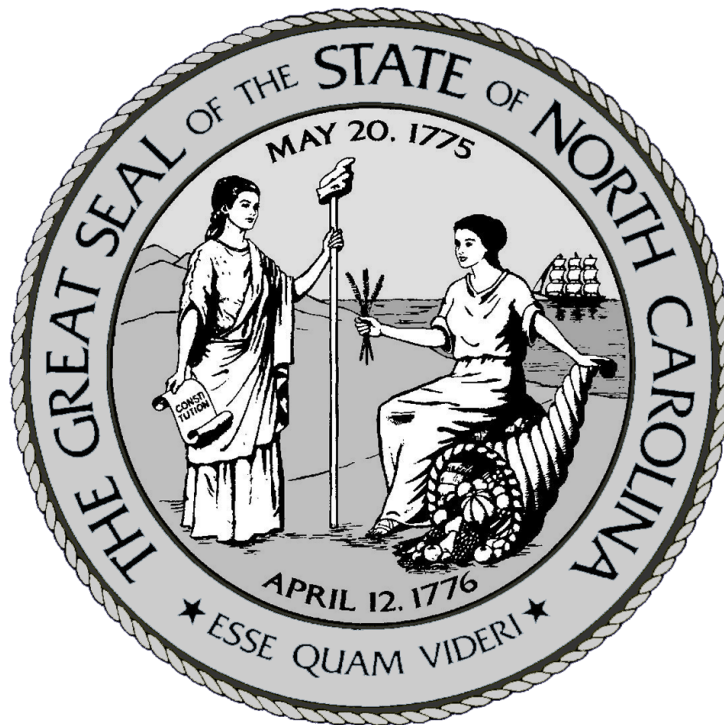


The North Carolina State Budget _____

SUMMARY OF RECOMMENDATIONS

_____ **2009-2011**



Beverly Eaves Perdue
Governor

The North Carolina State Budget

SUMMARY OF RECOMMENDATIONS

2009-2011

Office of State Budget and Management
Office of the Governor
Raleigh, North Carolina

www.osbm.state.nc.us

Charles E. Perusse, State Budget Director
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March 2009



State of North Carolina Office of the Governor

Beverly Eaves Perdue
Governor

March 17, 2009

The North Carolina Senate
The Honorable Marc Basnight, President Pro Tempore

The North Carolina House of Representatives
The Honorable Joe Hackney, Speaker

Dear Mr. President, Mr. Speaker, Ladies and Gentlemen of the General Assembly and Fellow North Carolinians:

The challenges we face together are unprecedented in modern times. North Carolina is in the midst of its greatest economic crisis since the Great Depression, the result of the rapid and dramatic global downturn in the housing and financial markets. As families and businesses across our state are tightening their belts to make ends meet, government must do the same. But, in the process, we must not neglect the state's most pressing needs.

My proposed biennial budget makes strategic investments to create jobs and increases overall per student spending, while ensuring that North Carolina state government lives within its means. It closes a cumulative budget gap of \$6.4 billion over two years, with the estimated shortfall totaling \$3.4 billion in FY 2009-10 and \$3.0 in FY 2010-11. The budget contains \$2.6 billion in spending reductions (\$1.3 billion in each year); utilizes \$2.9 billion of federal recovery monies to support education and other mission-critical services over the biennium; and recommends targeted revenue changes totaling \$1.3 billion over two years, designed to protect education and help offset healthcare costs associated with the use of tobacco products and alcohol.

Most programs face reduced or level funding compared to FY 2008-09. However, despite the difficult road we face, I believe it is critical that we continue making progress in areas that are core to North Carolina's values. That is why my budget recommendations focus on:

- Growing North Carolina's Economy
- Improving Public Education
- Keeping Higher Education Accessible and Affordable
- Protecting Our Most Vulnerable Citizens
- Keeping Our Communities Safe
- Making Government More Efficient and Accountable
- Fiscal Responsibility

Growing North Carolina's Economy

My number one priority is to create jobs. This budget contains several key investments around infrastructure, assistance to small businesses and workforce development. Specifically, it includes \$50 million in state funds to maximize federal resources for water and sewer, navigation, flood control, drainage and beach protection projects. The budget invests \$7 million in the Main Street Program which provides grants to communities to revitalize downtown areas and \$2 million for the Small Business Innovation Research matching grant program. Monies also are included to construct the Biomedical Research Imaging Center in Chapel Hill, which will work collaboratively with image-based research and cancer research programs in the UNC System. This project will have a significant impact on health care, particularly in the areas of cancer, drug discovery, nanotechnology and nanopharmacology, and will create jobs in North Carolina.

The budget provides an additional \$2 million to promote North Carolina as a business and tourism destination, as well as to better market our agriculture products to companies throughout the United States. It also earmarks \$5 million for the Green Business Fund to encourage the growth of businesses developing green technology. Finally, it provides \$36 million in tax relief for small businesses. Businesses with profits less than \$100,000 will be able to exempt the first \$25,000 of net income from tax; businesses with profits between \$100,000 and \$200,000 will exempt the first \$15,000.

Through my Jobs Now initiative, the budget makes substantial investments in community college programs focused on preparing students for the new 21st century careers. It includes \$5 million to hire additional faculty to help reduce the state's backlog for nurses. Funds are provided (\$3 million) to support technical education programs in the areas of transportation, industrial, military and green technology sectors. The budget also provides an additional \$5 million annually to address equipment and technology needs throughout the community college system. Finally, \$5 million in federal recovery funds are earmarked to support displaced workers with child care, tuition and transportation costs while pursuing job training services.

Improving Public Education

Even in these tough economic times, I remain committed to improving public education and transforming our classrooms. Overall, year to year spending (including federal recovery monies) increases by \$118 million (1.1%), even though enrollment is expected to decline by .79% over the same period. Total per student funding increases from \$5,597 to \$5,736. This budget focuses on administrative efficiencies and allows local education leaders the flexibility to choose where savings can be implemented. It was not possible to avoid some reductions to the single largest expenditure in our budget.

My budget includes \$4.7 million for diagnostic assessments, so we can get to kids before they fall behind in school. We are refocusing our testing requirements to more accurately measure our students' progress and to hold our schools accountable. It also recommends additional recurring funds for innovative dropout prevention programs (\$7 million) and statewide support for underperforming schools in response to the Leandro lawsuit (\$3.5 million). Monies also are provided for the experience-based step increase for teacher salary schedule employees (\$64 million) to fulfill our commitment to meet the national average. Finally, my 2009-11 budget recommendation does not reduce, redirect or transfer any lottery or corporate income tax receipts from the Public School Building Capital Fund.

Keeping Higher Education Accessible and Affordable

The investments we make in our current and future workforce are more important than ever during this economic downturn. My budget fully funds enrollment for all students hoping to attend a community college (12,519 FTE or +6.2%) or UNC system institution (4,705 FTE or +2.6%). The budget provides a contingency reserve (\$3 million) for community colleges that see a large spike in enrollment due to deteriorating employment conditions. My budget does not recommend a tuition increase to ensure access is not impacted.

In addition, my budget takes steps toward fulfilling the “College Promise” of accessible, debt-free higher education for everyone along with a seamless education path, from pre kindergarten through vocational, community college or the university, that fit students’ needs. It includes \$2.6 million to expand our early college high schools to 12 new sites and provides an additional \$23 million for need-based financial aid.

Protecting Our Most Vulnerable Citizens

The proposed budget preserves funds that protect and help our most vulnerable populations. It limits reductions in direct services and does not displace persons currently being served by Medicaid. Many provider reimbursement rates have been frozen; however, base service rates have not been reduced. It is imperative that we do not impact our citizens’ ability to gain access to needed health services.

My budget includes \$12 million to purchase an additional 111 local private hospital beds for mental health patients who require short term care and \$3 million to retain 36 overflow beds at Dorothea Dix Hospital in Raleigh. Additional monies are recommended for the State Children’s Health Insurance Program, which provides health insurance for an additional 8,000 children from working families. It earmarks federal recovery funds to reduce the waiting list for child care subsidies. Finally, this budget provides tax relief to low and moderate-income working families by increasing the earned income tax credit from 5% to 6.5%.

Keeping Our Communities Safe

This budget invests an additional \$12 million per year in the probation system to ensure supervision is administered swiftly and correctly. It adds 29 supervisor and 117 officer positions to allow for more manageable caseloads. Funds also are included to raise employee pay grades to improve the recruitment and retention of officers. Finally, the budget earmarks \$10 million in federal recovery funds for gang-related programs. Monies would be made available to local law enforcement, juvenile justice and education personnel for services that focus on gang prevention, treatment, intervention and re-entry programs.

Making Government More Efficient and Accountable

This budget reinforces my commitment to streamline government and make it more transparent, accountable and efficient. It includes \$2.6 billion in savings throughout state government. These recommendations follow a set of very important principles.

First, wherever possible, the budget proposes recurring savings rather than one-time actions. The choices are difficult but essential to ensure the long-term health of North Carolina’s finances. Second, when looking at savings across agencies, one size does not fit all. I asked agency heads to take a targeted approach when identifying reductions.

It is imperative that we maintain quality in our core service areas that citizens need most. My budget reduces or eliminates more than 20 programs that are duplicative, costly, inefficient or nonessential. Finally, the budget looks beyond just identifying easy savings to a deeper discussion about transitioning from our current incremental budgeting approach to one that focuses on results.

My budget includes additional monies to update the state's web portal and to implement NC OpenBook. Making government services more accessible through the web improves service quality and reduces administrative costs. The budget provides funds to stabilize the BEACON human resources and payroll system. My budget also continues to reduce the amount of monies transferred from the Highway Trust Fund to the General Fund.

Fiscal Responsibility

North Carolina is seeing dramatic declines in revenues during this recession, yet we are acting prudently and decisively to produce a balanced budget. This recommendation is \$360 million (or 1.8%) less than the fiscal year 2009 budget, even after assuming \$200 million in local Medicaid expenses – and even after factoring in federal recovery funds. Our population is expected to increase by 1.5% next year, so the per capita budget will decline by 3.2% (from \$2,273 to \$2,201) when compared to 2009. My budget does not authorize any additional debt in 2009-10. Our willingness to make difficult decisions has not gone unnoticed. We continue to be one of only seven states with a Triple A rating from each of the major bond rating agencies.

Conclusion

We have a long history of stepping up to the plate and working together when our citizens need us most. I stand ready to work with you to strengthen and grow our middle class and small businesses; to improve public education and public safety services throughout our state; to ensure that government works smart for our citizens; and to expand opportunity for all North Carolinians.

I look forward to working with you this session.

Sincerely,

A handwritten signature in black ink, appearing to read "Bev Perdue". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Bev Perdue

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Preface

The North Carolina State Budget: Recommended Operating Budget with Performance Management Information, 2009-2011 reflects the work of multiple people within the Office of State Budget and Management (OSBM) and the Office of Economic Recovery and Investment. Budget administrators and analysts, economists, technical staff, and paraprofessionals are listed below by administrative area.

This document is available online at www.osbm.state.nc.us. For additional information about its contents, please contact the appropriate administrator at the e-mail address cited below or by telephone at 919/807-4700. The mailing address for OSBM is 20320 Mail Service Center, Raleigh, NC 27699-0320.

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Introduction

Governor's recommended budget for the state

The purpose of this document is to summarize the governor's recommended state budget for the two fiscal years of the 2009-11 biennium. Governor Perdue's priorities are listed in her transmittal letter, which precedes the overview of key recommendations for adjustments to the base budget (continuation budget). Included in this publication are recommendations for expenditures from the General Fund, Highway Fund, and the Highway Trust Fund. Recommended expenditures for capital improvements and for reserves, debt service, and other adjustments are also included. Budget codes for federal funds and institutional revenue funds do not appear in the governor's recommended budget document. This year, however, information about the impact of the American Recovery and Reinvestment Act (federal stimulus funds) on the North Carolina budget is included in the section titled "Federal Recovery Funds."

Summary tables

A summary of General Fund recommendations by department/budget code for the entire state budget appears in tables 2 and 3, "Governor's Recommended General Fund Budget, 2009-10" and "Governor's Recommended General Fund Budget, 2010-11." Summaries of recommendations for expenditures supported by the Highway Fund and the Highway Trust Fund appear in tables 4 and 5, "Governor's Recommended Highway Fund and Highway Trust Fund Budget, 2009-10" and "Governor's Recommended Highway Fund and Highway Trust Fund Budget, 2010-11."

Fiscal impact and revenue forecast

Also included in this summary volume are an analysis of the state's economic and financial outlook for the upcoming biennium and a compari-

son of the economic conditions in North Carolina to national averages. The most current revenue forecast is explained. Estimates of fund availability for the General Fund, Highway Fund, and Highway Trust Fund show the supporting basis for the recommended state budget (see tables 6, 7-8, 10, and 11-12).

Statewide types of budget adjustments

Brief explanations of recommended adjustments to the budget for statewide areas, such as capital improvements, salaries and benefits, and debt service, are contained in this summary volume. These appear in sections titled "Capital Improvements" and "Reserves, Debt Service, and Other Adjustments."

Budgets by department, including results-based information

Details on the recommendations for each budgeted budget code, other than those presented for statewide types of adjustments, appear in six supporting documents organized by functional area: Education (volume 1), General Government (volume 2), Health and Human Services (volume 3), Justice and Public Safety (volume 4), Natural and Economic Resources (volume 5), and Transportation (volume 6).

As required by the State Budget Act, these supporting documents distinguish between continuation requirements (called the base budget) and recommended adjustments to the base budget. These documents include the governor's recommended adjustments to the base budget for the General Fund, Highway Fund, Highway Trust Fund, and the Turnpike Authority. Only the base budgets are presented for budget codes that characterize special funds, enterprise funds, trust and agency funds (except for three transportation budget codes), and service funds.

Integrated with fiscal details in the supplemental volumes are department missions, goals, fund descriptions, key services supported by each fund or budget code, costs of services in dollars and staff, and performance measures. The inclusion of this budget development and performance management information is another step in a multiyear effort to provide members of the North Carolina General Assembly and the public with expanded budget and operational information. These budgeting elements are intended to improve the reader's understanding of why an agency exists, what the agency does, how much money its

services cost, and how effective its services are. Ultimately, this information is designed to improve funding, planning, and management decisions in state government.

Line item details

Line item base budget details for all budgeted budget codes and their component funds are available in a PDF file on the Web site of the Office of State Budget and Management, www.osbm.state.nc.us.

Economic Priorities and Budget Summary

Economic Priorities and Budget Summary

for 2009-11

Governor Perdue's priorities for this budget include:

- Creating jobs by investing in infrastructure projects, expanding workforce development programs, and promoting the growth of small business and industry.
- Ensuring our success in the 21st century by making a world-class education available to all North Carolina students.
- Reorganizing and reforming government to be open, transparent and accountable to the citizens of the state.
- Helping our most vulnerable populations by improving health care and mental health programs, and protecting and supporting children and seniors.
- Increasing the safety and security of our communities.
- Developing a budget that is healthy, reasonable, and fiscally responsible while maintaining the state's AAA bond rating.

Figure 1
Distribution of the General Fund Operating Budget, 2009-10

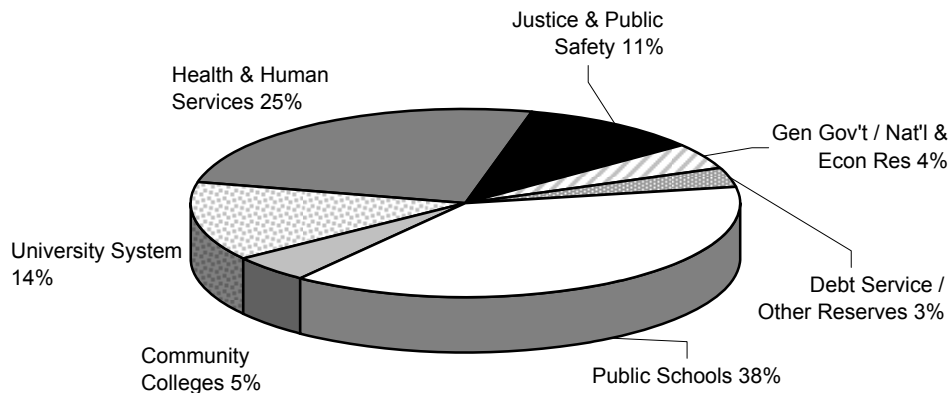


Table 1

Recommended General Fund Budget FY 2009-10 ¹
Compared with Authorized General Fund Appropriations, 2008-09
Appropriations (\$ millions)

	Authorized 2008-09	Revised 2008-09	Recommended 2009-10	Percent change Rec. 2009-10 vs. Authorized 2009-10	Percent change Rec. 2009-10 vs. Revised 2009-10	Percent of Total Oper Budget
Public Schools	8,356	8,210	7,948	-4.9%	-3.2%	37.9%
Community Colleges	1,017	965	1,027	1.0%	6.4%	4.9%
University System	2,894	2,727	2,858	-1.2%	4.8%	13.6%
Total Education	12,267	11,902	11,833	-3.5%	-0.6%	56.5%
Health & Human Services	4,957	4,764	5,285	6.6%	10.9%	25.2%
Justice & Public Safety	2,210	2,100	2,202	-0.4%	4.9%	10.5%
Gen Gov't / Nat'l & Econ Res	1,070	986	907	-15.2%	-8.0%	4.3%
Debt Service / Other Reserves	723	610	727	0.6%	19.2%	3.5%
Total Operating Budget	21,227	20,362	20,954	-1.3%	2.9%	100%
Capital Improvements	129	23	27	-79.1%	17.4%	
Total General Fund Budget	21,356	20,385	20,981	-1.8%	2.9%	

1. For comparison purposes, the FY 2009-10 recommended appropriation shown in Table 1 for each program area includes the recommended increases in employee pay, retirement system contributions, and state health plan premiums that are appropriated in a statewide reserve and distributed to each agency after enactment of the budget.

Table 2
**Governor's Recommended General Fund Budget
 2009-10**

Budget Code	Function	2009-10 Recommended Continuation Budget		Reductions		Expansion		Appropriation Supported Positions	Net Change	2009-10 Recommended Appropriation	Net Position Change	
		Recurring	Nonrecurring	Recurring	Nonrecurring	Recurring	Nonrecurring					
Education:												
13510	Public Education	\$ 8,245,341,827	\$ (251,469,282)	\$ (66,815,990)	-	\$ 15,517,871	\$ 5,165,917	23.00	\$ (297,601,484)	\$ 7,947,740,343	23.00	
16800	Community Colleges	1,072,571,152	(64,063,824)	-	-	(9.00)	200,000	8.00	(45,778,824)	1,026,792,329	(1.00)	
160xx	University System	3,026,185,255	(179,837,189)	(15,627,121)	-	(75.60)	4,000,000	2	(167,866,999)	2,858,318,256	(73.60)	
	Total Education	12,344,098,234	(495,370,295)	(82,443,111)	-	(84.60)	9,365,917	33.00	(511,247,307)	11,832,850,928	(51.60)	
General Government:												
14100	Administration	78,170,163	(4,402,258)	(315,011)	-	(29.00)	250,000	-	(4,467,269)	73,702,894	(29.00)	
13300	State Auditor	14,389,111	(1,064,333)	(100,266)	-	(5.00)	-	-	(1,164,599)	13,224,512	(5.00)	
14800	Cultural Resources	77,933,037	(4,743,333)	(370,444)	-	(17.25)	-	-	(5,113,777)	72,819,260	(17.25)	
14802	Cultural Resources - Roanoke Island	2,095,402	(136,764)	(3,588)	-	-	-	-	(140,352)	1,955,050	-	
11000	General Assembly	62,347,066	(3,543,726)	(1,141,554)	-	-	-	-	(4,685,280)	57,661,786	-	
13000	Governor's Office	6,616,233	(502,702)	-	-	-	-	-	(502,702)	6,113,531	-	
13010	NC Housing Finance	14,608,417	-	-	-	-	-	-	-	14,608,417	-	
13900	Insurance	33,824,822	(1,883,772)	(296,197)	-	-	-	-	(2,179,969)	31,644,853	-	
13901	Insurance - Worker's Comp. Fund	4,500,000	-	(2,500,000)	-	-	-	-	(2,500,000)	2,000,000	-	
13100	Lieutenant Governor	966,706	(12,023)	(16,831)	-	-	-	-	(28,854)	937,852	-	
18210	Office of Administrative Hearings	4,266,407	(298,952)	-	-	-	-	-	(298,952)	3,967,455	-	
14700	Revenue	91,347,503	(6,426,907)	-	-	(31.00)	-	-	(6,426,907)	84,920,596	(31.00)	
13200	Secretary of State	11,854,656	(743,936)	(40,007)	-	(2.00)	-	-	(743,936)	11,110,720	(2.00)	
18025	State Board of Elections	6,627,101	(403,272)	-	-	-	-	-	(443,279)	6,183,822	-	
13005	State Budget and Management (OSBM)	7,144,221	(550,375)	-	-	-	-	-	(550,375)	6,593,846	-	
13085	OSBM-Special Appropriations	4,280,000	(7,000)	-	-	-	1,000,000	-	993,000	5,273,000	-	
14160	Controller's Office	24,536,602	(1,469,482)	(55,965)	-	(5.75)	600,000	5.00	(925,447)	23,611,155	(0.75)	
13410	State Treasurer	11,550,002	(660,305)	(119,053)	-	(1.00)	-	-	(779,358)	10,370,644	(1.00)	
13412	State Treasurer - Retirement / Benefits	10,804,671	-	-	-	-	-	-	-	10,804,671	-	
	Total General Government	467,462,120	(26,849,140)	(4,958,916)	-	(91.00)	600,000	5.00	(29,958,056)	437,504,064	(86.00)	
Health and Human Services:												
14410	Central Administration	74,014,863	(23,080,973)	(1,505,000)	-	-	950,000	-	(23,635,973)	50,378,890	-	
14411	Aging	37,592,841	(190,204)	(50,000)	-	(1.00)	1,500,000	-	1,259,796	38,852,637	(1.00)	
14420	Child Development	305,403,137	(718,295)	(25,130,955)	-	(1.00)	-	-	(25,849,250)	279,553,887	(1.00)	
14424	Education Services	40,827,434	(2,308,334)	(151,679)	-	(35.00)	-	-	(2,460,013)	38,367,421	(35.00)	
14430	Public Health	195,214,007	(9,009,966)	(2,074,119)	-	(9.00)	247,000	-	(10,837,085)	184,376,922	(9.00)	
14440	Social Services	236,218,110	(9,779,903)	(14,575,400)	-	-	-	-	(24,355,303)	211,862,807	-	
14445	Medical Assistance	3,681,276,113	(147,026,271)	-	-	-	403,706	-	(146,622,565)	3,534,653,548	-	
14446	Child Health	68,789,628	(241,310)	-	-	-	4,329,934	5.00	4,088,624	72,878,252	5.00	
14450	Services for the Blind	11,704,522	(294,450)	-	-	-	-	-	(294,450)	11,410,072	-	
14460	Mental Health/DD/SAS	819,613,620	(11,640,378)	(21,060,455)	-	(222.00)	12,270,326	174.75	(17,430,507)	802,183,113	(47.25)	
14470	Health Service Regulation	19,271,921	(1,258,428)	-	-	(2.00)	-	-	(1,258,428)	18,013,493	(2.00)	
14480	Vocational Rehabilitation	46,418,743	(4,323,308)	-	-	-	-	-	(4,323,308)	42,095,435	-	
	Total Health and Human Services	5,536,344,939	(209,871,820)	(64,547,608)	-	(270.00)	19,297,260	179.75	(251,718,462)	5,284,626,477	(90.25)	
Justice and Public Safety:												
14500	Correction	1,384,910,571	(72,962,507)	(6,311,047)	-	(658.00)	10,224,888	131.00	(68,118,689)	1,316,791,882	(627.00)	
14900	Crime Control & Public Safety	43,925,878	(4,291,829)	-	-	(22.00)	1,293,000	-	(2,798,829)	41,127,049	(22.00)	
12000	Judicial	497,649,235	(25,054,761)	(1,466,541)	-	-	-	-	(26,521,302)	471,127,933	-	
12001	Judicial - Indigent Defense	133,881,190	(5,135,174)	(5,030,000)	-	(12.50)	-	-	(10,165,174)	123,716,016	(12.50)	
13600	Justice	100,441,147	(6,153,476)	-	-	(9.00)	-	-	(6,153,476)	94,287,671	(9.00)	
14060	Juvenile Justice	172,484,415	(17,189,854)	(218,393)	-	(51.00)	-	-	(17,408,247)	155,076,168	(51.00)	
	Total Justice and Public Safety	2,333,292,436	(130,787,601)	(13,025,981)	-	(752.50)	11,517,888	131.00	(131,165,717)	2,202,126,719	(621.50)	

Table 2
**Governor's Recommended General Fund Budget
 2009-10**

Budget Code	Function	2009-10 Recommended Continuation Budget		Reductions		Expansion		Appropriation Supported Positions	Net Change	2009-10 Recommended Appropriation	Net Position Change
		Recurring	Nonrecurring	Recurring	Nonrecurring	Recurring	Nonrecurring				
Natural and Economic Resources:											
13700	Agriculture & Consumer Services	(5,175,696)	(1,008,594)	-	500,000	-	(5,684,290)	-	(5,684,290)	59,718,202	(26,70)
14600	Commerce	(4,550,466)	(438,996)	504,561	6,967,104	-	2,482,203	13.00	2,482,203	48,502,026	3.00
14601	Commerce - State Aid	-	-	3,185,944	11,750,000	-	14,935,944	-	14,935,944	70,065,318	-
14300	Environment and Natural Resources	(18,872,405)	(3,201,115)	(62.83)	9,482,800	-	(12,590,720)	-	(12,590,720)	199,933,377	(62.83)
14301	Clean Water Management Trust	-	(25,000,000)	-	-	-	(25,000,000)	-	(25,000,000)	75,000,000	-
13800	Labor	(3,212,229)	-	(38.00)	-	-	(3,212,229)	-	(3,212,229)	15,852,544	(38.00)
	Total Natural & Economic Resources	(31,810,796)	(29,648,705)	(137.53)	13,173,305	19,217,104	(29,069,092)	13.00	(29,069,092)	469,071,467	(124.53)
14222	Transportation	-	-	-	-	-	-	-	-	-	-
	Net Agency	(894,689,652)	(194,624,321)	(1,335.63)	101,788,635	34,366,704	(953,158,634)	361.75	(953,158,634)	20,226,179,655	(973.88)
19600	Capital Improvements	-	-	-	27,600,000	-	27,600,000	-	27,600,000	27,600,000	-
Debt Service:											
19420	General Debt Service	(4,000,000)	(3,500,000)	-	-	-	(7,500,000)	-	(7,500,000)	662,994,697	-
19425	Federal Reimbursement	-	-	-	1,616,380	-	-	-	-	1,616,380	-
	Total Debt Service	(4,000,000)	(3,500,000)	-	1,616,380	-	(7,500,000)	-	(7,500,000)	664,611,077	-
Reserves and Adjustments:											
19001	Contingency and Emergency Reserve	-	-	-	-	-	-	-	-	5,000,000	-
19003	Legislative Compensation Reserve	-	-	-	-	-	-	-	-	-	-
190xx	Teacher Salary Schedule Employees' Reserve	-	-	-	-	-	-	-	-	64,726,385	-
19004	Salary Adjustment Reserve	(4,500,000)	-	-	-	-	(4,500,000)	-	(4,500,000)	-	-
190xx	Economic and Recovery Section Reserve	-	-	-	-	-	-	15.00	1,277,682	1,277,682	15.00
190xx	Health Plan Reduction for Employees who opt out of State Health Plan	(25,000,000)	-	-	-	-	(25,000,000)	-	(25,000,000)	(25,000,000)	-
190xx	2010 Census Local Promotion	-	-	-	750,000	-	750,000	-	750,000	750,000	-
19013	Job Development Incentive Grants Reserve	-	-	-	-	-	-	-	-	27,400,000	-
190xx	Freeze Longevity Payments	-	(173,000,000)	-	-	-	(173,000,000)	-	(173,000,000)	(173,000,000)	-
190xx	Administrative Support Reduction Statewide Reserve	(3,000,000)	-	(75.00)	-	-	(3,000,000)	-	(3,000,000)	(3,000,000)	(75.00)
190xx	Budget E-Procurement Receipts	-	-	-	-	-	-	-	-	-	-
19043	Health Plan Reserve	-	-	-	-	-	-	-	-	125,000,000	-
19047	Retirement Rate Adjustment Reserve	-	-	-	-	-	-	-	-	21,000,000	-
19044	IT Initiative	-	-	-	-	-	-	-	-	14,821,416	-
19xxx	Performance Management System Reserve	-	-	-	500,000	-	500,000	-	500,000	3,250,000	-
19xxx	Transparency & Accountability Reserve	-	-	-	500,000	-	500,000	-	500,000	500,000	-
	Total Reserves and Adjustments	(32,500,000)	(173,000,000)	(75.00)	1,000,000	4,777,682	(199,722,318)	15.00	(199,722,318)	62,725,483	(60.00)
	Total	\$ 22,113,897,166	\$ (931,189,652)	\$ (1,410.63)	\$ 102,788,635	\$ 66,744,366	\$ (1,132,780,952)	\$ 376.75	\$ (1,132,780,952)	\$ 20,961,116,215	\$ (1,033.88)

Table 3
**Governor's Recommended General Fund Budget
2010-11**

Budget Code	Function	2010-11 Recommended Continuation Budget		Reductions		Expansion		Appropriation Supported Positions	Net Change	2010-11 Recommended Appropriation	Net Position Change	
		Recurring	Nonrecurring	Recurring	Nonrecurring	Recurring	Nonrecurring					
Education:												
13510	Public Education	\$ 8,358,798,223	\$ (254,111,425)	\$ (11,068,369)	-	\$ 15,517,871	\$ -	23.00	(\$ 249,661,923)	\$ 8,109,136,300	23.00	
16800	Community Colleges	1,114,034,594	(64,380,639)	-	-	18,492,300	-	8.00	(45,888,339)	1,068,146,255	(1.00)	
160xx	University System	3,100,871,575	(177,306,670)	(18,463,885)	-	23,597,311	-	2	(172,173,244)	2,928,698,331	(119.80)	
	Total Education	12,573,704,392	(495,798,734)	(29,532,254)	-	57,607,482	-	33.00	(467,723,506)	12,105,980,886	(97.80)	
General Government:												
14100	Administration	78,362,881	(4,558,568)	(315,011)	-	-	-	-	(4,873,579)	73,489,302	(29.00)	
13300	State Auditor	14,405,383	(1,064,333)	(100,266)	-	-	-	-	(1,164,599)	13,240,784	(5.00)	
14800	Cultural Resources	79,329,609	(4,743,333)	(370,444)	-	-	-	-	(5,113,777)	74,215,832	(17.25)	
14802	Cultural Resources - Roanoke Island	2,095,402	(136,764)	(3,588)	-	-	-	-	(140,352)	1,955,050	-	
11000	General Assembly	64,056,544	(3,700,916)	(984,364)	-	-	-	-	(4,685,280)	59,371,264	-	
13000	Governor's Office	6,622,879	(503,167)	-	-	-	-	-	(503,167)	6,119,712	-	
13010	NC Housing Finance	14,608,417	-	-	-	-	-	-	-	14,608,417	-	
13900	Insurance	33,887,006	(1,883,772)	(296,197)	-	-	-	-	(2,179,969)	31,707,037	-	
13901	Insurance - Worker's Comp. Fund	4,500,000	-	(2,500,000)	-	-	-	-	(2,500,000)	2,000,000	-	
13100	Lieutenant Governor	966,706	(12,023)	(16,831)	-	-	-	-	(28,854)	937,852	-	
18210	Office of Administrative Hearings	4,279,242	(298,952)	-	-	-	-	-	(298,952)	3,980,290	-	
14700	Revenue	91,440,473	(6,426,907)	(6,426,907)	-	-	-	-	(6,426,907)	85,013,566	(31.00)	
13200	Secretary of State	11,928,530	(743,936)	-	-	-	-	-	(743,936)	11,184,594	(2.00)	
18025	State Board of Elections	6,630,894	(403,272)	(40,007)	-	-	-	-	(443,279)	6,187,615	-	
13005	State Budget and Management (OSBM)	7,147,928	(550,634)	-	-	-	-	-	(550,634)	6,597,294	-	
13085	OSBM-Special Appropriations	4,280,000	(7,000)	-	-	-	-	-	(7,000)	4,273,000	-	
14160	Controller's Office	24,568,908	(1,469,482)	(55,965)	-	1,200,000	-	10.00	(325,447)	24,243,461	4.25	
13410	State Treasurer	11,163,790	(660,305)	(119,053)	-	-	-	-	(779,358)	10,384,432	(1.00)	
13412	State Treasurer - Retirement / Benefits	10,804,671	-	-	-	-	-	-	-	10,804,671	-	
	Total General Government	471,079,263	(27,163,364)	(4,801,726)	-	1,200,000	-	10.00	(30,765,090)	440,314,173	(81.00)	
Health and Human Services:												
14410	Central Administration	74,482,593	(23,080,973)	-	-	950,000	-	-	(22,130,973)	52,351,620	-	
14411	Aging	37,594,640	(190,204)	(50,000)	-	1,500,000	-	-	1,259,796	38,854,436	(1.00)	
14420	Child Development	305,417,178	(718,295)	(3,800,000)	-	-	-	-	(4,518,295)	300,898,883	(1.00)	
14424	Education Services	40,879,342	(2,308,334)	(151,679)	-	-	-	-	(2,460,013)	38,419,329	(35.00)	
14430	Public Health	198,230,503	(10,150,097)	(2,074,119)	-	247,000	-	-	(11,977,216)	186,253,287	(9.00)	
14440	Social Services	234,498,543	(9,779,903)	(6,530,294)	-	-	-	-	(16,310,197)	218,188,346	-	
14445	Medical Assistance	3,933,921,911	(172,955,145)	-	-	-	-	-	(172,955,145)	3,760,966,766	-	
14446	Child Health	68,789,628	(341,373)	-	-	16,058,748	-	5.00	15,717,375	84,507,003	5.00	
14450	Services for the Blind	11,763,464	(353,391)	-	-	-	-	-	(353,391)	11,410,073	-	
14460	Mental Health/DD/SAS	834,943,177	(18,380,526)	(31,662,312)	-	12,270,326	-	-	(37,772,512)	797,170,665	(345.50)	
14470	Facility Services	19,277,259	(1,258,428)	-	-	-	-	-	(1,258,428)	18,018,831	(2.00)	
14480	Vocational Rehabilitation	46,762,707	(4,654,214)	-	-	-	-	-	(4,654,214)	42,108,493	-	
	Total Health and Human Services	5,806,560,945	(244,170,883)	(44,268,404)	-	31,026,074	-	5.00	(257,413,213)	5,549,147,732	(388.50)	
Justice and Public Safety:												
14500	Correction	1,406,791,264	(95,905,014)	(989,047)	9,757	12,990,156	-	151.00	(83,894,148)	1,322,897,116	(607.00)	
14900	Crime Control & Public Safety	44,067,870	(4,291,829)	-	-	1,293,000	-	-	(2,998,829)	41,069,041	(22.00)	
12000	Judicial	507,638,940	(25,054,761)	(884,043)	-	-	-	-	(25,938,804)	481,700,136	-	
12001	Judicial - Indigent Defense	132,320,396	(5,135,174)	-	-	-	-	-	(5,135,174)	127,185,222	(12.50)	
13600	Justice	101,047,019	(6,348,918)	(215,000)	-	-	-	-	(6,563,918)	94,483,101	(9.00)	
14060	Juvenile Justice	172,651,108	(17,189,854)	(218,393)	-	-	-	-	(17,408,247)	155,242,861	(51.00)	
	Total Justice and Public Safety	2,364,516,597	(153,925,550)	(2,306,483)	9,757	14,283,156	-	151.00	(141,939,120)	2,222,577,477	(601.50)	

Table 3
**Governor's Recommended General Fund Budget
 2010-11**

Budget Code	Function	2010-11 Recommended Continuation Budget		Reductions		Expansion		Appropriation Supported Positions	Net Change	2010-11 Recommended Appropriation	Net Position Change
		Recurring	Nonrecurring	Recurring	Nonrecurring	Recurring	Nonrecurring				
Natural and Economic Resources:											
13700	Agriculture & Consumer Services	65,638,839	(1,008,594)	(5,175,696)	(1,008,594)	-	-	(26,70)	(6,184,290)	59,454,549	(26,70)
14600	Commerce	46,028,986	(438,996)	(4,550,466)	(438,996)	504,561	3,000,000	(10,00)	(1,484,901)	44,544,085	(7,00)
14601	Commerce - State Aid	55,129,374	-	-	-	3,185,944	-	-	3,185,944	58,315,318	-
14300	Environment and Natural Resources	214,924,435	(3,201,115)	(18,872,405)	(3,201,115)	9,482,800	-	(62,83)	(12,590,720)	202,333,715	(62,83)
14301	Clean Water Management Trust	100,000,000	(25,000,000)	-	(25,000,000)	-	-	-	(25,000,000)	75,000,000	-
13800	Labor	19,092,834	(3,212,229)	(3,212,229)	(3,212,229)	-	-	(38,00)	(3,212,229)	15,880,605	(38,00)
	Total Natural & Economic Resources	500,814,468	(29,648,705)	(31,810,796)	(29,648,705)	13,173,305	3,000,000	3.00	(45,286,196)	455,528,272	(134,53)
14222	Transportation	-	-	-	-	-	-	-	-	-	-
	Net Agency	21,716,675,665	(110,557,572)	(952,869,327)	(110,557,572)	117,290,017	3,009,757	202.00	(943,127,125)	20,773,548,540	(1,303.33)
19600	Capital Improvements	-	-	-	-	-	-	-	-	-	-
Debt Service:											
19420	General Debt Service	739,878,445	-	(4,000,000)	-	-	-	-	(4,000,000)	735,878,445	-
19425	Federal Reimbursement	1,616,380	-	-	-	-	-	-	-	1,616,380	-
	Total Debt Service	741,494,825	-	(4,000,000)	-	-	-	-	(4,000,000)	737,494,825	-
Reserves and Adjustments:											
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	-	-	-	-	5,000,000	-
19003	Legislative Compensation Reserve	-	-	-	-	-	-	-	-	-	-
19004	Salary Adjustment Reserve	4,500,000	-	(4,500,000)	-	-	-	-	(4,500,000)	-	-
19xxx	Transparency & Accountability Reserve	-	-	-	-	500,000	-	-	500,000	500,000	-
19013	Job Development Incentive Grants Reserve	27,400,000	-	-	-	-	-	-	-	27,400,000	-
190xx	Teacher Salary Schedule Employees' Reserve	56,051,665	-	-	-	-	-	-	-	56,051,665	-
190xx	Freeze Longevity Payments	-	(177,800,000)	-	(177,800,000)	-	-	-	(177,800,000)	(177,800,000)	-
19019	Gang Initiative	-	-	-	-	-	-	-	-	-	-
19043	Health Plan Reserve	228,000,000	-	(4,000,000)	-	-	-	(100,00)	(4,000,000)	228,000,000	(100,00)
190xx	Administrative Support Reduction Statewide Reserve	-	-	-	-	-	-	-	-	(4,000,000)	-
190xx	Budget E-Procurement Receipts	-	-	(10,000,000)	-	-	-	-	(10,000,000)	(10,000,000)	-
190xx	Economic and Recovery Section Reserve	-	-	-	-	-	1,062,872	15.00	1,062,872	1,062,872	15.00
19047	Retirement Rate Adjustment Reserve	21,000,000	-	-	-	-	-	-	-	21,000,000	-
190xx	Health Plan Reduction for E'ees' opt out of the	-	-	(25,000,000)	-	-	-	-	(25,000,000)	(25,000,000)	-
19044	IT Initiative	14,821,416	-	-	-	-	-	-	-	14,821,416	-
19xxx	Performance Management System Reserve	-	-	-	-	500,000	-	-	500,000	500,000	-
	Total Reserves and Adjustments	356,773,081	(177,800,000)	(43,500,000)	(177,800,000)	1,000,000	1,562,872	15.00	(218,737,128)	138,035,953	(85.00)
	Total	\$ 22,814,943,571	\$ (1,000,369,327)	\$ (1,000,369,327)	\$ (288,357,572)	\$ 118,290,017	\$ 4,572,629	\$ 217.00	\$ (1,165,864,253)	\$ 21,649,079,318	\$ (1,388.33)

Table 4
**Governor's Recommended Highway Fund and Highway Trust Fund Budget
 2009-10**

Function	2009-10 Recommended Continuation Appropriation	Reductions				Expansion				2009-10 Approved Appropriation	Net Change	Net Position Change
		Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions	Net Change				
DOT Administration	86,303,924	(3,735,605)	(1,757,797)	(6,00)	-	-	-	(5,493,402)	80,810,522	(6,00)		
<i>Division of Highways</i>												
Administration	34,905,207	(1,362,581)	(603,643)	(16,00)	-	-	(1,966,224)	32,938,983	(16,00)			
Construction	122,481,404	(2,660,000)	-	-	11,689,860	-	9,029,860	131,511,264	-			
Maintenance	897,149,144	(51,965,269)	(25,835,269)	-	-	-	(77,800,538)	819,348,606	-			
Planning and Research	4,055,402	-	-	-	-	-	-	4,055,402	-			
OSHA Program	425,000	(52,208)	(17,403)	-	-	-	(69,611)	355,389	-			
Ferry Operations	28,765,439	(2,155,497)	-	-	3,116,267	480,000	1,440,770	30,206,209	79,00			
<i>State Aid</i>												
Municipalities	84,481,404	-	-	-	2,589,860	-	2,589,860	87,071,264	-			
Public Transportation	96,544,229	(16,366,078)	(8,582,189)	-	-	-	(24,948,267)	71,595,962	-			
Airports	19,349,592	(1,128,445)	(871,555)	-	-	-	(2,000,000)	17,349,592	-			
Railroads	17,101,153	-	-	-	-	-	-	17,101,153	-			
Governor's Highway Safety Program	351,779	-	-	-	-	-	-	351,779	-			
Division of Motor Vehicles	105,621,605	(2,083,008)	(2,166,603)	-	264,359	96,460	(3,888,792)	101,732,813	4,00			
Other State Agencies	297,178,677	(7,910,922)	(3,174,280)	-	590,000	-	(10,495,202)	286,683,475	-			
Reserves and Transfers	4,222,758	(8,035,171)	-	-	6,200,000	-	(1,835,171)	2,387,587	-			
Capital Improvements	-	-	-	-	-	-	-	-	-			
Total Highway Fund	1,798,936,717	(97,454,784)	(43,008,739)	(22,00)	24,450,346	576,460	(115,436,717)	1,683,500,000	61,00			
Administration	48,602,400	(7,510,080)	-	-	-	-	(7,510,080)	41,092,320	-			
<i>Construction</i>												
Intrastate System	445,444,392	(92,770,076)	-	-	-	-	(92,770,076)	352,674,316	-			
Urban Loop System	148,271,856	(37,512,354)	-	-	-	-	(37,512,354)	110,759,502	-			
Secondary Roads	67,510,836	(9,733,745)	-	-	-	-	(9,733,745)	57,777,091	-			
State Aid to Municipalities	49,627,687	(9,733,745)	-	-	-	-	(9,733,745)	39,893,942	-			
Bonds	-	-	-	-	-	-	-	-	-			
Bond Redemption	54,065,000	-	-	-	-	-	-	54,065,000	-			
Bond Interest	28,666,000	-	-	-	-	-	-	28,666,000	-			
NC Turnpike Authority	64,000,000	-	-	-	-	-	-	64,000,000	-			
Transfer to the General Fund	108,561,829	-	-	-	-	-	-	108,561,829	-			
Total Highway Trust Fund	1,014,750,000	(157,260,000)	-	-	-	-	(157,260,000)	857,490,000	-			

Table 5
**Governor's Recommended Highway Fund and Highway Trust Fund Budget
 2010-11**

Function	2010-11				Reductions			Expansion			2010-11 Approved Appropriation	Net Change	Net Position Change
	Recommended Continuation Appropriation	Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions			
DOT Administration	86,354,752	(3,335,662)	(1,757,817)	(6,00)	636,000	-	-	-	-	-	(4,457,479)	81,897,273	(6,00)
<i>Division of Highways</i>													
Administration	34,963,043	(1,369,863)	(600,003)	(16,00)	-	-	-	-	-	-	(1,969,866)	32,993,177	(16,00)
Construction	121,214,183	(2,660,000)	-	-	12,086,368	-	-	-	-	-	9,426,368	130,640,551	-
Maintenance	897,149,144	(57,139,505)	(52,345,047)	-	-	-	-	-	-	-	(109,484,552)	787,664,592	-
Planning and Research	4,055,402	-	-	-	-	-	-	-	-	-	4,055,402	-	-
OSHA Program	425,000	(52,208)	(17,403)	-	-	-	-	-	-	-	(69,611)	355,389	-
Ferry Operations	28,765,439	(2,155,497)	-	-	3,116,267	384,000	79,00	-	-	-	1,344,770	30,110,209	79,00
<i>State Aid</i>													
Municipalities	83,214,183	-	-	-	2,986,368	-	-	-	-	-	2,986,368	86,200,551	-
Public Transportation	96,544,229	(16,426,078)	(8,486,189)	-	-	-	-	-	-	-	(24,912,267)	71,631,962	-
Airports	19,291,543	(1,125,523)	(874,477)	-	-	-	-	-	-	-	(2,000,000)	17,291,543	-
Railroads	17,101,153	-	-	-	-	-	-	-	-	-	-	17,101,153	-
Governor's Highway Safety Program	352,325	-	-	-	-	-	-	-	-	-	-	352,325	-
Division of Motor Vehicles	105,732,881	(2,083,008)	(2,166,603)	-	264,359	-	4,00	-	-	-	(3,985,252)	101,747,629	4,00
Other State Agencies	299,106,995	(7,910,922)	(3,149,652)	-	810,000	-	-	-	-	-	(10,250,574)	288,856,421	-
Reserves and Transfers	4,222,758	(8,260,935)	-	-	11,600,000	-	-	-	-	-	3,339,065	7,561,823	-
Capital Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Highway Fund	1,798,493,030	(102,519,201)	(69,397,191)	(22,00)	31,499,362	384,000	83,00	(140,033,030)	1,658,460,000	61,00			
Administration	50,652,480	(8,278,560)	-	-	-	-	-	-	-	-	(8,278,560)	42,373,920	-
Construction	471,440,180	(101,984,625)	-	-	-	-	-	-	-	-	(101,984,625)	369,455,555	-
Intrastate System	159,678,513	(41,238,334)	-	-	-	-	-	-	-	-	(41,238,334)	118,440,179	-
Urban Loop System	71,231,921	(10,700,566)	-	-	-	-	-	-	-	-	(10,700,566)	60,531,355	-
Secondary Roads	52,250,080	(10,700,565)	-	-	-	-	-	-	-	-	(10,700,565)	41,549,515	-
State Aid to Municipalities													
Bonds	54,030,000	-	-	-	-	-	-	-	-	-	-	54,030,000	-
Bond Redemption	25,962,750	-	-	-	-	-	-	-	-	-	-	25,962,750	-
Bond Interest	99,000,000	-	-	-	-	-	-	-	-	-	-	99,000,000	-
NC Turnpike Authority	73,214,076	(367,350)	-	-	-	-	-	-	-	-	(367,350)	72,846,726	-
Transfer to the General Fund													
Total Highway Trust Fund	1,057,460,000	(173,270,000)	-	-	-	-	-	(173,270,000)	884,190,000	-			

Table 6
Recommended General Fund Availability and Appropriations, 2009-11

Description	2009-10 Recommended	2010-11 Recommended
Revenue:		
Tax:		
Income (Individual & Corporate)	\$ 11,184,700,000	\$ 11,794,900,000
Sales and Use	5,038,400,000	5,400,300,000
Other Tax	2,353,500,000	2,571,900,000
Total Tax	18,576,600,000	19,767,100,000
Nontax	739,234,764	752,653,080
Transfers	126,100,000	91,100,000
Total Revenue	19,441,934,764	20,610,853,080
Federal Recovery Funds:		
FMAP Assistance	1,003,677,475	500,711,010
Fiscal Stabilization -- Education	580,966,000	580,966,000
Fiscal Stabilization -- General Purpose	129,261,500	129,261,500
Subtotal Federal Recovery Funds	1,713,904,975	1,210,938,510
Total Availability	21,155,839,739	21,821,791,590
Appropriations:		
Recommended Continuation Budget	22,113,897,166	22,814,943,571
Recommended Budget Reductions	(1,302,313,973)	(1,288,726,899)
Recommended Expansion Budget	169,533,021	122,862,646
Total Recommended Appropriations	20,981,116,215	21,649,079,318
Total Ending Balance	174,723,525	172,712,272
Transfer Funds to Fiscal Responsibility Reserve	(174,723,525)	-
Remaining Balance	\$ -	\$ 172,712,272

Table 7
**Recommended Highway Fund Availability and Appropriations
2009-11**

	2009-10 Recommended	2010-11 Recommended
Availability		
Beginning Credit Balance:		
Unappropriated Balance from FY 2008-09	\$ -	\$ -
Anticipated Reversions from FY 2008-09	-	-
Anticipated Overcollections from FY 2008-09	-	-
Anticipated Beginning Unreserved Credit Balance	-	-
Recommended Budgeted Revenue:		
Tax Revenue	1,075,140,000	1,038,470,000
Non-tax Revenue	608,360,000	619,990,000
Total Highway Fund Revenue	1,683,500,000	1,658,460,000
Total Availability	1,683,500,000	1,658,460,000
Recommended Appropriations:		
Original Certified Budget	1,798,936,717	1,798,493,030
Recommended Reductions	(140,463,523)	(171,916,392)
Recommended Expansion	25,026,806	31,883,362
Total Appropriations Recommended	1,683,500,000	1,658,460,000
Total Ending Balance	\$ -	\$ -

Table 8
**Recommended Highway Trust Fund Availability and Appropriations
 2009-11**

	2009-10 Recommended	2010-11 Recommended
Availability		
Beginning Credit Balance:		
Unappropriated Balance from FY 2008-09	\$ -	\$ -
Anticipated Reversions from FY 2008-09	-	-
Anticipated Overcollections from FY 2008-09	-	-
Anticipated Beginning Unreserved Credit Balance	-	-
Recommended Budgeted Revenue:		
Tax Revenue	764,740,000	789,500,000
Non-tax Revenue	92,750,000	94,690,000
Total Highway Trust Fund Revenue	857,490,000	884,190,000
Total Availability	857,490,000	884,190,000
Recommended Appropriations:		
Original Certified Budget	1,014,750,000	1,057,460,000
Recommended Reductions	(157,260,000)	(173,270,000)
Recommended Expansion	-	-
Total Appropriations Recommended	857,490,000	884,190,000
Total Ending Balance	\$ -	\$ -

Major Expansion Budget Recommendations

Fiscal Responsibility

Education

General Government

Health and Human Services

Economic Development and Infrastructure

Justice and Public Safety

Natural and Economic Resources

Transportation

Capital Improvements

Teachers and State Employees

Fiscal Responsibility

Major Recommendations

Governor Perdue recommends a balanced and reasoned budget that:

Makes government more effective and efficient

- This budget identifies \$2.6 billion in General Fund budget reductions (\$1.3 billion each fiscal year).
- It looks for savings by focusing on reducing or eliminating duplicative, costly, inefficient or nonessential programs and services.
- This year's budget development process transitions from our current incremental budgeting approach to one that focuses more on results.

Provides transparency and accountability

- This budget invests \$4.25 million to create and maintain a budget and performance management system.

- It provides \$1 million to upgrade the state web portal and accountability websites to make government services more accessible and customer-friendly to the public.
- In this tough environment, the budget appropriates \$2.3 million for the Office of Economic Recovery and Investment to ensure North Carolina maximizes the use of available federal recovery funds.

Requires us to live within our means

- This budget reduces the total General Fund budget (including federal recovery monies) by \$360 million or 1.8%, even after taking over local Medicaid expenses.
- Spending in this budget is 3.2% less per capita than in FY 2008-09.
- The state takes on no additional indebtedness in FY 2009-10.

Education

Major Recommendations

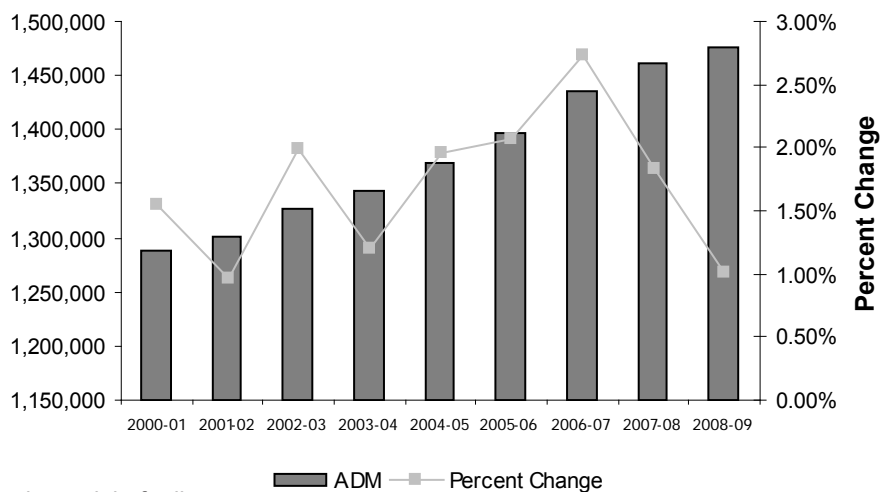
Public Education

Governor Perdue's budget protects K-12 with total public education spending (including federal recovery dollars) greater in 2009-10 than 2008-09, even though enrollment is expected to be lower by 0.79%. Major budget recommendations are listed below:

- Provide \$4.7 million to investigate and pilot diagnostic assessments in the elementary grades to ensure that basic deficiencies in reading and math are addressed before students move to middle school, to replace the standard course of study with a 21st century curriculum, to develop a plan to restructure the ABCs Accountability System, and to replace the current end of grade and end of course with assessments aligned with the new curriculum and using nationally normed assessments wherever possible.
- Appropriate \$6.7 million to continue the drop-out prevention grant initiative, which addresses issues such as truancy, academic failure, and school transition.
- Increase funding for the statewide program that provides tailored and sustained support to struggling schools and districts to improve student achievement.
- Provide full funding for additional 12 Learn and Earn schools scheduled to open in the 2009-10 school year in order to improve graduation rates, student performance, and competitiveness.
- Provide an LEA flexibility reduction to be allocated based upon average daily membership. This reduction shall not directly impact classroom services and LEAs are strongly encouraged to use funds received from the federal recovery act to mitigate this reduction.

Figure 2

Average Daily Membership Budgeted NC Public Schools



See left axis for bars, right for line.

Source: Department of Public Instruction, Financial and Business Services School allotment section.

Average Daily Membership is the number of days in membership for all students divided by the number of school days in a particular term (school month or school year).

- Adjust the budget for DPI salaries and LEA benefits to 97% to more closely match the actual salary and benefit expenditures.
- Reduce funding for textbooks on a nonrecurring basis due to a delay in the middle and high school math textbook adoption. LEAs will continue to have funds available to purchase the remaining textbooks.
- Adjust the financing for school bus replacement from three years to four years, saving \$7.5 million annually. This will not reduce the number of buses scheduled for replacement over the biennium.

Community Colleges

The Governor’s community college budget focuses on strategic areas to ensure workforce development and create jobs for the future. Total funding for the NCCCS is greater in 2009-10 than in 2008-09. Major budget recommendations include:

- *JobsNOW*:
Appropriate \$4.8 million to provide 65 additional health faculty targeted in areas with a high shortage and a waiting list of students.

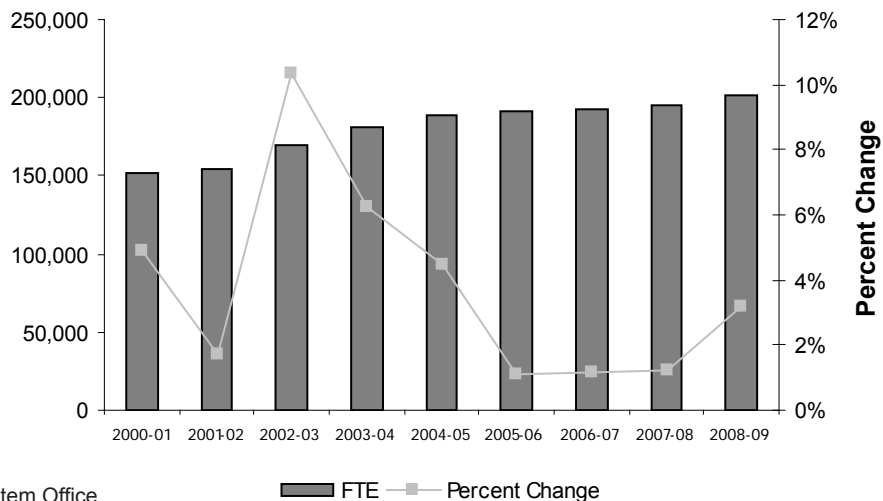
Provide \$3 million to fund 20 grants to colleges for programs serving areas of major need in technical fields, including transportation, engineering, industrial, military, construction, and green technology sectors.

Appropriate \$2.5 million from the American Recovery and Reinvestment Act to implement *JobSupport* to meet the child care, tuition, and transportation needs of displaced workers while they pursue retraining.

- Approve a recurring \$5 million to address equipment and technology needs at the colleges to reduce program waiting lists and meet the training needs.
- Appropriate an enrollment growth reserve of \$3 million to assist community colleges experiencing an anticipated enrollment growth of 5% or more above the prior year.
- Provide a community college flexibility reduction. The reductions shall not directly impact retraining for displaced workers or course offerings to high school students.
- Adjust the budget for NCCCS Office salaries to 97% and college salaries to 98%, to more closely match the actual salary expenditures.

Figure 3

Enrollment in Community College System Curriculum, Continuing Education, Basic Skills Budgeted FTE



Source: NCCCS System Office

Budgeted FTE (full time equivalent enrollment) is the sum of curriculum, continuing education, and basic skills FTE. It is computed as the three-year average or the prior year’s enrollment for each college, whichever is higher. The community colleges’ enrollments are aggregated for the entire Community College System. (The three-year average creates slight differences between budgeted and actual FTE; recently, this systemwide difference has been less than 100.)

- Reduce supplemental multi-campus funding by approximately 12.8%. Colleges will continue to receive FTE funding for enrollment generated at these sites.
- Restructure continuing education fee rates to a new sliding scale based upon length of each course. Fee increases will not reduce access to training for dislocated workers.

University System

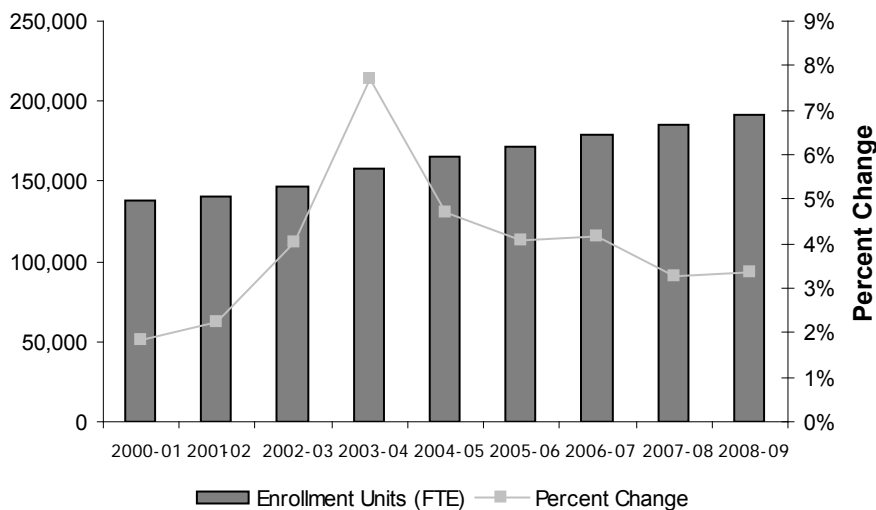
The Governor’s budget continues to provide university access for North Carolinians at a cost that is reasonable and affordable by fully funding enrollment growth and need-based financial aid, while not recommending an increase in tuition. Highlights of the budget recommendations are listed below.

- Provide full funding for the UNC Need-Based Financial Aid request of \$23.4 million to continue the expansion of this UNC grant program to ensure that all eligible students shall receive a grant and will hold recipients harmless from the increases in the cost of education.
- Approve \$4 million to support the ECU Brody

School of Medicine’s ability to provide care for the indigent patients of eastern North Carolina.

- Provide a UNC GA flexibility reduction of approximately 5% for most of UNC GA. The UNC System President and the UNC Board of Governors have the flexibility to implement this reduction.
- Provide a UNC campus flexibility reduction of approximately 3.6%. The campuses will use this flexibility to make reductions in areas based upon the best interests of each campus.
- Adjust the budget for UNC GA salaries to 97% and UNC campus salaries to 98%, to more closely match the actual salary expenditures.
- Reduce UNC Hospitals transfer for 2 years due to their large fund balance.
- Reduce the Legislative Tuition Grant budget consistent with the reduction for the UNC campuses. The need-based financial aid program for private colleges, the State Contractual Scholarship Fund, is held harmless.

Figure 4
Enrollment in the University System
Budgeted FTE



Source: UNC General Administration
 Budget FTE is calculated by converting budgeted student credit hours (fall and spring) into the measure of regular term full time equivalent students (FTEs).

General Government

Major Recommendations

Governor Perdue's General Government budget includes:

Supporting Our Military Members

- Sustain the \$1 million funding for military morale and welfare grants to military installations. These grants fund community service and quality of life programs for military members and their families in North Carolina.

Ensuring Justice for Sterilization Victims

- Allocate \$250,000 to begin planning efforts for the establishment of a foundation that will provide justice and compensate those who were forcibly sterilized by the state.

Sustaining Services for State Government Operations

- Restore funding for the State Parking System to ensure parking services are maintained in the downtown State Government Complex, and add \$1.2 million to support recurring resources needed to stabilize the HR/Payroll system.

Preserving Core Agency Functions

- Ensure that core agency functions are maintained by limiting reductions primarily to operating efficiencies and payroll reductions that reflect actual expenditure needs.

Health and Human Services

Major Recommendations

The Governor’s proposed budget for health and human services targets scarce expansion funding to protect and assist our State’s most vulnerable populations. Her priorities include:

Increasing access to health care for working families and the uninsured. Initiatives include:

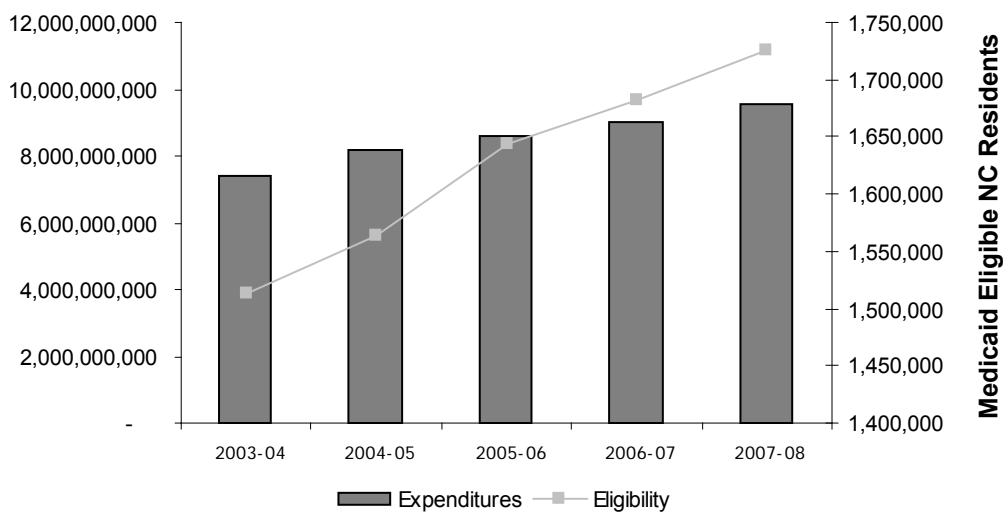
- Expand enrollment in the State Children’s Health Insurance Program (SCHIP) over the biennium to approximately 16,000 additional children from families making under 200% of the federal poverty level. Enrollment is projected to be 153,755 children at the end of June 2011.
- Provide additional funds (\$950,000) for Health Net, a care management program that assists low income, uninsured North Carolinians by

providing them with a medical home and coordinating the receipt of free or low cost health care services through Community Care of North Carolina (CCNC), hospitals, local health departments, and locally based indigent care programs.

Supporting older adults and the families who care for them. Specific initiatives include:

- Additional funds (\$1 million) in the Home and Community Care Block Grant Program (HCCBG) targeted at removing people on the waiting list for in-home personal care. The Governor’s budget also restores the availability of the \$2 million that were appropriated by the General Assembly during the 2008 Session but not allocated in the current

Figure 5
North Carolina Medicaid Expenditures
 Eligible Residents



Source for Expenditures: BD701 Budget Reports, Budget Code 14445, Fund 1310
 Source for Eligibility: Medicaid Eligibility Report EJA752 - SFY 2007

fiscal year due to the budget shortfall. These additional funds can be used to further reduce the waiting list for all HCCBG services, including home-delivered meals, congregate meals, in-home personal care, respite care, adult care services, and transportation.

- Recurring funds of \$500,000 for Project C.A.R.E., a nationally recognized consumer-directed respite care program that provides comprehensive support to caregivers of persons with dementia. Further support for families caring for a person with dementia is provided through a proposed caregiver tax credit.

Improving institutional and community-based resources that provide services to the mentally ill.

Initiatives include:

- An additional \$12 million to continue the investment in the local crisis services system by purchasing 111 local inpatient psychiatric hospital beds. Local inpatient care affords clients opportunities to receive services in their home community, allowing better integration of care; and allowing state psychiatric hospitals to begin focusing their mission on long term care.
- Funds to enhance training for employees at state facilities to improve the quality of care

provided to clients and to expand the Psychiatric Nurse Practitioner Program.

- Additional funds of approximately \$30 million in the continuation budget to shore up line-items that have been historically underbudgeted in the Division of Mental Health, Developmental Disabilities, and Substance Abuse.

The Governor's proposed budget for health and human services also requires reductions totaling \$274 million. Over 85% of the department's budget is spent on aid and public assistance, making it impossible for this reduction not to affect programs and services delivered to our state's citizens. However, every attempt was made to minimize the impact on our neediest residents and to target programs where reductions would not impact service levels. Agencies were asked to work more efficiently to minimize the impact of operating budget reductions, and use federal funds to replace state funds wherever possible.

Major reductions include:

- \$101 million from freezing the provider inflationary increase in the Medicaid budget .
- \$22.5 million from budgeting salaries at less than 100%.
- \$20.8 million from reducing prescription drug costs in Medicaid.

Justice and Public Safety

Major Recommendations

The Governor's proposed budget includes the following recommendations in Justice and Public Safety:

Addressing gangs comprehensively through Federal Recovery Funds

- Allocate \$200,000 each year to establish a statewide gang task force to develop a comprehensive plan and ensure a well-coordinated statewide enforcement program.
- Provide \$1.8 million to expand the GangNet intelligence information database to link the entire state.
- Allocate \$6 million for a Gang Prevention and Intervention Pilot Program that will focus on youth at-risk for gang involvement and those who are already associated with gangs and gang activity.

- Approve \$5 million for evidence-based grants that focus on gang prevention, treatment, intervention, and re-entry programs.
- Provide \$1.5 million for additional Juvenile Court Counselors to ensure the effective supervision of adjudicated youth.

Enhancing supervision of offenders

- Add \$2.4 million each year to improve recruitment and retention of Probation/Parole Officers.
- Appropriate \$8.8 million for FY 2009-10 and \$10.6 million for FY 2010-11 for additional Probation/Parole Officers, supervisors, and trainers to enhance the Department of Correction's ability to meet current offender supervision needs through adequate staffing and reduced span of control.

Natural and Economic Resources

Major Recommendations

The Governor recommends the following adjustments for this bienium:

Fostering and Supporting Community Growth Strategies

- Appropriate \$3.3 million each year to transform the Main Street Program into a more comprehensive economic development tool, and drive regional job creation through the development of growth plans and awarding of grants for customized local projects in “micro-politan” communities.
- Provide \$3.2 million each year to restore funding for the Regional Economic Development Commissions so they can continue to promote economic development and tourism in the communities they serve throughout North Carolina.

Growing North Carolina Businesses and Jobs

- Appropriate \$3.75 million to increase the competitive position of small businesses, strengthen economic development opportunities for the homeland security and national defense industries, and expand growth of North Carolina’s aerospace industry. In addition, \$5 million in federal recovery funds will support efforts to encourage the development of and investment in green technologies in the state.

Maximizing Resources for Infrastructure Improvements

- Add \$10 million to enable local governments to leverage loans made available through federal recovery funding for water and sewer infrastructure projects.
- Allocate \$9.5 million in state appropriation each year to leverage \$95 million in federal funding that will provide low-interest loans for water supply and wastewater infrastructure improvements.

Restructuring Agency Functions

- Save \$377,000 by eliminating the Office of Environmental Education and transferring the curriculum development functions to various education agencies.
- Save \$200,000 by eliminating dedicated funding for the Neuse River Rapid Response Team, instead utilizing existing resources across the state to implement this function statewide.

Promoting Our State

- Invest \$2 million to promote North Carolina as a business destination, expand the tourism and film industry, and market North Carolina grown products.

Transportation

Major Recommendations

Governor Perdue is extremely committed to investing funds in infrastructure projects to facilitate economic growth. Restoring and maintaining the state's transportation infrastructure and promoting public transit initiatives are key components.

Total funding of \$3.6 billion is recommended in support of North Carolina's Transportation Program for each year of the 2009-11 biennium. Over 70% of the funding is recommended for construction, maintenance, and public transportation activities throughout the state.

The governor's budget recommendations also include funds for initiatives aimed at making government operate more effectively and efficiently through investment in information technology projects that streamline program operations.

Two of the major sources of revenue (motor fuel tax and highway use tax) that support the transportation program have been severely impacted by the current economic slowdown. As a result, many programs will face reductions in appropriations for the biennium. The reductions are required to align appropriations with the estimated revenues that support the program.

Figures 7 - 10 show the distribution of funding sources and appropriations for North Carolina's Transportation Program for both years of the biennium.

Major Transportation Program Recommendations:

- Provide \$64 million in 2009-10 and \$99 million in 2010-11 for GAP funding for NC Turnpike Authority projects authorized by the General Assembly by continuing the reduction of the annual transfer from the Highway Trust Fund to the General Fund.
- Invest \$5.3 million and \$8.8 million, respectively, for each year of the biennium in receipt funds for information technology projects that will facilitate combined motor vehicle registration and collection of county property taxes by the Division of Motor Vehicles.
- Dedicate \$1.5 billion or 43% of total program resources each year of the biennium for construction related activities. Reductions of \$200 million (12%) in 2009-10 and \$178 million (10%) in 2010-11 over the 2008-09 authorized level are recommended.
- Provide \$819 million (23%) in 2009-10 and \$787 million (22%) in 2010-11 of total program resources for highway maintenance activities throughout the state. Reduced appropriations in the amount of \$125 million (13%) in 2009-10 and \$156 million (17%) in 2010-11 over the 2008-09 authorized level are recommended.
- Provide \$156 million in 2009-10 and \$167 million in 2010-11 for multi-modal transportation activities throughout the state that include public transportation, aviation, and rail programs. Program reductions of \$7.8 million or 7% are recommended for each year of the biennium over the 2008-09 authorized level.
- Approve \$127 million in funding each year of the biennium for state aid to municipalities (Powell Bill) for improvements to the municipal street system. Reductions in the amount of \$20 million or 14% are recommended for each year of the biennium to adjust appropriations as statutorily required.

Impact of Federal Economic Recovery Funds on NC's Transportation Program

The Economic Recovery and Reinvestment Act was signed into law on February 17, 2009. The primary focus of the plan is the preservation and creation of jobs. The package approved by Congress provides \$47.8 billion for Transportation.

North Carolina's expected share of highway and bridge funding is \$735 million to be distributed by the state equity formula, and \$103 million in transit federal formula grants. Fifty percent (50%) of available funds are required to be obligated by states within 120 days, and the remainder within one year of enactment.

Governor Perdue is already beginning to put the federal recovery funds to work in North Carolina to help create jobs and stimulate local economies.

She anticipates that approximately 14,000 jobs will be created throughout the state as a result of the federal economic recovery funds.

Seventy "shovel-ready" projects totaling \$466 million have been identified across the state utilizing the first half of available funding for highways and bridges. Projects that will be funded from the remaining funds for highways and bridges and transit funds are currently being identified and should be completed soon.

Projects selected for funding have been and will continue to be strategically selected to represent geographical diversity and broad scope, and will benefit a wide range and size of partners in the transportation industry.

Figure 6
Funding Sources
North Carolina Transportation Program
2009-10

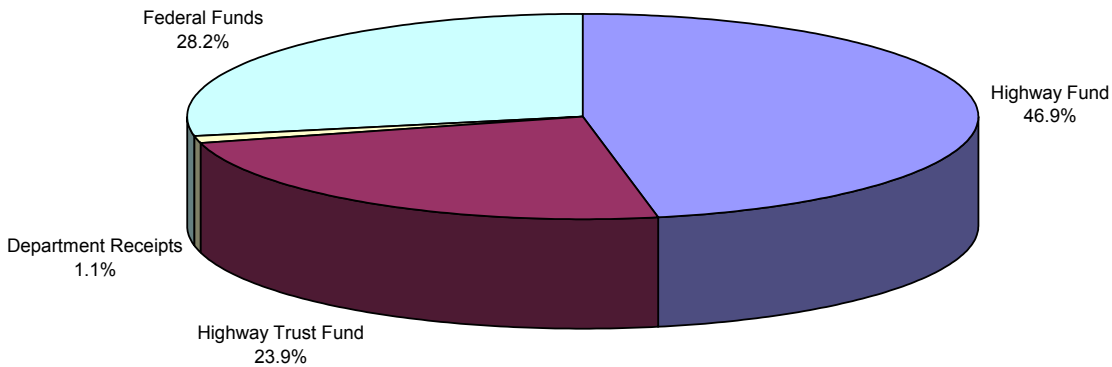


Figure 7
Funding Sources
North Carolina Transportation Program
2010-11

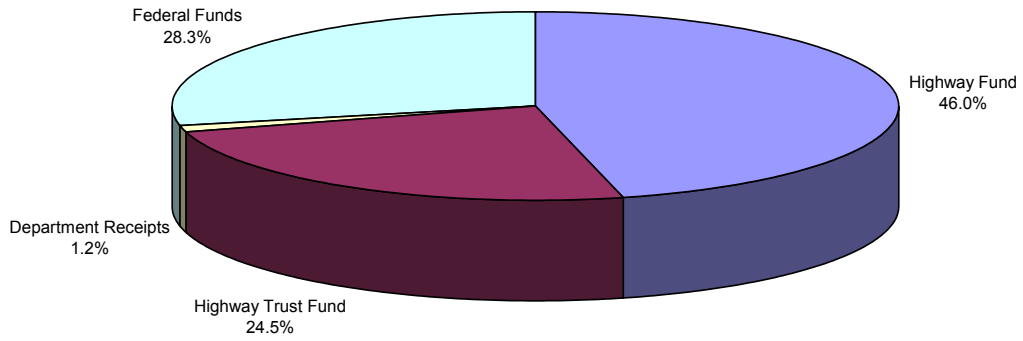


Figure 8
Appropriations
North Carolina Transportation Program
2009-10

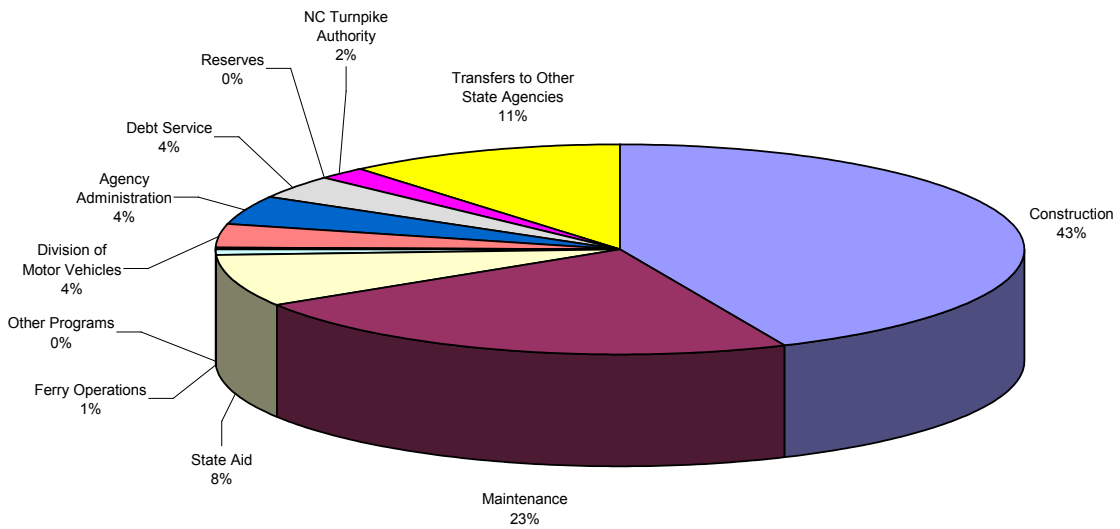
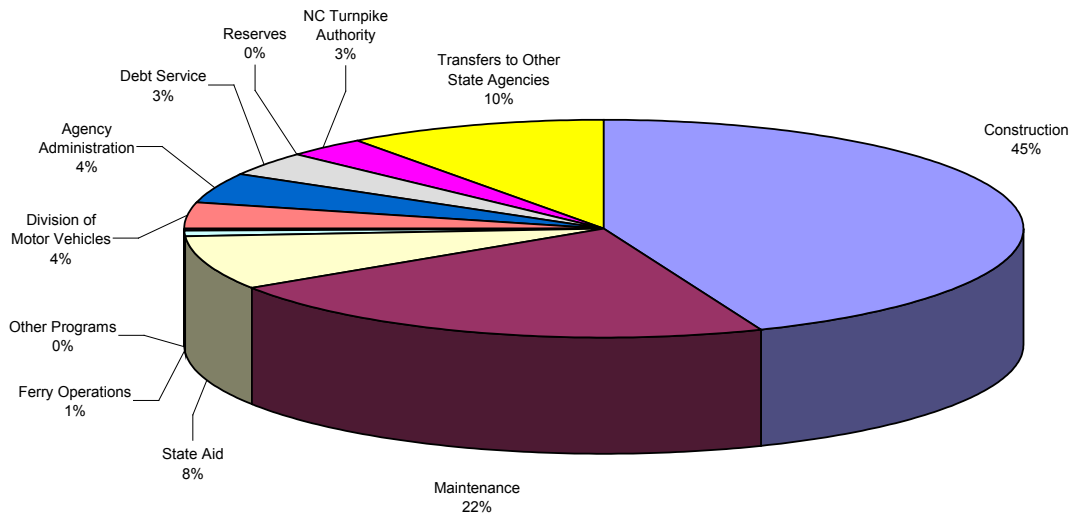


Figure 9
Appropriations
North Carolina Transportation Program
2010-11



Capital Improvements

Major Recommendations

Governor Perdue recommends a minimal capital financing package, limited by the current, severe economic recession. The proposed capital budget includes \$27.6 million from General Fund appropriations with \$83.1 million from federal/local matching funds. No appropriation is recommended for the Repair and Renovation Reserve. Debt financing is not recommended for 2009-10. The 2009 Debt Affordability Study indicates a very limited capacity for the state to issue new debt and stay within accepted debt service limitations. In addition, the level of future revenues is uncertain.

Background – The 2008-09 CI Budget

The Appropriations Act of 2008 included \$69,839,238 for the Repair and Renovation Reserve, \$129,082,062 for appropriated (pay-as-you-go) projects, \$750,463,944 of Special Indebtedness projects, and \$107,000,000 of General Obligation Bonds (the Two-Thirds Bond Act of 2008) for a total of \$1,056,385,244. In response to lower revenues, \$175,850,370 was withheld from appropriated projects and from the Repair and Renovation Reserve.

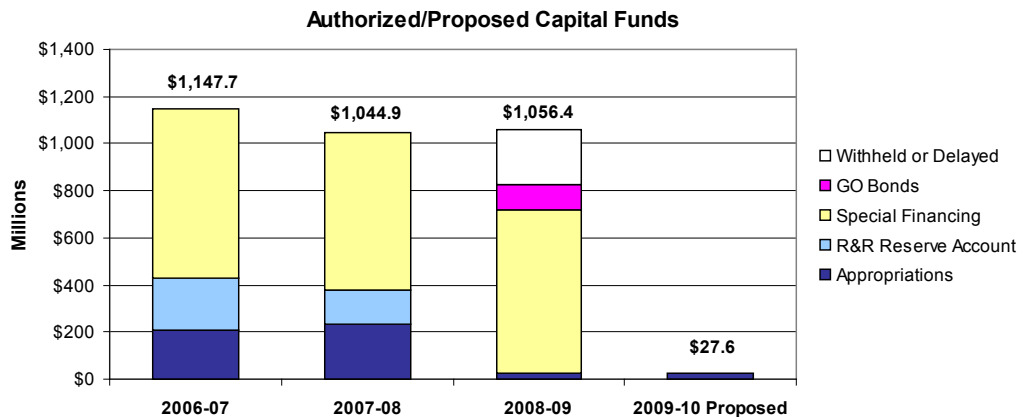
Education

- Provides \$10 million in appropriations for the UNC-CH Biomedical Research Imaging Center for 2009-10. A total of \$20.5 million has been previously funded. An additional \$229.5 million will be needed to fund later phases of the project which are scheduled for completion in 2013. The governor intends to finance the completion of the project using bonded indebtedness beginning in FY 2010-11. Repayment of debt will be shared with 15% from UNC-Chapel Hill, 15% from UNC Hospitals, and 70% from the General Fund.

Natural and Economic Resources

- Appropriates \$17.6 million for the state's share of civil works projects for navigation, flood control, drainage, and beach protection. The costs of these projects are shared by federal and/or local governments using a statutory formula. Total project costs are \$100.7 million, including \$83.1 million from federal/local matching funds.

Figure 10



Teachers and State Employees

Major Recommendations

Teachers and State Employees

- Allocate approximately \$125 million in the first year and \$228 million in the second year of the biennium to the State Health Plan to support an approximate 7.4% per year increase in employer-paid premiums.
- Allocate \$21 million in each year of the biennium to the Retirement System to maintain the system's actuarially sound status.
- Provide employer-paid funds for health care premiums at actual costs, rather than on a per-employee basis because many state employees choose not to participate in the State Health Plan. This reduction will generate a savings of \$17 million per year of the biennium and will not affect any employee who is covered by the State Health Plan.
- Freeze teacher and state employee longevity payments for two years, saving about \$170 million per year of the biennium. Teachers' and state employees' final retirement calculations will be held harmless from this longevity reduction. State employees who are not on the Teacher Salary Schedule will receive bonus leave for each year of the biennium in lieu of longevity payments. The amount of bonus leave is commensurate to the employee's years of service in state government.

Economy and Revenue

Economy

Outlook for the Nation and State

Revenue

General Fund Revenue Forecast

Highway Fund Revenue

Highway Trust Fund Revenue

Economy

Outlook for the Nation and State

Review of Current Fiscal Year

The recession deepens

The U.S. economic struggles continued in earnest this year, as recessionary conditions worsened in the second half of 2008. Job losses mounted and the unemployment rate increased rapidly. Cheaper energy prices and tax cuts did not outweigh significant headwinds facing consumers as spending declined. Continued deterioration in the housing market also contributed to the economic decline.

Real Gross Domestic Product (GDP) declining sharply during 2008-09. The value of all goods and services produced within the U.S., adjusted for inflation, dropped 3.8% in the 4th quarter of 2008. The economy is expected to contract further in the 1st quarter of 2009.

Job losses are accelerating. The cumulative job loss since the employment peak in December 2007 has grown to 3.57 million. Employment losses totaled 1.24 million in the 4th quarter of 2008 and are expected to get worse in the 1st quarter of 2009. The job losses have been apparent in almost all sectors, with only health and education services and government showing any gains. The unemployment rate started 2008 at 4.9%, but has climbed to 7.6%.

Housing remains a drag on growth. The housing downturn continues as total housing starts and total housing permits have reached all-time lows. While mortgage rates have fallen to 5.0% levels, the benefits appear related to refinancing as opposed to home purchases.

Consumers retrenched. With job losses, tighter credit conditions, and declining home and stock

values, consumers have cut back spending considerably. Real consumer spending fell 3.5% in the 4th quarter of 2008, following a decline of 3.8% in the 3rd quarter. Going forward, falling energy prices and the fiscal stimulus are expected to boost disposable income.

North Carolina's economy reflects national conditions

After 3 consecutive years of greater than 2.0% job growth, North Carolina's labor market slowed significantly over the past year. In 2008, total nonfarm payrolls were down 120,200 jobs or 2.9% compared to a year ago. The sharp slowdown in recent months has particularly impacted North Carolina. The unemployment rate reflects these job losses as it soared to 9.7% in January 2009.

Education and Health employment prop up service sector. The education and health services category was the only service sector to register positive growth in 2008. Specifically, education and health gained 18,100 jobs over the past year, while the other service sectors experienced broad declines. Professional and business services suffered significant losses (39,800) after consecutive years of strong growth. Leisure and hospitality services also posted a slight decline (2,100).

Manufacturing losses increase. After a brief improvement in 2005 and 2006, the rate of job losses in the manufacturing sector has accelerated over the past 2 years. As of December 2008, manufacturing employment was down 7.4% compared to the previous year. Faced with increasing competition from overseas, the textiles, apparel, and furniture industries continue to suffer the largest job losses.

Housing weakness impacts North Carolina.

Since North Carolina did not have the run-up in housing prices that occurred in many other parts of the country, it has avoided some of the housing market's troubles and affordability problems. However, the state has not been immune. Housing starts have dropped more than 35% over the year, causing construction job growth to decelerate significantly. Construction posted a significant 7.0% decline compared to the past year. Home prices remain positive, but only marginally.

Outlook for the Remainder of 2009 and for 2010 and 2011

U.S. economy improves in 2010 and 2011

The U.S. economy continues to struggle for the remainder of 2009 as job losses swell and consumers pull back. The fiscal recovery package and other policy measures will help stabilize the economy in later 2009, with employers starting to add jobs again in early 2010. A mild rebound is expected in 2010 followed by improved growth in 2011. Highlights of the economic outlook include:

- Real GDP is expected to decline sharply through the first 2 quarters before stabilizing in the second half of 2009. In total, the economy is projected to contract 2.7% in 2009. Growth is expected to be 2.0% in 2010 followed by 3.5% in 2011.
- Nonfarm payrolls are expected to continue declines in 2009 before rebounding modestly in 2010 and 2011. The unemployment rate is projected to peak near 9.4% in early 2010 and fall to 8.7% in 2011.
- Inflation is expected to fall 1.9% in 2009, the first yearly decline since 1955. As consumer demand slowly returns, prices are expected to increase 1.7% in 2010 and 2.2% in 2011. Core inflation, which excludes food and energy, is expected to remain positive in 2009 and stay under 2.0% through 2011.

- Housing starts are expected to hit bottom in the 1st half of 2009 and rebound in 2010 and 2011. Prices will continue to fall in 2009 and 2010 as inventory levels remain high.
- Even with a boost from the fiscal stimulus, consumer spending is expected to decline 1.0% in 2009, the sharpest drop since 1942. Modest spending growth is expected to return in 2010 and 2011.
- Firms have few reasons to start new buildings or renovate existing ones. Total nonresidential construction is projected to fall 16.6% in 2009 and 15.8% in 2010. As the business outlook improves, nonresidential investment returns to positive growth in 2011.

North Carolina's economy expected to improve in 2010 and 2011

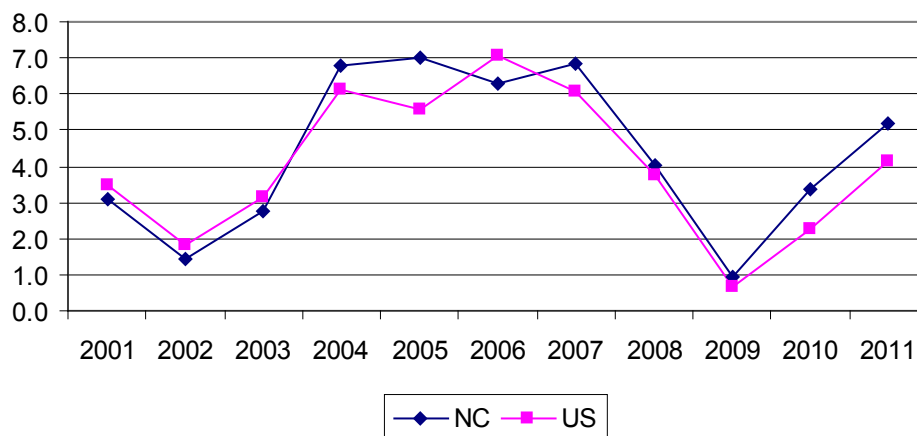
Similar to expectations for the national economy, a stagnant North Carolina economy is expected in 2009. Large job declines in the manufacturing and construction sectors will be significant drags on economic growth. The economy begins to recover in 2010 as manufacturing losses stabilize, construction rebounds, and the service sector remains a solid source of growth. Highlights of projections for North Carolina's economy include:

- Despite a significant deceleration in personal income growth, the state is likely to outpace the U.S. in 2009, 2010, and 2011 (see figure 11).
- Employment is expected to fall 3.0% in 2009, about the same as the projected U.S. decline. Nonfarm employment is forecast to expand 0.5% and 1.9% in 2010 and 2011, respectively.
- Reflecting the employment slowdown, the unemployment rate is projected to peak just below 10.0% in 2010 before falling to the 9.0% level in 2011.
- Employment gains will be led by the education and health services sector, which is projected to average 2.5% growth over the next several years.

- After a significant decline in 2009, the professional and business services sector is expected to register solid job growth in 2010 and 2011.
- Construction employment is likely to experience significant job losses over the next several years as construction activity has fallen dramatically. Specifically, construction employment is projected to decline 11.3% in 2009 and 7.0% in 2010 before finally realizing small job gains in 2011.
- North Carolina's manufacturing employment losses are expected to accelerate in 2009 before stabilizing in 2010 and 2011. Since the beginning of the 2001 national recession, the state has lost 232,200 (31.9%) manufacturing jobs.
- Housing starts are projected to fall 33.1% in 2009 before bouncing back with solid growth in 2010 and 2011.

Figure 11

NC Income Expected to Exceed US Percentage Growth in Personal Income



Revenue

General Fund Forecast

About half of North Carolina's total revenue originates from tax collections and other sources comprising the General Fund. The other half consists of funds from the federal government, highway funds, the Education Lottery, and other receipts and fees (e.g., tuition).

General Fund revenues are primarily derived from three sources: individual income tax, corporate income tax, and the sales and use tax. Other important sources include franchise, insurance, alcohol, and other miscellaneous taxes. In addition, nontax revenue, such as earnings from investment of state funds, supports the General Fund (see Table 9).

General Fund Revenue Reflects Sluggish Economy

Similar to many other states, the financial sector problems and rapid decline in economic conditions have led to historic revenue declines in North Carolina. Through the first 7 months of 2008-09, total General Fund revenue collections (including nontax receipts and transfers) are \$991.3 million or 8.6% below expectations. By the end of 2008-09, it is currently projected that General Fund revenue collections will total \$18,648.4 million, \$2,201.3 million below the budgeted forecast.

Reflecting a sluggish economy, baseline General Fund revenue is expected to grow only by 0.1% in 2009-10. As the economy improves in 2010-11, baseline General Fund revenue is expected to rebound to 5.4% growth in 2010-11. Table 10 details these forecasts, adjusted for the recommended tax changes discussed below. It also shows the projected and budgeted general fund revenue for fiscal year 2008-09. Figure 13 shows the distribution of General Fund revenue estimates for 2009-10.

For each of the major categories of general fund revenue, the current performance and fiscal year 2009-10 and 2010-11 baseline forecasts are discussed below, along with any recommended tax changes.

Individual income taxes

Net individual income tax receipts totaled \$6,152.0 million through the first 7 months of fiscal year 2008-09, about \$403.2 million below the official estimate. For 2008-09, a 5.0% decline is expected over the previous fiscal year.

Significant job losses and income declines have fueled this decrease. In particular, the rate of manufacturing losses has accelerated again. In addition, the professional and business services and construction sectors have retracted significantly. Wages are likely to register minimal to no growth while nonwage income has plummeted.

As the economy begins to recover in late 2009 and early 2010, North Carolina's employment and wages are expected to slightly improve. This recovery is expected to gain momentum in 2010-11. Reflecting this outlook, baseline individual income tax collections are expected to grow only 0.3% in 2009-10 and 5.2% in 2010-11.

Sales and use taxes

While lower energy prices and tax cuts provided some support to consumer spending, the impact has been outweighed by job losses, a tight credit market, and reduced home and stock values. Reflecting this decline, sales and use tax collections are significantly below forecast through the first 7 months of 2008-09. For 2008-09, sales and use collections of \$4,793.1 million are expected, a 3.8% decline compared to the

Table 9

General Fund Revenue
Detailed Estimates for 2008-09 and 2009-11 (\$mil)

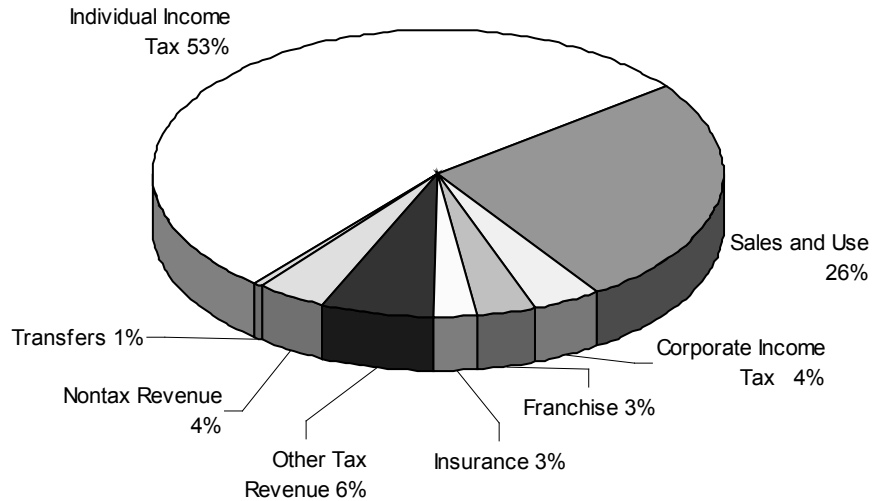
	2008-09 Budgeted	2008-09 Revised	2009-10 Estimated	2010-11 Estimated
<u>Tax Revenue</u>				
Individual Income	\$ 11,386.2	\$ 10,356.1	\$ 10,399.7	\$ 10,959.3
Sales and Use	5,374.3	4,793.1	5,038.4	5,400.3
Corporate Income	1,191.5	767.6	785.0	837.2
Franchise	587.0	607.2	618.7	646.6
Insurance	522.2	508.4	520.6	535.6
Tobacco Products	236.2	232.6	559.0	668.9
Beverage	233.8	230.4	392.2	449.0
Inheritance	161.7	119.5	129.3	134.5
Licenses	56.0	42.4	61.7	63.3
Mill Machinery	38.3	32.9	33.9	34.9
Piped Natural Gas	35.7	37.2	38.1	39.1
Gift	16.5	16.5	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0
<i>Total Tax Revenue</i>	\$ 19,839.4	\$ 17,743.9	\$ 18,576.6	\$ 19,768.7
<u>Nontax Revenue</u>				
Investment Income	248.1	158.0	136.4	153.8
Judicial Fees	204.8	193.5	208.6	219.4
Disproportionate Share Receipts	100.0	100.0	125.0	100.0
Insurance Department	228.8	217.4	195.7	201.5
Miscellaneous	63.5	70.5	73.6	78.0
<i>Total Nontax Revenue</i>	\$ 845.2	\$ 739.4	\$ 739.2	\$ 752.7
<u>Transfers</u>				
Highway Fund	147.5	147.5	108.5	73.5
Highway Trust Fund	17.6	17.6	17.6	17.6
<i>Total Transfers</i>	\$ 165.1	\$ 165.1	\$ 126.1	\$ 91.1
Total General Fund Revenue	\$ 20,849.7	\$ 18,648.4	\$ 19,441.9	\$ 20,612.5

Totals may differ from the sum of their parts due to rounding.

* Net of tax cut proposals

Figure 12

**General Fund Revenue
Estimates for 2009-10**



previous fiscal year and \$581.2 million below budgeted revenue.

The stimulus and falling prices are expected to provide a boost for consumers in mid-2009, yet spending will still likely decline for the year. Spending is expected to slowly pick up again through 2010 and 2011. Translated into revenue collections, baseline sales collections are forecast to register little to no growth in 2009-10 before rebounding in 2010-11.

Corporate income taxes

Following a significant decline in 2007-08, corporate collections have slowed further in 2008-09 as the recession has severely impacted profitability. Through the first 7 months of 2008-09, corporate collections were substantially below the official forecast. This trend is expected to continue over the remainder of 2008-09, resulting in collection totals 35.6% below budgeted revenue.

Corporate profitability is projected to remain flat in 2010 before improving in 2011 as general eco-

nomical conditions improve. Reflecting this forecast and the historical volatility of this revenue source, baseline corporate income tax receipts are expected to decline slightly in 2009-10 followed by moderate growth in 2010-11.

Major tax changes

- *Tobacco Tax Increase* – To help North Carolina recover the added health costs incurred because of smoking, the Governor recommends increasing the cigarette tax from 35 cents per pack to \$1.35 per pack. The Governor also recommends raising the tax on other tobacco products from 10% to 28% of the wholesale price. These increases would take effect on September 1, 2009 and are expected to generate \$350.4 million in 2009-10 and \$467.1 million in 2010-11. At \$1.35 per pack, North Carolina's cigarette tax rate would still only rank 20th (up from 45th currently) among states.
- *Alcohol Tax Increase* – The Governor recommends adding a 5.0% tax surcharge to all alcohol purchases. This additional tax would take effect on September 1, 2009 and would

help North Carolina cover the added health costs incurred from alcohol consumption. This increase is expected to generate \$157.5 and \$210.0 million in 2009-10 and 2010-11, respectively.

- *IRC Update* - The Governor recommends an update to the Internal Revenue Code reference used in defining and determining certain State tax provisions. Specifically, the Governor recommends conformity to the endangered species deduction and extension of the conservation easements deduction in the Heartland, Habitat, Harvest, and Horticulture Act of 2008. From the Heroes Earnings and Relief Tax Act of 2008, the Governor recommends making state or local bonus payments to combat veterans tax-free and allowing military death benefit contributions to Roth IRAs and Coverdell ESAs. The Governor also recommends extending deductions for tuition and certain teacher expenses contained in the Emergency Economic Stabilization Act of 2008. These changes are

expected to save taxpayers \$10.4 and \$20.1 million in 2009-10 and 2010-11, respectively.

- *Small Business Relief* – As part of the Governor’s effort to create jobs, stabilize the economy, and encourage economic investment, the Governor recommends targeted tax relief for small business. Specifically, the Governor recommends that companies with profits below \$100,000 be able to exempt the first \$25,000 from net income. Companies with profits between \$100,000 and \$200,000 would be able to exempt the first \$15,000. This exemption would take effect for tax years beginning on or after January 1, 2010 and is expected to save small businesses \$12.0 million in 2009-10 and \$24.0 million in 2010-11.
- *Founder’s Credit* – The Governor recommends excluding initial stock investments (“founder’s stock”) in certain NC start-up companies from capital gains. This credit would take effect for tax years beginning on or after January 1,

Table 10
General Fund Revenue
 Revised Estimates for 2008-09 and 2009-11, (\$mil)

	2008-09 Budgeted	2008-09 Revised	Difference	2009-10 Estimated	Percent Change 2008-09 to 2009-10	2010-11 Estimated	Percent Change 2009-10 to 2010-11
Individual Income Tax	11,386.2	10,356.1	(1,030.1)	10,399.7	0.4%	10,959.3	5.4%
Sales and Use	5,374.3	4,793.1	(581.2)	5,038.4	5.1%	5,400.3	7.2%
Corporate Income Tax	1,191.5	767.6	(423.9)	785.0	2.3%	837.2	6.6%
Franchise	587.0	607.2	20.2	618.7	1.9%	646.6	4.5%
Insurance	522.2	508.4	(13.8)	520.6	2.4%	535.6	2.9%
Other Tax Revenue	778.2	711.5	(66.7)	1,214.2	70.7%	1,389.7	14.5%
Nontax Revenue	845.2	739.4	(105.8)	739.2	0.0%	752.7	1.8%
Transfers	165.1	165.1	0.0	126.1	-23.6%	91.1	-27.8%
<i>Total Revenues</i>	<i>20,849.7</i>	<i>18,648.4</i>	<i>(2,201.3)</i>	<i>19,441.9</i>	<i>4.3%</i>	<i>20,612.5</i>	<i>6.0%</i>
Unreserved Credit Balance							
<i>Total Availability</i>							

Totals may differ from the sum of their parts due to rounding.

2010. There is no fiscal impact estimated for 2009-10 or 2010-11.

- *Expand Earned Income Tax Credit (EITC)* – Currently, North Carolina’s earned income tax credit is 5.0% of the federal credit. To provide further relief for low and moderate-income working families, the Governor recommends increasing the North Carolina rate to 6.5% effective for tax years beginning on or after January 1, 2010. This credit is expected to save taxpayers \$21.0 million in 2010-11.
- *Sales Tax Holiday for WaterSense Products* – WaterSense, a partnership program sponsored by EPA, enhances the market for water-efficient products and programs. The WaterSense label indicates that products meet water efficiency and performance criteria. The Governor rec-

ommends expanding the current Energy Star Appliance holiday to also include products with the WaterSense label. There is no estimated fiscal impact in 2009-10 and 2010-11.

- *Caregiver Credit* – To help relieve the economic burden of caring for older family members, the Governor recommends providing a tax credit for certain caregiving expenses for qualified family members. This credit is estimated to save taxpayers \$0.8 million in 2010-11.
- *Fee Increases* – The Governor recommends increasing the annual license fee on professionals from \$50.00 to \$200.00. This change and various smaller fee increases are expected to generate an additional \$27.4 million in 2009-10 and \$30.6 million in 2010-11.

Revenue

Highway Fund

The Highway Fund receives support from three revenue sources. The first and primary source is the excise tax on motor fuels, of which the Highway Fund receives 75.0%. The second source of revenue is licenses and fees collected by the Division of Motor Vehicles. The third source is interest earned on investments of Highway Fund cash balances held by the State Treasurer. Figure 13 shows the percentages of the various components of the Highway Fund revenue collections projected for fiscal year 2009-10.

Highway Fund Forecast

The continued fall in consumer and business confidence as a result of the intensification of the economic recession has led to a decline in Highway Fund revenues for fiscal year 2008-09. As of January 2009, fiscal year-to-date actual Highway Fund revenues were \$42.8 million or 4.1% below

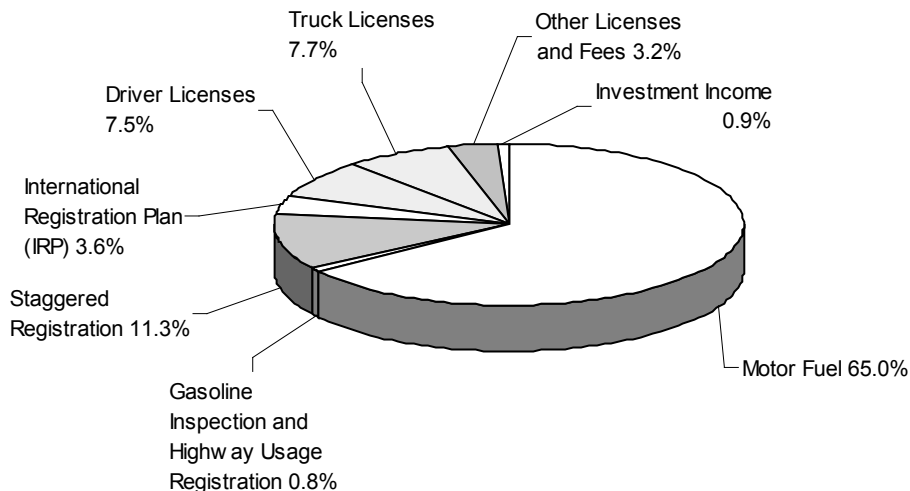
budgeted revenues. Revised Highway Fund tax revenues, for fiscal year 2008-09, are expected to fall short of budgeted revenues by \$114.9 million or 6.2%. Total Highway Fund revenues are estimated to decline in fiscal years 2009-10 and 2010-11 by 1.4% and 1.5% respectively.

Motor Fuels Excise Tax

The motor fuels excise tax is set twice in a fiscal year, once in January and again in July. The new rate is based on a six-month weighted average of the wholesale price of gasoline and diesel motor fuels. By actions of the 2007 General Assembly, to provide relief to North Carolina motorists, the variable component of the excise tax on motor fuels was set at a rate not to exceed 12.4 cents per gallon for the period of July 1, 2007 through June 30, 2009. This capped the tax rate on motor fuels

Figure 13

Highway Fund Revenue Collections 2009-10



at 29.9 cents a gallon for the period. When the freeze expires on June 30, 2009, the motor fuels tax rate is estimated to average 29.16 cents per gallon in fiscal year 2009-10 and 28.06 cents per gallon in fiscal year 2009-10.

Nationally, traffic volume as a measure of vehicle miles driven trended down by 5.3% for November 2008 as compared to November 2007. Over the same period, traffic volume in North Carolina declined 6.0%. The decline in motor fuel consumption is expected to continue through the biennium.

As of January 2009, fiscal year-to-date excise tax collections on motor fuels have fallen \$39.8 million or 5.7% below the fiscal year 2008-09 budgeted revenue. Total motor fuel tax collections that go to the Highway Fund are estimated to decline 2.5% in fiscal year 2009-10 and fall an additional 3.5% in fiscal year 2010-11.

Licenses and Fees

Revenue collected from staggered registrations, truck registrations, driver licenses, and certain miscellaneous fees are expected to decline \$17.9 million or 3.0% below budgeted revenues in fiscal year 2008-09. License and fee revenue is expected

to rebound in fiscal year 2009-10 and in fiscal year 2010-11 by 2.3% and 1.9%, respectively.

Investment Income

Through the first seven months of fiscal year 2008-09, current interest earnings on investments held with the State Treasurer have exceeded budgeted revenues by \$6.8 million. Total investment income is expected to meet budgeted revenues of \$16.0 million for fiscal year 2008-09. The interest rate used to estimate the certified budget revenue for fiscal year 2008-09 was based on an average annual rate of 4.0%. As of January 2009, the effective annual interest rate on investments held with the State Treasurer was 3.6%, down from 5.0% in January 2008.

The average annual interest rates on investments held with the State Treasurer are expected to fall over the biennium, translating into investment income of \$6.0 million in each year.

Revenue Availability

The revenue available for distribution under the Highway Fund is estimated to be \$1,683.5 million in 2009-10. In 2010-11 the estimated revenue available for distribution is \$1,658.5 million (see Table 11).

Table 11
Highway Fund Revenue
Detailed Estimates for 2009-10 and 2010-11
(\$ Millions)

Source	2008-09		Inc/(dec)	2009-10		2010-11	2009-10		% Change
	Budgeted	Revised		Estimated*	% Change Revised		Estimated*	% Change 2009-10	
<u>Motor Fuels Tax</u>									
Motor Fuels	\$1,184.5	\$1,089.1	(95.4)	-8.1%	\$1,061.6	\$1,024.9	-2.5%	-3.5%	
Gasoline Inspection	14.9	13.3	(1.6)	-10.8%	13.3	13.4	0.0%	0.4%	
Highway Use Reg.	0.2	0.2	0.0	0.0%	0.2	0.2	0.0%	-23.8%	
Total Motor Fuel Taxes	\$1,199.7	\$1,102.7	(97.0)	-8.1%	\$1,075.1	\$1,038.5	-2.5%	-3.4%	
<u>Licenses and Fees</u>									
Staggered Registration	\$205.9	\$197.4	(8.5)	-4.1%	\$201.0	\$204.3	1.8%	1.7%	
International Registration Plan	65.6	63.0	(2.6)	-4.0%	64.5	66.0	2.5%	2.2%	
Driver Licenses	137.4	131.9	(5.5)	-4.0%	135.2	136.9	2.5%	1.3%	
Truck Licenses	139.7	134.1	(5.6)	-4.0%	137.1	140.1	2.2%	2.2%	
Other Licenses and Fees	58.2	62.6	4.3	7.4%	64.6	66.7	3.2%	3.2%	
Total Licenses and Fees	\$606.9	\$589.0	(17.9)	-3.0%	\$602.4	\$614.0	2.3%	1.9%	
<u>Investment Income</u>									
Total Tax Revenue	\$16.0	\$16.0	0.0	0.0%	\$6.0	\$6.0	-62.5%	0.0%	
Beginning Credit Balance	\$1,822.6	\$1,707.6	(114.9)	-6.3%	\$1,683.5	\$1,658.5	-1.4%	-1.5%	
Total Highway Fund Availability	35.0	35.0	-	-6.2%	0.0	0.0	-3.4%	-1.5%	
	\$1,857.6	\$1,742.6	(114.9)		\$1,683.5	\$1,658.5			

* Revised Estimate based on actual collections through January 2009.

Revenue

Highway Trust Fund

The Highway Trust Fund, established in 1989, receives support from four sources. The first and primary source is the highway use tax, or sales tax, on most noncommercial vehicle sales. The second source is twenty-five percent (25.0%) of the excise tax on motor fuels. The third source is fees on certificates of title and other miscellaneous titles. The final source is the interest earned from investments of the Highway Trust Fund cash balances held by the State Treasurer. Figure 14 shows the percentages of the various components of the Highway Trust Fund revenue collections projected for fiscal year 2009-10.

Highway Trust Fund Forecast

The continued fall in consumer and business confidence as a result of the intensification of the economic recession has led to a decline in

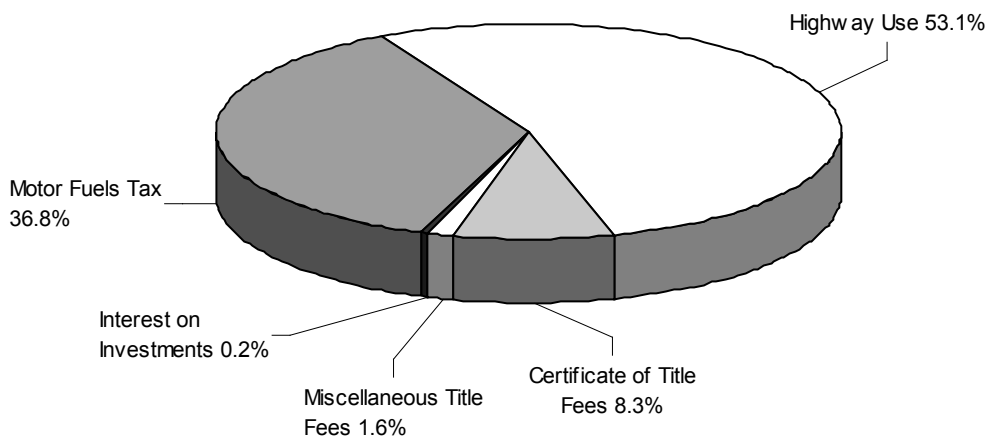
Highway Trust Fund revenues for fiscal year 2008-09. As of January 2009, fiscal year-to-date actual Highway Trust Fund revenues were \$94.3 million or 14.9% below budgeted revenues. Revised Highway Trust Fund tax revenues, for fiscal year 2008-09, are expected to fall short of budgeted revenues by \$190.6 million or 17.8%. Total Highway Trust Fund revenues are estimated to decline 2.8% in fiscal year 2009-10 and increase slightly in fiscal year 2010-2011.

Highway Use Tax

The decline in motor vehicle sales are a result of a faltering economy beset with tight credit, increasing unemployment, and falling consumer demand for automobiles. As of January 2009, fiscal year-to-date highway use tax collections have fallen \$72.9 million or 21.7% below fiscal

Figure 14

Highway Trust Fund Revenue Collections 2009-10



year 2008-09 budgeted revenue. Total highway use tax collections for fiscal year 2008-09 are estimated to be below budgeted revenues by \$142.0 million or 24.9%. With no improvement expected in vehicle sales in fiscal year 2009-10, total highway use tax collections are estimated to fall an additional 4.0%. A slight increase is expected in fiscal year 2010-11.

Motor Fuels Excise Tax

The motor fuels excise tax is set twice in a fiscal year, once in January and again in July. The new rate is based on a six-month weighted average of the wholesale price of gasoline and diesel motor fuels. To provide relief to North Carolina motorists, by actions of the 2007 General Assembly, the variable component of the excise tax on motor fuel was set at a rate not to exceed 12.4 cents per gallon for the period of July 1, 2007 through June 30, 2009. This capped the tax rate on motor fuels at 29.9 cents a gallon for the period. When the freeze expires on June 30, 2009, the motor fuel tax rate is estimated to be 29.16 cents per gallon in fiscal year 2009-10 and 28.06 cents per gallon in fiscal year 2010-11.

Nationally, traffic volume as a measure of vehicle miles driven trended down by 5.3% for November 2008 as compared to November 2007. Over the same period, traffic volume in North Carolina declined 6.0%. The decline in motor fuel consumption is expected to continue through the biennium.

As of January 2009, fiscal year-to-date excise tax collections on motor fuels credited to the Highway Trust Fund have fallen \$8.4 million or 3.6% below budgeted revenues for fiscal year 2008-09. Total motor fuel tax collections that go to the Highway Trust Fund are estimated to decline 2.5% in fiscal year 2009-10 and fall an additional 3.5% in fiscal year 2010-11.

Miscellaneous Title Fees

Certificates of title and other miscellaneous title fee collections generally trend up or down with highway use tax collections. For the first seven months of fiscal year 2008-09, certificates of title

declined 19.7%, slower than highway use tax collections. Over the same period, miscellaneous title fees declined 21.3%. Total combined fee collections for fiscal year 2008-09 are estimated to fall below certified budgeted revenues by \$16.8 million or 15.9%. Total combined title fee collections are estimated to increase 2.2% in fiscal year 2009-10 and 2.1% in fiscal year 2010-11.

Investment Income

Highway Trust Fund cash balances held with the State Treasurer are used to pay more frequent expenses associated with contractual activity. The monthly interest earnings are subject to more variable principal balances. Through the first seven months of fiscal year 2008-09, interest earnings on investments held with the state treasurer are \$1.0 million below certified budgeted revenues. As of January 2009, the effective annual interest rate on investments held with the State Treasurer was 3.6%, down from 5.0% in January 2008.

The average annual interest rates on investments held with the State Treasurer are expected to fall over the biennium, translating into investment income of \$1.4 million in each year.

Transfers to General Fund

Prior to the creation of the Highway Trust Fund in 1989, the sales or use tax from the retail sale and the long-term lease of motor vehicles was collected under General Fund revenues. In order to hold the General Fund harmless, an annual distribution is made from the Highway Trust Fund revenue collections to the General Fund. By actions of the 2008 General Assembly, the annual distribution will be reduced each year until the transfer to the General Fund is phased out. For fiscal years 2009-10 and 2010-11, the transfers are \$108.6 and \$72.9 million, respectively.

Revenue Availability

The revenue available for distribution under the Highway Trust Fund is estimated to be \$748.9 million in 2009-10 and \$811.3 million in 2010-11 (see Table 12).

Table 12
Highway Trust Fund Revenue
Detailed Estimates for 2009-10 and 2010-11
(\$ Millions)

Source	2008-09		Inc/(dec)	% Change	2009-10		2010-11	Percent Change
	Budgeted	Revised			Estimated*	Revised		
<u>Fuel Taxes and Fees</u>								
Motor Fuel Tax	\$394.9	\$363.0	(31.8)	-8.1%	\$353.9	\$341.6	-2.5%	-3.5%
Highway Use	570.0	428.0	(142.0)	-24.9%	410.9	447.9	-4.0%	9.0%
Certificate of Title Fees	89.2	74.4	(14.8)	-16.6%	76.2	77.9	2.5%	2.2%
Miscellaneous Title Fees	17.1	15.0	(2.0)	-12.0%	15.1	15.4	0.7%	1.7%
Subtotal	\$1,071.0	\$880.4	(190.6)	-17.8%	\$856.1	\$882.8	-2.8%	3.1%
<u>Interest on Investments</u>	\$2.1	\$2.1	0.0	0.0%	\$1.4	\$1.4	-34.0%	0.0%
Total Highway Trust Fund Availability	\$1,073.2	\$882.5	(190.6)	-17.8%	\$857.5	\$884.2	-2.8%	3.1%
Transfer to General Fund**	147.5	147.5			(108.56)	(72.85)		
Revenue Available	\$925.6	\$735.0	(190.6)	-20.6%	\$748.9	\$811.3	1.9%	8.3%

** Statutory distribution, G.S.105-187.9

* Revised Estimate based on actual collections through January 2009.

Capital Improvements

General Fund

Non-General Fund

Governor's Recommended Adjustments to Base Budget

Capital Improvements - General Fund (19600)

	<u>2009-10</u>	<u>2010-11</u>
Recommended General Fund Budget and Positions		
Base Budget		
Requirements	-	-
Receipts	=	=
Appropriation	-	-
Recommended Adjustments		
Requirements	\$110,745,588	-
Receipts	<u>\$83,145,588</u>	=
Appropriation	\$27,600,000	-
Total		
Requirements	\$110,745,588	-
Receipts	<u>\$83,145,588</u>	=
Recommended Appropriation	<u>\$27,600,000</u>	=
<hr/>		
Positions		
Base Budget Positions	-	-
Reductions	-	-
Expansion	=	=
Recommended Positions	=	=

Appropriation Items -- Legislative Revisions and Other Adjustments

Expansion

2009-10 2010-11

Natural and Economic Resources

1. DENR - Water Resources Projects

The Governor recommends funds for the state's share of civil works projects for navigation, flood control, drainage, and beach protection. The costs of these projects are shared by federal and/or local governments using a statutory formula.

Requirements - Nonrecurring **\$100,745,588**

Receipts - Nonrecurring **\$83,145,588**

Appropriation - Nonrecurring **\$17,600,000**

-

UNC Board of Governors

1. UNC-CH Biomedical Research Imaging Center (BRIC)

The Governor recommends an appropriation of \$10,000,000 for the UNC-CH Biomedical Research Imaging Center. This project includes a 343,000 square-foot facility that will support image-based biomedical research across the UNC system utilizing current programs in medical imaging at Chapel Hill and NCSU through the new joint Department of Biomedical Engineering. This facility will also be used for cancer drug research in collaboration with the Biomanufacturing Research Institute and Technology Enterprise program (BRITE) at NCCU. The estimated total project cost is \$280 million. The General Assembly appropriated \$8 million in FY 2007-08 to begin planning this project. In FY 2008-09, the General Assembly appropriated \$35 million to complete planning, begin site development, pre-purchase materials, and increase the scope of the project to include wet labs and drug research space.

Due to the budget shortfall and based on estimated cash flow projections, the FY 2008-09 appropriation was reduced to \$12.5 million. As a result, a total of \$20.5 million has been made available for this project. The university expects to receive \$20 million in receipts and gifts towards the project. This appropriation will provide funding for projected cash flow requirements through FY 2009-10. An additional \$229.5 million will be needed to fund later phases of the project which is scheduled for completion in 2013. The governor intends to finance the completion of the project using bonded indebtedness beginning in FY 2010-11. Repayment of debt will be shared, with 15% from UNC-Chapel Hill, 15% from UNC Hospitals, and 70% from the General Fund.

It is estimated that 7,898 jobs will be created or preserved in the State during the construction of this project. The impact on health and economic well-being is even greater. The annual cost of cancer in the state is estimated to be about \$5.57 billion; \$1.89 billion for direct medical care and \$3.68 billion in lost productivity due to illness and premature death.

The Biomedical Research Imaging Center is already underway. The early site package, the first phase of the project, is under contract and set to begin construction in April 2009. The concrete foundation and frame (phase II) will begin in the fall of 2009.

Appropriation - Nonrecurring \$10,000,000

Total Recommended Expansion

	<u>2009-10</u>	<u>2010-11</u>
Recurring		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-
Nonrecurring		
Requirements	\$110,745,588	-
Receipts	83,145,588	-
Appropriation	\$27,600,000	-
Positions	-	-

**Total Recommended Adjustments for
 Capital Improvements - General Fund (19600)
 2009-11**

	<u>2009-10</u>	<u>2010-11</u>
Recurring		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
Nonrecurring		
Requirements	\$110,745,588	-
Receipts	83,145,588	-
	\$27,600,000	-
Appropriation	\$27,600,000	-
Positions	-	-
Total Appropriation Adjustments	\$27,600,000	-
Total Position Adjustments	-	-

Governor's Recommended Adjustments to Base Budget

Capital Improvements - Non-General Fund (19600)

Recommended Non-General Fund Budget and Positions

	<u>2009-10</u>	<u>2010-11</u>
Base Budget		
Requirements	-	-
Receipts	=	=
Appropriation	-	-
Recommended Adjustments		
Requirements	-	-
Receipts	=	=
Appropriation	-	-
Total		
Requirements	-	-
Receipts	=	=
Recommended Appropriation	=	=
<hr/>		
Positions		
Base Budget Positions	-	-
Reductions	-	-
Expansion	=	=
Recommended Positions	=	=

Reserves, Debt Service, and Other Adjustments

General Fund

Governor's Recommended Adjustments to Base Budget

Reserves, Debt Service, and Other Adjustments - General Fund (190xx)

	<u>2009-10</u>	<u>2010-11</u>
Recommended General Fund Budget and Positions		
Base Budget		
Requirements	\$986,063,200	\$1,143,953,150
Receipts	<u>\$51,504,322</u>	<u>\$45,685,244</u>
Appropriation	\$934,558,878	\$1,098,267,906
Recommended Adjustments		
Requirements	(\$207,222,318)	(\$222,737,128)
Receipts	-	-
Appropriation	(\$207,222,318)	(\$222,737,128)
Total		
Requirements	\$778,840,882	\$921,216,022
Receipts	<u>\$51,504,322</u>	<u>\$45,685,244</u>
Recommended Appropriation	<u>\$727,336,560</u>	<u>\$875,530,778</u>
<hr/>		
Positions		
Base Budget Positions	-	-
Technical Adjustments	-	-
Reductions	(75.000)	(100.000)
Expansion	<u>15.000</u>	<u>15.000</u>
Recommended Positions	<u>(60.000)</u>	<u>(85.000)</u>

Appropriation Items -- Legislative Revisions and Other Adjustments

Reductions

2009-10 2010-11

Statewide Reserves

1. Salary Adjustment Fund

It is recommended that monies in the Salary Adjustment Fund be eliminated for the FY 2009-11 biennium.

Appropriation (\$4,500,000) (\$4,500,000)

2. Budget Health Care Premiums at Actual Costs

It is recommended that employer-paid funds for health care premiums be budgeted at actual costs, since many state employees choose not to participate in the State Health Plan. This reduction will not affect any employee who is covered by the State Health Plan.

Appropriation (\$25,000,000) (\$25,000,000)

3. Freeze Longevity Payments for Two Years/Hold Retirement Calculation Harmless

It is recommended that teacher and state employee longevity payments be frozen for two years. Teachers' and state employees' final retirement calculations shall be held harmless from this longevity reduction.

Appropriation - Nonrecurring (\$173,000,000) (\$177,800,000)

4. Administrative Support Reduction Reserve

It is recommended that administrative support positions be reduced statewide based on a 10:1 ratio. This ratio of employees to support staff is standard in the private sector. Agencies shall make every attempt to generate these savings through attrition; if filled positions need to be eliminated, each agency, with assistance from the Office of State Personnel, shall work to find employees an existing position in state government.

Appropriation (\$3,000,000) (\$4,000,000)

Positions (75.000) (100.000)

5. Budget E-Procurement Receipts

Beginning in the second half of the biennium, the State will no longer require all the revenue generated from the E-Procurement transaction fee to run the E-Procurement system. These transaction fees will provide funding for the IT Fund, thereby allowing for a reduction in general fund appropriations. It assumes the current transaction fee of 1.75% will remain.

Appropriation (\$10,000,000)

6. Debt Service Requirements

It is recommended that debt service appropriations be reduced based on lower than originally anticipated interest rates.

Appropriation	(\$4,000,000)	(\$4,000,000)
Appropriation - Nonrecurring	(\$3,500,000)	

Total Recommended Reductions

	<u>2009-10</u>	<u>2010-11</u>
Recurring		
Requirements	(\$36,500,000)	(\$47,500,000)
Receipts	-	-
	(\$36,500,000)	(\$47,500,000)
Appropriation	(75,000)	(100,000)
Positions		
Nonrecurring		
Requirements	(\$176,500,000)	(\$177,800,000)
Receipts	-	-
	(\$176,500,000)	(\$177,800,000)
Appropriation	-	-
Positions		

Expansion

	<u>2009-10</u>	<u>2010-11</u>
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Employee Benefits

1. Bonus Leave for State Employees

It is recommended that all state employees, except those paid on the Teacher Salary Schedule, shall receive bonus leave for each year of the biennium in lieu of longevity payments. The amount of bonus leave received is commensurate to the employee's years of service in state government. Employees with less than 10 years would receive no bonus leave; employees with 10-15 years would receive 32 hours; employees with 15-20 years would receive 48 hours; employees with 20-25 years would receive 68 hours; and employees with 25+ years would receive 94 hours.

Appropriation	-	-
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Other Reserves

1. 2010 Census Local Promotion

It is recommended that funds be appropriated to support the "NC Can Count on Me" 2010 Census promotional campaign. 2010 Census data will be used to apportion seats in the United States Congress and the North Carolina General Assembly, distribute state and federal resources, and support needs assessment and planning for the future of our communities. The campaign will support the creation of local Complete Count Committees across the state by providing information and material to inform North Carolinians of the importance of the United States Census and encourage their participation. The campaign will also include public service announcements for broadcast across the state's television and radio stations. Funds will be managed by the State Data Center in the Office of State Budget and Management.

Appropriation - Nonrecurring	\$750,000	-
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Transparency and Accountability

1. State Web Portal and Accountability Web sites

It is recommended that funds be appropriated to support ongoing operations of the State web portal and accountability websites that provide citizens easier access to public information, enhance service delivery, encourage citizen involvement, increase transparency of state spending, and promote efficiency in government processes. This direction was called for in Executive Order No. 4.

Appropriation	\$500,000	\$500,000
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2. Budget and Performance Management System

It is recommended that funds be appropriated to create and maintain a budget and performance management system that will replace the current legacy budget preparation system. This new system will also automate the expansion and capital budgeting processes, and incorporate the following elements of performance management called for in Executive Order No. 3: strategic planning, performance tracking of management functions, monitoring of program performance, improved agency accountability, identification of agency inefficiencies, and coordination in meeting cross-cutting state goals.

Appropriation	\$500,000	\$500,000
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Appropriation - Nonrecurring	\$2,750,000	\$500,000
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3. Federal Economic Recovery Management and Accountability

It is recommended that funds be appropriated to provide for the operations of the Office of Economic Recovery and Investment in order to maximize the State's use of available federal economic recovery funds, report on the use of the funds, and measure progress of the recovery effort.

Appropriation	\$1,277,682	\$1,062,872
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Positions	15,000	15,000
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Total Recommended Expansion

	<u>2009-10</u>	<u>2010-11</u>
Recurring		
Requirements	\$2,277,682	\$2,062,872
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$2,277,682	\$2,062,872
Positions	15.000	15.000
Nonrecurring		
Requirements	\$3,500,000	\$500,000
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$3,500,000	\$500,000
Positions	-	-

**Total Recommended Adjustments for
 Reserves, Debt Service, and Other Adjustments - General
 Fund (190xx)
 2009-11**

	<u>2009-10</u>	<u>2010-11</u>
Recurring		
Requirements	(\$34,222,318)	(\$45,437,128)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$34,222,318)	(\$45,437,128)
Positions	(60.000)	(85.000)
Nonrecurring		
Requirements	(\$173,000,000)	(\$177,300,000)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$173,000,000)	(\$177,300,000)
Positions	-	-
Total Appropriation Adjustments	(\$207,222,318)	(\$222,737,128)
Total Position Adjustments	(60.000)	(85.000)

Federal Recovery Funds

Federal Recovery and Investment
American Recovery and Reinvestment Act

North Carolina
Direct Allocation Funding

Federal Recovery and Investment

The American Recovery and Reinvestment Act (ARRA) was enacted on February 17, 2009. On this same date, Governor Perdue established the North Carolina Office of Economic Recovery and Investment to coordinate the state's handling of ARRA funds and state-level economic recovery initiatives.

The ARRA provides aid to states and the public in the current economic crisis. It helps create jobs, retain jobs, and aid states with their budget shortfalls. The bill provides that funds be distributed over three (3) years: 2009, 2010 and 2011. Federal agencies have not yet issued specific regulations for the administration and use of these funds. This means that the exact amounts to be distributed to North Carolina and the processes the state will need to follow to use these funds are still unknown. The issuance of specific rules may take up to 60 days from the signing of the ARRA.

Governor Perdue will ensure that ARRA funds are fully accounted for in accordance with federal law and future regulation. The lack of full guidance will require flexibility, but the Governor will work with the General Assembly to make sure the state is positioned to make the most of the recovery funding.

Funding to North Carolina will be in several categories. These are outlined below with estimates of funding to be received.

Countercyclical Funds

These funds will address job retention and aid states with their budget shortfalls.

State Fiscal Stabilization - \$1,420,454,235

Medicaid Funding - \$2,255,455,000

The Federal Medicaid Assistance Program is projected to provide funding in each fiscal year:

FY 2008-09	\$ 751,066,515
FY 2009-10	\$1,003,677,475
FY 2010-11	\$ 500,711,010

Appropriated Programs

This category of funding will increase direct spending to help create jobs. These funds will be available through a specific allocation for designated programs and through a competitive funding process where funds are distributed after federal review of state proposals.

The estimate of funds to be received by direct appropriation to state and local governments is approximately \$2.4 billion. This amount plus the countercyclical stabilization funding total approximately \$6.1 billion.

The funds must be invested by the categories of services included in the federal legislation. The programs are summarized below:

Transportation **\$838.8 million**

Highway and Bridges	\$735.5 million
Transit Capital Grants	\$103.3 million

Drinking Water and Wastewater Capital Improvements **\$136.9 million**

Drinking Water	\$ 65.6 million
Wastewater	\$ 71.3 million

Education **\$673.4 million**

These funds will be allocated to local school systems and to the state to address K-12 and higher education requirements.

Additional Education funding **\$ 43.4 million**

Education Technology	\$16.4 million
Vocational Rehabilitation	\$18.0 million
School Lunch Equipment	\$2.9 million
Homeless Education Services	\$1.3 million
Work Study Programs	\$4.8 million

Energy Initiatives **\$207.1 million**

Funding is provided for a major weatherization initiative (\$136.7 million) and new energy initiatives (\$70.4 million).

Affordable Housing and Homelessness Prevention **\$168.2 million**

Funding is provided to local public housing agencies for capital improvements and state affordable housing efforts (\$135.9 million), as well as for homelessness services (\$32.3 million).

Public Safety **\$ 65.7 million**

Funding is provided for victims, protecting children and for both state and local criminal justice needs.

Workforce Assistance **\$104.4 million**

Funding is provided for workforce recovery initiatives (\$78.8 million) serving youth, adults, and older Americans. Additional funding is provided to the Employment Security Commission for intensive re-employment efforts and client service improvements (\$25.6 million).

Special Children Services **\$107.5 million**

Funding is provided for children in need.

Immunizations	\$11.4 million
Foster care/ Adoption assistance	\$11.8 million
Child care	\$67.5 million
Head Start	\$16.8 million

Targeted Persons in Need **\$ 43 million**

- Emergency food assistance (\$3.3 million)
- Food Stamp administration (\$9.4 million)
- Elderly nutrition (\$3.7 million)
- Independent living assistance (\$.4 million)
- Community Services (\$26.2 million)

Community Development **\$ 19.4 million**

Block Grants are increased with direct payments to entitlement, local governments (\$7.1 million) and state-level allocation to local governments (\$12.3 million).

North Carolina Direct Allocation Funding 2/24/09

Subject	Amount
State Fiscal Stabilization Fund (SFSF) (Total)	1,420,454,235
Education (SFSF)	1,161,931,000
Gen Purpose (Flex Fund) (SFSF)	258,522,671
Medicaid 2009(estimated)	918,000,000
Medicaid 2010/11(estimated)	1,337,000,000
Medicaid DSH	14,630,000
Highways & Bridges	735,527,000
Transit Capital Grants (Total)	103,304,000
TCG Urban	70,248,738
TCG Rural	33,055,504
Drinking Water SRF	65,625,000
Clean Water SRF	71,279,000
Weatherization	136,715,178
State Energy Program	70,430,139
Emergency Food & Shelter	3,069,986
Commodity Assistance/ TEFAP	3,325,602
Food Stamp Admin.	9,400,000
Immunization	11,379,391
Foster Care/Adopt. Asst.	11,774,000
Elderly Nutrition	3,669,000
Independent Living	402,340
Child Care	67,543,000
Head Start	16,823,828
Community Services BG	26,245,000
Community Development BG entitlement	7,102,123
Community Development BG nonentitlement	12,333,793

Title I (Grants to LEAs)	257,456,360
Title I (School Improvement)	76,673,000
Special Education Part B	314,410,039
Special Education Part C	12,730,682
Special Education Preschool	12,071,141
Voc. Rehab.	18,029,008
Ed. Tech.	16,359,000
School Lunch Equipment	2,878,955
Work Study	4,777,000
McKinney-Vento Funds (Homeless Education)	1,290,000
Public Housing Capital Fund	83,848,000
HOME	52,095,000
Homelessness Prevention	29,225,000
Crime Victims Assistance	1,095,000
Crime Victims Compensation	667,488
Internet Crimes Against Children	744,080
Violence Against Women	6,350,000
Byrne/JAG	56,839,952
UI State Admin Grants	14,761,000
Employment Service	10,873,000
Service for Older Americans	3,166,307
WIA-Adult (Workforce Invest.)	10,441,582
WIA-Youth (Workforce Invest.)	25,323,937
Dislocated Workers	39,839,549
Total	6.1 Billion
Child Support Enforcement	52,700,000
Food Stamp Benefits	616,000,000

Appendix

Tables

Table 1A. Condition of the General Fund

Table 1B. Condition of the Highway Fund

Table 1C. Condition of the Highway Trust Fund

Table 1D. Savings Reserve Account Balance

Table 2. Total Authorized NC State Budget

Table 3A. Total NC State Budget by Function, Department, and Source of Funds, 2009-10

Table 3B. Total NC State Budget by Function, Department, and Source of Funds, 2010-11

Table 3C. Total NC Transportation Budget by Function and Source of Funds, 2009-10

Table 3D. Total NC Transportation Budget by Function and Source of Funds, 2010-11

Table 4. Trends in the Total State Budget

Table 5. Total Authorized State Budget by Source of Funds

Table 6. Highway Fund State Tax and Nontax Revenue

Table 7. Highway Trust Fund Tax and Nontax Revenue

Table 8. General Fund Tax and Nontax Revenue

Table 9. Authorized General Fund Appropriations

Table 10. General Fund Operating Appropriation for Public Schools, Community Colleges, and Higher Education

Appendix Table 1A

Condition of the General Fund, 1974-75 to 2007-08

(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	(0)
2000-01	(0)	620,729,850 ^{h)}	13,451,860,973	13,445,510,386	627,080,436	0
2001-02	0	703,038,110 ⁱ⁾	13,157,882,906	13,741,135,020	116,000,000	3,785,996
2002-03	25,000,000	136,859,298	14,110,717,770	13,855,522,493	166,510,735	250,543,840
2003-04	250,543,840	245,656,143	14,690,826,574	14,704,184,520	193,463,425	289,378,612
2004-05	289,378,612	76,797,361	16,326,481,563	15,798,359,545	415,789,045	478,508,946
2005-06	478,508,946	125,000,000	17,874,348,531	17,190,090,604	538,380,820	749,386,052
2006-07	749,386,052	222,229,189	19,460,031,250	18,662,078,726	548,386,276	1,221,181,489
2007-08	1,221,181,489	145,000,000	19,824,083,747	20,376,388,298	214,839,238	599,037,699

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

- 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 791 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 Refund, \$1.2 Federal Retiree Refund Administration, \$47.1 million Clean Water Management, \$39,519,567 Capital Improvements, and

Appendix Table 1B

Condition of the Highway Fund, 1974-75 to 2007-08

(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
2000-01	450,960,697	2,535,313,224	2,452,760,524	533,513,397
2001-02	533,513,397	2,684,784,992	2,722,939,943	495,358,446
2002-03	495,358,446	3,905,749,064	2,736,727,380	1,664,380,130
2003-04	1,664,380,130	3,437,047,830	2,374,362,841	2,727,065,119
2004-05	2,727,065,119	2,817,543,977	2,615,335,066	2,929,274,030
2005-06	2,929,274,030	2,931,337,147	2,314,562,645	3,546,048,532
2006-07	3,546,048,532	2,881,769,156	2,668,129,423	3,759,688,265
2007-08	3,759,688,265	3,081,350,232	3,027,576,468	3,813,462,029

*Includes Local Aid Participation and Interfund Transfers.

NOTE: 2007-08 collections do not include Garvee proceeds or investment income.

Appendix Table 1C
Condition of the Highway Trust Fund, 1989-90 to 2007-08

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
2000-01	221,275,934	968,998,273	(26,981,351)	841,958,656	321,334,200
2001-02	321,334,200	1,194,186,165	86,323,105	996,670,638	415,574,991
2002-03	415,574,991	1,150,573,168	5,995,280	1,044,791,298	350,675,082
2003-04	350,675,082	1,473,132,995	79,302,827	1,294,732,751	608,378,153
2004-05	165,119,241	1,475,311,921	145,551,538	1,463,384,096	322,598,604
2005-06	322,598,604	837,522,911	(217,758,541)	874,083,224	68,279,750
2006-07	68,279,750	983,151,773	(143,871,619)	839,403,996	68,155,908
2007-08	68,155,908	1,064,124,303	(49,646,510)	1,045,530,335	37,103,366

*Expenditures include all Interfund Transfers for both Highway and General Funds.

NOTE: Expenditures do not include bond funds, SB1005, or Moving Ahead.

Appendix Table 1D
Schedule of Savings Reserve Account Balance, 1990-91 to 2007-08

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)}	157,522,048
2001-02	157,522,048	(247,522,048) ^{g)}	90,000,000	-
2002-03	-	-	150,000,000	150,000,000
2003-04	150,000,000	391,343	116,666,064	267,057,407
2004-05	267,057,407	(153,541,447) ^{h)}	199,125,000	312,640,960
2005-06	312,640,960	-	316,151,631	628,792,591
2006-07	628,792,591	(22,933,000) ⁱ⁾	180,790,087	786,649,678
2007-08	786,649,678	-	-	786,649,678

- a. The General Assembly appropriated \$141.0 million; the reserve was used to balance a shortfall in 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.
- g. The 2001 Session of the General Assembly directed the State Controller to "credit" the Savings Reserve Account \$181.8 million from the General Fund but only \$90,000,000 was credited.
- h. Amount transferred to Disaster Relief Reserve for 2004 Hurricane Season Recovery, per SB 7.
- i. Reflects \$23.3 million transferred to the Highway Fund and the Highway Trust Fund to Replace motor fuel tax revenues reduced by the cap on the gas tax rate per Senate Bill 1741.

Appendix Table 2
Total Authorized North Carolina State Budget, 1980-81 to 2010-11
(In Millions)

Fiscal Year	Operating	Capital Improvements	Local Tax Reimb. and Other	Budget Stabilization	Total
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 ^{a)}	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 ^{b)}	334.1 ^{b)}	-	-	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 ^{c)}	476.8	141.0	12,939.6
1991-92	12,892.7	242.6 ^{d)}	474.6	0.4	13,610.3
1992-93	13,997.3	274.6	236.8	-	14,508.7
1993-94	16,130.8 ^{e)}	374.0 ^{f)}	236.8	-	16,741.6
1994-95	17,320.5 ^{e)}	412.6	236.8	-	17,969.9
1995-96	17,600.6	456.0	-	-	18,056.6
1996-97 ^{g)}	18,662.2	1,118.0	-	-	19,780.2
1997-98 ^{h)}	19,923.4	1,201.4	-	-	21,124.8
1998-99 ^{h)}	21,300.7	883.5	447.4	-	22,631.6
1999-00 ⁱ⁾	22,784.3	877.1	629.0	-	24,290.4
2000-01 ^{j)}	23,927.7	424.0	30.0 ^{m)}	120.0	24,501.7
2001-02 ^{k)}	25,763.0	762.9	40.0 ^{m)}	-	26,565.9
2002-03 ^{l)}	26,205.0	881.2	66.5 ^{m)}	-	27,152.7
2003-04	27,801.7	1,533.3	62.0 ^{m)}	-	29,397.0
2004-05	29,625.4	1,534.1	62.0 ^{m)}	-	31,221.5
2005-06	33,195.9	1,243.7	100.0 ^{m)}	-	34,539.6
2006-07	35,344.9	1,316.1	100.0 ^{m)}	-	36,761.0
2007-08	40,737.1	725.7	100.0 ^{m)}	-	41,562.8
2008-09	43,992.6	338.2	100.0 ^{m)}	-	44,430.8
2009-10	45,485.2	814.6	75.0 ^{m)}	-	46,374.8
2010-11	46,945.3	525.0	75.0 ^{m)}	-	47,545.3

- a. Includes \$25.8 million transferred from the General Fund to the Highway Fund.
- b. Includes emergency appropriation for the Department of Correction.
- c. Includes \$75 million from legislative bonds.
- d. Includes \$45 million from legislative bonds and \$112.5 million from prison bonds.
- e. Includes \$214.2 million for June 1994 payroll restoration 1993-94/\$120 million for teacher payroll restoration 1994-95.
- f. Includes \$87.5 million from prison bonds.
- g. Includes \$4.7 million for community colleges from the 1997 Session of the General Assembly.
- h. Includes public school bonds and highway bonds (\$700.0 million in 1997-98 and \$450.0 million in 1998-99).
- i. Includes \$450.0 million for public schools bonds in 1999-00 and \$200 million for Clean Water and Natural Gas Bonds.
- j. Includes \$300 million for Clean Water and Natural Gas Bonds.
- k. Includes \$250 million for Clean Water and Natural Gas Bonds, \$55 million for Public School Bonds, and \$300 for University and Community College Bonds.
- l. Includes \$250 Clean Water and Natural Gas Bonds and \$ 600 University and Community College Bonds.
- m. Clean Water Management Trust Fund Appropriation.
- n. Includes Direct Capital Improvement Appropriations and Bond Proceeds.

Appendix Table 3A

Total North Carolina State Budget by Function, Department, and Source of Funds, 2009-10

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
Education:						
13510	Public Schools	\$ 7,947,740,343	\$ 33,959,859	\$ 3,337,565	\$ 2,475,700,615	\$ 10,460,738,382
23510	Public Schools-Special	-	-	5,535,698	-	5,535,698
23511	DPI-School Technology Fund (GF)	-	-	1,088,518	-	1,088,518
23515	DPI-IT Projects	-	-	-	-	-
29110	DPI-Public School Building Fund	-	-	78,920,296	-	78,920,296
63501	DPI-Trust	-	-	1,575,876	-	1,575,876
63503	DPI-Trust-GF	-	-	2,355,344	-	2,355,344
63510	DPI-Trust	-	-	10,250,000	-	10,250,000
63511	DPI-Trust	-	-	140,000	-	140,000
73510	DPI-Internal Service	-	-	5,220,683	-	5,220,683
Subtotal Public School		7,947,740,343	33,959,859	108,423,980	2,475,700,615	10,565,824,797
16800	NC Community Colleges-NCCCS	1,026,792,329	-	211,974,591	16,426,195	1,255,193,115
06800	NCCU Institutional	-	-	26,241	-	26,241
26800	NCCCS-Special Funds	-	-	1,050,792	-	1,050,792
26802	NCCCS-Information Technology	-	-	-	-	-
66800	NCCCS-Trust	-	-	545,313	-	545,313
66801	NCCCS-Special Funds Interest Earning	-	-	652,345	-	652,345
Subtotal Community Colleges		1,026,792,329	-	214,249,282	16,426,195	1,257,467,806
University System:						
160xx	UNC - GA	40,380,358	-	260,325	-	40,640,683
16010	UNC - Institutional Programs	48,981,247	-	-	-	48,981,247
16012	UNC - Related Education Programs	113,459,512	-	-	1,492,869	114,952,381
16015	UNC-Aid Private Institutions	101,188,572	-	-	-	101,188,572
16020	UNC - CH Academic Affairs	296,839,955	-	209,697,886	346,696	506,884,537
16021	UNC - CH Health Affairs	212,281,186	-	55,595,318	-	267,876,504
16022	UNC - CH Area Health Education	50,252,641	-	-	-	50,252,641
16030	NCSU - Academic	396,839,577	-	223,873,475	200,000	620,913,052
16031	NCSU - Agri. Research Svcs.	58,569,062	-	3,124,910	8,215,944	69,909,916
16032	NCSU - Agri. Extension Svcs.	43,474,725	-	460,950	14,891,488	58,827,163
16040	UNC - Greensboro	163,319,080	-	65,162,427	111,798	228,593,305
16050	UNC - Charlotte	188,395,797	-	97,822,881	150,000	286,368,678
16055	UNC - Asheville	37,788,979	-	14,003,539	10,400	51,802,918
16060	UNC - Wilmington	98,786,790	-	55,127,212	71,575	153,985,577
16065	ECU - Academic	229,524,909	-	110,678,930	145,900	340,349,739
16066	ECU - Health Svcs.	56,286,330	-	2,348,100	-	58,634,430
16070	NC A & T	98,027,321	-	52,596,092	58,714	150,682,127
16075	Western Carolina	91,124,310	-	27,901,909	-	119,026,219
16080	Appalachian State	141,359,184	-	65,357,400	105,258	206,821,842
16082	UNC - Pembroke	57,780,919	-	17,707,424	42,968	75,531,311
16084	Winston Salem State	70,176,242	-	19,336,771	50,000	89,563,013
16086	Elizabeth City State	35,740,065	-	10,213,498	48,400	46,001,963
16088	Fayetteville State	56,929,956	-	17,666,979	-	74,596,935
16090	NC Central	89,266,277	-	34,255,583	108,431	123,630,291
16092	NC School of Arts	27,113,673	-	10,548,809	4,550	37,667,032
16094	NCSSM	18,419,707	-	800,054	-	19,219,761
16095	UNC Hospitals	36,011,882	-	-	-	36,011,882
56096	UNC Hospitals-Operating Fund	-	-	-	-	-
Total UNC System		2,858,318,256	-	1,094,540,472	26,054,991	3,978,913,719
Total Education		11,832,850,928	33,959,859	1,417,213,734	2,518,181,801	15,802,206,322
General Government:						
14100	Administration	73,702,894	-	12,113,438	-	85,816,332
24100	DOA-Special	-	-	2,238,455	6,160,019	8,398,474
24102	DOA-Special	-	-	551,969	-	551,969
24104	DOA-Special-GF	-	-	-	-	-
64100	DOA-Trust	-	-	2,000	-	2,000
64106	DOA-NC Veteran Trust	-	-	17,181,130	-	17,181,130
74103	DOA-Internal Service	-	-	-	-	-
74100	DOA-Internal Service	-	-	62,511,348	-	62,511,348
18210	Office of Administrative Hearings	3,967,455	-	54,859	-	4,022,314
13300	State Auditor	13,224,512	-	50	-	13,224,562
23300	State Auditor-Special Revenue-GF	-	-	-	-	-
18025	State Board of Elections (SBE)	6,183,822	-	39,500	-	6,223,322
28025	SBE-HAVA Federal Funds	-	-	579,745	10,368,035	10,947,780
68025	SBE-NC Candidate	-	-	4,758,363	-	4,758,363
68026	SBE-NC Political Party	-	-	1,500,000	-	1,500,000

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
14160	Office of State Controller (OSC)	23,611,155	-	27,680	-	23,638,835
24160	OSC-Special Revenue	-	-	-	-	-
14800	Cultural Resources	72,819,260	-	1,970,054	6,232,213	81,021,527
14802	Cultural Resources - Roanoke Island	1,955,050	-	-	-	1,955,050
24800	Cultural Resources-Special	-	-	512,852	-	512,852
24801	Cultural Resources-Art Museum	-	-	10,000	-	10,000
24802	CR-Roanoke Island Special	-	-	-	-	-
24804	Cultural Resources-Tryon Palace	-	-	1,063,875	-	1,063,875
54800	Cultural Resources-Enterprise	-	-	94,111	-	94,111
11000	General Assembly	57,661,786	-	931,768	-	58,593,554
13000	Governor's Office	6,113,531	-	236,196	-	6,349,727
23000	Governor's Office-Special	-	-	75	2,598,299	2,598,374
23001	Governor's Office-Interest Earning Spc.	-	-	42,000	-	42,000
24660	Governor's Office IT Special	-	-	30,300,000	-	30,300,000
24467	Information Technology Services-ITS	-	-	100,000	-	100,000
24669	ITS-Wireless Fund	-	-	86,775,600	-	86,775,600
74660	ITS-Internal Service Fund	-	-	226,009,652	-	226,009,652
13005	State Budget and Management (OSBM)	6,593,846	-	500	-	6,594,346
13085	OSBM - Special Appropriations	5,273,000	-	1,192,700	-	6,465,700
23003	OSBM. NC Education Lottery Fund	-	-	-	-	-
23004	OSBM-NC Education Lottery Reserve	-	-	2,594,265	-	2,594,265
23005	OSBM-Fines and Penalties	-	-	400,000	-	400,000
23009	OSBM-Disaster Relief-GF	-	-	-	-	-
13010	NC Housing Finance	14,608,417	-	-	-	14,608,417
23010	NC Housing Finance-Special	-	-	4,421,900	4,310,223	8,732,123
63011	NC Housing Finance-Partnership	-	-	-	-	-
13900	Insurance	31,644,853	-	2,118,847	756,328	34,520,028
23900	Insurance-Special-Interest Earning	-	-	33,774,465	-	33,774,465
13901	Insurance - Worker's Compensation Func	2,000,000	-	-	-	2,000,000
23901	Insurance-Special-Non-Interest Earning	-	-	1,184,258	170,725	1,354,983
23902	Insurance-Special-Interest Earning	-	-	168,554	-	168,554
23903	Insurance-Special-Non-Interest Earning	-	-	82,049	-	82,049
63901	Insurance-Trust	-	-	5,975,386	-	5,975,386
63902	Insurance -Trust	-	-	2,385,094	-	2,385,094
63903	Insurance-Trust-Internal Service	-	-	17,261,268	-	17,261,268
13100	Lieutenant Governor	937,852	-	-	-	937,852
14700	Revenue	84,920,596	7,876,169	268,558	-	93,065,323
24700	Revenue-Special	-	-	12,143,764	-	12,143,764
24704	Revenue-Project Collect Tax	-	-	-	-	-
24707	Revenue-Tax Transaction Fees	-	-	448,194	-	448,194
24708	Revenue-IT Projects	-	-	-	-	-
13200	Secretary of State	11,110,720	-	640,633	-	11,751,353
23200	Secretary of State-Special	-	-	288,713	-	288,713
63201	Secretary of State-Trust Special Revenue	-	-	184,420	-	184,420
13410	State Treasurer (DST)	10,370,644	-	925,557	-	11,296,201
13412	State Treasurer - Retirement / Benefits	10,804,671	-	-	-	10,804,671
23420	DST-IT Projects	-	-	-	-	-
23460	DST-Health & Wellness Trust Fund	-	-	-	-	-
68190	DST-Interest Public Improvement Bond	-	-	2,896,616	-	2,896,616
68188	DST-Interest Higher Ed. CC2001A	-	-	601,244	-	601,244
68183	DST-Interest Clean Water Bond 1999C	-	-	6,306	-	6,306
68175	DST--Interest Public School 1997 Bond	-	-	304,872	-	304,872
68174	DST-Interest CI 1997	-	-	23,951	-	23,951
68157	DST-Interest 2006A Clean Water	-	-	1,923,583	-	1,923,583
68158	DST-Interest 2006A Higher Ed	-	-	9,935,314	-	9,935,314
68154	DST-Interest Public Imp. 2005A	-	-	1,791,964	-	1,791,964
68150	DST-Interest Drinking Water 2004A	-	-	7,512	-	7,512
68198	DST-Interest Wastewater Repty. 2002	-	-	112,325	-	112,325
63412	DST-Escheats	-	-	202,107,116	-	202,107,116
68126	DST-Drinking Water Rept. 1999C	-	-	12,751	-	12,751
68128	DST-Interest Wastewater Repty. 1999C	-	-	25,023	-	25,023
68132	DST-Interest Clean Water Revolving Loans	-	-	77	-	77

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
68133	DST-Interest Wastewater Repyt 2003A	-	-	14,606	-	14,606
68137	DST-Interest Drkwr. Repayment 2003A	-	-	4,148	-	4,148
68140	DST-2003B Interest Clean Water	-	-	1,097	-	1,097
68141	DST-Interest Waster Repyt. 2003B	-	-	9,389	-	9,389
68142	DST-Interest Drinking Water Repayment 2003B	-	-	3,326	-	3,326
68148	DST-Interest Clean Water Revolving Loan 2004A	-	-	80,545	-	80,545
68192	DST-Interest Drkwr. Repyt. 2002C	-	-	38,118	-	38,118
68193	DST-Interest Clean Water 2002C	-	-	1,118	-	1,118
68220	DST-Interest 2007A GO Pub. Imp.	-	-	30,170,483	-	30,170,483
69430	DST-Debt Service Clearing	-	-	99,714,168	-	99,714,168
69450	DST-Basis SWAP	-	-	5,836,628	-	5,836,628
68149	DST-Interest Wastewater Repayment 2004A	-	-	23,750	-	23,750
69440	DST-Infrastructure Finance Corp.	-	-	-	-	-
28101	NC State Board of Barber Examiners	-	-	709,288	-	709,288
28102	NC State Board of Cosmetology	-	-	1,332,056	-	1,332,056
28103	NC State Board of Opticians	-	-	200,813	-	200,813
28104	NC Psychology Board	-	-	121,660	-	121,660
28106	NC State Auctioneer Licensing Board	-	-	462,039	-	462,039
28107	NC State Board of Electrolysis Examiners	-	-	29,590	-	29,590
28410	NC State Health Plan	-	-	-	-	-
58410	NC State Health Plan-Child Insurance	-	-	421,500	-	421,500
Total General Government		437,504,064	7,876,169	894,987,152	30,595,842	1,370,963,227
<u>Health and Human Services:</u>						
14410	Central Administration	50,378,890	-	1,071,028	72,254,586	123,704,504
24410	Central Administration-Special	-	-	-	2,163,774	2,163,774
64410	Central Administration-Trust	-	-	235,000	-	235,000
64412	Central Administration-Trust Interest	-	-	-	-	-
14411	Aging	38,852,637	-	10,704,320	42,159,933	91,716,890
14420	Child Development	279,553,887	-	841,600	331,040,376	611,435,863
14424	Education Services	38,367,421	-	397,330	185,000	38,949,751
24424	Early Intervention and Education-Spec.	-	-	8,520	413,048	421,568
64424	Early Intervention and Education-Trust	-	-	81,774	-	81,774
67424	Office of Ed. Services-Trust	-	-	7,560	-	7,560
14430	Public Health	184,376,922	-	110,717,129	444,310,681	739,404,732
24430	Public Health-Special	-	-	5,835,268	-	5,835,268
14440	Social Services	211,862,807	-	664,238,748	759,858,892	1,635,960,447
24441	Social Services-Special	-	-	1,578,753	-	1,578,753
64440	Social Services-Trust	-	-	-	-	-
14445	Medical Assistance	3,534,653,548	-	1,021,084,035	7,379,562,212	11,935,299,795
24445	Medical Assistance-Special	-	-	233,811,100	-	233,811,100
14446	Child Health	72,878,252	-	-	195,697,428	268,575,680
14450	Services for the Blind	11,410,072	-	1,278,136	19,061,094	31,749,302
24450	Services for the Blind-Special	-	-	1,076,281	1,249,799	2,326,080
54450	Services for the Blind-Enterprise	-	-	66,363	-	66,363
64450	Services for the Blind-Trust	-	-	1,025	-	1,025
67425	Services for the Blind-Trust	-	-	5,004,483	-	5,004,483
14460	Mental Health/DD/SAS	802,183,113	-	72,202,274	134,338,984	1,008,724,371
24401	Mental Health-Julian Keith ADATC	-	-	18,919	-	18,919
24403	Mental Health-WB Jones ADATC	-	-	16,617	-	16,617
24404	Mental Health-NC SPC. Care Center	-	-	16,759	-	16,759
24406	Mental Health-Black Mt. Center	-	-	9,975	-	9,975
24460	Mental Health-Special	-	-	-	-	-
24462	Mental Health-Dorothea Dix	-	-	231,958	-	231,958

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
24463	Mental Health-Broughton Hospital	-	-	90,375	-	90,375
24464	Mental Health-Cherry Hospital	-	-	110,815	-	110,815
24465	Mental Health-Umstead Hospital	-	-	109,559	-	109,559
24466	Mental Health-Car. Center	-	-	332,922	251,516	584,438
24467	Mental Health-O'Berry Center	-	-	325,263	-	325,263
24468	Mental Health-Murdoch Center	-	-	76,148	-	76,148
24469	Mental Health-Caswell Center	-	-	225,256	310,591	535,847
64404	Mental Health-Longleaf Neuro-Medical	-	-	1,995	-	1,995
64405	Mental Health-Trust (Interest Bearing)	-	-	47,745	-	47,745
64406	Mental Health-Black Mt. Center	-	-	-	-	-
64462	Mental Heath-Dorothea Dix-Trust	-	-	10	-	10
64463	Mental Health-Broughton Hospital	-	-	32,422	-	32,422
64464	Cherry Hospital-Trust	-	-	18,800	-	18,800
67465	Umstead Hospital-Trust (Interest)	-	-	9,020	-	9,020
64465	Umstead Hospital-Trust	-	-	12,229	-	12,229
64466	Mental Health-J. Iverson Riddle Dev. Ctr.	-	-	108,251	-	108,251
64467	Mental Health-O'Berry Center	-	-	82,450	-	82,450
64468	Mental Health-Murdoch Center	-	-	47,524	-	47,524
64469	Mental Health-Caswell Center	-	-	1,632	-	1,632
67406	Mental Health-Black Mt. Center	-	-	7,815	-	7,815
67462	Mental Health-Dorothea Dix	-	-	824	-	824
67463	Mental Health-Broughton Hospital	-	-	73,484	-	73,484
67464	Mental Health-Cherry Hospital	-	-	142,500	-	142,500
67466	Mental Health-West Car. Center	-	-	76,409	-	76,409
67467	Mental Health-O'Berry Center	-	-	32,943	-	32,943
67468	Mental Health-Murdoch Center	-	-	126,638	-	126,638
67469	Mental Health-Caswell Center	-	-	412,425	-	412,425
54465	Mental Health/DD/SAS-Butner Enterprises	-	-	-	-	-
74465	MH/DD/SAS-Umstead Hospital-Internal Service	-	-	792,896	-	792,896
14470	Health Service Regulation	18,013,493	-	4,724,487	32,579,010	55,316,990
24470	Health Service Regulation-Special	-	-	1,541,045	-	1,541,045
14480	Vocational Rehabilitation	42,095,435	-	5,000,761	83,418,110	130,514,306
24480	Vocational Rehabilitation-Special	-	-	481,652	-	481,652
24481	Disability Determination-Special	-	-	-	62,371,460	62,371,460
Total Health and Human Services		5,284,626,477	-	2,145,581,250	9,561,226,494	16,991,434,221
Justice and Public Safety:						
14500	Correction	1,316,791,882	11,300,000	9,259,471	4,412,456	1,341,763,809
04502	Correction-Canteen Fund	-	-	30,951,358	-	30,951,358
24500	Correction-Special	-	-	953,775	2,069,307	3,023,082
24501	Correction-Special IT	-	-	-	-	-
24502	Correction-Canteen Fund	-	-	8,955,401	-	8,955,401
24503	Correction-Special-Interest Earning	-	-	2	27	29
74500	Correction-Internal Service	-	-	91,346,267	-	91,346,267
14900	Crime Control & Public Safety	41,127,049	-	3,176,964	106,377,041	150,681,054
24960	CC&PS Highway Patrol Fund	-	214,666,087	3,860,685	179,878	218,706,650
24961	CC&PS-Seized & Forfeiture Assets	-	-	-	-	-
24962	CC&PS-Juvenile Justice Block Grant	-	-	131,299	11,524,672	11,655,971
24963	CC&PS-Special Rev. Disaster Relief	-	-	-	641,750	641,750
24964	CC&PS Other Special Grants	-	-	-	47,628,474	47,628,474
12000	Judicial-AOC	471,127,933	-	690,513	-	471,818,446
12001	Judicial - Indigent Defense	123,716,016	-	10,211,519	-	133,927,535
22001	AOC-Special Revenue Funds	-	-	8,506,946	1,844,063	10,351,009

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
22004	AOC-Reserve for Safe Roads	-	-	1,965,554	-	1,965,554
22005	AOC-Worthless Check Fund	-	-	1,612,000	-	1,612,000
22006	AOC-IT Fund	-	-	6,149,239	-	6,149,239
22007	AOC-Appellate Courts Printing/Comp.	-	-	509,489	-	509,489
13600	Justice	94,287,671	979,556	8,703,046	2,413,773	106,384,046
23600	Justice-Special	-	-	241,677	-	241,677
23601	Justice-Special	-	-	2,601,356	212,257	2,813,613
23606	Justice-Seized & Forfeited Assets	-	-	-	-	-
14060	Juvenile Justice	155,076,168	-	8,391,258	-	163,467,426
64060	Juvenile Justice-Trust	-	-	6,348	-	6,348
24060	Juvenile Justice-Special	-	-	1,423,815	-	1,423,815
Total Justice and Public Safety		2,202,126,719	226,945,643	199,647,982	177,303,698	2,806,024,042
<u>Natural and Economic Resources:</u>						
13700	Agriculture & Consumer Services	59,718,202	-	11,573,452	8,108,055	79,399,709
23700	Agriculture-Livestock Special	-	-	531,800	-	531,800
23701	Agriculture-Warehouse Investment	-	-	2,000	-	2,000
23703	Agriculture-Tobacco Trust-Special	-	-	234,467	-	234,467
53700	Agriculture-Raleigh Farmers Market	-	-	1,536,739	-	1,536,739
53725	Agriculture-WNC AG CT/MTN Fair	-	-	2,561,138	-	2,561,138
53750	Agriculture-State Fair	-	-	13,888,969	-	13,888,969
63700	Agriculture-Trust Special	-	-	153,250	-	153,250
63702	Agriculture-Rural Rehab Loans	-	-	759,838	-	759,838
63703	Agriculture-Finance Authority	-	-	582,680	-	582,680
63704	Agriculture-Cooperative Grading Program	-	-	6,530,183	-	6,530,183
14600	Commerce	48,502,026	-	5,899,072	45,723,615	100,124,713
14601	Commerce - State Aid	70,065,318	-	-	-	70,065,318
24600	Commerce-Special Revenue	-	-	3,961,791	121,815,846	125,777,637
24602	Commerce-Special Disaster Relief	-	-	1,500,000	-	1,500,000
24604	Commerce-Special-Morehead	-	-	11,000	-	11,000
24605	Commerce-Special Cape Fear	-	-	6,000	-	6,000
24606	Commerce-Special Clean Water Bonds	-	-	-	-	-
24609	Commerce-Special Revenue-Grants	-	-	-	-	-
24610	Commerce-Second Injury Fund	-	-	66,100	-	66,100
24611	Commerce-IT Projects	-	-	-	-	-
64604	Commerce-Trust EDA	-	-	200,000	-	200,000
64605	Commerce-Public Staff Trust	-	-	13,000,000	-	13,000,000
64612	Commerce-NC Rural Electric Authority	-	-	-	-	-
64613	Commerce-Natural Gas Trust	-	-	601	-	601
64616	Commerce-CDBG Revolving Loan	-	-	1,000,000	-	1,000,000
24650	Commerce-ESC	-	-	16,688,300	202,598,188	219,286,488
54600	Commerce-Enterprise Fund	-	-	22,446,481	165,823	22,612,304
64650	Commerce-Employment Security Commission Trust	-	-	2,742,378	-	2,742,378
64651	Commerce-Employment Security Commission Trust, Claims/Benefits	-	-	25,000,000	300,000,000	325,000,000
64652	Commerce-Employment Security Commission Trust Clearing	-	-	944,644,817	-	944,644,817
64653	Commerce-Employment Security Commission Trust Reserve	-	-	157,982,484	-	157,982,484
64655	Commerce-Employment Security Commission Trust, Training & Employment Account	-	-	74,141	-	74,141
54670	NC Education Lottery Commission	-	-	22,027	-	22,027

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
54641	NC Education Lottery Proceeds	-	-	1,261,401,118	-	1,261,401,118
14300	Environment and Natural Resources	199,933,377	-	42,152,514	55,706,950	297,792,841
24300	DENR-Special	-	-	39,786,843	660,312	40,447,155
24301	DENR-Air Quality-Fuel Tax Special	-	-	12,120,672	-	12,120,672
24302	DENR-Governor's Cup Trust-Special	-	-	4,414	-	4,414
24303	DENR-Marine Fish Conservation	-	-	47,737	-	47,737
24304	DENR-Wetlands Trust-Special	-	-	59,771,704	-	59,771,704
24305	DENR-Clean Water Mgmt. Trust-Special	-	-	3,308,460	-	3,308,460
24306	DENR-Special Dry Cleaning Solvent Tax	-	-	10,961,931	-	10,961,931
24307	DENR-Special Forest Development	-	-	2,622,560	-	2,622,560
24308	DENR-Special	-	-	17,212,637	-	17,212,637
24309	DENR-PARTF-Special	-	-	59,518,567	-	59,518,567
24310	DENR-Disaster Relief Programs	-	-	-	356,319	356,319
24311	DENR-Interest-CI	-	-	200,000	-	200,000
24317	DENR-Special-GF	-	-	-	2,500,000	2,500,000
24318	DENR-Special-Interest	-	-	-	-	-
24321	DENR-CWB-WS Loan 1998 Program	-	-	-	-	-
24323	DENR-Marine Resources Fund	-	-	7,088,527	-	7,088,527
24325	DENR-DWR-FERC Interest	-	-	150,000	-	150,000
64300	DENR-Trust-Special	-	-	2,509	-	2,509
64301	DENR-Waste Water Oper. Train. Special	-	-	494,049	-	494,049
64302	DENR-Natural Heritage Trust-Special	-	-	16,000,000	-	16,000,000
64303	DENR_Solid Waste Mgmt. Trust-Special	-	-	7,058,723	-	7,058,723
64304	DENR-Clean Water Revolving Loan	-	-	4,596,871	-	4,596,871
64305	DENR-Commercial LUST Cleanup-Speci	-	-	28,502,236	-	28,502,236
64306	DENR-Waste Water Treatment	-	-	35,872	-	35,872
64307	DENR-Conservation Grant Endowment	-	-	179,298	-	179,298
64308	DENR-Noncomm.LUST Cleanup	-	-	3,805,020	-	3,805,020
64311	DENR-Water Poll. Revolving Loan	-	-	38,773,570	1,658,391	40,431,961
64312	DENR-Federal Bond Revolving Loan	-	-	3,293,829	462,111	3,755,940
64318	DENR-High Unit Cost WW Grants 1998	-	-	-	-	-
64319	DENR-CWSRF Federal Program	-	-	7,034,546	-	7,034,546
64320	DENR-Drinking Water SRF	-	-	4,908,817	18,533,114	23,441,931
64321	DENR-High Unit Cost WS Grants	-	-	-	-	-
64322	DENR-Drinking Water SRF Match	-	-	2,020,012	1,445,160	3,465,172
64323	DENR-Drinking Water SRF Bond Match	-	-	1,067,130	-	1,067,130
64324	DENR-Drinking Water Reserve	-	-	472,051	-	472,051
64326	DENR-Trust-Special	-	-	1,000	-	1,000
14301	Clean Water Management Trust Fund	75,000,000	-	-	-	75,000,000
24350	Wildlife Resources-Special	-	-	1,994,131	1,540,450	3,534,581
24351	Wildlife Resources-Special (Interest)	-	-	21,554,303	9,823,174	31,377,477
24352	Wildlife Resources-Special (Non-Interest)	-	-	4,998,901	-	4,998,901
24353	Wildlife Resources-Special	-	-	-	-	-
64350	Wildlife Resources Endowment	-	-	6,864,025	-	6,864,025
69442	DST-Trust CI	-	-	450,996	-	450,996
69444	DST-Trust Special	-	-	329,124,084	-	329,124,084
13800	Labor	15,852,544	-	299,052	7,069,384	23,220,980
23800	Labor-Special Revenue Fund	-	-	5,463,205	-	5,463,205
63800	Labor-Trust Fund	-	-	2,880	-	2,880
63801	Labor-Trust Fund IDA	-	-	85,002	-	85,002
Total Natural and Economic Resources		469,071,467	-	3,239,029,504	778,166,892	4,486,267,863

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
84210/290	Transportation ¹	-	2,146,089,330	34,365,843	1,011,133,939	3,191,589,112
	Net Agency	20,226,179,655	2,414,871,001	7,930,825,465	14,076,608,666	44,648,484,787
19600	Capital Improvements	27,600,000	-	-	-	27,600,000
	Debt Service:					
19420	General Debt Service	662,994,697	82,731,000	51,504,322	50,135,200	847,365,219
19425	Federal Reimbursement	1,616,380	-	-	-	1,616,380
	Total Debt Service	664,611,077	82,731,000	51,504,322	50,135,200	848,981,599
	Reserves and Adjustments:					
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	5,000,000
19003	Compensation Increase Reserve	-	-	-	-	-
19004	Salary Adjustment Reserve	-	-	-	-	-
19007	Pesticide Prevention Program Reserve	-	-	-	-	-
19013	JDIG-Reserve	27,400,000	-	-	-	27,400,000
190xx	Freeze Longevity Payments	(173,000,000)	-	-	-	(173,000,000)
190xx	Administrative Support Reduction	(3,000,000)	-	-	-	(3,000,000)
	Statewide Reserve					
19xxx	Transparency & Accountability Reserve	500,000	-	-	-	500,000
190xx	Future Health Care Cost Reserve	(25,000,000)	-	-	-	(25,000,000)
190xx	Economic and Recovery Section Reserve	1,277,682	-	-	-	1,277,682
19043	Health Plan Reserve	125,000,000	-	-	-	125,000,000
19044	IT Initiative Reserve	14,821,416	-	-	-	14,821,416
19047	Retirement Rate Adjustment Reserve	21,000,000	-	-	-	21,000,000
190xx	Teacher Salary Schedule Employees' Reserve	64,726,385	-	-	-	64,726,385
19xxx	Performance Management System Reserve	3,250,000	-	-	-	3,250,000
190xx	2010 Census Local Promotion	750,000	-	-	-	750,000
	Total Reserves and Adjustments	62,725,483	-	-	-	62,725,483
	Total Budget	20,981,116,215	2,497,602,001	7,982,329,787	14,126,743,866	45,587,791,869
	General Obligation Bonds/COPS/LOBS	787,000,000	-	-	-	787,000,000
	Grand Total Budget Including GO Bonds and COP's	\$ 21,768,116,215	\$ 2,497,602,001	\$ 7,982,329,787	\$ 14,126,743,866	\$ 46,374,791,869

[1] Excludes \$108,561,829 of Highway Trust Fund and \$17,557,170 of Highway Fund transfer to General Fund plus transfers to other General Fund Budget Codes.

Appendix Table 3B

Total North Carolina State Budget by Function, Department, and Source of Funds, 2010-11

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
Education:						
13510	Public Schools	\$ 8,109,136,300	\$ 33,321,964	\$ 3,337,565	\$ 2,475,700,615	\$ 10,621,496,444
23510	Public Schools-Special	-	-	5,535,698	-	5,535,698
23511	DPI-School Technology Fund (GF)	-	-	1,088,518	-	1,088,518
23515	DPI-IT Projects	-	-	-	-	-
29110	DPI-Public School Building Fund	-	-	81,668,708	-	81,668,708
63501	DPI-Trust	-	-	1,575,876	-	1,575,876
63503	DPI-Trust-GF	-	-	2,355,344	-	2,355,344
63510	DPI-Trust	-	-	10,250,000	-	10,250,000
63511	DPI-Trust	-	-	140,000	-	140,000
73510	DPI-Internal Service	-	-	5,220,683	-	5,220,683
Subtotal Public School		8,109,136,300	33,321,964	111,172,392	2,475,700,615	10,729,331,271
16800	NC Community Colleges-NCCCS	1,068,146,255	-	223,633,970	16,426,195	1,308,206,420
06800	NCCU Institutional	-	-	26,241	-	26,241
26800	NCCCS-Special Funds	-	-	1,050,792	-	1,050,792
26802	NCCCS-Information Technology	-	-	-	-	-
66800	NCCCS-Trust	-	-	545,313	-	545,313
66801	NCCCS-Special Funds Interest Earning	-	-	652,345	-	652,345
Subtotal Community Colleges		1,068,146,255	-	225,908,661	16,426,195	1,310,481,111
University System:						
160xx	UNC - GA	40,364,388	-	258,325	-	40,622,713
16011	UNC - Institutional Programs	101,452,855	-	17,774,507	-	119,227,362
16012	UNC - Related Education Programs	112,761,030	-	-	1,492,869	114,253,899
16015	UNC-Aid Private Institutions	101,222,572	-	-	-	101,222,572
16020	UNC - CH Academic Affairs	300,317,096	-	209,686,786	346,696	510,350,578
16021	UNC - CH Health Affairs	215,383,559	-	55,594,818	-	270,978,377
16022	UNC - CH Area Health Education	50,494,973	-	-	-	50,494,973
16030	NCSU - Academic	403,034,969	-	223,850,131	200,000	627,085,100
16031	NCSU - Agri. Research Svcs.	57,723,235	-	3,097,886	8,215,944	69,037,065
16032	NCSU - Agri. Extension Svcs.	43,412,119	-	451,315	14,891,488	58,754,922
16040	UNC - Greensboro	164,409,845	-	65,170,811	111,798	229,692,454
16050	UNC - Charlotte	189,157,879	-	97,822,881	150,000	287,130,760
16055	UNC - Asheville	38,012,473	-	14,006,829	10,400	52,029,702
16060	UNC - Wilmington	100,168,788	-	55,121,860	71,575	155,362,223
16065	ECU - Academic	232,190,268	-	110,731,704	145,900	343,067,872
16066	ECU - Health Svcs.	52,370,158	-	2,345,100	-	54,715,258
16070	NC A & T	98,738,399	-	52,596,092	58,714	151,393,205
16075	Western Carolina	91,664,979	-	27,895,643	-	119,560,622
16080	Appalachian State	142,332,235	-	64,712,623	105,258	207,150,116
16082	UNC - Pembroke	58,115,976	-	17,459,853	42,968	75,618,797
16084	Winston Salem State	70,182,697	-	19,336,571	50,000	89,569,268
16086	Elizabeth City State	36,256,730	-	10,213,498	48,400	46,518,628
16088	Fayetteville State	57,492,159	-	17,666,479	-	75,158,638
16090	NC Central	89,604,737	-	34,255,648	108,431	123,968,816
16092	NC School of Arts	27,262,271	-	10,543,174	4,550	37,809,995
16094	NCSSM	18,560,059	-	800,054	-	19,360,113
16095	UNC Hospitals	36,011,882	-	-	-	36,011,882
56096	UNC Hospitals-Operating Fund	-	-	-	-	-
Total UNC System		2,928,698,331	-	1,111,392,588	26,054,991	4,066,145,910
Total Education		12,105,980,886	33,321,964	1,448,473,641	2,518,181,801	16,105,958,292
General Government:						
14100	Administration	73,489,302	-	12,113,438	-	85,602,740
24100	DOA-Special	-	-	2,238,455	6,160,019	8,398,474
24102	DOA-Special	-	-	551,969	-	551,969
24104	DOA-Special-GF	-	-	-	-	-
64100	DOA-Trust	-	-	2,000	-	2,000
64106	DOA-NC Veteran Trust	-	-	17,181,130	-	17,181,130
74103	DOA-Internal Service	-	-	-	-	-
74100	DOA-Internal Service	-	-	63,996,757	-	63,996,757
18210	Office of Administrative Hearings	3,980,290	-	54,859	-	4,035,149
13300	State Auditor	13,240,784	-	50	-	13,240,834
23300	State Auditor-Special Revenue-GF	-	-	-	-	-
18025	State Board of Elections (SBE)	6,187,615	-	39,500	-	6,227,115
28025	SBE-HAVA Federal Funds	-	-	579,745	10,368,035	10,947,780
68025	SBE-NC Candidate	-	-	4,758,363	-	4,758,363
68026	SBE-NC Political Party	-	-	1,500,000	-	1,500,000

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
14160	Office of State Controller (OSC)	24,243,461	-	27,680	-	24,271,141
24160	OSC-Special Revenue	-	-	-	-	-
14800	Cultural Resources	74,215,832	-	1,875,941	6,232,213	82,323,986
14802	Cultural Resources - Roanoke Island	1,955,050	-	-	-	1,955,050
24800	Cultural Resources-Special	-	-	512,852	-	512,852
24801	Cultural Resources-Art Museum	-	-	10,000	-	10,000
24802	CR-Roanoke Island Special	-	-	-	-	-
24804	Cultural Resources-Tryon Palace	-	-	1,063,875	-	1,063,875
54800	Cultural Resources-Enterprise	-	-	94,111	-	94,111
11000	General Assembly	59,371,264	-	1,005,838	-	60,377,102
13000	Governor's Office	6,119,712	-	236,196	-	6,355,908
23000	Governor's Office-Special	-	-	75	2,598,299	2,598,374
23001	Governor's Office-Interest Earning Spc.	-	-	42,000	-	42,000
24660	Governor's Office IT Special	-	-	30,300,000	-	30,300,000
24467	Information Technology Services-ITS	-	-	100,000	-	100,000
24669	ITS-Wireless Fund	-	-	86,775,600	-	86,775,600
74660	ITS-Internal Service Fund	-	-	226,009,652	-	226,009,652
13005	State Budget and Management (OSBM)	6,597,294	-	500	-	6,597,794
13085	OSBM - Special Appropriations	4,273,000	-	1,192,700	-	5,465,700
23003	OSBM. NC Education Lottery Fund	-	-	-	-	-
23004	OSBM-NC Education Lottery Reserve	-	-	2,594,265	-	2,594,265
23005	OSBM-Fines and Penalties	-	-	400,000	-	400,000
23009	OSBM-Disaster Relief-GF	-	-	-	-	-
13010	NC Housing Finance	14,608,417	-	-	-	14,608,417
23010	NC Housing Finance-Special	-	-	4,421,900	4,310,223	8,732,123
63011	NC Housing Finance-Partnership	-	-	-	-	-
13900	Insurance	31,707,037	-	2,118,847	756,328	34,582,212
23900	Insurance-Special-Interest Earning	-	-	33,774,465	-	33,774,465
13901	Insurance - Worker's Compensation Func	2,000,000	-	-	-	2,000,000
23901	Insurance-Special-Non-Interest Earning	-	-	1,184,258	170,725	1,354,983
23902	Insurance-Special-Interest Earning	-	-	168,554	-	168,554
23903	Insurance-Special-Non-Interest Earning	-	-	82,049	-	82,049
63901	Insurance-Trust	-	-	5,975,386	-	5,975,386
63902	Insurance -Trust	-	-	2,385,094	-	2,385,094
63903	Insurance-Trust-Internal Service	-	-	17,261,268	-	17,261,268
13100	Lieutenant Governor	937,852	-	-	-	937,852
14700	Revenue	85,013,566	7,882,634	268,558	-	93,164,758
24700	Revenue-Special	-	-	12,143,764	-	12,143,764
24704	Revenue-Project Collect Tax	-	-	-	-	-
24707	Revenue-Tax Transaction Fees	-	-	448,194	-	448,194
24708	Revenue-IT Projects	-	-	-	-	-
13200	Secretary of State	11,184,594	-	641,797	-	11,826,391
23200	Secretary of State-Special	-	-	288,713	-	288,713
63201	Secretary of State-Trust Special Revenue	-	-	184,420	-	184,420
13410	State Treasurer (DST)	10,384,432	-	925,781	-	11,310,213
13412	State Treasurer - Retirement / Benefits	10,804,671	-	-	-	10,804,671
23420	DST-IT Projects	-	-	-	-	-
23460	DST-Health & Wellness Trust Fund	-	-	-	-	-
68190	DST-Interest Public Improvement Bond	-	-	2,896,616	-	2,896,616
68188	DST-Interest Higher Ed. CC2001A	-	-	601,244	-	601,244
68183	DST-Interest Clean Water Bond 1999C	-	-	6,306	-	6,306
68175	DST--Interest Public School 1997 Bond	-	-	304,872	-	304,872
68174	DST-Interest CI 1997	-	-	23,951	-	23,951
68157	DST-Interest 2006A Clean Water	-	-	1,923,583	-	1,923,583
68158	DST-Interest 2006A Higher Ed	-	-	9,935,314	-	9,935,314
68154	DST-Interest Public Imp. 2005A	-	-	1,791,964	-	1,791,964
68150	DST-Interest Drinking Water 2004A	-	-	7,512	-	7,512
68198	DST-Interest Wastewater Repty. 2002	-	-	112,325	-	112,325
63412	DST-Escheats	-	-	202,107,116	-	202,107,116
68126	DST-Drinking Water Rept. 1999C	-	-	12,751	-	12,751
68128	DST-Interest Wastewater Repty. 1999C	-	-	25,023	-	25,023
68132	DST-Interest Clean Water Revolving Loans	-	-	77	-	77

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
68133	DST-Interest Wastewater Reptyt 2003A	-	-	14,606	-	14,606
68137	DST-Interest Drkwr. Repayment 2003A	-	-	4,148	-	4,148
68140	DST-2003B Interest Clean Water	-	-	1,097	-	1,097
68141	DST-Interest Waster Reptyt. 2003B	-	-	9,389	-	9,389
68142	DST-Interest Drinking Water Repayment 2003B	-	-	3,326	-	3,326
68148	DST-Interest Clean Water Revolving Loan 2004A	-	-	80,545	-	80,545
68192	DST-Interest Drkwr. Reptyt. 2002C	-	-	38,118	-	38,118
68193	DST-Interest Clean Water 2002C	-	-	1,118	-	1,118
68220	DST-Interest 2007A GO Pub. Imp.	-	-	30,170,483	-	30,170,483
69430	DST-Debt Service Clearing	-	-	99,714,168	-	99,714,168
69450	DST-Basis SWAP	-	-	5,836,628	-	5,836,628
68149	DST-Interest Wastewater Repayment 2004A	-	-	23,750	-	23,750
69440	DST-Infrastructure Finance Corp.	-	-	-	-	-
28101	NC State Board of Barber Examiners	-	-	709,288	-	709,288
28102	NC State Board of Cosmetology	-	-	1,332,056	-	1,332,056
28103	NC State Board of Opticians	-	-	200,813	-	200,813
28104	NC Psychology Board	-	-	121,660	-	121,660
28106	NC State Auctioneer Licensing Board	-	-	462,039	-	462,039
28107	NC State Board of Electrolysis Examiners	-	-	29,590	-	29,590
28410	NC State Health Plan	-	-	-	-	-
58410	NC State Health Plan-Child Insurance	-	-	421,500	-	421,500
Total General Government		440,314,173	7,882,634	896,458,645	30,595,842	1,375,251,294
<u>Health and Human Services:</u>						
14410	Central Administration	52,351,620	-	1,071,028	71,339,905	124,762,553
24410	Central Administration-Special	-	-	-	2,163,774	2,163,774
64410	Central Administration-Trust	-	-	235,000	-	235,000
64412	Central Administration-Trust Interest	-	-	-	-	-
14411	Aging	38,854,436	-	10,683,947	41,953,818	91,492,201
14420	Child Development	300,898,883	-	841,600	331,041,061	632,781,544
14424	Education Services	38,419,329	-	397,330	185,000	39,001,659
24424	Early Intervention and Education	-	-	8,520	413,048	421,568
64424	Early Intervention and Education-Trust	-	-	81,774	-	81,774
67424	Office of Ed. Services-Trust	-	-	7,560	-	7,560
14430	Public Health	186,253,287	-	110,891,395	444,310,681	741,455,363
24430	Public Health-Special	-	-	5,835,268	-	5,835,268
14440	Social Services	218,188,346	-	661,946,791	756,788,066	1,636,923,203
24441	Social Services-Special	-	-	1,578,753	-	1,578,753
64440	Social Services-Trust	-	-	-	-	-
14445	Medical Assistance	3,760,966,766	-	1,021,084,035	8,097,295,958	12,879,346,759
24445	Medical Assistance-Special	-	-	233,811,100	-	233,811,100
14446	Child Health	84,507,003	-	-	195,697,428	280,204,431
14450	Services for the Blind	11,410,073	-	1,278,136	19,100,347	31,788,556
24450	Services for the Blind-Special	-	-	1,076,281	1,249,799	2,326,080
54450	Services for the Blind-Enterprise	-	-	66,363	-	66,363
64450	Services for the Blind-Trust	-	-	1,025	-	1,025
67425	Services for the Blind-Trust	-	-	5,004,483	-	5,004,483
14460	Mental Health/DD/SAS	797,170,665	-	72,183,518	134,328,908	1,003,683,091
24401	Mental Health-Julian Keith ADATC	-	-	18,919	-	18,919
24403	Mental Health-WB Jones ADATC	-	-	16,617	-	16,617
24404	Mental Health-NC SPC. Care Center	-	-	16,759	-	16,759
24406	Mental Health-Black Mt. Center	-	-	9,975	-	9,975
24460	Mental Health-Special	-	-	-	-	-
24462	Mental Health-Dorothea Dix	-	-	231,958	-	231,958

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
24463	Mental Health-Broughton Hospital	-	-	90,375	-	90,375
24464	Mental Health-Cherry Hospital	-	-	110,815	-	110,815
24465	Mental Health-Umstead Hospital	-	-	109,559	-	109,559
24466	Mental Health-Car. Center	-	-	332,922	251,516	584,438
24467	Mental Health-O'Berry Center	-	-	325,263	-	325,263
24468	Mental Health-Murdoch Center	-	-	76,148	-	76,148
24469	Mental Health-Caswell Center	-	-	225,256	310,591	535,847
64404	Mental Health-Longleaf Neuro-Medical	-	-	1,995	-	1,995
64405	Mental Health-Trust (Interest Bearing)	-	-	47,745	-	47,745
64406	Mental Health-Black Mt. Center	-	-	-	-	-
64462	Mental Heath-Dorothea Dix-Trust	-	-	10	-	10
64463	Mental Health-Broughton Hospital	-	-	32,422	-	32,422
64464	Cherry Hospital-Trust	-	-	18,800	-	18,800
67465	Umstead Hospital-Trust (Interest)	-	-	9,020	-	9,020
64465	Umstead Hospital-Trust	-	-	12,229	-	12,229
64466	Mental Health-J. Iverson Riddle Dev. Ctr.	-	-	108,251	-	108,251
64467	Mental Health-O'Berry Center	-	-	82,450	-	82,450
64468	Mental Health-Murdoch Center	-	-	47,524	-	47,524
64469	Mental Health-Caswell Center	-	-	1,632	-	1,632
67406	Mental Health-Black Mt. Center	-	-	7,815	-	7,815
67462	Mental Health-Dorothea Dix	-	-	824	-	824
67463	Mental Health-Broughton Hospital	-	-	73,484	-	73,484
67464	Mental Health-Cherry Hospital	-	-	142,500	-	142,500
67466	Mental Health-West Car. Center	-	-	76,409	-	76,409
67467	Mental Health-O'Berry Center	-	-	32,943	-	32,943
67468	Mental Health-Murdoch Center	-	-	126,638	-	126,638
67469	Mental Health-Caswell Center	-	-	412,425	-	412,425
54465	Mental Health/DD/SAS-Butner Enterprises	-	-	-	-	-
74465	MH/DD/SAS-Umstead Hospital-Internal Service	-	-	792,896	-	792,896
14470	Health Service Regulation	18,018,831	-	4,724,087	32,600,272	55,343,190
24470	Health Service Regulation-Special	-	-	1,541,045	-	1,541,045
14480	Vocational Rehabilitation	42,108,493	-	5,000,933	83,837,271	130,946,697
24480	Vocational Rehabilitation-Special	-	-	481,652	-	481,652
24481	Disability Determination-Special	-	-	-	62,371,460	62,371,460
Total Health and Human Services		5,549,147,732	-	2,143,424,202	10,275,238,903	17,967,810,837
Justice and Public Safety:						
14500	Correction	1,322,897,116	11,300,000	9,259,471	4,412,456	1,347,869,043
04502	Correction-Canteen Fund	-	-	30,951,358	-	30,951,358
24500	Correction-Special	-	-	953,775	2,069,307	3,023,082
24501	Correction-Special IT	-	-	-	-	-
24502	Correction-Canteen Fund	-	-	8,955,401	-	8,955,401
24503	Correction-Special-Interest Earning	-	-	2	27	29
74500	Correction-Internal Service	-	-	91,346,267	-	91,346,267
14900	Crime Control & Public Safety	41,069,041	-	3,183,567	106,390,908	150,643,516
24960	CC&PS Highway Patrol Fund	-	217,639,877	3,860,685	179,878	221,680,440
24961	CC&PS-Seized & Forfeiture Assets	-	-	-	-	-
24962	CC&PS-Juvenile Justice Block Grant	-	-	-	-	-
24963	CC&PS-Special Rev. Disaster Relief	-	-	-	641,750	641,750
24964	CC&PS Other Special Grants	-	-	-	47,628,474	47,628,474
12000	Judicial-AOC	481,700,136	-	690,513	-	482,390,649
12001	Judicial - Indigent Defense	127,185,222	-	10,211,519	-	137,396,741
22001	AOC-Special Revenue Funds	-	-	8,506,946	1,844,063	10,351,009

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
22004	AOC-Reserve for Safe Roads	-	-	1,965,554	-	1,965,554
22005	AOC-Worthless Check Fund	-	-	1,612,000	-	1,612,000
22006	AOC-IT Fund	-	-	6,149,239	-	6,149,239
22007	AOC-Appellate Courts Printing/Comp.	-	-	509,489	-	509,489
13600	Justice	94,483,101	983,163	8,704,502	2,418,924	106,589,690
23600	Justice-Special	-	-	241,677	-	241,677
23601	Justice-Special	-	-	2,601,356	212,257	2,813,613
23606	Justice-Seized & Forfeited Assets	-	-	-	-	-
14060	Juvenile Justice	155,242,861	-	8,391,258	-	163,634,119
64060	Juvenile Justice-Trust	-	-	6,348	-	6,348
24060	Juvenile Justice-Special	-	-	1,423,815	-	1,423,815
Total Justice and Public Safety		2,222,577,477	229,923,040	199,524,742	165,798,044	2,817,823,303
Natural and Economic Resources:						
13700	Agriculture & Consumer Services	59,454,549	-	11,575,738	8,152,896	79,183,183
23700	Agriculture-Livestock Special	-	-	531,800	-	531,800
23701	Agriculture-Warehouse Investment	-	-	2,000	-	2,000
23703	Agriculture-Tobacco Trust-Special	-	-	234,467	-	234,467
53700	Agriculture-Raleigh Farmers Market	-	-	1,536,739	-	1,536,739
53725	Agriculture-WNC AG CT/MTN Fair	-	-	2,561,138	-	2,561,138
53750	Agriculture-State Fair	-	-	13,888,969	-	13,888,969
63700	Agriculture-Trust Special	-	-	153,250	-	153,250
63702	Agriculture-Rural Rehab Loans	-	-	759,838	-	759,838
63703	Agriculture-Finance Authority	-	-	582,680	-	582,680
63704	Agriculture-Cooperative Grading Program	-	-	6,530,183	-	6,530,183
14600	Commerce	44,544,085	-	5,899,072	45,723,615	96,166,772
14601	Commerce - State Aid	58,315,318	-	-	-	58,315,318
24600	Commerce-Special Revenue	-	-	3,961,791	121,815,846	125,777,637
24602	Commerce-Special Disaster Relief	-	-	1,500,000	-	1,500,000
24604	Commerce-Special-Morehead	-	-	11,000	-	11,000
24605	Commerce-Special Cape Fear	-	-	6,000	-	6,000
24606	Commerce-Special Clean Water Bonds	-	-	-	-	-
24609	Commerce-Special Revenue-Grants	-	-	-	-	-
24610	Commerce-Second Injury Fund	-	-	66,100	-	66,100
24611	Commerce-IT Projects	-	-	-	-	-
64604	Commerce-Trust EDA	-	-	200,000	-	200,000
64605	Commerce-Public Staff Trust	-	-	13,000,000	-	13,000,000
64612	Commerce-NC Rural Electric Authority	-	-	-	-	-
64613	Commerce-Natural Gas Trust	-	-	601	-	601
64616	Commerce-CDBG Revolving Loan	-	-	1,000,000	-	1,000,000
24650	Commerce-ESC	-	-	16,688,300	202,598,188	219,286,488
54600	Commerce-Enterprise Fund	-	-	22,446,481	165,823	22,612,304
64650	Commerce-Employment Security Commission Trust	-	-	2,742,378	-	2,742,378
64651	Commerce-Employment Security Commission Trust, Claims/Benefits	-	-	25,000,000	300,000,000	325,000,000
64652	Commerce-Employment Security Commission Trust Clearing	-	-	944,644,817	-	944,644,817
64653	Commerce-Employment Security Commission Trust Reserve	-	-	157,982,484	-	157,982,484
64655	Commerce-Employment Security Commission Trust, Training & Employment Account	-	-	74,141	-	74,141
54670	NC Education Lottery Commission	-	-	22,027	-	22,027

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
54641	NC Education Lottery Proceeds	-	-	1,261,401,118	-	1,261,401,118
14300	Environment and Natural Resources	202,333,715	-	41,781,435	56,049,914	300,165,064
24300	DENR-Special	-	-	39,786,843	660,312	40,447,155
24301	DENR-Air Quality-Fuel Tax Special	-	-	12,120,672	-	12,120,672
24302	DENR-Governor's Cup Trust-Special	-	-	4,414	-	4,414
24303	DENR-Marine Fish Conservation	-	-	47,737	-	47,737
24304	DENR-Wetlands Trust-Special	-	-	59,771,704	-	59,771,704
24305	DENR-Clean Water Mgmt. Trust-Special	-	-	3,308,460	-	3,308,460
24306	DENR-Special Dry Cleaning Solvent Tax	-	-	10,961,931	-	10,961,931
24307	DENR-Special Forest Development	-	-	2,622,560	-	2,622,560
24308	DENR-Special	-	-	17,212,637	-	17,212,637
24309	DENR-PARTF-Special	-	-	59,518,567	-	59,518,567
24310	DENR-Disaster Relief Programs	-	-	-	356,319	356,319
24311	DENR-Interest-CI	-	-	200,000	-	200,000
24317	DENR-Special-GF	-	-	-	2,500,000	2,500,000
24318	DENR-Special-Interest	-	-	-	-	-
24321	DENR-CWB-WS Loan 1998 Program	-	-	-	-	-
24323	DENR-Marine Resources Fund	-	-	7,088,527	-	7,088,527
24325	DENR-DWR-FERC Interest	-	-	150,000	-	150,000
64300	DENR-Trust-Special	-	-	2,509	-	2,509
64301	DENR-Waste Water Oper. Train. Special	-	-	494,049	-	494,049
64302	DENR-Natural Heritage Trust-Special	-	-	16,000,000	-	16,000,000
64303	DENR_Solid Waste Mgmt. Trust-Special	-	-	7,058,723	-	7,058,723
64304	DENR-Clean Water Revolving Loan	-	-	4,596,871	-	4,596,871
64305	DENR-Commercial LUST Cleanup-Speci	-	-	28,502,236	-	28,502,236
64306	DENR-Waste Water Treatment	-	-	35,872	-	35,872
64307	DENR-Conservation Grant Endowment	-	-	179,298	-	179,298
64308	DENR-Noncomm.LUST Cleanup	-	-	3,805,020	-	3,805,020
64311	DENR-Water Poll. Revolving Loan	-	-	38,773,570	1,658,391	40,431,961
64312	DENR-Federal Bond Revolving Loan	-	-	3,293,829	462,111	3,755,940
64318	DENR-High Unit Cost WW Grants 1998	-	-	-	-	-
64319	DENR-CWSRF Federal Program	-	-	7,034,546	-	7,034,546
64320	DENR-Drinking Water SRF	-	-	4,908,817	18,533,114	23,441,931
64321	DENR-High Unit Cost WS Grants	-	-	-	-	-
64322	DENR-Drinking Water SRF Match	-	-	2,020,012	1,445,160	3,465,172
64323	DENR-Drinking Water SRF Bond Match	-	-	1,067,130	-	1,067,130
64324	DENR-Drinking Water Reserve	-	-	472,051	-	472,051
64326	DENR-Trust-Special	-	-	1,000	-	1,000
14301	Clean Water Management Trust Fund	75,000,000	-	-	-	75,000,000
24350	Wildlife Resources-Special	-	-	1,994,131	1,540,450	3,534,581
24351	Wildlife Resources-Special (Interest)	-	-	21,532,141	9,505,108	31,037,249
24352	Wildlife Resources-Special (Non-Interest)	-	-	4,998,901	-	4,998,901
24353	Wildlife Resources-Special	-	-	-	-	-
64350	Wildlife Resources Endowment	-	-	6,864,025	-	6,864,025
69442	DST-Trust CI	-	-	450,996	-	450,996
69444	DST-Trust Special	-	-	329,124,084	-	329,124,084
13800	Labor	15,880,605	-	299,052	7,069,384	23,249,041
23800	Labor-Special Revenue Fund	-	-	5,463,205	-	5,463,205
63800	Labor-Trust Fund	-	-	2,880	-	2,880
63801	Labor-Trust Fund IDA	-	-	85,002	-	85,002
Total Natural and Economic Resources		455,528,272	-	3,238,638,549	778,236,631	4,472,403,452

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers	
84210/290	Transportation	1]	-	2,181,171,138	34,378,976	1,018,354,925	3,233,905,039
Net Agency		20,773,548,540	2,452,298,776	7,960,898,755	14,786,406,146	45,973,152,217	
19600	Capital Improvements	-	-	-	-	-	
Debt Service:							
19420	General Debt Service	735,878,445	79,992,750	45,685,244	45,902,600	907,459,039	
19425	Federal Reimbursement	1,616,380	-	-	-	1,616,380	
Total Debt Service		737,494,825	79,992,750	45,685,244	45,902,600	909,075,419	
Reserves and Adjustments:							
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	5,000,000	
19003	Compensation Increase Reserve	-	-	-	-	-	
19004	Salary Adjustment Reserve	-	-	-	-	-	
19xxx	Transparency & Accountability Reserve	500,000	-	-	-	500,000	
19013	JDIG-Reserve	27,400,000	-	-	-	27,400,000	
190xx	Administrative Support Reduction	(4,000,000)	-	-	-	(4,000,000)	
Statewide Reserve							
190xx	Budget E-Procurement Receipts	(10,000,000)	-	-	-	(10,000,000)	
19019	Pending Legislation for Gang Prevention	(177,800,000)	-	-	-	(177,800,000)	
190xx	Economic and Recovery Section Reserve	1,062,872	-	-	-	1,062,872	
19xxx	Performance Management System Reserve	1,000,000	-	-	-	1,000,000	
19043	Health Plan Reserve	228,000,000	-	-	-	228,000,000	
19044	IT Initiative Reserve	14,821,416	-	-	-	14,821,416	
19047	Retirement Rate Adjustment Reserve	21,000,000	-	-	-	21,000,000	
19051	Reserve to add steps to Judicial Longevity	-	-	-	-	-	
190xx	Health Plan Reduction for E"ee's" opt out of the State Health Plan	(25,000,000)	-	-	-	(25,000,000)	
190xx	Teacher Salary Schedule Employees' Reserve	56,051,665	-	-	-	56,051,665	
Total Reserves and Adjustments		138,035,953	-	-	-	138,035,953	
Total Budget		21,649,079,318	2,532,291,526	8,006,583,999	14,832,308,746	47,020,263,589	
General Obligation Bonds/COPS (Proposed to be issued per DST)		525,000,000	-	-	-	525,000,000	
Grand Total Budget Including GO Bonds and COP's		\$ 22,174,079,318	\$ 2,532,291,526	\$ 8,006,583,999	\$ 14,832,308,746	\$ 47,545,263,589	

[1] Excludes \$72,846,726 of Highway Trust Fund and \$17,504,498 of Highway Fund transfer to General Fund plus transfers to other General Fund Budget Codes.

Appendix Table 3C
Total North Carolina Transportation Program Budget by Function and Source of Funds
2009-10

Function	Highway Fund	Highway Trust Fund	Other	Federal	Total
DOT Administration	\$ 80,810,522	\$ 12,788,481	\$ 5,933,336	\$ -	\$ 99,532,339
<i>Division of Highways</i>					
Administration	32,938,983	21,731,254	3,943,632	-	58,613,869
Construction	131,511,264	521,210,909	-	882,000,000	1,534,722,173
Maintenance	819,348,606	-	-	-	819,348,606
Planning and Research	4,055,402	-	-	18,000,000	22,055,402
OSHA Program	355,389	-	-	-	355,389
Ferry Operations	30,206,209	-	-	-	30,206,209
<i>State Aid</i>					
Municipalities	87,071,264	39,893,942	-	-	126,965,206
Public Transportation	71,595,962	-	-	27,346,961	98,942,923
Airports	17,349,592	-	-	20,000,000	37,349,592
Railroads	17,101,153	-	-	2,500,000	19,601,153
Governor's Highway Safety	351,779	-	-	11,151,778	11,503,557
Division of Motor Vehicles	101,732,813	4,575,141	29,791,680	-	136,099,634
NC Turnpike Authority	-	69,410,678	-	-	69,410,678
Other State Agencies	269,126,305	400,880	-	-	269,527,185
Reserves and Transfers	2,387,587	-	-	-	2,387,587
Transfer to General Fund	17,557,170	108,561,829	-	-	126,118,999
Capital Improvements	-	-	-	-	-
Debt Service	-	82,731,000	-	50,135,200	132,866,200
Uncommitted Trust Fund Adm	-	(3,814,114)	-	-	(3,814,114)
Total Transportation	\$ 1,683,500,000	\$ 857,490,000	\$ 39,668,648	\$ 1,011,133,939	\$ 3,591,792,587

Appendix Table 3D

**Total North Carolina Transportation Program Budget by Function and Source of Funds
2010-11**

Function	Highway Fund	Highway Trust Fund	Other	Federal	Total
DOT Administration	\$ 81,897,273	\$ 12,800,313	\$ 9,472,415	\$ -	\$ 104,170,001
<i>Division of Highways</i>					
Administration	32,993,177	21,763,756	3,944,491	-	58,701,424
Construction	130,640,551	548,427,089	-	882,000,000	1,561,067,640
Maintenance	787,664,592	-	-	-	787,664,592
Planning and Research	4,055,402	-	-	18,000,000	22,055,402
OSHA Program	355,389	-	-	-	355,389
Ferry Operations	30,110,209	-	-	-	30,110,209
<i>State Aid</i>					
Municipalities	86,200,551	41,549,515	-	-	127,750,066
Public Transportation	71,631,962	-	-	38,800,000	110,431,962
Airports	17,291,543	-	-	20,000,000	37,291,543
Railroads	17,101,153	-	-	2,500,000	19,601,153
Governor's Highway Safety	352,325	-	-	11,152,325	11,504,650
Division of Motor Vehicles	101,747,629	4,578,383	29,803,954	-	136,129,966
NC Turnpike Authority	-	104,566,777	-	-	104,566,777
Other State Agencies	271,351,923	400,880	-	-	271,752,803
Reserves and Transfers	7,561,823	-	-	-	7,561,823
Transfer to General Fund	17,504,498	72,846,726	-	-	90,351,224
Capital Improvements	-	-	-	-	-
Debt Service	-	79,992,750	-	45,902,600	125,895,350
Uncommitted Trust Fund Administration	-	(2,736,189)	-	-	(2,736,189)
Total Transportation	\$ 1,658,460,000	\$ 884,190,000	\$ 43,220,860	\$ 1,018,354,925	\$ 3,604,225,785

Appendix Table 4
Trends in the Total State Budget, 1984-85 to 2010-11

(In Millions)

Fiscal Year	Public Education	Higher Education	Community Colleges	Human Resources	Transportation	Correction
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	6,635.5	2,781.0	772.1	9,567.5	2,808.3	933.3
2002-03	6,534.6	2,814.1	825.6	10,404.5	2,598.5	890.6
2003-04	6,995.3	3,016.8	832.9	10,581.2	2,800.8	950.7
2004-05	7,118.6	3,103.5	880.6	11,553.0	2,831.3	959.1
2005-06	7,541.9	3,480.3	997.1	13,025.8	3,336.3	1,122.1
2006-07	7,654.9	3,656.9	1,032.1	13,732.1	3,420.7	1,175.5
2007-08	9,212.7	4,320.2	1,144.6	15,440.1	3,483.7	1,235.4
2008-09	9,406.3	4,394.2	1,151.4	15,905.8	3,483.9	1,347.8
2009-10	10,565.8	3,978.9	1,257.5	16,991.4	3,191.6	1,476.0
2010-11	10,729.3	4,066.1	1,310.5	17,967.8	3,233.9	1,482.1

Fiscal Year	All Other Agencies	Debt Service	Reserves *	Capital	Other	Total
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	1,949.5	302.6	13.2	762.9	#	26,565.9
2002-03	1,841.3	301.2	(5.4)	881.2	#	27,152.7
2003-04	1,907.6	438.1	278.3	1,533.3	#	29,397.0
2004-05	1,973.7	561.1	644.4	1,534.2	#	31,221.5
2005-06	2,452.3	676.9	563.2	1,243.7	#	34,539.6
2006-07	2,601.4	708.2	1,363.1	1,316.1	#	36,761.0
2007-08	4,395.5	746.3	758.6	725.7	#	41,562.8
2008-09	6,403.4	771.2	1,128.7	338.2	#	44,430.8
2009-10	7,112.2	849.0	62.7	814.6	75.0	46,374.8
2010-11	7,108.3	909.1	138.0	525.0	75.0	47,545.3

* Includes funds transferred to the Reserve for Budget Stabilization.

Includes General Obligation Bonds

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

Appendix Table 5

Total Authorized State Budget by Source of Funds, 1981-82 to 2010-11

(In Millions)

Fiscal Year	General Fund	Federal Revenue Sharing	Highway Fund	Federal	Other	Total
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 ^{a)}	-	1,223.8	2,616.8	949.4	12,939.6
1991-92	7,983.0 ^{a)}	-	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 ^{b)}	-	1,622.5	4,917.3	1,987.8	19,780.2
1997-98	12,015.3 ^{c)}	-	2,025.5	5,220.4	1,863.6	21,124.8
1998-99	13,561.6 ^{c)}	-	1,807.6	5,465.3	1,797.1	22,631.6
1999-00	14,561.7 ^{c)}	-	1,878.8	5,951.1	1,898.8	24,290.4
2000-01	14,350.1 ^{c)}	-	2,058.8	6,134.4	1,958.4	24,501.7
2001-02	15,135.3 ^{c)}	-	2,121.1	7,066.3	2,243.2	26,565.9
2002-03	15,205.1 ^{c)}	-	1,900.0	7,676.5	2,371.0	27,152.6
2003-04	15,930.8 ^{c)}	-	2,477.7	8,465.8	2,522.7	29,397.0
2004-05	17,107.3 ^{c)}	-	2,469.6	8,967.1	2,677.5	31,221.5
2005-06	18,033.9 ^{c)}	-	2,744.7	9,972.0	3,789.0	34,539.6
2006-07	19,319.5 ^{c)}	-	2,836.9	10,495.7	4,108.9	36,761.0
2007-08	21,768.1 ^{c)}	-	2,497.6	14,126.7	7,982.3	46,374.8
2008-09	22,174.1 ^{c)}	-	2,532.3	14,832.3	8,006.6	47,545.3
2009-10	21,768.1	-	2,497.6	14,126.7	7,982.3	46,374.8
2010-11	22,174.1	-	2,532.3	14,832.3	8,006.6	47,545.3

a. Includes legislative bonds for capital improvements.

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

c. Includes general obligation bonds.

Appendix Table 6

Highway Fund State Tax and Nontax Revenue, 1974-75 to 2010-11

(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	880.8	364.3	15.4	1,260.5	8.2%
2001-02	901.3	379.7	17.2	1,298.2	3.0%
2002-03	861.9	379.4	18.8	1,260.1	-2.9%
2003-04	949.6	400.9	11.5	1,362.0	8.1%
2004-05	975.1	423.3	9.5	1,407.9	3.4%
2005-06	1,108.6	558.0	14.1	1,680.7	19.4%
2006-07	1,199.7	601.0	24.8	1,825.5	8.6%
2007-08	1,194.5	597.1	10.5	1,802.1	-1.3%
2008-09	1,189.5	610.9	10.5	1,810.9	0.5%
2009-10 ^{a)}	1,075.1	602.4	6.0	1,683.5	-7.0%
2010-11 ^{a)}	1,038.5	614.0	6.0	1,658.5	-1.5%

a. Authorized

Appendix Table 7
Highway Trust Fund Tax and Nontax Revenue, 1989-90 to 2010-11
(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	289.6	545.2	90.6	41.4	966.8	3.2%
2001-02	296.3	555.3	90.7	31.5	973.8	0.7%
2002-03	283.1	552.7	90.9	11.7	938.4	-3.6%
2003-04	310.8	578.4	95.9	8.9	994.0	5.9%
2004-05	334.0	587.0	97.2	6.8	1025.0	3.1%
2005-06	362.6	611.1	113.0	6.5	1093.2	6.7%
2006-07	397.5	605.0	110.4	3.3	1116.2	2.1%
2007-08	393.1	621.0	113.1	1.1	1128.3	1.1%
2008-09	394.8	570.0	106.2	2.1	1073.1	-4.9%
2009-10	a) 353.9	410.9	91.3	1.4	857.5	-20.1%
2010-11	a) 341.6	447.8	93.4	1.4	884.2	3.1%

a. Authorized

Appendix Table 8

Actual General Fund Tax and Nontax Revenue, 1980-81 to 2010-11

(In Millions)

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

Fiscal Year	Tax Revenues	Percent Increase Over Previous Year	Tax and Nontax Revenues ^{a)}	Percent Increase
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	12,573.1	1.47%	13,451.9	2.41%
2001-02	12,444.7	-1.02%	13,510.0	0.43%
2002-03	13,117.2	5.40%	14,246.1	5.45%
2003-04	13,830.7	5.44%	14,936.5	4.85%
2004-05	15,477.6	11.91%	16,326.5	9.31%
2005-06	17,020.5	9.97%	17,874.3	9.48%
2006-07	18,712.1	9.94%	19,460.0	8.87%
2007-08	18,832.2	0.64%	19,824.1	1.87%
2008-09	19,839.4 ^{c)}	5.35%	20,849.7 ^{c)}	5.17%
2009-10	18,576.6 ^{c)}	-6.37%	19,441.9 ^{c)}	-6.75%
2010-11	19,767.1 ^{c)}	6.41%	20,610.9 ^{c)}	6.01%

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

b. Includes a transfer of \$136.9 million of federal fiscal relief funds.

c. Authorized budgeted revenues.

Appendix Table 9
Authorized General Fund Appropriations, 1968-69 to 2010-11
(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 ^{a)}	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 ^{b)}	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 ^{c)}	10,450.4	6.7	10,607.6	5.7
1997-98 ^{d)}	11,258.5	7.7	11,585.8	9.2
1998-99	12,333.5	9.5	13,111.6	13.2
1999-00	13,381.6	8.5	14,237.7	6.1
2000-01	13,785.1	3.0	14,050.1	(1.3)
2001-02	14,372.4 ^{e)}	4.3	14,530.3	3.4
2002-03	14,323.9	(0.3)	14,355.1	(1.2)
2003-04	14,835.6	3.6	14,863.2	3.5
2004-05	15,873.2	7.0	15,918.4	7.1
2005-06	17,126.4	7.9	17,181.4	7.9
2006-07	18,659.7	9.0	18,866.0	9.8
2007-08	20,428.9	9.5	20,659.6	9.5
2008-09	21,226.9	3.9	21,356.0	3.4
2009-10	20,953.5	(1.3)	20,981.1	(1.8)
2010-11	21,649.1	3.3	21,649.1	3.2

a. Includes \$25.8 million transferred to the Highway Fund.

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

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

d. Includes \$20.5 million - SIPS for Year 2000.

e. Effective 7/1/02, the General Assembly established an annual General Fund appropriation for the Clean Water Mgmt. Trust Fund, as such, funding for this program is included in Total Current Operations.

Appendix Table 10
General Fund Operating Appropriation For Public Schools, Community Colleges, and Higher Education, 1982-83 to 2010-11
(Including Carry-Forwards for Encumbrances)

Year	General Fund				Public Schools		Community Colleges		Higher Education		Percent of Total Education	
	Total Current Operations #	Amount		Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Other
		Amount	Percent									
1982-83	3,561,142,890	1,515,742,033	42.6	205,585,837	5.8	599,235,054	16.8	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	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	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	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	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	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	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	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	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	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	2,876,636,944				
1993-94	8,674,510,752	3,632,087,114	41.9	423,253,702	4.9	1,229,449,670	14.2	3,389,720,266				
1994-95	9,595,509,023	3,962,959,317	41.3	455,651,184	4.7	1,296,558,991	13.5	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	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	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	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	5,041,960,394				
1999-00	13,441,610,285	5,497,075,780	40.9	589,634,008	4.4	1,682,143,914	12.5	5,672,756,583				
2000-01	13,785,142,760	5,851,733,197	42.4	651,456,631	4.7	1,778,278,150	12.9	5,503,674,782				
2001-02	14,309,884,168	5,922,505,768	41.4	650,089,707	4.5	1,802,904,395	12.6	5,934,384,298				
2002-03	14,323,937,462	5,946,490,760	41.5	669,281,390	4.7	1,768,097,109	12.3	5,940,068,203				
2003-04	14,835,621,783	6,114,518,997	41.2	665,027,719	4.5	1,792,141,661	12.1	6,263,933,406				
2004-05	15,873,167,528	6,287,744,646	39.6	691,811,541	4.4	1,878,813,497	11.8	7,014,797,844				
2005-06	17,126,460,791	6,721,053,466	39.2	817,427,539	4.8	2,126,803,399	12.4	7,461,176,387				
2006-07	18,659,616,984	7,096,499,112	38.0	893,085,886	4.8	2,365,613,366	12.7	8,304,418,620				
2007-08	20,428,846,612	7,949,900,491	38.9	938,106,160	4.6	2,626,271,017	12.9	8,914,568,944				
2008-09	21,226,885,372	7,993,668,839	37.7	961,282,701	4.5	2,756,110,358	13.0	9,515,823,474				
2009-10	20,953,516,215	8,012,466,728	38.2	1,026,792,329	4.9	2,858,318,256	13.6	9,055,938,902				
2010-11	21,649,079,318	8,165,187,965	37.7	1,068,146,255	4.9	2,928,698,331	13.5	9,487,046,767				

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.

e. Amounts include Compensation Increase, Health Plan Increase, and Retirement Rate Adjustment.

f. Encumbrance carryforwards for 11th and 12th month are no longer included.