in return for a 0% interest, 30-year loan equal to the credit amount. There is no additional impact on revenue from this credit in FY 2008-09.

Section 28.4, Extend Mill Rehabilitation Credit

Section 28.4 extends the mill rehabilitation tax credit to include rehabilitation projects for which an application for an eligibility certification is submitted on or after January 1, 2011. Under prior law, the credit sunset for rehabilitation expenditures incurred on or after January 1, 2011. North Carolina allows a tax credit for rehabilitating vacant historic manufacturing sites if the taxpayer spends at least \$3 million to rehabilitate the site. The credit is a percentage of the qualified rehabilitation expenditures, and the percentage varies depending on the enterprise tier location of the site and the eligibility for the federal credit. This extension will have no impact on revenue in FY 2008-09.

Section 28.5, Extend Sunset for State Ports Credit

Section 28.5 extends the State Ports tax credit through taxable years beginning on or after January 1, 2014. The credit was scheduled to expire for taxable years beginning on or after January 1, 2009. The General Assembly enacted the State Ports tax credit in 1992 to encourage exporters to use the two State-owned port terminals in Wilmington and Morehead City. The credit is allowed to a taxpayer who loads or unloads waterborne cargo from an ocean carrier at the State-owned port terminal at Wilmington or Morehead City. The tax credit is equal to the amount of postage, handling, and throughput charges paid to the North Carolina State Ports, but is limited to 50% of the tax imposed on the taxpayer for the taxable year. The maximum cumulative credit that one taxpayer may claim is \$2 million. This extension is expected to cost \$1 million in FY 2008-09.

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Section 28.6, Exempt Disaster Assistance Debit Sales

This provision ensures that purchases made with debit cards issued by groups acting on the behalf of a government agency, such as the American Red Cross (ARC), are exempt from the sales and use tax. In recent years, the ARC implemented a new method of providing financial assistance to disaster victims, giving them debit cards to purchase necessary items. Debit cards prove more efficient than disbursing order forms, ARC's old method of providing disaster assistance. The tax treatment of debit cards and disbursing order forms differ.

For purposes of the sales tax exemption, the purchaser is the disaster victim when a debit card is used and the ARC when a disbursing order is used. Therefore, purchases made with a disaster-assistance debit card have been subject to sales tax. Effective July 1, 2008, Section 28.6 of the budget guarantees that purchases made with ARC-issued debit cards receive the same sales and use tax exemption as purchases made with disbursing order forms. This exemption is expected to cost less than \$500,000 in FY 2008-09.

Section 28.7, Close Franchise Tax Loopholes by Requiring a Limited Liability Company that Elects to Be Treated as a Corporation and Captive REIT to Pay Franchise Tax

Section 28.7 provides that limited-liability companies that elect to be taxed as S corporations for income tax purposes are subject to the franchise tax in the same manner as other S corporations. The provision also provides that captive real estate investment trusts (REITs) are subject to the franchise tax in the same manner as a corporation. In 2007, the General Assembly provided that captive REITs are treated as regular corporations for income tax purposes. A REIT is an organization that uses the pooled capital of many investors to purchase and manage real estate. A REIT that is owned or controlled by a single entity is commonly referred to as a captive REIT. This section becomes effective for taxable years beginning on or after January 1, 2009, and has no fiscal impact on General Fund availability.

Section 28.8, Publicly Traded Partnerships

Section 28.8 changes the reporting and payment requirements that apply to publicly traded partnerships (PTPs) described in section 7704(c) of the Internal Revenue Code. The legislation requires a qualifying PTP to report annually to the Department of Revenue (Department) the partners in the PTP who received more than \$500 of income, rather than report the income received by every partner. It also exempts qualifying PTPs from the requirement to pay tax on the partnership income received by a nonresident. In making these changes, the provision seeks to strike a balance between the burden of complying with the reporting requirements for both the PTPs and the Department and the benefits gained by compliance. The provision is substantially the same as the model legislation recommended by the Multi-State Tax Commission. A PTP is a limited partnership whose interests are traded on stock exchanges such as the New York, American, and NASDAQ exchanges. Unlike a traditional partnership, a PTP has tens of thousands, and sometimes hundreds of thousands, of unit-holders. A PTPs' unit-holders can change daily in trades on public exchanges. There are approximately 90 PTPs in the country, and 10 of these PTPs are located in North Carolina. This section has no impact on General Fund availability and becomes effective for taxable years beginning on or after January 1, 2009.

Section 28.9, Increase Earned Income Tax Credit to Five Percent

Section 28.9 increases the refundable State earned-income tax credit (EITC), enacted last session, from 3.5% of an individual's federal earned-income tax credit to 5% of the federal credit. The amount of the federal credit varies depending upon the taxpayer's earned income and number of children, and is phased out as the taxpayer's earned-income rises. The federal

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earned-income amounts and credit amounts are indexed to inflation. The State EITC expires for taxable years beginning on or after January 1, 2013. This section becomes effective for taxable years beginning on or after January 1, 2009. The estimated cost of this change is \$13.7 million in FY 2008-09.

Section 28.9A, Extend Sunset for Small Business Employee Health Benefits

Section 28.9A extends the Small Business Employee Health Insurance tax credit through taxable years beginning on or after January 1, 2010. The credit was scheduled to expire for taxable years beginning on or after January 1, 2009. The General Assembly enacted the tax credit in 2006. The credit is allowable to a small business that provides health benefits to its full-time employees. A small business is a taxpayer that employs no more than 25 full-time employees. An eligible employee is one who works a normal work-week of 30 or more hours and whose total wages or salary received from the business does not exceed \$40,000 on annual basis. This section becomes effective January 1, 2009. The estimated fiscal impact for FY 2008-09 is \$8.5 million.

Section 28.11, Property Tax Exclusion for Disabled Veterans

Section 28.11 provides a property-tax homestead exclusion for disabled veterans who were honorably discharged and have a 100% permanent disability that is service-related. The exclusion is equal to the first \$45,000 of the property's appraised value. The exclusion also applies to the surviving spouse of a qualifying disabled veteran. The benefit is effective for tax years beginning July 1, 2009, and has no impact on General Fund revenue.

Section 28.12, Sales Tax Holiday for Certain Energy Star Rated Appliances

Section 28.12 of the budget creates a new sales-tax holiday in North Carolina for certain Energy Star products. During the first weekend in November, individuals can purchase the following products as tax exempt items: clothes washers, freezers and refrigerators, central air conditioners and room air conditioners, air-source heat pumps and geothermal heat pumps, ceiling fans, dehumidifiers, and programmable thermostats. Sales of qualified Energy Star products to be used in a trade or business or for rental purposes are not eligible for the sales tax exemption during the holiday. This legislation became effective August 16, 2008, and the holiday is expected to reduce General Fund availability by \$1.4 million in FY 2008-09.

Section 28.16, The Small Business Protection Act

Section 28.16 provides small businesses (defined as businesses with gross receipts below \$1.8 million) with certain protections related to their sales and use tax obligations:

- Consultation with the Department of Revenue regarding the application of sales and use tax laws;
- Reduction of an assessment for good-faith compliance; and
- A waiver of penalties and interest for reasonable reliance on erroneous verbal advice.

In recent years, the Department of Revenue adopted an aggressive auditing model focused on recovering un-remitted taxes for the State. The model, though very successful, uncovered areas in the North Carolina tax code relating to sales and use taxes where the law or the interpretation of the law was unclear. As a result, the Department's audits uncovered routine sales and use taxes errors, particularly among small businesses.

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The Small Business Protection Act limits the amount of tax liability for small businesses recently audited and assessed by the Department of Revenue if the businesses meet certain requirements. The amount of the reduction in tax liability varies depending on the average monthly gross receipts of the company and the types of errors made in remitting sales and use taxes. Under the following requirements, the Department must waive penalties and reduce any assessment by the amount of sales and use tax due if:

- the business remitted all the sales and use taxes it collected during the relevant period;
- the business was not instructed in a prior audit to collect sales and use taxes in the circumstance that is the basis of the assessment;
- the business attempted to comply with the law by seeking and following advice from the Department regarding its sales and use tax obligations; and
- the business made a good-faith effort to comply with the sales and use tax laws and the assessment is based on the incorrect application of one of the following complex areas:
 1. the rate of tax that applies to food,
 2. the distinction between a retailer and a performance contractor,
 3. the distinction between a service that is exempt from tax and a service that is provided in conjunction with the delivery of tangible personal property and is part of the sales price of the tangible personal property, and
 4. the determination of whether a person is a manufacturer.

The Small Business Protection Act also sets forth several administrative requirements and provides the Department with more organizational authority when resolving tax assessments. Section 28.16 requires that the Department document verbal advice provided to taxpayers and reproduce this advice, if requested, in written form. The estimated cost of this provision for FY 2008-09 is \$2.2 million.

Section 28.17, Modify Estate Tax Law

Section 28.17 modifies the estate-tax law to remove property in other states from the estate tax base that the State cannot tax. This section became effective July 1, 2008, and applies retroactively to the estates of decedents for which the statute of limitations for claiming a refund had not expired as of December 28, 2007. The estimated cost of this change is \$2 million in FY 2008-09.

Section 28.18, Repeal Gift Tax Law

Section 28.18 repeals the State gift tax. This section becomes effective January 1, 2009, and applies to gifts made on or after that date. The fiscal impact of the repeal will be approximately \$16.9 million in FY 2008-09.

Section 28.19, State Sales Tax Exemption for Baked Goods Sold by Artisan Bakeries

Section 28.19 excludes certain bakery items sold by artisan bakers from the State sales and use tax rate. Effective January 1, 2009, the legislation represents \$1.6 million in expended taxes during the 2008-09 fiscal year and approximately \$3.5 million in taxes for subsequent years.

In 2003, the General Assembly, conforming to the requirements of the Streamlined Sales Tax Agreement (SSTA), redefined food and created two categories—food and prepared food. “Prepared food” became subject to both State and local sales tax, while “food” was subject only to a two percent local tax. Bakery items, prior to this legislation, fell within the definition of “prepared food” if sold in a heated state, if heated by the retailer, or if the item consisted of two or more foods mixed or combined by the retailer for sale as a single item.

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Section 28.19 clarifies that certain bakery items are not considered prepared food and therefore qualify for the State sales and use tax exemption, contingent on the items being sold and the proportion of the business receipts attributed to certain bakery items. The "qualified" bakery items include breads, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danishes, cakes, torts, pies, tarts, muffins, bars, cookies and tortillas.

The legislation defines an artisan bakery as a company that derives over 80% of its gross receipts from bakery items, and whose annual gross receipts fall below \$1.8 million. This exemption is expected to have a fiscal impact of \$1.6 million in FY 2008-09.

Section 28.20, Prohibit Tax on Interior Design Services

Section 28.20 exempts interior design services provided in conjunction with the sale of tangible personal property from the sales and use tax. This provision is effective July 1, 2008, and the tax expenditure associated with this provision remains unknown. Interior designers and decorators currently report and remit sales and use taxes and income taxes without itemizing the type of tax paid.

Prior to the 2008 legislative session, the definition of sales price included "any charges by the retailer for any services necessary to complete the sale" (see G.S. 105-164.3 (35) and (37)). If design services are necessary to complete the sale of the tangible personal property, then the cost of those services (by definition of "sales price") would be subject to sales tax. For example, if an interior decorator designed an office space that included the making and selling of drapes, then the sales and use tax would apply to all items associated with the sale of the drapes. The cost of materials would be subject to the sales and use tax as well as and the labor/time associated with making the product, such as the selection of fabric and sewing time. Under the new law, only the cost of the items sold, such as the fabric and other materials, would be subject to the sales and use tax.

Section 28.21, 1% \$80 Excise Tax on Machinery Refurbishers

Section 28.21 extends the reduced tax rate on manufacturing equipment to companies that refurbish industrial machinery. Current law allows manufacturers to purchase equipment used in the production process at reduced tax rate in lieu of the sales and use tax. In the absence of the sales tax, a 1% privilege tax rate, with a cap of \$80, is applied to the sales price of manufacturing equipment. A "manufacturing industry or plant" can take advantage of the reduced rate if the company manufactures articles for sale or some equivalent commercial purpose.

Prior to the 2008 legislation, the law provided for a reduced rate, but excluded refurbishment as an eligible manufacturing process. Section 28.21 provides that companies refurbishing industry machinery also qualify for the 1%, \$80 privilege tax rate.

Section 28.22, Clarify Sales Tax Refund

Section 28.22 clarifies which non profit organizations are eligible for a semi-annual refund of State and local sales and use taxes under G.S. 105-164.14(b). The clarification redefines organizations eligible for sales and use tax refunds as organizations designated as 501c(3)s by the Internal Revenue Service (IRS), but not categorized as one of the following organizations under the National Taxonomy of Exempt Entities (NTEE):

- Community improvement, capacity building organizations;

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- Public, society benefit, multipurpose organizations;
- Mutual/membership benefit organizations; or
- Organizations whose mission or purpose is unknown.

Prior to this legislation, G.S. 105-164.14(b) defined non-profits eligible for a semi-annual refund of sales and use taxes "as nonprofit educational institutions, non-profit hospitals, certain qualified retirement facilities, and nonprofit charitable and religious organizations." The statute provided little detail on what constituted as charitable. In the absence of a specific definition, the burden of interpretation fell on the Department of Revenue.

Section 28.22 clarifies the definition set forth under G.S. 105-164.14(b) using the National Taxonomy of Exempt Entities, a system based on Internal Revenue Service (IRS) activity codes. The IRS, in addition to 501(c)(3) status, assigns organizations activity codes using information provided at the time of application. These codes serve as the framework for the National Taxonomy of Exempt Entities (NTEE) and provide more detail on the operational activities that constitute as "charitable." All organizations with 501(c)(3) status, by organizational mission, fall into one of the NTEE's 26 subgroups. The clarification has no impact on General Fund availability.

Section 28.23, Extend Aviation Fuels Refunds

Section 28.23 extends the sunset for a State sales and use tax refund on fuel used by a professional motorsports racing team or a motorsports sanctioning body. The sales and use tax refund now sunsets on January 1, 2011, an extension from January 1, 2009. Section 28.23 also extends the sunset on the refund for sales and use taxes paid by an interstate passenger air carrier on the fuel it uses from January 1, 2009, to January 1, 2011. The extension of both sunsets has no fiscal impact during FY 2008-09, but represents \$1.6 million in tax expenditures during FY 2009-10 and \$3.2 million during FY 2010-11.

Section 28.24, Expand Film Industry Credit and Extend Sunset

In 2005, the General Assembly established a 15% credit for qualifying film productions in North Carolina. The credit may be taken against either the corporate income or the franchise tax. The original credit was scheduled to sunset on January 1, 2010. This section extends the sunset to January 1, 2014, and allows insurance costs and salaries up to \$1 million for highly compensated individuals to be included as qualifying expenditures for the credit. The estimated fiscal impact of this extension is \$100,000 in FY 2008-09.

Section 28.25, Expand Renewable Energy Tax Credit

Section 28.25 expands the tax credit for donating funds to a nonprofit organization to enable the nonprofit to acquire renewable energy property. The tax credit now applies as well to funds donated to a State or local governmental unit. This section becomes effective for taxable years beginning on or after January 1, 2008. The estimated fiscal impact of this provision is \$100,000 in FY 2008-09.

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Section 28.26, Increase Qualified Business Venture Tax Credit

Section 28.26 increases from \$7 million to \$7.5 million the total amount of the credit available annually to all taxpayers investing in a business venture. The credit equals 25% of the amount invested in a qualified business and may not exceed \$50,000 per individual in a single taxable year. The credit may not be taken in the year the investment is made. Instead, the credit is taken in the year following the calendar year in which the investment was made, but only if the taxpayer files an application with the Secretary of Revenue. Any unused credit may be carried forward for the next five years. The total amount of credits allowed to all taxpayers for investments made in a calendar year may not exceed \$7.5 million. The Secretary of Revenue calculates the total amount of tax credits claimed from applications filed. If the amount exceeds the cap, then the Secretary allows a portion of the tax credits claimed by allocating the total of \$7.5 million in tax credits in proportion to the size of the credit claimed by each taxpayer. The tax credit expires for taxable years beginning on or after January 1, 2015. This section becomes effective for investments made on or after January 1, 2008.

Section 28.27, Tax Deduction for the Sale of a Manufactured Home Community to Manufactured Homeowners

Section 28.27 creates an income-tax deduction equal to the taxable gain reported by a taxpayer from the qualified sale of a manufactured home community. A "qualified sale of a manufactured home community" is defined as the sale of land comprising a manufactured home community that is transferred in a single purchase to a group composed of a majority of the manufactured home community leaseholders, or to a nonprofit organization representing such a group. This section became effective for taxable years beginning on or after January 1, 2008.

The following table provides the five-year fiscal impact for each of the special provisions included in S.L. 2008-107.

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S.L. 2008-147 Appropriations Act General Fund Impact by Fiscal Year (\$Million)

Section	Title	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
28.1	IRC Update	-	(1.2)	(0.8)	4.3	4.0
28.2	Extend Credit for Research & Development	(1.0)	(2.1)	(2.3)	(2.5)	(2.6)
28.3	Extend Low-Income Housing Credit	-	-	-	(22.1)	(45.2)
28.4	Extend Mill Rehabilitation Tax Credit	-	-	(1.5)	(3.4)	(4.2)
28.5	Extend Sunset for State Ports Tax Credit	(1.0)	(2.0)	(2.0)	(2.0)	(2.0)
28.6	Exempt Disaster Assistance Debit Sales	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
28.7	Close Franchise Tax Loopholes by Requiring a LLC that Elects to be Treated as a Corporation and a Captive REIT to Pay Franchise Tax	-	-	-	-	-
28.8	Publicly Traded Partnerships	-	-	-	-	-
28.9	Increase Earned Income Tax Credit to Five Percent	(13.7)	(20.9)	(21.1)	(21.4)	(21.9)
28.9A	Extend Sunset for Small Business Employee Health Benefits	(8.5)	(17.7)	(10.1)		
28.11	Provide a Property Tax Exclusion for Honorably Discharged Disabled Veterans and Their Surviving Spouses	No General Fund Impact - \$4.3 million annual loss to local governments				
28.12	Sales Tax Holiday for Certain Energy Star Rated Appliances	(1.4)	(1.4)	(1.5)	(1.5)	(1.6)
28.16	Small Business Protection Act (include study from studies bill also – H2431)	(2.2)	(0.5)	(0.5)	(0.5)	(0.5)
28.17	Modify Estate Tax Law	(2.0)	(0.5)	(0.5)	(0.5)	(0.5)
28.18	Repeal Gift Tax Law	(16.9)	(17.5)	(18.1)	(18.5)	(18.5)
28.19	State Sales Tax Exemption for Baked Goods sold by Artisan Bakeries	(1.6)	(3.4)	(3.5)	(3.6)	(3.6)

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S.L. 2008-147 Appropriations Act General Fund Impact by Fiscal Year (\$Million) (Continued)
FY2008- FY2009- FY2010- FY2011- FY2012-

Section	Title	09	10	11	12	13
28.20	Prohibit Tax on Interior Design Services	-	(0.1)	(0.1)	(0.1)	(0.1)
28.21	1% \$80 Excise Tax on Machinery Refurbishes	(0.3)	(0.5)	(0.5)	(0.5)	(0.5)
28.22	Clarify 501(c)(3) Sales Tax Refund	-	-	-	-	-
28.23	Extend Aviation Fuel Refunds		(1.6)	(3.2)	(1.6)	-
28.24	Expand Film Industry Credit and Extend Sunset	(0.1)	(8.5)	(26.7)	(27.5)	(28.4)
28.25	Expand Renewable Energy Tax Credit	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
28.26	Increase Qualified Business Venture Tax Credit Cap	-	(0.5)	(0.5)	(0.5)	(0.5)
28.27	Tax Deduction for the Sale of a Manufactured Home Community to Manufactured Homeowners	-	(0.1)	(0.1)	(0.1)	(0.1)
28.28	Procedure for Tax Class Actions	No Significant Impact				

Other Bills Affecting General Fund Revenues

S.L. 2008-118, Section 3.10 (H2438) Sales Tax Refund for Solar Electricity Facilities

S.L. 2008-118, Sec. 3.10 adds facilities that are used to manufacture "solar electricity generating materials" to G.S. 105-164.14(j) as an industry eligible for refunds of sales and use tax incurred during construction. The provision will result in tax expenditures of \$522,000 during FY 2009-10: \$349,000 in expenditures from the General Fund and \$173,000 in local revenues.

Under G.S. 105-164.14(j), the owner of an eligible facility is allowed an annual refund of sales and use taxes paid by it on qualified building materials, building supplies, fixtures, and equipment that becomes a part of the eligible facility. Building materials, building supplies, fixtures, and equipment are qualified if installed during the facility's construction. Materials used for renovations are not included.

To be eligible for this refund, the Secretary of Commerce must certify that the facility's owner will invest at least \$50 million of private funds to construct the facility if the facility is located in a development tier one area, and at least \$100 million if the facility is located elsewhere in the State. In addition to the investment requirement, a solar-electricity-generating materials-manufacturing business also must pay an average weekly wage that is equal to or greater than 110% of the average weekly wage for the State or the average weekly wage for the county, whichever is less. The refund provision expires for purchases made on or after January 1, 2013. This legislation became effective July 28, 2008.

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S.L. 2008-148 (SB 1716) Supplemental Public, Educational and Government Support

S.L. 2008-148 clarifies the intent of the 2006 Video Programming Act and has no effect on General Fund revenues. The legislation pertains to the distribution of supplemental public, educational, and government (PEG) channel funding and

- defines what constitutes a “qualifying” PEG channel and PEG channel operator and limits funding to these organizations (a PEG channel’s character-generated programming may not exceed six hours and 45 minutes);
- requires a county or city to include in its application for funding the name of the PEG channel operator for each qualifying PEG channel it certifies (this change will ensure that the funds go to the operator of the PEG channel, even if the supplemental funding is distributed to multiple local governments);
- requires a county or city to certify all qualifying PEG channels and to allocate the proceeds it receives equally among certified channels (the distribution to the PEG channels must be made within 30 days of the county or city’s receipt of the supplemental funding);
- provides a method to account for revenues that are distributed in error. (If it is determined that a county or city received a distribution in error, the county or city must submit a revised certification and return all funds received in error. Any funds returned will be added to the amount to be distributed in the following year as supplemental PEG funding.)

This legislation became effective August 2, 2008.

S.L. 2008-154 (HB 2509) Sales Tax Refund for Certain Nonprofits

This legislation expands the list of nonprofit organizations allowed a semi-annual refund of sales and use taxes to include nonprofit organizations that procure, design, construct, or provide facilities for constituent institutions of the University of North Carolina. S.L. 2008-154 reduces General Fund revenues by \$1.5 million in FY 2008-09. The State expects to refund approximately \$500,000 in sales and use tax during subsequent fiscal years as a result of this provision.

Some constituent institutions use nonprofit organizations to procure, design, and construct facilities, such as student housing and dining facilities, on their behalf. S.L. 2008-154 extends the semi-annual sales and use tax refund allowed to the University of North Carolina System to the organizations constructing facilities on the universities’ behalf. This legislation applies retroactively to purchases made on or after January 1, 2004.

S.L. 2008-158 (SB 1407) Resale of Tickets Via Internet

S.L. 2008-158 provides an exception to the current law allowing admission tickets to be resold on the Internet at a price greater than the price printed on the face of the ticket. The legislation imposes a 3% gross receipts privilege tax on the ticket resale. Effective August 1, 2008, the provision specifies that a person who resells tickets over the Internet under G.S. 14-344.1 acknowledges liability for the tax under G.S. 105-37.1. The fiscal impact of this legislation is unknown.

The legislation also provides protections to the customer and to the venue: It requires a person who resells admission tickets online to provide a ticket guarantee that must be conspicuously displayed on the person’s Web site. A prospective purchaser must be directed to the ticket guarantee before completion of a resale transaction. If the event is cancelled, the purchaser is

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denied admission through no fault of the purchaser, or the ticket is not delivered to the purchaser and the failure to receive the ticket results in the purchaser's inability to attend the event, the purchaser is entitled to a full refund of the amount paid for the ticket.

The bill allows a venue to prohibit a person from reselling tickets to an event it sponsors if it posts notice of the prohibition on its Web site and on the Web site of the primary ticket seller. A prohibition may not become valid until 30 days after the notice is posted on the Web site. The prohibition expires on December 31 of each year unless the venue renews its prohibition.

Finally, S.L. 2008-158 makes it an unfair and deceptive trade practice for a person to knowingly sell, give, transfer, use, distribute, or possess software that is primarily designed or produced for the purpose of interfering with the operation of a ticket seller who, pursuant to a written agreement with the venue, sells admission tickets over the Internet. A ticket seller, as well as the venue, has standing to bring a private right of action under the Unfair and Deceptive Trade Practice Act. Under G.S. 75-1.1, each individual violation of the statute constitutes a separate violation. If a person is found to have violated the statute, the aggrieved person is entitled to triple the amount of damages fixed by the verdict.

S.L. 2008-159 (HB 1230) Nonprofit and Tourism ABC Law Changes

This legislation expands the types of alcohol that a nonprofit organization can sell under the special one-time permit by amending G.S. 18B-1002(a)(2) to add mixed beverages to the types of permissible sales. The ABC Law Changes have no fiscal impact and became effective August 3, 2008.

S.L. 2008-207 (HB 2530) Solid Waste Tax Changes/Unsalable OTP Refund

S.L. 2008-207 (HB 2530) makes administrative changes to the Solid Waste Disposal Tax and provides for a refund to retailers for tax paid on unsold tobacco products. The Solid Waste Disposal Tax, S.L. 2008-207 portion of the bill is outlined in the local government section.

For unsalable other tobacco products (OTP), legislation permits wholesale and retail dealers who possess unsalable OTPs to return them and apply for a refund of the excise tax paid on them. A similar provision already exists for cigarettes and cigars. In S.L. 2007-323, the General Assembly increased the excise tax levied on OTP from 3% to 10%, effective October 1, 2007. The tax revenue generated from the increase goes toward the University Cancer Research Fund.

Currently, the General Fund receives 30% of the OTP excise tax revenue with the remaining 70% being dedicated to the University Cancer Research Fund. The impact of the unsalable OTP provision is estimated to be approximately \$30,000 and will decrease General Fund availability by approximately \$9,000 annually. This part of the act becomes effective October 1, 2008, and applies to products returned on or after that date.

Bills Affecting Special Revenue Funds

S.L. 2008-177 (HB 2353) Irrigation Contractor Licensure/Fees

S.L. 2008-177 establishes a nine-member North Carolina Irrigation Contractors' Licensing Board effective October 1, 2008, and creates a comprehensive system for licensing and regulating irrigation contractors, effective January 1, 2009. The bill defines an irrigation contractor as "[a]ny person who, for compensation or other consideration, constructs, installs,

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expands, services, or repairs irrigation systems” and requires a license to engage in this practice. These changes are expected to generate \$940,000 in special revenue funds during the 2008-09 fiscal year and roughly \$340,000 in subsequent years.

S.L. 2008-206 (HB 2558) Home Inspector Privilege License

S.L. 2008-206 adds licensed home inspectors to the list of professions and business practices listed under G.S. 105-41(a) that are required to obtain a privilege license from the Secretary of Revenue. Adding home inspectors to the list of professions that must obtain a privilege license from the State is expected generate \$78,500 in non-tax revenue during the 2008-09 fiscal year.

It allows a city that imposed a license tax on a home inspector under G.S.143 Article 9F for FY 2008-09 to impose and collect the tax for FY 2008-09 and prohibits cities from levying a license tax on the home inspector profession for taxable years beginning on or after July 1, 2009.

The bill gives a home inspector who is required to obtain a State privilege license on July 1, 2008, for the tax year beginning on July 1, 2008, until October 1, 2008 to submit a license application and pay the tax.

S.L. 2008-224 (SB 1314) Amend Massage and Bodywork Therapy Act

S.L. 2008-224 amends the North Carolina Massage and Bodywork Therapy Practice Act describing activities that do not constitute the practice of massage and bodywork therapy, including the diagnosis of illness or disease, and the use of treatment for which a license to practice medicine, chiropractic, nursing, physical therapy, occupational therapy, acupuncture, or podiatry is required by law.

The legislation expands the authority of the Massage and Bodywork Therapy Board (Board) to regulate massage and bodywork therapy schools. The Board also receives the authority to establish fees for licensing the schools and conduct criminal history record checks of applicants for licensure as massage and bodywork therapists. This legislation is expected to generate \$451,000 during the 2008-09 fiscal year.

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Bills Affecting Local Government Revenue

The following section highlights legislation from the 2008 Session that only affect local government revenues.

S.L. 2008-35 (SB 1876) Deferred Property Tax Changes

S.L. 2008-35 establishes uniform provisions for all of North Carolina's property tax deferral programs to eliminate disparity in terminology and administration, consolidates the rules concerning enforced collection remedies into one statute, and makes other necessary technical, clarifying, and conforming changes to the property tax statutes.

The act modifies the property tax circuit breaker program, enacted by the General Assembly in 2007 to ease the administration and implementation of the program. These changes have no impact on General Fund availability and the impact for local jurisdictions is expected to be minimal. These changes were effective for taxable years beginning on or after July 1, 2008.

S.L. 2008-144 (SB 1852) Tax on Short Term Heavy Equipment Rentals

S.L. 2008-144 replaces the property tax for short-term lease-or-rental heavy equipment with a local-option gross-receipts tax. The gross-receipts tax applies to revenue from short-term rentals or lease of earthmoving, construction, or industrial equipment that is mobile, weighs at least 1,500 pounds, self-propelled, and not designed to be driven on a highway. This can include the rental of industrial lift equipment, industrial material-handling equipment, industrial electrical-generation equipment, or similar piece of industrial equipment.

The gross-receipts tax rate that may be imposed by counties is 1.2% and the rate that may be imposed by cities is 0.8% for a combined rate of 2.0% if the heavy-equipment rental business is located in a city. The act also clarifies that short-term heavy equipment is exempt from property tax regardless of whether a county or city imposes a gross-receipts tax. The legislation does not affect General Fund availability and overall serves as a revenue-neutral change for local governments. However, individual jurisdictions will experience changes in revenue depending on where sales occur.

S.L. 2008-146 (SB 1878) Property Tax Modifications

S.L. 2008-146 (SB 1878) makes the following changes to the property tax laws, effective July 1, 2009:

- It modifies the schedule for general reappraisals of real property to reduce the discrepancy between the property tax value and its market value;
- It requires counties with a population of 75,000 or more to conduct a reappraisal of real property whenever the ratio of property sales value to tax value is less than .85 or greater than 1.15; and
- It allows other counties to advance their octennial schedule, if the board of county commissioners adopts a resolution providing for such advancement.

The legislation also modifies the present-use value ownership requirements to reflect modern estate planning and allows property to remain in present-use value when deferred taxes are paid at the time of transfer and the new owner continues to farm the land and files an application for present-use value status. This part of the act became effective for taxes imposed for taxable years beginning on or after July 1, 2008.

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The act classifies qualified North Carolina low-income housing developments as a special class of property and requires valuation of the property to be based on the actual (rent restricted) income. This part of the act becomes effective for taxes imposed for taxable years beginning on or after July 1, 2009.

The legislation exempts from property tax free samples of prescription drugs given to physicians and other medical practitioners to dispense free of charge in the course of their practices. This part of the act became effective for taxes imposed for taxable years beginning on or after July 1, 2008.

The property tax modifications also exclude 80% of the appraised value of a solar energy electric system from property tax. This part of the act became effective for taxes imposed for taxable years beginning on or after July 1, 2008.

The legislation directs the Revenue Laws Study Committee to study whether new positions are needed to perform sales assessment ratio studies in additional counties and other functions related to the act. The Study Commission will also define income as it applies to the homestead exclusion and make necessary legislative recommendations to the House and Senate Finance Committees during the 2009-2010 sessions.

The property tax modifications related to mobile home liens are expected to provide a net gain to local governments in the amount of \$2.5-\$5 million annually. Conversely, the low-income housing changes may cause significant revenue loss, but an accurate estimate of these changes is not available. Except as otherwise noted above, this act became effective August 2, 2008.

S.L. 2008-165(H1770) Future Conveyances and Special Assessments

This legislation provides cities and counties with an additional financing tool for infrastructure development. Local governments under S.L. 2008-165 may issue long-term property-tax assessments and use the revenue stream to secure debt to build water and sewer systems, storm drainage systems, public transportation facilities, and schools. Effective August 3, 2008, the fiscal impact of this act is contingent on local government action.

S.L. 2008-171(HB 1889) Wildlife Land Property Tax Changes

The 2008 Wildlife Land Property Tax Changes allows land designated for wildlife conservation to be treated as a special class of property for property tax purposes. Wildlife conservation land may be appraised and taxed as if it is agricultural land and if the land

- consists of at least 20 contiguous acres;
- is owned by an individual, family business, entity, or family trust and has been owned by the same owner for the previous five years (with exceptions);
- is managed by the owner of the land, pursuant to a written wildlife habitat conservation agreement with the Wildlife Resources Commission, either to protect an animal species or conserve priority wildlife habitats; and
- has been classified as agricultural land, horticultural land, or forestland when the wildlife habitat agreement was signed, or the owner must demonstrate that the owner has been using the land for a purpose listed in the signed agreement for three years immediately preceding January 1 of the year for which the benefit is claimed.

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If the land loses its eligibility for this wildlife/agricultural classification, the deferred taxes for the previous three years become due. This part of the act becomes effective for taxes imposed for taxable years beginning on or after July 1, 2010.

The act also directs the Revenue Laws Study Committee to study the three-year impact of the wildlife conservation land classification. The Committee is to report to the 2015 General Assembly.

- Effective July 1, 2008, the act also exempts from property tax a leasehold interest in property if the property itself is exempt from property tax because it is owned by a unit of government, and the property is used to provide affordable housing for employees of the unit of government that owns the property.

There is no available estimate for these changes and except as otherwise noted, this act became effective August 4, 2008.

S.L. 2008-207 (HB 2530) Solid Waste Tax Changes/Unsalable OTP Refund

S.L. 2008-207 (HB 2530) makes administrative changes to the Solid Waste Disposal Tax by clarifying that the tax and tax return are due on a quarterly basis. The act also allows a taxpayer to recover the tax paid on tonnage it received, but for which it was not compensated, if the taxpayer has deducted the amount from its gross income as a bad debt.

The bill excludes a city or county from receiving proceeds if it does not provide solid waste management programs and services and is not responsible by contract for payment, unless the city or county is served by a regional solid waste management authority. If the city or county is served by an authority, then the city or county must forward the amount of proceeds it receives to that authority.

Finally, S.L. 2008-207 assists the Department of Revenue (DOR) with distribution by authorizing the Department of Environment and Natural Resources to provide DOR with a list of cities and counties that are excluded by May 15 of each year. This change is expected to provide a net gain of \$2.3 million dollars to local governments during the 2008-09 fiscal year.

APPENDICES

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 ¹ Receipts	Intra/Inter Agency Transfers ²	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
2001-02	14,530.3		2,121.1	7,066.3	2,243.2		25,960.9
2002-03	14,355.1		1,900.0	7,676.5	2,371.0		26,302.7
2003-04	14,863.2		2,127.7	8,465.8	2,522.7		27,979.4
2004-05	15,918.4		2,169.6	8,967.1	2,677.5		29,732.6
2005-06	17,196.4		2,744.7	9,972.0	3,452.8		33,365.9
2006-07	18,866.0		2,836.9	10,495.7	3,452.8		35,651.3
2007-08	20,929.1		2,857.8	11,476.1	7,881.0	2,122.8	43,144.1
2008-09	21,356.0		2,765.6	11,855.6	7,875.7	6,081.9	49,934.8

NOTE:

¹ FY 2007-08 Other Receipts have been adjusted by deleting \$171.5 million for internal service fund code 74660 for IT Services.

² Total transfers include fund balances from other Funds; totals do not always reflect unduplicated numbers due to variations in agency budgeting of intra/inter-agency budgetary transfers.

Total General Fund Authorizations as Adjusted to Determine Total Current Operations

Fiscal Year	Total Authorizations *	% Change vs. Prior Year	Less: Adjustments to Total Authorizations					Total Current Operations	% Change vs. Prior Year
			<u>Capital Improvements</u>		<u>Rainy Day/ Savings Reserve</u>		Total Adjustments		
			Direct Appropriations Includes FRS	Earmarking of Unreserved Credit Balance	Direct Savings Reserve Appropriations	Other			
1980-1981	3,255,104,769	14.80%	104,141,290	0	0	0	104,141,290	3,150,963,479	14.54%
1981-1982	3,432,556,046	5.45%	30,861,142	0	0	0	30,861,142	3,401,694,904	7.96%
1982-1983	3,626,915,248	5.66%	65,772,358	0	0	0	65,772,358	3,561,142,890	4.69%
1983-1984	3,857,564,088	6.36%	59,782,244	0	0	25,800,000 A	85,582,244	3,771,981,844	5.92%
1984-1985	4,532,103,411	17.49%	212,535,238	0	0	0	212,535,238	4,319,568,173	14.52%
1985-1986	5,130,563,978	13.20%	253,503,234	0	0	0	253,503,234	4,877,060,744	12.91%
1986-1987	5,531,345,878	7.81%	297,667,245	0	0	0	297,667,245	5,233,678,633	7.31%
1987-1988	5,978,265,764	8.08%	173,020,035	0	0	0	173,020,035	5,805,245,729	10.92%
1988-1989	6,561,392,895	9.75%	258,659,030	0	0	0	258,659,030	6,302,733,865	8.57%
1989-1990	7,266,680,455	10.75%	150,092,738	0	0	0	150,092,738	7,116,587,717	12.91%
1990-1991	7,973,824,802	9.73%	106,400,195	0	141,000,000	0	247,400,195	7,726,424,607	8.57%
1991-1992	7,825,732,308	-1.86%	0	0	400,000	0	400,000	7,825,332,308 B	1.28%
1992-1993	8,209,537,916	4.90%	95,205,570	0	0	0	95,205,570	8,114,332,346 C	3.69%
1993-1994	9,317,906,610	13.50%	135,371,704	57,000,000	0	0	192,371,704	9,125,534,906	12.46%
1994-1995	10,268,424,627	10.20%	189,391,450	60,000,000	66,700,000	0	316,091,450	9,952,333,177	9.06%
1995-1996	10,031,584,878	-2.31%	113,522,500	125,000,000	0	0	238,522,500	9,793,062,378	-1.60%
1996-1997	10,654,778,229 E	6.21%	157,267,000	0 D	0	47,100,000 F	204,367,000	10,450,411,229	6.71%
1997-1998	11,635,189,516 G	9.20%	152,991,120	174,260,955	0	49,354,893 H	376,606,968	11,258,582,548	7.73%
1998-1999	13,111,623,293	12.69%	192,199,500	145,000,000	0	447,397,819 I	784,597,319	12,327,025,974	9.49%
1999-2000	14,237,669,453	8.59%	77,059,168	90,000,000 J	0	629,000,000 K	796,059,168	13,441,610,285	9.04%
2000-2001	14,383,516,932	1.02%	114,974,172 L	0	120,000,000	270,000,000 M	504,974,172	13,878,542,760 N	3.25%
2001-2002	14,863,745,843	3.34%	157,936,000	0	0	0 O	157,936,000	14,705,809,843 N	5.96%
2002-2003	14,351,822,876	-3.44%	31,158,000	0	0	0	31,158,000	14,320,664,876	-2.62%
2003-2004	14,914,222,783 Q	3.92%	27,601,000	15,000,000	0	0	42,601,000	14,871,621,783	3.85%
2004-2005	16,024,170,294	7.44%	45,192,000	76,797,361	0	4,500,000 R	126,489,361	15,897,680,933	6.90%
2005-2006	17,341,821,310 S	8.22%	54,960,000	125,000,000	0	0	179,960,000	17,161,861,310	7.95%
2006-2007	19,102,281,272	10.15%	206,343,300	222,229,189	0	0	428,572,489	18,673,708,783	8.81%
2007-2008	20,817,042,249 T	8.98%	230,741,100	145,000,000	0	0	375,741,100	20,441,301,149	9.47%
2008-2009	21,437,970,761	2.98%	129,082,062	69,839,238	0	0	198,921,300	21,239,049,461	3.90%

* Includes Local Government Shared Revenues/Reimbursements

Notes:

- A \$25.8 million transferred to the Highway Fund
- B Amount shown is net after transfer of \$6.6 million to EHNR operating budget
- C Amount shown is net after transfer of \$4.4 million to EHNR operating budget
- D 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
- E Adjusted to reflect supplemental appropriation for Community Colleges for 1996-97 as appropriated by the 1997 Session
- F \$47.1 million for the Clean Water Management Trust Fund and Wetlands Restoration Fund earmarked from year-end credit balance
- G Adjusted to reflect Year 2000 Conversion appropriation made for 1997-98 by 1998 Session
- H \$49.4 million for the Clean Water Management Trust Fund earmarked from year-end credit balance
- I Includes \$400 million for Bailey/Emory/Patton Reserve and \$47.4 million for Clean Water Management Trust Fund earmarked from year-end credit balance
- J Originally \$150 million but \$60 million was transferred to the Hurricane Floyd Disaster Relief Fund; this redirection of funds does not affect current operations amount
- K Includes \$399 million for Bailey/Emory/Patton Reserve; \$200 million for Intangibles Settlement Reserve; and \$30 million for Clean Water Management Trust Fund earmarked from year-end credit balance
- L Includes \$100 million direct appropriation to R & R, due to insufficient year-end credit balance for earmarking
- M Includes \$240 million transfer to the Reserve for Intangibles Tax Settlement effective June 30, 2000 and \$30 million direct appropriation to Clean Water Management Trust Fund, due to insufficient year-end credit balance for earmarking
- N Amounts for the 2000-2001 and 2001-2002 fiscal years differ from amounts published in the Overview document for the 2000 and 2001 Sessions. The amounts shown for "Total Authorizations" and "Total Current Operations" have been revised.
- O Effective July 1, 2001, the General Assembly established an annual General Fund appropriation for the Clean Water Management Trust Fund; as such funding for this program is included in the Total Current Operations amount for the 2001-02 and all subsequent fiscal years.
- Q Revised to reflect \$24 million in economic development funding appropriated in S.L. 2003-435 and \$64.1 million in emergency funding appropriated in S.L. 2004-88
- R Statutorily established the "JDIG Reserve Fund" to make annual appropriations to the Job Development Investment Grants Program. In response to the Governor's appropriation limit, appropriations made to this Reserve in the 2004-05 fiscal year are not considered to be part of the current operating budget.
- S Includes an additional \$15 million in emergency funds appropriated mid-year for the Department of Corrections as per S.L. 2006-2 (HB 1868).
- T Revised Total Authorizations include additional funding passed in HB 265 (Establish High-Risk Pool), HB1517 (Voter-Owned Elections Pilot); and Extra Session: HB 4 (Job Maintenance and Capital Development Fund).

North Carolina General Fund Operating Appropriations
(Excludes Local Government Shared Revenues/Reimbursements)

Fiscal Year	Total Current Operations	Public Schools		Education Community Colleges		University		as a % of Total		Health & Human Services		All Other		
		Amount	Percent	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%	
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%	

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	
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%	
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%	

North Carolina General Fund Operating Appropriations
(Excludes Local Government Shared Revenues/Reimbursements)

Fiscal Year	Total Current Operations	Education											
		Public Schools		Community Colleges		University		as a % of Total	Health & Human Services		All Other		
		Amount	Percent	Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent	
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%	
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 G	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%	

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
2000-01	Authorization	13,785,142,760	5,792,274,120	42.0%	644,032,372	4.7%	1,802,069,274	13.1%	59.8%	2,954,057,035	21.4%	2,592,709,959	18.8%
	Expenditure	13,220,036,214	5,671,631,385	42.9%	624,550,046	4.7%	1,767,873,649	13.4%	61.0%	2,884,925,899	21.8%	2,271,055,235	17.2%
	Reversion	565,106,546 H	120,642,735	21.3%	19,482,326	3.4%	34,195,625	6.1%	30.8%	69,131,136	12.2%	321,654,724	56.9%
	% Unexpended	4.10%	2.08%		3.03%		1.90%			2.34%		12.41%	
2001-02	Authorization	14,372,409,843	5,922,450,405	41.2%	650,075,770	4.5%	1,801,953,447	12.5%	58.3%	3,403,041,641	23.7%	2,594,888,580	18.1%
	Expenditure	13,708,199,020	5,815,381,127	42.4%	603,705,902	4.4%	1,647,270,569	12.0%	58.8%	3,273,742,131	23.9%	2,368,099,291	17.3%
	Reversion	664,210,823 H	107,069,278	16.1%	46,369,868	7.0%	154,682,878	23.3%	46.4%	129,299,510	19.5%	226,789,289	34.1%
	% Unexpended	4.62%	1.81%		7.13%		8.58%			3.80%		8.74%	
2002-03	Authorization	14,323,937,462	5,932,964,494	41.42%	667,345,336	4.7%	1,769,913,435	12.4%	58.4%	3,591,717,953	25.1%	2,361,996,244	16.5%
	Expenditure	13,824,364,493	5,872,954,662	42.48%	620,183,204	4.5%	1,686,217,160	12.2%	59.2%	3,346,742,225	24.2%	2,298,267,242	16.6%
	Reversion	499,572,969 H	60,009,832	12.01%	47,162,132	9.4%	83,696,275	16.8%	38.2%	244,975,728	49.0%	63,729,002	12.8%
	% Unexpended	3.49%	1.01%		7.07%		4.73%			6.82%		2.70%	
2003-04	Authorization	14,835,621,783	6,182,040,462	41.7%	683,286,314	4.6%	1,821,404,924	12.3%	58.6%	3,391,464,938	22.9%	2,757,425,145	18.6%
	Expenditure	14,676,583,520	6,166,536,283	42.0%	671,326,024	4.6%	1,793,421,536	12.2%	58.8%	3,344,888,536	22.8%	2,700,411,141	18.4%
	Reversion	159,038,263	15,504,179	9.7%	11,960,290	7.5%	27,983,388	17.6%	34.9%	46,576,402	29.3%	57,014,004	35.8%
	% Unexpended	1.1%	0.3%		1.75%		1.54%			1.37%		2.07%	
2004-05	Authorization	15,873,167,528	6,519,008,204	41.1%	751,146,236	4.7%	1,959,240,757	12.3%	58.1%	3,812,042,289	24.0%	2,831,730,042	17.8%
	Expenditure	15,753,167,545 I	6,483,369,051	41.2%	748,369,052	4.8%	1,953,902,429	12.4%	58.3%	3,785,482,228	24.0%	2,782,044,785	17.7%
	Reversion	119,999,983	35,639,153	29.7%	2,777,184	2.3%	5,338,328	4.4%	36.5%	26,560,061	22.1%	49,685,257	41.4%
	% Unexpended	0.8%	0.5%		0.37%		0.27%			0.70%		1.75%	
2005-06	Authorization	17,141,460,791	6,880,737,717	40.1%	827,719,984	4.8%	2,151,799,848	12.6%	57.5%	4,057,141,594	23.7%	3,224,061,648	18.8%
	Expenditure	16,977,479,186	6,867,308,952	40.4%	824,876,346	4.9%	2,146,047,180	12.6%	57.9%	4,025,185,595	23.7%	3,114,061,113	18.3%
	Reversion	163,981,605	13,428,765	8.2%	2,843,638	1.7%	5,752,668	3.5%	13.4%	31,955,999	19.5%	110,000,535	67.1%
	% Unexpended	1.0%	0.2%		0.34%		0.27%			0.79%		3.41%	
2006-07	Authorization	18,659,616,984	7,403,293,531	39.7%	935,718,292	5.0%	2,444,487,725	13.1%	57.8%	4,282,975,588	23.0%	3,593,141,848	19.3%
	Expenditure	18,455,735,426	7,377,354,362	40.0%	931,214,004	5.0%	2,435,690,255	13.2%	58.2%	4,233,479,600	22.9%	3,477,997,205	18.8%
	Reversion	203,881,558	25,939,169	12.7%	4,504,288	2.2%	8,797,470	4.3%	19.2%	49,495,988	24.3%	115,144,643	56.5%
	% Unexpended	1.1%	0.4%		0.48%		0.36%			1.16%		3.20%	
2007-08	Authorization	20,428,846,612	8,055,773,246	39.4%	990,523,754	4.8%	2,752,879,241	13.5%	57.8%	4,656,473,863	22.8%	3,973,196,508	19.4%
	Expenditure	20,162,586,930	7,977,135,139	39.6%	980,870,382	4.9%	2,713,732,194	13.5%	57.9%	4,633,261,552	23.0%	3,857,587,663	19.1%
	Reversion	266,259,682	78,638,107	29.5%	9,653,372	3.6%	39,147,047	14.7%	47.9%	23,212,311	8.7%	115,608,845	43.4%
	% Unexpended	1.3%	1.0%		0.97%		1.42%			0.50%		2.91%	

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 \$240 million transfer from 11th/12th month payroll funds to Intangibles Reserve and additional \$11 million transfer to General Fund
- G: Total includes \$225.7 million in "targeted reversions" transferred from state agencies to the Reserve for Hurricane Floyd Disaster Relief.
- (Amounts transferred to the Floyd Reserve by: Public Schools = \$45,545,171; Community Colleges = \$5,797,721; UNC System = \$13,607,225; DHHS = \$96,758,305)
- H: Reversion totals higher for FY 2000-01, 2001-02 and 2002-03 due to budget balancing measures directed by the Governor.
- I: Total includes \$91 million in "targeted reversions" transferred from state agencies to the Disaster Relief Reserve Fund.

Earmarking of the Unreserved Fund Balance by Fiscal Year
(Includes Earmarkings / Transfers / Appropriations Directly from Year End Balance)

Fiscal Year	June 30th Unreserved Credit Balance b/f Earmarking	Statutory Earmarkings, Transfers and Appropriations of Year-end Fund Balance								Unreserved Credit Balance for Subsequent FY Beginning July 1st
		Savings Reserve Account	Repairs & Renovations Account	Clean Water Management Trust Fund	Tax Relief/ Tax Refunds	Other Earmarking	Appropriation of Reversions	Total		
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 A	146,305,569 B	0	28,100,000 C		0	387,411,138	292,611,137	
1995-96	726,581,754	77,342,026	130,000,000	47,100,000 D	26,200,000 E	0	39,803,567 F	320,445,593	406,136,161	
1996-97	759,306,050	0	174,260,955	49,354,893	156,000,000 G	61,000,000 H	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 J	55,027,680 I	668,994,402	115,230,488	
1998-99	514,756,178	0	150,000,000	31,054,152	0	0	37,000,000 K	218,054,152	296,702,026	
1999-00	3,869,243	967,311	2,901,932	0 L	0	0	0	3,869,243	0	
2000-01	6,350,587	0	0	0 M		6,350,587 N	0	6,350,587	0	
2001-02	3,785,997 O	0	0	0				0	25,000,000 O	
2002-03	415,543,840 P	150,000,000	15,000,000	0	0	0	0	165,000,000	250,543,840 P	
2003-04	482,842,037 Q	116,666,064	76,797,361					193,463,425	289,378,612 Q	
2004-05	802,633,946 R	199,125,000	125,000,000					324,125,000	478,508,946 R	
2005-06	1,287,766,872 S	316,151,631 T	222,229,189					538,380,820	749,386,052 S	
2006-07	1,541,181,489 U	175,000,000 V	145,000,000					320,000,000	1,221,181,489 U	
2007-08	668,876,937 W	0 X	69,839,238					69,839,238	599,037,699 W	

Notes:

- A Includes direct transfer to the Savings Reserve Account of \$66,700,000
- B 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.
- C Reserve for Future Tax Relief
- D \$9.2 million was transferred to the Wetlands Restoration Fund in accordance with Section 27.6(d) of Chapter 18 of the 1996 Extra Session Laws

Earmarking of the Unreserved Fund Balance by Fiscal Year
(Includes Earmarkings / Transfers / Appropriations Directly from Year End Balance)

- E Reserve for Federal Retirees Refund (\$25 million) and Federal Retiree Administration (\$1.2 million)
- F 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)
- G Reserve for Intangible Tax Remedy/Refunds
- H Investment in NC Railroad stock
- I Appropriation of 1997-98 reversions for FY 1997-98 in accordance with Section 9, SL 1998-212
- J Bailey/Emory/Patton Reserve
- K Appropriation of 1998-99 reversions for Aquariums capital improvement, \$30 million; Warren County Landfill, \$7 million
- L Year-end credit balance insufficient for earmarking: General Assembly appropriated \$30 million directly to the Clean Water Management Trust Fund
- M Effective July 1, 2001, the General Assembly repealed the required earmarking of the year end credit balance for the Clean Water Management Trust Fund and established an annual appropriation for the trust fund.
- N Transferred to the Reserve for Disaster Relief
- O June 30th credit balance per the Office of State Budget and Management. The beginning unreserved credit balance recognized by the General Assembly and included in General Fund availability for the 2002-03 fiscal year is \$25 million, as specified in Section 2.2(a) of SL 2002-126
- P June 30th unreserved credit balances per the Office of State Budget and Management and Office of the State Controller. The unreserved credit balances recognized by the General Assembly prior to and after earmarkings were \$409.2 million and \$244.2 million, respectively.
- Q June 30th unreserved credit balances per the Office of State Budget and Management and Office of the State Controller. The unreserved credit balances recognized by the General Assembly prior to and after earmarkings were \$466.7 million and \$273.2 million, respectively.
- R June 30th unreserved credit balances per the Office of State Budget and Management and Office of the State Controller. The unreserved credit balances recognized by the General Assembly prior to and after earmarkings were \$796.5 million and \$472.4 million, respectively.
- S June 30th unreserved credit balances per the Office of State Budget and Management and Office of the State Controller. The unreserved credit balances recognized by the General Assembly prior to and after earmarkings were \$1.296 billion and \$749.4 million, respectively.
- T Pursuant to G.S. 143-15.3, Savings Reserve earmarking is adjusted to reflect final unreserved credit balance; earmarking recognized by General Assembly in S.L. 2006-66 was \$323,871,747.
June 30th unreserved credit balances per the Office of State Budget and Management and Office of the State Controller. The unreserved credit balances recognized by the General Assembly prior to and after earmarkings were \$1.493 billion and \$1.173 billion, respectively.
- U Pursuant to S.L. 2007-323, Sec. 2.2.(c1), Savings Reserve earmarking recognized by the General Assembly was \$175,000,000.
June 30th unreserved credit balances per the Office of State Budget and Management and Office of the State Controller. The unreserved credit balances recognized by the General Assembly prior to and after earmarkings were \$576.1 million and \$506.2 million, respectively.
- W Pursuant to S.L. 2008-107, Sec. 2.2.(c1), no Savings Reserve earmarking was enacted by the General Assembly.
- X

Savings Reserve Account at Fiscal Year Ending June 30th.

Fiscal Year	Prior Fiscal Year Current Operations Appropriation*	Statutory Goal 8% of Prior Fiscal Year Operations Appropriation**	Unreserved Credit Balance at Fiscal Year-end June 30th	Current Year Earmarking / Appropriation to Savings Reserve	Withdrawals and Adjustments	Balance Savings Reserve Account
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	21,568,899	0	522,520,561
1998-1999	11,258,582,548 E	562,929,127	515,077,350	0 F	(200,000,000) G	322,520,561
1999-2000	12,327,025,974 H	616,351,299	3,869,243	967,311	(285,965,824) I	37,522,048
2000-2001	13,441,610,285	672,080,514	6,350,587	120,000,000 J		157,522,048
2001-2002	13,878,542,760	693,927,138	3,785,997 M, N	90,000,000 K	(247,522,048) L	0
2002-2003	14,705,809,843	735,290,492	415,543,840 O	150,000,000		150,000,000
2003-2004	14,320,664,876	716,033,244	482,842,037 P	116,666,064	391,343 Q	267,057,407
2004-2005	14,871,621,783	743,581,089	802,633,946 R	199,125,000	(153,541,447) S	312,640,960
2005-2006	15,897,680,933	794,884,047	1,287,766,872 T	316,151,631 T	0	628,792,591
2006-2007	17,161,861,310	858,093,066	1,541,181,489 U	175,000,000	(17,142,913) V	786,649,678
2007-2008	18,673,708,783	933,685,439	668,876,937 W	0	0	786,649,678
2008-2009	20,441,301,149	1,635,304,092	?			

* Includes Local Government Shared Revenues/Reimbursements

** Effective July 1, 2007, the goal is to maintain a balance in the SRA that is at least 8% of the prior year operations appropriations (State Budget Act, S.L. 2006-203). For fiscal years prior to the 2008-2009 fiscal year, there was a statutory cap of 5% of the prior year operations appropriations.

Savings Reserve Account at Fiscal Year Ending June 30th.

NOTES:

- 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 appropriated from the Savings Reserve Account to comply 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 appropriated from the Savings Reserve Account to the Hurricane Floyd Reserve Fund (Office of State Budget Disaster Relief Fund).
- J Funds appropriated directly to the Savings Reserve Account, due to insufficient year-end credit balance for earmarking.
- K Includes funds credited directly to the Savings Reserve Account from anticipated revenues, due to insufficient year-end credit balance for earmarking. Includes \$181 million credited per SL 2001-424, Appropriations Act and \$750,000 per S: 2001-514, Turfgrass Research. Due to a revenue shortfall during the 2001-02 fiscal year, the Director of the Budget credited only \$90 million to the Savings Reserve Account.
- L \$8,180,351 transferred to terrorism defense initiatives and \$239,341,697 transferred to General Fund availability to cover revenue shortfall as authorized by the General Assembly.
- M June 30th credit balance per the Office of State Budget and Management. The beginning unreserved credit balance recognized by the General Assembly and included in General Fund availability for the 2002-03 fiscal year is \$25 million, as specified in Section 2.2(a) of SL 2002-126.
- N The General Assembly directed that no funds be credited to the Savings Reserve Account from the FY 2001-02 year-end credit balance.
- O June 30th credit balance per the Office of State Budget and Management and Office of the State Controller. The unreserved credit balance recognized by the General Assembly prior to earmarkings was \$409.2 million.
- P June 30th credit balance per the Office of State Budget and Management and Office of the State Controller. The unreserved credit balance recognized by the General Assembly prior to earmarkings was \$466.7 million.
- Q \$391,343 in unexpended funds for FY 2001-02 terrorism defense initiatives reverted to the Savings Reserve Account.
- R June 30th credit balance per the Office of State Budget and Management and Office of the State Controller. The unreserved credit balance recognized by the General Assembly prior to earmarkings was \$796.5 million.
- S Senate Bill 7 appropriated \$123.5 million from the Savings Reserve Account pursuant to the Hurricane Recovery Act of 2005 (S.L. 2005-1). In addition Senate Bill 7 earmarked \$30 million for mitigation efforts recommended by the Governor.
- T June 30th credit balance and final Savings Reserve earmarking per the Office of State Budget and Management and Office of the State Controller. Estimated unreserved credit balance and Savings Reserve earmarking recognized by the General Assembly (S.L. 2006-66) was \$1.296 billion and \$323.9 million respectively.
- U June 30th credit balance and final Savings Reserve earmarking per the Office of State Budget and Management and Office of the State Controller. Estimated unreserved credit balance and Savings Reserve earmarking recognized by the General Assembly was \$1.493 billion and \$175 million respectively.
- V S. L. 2006-66, Sec. 2.2.(g) Directed the State Treasurer to transfer funds from the Savings Reserve to hold Highway Fund and the Highway Trust Fund harmless from the cap on the Motor Fuels Tax.
- W Effective with the 1992-93 fiscal year budget, the Executive Budget Act required an earmarking of the lesser of 25% of the year-end unreserved credit balance or the amount required to reach the 5% statutory cap. Effective July 1, 2007, G.S. 143C-4-2 of the State Budget Act now requires that 25% of the year-end unreserved fund balance be reserved to the Savings Reserve Account. The goal is to maintain a balance in the SRA that is at least 8% of the prior year operations appropriations. The State Budget Act (S.L. 2006-203) repealed and replaced the Executive Budget Act as of July 1, 2007.

