



**STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR**

MICHAEL F. EASLEY
GOVERNOR

March 12, 2001

Dear Friends,

Enclosed are my budget recommendations for the 2001-03 biennium. This budget holds state government spending in check while allowing us to fund the priorities that will keep North Carolina competitive and provide educational opportunities for all of our citizens.

Devising a balanced budget that continues the progress we have made over the past decade was challenging. I am confident that this budget will allow us to move forward in a fiscally responsible way. It focuses on the challenges facing working families and substantially invests in our children's future.

State agencies have frozen spending at July 2000 operating levels, and we have cut government spending an additional \$158.5 to balance the budget. Effective, efficient government is our goal and this budget makes it a reality.

Above all, this budget reflects my commitment as your Governor to build One North Carolina where every citizen in every region has a fair chance to succeed. It continues the critical investments in our educational systems that will allow all of North Carolina to move forward despite the economic hurdles we are facing.

I look forward to working with the General Assembly to pass this budget and continue North Carolina's course of progress in the 21st century

With warmest personal regards, I remain

Very truly yours,

Michael F. Easley

The North Carolina State Budget 2001-2003 Summary of Recommendations

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The North Carolina State Budget 2001-2003 Summary of Recommendations is available from the Office of State Budget, Planning, and Management, at 20320 Mail Service Center, Raleigh, North Carolina 27699-0320, by telephone at (919)733-7061, and on line at www.osbpm.state.nc.us. For further information please contact the appropriate administrator as identified below:

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March 2001

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N.C. State Budget, 2001-03: Summary of Recommendations

I. TOTAL STATE BUDGET

Immediately after taking office in January, Governor Easley was confronted with two major challenges regarding the North Carolina state budget. The first was to implement measures to balance the 2000-2001 fiscal year budget deficit, which was estimated between \$605 million and \$791 million. The second challenge was to review spending levels for existing programs to ensure that recommended expenditures for 2001-2003 do not exceed expected revenue availability for the continuation budget. Balancing the budget for the 2000-2001 fiscal year was addressed by creation of an escrow account which, coupled with severe spending restrictions, will provide a cushion of up to \$1.0 billion to ensure that expenditures do not exceed revenues in 2000-2001. The balancing of the 2001-2003 biennial budget also required declaring a halt to the growth of government along with further reductions to agency budgets to ensure that estimated expenditures do not exceed estimated revenues. Governor Easley's recommended biennial budget is outlined in this document along with recommendations for new programs and revenues to support these programs.

The total recommended biennial state budget of \$54,126.3 billion is supported from four primary sources of revenue which include: general funds (\$29,952.1 billion); , highway funds (\$5,042.4 billion), federal funds (\$14,784.0 billion); and other receipts which are generated by agencies (\$4,347.8 billion). In terms of total availability, the support is distributed as general fund tax and non-tax revenue 55.4%; highway fund tax and non-tax revenue 9.3%; federal funds 27.3%; and agency receipts 8.0%.

General fund availability is determined from: (1) the fiscal year ending credit balance, which is comprised of unexpended funds in agency budgets and overrealized revenues; (2) tax revenue, which is generated from payments made by taxpayers consistent with the various tax laws of North Carolina; and (3) non-tax revenue, which includes earnings from investment of state funds during the course of the fiscal year.

Accordingly, the Highway Fund and Highway Trust Fund are supported from tax and non-tax revenues available under law. The Highway Fund receives funding from three basic sources including: (1) three-fourths of the motor fuels tax collected; (2) licenses and fees; and (3) earnings on investment of the fund balance. The Highway Trust Fund is supported from four primary sources including: (1) one-fourth of the motor fuels tax collected; (2) sales and use tax on the sales of motor vehicles (currently in excess of \$170 million); (3) title fees and registration fees; and (4) earnings on investment of cash balances. The use of the Highway Fund and Highway Trust Fund revenue is currently limited to transportation related activities, and the budgets of each are reflected in this document.

Contained in this document is Governor Easley's proposal to balance the continuation budget for the 2001-2003 biennium while continuing to move North Carolina forward by focusing on education programs. The recommended continuation budget includes; enrollment growth for public schools and average annual salary adjustments totaling \$65.5 million in 2001-2002 and \$162.8 million in 2002-2003; funds to make payments as earned by public school teachers and staff under the ABCs Program estimated at \$93.1 million in each year of the biennium; continued funding of the Clean Water Trust Fund at the current service level of \$30 million in 2001-2002 and \$70.0 million in 2002-2003; current spending levels for Smart Start at \$256.7 million in each year of the biennium; \$450 million in 2001-02 and \$694 million in 2002-03 to address the increased cost of the Medicaid program for the biennium; and \$150 million in 2001-02 and \$200 million in 2002-03 to support increased costs in the State Health Plan for teachers and state employees.

N.C. State Budget, 2001-03: Summary of Recommendations
Total State Budget - Continued

In this budget Governor Easley proposes a modest expansion budget of \$357 million for 2001-2002 and \$785.2 million for 2002-2003 which focuses predominantly on education. While the budget includes funding to support increased enrollment in universities, community colleges, and private colleges, the Governor also proposes \$49.6 million and \$88.5 million respectively in each year of the biennium to reduce class size in Kindergarten and in poor performing schools in Grades 1-3. The Governor also proposes to establish a voluntary Pre-K program focusing on at-risk children and includes \$6.5 million in 2001-2002 and \$34.5 million in 2002-2003 for this purpose. Other significant education proposals include: 2% funding to continue support of the Teacher Salary schedule; funding for a \$200 expense account for teachers (\$13.2 million each year of the biennium); teacher recruitment incentives (\$3.28 million and \$5.88 million); implementation of school accountability report card for public schools (\$0.9 million each year of the biennium); a character education initiative in public schools (\$0.5 million each year of the biennium); and funds to allow the State Board of Community Colleges to augment salaries of faculty and professional staff in community colleges (\$6.9 million each year of the biennium). A final component of this package for children includes the expansion of the Children's Health Insurance Program with funding recommended at \$9.99 million in 2001-2002 and \$20.9 million in 2002-2003, which will ensure a match for all federal funds anticipated to be available for this program for the biennium.

The Governor has appointed the North Carolina Efficiency and "Loophole" – Closing Commission that will propose eliminating a minimum of \$150 million in state tax preferences or "loopholes". Former Governors Robert Scott and James Holshouser will lead the commission along with former State Treasurer Harlan Boyles. Governor Easley also has proposed \$25 million in efficiencies which will be identified by the commission.

Governor Easley is proposing that a statewide lottery be adopted with the proceeds directed to enhancement of educational opportunities for children. Estimated proceeds from the Lottery are reflected in the second year of this proposed budget and are directed to education issues including the implementation of a voluntary pre-kindergarten program; new teachers to reduce class size in grades K-3 with emphasis on at-risk students and poor performing schools; and funds to assist local governments in providing new class space for these efforts.

In addressing compensation and benefits for teachers and state employees, Governor Easley is proposing to utilize gains from the Teachers' and State Employees' Retirement System and the Judicial Retirement System for redistribution into a benefit package for teachers and state employees. Based on information provided by the actuary for the systems, the employer contribution rates may be reduced in these systems in order to provide resources to implement salary increases for teachers and state employees. Governor Easley proposes to provide 2% funding for the salary schedules for teachers, principals and assistant principals. Additionally, 2% funding would be made available for state employees. Funding also is included in the budget for pay plans of the State Highway Patrol, magistrates, clerks and deputy clerks of court as adopted by the General Assembly.

The following sections of this document provide further details on the programs outlined above, along with further reductions identified to balance the budget as submitted.

N. C. State Budget, 2001-03: Summary of Recommendations
Total State Budget - Continued

Table 1A
Total North Carolina State Budget by Function
and Source of Funds
FY 2001-2002

Function	General Fund	Highway Fund**	Other	Federal	Total
General Assembly	\$ 39,953,848	\$ -	\$ 553,000	\$ -	\$ 40,506,848
Judicial	377,356,206	-	6,307,823	-	383,664,029
General Government	352,144,850	4,197,373	14,295,674	51,810,149	422,448,046
Public Safety & Regulation	145,816,684	133,687,067	74,141,416	204,867,405	558,512,572
Correction	920,050,075	-	9,285,011	-	929,335,086
Juvenile Justice	144,568,423	-	6,440,455	-	151,008,878
Education:					
Public Education*	6,056,431,684	31,185,783	2,886,501	606,524,524	6,697,028,492
Community Colleges	663,330,949	-	102,822,579	12,818,209	778,971,737
Universities	1,815,717,290	-	891,908,706	27,227,248	2,734,853,244
Subtotal Education	8,535,479,923	31,185,783	997,617,786	646,569,981	10,210,853,473
Transportation	10,451,882	2,293,397,503	38,617,668	809,950,673	3,152,417,726
Health and Human Svcs.	3,433,858,785	437,623	876,876,219	5,386,322,584	9,697,495,211
Environment and Natural Resources	161,778,842	880,399	85,926,362	40,829,381	289,414,984
Agriculture and Consumer Services	55,845,276	3,690,833	8,630,033	6,419,168	74,585,310
Debt Service	276,276,338	26,106,800	35,077,050	-	337,460,188
Reserves and Transfers#	55,737,879	8,600,000	-	-	64,337,879
Total Current Operations	14,509,319,011	2,502,183,381	2,153,768,497	7,146,769,341	26,312,040,230
Capital Improvement - App	15,000,000	-	-	-	15,000,000
Capital Improvement R&R	-	-	-	-	-
Savings Reserve	-	-	-	-	-
Clean Water Mgmt Trust	30,000,000	-	-	-	30,000,000
General Obligation Bonds	605,000,000	-	-	-	605,000,000
Grand Total	\$ 15,159,319,011	\$ 2,502,183,381	\$ 2,153,768,497	\$ 7,146,769,341	\$ 26,962,040,230

Note: Source of Fund amounts for Highway/Trust Fund, Other, and Federal are subject to change upon completion Worksheet I's.

* Appropriation for Public School LI included in Public Education.

** Includes Highway Fund and Highway Trust Fund.

Includes appropriation for the state employee's compensation increases and the state health plan.

Note: Highway Fund appropriation excludes \$13.6 million transferred to the General Fund and \$200.0 million transferred from the Highway Trust Fund to the General Fund.

N. C. State Budget, 2001-03: Summary of Recommendations
Total State Budget - Continued

Table 1B
Total North Carolina State Budget by Function
and Source of Funds
FY 2002-2003

Function	General Fund	Highway Fund**	Other	Federal	Total
General Assembly	\$ 39,953,848	\$ -	\$ 553,000	\$ -	\$ 40,506,848
Judicial	377,356,206	-	6,307,823	-	383,664,029
General Government	352,164,850	4,197,373	14,296,017	51,812,302	422,470,542
Public Safety & Regulation	148,816,684	135,875,855	73,606,919	203,836,188	562,135,646
Correction	920,620,289	-	9,285,011	-	929,905,300
Juvenile Justice	146,318,423	-	6,429,555	-	152,747,978
Education:					
Public Education*	6,408,392,252	32,318,558	2,886,501	606,524,524	7,050,121,835
Community Colleges	663,330,949	-	102,822,579	12,818,209	778,971,737
Universities	1,823,002,344	-	907,250,378	27,228,372	2,757,481,094
Subtotal Education	8,894,725,545	32,318,558	1,012,959,458	646,571,105	10,586,574,666
Transportation	14,486,443	2,337,505,525	38,617,668	825,448,590	3,216,058,226
Health and Human Svcs.	3,726,541,360	437,623	928,760,895	5,862,325,450	10,518,065,328
Environment and Natural Resources	161,778,842	880,399	85,958,976	40,829,381	289,447,598
Agriculture and Consumer Services	55,845,276	3,618,262	8,618,283	6,415,368	74,497,189
Debt Service	353,422,808	25,356,425	8,750,000	-	387,529,233
Reserves and Transfers#	105,737,880	-	-	-	105,737,880
Total Current Operations	15,297,768,454	2,540,190,020	2,194,143,605	7,637,238,384	27,669,340,463
Capital Improvement - App	-	-	-	-	-
Capital Improvement R&R	-	-	-	-	-
Savings Reserve	-	-	-	-	-
Clean Water Mgmt Trust	100,000,000	-	-	-	100,000,000
General Obligation Bonds	850,000,000	-	-	-	850,000,000
Grand Total	\$ 16,247,768,454	\$ 2,540,190,020	\$ 2,194,143,605	\$ 7,637,238,384	\$ 28,619,340,463

Note: Source of Fund amounts for Highway/Trust Fund, Other, and Federal are subject to change upon completion Worksheet I's.

* Appropriation for Public School LI included in Public Education.

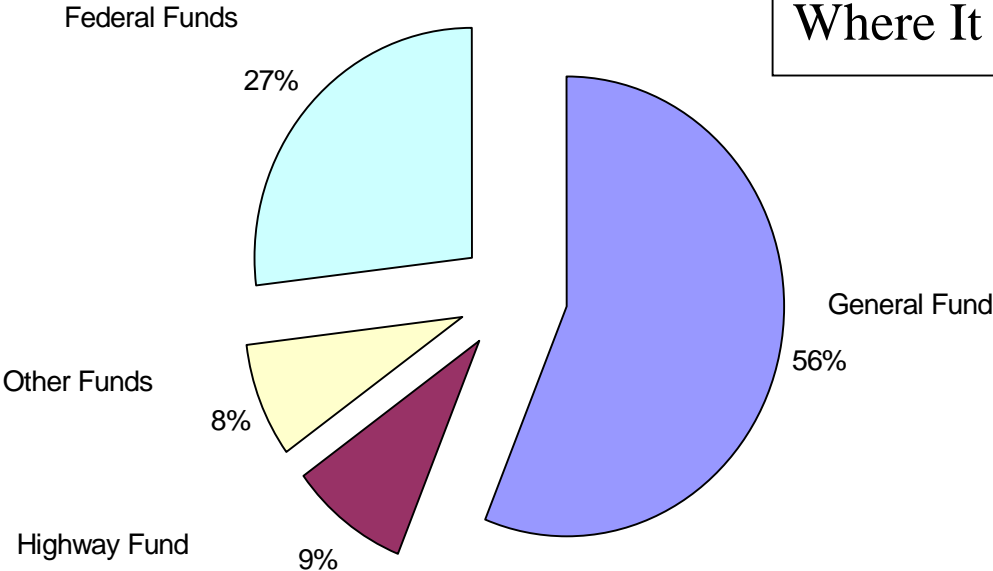
** Includes Highway Fund and Highway Trust Fund.

Includes appropriation for the state employee's compensation increases and the state health plan.

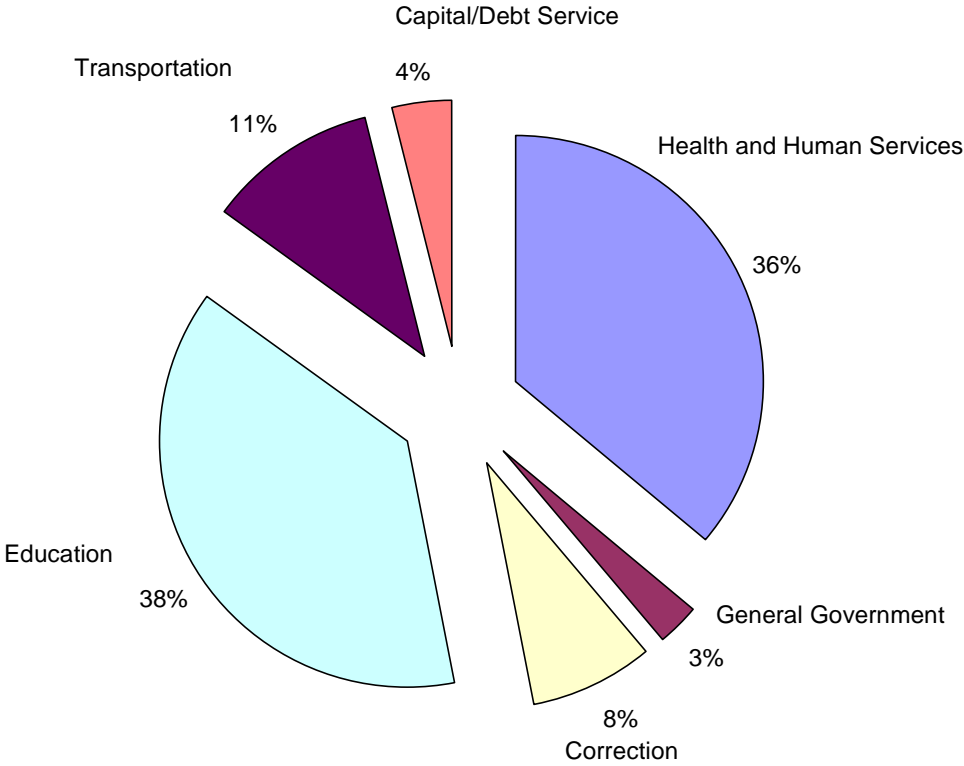
Note: Highway Fund appropriation excludes \$13.6 million transferred to the General Fund and \$200.0 million transferred from the Highway Trust Fund to the General Fund.

2001-03 Recommended State Budget (In Millions)

Where It Comes From...



...Where It Goes



II. Economic Conditions

A. The National Economy

(The national economic forecast is provided by Standard and Poor's DRI)

The condition of the U.S. economy eroded significantly during the last half of 2000. Consumer confidence fell more rapidly than at any time since the 1990-91 recession. The nation's manufacturing and technology sectors are in recession. The National Association of Purchasing Managers' (NAPM) composite index has fallen for 11 consecutive months in January 2001, its lowest level since April 1991. A slight upturn in the NAPM's index in February gives some hope that the worst may be over, but a few more months of good news are necessary in order to reach that conclusion.

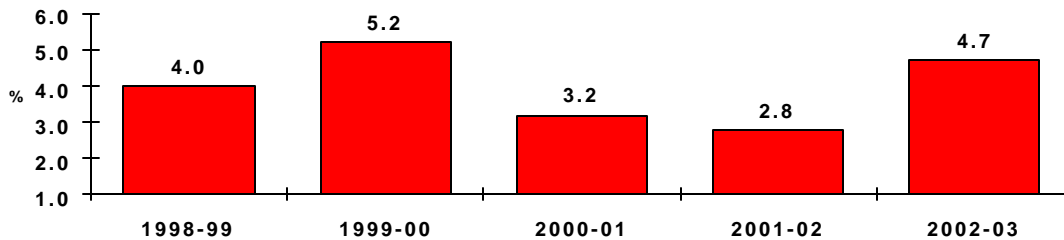
There are bright spots in this generally gloomy picture. Inflation, especially outside of energy, remains modest. Energy prices have dropped from their early-January peak, with oil back near \$30 per barrel and natural gas back under \$6 per million BTU. Although higher in recent months, the unemployment rate remains near its lowest level since 1970, at 4.2% in January; and the 268,000 new jobs added in January seem inconsistent with a general economic recession. Despite the declines in consumer confidence, the level remains strong, and consumers are still spending. Light-vehicle sales bounced back to a 17.2 million unit rate in January. The Federal Reserve has room to loosen, and with the two January federal funds rate cuts, Chairman Greenspan has shown his willingness to use that room. The federal budget surplus provides room for fiscal stimulus, and Congress seems eager to provide some measure of tax relief before summer.

Although lower interest rates and tax cuts will soften the landing, it will still hurt. GDP growth in calendar year 2001 (2.1%) will be less than half what it was in 2000 (5.1%). But to keep it in perspective, that is still near average by the standards of the 1970s and 1980s. The national rate of civilian unemployment is projected to rise above 5% in 2001, but even that remains below what was thought to be full employment only a few years ago.

Absent a large unintended buildup in inventories, the current economic correction should be short and mild. By early 2002, the full positive impact of monetary easing and tax relief will be in place. With energy prices down from their 2000-01 highs, the stage is set for a robust recovery of the U.S. economy in 2002-2003. Real GDP growth is projected to rise to 4.0% in 2002 and 4.8% in 2003. As shown in the following chart, the strong recovery is fully evident in state fiscal year 2002-03.

N.C. State Budget, 2001-03: Summary of Recommendations
Economic Conditions - Continued

**Real Gross Domestic Product
(Percent Change)**



As a benchmark to the national economic forecasts provided by Standard and Poor's DRI, OSBPM routinely compares the DRI real GDP forecast to that of the Blue Chip Economic Indicators. The Blue Chip forecast is a consensus of 51 organizations composed of banks, large corporations, private forecasters, and the U.S. Chamber of Commerce. On a calendar year basis, the Blue Chip consensus forecast of U.S. economic growth is 2.1% for 2001 and 3.5% for 2002, very similar to that of DRI (2.1% and 4.0% respectively).

Unlike 15 years ago, no forecast of the U.S. macro-economy is complete without a comment on the financial markets. Equity investments are a much larger share of the average household financial portfolio today, and the strong performance of the U.S. stock market during the 1990s contributed greatly to the prosperity of that era. Increases in equity values provided an added stimulus to consumer spending in recent years – the so-called Wealth Effect. It should be no surprise then that there is a downside to the Wealth Effect. As the stock market, particularly the tech-heavy NASDAQ, weakened in early 2000, household wealth declined, and consumer confidence suffered despite the low rates of unemployment. Consumers cut back on expenditures for big - ticket items such as automobiles. As the previous monetary tightening by the Fed interacted with a weak stock market and dramatically higher energy prices, U.S. economic growth slowed to a 1.1% annual rate in the fourth quarter of 2000.

On a theoretical level, the fundamentals project an improving picture for stock prices in 2002 and 2003. Earnings of U.S. corporations will improve with the overall recovery of the economy. Stronger earnings, along with lower interest rates, point toward higher per share values. Additionally, on a practical level, lower average returns for fixed rate investments make equity investments more attractive on a risk-adjusted basis. DRI is currently forecasting a 10.8% increase in the S&P 500 Stock Index for 2002, followed by a 6.0% increase in 2003.

The most serious risk to the DRI national forecast is a protracted and deep decline in consumer confidence. This scenario would result in a major inventory buildup, which would be painful to liquidate in terms of manufacturing output and employment declines as well as losses in wealth in the financial markets. The combination of flat or declining consumer spending and slumping business investment would push the economy into a two-quarter recession.

N.C. State Budget 2001-03: Summary of Recommendations
Economic Conditions - Continued

B. The North Carolina Economy

As the nation's leading industrial state, the North Carolina economy has been impacted by the recession in the manufacturing and technology sectors. Over the twelve months ending January 2001, manufacturing employment has declined by a net 15,300 jobs. The State's traditional industries continued their long-term slide, with textiles, apparel, and furniture losing 7,000, 3,500, and 500 jobs respectively. However, the year 2000 national slowdown in manufacturing has further disburbed the employment declines to most of North Carolina's emerging industries. Over the past year, transportation equipment employment fell by 2,800, while industrial machinery payrolls lost 700 jobs.

As has been the case for many years, the engine for new job creation in North Carolina continues to be the nonmanufacturing sector. After increasing by a healthy 3.5% in 1999, the growth rate in total nonmanufacturing jobs held steady at 3.6% during the past year. As shown below, since January 2000, over 110,000 new jobs were created in the nonmanufacturing sector, with two-thirds residing in services and government. Despite the slowdown in housing activity, construction employment remains strong, increasing by 14,600 jobs, or 6.6%. Mergers and consolidations, along with the growing weakness in the U.S. economy, are hurting financial service providers in North Carolina. Employment growth in the Finance, Insurance, and Real Estate sectors has slowed to 2.8% from the 7.5% range experienced in the 1996 – 1998 period.

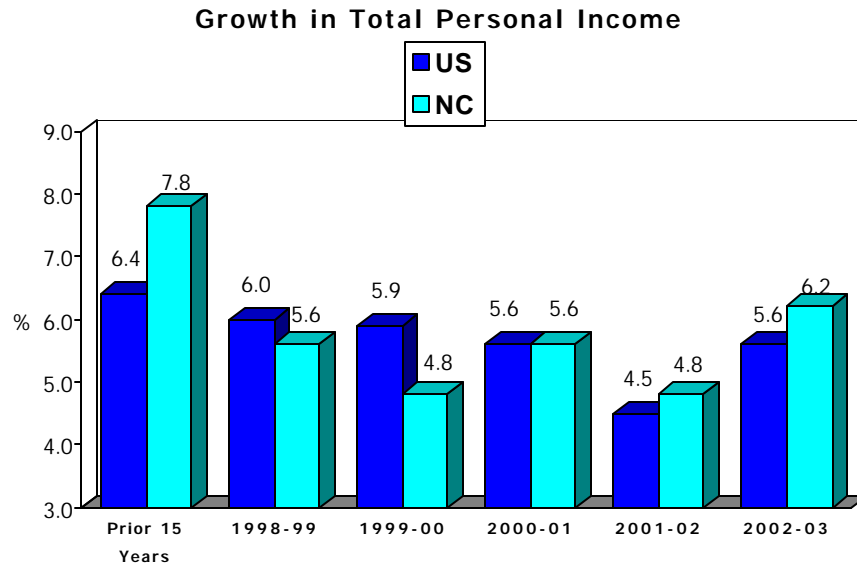
Table 2
North Carolina Nonagricultural Employment

Sector	Annual Employment Change in January 2001	
	<u>Level</u>	<u>Percent</u>
Total Nonagricultural	94,900	2.5 %
Manufacturing	(15,300)	(2.0)
Durable Goods	(3,500)	(0.9)
Industrial Machinery	(700)	(1.1)
Transportation Equipment	(2,800)	(7.3)
Furniture	(500)	(0.7)
Nondurable Goods	(11,800)	(2.9)
Tobacco	(300)	(2.2)
Textiles	(7,000)	(4.8)
Apparel	(3,500)	(9.4)
Nonmanufacturing	110,200	3.6
Mining	100	2.6
Construction	14,600	6.6
Transp. Comm. & Utilities	7,100	4.0
Trade	17,800	2.0
Finance, Insurance, and Real Estate	5,100	2.8
Services	33,200	3.4
Government	32,200	5.3
Federal	0	0
State & Local	32,200	5.9

N.C. State Budget 2001-03: Summary of Recommendations
Economic Conditions - Continued

Another indicator of the relative harm imposed on the North Carolina economy by the national slowdown in industrial output has been the rapid rise in unemployment. After standing at 3.2% in January 2000, the State unemployment rate rose to 4.2% one year later, and now equals the U.S. average.

Despite the current gloominess, there are reasons for optimism looking forward. Monetary stimulus and the prospect for federal tax cuts (possibly retroactive), will spark an acceleration in consumer spending and new business investment, leading to robust economic growth in 2002. As U.S. industrial production recovers, North Carolina will outpace the nation in relative economic performance in 2002 – 2003. The recovery of the housing market, along with the phased re-building from Hurricane Floyd, indicate a solid rebound in residential construction. Specifically, OSBPM is projecting State total personal income (not adjusted for inflation) to grow by 5.5% in 2002 and 6.4% in 2003. The following chart displays U.S. and North Carolina personal income growth rates on a state fiscal year basis.



N.C. State Budget 2001-03: Summary of Recommendations
Economic Conditions - Continued

Table 3
Economic Conditions
(Annual Rates of Change)

	<u>2000-01</u> <u>Projected</u>	<u>2001-02</u> <u>Projected</u>	<u>2002-03</u> <u>Projected</u>
<u>National</u>			
Real Gross Domestic Product	3.2%	2.8%	4.7%
Real Personal Consumption	4.0	3.4	4.6
Industrial Production	3.0	1.1	4.6
Nonfarm Employment	1.4	0.4	1.2
Consumer Price Index	3.0	2.0	1.6
Federal Funds Rate (%)	5.9	4.8	5.0

Source: Standard and Poor's DRI, February 2001

North Carolina

Real Gross State Product	3.0%	3.1%	5.0%
Nonfarm Employment	1.8	1.2	2.2
Manufacturing Employment	(3.0)	(2.5)	(1.2)
Unemployment Rate (%)	4.0	4.8	4.2
Personal Income	5.6	4.8	6.2
Retail Sales	4.4	5.0	5.6
Housing Starts (000)	75.0	76.9	80.7

Source: Office of State Budget, Planning, and Management, February 2001

III. General Fund – Revenue Forecast

A. Revenue

1. Revenue Forecast Under Current Tax Law

The factors underlying the General Fund tax revenue shortfall are a combination of a weakening State economy, along with a significant volume of unbudgeted tax refunds. Approximately \$120 million of fiscal year 1999-2000 individual and business tax refunds were brought forward and paid in July and August 2001. Since these refunds were not budgeted in fiscal year 2000-01, the General Fund was put in an immediate deficit position. Tax revenue was below the budget target in September 2000 as the first signs of a slowdown in the State economy were observed. At September 30, 2000, General Fund tax revenue was \$166 below the forecast authorized by the 2000 Session of the General Assembly.

A second round of unbudgeted tax refunds occurred in the second quarter of 2000-01. On August 24, 2000, the North Carolina State Supreme Court issued an order denying the North Carolina Department of Revenue's request for a review of a lower court decision which found in favor of the Chrysler Financial Corporation's petition for a refund of protested privilege license payments. Subsequently, the department dropped its appeal of a similar lawsuit involving Ford Motor Credit. Combined, the cases involved refunds of taxes and interest of \$58.7 million, which were paid in October and November 2000.

December and January are important months for General Fund tax collections since they include the sales tax receipts for the Christmas season as well as the final quarterly estimated payments by individuals and corporations. February is also important from the standpoint of individual income tax (IIT) refunds, which largely commence in February. Focusing ahead this fiscal year, the expected flow of IIT refunds will make it more difficult to monitor the tax revenue shortfall situation during the remainder of 2000-01. Issuance of IIT refunds was abnormally slow in 1999-2000, to the point where approximately \$100 million in refund liabilities were carried over into 2000-01. The pace of refund processing accelerated noticeably in February 2001 compared to last year. One reason for this acceleration is that more taxpayers are utilizing electronic filing of the tax year 2000 returns. In February 2001, reported refunds increased to \$320 million, up significantly from \$208.5 million last year.

Adjusted for the acceleration in IIT refunds, 2000-01 General Fund tax revenue stands at \$373.5 million below the authorized forecast through the first eight months. Based on the economic forecast discussed in Section II, OSBPM projects that the shortfall in tax revenue will increase to \$460.8 million at June 30, 2001. The largest negative differences from the budget will occur in corporate income and sales taxes. As employment and wage growth continue, IIT withholding payments will not add to the overall shortfall. OSBPM does not expect a major problem in IIT final payments, although they are expected to fall below the authorized budget. Herein lies the largest element of uncertainty during the remainder of 2000-01. Will IIT final payments decline in April 2001 as a result of declining stock prices in 2000 calendar year (CY)?

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund – Revenue Forecast - Continued

OSBPM subscribes to the theory outlined by Dr. Mark M. Zandi of Economy.com. Dr. Zandi believes that the volume of realized capital gains increased in tax year 2000 despite the stock market drop because many people took gains on stocks they had held for many years. Allowing for increased stock market losses, the net budgetary impact in fiscal year 2000-01 may be positive. This opinion is buttressed by the recently released estimates of the Congressional Budget Office (CBO) showing 2000 CY capital gains realizations increased by 18%, down only slightly from the 22% increase estimated for 1999 CY. Offsetting for losses, CBO estimates that federal fiscal 2001 (mainly April 2001) receipts from capital gains will grow by 9%. However, OSBPM recognizes that there are alternative opinions predicting much weaker outcomes for the nation in April 2001, which can not be dismissed. Additionally, the capital gains realizations and tax liabilities for North Carolina filers may differ from the national average. Regrettably, we will have to wait for a full accounting of the April 2001 State tax receipts to answer this important question.

A shortfall in income from Treasurer's investments added to the overall revenue difficulties for 2000-01. Average monthly cash balances have been diminished by the slowdown in tax collections, along with the numerous settlements of lawsuits. Additionally, the rate of return on State investments is gradually falling with market interest rates. Currently, the estimate of investment earnings for 2000-01 is \$178.8 million, or \$35.2 million below the authorized budget. In total, the overall shortfall of General Fund tax and nontax revenue for 2000-01 is projected at \$497.9 million by OSBPM.

The economic recovery is now projected to commence in the first quarter of 2001-02 and pick up speed during the year. Typically, early in the recovery, consumers make big-ticket purchases which were postponed during the economic slowdown. The unemployment rate will recede as the manufacturing sector improves. These are positive signs for General Fund tax revenue growth. Adjusted for refund anomalies, OSBPM projects a moderate 5.6% rate of growth in tax revenue for 2001-02. By 2002-03, the economic recovery phase is winding down and the State economy is growing at a long-run trend rate. Bolstered by stronger corporate profits in 2002 CY, the rate of tax revenue growth accelerates to 6.2%.

Returning to the capital gains issue, CBO is currently projecting that capital gains realizations and the resulting tax receipts will become a less important source of federal revenue compared to the late 1990s. In their January 2001 federal budget outlook, CBO projects that capital gains realizations will be flat in 2001 CY and down by 5% in 2002 CY. The OSPBM General Fund forecast mirrors that projection.

2. Revenue Enhancements and Other Issues

On March 1, 2001, Governor Easley announced the formation of the North Carolina Efficiency and "Loophole" – Closing Commission, which will be led by former Governors Jim Holshouser and Bob Scott and former State Treasurer Harlan Boyles. As part of their charge, the Commission will evaluate existing State tax expenditures to identify those which cannot be justified under our current economic condition. (A tax expenditure is defined as an exemption, exclusion, deduction, allowance, credit, deferral, refund, preferential tax rate, or other device which reduces the amount of tax revenue which would otherwise be collected.) The Commission is expected to report their recommendations for closing "loopholes" in mid-April. At present, it is assumed that the Commission's recommendations will increase General Fund tax revenue by at least \$150 million, beginning in 2001-02.

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund – Revenue Forecast – Continued

A recent analysis of accounts receivable by the Department of Revenue indicates that collectibles total \$120 million. The department is currently increasing its efforts to collect these accounts receivable. The recommended budget for 2001-02 and 2002-03 includes an expected \$18.0 million in additional annual revenue from these enhanced collections efforts.

Currently, the General Fund receives a \$170 million annual transfer from the Highway Trust Fund. This transfer was established to compensate the General Fund for the loss in sales tax revenue on motor vehicles following the creation of Highway Use tax. In order to partially adjust the transfer for past inflation, it is recommended that the Highway Trust Fund transfer be permanently increased to \$200 million in 2001-02.

The State Inheritance Tax was repealed effective January 1, 1999. However, the State Estate Tax, which is equal to the state death tax credit allowed by the Federal Estate Tax Act, remains in effect. President Bush is expected to offer federal legislation which will phase-out the federal estate and gift taxes. Alternative proposals exist which would maintain the federal estate and gift taxes but increase the filing threshold (one proposal, eliminates the estate tax on estates below \$4 million). Consequently, there is a strong likelihood of a change in the federal estate tax which will negatively impact North Carolina General Fund tax revenue. Until federal legislation is enacted, it is not possible to accurately determine the size or the timing of the effect on the State budget. Fortunately though, any change should not have a significant impact on the 2001-03 biennium. However, recognizing the potential loss in the “Inheritance Tax” (term still used by the Department of Revenue), OSBPM forecasts actual collections at somewhat less than the base line value. If significant changes in the federal wealth transfer tax system are enacted, the impact on the State General Fund (Inheritance as well as other taxes) will need to be fully evaluated.

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Revenue Forecast - Continued

Table 4
General Fund Revenue, 2001-03

	<u>2000-01</u> <u>Estimated</u>	<u>2001-02</u> <u>Projected</u>	<u>2002-03</u> <u>Projected</u>
Tax Revenue:			
Inheritance	\$ 125,600,000	\$ 140,100,000	\$ 138,600,000
Licenses (1)	0	32,300,000	47,500,000
Cigarette	42,300,000	41,100,000	39,900,000
Franchise (2)	526,500,000	459,200,000	484,000,000
Income Tax:			
Individual	\$ 7,477,000,000	\$ 8,110,700,000	\$ 8,657,700,000
Corporate (2)	<u>557,700,000</u>	<u>627,800,000</u>	<u>680,700,000</u>
Subtotal	\$ 8,034,700,000	\$ 8,738,500,000	\$ 9,338,400,000
Sales and Use			
Beverage	\$ 3,500,900,000	\$ 3,700,600,000	\$ 3,889,200,000
Insurance	174,000,000	180,100,000	186,400,000
Piped Natural Gas	292,000,000	306,500,000	321,800,000
Other Taxes	30,300,000	32,000,000	32,600,000
	<u>27,200,000</u>	<u>28,600,000</u>	<u>29,400,000</u>
Total Tax Revenue	\$12,753,500,000	\$13,659,000,000	\$14,507,800,000
Nontax Revenue:			
Investment Income	178,800,000	165,100,000	167,700,000
Judicial Fees	109,800,000	114,200,000	118,800,000
Disproportionate Share Receipts	109,100,000	107,000,000	107,000,000
Insurance Department	41,100,000	41,800,000	43,500,000
Miscellaneous	<u>107,800,000</u>	<u>112,300,000</u>	<u>116,700,000</u>
Total Nontax Revenue	\$ 545,600,000	\$ 540,400,000	\$ 553,700,000
Highway Fund Transfer	\$ 13,800,000	\$ 14,500,000	\$ 15,300,000
Highway Trust Fund Transfer	<u>170,000,000</u>	<u>170,000,000</u>	<u>170,000,000</u>
Total Revenue Under Current Law	\$13,482,900,000	\$14,383,900,000	\$15,246,800,000
Plus:			
Increase in Highway Trust Fund Transfer	\$ 0	\$ 30,000,000	\$ 30,000,000
Revenue Dept. Enhanced Collections	0	18,000,000	18,000,000
Additional Revenue from the NC Efficiency and Loophole - Closing Commission	0	150,000,000	150,000,000
Total General Fund Revenue	\$13,482,900,000	\$14,581,900,000	\$15,444,800,000
Percentage Change	2.6% (3)	8.2% (3)	5.9%

(1) Settlement of the Chrysler and Ford lawsuits refunded all gross collections in 2000-01.

(2) A portion of the Corporate Income Tax was transferred to the Franchise Tax schedule during 2000-01. This transaction reversed a misreporting of Franchise tax revenue as Corporate Income Tax revenue in 1999-2000.

(3) Adjusted for refunds/lawsuits/revenue enhancements: 5% in 2000-01 and 5.3% in 2001-02.

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Revenue Forecast - Continued**

**Table 5
Recommended Availability and Operating Budget
2001-03**

Description	2001-02 Recommended	2002-03 Recommended
Revenue:		
Tax Revenue	\$ 13,659,000,000	\$ 14,507,800,000
Non-tax Revenue	433,400,000	447,700,000
Highway Fund Transfer	14,500,000	15,300,000
Highway Trust Fund Transfer	200,000,000	200,000,000
Disproportionate Share Receipts	107,000,000	106,000,000
Additional Resources:		
N.C. Efficiency & Tax Preference Commission	175,000,000	175,000,000
Other Measures	34,000,000	318,000,000
Total Revenue	14,622,900,000	15,769,800,000
 Appropriations:		
Recommended Continuation Budget	14,355,840,827	14,712,410,940
Continuation Budget Adjustments	(158,488,686)	(99,836,072)
Expansion Budget Recommended	356,966,870	785,193,586
 Total Operating Budget Recommended	14,554,319,011	15,397,768,454
 Total Ending Balance	\$ 68,580,989	\$ 372,031,546

Table 6A
Fiscal Year 2001-02 Recommended General Fund Budget

Department	Authorized Appropriation 12/31/2000	Remove Nonrecurring Appropriations	Restore Nonrecurring Reductions	Building Reserves	Enrollment/ Entitlement Adjustments	Transfers Between Budget Codes	Recurring Baseline Budget	Agency Reductions	Total Recommended Budget	Recommended Expansion	Total General Fund Budget
General Assembly	\$ 40,649,367	\$ (363,638)	\$ 632,119	\$ -	\$ -	\$ (350,000)	\$ 40,567,848	\$ (614,000)	\$ 39,953,848	\$ -	\$ 39,953,848
Judicial - AOC	314,222,181	(7,632,849)	1,683,533	497,033	-	-	308,769,898	(3,639,472)	305,130,426	-	305,130,426
AOC-Indigent	66,800,796	(280,841)	140,512	-	-	-	66,660,467	-	66,660,467	5,565,313	72,225,780
Gov.Office	5,631,542	(28,545)	30,742	-	-	-	5,633,739	(135,834)	5,497,905	-	5,497,905
OSBM	5,818,759	(57,482)	28,623	-	-	-	5,789,900	(87,000)	5,702,900	-	5,702,900
Flood Mapping & Surveying	1,428,872	(211,627)	15,600	-	-	-	1,232,845	(21,000)	1,211,845	-	1,211,845
NC Housing Finance	8,300,000	(3,000,000)	-	-	-	-	5,300,000	(80,000)	5,220,000	-	5,220,000
OSBM-Res.for Special Approp.	3,700,000	(620,000)	-	-	-	-	3,080,000	-	3,080,000	-	3,080,000
Lt. Governor	685,577	(3,768)	4,499	-	-	-	686,308	(10,000)	676,308	-	676,308
Sec.of State	9,755,907	(2,007,583)	46,684	965,893	-	-	8,760,901	(30,000)	8,730,901	-	8,730,901
Auditor	12,330,883	(241,009)	76,644	-	-	-	12,166,518	(182,000)	11,984,518	-	11,984,518
St. Treasurer	15,085,672	(7,291,140)	24,483	17,992	-	-	7,837,007	(118,000)	7,719,007	-	7,719,007
St. Treasurer-Transfer Ret.Sys.	12,294,780	-	-	-	-	-	12,294,780	-	12,294,780	-	12,294,780
DPI	5,738,761,877	(64,641,082)	37,541,954	-	158,627,932	-	5,870,290,681	(29,915,892)	5,840,374,789	64,774,694	5,905,149,483
DPI - Department	53,512,243	-	-	-	-	-	53,512,243	(6,465,512)	47,046,731	6,037,414	53,084,145
Justice	76,947,824	(1,246,325)	770,133	-	-	-	76,471,632	(914,295)	75,557,337	-	75,557,337
DACS	59,349,057	(2,973,308)	319,527	-	-	-	56,695,276	(850,000)	55,845,276	-	55,845,276
Labor	17,180,970	(173,677)	109,885	-	-	(500,000)	16,617,178	(249,000)	16,368,178	-	16,368,178
Insurance	23,570,505	(539,483)	361,266	-	-	-	23,392,288	(30,000)	23,362,288	-	23,362,288
Insurance-Direct	4,500,000	-	-	-	-	-	4,500,000	(3,000,000)	1,500,000	-	1,500,000
Juvenile Justice & Delinq. Preventio	147,206,016	(1,285,315)	3,535,344	(1,750,000)	-	-	147,706,045	(3,137,622)	144,568,423	-	144,568,423
DOA	63,402,230	(2,566,976)	243,397	-	-	-	61,078,651	(386,471)	60,692,180	1,225,000	61,917,180
OSC	11,718,683	(57,809)	156,397	-	-	-	11,817,271	(177,000)	11,640,271	-	11,640,271
DOT	17,753,426	-	-	-	-	-	17,753,426	(7,301,544)	10,451,882	-	10,451,882
DENR	163,296,057	(2,035,257)	913,210	2,728,668	-	-	164,902,678	(3,123,836)	161,778,842	-	161,778,842
DENR-Clean Water Mgmt.Trust	30,000,000	-	-	-	-	-	30,000,000	-	30,000,000	-	30,000,000
DHHS-Central Mgmt.	32,469,857	(932,813)	14,781,413	-	-	(668,597)	45,649,860	(4,000,000)	41,649,860	6,456,500	48,106,360
DHHS-Aging	30,078,500	(257,458)	4,407	-	-	-	29,825,449	-	29,825,449	-	29,825,449
DHHS-Child Dev.	70,067,811	(59,977)	31,526	-	-	-	70,039,360	-	70,039,360	-	70,039,360
Smart Start	231,174,321	(500,000)	49,000,000	-	-	-	279,674,321	(23,500,000)	256,174,321	-	256,174,321
DHHS-Education Services	79,063,179	(2,128,920)	356,160	-	-	-	77,290,419	(1,657,271)	75,633,148	-	75,633,148
DHHS-Health Services	113,387,446	(4,288,915)	3,329,516	-	-	(285,500)	112,142,547	(2,402,628)	109,739,919	-	109,739,919
DHHS-Social Services	189,572,081	(1,169,284)	1,993,469	-	2,224,628	327,220	192,948,114	(2,695,784)	190,252,330	-	190,252,330
DHHS-Medical Assistance	1,520,473,010	(1,111,508)	520,286	-	467,666,075	-	1,987,547,863	(17,031,380)	1,970,516,483	622,000	1,971,138,483
DHHS-NC Health Choice	24,987,215	(260)	187	-	-	-	24,987,142	-	24,987,142	9,988,386	34,975,528
DHHS-Blind & Deaf/HH	10,610,662	(327,461)	50,948	-	-	-	10,334,149	-	10,334,149	-	10,334,149
DHHS-Mental/DD/SAS	588,301,861	(8,295,154)	2,308,850	-	-	563,634	582,879,191	(3,401,681)	579,477,510	-	579,477,510
DHHS-Facility Services	17,129,757	(612,504)	67,249	-	-	-	16,584,502	(250,000)	16,334,502	-	16,334,502
DHHS-Voc.Rehab.	46,629,722	(4,907,374)	105,378	-	-	-	41,827,726	-	41,827,726	-	41,827,726
Correction	927,971,199	(8,749,538)	12,128,414	-	-	-	931,350,075	(11,300,000)	920,050,075	-	920,050,075
Commerce	48,093,044	(3,276,782)	210,745	-	-	-	45,027,007	(674,063)	44,352,944	3,000,000	47,352,944
Commerce-State Aid	24,446,251	(7,350,000)	-	-	-	(900,000)	16,196,251	(264,943)	15,931,308	1,000,000	16,931,308
Revenue	78,509,890	(2,172,475)	629,869	-	-	-	76,967,284	(1,154,500)	75,812,784	-	75,812,784
Cultural Resources	63,437,052	(3,128,160)	531,804	-	-	-	60,840,696	(813,000)	60,027,696	-	60,027,696
Cultural Resources-Roanoke Isl.	1,907,245	-	-	-	-	-	1,907,245	(29,000)	1,878,245	-	1,878,245
CC & PS	37,693,274	(295,708)	156,582	-	-	-	37,554,148	(470,635)	37,083,513	-	37,083,513
UNC-GA	51,599,643	(172,530)	132,736	2,585,751	-	(3,774,232)	50,371,368	(663,895)	49,707,473	-	49,707,473
UNC Institutional Prog.	7,321,779	(1,850,000)	-	-	-	6,412,717	11,884,496	-	11,884,496	32,682,636	44,567,132
UNC Related Ed.Programs	99,666,502	-	-	-	-	745,200	100,411,702	-	100,411,702	-	100,411,702
UNC-CH Academic	202,847,731	(1,546,410)	1,429,867	268,285	-	3,520,002	206,519,475	(2,721,927)	203,797,548	-	203,797,548
UNC-CH Health Affairs	158,923,421	(914,770)	915,060	-	-	(1,415,000)	157,508,711	(2,075,965)	155,432,746	-	155,432,746
UNC-CH Area Health Educa.	46,556,472	(328,918)	45,496	-	-	-	46,273,050	(304,939)	45,968,111	-	45,968,111

Table 6A
Fiscal Year 2001-02 Recommended General Fund Budget

Department	Authorized Appropriation 12/31/2000	Remove Nonrecurring Appropriations	Restore Nonrecurring Reductions	Building Reserves	Enrollment/ Entitlement Adjustments	Transfers Between Budget Codes	Recurring Baseline Budget	Agency Reductions	Total Recommended Budget	Recommended Expansion	Total General Fund Budget
NCSU-Academic	272,378,931	(1,826,863)	1,811,462	387,104	-	(659,187)	272,091,447	(3,586,165)	268,505,282	-	268,505,282
NCSU-Agri.Research Svc.	48,233,487	(401,265)	321,011	76,147	-	-	48,229,380	(635,663)	47,593,717	-	47,593,717
NCSU-Agri. Extension Svc.	38,839,117	(364,457)	267,811	(47,891)	-	-	38,694,580	(509,995)	38,184,585	-	38,184,585
UNC-Greensboro	96,169,238	(741,303)	588,077	174,894	-	(406,285)	95,784,621	(1,262,441)	94,522,180	-	94,522,180
UNC-Charlotte	98,398,080	(804,456)	646,641	25,161	-	(495,212)	97,770,214	(1,288,611)	96,481,603	-	96,481,603
UNC-Asheville	26,105,764	(235,217)	150,952	222,279	-	(241,402)	26,002,376	(342,711)	25,659,665	-	25,659,665
UNC-Wilmington	60,692,155	(526,372)	398,770	537,910	-	(247,888)	60,854,575	(802,063)	60,052,512	-	60,052,512
ECU	123,354,475	(1,156,908)	778,450	580,560	-	(362,480)	123,194,097	(1,623,698)	121,570,399	-	121,570,399
ECU-Health Services	47,084,623	(300,552)	266,670	-	-	-	47,050,741	(620,129)	46,430,612	-	46,430,612
NCA&T	61,224,022	(540,081)	401,843	36,964	-	(288,723)	60,834,025	(801,792)	60,032,233	-	60,032,233
Western Carolina	53,272,012	(459,302)	328,799	54,321	-	(163,664)	53,032,166	(698,964)	52,333,202	-	52,333,202
Appalachian	87,915,063	(760,230)	504,907	(445,272)	-	(254,702)	86,959,766	(1,146,130)	85,813,636	-	85,813,636
UNC-Pembroke	24,701,533	(212,011)	148,178	703,763	-	(258,588)	25,082,875	(330,592)	24,752,283	-	24,752,283
Winston Salem State	28,788,091	(229,421)	176,460	46,373	-	(77,872)	28,703,631	(378,314)	28,325,317	-	28,325,317
Elizabeth City State	22,227,901	(179,371)	130,726	-	-	(104,008)	22,075,248	(290,952)	21,784,296	-	21,784,296
Fayetteville State	31,390,892	(255,107)	210,250	-	-	46,190	31,392,225	(413,750)	30,978,475	-	30,978,475
NCCU	45,981,242	(410,974)	300,377	-	-	(532,695)	45,337,950	(597,554)	44,740,396	-	44,740,396
NC School of Arts	16,220,403	(178,334)	105,600	685,105	-	(42,171)	16,790,603	(221,300)	16,569,303	-	16,569,303
NCSSM	11,487,758	(58,174)	57,572	-	-	-	11,487,156	(36,655)	11,450,501	-	11,450,501
UNC-Hospitals	40,688,939	(213,895)	112,278	-	-	-	40,587,322	(534,941)	40,052,381	-	40,052,381
Total UNC	1,802,069,274	(14,666,921)	10,229,993	5,891,454	-	1,400,000	1,804,923,800	(21,889,147)	1,783,034,653	32,682,636	1,815,717,289
Comm.Colleges	644,032,372	(7,114,433)	11,104,035	-	-	-	648,021,974	(5,184,176)	642,837,798	20,493,151	663,330,949
St. Bd. Of Elections	3,524,060	(259,689)	7,082	-	-	-	3,271,453	(53,000)	3,218,453	-	3,218,453
Office of Admin.Hearings	2,909,296	(18,704)	17,496	-	-	-	2,908,088	(44,000)	2,864,088	-	2,864,088
Rules Review Comm.	381,957	(49,615)	1,743	-	-	-	334,085	(5,000)	329,085	-	329,085
St.Treas.Gen.Debt Service	238,509,550	-	-	-	-	-	238,509,550	-	238,509,550	36,610,840	275,120,390
St.Treas.Federal Debt Service	1,155,948	-	-	-	-	-	1,155,948	-	1,155,948	-	1,155,948
Total Operating Budget	13,732,489,058	(168,931,367)	154,201,704	8,351,040	628,518,635	(413,243)	14,354,215,827	(157,288,686)	14,196,927,141	188,455,934	14,385,383,075
Contingency & Emergency	1,125,000	-	-	-	-	-	1,125,000.00	-	1,125,000	-	1,125,000
Legislative Compensation Res.	18,627,886	(18,627,886)	-	-	-	-	-	-	-	184,538,436	184,538,436
Salary Adjustment Reserve	500,000	-	-	-	-	-	500,000	-	500,000	-	500,000
Motor Pool Reduction Reserve	-	-	-	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Health Plan Reserve	48,000,000	(48,000,000)	-	-	-	-	-	-	-	150,000,000	150,000,000
Retirement Rate Adj. Reserve	-	-	-	-	-	-	-	-	-	(181,027,500)	(181,027,500)
Reserve-MS/DD/SA Reform	2,586,757	(3,000,000)	-	-	-	413,243	-	-	-	-	-
Total G/F Operating Budget	13,803,328,701	(238,559,253)	154,201,704	8,351,040	628,518,635	-	14,355,840,827	(158,488,686)	14,197,352,141	341,966,870	14,539,319,011
Capital Improvement	-	-	-	-	-	-	-	-	-	15,000,000	15,000,000
Total General Fund Budget	\$ 13,803,328,701	\$ (238,559,253)	\$ 154,201,704	\$ 8,351,040	\$ 628,518,635	\$ -	\$ 14,355,840,827	\$ (158,488,686)	\$ 14,197,352,141	\$ 356,966,870	\$ 14,554,319,011

Table 6B
Fiscal Year 2002-03 Recommended General Fund Budget

Department	Authorized Appropriation 12/31/2000	Remove Nonrecurring Appropriations	Restore Nonrecurring Reductions	Building Reserves	Enrollment/ Entitlement Adjustments	Transfers Between Budget Codes	Recurring Baseline Budget	Agency Reductions	Total Recommended Budget	Recommended Expansion	Total General Fund Budget
General Assembly	\$ 40,649,367	\$ (363,638)	\$ 632,119	\$ -	\$ -	\$ (350,000)	\$ 40,567,848	\$ (614,000)	\$ 39,953,848	\$ -	\$ 39,953,848
Judicial - AOC	314,222,181	(7,632,849)	1,683,533	497,033	-	-	308,769,898	(3,639,472)	305,130,426	-	305,130,426
AOC-Indigent	66,800,796	(280,841)	140,512	-	-	-	66,660,467	-	66,660,467	5,565,313	72,225,780
Gov.Office	5,631,542	(28,545)	30,742	-	-	-	5,633,739	(135,834)	5,497,905	-	5,497,905
OSBM	5,818,759	(57,482)	28,623	-	-	-	5,789,900	(67,000)	5,722,900	-	5,722,900
Flood Mapping & Surveying	1,428,872	(211,627)	15,600	-	-	-	1,232,845	(21,000)	1,211,845	-	1,211,845
NC Housing Finance	8,300,000	(3,000,000)	-	-	-	-	5,300,000	(80,000)	5,220,000	-	5,220,000
OSBM-Res.for Special Approp.	3,700,000	(620,000)	-	-	-	-	3,080,000	-	3,080,000	-	3,080,000
Lt. Governor	685,577	(3,768)	4,499	-	-	-	686,308	(10,000)	676,308	-	676,308
Sec.of State	9,755,907	(2,007,583)	46,684	965,893	-	-	8,760,901	(30,000)	8,730,901	-	8,730,901
Auditor	12,330,883	(241,009)	76,644	-	-	-	12,166,518	(182,000)	11,984,518	-	11,984,518
St. Treasurer	15,085,672	(7,291,140)	24,483	17,992	-	-	7,837,007	(118,000)	7,719,007	-	7,719,007
St. Treasurer-Transfer Ret.Sys.	12,294,780	-	-	-	-	-	12,294,780	-	12,294,780	-	12,294,780
DPI	5,738,761,877	(64,641,082)	37,541,954	-	255,856,157	-	5,967,518,906	18,328,458	5,985,847,364	271,262,687	6,257,110,051
DPI - Department	53,512,243	-	-	-	-	-	53,512,243	(6,465,512)	47,046,731	6,037,414	53,084,145
Justice	76,947,824	(1,246,325)	770,133	-	-	-	76,471,632	(914,295)	75,557,337	-	75,557,337
DACS	59,349,057	(2,973,308)	319,527	-	-	-	56,695,276	(850,000)	55,845,276	-	55,845,276
Labor	17,180,970	(173,677)	109,885	-	-	(500,000)	16,617,178	(249,000)	16,368,178	-	16,368,178
Insurance	23,570,505	(539,483)	361,266	-	-	-	23,392,288	(30,000)	23,362,288	-	23,362,288
Insurance-Direct	4,500,000	-	-	-	-	-	4,500,000	-	4,500,000	-	4,500,000
Juvenile Justice & Delinq. Preventio	147,206,016	(1,285,315)	3,535,344	-	-	-	149,456,045	(3,137,622)	146,318,423	-	146,318,423
DOA	63,402,230	(2,566,976)	243,397	-	-	-	61,078,651	(386,471)	60,692,180	1,225,000	61,917,180
OSC	11,718,683	(57,809)	156,397	-	-	-	11,817,271	(177,000)	11,640,271	-	11,640,271
DOT	15,455,184	(7,605)	4,303	-	-	-	14,486,443	-	14,486,443	-	14,486,443
DENR	163,296,057	(2,035,257)	913,210	2,728,668	-	-	164,902,678	(3,123,836)	161,778,842	-	161,778,842
DENR-Clean Water Mgmt.Trust	30,000,000	-	-	-	-	-	30,000,000	-	30,000,000	70,000,000	100,000,000
DHHS-Central Mgmt.	32,469,857	(932,813)	14,781,413	-	-	(668,597)	45,649,860	-	45,649,860	34,521,800	80,171,660
DHHS-Aging	30,078,500	(257,458)	4,407	-	-	-	29,825,449	-	29,825,449	-	29,825,449
DHHS-Child Dev.	70,067,811	(59,977)	31,526	-	-	-	70,039,360	-	70,039,360	-	70,039,360
Smart Start	231,174,321	(500,000)	49,000,000	-	-	-	279,674,321	(23,500,000)	256,174,321	-	256,174,321
DHHS-Education Services	79,063,179	(2,128,920)	356,160	-	-	-	77,290,419	(1,657,271)	75,633,148	-	75,633,148
DHHS-Health Services	113,387,446	(4,288,915)	3,329,516	-	-	(285,500)	112,142,547	(2,402,628)	109,739,919	-	109,739,919
DHHS-Social Services	189,572,081	(1,169,284)	1,993,469	-	9,297,922	327,220	200,021,408	(2,695,784)	197,325,624	-	197,325,624
DHHS-Medical Assistance	1,520,473,010	(1,111,508)	520,286	-	714,166,597	-	2,234,048,385	(21,514,874)	2,212,533,511	1,215,925	2,213,749,436
DHHS-NC Health Choice	24,987,215	(260)	187	-	-	-	24,987,142	-	24,987,142	20,921,414	45,908,556
DHHS-Blind & Deaf/HH	10,610,662	(327,461)	50,948	-	-	-	10,334,149	-	10,334,149	-	10,334,149
DHHS-Mental/DD/SAS	588,301,861	(8,295,154)	2,308,850	-	-	563,634	582,879,191	(3,401,681)	579,477,510	-	579,477,510
DHHS-Facility Services	17,129,757	(612,504)	67,249	-	-	-	16,584,502	(250,000)	16,334,502	-	16,334,502
DHHS-Voc.Rehab.	46,629,722	(4,907,374)	105,378	-	-	-	41,827,726	-	41,827,726	-	41,827,726
Correction	927,971,199	(8,749,538)	12,128,414	-	-	-	931,350,075	(10,729,786)	920,620,289	-	920,620,289
Commerce	48,093,044	(3,276,782)	210,745	-	-	-	45,027,007	(674,063)	44,352,944	3,000,000	47,352,944
Commerce-State Aid	24,446,251	(7,350,000)	-	-	-	(900,000)	16,196,251	(264,943)	15,931,308	1,000,000	16,931,308
Revenue	78,509,890	(2,172,475)	629,869	-	-	-	76,967,284	(1,154,500)	75,812,784	-	75,812,784
Cultural Resources	63,437,052	(3,128,160)	531,804	-	-	-	60,840,696	(813,000)	60,027,696	-	60,027,696
Cultural Resources-Roanoke Isl.	1,907,245	-	-	-	-	-	1,907,245	(29,000)	1,878,245	-	1,878,245
CC & PS	37,693,274	(295,708)	156,582	-	-	-	37,554,148	(470,635)	37,083,513	-	37,083,513
UNC-GA	51,599,643	(172,530)	132,736	3,581,175	-	(3,774,232)	51,366,792	(663,895)	50,702,897	-	50,702,897
UNC Institutional Prog.	7,321,779	(1,850,000)	-	-	-	6,412,717	11,884,496	-	11,884,496	32,682,636	44,567,132
UNC Related Ed.Programs	99,666,502	-	-	-	-	745,200	100,411,702	-	100,411,702	-	100,411,702
UNC-CH Academic	202,847,731	(1,546,410)	1,429,867	777,799	-	3,520,002	207,028,989	(2,721,927)	204,307,062	-	204,307,062
UNC-CH Health Affairs	158,923,421	(914,770)	915,060	1,480,216	-	(1,415,000)	158,988,927	(2,075,965)	156,912,962	-	156,912,962
UNC-CH Area Health Educa.	46,556,472	(328,918)	45,496	-	-	-	46,273,050	(304,939)	45,968,111	-	45,968,111
NCSU-Academic	272,378,931	(1,826,863)	1,811,462	872,056	-	(659,187)	272,576,399	(3,586,165)	268,990,234	-	268,990,234

Table 6B
Fiscal Year 2002-03 Recommended General Fund Budget

Department	Authorized Appropriation 12/31/2000	Remove Nonrecurring Appropriations	Restore Nonrecurring Reductions	Building Reserves	Enrollment/ Entitlement Adjustments	Transfers Between Budget Codes	Recurring Baseline Budget	Agency Reductions	Total Recommended Budget	Recommended Expansion	Total General Fund Budget
NCSU-Agri.Research Svc.	48,233,487	(401,265)	321,011	50,031	-	-	48,203,264	(635,663)	47,567,601	-	47,567,601
NCSU-Agri. Extension Svc.	38,839,117	(364,457)	267,811	(47,891)	-	-	38,694,580	(509,995)	38,184,585	-	38,184,585
UNC-Greensboro	96,169,238	(741,303)	588,077	252,218	-	(406,285)	95,861,945	(1,262,441)	94,599,504	-	94,599,504
UNC-Charlotte	98,398,080	(804,456)	646,641	496,387	-	(495,212)	98,241,440	(1,288,611)	96,952,829	-	96,952,829
UNC-Asheville	26,105,764	(235,217)	150,952	378,378	-	(241,402)	26,158,475	(342,711)	25,815,764	-	25,815,764
UNC-Wilmington	60,692,155	(526,372)	398,770	889,292	-	(247,888)	61,205,957	(802,063)	60,403,894	-	60,403,894
ECU	123,354,475	(1,156,908)	778,450	1,843,628	-	(362,480)	124,457,165	(1,623,698)	122,833,467	-	122,833,467
ECU-Health Services	47,084,623	(300,552)	266,670	-	-	-	47,050,741	(620,129)	46,430,612	-	46,430,612
NCA&T	61,224,022	(540,081)	401,843	36,964	-	(288,723)	60,834,025	(801,792)	60,032,233	-	60,032,233
Western Carolina	53,272,012	(459,302)	328,799	322,580	-	(163,664)	53,300,425	(698,964)	52,601,461	-	52,601,461
Appalachian	87,915,063	(760,230)	504,907	(182,272)	-	(254,702)	87,222,766	(1,146,130)	86,076,636	-	86,076,636
UNC-Pembroke	24,701,533	(212,011)	148,178	645,076	-	(258,588)	25,024,188	(330,592)	24,693,596	-	24,693,596
Winston Salem State	28,788,091	(229,421)	176,460	469,962	-	(77,872)	29,127,220	(378,314)	28,748,906	-	28,748,906
Elizabeth City State	22,227,901	(179,371)	130,726	-	-	(104,008)	22,075,248	(290,952)	21,784,296	-	21,784,296
Fayetteville State	31,390,892	(255,107)	210,250	-	-	46,190	31,392,225	(413,750)	30,978,475	-	30,978,475
NCCU	45,981,242	(410,974)	300,377	-	-	(532,695)	45,337,950	(597,554)	44,740,396	-	44,740,396
NC School of Arts	16,220,403	(178,334)	105,600	958,724	-	(42,171)	17,064,222	(221,300)	16,842,922	-	16,842,922
NCSSM	11,487,758	(58,174)	57,572	352,186	-	-	11,839,342	(36,655)	11,802,687	-	11,802,687
UNC-Hospitals	40,688,939	(213,895)	112,278	-	-	-	40,587,322	(534,941)	40,052,381	-	40,052,381
Total UNC	1,802,069,274	(14,666,921)	10,229,993	13,176,509	-	1,400,000	1,812,208,855	(21,889,147)	1,790,319,708	32,682,636	1,823,002,344
Comm.Colleges	644,032,372	(7,114,433)	11,104,035	-	-	-	648,021,974	(5,184,176)	642,837,798	20,493,151	663,330,949
St. Bd. Of Elections	3,524,060	(259,689)	7,082	-	-	-	3,271,453	(53,000)	3,218,453	-	3,218,453
Office of Admin.Hearings	2,909,296	(18,704)	17,496	-	-	-	2,908,088	(44,000)	2,864,088	-	2,864,088
Rules Review Comm.	381,957	(49,615)	1,743	-	-	-	334,085	(5,000)	329,085	-	329,085
St.Treas.Gen.Debt Service	238,509,550	-	-	-	-	-	238,509,550	-	238,509,550	113,757,310	352,266,860
St.Treas.Federal Debt Service	1,155,948	-	-	-	-	-	1,155,948	-	1,155,948	-	1,155,948
Total Operating Budget	13,730,190,816	(168,938,972)	154,206,007	17,386,095	979,320,676	(413,243)	14,710,785,940	(98,636,072)	14,612,149,868	581,682,650	15,193,832,518
Contingency & Emergency	1,125,000	-	-	-	-	-	1,125,000	-	1,125,000	-	1,125,000
Legislative Compensation Reserve	18,627,886	(18,627,886)	-	-	-	-	-	-	-	184,538,436	184,538,436
Salary Adjustment	500,000	-	-	-	-	-	500,000	-	500,000	-	500,000
Motor Pool Reduction Reserve	-	-	-	-	-	-	-	(1,200,000)	(1,200,000)	-	(1,200,000)
Health Plan Reserve	48,000,000	(48,000,000)	-	-	-	-	-	-	-	200,000,000	200,000,000
Retirement Rate Adj. Reserve	-	-	-	-	-	-	-	-	-	(181,027,500)	(181,027,500)
Reserve-MS/DD/SA	2,586,757	(3,000,000)	-	-	-	413,243	-	-	-	-	-
Total General Fund Budget	\$ 13,801,030,459	\$ (238,566,858)	\$ 154,206,007	\$ 17,386,095	\$ 979,320,676	\$ -	\$ 14,712,410,940	\$ (99,836,072)	\$ 14,612,574,868	\$ 785,193,586	\$ 15,397,768,454

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion Budget**

Public Education

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$5,792,274,120	\$5,792,274,120
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>131,528,804</u>	<u>228,757,029</u>
3. <u>Revised Base Line Budget</u>	<u>\$5,923,802,924</u>	<u>\$6,021,031,149</u>
4. <u>Recommended Reductions</u>	<u>(36,381,404)</u>	<u>11,862,946</u>
5. <u>Recommended Continuation Budget</u>	<u>\$5,887,421,520</u>	<u>\$6,032,894,095</u>
6. <u>Recommended Expansion</u>	<u>169,010,164</u>	<u>375,498,157</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$6,056,431,684</u>	<u>\$6,408,392,252</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Public Education - Continued**

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (31,531,018)	\$ (31,531,018)
Top of Salary Range Bonus	(32,607)	(32,607)
School Buses	(20,337,457)	(20,337,457)
School Leadership Pilot	(240,000)	(240,000)
Transportation	(7,000,000)	(7,000,000)
School Technology	(5,000,000)	(5,000,000)
Reserve for ADM Contingency	<u>(500,000)</u>	<u>(500,000)</u>
Total Appropriation	\$ (64,641,082)	\$ (64,641,082)
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 6,234,911	\$ 6,234,911
Retiree Health Premium Reserve	28,057,043	28,057,043
Teaching Fellows Scholarship/Loan Program	2,500,000	2,500,000
Prospective Teacher Scholarship/Loan Program	<u>750,000</u>	<u>750,000</u>
Total Appropriation	\$ 37,541,954	\$ 37,541,954
3. School-Based Incentive Awards Under the ABCs Program		
The 2000 Session of the General Assembly (Session Law 2000-67, Section 7.4) directed the Director of the Budget to include these funds in the 2001-03 continuation budget. It is recommended that funds be provided for the incentive bonuses as directed by the General Assembly.	\$ 93,100,000	\$ 93,100,000

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Public Education - Continued**

Consensus Base Line Adjustments - Continued:

	<u>2001-02</u>	<u>2002-03</u>
4. Average Daily Membership (ADM) and Average Annual Salary Adjustments		
Positions, textbooks, instructional equipment and supplies allocated to the public schools are budgeted on the basis of average daily membership (ADM) of students in the classroom. The budgeted ADM for 2000-01 is 1,288,556. Budgeted ADM for 2001-02 is 1,305,223 and 1,321,104 for 2002-03, which represents increases above the 2000-01 ADM of 16,667 for 2001-02 and 32,548 for 2002-03.		
Requirements		
Receipts (Highway Fund/Driver's Education)	\$ 67,841,760	\$ 166,322,880
Appropriation	<u>2,313,828</u>	<u>3,566,723</u>
	\$ 65,527,932	\$ 162,756,157
 Total Consensus Base Line Adjustments	 \$ 131,528,804	 \$ 228,757,029

Recommended Reductions:

1. Average Daily Membership (ADM) Contingency Reserve		
The ADM Contingency Reserve is budgeted to provide additional instructional support for school systems enrolling more students than were originally budgeted. Funds from the reserve are allotted based on the ADM to allow school systems to stay in compliance with class size requirements. Based on analysis of the last five years of the ADM Contingency Reserve year-end reversions, it is recommended that the recurring budget be reduced by \$3 million. The recurring budget for the ADM reserve will be \$2.5 million.		
	\$ (3,000,000)	\$ (3,000,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Public Education - Continued**

Recommended Reductions – Continued:

	<u>2001-02</u>	<u>2002-03</u>
<p>2. Extra Pay for Forfeited Vacation Days Funds were appropriated to allow local boards of education the option of paying teachers for working on, and thereby forfeiting, a maximum of four annual vacation leave days per teacher in accordance with G.S. 115C-302.1(c).</p> <p>Funds have reverted from this funding category each year. It is recommended that the funding category be reduced to more closely reflect actual expenditures. After this recommended reduction, the 2001-02 budget will be \$4,750,000.</p>	\$ (3,000,000)	\$ (3,000,000)
<p>3. Departmental Operating Efficiencies A decrease in the operating budget for the Department of Public Instruction is recommended. This reduction will be accomplished through operating efficiencies throughout the department. No positions will be eliminated.</p>	\$ (428,098)	\$ (428,098)
<p>4. School Bus Replacement Funding The school bus replacement schedule is adjusted for the biennium by moving school bus purchases from the first year to the second year of the biennium. Funding for 20% or 115 buses will remain in the first year of the biennium for emergency purchases of school buses.</p> <p>It is recommended that the replacement schedule for school buses be modified in 2001-02 to postpone the purchase of 462 buses until the 2002-03 fiscal year 2002-03. With this adjustment, the total budget for purchase of school buses for 2001-02 would be \$4,917,800 and \$54,343,835 for 2002-03, thus providing the total replacement costs for the biennium.</p>	\$ (23,915,892)	\$ 24,328,458

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Public Education - Continued**

Recommended Reductions – Continued:

	<u>2001-02</u>	<u>2002-03</u>
5. Non-Public School Agency Grants		
Several non-public school agencies have received recurring appropriations through the Department of Public Instruction. It is recommended that the following recurring appropriations for non-public school agencies be removed from the continuation budget.		
AVID program pilot project	\$ (150,000)	\$ (150,000)
A+ Schools	(400,000)	(400,000)
Communities in Schools	(750,000)	(750,000)
Cued Speech Center	(73,750)	(73,750)
Explornet	(2,500,000)	(2,500,000)
Geographic Alliance	(50,000)	(50,000)
Global Curriculum	(150,000)	(150,000)
North Carolina Network	(350,000)	(350,000)
Schools Attuned	(643,100)	(643,100)
Teacher Cadet Program	(150,000)	(150,000)
Total Quality Education (TQE)	(400,000)	(400,000)
Public School Forum	<u>(420,564)</u>	<u>(420,564)</u>
Total	\$ (6,037,414)	\$ (6,037,414)
Total Recommended Reductions	\$ (36,381,404)	\$ 11,862,946

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Public Education – Continued**

Recommended Expansion:

	<u>2001-02</u>	<u>2002-03</u>
<p>1. Class Size Reduction In an effort to improve student performance, funds in the amount of \$41,571,668 for 923 teachers are recommended to achieve a maximum class size of 18 in every kindergarten classroom in 2001-02. In 2002-03 the class size for grade 1 will be reduced to a maximum class size of 18. It is the intent that class size be reduced to 18 for grade 2 in 2003-04 and in 2004-05 for grade 3. Funds in the amount of \$8,051,026 for 179 teachers are also recommended to achieve a maximum class size of 18 in grades 1-3 in 2001-02 for schools that have 60% or fewer of their students performing at or above grade level.</p>	\$ 49,622,694	\$ 88,510,687
<p>2. Teacher Recruitment Initiatives In order to enhance teacher recruitment the following recommendations are made:</p> <p>Job Sharing/Part-time Teaching Pilot A job sharing or part-time teaching pilot is recommended to help in the recruitment and retention of public school teachers. Under the pilot, teachers may work part-time or job share. Teachers working not less than 50% of the time will receive the fringe benefits of full-time teachers, including membership in the Teachers and State Employees Retirement System and have full health insurance benefits. Funds in the amount of \$1,128,000 are recommended for this pilot, which is limited to 1,000 teachers statewide beginning in 2001-02.</p>		

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Public Education – Continued**

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
Teacher Recruitment Initiatives – Continued		
Teaching Fellows Program		
<p>Funds are recommended to increase the number of participants in the Teaching Fellows Program operated by the Public School Forum of North Carolina. The Teaching Fellows Program began in 1987 and currently provides a \$6,500 per year scholarship for four years to 400 high school seniors each year. Upon acceptance of the scholarship, the recipient agrees to teach for four years in a North Carolina public school or three years in a low-performing school. Funds in the amount of \$650,000 are recommended for the Teaching Fellows Program to add 100 scholarships in 2001-02. Funds in the amount of \$3,250,000 are recommended in 2002-03 to expand the program by awarding an additional 400 scholarships. The total will be 800 scholarships for high school seniors in 2002-03.</p>		
Teacher Assistant Education Degree Program		
<p>Additionally, funds are recommended in the North Carolina Community College System (NCCCS) budget and the University of North Carolina (UNC) budget for scholarship loans for teacher assistants who wish to complete teacher education programs through the NCCCS and the UNC.</p>		
Total Teacher Recruitment Initiatives	\$ 1,778,000	\$ 4,378,000
3. Instructional Supplies for Teachers		
<p>Funds are recommended to enable classroom teachers to purchase \$200 of supplies for their classroom through use of a procurement card. These funds are in addition to the instructional supplies allocated to the school system by the state.</p>		
	\$ 13,200,000	\$ 13,200,000

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Public Education - Continued**

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
4. Character Education		
Funds are recommended in the amount of \$174,000 to the North Carolina Character Education Partnership, which provides assistance to school systems that undertake character education initiatives. It is further recommended that character education development and expansion plans be done in conjunction with the North Carolina Center for School Leadership Development of the University of North Carolina.		
	\$ 174,000	\$ 174,000
5. School Accountability Report Cards		
In order to assist in making North Carolina schools First in America by 2010, funding is recommended to the Education Cabinet of the University of North Carolina to develop, design, publish and distribute school accountability report cards. The school accountability report cards will provide information on school performance and characteristics to parents.		
6. Public School Construction		
Funds are recommended to provide additional classrooms needed for the class size reductions recommended in item 1. The recommended projection is based on the cost of \$150,000 per classroom for 1,100 additional teachers.		
	\$ -	\$ 165,000,000

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Public Education - Continued

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
7. The following non-public school agencies have received recurring appropriations through the Department of Public Instruction. It is recommended that funds be provided to restore the recurring appropriations for these non-public school agencies.		
AVID program pilot project		
A+ Schools	\$ 150,000	\$ 150,000
Communities in Schools	400,000	400,000
Cued Speech Center	750,000	750,000
Explonet	73,750	73,750
Geographic Alliance	2,500,000	2,500,000
Global Curriculum	50,000	50,000
North Carolina Network	150,000	150,000
Schools Attuned	350,000	350,000
Teacher Cadet Program	643,100	643,100
Total Quality Education (TQE)	150,000	150,000
Public School Forum	400,000	400,000
Total	<u>420,564</u>	<u>420,564</u>
	\$ 6,037,414	\$ 6,037,414
8. Salary Increases-Teachers, Principals, and Assistant Principals		
Funds are recommended to provide an average 2% salary increase for teachers, principals, and assistant principals effective July 1, 2001. These funds will provide for movement on the salary schedule based on years of experience plus increase the salary schedule base by 1%.		
	\$ 78,641,708	\$ 78,641,708

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Public Education - Continued**

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
9. Salary Increases-Other Public School Employees		
A salary increase of 2% is recommended for all public school employees not paid from the teacher or principal salary schedules effective July 1, 2001. This includes certified nonteaching positions in central office administration (superintendents and school administrators) and non certified employees, such as finance officers, clerical workers, teacher assistants, school nurses, custodians, bus drivers, bus mechanics and maintenance supervisors.	\$ 19,556,348	\$ 19,556,348
Total Recommended Expansion	\$ 169,010,164	\$ 375,498,157

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Community Colleges

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 644,032,372	\$ 644,032,372
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>3,989,602</u>	<u>3,989,602</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 648,021,974</u>	<u>\$ 648,021,974</u>
4. <u>Recommended Reductions</u>	<u>(5,184,176)</u>	<u>(5,184,176)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 642,837,798</u>	<u>\$ 642,837,798</u>
6. <u>Recommended Expansion</u>	<u>32,820,519</u>	<u>32,820,519</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 675,658,317</u>	<u>\$ 675,658,317</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Community Colleges – Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (7,114,433)	\$ (7,114,433)
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 740,692	\$ 740,692
Retiree Health Premium Reserve	3,333,118	3,333,118
New and Expanding Industry Training	500,000	500,000
Educational Equipment	1,020,225	1,020,225
State Board Reserve	100,000	100,000
Need-Based Financial Aid Fund Balance	1,000,000	1,000,000
Management Information System Fund Balance	<u>2,000,000</u>	<u>2,000,000</u>
Total Requirements	\$ 8,694,035	\$ 8,694,035
Overrealized Tuition and Fee Receipts	\$ (2,000,000)	\$ (2,000,000)
Scholarship Reserve Fund Balance	<u>(410,000)</u>	<u>(410,000)</u>
Total Receipts	\$ (2,410,000)	\$ (2,410,000)
Total Appropriation	\$ 11,104,035	\$ 11,104,035
Total Consensus Base Line Adjustments	\$ 3,989,602	\$ 3,989,602

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Community Colleges – Continued**

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. State Board Reserve		
The State Board Reserve is limited by statute to funding feasibility studies, pilot projects, start-up of new programs, and innovative ideas. The State Board Reserve has a certified budget of \$1,150,000. In 1999-00, State Board Reserve funds in the amount of \$106,000 were redirected to the Hurricane Floyd reserve. In 2000-01, there was a nonrecurring \$100,000 budget reduction. The State Board Reserve is recommended for a reduction of \$150,000 to \$1,000,000.	\$ (150,000)	\$ (150,000)
2. Operating Efficiencies		
A reduction in the North Carolina Community College System Office budget is recommended. Elimination of the library ordering and receiving services and two library clerk positions totaling \$59,543 is recommended. Colleges will be responsible for ordering and receiving library materials. In addition, a vacant educational consultant position and operating funds (\$64,432) have been identified for adjustment. Operating expenses totaling \$50,552, as identified by the System Office, are recommended for reduction.		
Number of Positions	\$ (174,527) (3.0)	\$ (174,527) (3.0)
3. State Aid Adjustments		
The following state aid programs are recommended for adjustment based upon historical expenditure patterns:		
Compensatory Education		
Nursing Disadvantaged		
Workers Compensation		
Unemployment Compensation		
Priority Programs		
Total State Aid Adjustments	\$ (477,754)	\$ (477,754)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Community Colleges – Continued**

Recommended Reductions - Continued:

	<u>2001-02</u>	<u>2002-03</u>
4. Human Resources Development Program		
The Human Resources Development (HRD) program is designed to recruit, train and/or place in employment unemployed or underemployed adults. It is recommended that the HRD program be restructured to more effectively reach these target populations. As a restructured JobLink Training program, coordinators will be located at JobLink Career Centers to serve as a liaison to community college training and educational programs and to provide skill assessments and employability training assistance. The State Board of Community Colleges will develop policies to implement the restructured program. Standard courses typically offered through the HRD program will be added to the Continuing Education Master Course List.		
	\$ (2,951,895)	\$ (2,951,895)
5. Overrealized Receipts		
The budget for tuition and fees is recommended for adjustment to reflect anticipated receipts.		
Requirements	\$ -	\$ -
Receipts	<u>1,430,000</u>	<u>1,430,000</u>
Appropriation	\$ (1,430,000)	\$ (1,430,000)
Total Recommended Reductions	\$ (5,184,176)	\$ (5,184,176)
Total Number of Positions	(3.0)	(3.0)

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Community Colleges – Continued

Recommended Expansion:

	<u>2001-02</u>	<u>2002-03</u>
1. Enrollment Changes		
The 2001-02 enrollment projection from the State Board of Community Colleges indicates a 6,885 FTE increase in full-time equivalent (FTE) students above the 2000-01 budgeted enrollment of 150,884 FTE. The revised 2001-02 budgeted enrollment will be 157,769 FTE, a 4.56% increase over 2000-01. Curriculum enrollment is projected to increase by 7,060 FTE or 6.03%; Continuing Education enrollment is projected to decrease by 778 FTE or 4.17%; and Basic Skills enrollment is projected to increase by 603 FTE or 3.98%.		
Requirements	\$ 28,160,469	\$ 28,160,469
Receipts	<u>4,837,177</u>	<u>4,837,177</u>
Appropriation	\$ 23,323,292	\$ 23,323,292
2. Tuition Increase		
A resident tuition increase of 12.71% with an equivalent dollar increase for nonresidents, effective for the Fall 2001 semester, is recommended for the community colleges. Resident tuition is recommended to increase by \$3.50 from \$27.50 to \$31.00 per semester credit hour. Resident tuition was last increased by \$0.75 per semester credit hour in 2000-01. Nonresident tuition is recommended to increase by \$3.50 from \$169.75 to \$173.25 per semester credit hour. Nonresident tuition was last increased by \$6.75 per semester credit hour in 1999-00. It is anticipated that for most students, this increase will be offset by federal and state financial assistance programs.		
Requirements	\$ -	\$ -
Receipts	<u>10,162,806</u>	<u>10,162,806</u>
Appropriation	\$ (10,162,806)	\$ (10,162,806)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Community Colleges – Continued**

Recommended Expansion:

	<u>2001-02</u>	<u>2002-03</u>
3. Teacher Recruitment Initiative		
Funds are recommended to create a N.C. Teacher Assistant Education Degree Program. The N.C. Teacher Assistant Education Degree Program is designed to identify teacher assistants interested in teaching. The purpose of this program is to achieve the degree necessary to enter the UNC teacher education degree program with Junior-level status. The program helps these students become teachers by awarding scholarship loans of \$2,000 per year for two years of study in a North Carolina Community College and \$3,000 per year for the two-year baccalaureate degree completion at a UNC institution. The recommended funds will provide annually for 200 participants enrolled full-time in the community college associate degree college transfer program. Each year of scholarship		
loan assistance shall be forgiven for each year of service as a certified classroom teacher in a North Carolina public school. The State Board of Community Colleges and the UNC Board of Governors shall adopt rules and policies for the disbursement of these funds. The North Carolina State Board of Community Colleges may contract with the State Education Assistance Authority for administration of these financial assistance funds.	\$ 400,000	\$ 400,000

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Community Colleges – Continued**

Recommended Expansion:

	<u>2001-02</u>	<u>2002-03</u>
4. Faculty and Professional Staff Salary Enhancements		
A recent study by the North Carolina Community College System benchmarked the average community college faculty salary and average professional staff salary against national averages. The study concluded that North Carolina’s community college faculty and professional staff salaries are not competitive with national comparison groups. In an effort to attract and retain highly qualified and experienced community college faculty and professional staff, a salary increase is recommended for the State Board of Community Colleges to distribute to community college faculty and professional staff. This salary increase is in addition to the salary increase (2%) received by all community college personnel (see Item 5).		
	\$ 6,932,665	\$ 6,932,665
5. Salary Increase		
Funding for an average 2% salary increase effective July 1, 2001, is recommended for all community college personnel supported from state funds.		
	\$ 12,327,368	\$ 12,327,368
Total Recommended Expansion	\$ 32,820,519	\$ 32,820,519

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

University of North Carolina

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$1,802,069,274	\$1,802,069,274
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>2,854,526</u>	<u>10,139,581</u>
3. <u>Revised Base Line Budget</u>	<u>1,804,923,800</u>	<u>1,812,208,855</u>
4. <u>Recommended Reductions</u>	<u>(21,889,147)</u>	<u>(21,889,147)</u>
5. <u>Recommended Continuation Budget</u>	<u>1,783,034,653</u>	<u>1,790,319,708</u>
6. <u>Recommended Expansion</u>	<u>64,385,792</u>	<u>64,385,792</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$1,847,420,445</u>	<u>\$1,854,705,500</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion- Continued
University of North Carolina - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (11,882,603)	\$ (11,882,603)
Top of the Salary Range Bonus	(934,318)	(934,318)
Model Teacher Consortium	(500,000)	(500,000)
Education Cabinet	(500,000)	(500,000)
Achievement Gap	(500,000)	(500,000)
Piedmont Triad Center for Applied Manufacturing	(250,000)	(250,000)
Chinqua-Penn Plantation	<u>(100,000)</u>	<u>(100,000)</u>
Total Appropriation	\$ (14,666,921)	\$ (14,666,921)
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 1,412,999	\$ 1,412,999
Retiree Health Premium Reserve	<u>8,816,994</u>	<u>8,816,994</u>
Total Appropriation	\$ 10,229,993	\$ 10,229,993
3. Reserves for Operating New Facilities		
Funds are recommended for operating and maintenance costs of new facilities in the UNC System that will be completed during the 2001-03 biennium.		
	\$ 5,891,454	\$ 13,176,509
4. Transfers Between Departments		
A. Transfer Center for Ergonomics		
Section 10.10 of Session Laws 2000-67 directed that \$500,000 be transferred from the Department of Labor to the Board of Governors of the University of North Carolina in the continuation budget process. The funds for the Center for Ergonomics are reflected in the continuation budget for North Carolina State University in the 2001-03 biennium.		
	\$ 500,000	\$ 500,000

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 University of North Carolina - Continued**

Consensus Base Line Adjustments – Continued:

	<u>2001-02</u>	<u>2002-03</u>
B. Transfer Biotechnology Funds		
<p>Since 1993-94, funds have been appropriated to the North Carolina Biotechnology Center to provide biotechnology grants for six constituent institutions (Elizabeth City State University, Fayetteville State University, North Carolina Central University, North Carolina A & T State University, UNC – Pembroke, and Winston-Salem State University).</p> <p>The primary objective of the Biotechnology Initiative for Minority Universities is to help these institutions develop their biotechnology programs to ensure that North Carolina has a trained work force for the new jobs being created in the biotechnology industry. Development of biotechnology programs includes efforts to design curricula and courses, train faculty, acquire lab equipment, develop instructional materials, and recruit students. The emphasis is on developing immediate educational capacity as well as long-term program needs. Appropriations for the biotechnology grants have been transferred from the North Carolina Biotechnology Center budget to the continuation budget of each of the six campuses in the amount of \$150,000 per campus. The North Carolina Biotechnology Center budget is reduced accordingly.</p>		
	\$ 900,000	\$ 900,000
Total Consensus Base Line Adjustments	\$ 2,854,526	\$ 10,139,581

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 University of North Carolina - Continued**

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Operating Efficiencies		
A decrease in the operating budgets for the 16 constituent institutions, AHEC, UNC Hospitals, and UNC-General Administration is recommended. This will be accomplished through operating efficiencies in the UNC system. Similar to the requirements of General Statute 116-11(9), this reduction will be allocated to the Board of Governors in a “lump sum” for distribution to the campuses and UNC-General Administration. Because they are designated as Special Responsibility Constituent Institutions as defined in G.S. 116-30(1-2), no specific line items have been identified for reduction. Instead, each institution is responsible for identifying and managing internal operating efficiencies to realize these savings. Since the North Carolina School of Science and Mathematics (NCSSM) is not designated as a Special Responsibility Constituent Institution, an operating efficiency reduction will be made directly to NCSSM.		
	\$ (21,889,147)	\$ (21,889,147)
Total Recommended Reductions	\$ (21,889,147)	\$ (21,889,147)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 University of North Carolina - Continued**

Recommended Expansion:

	2001-02	2002-03
1. Schedule of Priorities:		
General Statute 116-11(9) requires the Board of Governors (BOG) of the University of North Carolina to “develop, prepare, and present to the Governor, Advisory Budget Commission, and the General Assembly a single, unified recommended budget for all of public senior education.” Funds requested for expansion, new programs and activities, increases in enrollment, remedying deficiencies, etc. are to be itemized in priority order and any funds appropriated for the priority schedule are to be in a lump sum.		
In response to the Board of Governors’ 2001-03 “Schedule of Priorities,” the following items are recommended:		
Line 1a - Enrollment Changes		
Regular Term Enrollment Increase		
Regular Term Enrollment projections from the Board of Governors indicate an increase in enrollment for 2001-02 over the current budgeted 137,959 full-time equivalent (FTE) students. Based upon the Board’s estimate, enrollment in the University is projected to increase by 2,413 FTE or 1.7% to 140,372 FTE in 2001-02. This represents an increase in student credit hours (SCHs) from 3,700,454 in 2000-01 to 3,743,204 in 2001-02. The recommended increase of \$26,003,068 is to support this enrollment growth after accounting for an expected increase in receipts of \$11,002,699.		
Requirements	\$ 37,005,767	\$ 37,005,767
Receipts	11,002,699	11,002,699
Appropriation	\$ 26,003,068	\$ 26,003,068
Number of Positions	222.3	222.3

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 University of North Carolina - Continued**

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
Schedule of Priorities - Continued:		
Undergraduate Teacher Education Distance Learning Programs		
<p>Enrollment projections from the Board of Governors indicate an increase in distance education enrollment for 2001-02 over the current budgeted student credit hours (SCHs). Additional funds of \$1,348,655 are recommended to support enrollment growth in undergraduate teacher education distance learning programs. This recommended increase represents an increase in funded distance education student credit hours from 73,063 in 2000-01 to 78,107, in 2001-02. This is the appropriation needed after accounting for an expected increase in receipts of \$115,838 in 2001-02.</p>		
Requirements		
Receipts		
Appropriation	\$ 1,464,493	\$ 1,464,493
Number of Positions	<u>115,838</u>	<u>115,838</u>
	\$ 1,348,655	\$ 1,348,655
	10.5	10.5

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 University of North Carolina - Continued**

Recommended Expansion - Continued:

	2001-02	2002-03
Schedule of Priorities - Continued:		
Line 1b – Tuition Increase		
<p>In support of recommendations by the Board of Governors’ Task Force on Tuition Policy, a 4% tuition increase for in-state undergraduate students and a 6% increase for in-state graduate students at the 16 University of North Carolina campuses is recommended. The recommended increase for graduate in-state tuition at NC State University and UNC-Chapel Hill is 7.5%, as part of the Board’s third year of a four-year phase-in of tuition differentials. The percentage increases apply to total tuition including campus-initiated increases and increases for campus enhancements that have been approved in the past. Following the Board’s recommendations, it is recommended that out-of-state tuition be increased by a dollar amount equivalent to the increase in the in-state tuition at each campus. Implementation of these recommendations would result in increased receipts in 2001-02 of \$8,139,297.</p>		
Requirements		
Receipts	\$ -	\$ -
Appropriation	8,139,297	8,139,297
	\$ (8,139,297)	\$ (8,139,297)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 University of North Carolina - Continued**

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
Schedule of Priorities - Continued:		
Line 1b – Need - based Student Financial Aid Plan		
<p>A Task Force on Student Financial Aid estimated that the aggregate amount of unmet need for UNC resident students in 1997-98 was at least \$143 million and recommended funding for a new UNC Grant Program to help students with financial need.</p> <p>The program was partially funded with an appropriation of \$5 million in 2000-01, which when combined with \$1.3 million appropriated in 1999-2000, is currently being used to make grants only to qualifying in-state first-time freshmen during the 2000-01 year. The program requires that eligibility requirements for the new grants include a “self-help” expectation of at least \$4,000 per student and that federal Pell grants and tax credits be used first to meet students’ needs. Funds are recommended to expand the Need-Based Student Financial Aid Plan to sophomores.</p>		
	\$ 7,928,000	\$ 7,928,000

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 University of North Carolina - Continued**

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
<p>2. Aid to Students Attending North Carolina Private Colleges and Universities-Enrollment Changes</p> <p>The program “Aid to Students Attending Private Colleges and Universities” is composed of: the Legislative Tuition Grant (LTG) and the State Contractual Scholarship Fund (SCSF). The LTG provides a payment of \$1,800 to private institutions for each North Carolina resident undergraduate student, which is credited directly to the student’s account. The SCSF makes available \$1,100 to each institution for each full-time equivalent (FTE) North Carolina undergraduate resident student, which is then provided as scholarships to needy North Carolina students attending private colleges.</p> <p>It is recommended that the amount for the LTG be increased by \$2,346,210 to allow for an increase of 1,192 full-time North Carolina undergraduate resident students. It is also recommended that the amount for the SCSF be increased by \$880,000 to allow for an 800 FTE increase in North Carolina undergraduate resident students. The budget for the LTG would increase from \$43,911,790 to \$46,258,000, and the SCSF would increase from \$31,763,002 to \$32,643,002.</p>	<p>\$ 3,226,210</p>	<p>\$ 3,226,210</p>

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 University of North Carolina - Continued**

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
3. K-16 Initiatives		
Recurring funds of \$500,000 are recommended to replace the nonrecurring appropriation to the Education Cabinet for the professional staff and support provided to the Cabinet by the North Carolina Education Research Council. In order to assist in making North Carolina schools First in America by 2010, an additional \$416,000 is recommended for the Education Research Council to develop, design, publish and distribute school accountability report cards. The school accountability report cards will provide information on school performance and characteristics to parents.		
Funds are recommended in the amount of \$300,000, for character education development and expansion plans, to the North Carolina Center for School Leadership Development of the University of North Carolina in conjunction with additional funds recommended for the North Carolina Character Education Partnership in the Department of Public Instruction, which provides assistance to school systems that undertake character education initiatives. These funds will be used in teacher preparation programs to better prepare teachers and administrators to teach character education.		
Total K-16 Initiatives	\$ 1,216,000	\$ 1,216,000

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 University of North Carolina - Continued**

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
4. Teacher Recruitment Initiatives		
In order to enhance teacher recruitment the following recommendations are made:		
North Carolina Teacher Assistant Education Degree Program		
Funds in the amount of \$600,000 are recommended to create a N.C. Teacher Assistant Education Degree Program. The N.C. Teacher Assistant Education Degree Program is designed to identify teacher assistants interested in teaching. The program helps these students become teachers by awarding scholarship loans of \$2,000 per year for two years of study in a North Carolina Community College and \$3,000 per year for the two-year baccalaureate degree completion at a UNC institution. The recommended funds will provide annually for 200 participants enrolled full-time in the UNC baccalaureate degree completion program. Each year of scholarship loan assistance shall be forgiven for each year of service as a certified classroom teacher in a N.C. public school. The UNC Board of Governors and the State Board of Community Colleges shall adopt rules and policies for the disbursement of these funds.		
North Carolina Model Teacher Education Consortium		
Recurring funds of \$500,000 are recommended to replace the nonrecurring appropriation for the North Carolina Model Teacher Education Consortium.		
Total Teacher Recruitment Initiatives	\$ 1,100,000	\$ 1,100,000

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 University of North Carolina - Continued**

Recommended Expansion - Continued:

5. Salary Increase

Funds are recommended for salary increases for employees of the University and the North Carolina School of Science and Mathematics, including those supported by state funds and who are either exempt from the State Personnel Act (EPA) or subject to the act (SPA) effective July 1, 2001. For EPA teaching and nonteaching faculty, funds are recommended for an average increase of 2% in 2001-02 according to rules adopted by the Board of Governors. For SPA employees, funds are recommended to provide a 2% salary increase in 2001-02

\$ 31,703,156 \$ 31,703,156

Total Recommended Expansion

\$ 64,385,792 \$ 64,385,792

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion Budget**

Department of Administration

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 63,402,230	\$ 63,402,230
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(2,323,579)</u>	<u>(2,323,579)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 61,078,651</u>	<u>\$ 61,078,651</u>
4. <u>Recommended Reductions</u>	<u>(386,471)</u>	<u>(386,471)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 60,692,180</u>	<u>\$ 60,692,180</u>
6. <u>Recommended Expansion</u>	<u>1,225,000</u>	<u>1,225,000</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 61,917,180</u>	<u>\$ 61,917,180</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Administration - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Reductions Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (316,735)	\$ (316,735)
Compensation Bonus (OSP)	(54,777)	(54,777)
Top of Salary Range Bonus	(44,926)	(44,926)
Top of Salary Range Bonus(OSP)	(2,076)	(2,076)
Sexual Assault Funds	(225,000)	(225,000)
Domestic Violence Funds	(1,000,000)	(1,000,000)
National World War II Memorial Funds	(392,000)	(392,000)
Lumbee Self-Determination Funds	(100,000)	(100,000)
State Health Purchasing Alliance	(111,962)	(111,962)
Governor – Transition Team	(170,000)	(170,000)
Governor – Inauguration	(149,500)	(149,500)
Total Appropriation	<u>\$ (2,566,976)</u>	<u>\$ (2,566,976)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution	\$ 44,295	\$ 44,295
Retiree Health Premium Reserve	199,102	199,102
Total Appropriation	<u>\$ 243,397</u>	<u>\$ 243,397</u>
Total Consensus Base Line Adjustments	\$ (2,323,579)	\$ (2,323,579)

Recommended Reductions:

1. Board of Science & Technology		
Two positions in the Board of Science & Technology can be abolished without effecting the current level of operation of this Board. The two positions recommended for elimination are:		
Administrative Officer I		
Deputy Director	\$ (111,014)	\$ (111,014)
Number of Positions	(2.0)	(2.0)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Administration - Continued**

Recommended Reductions - Continued:

	<u>2001-02</u>	<u>2002-03</u>
2. Domestic Violence Commission		
The responsibilities of the Governor's Commission on Domestic Violence can be consolidated with those of the NC Council For Women without effecting the effort to address domestic violence. The position of Executive Director of the Commission would be abolished and the employee currently filling this position would be transferred to the vacant Executive Director position of the Council for Women. Additionally, a vacant Administrative Secretary II position for the Commission would be abolished.	\$ (109,639)	\$ (109,639)
Number of Positions	(2.0)	(2.0)
3. Secretary's Office		
An Administrative Assistant I position can be abolished.	\$ (41,456)	\$ (41,456)
Number of Positions	(1.0)	(1.0)
4. Office of State Personnel		
Two Human Resource Consultant positions can be abolished along with a reduction of other operating expenses.	\$ (124,362)	\$ (124,362)
Number of Positions	(2.0)	(2.0)
Total Recommended Reductions	\$ (386,471)	\$ (386,471)
Total Number of Positions	(7.0)	(7.0)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Administration - Continued**

Recommended Expansion:

	<u>2001-02</u>	<u>2002-03</u>
1. Sexual Assault Funds		
Funds are recommended for the continuation of sexual assault programs and the prevention of sexual assault within the state.	\$ 225,000	\$ 225,000
2. Domestic Violence Prevention Funds		
Funds are recommended to provide grants for domestic violence programs.	\$ 1,000,000	\$ 1,000,000
Total Recommended Expansion	\$ 1,225,000	\$ 1,225,000

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Office of Administrative Hearings

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 2,909,296	\$ 2,909,296
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(1,208)</u>	<u>(1,208)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 2,908,088</u>	<u>\$ 2,908,088</u>
4. <u>Recommended Reductions</u>	<u>(44,000)</u>	<u>(44,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 2,864,088</u>	<u>\$ 2,864,088</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 2,864,088</u>	<u>\$ 2,864,088</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Office of Administrative Hearings - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (18,704)	\$ (18,704)
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 3,181	\$ 3,181
Retiree Health Premium Reserve	14,315	14,315
Total Appropriation	<u>\$ 17,496</u>	<u>\$ 17,496</u>
Total Consensus Base Line Adjustments	\$ (1,208)	\$ (1,208)

Recommended Reductions:

1. Increase Budgeted Receipts		
The Office of Administrative Hearings can increase its budgeted receipts and reduce the amount of appropriations required to support current operations.		
	\$ (15,000)	\$ (15,000)
2. Increase Efficiency Savings		
The Office of Administrative Hearings can reduce its budget for support cost and contracted funds (maintenance agreement of equipment, membership and subscriptions, legal services and system implementation).		
	\$ (29,000)	\$ (29,000)
Total Recommended Reductions	\$ (44,000)	\$ (44,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Office of State Auditor

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 12,330,883	\$ 12,330,883
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(164,365)</u>	<u>(164,365)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 12,166,518</u>	<u>\$ 12,166,518</u>
4. <u>Recommended Reductions</u>	<u>(182,000)</u>	<u>(182,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 11,984,518</u>	<u>\$ 11,984,518</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 11,984,518</u>	<u>\$ 11,984,518</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Office of State Auditor - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (85,044)	\$ (85,044)
Top of Salary Range Bonus	(11,821)	(11,821)
Completion of Performance Audit on the Department of Revenue	(144,144)	(144,144)
Total Appropriation	<u>\$ (241,009)</u>	<u>\$ (241,009)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 13,935	\$ 13,935
Retiree Health Premium Reserve	62,709	62,709
Total Appropriation	<u>\$ 76,644</u>	<u>\$ 76,644</u>
 Total Consensus Base Line Adjustments	 \$ (164,365)	 \$ (164,365)

Recommended Reductions:

1. Increase Budgeted Receipts		
The State Auditor's Office can increase its budgeted receipts for the biennium. The increase in budgeted receipts results in a reduction in required appropriations needed to support current operations.		
	\$ (182,000)	\$ (182,000)
 Total Recommended Reductions	 \$ (182,000)	 \$ (182,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Office of the State Controller

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 11,718,683	\$ 11,718,683
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>98,588</u>	<u>98,588</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 11,817,271</u>	<u>\$ 11,817,271</u>
4. <u>Recommended Reductions</u>	<u>(177,000)</u>	<u>(177,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 11,640,271</u>	<u>\$ 11,640,271</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 11,640,271</u>	<u>\$ 11,640,271</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Office of the State Controller - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (46,693)	\$ (46,693)
Top of Salary Range Bonus	(11,116)	(11,116)
Total Appropriation	<u>\$ (57,809)</u>	<u>\$ (57,809)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 7,527	\$ 7,527
Retiree Health Premium Reserve	33,870	33,870
One-Time reduction of Data Processing funds	115,000	115,000
Total Appropriation	<u>\$ 156,397</u>	<u>\$ 156,397</u>
 Total Consensus Base Line Adjustments	 \$ 98,588	 \$ 98,588

Recommended Reductions:

1. Abolish Vacant Position		
The Office of State Controller can eliminate the vacant position of Accounting Clerk III.		
Number of Positions	\$ (26,313)	\$ (26,313)
	(1.0)	(1.0)
2. Data Processing Expense		
The Office of State Controller can reduce the frequency of updates to the accounting records and reduce its data processing expenses.		
	\$ (150,687)	\$ (150,687)
 Total Recommended Reductions	 \$ (177,000)	 \$ (177,000)
Total Number of Positions	(1.0)	(1.0)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Cultural Resources

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 63,437,052	\$ 63,437,052
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(2,596,356)</u>	<u>(2,596,356)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 60,840,696</u>	<u>\$ 60,840,696</u>
4. <u>Recommended Reductions</u>	<u>(813,000)</u>	<u>(813,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 60,027,696</u>	<u>\$ 60,027,696</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 60,027,696</u>	<u>\$ 60,027,696</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Cultural Resources - Continued**

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Reduced		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (329,073)	\$ (329,073)
Top of Salary Range Bonus	(49,269)	(49,269)
Queen Anne's Revenge	(249,818)	(249,818)
Basic Grants Program	(1,200,000)	(1,200,000)
Grassroots Arts Program	(800,000)	(800,000)
Aid to Counties	<u>(500,000)</u>	<u>(500,000)</u>
Total Appropriation	\$ (3,128,160)	\$ (3,128,160)
2. Nonrecurring Reductions Restored		
The following nonrecurring appropriations are restored in the base line budget:		
Death Benefit Contribution	\$ 34,845	\$ 34,845
Retiree Health Premium Reserve	156,781	156,781
Museum of History Reserve	<u>340,178</u>	<u>340,178</u>
Total Appropriation	\$ 531,804	\$ 531,804
 Total Consensus Base Line Adjustments	 \$ (2,596,356)	 \$ (2,596,356)

Recommended Reductions:

1. Historic Sites		
Reductions are recommended in the operating budget of Historic Sites.	\$ (300,000)	\$ (300,000)
2. Maritime Museum		
Reductions are recommended in the rent/lease of buildings at the NC Maritime Museum. This reduction will not impair the delivery of program services.	\$ (22,791)	\$ (22,791)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Cultural Resources - Continued**

Recommended Reductions - Continued:

	<u>2001-02</u>	<u>2002-03</u>
3. NC Arts Council		
Budget reductions are recommended in the following grant programs:		
Basic Grants and Grassroots Arts Program, the Lost Colony, and the Shakespeare Festival.	\$ (102,947)	\$ (102,947)
4. NC Museum of Art		
Budget reductions are recommended for other supplies and materials in the Museum of Art's budget.		
	\$ (17,000)	\$ (17,000)
5. Grants in Aid to Arts		
The budgeted grants for the Vagabond School of Drama and the NC Symphony Society are recommended for reductions.		
	\$ (17,727)	\$ (17,727)
6. NC Museum of History		
Reductions are recommended for building repairs, other equipment, and office equipment in the NC Museum of History's budget.		
	\$ (352,535)	\$ (352,535)
Total Recommended Reductions	\$ (813,000)	\$ (813,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Roanoke Island Commission

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 1,907,245	\$ 1,907,245
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	-	-
3. <u>Revised Base Line Budget</u>	\$ 1,907,245	\$ 1,907,245
4. <u>Recommended Reductions</u>	(29,000)	(29,000)
5. <u>Recommended Continuation Budget</u>	<u>\$ 1,878,245</u>	<u>\$ 1,878,245</u>
6. <u>Recommended Expansion</u>	-	-
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 1,878,245</u>	<u>\$ 1,878,245</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund – Recommended Adjustments and Expansion – Continued
Roanoke Island Commission - Continued

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Roanoke Island Commission		
Budgeted transfers to Special Revenue Fund 24802-Roanoke Island Commission can be reduced without having a material impact on the mission of this program.	\$ (29,000)	\$ (29,000)
Total Recommended Reductions	\$ (29,000)	\$ (29,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

State Board of Elections

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 3,524,060	\$ 3,524,060
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(252,607)</u>	<u>(252,607)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 3,271,453</u>	<u>\$ 3,271,453</u>
4. <u>Recommended Reductions</u>	<u>(53,000)</u>	<u>(53,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 3,218,453</u>	<u>\$ 3,218,453</u>
6. <u>Recommended Expansion</u>	-	-
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 3,218,453</u>	<u>\$ 3,218,453</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 State Board of Elections - Continued**

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Reduced		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (9,689)	\$ (9,689)
Multiple One-Stop Voting Sites Grant Funds	<u>(250,000)</u>	<u>(250,000)</u>
Total Appropriation	\$ (259,689)	\$ (259,689)
2. Nonrecurring Reductions Restored		
The following nonrecurring appropriations are restored in the base line budget:		
Death Benefit Contribution	\$ 1,287	\$ 1,287
Retiree Health Premium Reserve	<u>5,795</u>	<u>5,795</u>
Total Appropriation	\$ 7,082	\$ 7,082
Total Consensus Base Line Adjustments	\$ (252,607)	\$ (252,607)

Recommended Reductions:

1. Administration		
It is recommended that the budget for printing be reduced.	\$ (53,000)	\$ (53,000)
Total Recommended Reductions	\$ (53,000)	\$ (53,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

General Assembly

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 40,649,367	\$ 40,649,367
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(81,519)</u>	<u>(81,519)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 40,567,848</u>	<u>\$ 40,567,848</u>
4. <u>Recommended Reductions</u>	<u>(614,000)</u>	<u>(614,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 39,953,848</u>	<u>\$ 39,953,848</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 39,953,848</u>	<u>\$ 39,953,848</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 General Assembly - Continued**

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (113,638)	\$ (113,638)
Top of Salary Range Bonus		
Legislative Prescription Drug Card study for the elderly	(250,000)	(250,000)
Mental Health Legislative Study Commission transfer from MH (budget code 14460)	<u>(350,000)</u>	<u>(350,000)</u>
Total Appropriation	\$ (713,638)	\$ (713,638)
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 19,932	\$ 19,932
Retiree Health Premium Reserve	89,687	89,687
One-Time reduction from the General Assembly Contingency Reserve	<u>522,500</u>	<u>522,500</u>
Total Appropriation	\$ 632,119	\$ 632,119
 Total Consensus Base Line Adjustments	 \$ (81,519)	 \$ (81,519)

Recommended Reductions:

1. Contingency Reserve		
The North Carolina General Assembly can reduce its reserve and transfer funds for contingencies, without affecting its current level of operation.	\$ (614,000)	\$ (614,000)
 Total Recommended Reductions	 \$ (614,000)	 \$ (614,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Office of the Governor

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 5,631,542	\$ 5,631,542
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>2,197</u>	<u>2,197</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 5,633,739</u>	<u>\$ 5,633,739</u>
4. <u>Recommended Reductions</u>	<u>(135,834)</u>	<u>(135,834)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 5,497,905</u>	<u>\$ 5,497,905</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 5,497,905</u>	<u>\$ 5,497,905</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion- Continued
 Office of the Governor - Continued**

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Reduced		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (28,545)	\$ (28,545)
2. Nonrecurring Reductions Restored		
The following nonrecurring appropriations are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 5,590	\$ 5,590
Retiree Health Premium Reserve	<u>25,152</u>	<u>25,152</u>
Total Appropriation	\$ 30,742	\$ 30,742
Total Consensus Base Line Adjustments	\$ 2,197	\$ 2,197

Recommended Reductions:

1. Operating Expenses		
Operating expenses can be reduced in the following programs:		
Administration	(60,649)	
Intergovernmental Relations	(5,000)	
Citizen Affairs	(7,660)	
Raleigh Executive Residence	(10,257)	
Western Executive Residence	(1,434)	
Total Operating Expenses	\$ (85,000)	\$ (85,000)
2. Clean NC		
The position for the director of the Clean NC program will become a receipt supported position.	\$ (50,834)	\$ (50,834)
Total Recommended Reductions	\$ (135,834)	\$ (135,834)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Office of State Budget, Planning, and Management

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 5,818,759	\$ 5,818,759
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(28,859)</u>	<u>(28,859)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 5,789,900</u>	<u>\$ 5,789,900</u>
4. <u>Recommended Reductions</u>	<u>(87,000)</u>	<u>(67,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 5,702,900</u>	<u>\$ 5,722,900</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 5,702,900</u>	<u>\$ 5,722,900</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion – Continued
Office of State Budget, Planning, and Management - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Reduced		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (35,219)	\$ (35,219)
Top of Salary Range Bonus	<u>(22,263)</u>	<u>(22,263)</u>
Total Appropriation	\$ (57,482)	\$ (57,482)
2. Nonrecurring Reductions Restored		
The following nonrecurring appropriations are restored in the base line budget:		
Death Benefit Contribution	\$ 5,204	\$ 5,204
Retiree Health Premium Reserve	<u>23,419</u>	<u>23,419</u>
Total Appropriation	\$ 28,623	\$ 28,623
Total Consensus Base Line Adjustments	\$ (28,859)	\$ (28,859)

Recommended Reductions:

1. Operating Expenses		
Operating expenses can be reduced for contract employees and printing. Additionally, board/non-staff travel and subsistence in the amount of \$20,000 for the Advisory Budget Commission tour can be reduced for the first year of the biennium.	\$ (87,000)	\$ (67,000)
Total Recommended Reductions	\$ (87,000)	\$ (67,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Surveying and Mapping

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 1,428,872	\$ 1,428,872
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(196,027)</u>	<u>(196,027)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 1,232,845</u>	<u>\$ 1,232,845</u>
4. <u>Recommended Reductions</u>	<u>(21,000)</u>	<u>(21,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 1,211,845</u>	<u>\$ 1,211,845</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 1,211,845</u>	<u>\$ 1,211,845</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Surveying and Mapping - Continued**

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (10,178)	\$ (10,178)
Top of Salary Range Bonus	(1,449)	(1,449)
Farmland Preservation Transfer from Agriculture	<u>(200,000)</u>	<u>(200,000)</u>
Total Appropriation	\$ (211,627)	\$ (211,627)
2. Nonrecurring Reductions Restored		
The following nonrecurring appropriations are restored in the base line budget:		
Death Benefit Contribution	\$ 2,836	\$ 2,836
Retiree Health Premium Reserve	<u>12,764</u>	<u>12,764</u>
Total Appropriation	\$ 15,600	\$ 15,600
 Total Consensus Base Line Adjustments	 \$ (196,027)	 \$ (196,027)

Recommended Reductions:

1. Geodetic Survey		
The budget for miscellaneous contract services can be reduced in each year of the biennium.	\$ (21,000)	\$ (21,000)
 Total Recommended Reductions	 \$ (21,000)	 \$ (21,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion Budget**

OSBPM – Special Appropriations

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 3,700,000	\$ 3,700,000
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(620,000)</u>	<u>(620,000)</u>
3. <u>Revised Base Line Budget</u>	\$ 3,080,000	\$ 3,080,000
4. <u>Recommended Reductions</u>	<u>-</u>	<u>-</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 3,080,000</u>	<u>\$ 3,080,000</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 3,080,000</u>	<u>\$ 3,080,000</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
OSBPM – Special Appropriations - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
NC Humanities Council	\$ (100,000)	\$ (100,000)
National Association of Counties Annual National Convention	(200,000)	(200,000)
National and Regional Boards	(120,000)	(120,000)
Reserve for Rules Review Commission		
Lawsuits	<u>(200,000)</u>	<u>(200,000)</u>
Total Appropriation		
Total Consensus Base Line Adjustments	\$ (620,000)	\$ (620,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

North Carolina Housing Finance Agency

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 8,300,000	\$ 8,300,000
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(3,000,000)</u>	<u>(3,000,000)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 5,300,000</u>	<u>\$ 5,300,000</u>
4. <u>Recommended Reductions</u>	<u>(80,000)</u>	<u>(80,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 5,220,000</u>	<u>\$ 5,220,000</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 5,220,000</u>	<u>\$ 5,220,000</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 North Carolina Housing Finance Agency - Continued**

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Housing Trust Fund	\$ (3,000,000)	\$ (3,000,000)
Total Consensus Base Line Adjustments	\$ (3,000,000)	\$ (3,000,000)

Recommended Reductions:

1. Housing Trust Fund		
The recurring appropriation to the Housing Trust Fund can be reduced. The Housing Trust Fund provides affordable housing opportunities for low to moderate income households through rental and home ownership programs.		
	\$ (80,000)	\$ (80,000)
Total Recommended Reductions	\$ (80,000)	\$ (80,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Insurance

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 23,570,505	\$ 23,570,505
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(178,217)</u>	<u>(178,217)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 23,392,288</u>	<u>\$ 23,392,288</u>
4. <u>Recommended Reductions</u>	<u>(30,000)</u>	<u>(30,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 23,362,288</u>	<u>\$ 23,362,288</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 23,362,288</u>	<u>\$ 23,362,288</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Insurance - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (170,512)	\$ (170,512)
Top of Salary Range Bonus	(38,471)	(38,471)
Information Technology Funds	(300,000)	(300,000)
Public Protection Classifications	(14,000)	(14,000)
Computer Personnel - Support	<u>(16,500)</u>	<u>(16,500)</u>
Total Appropriation	\$ (539,483)	\$ (539,483)
2. Nonrecurring Reductions Restored		
The following nonrecurring appropriations are restored in the base line budget:		
Death Benefit Contribution	\$ 25,742	\$ 25,742
Retiree Health Premium Reserve	115,524	115,524
Building Code Book Sales	<u>220,000</u>	<u>220,000</u>
Total Appropriation	\$ 361,266	\$ 361,266
Total Consensus Base Line Adjustments	\$ (178,217)	\$ (178,217)

Recommended Reductions:

1. Company Services		
The budget for travel, subsistence, and registration fees can be reduced without effecting the current level of operation.	\$ (30,000)	\$ (30,000)
Total Recommended Reductions	\$ (30,000)	\$ (30,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Insurance - Direct

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 4,500,000	\$ 4,500,000
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	-	-
3. <u>Revised Base Line Budget</u>	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>
4. <u>Recommended Reductions</u>	<u>(3,000,000)</u>	<u>-</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 1,500,000</u>	<u>\$ 4,500,000</u>
6. <u>Recommended Expansion</u>	-	-
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 1,500,000</u>	<u>\$ 4,500,000</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Insurance – Direct - Continued

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Volunteer Safety Worker’s Compensation Fund		
The department can reduce the appropriation for the Volunteer Safety Worker’s Compensation Fund in the first year of the biennium without effecting the actuarial soundness of the fund.	\$ (3,000,000)	\$ -
Total Recommended Reductions	\$ (3,000,000)	\$ -

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments Expansion Budget**

Office of the Lieutenant Governor

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 685,577	\$ 685,577
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>731</u>	<u>731</u>
3. <u>Revised Base Line Budget</u>	\$ 686,308	\$ 686,308
4. <u>Recommended Reductions</u>	<u>(10,000)</u>	<u>(10,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 676,308</u>	<u>\$ 676,308</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 676,308</u>	<u>\$ 676,308</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Office of the Lieutenant Governor - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Reduced		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (3,768)	\$ (3,768)
2. Nonrecurring Reductions Restored		
The following nonrecurring appropriations are restored in the base line budget:		
Death Benefit Contribution	\$ 818	\$ 818
Retiree Health Premium Reserve	<u>3,681</u>	<u>3,681</u>
Total Appropriation	\$ 4,499	\$ 4,499
Total Consensus Base Line Adjustments	\$ 731	\$ 731

Recommended Reductions:

1. Salaries and Wages		
The Lieutenant Governor's Office can reduce its budget for salaries and wages without impacting its current level of operation.	\$ (10,000)	\$ (10,000)
Total Recommended Reductions	\$ (10,000)	\$ (10,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion Budget**

Department of Revenue

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 78,509,890	\$ 78,509,890
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(1,542,606)</u>	<u>(1,542,606)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 76,967,284</u>	<u>\$ 76,967,284</u>
4. <u>Recommended Reductions</u>	<u>(1,154,500)</u>	<u>(1,154,500)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 75,812,784</u>	<u>\$ 75,812,784</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 75,812,784</u>	<u>\$ 75,812,784</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Revenue - Continued**

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (577,829)	\$ (577,829)
Top of Salary Range Bonus	(49,686)	(49,686)
Nonrecurring items from 2000-01		
a) Funding in the amount of \$1,491,860 was appropriated by the 1999 General Assembly long session for contractual funding for implementing the Department's Data Capture Project.		
b) Funding in the amount of \$53,100 in start-up for funds for 11 new interstate auditor's computers, furniture and equipment was appropriated by the 1999 long session of the General Assembly.		
	<u>(1,544,960)</u>	<u>(1,544,960)</u>
Total Appropriation	\$ (2,172,475)	\$ (2,172,475)
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 71,564	\$ 71,564
Retiree Health Premium Reserve	322,039	322,039
One-Time Reduction in Contract Services	<u>236,266</u>	<u>236,266</u>
Total Appropriation	\$ 629,869	\$ 629,869
 Total Consensus Base Line Adjustments	 \$ (1,542,606)	 \$ (1,542,606)

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion – Continued
Department of Revenue – Continued

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Abolish Assistant Secretary Position		
The department can eliminate an exempt Assistant Secretary position and continue to carry out its mission without this position being in its organizational structure.	\$ (112,113)	\$ (112,113)
Number of Positions	(1.0)	(1.0)
2. Temporary Wages, Contractual Services and Support Cost		
The department can reduce its temporary wage line item and corresponding employer matching social security and travel, rent, advertising, data processing, supplies, equipment, and furniture.	\$ (1,042,387)	\$ (1,042,387)
Total Recommended Reductions	\$ (1,154,500)	\$ (1,154,500)
Total Number of Positions	(1.0)	(1.0)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Rules Review Commission

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 381,957	\$ 381,957
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(47,872)</u>	<u>(47,872)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 334,085</u>	<u>\$ 334,085</u>
4. <u>Recommended Reductions</u>	<u>(5,000)</u>	<u>(5,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 329,085</u>	<u>\$ 329,085</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 329,085</u>	<u>\$ 329,085</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion- Continued
 Rules Review Commission - Continued**

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (1,615)	\$ (1,615)
Appropriations for attorney fees from the NC Board of Pharmacy lawsuit	(48,000)	(48,000)
Total Appropriation	<u>\$ (49,615)</u>	<u>\$ (49,615)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 317	\$ 317
Retiree Health Premium Reserve	1,426	1,426
Total Appropriation	<u>\$ 1,743</u>	<u>\$ 1,743</u>
 Total Consensus Base Line Adjustments	 \$ (47,872)	 \$ (47,872)

Recommended Reductions:

1. Increased Efficiency Savings		
The Rules Review Commission can reduce its budget for purchased services, supplies and equipment.		
	\$ (5,000)	\$ (5,000)
 Total Recommended Reductions	 \$ (5,000)	 \$ (5,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Secretary of State

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 9,755,907	\$ 9,755,907
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	(995,006)	(995,006)
3. <u>Revised Base Line Budget</u>	<u>\$ 8,760,901</u>	<u>\$ 8,760,901</u>
4. <u>Recommended Reductions</u>	<u>(30,000)</u>	<u>(30,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 8,730,901</u>	<u>\$ 8,730,901</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 8,730,901</u>	<u>\$ 8,730,901</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Secretary of State - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (69,977)	\$ (69,977)
Top of Salary Range Bonus	(9,553)	(9,553)
Reduction of Start-up support cost:		
a) \$37,049 initial cost for 4 new positions in Corporation Division		
b) \$1,891,004 start up for new Uniform Commercial Code section (41 new positions)	(1,928,053)	(1,928,053)
Total Appropriation	<u>\$ (2,007,583)</u>	<u>\$ (2,007,583)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 8,488	\$ 8,488
Retiree Health Premium Reserve	38,196	38,196
Total Appropriation	<u>\$ 46,684</u>	<u>\$ 46,684</u>
3. Annualizations		
Salary, fringe benefits, and support costs for 41 positions funded for a portion of 2000-01 need to be annualized.	\$ 965,893	\$ 965,893
Total Consensus Base Line Adjustments	\$ (995,006)	\$ (995,006)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Secretary of State - Continued**

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Support Cost and Contract Reductions		
The Secretary of State's Office can reduce its budget for contractual services, maintenance agreements, data processing charges, educational expenses, data processing supplies and miscellaneous expenses.		
	\$ (30,000)	\$ (30,000)
Total Recommended Reductions	\$ (30,000)	\$ (30,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of State Treasurer

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 15,085,672	\$ 15,085,672
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(7,248,665)</u>	<u>(7,248,665)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 7,837,007</u>	<u>\$ 7,837,007</u>
4. <u>Recommended Reductions</u>	<u>(118,000)</u>	<u>(118,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 7,719,007</u>	<u>\$ 7,719,007</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 7,719,007</u>	<u>\$ 7,719,007</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of State Treasurer - Continued**

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (30,411)	\$ (30,411)
Top of Salary Range Bonus	(5,825)	(5,825)
Nonrecurring Appropriations		
a) \$7,011,404 for info. technology upgrades, improve investment banking system, upgrade payroll, and implement core banking system		
b) \$243,500 buy out lease of department's mainframe storage system	(7,254,904)	(7,254,904)
Total Appropriation	<u>\$ (7,291,140)</u>	<u>\$ (7,291,140)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 4,451	\$ 4,451
Retiree Health Premium Reserve	20,032	20,032
Total Appropriation	<u>\$ 24,483</u>	<u>\$ 24,483</u>
3. Annualizations		
Partially funded personnel costs (salary and fringe benefits) that were appropriated by the 2000 Short Session of the General Assembly need to be annualized.	\$ 17,992	\$ 17,992
Total Consensus Base Line Adjustments	\$ (7,248,665)	\$ (7,248,665)

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of State Treasurer - Continued

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Reduction in Contracted Services		
The Department of State Treasurer can reduce its budget for contracted financial and audit services without effecting its current level of services.	\$ (118,000)	\$ (118,000)
Total Recommended Reductions	\$ (118,000)	\$ (118,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

**Department of State Treasurer
Fire and Rescue Squad Retirement System**

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 12,294,780	\$ 12,294,780
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	-	-
3. <u>Revised Base Line Budget</u>	<u>\$ 12,294,780</u>	<u>\$ 12,294,780</u>
4. <u>Recommended Reductions</u>	-	-
5. <u>Recommended Continuation Budget</u>	<u>\$ 12,294,780</u>	<u>\$ 12,294,780</u>
6. <u>Recommended Expansion</u>	-	-
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 12,294,780</u>	<u>\$ 12,294,780</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Health and Human Services

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$2,953,945,422	\$2,953,945,422
2. <u>Consensus Base Line Adjustments</u>	<u>517,785,221</u>	<u>771,359,037</u>
3. <u>Base Line Budget:</u>	<u>\$3,471,730,643</u>	<u>\$3,725,304,459</u>
4. <u>Recommended Reductions</u>	<u>\$ (54,938,744)</u>	<u>\$ (55,422,238)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$3,416,791,899</u>	<u>\$3,669,882,221</u>
6. <u>Recommended Expansion</u>	<u>17,066,886</u>	<u>56,659,139</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$3,433,858,785</u>	<u>\$3,726,541,360</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Health and Human Services – Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$(5,610,900)	\$(5,610,900)
Top of Salary Range Bonus	(875,728)	(875,728)
Secretary-Child Advocacy Institute	(250,000)	(250,000)
Secretary-Council on the Holocaust	(50,000)	(50,000)
Secretary-Latin American Resource Center	(75,000)	(75,000)
Secretary-Closing Gap Achievement Program	(250,000)	(250,000)
DEI&E-Individual Education Plan Serv.	(800,000)	(800,000)
DEI&E -Teacher Mentor Pay	(75,000)	(75,000)
DEI&E-Day Student Transportation	(500,000)	(500,000)
DEI&E-Early Intervention System Pilots	(250,000)	(250,000)
DPH -Prevention of Birth Defects	(150,000)	(150,000)
DPH-Office of Minority Health	(200,000)	(200,000)
DPH-Healthy Carolinians	(1,000,000)	(1,000,000)
DPH-Osteoporosis Task Force	(150,000)	(150,000)
DPH- Heart Disease & Stroke Disease	(100,000)	(100,000)
DPH-Arthritis Prevention	(25,000)	(25,000)
DPH-Alice Aycock Poe Center for Health Ed.	(200,000)	(200,000)
DPH-Prescription Drug Assist.	(500,000)	(500,000)
DPH-Healthy Start Foundation	(1,000,000)	(1,000,000)
DPH- Hepatitis C Education Awareness	(150,000)	(150,000)
DPH-Asthma Education	(250,000)	(250,000)
DPH-State Games	(200,000)	(200,000)
DSS-Food Banks	(1,000,000)	(1,000,000)
DB&D/HH-Vocational Rehabilitation Case Services–Tuition	(235,000)	(235,000)
DVR-Client Information System	(1,700,000)	(1,700,000)
DVR-Case Service Funds	(615,000)	(615,000)
DVR-Independent Living Rehabilitation Prog.	(2,000,000)	(2,000,000)
DMHDDSAS-Willie M.	(4,353,000)	(4,353,000)
DMHDDSAS-Housing Support Mentally Ill	(301,000)	(301,000)

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Health and Human Services – Continued

Consensus Base Line Adjustments – Continued:

	<u>2001-02</u>	<u>2002-03</u>
Nonrecurring Appropriations Removed - Continued		
DMHDDSAS-Autistic Unit funds	(326,000)	(326,000)
DMHDDSAS-Area Board training	(150,000)	(150,000)
DFS: On-line Nurse Aide Training	(500,000)	(500,000)
Division of Aging – Adult Day Care Start-Up Funds	(250,000)	(250,000)
DCD: Smart Start	(500,000)	(500,000)
Total Appropriation	<u>\$ (24,591,628)</u>	<u>\$ (24,591,628)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 612,007	\$ 612,007
Retiree Health Premium Reserve	2,694,077	2,694,077
Secretary-Prior Year Earned Revenue Receipts	13,120,000	13,120,000
Secretary-Restore Recurring Position Reduction	1,525,278	1,525,278
DPH-Funding to Family Planning	125,000	125,000
DPH-Funding to AIDS Drug Assistance Prog.	3,000,000	3,000,000
DSS-Child Support Call Center Recurring Costs	1,901,501	1,901,501
DCD – Smart Start	49,000,000	49,000,000
DMHDDSAS – Neurobehavioral Treatment Unit @ Black Mountain Center	571,526	571,526
Total Appropriation	<u>\$ 72,549,389</u>	<u>\$ 72,549,389</u>
3. Enrollment/Entitlement Adjustment		
DMA-Medicaid Program Increases	\$ 467,666,075	714,166,597
DSS-Adoption Caseload Adjustments	1,670,144	5,541,206
DSS-Foster Care Caseload Adjustments	(2,774,864)	(2,544,460)
DSS-State County Special Assistance Inflation Population Adjustments	3,329,348	6,301,176
Total Appropriation	<u>\$ 469,890,703</u>	<u>\$ 723,464,519</u>

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion- Continued
 Department of Health and Human Services – Continued**

Consensus Base Line Adjustments – Continued:

	<u>2001-02</u>	<u>2002-03</u>
4. Intradepartmental Transfers		
DMHDDSAS-One-time for Legislative Oversight Commission (11000)	\$ 350,000	\$ 350,000
DMHDDSAS-Transfer from Mental Health System Reform Reserve (19049)	(405,200)	(405,200)
DSS-Transfer from Mental Health System Reform Reserve (19049)	(8,043)	(8,043)
Total Appropriation	<u>\$ (63,243)</u>	<u>\$ (63,243)</u>
Total Consensus Base Line Adjustments	\$ 517,785,221	\$ 771,359,037

Recommended Reductions:

Office of the Secretary

1. Prior Year Earned Revenue and Receipt Support

It is recommended that prior year earned revenue receipts and related receipts be budgeted throughout the department to offset and reduce appropriations.

Requirements	
Receipts	\$ -
Appropriation	<u>4,000,000</u>
	\$ (4,000,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Health and Human Services – Continued**

Recommended Reductions - Continued:

	<u>2001-02</u>	<u>2002-03</u>
Division of Social Services		
1. Eliminate Regional Office Clerk Positions		
It is recommended that 7.0 regional office clerical positions be eliminated. Other regional office personnel can absorb these functions.		
Requirements	\$ (240,692)	\$ (240,692)
Receipts	<u>(84,908)</u>	<u>(84,908)</u>
Appropriation	\$ (155,784)	\$ (155,784)
Number of Positions	(7.0)	(7.0)
2. Eliminate Workfirst Transfer to the General Assembly		
It is recommended that the Workfirst transfer to the General Assembly to support the Joint Legislative Public Assistance Commission be eliminated.		
	\$ (40,000)	\$ (40,000)
3. Eliminate Program Integrity Worker Funding		
In FY 1997-98, the General Assembly provided grants to support Workfirst program integrity workers to 100 counties (\$25,000 grants). Given the progress of welfare reform efforts, the Governor recommends that these functions be absorbed within the Division of Social Services.		
	\$ (2,500,000)	\$ (2,500,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Health and Human Services – Continued**

Recommended Reductions - Continued:

	<u>2001-02</u>	<u>2002-03</u>
Division of Mental Health, Developmental Disabilities And Substance Abuse Services		
1. Collect Medicaid Receipts on Child and Adolescent Beds in State Hospitals		
State psychiatric hospitals bill Medicaid for children in need of acute care. It is recommended that state psychiatric hospitals begin to claim Medicaid reimbursement as a Private Residential Treatment Facility (PRTF). As such, general fund expenditures for services to children in need of extended psychiatric treatment may be offset by federal funds and appropriations adjusted accordingly.		
Requirements		
Receipts	\$ -	\$ -
Appropriation	<u>1,343,780</u>	<u>1,343,780</u>
	\$ (1,343,780)	\$ (1,343,780)
2. EATP to Qualify for Medicaid		
It is recommended that the Eastern Adolescent Treatment Program (EATP) in Wilson undergo facility improvements in order to qualify for Medicaid reimbursement. Proposed improvements to the facility include expanding from a current eight bed capacity to a more cost effective twelve bed capacity. Estimated savings in General Funds are net of the cost of physical plant renovations and modifications.		
Requirements		
Receipts	\$ -	\$ -
Appropriation	<u>465,338</u>	<u>465,338</u>
	\$ (465,338)	\$ (465,338)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Health and Human Services – Continued**

Recommended Reductions - Continued:

	<u>2001-02</u>	<u>2002-03</u>
Division of Mental Health, Developmental Disabilities And Substance Abuse Services - Continued		
3. Oakview Apartments at Whitaker School		
Due to poor living conditions, the division closed Oakview Apartments and returned the residents to living arrangements in their communities. It is recommended that operational costs for the facility and 16.5 positions be eliminated from the budget.		
Number of Positions	\$ (600,055) (16.5)	\$ (600,055) (16.5)
4. Eliminate Neurobehavioral Treatment Unit at Black Mountain Center		
The General Assembly appropriated funds to renovate and to operate the Neurobehavioral Treatment Unit in the 1999 Session. Governor Hunt redirected repair and renovation funds to assist victims of Hurricane Floyd, and the Short Session of the 1999 General Assembly eliminated the operating funds on a nonrecurring basis. Given the lack of renovation funds for fiscal year 2001-02, it is recommended that the operating reduction adopted by the General Assembly be continued.		
	\$ (571,526)	\$ (571,526)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion – Continued
 Department of Health and Human Services – Continued**

Recommended Reductions – Continued:

	<u>2001-02</u>	<u>2002-03</u>
Division of Mental Health, Developmental Disabilities And Substance Abuse Services – Continued		
5. Closure of Medical/Surgical Unit at Dorothea Dix Hospital		
In October 2000, to realize a more cost effective delivery of services, the Secretary Health and Human Services directed the closing of the Medical/Surgical Unit at Dorothea Dix Hospital. Services no longer available to residents of Dorothea Dix and other division institutions will be purchased via contract from private physicians and hospitals. Some of the funds, which support the Medical/Surgical Unit, have been transferred to sister institutions to support services contracts. The remaining operational savings are recommended for elimination from the budget.		
	\$ (420,982)	\$ (420,982)
 Division of Child Development		
1. Smart Start		
It is recommended that funding for the Smart Start program be adjusted to maintain the current service level.		
	\$ (23,500,000)	\$ (23,500,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion – Continued
 Department of Health and Human Services – Continued**

Recommended Reductions – Continued:

	<u>2001-02</u>	<u>2002-03</u>
Division of Facility Services		
1. Medicaid Support: Mental Health Licensing and Certification Staff		
It is recommended that the department claim Medicaid reimbursement for licensing staff in the Division of Facility Services who monitor the delivery of Medicaid reimbursable mental health and developmental disability services in Adult Care Homes.		
Requirements		
Receipts	\$ -	\$ -
Appropriation	<u>250,000</u>	<u>250,000</u>
	\$ (250,000)	\$ (250,000)
 Division of Early Intervention & Education		
1. Developmental Evaluation Centers Budget		
It is recommended that Medicaid receipts for services delivered by the Developmental Evaluation Centers to Medicaid eligible children be increased to a more realistic level than originally estimated and that appropriations be reduced accordingly. This adjustment will have no impact on current services to children.		
Requirements	\$ -	\$ -
Receipts	<u>457,271</u>	<u>457,271</u>
Appropriation	\$ (457,271)	\$ (457,271)
 2. Central School for the Deaf in Greensboro		
In recent years, enrollments in this school have declined sharply. At the end of the school year, students will be transferred to the Schools for the Deaf in Wilson or in Morganton, or they will enter a mainstream public school. Savings estimates are net of the cost of providing services to former students in their communities.		
	\$ (1,200,000)	\$ (1,200,000)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion – Continued
 Department of Health and Human Services – Continued**

Recommended Reductions – Continued:

	<u>2001-02</u>	<u>2002-03</u>
Division of Public Health		
1. Sickle Cell Program Educational Counselors		
It is recommended that the department claim reimbursement from Medicaid to support the cost of Educational Counselors in the Sickle Cell Program and that appropriations be reduced accordingly.		
Requirements	\$ -	\$ -
Receipts	<u>54,633</u>	<u>54,633</u>
Appropriation	\$ (54,633)	\$ (54,633)
2. Vital Records Receipts		
It is recommended that Vital Records customer fee receipts for birth and death certificates be increased to a more realistic level than originally estimated and that appropriations for operating costs be adjusted accordingly.		
Requirements	\$ -	\$ -
Receipts	<u>60,000</u>	<u>60,000</u>
Appropriation	\$ (60,000)	\$ (60,000)
3. Reduce Public Health Administration		
It is recommended that 7.59 administrative positions be abolished from the Division of Public Health. The positions include two Processing Assistants, two Office Assistants, one Stock Clerk II, .59 Human Services Planner/Evaluator, one Statistician I and one Statistical Research Assistant III. With one exception, these positions are vacant. The department plans to transfer this employee to other functions within the division.		
Number of Positions	\$ (237,995) (7.59)	\$ (237,995) (7.59)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion – Continued
 Department of Health and Human Services – Continued**

Recommended Reductions – Continued:

	<u>2001-02</u>	<u>2002-03</u>
Division of Public Health - Continued		
4. Newborn Screening Program		
It is recommended that Medicaid program funds be used to support the cost of providing Newborn Screenings and reduce appropriations to the program.		
	\$ (2,050,000)	\$ (2,050,000)
Division of Medical Assistance		
1. Dispensing Fees for Prescriptions		
It is recommended to reduce the dispensing fee for pharmacies from \$5.40 to \$4 per prescription and the budget be adjusted accordingly.		
Requirements	\$ (21,700,000)	\$ (28,321,411)
Receipts	<u>(14,800,000)</u>	<u>(19,233,070)</u>
Appropriation	\$ (6,900,000)	\$ (9,088,341)
2. ICFs/MR Rebasing		
It is recommended that the ICFs/MR reimbursement rates be rebased to reflect current cost reports and the budget be adjusted accordingly.		
Requirements		
Receipts	\$ (8,200,000)	\$ (8,425,795)
Appropriation	<u>(5,568,620)</u>	<u>(5,568,620)</u>
	\$ (2,631,380)	\$ (2,723,225)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion – Continued
 Department of Health and Human Services – Continued**

Recommended Reductions – Continued:

	<u>2001-02</u>	<u>2002-03</u>
3. Drug Reimbursements		
It is recommended that reimbursements for prescription drugs be reduced from Average Wholesale Price (AWP) minus 10% to AWP minus 13%.		
Requirements	\$ (23,659,305)	\$ (30,041,201)
Receipts	<u>(16,159,305)</u>	<u>(20,337,893)</u>
Appropriation	\$ (7,500,000)	\$ (9,703,308)
Total Recommended Reductions	\$ (54,938,744)	\$ (55,372,238)
Total Number of Positions	(31.09)	(31.09)

Recommended Expansion:

Central Administration and Support

1. “More at Four” Pre-Kindergarten Program

The creation of a pre-kindergarten program for four-year-old children who are at risk for school failure is recommended. This initiative will be a collaborative partnership between state government, local communities and the private sector and will build on North Carolina’s existing service delivery system. The program will be phased in over a five-year period under the design of a task force to be chaired by Secretary Carmen Hooker Buell of Health and Human Services and the State Superintendent of Public Instruction, Mike Ward.

	\$ 6,456,500	\$ 34,521,800
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**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion – Continued
 Department of Health and Human Services – Continued**

Recommended Expansion - Continued:

**Division of Medical Assistance - North Carolina
 Healthchoice**

1. Expand Healthchoice Coverage

Within the known federal funding levels for fiscal year 2001-03, health care services can be made available to 80,750 low income children. It is recommended that additional state funds be appropriated to support the Healthchoice program. Of these funds, \$1.6 million in state appropriations shall be placed in a reserve for fiscal year 2001-02 and \$8.6 million in fiscal year 2002-03 to support future reallocations and unanticipated enrollment. Given full enrollment and future federal re-allocations these funds would support a maximum average annual enrollment of 84,714 children in fiscal year 2001-02 and 99,515 children in fiscal year 2002-03.

Requirements		
Receipts	\$ 37,720,493	\$ 78,474,921
Appropriation	<u>27,732,107</u>	<u>57,553,507</u>
	\$ 9,988,386	\$ 20,921,414

Division of Medical Assistance

1. Breast and Cervical Cancer Coverage

It is recommended that Medicaid coverage be extended to uninsured women under age 65 who are identified as needing treatment through the National Breast and Cervical Cancer Early Detection Program, administered through public health departments. Estimates include state costs for administration.

Requirements		
Receipts (Federal)	\$ 1,966,147	\$ 4,522,139
Receipts (County)	1,435,746	3,293,992
Appropriation	<u>80,392</u>	<u>184,222</u>
	\$ 622,000	\$ 1,215,925

Total Recommended Expansion	\$ 17,066,886	\$ 56,659,139
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**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Correction

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 927,971,199	\$ 927,971,199
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>3,378,876</u>	<u>3,378,876</u>
3. <u>Base Line Budget</u>	<u>\$ 931,350,075</u>	<u>\$ 931,350,075</u>
4. <u>Recommended Reductions</u>	<u>(11,300,000)</u>	<u>(10,729,786)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 920,050,075</u>	<u>\$ 920,620,289</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 920,050,075</u>	<u>\$ 920,620,289</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Correction - Continued**

Consensus Base Line Adjustments:

		<u>2001-02</u>	<u>2002-03</u>
1.	Nonrecurring Appropriations Removed The \$500 compensation bonus is removed from the base line budget.	\$ (8,446,278)	\$ (8,446,278)
2.	Restore Death and Retiree Benefits The one-time death and retiree reductions are restored in the base line budget.	\$ 4,612,552	\$ 4,612,552
3.	Eliminate Nonrecurring Increases and Annualization of Reductions		
	Community Substance Abuse (100,000)		
	ECO Inmate Family Pilot (60,000)		
	Inmate Education and Re-entry (130,000)		
	Medical Cost Containment (13,260)	\$ (303,260)	\$ (303,260)
4.	Nonrecurring Reductions Restored		
	Community Corrections Equipment 110,000		
	Criminal Justice Partnership Program 420,000		
	Inmate Welfare Fund 2,250,000		
	Data Processing Equipment 225,862		
	Equipment Budget 460,000		
	Management Budget 300,000		
	Correction Enterprise Receipts 2,750,000		
	Automobile Replacement 1,000,000	\$ 7,515,862	\$ 7,515,862
	Total Consensus Base Line Adjustments	\$ 3,378,876	\$ 3,378,876

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Correction - Continued

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Criminal Justice Partnership Program		
It is recommended that the Criminal Justice Partnership Program (CJPP) budget be reduced to reflect current spending trends. The Department of Correction will limit CJPP implementation funding to counties currently participating in the program, which allows for a reduction of \$270,000. An additional \$1 million, which in previous years has been used as discretionary funds, will be eliminated.		
	\$ (1,270,000)	\$ (1,270,000)
2. Inmate Disciplinary Fees		
It is recommended that the Department of Correction adjust inmate disciplinary fee receipts to reflect projected collections. These fees help to recover administrative costs associated with inmate disciplinary actions.		
Requirements	\$ -	\$ -
Receipts	<u>120,000</u>	<u>120,000</u>
Appropriation	\$ (120,000)	\$ (120,000)
3. Terminate Substance Abuse Contracts		
It is recommended that two private contracts for substance abuse services be eliminated. These substance abuse services can be delivered using existing services now available in the department and by adding some additional staff. Specific contracts include:		
Cornell (1,185,700)		
Right Turn (1,820,477)		
	\$ (3,006,177)	\$ (3,006,177)
4. Abolish Vacant Parole Commission Positions		
With the passage of the Structured Sentencing Act, the number of parolees has declined. Therefore, it is recommended that two vacant Parole Commission positions be abolished.		
Number of Positions	\$ (78,000) (2.0)	\$ (78,000) (2.0)

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Correction - Continued

Recommended Reductions - Continued:

	<u>2001-02</u>	<u>2002-03</u>
5. Close GPAC Facilities		
Consistent with the recommendations of the Governmental Performance Audit Committee to improve the efficient allocation of correctional resources, the following facilities are recommended for closing:		
Alamance Correctional Facility	\$ (801,416)	\$ (881,974)
Number of Positions	(27.0)	(27.0)
Gates Correctional Facility	\$ (761,746)	\$ (929,964)
Number of Positions	(28.0)	(28.0)
Scotland Correctional Facility	\$ (1,199,112)	\$ (1,320,122)
Number of Positions	(41.0)	(41.0)
6. Reduce Personal Services Contract		
The department provides seed money to contract with community providers of substance abuse services. The state provides substance abuse services through 39 Area Mental Health Programs. To avoid duplication of services, it is recommended that these personal services contract funds be eliminated.		
	\$ (225,000)	\$ (225,000)
7. Reduce Substance Abuse DART Aftercare		
The department provides in-house, substance abuse residential services to inmates. Aftercare services are provided through contracts with private providers to inmates who return to the general population. It is recommended that these aftercare services contracts be eliminated and that these services be provided using existing staff and volunteers.		
	\$ (105,000)	\$ (105,000)
8. Reduce Equipment – Autos, Trucks and Buses		
It is recommended that the department's vehicle replacement schedule be reduced.		
	\$ (396,000)	\$ (396,000)

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Correction - Continued

Recommended Reductions - Continued:

	<u>2001-02</u>	<u>2002-03</u>
9. Reduce Division of Prisons Inmate Food Budget		
It is recommended that the department's food budget be reduced to reflect recent cost saving initiatives. These initiatives include modification of the master menu and improved inventory management.		
	\$ (2,197,549)	\$ (2,197,549)
10. Reduce Division of Prisons Travel Budget		
In response to the budget shortfall, the Divisions of Prisons and Community Corrections have limited travel to essential trips. It is recommended that one-time reductions be taken in travel, meals and lodging.		
	\$ (260,000) NR	\$ -
11. Increase Receipts from Inmate Welfare Fund		
The Inmate Welfare Fund accounts for canteen and telephone contract proceeds. The proceeds support vocational teachers and supplies. It is recommended that a portion of the available balance be transferred to the General Fund.		
	\$ (280,000) NR	\$ -
12. Reduce Office and Data Processing Equipment		
It is recommended that the office and data processing equipment budget be reduced on a one-time basis.		
	\$ (400,000) NR	\$ -
13. Reduce Management Information Systems		
It is recommended that Management Information Systems (MIS) projects and related contractual services be reduced. This reduction has resulted from a more efficient use of staff and thorough prioritization of MIS projects.		
	\$ (200,000)	\$ (200,000)
Total Recommended Reductions	\$ (11,300,000)	\$ (10,729,786)
Total Number of Positions	(98.0)	(98.0)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Crime Control and Public Safety

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 37,693,274	\$ 37,693,274
2. <u>Consensus Base Line Adjustments</u>	(139,126)	(139,126)
3. <u>Revised Base Line Budget</u>	<u>\$ 37,554,148</u>	<u>\$ 37,554,148</u>
4. <u>Recommended Reductions</u>	(470,635)	(470,635)
5. <u>Recommended Continuation Budget</u>	<u>\$ 37,083,513</u>	<u>\$ 37,083,513</u>
6. <u>Recommended Expansion</u>	-	-
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 37,083,513</u>	<u>\$ 37,083,513</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Crime Control and Public Safety - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (264,123)	\$ (264,123)
Top of Salary Range Bonus	(31,585)	(31,585)
Total Appropriation	<u>\$ (295,708)</u>	<u>\$ (295,708)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 28,470	\$ 28,470
Retiree Health Premium Reserve	128,112	128,112
Total Appropriation	<u>\$ 156,582</u>	<u>\$ 156,582</u>
Total Consensus Base Line Adjustments	\$ (139,126)	\$ (139,126)

Recommended Reductions:

1. Adjust National Guard Pension Fund Payments		
It is recommended that pension fund payments be reduced to reflect recent actuarial recommendations. This adjustment will not adversely affect employees or retirees.	\$ (470,635)	\$ (470,635)
Total Recommended Reductions	\$ (470,635)	\$ (470,635)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Administrative Office of the Courts

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 314,222,181	\$ 314,222,181
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(5,452,283)</u>	<u>(5,452,283)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 308,769,898</u>	<u>\$ 308,769,898</u>
4. <u>Recommended Reductions</u>	<u>(3,639,472)</u>	<u>(3,639,472)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 305,130,426</u>	<u>\$ 305,130,426</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 305,130,426</u>	<u>\$ 305,130,426</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion Continued
Administrative Office of the Courts - Continued

Consensus Base Line Adjustments:

1. Nonrecurring Appropriations Removed

The following nonrecurring appropriations are removed from the base line budget:

Compensation Bonus	\$ (2,224,997)	\$ (2,224,997)
Court Technology	(3,297,387)	(3,297,387)
Special Counsel for Mental Ill Expenses	(16,408)	(16,408)
Business Court Funds	(44,000)	(44,000)
Court Reporters	(11,956)	(11,956)
Worthless Check Program	(64,404)	(64,404)
Domestic Violence Interpreters	(75,889)	(75,889)
Non-Technology Replacement Equipment	(1,000,000)	(1,000,000)
Courtroom Wiring and Audio	(211,500)	(211,500)
Additional Magistrates Expenses	(72,098)	(72,098)
NDAAs Membership	(48,000)	(48,000)
AOC Positions	(42,955)	(42,955)
District Court Judge Expenses	(108,261)	(108,261)
Additional Superior Court Judge Expenses	(17,910)	(17,910)
Judicial Assistant Expense	(4,954)	(4,954)
Additional Court of Appeals Judge Expenses	(80,988)	(80,988)
Court of Appeals Research Assistant Expenses	(13,512)	(13,512)
Family Court Expansion Expenses	(104,816)	(104,816)
Sentencing Services Salary Increases	(49,490)	(49,490)
Guardian Ad Litem Staff	(43,324)	(43,324)
Drug Treatment Court Funds	(100,000)	(100,000)
Total Appropriation	\$ (7,632,849)	\$ (7,632,849)

2. Nonrecurring Reductions Restored

The following nonrecurring reductions are restored in the base line budget:

Death Benefit Contribution Rate	\$ 248,511	\$ 248,511
Retiree Health Premium Reserve	1,435,022	1,435,022
Total Appropriation	\$ 1,683,533	\$ 1,683,533

3. Building Reserves

Centralized Office and Lease Support	\$ 497,033	\$ 497,033
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Total Consensus Base Line Adjustments	\$ (5,452,283)	\$ (5,452,283)
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N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Administrative Office of the Courts - Continued

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Reduce Various Contracts and Expense Items		
It is recommended that various temporary position contracts, administrative contracts, over-budgeted jury fees and FICA fringe benefit items be reduced. These items include:		
Temporary Wages	(1,231,000)	
Administrative Contracts	(1,917,000)	
FICA Unemployment Payments	(216,472)	
Jury Fees	(275,000)	
	\$ (3,639,472)	\$ (3,639,472)
Total Recommended Reductions	\$ (3,639,472)	\$ (3,639,472)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Administrative Office of the Courts - Indigent Defense

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 66,800,796	\$ 66,800,796
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(140,329)</u>	<u>(140,329)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 66,660,467</u>	<u>\$ 66,660,467</u>
4. <u>Recommended Reductions</u>	<u>-</u>	<u>-</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 66,660,467</u>	<u>\$ 66,660,467</u>
6. <u>Recommended Expansion</u>	<u>5,565,313</u>	<u>5,565,313</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 72,225,780</u>	<u>\$ 72,225,780</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriation made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Administrative Office of the Courts - Indigent Defense - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (153,402)	\$ (153,402)
Indigent Defense Position Expenses	(127,439)	(127,439)
Total Appropriation	<u>\$ (280,841)</u>	<u>\$ (280,841)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 25,547	\$ 25,547
Retiree Health Premium Reserve	114,965	114,965
Total Appropriation	<u>\$ 140,512</u>	<u>\$ 140,512</u>
Total Consensus Base Line Adjustments	\$ (140,329)	\$ (140,329)

Recommended Expansion:

1. Indigent Defense Services		
It is recommended that indigent defense funding be increased to meet anticipated demand.	\$ 5,565,313	\$ 5,565,313
Total Recommended Expansion	\$ 5,565,313	\$ 5,565,313

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Justice

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 76,947,824	\$ 76,947,824
2. <u>Consensus Base Line Adjustments</u>	(476,192)	(476,192)
3. <u>Revised Base Line Budget</u>	<u>\$ 76,471,632</u>	<u>\$ 76,471,632</u>
4. <u>Recommended Reductions</u>	(914,295)	(914,295)
5. <u>Recommended Continuation Budget</u>	<u>\$ 75,557,337</u>	<u>\$ 75,557,337</u>
6. <u>Recommended Expansion</u>	-	-
7. <u>Recommended Budget</u>	<u>\$ 75,557,337</u>	<u>\$ 75,557,337</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Justice - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (540,270)	\$ (540,270)
Top of Salary Range Bonus	(238,592)	(238,592)
Tort Claims Section Positions	(12,897)	(12,897)
Juvenile Justice Information Network	(385,000)	(385,000)
Six Forensic Chemists	(69,566)	(69,566)
Total Appropriation	<u>\$ (1,246,325)</u>	<u>\$ (1,246,325)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 76,378	\$ 76,378
Retiree Health Premium Reserve	343,755	343,755
DCI Mainframe Migration Project	350,000	350,000
Total Appropriation	<u>\$ 770,133</u>	<u>\$ 770,133</u>
 Total Consensus Base Line Adjustments	 \$ (476,192)	 \$ (476,192)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Justice - Continued**

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Reduce Various Contracts and Expense Items		
It is recommended that various temporary position contracts and related benefits, administrative and computer contracts, and over-budgeted overtime pay be eliminated throughout the Department of Justice. These items include:		
Temporary Wages and Benefits (196,157)		
Administrative Contracts (178,443)		
Overtime Pay (155,325)	\$ (529,925)	\$ (529,925)
2. Eliminate Vacant Positions		
It is recommended that 8.0 vacant positions be eliminated throughout the department. It is further recommended that the department be provided the managerial flexibility to identify these specific positions by July 1, 2001.		
Number of Positions	\$ (385,000) (8.0)	\$ (385,000) (8.0)
Total Recommended Reductions	\$ (914,295)	\$ (914,295)
Total Number of Positions	(8.0)	(8.0)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Juvenile Justice and Delinquency Prevention

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 147,206,016	\$ 147,206,016
2. <u>Consensus Base Line Adjustments</u>	500,029	2,250,029
3. <u>Revised Base Line Budget</u>	<u>\$ 147,706,045</u>	<u>\$ 149,456,045</u>
4. <u>Recommended Reductions</u>	<u>(3,137,622)</u>	<u>(3,137,622)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 144,568,423</u>	<u>\$ 146,318,423</u>
6. <u>Recommended Expansion</u>	-	-
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 144,568,423</u>	<u>\$ 146,318,423</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Juvenile Justice and Delinquency Prevention - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (861,337)	\$ (861,337)
Local Juvenile Justice Funding	(400,000)	(400,000)
Camp Woodson East	(23,978)	(23,978)
Total Appropriation	<u>\$ (1,285,315)</u>	<u>\$ (1,285,315)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Retiree Health Premium Reserve	\$ 469,917	\$ 469,917
Death Benefit Contribution Rate	104,427	104,427
Alexander/Wayne Detention Center Adjustment	561,000	561,000
Multi-functional Juvenile facility (100 bed)	2,000,000	2,000,000
Multi-purpose Group Homes	400,000	400,000
Total Appropriation	<u>\$ 3,535,344</u>	<u>\$ 3,535,344</u>
3. Building Reserve		
Forsyth County Detention Center	\$ (1,750,000)	\$ -
Total Consensus Base Line Adjustments	\$ 500,029	\$ 2,250,029

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Juvenile Justice and Delinquency Prevention - Continued

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Multi-Functional Detention Center		
It is recommended that contract operating funds for a facility in Brunswick County be eliminated. The sole bidder came in over bid and this project is not projected to be cost effective.	\$ (2,500,000)	\$ (2,500,000)
2. Police Department – Swananoa Valley		
It is recommended that the police unit at Swananoa Valley be reduced to serve mental health facilities and not juvenile justice facilities. New fencing and security measures have reduced the need for this police department.	\$ (224,157)	\$ (224,157)
Number of Positions	(6.0)	(6.0)
3. Close Wilkes Detention Facility		
Wilkes Detention is an 8-bed facility that is not cost effective to operate and therefore is recommended for elimination. The staff and juveniles will be relocated to the Alexander facility.	\$ (413,465)	\$ (413,465)
Total Recommended Reductions	\$ (3,137,622)	\$ (3,137,622)
Total Number of Positions	(6.0)	(6.0)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

**Department of
Agriculture and Consumer Services**

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 59,349,057	\$ 59,349,057
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	(2,653,781)	(2,653,781)
3. <u>Revised Base Line Budget</u>	<u>\$ 56,695,276</u>	<u>\$ 56,695,276</u>
4. <u>Recommended Reductions</u>	(850,000)	(850,000)
5. <u>Recommended Continuation Budget</u>	<u>\$ 55,845,276</u>	<u>\$ 55,845,276</u>
6. <u>Recommended Expansion</u>	-	-
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 55,845,276</u>	<u>\$ 55,845,276</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Agriculture and Consumer Services - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (506,257)	\$ (506,257)
Top of Salary Range Bonus	(130,735)	(130,735)
Farmland Preservation Trust Fund	(1,713,693)	(1,713,693)
Local Agriculture Fairs – Grant Funds	(100,000)	(100,000)
Specialty Foods Marketing	(300,000)	(300,000)
Gypsy Moth Control Funds	(122,623)	(122,623)
Turfgrass Research	(100,000)	(100,000)
Total Appropriation	<u>\$ (2,973,308)</u>	<u>\$ (2,973,308)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 58,093	\$ 58,093
Retiree Health Premium Reserve	261,434	261,434
Total Appropriation	<u>\$ 319,527</u>	<u>\$ 319,527</u>
 Total Consensus Base Line Adjustments	 \$ (2,653,781)	 \$ (2,653,781)

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Agriculture and Consumer Services - Continued

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Abolish Positions		
The listed positions can be abolished with minimal impact on the operation of the department or services provided to the citizens of the state.		
Federal-State Reporting		
Data Entry Sup I (1.0)		
Veterinary Services		
Veterinary Lab Asst I (1.0)		
Veterinarian (1.0)		
Meat & Poultry Inspectors (3.0)		
Seed Testing		
Agricultural Research Tech I (1.0)	\$ (239,089)	\$ (239,089)
Number of Positions	(7.0)	(7.0)
2. Various Operating Line Items Across Department		
The department will reduce various operating line items such as travel, supplies, equipment and telephone service that have the least impact on the operation.		
	\$ (461,714)	\$ (461,714)
3. Increase Various Departmental Receipts		
The department will increase budgeted receipts in several programs that have underbudgeted receipts and reduce corresponding appropriations.		
	\$ (149,197)	\$ (149,197)
Total Recommended Reductions	\$ (850,000)	\$ (850,000)
Total Number of Positions	(7.0)	(7.0)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion Budget**

Department of Commerce

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 48,093,044	\$ 48,093,044
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(3,066,037)</u>	<u>(3,066,037)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 45,027,007</u>	<u>\$ 45,027,007</u>
4. <u>Recommended Reductions</u>	<u>(674,063)</u>	<u>(674,063)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 44,352,944</u>	<u>\$ 44,352,944</u>
6. <u>Recommended Expansion</u>	<u>3,000,000</u>	<u>3,000,000</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 47,352,944</u>	<u>\$ 47,352,944</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Commerce - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (177,133)	\$ (177,133)
Top of Salary Range Bonus	(49,649)	(49,649)
Industrial Recruitment Competitive Fund	(2,000,000)	(2,000,000)
Smart Growth	(150,000)	(150,000)
Regional Economic Development Commissions	(350,000)	(350,000)
Rural Redevelopment Authority	(250,000)	(250,000)
Rural Tourism Grants	(300,000)	(300,000)
Total Appropriation	<u>\$ (3,276,782)</u>	<u>\$ (3,276,782)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 26,385	\$ 26,385
Retiree Health Premium Reserve	120,031	120,031
Copy Office Fund Balance	64,329	64,329
Total Appropriation	<u>\$ 210,745</u>	<u>\$ 210,745</u>
 Total Consensus Base Line Adjustments	 \$ (3,066,037)	 \$ (3,066,037)

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Commerce - Continued

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Center for Entrepreneurship and Technology		
The department can abolish this center and transfer three positions to the Division of Business and Industry to improve service to existing industries. As a result funding can be reduced as follows:		
Economic Developer position (1.0)	\$ (77,451)	\$ (77,451)
Operating line items	(99,247)	(99,247)
Reserve for New and Emerging Industries	<u>(200,000)</u>	<u>(200,000)</u>
Total Appropriation	\$ (376,698)	\$ (376,698)
Number of Positions	(1.0)	(1.0)
2. Travel, Tourism, Film and Sports Development		
Printing costs can be reduced as a result of increased on-line marketing.	\$ (150,000)	\$ (150,000)
3. Industrial Commission		
The following vacant positions can be abolished without disruption of services:		
Agency Legal Specialist I (1.0)	\$ (44,061)	\$ (44,061)
Processing Asst. III (1.0)	(27,672)	(27,672)
Data Control Clerk III (1.0)	<u>(26,360)</u>	<u>(26,360)</u>
Total Appropriation	\$ (98,093)	\$ (98,093)
Number of Positions	(3.0)	(3.0)
4. Business and Industry Development		
The following vacant position can be abolished:		
Industrial Development Rep. II (1.0)	\$ (49,272)	\$ (49,272)
Number of Positions	(1.0)	(1.0)
Total Recommended Reductions	\$ (674,063)	\$ (674,063)
Total Number of Positions	(5.0)	(5.0)

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion - Continued
 Department of Commerce - Continued**

Recommended Expansion:

	<u>2001-02</u>	<u>2002-03</u>
1. Industrial Recruitment Competitive Fund Funds are recommended to continue funding of the Industrial Recruitment Competitive Fund that was established in 1993 to provide financial assistance to businesses and industries deemed to be vital to a growing state economy and that are making significant efforts to expand or establish in North Carolina.	\$ 2,000,000	\$ 2,000,000
2. North Carolina Rural Economic Development Center Funds are recommended for the Rural Economic Development Center to finance rural economic development projects and invest in rural business development.	\$ 1,000,000	\$ 1,000,000
Total Recommended Expansion	\$ 3,000,000	\$ 3,000,000

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Commerce State Aid

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 24,446,251	\$ 24,446,251
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(8,250,000)</u>	<u>(8,250,000)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 16,196,251</u>	<u>\$ 16,196,251</u>
4. <u>Recommended Reductions</u>	<u>(264,943)</u>	<u>(264,943)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 15,931,308</u>	<u>\$ 15,931,308</u>
6. <u>Recommended Expansion</u>	<u>1,000,000</u>	<u>1,000,000</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 16,931,308</u>	<u>\$ 16,931,308</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Commerce State Aid - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
State Aid to Non-State Entities	\$ (4,700,000)	\$ (4,700,000)
NC Biotechnology Center	(1,000,000)	(1,000,000)
NC Rural Economic Development Center	(1,650,000)	(1,650,000)
Total Appropriation	<u>\$ (7,350,000)</u>	<u>\$ (7,350,000)</u>
2. Transfers Between Budget Codes		
Transfer Biotechnology Funds		
The Biotechnology Initiative for Minority Universities is transferred from the NC Biotechnology Center directly to the six minority campuses of the UNC system. There is no effect on the amount received by each university.	\$ (900,000)	\$ (900,000)
Total Consensus Base Line Adjustments	\$ (8,250,000)	\$ (8,250,000)

Recommended Reductions:

1. NC Biotechnology Center		
The transfer of funding for the Biotechnology Initiative for Minority Universities from the Biotechnology Center directly to the six minority campuses of the UNC System will result in a savings to the state.	\$ (100,000)	\$ (100,000)
The recurring appropriation to the Biotechnology Center can be reduced.	\$ (101,083)	\$ (101,083)
2. NC Rural Economic Development Center		
The recurring appropriation to the Rural Economic Development Center can be reduced.	\$ (63,860)	\$ (63,860)
Total Recommended Reductions	\$ (264,943)	\$ (264,943)

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Commerce State Aid - Continued

Recommended Expansion:

	<u>2001-02</u>	<u>2002-03</u>
1. North Carolina Biotechnology Center		
Funds are recommended to provide additional funding for research and to establish biomanufacturing facilities.		
	\$ 1,000,000	\$ 1,000,000
Total Recommended Expansion	\$ 1,000,000	\$ 1,000,000

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

**Department of
Environment and Natural Resources**

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 163,296,057	\$ 163,296,057
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	1,606,621	1,606,621
3. <u>Revised Base Line Budget</u>	<u>\$ 164,902,678</u>	<u>\$ 164,902,678</u>
4. <u>Recommended Reductions</u>	<u>(3,123,836)</u>	<u>(3,123,836)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 161,778,842</u>	<u>\$ 161,778,842</u>
6. <u>Recommended Expansion</u>	-	-
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 161,778,842</u>	<u>\$ 161,778,842</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Environment and Natural Resources - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (1,130,450)	\$ (1,130,450)
Top of Salary Range Bonus	(129,807)	(129,807)
Grassroots Science Program	(250,000)	(250,000)
Environmental Education Grant Funds	(200,000)	(200,000)
Environmental Health Specialists Training	(100,000)	(100,000)
Resource Conservation and Development Councils	(225,000)	(225,000)
Total Appropriation	<u>\$ (2,035,257)</u>	<u>\$ (2,035,257)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution	129,672	129,672
Retiree Health Plan Premium	583,538	583,538
Parks Operating Reserve	100,000	100,000
Coastal Management Grants	100,000	100,000
Complete C/I Operating Reserves:		
Forest Resources (DuPont State Forest)	467,090	467,090
State Parks	1,013,671	1,013,671
NC Zoo	154,869	154,869
NC Aquariums	268,988	268,988
Museum of Natural Science	377,205	377,205
Museum of Natural Science (Museum of Forestry)	345,000	345,000
Coastal Management	101,845	101,845
Total Appropriation	<u>\$ 3,641,878</u>	<u>\$ 3,641,878</u>
Total Consensus Base Line Adjustments	\$ 1,606,621	\$ 1,606,621

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Environment and Natural Resources - Continued

Recommended Reductions:

	<u>2001-02</u>	<u>2002-03</u>
1. Implement Lease-Purchase Arrangement for Purchase of Major Equipment		
Replacement schedules have been protracted due to shortage of funds, rendering some equipment dangerous for continued operation. It is important that the department be able to replace equipment more rapidly. Moving to a lease purchase arrangement will allow more equipment to be replaced more quickly spreading the cost over a longer period of time.		
	\$ (2,873,500)	\$ (2,873,500)
2. Abolish Remaining Low-Level Radiation Positions		
The department has two remaining low-level radiation positions that have not been abolished. Since the state is not proceeding with the siting of a low level radioactive waste site, these positions are no longer required for their original purpose.		
Land Resources		
Geologist III (1.0)		
Radiation Protection		
Radiological Health Spec (1.0)	\$ (100,800)	\$ (100,800)
Number of Positions	(2.0)	(2.0)
3. Abolish Deputy Secretary of Operations		
The department is reviewing its organization and has determined that the position of Deputy Secretary for Operations is no longer required.		
Number of Positions	\$ (46,324) (1.0)	\$ (46,324) (1.0)

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Environment and Natural Resources - Continued

Recommended Reductions – Continued:

	<u>2001-02</u>	<u>2002-03</u>
4. Abolish Administrative Assistant Positions		
The department has reviewed the administrative support for the management of the department. It has been determined that two administrative support positions can be abolished without affecting operations.		
Number of Positions	\$ (45,000) (2.0)	\$ (45,000) (2.0)
5. Abolish Agency Safety Program Director II		
The department has reviewed its organization and has determined that it can abolish the position of Department Safety Officer and reassign the duties of this position to the Director of Disaster Recovery.		
Number of Positions	\$ (58,212) (1.0)	\$ (58,212) (1.0)
Total Recommended Reductions	\$ (3,123,836)	\$ (3,123,836)
Total Number of Positions	(6.0)	(6.0)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

**Department of
Environment and Natural Resources
Clean Water Management Trust Fund**

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 30,000,000	\$ 30,000,000
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	-	-
3. <u>Revised Base Line Budget</u>	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>
4. <u>Recommended Reductions</u>	-	-
5. <u>Recommended Continuation Budget</u>	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>
6. <u>Recommended Expansion</u>	-	70,000,000
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 30,000,000</u>	<u>\$ 100,000,000</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Environment and Natural Resources
Clean Water Management Trust Fund - Continued

Recommended Expansion:

	<u>2001-02</u>	<u>2002-03</u>
1. Clean Water Management Trust Fund		
Additional funds in the amount of \$70 million are recommended for the second year of the biennium.	\$ -	\$ 70,000,000
Total Recommended Expansion	\$ -	\$ 70,000,000

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

Department of Labor

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Base Line Budget</u> (2000-01 Authorized Budget as of 12-31-00)	\$ 17,180,970	\$ 17,180,970
2. <u>Consensus Base Line Adjustments</u> (See Footnote)	<u>(563,792)</u>	<u>(563,792)</u>
3. <u>Revised Base Line Budget</u>	<u>\$ 16,617,178</u>	<u>\$ 16,617,178</u>
4. <u>Recommended Reductions</u>	<u>(249,000)</u>	<u>(249,000)</u>
5. <u>Recommended Continuation Budget</u>	<u>\$ 16,368,178</u>	<u>\$ 16,368,178</u>
6. <u>Recommended Expansion</u>	<u>-</u>	<u>-</u>
7. <u>RECOMMENDED BUDGET</u>	<u>\$ 16,368,178</u>	<u>\$ 16,368,178</u>

FOOTNOTE:

Line 2. Consensus Base Line Adjustments include:

- Deletion of Nonrecurring (NR) Appropriations made in the 2000 Session
- Restoration of Nonrecurring (NR) Reductions made in the 2000 Session
- Building Reserves
- Enrollment/Entitlement Increases
- Transfers between budget codes

N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion - Continued
Department of Labor - Continued

Consensus Base Line Adjustments:

	<u>2001-02</u>	<u>2002-03</u>
1. Nonrecurring Appropriations Removed		
The following nonrecurring appropriations are removed from the base line budget:		
Compensation Bonus	\$ (153,187)	\$ (153,187)
Top of Salary Range Bonus	(20,490)	(20,490)
Total Appropriation	<u>\$ (173,677)</u>	<u>\$ (173,677)</u>
2. Nonrecurring Reductions Restored		
The following nonrecurring reductions are restored in the base line budget:		
Death Benefit Contribution Rate	\$ 19,988	\$ 19,988
Retiree Health Premium Reserve	89,897	89,897
Total Appropriation	<u>\$ 109,885</u>	<u>\$ 109,885</u>
3. Transfers Between Budget Codes		
The following nonrecurring transfer is removed from the base line budget:		
Ergonomics Center funding transferred to NCSU	\$ (500,000)	\$ (500,000)
Total Consensus Base Line Adjustments	\$ (563,792)	\$ (563,792)

Recommended Reductions:

1. Operating Efficiencies		
The continuation budget for the department can be reduced in the areas of equipment, software, library resources, and overtime pay.		
	\$ (155,039)	\$ (155,039)
2. Increased Receipts		
Budgeted receipts can be increased in the department with a corresponding reduction in the need for appropriation.		
	\$ (93,961)	\$ (93,961)
Total Recommended Reductions	\$ (249,000)	\$ (249,000)

N.C. State Budget, 2001-03: Summary of Recommendations

V. Department of Transportation

A. Transportation Program

Funds totaling \$3.2 billion for each year of the 2001-03 biennium are required to support North Carolina's Transportation Program. Approximately \$1.3 billion of this amount or 41% is provided from the traditional Highway Fund. Highway Trust Fund revenue adds \$988.7 million and \$1.0 billion respectively including the annual transfer of \$200.0 million to the General Fund. The Highway Trust Fund represents 32% of the program. Other state funds include General Fund support totaling approximately \$10.5 million in 2001-02 and \$14.5 million in 2002-03 and departmental receipts of \$38.6 million each year. Federal funds total \$810.0 million and \$825.4 million respectively.

Summaries of the total Transportation Program showing the source of funding and the activity supported are included in Tables 7 and 8, North Carolina Transportation Program, 2001-02 and 2002-03. More detailed information follows in this section with regard to funding from the Highway Fund and the Highway Trust Fund.

Table 7
North Carolina Transportation Program, 2001-02

Budget Code		Highway Fund	Highway Trust Fund	Department Receipts	Federal Funds	General Fund	Total
84210	Department of Transportation Administration	\$ 69,195,895	\$ 4,899,059	\$ 601,266	\$ -	\$ -	\$ 74,696,220
	Division of Highways						
84220	Administration	28,801,650	17,729,047	3,685,770	-	-	50,216,467
84230	Construction	122,562,000	709,077,395	-	770,316,417	-	1,601,955,812
84230	Maintenance	568,624,441	-	-	-	-	568,624,441
84230	Planning and Research	3,959,649	-	-	11,554,746	-	15,514,395
84230	OSHA Program	425,000	-	-	-	-	425,000
84230	Ferry Operations	19,747,132	-	-	-	-	19,747,132
	State Aid						
84230	Municipalities	87,462,000	46,853,179	-	-	-	134,315,179
84230	Public Transportation	54,746,921	-	-	8,000,000	-	62,746,921
84230	Airports	5,000,000	-	-	15,478,062	6,609,165	27,087,227
84230	Railroads	36,507,088	-	-	-	-	36,507,088
84240	Governor's Highway Safety	357,277	-	-	4,601,448	-	4,958,725
84260	Division of Motor Vehicles	101,969,376	4,299,071	7,403,455	-	-	113,671,902
84270	Other State Agencies	193,961,571	-	-	-	3,842,717	197,804,288
84270	Reserves and Transfers	14,820,000	-	-	-	-	14,820,000
84290	Transfer to General Fund	-	200,000,000	-	-	-	200,000,000
84290	Committed Trust Fund Admin.	-	-	26,927,177	-	-	26,927,177
84290	Uncommitted Trust Fund Admin.	-	5,865,249	-	-	-	5,865,249
	Total Operating	\$ 1,308,140,000	\$ 988,723,000	\$ 38,617,668	\$ 809,950,673	\$ 10,451,882	\$ 3,160,883,223
84230	Capital Improvements	\$ 10,000,000	-	-	-	-	10,000,000
	Grand Total	\$ 1,318,140,000	\$ 988,723,000	\$ 38,617,668	\$ 809,950,673	\$ 10,451,882	\$ 3,165,883,223

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Transportation Program - Continued

Table 8
North Carolina Transportation Program, 2002-03

Budget Code		Highway Fund	Highway Trust Fund	Department Receipts	Federal Funds	General Fund	Total
84210	Department of Transportation Administration	\$ 69,195,895	\$ 4,899,059	\$ 601,266	\$ -	\$ -	\$ 74,696,220
	Division of Highways						
84220	Administration	28,801,650	17,729,047	3,685,770	-	-	50,216,467
84230	Construction	124,487,000	747,955,240	-	785,585,301	-	1,658,027,541
84230	Maintenance	561,601,470	-	-	-	-	561,601,470
84230	Planning and Research	3,959,649	-	-	11,783,779	-	15,743,428
84230	OSHA Program	425,000	-	-	-	-	425,000
84230	Ferry Operations	19,747,132	-	-	-	-	19,747,132
	State Aid						
84230	Municipalities	89,387,000	49,487,571	-	-	-	138,874,571
84230	Public Transportation	54,746,921	-	-	8,000,000	-	62,746,921
84230	Airports	-	-	-	15,478,062	12,250,000	27,728,062
84230	Railroads	36,507,088	-	-	-	-	36,507,088
84240	Governor's Highway Safety	357,277	-	-	4,601,448	-	4,958,725
84260	Division of Motor Vehicles	108,325,115	4,299,071	7,403,455	-	-	120,027,641
84270	Other State Agencies	197,358,803	-	-	-	2,236,443	199,595,246
84270	Reserves and Transfers	16,820,000	-	-	-	-	16,820,000
84290	Transfer to General Fund	-	200,000,000	-	-	-	200,000,000
84290	Committed Trust Fund Admin.	-	-	26,927,177	-	-	26,927,177
84290	Uncommitted Trust Fund Admin.	-	7,904,012	-	-	-	7,904,012
	Total Operating	\$ 1,311,720,000	\$1,032,274,000	\$ 38,617,668	\$ 825,448,590	\$ 14,486,443	\$3,222,546,701
	Grand Total	<u>\$ 1,311,720,000</u>	<u>\$1,032,274,000</u>	<u>\$ 38,617,668</u>	<u>\$ 825,448,590</u>	<u>\$ 14,486,443</u>	<u>\$3,222,546,701</u>

N.C. State Budget, 2001-03: Summary of Recommendations Transportation - Continued

B. Highway Fund

The Highway Fund receives support from three sources: 1) motor fuels tax collections (75% of which is deposited in the Highway Fund with the remaining 25% deposited in the Highway Trust Fund); 2) licenses and fee collections; and 3) interest income earned by the State Treasurer. Motor fuel taxes comprise 68% of Highway Fund revenue, with 30% coming from licenses and fees, and 2% from Treasurer's investments.

1. Revenue

As a result of high motor fuel prices, Highway Fund revenue is estimated to total \$1.25 billion in fiscal year 2000-01, representing an increase of 7.2%. A weakening economy will lead to a slight decrease in motor fuel consumption. However, the 0.5% decline will be more than countered by increased prices, as motor fuel tax collections are projected to grow by 9.3%, and total \$866.9 million. License and fee collections are projected to total \$365.5 million, representing an increase of 3.7%. Changing from four to five year renewals will result in an estimated 15.6% growth in drivers' license fees. A slowing economy is mainly responsible for an 8% decline in international registration plan revenue and slow growth in truck license fees and staggered registration fees. The other licenses and fee category will expand by 18.6%, as penalties grow significantly, and the impact of an increase in overweight fees takes effect. Investment income is anticipated to decline by 15.4% as the average cash balance of the Highway Fund declines.

High petroleum prices and a stronger economy will lead to a projected 4.4% growth of Highway Trust Fund revenue in fiscal year 2001-02, as collections total \$1.3 billion. Motor fuel tax collections are projected to total \$911.1 or a growth of 5.1%. Fuel consumption is projected to increase by 2.2%, while motor fuel prices are projected to decline slightly later in the fiscal year. License and fee collections are projected to total \$376 million, and grow by 2.9%. There are no aberrations projected to occur in the individual license and fee schedules for fiscal 2001-02. Investment income is projected to increase by a modest 3%.

Highway Fund revenue is projected to total \$1.31 billion in fiscal year 2002-03, representing a slight increase of 0.6%. Motor fuel tax collections are projected to total \$908.9 million, and decline by 0.2%, as a 2.2% increase in consumption is more than countered by declining fuel prices. License and fee collections are projected to total \$386.2 million, or a growth of 2.7%, as normal growth rates are projected for the individual schedules. Investment income is projected to increase by a modest 3%.

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation – Continued
Highway Fund – Continued

Table 9
Highway Fund Revenue, 2001-03

	<u>2000-01</u> <u>Estimated</u>	<u>2001-02</u> <u>Projected</u>	<u>2002-03</u> <u>Projected</u>
Motor Fuels Taxes:			
Motor Fuel Tax	\$ 854,220,000	\$ 898,050,000	\$ 895,510,000
Gasoline Inspection Fee	12,600,000	12,880,000	13,240,000
Highway Use Registration Fee	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Total Motor Fuels Tax	\$ 866,940,000	\$ 911,050,000	\$ 908,870,000
% Change	9.3%	5.1%	-0.2%
Licenses and Fees:			
Staggered Registration Plan	\$ 146,000,000	\$ 151,830,000	\$ 157,160,000
Driver Licenses	68,140,000	68,550,000	70,260,000
Truck Plates	61,010,000	61,930,000	63,160,000
International Registration Plan	50,300,000	52,820,000	53,870,000
Other Licenses and Fees	<u>40,020,000</u>	<u>40,900,000</u>	<u>41,720,000</u>
Total Licenses and Fees	\$ 365,470,000	\$ 376,030,000	\$ 386,170,000
% Change	3.7%	2.9%	2.7%
Investment Income	\$ 15,730,000	\$ 16,200,000	\$ 16,680,000
% Change	<u>(15.4%)</u>	<u>3.0%</u>	<u>3.0%</u>
Total Highway Fund Revenue	\$1,248,140,000	\$1,303,280,000	\$1,311,720,000
% Change	7.2%	4.4%	0.6%

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Highway Fund - Continued

2. Condition of the Highway Fund

Estimated reversions from unused 2000-01 appropriations, in the amount of \$6,750,000, are expected to be available to support 2001-02 appropriations. Revenue is expected to exceed the authorized budget by \$8,110,000 for the same period. There is no beginning credit balance expected to be available for 2002-03.

Table 10, Condition of the Highway Fund, summarizes the budgeted sources and uses of funds for 2001-02 and 2002-03.

Table 10
Condition of the Highway Fund, 2001-03

	<u>2000-01 Estimated</u>	<u>2001-02 Recommended</u>	<u>2002-03 Recommended</u>
Beginning Credit Balance:			
Appropriation Reversions	\$ -	\$ 6,750,000	\$ -
Overrealized Revenue	6,980,000	8,110,000	-
Subtotal	<u>\$ 6,980,000</u>	<u>\$ 14,860,000</u>	<u>\$ -</u>
Appropriation Reserves	\$ 161,061,019	\$ -	\$ -
State Highway Revenue	1,248,140,000	1,303,280,000	1,311,720,000
Total Availability	<u>\$ 1,416,181,019</u>	<u>\$ 1,318,140,000</u>	<u>\$ 1,311,720,000</u>

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation – Continued
Highway Fund - Continued

Department of Transportation

Total Recommended Appropriations

	<u>2001-02</u>	<u>2002-03</u>
1. <u>Recommended Continuation Budget</u>	\$1,204,477,503	\$1,211,720,525
2. <u>Recommended Expansion</u>	113,662,497	99,999,475
3. <u>RECOMMENDED BUDGET</u>	<u>\$1,318,140,000</u>	<u>\$1,311,720,000</u>

3. Highway Fund Budget Changes

Recommended Expansion:

	<u>2001-02</u>	<u>2002-03</u>
Transportation Construction and Maintenance – 84230		
1. Continue Highway Maintenance Funding at Current Level For fiscal year 2000-01, the Highway Maintenance budget was increased by \$37,277,366 of which \$31 million was nonrecurring funds. It is recommended the nonrecurring portion be restored for the 2001-03 biennium in an effort to help reduce the maintenance backlog.	\$ 31,000,000	\$ 31,000,000
2. Continue Contract Resurfacing Funding at Current Level For fiscal year 2000-01, the Contract Resurfacing budget was increased by \$27,577,486 of which \$7 million was nonrecurring funds. It is recommended the nonrecurring portion be restored for the 2001-03 biennium in an effort to help reduce the resurfacing backlog.	\$ 7,000,000	\$ 7,000,000

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Highway Fund - Continued

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
Transportation Construction and Maintenance – 84230 – Continued		
3. Continue Public Transportation Funding at Current Level		
For fiscal year 2000-01, Public Transportation funding was increased by \$23.4 million of which \$15,621,993 was nonrecurring. It is recommended the nonrecurring portion be restored to continue the funding for Public Transportation at the current level.		
	\$ 15,621,993	\$ 15,621,993
4. Continue Rail Program Funding at Current Level		
Highway Fund appropriations for the Rail Program were increased for fiscal year 2000-01 in the amount of \$9,407,088 in nonrecurring funds. Also, \$3,525,000 in recurring appropriations was changed to nonrecurring. In an effort to meet the needs of the Rail Program, it is recommended the nonrecurring funds be restored and continued for the 2001-03 biennium.		
	\$ 12,932,088	\$ 12,932,088
5. Funds to Support Departmental Capital Needs		
Many of the hundreds of facilities owned by the Department of Transportation statewide are old and dilapidated. The department’s capital improvement plan for replacement, repair and renovation of these facilities indicates that \$15 million per year is necessary to keep these facilities safe and usable. In fiscal year 1999-00, no capital funding was provided, and in fiscal year 2000-01 only \$9 million was appropriated. It is recommended that \$10 million in Highway Fund appropriations be provided for fiscal year 2001-02.		
	\$ 10,000,000	\$ -

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Highway Fund - Continued

Recommended Expansion – Continued:

	<u>2001-02</u>	<u>2002-03</u>
Transportation Construction and Maintenance – 84230 – Continued		
6. Increase Highway Maintenance Funding		
In an effort to help meet the increased demand for urban, primary, and secondary highway maintenance, it is recommended that funding be increased in each of the maintenance areas. This increase in funding is needed to keep our roadways in good condition for the motoring public and to protect the state’s investment in its roadway infrastructure.		
	\$ 24,663,416	\$ 17,640,445
7. Increase Contract Resurfacing Funding		
Additional highway fund appropriations are recommended for contract resurfacing. This appropriation will help meet the demand for good highways throughout our state.		
	\$ 10,000,000	\$ 10,000,000
8. Increase Public Transportation Funding		
In 1998, the General Assembly directed the Department of Transportation to spend \$10 million in flexible federal funds for public transportation and rail projects. The \$10 million was allocated from the Congestion Mitigation Air Quality (CMAQ) program. CMAQ funds can only be used in certain areas of the state. To continue to meet the public transportation needs, it is recommended that Highway Fund appropriations be provided.		
	\$ 14,000,000	\$ 14,000,000

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Highway Fund – Continued

Recommended Expansion – Continued:

	<u>2001-02</u>	<u>2002-03</u>
Transportation Construction and Maintenance – 84230 – Continued		
9. Funds to Acquire Right of Way for Charlotte Intermodal Station		
Highway Fund appropriations are recommended to provide for the acquisition of right of way for the future downtown intermodal station in Charlotte, North Carolina.	\$ 15,000,000	\$ 15,000,000
10. Airport Grants		
It is recommended that \$5 million in Highway Fund appropriations be provided to support airport grants for fiscal year 2001-02 only.	\$ 5,000,000	\$ -
Total Transportation Construction and Maintenance	\$ 145,217,497	\$ 123,194,526
 Division of Motor Vehicles - 84260		
11. Funds to Support the Commercial Vehicle Information Systems and Networks		
In an effort to meet Federal Level I requirements for electronic screening and to bring internet credentialing and safety systems into compliance, an appropriation from the Highway Fund is recommended for fiscal year 2002-03.	\$ -	\$ 5,773,100

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Highway Fund – Continued

Recommended Expansion – Continued:

	<u>2001-02</u>	<u>2002-03</u>
Division of Motor Vehicles – 84260 – Continued		
12. Funds to Support the Vehicle Registration Customer Identification Merge		
The purpose of the Vehicle Registration Customer Identification merge project is to combine the records of customers who have more than one customer identification in the Division of Motor Vehicle’s Enterprise Database. The merge will require ITS resources to analyze user requirements and design, so customer identification information can be effectively utilized by Vehicle Registration, Drivers License, Enforcement and Crash personnel. Highway Fund appropriations are recommended to perform the merge of these records in fiscal year 2002-03.		
	\$ -	\$ 480,000
13. Increase in Staffing for the School Bus and Traffic Safety Program		
The Division of Motor Vehicles is responsible for overseeing motor vehicle safety throughout the state. The division also has the responsibility for training and certification of drivers for more than 13,000 public school buses operated daily across our state. The School Bus and Traffic Safety Section currently employs 84 driver education specialists, each of whom is responsible for the training of drivers and substitute drivers. To fully meet the training needs across the state, additional funding is recommended to support two additional driver education specialist positions, one processing assistant position and appropriate operating costs in fiscal year 2002-03.		
Number of Positions	\$ -	\$ 106,849 3.0
Total Division of Motor Vehicles	\$ -	\$ 6,359,949
Number of Positions		3.0

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Highway Fund – Continued

Recommended Expansion – Continued:

	<u>2001-02</u>	<u>2002-03</u>
Reserves and Transfers – 84270		
14. State Health Plan		
An increase in the appropriation to the Teachers’ and State Employees’ Comprehensive Major Medical Plan is recommended for each year of the biennium. The Plan, including its prepaid alternatives through health maintenance organizations (HMOs), will require additional Highway Fund support for the 2001-03 biennium. During the 2001 Session the Health Plan Administrator will present cost containment and other modifications for consideration by the General Assembly. The appropriation will be used for premiums paid by employing agencies for active employees and retired employees.		
	\$ 7,000,000	\$ 9,000,000
15. Legislative Salary Increase		
A 2% recurring pay increase, to be distributed to all employees paid from the Highway Fund, is recommended.		
	\$ 8,600,000	\$ 8,600,000
16. Retirement Rate Adjustment		
The contribution made to the state retirement system for teachers and state employees by the state of North Carolina is recommended to be reduced from 5.33% to 2.83% for fiscal year 2001-02 and 2002-03. These funds will be redistributed to fund a 2% pay increase for state employees.		
	\$ (9,155,000)	\$ (9,155,000)

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Highway Fund – Continued

Recommended Expansion – Continued:

	<u>2001-02</u>	<u>2002-03</u>
Reserves and Transfers – 84270 – Continued		
17. Eliminate Transfer to the Highway Trust Fund		
Per G.S. 136-176(4) highway funds are required to be transferred to the Highway Trust Fund. These funds represent revenue available from the Retirement of Refunding Bonds issued to repay Highway Construction Bonds. It is recommended that the current law be changed to eliminate this transfer allowing for additional funding of transportation programs.	\$ (38,000,000)	\$ (38,000,000)
Total Reserves and Transfers	\$ (31,555,000)	\$ (29,555,000)
Total Recommended Expansion for the Department of Transportation	\$ 113,662,497	\$ 99,999,475
Total Number of Positions	0.0	3.0

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation – Continued
Highway Fund - Continued

Table 11
Recommended Highway Fund Appropriations, 2001-03

	<u>2000-01</u> <u>Authorized</u>	<u>2001-02</u> <u>Recommended</u>	<u>2002-03</u> <u>Recommended</u>
DOT-General Administration	\$ 69,438,703	\$ 69,195,895	\$ 69,195,895
Highway Division Administration	28,819,396	28,,801,650	28,801,650
State Match for Federal Aid-Planning and Research	2,959,649	3,959,649	3,959,649
Construction Program:			
State Secondary System	87,902,000	87,462,000	89,387,000
State Urban System	14,000,000	14,000,000	14,000,000
Discretionary Funds	10,000,000	10,000,000	10,000,000
Spot Safety Improvements	9,100,000	9,100,000	9,100,000
Access & Public Service Roads	2,000,000	2,000,000	2,000,000
Total Construction Program	\$ 123,002,000	\$ 122,562,000	\$ 124,487,000
Maintenance Program:			
Primary System	\$ 120,974,905	\$ 135,631,083	\$ 133,781,935
Secondary System	207,239,012	243,698,549	239,098,503
Urban System	39,217,374	43,765,075	43,191,298
Contract Resurfacing	135,529,734	145,529,734	145,529,734
Total Maintenance Program	\$ 502,961,025	\$ 568,624,441	\$ 561,601,470
Ferry Operations	\$ 18,747,132	\$ 19,747,132	\$ 19,747,132
State Aid to Municipalities	87,902,000	87,462,000	89,387,000
State Aid to Railroads	21,504,088	36,507,088	36,507,088
State Aid for Public Transportation	40,746,921	54,746,921	54,746,921
Asphalt Plant Cleanup	425,000	425,000	425,000
Governor's Highway Safety Program	357,449	357,277	357,277
Division of Motor Vehicles	101,900,062	101,969,376	108,325,115
Airports	-	5,000,000	-
Total Department of Transportation	\$ 998,763,425	\$ 1,099,358,429	\$ 1,097,541,197
Appropriations to Other State Agencies:			
Agriculture	\$ 3,527,794	\$ 3,697,157	\$ 3,615,136
Revenue	4,038,525	4,038,525	4,038,525
State Treasurer-Sales Tax	13,800,000	14,560,000	15,360,000
Public Instruction-Driver Education	26,206,166	31,185,783	31,185,783
Crime Control and Public Safety- Highway Patrol	128,350,871	133,687,067	135,875,855
Environment and Natural Resources			
LUST Trust Fund	5,783,681	5,144,318	5,586,339
Chemical Test	437,623	437,623	437,623
Global Transpark	1,164,517	1,211,098	1,259,542
Total-Other State Agencies	\$ 183,309,177	\$ 193,961,571	\$ 197,358,803

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Highway Fund - Continued

Table 11 - Continued
Recommended Highway Fund Appropriations, 2001-03

	<u>2000-01</u> <u>Authorized</u>	<u>2001-02</u> <u>Recommended</u>	<u>2002-03</u> <u>Recommended</u>
Reserves and Transfers:			
Legislative Salary Increase	\$ -	\$ 8,600,000	\$ 8,600,000
Salary Adjustment	60,201	400,000	400,000
DMV Systems Reserve	3,300,000	3,300,000	3,300,000
Minority Contractor Development	150,000	150,000	150,000
State Fire Protection Grant	150,000	150,000	150,000
Stormwater Discharge Permit	500,000	500,000	500,000
Visitor's Centers	175,000	175,000	175,000
State Employee Health Reserve	3,700,000	3,700,000	3,700,000
State Health Plan	-	7,000,000	9,000,000
Retirement Rate Reduction	-	(9,155,000)	(9,155,000)
Total Reserves and Transfers	\$ 8,035,201	\$ 14,820,000	\$ 16,820,000
Total Current Operations	\$ 1,190,107,803	\$ 1,308,140,000	\$ 1,311,720,000
Capital Improvements	9,000,000	10,000,000	-
<hr/>			
Total Highway Fund Appropriation	\$ 1,199,107,803	\$ 1,318,140,000	\$ 1,311,720,000

N.C. State Budget, 2001-03: Summary of Recommendations

Transportation – Continued

C. Highway Trust Fund

The Highway Trust Fund was established in 1989. Support for the fund was provided from four primary sources: (1) one-fourth of the motor fuels tax with the remaining three-fourths in the Highway Fund; (2) highway vehicle use taxes on the sales of motor vehicles, \$170 million of which is currently transferred to the General Fund; (3) title fees and registration fees; and (4) interest earned from investments by the State Treasurer. Of the revenue that remains in the Highway Trust Fund, 30% comes from motor fuel taxes, 56% from highway use taxes, 10% from title and other fees, and 4% from investment income.

The legislation designated various roads identified as the Intrastate System and Urban Loops which were to be funded. Also identified were supplemental funds for Secondary Road Construction and Aid to Municipalities. Formula funding for administration as well as for the mentioned purposes is likewise included in the legislation.

1. Revenue

Highway Trust Fund revenue is projected to total \$965.5 million in 2000-01, and increase by 3.1%. The full impact of motor fuel price increases will be felt leading to motor fuel tax collections totaling \$284.7 million, or a growth of 9.2%. It should be noted that the large growth in collections occurs despite a slight fall in consumption. The weakening economy will lead to a small 1.6% growth in motor vehicle use tax collections and a decline as average daily balances fall.

Highway Trust Fund revenue is projected to remain sluggish in fiscal 2001-02, as collections total \$988.7 million, and grow by 2.4%. Motor fuel collections will remain strong, growing by a projected 5.1%. Price will begin to decline but remain high. Fuel consumption will grow by a modest 2.2%, after declining by 0.5% in 2000-01. Motor vehicle sales will strengthen but remain weak. It is projected that use tax collections will grow by 3.0%. Collections for the remaining Trust Fund license fees are anticipated to remain sluggish and expand by under 2%. Investment income is projected to decline by 27.2% as cash balances fall.

Highway Trust Fund revenue is projected to total \$1.03 billion in 2002-03 and expand by 4.4%. Despite a projected growth in fuel consumption, motor fuel tax collections are estimated to decline by 0.3% as declining prices counter consumption growth. Motor vehicle use tax collections will return to a more normal level and expand by 7.8%, as motor vehicle sales strengthen. Other Trust Fund fees will expand in the 2% range. It is anticipated the investment income will continue to decline as cash balances fall.

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Highway Trust Fund - Continued

Table 12
Condition of the Highway Trust Fund, 2001-03

	<u>2000-01 Estimated</u>	<u>2001-02 Recommended</u>	<u>2002-03 Recommended</u>
Availability:			
Beginning Credit Balance:			
Appropriation Reserves	\$ 221,275,935	\$ -	\$ -
Highway Trust Fund Revenue	965,511,000	988,723,000	1,032,274,000
	<hr/>	<hr/>	<hr/>
Total Availability	\$ 1,186,786,935	988,723,000	\$ 1,032,274,000
Expenditures and Commitments:			
Expended and Committed	1,016,129,935	788,723,000	832,274,000
Appropriation Reserves	657,000	-	-
Transfer to General Fund (1)	170,000,000	200,000,000	200,000,000
	<hr/>	<hr/>	<hr/>
Total Expenditures and Commitments	\$ 1,186,786,935	\$ 988,723,000	\$ 1,032,274,000
Ending Credit Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(1) Transfer required by G.S. 105-187.9.

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation - Continued
Highway Trust Fund - Continued

Table 13
Highway Trust Fund Revenue, 2001-03

	<u>2000-01 Estimated</u>	<u>2001-02 Projected</u>	<u>2002-03 Projected</u>
Anticipated Collections:			
Motor Fuel Tax Revenue	\$ 284,712,000	\$ 299,322,000	\$ 298,473,000
Highway Use Tax	553,992,000	570,335,000	614,822,000
Title Fees:			
Certificates of Title	80,481,000	81,929,000	84,223,000
Miscellaneous Title Fees	12,126,000	12,247,000	12,604,000
Subtotal	<u>\$ 931,311,000</u>	<u>\$ 963,833,000</u>	<u>\$1,010,122,000</u>
% Change	3.6%	3.5%	4.8%
Treasurer's Investments	34,200,000	24,890,000	22,152,000
% Change	<u>(8.7%)</u>	<u>(27.2%)</u>	<u>(11.0%)</u>
Subtotal	\$ 965,511,000	\$ 988,723,000	\$1,032,274,000
	3.1%	2.4%	4.4%
Amount Required to be Transferred to the General Fund			
	<u>(170,000,000)</u>	<u>(200,000,000)</u>	<u>(200,000,000)</u>
Balance Available	\$ 795,511,000	\$ 788,723,000	\$ 832,274,000
% Change	3.8%	3.0%	5.4%

N.C. State Budget, 2001-03: Summary of Recommendations
Transportation – Continued
Highway Trust Fund - Continued

Table 14
Recommended Highway Trust Fund Appropriations, 2001-03

	<u>2000-01</u> <u>Authorized</u>	<u>2001-02</u> <u>Recommended</u>	<u>2002-03</u> <u>Recommended</u>
Department of Transportation:			
Maximum allowance for Administration	\$ 34,247,886	\$ 32,792,426	\$ 34,831,189
Construction Allocation:			
Intrastate System	468,213,303	446,546,841	471,654,615
Urban Loop System	189,325,960	180,564,946	190,717,483
Secondary Roads	84,626,354	81,965,608	85,583,142
Transfer to Highway Fund	-	-	-
State Aid to Municipalities	49,126,497	46,853,179	49,487,571
Transfer to the General Fund (1)	<u>170,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Total Highway Trust Fund	<u><u>\$995,540,000</u></u>	<u><u>\$ 988,723,000</u></u>	<u><u>\$1,032,274,000</u></u>

(1) Transfer required by G.S. 105-187.9

N.C. State Budget, 2001-03: Summary of Recommendations

VI. Compensation and Benefits

Additional funds are recommended to provide compensation increases to teachers, school-based administrators, community college employees, university system employees, and all other state employees. Funds recommended total \$184.5 million for 2001-02 and \$184.5 million for 2002-03.

The specific allocations for the distribution are reflected below:

Public Education Employees

	<u>2001-02</u>	<u>2002-03</u>
Teachers and Instructional Support Personnel: Two-percent (2%) funding for 2001-02 and 2% funding in 2002-03 is recommended for the teacher salary schedule.	\$ 73,194,426	\$ 73,194,426
Principals/Assistant Principals: An appropriation with 2% funding in 2001-02 and 2% in 2002-03 is recommended for the school-based administrator salary schedule.	\$ 5,447,282	\$ 5,447,282
All Other Public School Employees (Superintendents, central office administrators, finance officers, clerical workers, teacher assistants, custodians, bus drivers, bus mechanics, and maintenance supervisors): An appropriation to provide a 2% average increase is recommended.	\$ 19,556,348	\$ 19,556,348
Total Public School Employees*	\$ 98,198,056	\$ 98,198,056

**N.C. State Budget, 2001-03: Summary of Recommendations
Compensation and Benefits – Continued**

Community College Employees

	<u>2001-02</u>	<u>2002-03</u>
All Institutional Personnel: An increase for all administrators, faculty, and staff salaries by an average of 2% on a permanent basis is recommended.	\$ 12,327,368	\$ 12,327,368
Total Community College Employees*	\$ 12,327,368	\$ 12,327,368

University System Employees

Employees Exempt from the State Personnel Act (EPA) : An increase in funding is recommended to allow teaching and non-teaching faculty an annual average salary increase of 2%. Funds will be distributed consistent with rules and regulations adopted by the University of North Carolina Board of Governors. Funding is recommended for a 2% increase for the teacher salary schedule at the NC School of Science and Mathematics.	\$ 22,202,940	\$ 22,202,940
Employees subject to the State Personnel Act (SPA): Funds are recommended for a 2% compensation increase.	\$ 9,500,216	\$ 9,500,216
Total University Employees*	\$ 31,703,156	\$ 31,703,156

**N.C. State Budget, 2001-03: Summary of Recommendations
Compensation and Benefits – Continued**

All Other State Employees

	<u>2001-02</u>	<u>2002-03</u>
A 2% recurring compensation increase to be distributed to employees subject to the State Personnel Act (SPA) is recommended. Judicial employees, General Assembly employees, and other employees exempt from the State Personnel Act (EPA) not defined in other areas of this document are also included in the recommended funding.	\$ 37,309,856	\$ 37,309,856
Total All Other State Employees	\$ 37,309,856	\$ 37,309,856

Judicial System Salary Plan

A 5% recurring increase for funding the salary pay plan for magistrates, clerks, or deputy clerks for the Judicial system is recommended.	\$ 5,000,000	\$ 5,000,000
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Highway Fund Employees

Funding is recommended for Highway Fund employees for a 2% recurring compensation increase.	\$ 8,600,000	\$ 8,600,000
Total Highway Fund Employees	\$ 8,600,000	\$ 8,600,000

* Funds are included in agency totals and are shown here for informational purposes.

**N.C. State Budget, 2001-03: Summary of Recommendations
 Compensation and Benefits – Continued**

State Health Plan

	2001-02	2002-03
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An increase in the appropriation to the Teachers’ and State Employees’ Comprehensive Major Medical Plan is recommended for each year of the biennium. The Plan, including its prepaid alternatives through health maintenance organizations (HMOs), will require additional General Fund support for the 2001-03 biennium. During the 2001 Session, the Health Plan Administrator will present cost containment and other modifications for consideration by the General Assembly. The appropriation will be used for premiums paid by employing agencies for members of the system.

General Fund Appropriation	\$ 150,000,000	\$ 200,000,000
Total	\$ 150,000,000	\$ 200,000,000

Retirement Rate Adjustment

Based on information provided by the actuary, it is recommended that the employer’s contribution to the state retirement system for teachers and state employees be reduced from 5.33% to 2.83% and contributions to the Judicial Retirement System be reduced from 18.58% to 15.16% for the fiscal years 2001-02 and 2002-03. This rate reduction allows for the recognition of gains within the system as identified by the actuary. It is recommended that these gains be redistributed to a benefits package for teachers and state employees.

Teachers’ and State Employees’	\$(179,317,500)	\$(179,317,500)
Judicial	(1,710,000)	(1,710,000)
Total Reduction	\$(181,027,500)	\$(181,027,500)

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

VII. Other

Recommended Reductions

	<u>2001-02</u>	<u>2002-03</u>
1. Motor Pool Rate		
The mileage rate for motor pool vehicles charged to agencies by the Motor Pool can be reduced by one cent per mile. This reduction will result in a savings of \$1.2 million in each year of the biennium.		
	\$ (1,200,000)	\$ (1,200,000)
Total Recommended Reductions	\$ (1,200,000)	\$ (1,200,000)

Recommended Expansion:

1. Reserve for State Match – Water Resources Project and Small Watershed Grants		
It is recommended that a nonrecurring appropriation be made for the state share of federal civil works projects for navigation, flood control, water based recreation, aquatic weed control, drainage, stream restoration, beach protection, and small watershed grants. The costs of these projects are shared by statutory formula with the federal government and/or local governments. Allocation of these funds will be made by the Department of Environment and Natural Resources in compliance with the state’s Water Resources Plan.		
	\$ 15,000,000	\$ -

**N.C. State Budget, 2001-03: Summary of Recommendations
 General Fund - Recommended Adjustments and Expansion
 Other - Continued**

Recommended Expansion - Continued:

	<u>2001-02</u>	<u>2002-03</u>
2. Debt Service		
The 2000 General Assembly appropriated funds in the amount of \$238,509,550 for FY 2000-01 to support the General Fund cost of currently outstanding bonds and bonds anticipated to be issued under current authorizations. Based on the most recent projection of needs for all bond authorizations in the 2001-03 biennium and for all currently outstanding bonds, the debt service appropriation needs are \$275.1 million for fiscal year 2001-02 and \$352.3 million for fiscal year 2002-03.		
Requirements		
Receipts	\$ 41,362,890	\$ 92,182,310
Appropriation	<u>4,752,050</u>	<u>(21,575,000)</u>
	\$ 36,610,840	\$ 113,757,310
 Total Recommended Expansion	 \$ 51,610,840	 \$ 113,757,310

**N.C. State Budget, 2001-03: Summary of Recommendations
General Fund - Recommended Adjustments and Expansion**

VIII. Governor's Tax Loophole and Efficiency Study

	<u>2001-02</u>	<u>2002-03</u>
1. Efficiency and Program Effectiveness Improvements		
On March 1, 2001, Governor Easley announced the formation of the N. C. Efficiency and Tax Preference Commission, which will be chaired by former State Treasurer Harlan Boyles. As part of their charge, in addition to evaluating tax loopholes, the Commission will evaluate the efficiency and effectiveness of selected government programs and identify savings which can accrue to the state based on their recommendations for program improvement, program consolidation, or program elimination. At present it is forecasted that the Commission's recommendations will result in at least \$25 million in savings to the General Fund beginning in 2001-02.		
	\$ (25,000,000)	\$ (25,000,000)

IX. Long-Term Impact of Recommended Changes

EXPENDITURE FORECAST 2001-06
(In Millions)

Description	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Availability - Current Law	\$ 14,383.9	\$ 15,246.8	\$ 16,167.8	\$ 17,090.6	\$ 18,060.8
Less: Continuation Budget Recommended	(14,355.8)	(14,712.4)	(14,934.5)	(15,107.9)	(15,227.9)
Health Plan	(150.0)	(200.0)	(300.0)	(400.0)	(500.0)
Debt Service	(36.6)	(113.8)	(190.8)	(256.4)	(314.6)
Add: Continuation Budget Adjustments	158.5	99.8	99.8	99.8	99.8
Availability Before Revenue Enhancements	0.0	320.4	842.3	1,426.1	2,118.1
Potential Resources:					
Revenue Department Enhanced Collections	18.0	18.0	18.0	-	-
Sale of Assets	16.0	-	-	-	-
Increase Highway Trust Fund Transfer	30.0	30.0	30.0	30.0	30.0
Loophole Closings	150.0	150.0	150.0	150.0	150.0
Efficiency Recommendations	25.0	25.0	25.0	25.0	25.0
Reduction of Retirement Rate - (5.33% to 2.83%)	181.0	181.0	109.0	37.0	-
Lottery	-	300.0	400.0	400.0	400.0
Total Potential Resources	420.0	704.0	732.0	642.0	605.0
Total Availability	420.0	1,024.4	1,574.3	2,068.1	2,723.1
Less: Expansion Recommendations and Forecast:					
Department of Public Instruction					
Teachers/Principles/Asst.Principles Salary Schedule	(78.6)	(78.6)	(78.6)	(78.6)	(78.6)
Teacher Expense Account for Supplies	(13.2)	(13.2)	(13.2)	(13.2)	(13.2)
Class Size K,1,2,3,4@1:18/ Grades 1-3 Low Performing 1:18	(49.6)	(88.5)	(124.6)	(184.0)	(224.0)
Class Size - Construction Component	-	(165.0)	(165.0)	(165.0)	(165.0)
Character Education	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Teacher Recruitment (UNC & CC Scholarships, Teaching Fellows, Job Sharing-Part-time)	(3.0)	(5.6)	(8.2)	(10.8)	(13.4)
Non-profit Grants In Aid	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Department of Community Colleges					
Enrollment Increase-net of Tuition	(13.3)	(13.3)	(31.0)	(50.7)	(71.1)
Faculty/Staff Enhancement	(6.9)	(6.9)	(54.5)	(54.5)	(54.5)
Board of Governors - University System					
Enrollment - Regular-net of Tuition	(17.9)	(17.9)	(50.8)	(83.9)	(125.6)
Private Colleges Enrollment	(3.2)	(3.2)	(5.0)	(6.8)	(8.6)
Distance Learning	(1.4)	(1.4)	(26.1)	(31.2)	(36.5)
School Accountability Report Cards	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Need-based Financial Aid	(8.0)	(8.0)	(28.0)	(28.0)	(28.0)
Model Teacher Consortium	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Judicial Department					
Magistrates/Clerks/Deputy Clerk 5% Pay Plan	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Indigent Defense Funds	(5.6)	(5.6)	(5.6)	(5.6)	(5.6)
Department of Health and Human Services					
Expand CHIP Program	(10.0)	(20.9)	(26.6)	(39.2)	(43.1)
Pre-K - More at Four	(6.5)	(34.5)	(86.5)	(128.8)	(171.9)
Breast and Cervical Cancer Funds	(0.6)	(1.2)	(1.2)	(1.2)	(1.2)
Department of Environment & Natural Resources					
Water Resource Projects	(15.0)	-	-	-	-
Department of Administration					
Sexual Assault and Domestic Violence Funds	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Department of Commerce					
Industrial Recruitment Competitive Fund	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
NC Rural Economic Development Center	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
NC Biotechnology Center	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Statewide Reserves					
State Employees 2% Pay Plan	(100.9)	(100.9)	(100.9)	(100.9)	(100.9)
Clean Water Management Trust Fund	-	(70.0)	(100.0)	(100.0)	(100.0)
Total Expansion Recommendations	(351.8)	(652.8)	(923.9)	(1,100.5)	(1,259.3)
Balance	\$ 68.2	\$ 371.6	\$ 650.4	\$ 967.6	\$ 1,463.8

N.C. State Budget, 2001-03: Summary of Recommendations

IX. Long-Term Impact of Recommended Changes - Continued

FUTURE BUDGET ISSUES 2002-2006
(In Millions)

Description	2001-02	2002-03	2003-04	2004-05	2005-06
Expenditure Forecast 2001-06 Ending Balance	\$ 68.2	\$ 371.6	\$ 650.4	\$ 967.6	\$ 1,463.8
Less: Future Budget Issues					
Department of Health and Human Services					
Health Insurance Portability and Accountability Act	-	(48.6)	(34.9)	(5.9)	(6.0)
Olmstead Court Decision	-	(22.3)	(36.9)	(41.0)	(42.5)
Long-Term Care Legislation (Senate Bill 10)	-	(6.7)	(6.7)	(6.7)	(6.7)
Individuals with Disabilities Education Act	-	(12.4)	(20.1)	(20.1)	(20.1)
DMHMRSAS Community Based Services	-	(25.0)	(25.0)	(25.0)	(25.0)
Board of Governors - University System					
Excellent Universities Act	-	(28.5)	(28.5)	(28.5)	(28.5)
Academic 6% Salary Increase	-	(69.7)	(143.5)	(221.9)	(304.9)
Aid to Private Colleges	-	(13.3)	(26.6)	(39.9)	(53.2)
Department of Corrections					
Support for New Prison Units	-	(4.5)	(51.9)	(75.7)	(75.8)
Death Tax Repeal	-	-	(125.0)	(125.0)	(125.0)
Teachers to the National Average	-	(299.3)	(401.8)	(504.3)	(606.8)
State Employees 2% Pay Plan	-	(102.9)	(207.9)	(314.9)	(424.1)
Repairs and Renovations (General Government and UNC)	-	(150.0)	(150.0)	(150.0)	(150.0)
Total Future Budget Issues	-	(783.2)	(1,258.8)	(1,558.9)	(1,868.6)
Balance	\$ 68.2	\$ (411.6)	\$ (608.4)	\$ (591.3)	\$ (404.8)

APPENDIX TABLES

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 1A
Condition of the General Fund
1974-75 to 1999-00
(Includes Federal Revenue Sharing and Anti-Recession Revenues)

Fiscal Year	Beginning Balance July 1	Transfers From Reserves	Net Collections	Total Appropriation Expenditures	Reserve Transfers	#	Ending Balance June 30
1974-75 \$	108,532,052 \$	- \$	1,597,146,807 \$	1,721,068,968 \$	- \$	-	56,609,891
1975-76	56,609,891	-	1,710,532,207	1,698,673,699	-	-	68,468,399
1976-77	68,468,399	-	2,018,349,566	1,935,935,992	-	-	150,882,006
1977-78	150,882,006	-	2,196,552,943	2,162,483,376	-	-	184,951,573
1978-79	184,951,573	-	2,486,968,295	2,484,341,660	-	-	187,578,208
1979-80	187,578,208	-	2,842,041,456	2,744,651,008	-	-	284,968,657
1980-81	284,968,657	-	3,023,812,433	3,154,154,198	-	-	154,626,892
1981-82	154,626,892	-	3,229,540,752	3,275,619,875	-	-	108,547,769
1982-83	108,547,769	-	3,405,116,476	3,440,694,342	-	-	72,969,903
1983-84	72,969,903	-	3,957,447,438	3,775,487,080	-	-	254,930,261
1984-85	254,930,261	-	4,527,147,566	4,401,980,073	-	-	380,097,754
1985-86	380,097,754	-	4,910,870,016	4,971,858,475	-	-	319,109,295 a)
1986-87	319,109,295	-	5,392,076,697	5,349,003,039	-	-	362,182,953
1987-88	362,182,953	-	5,804,527,342	5,773,774,887	-	-	392,935,408
1988-89	392,935,408	-	6,154,529,607	6,409,558,219	-	-	157,048,576
1989-90	157,048,576	-	6,988,406,667	6,923,212,860	-	-	222,242,383
1990-91	222,242,383	-	7,207,815,194	7,429,617,079	-	-	440,498
1991-92	440,498	-	7,817,050,946	7,652,318,443 b)	41,593,253	-	123,579,748
1992-93	123,579,748	-	8,292,796,568	7,879,046,057	191,332,565	-	345,997,694
1993-94	345,997,694	178,000,000	9,102,334,828	9,003,619,540	215,678,246	-	407,034,736
1994-95	407,034,736	269,932,954 c)	9,970,738,717	9,967,684,132	387,411,138	-	292,611,137
1995-96	292,611,137	153,100,000 d)	10,090,225,385	9,809,354,769	320,445,592 e)	-	406,136,161
1996-97	406,136,131	1,595,394 f)	10,933,860,552	10,466,775,861	556,126,043 g)	-	318,690,202
1997-98	318,690,202	174,544,955	11,727,128,530	11,436,138,797	268,994,402	-	515,230,488
1998-99	515,230,488	227,844,930	12,753,272,488	12,961,718,694	237,927,186	-	296,702,026
1999-00	296,702,026	722,299,954	13,136,080,241	13,853,708,453	301,373,769	-	-

Reserve transfers for Savings Reserve, Repair and Renovations Reserve, and Reserve for Tax Relief.

a) Funds in the amount of \$28,600,000 required to be reserved by the June 1986 Session in accordance with Section 44 of Chapter 115 of the 1985 Session Laws are included in this figure.

b) This number excludes \$400,000 transferred to the Savings Reserve account for 1991-92 as appropriated.

c) This number includes the Reserve for Disproportionate Share \$209,932,954 and \$60,000,000 authorized for Repairs and Renovations.

d) This number includes the Reserve for Tax Relief \$28,100,000 and \$125,000,000 authorized for Repairs and Renovations.

e) The number includes \$130 million for Repair and Renovations, \$77,342,025.97 Savings Reserve, \$25 million Federal Retiree \$1.2 Federal Retiree Refund Administration, \$47.1 million Clean Water Management, \$39,519,567 Capital Improvements, and \$284,000 library grants.

f) Reserve for Disproportionate Share.

g) This number includes \$115,510,195 for Disaster Relief, \$174,260,955 for Repair and Renovations, 49,354,893.26 for Clean Water Management, \$156 million for Intangible Tax Refunds, and \$61 million for the Railroad Purchase Reserve.

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 1B
Condition of the Highway Fund
1974-75 to 1999-00
(Includes Federal Aid Participation)

Fiscal Year	Beginning Balance July 1	Net Collections*	Total Appropriation Expenditures	Ending Balance June 30
1974-75	\$ 110,948,079	\$ 672,255,228	\$ 628,849,033	\$ 154,354,274
1975-76	154,354,274	493,536,624	550,259,908	97,630,990
1976-77	97,630,990	692,175,363	623,935,040	165,871,313
1977-78	165,871,313	613,161,176	676,460,378	102,572,111
1978-79	102,572,111	698,424,160	681,582,831	119,413,440
1979-80	119,413,440	688,864,174	696,345,679	111,931,935
1980-81	111,931,935	666,935,631	612,035,936	166,831,612
1981-82	166,831,612	729,968,258	674,034,180	222,765,690
1982-83	222,765,690	862,394,389	762,384,819	322,775,260
1983-84	322,775,260	918,012,956	945,996,357	294,791,859
1984-85	294,791,859	1,053,678,404	1,041,253,080	307,217,183
1985-86	307,217,183	1,016,891,045	1,031,831,352	292,276,879
1986-87	292,276,879	1,190,806,504	1,169,873,310	313,210,073
1987-88	313,210,073	1,232,282,636	1,222,631,851	322,860,858
1988-89	322,860,858	1,409,839,386	1,315,847,645	416,852,599
1989-90	416,852,599	1,232,848,473	1,345,684,467	304,016,605
1990-91	304,016,605	1,399,958,822	1,351,535,540	352,439,887
1991-92	352,439,887	1,605,877,793	1,528,101,820	430,215,860
1992-93	430,215,860	1,697,651,523	1,770,759,812	357,107,571
1993-94	357,107,571	1,752,701,588	1,747,469,878	362,339,281
1994-95	362,339,281	1,619,505,085	1,748,159,076	233,685,290
1995-96	233,685,290	1,851,464,315	1,773,223,724	311,925,881
1996-97	311,925,881	2,310,485,801	2,429,520,589	192,891,093
1997-98	192,891,093	2,206,983,140	2,099,049,223	300,825,010
1998-99	300,825,010	2,301,524,041	2,142,510,030	459,839,021
1999-00	459,839,021	2,458,253,201	2,467,131,526	450,960,697

*Includes Local Aid Participation and Interfund Transfers.

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 1C
Condition of the Highway Trust Fund
1989-90 to 1999-00

Fiscal Year	Beginning Balance July 1	Total Revenue and Other Sources	Contracting Authorization From Future Years Cash Flow	Total Appropriation Expenditures*	Ending Balance June 30
1989-90	\$ -	\$ 243,893,008	\$ -	\$ 204,692,423	\$ 39,200,585
1990-91	39,200,585	286,946,282	137,223,500	434,021,519	29,348,848
1991-92	29,348,848	537,809,797	(79,055,757)	428,739,384	59,363,504
1992-93	59,363,504	574,157,887	(37,617,743)	501,440,081	94,463,567
1993-94	94,463,567	645,111,384	45,600,000	648,731,304	136,443,647
1994-95	136,443,647	689,536,522	50,150,000	771,874,365	104,255,804
1995-96	104,255,804	813,462,828	45,800,000	718,955,090	152,963,542
1996-97	152,963,542	1,011,488,313	119,185,000	943,081,732	102,185,123
1997-98	102,185,123	935,138,876	62,740,759	828,875,931	145,707,309
1998-99	145,707,309	803,338,157	30,421,905	760,821,140	218,646,231
1999-00	218,646,231	936,444,582	(38,513,690)	895,301,189	221,275,934

*Expenditures include all interfund transfers for both Highway and General Funds.

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 1D
Schedule of Savings Reserve Account Balance
1990-91 to 2000-01

Fiscal Year	Beginning Balance July 1	Authorized Transfer	Authorized Reserve for Current Year	Ending Balance June 30
1990-91	\$ 141,000,000	\$ (141,000,000) a)	\$ -	\$ -
1991-92	400,000	-	41,193,253	41,593,253
1992-93	41,593,253	-	134,332,565	175,925,818
1993-94	175,925,818	(121,000,000) b)	155,678,246	210,604,064
1994-95	210,604,064	146,305,569	66,700,000 c)	423,609,633
1995-96	423,609,633	-	77,342,026	500,951,659
1996-97	500,951,659	-	-	500,951,659
1997-98	500,951,659	-	21,568,903	522,520,562
1998-99	522,520,562	-	- d)	522,520,562
1999-00	522,520,562	(485,965,824) e)	967,311	37,522,049
2000-01	37,522,049	-	120,000,000 f)	157,522,049

- a) The General Assembly appropriated \$141.0 million; the reserve was used to balance a short fall I revenue in 1999-91
- b) The 1993 Session of the General Assembly authorized the transfer of reserves to support appropriation for the June 30 payroll restoration.
- c) The 1993 Session of the General Assembly (1994 Regular Session) appropriated \$66.7 million to the reserve.
- d) The 1999 Session of the General Assembly fixed the balance of the reserve for 1998-99 only at the previous year level.
- e) The 1999 Session of the General Assembly authorized the use of the Savings Reserve Account to pay the first installment of the Intangibles Tax liability. The December 1999 Special Session of the General Assembly authorized the transfer of \$285,965,824 to provide funds to the Hurricane Floyd Reserve.
- f) The 2000 Short Session of the General Assembly appropriated \$120 million to the reserve.

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 1E
Schedule of Reserve for Repairs and Renovations
1992-93 to 2000-01

Fiscal Year	Beginning Balance July 1	Authorized Transfer	Authorized Reserve for Current Year	Ending Balance June 30
1992-93	\$ -	\$ -	\$ 57,000,000	\$ 57,000,000
1993-94	57,000,000	(57,000,000)	60,000,000	60,000,000
1994-95	60,000,000	(60,000,000)	146,305,569	146,305,569
1995-96	146,305,569	(125,000,000)	130,000,000	151,305,569
1996-97	151,305,569	(151,305,569) a)	174,260,955	174,260,955
1997-98	174,260,955 b)	(174,260,955)	145,000,000	145,000,000
1998-99	145,000,000	(145,000,000)	150,000,000	150,000,000
1999-00	150,000,000	(150,000,000)	2,901,932	2,901,932
2000-01	102,901,932	(102,901,932)	-	0

a) Repair and Renovations of \$130 million and the balance was authorized for special appropriations.

b) Includes \$135 million by provision of G.S. 143-15.3A and \$39,260,955 by special provision of the General Assembly.

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 1F
Schedule of Reserve for Disproportionate Share Receipts
1993-94 to 1999-00

Fiscal Year	Beginning Balance July 1	Authorized Revenue and/or Reserve Transfer	Current Year Collections	Authorized Reserve for Current Year	Ending Balance June 30
1993-94	\$ -	\$ 93,200,000	\$ 303,132,954	\$ 209,932,954	\$ 209,932,954
1994-95	209,932,954	303,932,954	95,595,394	1,595,394	1,595,394
1995-96	1,595,394	106,900,000	76,013,459 a)	-	1,595,394
1996-97	1,595,394	103,595,394	100,843,546	-	-
1997-98 b)	-	-	35,447,111	35,447,111	35,447,111
1998-99	35,447,111	120,447,111	104,551,863	19,551,863	19,551,863
1999-00	19,551,863	124,551,863	106,170,396	1,170,396	1,170,396

a) The collections for 1995-96 were \$30,886,541 below the authorized revenue.

The 1996 Extra Session of the General Assembly transferred the \$1,595,394 to availability, for the 1996-97 budget.

b) General Assembly appropriated 1997-98 receipts to the Department of Health and Human Services.

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 1G
Reserve for Clean Water Management Trust Fund
1995-96 to 2000-01

Fiscal Year	Beginning Balance July 1	Authorized Transfer/Approp.	Authorized Reserve for Current Year	Ending Balance June 30
1995-96	\$ -	\$ -	\$ 47,100,000.00	\$ 47,100,000.00
1996-97	47,100,000.00	(47,100,000.00) a)	49,354,893.26	49,354,893.26
1997-98	49,354,893.26	(49,354,893.26)	47,397,819.00	47,397,819.00
1998-99	47,397,819.00	(47,397,819.00)	31,054,152.00	31,054,152.00
1999-00	31,054,152.00	(30,000,000.00)	1,054,152.00	1,054,152.00
2000-01	1,054,152.00	(31,054,152.00)	30,000,000.00	-

a) The Second Extra Session 1996 authorized the transfer of \$9.2 million of the Clean Water Management Trust Fund Reserve to the Wetlands Resortation Fund.

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 2
Total Authorized North Carolina State Budget, 1968-69 to 2002-03
(In Millions)

Fiscal Year	Operating	Capital Improvements	Local Tax Reimb. and Other	Budget Stabilization	Total
1968-69	\$ 1,318.6	\$ -	\$ -	\$ -	\$ 1,318.6
1969-70	1,686.8	129.8	-	-	1,816.6
1970-71	1,772.4	-	-	-	1,772.4
1971-72	2,089.8	148.4	-	-	2,238.2
1972-73	2,217.2	-	-	-	2,217.2
1973-74	2,635.7	242.2	-	-	2,877.9
1974-75	2,983.5	97.4	-	-	3,080.9
1975-76	3,205.7	41.9	-	-	3,247.6
1976-77	3,409.8	54.0	-	-	3,463.8
1977-78	3,901.7	75.6	-	-	3,977.3
1978-79	4,280.8	130.1	-	-	4,410.9
1979-80	4,877.9	153.8	-	-	5,031.7
1980-81	5,332.4	110.7	-	-	5,443.1
1981-82	5,720.9	31.8	-	-	5,752.8
1982-83	5,915.0	72.4	-	-	5,987.4
1983-84	6,602.9 1)	116.0	-	-	6,718.9
1984-85	7,203.6	234.1	-	-	7,437.7
1985-86	8,102.5	298.0	-	-	8,400.5
1986-87	8,622.3 2)	334.1 2)	-	-	8,956.4
1987-88	9,467.1	257.1	-	-	9,724.2
1988-89	10,093.5	316.9	-	-	10,410.4
1989-90	11,387.1	377.6	231.7	-	11,996.4
1990-91	12,027.2	294.6 3)	476.8	141.0	12,939.6
1991-92	12,892.7	242.6 4)	474.6	0.4	13,610.3
1992-93	13,997.3	274.6	236.8	-	14,508.7
1993-94	16,130.8 5)	374.0 6)	236.8	-	16,741.6
1994-95	17,320.5 5)	412.6	236.8	-	17,969.9
1995-96	17,600.6	456.0	-	-	18,056.6
1996-97 7)	18,662.2	1,118.0	-	-	19,780.2
1997-98 8)	19,923.4	1,201.4	-	-	21,124.8
1998-99 8)	21,300.7	883.5	447.4	-	22,631.6
1999-00 9)	22,784.3	877.1	629.0	-	24,290.4
2000-01 10)	23,927.7	424.0	30.0	120.0	24,501.7
2001-02 11)	26,342.0	620.0	0.0	0.0	26,962.0
2002-03 12)	27,769.3	850.0	0.0	0.0	28,619.3

- 1) Includes \$25.8 million transferred from the General Fund to the Highway Fund.
- 2) Includes emergency appropriation for the Department of Correction.
- 3) Includes \$75 million from legislative bonds.
- 4) Includes \$45 million from legislative bonds and \$112.5 million from prison bonds.
- 5) Includes \$214.2 million for June 1994 payroll restoration 1993-94/\$120 million for teacher payroll restoration 1994-95.
- 6) Includes \$87.5 million from prison bonds.
- 7) Includes \$4.7 million for community colleges from the 1997 Session of the General Assembly.
- 8) Includes public school bonds and highway bonds (\$700.0 million in 1997-98 and \$450.0 million in 1998-99).
- 9) Includes \$450.0 million for public schools bonds in 1999-00 and \$200 million for Clean Water and Natural Gas Bonds.
- 10) Includes \$300 million for Clean Water and Natural Gas Bonds.
- 11) Includes \$250 million for Clean Water and Natural Gas Bonds, \$55 million for Public School Bonds, and \$300 for University and Community College Bonds.
- 12) Includes \$250 Clean Water and Natural Gas Bonds and \$ 600 University and Community College Bonds.

Appendix - Continued						
Appendix Table 3A						
Total North Carolina State Budget by Function,						
Department, and Source of Funds						
FY 2001-02						
General						
Budget		General	Highway Trust/			
Code	Function	Fund	Highway Fund	Other	Federal	Total
11000	General Assembly	\$ 39,953,848	\$ -	\$ 553,000	\$ -	\$ 40,506,848
12000	Judicial	305,130,426	-	182,268	-	305,312,694
12001	Judicial - Indigent Defense	72,225,780	-	6,125,555	-	78,351,335
	Total Judicial	377,356,206	-	6,307,823	-	383,664,029
	General Government:					
13200	Secretary of State	8,730,901	-	257,988	-	8,988,889
13300	State Auditor	11,984,518	-	50	-	11,984,568
13410	State Treasurer	7,719,007	-	648,053	-	8,367,060
13412	St.Treasurer-Special Cont.	12,294,780	-	-	-	12,294,780
13600	Justice	75,557,337	-	3,699,356	1,168,951	80,425,644
13100	Lieutenant Governor	676,308	-	-	-	676,308
18210	Office of Admin.Hearings	2,864,088	-	69,648	-	2,933,736
18300	Rules Review Comm.	329,085	-	-	-	329,085
13000	Governor's Office	5,497,905	-	164,726	-	5,662,631
13085	Reserve for General Ass.Approp.	3,080,000	150,000	-	-	3,230,000
13005	OSBM	5,702,900	-	26,020	-	5,728,920
13006	Flood Mapping & Surveying	1,211,845	-	1,678,734	-	2,890,579
13010	NC Housing Finance	5,220,000	-	100,000	37,242,359	42,562,359
14700	Revenue	75,812,784	4,047,373	4,500	-	79,864,657
14800	Cultural Resources	60,027,696	-	2,243,113	4,917,962	67,188,771
14802	Cultural Resources-Roanoke Isl.	1,878,245	-	-	-	1,878,245
14100	Dept. of Administration	61,917,180	-	5,372,541	8,480,877	75,770,598
14101	Central Mailroom	-	-	-	-	-
14160	OSC	11,640,271	-	30,945	-	11,671,216
	Total General Government	352,144,850	4,197,373	14,295,674	51,810,149	422,448,046
	Public Safety and Regulation:					
13800	Labor	16,368,178	-	3,248,521	5,521,206	25,137,905
13900	Insurance	23,362,288	-	26,692,464	338,858	50,393,610
13901	Insurance - GF Direct	1,500,000	-	-	-	1,500,000
14600	Commerce	47,352,944	-	32,194,595	185,605,007	265,152,546
14601	Commerce-St.Aid to Nonstate Entities	16,931,308	-	2,151,207	-	19,082,515
14660	Information Tech. Svc.	-	-	-	-	-
14900	CC & PS	37,083,513	133,687,067	6,211,301	13,402,334	190,384,215
18025	State Board of Elections	3,218,453	-	2,500	-	3,220,953
28101-07	Special Boards & Commissions	-	-	3,640,828	-	3,640,828
	Total Public Safety & Regulation	145,816,684	133,687,067	74,141,416	204,867,405	558,512,572
	Education:					
13510	DPI	6,056,431,684	31,185,783	2,886,501	606,524,524	6,697,028,492
16800	Community Colleges	663,330,949	-	102,822,579	12,818,209	778,971,737
16010	UNC - GA	49,707,473	-	5,500	-	49,712,973
16011	UNC - Institutional Programs	44,567,132	-	-	-	44,567,132
16012	UNC - Related Education Programs	100,411,702	-	-	668,577	101,080,279

Appendix - Continued						
Appendix Table 3A						
Total North Carolina State Budget by Function,						
Department, and Source of Funds						
FY 2001-02						
General						
Budget		General	Highway Trust/			
Code	Function	Fund	Highway Fund	Other	Federal	Total
16020	UNC - CH Academic Affairs	203,797,548	-	95,157,495	246,671	299,201,714
16021	UNC - CH Health Affairs	155,432,746	-	20,495,649	-	175,928,395
16022	UNC - CH Area Health Education	45,968,111	-	-	-	45,968,111
16030	NCSU - Academic	268,505,282	-	83,804,643	156,312	352,466,237
16031	NCSU - Agri. Research Svcs.	47,593,717	-	2,017,380	7,908,009	57,519,106
16032	NCSU - Agri. Extension Svcs.	38,184,585	-	467,100	17,172,403	55,824,088
16040	UNC - Greensboro	94,522,180	-	28,029,787	63,291	122,615,258
16050	UNC - Charlotte	96,481,603	-	34,000,769	80,000	130,562,372
16055	UNC - Asheville	25,659,665	-	4,900,921	10,400	30,570,986
16060	UNC - Wilmington	60,052,512	-	23,271,226	71,575	83,395,313
16065	ECU - Academic	121,570,399	-	44,091,665	145,900	165,807,964
16066	ECU - Health Svcs.	46,430,612	-	1,864,100	-	48,294,712
16070	NC A & T	60,032,233	-	17,973,011	58,714	78,063,958
16075	Western Carolina	52,333,202	-	12,054,516	173,874	64,561,592
16080	Appalachian State	85,813,636	-	26,302,884	77,725	112,194,245
16082	UNC - Pembroke	24,752,283	-	3,662,015	24,818	28,439,116
16084	Winston Salem State	28,325,317	-	3,855,339	74,805	32,255,461
16086	Elizabeth City State	21,784,296	-	3,133,711	48,400	24,966,407
16088	Fayetteville State	30,978,475	-	6,104,572	127,793	37,210,840
16090	NC Central	44,740,396	-	11,352,544	108,431	56,201,371
16092	NC School of Arts	16,569,303	-	6,334,324	9,550	22,913,177
16094	NCSSM	11,450,501	-	560,305	-	12,010,806
16095	UNC Hospitals	40,052,381	-	462,469,250	-	502,521,631
	Total University	1,815,717,290	-	891,908,706	27,227,248	2,734,853,244
	Total Education	8,535,479,923	31,185,783	997,617,786	646,569,981	10,210,853,473
14222	Transportation	10,451,882	2,293,397,503	38,617,668	809,950,673	3,152,417,726
	Health and Human Services:					
14410	DHHS - Central Admin.	48,106,360	-	702,167	55,957,812	104,766,339
14411	DHHS - Aging	29,825,449	-	8,325,087	27,069,504	65,220,040
14420	DHHS - Child Development	326,213,681	-	56,000	230,495,709	556,765,390
14424	DHHS - Deaf & Hard of Hearing	75,633,148	-	716,052	2,084,639	78,433,839
14430	DHHS - Health	109,739,919	437,623	6,478,804	246,507,020	363,163,366
14440	DHHS - Social Services	190,252,330	-	462,893,395	610,587,410	1,263,733,135
14445	DHHS - Medical Assistance	1,971,138,483	-	354,121,412	3,962,272,412	6,287,532,307
14446	DHHS - Child Health	34,975,528	-	-	77,102,499	112,078,027
14450	DHHS - Services for the Blind	10,334,149	-	1,412,781	14,610,358	26,357,288
14460	DHHS - DMH/D/SAS	579,477,510	-	39,440,741	85,076,177	703,994,428
14470	DHHS - Facility Services	16,334,502	-	506,774	11,126,430	27,967,706
14480	DHHS - Vocational Rehab.	41,827,726	-	2,223,006	63,432,614	107,483,346
	Total Health & Human Services	3,433,858,785	437,623	876,876,219	5,386,322,584	9,697,495,211
14300	DENR	161,778,842	880,399	85,926,362	40,829,381	289,414,984
13700	Agriculture & Consumer Services	55,845,276	3,690,833	8,630,033	6,419,168	74,585,310
	Debt Service:					
19420	St. Treasurer-General Debt Service	275,120,390	26,106,800	35,077,050	-	336,304,240
19425	St. Treasurer-Federal Debt Service	1,155,948	-	-	-	1,155,948

Appendix - Continued						
Appendix Table 3A						
Total North Carolina State Budget by Function,						
Department, and Source of Funds						
FY 2001-02						
General						
Budget		General	Highway Trust/			
Code	Function	Fund	Highway Fund	Other	Federal	Total
	Total Debt Service	276,276,338	26,106,800	35,077,050	-	337,460,188
	<u>Reserves:</u>					
19001	Contingency & Emergency	1,125,000	-	-	-	1,125,000
19003	Compensation Increase Reserve	86,340,380	8,600,000	-	-	94,940,380
19017	One Time Bonus Reserve	-	-	-	-	-
19043	St."ee"Red.Comp.Major Medical	-	-	-	-	-
19004	Salary Adjustment	500,000	-	-	-	500,000
	Motor Pool Reduction Reserve	(1,200,000)	-	-	-	(1,200,000)
19043	Health Plan Reserve	-	-	-	-	-
19028	Salary Adjustment	-	-	-	-	-
19045	Death Benefit Rate Suspension Res.	-	-	-	-	-
19040	SPA Minimum Salary	-	-	-	-	-
19025	Reserve-Retired Position 30% Reduct.	-	-	-	-	-
19046	Retiree Hlth.Benefit Reduction Res.	-	-	-	-	-
19041	AOC Retirement Rate Reduction	-	-	-	-	-
19007	State Health Plan Reserve	150,000,000	-	-	-	150,000,000
19047	Retirement Rate Adjustment	(181,027,501)	-	-	-	(181,027,501)
	Total Reserves	55,737,879	8,600,000	-	-	64,337,879
19600	Capital Improvement	15,000,000	-	-	-	15,000,000
19600	Repair & Renovation	-	-	-	-	-
14301	Clean Water Mgmt	30,000,000	-	-	-	30,000,000
19943	Savings Reserve	-	-	-	-	-
	Total Current Operation	14,554,319,011	2,502,183,381	2,153,768,497	7,146,769,341	26,357,040,230
	General Obligation Bonds	605,000,000	-	-	-	605,000,000
	Grand Total	\$ 15,159,319,011	\$ 2,502,183,381	\$ 2,153,768,497	\$ 7,146,769,341	\$ 26,962,040,230
	Note: The Highway Fund and Highway Trust Fund is exclusive of transfers to the General Fund of \$213,800,000.					
	(G.S. 105-187.9 provides information relative to this transfer)					
	Note: The legislative increase related to the Department of Public Instruction (\$98,198,056 for FY 2002 and \$98,198,056 for FY 2001) is included in the appropriation amount of \$6,056,431,684.					

N.C. State Budget, 2001-03: Summary of Recommendations						
Appendix - Continued						
Appendix Table 3B						
Total North Carolina State Budget by Function,						
Department, and Source of Funds						
FY 2002-03						
General						
Budget		General	Highway Trust/			
Code	Function	Fund	Highway Fund	Other	Federal	Total
11000	General Assembly	\$ 39,953,848	\$ -	\$ 553,000	\$ -	\$ 40,506,848
12000	Judicial	305,130,426	-	182,268	-	305,312,694
12001	Judicial - Indigent Defense	72,225,780	-	6,125,555	-	78,351,335
	Total Judicial	377,356,206	-	6,307,823	-	383,664,029
	General Government:					
13200	Secretary of State	8,730,901	-	257,988	-	8,988,889
13300	State Auditor	11,984,518	-	50	-	11,984,568
13410	State Treasurer	7,719,007	-	648,053	-	8,367,060
13412	St.Treasurer-Special Cont.	12,294,780	-	-	-	12,294,780
13600	Justice	75,557,337	-	3,710,699	1,171,104	80,439,140
13100	Lieutenant Governor	676,308	-	-	-	676,308
18210	Office of Admin.Hearings	2,864,088	-	69,648	-	2,933,736
18300	Rules Review Comm.	329,085	-	-	-	329,085
13000	Governor's Office	5,497,905	-	164,726	-	5,662,631
13085	Reserve for General Ass.Approp.	3,080,000	150,000	-	-	3,230,000
13005	OSBM	5,722,900	-	26,020	-	5,748,920
13006	Flood Mapping & Surveying	1,211,845	-	1,678,734	-	2,890,579
13010	NC Housing Finance	5,220,000	-	100,000	37,242,359	42,562,359
14700	Revenue	75,812,784	4,047,373	1,000	-	79,861,157
14800	Cultural Resources	60,027,696	-	2,235,613	4,917,962	67,181,271
14802	Cultural Resources-Roanoke Isl.	1,878,245	-	-	-	1,878,245
14100	Dept. of Administration	61,917,180	-	5,372,541	8,480,877	75,770,598
14101	Central Mailroom	-	-	-	-	-
14160	OSC	11,640,271	-	30,945	-	11,671,216
	Total General Government	352,164,850	4,197,373	14,296,017	51,812,302	422,470,542
	Public Safety and Regulation:					
13800	Labor	16,368,178	-	3,248,521	5,521,206	25,137,905
13900	Insurance	23,362,288	-	26,710,095	338,858	50,411,241
13901	Insurance - GF Direct	4,500,000	-	-	-	4,500,000
14600	Commerce	47,352,944	-	32,194,595	184,573,790	264,121,329
14601	Commerce-St.Aid to Nonstate Entities	16,931,308	-	2,151,207	-	19,082,515
14660	Information Tech. Svc.	-	-	-	-	-
14900	CC & PS	37,083,513	135,875,855	6,249,301	13,402,334	192,611,003
18025	State Board of Elections	3,218,453	-	2,500	-	3,220,953
28101-07	Special Boards & Commissions	-	-	3,050,700	-	3,050,700
	Total Public Safety & Regulation	148,816,684	135,875,855	73,606,919	203,836,188	562,135,646
14500	Correction	920,620,289	-	9,285,011	-	929,905,300
14060	Juvenile Justice	146,318,423	-	6,429,555	-	152,747,978
	Education:					
13510	DPI	6,408,392,252	32,318,558	2,886,501	606,524,524	7,050,121,835
16800	Community Colleges	663,330,949	-	102,822,579	12,818,209	778,971,737
16010	UNC - GA	50,702,897	-	5,500	-	50,708,397
16011	UNC - Institutional Programs	44,567,132	-	-	-	44,567,132

N.C. State Budget, 2001-03: Summary of Recommendations						
Appendix - Continued						
Appendix Table 3B						
Total North Carolina State Budget by Function,						
Department, and Source of Funds						
FY 2002-03						
General						
Budget		General	Highway Trust/			
Code	Function	Fund	Highway Fund	Other	Federal	Total
16012	UNC - Related Education Programs	100,411,702	-	-	668,577	101,080,279
16020	UNC - CH Academic Affairs	204,307,062	-	95,153,195	246,671	299,706,928
16021	UNC - CH Health Affairs	156,912,962	-	20,516,649	-	177,429,611
16022	UNC - CH Area Health Education	45,968,111	-	-	-	45,968,111
16030	NCSU - Academic	268,990,234	-	83,841,178	156,312	352,987,724
16031	NCSU - Agri. Research Svcs.	47,567,601	-	2,003,790	7,909,133	57,480,524
16032	NCSU - Agri. Extension Svcs.	38,184,585	-	444,100	17,172,403	55,801,088
16040	UNC - Greensboro	94,599,504	-	28,029,787	63,291	122,692,582
16050	UNC - Charlotte	96,952,829	-	33,999,519	80,000	131,032,348
16055	UNC - Asheville	25,815,764	-	4,898,821	10,400	30,724,985
16060	UNC - Wilmington	60,403,894	-	23,275,176	71,575	83,750,645
16065	ECU - Academic	122,833,466	-	44,100,045	145,900	167,079,411
16066	ECU - Health Svcs.	46,430,612	-	1,864,100	-	48,294,712
16070	NC A & T	60,032,233	-	17,965,661	58,714	78,056,608
16075	Western Carolina	52,601,461	-	12,041,456	173,874	64,816,791
16080	Appalachian State	86,076,636	-	26,296,309	77,725	112,450,670
16082	UNC - Pembroke	24,693,596	-	3,660,815	24,818	28,379,229
16084	Winston Salem State	28,748,906	-	3,851,939	74,805	32,675,650
16086	Elizabeth City State	21,784,296	-	3,135,111	48,400	24,967,807
16088	Fayetteville State	30,978,475	-	6,104,572	127,793	37,210,840
16090	NC Central	44,740,396	-	11,352,544	108,431	56,201,371
16092	NC School of Arts	16,842,922	-	6,332,524	9,550	23,184,996
16094	NCSSM	11,802,687	-	560,305	-	12,362,992
16095	UNC Hospitals	40,052,381	-	477,817,282	-	517,869,663
	Total University	1,823,002,344	-	907,250,378	27,228,372	2,757,481,094
	Total Education	8,894,725,545	32,318,558	1,012,959,458	646,571,105	10,586,574,666
14222	Transportation	14,486,443	2,337,505,525	38,617,668	825,448,590	3,216,058,226
	Health and Human Services:					
14410	DHHS - Central Admin.	80,171,660	-	702,171	59,048,024	139,921,855
14411	DHHS - Aging	29,825,449	-	8,325,087	27,069,504	65,220,040
14420	DHHS - Child Development	326,213,681	-	56,000	230,495,709	556,765,390
14424	DHHS - Deaf & Hard of Hearing	75,633,148	-	709,252	2,084,639	78,427,039
14430	DHHS - Health	109,739,919	437,623	6,478,804	246,507,020	363,163,366
14440	DHHS - Social Services	197,325,624	-	470,341,535	616,348,513	1,284,015,672
14445	DHHS - Medical Assistance	2,213,749,436	-	398,568,694	4,419,762,081	7,032,080,211
14446	DHHS - Child Health	45,908,556	-	-	86,086,147	131,994,703
14450	DHHS - Services for the Blind	10,334,149	-	1,412,781	14,612,003	26,358,933
14460	DHHS - DMH/D/SAS	579,477,510	-	39,436,791	85,074,927	703,989,228
14470	DHHS - Facility Services	16,334,502	-	506,774	11,126,430	27,967,706
14480	DHHS - Vocational Rehab.	41,827,726	-	2,223,006	64,110,453	108,161,185
	Total Health & Human Services	3,726,541,360	437,623	928,760,895	5,862,325,450	10,518,065,328
14300	DENR	161,778,842	880,399	85,958,976	40,829,381	289,447,598
13700	Agriculture & Consumer Services	55,845,276	3,618,262	8,618,283	6,415,368	74,497,189
	Debt Service:					

N.C. State Budget, 2001-03: Summary of Recommendations						
Appendix - Continued						
Appendix Table 3B						
Total North Carolina State Budget by Function,						
Department, and Source of Funds						
FY 2002-03						
General						
Budget		General	Highway Trust/			
Code	Function	Fund	Highway Fund	Other	Federal	Total
19420	St. Treasurer-General Debt Service	352,266,860	25,356,425	8,750,000	-	386,373,285
19425	St. Treasurer-Federal Debt Service	1,155,948	-	-	-	1,155,948
	Total Debt Service	353,422,808	25,356,425	8,750,000	-	387,529,233
	Reserves:					
19001	Contingency & Emergency	1,125,000	-	-	-	1,125,000
19003	Compensation Increase Reserve	86,340,380	-	-	-	86,340,380
19017	One Time Bonus Reserve	-	-	-	-	-
19043	State Health Plan Reserve	-	-	-	-	-
19004	Salary Adjustment	500,000	-	-	-	500,000
	Motor Pool Reduction Reserve	(1,200,000)	-	-	-	(1,200,000)
19018	Reserve-Welfare Reform	-	-	-	-	-
19028	Salary Adjustment	-	-	-	-	-
19045	Death Benefit Rate Suspension Res.	-	-	-	-	-
19040	SPA Minimum Salary	-	-	-	-	-
19025	Reserve-Retired Position 30% Reduct.	-	-	-	-	-
19046	Retiree Hlth.Benefit Reduction Res.	-	-	-	-	-
19041	AOC Retirement Rate Reduction	-	-	-	-	-
19007	State Health Plan Reserve	200,000,000	-	-	-	200,000,000
19047	Retirement Rate Adjustment	(181,027,500)	-	-	-	(181,027,500)
	Total Reserves	105,737,880	-	-	-	105,737,880
19600	Capital Improvement	-	-	-	-	-
19600	Repair & Renovation	-	-	-	-	-
14301	Clean Water Mgmt	100,000,000	-	-	-	100,000,000
19943	Savings Reserve	-	-	-	-	-
	Total Current Operation	15,397,768,454	2,540,190,020	2,194,143,605	7,637,238,384	27,769,340,463
	General Obligation Bonds	850,000,000	-	-	-	850,000,000
	Grand Total	\$ 16,247,768,454	\$ 2,540,190,020	\$ 2,194,143,605	\$ 7,637,238,384	\$ 28,619,340,463
		-	-	-	-	-
	Note: The Highway Fund and Highway Trust Fund is exclusive of transfers to the General Fund of \$213,800,000. (G.S. 105-187.9 provides information relative to this transfer)					
	Note: The legislative increase related to the Department of Public Instruction (\$98,198,056 for FY 2002 and \$98,198,056 for FY 2003) is included in the appropriation amount of \$6,408,392,252.					

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 4
Trends in the Total State Budget
1977-78 to 2002-03
(In Millions)

Fiscal Year	Public Education	Higher Education	Community Colleges	Human Resources	Transportation	Correction
1977-78	\$1,192.3	\$540.1	\$136.3	\$902.5	\$536.2	\$95.3
1978-79	1,307.5	584.5	161.4	1,007.9	571.3	106.1
1979-80	1,487.9	644.3	165.2	1,213.2	595.8	123.5
1980-81	1,655.8	727.4	195.3	1,315.2	611.4	144.8
1981-82	1,768.2	821.0	219.4	1,411.2	617.4	162.7
1982-83	1,798.5	856.4	232.0	1,462.2	626.8	176.1
1983-84	1,906.6	944.4	261.7	1,601.3	864.3	190.5
1984-85	2,170.4	1,058.9	288.2	1,719.6	893.4	212.7
1985-86	2,501.4	1,219.8	304.7	1,945.6	908.1	244.3
1986-87	2,660.6	1,300.7	337.1	2,032.8	1,005.7	261.7
1987-88	2,939.7	1,414.4	358.9	2,251.2	1,086.1	306.0
1988-89	3,230.8	1,483.2	364.7	2,435.8	1,111.7	343.1
1989-90	3,468.2	1,662.2	403.2	2,695.5	1,399.1	380.8
1990-91	3,672.0	1,700.0	433.5	3,012.3	1,378.5	428.0
1991-92	3,688.6	1,647.3	410.7	3,661.6	1,512.3	484.8
1992-93	3,829.0	1,728.9	476.8	4,244.2	1,614.3	517.2
1993-94	4,128.2	1,850.9	504.0	5,289.4	1,727.9	577.4
1994-95	4,417.1	1,932.9	534.6	5,616.5	1,850.1	732.5
1995-96	4,477.5	2,035.1	546.1	5,910.1	1,917.5	815.4
1996-97	4,783.6	2,121.3	576.6	6,324.4	1,987.6	833.3
1997-98	5,191.6	2,262.6	610.6	6,955.9	2,106.4	831.0
1998-99	5,549.9	2,321.1	659.9	7,604.9	2,125.4	859.0
1999-00	6,033.2	2,473.6	681.5	7,814.7	2,492.9	899.2
2000-01	6,366.8	2,555.3	724.1	8,213.6	2,635.8	883.0
2001-02	6,697.0	2,734.6	779.0	9,696.9	3,152.4	929.3
2002-03	7,050.1	2,757.5	779.0	10,516.8	3,216.1	929.9

Fiscal Year	General Government	Debt Service	Reserves *	Capital	Other	Total
1977-78	419.1	76.7	3.1	75.6	-	3,977.2
1978-79	450.2	82.7	9.3	130.1	-	4,411.0
1979-80	545.6	84.9	8.2	153.8	-	5,022.4
1980-81	594.5	92.5	5.8	110.7	-	5,453.4
1981-82	610.5	99.2	8.8	31.8	-	5,750.2
1982-83	640.7	114.2	11.4	72.4	-	5,990.7
1983-84	698.4	117.8	2.9	116.0	-	6,703.9
1984-85	755.1	114.5	6.3	234.1	-	7,453.2
1985-86	843.4	114.2	21.1	298.0	-	8,400.6
1986-87	909.9	98.2	15.8	334.0	-	8,956.5
1987-88	972.4	111.9	18.7	265.3	-	9,724.6
1988-89	1,012.7	108.9	2.6	316.9	-	10,410.4
1989-90	1,270.4	107.6	-	377.6	231.8	11,996.4
1990-91	1,289.8	108.7	147.3	292.5	476.8	12,939.5
1991-92	1,375.7	117.9	0.9	242.6	468.0	13,610.4
1992-93	1,437.0	127.0	(5.4)	274.5	232.4	14,508.7
1993-94	1,701.9	129.6	221.5	910.1	236.8	17,277.7
1994-95	1,859.3	142.5	235.0	592.6	236.8	18,149.9
1995-96	1,735.0	157.0	6.9	456.0	-	18,056.6
1996-97	1,764.2	135.4	135.6	1,118.0	#	19,780.2
1997-98	1,693.5	167.2	104.6	1,201.4	#	21,124.8
1998-99	1,759.0	200.4	221.1	883.5	#	22,631.6
1999-00	1,922.5	244.1	222.6	877.1	#	24,290.4
2000-01	1,904.8	270.0	494.3	424.0	#	24,501.7
2001-02	1,951.0	337.5	64.3	620.0	-	26,962.0
2002-03	2,051.6	356.2	105.7	850.0	-	28,619.3

* Includes funds transferred to the Reserve for Budget Stabilization.

Includes General Obligation Bonds

Note: Other include Local Government Transfer and Appropriated Reserves (Repair and Renovation is included under capital).

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 5
Total Authorized State Budget by Source of Funds
1974-75 to 2002-03
(In Millions)

Fiscal Year	General Fund	Federal Revenue Sharing	Highway Fund	Federal	Other	Total
1974-75	\$ 1,734.6	\$ 57.2	\$ 392.7	\$ 648.6	\$ 247.8	3,080.9
1975-76	1,733.2	51.7	422.8	747.6	292.3	3,247.6
1976-77	1,922.4	67.1	414.6	776.8	282.9	3,463.8
1977-78	2,158.0	66.9	433.1	967.9	351.4	3,977.3
1978-79	2,515.4	62.5	461.8	1,042.7	328.5	4,410.9
1979-80	2,787.7	57.0	497.6	1,240.5	448.8	5,031.7
1980-81	3,216.4	28.4	506.1	1,296.5	395.7	5,443.1
1981-82	3,435.0	-	535.0	1,312.7	470.0	5,752.8
1982-83	3,623.6	-	555.6	1,322.3	485.9	5,987.4
1983-84	3,872.6	-	664.0	1,597.4	584.9	6,718.9
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	5,531.3	-	839.4	1,887.4	698.3	8,956.4
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	8,149.6 1)	-	1,223.8	2,616.8	949.4	12,939.6
1991-92	7,983.0 1)	-	1,323.3	3,127.8	1,176.2	13,610.3
1992-93	8,209.5	-	1,318.4	3,617.6	1,363.2	14,508.7
1993-94	9,405.4	-	1,363.3	4,516.4	1,456.5	16,741.6
1994-95	10,268.4	-	1,480.9	4,639.9	1,580.7	17,969.9
1995-96	10,055.5	-	1,553.4	4,664.4	1,783.3	18,056.6
1996-97	11,252.6 2)	-	1,622.5	4,917.3	1,987.8	19,780.2
1997-98	12,015.3 3)	-	2,025.5	5,220.4	1,863.6	21,124.8
1998-99	13,561.6 3)	-	1,807.6	5,465.3	1,797.1	22,631.6
1999-00	14,561.7 3)	-	1,878.8	5,951.1	1,898.8	24,290.4
2000-01	14,350.1 3)	-	2,058.8	6,134.4	1,958.4	24,501.7
2001-02	15,159.3 3)	-	2,502.2	7,146.8	2,153.8	26,962.1
2002-03	16,247.8 3)	-	2,540.2	7,637.2	2,194.1	28,619.3

1) Includes legislative bonds for capital improvements.

2) Includes \$4.7 million from the 1997 Session of the General Assembly and general obligation bonds.

3) Includes general obligation bonds.

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 6
Highway Fund State Tax and Nontax Revenue
1974-75 to 2002-03
(In Millions)

Fiscal Year	Motor Fuel Taxes	Licenses, Fees, and Other Revenue	Treasurer's Investments	Total Revenue	Annual Percentage Change
1974-75	\$ 265.8	\$ 95.2	\$ 23.9	\$ 384.9	10.0%
1975-76	286.4	103.8	15.1	405.4	5.3%
1976-77	298.3	106.5	11.9	416.6	2.8%
1977-78	312.0	114.2	9.9	436.2	4.7%
1978-79	322.8	120.5	21.7	465.0	6.6%
1979-80	304.0	125.7	17.9	447.6	-3.7%
1980-81	291.2	130.0	13.9	435.1	-2.8%
1981-82	380.8	151.7	22.3	554.8	27.5%
1982-83	388.6	161.1	28.5	578.2	4.2%
1983-84	411.8	200.0	30.2	642.0	11.0%
1984-85	421.7	212.7	33.3	667.7	4.0%
1985-86	438.7	219.7	26.5	684.9	2.6%
1986-87	569.3	234.3	26.2	829.8	21.2%
1987-88	612.2	250.5	33.9	896.6	8.1%
1988-89	625.8	257.2	30.7	913.7	1.9%
1989-90	619.7	257.9	26.6	904.2	-1.0%
1990-91	629.4	252.6	21.4	903.4	-0.1%
1991-92	650.6	273.6	19.6	943.8	4.5%
1992-93	648.8	275.9	17.6	942.3	-0.16%
1993-94	677.6	283.8	18.4	979.8	4.0%
1994-95	681.1	295.6	19.7	996.5	1.7%
1995-96	709.2	320.4	19.7	1,049.3	5.3%
1996-97	742.8	320.2	13.1	1,076.1	2.6%
1997-98	774.5	328.4	10.1	1,113.0	3.4%
1998-99	775.5	340.0	15.5	1,131.0	1.6%
1999-00	793.5	352.5	18.6	1,164.6	3.0%
2000-01 1]	875.3	350.3	14.4	1,240.0	6.5%
2001-02 2]	911.1	376.0	16.2	1,303.3	5.1%
2002-03 2]	908.9	386.1	16.7	1,311.7	0.6%

(1) Authorized

(2) Projected

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 7
Highway Trust Fund Tax and Nontax Revenue
1989-90 to 2002-03
(In Millions)

Fiscal Year	Gasoline Tax	Highway Use Tax	Other Revenue	Treasurer's Investments	Total Revenue	Annual Percentage Change
1989-90	\$184.9	\$164.7	\$51.5	\$7.4	408.5	-
1990-91	206.6	231.1	55.4	20.8	513.9	25.8%
1991-92	213.4	242.4	58.4	23.1	537.3	4.6%
1992-93	212.4	273.3	62.2	24.1	572.0	6.5%
1993-94	222.0	330.5	68.1	22.5	643.1	12.4%
1994-95	223.0	364.6	77.1	28.7	693.4	7.8%
1995-96	232.7	396.0	76.7	32.7	738.1	6.4%
1996-97	243.7	407.6	85.7	35.7	772.7	4.7%
1997-98	254.6	453.3	87.0	40.9	835.8	8.2%
1998-99	254.7	489.5	90.3	39.3	873.8	4.5%
1999-00	260.7	545.3	93.2	37.4	936.6	7.2%
2000-01 1]	287.3	583.6	95.7	29.0	995.6	6.3%
2001-02 1]	299.3	570.3	94.2	24.9	988.7	-0.7%
2002-03 1]	298.5	614.8	96.8	22.2	1,032.3	4.4%

1] Authorized

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix - Continued

Appendix Table 8
General Fund Tax and Nontax Revenue
1974-75 to 2002-03
(In Millions)

(Excludes Federal Revenue Sharing and Federal Anti-Recession Funds)

<u>Fiscal Year</u>	<u>Tax Revenues</u>	<u>Percent Increase Over Previous Year</u>	<u>Tax and Nontax Revenues</u> ¹⁾	<u>Percent Increase</u>
1974-75	\$ 1,451.2	6.85%	1,544.1	\$ 7.99%
1975-76	1,571.8	8.31%	1,648.1	6.74%
1976-77	1,870.0	18.97%	1,952.6	18.48%
1977-78	2,060.5	10.19%	2,134.8	9.33%
1978-79	2,337.2	13.43%	2,430.3	13.84%
1979-80	2,639.2	12.92%	2,785.3	14.61%
1980-81	2,846.0	7.84%	2,995.4	7.54%
1981-82	3,077.7	8.14%	3,229.5	7.82%
1982-83	3,279.0	6.54%	3,403.8	5.40%
1983-84	3,814.4	16.33%	3,957.3	16.26%
1984-85	4,336.7	13.69%	4,527.1	14.40%
1985-86	4,694.5	8.25%	4,910.9	8.48%
1986-87	5,180.6	10.35%	5,392.1	9.80%
1987-88	5,551.3	7.16%	5,804.5	7.65%
1988-89	5,928.5	6.79%	6,154.5	6.03%
1989-90	6,561.4	10.68%	6,988.4	13.55%
1990-91	6,692.5	2.00%	7,207.8	3.14%
1991-92	7,438.4	11.15%	7,817.0	8.45%
1992-93	7,883.0	5.98%	8,292.8	6.09%
1993-94	8,516.8	8.04%	9,102.3	9.76%
1994-95	9,365.8	9.97%	9,969.9	9.53%
1995-96	9,458.8	0.99%	10,090.3	1.21%
1996-97	10,239.1	8.25%	10,933.9	8.36%
1997-98	11,092.4	8.33%	11,727.1	7.25%
1998-99	11,965.3	7.87%	12,753.3	8.75%
1999-00	12,391.0	3.56%	13,135.0	2.99%
2000-01	2) 13,140.5	6.05%	13,938.5	6.12%
2001-02	3) 13,659.0	3.95%	14,581.9	4.62%
2002-03	3) 14,507.8	6.21%	15,444.8	5.92%

1) Nontax revenue includes transfers from the Highway Fund and Highway Trust Fund and Capital Improvement appropriations returned to the General Fund.

2) Authorized

3) Recommended

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix-Continued

Appendix Table 9
Authorized
General Fund Appropriations
1968-69 to 2002-03
(In Millions)

(Including Federal Revenue Sharing and Anti-Recession Revenues)

Fiscal Year	Operating	Percent Change	Total	Percent Change
1968-69	\$ 735.1	8.2	\$ 735.1	(7.1)
1969-70	894.0	21.6	969.6	31.9
1970-71	961.4	7.5	961.4	(0.8)
1971-72	1,087.1	13.1	1,152.0	19.8
1972-73	1,173.6	8.0	1,173.6	1.9
1973-74	1,520.7	29.6	1,712.5	45.9
1974-75	1,698.4	11.7	1,791.8	4.6
1975-76	1,756.2	3.4	1,784.9	(0.4)
1976-77	1,944.4	10.7	1,989.5	11.5
1977-78	2,193.5	12.8	2,224.9	11.8
1978-79	2,451.9	11.8	2,577.9	15.9
1979-80	2,760.3	12.6	2,844.7	10.3
1980-81	3,140.9	13.8	3,244.8	14.1
1981-82	3,404.8	8.4	3,435.0	5.9
1982-83	3,557.8	4.5	3,623.6	5.5
1983-84	3,797.8 ¹⁾	6.7	3,857.6	6.5
1984-85	4,304.0	13.3	4,516.6	17.1
1985-86	4,877.0	13.3	5,130.5	13.6
1986-87 ²⁾	5,233.7	7.3	5,531.6	7.8
1987-88	5,813.1	11.1	5,977.9	8.1
1988-89	6,302.4	8.4	6,561.1	9.8
1989-90	6,883.0	9.2	7,360.0	12.2
1990-91	7,249.5	5.3	8,074.6	9.7
1991-92	7,350.5	1.0	7,825.5	(3.1)
1992-93	7,877.5	7.0	8,209.5	4.9
1993-94	8,674.5	10.1	9,317.9	13.5
1994-95	9,662.2	11.4	10,268.4	10.2
1995-96	9,793.1	1.4	10,031.6	(2.3)
1996-97 ³⁾	10,450.4	6.7	10,607.6	5.7
1997-98 ⁴⁾	11,258.5	7.7	11,585.8	9.2
1998-99	12,333.5	9.5	13,111.6	13.2
1999-00	13,055.6	5.9	13,911.7	6.1
2000-01	13,785.1	5.6	14,050.1	1.0
2001-02	14,539.3	5.5	15,159.3	7.9
2002-03	15,397.8	5.9	16,247.8	7.2

1) Includes \$25.8 million transferred to the Highway Fund.

2) Includes \$240,101 for Department of Correction emergency appropriation for operating budget and \$15,125,690 for capital improvements.

3) Includes \$4.7 million for Department of Community Colleges appropriation for operating budget.

4) Includes \$20.5million - SIPS for Year 2000.

Appendix Table 10
North Carolina State General Fund Operating Appropriation
For Public Schools, Community Colleges, and Higher Education
(Including Carry-Forwards for Encumbrances)
1969-70 to 2002-03

Year	General Fund Total Current Operations#	Public Schools		Community Colleges		Higher Education		Percent of Total Education	Other
		Amount	Percent	Amount	Percent	Amount	Percent		
1969-70	\$ 876,169,359	\$ 459,814,709	52.5	\$ 41,431,965	4.7	\$ 130,344,741	14.9	72.1	\$ 244,577,944
1970-71	981,127,808	510,055,771	52.0	44,935,256	4.6	147,326,678	15.0	71.6	278,810,103
1971-72	1,073,289,571	533,536,652	49.7	55,958,450	5.2	163,331,175	15.2	70.1	320,463,294
1972-73	1,187,443,130	575,012,350	48.4	63,193,535	5.3	179,910,706	15.2	68.9	369,326,539
1973-74	1,520,694,407	718,947,864	47.3	99,582,404	6.5	222,838,796	14.7	68.5	479,325,343
1974-75	1,698,417,672	789,391,908	46.5	109,218,752	6.4	280,638,400	16.5	69.4	519,168,612
1975-76	1,737,659,496	800,937,335	46.1	105,465,494	6.1	270,526,549	15.6	67.7	560,730,118
1976-77	1,962,976,606	899,151,043	45.8	116,481,854	5.9	307,123,340	15.6	67.4	640,220,369
1977-78	2,193,405,714	997,654,527	45.5	114,065,103	5.2	357,790,592	16.3	67.0	723,895,492
1978-79	2,452,011,095	1,098,173,958	44.8	139,794,869	5.7	394,767,166	16.1	66.6	819,275,102
1979-80	2,750,988,834	1,230,099,474	44.7	145,243,264	5.3	436,949,552	15.9	65.9	938,696,544
1980-81	3,150,963,479	1,390,907,313	44.1	174,996,965	5.6	515,255,082	16.4	66.0	1,069,804,119
1981-82	3,401,694,904	1,495,263,953	44.0	194,452,082	5.7	567,573,821	16.7	66.4	1,144,405,048
1982-83	3,561,142,890	1,515,742,033	42.6	205,585,837	5.8	599,235,054	16.8	65.2	1,240,579,966
1983-84	3,812,808,921	1,620,044,340	42.5	232,195,091	6.1	653,091,405	17.1	65.7	1,307,478,085
1984-85	4,319,568,173	1,886,700,077	43.7	259,101,105	6.0	746,998,910	17.3	67.0	1,426,768,081
1985-86	4,877,060,744	2,185,803,123	44.8	281,875,727	5.8	840,311,094	17.2	67.8	1,569,070,800
1986-87	5,233,578,633	2,346,139,866	44.8	307,102,490	5.9	909,134,150	17.4	68.1	1,671,202,127
1987-88	5,805,245,729	2,639,237,658	45.5	326,296,294	5.6	980,746,492	16.9	68.0	1,858,965,285
1988-89	6,302,733,865	2,930,643,886	46.5	332,064,381	5.3	1,039,510,499	16.5	68.3	2,000,515,099
1989-90	6,883,003,393	3,134,428,205	45.5	365,537,274	5.3	1,109,917,895	16.1	67.0	2,273,120,019
1990-91	7,249,549,110	3,329,171,720	45.9	387,611,956	5.3	1,143,216,957	15.8	67.0	2,389,548,477
1991-92	7,350,501,134	3,293,699,663	44.8	344,131,858	4.7	1,121,976,740	15.3	64.8	2,590,692,873
1992-93	7,881,908,182	3,435,634,234	43.6	398,689,471	5.1	1,170,947,533	14.9	63.5	2,876,636,944
1993-94	8,674,510,752	a) 3,632,087,114	41.9	423,253,702	4.9	1,229,449,670	14.2	60.9	3,389,720,266
1994-95	9,595,509,023	a) 3,962,959,317	b) 41.3	455,651,184	4.7	1,296,558,991	13.5	59.6	3,880,339,531
1995-96	9,793,062,378	3,998,978,216	40.8	470,880,697	4.8	1,301,040,079	13.3	58.9	4,022,163,386
1996-97	10,450,411,229	4,301,626,282	41.2	501,802,184	4.8	1,385,611,961	13.3	59.2	4,261,370,802
1997-98	11,258,582,548	4,697,892,305	41.7	534,873,175	4.8	1,489,866,397	13.2	59.7	4,535,950,671
1998-99	12,327,025,974	5,068,634,951	41.1	587,542,475	4.8	1,628,888,154	13.2	59.1	5,041,960,394
1999-00	c) 13,441,610,285	5,497,075,780	40.9	589,634,008	4.4	1,682,143,914	12.5	57.8	5,672,756,583
2000-01	d) 13,785,142,760	5,851,733,197	42.4	651,456,631	4.7	1,778,278,150	12.9	60.1	5,503,674,782
2001-02	d) 14,554,319,011	6,056,431,684	41.6	675,658,317	4.6	1,847,420,445	12.7	58.9	5,974,808,565
2002-03	d) 15,397,768,454	6,408,392,252	41.6	675,658,317	4.4	1,854,705,500	12.0	58.1	6,459,012,385

Note: Figures in all categories include compensation increases.

Operating budget excludes capital and local government appropriations.

a) 1993-94 and 1994-95 excludes \$214 million (1993-94) and \$120 million (1994-95) for payroll restoration.

b) 1994-95 includes \$42 million for education technology equipment.

c) 1999-00 includes all appropriation as of June 30, 2000.

d) Amounts include Compensation Increase Reserve.

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix-Continued

Appendix Table 11
North Carolina's Bond Indebtedness
1968-69 to 1999-00

Fiscal Year	Bond Indebtedness*			Per Capita
	General Fund	Highway Fund	Total	
1968-69	\$ 210,270,000	\$ 189,200,000 a)	\$ 399,470,000	\$ 79.80
1969-70	198,740,000	282,200,000 b)	480,940,000	95.56
1970-71	186,910,000	253,000,000	439,910,000	86.12
1971-72	174,780,000	240,000,000	414,780,000	79.74
1972-73	208,360,000	217,000,000	425,360,000	80.30
1973-74	194,995,000	199,000,000	393,995,000	73.17
1974-75	215,370,000	181,000,000	396,370,000	72.54
1975-76	305,870,000	163,000,000	468,870,000	84.66
1976-77	418,900,000	145,000,000	563,900,000	100.73
1977-78	530,600,000	127,000,000	657,600,000	115.90
1978-79	507,200,000	164,000,000	671,200,000	116.82
1979-80	533,300,000	201,000,000	734,300,000	126.43
1980-81	574,750,000	179,000,000	753,750,000	128.19
1981-82	544,200,000	219,000,000	763,200,000	128.15
1982-83	582,700,000	323,000,000	905,700,000	150.48
1983-84	630,900,000	306,500,000	937,400,000	154.25
1984-85	589,200,000	290,000,000	879,200,000	142.62
1985-86	548,500,000	272,500,000	821,000,000	131.26
1986-87	508,000,000	254,000,000	762,000,000	120.51
1987-88	525,500,000	250,000,000	775,500,000	121.06
1988-89	481,410,000	226,750,000	708,160,000	109.23
1989-90	457,698,902	202,730,000	660,428,902	100.54
1990-91	412,038,903	175,965,000	588,003,903	88.66
1991-92	441,378,903	148,635,000	590,013,903	87.44
1992-93	548,678,902	118,695,000	667,373,902	97.67
1993-94	493,678,902	87,055,000	580,733,902	83.59
1994-95	936,191,005	55,285,000	991,476,005	140.40
1995-96	990,245,681	29,445,000	1,019,690,681	141.90
1996-97	940,252,373	4,895,000	945,147,373	129.32
1997-98	1,508,215,259	0	1,508,215,259	202.97
1998-99	1,867,480,343	250,000,000	2,117,480,343	280.56
1999-00	2,212,108,040	233,325,000	2,445,433,040	319.64

*The State Treasurer's Annual Report and Official Statement of the State Treasurer as if June 30 for the following fiscal year.

a) Includes \$60 million from bond anticipation notes.

b) Includes \$120 million from bond anticipation notes.

N.C. State Budget, 2001-03: Summary of Recommendations
Appendix-Continued

Appendix Table 12
Total North Carolina Budget for Debt Services
1968-69 to 2002-03

Fiscal Year	Authorized Budget			Per Capita*
	General Fund	Highway Fund	Total	
1968-69	\$ 17,780,948	\$ 34,106,500	\$ 51,887,448	\$ 10.37
1969-70	17,774,223	40,401,067	58,175,290	11.56
1970-71	17,757,503	25,599,500	43,357,003	8.49
1971-72	18,631,260	32,617,500	51,248,760	9.85
1972-73	21,466,030	25,749,000	47,215,030	8.91
1973-74	48,147,042	25,083,000	73,230,042	13.60
1974-75	-	24,415,500	24,415,500	4.47
1975-76	34,870,615	23,776,500	58,647,115	10.59
1976-77	40,024,500	23,156,000	63,180,500	11.29
1977-78	49,202,210	27,522,500	76,724,710	13.52
1978-79	53,000,000	29,596,000	82,596,000	14.38
1979-80	55,341,050	29,292,661	84,633,711	14.57
1980-81	62,173,700	30,329,757	92,503,457	15.73
1981-82	65,062,550	30,062,040	95,124,590	15.97
1982-83	75,020,500	38,772,567	113,793,067	18.91
1983-84	79,525,500	38,288,000	117,813,500	19.39
1984-85	76,077,250	38,401,500	114,478,750	18.57
1985-86	75,781,250	38,445,500	114,226,750	18.26
1986-87	64,506,250	38,445,500	102,951,750	16.28
1987-88	73,929,627	32,453,812	106,383,439	16.61
1988-89	71,636,370	37,295,105	108,931,475	16.80
1989-90	69,083,445	38,491,163	107,574,608	16.38
1990-91	71,259,383	37,392,600	108,651,983	16.10
1991-92	79,683,770	38,227,230	117,911,000	17.47
1992-93	89,020,478	38,018,250	127,038,728	18.59
1993-94	92,263,558	37,359,875	129,623,433	18.66
1994-95	114,837,478	27,631,295	142,468,773	20.17
1995-96	131,836,603	25,133,780	156,970,383	21.84
1996-97	129,326,640	4,978,215	134,304,855	18.38
1997-98	165,973,573	-	165,973,573	22.34
1998-99	199,286,633	28,357,925	227,644,558	30.16
1999-00	242,910,930	27,607,550	270,518,480	41.66
2000-01	268,834,550	26,857,175	295,691,725	38.17
2001-02	** 310,197,440	26,106,800	336,304,240	43.41
2002-03	** 361,016,860	25,356,425	386,373,285	49.88

* Based on July 1 population estimates.

** Projected Debt Service