

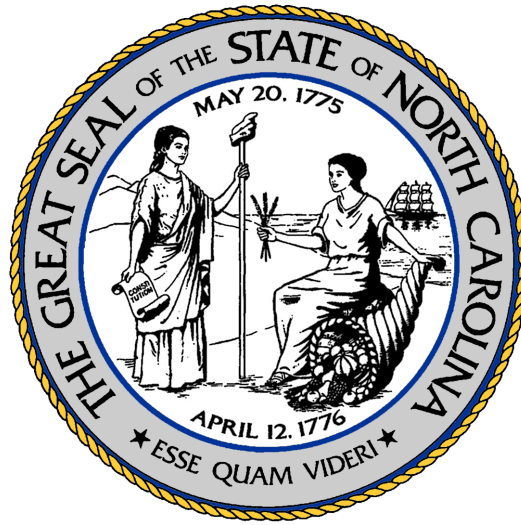
**The State of North Carolina** \_\_\_\_\_

# **GOVERNOR'S RECOMMENDED BUDGET**

\_\_\_\_\_ **2011-2013**

**Beverly Eaves Perdue**  
Governor





**The State of North Carolina** \_\_\_\_\_

# **GOVERNOR'S RECOMMENDED BUDGET**

\_\_\_\_\_ **2011-2013**

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

[www.osbm.state.nc.us](http://www.osbm.state.nc.us)

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**February 2011**

This web version includes technical corrections made after the original printed document was distributed.



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# Introduction

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## **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 2011-13 biennium. This publication includes recommendations for expenditures from the General Fund, Highway Fund, and Highway Trust Fund. Recommended expenditures for capital improvements and for reserves, debt service, and other adjustments are also included.

## **Governor's letter and highlights**

Governor Perdue's priorities are listed in her transmittal letter, followed by a brief description of key recommendations on a "Highlights" page.

## **Revenue and budget summary**

A summary of General Fund recommendations by department/budget code for the entire state budget appears in two tables: "Governor's Recommended General Fund Appropriation, FY 2011-12" and "Governor's Recommended General Fund Appropriation, FY 2012-13." Estimates of fund availability, an economic forecast, and demographic analysis are also included in this section.

## **Budget recommendations**

The budget recommendations portion of this document meets the requirement of the State Budget Act to distinguish between continuation requirements (i.e., the base budget) and recommended adjustments to the base budget. Brief explanations of recommended adjustments to the budget are provided in sections that correspond to the following government functions: Education; General Government; Health and Human Services; Justice and Public Safety; Natural and Economic Resources; and Transportation.

Budget adjustments for a given department/agency appear in the appropriate section (for example, the University of North Carolina appears in the Education section, the Department of Revenue ap-

pears in the General Government section, and so forth). A department/agency presentation begins with a statement of mission and goals. A summary table is presented next, showing a base budget, adjustments to the base, and the total of requirements, receipts, appropriation, and positions for the department/agency. Next is an explanation of each adjustment for a given department/agency, along with a listing of the recurring and non-recurring requirements, receipts, appropriation, and positions for the proposed change.

Adjustments are categorized and arranged as Reductions, Continuation, or Expansion. Reductions are recommended decreases to budgets that support current operations, while expansions are new programs or expansion of existing programs. Adjustments that are required by statute, such as Average Daily Membership (ADM) adjustment for public schools, are classified as Continuation.

The Transportation section summarizes recommended revenue and expenditures for the Highway Fund and the Highway Trust Fund in addition to the typical presentation of adjustments.

The Capital Improvements section and Reserves and Other Adjustments section display information in a manner similar to the presentation of adjustments as described above.

The Governor is recommending a number of department/agency consolidations. In such cases, presentations for the group of departments/agencies that are affected are preceded by a description of the consolidation.

## **Appendix**

Tables in the appendix summarize various components of the state budget, including a series of tables that show the total state budget by function, department, and source of funds for each year of the biennium.

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**Line item details and fund purpose statements**

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 (OSBM), [www.osbm.state.nc.us](http://www.osbm.state.nc.us). A document containing updated fund purpose statements and summaries of agency budgets will be available on the OSBM Web site later this year.

**Program budgeting**

A document presenting a program view of the budget will be available on the OSBM Web site in the spring of 2011. The program view will include a description of each program, a list of the populations served by the program, a budget summary table for each program, key terms that

allow for categorizing the programs, and links to department/agency Web sites that provide additional program information.

**Further information**

Questions about the *State of North Carolina Governor's Recommended Budget, 2011-13* or requests for further information may be directed to the Office of State Budget and Management, 20320 Mail Service Center, Raleigh, NC 27699-0320, or telephone (919) 807-4700. The document may also be downloaded from the Office of State Budget and Management's Web site at [www.osbm.state.nc.us](http://www.osbm.state.nc.us).



## State of North Carolina Office of the Governor

Beverly Eaves Perdue  
Governor

February 17, 2011

The North Carolina House of Representatives  
The Honorable Thom Tillis, Speaker

The North Carolina Senate  
The Honorable Phil Berger, President Pro Tempore

The Citizens and Families of North Carolina

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

North Carolina has received some good news recently as a result of our hard work. Fourth quarter withholding and sales tax revenues were up 5.6 percent and 4.3 percent, our strongest growth in four years. Through January 2011, revenues are ahead of forecast and we anticipate a revenue surplus of at least \$150 million this fiscal year. The rating agency Fitch recently noted North Carolina's "continued maintenance of conservative fiscal and debt management practices" as a primary reason for its current stable position. Because of strong leadership and disciplined decisions, North Carolina continues to be one of only eight states to hold the coveted Triple-A credit rating from all three major bond rating companies.

My 2011-13 budget reduces the tax burden for corporations and small businesses that will help create an estimated 10,000 jobs over the next three years; totally preserves state-funded public school teachers and teacher assistants; ensures access to higher education opportunities; and continues to rebuild our mental health system. It closes a cumulative budget gap of \$4.4 billion over two years, with the estimated shortfall totaling \$2.4 billion in FY 2011-12 and \$2.0 billion in FY 2012-13. The gap is closed by utilizing \$300 million in prior and current year reductions already implemented; \$2.9 billion in additional spending reductions (\$1.35 billion in 2011-12; \$1.54 billion in 2012-13); and targeted revenue changes totaling \$1.4 billion over two years, designed to protect education and job creation programs. These targeted revenue changes sunset at the end of FY 2012-13 and may be phased down or eliminated earlier if our economy and revenue collections exceed baseline expectations. The ratio of reductions to revenues is greater than 70 percent to 30 percent. Most state programs face a 7 percent to 15 percent reduction when compared to last year's recurring funding levels. The budget also prudently allocates an additional \$150 million to the state's Rainy Day Fund.

### Jobs and Economic Recovery

North Carolina's top priority must be creating jobs, and this fiscal plan solidifies North Carolina as the national leader in recruiting new businesses and expanding existing businesses. The budget provides almost \$500 million in tax relief for corporations and small businesses. Specifically, it reduces our corporate income tax rate from 6.9 percent to 4.9 percent, making North Carolina's rate the lowest in the Southeast and third lowest in the country when compared to the 44 states that have a corporate income tax. The budget also provides an unemployment insurance tax credit to approximately 135,000 small businesses that employ more than 650,000 people throughout North Carolina. This credit, which covers over 75% of all businesses in our state, is equal to 50% of the unemployment insurance tax paid by businesses with gross receipts less than \$2.5 million.

The budget invests \$75 million to put in-state construction companies back to work. Each \$1 million investment preserves or creates 20 jobs and will be used to employ North Carolina construction companies to make roof, electrical, plumbing and other repairs to university and government buildings statewide. This budget also provides an additional \$77 million to the Mobility Fund to reduce critical congestion bottlenecks and to improve our business logistics capabilities. Finally, the budget invests \$25 million to upgrade equipment and technology needs in our community college system which is critical to our workforce retraining efforts.

### Career and College – Ready, Set, Go

We in North Carolina know the value of a quality public education and must be committed to maintaining adequate support for our public schools. This budget draws a line in the sand on funding for teachers and teacher assistants in public school classrooms. Not a single state-funded public school teacher or teacher assistant position is eliminated in this budget. The budget recommends many administrative efficiencies and reduces several non-classroom allotment formulas to create savings while having as little impact on students as possible. It provides maximum flexibility to local education leaders by allowing them to move monies freely between all non-teacher and teacher assistant budget categories.

The investments we make in our current and future workforce are more important than ever during tough economic times. This budget provides \$41 million to meet higher education enrollment demands in FY 2011-12, including \$18 million to serve 9,712 students in the community college system and \$23 million to serve 2,337 students in the UNC system. It also sets aside \$18 million to support campus buildings coming on line in FY 2011-12.

In addition, this budget takes steps toward fulfilling the Career and College Promise of accessible higher education for all North Carolina high school students willing to meet achievement standards. Specifically, it enables public education students who maintain a B grade point average to earn two years of career training or a two-year community college degree within a year of graduating high school.

## State Government Reset

This budget includes \$3.2 billion in savings throughout state government. These recommendations follow a set of very important principles.

First, 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. Agency heads were asked to take a targeted approach -- specifically, to eliminate programs that are underperforming or expensive to operate; to consolidate services and reduce middle management expenses; and to focus on core services that citizens need most.

This fiscal plan totally eliminates funding for 68 nonessential programs saving taxpayers \$142 million while eliminating 235 positions. It reduces another 71 programs, saving \$442 million and eliminating an estimated 4,500 positions. Finally, it recommends 37 reorganizations and consolidations that eliminate 488 administrative and middle management positions while saving \$78 million.

The budget reinforces my administration's commitment to make state government operate more like a private business. The Employee Retirement Incentive Program will save \$208 million and eliminate 900 positions statewide. Our Medicaid fraud, waste and abuse and program integrity efforts are estimated to save another \$40 million over the next two years. Moreover, this plan overhauls the state's procurement system and begins outsourcing in the areas of information technology and health care services.

Even during difficult times, it is imperative that we maintain quality in core service areas that citizens need most. This budget provides adequate funds for our prison system, probation and parole and court system to ensure our communities are safe and that justice is administered swiftly and correctly. It also provides an additional \$75 million to strengthen North Carolina's mental health system. These funds will be allocated to the Mental Health Trust Fund and be used to provide cost-effective community treatment alternatives for individuals currently residing in institutions.

Finally, the budget sets aside \$25 million to a new Consolidation and Efficiency Incentive Fund. This Fund is intended to incentivize local governments and state-funded nonprofit organizations to reorganize, consolidate or regionalize services where the state, local governments and nonprofit groups have shared responsibilities. This may include Local Education Agencies (LEA's) in the public school system; Local Management Entities (LME's) in mental health, public health and public safety services; and regional economic development partnerships. Monies would be matched on a one-to-one basis where recurring savings are documented and confirmed by the Internal Audit Council.

### Fiscal Responsibility and Sustainability

Decisive action has headed off the financial meltdowns other states have experienced. The FY 2011-12 budget is \$1.5 billion less than the fiscal year 2009 budget, while North Carolina has added 52,000 community college students; 12,000 university students and 5,000 K-12 students. Our state has grown by more than 400,000 citizens -- equivalent to the populations of Fayetteville, High Point and Wilmington. This budget spends 11% less per capita than it did three years ago, has 4,300 fewer general government employees (a 17% reduction), and for the first time in at least 40 years, state spending is lower than it was four years ago. Finally, this plan authorizes no new debt, utilizes one-time monies for one-time expenses, contains no accounting gimmicks, closes the shortfall without damaging North Carolina's future, and continues our tradition as a national leader in fiscal management.

### Conclusion

I stand ready to work with you to create jobs and maintain our reputation as the best place to do business in the country, to preserve state-funded public school teacher and teacher assistant positions, and to ensure that government works smarter and more efficiently for our citizens.

I look forward to working with you this session.

A handwritten signature in cursive script, appearing to read "Bev Perdue".

Bev Perdue

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## Highlights of the 2011-13 Budget

### Summary

- Closes cumulative budget shortfall of \$4.4 billion over two years, including \$2.4 billion in FY 2011-12 and \$2.0 billion in FY 2012-13.
- Gap is closed by utilizing \$300 million in prior and current year reductions already implemented; \$2.9 billion in additional spending reductions (\$1.34 billion in FY 2011-12 and \$1.54 billion in FY 2012-13); and targeted revenue and other recommendations totaling \$1.4 billion over two years to protect education and job creation programs.
- Ratio of reductions to revenues exceeds 70 percent to 30 percent.
- Most state programs face a 7 percent to 15 percent reduction when compared to last year's recurring funding levels.
- Prudently allocates an additional \$150 million to state's Rainy Day Fund raising its balance to \$300 million.

### Jobs and Economic Recovery

- Reduces tax burden for corporations and small businesses by almost \$500 million that will help create an estimated 10,000 jobs over the next three years.
- Lowers corporate income tax rate from 6.9 percent to 4.9 percent (equates to \$418 million savings), making it the lowest in the Southeast and third lowest in the country.
- Provides \$65 million unemployment insurance tax credit to 135,000 small businesses that employ over 650,000 people throughout North Carolina.
- Invests \$75 million to put in-state construction and repair companies back to work.
- Sets aside \$25 million to upgrade equipment and technology needs in our community college system, which is critical to our workforce retraining efforts.

### Career and College – Ready, Set, Go

- Totally protects state-funded public school teachers and teacher assistants from reductions.
- Provides \$41 million to serve an additional 9,712 community college students and 2,337 university students.
- Consolidates existing high school transition programs that will enable eligible juniors and seniors to complete one year of higher education by the time they graduate from high school at no cost to the student or family.
- Net reduction to education agencies is 3.9 percent for public schools; 4.9 percent for community colleges; and 6.0 percent for the UNC System.

### State Government Reset

- Includes \$3.2 billion in savings throughout state government.
- Totally eliminates 68 nonessential programs saving taxpayers \$142 million while eliminating 235 positions; reduces another 71 programs, saving \$442 million and eliminating an estimated 4,500 positions; and recommends 37 reorganizations and consolidations that eliminate 488 middle management and administrative positions.
- Implements an Employee Retirement Incentive Program that will save \$208 million and eliminate at least 900 positions statewide.
- Consolidates 14 executive branch agencies into 8 and completely overhauls the state's procurement system.
- Sets aside \$25 million for a new Consolidation and Efficiency Incentive Fund designed to encourage local governments and nonprofit organizations to reorganize, consolidate, or regionalize services where there are shared responsibilities with state government.

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### Fiscal Responsibility and Sustainability

- FY 2011-12 budget is \$1.5 billion less than the FY 2008-09 budget, while North Carolina has grown by over 400,000 citizens and added 52,000 community college students, 12,000 university students, and 5,000 K-12 students.
- Spends 11 percent less per capita than it did three years ago and has 4,300 fewer general government positions (a 17% decline) after adding the number of people equivalent to the populations of Fayetteville, High Point, and Wilmington.
- Authorizes no new debt.
- Spends one-time monies on one-time expenses.
- Contains no accounting gimmicks.
- Makes tough decisions to continue our tradition as a national leader in fiscal management and one of only eight states to hold the coveted Triple A bond rating from all major bond rating companies.



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# **Revenue and Budget Summary**

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# Recommended General Fund Budget for the 2011 - 13 Biennium

Table 1  
General Fund Budget by Function, 2011-13

	2011-12 Recommended	%	2012-13 Recommended	%
Education	\$ 11,247,178,269	56.5%	\$ 11,291,336,448	55.4%
General Government	430,543,973	2.2%	433,320,080	2.1%
Health and Human Services	4,715,218,097	23.7%	4,937,497,520	24.2%
Justice and Public Safety	2,206,925,331	11.1%	2,208,699,973	10.8%
Natural and Economic Resources	407,146,517	2.0%	385,913,537	1.9%
Transportation*	0	0.0%	0	0.0%
Capital Improvements	4,535,000	0.0%	0	0.0%
Debt Service	697,953,568	3.5%	784,375,261	3.8%
Reserves and Adjustments	193,047,342	1.0%	337,674,442	1.7%
<b>Total General Fund Budget</b>	<b>\$ 19,902,548,097</b>	<b>100.0%</b>	<b>\$ 20,378,817,261</b>	<b>100.00%</b>

\* Highway Fund and Highway Trust Fund Recommended Budget and Revenue Forecast are in the Transportation Section.

Figure 1  
Comparison of General Fund Budget by Function, 2011-13  
(\$ millions)

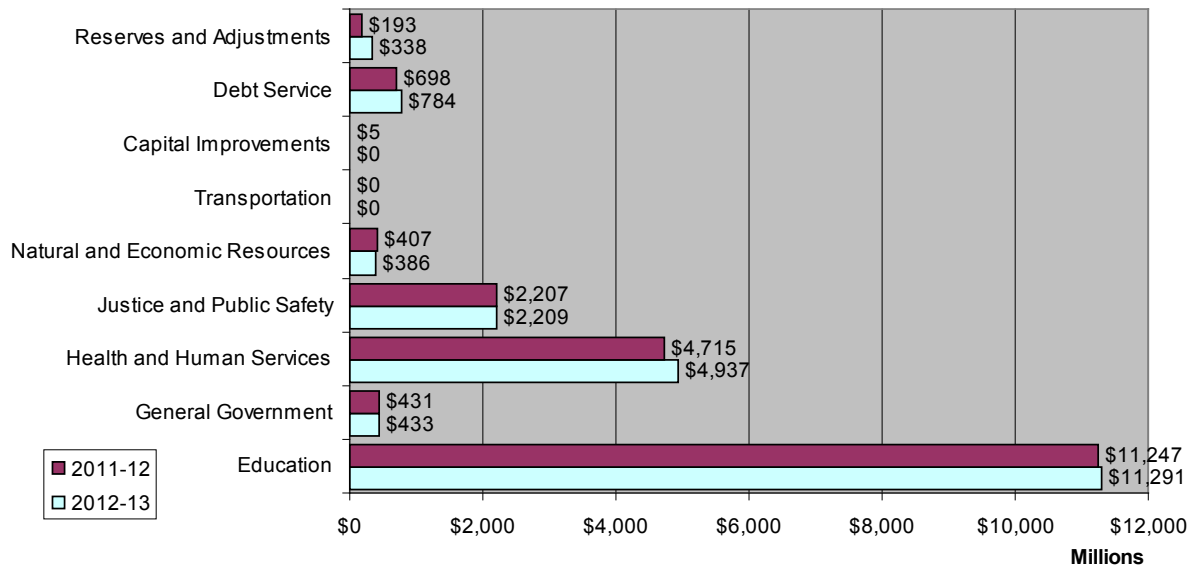


Figure 2

**Recommended General Fund Budget  
2011-12**

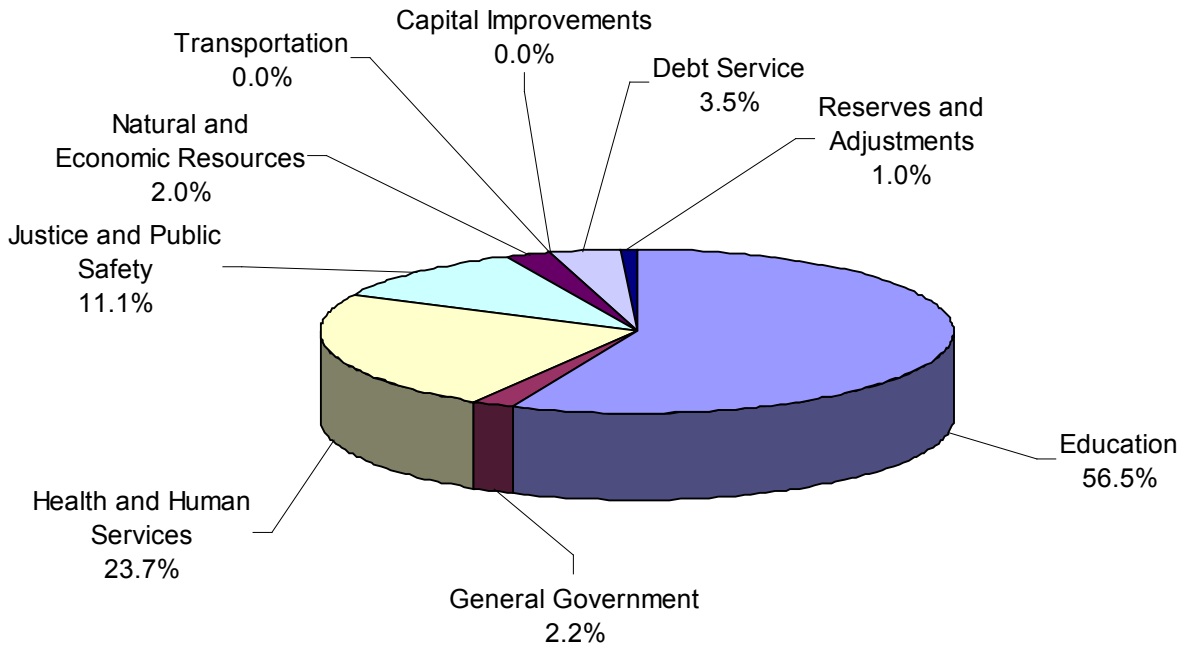


Figure 3

**Recommended General Fund Budget  
2012-13**

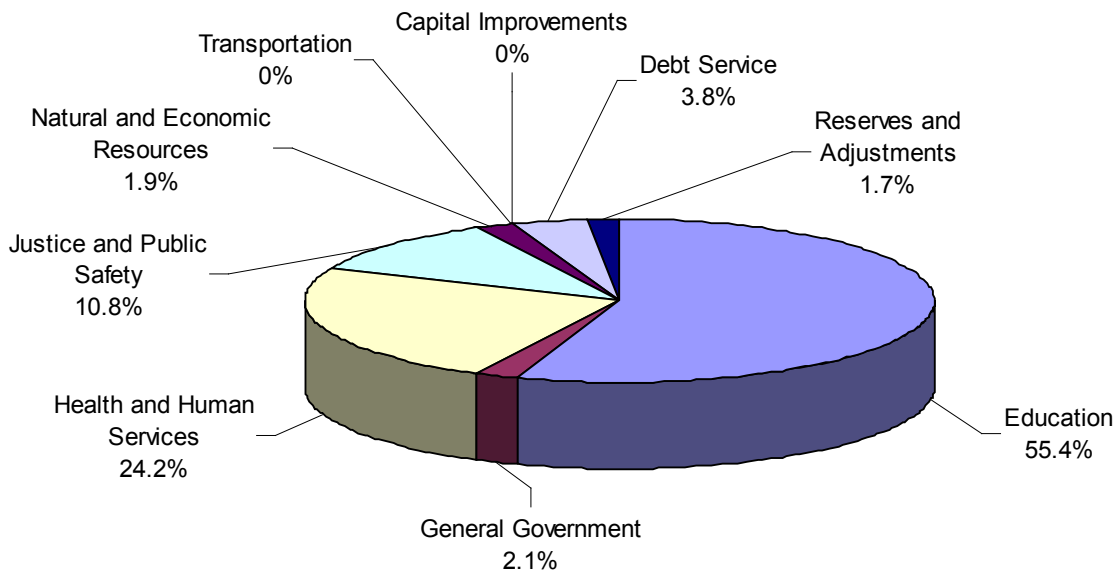


Table 2  
Governor's Recommended General Fund Appropriation, FY 2011-12

Budget Code	Function	FY 2011-12 Recommended Base Budget				Reductions				Other Continuation/Expansion				FY 2011-12 Recommended Appropriation	Net Change	Net Position Change
		\$				Recurring	Nonrecurring	Appropriation Supported Positions	Nonrecurring	Recurring	Nonrecurring	Appropriation Supported Positions	Net Change			
13510	Education:															
16800	Public Education	\$ 7,923,543,951	\$ (404,381,058)	\$ 15,275,333	\$ (75,101)	\$ 38,274,686	\$ -	\$ -	\$ -	\$ (350,831,039,000)	\$ -	\$ -	\$ -	\$ 7,572,712,912	(75,101)	
160xx	Community Colleges	1,102,475,214	(103,722,555)	-	(13,800)	17,876,863	-	-	-	(85,845,692)	-	-	-	1,016,629,522	(13,800)	
	University System	2,887,492,464	(283,622,100)	-	(2,204,777)	52,436,476	-	-	-	(229,656,629)	-	-	-	2,657,835,835	(1,756,222)	
	<b>Total Education</b>	<b>11,913,311,629</b>	<b>(791,725,713)</b>	<b>15,275,333</b>	<b>(2,293,671)</b>	<b>108,588,025</b>	<b>1,528,995</b>	<b>448,553</b>	<b>-</b>	<b>(666,333,360)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,247,178,269</b>	<b>(1,845,121)</b>	
14100	General Government															
13300	Administration	69,700,026	(4,810,565)	-	(55,511)	-	-	-	-	(4,810,565)	-	-	-	64,889,461	(55,511)	
14800	State Auditor	13,063,656	(840,332)	-	(7,400)	-	-	-	-	(840,332)	-	-	-	12,223,324	(7,400)	
14802	Cultural Resources	72,664,633	(6,965,151)	-	(8,445)	-	-	-	-	(6,965,151)	-	-	-	65,699,482	(8,445)	
11000	Cultural Resources- Roanoke Island	2,406,982	(240,674)	-	(3,400)	-	-	-	-	(240,674)	-	-	-	2,166,308	(3,400)	
13000	General Assembly	54,593,047	(2,360,458)	-	(4,600)	-	-	-	-	(2,360,458)	-	-	-	52,232,589	(4,600)	
13010	Governor's Office	6,189,478	(456,289)	-	(3,000)	-	-	-	-	(456,289)	-	-	-	5,733,189	(3,000)	
13900	NC Housing Finance	13,877,996	(2,081,700)	-	(3,000)	-	-	-	-	(2,081,700)	-	-	-	11,796,296	(3,000)	
13901	Insurance	33,458,756	(5,716,567)	-	(0,600)	-	-	-	-	(5,716,567)	-	-	-	27,742,189	(0,600)	
13100	Insurance - Worker's Comp. Fund	4,500,000	-	-	(0,600)	-	-	-	-	-	-	-	-	4,500,000	(0,600)	
13100	Lieutenant Governor	954,868	(38,675)	-	(2,400)	-	-	-	-	(38,675)	-	-	-	916,193	(2,400)	
18210	Office of Administrative Hearings	4,328,822	(318,228)	-	(68,300)	-	-	-	-	(318,228)	-	-	-	4,010,594	(68,300)	
14700	Revenue	88,370,399	(4,792,735)	-	(4,000)	-	-	-	-	(4,792,735)	-	-	-	86,577,664	(4,000)	
13200	Secretary of State	11,076,972	(541,751)	-	(0,500)	-	-	-	-	(541,751)	-	-	-	10,535,221	(0,500)	
18025	State Board of Elections	6,189,011	(18,607)	-	(4,700)	-	-	-	-	(18,607)	-	-	-	6,170,404	(4,700)	
13005	State Budget and Management (OSBM)	6,963,796	(522,765)	-	(8,600)	-	-	-	-	(522,765)	-	-	-	6,441,031	(8,600)	
13085	OSBM-Special Appropriations	5,934,311	-	-	(8,600)	-	-	-	-	-	-	-	-	5,925,711	(8,600)	
14160	Controller's Office	32,517,077	(2,016,309)	-	(36,600)	-	-	-	-	(2,016,309)	-	-	-	30,500,768	(36,600)	
13410	State Treasurer	10,538,203	(3,875,368)	-	(284,061)	-	-	-	-	(3,875,368)	-	-	-	6,662,835	(284,061)	
13412	State Treasurer - Retirement / Benefits	17,812,114	-	-	-	-	-	-	-	-	-	-	-	17,812,114	-	
	<b>Total General Government</b>	<b>455,740,147</b>	<b>(35,596,174)</b>	<b>4,000,000</b>	<b>(284,061)</b>	<b>7,000,000</b>	<b>4,000,000</b>	<b>20,000</b>	<b>-</b>	<b>(24,596,174)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>430,543,973</b>	<b>(24,596,174)</b>	
14410	Health and Human Services:															
14411	Central Administration	70,229,335	(10,636,848)	-	(80,300)	-	-	-	-	(10,636,848)	-	-	-	69,184,819	(80,300)	
14420	Aging	37,419,667	(1,060,000)	-	-	500,000	-	-	-	(1,060,000)	-	-	-	36,859,667	-	
14430	Child Development	261,759,600	(25,256,259)	-	(26,000)	-	-	-	-	(25,256,259)	-	-	-	236,503,341	(26,000)	
14440	Public Health	161,930,589	(14,029,226)	-	(2,000)	-	-	-	-	(14,029,226)	-	-	-	147,901,363	(2,000)	
14445	Social Services	202,245,063	(14,695,749)	-	(30,000)	-	-	-	-	(14,695,749)	-	-	-	187,549,314	(30,000)	
14446	Medical Assistance	3,314,539,538	(116,799,092)	(16,832,843)	-	1,067,088	-	-	-	(133,631,935)	-	-	-	3,180,907,603	(30,000)	
14446	NC Health Choice	88,373,806	(8,921,489)	-	-	-	-	-	-	(8,921,489)	-	-	-	79,452,317	-	
14450	Services for the Blind	8,389,110	(190,961)	-	-	-	-	-	-	(190,961)	-	-	-	8,198,149	-	
14460	Mental Health/DD/SAS	723,675,112	(9,339,495)	-	-	-	-	-	-	(9,339,495)	-	-	-	714,335,617	-	
14470	Mental Health Regulation	17,925,590	(9,339,495)	-	-	-	-	-	-	(9,339,495)	-	-	-	16,133,031	-	
14480	Vocational Rehabilitation	41,252,238	(2,058,522)	(2,067,928)	(5,000)	-	-	-	-	(4,126,450)	-	-	-	37,125,788	(5,000)	
	<b>Total Health and Human Services</b>	<b>4,927,739,648</b>	<b>(202,987,641)</b>	<b>(20,693,330)</b>	<b>(143,300)</b>	<b>1,567,088</b>	<b>9,592,332</b>	<b>20,000</b>	<b>-</b>	<b>(212,321,551)</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>4,715,218,097</b>	<b>(123,300)</b>	
14500	Justice and Public Safety:															
14900	Correction	1,421,644,768	(471,699,505)	(17,764,417)	(499,000)	5,874,102	4,125,898	-	-	(5,493,922)	-	-	-	1,366,710,846	(219,000)	
12000	Crime Control & Public Safety	34,175,427	(2,538,764)	-	(26,500)	690,947	-	-	-	(1,847,817)	-	-	-	32,327,610	(26,500)	
12001	Judicial	477,189,575	(11,728,758)	(4,407,788)	(170,800)	-	-	-	-	(16,136,546)	-	-	-	461,053,029	(170,800)	
13600	Judicial - Indigent Defense	122,770,246	(160,061)	-	(4,000)	-	-	-	-	(160,061)	-	-	-	122,610,185	(4,000)	
13600	Justice	89,670,944	(6,616,751)	-	(79,500)	853,272	-	-	-	(5,763,479)	-	-	-	83,907,465	(79,500)	
14060	Juvenile Justice	151,293,187	(10,928,991)	-	(59,700)	-	-	-	-	(10,928,991)	-	-	-	140,316,196	(59,700)	
	<b>Total Justice and Public Safety</b>	<b>2,296,746,147</b>	<b>(79,192,830)</b>	<b>(22,172,205)</b>	<b>(839,500)</b>	<b>7,418,321</b>	<b>4,125,898</b>	<b>285,000</b>	<b>-</b>	<b>(89,820,816)</b>	<b>285,000</b>	<b>-</b>	<b>-</b>	<b>2,206,925,331</b>	<b>(594,500)</b>	
13700	Natural Land and Economic Resources:															
14600	Agriculture & Consumer Services	61,754,014	(17,574,286)	-	(196,335)	-	-	-	-	(17,574,286)	-	-	-	44,179,728	(196,335)	
14600	Commerce	38,907,381	(4,923,246)	-	(20,700)	-	-	-	-	(4,923,246)	-	-	-	33,984,085	(20,700)	
14600	Commerce - State Aid	73,312,003	(7,331,200)	-	-	340,000	-	-	-	(6,991,200)	-	-	-	66,320,803	-	
14300	Environment and Natural Resources	188,927,401	(894,227)	(894,227)	(224,500)	15,723,200	-	-	-	(9,832,495)	-	-	-	179,139,906	(224,500)	
14301	Clean Water Management Trust	100,000,000	-	(50,000,000)	-	-	-	-	-	(50,000,000)	-	-	-	50,000,000	-	
13800	Labor	16,842,679	(1,820,734)	-	(23,900)	-	-	-	-	(1,820,734)	-	-	-	15,021,945	(23,900)	
	<b>Total Natural &amp; Economic Resources</b>	<b>479,786,478</b>	<b>(56,310,934)</b>	<b>(50,894,227)</b>	<b>(465,483)</b>	<b>16,063,200</b>	<b>18,500,000</b>	<b>-</b>	<b>-</b>	<b>(72,641,961)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>407,146,517</b>	<b>(465,483)</b>	
14222	Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Net Agency</b>	<b>20,072,926,049</b>	<b>(1,165,813,292)</b>	<b>(78,484,429)</b>	<b>(4,025,981)</b>	<b>140,636,634</b>	<b>37,747,225</b>	<b>753,553</b>	<b>-</b>	<b>(1,065,913,862)</b>	<b>753,553</b>	<b>-</b>	<b>-</b>	<b>19,007,012,187</b>	<b>(3,272,431)</b>	
19600	Capital Improvements	-	-	-	-	-	-	-	-	-	-	-	-	4,535,000	-	

Table 2  
Governor's Recommended General Fund Appropriation, FY 2011-12

Budget Code	Function	FY 2011-12 Recommended Base Budget		Reductions		Appropriation Supported Positions		Other Continuation/Expansion		Net Change	FY 2011-12 Recommended Appropriation	Net Position Change
		Recurring	Nonrecurring	Recurring	Nonrecurring	Recurring	Nonrecurring	Recurring	Nonrecurring			
19420	General Debt Service	(9,567,995)	-	-	-	-	-	-	-	(9,567,995)	696,337,188	-
19425	Federal Reimbursement	-	-	-	-	-	-	-	-	-	1,616,380	-
	<b>Total Debt Service</b>	<b>(9,567,995)</b>	<b>-</b>	<b>(9,567,995)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,567,995)</b>	<b>697,953,568</b>	<b>-</b>
19001	<b>Reserves and Adjustments:</b>											
19003	Contingency and Emergency Reserve	-	-	-	-	-	-	-	-	-	5,000,000	-
19004	Legislative Compensation Reserve	-	-	-	-	-	-	-	-	-	-	-
19004	Salary Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-
1900x	Severance Reserve	-	-	-	-	-	-	-	-	-	-	-
19013	Job Development Incentive Grants Reserve	-	-	-	-	-	-	-	-	-	30,000,000	-
190xx	Management Flex Reserve for Moving ESC to Commerce	(251,400)	(7,000,000)	-	-	-	-	-	-	(7,251,400)	20,400,000	(53,000)
190xx	Management Flex Reserve for Dept. of Mgmt. & Admin.	(1,087,300)	-	-	-	-	-	-	-	(1,087,300)	(251,400)	(21,000)
190xx	Management Flex Reserve for Dept. of Public Safety	(2,705,100)	-	-	-	-	-	-	-	(2,705,100)	(1,087,300)	(21,000)
190xx	Centralized Grant System	-	-	-	-	-	-	-	-	-	(2,705,100)	(60,000)
190xx	Procurement Reform	-	-	-	-	-	-	-	-	-	-	-
19043	Health Plan Reserve (Benefit Changes/Keep Plan Solvent)	(89,082,047)	-	-	-	-	-	-	-	(89,082,047)	28,000,000	-
19044	IT Initiative	(1,537,574)	(1,844,284)	-	-	-	-	-	-	(3,381,858)	4,458,142	(8,000)
19047	Retirement Rate Adjustment Reserve	-	-	-	-	-	-	-	-	-	115,000,000	-
19xxx	Reserve for Reduction of Dept. of Public Safety to Reflect Program Efficiencies	(3,000,000)	-	-	-	-	-	-	-	(3,000,000)	(3,000,000)	-
19xxx	Reserve for Centralized Human Resources Functions	(2,767,000)	-	-	-	-	-	-	-	(2,767,000)	(2,767,000)	(92,000)
19xxx	Reserve for Centralized Information Technology Functions	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Reserves and Adjustments</b>	<b>(100,430,421)</b>	<b>(8,844,284)</b>	<b>(109,274,705)</b>	<b>-</b>	<b>(234,000)</b>	<b>-</b>	<b>30,000,000</b>	<b>-</b>	<b>(152,807,342)</b>	<b>193,047,342</b>	<b>(234,000)</b>
	<b>Total</b>	<b>\$ 20,820,687,612</b>	<b>\$ (87,328,713)</b>	<b>\$ (1,275,811,708)</b>	<b>\$ (4,259,998)</b>	<b>\$ (4,259,998)</b>	<b>\$ 72,282,225</b>	<b>\$ 372,718,681</b>	<b>\$ 753,555</b>	<b>\$ (918,139,515)</b>	<b>19,902,548,097</b>	<b>\$ (3,506,433)</b>



Table 3  
 Governor's Recommended General Fund Appropriation, FY 2012-2013

Budget Code	Function	FY 2012-13 Recommended Base Budget		Reductions		Appropriation Supported Positions		Other Continuation/Expansion		FY 2012-13 Recommended Appropriation	Net Change	Net Position Change
		Recurring	Nonrecurring	Recurring	Nonrecurring	Recurring	Nonrecurring	Recurring	Nonrecurring			
19420	General Debt Service	-	-	-	-	-	-	-	-	782,738,881	-	-
19425	Federal Reimbursement	-	-	-	-	-	-	-	-	1,616,380	-	-
	<b>Total Debt Service</b>	705,905,183	-	-	-	-	-	76,853,698	-	<b>784,375,261</b>	<b>76,853,698</b>	-
	<b>Reserves and Adjustments:</b>	<b>707,521,563</b>	-	-	-	-	-	<b>76,853,698</b>	-	<b>784,375,261</b>	<b>76,853,698</b>	-
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	-	-	-	-	5,000,000	-	-
19003	Legislative Compensation Reserve	-	-	-	-	-	-	-	-	-	-	-
19004	Salary Adjustment Reserve	-	-	-	-	-	-	-	-	-	-	-
19xxx	Severance Reserve	-	-	-	-	-	-	-	-	-	-	-
19013	Job Development Incentive Grants Reserve	27,400,000	-	-	-	-	-	-	-	27,400,000	-	-
190xx	Management Flex Reserve For Moving ESC to Commerce	-	(377,100)	-	-	-	-	-	-	(377,100)	-	(53,000)
190xx	Management Flex Reserve for Dept. of Mgmt. & Admin.	-	(1,598,600)	-	-	-	-	-	-	(1,598,600)	-	(21,000)
190xx	Management Flex Reserve for Dept. of Public Safety	-	(4,057,600)	-	-	-	-	-	-	(4,057,600)	-	(60,000)
190xx	Centralized Grant System	-	(700,000)	-	-	-	-	-	-	(700,000)	-	(10,000)
190xx	Procurement Reform	-	(30,000,000)	-	-	-	-	-	-	(30,000,000)	-	-
19043	Health Plan Reserve (Benefit Changes/Keep Plan Solvent)	-	(137,907,532)	-	-	-	250,907,532	-	-	113,000,000	-	-
19044	IT Initiative	7,840,000	-	(1,844,284)	-	-	-	-	-	6,158,142	-	(8,000)
19047	Retirement System Reserve (Keep Plan Structurally Sound)	-	162,426	-	-	-	230,000,000	-	-	230,000,000	-	-
19xxx	Reserve for Reduction of Dept. of Public Safety to Reflect Program Efficiencies	-	(3,000,000)	-	-	-	-	-	-	(3,000,000)	-	-
19xxx	Reserve for Centralized Human Resources Functions	-	(4,150,400)	-	-	-	-	-	-	(4,150,400)	-	(92,000)
19xxx	Reserve for Centralized Information Technology Functions	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Reserves and Adjustments</b>	<b>40,240,000</b>	-	<b>(1,817,628,806)</b>	-	<b>(244,000)</b>	<b>480,907,532</b>	-	-	<b>337,674,442</b>	<b>297,434,442</b>	<b>(244,000)</b>
	<b>Total</b>	<b>\$ 20,817,534,214</b>	<b>\$ (1,465,012,593)</b>	<b>\$ (80,470,994)</b>	<b>\$ (1,844,284)</b>	<b>(4,306,733)</b>	<b>\$ 1,094,870,913</b>	<b>\$ 11,895,721</b>	<b>\$ 360,000</b>	<b>\$ 20,378,817,261</b>	<b>\$ (438,716,953)</b>	<b>(3,553,181)</b>



**Table 4**  
**Recommended 2011-13 Budget: General Fund Balance Sheet**  
(\$ millions)

	<u>2011-12</u>	<u>2012-13</u>
<b>Availability</b>		
Credit Balance		
Funds Left on Table	\$ 0	\$ 0
Actual Credit Balance at June 30, 2010	111	0
Reversions from 2010-11	406	0
Revenue Overcollections FY 2010-11	156	0
Invest in North Carolina Construction and Repair Jobs	(75)	0
Transfer to Savings Reserve Account (Rainy Day Fund)	(150)	0
Rebuild Mental Health Trust Fund	(75)	0
Establish Consolidation and Efficiency Incentive Fund	(25)	0
Invest in Community Colleges Equipment and Technology	(25)	0
<i>Subtotal: Credit Balance</i>	<u>\$ 323</u>	<u>\$ 0</u>
Base Revenues	\$ 18,823	\$ 19,884
Revenue Changes	644	555
Other Changes	112	115
<b>Total Availability</b>	<b>\$ 19,902</b>	<b>\$ 20,554</b>
<b>Expenditures</b>		
Base Budget	\$ 20,821	\$ 20,817
Mandatory Base Budget Adjustments		
Medicaid	\$ 0	\$ 253
Debt Service	(10)	77
Public Schools Enrollment	38	111
Community Colleges Enrollment	18	31
UNC System Enrollment	23	44
Department of Correction Building Reserves	10	25
State Government Building Reserves	7	14
UNC System Building Reserves	18	29
<i>Subtotal: Base Budget Adjustments</i>	<u>\$ 104</u>	<u>\$ 584</u>
Supplemental Adjustments		
State Health Plan	\$ 117	\$ 251
Retirement System	115	230
Severance Reserve	30	0
Other	57	32
<i>Subtotal: Supplemental Adjustments</i>	<u>\$ 319</u>	<u>\$ 513</u>
Reductions	<u>(1,342)</u>	<u>(1,536)</u>
<b>Total Expenditures</b>	<b>\$ 19,902</b>	<b>\$ 20,378</b>
<b>General Fund Balance</b>	<b>\$ 0</b>	<b>\$ 176</b>
<i>Savings Reserve Account Balance</i>	<u>\$ 300</u>	

# Revenue Summary and Economic 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.

Following consecutive years of unprecedented declines, General Fund revenue has stabilized and exhibited signs of improvement in 2010-11. The General Fund revenue forecast anticipates continued improvement as the economy slowly recovers. Growth will likely remain modest during 2011 as the economy continues to gain solid footing before accelerating in 2012 and 2013. Specific highlights of the forecast include:

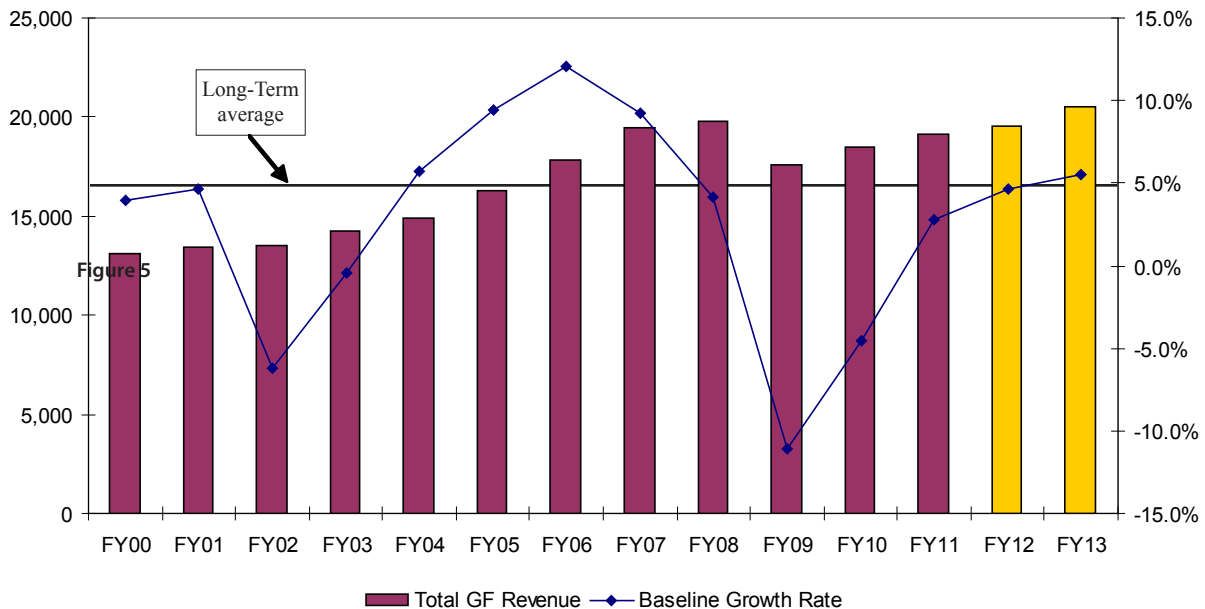
- Baseline General Fund revenue is expected to register 2.8% growth in 2010-11, a marked contrast to the declines of the past two years

(see Figure 4). By the end of 2010-11, General Fund revenue collections are expected to total \$19,134.2 million, \$156.3 million above the budgeted forecast.

- Reflecting a modest pace of recovery, baseline General Fund revenue is forecasted to post 4.6% growth in 2011-12 and 5.5% growth in 2012-13 (see Figure 4). While significantly stronger than recent performance, this revenue recovery forecast is below historical growth during economic recoveries and remains near long-term average revenue growth. Table 7 details this forecast adjusted for recommended revenue changes. The major recommended changes and their estimated 2011-12 and 2012-13 impacts are highlighted in Table 5.
- Individual income tax collections, North Carolina's single largest revenue source, are expected to total \$9,498.5 million in 2010-11, slightly below the budgeted forecast. Driven by improved employment and economic conditions, individual income tax collections are forecast to increase 3.9% and 7.1% in 2011-12 and 2012-13, respectively.

Figure 4

## Trends in General Fund Revenue



- Sales and use tax collections, which comprise nearly one-third of General Fund revenue, are estimated to finish over \$300 million above the budgeted forecast in 2010-11. Boosted by the Governor’s recommendation to continue the state sales tax rate at 5.5% (reduces the current rate by 0.25%) and an improved labor market, sales and use tax collections are expected to grow 1.3% in 2011-12 and 4.5% in 2012-13.
- Corporate collections are forecast to meet budgeted expectations in 2010-11. Reflecting the Governor’s recommendation to reduce the corporate income tax rate to the lowest in the Southeast region (from 6.9% to 4.9%) and other recommended revenue changes, corporate tax collections are expected to decrease 7.0% in 2011-12 and 13.5% in 2012-13.

**Table 5**  
**Recommended Revenue Changes for 2011-13**  
 Estimated Fiscal Year Impact  
 (\$ millions)

	<u>FY 2011-12</u>	<u>FY 2012-13</u>
Continue State Sales Tax at 5.5% (reduces rate by 0.25%)	\$826.6	\$863.8
Reduce Corporate Income Tax Rate to 4.9% from 6.9%	(\$115.0)	(\$303.0)
Repeal Corporate Tax Transfer to PSBCF Permanently	\$72.0	\$75.0
Unemployment Insurance Tax Credit for Small Business	(\$65.0)	\$0.0
Accounts Receivable Program	\$25.0	\$25.0
Energy Efficiency Tax Credit	\$0.0	(\$3.3)
Disproportionate Share Receipts	\$15.0	\$15.0
Raise Cap on Qualified Business Venture Credit	(\$2.0)	(\$2.0)

Table 6

## General Fund Revenue by Fiscal Year: Recent History and Forecast

	2007-08	2008-09	2009-10	2010-11	2010-11	2010-11	2011-12	2012-13	Percent	Percent
	Actual	Actual	Actual	Budget	Estimate	Budget	Budget	Budget	Change	Change
<b>Tax Revenue</b>										
Individual Income	10902.3	9470.2	9047.6	9543.3	9498.5	9866.0	10568.2	10568.2	3.9	7.1
Sales and Use	4981.7	4677.9	5565.0	5690.8	6031.8	6109.2	6386.7	6386.7	1.3	4.5
Corporate Income	1111.7	835.5	1197.9	1017.5	1015.7	944.7	817.5	817.5	-7.0	-13.5
Franchise	574.5	651.9	724.5	697.9	607.6	649.9	687.6	687.6	7.0	5.8
Insurance	492.7	466.6	486.8	494.5	479.1	510.9	532.4	532.4	6.6	4.2
Beverage	225.1	228.5	282.3	277.2	283.8	296.6	312.3	312.3	4.5	5.3
Inheritance	158.8	104.3	71.9	10.1	21.2	121.1	164.4	164.4	471.2	35.8
Licenses	56.3	37.5	39.2	41.9	42.2	43.7	45.2	45.2	3.6	3.4
Tobacco Products	237.4	227.1	251.7	251.4	265.8	260.2	253.9	253.9	-2.1	-2.4
Mill Machinery	37.7	32.9	31.9	33.4	33.4	34.1	34.7	34.7	2.1	1.8
Piped Natural Gas	36.5	34.2	33.8	34.2	33.2	35.0	34.5	34.5	5.4	-1.4
Gift	17.4	12.3	12.0	0.0	0.0	0.0	0.0	0.0	n.a.	n.a.
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.	n.a.
<b>Total Tax Revenue</b>	<b>18832.0</b>	<b>16778.9</b>	<b>17744.7</b>	<b>18092.2</b>	<b>18312.3</b>	<b>18871.4</b>	<b>19837.4</b>	<b>19837.4</b>	<b>3.1</b>	<b>5.1</b>
<b>Nontax Revenue</b>										
Investment Income	239.7	113.3	40.8	57.5	27.8	59.4	76.7	76.7	113.7	29.1
Judicial Fees	198.4	191.2	216.9	253.0	211.5	217.8	217.8	217.8	3.0	0.0
Disproportionate Share	100.0	100.0	125.0	135.0	135.0	115.0	115.0	115.0	-14.8	0.0
Insurance Department	74.3	76.5	69.6	67.0	68.6	71.4	73.5	73.5	4.1	2.9
Miscellaneous	188.7	201.6	312.3	282.8	288.6	182.5	182.5	182.5	-36.8	0.0
<b>Total Nontax Revenue</b>	<b>801.1</b>	<b>682.6</b>	<b>764.7</b>	<b>795.3</b>	<b>731.5</b>	<b>646.1</b>	<b>665.5</b>	<b>665.5</b>	<b>-11.7</b>	<b>3.0</b>
<b>Transfers</b>										
Highway Fund	18.2	17.6	17.6	17.6	17.6	20.2	24.1	24.1	15.0	19.0
Highway Trust Fund	172.5	147.5	108.5	72.8	72.8	41.5	27.6	27.6	-43.0	-33.5
<b>Total Transfers</b>	<b>172.5</b>	<b>147.5</b>	<b>126.1</b>	<b>72.8</b>	<b>72.8</b>	<b>41.5</b>	<b>27.6</b>	<b>27.6</b>	<b>-43.0</b>	<b>-33.5</b>
<b>Total General Fund Revenue</b>	<b>19805.6</b>	<b>17609.0</b>	<b>18635.5</b>	<b>18960.3</b>	<b>19116.6</b>	<b>19559.0</b>	<b>20530.5</b>	<b>20530.5</b>	<b>2.3</b>	<b>5.0</b>

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

# Population Dynamics in North Carolina

Rapid population growth has had a strong impact on North Carolina, with the state growing by roughly 1.5 million people between 2000 and 2010. Over the next biennium, we estimate that the state will grow by an additional 274,000 people, from nearly 9.66 million people on July 1, 2011 to more than 9.93 million people by July 1, 2013. This is equivalent to adding an entire city approximately the size of Greensboro to North Carolina over the next two years. In other words, the State is growing by a net 375 people every day (or 2,625 people every week). Such rapid population growth impacts our ability to provide infrastructure, schools, jobs, public safety, healthcare, and other services while maintaining the high quality of life that North Carolinians enjoy and that continues to attract so many people to our State.

## Migration

The graph below shows migration and natural growth (births-deaths) in North Carolina since 1997. Natural growth has been relatively consistent over time, increasing gradually as total population grows. Net migration has had a larger impact on population growth and is subject to much more variability. Over the next biennium, we expect net migration to account for more than 60% of the total population growth. This means that of the 375 people that are added to North Carolina's population every day, approximately 236 are the result of people moving into the State from elsewhere. Although net migration fell significantly during the recent recession from its high point between July 1, 2005 and July 1, 2007, it remains higher than during the previous recession.

Figure 5  
**NC Population Growth: Birth-Deaths and Migration**

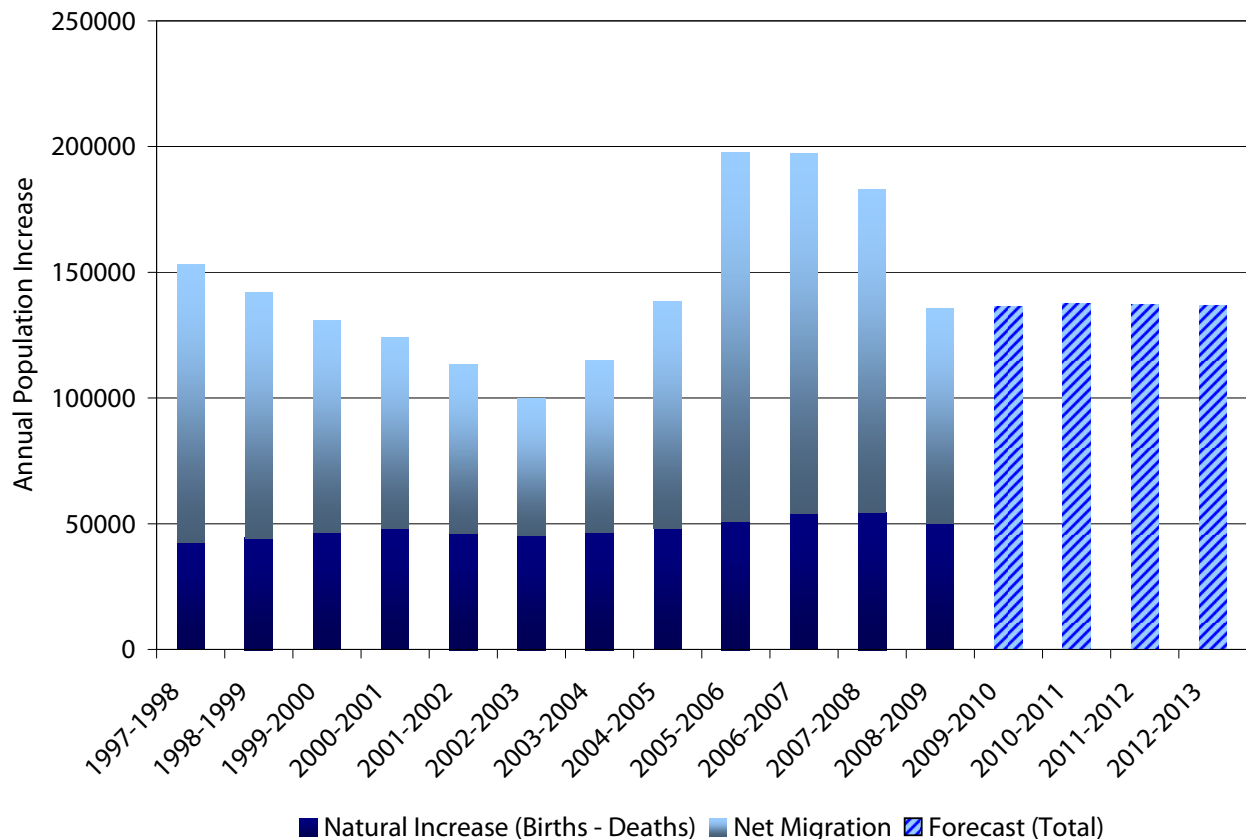


Figure 6

**Age Distribution, July 1, 2013**

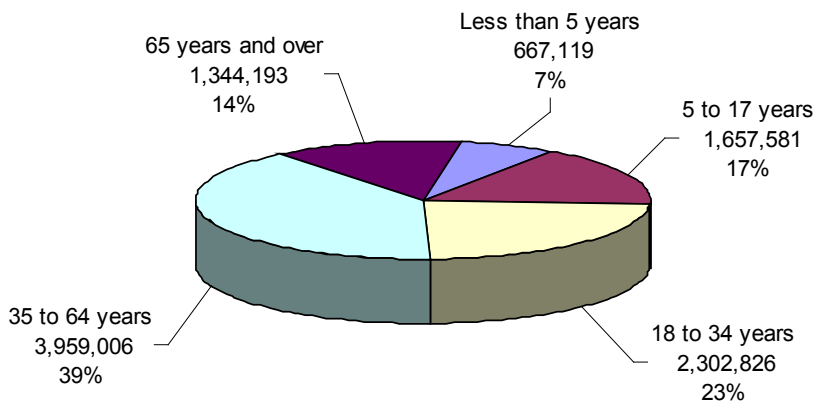
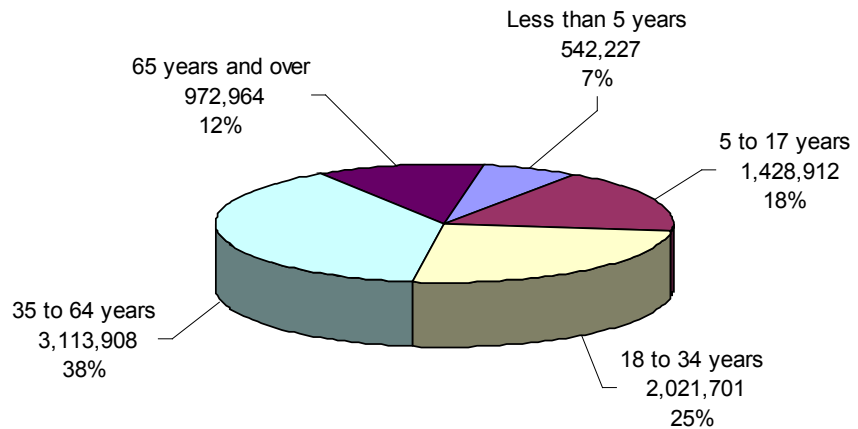


Figure 7

**Age Distribution, July 1, 2000**



**Age**

As the State's population has grown, it has also been aging. The charts below show the distribution of the State's population in 2000 compared to projections for July 1, 2013. The population 65+ is expected to account for an increasing share of the total population, while the percent of the population under 35 is expected to decrease. Overall, the median age is expected to increase from 35.36 in 2000 to 37.58 by 2013.

Although the fastest growth has been among the 65+ population, every age group has grown significantly. By July 1, 2013, we expect there to be 2.32 million children under 18, an increase of 354,000 from 2000. This includes an increase

of 229,000 school age children (ages 5-17) from 2000, a growth of 16%. At the other end of the age distribution, as the baby boomer generation reaches retirement age, the population 65 and over is increasing rapidly. By 2013, we expect this group to reach 1.34 million; 14% of the State's population. This is an increase of 370,000 people, or 38% growth since 2000. The population aged 85+ is growing even faster, with an expected 58% increase over 2000 totals. The total population aged 85 and over by July 1, 2013 is likely to exceed 168,000 people (more than 1.5% of the total). As the State's population grows and ages, budget demands on age-related services, such as healthcare, will increase.

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# **Recommended Adjustments**

## Education

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Public Education

The University of North Carolina

Community Colleges

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# Public Education

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## **Mission**

The guiding mission of the North Carolina State Board of Education (SBE) is that every public school student will graduate from high school, globally competitive for work and postsecondary education and prepared for life in the 21st century.

## **Goals**

North Carolina public schools will produce globally competitive students.

North Carolina public schools will be led by 21st century professionals.

North Carolina public school students will be healthy and responsible.

Leadership will guide innovation in North Carolina public schools.

North Carolina public schools will be governed and supported by 21st century systems.

*Governor's Recommended Adjustments to Base Budget*

**Public Education (13510)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$10,419,546,636	\$10,419,546,636
<b>Receipts</b>	<u>\$2,496,002,685</u>	<u>\$2,496,002,685</u>
<b>Appropriation</b>	\$7,923,543,951	\$7,923,543,951
<b>Adjustments</b>		
<b>Requirements</b>	(\$344,611,863)	(\$318,428,358)
<b>Receipts</b>	<u>\$6,219,176</u>	<u>\$6,547,059</u>
<b>Appropriation</b>	(\$350,831,039)	(\$324,975,417)
<b>Total</b>		
<b>Requirements</b>	\$10,074,934,773	\$10,101,118,278
<b>Receipts</b>	<u>\$2,502,221,861</u>	<u>\$2,502,549,744</u>
<b>Recommended Appropriation</b>	<u>\$7,572,712,912</u>	<u>\$7,598,568,534</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	1,322.150	1,322.150
<b>Reductions</b>	(75.100)	(75.100)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>1,247.050</u>	<u>1,247.050</u>

(Note: Due to the 2010-11 transfers of the Residential Schools for the Deaf and Blind and the Office of Education Services from the Department of Health and Human Services, the 2011-13 DPI position count includes 543 positions associated with these transfers.)

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12

2012-13

#### Technical Adjustments

##### 1. Average Salary Adjustment

Revise budgeted average annual salaries using actual 2010-11 sixth pay period as the base. This adjustment is made annually after reviewing budgeted salary projections for all certified personnel. Typically, because of turnover in these positions, the actual salaries are lower than budgeted salaries, and savings can be realized without reducing teacher salaries.

**Appropriation**    (\$21,792,273)            (\$21,937,637)

##### 2. Exceptional Children Headcount

The exceptional children headcount is adjusted annually to reflect the actual headcount as of April 1, and the appropriation is adjusted accordingly. This adjustment is estimated based on recent fiscal year adjustments.

**Appropriation**    (\$7,000,000)            (\$7,000,000)

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#### State Public School Fund

##### 1. Workers' Compensation

Eliminate state funds appropriated to pay claims for state-funded school-based personnel and the state contract for claims management, making payment a local responsibility. The reduction also includes the cost of two workers' compensation attorneys located at the Department of Justice (DOJ). It is recommended that appropriation for these positions in the amount of \$180,394 be transferred to DOJ for 2011-12 to dispose of existing claims incurred prior to that date.

**Appropriation**    (\$34,648,327)            (\$34,648,327)

##### 2. Tort Claims

Funds are appropriated and transferred to the Department of Justice (DOJ) to pay tort claims, nearly all of which are for injuries related to school bus accidents. This reduction eliminates the appropriation, making payment a local responsibility. The reduction also includes funds supporting three tort claims positions located at DOJ. It is recommended that appropriation for these positions in the amount of \$172,878 be transferred to DOJ for 2011-12.

**Appropriation**    (\$4,599,225)            (\$4,599,225)

3. **Central Office**

Funds are allotted to LEAs to support positions that include superintendents, associate and assistant superintendents, finance officers, and transportation directors. This adjustment represents a 10% reduction to this allotment. An estimated 140 positions could be eliminated based on average salary and benefits.

**Appropriation (\$10,745,059) (\$10,745,059)**

4. **Instructional Support**

Reduce the instructional support allotment by 5%. An estimated 290 positions could be eliminated based on average salary and benefits.

**Appropriation (\$22,964,555) (\$22,964,555)**

5. **School Building Administration**

Reduce school building administration funds by 7.5%. An estimated 380 positions could be eliminated based on average salary and benefits.

**Appropriation (\$24,612,054) (\$24,612,054)**

6. **Textbooks**

This adjustment represents a 34.6% reduction to this allotment leaving an appropriation of \$75.4 million. The appropriation is adequate to support the cost of consumable instructional kits, replacement texts, and the textbook adoptions scheduled each year of the biennium.

**Appropriation (\$40,000,000) (\$40,000,000)**

7. **Noninstructional Support**

Reduce this dollar allotment that pays for clerical and custodial positions by 15% leaving an appropriation of \$337.5 million. An estimated 1,700 positions could be reduced based on average salary and benefits.

**Appropriation (\$59,550,796) (\$59,550,796)**

8. **Transportation**

Funds are allotted via a dollar allotment to support K-12 student yellow bus transportation. This adjustment represents a 10% reduction to this allotment. An estimated 1,900 positions could be reduced.

**Appropriation (\$40,304,223) (\$40,304,223)**

9. **School Bus Replacement**

Eliminate the appropriation on a recurring basis and require bus purchases to become a local responsibility. A nonrecurring \$21.6 million appropriation is recommended for each year of the biennium to support the remaining financing payments for buses replaced in 2009-10.

**Appropriation (\$56,851,619) (\$56,851,619)**

**Appropriation - Nonrecurring \$21,627,977 \$21,627,977**

10. **Uniform Education Reporting System (UERS) Funds**

Reduce the UERS appropriation by 17%. These funds were appropriated to support NC WISE and other IT projects/systems. The balance is adequate to support existing projects through the biennium.

**Appropriation (\$2,101,213) (\$2,101,213)**

**11. School Technology**

Continue to eliminate funding which is distributed based on ADM. The \$18 million will continue to be available from civil forfeiture funds for this purpose. The school technology allotment has been reduced by 90% on a nonrecurring basis each year of the 2009-11 biennium.

**Appropriation (\$10,000,000) (\$10,000,000)**

**12. Staff Development**

Continue to eliminate this allotment. Since the majority of LEA expenditures are for purchased services there is no estimated position reduction. The staff development allotment has been eliminated on a nonrecurring basis each year of the 2009-11 biennium.

**Appropriation (\$12,619,829) (\$12,619,829)**

**13. Retirement Incentive for LEAs**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC system employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings estimate assumes a retirement date of November 1, 2011 and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source. It is estimated that 179 LEA positions will be eliminated as a result of this incentive.

**Appropriation (\$30,836,878) (\$76,889,013)**

**Department of Public Instruction /Other Entities**

**1. Management Flexibility Reduction**

This adjustment represents a 10.2% reduction to the department budget, including an estimated 40 positions. The flexibility reduction enables the agency to identify staffing and operating efficiencies. Department reductions shall not reduce any positions that directly support Race to the Top (RttT). The reduction to the department budget since 2009-10 will be \$12.9 million or 38%, and a position reduction of 134.

**Appropriation (\$4,374,612) (\$4,374,612)**

**Positions (40.000) (40.000)**

**2. Residential Schools for the Deaf and Blind**

The General Assembly directed that the residential schools for the deaf and blind be transferred to the Department of Public Instruction no later than June 1, 2011. This adjustment represents a 5% reduction to the \$33.8 million appropriation, including an estimated 22 positions. The agency will have the flexibility to identify staffing and operating efficiencies.

**Appropriation (\$1,691,445) (\$1,691,445)**

**Positions (22.000) (22.000)**

**3. More at Four Program**

This adjustment represents a 5% recurring reduction to the appropriation. Since 2009-10 the program will have been reduced by \$9 million or 10.8%. In addition, the appropriation is offset on a nonrecurring basis by the transfer of Temporary Assistance for Needy Families (TANF) block grant receipts from the Department of Health and Human Services (DHHS).

<b>Requirements</b>	<b>(\$4,041,386)</b>	<b>(\$4,041,386)</b>
<b>Receipts - Nonrecurring</b>	<b>\$6,352,644</b>	<b>\$6,352,644</b>
<hr/>		
<b>Appropriation</b>	<b>(\$10,394,030)</b>	<b>(\$10,394,030)</b>

**4. Teacher Academy**

Reduce the appropriation by 5%. The Teacher Academy will have the flexibility to identify staffing and/or operating efficiencies.

<b>Appropriation</b>	<b>(\$238,144)</b>	<b>(\$238,144)</b>
<b>Positions</b>	<b>(1.000)</b>	<b>(1.000)</b>

**5. North Carolina Center for the Advancement of Teaching (NCCAT)**

This adjustment represents a 10% reduction to the NCCAT appropriation, including an estimated eight positions. NCCAT will have the flexibility to identify staffing and/or operating efficiencies.

<b>Appropriation</b>	<b>(\$610,250)</b>	<b>(\$610,250)</b>
<b>Positions</b>	<b>(8.000)</b>	<b>(8.000)</b>

**6. Retirement Incentive for Department Personnel**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC system employees, as well as LEA and community college employees for all FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$163,593)</b>	<b>(\$407,903)</b>
<b>Positions</b>	<b>(4.100)</b>	<b>(4.100)</b>

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**Pass-Through Funds**

**1. Eliminate Nonprofits**

The following nonprofits are recommended for elimination.  
 Federal funds are available to support the Teacher Cadet program.

1. Kids' Voting	(50,000)	(50,000)
2. Dropout Prevention Grants	(13,015,683)	(13,015,683)
3. Science Olympiad	(127,500)	(127,500)
4. North Carolina Science, Math, and Technology Education Center	(100,000)	(100,000)
5. Teacher Cadet	(340,000)	(340,000)

<b>Appropriation</b>	<b>(\$13,633,183)</b>	<b>(\$13,633,183)</b>
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**2. Reduce Nonprofits**

The following nonprofits are recommended for a 10% reduction.

1. Communities in Schools	(144,675)	(144,675)
2. Teach for America	(90,000)	(90,000)

<b>Appropriation</b>	<b>(\$234,675)</b>	<b>(\$234,675)</b>
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**3. Tarheel ChalleNGe Academy**

Reduce the appropriation by 10% and transfer \$690,947 back to Crime Control and Public Safety (CCPS). The North Carolina program is part of the National Guard Youth Challenge Program and receives federal funds from this entity. Federal funds budgeted for 2011-13 are \$2 million. The appropriation will support the 25% federal funds match requirement. The program was transferred to DPI as a pass-through per Session Laws 2009-451. National Guard federal funds are designated receipts to CCPS where the program is implemented.

<b>Appropriation</b>	<b>(\$767,719)</b>	<b>(\$767,719)</b>
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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$404,381,058)	(\$450,822,867)
Receipts	-	-
Appropriation	(\$404,381,058)	(\$450,822,867)
Positions	(75,100)	(75,100)

**Nonrecurring**

Requirements	\$21,627,977	\$21,627,977
Receipts	6,352,644	6,352,644
	<hr/>	<hr/>
Appropriation	\$15,275,333	\$15,275,333
Positions	-	-

**Continuation**

2011-12                      2012-13

**State Public School Fund**

**1. Average Daily Membership (ADM) Adjustment**

This appropriation ensures adequate funding for instructional positions and instructional supplies that are allocated to the LEAs based on increasing student enrollment or average daily membership (ADM). The 2011-12 ADM of 1,480,991 is a 5,323 increase over 2010-11 ADM of 1,475,668. 2012-13 ADM is projected to be 1,494,877. Receipts from the Highway Fund for the driver education program are adjusted due to the projected change in ninth grade ADM each year of the biennium.

<b>Requirements</b>	<b>\$38,141,218</b>	<b>\$110,766,532</b>
<b>Receipts</b>	<b>(\$133,468)</b>	<b>\$194,415</b>
	<hr/>	<hr/>
<b>Appropriation</b>	<b>\$38,274,686</b>	<b>\$110,572,117</b>

**Total Recommended Continuation**

2011-12                      2012-13

**Recurring**

Requirements	\$38,141,218	\$110,766,532
Receipts	(133,468)	194,415
	<hr/>	<hr/>
Appropriation	\$38,274,686	\$110,572,117
Positions	-	-

**Nonrecurring**

Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-



**Total Recommended Adjustments for  
 Public Education (13510)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$366,239,840)	(\$340,056,335)
Receipts	(133,468)	194,415
	(\$366,106,372)	(\$340,250,750)
Appropriation		
Positions	(75.100)	(75.100)
<b>Nonrecurring</b>		
Requirements	\$21,627,977	\$21,627,977
Receipts	6,352,644	6,352,644
	\$15,275,333	\$15,275,333
Appropriation		
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$350,831,039)	(\$324,975,417)
<b>Total Position Adjustments</b>	(75.100)	(75.100)

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# The University of North Carolina

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## **Mission**

The University of North Carolina is a public, multi-campus university dedicated to the service of North Carolina and its people. It encompasses 16 diverse constituent institutions and affiliated educational, research, and public service organizations. Each shares in the overall mission of the University. That mission is to discover, create, transmit, and apply knowledge to address the needs of individuals and society. This mission is accomplished through instruction, which communicates the knowledge and values and imparts the skills necessary for individuals to lead responsible, productive, and personally satisfying lives; through research, scholarship, and creative activities, which advance knowledge and enhance the educational process; and through public service, which contributes to the solution of societal problems and enriches the quality of life in the state. In the fulfillment of this mission, the University shall seek an efficient use of available resources to ensure the highest quality in its service to the citizens of the state.

Teaching and learning constitute the primary service that the University renders to society. Teaching, or instruction, is the primary responsibility of each of the constituent institutions. The relative importance of research and public service, which enhance teaching and learning, varies among the constituent institutions, depending on their overall missions.

## **Goals**

**Our Global Readiness:** UNC will educate its students to be personally and professionally successful in the 21st century and, to do so, should enhance the global competitiveness of its institutions and their graduates.

**Our Citizens and Their Future - Access to Higher Education:** UNC will increase access to higher education for all North Carolinians, particularly for underserved regions, underrepresented populations, and non-traditional students.

**Our Children and Their Future - Improving Public Education:** UNC will be more actively involved in solving North Carolina's public education challenges.

**Our Communities and Their Economic Transformation:** UNC will be more actively engaged in enhancing the economic transformation and community development of North Carolina's regions and the state as a whole.

**Our Health:** UNC will lead in improving the health and wellness of all people and communities in our state.

**Our Environment:** UNC will assume a leadership role in addressing the state's energy and environmental challenges.

**Our University's Outreach and Engagement:** UNC will become more directly engaged with and connected to the people of North Carolina, its regions, and our state as a whole.

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*Governor's Recommended Adjustments to Base Budget*

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**The University of North Carolina (160xx)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$4,357,761,996	\$4,356,999,918
<b>Receipts</b>	<u>\$1,470,269,532</u>	<u>\$1,470,269,532</u>
<b>Appropriation</b>	\$2,887,492,464	\$2,886,730,386
<b>Adjustments</b>		
<b>Requirements</b>	(\$184,143,265)	(\$161,851,691)
<b>Receipts</b>	<u>\$45,513,364</u>	<u>\$54,423,311</u>
<b>Appropriation</b>	(\$229,656,629)	(\$216,275,002)
<b>Total</b>		
<b>Requirements</b>	\$4,173,618,731	\$4,195,148,227
<b>Receipts</b>	<u>\$1,515,782,896</u>	<u>\$1,524,692,843</u>
<b>Recommended Appropriation</b>	<u>\$2,657,835,835</u>	<u>\$2,670,455,384</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	37,210.290	37,210.290
<b>Reductions</b>	(2,204.770)	(2,204.770)
<b>Continuation</b>	448.550	393.550
<b>Expansion</b>	—	—
<b>Recommended Positions</b>	<u>35,454.070</u>	<u>35,399.070</u>

## Appropriation Items -- Recommended Adjustments

### Reductions

2011-12                      2012-13

#### UNC General Administration and Institutions

##### 1. Eliminate Redundant Funding for Higher Education Locations

Eliminate supplemental appropriation for higher education centers in Hickory, Rocky Mount, and Onslow County. Funds are used to support personnel and operating costs associated with offering courses at these locations. These funds are in addition to the appropriation provided for enrollment at the centers.

1. Hickory	(125,000)	(125,000)
2. Onslow County	(125,000)	(125,000)
Positions - Recurring	(2,470)	(2,470)
3. Rocky Mount	(250,000)	(250,000)

	<b>Appropriation</b>	<b>(\$500,000)</b>	<b>(\$500,000)</b>
	<b>Positions</b>	(2,470)	(2,470)

##### 2. Management Flexibility Reduction

Reduce UNC-General Administration and campus operating budgets by 9.5%. To manage this decrease, campuses shall consider reducing the number of senior and middle management positions, elimination of low-performing or redundant programs, faculty workload adjustments, restructuring of research activities, implementation of span of control measures, use of alternative funding sources, and other staff and operational efficiencies. UNC General Administration shall hold harmless MCNC (\$5.4 million) to maintain the NCREN backbone operation and video service to UNC General Administration and constituent institutions. When carrying out personnel reductions, campuses are encouraged to abolish non-essential positions first. This level of reduction will eliminate an estimated 1,900 positions. The Board of Governors shall use campus initiated tuition increases (CITI) to offset the impact of this reduction. CITI currently under consideration by the Board would generate enough revenue to preserve up to 450 positions, after setting aside 25% of the new revenue for campus-based financial aid.

	<b>Appropriation</b>	<b>(\$252,623,664)</b>	<b>(\$252,623,664)</b>
	<b>Positions</b>	<b>(1,900,000)</b>	<b>(1,900,000)</b>

**3. Employee Retirement Incentive Program**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

**Appropriation (\$12,248,768) (\$30,541,211)**  
**Positions (302.300) (302.300)**

**Financial Aid**

**1. Reduce Aid to Private Colleges**

Aid to private colleges includes the North Carolina Legislative Tuition Grant for all NC residents attending private colleges, Bible College Grants, Private Medical School Aid, and the State Contractual Scholarship Fund (SCSF) need-based program. The total appropriation is reduced by 6.5%. The SCSF shall be held harmless from this reduction.

**Appropriation (\$6,791,697) (\$6,791,697)**

**2. Future Teachers of North Carolina Scholarship Loan (FTNC) Fund**

The 2009 session of the General Assembly abolished the FTNC fund effective July 1, 2011. The \$1.95 million program was reduced by \$1.27 million in the 2009-11 biennium, allowing impacted juniors and seniors to be held harmless. This reduction eliminates the remaining balance. The Prospective Teachers Scholarship-Loan Program remains in place to provide scholarship loans to qualified individuals who are pursuing college degrees to become teachers in the public schools of North Carolina.

**Appropriation (\$455,000) (\$455,000)**

**UNC Healthcare**

**1. Reduce the UNC Hospital Subsidy**

Eliminate 25% of the subsidy for charity care. As of December 31, 2010, UNC Hospitals Consolidated Operations showed an operating income of \$56.7 million and overall net income (after adjustments for transfers and investments) of \$98.2 million.

**Appropriation (\$11,002,971) (\$11,002,971)**

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$283,622,100)	(\$301,914,543)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$283,622,100)	(\$301,914,543)
Positions	(2,204.770)	(2,204.770)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>Continuation Items</b>		
<b>1. Building Reserves</b>		
Fund essential costs associated with the operation and maintenance of facilities scheduled to open in 2011-12 at UNC Institutions.		
1. Appalachian State University	83,825	201,182
Positions - Recurring	2.600	2.600
2. East Carolina University	1,666,373	1,666,373
Positions - Recurring	20.400	20.400
3. Elizabeth City State University	345,264	517,583
Positions - Recurring	7.000	7.000
4. North Carolina A&T State University	2,152,489	2,591,438
Positions - Recurring	34.100	34.100
5. North Carolina Central University	880,089	880,089
Positions - Recurring	10.300	10.300
6. North Carolina State University	542,792	656,974
Positions - Recurring	5.400	5.400
7. UNC-Asheville	16,380	16,380
Positions - Recurring	.300	.300
8. UNC-Chapel Hill Academic	4,216,431	7,577,967
Positions - Recurring	51.500	51.500
9. UNC-Chapel Hill Health Affairs	3,123,055	6,186,778

Positions - Recurring	38.900	38.900
10. UNC-Charlotte	2,032,287	3,048,430
Positions - Recurring	38.600	38.600
11. UNC-Pembroke	743,249	1,486,498
Positions - Recurring	14.900	14.900
12. UNC-Wilmington	182,908	1,378,484
Positions - Recurring	17.700	17.700
13. Winston-Salem State University	733,006	733,005
Positions - Recurring	11.400	11.400
14. Western Carolina University	1,813,466	2,292,370
Positions - Recurring	29.700	29.700
	<b>Appropriation</b>	<b>\$18,531,614</b>
	<b>Positions</b>	<b>282.800</b>
		<b>\$29,233,551</b>

**2. Enrollment Growth**

This recommendation funds the academic requirements for regular term and distance education enrollment growth in the university system. The projected growth over the 2010-11 budgeted student FTE of 198,359 is 2,337 (1.2%) FTE in 2011-12. Additional growth of 2,115 (1.1%) FTE expected in the second year of the biennium brings the 2012-13 student FTE projection to 202,811. Combined total increases to receipts and appropriation provide funding for an additional 264 faculty FTE.

<b>Requirements</b>	<b>\$33,926,351</b>	<b>\$63,837,426</b>
<b>Receipts</b>	<b>\$10,656,801</b>	<b>\$19,566,748</b>
	<b>Appropriation</b>	<b>\$23,269,550</b>
		<b>\$44,270,678</b>

**3. Research Stations Consolidation**

Consolidate research stations and farms at North Carolina State University (NCSU). Twelve research stations currently operated by the North Carolina Department of Agriculture and Consumer Services will be transferred to NCSU. Research stations and farms that are determined to be least significant or that cannot be properly managed within the consolidated budget, shall be sold as surplus property by the Department of Administration (DOA), State Property Office. After allowable DOA service charges, NCSU may retain 25% of sale receipts for one-time expenditures associated with managing the stations, and the remaining receipts shall revert to the General Fund.

<b>Appropriation</b>	<b>\$7,135,312</b>	<b>\$7,135,312</b>
<b>Appropriation - Nonrecurring</b>	<b>\$1,528,995</b>	<b>-</b>
<b>Positions</b>	<b>165.750</b>	<b>110.750</b>

**Total Recommended Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$59,593,277	\$100,206,289
Receipts	10,656,801	19,566,748
<hr/>		
Appropriation	\$48,936,476	\$80,639,541
Positions	448.550	393.550
<b>Nonrecurring</b>		
Requirements	\$1,528,995	-
Receipts	-	-
<hr/>		
Appropriation	\$1,528,995	-
Positions	-	-

**Expansion**

	<u>2011-12</u>	<u>2012-13</u>
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**1. Need-Based Financial Aid (NBFA)**

The NBFA program currently serves over 67,000 resident undergraduate students. The program's primary funding source is the Escheats Fund (over 90%), but it is also supported by General Fund appropriation and in 2010-11, lottery receipts. NBFA has increased requirements due to the loss of 2010-11 nonrecurring lottery funds and appropriation, projected growth in the number of eligible recipients, and increases to the cost of attendance (tuition and fees, room, board, books, etc.). Lottery receipts of \$34,856,563 will replace the loss of nonrecurring funds. In response to declining Escheats Fund capacity and growing program costs, the State Education Assistance Authority shall implement efficiencies such as, but not limited to, a higher student self help component, a family income cap, standardized award amounts, adoption of College Board guidelines for assessment rates on available income and use of financial aid "set-asides" from campus initiated tuition increases.

<b>Requirements</b>	<b>\$34,856,563</b>	<b>\$34,856,563</b>
<b>Receipts</b>	<b>\$34,856,563</b>	<b>\$34,856,563</b>
<hr/>		
<b>Appropriation</b>	-	-

**2. Dental School at East Carolina University (ECU)**

The Dental School at ECU expects to enroll its first class of students in the Fall of 2011. Based on the Board of Governors' recommendation, additional funds will continue implementation of the first professional degree program, Doctor of Dental Medicine (DMD), an Advanced Education in General Dentistry (AEGD) Program and a



Pediatric Dentistry Residency Program. Funds will be directed toward curriculum development, new faculty and support staff, and the continued establishment of Community Service Learning Centers where the faculty and students will see patients across the state. At least two Community Service Learning Centers are expected to be operational by the end of the biennium.

	<b>Appropriation</b>	<b>\$3,500,000</b>	<b>\$5,000,000</b>
<hr/>			
<b>Total Recommended Expansion</b>		<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>			
Requirements		\$38,356,563	\$39,856,563
Receipts		34,856,563	34,856,563
		<hr/>	<hr/>
Appropriation		\$3,500,000	\$5,000,000
Positions		-	-
<b>Nonrecurring</b>			
Requirements		-	-
Receipts		-	-
		<hr/>	<hr/>
Appropriation		-	-
Positions		-	-

**Total Recommended Adjustments for  
 The University of North Carolina (160xx)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$185,672,260)	(\$161,851,691)
Receipts	45,513,364	54,423,311
	(\$231,185,624)	(\$216,275,002)
Appropriation		
Positions	(1,756.220)	(1,811.220)
<b>Nonrecurring</b>		
Requirements	\$1,528,995	-
Receipts	-	-
	\$1,528,995	-
Appropriation		
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$229,656,629)	(\$216,275,002)
<b>Total Position Adjustments</b>	(1,756.220)	(1,811.220)

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# NC Community College System

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## **Mission**

To improve the economic and social quality of life in the State of North Carolina by providing residents with accessible opportunities to affordable, high-quality post-secondary education that prepares individuals and organizations to participate effectively in a global, multiculturally diverse, and technology-driven environment.

## **Goals**

Prepare a competitive North Carolina workforce by educating, training, and retraining individuals through comprehensive program choices including basic skills and literacy education, occupational, and pre-baccalaureate programs.

Support statewide economic development through services to and in partnership with business and industry, and in collaboration with the University of North Carolina System and private colleges and universities.

Provide needs-based educational services to communities and individuals that improve the quality of life.

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*Governor's Recommended Adjustments to Base Budget*

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**Community Colleges System Office (16800)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$1,458,783,317	\$1,458,783,317
<b>Receipts</b>	<u>\$356,308,103</u>	<u>\$356,308,103</u>
<b>Appropriation</b>	\$1,102,475,214	\$1,102,475,214
<b>Adjustments</b>		
<b>Requirements</b>	(\$46,237,503)	(\$31,018,972)
<b>Receipts</b>	<u>\$39,608,189</u>	<u>\$49,143,712</u>
<b>Appropriation</b>	(\$85,845,692)	(\$80,162,684)
<b>Total</b>		
<b>Requirements</b>	\$1,412,545,814	\$1,427,764,345
<b>Receipts</b>	<u>\$395,916,292</u>	<u>\$405,451,815</u>
<b>Recommended Appropriation</b>	<u>\$1,016,629,522</u>	<u>\$1,022,312,530</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	210.000	210.000
<b>Reductions</b>	(13.800)	(13.800)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>196.200</u>	<u>196.200</u>

## Appropriation Items -- Recommended Adjustments

### Reductions

2011-12                      2012-13

#### Colleges - State Aid

##### 1. Eliminate Specialized Centers and Programs

It is recommended that the following specialized centers and programs be eliminated. These funds are distributed as categorical allotments and are not distributed through the state aid formulas. The funds are used to support 55.5 positions at the colleges, and this reduction may eliminate all of them.

1. Marine Technology Program at Cape Fear Community College	(669,805)	(669,805)
2. Heavy Equipment Program at Wilson Community College	(328,336)	(328,336)
3. Hickory Metro Higher Education Center at Catawba Valley Community College	(264,833)	(264,833)
4. Fayetteville Technical Community College Botanical Laboratory	(264,000)	(264,000)
5. Regional High Technology Center at Haywood Community College	(582,383)	(582,383)
6. Textile Technology Center at Gaston College	(912,509)	(912,509)
7. Center for Manufacturing Solutions at Catawba Valley Community College	(572,116)	(572,116)
8. NC Rural Entrepreneurship through Action Learning (NC REAL) Enterprises Pass-Through	(250,000)	(250,000)

	<b>Appropriation</b>	<b>(\$3,843,982)</b>	<b>(\$3,843,982)</b>
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##### 2. Curriculum Tuition Increase

Tuition rates charged for students enrolled in curriculum courses shall be increased by \$5.50 per credit hour. Full-time students will pay \$176 more per year, increasing resident students' tuition to \$1,984 annually. The tuition revenue raised will support the instructional needs of community colleges.

	<b>Requirements</b>	-	-
	<b>Receipts</b>	<b>\$25,309,268</b>	<b>\$25,309,268</b>
	<b>Appropriation</b>	<b>(\$25,309,268)</b>	<b>(\$25,309,268)</b>

**3. Community College Workers Compensation Costs**

Eliminate the state subsidy for the college's workers compensation costs. Community colleges will be required to pay these costs.

**Appropriation (\$1,704,874) (\$1,704,874)**

**4. Create More Transparent Curriculum and Continuing Education Formula Funding**

It is recommended that the curriculum and continuing education formulas be restructured into three tiers to reflect the cost of providing each program. Tier 1 programs include all health care, technical education, and lab-based science courses. Tier 2 includes all other curriculum courses and those continuing education courses connected to a third-party credential or industry certification. Tier 3 includes all other continuing education courses. To achieve this greater transparency, the State Board of Community Colleges shall merge the health sciences and technical education allotments into the revamped formula. This reduction could eliminate approximately 350 positions at the community colleges.

**Appropriation (\$24,993,558) (\$24,993,558)**

**5. Encourage Efficiencies and Span of Control in Community College Administrative Costs**

Reduce the base portion of the institutional support allotment by one position and reduce the enrollment-driven portion of the institutional support allotment by 2%. The amount reduced reflects an overall reduction of 2.7% to the total institutional support allotment and may result in the elimination of 220 positions at the community colleges.

**Appropriation (\$8,993,686) (\$8,993,686)**

**6. Management Flexibility Reduction - State Aid**

The State Board of Community Colleges shall identify specific efficiencies and other reductions to achieve a 3% reduction in the State Aid budget. Community colleges shall be granted the flexibility to adjust their budget to implement this reduction, and as many as 620 positions may be eliminated.

**Appropriation (\$32,295,930) (\$32,295,930)**

**7. Retirement Incentives for Community College Employees**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source. It is estimated that 130 employees at the community colleges will accept the retirement incentive.

**Appropriation (\$5,217,565) (\$13,009,534)**

**System Office**

**1. Eliminate System Office Positions and Reduce Operating Funds**

Eliminate System Office positions and reduce various operating lines. The duties of these positions shall be eliminated or absorbed by other System Office employees. Operating reductions shall include travel, training, information technology, and other expenses.

1. Eliminate System Office Positions	(423,824)	(423,824)
Positions - Recurring	(6,000)	(6,000)
2. 2+2 E-Learning Initiative	(97,000)	(97,000)
3. System Office Operating Funds	(239,969)	(239,969)

<b>Appropriation</b>	<b>(\$760,793)</b>	<b>(\$760,793)</b>
<b>Positions</b>	(6,000)	(6,000)

**2. Shift System Office Positions to Receipt Support**

Shift 3.5 positions from appropriation to federal, indirect costs, and proprietary school receipts. These positions oversee the activities that generate these receipts.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$322,180</b>	<b>\$322,180</b>

<b>Appropriation</b>	<b>(\$322,180)</b>	<b>(\$322,180)</b>
<b>Positions</b>	<b>(3.500)</b>	<b>(3.500)</b>

**3. Shift GED Program to Receipt Support**

The General Education Development (GED) program shall be supported entirely by receipts. The fees assessed to individuals taking the GED test shall be increased to \$15. These fees will be used to support the costs of administering the tests, including scoring the tests and printing the GED certificates. A total of 2.5 positions will be shifted from appropriation to receipt support.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$208,533</b>	<b>\$208,533</b>

<b>Appropriation</b>	<b>(\$208,533)</b>	<b>(\$208,533)</b>
<b>Positions</b>	<b>(2.500)</b>	<b>(2.500)</b>

**4. Retirement Incentives for System Office Employees**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community

college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$72,186)</b>	<b>(\$179,990)</b>
<b>Positions</b>	<b>(1.800)</b>	<b>(1.800)</b>

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$77,882,574)	(\$85,782,347)
Receipts	25,839,981	25,839,981
	<hr/>	<hr/>
Appropriation	(\$103,722,555)	(\$111,622,328)
Positions	(13.800)	(13.800)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Continuation**

	<u>2011-12</u>	<u>2012-13</u>
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**Colleges - State Aid**

**1. Regular Term Enrollment Growth**

This recommendation funds the instructional costs for regular term enrollment growth at community colleges. The fall semester 2010-11 census from the NC Community College System shows a total enrollment increase of 9,712 full-time equivalent (FTE) students above the 2010-11 budgeted enrollment of 243,854. The 2011-12 budgeted enrollment is 253,566 FTEs, a 4% increase over 2010-11. Curriculum enrollment increased by 8,722 FTEs (or 4.5%), continuing education enrollment by 1,125 (or 3.9%), and basic skills enrollment declined by 135 FTEs (or -0.6%). This recommendation includes \$14 million for an additional 2.9% enrollment increase projected in 2012-13.

<b>Requirements</b>	<b>\$31,645,071</b>	<b>\$54,763,375</b>
<b>Receipts</b>	<b>\$13,768,208</b>	<b>\$23,303,731</b>
	<hr/>	<hr/>
<b>Appropriation</b>	<b>\$17,876,863</b>	<b>\$31,459,644</b>



**Total Recommended Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$31,645,071	\$54,763,375
Receipts	13,768,208	23,303,731
	<hr/>	<hr/>
Appropriation	\$17,876,863	\$31,459,644
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Expansion**

	<u>2011-12</u>	<u>2012-13</u>
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**Colleges - State Aid**

**1. Equipment for Job Retraining**

The Governor recommends \$25 million in nonrecurring funds from the unexpended 2010-11 statewide credit balance to help address equipment needs in the community colleges. These funds will provide essential resources vital to retraining the state's workforce.

**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Community Colleges System Office (16800)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$46,237,503)	(\$31,018,972)
Receipts	39,608,189	49,143,712
	(\$85,845,692)	(\$80,162,684)
Appropriation		
Positions	(13.800)	(13.800)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation		
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$85,845,692)	(\$80,162,684)
<b>Total Position Adjustments</b>	(13.800)	(13.800)

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# Recommended Adjustments

## General Government

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Department of Management and  
Administration

Department of Administration

Office of State Personnel

Office of the State Controller

Office of Information Technology Services

General Assembly

Office of the Governor

Office of State Budget and Management

North Carolina Housing Finance Authority

Office of the Lieutenant Governor

Department of Secretary of State

Office of the State Auditor

Department of State Treasurer

Department of Insurance

Department of Revenue

Department of Cultural Resources

Roanoke Island Commission

State Board of Elections

Office of Administrative Hearings

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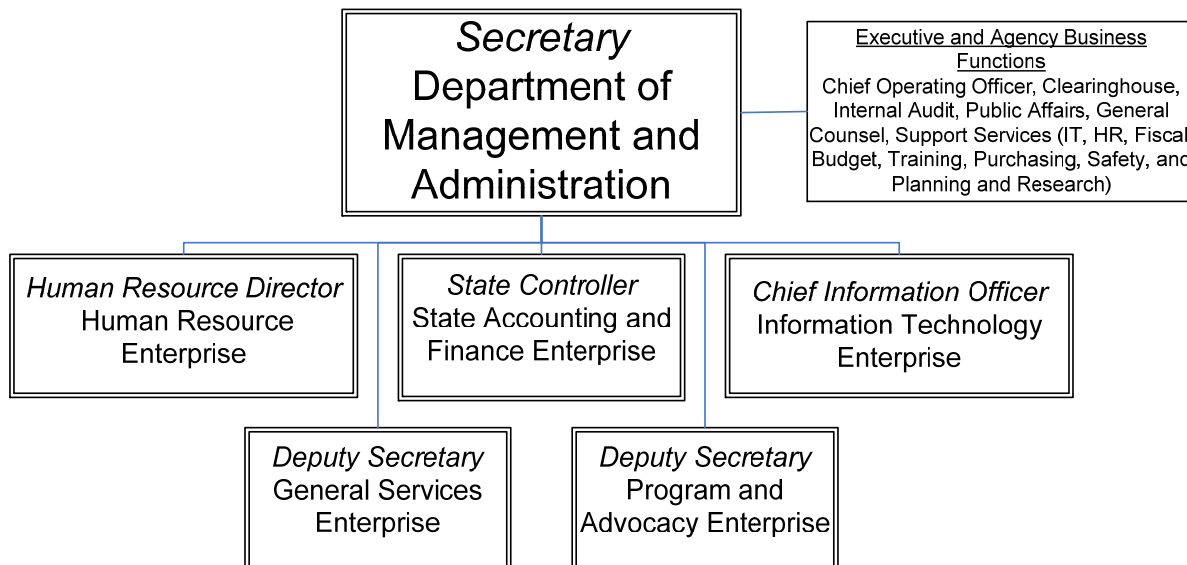
# Recommended Consolidation Department of Management and Administration

This recommendation consolidates the following departments/agencies into the Department of Management and Administration:

- Department of Administration (General Fund 14100)
- Office of State Personnel (General Fund 14100-1311)
- Office of the State Controller (General Fund 14160)
- Office of Information Technology Services (Service Fund 74660)

The Department of Management and Administration will be the Chief Operating Officer of state government by operating the significant support services, including construction, building maintenance, procurement, human resources, information technology, and finance. By consolidating these services into one agency, North Carolina is emulating a private sector approach towards efficiency. Combining procurement and finance functions in the same agency will help to ensure that the State spends wisely, while improving transparency and accountability. Construction and information technology will work together to facilitate the completion of projects on time and within budget. Human Resources will leverage information technology systems to streamline personnel actions.

## Department of Management and Administration



### **1. Position Eliminations**

It is recommended that 21 positions be eliminated in support services and middle management. The Performance Solution division within the Office of State Personnel will be repurposed for change management activities related to consolidation. Positions may be filled or vacant, but they must be related to support services, such as human resources, finance, budget, information technology, procurement, liaison, communication, or middle management positions. (Position reductions effective November 1, 2011)

### **2. Consolidation of Human Resources**

It is recommended that cabinet Human Resource (HR) positions be reduced based on a 150:1 ratio and all cabinet HR and related support positions be transferred to the Office of State Personnel. The employee to HR ratio is the recognized standard for organizations having over 10,000 employees. The Office of State Personnel will be required to provide personnel services to all cabinet agencies. (Transfer effective July 1, 2011. Position reductions effective November 1, 2011)

See the Reserves and Other Adjustments section in this document for additional appropriation and position details.

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# Department of Administration

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## **Mission**

To deliver services for other state agencies, state employees, our communities and our fellow citizens effectively, responsibly and cost efficiently.

## **Goals**

Decrease average review and processing times without compromising the quality of the outcome.

Provide resources and representation for various segments of the population that have special needs so that they may achieve fair and equitable opportunities.

Apply improved procedures, systems, organization, and good business practices to help agencies, grantees and customers achieve savings or other key goals, such as compliance.

Reduce energy use through improved management of facilities and vehicles.

Provide quality services for citizens and public agencies that make government more accessible and open.

Provide administrative support to independent state government agencies, including the State Ethics Commission, the License to Give Trust Fund, the Office of the Lieutenant Governor, the Office of State Personnel, and the State Board of Elections.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Administration (14100)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$120,486,652	\$117,709,762
<b>Receipts</b>	<u>\$50,786,626</u>	<u>\$48,009,736</u>
<b>Appropriation</b>	\$69,700,026	\$69,700,026
<b>Adjustments</b>		
<b>Requirements</b>	(\$3,055,966)	(\$3,284,931)
<b>Receipts</b>	<u>\$1,754,599</u>	<u>\$1,754,599</u>
<b>Appropriation</b>	(\$4,810,565)	(\$5,039,530)
<b>Total</b>		
<b>Requirements</b>	\$117,430,686	\$114,424,831
<b>Receipts</b>	<u>\$52,541,225</u>	<u>\$49,764,335</u>
<b>Recommended Appropriation</b>	<u>\$64,889,461</u>	<u>\$64,660,496</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	594.870	594.870
<b>Reductions</b>	(55.510)	(55.510)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>539.360</u>	<u>539.360</u>



## Appropriation Items -- Recommended Adjustments

### Reductions

2011-12                      2012-13

#### Program Eliminations or Operating Reductions

##### 1. Eliminate Veterans Aid to Counties Program

The Veterans State Aid Program is currently matched with a minimum amount of \$4,000 by counties that provide local services to veterans and their families. In addition to the Federal programs that assist veterans, the state also has regional offices that offer assistance. Therefore, the Governor recommends the elimination of the Veterans State Aid grants to counties, which provide up to \$2,000 to support county veteran service offices and locally employed staff.

**Appropriation**                      **(\$188,000)**                      **(\$188,000)**

##### 2. Eliminate Youth Advocacy Referral Functions

The Governor recommends the elimination of three positions and the transfer of information and referral functions to the Governor's Office from the Youth Advocacy and Involvement Office. The information and referral functions will be distributed among constituent services staff with a minimal impact on services.

**Appropriation**                      **(\$158,048)**                      **(\$158,048)**

**Positions**                                      **(3.000)**                                      **(3.000)**

##### 3. Reorganize and Consolidate Internal Agency Functions

The Governor recommends reorganizing and consolidating agency functions by streamlining processes and leveraging existing resources to maintain current program service delivery. Consolidation will permit the elimination of seven positions in Purchasing and Contracts (\$480,268), thirteen positions in Facilities Management (\$585,765), three middle management positions in the Secretary's Office, Historically Underutilized Businesses and the Youth Advocacy and Involvement Office (\$224,556), one position in State Property (\$89,028), and one position in Veterans Affairs (\$62,136).

**Appropriation**                      **(\$1,441,753)**                      **(\$1,441,753)**

**Positions**                                      **(25.000)**                                      **(25.000)**

##### 4. Realign and Reduce Veterans Affairs Class 1-B Scholarships

The Class 1-B Scholarship program serves as a supplemental state scholarship source to children who meet the program requirements. An alternative educational stipend program, Dependent's Education Assistance, is more widely used by veteran's children. Therefore, the Governor recommends realigning the budget to more closely reflect actual expenditures.

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

**5. Reduce Operating Costs and Realign Longevity and Fringe Benefit Accounts**

The Governor recommends reducing various operating accounts in the Department of Administration's Human Resources Section (\$116,612) and realigning the agency budget to reflect anticipated actual expenditures for longevity and fringe benefits (\$62,022).

<b>Appropriation</b>	<b>(\$178,634)</b>	<b>(\$178,634)</b>
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**6. Reduce the Office of State Personnel by 6%**

The Governor recommends a management flexibility reserve to eliminate four positions and reduce various operating accounts in the Office of State Personnel (OSP).

<b>Appropriation</b>	<b>(\$436,214)</b>	<b>(\$436,214)</b>
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<b>Positions</b>	<b>(4.000)</b>	<b>(4.000)</b>
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**7. Employee Retirement Incentive Program**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$153,317)</b>	<b>(\$382,282)</b>
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<b>Positions</b>	<b>(3.800)</b>	<b>(3.800)</b>
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**Transfer Functions and Positions to Receipts**

**1. Transfer Agency for Public Telecommunications (APT) to Receipts Support**

The Governor recommends that the APT Division become fully receipt supported, which will include the transfer of 7.71 positions and other operating costs from appropriation to receipt support. The impact of the transfer to a fee-for-service basis is expected to have minimal impact on services, but a decline in demand for APT services by state agencies is also anticipated.

<b>Requirements</b>	<b>-</b>	<b>-</b>
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<b>Receipts</b>	<b>\$617,497</b>	<b>\$617,497</b>
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<b>Appropriation</b>	<b>(\$617,497)</b>	<b>(\$617,497)</b>
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<b>Positions</b>	<b>(7.710)</b>	<b>(7.710)</b>
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**2. Increase Receipts Support of DOA Positions**

The Governor recommends replacing appropriation with receipts for receipts supported operations in Fiscal Management (\$188,907), State Property (\$63,084), State Construction (\$83,455), and Facilities Management (\$51,644). Minimal impact on services is anticipated.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$387,090</b>	<b>\$387,090</b>
<hr/>		
<b>Appropriation</b>	<b>(\$387,090)</b>	<b>(\$387,090)</b>
<b>Positions</b>	<b>(6.000)</b>	<b>(6.000)</b>

**3. Assess Fees for Construction Functions**

The Governor recommends assessing fees for construction functions to offset appropriations. This will entail the use of 5% of the reserved contingency fee, which represents \$875,000 in receipts, to offset the appropriated salaries of the staff who execute mandated construction requirements, including reviews for design, safety, and code compliance.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$750,012</b>	<b>\$750,012</b>
<hr/>		
<b>Appropriation</b>	<b>(\$750,012)</b>	<b>(\$750,012)</b>
<b>Positions</b>	<b>(6.000)</b>	<b>(6.000)</b>

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$3,055,966)	(\$3,284,931)
Receipts	1,754,599	1,754,599
<hr/>		
Appropriation	(\$4,810,565)	(\$5,039,530)
Positions	(55.510)	(55.510)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
<hr/>		
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Department of Administration (14100)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$3,055,966)	(\$3,284,931)
Receipts	1,754,599	1,754,599
	<hr/>	<hr/>
Appropriation	(\$4,810,565)	(\$5,039,530)
Positions	(55.510)	(55.510)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$4,810,565)	(\$5,039,530)
<b>Total Position Adjustments</b>	(55.510)	(55.510)

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# Office of the State Controller

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## **Mission**

The Mission of the Office of State Controller is to serve as the public's fiscal guardian by promoting accountability and protecting the financial integrity of the State.

## **Goals**

Create a united organization focused on excellence, which fulfills its responsibilities by maximizing resources and empowering employees to contribute to state government and across the organization. Objectives of this goal include: (A) Managing OSC with an effective management team (B) Managing the State's finances consistent with state law and best practices (C) Providing effective systems for State payroll and accounting functions (D) Ensuring that the State follows appropriate accounting procedures (E) Setting staff expectations and preparing staff to adapt to a changing environment by effectively managing and developing OSC's human resources (F) Developing and documenting standardized processes to increase our organizational efficiency and achieve consistent outcomes, while maintaining an awareness of the environmental impact of our agency (G) Promoting effective integrated financial and information systems statewide.

Provide excellent customer service and communication through information that is informative and understandable to both internal and external stakeholders. Objectives of this goal include: (A) Develop, revise, and implement procedures to meet customer service objectives (B) Actively market OSC information (C) Respond effectively and efficiently to public requests (D) Improve website (E) Determine how each employee within every area of OSC can communicate understandable, consistent and timely information that conveys the significance and value of OSC as the State's leader for effective and transparent fiscal operations and policies to internal and external audiences (F) Improve agency relationships with client agencies resulting in better coordination of services being provided and (G) Prepare for emergencies.

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*Governor's Recommended Adjustments to Base Budget*

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**Office of the State Controller (14160)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$33,666,136	\$33,666,136
<b>Receipts</b>	<u>\$1,149,059</u>	<u>\$1,149,059</u>
<b>Appropriation</b>	\$32,517,077	\$32,517,077
<b>Adjustments</b>		
<b>Requirements</b>	(\$2,016,309)	(\$2,113,804)
<b>Receipts</b>	-	-
<b>Appropriation</b>	(\$2,016,309)	(\$2,113,804)
<b>Total</b>		
<b>Requirements</b>	\$31,649,827	\$31,552,332
<b>Receipts</b>	<u>\$1,149,059</u>	<u>\$1,149,059</u>
<b>Recommended Appropriation</b>	<u>\$30,500,768</u>	<u>\$30,403,273</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	195.760	195.760
<b>Reductions</b>	(8.600)	(8.600)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>187.160</u>	<u>187.160</u>

## Appropriation Items -- Recommended Adjustments

### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>Agency-wide</b>		
<b>1. Management Flexibility Reserve</b>		
The Governor recommends a management flexibility reserve to be filled by cost-saving measures as determined by the agency, which includes elimination of seven positions.		
<b>Appropriation</b>	<b>(\$1,951,025)</b>	<b>(\$1,951,025)</b>
<b>Positions</b>	<b>(7.000)</b>	<b>(7.000)</b>
<b>2. Employee Retirement Incentive Program</b>		
This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.		
<b>Appropriation</b>	<b>(\$65,284)</b>	<b>(\$162,779)</b>
<b>Positions</b>	<b>(1.600)</b>	<b>(1.600)</b>
<b>Total Recommended Reductions</b>		
	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$2,016,309)	(\$2,113,804)
Receipts	-	-
Appropriation	(\$2,016,309)	(\$2,113,804)
Positions	(8.600)	(8.600)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Office of the State Controller (14160)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$2,016,309)	(\$2,113,804)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$2,016,309)	(\$2,113,804)
Positions	(8.600)	(8.600)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$2,016,309)	(\$2,113,804)
<b>Total Position Adjustments</b>	(8.600)	(8.600)



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# General Assembly

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**Mission**

Enact general and local laws promoting the best interests of the State and the people of North Carolina.

**Goals**

Ensure that each member of the North Carolina General Assembly has the opportunity to fulfill his/her legislative duties and responsibilities as defined by the North Carolina Constitution and General Statutes.

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*Governor's Recommended Adjustments to Base Budget*

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**General Assembly (11000)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$55,853,147	\$55,853,147
<b>Receipts</b>	<u>\$1,260,100</u>	<u>\$1,260,100</u>
<b>Appropriation</b>	\$54,593,047	\$54,593,047
<b>Adjustments</b>		
<b>Requirements</b>	(\$2,360,458)	(\$2,571,695)
<b>Receipts</b>	-	-
<b>Appropriation</b>	(\$2,360,458)	(\$2,571,695)
<b>Total</b>		
<b>Requirements</b>	\$53,492,689	\$53,281,452
<b>Receipts</b>	<u>\$1,260,100</u>	<u>\$1,260,100</u>
<b>Recommended Appropriation</b>	<u>\$52,232,589</u>	<u>\$52,021,352</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	335.000	335.000
<b>Reductions</b>	(3.400)	(3.400)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>331.600</u>	<u>331.600</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Delay Filling Intern Positions</b>		
The Governor recommends holding budgeted intern positions vacant in order to generate savings. This reduction will not impact service delivery.		
<b>Appropriation</b>	<b>(\$1,245,286)</b>	<b>(\$1,321,021)</b>
<b>2. Information Systems Division Budget Reduction</b>		
The Governor recommends reductions to operating accounts in the Information Systems Division. This reduction will not impact personal services or salaries.		
<b>Appropriation</b>	<b>(\$252,677)</b>	<b>(\$198,818)</b>
<b>3. Reduce Legislative Research Commission (LRC) Studies</b>		
The Governor recommends a reduction to the Legislative Research Commission. This reduction does not impact the abilities of the commission.		
<b>Appropriation</b>	<b>(\$125,000)</b>	<b>(\$61,024)</b>
<b>4. Employee Retirement Incentive Program</b>		
This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.		
<b>Appropriation</b>	<b>(\$137,495)</b>	<b>(\$342,832)</b>
<b>Positions</b>	<b>(3.400)</b>	<b>(3.400)</b>
<b>5. Reduce Temporary Salaries and Legislative Assistant Salaries During Interim</b>		
The Governor recommends a reduction to bring temporary salary line items in line with average actual costs during the interim. This reduction also includes a reduction of budgeted days for legislative assistants during the interim from 4 to 3.5 days.		
<b>Appropriation</b>	<b>(\$600,000)</b>	<b>(\$648,000)</b>

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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$2,360,458)	(\$2,571,695)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$2,360,458)	(\$2,571,695)
Positions	(3.400)	(3.400)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 General Assembly (11000)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$2,360,458)	(\$2,571,695)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$2,360,458)	(\$2,571,695)
Positions	(3.400)	(3.400)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$2,360,458)	(\$2,571,695)
<b>Total Position Adjustments</b>	(3.400)	(3.400)

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# Office of the Governor

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## **Mission**

The Governor, as the chief executive officer of the State, ensures the smooth and efficient administration of State government through formulating and administering the policies of the executive branch of the State government, managing a comprehensive budget for all State agencies, and executing the laws of the United States and the State of North Carolina.

## **Goals**

Invest in education from pre-K to the university through high-quality curricular offerings and reform efforts to prepare all students for the demands of college and work in the 21st Century.

Expand economic opportunities through job creation, job retention, and workforce development to ensure long-term economic growth across the state.

Provide the opportunity for all North Carolinians to be self-sufficient, productive, and healthy individuals by offering to the state's most vulnerable populations child and family initiatives, social supports, and programs that increase the availability of quality health care.

Promote the efficient and effective management of taxpayer resources through budgetary, management, and data services.

Set government straight by eliminating, consolidating, and streamlining operations. State government should focus on core services to taxpayers and businesses while eliminating unnecessary and duplicative layers of bureaucracy.

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*Governor's Recommended Adjustments to Base Budget*

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**Office of the Governor (13000)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$6,886,600	\$6,886,600
<b>Receipts</b>	<u>\$697,122</u>	<u>\$697,122</u>
<b>Appropriation</b>	\$6,189,478	\$6,189,478
<b>Adjustments</b>		
<b>Requirements</b>	(\$456,289)	(\$490,676)
<b>Receipts</b>	-	-
<b>Appropriation</b>	(\$456,289)	(\$490,676)
<b>Total</b>		
<b>Requirements</b>	\$6,430,311	\$6,395,924
<b>Receipts</b>	<u>\$697,122</u>	<u>\$697,122</u>
<b>Recommended Appropriation</b>	<u>\$5,733,189</u>	<u>\$5,698,802</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	62.720	62.720
<b>Reductions</b>	(4.600)	(4.600)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>58.120</u>	<u>58.120</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12      2012-13

#### Program Reductions

##### 1. Reduce Operating Accounts and Positions

The Governor recommends a management flexibility reserve to eliminate four positions and reduce various operating accounts.

<b>Appropriation</b>	<b>(\$433,263)</b>	<b>(\$433,263)</b>
<b>Positions</b>	<b>(4.000)</b>	<b>(4.000)</b>

##### 2. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$23,026)</b>	<b>(\$57,413)</b>
<b>Positions</b>	<b>(.600)</b>	<b>(.600)</b>

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#### Total Recommended Reductions

2011-12      2012-13

##### Recurring

Requirements	(\$456,289)	(\$490,676)
Receipts	-	-
<hr/>		
Appropriation	(\$456,289)	(\$490,676)
Positions	(4.600)	(4.600)

##### Nonrecurring

Requirements	-	-
Receipts	-	-
<hr/>		
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Office of the Governor (13000)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$456,289)	(\$490,676)
Receipts	-	-
	(\$456,289)	(\$490,676)
Appropriation	(\$456,289)	(\$490,676)
Positions	(4,600)	(4,600)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$456,289)	(\$490,676)
<b>Total Position Adjustments</b>	(4,600)	(4,600)



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*Governor's Recommended Adjustments to Base Budget*

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**Office of State Budget and Management (13005)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$8,869,863	\$8,869,863
<b>Receipts</b>	<u>\$1,906,067</u>	<u>\$1,906,067</u>
<b>Appropriation</b>	\$6,963,796	\$6,963,796
<b>Adjustments</b>		
<b>Requirements</b>	(\$367,765)	(\$408,132)
<b>Receipts</b>	<u>\$155,000</u>	<u>\$155,000</u>
<b>Appropriation</b>	(\$522,765)	(\$563,132)
<b>Total</b>		
<b>Requirements</b>	\$8,502,098	\$8,461,731
<b>Receipts</b>	<u>\$2,061,067</u>	<u>\$2,061,067</u>
<b>Recommended Appropriation</b>	<u>\$6,441,031</u>	<u>\$6,400,664</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	78.710	78.710
<b>Reductions</b>	(4.700)	(4.700)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>74.010</u>	<u>74.010</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### Program Reductions

##### 1. Reduce Operating Accounts and Positions

A management flexibility reserve is being recommended to eliminate four positions and reduce various operating accounts.

<b>Appropriation</b>	<b>(\$495,735)</b>	<b>(\$495,735)</b>
<b>Positions</b>	<b>(4.000)</b>	<b>(4.000)</b>

##### 2. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$27,030)</b>	<b>(\$67,397)</b>
<b>Positions</b>	<b>(.700)</b>	<b>(.700)</b>

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#### Total Recommended Reductions

2011-12                      2012-13

#### Recurring

Requirements	(\$522,765)	(\$563,132)
Receipts	-	-
Appropriation	(\$522,765)	(\$563,132)
Positions	(4.700)	(4.700)

#### Nonrecurring

Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

<b>Expansion</b>		
	<u>2011-12</u>	<u>2012-13</u>
<b>Other Restructuring and Reorganization not Announced</b>		
<b>1. Create Statewide Grants (to NC) Application Office in OSBM</b>		
It is recommended that a statewide grants office be established to coordinate the application and grant writing process for obtaining competitive funding from Federal and non-profit sources. Funding for two positions will be offset by withholding a percentage of state grants provided to non-governmental entities to support OSBM's existing grants oversight functions.		
<b>Requirements</b>	<b>\$155,000</b>	<b>\$155,000</b>
<b>Receipts</b>	<b>\$155,000</b>	<b>\$155,000</b>
<b>Appropriation</b>	<b>-</b>	<b>-</b>
<hr/>		
<b>Total Recommended Expansion</b>		
	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$155,000	\$155,000
Receipts	155,000	155,000
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Office of State Budget and Management (13005)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$367,765)	(\$408,132)
Receipts	155,000	155,000
	(\$522,765)	(\$563,132)
Appropriation		
Positions	(4.700)	(4.700)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation		
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$522,765)	(\$563,132)
<b>Total Position Adjustments</b>	(4.700)	(4.700)

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*Governor's Recommended Adjustments to Base Budget*

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## OSBM - Reserve for General Assembly Appropriation (13085)

### Recommended General Fund Budget and Positions

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$7,277,011	\$7,277,011
<b>Receipts</b>	<u>\$1,342,700</u>	<u>\$1,342,700</u>
<b>Appropriation</b>	\$5,934,311	\$5,934,311
<b>Adjustments</b>		
<b>Requirements</b>	\$8,000,000	\$15,500,000
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$8,000,000	\$15,500,000
<b>Total</b>		
<b>Requirements</b>	\$15,277,011	\$22,777,011
<b>Receipts</b>	<u>\$1,342,700</u>	<u>\$1,342,700</u>
<b>Recommended Appropriation</b>	<u>\$13,934,311</u>	<u>\$21,434,311</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	- ---	- ---
<b>Recommended Positions</b>	- ====	- ====

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## Appropriation Items -- Recommended Adjustments

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<b>Expansion</b>	<u>2011-12</u>	<u>2012-13</u>
<b>1. Land Buffer for Military Expansion</b>		
The Governor recommends funds to purchase land buffers for military expansions throughout North Carolina.		
<b>Appropriation - Nonrecurring</b>	<b>\$1,000,000</b>	<b>\$1,500,000</b>
<b>2. Operating Reserves</b>		
The Governor recommends funds for the operation and staffing of new buildings that will be completed in 2011 and 2012. This reserve only provides funding for operating reserves in DENR, DOA and DHHS.		
<b>Appropriation</b>	<b>\$7,000,000</b>	<b>\$14,000,000</b>
<hr/>		
<b>Total Recommended Expansion</b>	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$7,000,000	\$14,000,000
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$7,000,000	\$14,000,000
Positions	-	-
<b>Nonrecurring</b>		
Requirements	\$1,000,000	\$1,500,000
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$1,000,000	\$1,500,000
Positions	-	-

**Total Recommended Adjustments for  
 OSBM - Reserve for General Assembly  
 Appropriation (13085)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$7,000,000	\$14,000,000
Receipts	-	-
	-----	-----
Appropriation	\$7,000,000	\$14,000,000
Positions	-	-
<b>Nonrecurring</b>		
Requirements	\$1,000,000	\$1,500,000
Receipts	-	-
	-----	-----
Appropriation	\$1,000,000	\$1,500,000
Positions	-	-
<b>Total Appropriation Adjustments</b>	<b>\$8,000,000</b>	<b>\$15,500,000</b>
<b>Total Position Adjustments</b>	<b>-</b>	<b>-</b>

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*Governor's Recommended Adjustments to Base Budget*

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**North Carolina Housing Finance Agency (13010)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$13,877,996	\$13,877,996
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$13,877,996	\$13,877,996
<b>Adjustments</b>		
<b>Requirements</b>	(\$2,081,700)	(\$2,081,700)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$2,081,700)	(\$2,081,700)
<b>Total</b>		
<b>Requirements</b>	\$11,796,296	\$11,796,296
<b>Receipts</b>	=	=
<b>Recommended Appropriation</b>	<u>\$11,796,296</u>	<u>\$11,796,296</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>-</u>	<u>-</u>
<b>Recommended Positions</b>	<u>-</u>	<u>-</u>





**Total Recommended Adjustments for  
 North Carolina Housing Finance Agency (13010)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$2,081,700)	(\$2,081,700)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$2,081,700)	(\$2,081,700)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$2,081,700)	(\$2,081,700)
<b>Total Position Adjustments</b>	-	-

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# Office of the Lieutenant Governor

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## **Mission**

The mission of the Lieutenant Governor's office is to perform the duties as set forth in the North Carolina State Constitution as well as other duties/responsibilities assigned by the Governor and the General Assembly that support North Carolina's top imperatives: Healthy Children and Families, Quality Education for All, A High Performance Workforce, A Prosperous Economy, A Sustainable Environment, 21st Century Infrastructure, Safe and Vibrant Communities, and Active Citizenship/Accountable Government.

## **Goals**

Stay abreast of emerging issues and current trends and actively engage in discussions and various forums to support the Lieutenant Governor in fulfilling the duties and responsibilities of the office.

Develop and advocate for emerging and needed policies that address the state's imperatives, including growing North Carolina's military economy, improving the health and wellness of citizens, and supporting education efforts from preschool to higher education to ensure a vibrant and prosperous economy and a healthy and educated population.

Assist constituents, in a timely and professional manner, with various concerns and needs to resolve their problems, answer their questions, and provide information.

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*Governor's Recommended Adjustments to Base Budget*

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**Office of the Lieutenant Governor (13100)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$954,868	\$954,868
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$954,868	\$954,868
<b>Adjustments</b>		
<b>Requirements</b>	(\$38,675)	(\$44,774)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$38,675)	(\$44,774)
<b>Total</b>		
<b>Requirements</b>	\$916,193	\$910,094
<b>Receipts</b>	=	=
<b>Recommended Appropriation</b>	<u>\$916,193</u>	<u>\$910,094</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	12.000	12.000
<b>Reductions</b>	(.600)	(.600)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>11.400</u>	<u>11.400</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12      2012-13

#### Program Reductions

##### 1. Eliminate vacant position

The Governor recommends the elimination of a vacant .5 position.

<b>Appropriation</b>	<b>(\$34,591)</b>	<b>(\$34,591)</b>
<b>Positions</b>	<b>(.500)</b>	<b>(.500)</b>

##### 2. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012.

Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$4,084)</b>	<b>(\$10,183)</b>
<b>Positions</b>	<b>(.100)</b>	<b>(.100)</b>

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#### Total Recommended Reductions

2011-12      2012-13

#### Recurring

Requirements	(\$38,675)	(\$44,774)
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Receipts	-	-
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Appropriation	(\$38,675)	(\$44,774)
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Positions	(.600)	(.600)
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#### Nonrecurring

Requirements	-	-
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Receipts	-	-
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Appropriation	-	-
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Positions	-	-
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**Total Recommended Adjustments for  
 Office of the Lieutenant Governor (13100)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$38,675)	(\$44,774)
Receipts	-	-
	-	-
Appropriation	(\$38,675)	(\$44,774)
Positions	(.600)	(.600)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$38,675)	(\$44,774)
<b>Total Position Adjustments</b>	(.600)	(.600)

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# Department of Secretary of State

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## **Mission**

This agency's mission is to support economic growth, promote the public trust and fulfill statutory mandates by providing initial infrastructure for corporate organizations and transactions, protecting citizens and businesses from misrepresentation and fraud by providing public access to accurate and timely information, through law enforcement and through the issuance of professional credentials. The department fosters a well informed citizenry, business community and government, by promoting a responsive, transparent, competitive, and ethical business climate.

## **Goals**

Facilitate economic growth and investment in North Carolina by maintaining a state of the art system of business document filings to provide continuous real-time online access to the public.

Protect the integrity of commercial and personal documents used by the legal, real estate, business, and financial communities by ensuring the reliability of the signatures on those transaction documents to protect North Carolina's citizens and businesses against fraud.

Build public confidence in state government and its policy decisions through the regulation of lobbying and related activities and by bringing increased disclosure and transparency to those activities.

Protect the investing and charitable giving public, as well as innovators, intellectual property owners and others, from misrepresentations and fraud through enforcement of the state's civil and criminal laws, ensuring citizens have the best possible information when making financial decisions.

Advance the delivery of e-government services to the public to maximize efficiency and accessibility of services while reducing costs and enabling North Carolina businesses to become more competitive.

Bolster North Carolina's image in the international community by assisting other North Carolina governmental agencies, businesses, and institutions in their efforts to engage in international educational, cultural, and business development activities to improve the quality of life for North Carolina citizens.

Work closely with customers, understand and respond to their needs in a courteous and professional manner, and exceed their expectations for service, incorporating quality, responsiveness and cost efficiency.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Secretary of State (13200)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$11,941,409	\$11,941,409
<b>Receipts</b>	<u>\$864,437</u>	<u>\$864,437</u>
<b>Appropriation</b>	\$11,076,972	\$11,076,972
<b>Adjustments</b>		
<b>Requirements</b>	(\$541,751)	(\$604,102)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$541,751)	(\$604,102)
<b>Total</b>		
<b>Requirements</b>	\$11,399,658	\$11,337,307
<b>Receipts</b>	<u>\$864,437</u>	<u>\$864,437</u>
<b>Recommended Appropriation</b>	<u>\$10,535,221</u>	<u>\$10,472,870</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	180.750	180.750
<b>Reductions</b>	(4.000)	(4.000)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>176.750</u>	<u>176.750</u>



## Appropriation Items -- Recommended Adjustments

### Reductions

2011-12      2012-13

#### Department-wide

##### 1. Management Flexibility Reserve

The Governor recommends a management flexibility reserve to be filled by cost-saving measures as determined by the department, which includes elimination of three positions.

**Appropriation (\$500,000) (\$500,000)**  
**Positions (3.000) (3.000)**

##### 2. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

**Appropriation (\$41,751) (\$104,102)**  
**Positions (1.000) (1.000)**

### Total Recommended Reductions

2011-12      2012-13

#### Recurring

Requirements (\$541,751) (\$604,102)

Receipts - -

Appropriation (\$541,751) (\$604,102)

Positions (4.000) (4.000)

#### Nonrecurring

Requirements - -

Receipts - -

Appropriation - -

Positions - -

**Total Recommended Adjustments for  
 Department of Secretary of State (13200)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$541,751)	(\$604,102)
Receipts	-	-
	(\$541,751)	(\$604,102)
Appropriation	(\$541,751)	(\$604,102)
Positions	(4,000)	(4,000)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$541,751)	(\$604,102)
<b>Total Position Adjustments</b>	(4,000)	(4,000)

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# Office of the State Auditor

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## **Mission**

We protect the interests of taxpayers and others who provide financial resources to the State of North Carolina. Specifically, we provide objective information to interested parties about whether state resources are properly accounted for, reported, and managed; as well as whether publically-funded programs are achieving desired results.

## **Goals**

Conduct effective examinations of state organizations and programs. To be considered effective, examinations must be performed in accordance with applicable professional standards and identify significant (1) accounting and financial reporting errors; (2) instances of noncompliance with laws, regulations, and provisions of contracts and grant agreements; (3) fraud; (4) financial mismanagement; (5) failures of programs to achieve desired results; and/or (6) deficiencies in policies and procedures that could result in any of these problems, as applicable to the objectives and scope of the audit. Further, for examinations to be effective, results and conclusions must be reliable, credible, and effectively communicated to interested parties in a timely manner.

Conduct efficient examinations of state organizations and programs. To be considered efficient, examinations must be performed such that (1) mandated external reporting deadlines are met; (2) all significant state organizations and programs are periodically subjected to examination; and (3) internal deadlines are met to ensure achieving items 1 and 2.

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*Governor's Recommended Adjustments to Base Budget*

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**Office of the State Auditor (13300)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$17,799,227	\$17,799,227
<b>Receipts</b>	<u>\$4,735,571</u>	<u>\$4,735,571</u>
<b>Appropriation</b>	\$13,063,656	\$13,063,656
<b>Adjustments</b>		
<b>Requirements</b>	(\$840,332)	(\$924,729)
<b>Receipts</b>	-	-
<b>Appropriation</b>	(\$840,332)	(\$924,729)
<b>Total</b>		
<b>Requirements</b>	\$16,958,895	\$16,874,498
<b>Receipts</b>	<u>\$4,735,571</u>	<u>\$4,735,571</u>
<b>Recommended Appropriation</b>	<u>\$12,223,324</u>	<u>\$12,138,927</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	193.000	193.000
<b>Reductions</b>	(7.400)	(7.400)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>185.600</u>	<u>185.600</u>

## Appropriation Items -- Recommended Adjustments

### Reductions

2011-12      2012-13

#### Department-wide

##### 1. Management Flexibility Reserve

The Governor recommends a management flexibility reserve to be filled by cost-saving measures as determined by the department, which includes elimination of six positions.

<b>Appropriation</b>	<b>(\$783,819)</b>	<b>(\$783,819)</b>
<b>Positions</b>	<b>(6.000)</b>	<b>(6.000)</b>

##### 2. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$56,513)</b>	<b>(\$140,910)</b>
<b>Positions</b>	<b>(1.400)</b>	<b>(1.400)</b>

### Total Recommended Reductions

2011-12      2012-13

#### Recurring

Requirements	(\$840,332)	(\$924,729)
Receipts	-	-
<hr/>		
Appropriation	(\$840,332)	(\$924,729)
Positions	(7.400)	(7.400)

#### Nonrecurring

Requirements	-	-
Receipts	-	-
<hr/>		
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Office of the State Auditor (13300)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$840,332)	(\$924,729)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$840,332)	(\$924,729)
Positions	(7,400)	(7,400)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$840,332)	(\$924,729)
<b>Total Position Adjustments</b>	(7,400)	(7,400)

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# Department of State Treasurer

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## **Mission**

Our mission is to exercise fiduciary oversight and provide outstanding customer service that provides value to, and instills confidence by, the state's citizens, customers, and financial community.

## **Goals**

Protect the pension by optimizing returns and plan design features

Apply conservative debt management practices to maintain the State's AAA bond rating

Ensure transparency, ethics, and accountability

Increase customer service

Increase operational efficiencies and improve risk management

Contribute to state innovation and economic development

Advance financial literacy across North Carolina

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*Governor's Recommended Adjustments to Base Budget*

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**Department of State Treasurer (13410)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$45,150,807	\$45,150,807
<b>Receipts</b>	<u>\$34,612,604</u>	<u>\$34,612,604</u>
<b>Appropriation</b>	\$10,538,203	\$10,538,203
<b>Adjustments</b>		
<b>Requirements</b>	(\$292,764)	(\$477,045)
<b>Receipts</b>	<u>\$3,582,604</u>	<u>\$3,433,604</u>
<b>Appropriation</b>	(\$3,875,368)	(\$3,910,649)
<b>Total</b>		
<b>Requirements</b>	\$44,858,043	\$44,673,762
<b>Receipts</b>	<u>\$38,195,208</u>	<u>\$38,046,208</u>
<b>Recommended Appropriation</b>	<u>\$6,662,835</u>	<u>\$6,627,554</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	357.440	357.440
<b>Reductions</b>	(36.600)	(36.600)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>320.840</u>	<u>320.840</u>



## Appropriation Items -- Recommended Adjustments

### Reductions

2011-12                      2012-13

#### 1. Return Appropriations Balance

The Governor recommends returning state appropriations that were generated when five appropriated positions were converted to receipt-support in FY 2008-09. This reduction will not impact service delivery.

<b>Appropriation</b>	<b>(\$526,910)</b>	<b>(\$526,910)</b>
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#### 2. Convert Local Government Division to Receipt-Support

The Governor recommends converting the Local Government Division to receipt-support. Currently, the division receives an appropriated dollar amount at the beginning of each fiscal year. At the end of each fiscal year, local government sales taxes are transferred into the general fund to reimburse the state for expenditures incurred by the division throughout the year. If the division was converted to receipt-support, the department would receive an estimated advance from local governments at the beginning of each year. This transition would free up appropriated funds so that actual year-end sales tax revenue would be credited as a receipt to support the division's operations. Local government units support this conversion.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$3,324,834</b>	<b>\$3,324,834</b>
<b>Appropriation</b>	<b>(\$3,324,834)</b>	<b>(\$3,324,834)</b>
<b>Positions</b>	<b>(36.000)</b>	<b>(36.000)</b>

#### 3. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$23,624)</b>	<b>(\$58,905)</b>
<b>Positions</b>	<b>(.600)</b>	<b>(.600)</b>

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$550,534)	(\$585,815)
Receipts	3,324,834	3,324,834
	<hr/>	<hr/>
Appropriation	(\$3,875,368)	(\$3,910,649)
Positions	(36.600)	(36.600)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Expansion**

	<u>2011-12</u>	<u>2012-13</u>
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**1. Return to Work Enforcement**

The Governor recommends adding two positions, which would assist with the enforcement of return-to-work policies, to the Retirement Systems Division. These positions would audit reports and analyze data in an effort to seek violators and assist with collection of funds due as a result of any violations. The Retirement Systems Division estimates the additional positions will generate \$4 million.

<b>Requirements</b>	<b>\$93,770</b>	<b>\$93,770</b>
<b>Requirements - Nonrecurring</b>	<b>\$4,000</b>	<b>-</b>
<b>Receipts</b>	<b>\$93,770</b>	<b>\$93,770</b>
<b>Receipts - Nonrecurring</b>	<b>\$4,000</b>	<b>-</b>
	<hr/>	<hr/>
<b>Appropriation</b>	<b>-</b>	<b>-</b>

**2. Integrated Document Management System**

The Governor recommends funding for an Integrated Document Management System (IDMS) that will enable the Department to image critical documents. State and Local Government Finance Division (SLGFD) assists state and local governments on finance issues, including issuing and monitoring debt, and analyzing financial management practices of local governments. In performing these duties, SLGFD currently files hard-copy documents (audit reports and response letters, general obligation bond applications and attachments, and other technical forms). Implementation of an Integrated Document Management System will provide secure, electronic document storage and it will enable the SLGFD to respond to inquiries from state agencies and local governments more efficiently.

<b>Requirements</b>	<b>\$15,000</b>	<b>\$15,000</b>
<b>Requirements - Nonrecurring</b>	<b>\$145,000</b>	<b>-</b>
<b>Receipts</b>	<b>\$15,000</b>	<b>\$15,000</b>
<b>Receipts - Nonrecurring</b>	<b>\$145,000</b>	<b>-</b>
<b>Appropriation</b>	<b>-</b>	<b>-</b>

**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$108,770	\$108,770
Receipts	108,770	108,770
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	\$149,000	-
Receipts	149,000	-
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Department of State Treasurer (13410)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$441,764)	(\$477,045)
Receipts	3,433,604	3,433,604
	(\$3,875,368)	(\$3,910,649)
Appropriation		
Positions	(36.600)	(36.600)
<b>Nonrecurring</b>		
Requirements	\$149,000	-
Receipts	149,000	-
	-	-
Appropriation		
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$3,875,368)	(\$3,910,649)
<b>Total Position Adjustments</b>	(36.600)	(36.600)

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*Governor's Recommended Adjustments to Base Budget*

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**State Treasurer - Retirement for Fire and Rescue Squad Workers and Line of Duty Death Benefits (13412)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$17,812,114	\$17,812,114
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$17,812,114	\$17,812,114
<b>Adjustments</b>		
<b>Requirements</b>	-	-
<b>Receipts</b>	=	=
<b>Appropriation</b>	-	-
<b>Total</b>		
<b>Requirements</b>	\$17,812,114	\$17,812,114
<b>Receipts</b>	=	=
<b>Recommended Appropriation</b>	<u>\$17,812,114</u>	<u>\$17,812,114</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>-</u>	<u>-</u>
<b>Recommended Positions</b>	<u><u>-</u></u>	<u><u>-</u></u>

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# Department of Insurance

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## **Mission**

Assist, protect, and educate North Carolina citizens with respect to their dealings with insurers and other industries under the department's oversight through a variety of regulatory activities that ensure consumers a choice of competitive, sound products fairly-serviced. Protect the citizens through education and inspection activities related to fire and loss prevention, safety and rescue awareness as well as development of life safety standards to mitigate the amount of property loss and personal injury.

## **Goals**

Ensure that consumers' insurance investments are protected through company licensure, solvency surveillance, and rate and policy form regulation to assure that products offered meet appropriate state and federal laws and industry standards, and are priced fairly but sufficiently to support a sustainable business for the insurers offering them.

Ensure that the purchasers of insurance and other products sold by other regulated entities are treated fairly at the time of marketing and sale and over the life of their purchase by licensing and enforcing continuing education requirements for the individuals and entities who engage in sales, investigating complaints received from consumers and licensees about the conduct of a licensee, and performing market conduct surveillance to confirm that those who sell and issue the products purchased comply with applicable regulatory requirements.

Protect consumers, policyholders, and insurance companies from fraud and illegal behavior by investigating and seeking criminal prosecution of parties who commit fraudulent acts against consumers, policyholders, or insurers.

Assist consumers who have questions or problems about insurance or other products regulated by the department or about the federal Medicare Program and its related products, by deploying staff and, for certain products, a network of trained volunteer counselors to provide information and investigate complaints as appropriate.

Provide general educational information about insurance products and their availability and the rights of the public and of policyholders with respect to insurance and the federal Medicare Program and Medicare-related insurance in order to inform and empower consumers by publishing and distributing print and electronic newsletters and brochures and by engaging in public speaking, building networks of partner organizations, and other effective forms of outreach.

Create and maintain a regulatory organization that employs balanced policies and efficient processes for the benefit of North Carolina citizens by promoting an attractive business climate for insurance companies, insurance agents, and other entities and individuals regulated by the department, who are vital in serving the public.

Protect the well-being and safety of citizens and visitors to North Carolina through the creation and maintenance of building codes, annual building inspection, training of fire and rescue personnel, inspections and ratings of fire departments, and the promotion of injury prevention education to reduce property loss and improve public safety.

Protect state agencies and local governments and their capital investments by insuring and procuring insurance and providing risk management consulting for government entities, conducting fire, life safety, and electrical code inspections of state facilities, and providing interpretations of state electrical code to protect and reduce property loss.

Maintain and enhance the existence of a well-trained knowledgeable staff through training and development opportunities to achieve the department's goals of protecting consumers and public safety and promoting an attractive business climate for the types of entities and individuals that it regulates.

Conduct all administrative functions effectively and in compliance with state and federal laws and regulations, and departmental policies, ensuring the safeguarding of state resources while achieving departmental missions and goals.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Insurance (13900)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$38,829,013	\$38,829,013
<b>Receipts</b>	<u>\$5,370,257</u>	<u>\$5,370,257</u>
<b>Appropriation</b>	\$33,458,756	\$33,458,756
<b>Adjustments</b>		
<b>Requirements</b>	(\$5,716,567)	(\$5,897,446)
<b>Receipts</b>	-	-
<b>Appropriation</b>	(\$5,716,567)	(\$5,897,446)
<b>Total</b>		
<b>Requirements</b>	\$33,112,446	\$32,931,567
<b>Receipts</b>	<u>\$5,370,257</u>	<u>\$5,370,257</u>
<b>Recommended Appropriation</b>	<u>\$27,742,189</u>	<u>\$27,561,310</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	413.100	413.100
<b>Reductions</b>	(3.000)	(3.000)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>410.100</u>	<u>410.100</u>



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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Company License Fee Increase</b>		
The Governor recommends increasing the Company License Fee. The increase would generate receipts to supplant state appropriated dollars. Life, health, fire and casualty insurance companies would be affected by the increase. The current fee is \$2,500 and the proposed increase would raise the fee to \$5,000. These fees have not changed since 1990. The proposed increases are comparable to rates for similar services in neighboring states.		
	<b>Appropriation (\$3,305,000)</b>	<b>(\$3,305,000)</b>
<b>2. Insurance Adjuster License Fee Increase</b>		
The Governor recommends an increase in the Insurance Adjuster License fee. The increase would generate receipts to supplant state appropriated dollars. The current fee is \$75 and the proposed increase would raise the fee to \$100. These fees have not changed since 1990. The proposed increases are comparable to rates for similar services in neighboring states.		
	<b>Appropriation (\$1,189,155)</b>	<b>(\$1,189,155)</b>
<b>3. Eliminate Reserve Established by Senate Bill 897</b>		
Senate Bill 897 appropriated funds into reserve at OSBM in case DOI was unable to obtain federal funds to support the federal health care reform act. DOI received federal funding and does not need the money in reserve on their behalf.		
	<b>Appropriation (\$1,101,293)</b>	<b>(\$1,101,293)</b>
<b>4. Employee Retirement Incentive Program</b>		
This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.		
	<b>Appropriation (\$121,119)</b>	<b>(\$301,998)</b>
	<b>Positions (3.000)</b>	<b>(3.000)</b>

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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$5,716,567)	(\$5,897,446)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$5,716,567)	(\$5,897,446)
Positions	(3.000)	(3.000)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Department of Insurance (13900)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$5,716,567)	(\$5,897,446)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$5,716,567)	(\$5,897,446)
Positions	(3.000)	(3.000)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$5,716,567)	(\$5,897,446)
<b>Total Position Adjustments</b>	(3.000)	(3.000)

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*Governor's Recommended Adjustments to Base Budget*

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**Insurance - General Fund Direct (13901)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$4,500,000	\$4,500,000
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$4,500,000	\$4,500,000
<b>Adjustments</b>		
<b>Requirements</b>	-	-
<b>Receipts</b>	=	=
<b>Appropriation</b>	-	-
<b>Total</b>		
<b>Requirements</b>	\$4,500,000	\$4,500,000
<b>Receipts</b>	=	=
<b>Recommended Appropriation</b>	<u>\$4,500,000</u>	<u>\$4,500,000</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	- ---	- ---
<b>Recommended Positions</b>	- ====	- ====

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# Department of Revenue

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## **Mission**

Administer the tax laws and collect the taxes due the state in an impartial, uniform, and efficient manner.

## **Goals**

Maximize tax compliance and State tax revenue.

Achieve operational excellence.

Improve constituent services.

Ensure public trust.

Reshape the DOR culture to better support innovation, continuous learning and performance improvement.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Revenue (14700)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$120,268,254	\$120,268,254
<b>Receipts</b>	<u>\$31,897,855</u>	<u>\$31,897,855</u>
<b>Appropriation</b>	\$88,370,399	\$88,370,399
<b>Adjustments</b>		
<b>Requirements</b>	(\$276,000)	(\$3,713,174)
<b>Receipts</b>	<u>\$1,516,735</u>	<u>\$1,516,735</u>
<b>Appropriation</b>	(\$1,792,735)	(\$5,229,909)
<b>Total</b>		
<b>Requirements</b>	\$119,992,254	\$116,555,080
<b>Receipts</b>	<u>\$33,414,590</u>	<u>\$33,414,590</u>
<b>Recommended Appropriation</b>	<u>\$86,577,664</u>	<u>\$83,140,490</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	1,501.250	1,501.250
<b>Reductions</b>	(68.300)	(68.300)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>1,432.950</u>	<u>1,432.950</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Remaining Resolution Initiative Funding</b>		
This reduction comes from the remaining balance from appropriated funds to continue the Resolution Initiative during FY 2010-11. Elimination of remaining funds will have little impact on department functions.		
<b>Appropriation</b>	<b>(\$760,075)</b>	<b>(\$760,075)</b>
<b>2. Vacant Position Salaries</b>		
These vacancies were identified by the department with the intent of eliminating positions that do not affect revenue generation.		
<b>Appropriation</b>	<b>(\$1,609,750)</b>	<b>(\$1,609,750)</b>
<b>Positions</b>	<b>(34.000)</b>	<b>(34.000)</b>
<b>3. Streamline Services for Local Governments</b>		
The department is creating a new Local Government Unit in order for local governments to have one point of contact when questions arise concerning their tax distributions. Given that over \$200 million per year is distributed to local governments, there are sufficient receipts to support these positions. Local governments support use of receipts for this purpose.		
<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$451,578</b>	<b>\$451,578</b>
<b>Appropriation</b>	<b>(\$451,578)</b>	<b>(\$451,578)</b>
<b>Positions</b>	<b>(7.000)</b>	<b>(7.000)</b>
<b>4. Imaging System License</b>		
This item was a nonrecurring expansion request for FY 2010-11 in the Governor's Recommended Budget. It became a recurring expansion item in the budget passed by the General Assembly.		
<b>Appropriation</b>	<b>(\$613,440)</b>	<b>(\$613,440)</b>

**5. Convert Collection Positions to Collection Assistance Fee Receipts**

This reduction converts additional positions to receipt-support from the Collection Assistance Fee. DOR and the State would have to monitor the balance of the collection assistance fee cautiously if these 20 positions are converted. Currently, 301 positions are supported by the fee.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$1,065,157</b>	<b>\$1,065,157</b>
<hr/>		
<b>Appropriation</b>	<b>(\$1,065,157)</b>	<b>(\$1,065,157)</b>
<b>Positions</b>	<b>(20.000)</b>	<b>(20.000)</b>

**6. Employee Retirement Incentive Program**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$292,735)</b>	<b>(\$729,909)</b>
<b>Positions</b>	<b>(7.300)</b>	<b>(7.300)</b>

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$3,276,000)	(\$3,713,174)
Receipts	1,516,735	1,516,735
<hr/>		
Appropriation	(\$4,792,735)	(\$5,229,909)
Positions	(68.300)	(68.300)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
<hr/>		
Appropriation	-	-
Positions	-	-





**Total Recommended Adjustments for  
 Department of Revenue (14700)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$3,276,000)	(\$3,713,174)
Receipts	1,516,735	1,516,735
	<hr/>	<hr/>
Appropriation	(\$4,792,735)	(\$5,229,909)
Positions	(68.300)	(68.300)
<b>Nonrecurring</b>		
Requirements	\$3,000,000	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$3,000,000	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$1,792,735)	(\$5,229,909)
<b>Total Position Adjustments</b>	(68.300)	(68.300)

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# Department of Cultural Resources

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## **Mission**

To enrich lives and communities, creating opportunities to experience excellence in the arts, history, and libraries in North Carolina that will spark creativity, stimulate learning, preserve the state's history, and promote the creative economy.

## **Goals**

Position North Carolina for economic growth by fostering the advancement of the creative economy.

Expand education resources available to North Carolina through access to the state's cultural and historical programs and services.

Transform and enhance Cultural Resources' ability to capture and disseminate information.

Boost public/private partnerships to support programs and facilities.

Preserve and protect North Carolina's historical and cultural resources and sites and ensure adequate capital assets.

Provide an exceptional work environment.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Cultural Resources (14800)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$75,378,073	\$75,378,073
<b>Receipts</b>	<u>\$2,713,440</u>	<u>\$2,713,440</u>
<b>Appropriation</b>	\$72,664,633	\$72,664,633
<b>Adjustments</b>		
<b>Requirements</b>	(\$5,228,183)	(\$5,482,942)
<b>Receipts</b>	<u>\$1,736,968</u>	<u>\$1,736,968</u>
<b>Appropriation</b>	(\$6,965,151)	(\$7,219,910)
<b>Total</b>		
<b>Requirements</b>	\$70,149,890	\$69,895,131
<b>Receipts</b>	<u>\$4,450,408</u>	<u>\$4,450,408</u>
<b>Recommended Appropriation</b>	<u>\$65,699,482</u>	<u>\$65,444,723</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	822.600	822.600
<b>Reductions</b>	(84.450)	(84.450)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>738.150</u>	<u>738.150</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### Program Reductions

**1. Eliminate the Cemetery Survey and Stewardship Program and Archaeology Lab and Curation Facility**

The Governor recommends eliminating the Cemetery Survey and Stewardship program (including one vacant supervisory position) and eliminating and/or suspending operations of the State Archaeology Laboratory and Curation Facility (three positions). The Department of Cultural Resources (DCR) will maintain the climate controlled lab that stores artifacts associated with the Archaeology Lab.

<b>Appropriation</b>	<b>(\$230,783)</b>	<b>(\$230,783)</b>
<b>Positions</b>	<b>(4.000)</b>	<b>(4.000)</b>

**2. Reduce Grants to NC Arts Council, State Aid to Public Libraries, and the NC Symphony**

The Governor recommends the reduction of NC Arts Council grants, Grassroots grants, State Aid to Libraries, and NC Symphony grants by 10%.

<b>Appropriation</b>	<b>(\$2,344,392)</b>	<b>(\$2,344,392)</b>
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**3. Eliminate NC Arts Council Special Directed Grants**

The Governor recommends the elimination of non-competitive funding for three theater groups (Lost Colony, Shakespeare Festival, and Flatrock Playhouse). Minimal impact is anticipated provided the theaters apply through the NC Arts Council's regular grant process in order to retain grant support in line with similar organizations. These theater groups will be able to compete for grant funds in the same fashion as other DCR grantees.

<b>Appropriation</b>	<b>(\$478,871)</b>	<b>(\$478,871)</b>
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**4. Reduce Cultural and Heritage Tourism Program**

The Governor recommends reducing the Cultural and Heritage Tourism program by eliminating two vacant positions, which will have minimal impact on program service delivery.

<b>Appropriation</b>	<b>(\$112,455)</b>	<b>(\$112,455)</b>
<b>Positions</b>	<b>(2.000)</b>	<b>(2.000)</b>

**5. Eliminate Positions in Archives and Records**

The Governor recommends the elimination of one state funded position that provides reference services for the motion picture film collection at the North Carolina School of the Arts and the elimination of one archivist that provides archival services at the Western Regional Office in Oteen.

<b>Appropriation</b>	<b>(\$112,361)</b>	<b>(\$112,361)</b>
<b>Positions</b>	<b>(2.000)</b>	<b>(2.000)</b>

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**Transfer Functions and Positions to Receipts**

**1. Transfer the Transportation Museum to Receipts-Support**

The Governor recommends replacing appropriation with receipts for the NC Transportation Museum and 20.5 positions.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$1,152,515</b>	<b>\$1,152,515</b>
<hr/>		
<b>Appropriation</b>	<b>(\$1,152,515)</b>	<b>(\$1,152,515)</b>
<b>Positions</b>	<b>(20.500)</b>	<b>(20.500)</b>

**2. Transfer Maritime Museum, Archives and Records, and Historic Preservation Staff to Receipts Support**

The Governor recommends transferring support for the Cape Lookout Studies program (and .75 FTE) at the NC Maritime Museums from appropriation to public/private partnership funds coming from the National Oceanic and Atmospheric Association (NOAA), the Department of Environmental and Natural Resources (DENR), and corporate donations. The Governor further recommends the transfer of two appropriated positions in Archives and Records to Archives and Records Management (ARM) receipts-support, and the transfer of funding from appropriation to federal grants receipts for one position in DCR's Eastern Office of the Historic Preservation Division, and a .5 position in the Survey and National Register Program in the Western Regional Office.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$209,378</b>	<b>\$209,378</b>
<hr/>		
<b>Appropriation</b>	<b>(\$209,378)</b>	<b>(\$209,378)</b>
<b>Positions</b>	<b>(4.250)</b>	<b>(4.250)</b>

**3. Transfer Tryon Palace Maintenance Program to Receipts Support**

The Governor recommends converting the Tryon Palace Maintenance program to a receipts-based operation by transferring nine maintenance positions and one special events position from appropriations to admission receipts funding.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$375,075</b>	<b>\$375,075</b>
<hr/>		
<b>Appropriation</b>	<b>(\$375,075)</b>	<b>(\$375,075)</b>
<b>Positions</b>	<b>(10.000)</b>	<b>(10.000)</b>

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**Operating Reductions**

**1. Consolidate and Eliminate Layers of Management in the State Library of North Carolina**

The Governor recommends removing two layers of management at the State Library of North Carolina by eliminating two positions: the Assistant State Librarian for Statewide Development and the Cataloging and Metadata Branch Head. This will enable the consolidation of three library sections (the Library for the Blind and Physically Handicapped, the Government and Heritage Library, and Library Development) and three branches (Cataloging, Metadata Services, and Government Documents). Five support positions in State Library Services and a support position in the Library Development Section are also recommended for elimination as part of the consolidation. A transfer of funding from appropriation to federal receipts is recommended for a Library Development Consultant for Continuing Education.

<b>Appropriation</b>	<b>(\$499,423)</b>	<b>(\$499,423)</b>
<b>Positions</b>	<b>(9.000)</b>	<b>(9.000)</b>

**2. Reorganize and Consolidate Museum of History Operations**

The Governor recommends a management flexibility reduction in order for the Museum of History and its regional branches to reorganize and consolidate administrative, program, and operational functions. Effort will be made to reassign duties to existing staff and thereby lessen the impact on service delivery.

<b>Appropriation</b>	<b>(\$585,035)</b>	<b>(\$585,035)</b>
<b>Positions</b>	<b>(14.000)</b>	<b>(14.000)</b>

**3. Reorganize and Consolidate Museum of Art Operations**

The Governor recommends a management flexibility reduction in order for the Museum of Art to reorganize and consolidate administrative, program, and operative functions.

<b>Appropriation</b>	<b>(\$471,601)</b>	<b>(\$471,601)</b>
<b>Positions</b>	<b>(10.750)</b>	<b>(10.750)</b>

**4. Consolidate NC Arts Council Operations**

The Governor recommends the elimination of 1.75 vacant positions and one filled position in the NC Arts Council by reassigning duties among existing staff and consolidating grant categories.

<b>Appropriation</b>	<b>(\$140,408)</b>	<b>(\$140,408)</b>
<b>Positions</b>	<b>(2.750)</b>	<b>(2.750)</b>

**5. Reduce Middle Management in Administrative Services**

The Governor recommends the elimination of a vacant Deputy Human Resources Director and reassignment of duties to existing staff.

<b>Appropriation</b>	<b>(\$82,266)</b>	<b>(\$82,266)</b>
<b>Positions</b>	<b>(1.000)</b>	<b>(1.000)</b>

**6. Employee Retirement Incentive Program**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

	<b>Appropriation</b>	<b>(\$170,588)</b>	<b>(\$425,347)</b>
	<b>Positions</b>	<b>(4.200)</b>	<b>(4.200)</b>
<hr/>			
<b>Total Recommended Reductions</b>		<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>			
Requirements		(\$5,228,183)	(\$5,482,942)
Receipts		1,736,968	1,736,968
		<hr/>	<hr/>
Appropriation		(\$6,965,151)	(\$7,219,910)
Positions		(84.450)	(84.450)
<b>Nonrecurring</b>			
Requirements		-	-
Receipts		-	-
		<hr/>	<hr/>
Appropriation		-	-
Positions		-	-

**Total Recommended Adjustments for  
 Department of Cultural Resources (14800)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$5,228,183)	(\$5,482,942)
Receipts	1,736,968	1,736,968
Appropriation	(\$6,965,151)	(\$7,219,910)
Positions	(84.450)	(84.450)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$6,965,151)	(\$7,219,910)
<b>Total Position Adjustments</b>	(84.450)	(84.450)



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*Governor's Recommended Adjustments to Base Budget*

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**Roanoke Island Commission (14802)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$2,406,982	\$2,406,982
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$2,406,982	\$2,406,982
<b>Adjustments</b>		
<b>Requirements</b>	(\$240,674)	(\$240,674)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$240,674)	(\$240,674)
<b>Total</b>		
<b>Requirements</b>	\$2,166,308	\$2,166,308
<b>Receipts</b>	=	=
<b>Recommended Appropriation</b>	<u>\$2,166,308</u>	<u>\$2,166,308</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>-</u>	<u>-</u>
<b>Recommended Positions</b>	<u><u>-</u></u>	<u><u>-</u></u>



**Total Recommended Adjustments for  
Roanoke Island Commission (14802)  
2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$240,674)	(\$240,674)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$240,674)	(\$240,674)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$240,674)	(\$240,674)
<b>Total Position Adjustments</b>	-	-

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# State Board of Elections

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## **Mission**

Promote confidence among the citizens of North Carolina in the integrity of the free election process through the consistent administration and equal application of all elections and campaign finance laws, rules, and regulations.

## **Goals**

Promote and expand voter registration and participation by all qualified, eligible citizens of North Carolina in all elections through training for elections officials and education for voters about the voting process to maximize voter turnout.

Educate and assist the public, candidates and political committee treasurers, county and municipal boards of election and staff of campaign finance disclosure laws to increase political transparency and accountability through treasurer training.

Ensure fair elections and protect the constitutional rights of voters and candidates through equal application of Federal and State laws, the approval of all voting systems used in NC elections, administration of the Public Campaign Fund, and the investigation of complaints to increase public confidence and limit discrimination in the voting process.

Facilitate voter registration through the maintenance of a statewide computerized voter registration system and the provision of voter registration information to each county to register all eligible voters.

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*Governor's Recommended Adjustments to Base Budget*

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**State Board of Elections (18025)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$6,283,204	\$6,283,204
<b>Receipts</b>	<u>\$94,193</u>	<u>\$94,193</u>
<b>Appropriation</b>	\$6,189,011	\$6,189,011
<b>Adjustments</b>		
<b>Requirements</b>	(\$18,607)	(\$46,394)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$18,607)	(\$46,394)
<b>Total</b>		
<b>Requirements</b>	\$6,264,597	\$6,236,810
<b>Receipts</b>	<u>\$94,193</u>	<u>\$94,193</u>
<b>Recommended Appropriation</b>	<u>\$6,170,404</u>	<u>\$6,142,617</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	65.000	65.000
<b>Reductions</b>	(.500)	(.500)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>64.500</u>	<u>64.500</u>

## Appropriation Items -- Recommended Adjustments

### Reductions

2011-12      2012-13

#### Reduce Operating Budget

##### 1. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$18,607)</b>	<b>(\$46,394)</b>
<b>Positions</b>	<b>(.500)</b>	<b>(.500)</b>

#### Total Recommended Reductions

2011-12      2012-13

##### Recurring

Requirements	(\$18,607)	(\$46,394)
Receipts	-	-
<hr/>		
Appropriation	(\$18,607)	(\$46,394)
Positions	(.500)	(.500)

##### Nonrecurring

Requirements	-	-
Receipts	-	-
<hr/>		
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 State Board of Elections (18025)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$18,607)	(\$46,394)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$18,607)	(\$46,394)
Positions	(.500)	(.500)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$18,607)	(\$46,394)
<b>Total Position Adjustments</b>	(.500)	(.500)

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# Office of Administrative Hearings

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## **Mission**

Serve the citizens of North Carolina, with quality and efficiency, by providing an independent forum for impartial resolution of disputes of administrative law involving state agencies; investigating alleged acts of unlawful employment practices in state government; functioning as the State's codifier and publisher of all administrative rules; and reviewing rules before the Rules Review Commission.

## **Goals**

Improve service to the public by proactively working toward enhancing the internal and external responsibilities of the agency and maximizing productivity through implementing career development initiatives.

Develop positive and constructive relationships with agencies, the public, and among Office of Administrative Hearings (OAH) employees through regularly scheduled updates, meetings, seminars, and communication approaches.

Improve service to the public by enhancing business processes through new technologies and information systems.



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*Governor's Recommended Adjustments to Base Budget*

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**Office of Administrative Hearings (18210)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$4,387,306	\$4,387,306
<b>Receipts</b>	<u>\$58,484</u>	<u>\$58,484</u>
<b>Appropriation</b>	\$4,328,822	\$4,328,822
<b>Adjustments</b>		
<b>Requirements</b>	(\$318,228)	(\$340,943)
<b>Receipts</b>	-	-
<b>Appropriation</b>	(\$318,228)	(\$340,943)
<b>Total</b>		
<b>Requirements</b>	\$4,069,078	\$4,046,363
<b>Receipts</b>	<u>\$58,484</u>	<u>\$58,484</u>
<b>Recommended Appropriation</b>	<u>\$4,010,594</u>	<u>\$3,987,879</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	42.000	42.000
<b>Reductions</b>	(2.400)	(2.400)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>39.600</u>	<u>39.600</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Management Flexibility Reduction</b>		
The Governor recommends a management flexibility reserve to eliminate two positions and reduce various operating accounts.		
<b>Appropriation</b>	<b>(\$303,018)</b>	<b>(\$303,018)</b>
<b>Positions</b>	<b>(2,000)</b>	<b>(2,000)</b>
<b>2. Employee Retirement Incentive Program</b>		
This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.		
<b>Appropriation</b>	<b>(\$15,210)</b>	<b>(\$37,925)</b>
<b>Positions</b>	<b>(.400)</b>	<b>(.400)</b>
<hr/>		
<b>Total Recommended Reductions</b>		
	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$318,228)	(\$340,943)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$318,228)	(\$340,943)
Positions	(2,400)	(2,400)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Office of Administrative Hearings (18210)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$318,228)	(\$340,943)
Receipts	-	-
	(\$318,228)	(\$340,943)
Appropriation	(\$318,228)	(\$340,943)
Positions	(2.400)	(2.400)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$318,228)	(\$340,943)
<b>Total Position Adjustments</b>	(2.400)	(2.400)



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# **Recommended Adjustments**

## Health and Human Services

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Department Summary

Central Management and Support

Aging and Adult Services

Division of Child Development

Division of Public Health

Division of Social Services

Division of Medical Assistance

NC Health Choice

Divisions of Services for the Blind, Deaf and  
Hard of Hearing

Mental Health/Developmental Disabilities/  
Substance Abuse Services

Division of Health Services Regulation

Division of Vocational Rehabilitation

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# Department of Health and Human Services

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## **Mission**

The North Carolina Department of Health and Human Services, in collaboration with its partners, protects the health and safety of all North Carolinians and provides essential human services.

## **Goals**

Manage resources to provide effective and efficient delivery of services to North Carolinians.

Expand awareness, understanding and use of information to enhance the health and safety of North Carolinians.

Provide outreach, support and services to individuals and families identified as being at risk of compromised health and safety to eliminate or reduce those risks.

Provide services and support to individuals and families experiencing health and safety needs to assist them in living successfully in the community.

Provide services and protection to individuals and families experiencing serious health and safety needs that are not, at least temporarily, able to assist themselves with the goal of helping them to return to independent, community living.

*Governor's Recommended Adjustments to Base Budget*

**Department of Health and Human Services (144xx)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
Requirements	\$17,909,231,000	\$17,899,635,387
Receipts	<u>\$12,981,491,352</u>	<u>\$12,971,509,623</u>
Appropriation	\$4,927,739,648	\$4,928,125,764
<b>Recommended Adjustments</b>		
Requirements	\$410,253,062	\$1,204,063,500
Receipts	<u>\$622,774,613</u>	<u>\$1,194,691,744</u>
Appropriation	(\$212,521,551)	\$9,371,756
<b>Total</b>		
Requirements	\$18,319,484,062	\$19,103,698,887
Receipts	<u>\$13,604,265,965</u>	<u>\$14,166,201,367</u>
Recommended Appropriation	<u>\$4,715,218,097</u>	<u>\$4,937,497,520</u>
<hr/>		
<b>Positions</b>		
Base Budget Positions	17,247.380	17,247.380
Reductions	(143.300)	(153.300)
Continuation	-	-
Expansion	<u>20.000</u>	<u>20.000</u>
Recommended Positions	<u>17,124.080</u>	<u>17,114.080</u>

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$398,221,696	\$357,020,051
Receipts	601,209,337	582,628,222
Appropriation	(\$202,987,641)	(\$225,608,171)
Positions	(143.300)	(153.300)



**Nonrecurring**

Requirements	(\$48,605,443)	(\$70,684,404)
Receipts	(27,912,113)	(42,084,376)
	<hr/>	<hr/>
Appropriation	(\$20,693,330)	(\$28,600,028)
Positions	-	-

**Total Recommended Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$5,394,292	\$874,759,146
Receipts	4,327,204	621,271,523
	<hr/>	<hr/>
Appropriation	\$1,067,088	\$253,487,623
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$555,555	\$555,555
Receipts	55,555	55,555
	<hr/>	<hr/>
Appropriation	\$500,000	\$500,000
Positions	20.000	20.000
<b>Nonrecurring</b>		
Requirements	\$54,686,962	\$42,413,152
Receipts	45,094,630	32,820,820
	<hr/>	<hr/>
Appropriation	\$9,592,332	\$9,592,332
Positions	-	-

**Total Recommended Adjustments for  
 Department of Health and Human Services  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$404,171,543	\$1,232,334,752
Receipts	605,592,096	1,203,955,300
<hr style="border: 0.5px solid black;"/>		
Appropriation	(\$201,420,553)	\$28,379,452
Positions	(123.300)	(133.300)
<b>Nonrecurring</b>		
Requirements	\$6,081,519	(\$28,271,252)
Receipts	17,182,517	(9,263,556)
<hr style="border: 0.5px solid black;"/>		
Appropriation	(\$11,100,998)	(\$19,007,696)
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$212,521,551)	\$9,371,756
<b>Total Position Adjustments</b>	(123.300)	(133.300)

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*Governor's Recommended Adjustments to Base Budget*

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**Division of Central Management and Support (14410)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$158,781,890	\$158,674,443
<b>Receipts</b>	<u>\$88,552,555</u>	<u>\$88,445,108</u>
<b>Appropriation</b>	\$70,229,335	\$70,229,335
<b>Adjustments</b>		
<b>Requirements</b>	\$44,021,883	\$28,550,971
<b>Receipts</b>	<u>\$45,066,399</u>	<u>\$32,792,589</u>
<b>Appropriation</b>	(\$1,044,516)	(\$4,241,618)
<b>Total</b>		
<b>Requirements</b>	\$202,803,773	\$187,225,414
<b>Receipts</b>	<u>\$133,618,954</u>	<u>\$121,237,697</u>
<b>Recommended Appropriation</b>	<u>\$69,184,819</u>	<u>\$65,987,717</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	684.250	684.250
<b>Reductions</b>	(80.300)	(80.300)
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>20.000</u>	<u>20.000</u>
<b>Recommended Positions</b>	<u>623.950</u>	<u>623.950</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Retirement Incentive for Department Personnel</b>		
<p>This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source. This reduction reserve will be established within the Division of Central Management and Support but the incentive and savings apply to all divisions within the Department of Health and Human Services.</p>		
<b>Appropriation</b>	<b>(\$2,140,803)</b>	<b>(\$5,337,905)</b>
<b>Positions</b>	<b>(53.300)</b>	<b>(53.300)</b>
<b>2. Departmentwide Administrative Efficiencies</b>		
<p>This recommendation reduces the Department of Health and Human Services budget by \$1,000,000 and 25 positions through administrative efficiencies. This reduction reserve will be established within the Division of Central Management and Support but the efficiencies apply to all divisions of the department.</p>		
<b>Appropriation</b>	<b>(\$1,000,000)</b>	<b>(\$1,000,000)</b>
<b>Positions</b>	<b>(25.000)</b>	<b>(25.000)</b>
<b>3. Reduce Special Appropriations and Nonprofit Funding</b>		
<p>This recommendation reduces the department's special appropriations and private nonprofit funding.</p>		
<b>Appropriation</b>	<b>(\$2,300,000)</b>	<b>(\$2,300,000)</b>

**4. Office of the Controller Position Reductions**

This recommendation eliminates two positions within the DHHS Controller's Office. One position is eliminated due to the transfer of the Office of Educational Services to the Department of Public Instruction and one claims processing position is eliminated due to program reductions within Purchase of Medical Care Services.

<b>Requirements</b>	<b>(\$90,790)</b>	<b>(\$90,790)</b>
<b>Receipts</b>	<b>(\$14,575)</b>	<b>(\$14,575)</b>
<hr/>		
<b>Appropriation</b>	<b>(\$76,215)</b>	<b>(\$76,215)</b>
<b>Positions</b>	<b>(2.000)</b>	<b>(2.000)</b>

**5. Budget Receipts**

This recommendation replaces state appropriation by budgeting \$410,225 in receipts within the Division of Information Resource Management and \$151,000 in receipts across the other sections of the Division of Central Management and Support. These receipts are available federal funds that can be used to support administrative costs.

<b>Requirements</b>	<b>-</b>	<b>-</b>
<b>Receipts</b>	<b>\$561,225</b>	<b>\$561,225</b>
<hr/>		
<b>Appropriation</b>	<b>(\$561,225)</b>	<b>(\$561,225)</b>

**6. Operating Reductions**

This recommendation reduces operating expenses in the Division of Information Resource Management and does not impact the division's ability to carry out its services.

<b>Requirements</b>	<b>(\$635,985)</b>	<b>(\$635,985)</b>
<b>Receipts</b>	<b>(\$85,429)</b>	<b>(\$85,429)</b>
<hr/>		
<b>Appropriation</b>	<b>(\$550,556)</b>	<b>(\$550,556)</b>

**7. Improved Efficiencies with Information Technology Contractual Services**

This recommendation reduces funding for contractual services within the Division of Information Resource Management due to improved management of staffing resources. Cost savings have been realized by converting 78 IT contractors to state employees.

<b>Requirements</b>	<b>(\$1,850,434)</b>	<b>(\$1,850,434)</b>
<b>Receipts</b>	<b>(\$489,452)</b>	<b>(\$489,452)</b>
<hr/>		
<b>Appropriation</b>	<b>(\$1,360,982)</b>	<b>(\$1,360,982)</b>

**8. Utilize Federal Support to Provide Loan Repayment Incentives**

This recommendation replaces state appropriation with an increase in federal funding through the National Health Service Corps (NHSC) to provide recruitment and retention incentives for primary medical, psychiatric, and dental providers locating in rural and underserved North Carolina communities.

**Appropriation**      **(\$458,395)**      **(\$458,395)**

**9. Community Health Grants**

This recommendation maintains the existing level of Community Health grants but eliminates funding for new grants in State Fiscal Year 2011-12. Approximately 10 grants will not be awarded. Community Health grants are competitive grants that improve access to health care services for North Carolina's uninsured and indigent residents.

**Appropriation**      **(\$1,452,527)**      **(\$1,452,527)**

**10. Eliminate the Migrant Fee for Service Program**

This recommendation eliminates the Migrant Fee for Service Program. Federal funds will continue to provide outreach and enabling services to the migrant and seasonal farmworker population as well as to their dependents. The 340B drug program, which limits the cost of certain outpatient drugs, is not affected by this reduction.

**Appropriation**      **(\$736,145)**      **(\$736,145)**

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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$10,665,079)	(\$13,862,181)
Receipts	(28,231)	(28,231)
Appropriation	(\$10,636,848)	(\$13,833,950)
Positions	(80.300)	(80.300)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>1. North Carolina Families Accessing Services through Technology (NC FAST)</b>		
This recommendation is a nonrecurring appropriation to continue the development and implementation of the NC FAST project. The new system will enhance the way NC DHHS and the 100 county departments of social services conduct business by improved information sharing and better integration across services. NC FAST will also increase administrative efficiencies by replacing 19 legacy systems that collect, maintain, and process information about applicants and recipients for Medicaid and other social services. Federal funds support a majority of system development costs through Medicaid, SNAP, and other programs that will be part of the NC FAST's scope. In addition, DHHS will utilize prior year earned revenue for NC FAST as match for federal funds. If prior year earned revenue is unrealized, then the Department will use other over-realized receipts within the Department to fund the project with the approval of OSBM.		
<b>Requirements - Nonrecurring</b>	<b>\$54,686,962</b>	<b>\$42,413,152</b>
<b>Receipts - Nonrecurring</b>	<b>\$45,094,630</b>	<b>\$32,820,820</b>
	<hr/>	<hr/>
<b>Appropriation - Nonrecurring</b>	<b>\$9,592,332</b>	<b>\$9,592,332</b>
<b>Positions</b>	<b>20.000</b>	<b>20.000</b>

**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	20.000	20.000
<b>Nonrecurring</b>		
Requirements	\$54,686,962	\$42,413,152
Receipts	45,094,630	32,820,820
	<hr/>	<hr/>
Appropriation	\$9,592,332	\$9,592,332
Positions	-	-

**Total Recommended Adjustments for  
 Division of Central Management and Support (14410)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$10,665,079)	(\$13,862,181)
Receipts	(28,231)	(28,231)
	(\$10,636,848)	(\$13,833,950)
Appropriation		
Positions	(60.300)	(60.300)
<b>Nonrecurring</b>		
Requirements	\$54,686,962	\$42,413,152
Receipts	45,094,630	32,820,820
	\$9,592,332	\$9,592,332
Appropriation		
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$1,044,516)	(\$4,241,618)
<b>Total Position Adjustments</b>	(60.300)	(60.300)



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*Governor's Recommended Adjustments to Base Budget*

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**Division of Aging and Adult Services (14411)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$90,985,874	\$90,865,726
<b>Receipts</b>	<u>\$53,566,207</u>	<u>\$53,446,059</u>
<b>Appropriation</b>	\$37,419,667	\$37,419,667
<b>Adjustments</b>		
<b>Requirements</b>	(\$546,667)	(\$546,667)
<b>Receipts</b>	<u>\$13,333</u>	<u>\$13,333</u>
<b>Appropriation</b>	(\$560,000)	(\$560,000)
<b>Total</b>		
<b>Requirements</b>	\$90,439,207	\$90,319,059
<b>Receipts</b>	<u>\$53,579,540</u>	<u>\$53,459,392</u>
<b>Recommended Appropriation</b>	<u>\$36,859,667</u>	<u>\$36,859,667</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	57.500	57.500
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>57.500</u>	<u>57.500</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Eliminate Volunteer Program Development</b>		
The Governor recommends eliminating funding that supports the Volunteer Development Program, one of 18 services funded through the Home and Community Care Block Grant. Currently, only 11 counties elect to provide this service.		
<b>Requirements</b>	(\$222,222)	(\$222,222)
<b>Receipts</b>	(\$22,222)	(\$22,222)
	<hr/>	<hr/>
<b>Appropriation</b>	(\$200,000)	(\$200,000)
<b>2. Prioritize Senior Center Funding</b>		
The Governor recommends focusing the Senior Center General Purpose Fund on certified senior centers, which typically serve a more diverse population and offer expanded service options. Approximately 85 non-certified centers would lose funding of \$5,442 each.		
<b>Requirements</b>	(\$880,000)	(\$880,000)
<b>Receipts</b>	(\$220,000)	(\$220,000)
	<hr/>	<hr/>
<b>Appropriation</b>	(\$660,000)	(\$660,000)
<b>3. Replace Funding for Long-Term Care Constituent Advocate Program</b>		
The Governor recommends using Civil Monetary Penalty proceeds to replace state funds used to support the Long-Term Care Ombudsman Program, which advocates for the elderly. Civil Monetary Penalties are assessed by the federal government against nursing homes that fail to meet regulatory standards of care.		
<b>Requirements</b>	-	-
<b>Receipts</b>	\$200,000	\$200,000
	<hr/>	<hr/>
<b>Appropriation</b>	(\$200,000)	(\$200,000)

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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$1,102,222)	(\$1,102,222)
Receipts	(42,222)	(42,222)
	<hr/>	<hr/>
Appropriation	(\$1,060,000)	(\$1,060,000)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Project C.A.R.E. (Caregiver Alternatives to Running on Empty)</b>		
The Governor recommends funding to continue Project C.A.R.E., a nationally recognized respite care program for caregivers of people with dementia and a cost effective alternative to institutional care. The funds will continue the program in 14 western counties.		
<b>Requirements</b>	<b>\$555,555</b>	<b>\$555,555</b>
<b>Receipts</b>	<b>\$55,555</b>	<b>\$55,555</b>
	<hr/>	<hr/>
<b>Appropriation</b>	<b>\$500,000</b>	<b>\$500,000</b>

**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$555,555	\$555,555
Receipts	55,555	55,555
	<hr/>	<hr/>
Appropriation	\$500,000	\$500,000
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Division of Aging and Adult Services (14411)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$546,667)	(\$546,667)
Receipts	13,333	13,333
	<hr/>	<hr/>
Appropriation	(\$560,000)	(\$560,000)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$560,000)	(\$560,000)
<b>Total Position Adjustments</b>	-	-

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*Governor's Recommended Adjustments to Base Budget*

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**Division of Child Development (14420)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$600,812,058	\$600,812,058
<b>Receipts</b>	<u>\$339,052,458</u>	<u>\$339,052,458</u>
<b>Appropriation</b>	\$261,759,600	\$261,759,600
<b>Adjustments</b>		
<b>Requirements</b>	(\$25,256,259)	(\$25,256,259)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$25,256,259)	(\$25,256,259)
<b>Total</b>		
<b>Requirements</b>	\$575,555,799	\$575,555,799
<b>Receipts</b>	<u>\$339,052,458</u>	<u>\$339,052,458</u>
<b>Recommended Appropriation</b>	<u>\$236,503,341</u>	<u>\$236,503,341</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	295.750	295.750
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	- <u>      </u>	- <u>      </u>
<b>Recommended Positions</b>	<u>295.750</u>	<u>295.750</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

**1. Smart Start**

This recommendation reduces funding to the North Carolina Partnership for Children, Inc. (NCPC) by five percent. NCPC receives funding from the state to administer the Smart Start program as well as to provide subsidized child care services, child care related services, family support activities, and health related activities.

**Appropriation (\$9,415,399)    (\$9,415,399)**

**2. Discontinue Transportation Services**

This recommendation eliminates the use of state subsidy funds to provide child care transportation services. These services are not provided on a statewide basis and serve approximately four percent of the total number of children receiving subsidized child care. This elimination does not affect regular child care subsidy payments and ensures child care subsidy transportation policy is consistent across North Carolina.

**Appropriation (\$1,001,718)    (\$1,001,718)**

**3. Discontinue Payment of Facility Registration Fees**

This recommendation eliminates the use of state subsidy funds to provide payment of child care facility registration fees. These fees, which are charged by a child care center when a child enrolls in a program, are not reimbursed statewide and are provided to approximately 10 percent of the total number of children receiving subsidized child care. This elimination does not affect regular child care subsidy payments and ensures child care subsidy registration fee policy is consistent across North Carolina.

**Appropriation    (\$360,570)    (\$360,570)**

**4. Discontinue Subsidy Payment for More at Four Portion of the Day**

This recommendation eliminates the use of state subsidy funds to supplement the More at Four portion of the day. Child care subsidy funds will continue to pay for the wrap-around care provided before and after the More at Four day, and providers will continue to receive a More at Four payment from the Office of Early Learning within the Department of Public Instruction.

**Appropriation (\$1,305,008)    (\$1,305,008)**

**5. Reduce County Services Support from 5% to 3% of Allocations**

This recommendation reduces administrative costs for the subsidized child care program. Efficiencies will be realized through the implementation of a new attendance tracking and payment system and the new policy of deeming income eligibility for child care subsidy through the Food and Nutrition Service program.

**Appropriation (\$6,120,767)    (\$6,120,767)**

**6. Restructure Subsidized Child Care Services for Post-Secondary Education**

This recommendation restructures post-secondary subsidized child care to provide more targeted assistance to individuals gaining education and skills linked to high-demand employment opportunities. New policy changes also reduce the maximum benefit from 24 months to 20 months.

**Appropriation (\$7,052,797) (\$7,052,797)**

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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$25,256,259)	(\$25,256,259)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$25,256,259)	(\$25,256,259)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Division of Child Development (14420)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$25,256,259)	(\$25,256,259)
Receipts	-	-
	(\$25,256,259)	(\$25,256,259)
Appropriation	(\$25,256,259)	(\$25,256,259)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$25,256,259)	(\$25,256,259)
<b>Total Position Adjustments</b>	-	-



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*Governor's Recommended Adjustments to Base Budget*

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**Division of Public Health (14430)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$805,963,274	\$798,302,230
<b>Receipts</b>	<u>\$644,032,685</u>	<u>\$636,371,641</u>
<b>Appropriation</b>	\$161,930,589	\$161,930,589
<b>Adjustments</b>		
<b>Requirements</b>	(\$12,989,055)	(\$12,989,055)
<b>Receipts</b>	<u>\$1,040,171</u>	<u>\$1,040,171</u>
<b>Appropriation</b>	(\$14,029,226)	(\$14,029,226)
<b>Total</b>		
<b>Requirements</b>	\$792,974,219	\$785,313,175
<b>Receipts</b>	<u>\$645,072,856</u>	<u>\$637,411,812</u>
<b>Recommended Appropriation</b>	<u>\$147,901,363</u>	<u>\$147,901,363</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	2,067.490	2,067.490
<b>Reductions</b>	(26.000)	(26.000)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>2,041.490</u>	<u>2,041.490</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Reduce Unallocated Funds for School Nurse Initiative</b>		
This recommendation reduces unallocated funds for state-supported school nurses, including 2010-11 expansion funding for 10 nurse positions. The impact of this reduction will be minimal as these positions are not currently filled.		
<b>Appropriation</b>	<b>(\$566,433)</b>	<b>(\$566,433)</b>
<b>2. Early Intervention</b>		
This recommendation eliminates 10 vacant positions within the Children's Developmental Services Agencies (CDSAs) and requires other administrative efficiencies within the Early Intervention branch, which may include eliminating additional positions, restructuring service delivery, or other cost-savings initiatives. This recommendation also reduces the contract amount to the Charlotte CDSA by \$937,086. The reduction to the Charlotte CDSA can be offset through the collection of Medicaid cost settlement dollars that the CDSA does not currently capture.		
<b>Appropriation</b>	<b>(\$3,500,000)</b>	<b>(\$3,500,000)</b>
<b>Positions</b>	<b>(10.000)</b>	<b>(10.000)</b>
<b>3. Office of Minority Health Administrative Reduction</b>		
This recommendation reduces administrative staff within the Office of Minority Health. There will be negligible impact to local communities as funding is not reduced for the grant-in-aid program that strives to eliminate health disparities.		
<b>Appropriation</b>	<b>(\$402,262)</b>	<b>(\$402,262)</b>
<b>Positions</b>	<b>(5.000)</b>	<b>(5.000)</b>
<b>4. Consolidate the Office of Healthy Carolinians and Health Education</b>		
This recommendation consolidates the Office of Healthy Carolinians and Health Education and integrates its duties within the Division of Public Health. The division will continue to provide assistance for local community health assessments and ensure support for the Governor's Task Force for Healthy Carolinians.		
<b>Requirements</b>	<b>(\$920,360)</b>	<b>(\$920,360)</b>
<b>Receipts</b>	<b>(\$348,913)</b>	<b>(\$348,913)</b>
<b>Appropriation</b>	<b>(\$571,447)</b>	<b>(\$571,447)</b>
<b>Positions</b>	<b>(10.000)</b>	<b>(10.000)</b>

**5. Restore General State Funding to Local Health Departments to 2006-2007 Level**

This recommendation restores general state funding to local health departments to the 2006-2007 level of \$4,600,000. This non-categorical funding can be used at the discretion of local health departments to fund initiatives such as workforce development, enhanced service delivery, and performance improvements.

<b>Appropriation</b>	<b>(\$6,800,000)</b>	<b>(\$6,800,000)</b>
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**6. Eliminate Local Health Department Accreditation**

This recommendation eliminates the North Carolina Local Health Department Accreditation Program. State efforts duplicate national programs that are available for local health departments to pursue accreditation.

<b>Appropriation</b>	<b>(\$800,000)</b>	<b>(\$800,000)</b>
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<b>Positions</b>	<b>(1.000)</b>	<b>(1.000)</b>
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**7. Teen Pregnancy Prevention**

This recommendation replaces State funding with Temporary Assistance to Needy Families (TANF) Block Grant funds for the Teen Pregnancy Prevention Initiative. This will not reduce teen pregnancy funding and will therefore have no impact on services.

<b>Requirements</b>	<b>-</b>	<b>-</b>
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<b>Receipts</b>	<b>\$1,389,084</b>	<b>\$1,389,084</b>
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<b>Appropriation</b>	<b>(\$1,389,084)</b>	<b>(\$1,389,084)</b>
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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$12,989,055)	(\$12,989,055)
Receipts	1,040,171	1,040,171
Appropriation	(\$14,029,226)	(\$14,029,226)
Positions	(26.000)	(26.000)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Division of Public Health (14430)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$12,989,055)	(\$12,989,055)
Receipts	1,040,171	1,040,171
	(\$14,029,226)	(\$14,029,226)
Appropriation		
Positions	(26.000)	(26.000)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation		
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$14,029,226)	(\$14,029,226)
<b>Total Position Adjustments</b>	(26.000)	(26.000)

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*Governor's Recommended Adjustments to Base Budget*

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**Division of Social Services (14440)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$1,635,372,776	\$1,635,372,776
<b>Receipts</b>	<u>\$1,433,127,713</u>	<u>\$1,433,127,713</u>
<b>Appropriation</b>	\$202,245,063	\$202,245,063
<b>Adjustments</b>		
<b>Requirements</b>	(\$9,702,827)	(\$10,902,551)
<b>Receipts</b>	<u>\$3,925,834</u>	<u>\$2,990,800</u>
<b>Appropriation</b>	(\$13,628,661)	(\$13,893,351)
<b>Total</b>		
<b>Requirements</b>	\$1,625,669,949	\$1,624,470,225
<b>Receipts</b>	<u>\$1,437,053,547</u>	<u>\$1,436,118,513</u>
<b>Recommended Appropriation</b>	<u>\$188,616,402</u>	<u>\$188,351,712</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	415.000	415.000
<b>Reductions</b>	(2.000)	(2.000)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>413.000</u>	<u>413.000</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Eliminate Vendor Payments for New Special Needs Adoptions</b>		
This recommendation eliminates payments to vendors of up to \$2,400 a year for non-medical, non-Medicaid reimbursable goods or services for special needs children. This affects new adoption agreements only and does not affect regular adoption assistance payments.		
<b>Requirements</b>	<b>(\$765,000)</b>	<b>(\$765,000)</b>
<b>Receipts</b>	<b>(\$214,037)</b>	<b>(\$214,037)</b>
	<hr/>	<hr/>
<b>Appropriation</b>	<b>(\$550,963)</b>	<b>(\$550,963)</b>
<b>2. Child and Family Team Pilot Elimination</b>		
This reduction eliminates pilot funding for local departments of social services that partially supports positions for Child and Family Teams. Child and Family Teams will continue to work in the schools, and DSS will continue to provide training and technical assistance for local departments of social services in order for the initiative to continue.		
<b>Appropriation</b>	<b>(\$420,804)</b>	<b>(\$420,804)</b>
<b>3. Replace State Funding for Child Protective Services</b>		
This recommendation replaces state funds with federal block grant funds to support Child Protective Services. County departments of social services will receive SSBG (Social Services Block Grant) funds in lieu of state general funds to continue this service.		
<b>Appropriation</b>	<b>(\$5,040,000)</b>	<b>(\$5,040,000)</b>
<b>4. Eliminate Special Assistance Intervention Team</b>		
This recommendation eliminates the Special Assistance Intervention team, whose purpose was to provide special assistance and intervention services for low performing counties around child welfare services. This model has not been effective. The Division of Social Services will provide assistance to low performing counties using existing staff with expertise in areas identified as needing improvement in low performing counties. The positions affected by this elimination are vacant.		
<b>Requirements</b>	<b>(\$133,330)</b>	<b>(\$133,330)</b>
<b>Receipts</b>	<b>(\$29,333)</b>	<b>(\$29,333)</b>
	<hr/>	<hr/>
<b>Appropriation</b>	<b>(\$103,997)</b>	<b>(\$103,997)</b>
<b>Positions</b>	<b>(2.000)</b>	<b>(2.000)</b>

**5. Eliminate General State Funding to Local Departments of Social Services**

This recommendation continues the two year non-recurring reduction in general state funds to departments of social services from the previous biennium.

<b>Appropriation</b>	<b>(\$5,473,985)</b>	<b>(\$5,473,985)</b>
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**6. Prioritize Adult Day Care Funding for Ages 18 to 59**

The Governor recommends revising the policy regarding the age of recipients for receiving State Adult Day Care Fund supported services. Services will remain available to individuals 60 and older through the Home and Community Care Block Grant.

<b>Requirements</b>	<b>(\$1,264,000)</b>	<b>(\$1,264,000)</b>
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<b>Receipts</b>	<b>(\$158,000)</b>	<b>(\$158,000)</b>
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<b>Appropriation</b>	<b>(\$1,106,000)</b>	<b>(\$1,106,000)</b>
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**7. Use Social Services Block Grant to Support Adult Protective Services**

The Governor recommends all counties use Social Services Block Grant (SSBG) funds to provide adult protective services. The recommendation will require fifty-two counties in the state to begin using SSBG allocations to provide this mandated service.

<b>Appropriation</b>	<b>(\$2,000,000)</b>	<b>(\$2,000,000)</b>
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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$15,097,119)	(\$15,097,119)
Receipts	(401,370)	(401,370)
Appropriation	(\$14,695,749)	(\$14,695,749)
Positions	(2.000)	(2.000)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Continuation**

2011-12                      2012-13

**1. Adoption Assistance and Foster Care**

This recommendation provides funds to support the anticipated growth in adoptions with some reduction in the Foster Care caseload.

<b>Requirements</b>	<b>\$5,394,292</b>	<b>\$4,194,568</b>
<b>Receipts</b>	<b>\$4,327,204</b>	<b>\$3,392,170</b>
<b>Appropriation</b>	<b>\$1,067,088</b>	<b>\$802,398</b>

**Total Recommended Continuation**

2011-12                      2012-13

**Recurring**

Requirements	\$5,394,292	\$4,194,568
Receipts	4,327,204	3,392,170
Appropriation	\$1,067,088	\$802,398
Positions	-	-

**Nonrecurring**

Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-



**Total Recommended Adjustments for  
 Division of Social Services (14440)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$9,702,827)	(\$10,902,551)
Receipts	3,925,834	2,990,800
	<hr/>	<hr/>
Appropriation	(\$13,628,661)	(\$13,893,351)
Positions	(2.000)	(2.000)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$13,628,661)	(\$13,893,351)
<b>Total Position Adjustments</b>	(2.000)	(2.000)

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*Governor's Recommended Adjustments to Base Budget*

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**Division of Medical Assistance (14445)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$12,610,538,357	\$12,610,538,357
<b>Receipts</b>	<u>\$9,295,998,819</u>	<u>\$9,295,998,819</u>
<b>Appropriation</b>	\$3,314,539,538	\$3,314,539,538
<b>Adjustments</b>		
<b>Requirements</b>	\$465,081,485	\$1,249,581,776
<b>Receipts</b>	<u>\$598,713,420</u>	<u>\$1,164,353,807</u>
<b>Appropriation</b>	(\$133,631,935)	\$85,227,969
<b>Total</b>		
<b>Requirements</b>	\$13,075,619,842	\$13,860,120,133
<b>Receipts</b>	<u>\$9,894,712,239</u>	<u>\$10,460,352,626</u>
<b>Recommended Appropriation</b>	<u>\$3,180,907,603</u>	<u>\$3,399,767,507</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	430.250	430.250
<b>Reductions</b>	(30.000)	(40.000)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>400.250</u>	<u>390.250</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### 1. Medicaid Provider Assessments

This recommendation proposes an assessment of up to 5.5% on willing medical providers. These providers may include hospitals, Critical Access Behavioral Health Agencies (CABHAs), CAP MR providers and others supportive of implementing an assessment within CMS guidelines. Provider rates for participating providers will be increased to offset the assessment. A portion of all assessments not in effect on June 30, 2010 will be retained by the State. (The current 5.5% assessment on nursing homes is not impacted by this recommendation.)

<b>Requirements</b>	<b>\$675,446,849</b>	<b>\$678,041,892</b>
<b>Receipts</b>	<b>\$735,629,969</b>	<b>\$740,840,506</b>
<b>Appropriation</b>	<b>(\$60,183,120)</b>	<b>(\$62,798,614)</b>

#### 2. Targeted Rate Adjustments

This recommendation achieves savings by targeting and adjusting Medicaid reimbursement rates, such as where North Carolina's rates are disproportionate to regional rates or where analysis indicates a rate adjustment is appropriate. Examples include a payment differential for RN/LPNs providing private duty nursing, and high tech imaging and ultrasounds rates for services provided in hospital outpatient departments.

<b>Requirements</b>	<b>(\$24,285,714)</b>	<b>(\$25,714,286)</b>
<b>Requirements - Nonrecurring</b>	<b>\$93,750</b>	<b>-</b>
<b>Receipts</b>	<b>(\$15,785,714)</b>	<b>(\$16,714,286)</b>
<b>Receipts - Nonrecurring</b>	<b>\$46,875</b>	<b>-</b>
<b>Appropriation</b>	<b>(\$8,453,125)</b>	<b>(\$9,000,000)</b>

**3. Enhanced Federal Funding for Health Homes**

This recommendation budgets enhanced federal participation (FMAP, or federal medical assistance percentage) for health homes for individuals with chronic conditions, including serious and persistent mental health conditions. Health homes provide for comprehensive care management, better care coordination, and improved health outcomes. Federal match of 90% is available for this purpose for eight calendar quarters.

<b>Requirements - Nonrecurring</b>	<b>(\$46,132,526)</b>	<b>(\$70,684,404)</b>
<b>Receipts - Nonrecurring</b>	<b>(\$29,986,142)</b>	<b>(\$45,944,863)</b>
<b>Appropriation - Nonrecurring</b>	<b>(\$16,146,384)</b>	<b>(\$24,739,541)</b>

**4. Restructure and Strengthen Program Integrity**

The Governor recommends continuing targeted measures to crack down on Medicaid fraud, waste, abuse and overutilization. This recommendation achieves savings by restructuring and modernizing Medicaid program integrity through staffing changes and technology improvements that will reduce state administrative expense while avoiding overpayments and/or recovering funds from fraud, abuse and waste. This recommendation will result in a decrease of 40 positions by SFY 2013. Any additional contracting costs to improve program integrity functions will be funded through enhanced recoveries.

<b>Requirements</b>	<b>(\$45,714,286)</b>	<b>(\$65,714,286)</b>
<b>Receipts</b>	<b>(\$29,714,286)</b>	<b>(\$42,714,286)</b>
<b>Appropriation</b>	<b>(\$16,000,000)</b>	<b>(\$23,000,000)</b>
<b>Positions</b>	<b>(30.000)</b>	<b>(40.000)</b>

**5. Modify Pharmacy Services**

The Governor recommends flexibility in administering the Medicaid program to achieve savings through adjustments to pharmacy services based on best practices, evaluation of clinical appropriateness, and comparisons of provided services with commercial plans. Reductions may be achieved through management of drug rebates, ensuring Medicare Part D reimburses for drugs paid for by Medicaid while eligibility for Part D was being determined, the elimination of automatic refills and flexibility to modify dispensing fees to reflect appropriate cost relative to product reimbursement. (Savings from automatic prescription refill are non-recurring.) Additionally, it is recommended that the reimbursement of brand name drugs is changed from Wholesale Acquisition Cost (WAC)+ 7% to WAC +3.2%.

<b>Requirements</b>	<b>(\$41,677,177)</b>	<b>(\$55,604,300)</b>
<b>Requirements - Nonrecurring</b>	<b>(\$3,666,667)</b>	<b>-</b>

<b>Receipts</b>	<b>(\$27,090,165)</b>	<b>(\$36,142,795)</b>
<b>Receipts - Nonrecurring</b>	<b>(\$2,383,333)</b>	<b>-</b>
<hr/>		
<b>Appropriation</b>	<b>(\$15,870,346)</b>	<b>(\$19,461,505)</b>

**6. Modify Optional and Mandatory Services**

The Governor recommends flexibility in administering the Medicaid program to achieve savings through adjustments to mandatory and optional services. Service changes will be determined based on best practices, clinical appropriateness and comparison of benefits and services with other state Medicaid and commercial insurance plans. In the event that savings are not fully achieved through service and benefit modifications, optional service eliminations will be required.

<b>Requirements</b>	<b>(\$48,571,429)</b>	<b>(\$71,428,571)</b>
<b>Requirements - Nonrecurring</b>	<b>\$1,100,000</b>	<b>-</b>
<b>Receipts</b>	<b>(\$31,571,429)</b>	<b>(\$46,428,571)</b>
<b>Receipts - Nonrecurring</b>	<b>\$550,000</b>	<b>-</b>
<hr/>		
<b>Appropriation</b>	<b>(\$16,450,000)</b>	<b>(\$25,000,000)</b>

**7. Medical Home - Pregnancy Initiative**

This recommendation provides pregnant Medicaid recipients with a medical home, with the goal of improving the quality of perinatal care, thereby improving birth outcomes, the health of the mother and baby and reducing Medicaid spending. High-risk pregnant women will receive case and care management services.

<b>Requirements</b>	<b>(\$1,511,315)</b>	<b>(\$9,878,847)</b>
<b>Receipts</b>	<b>(\$982,355)</b>	<b>(\$6,421,251)</b>
<hr/>		
<b>Appropriation</b>	<b>(\$528,960)</b>	<b>(\$3,457,596)</b>

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$513,686,928	\$449,701,602
Receipts	630,486,020	592,419,317
<hr/>		
Appropriation	(\$116,799,092)	(\$142,717,715)
Positions	(30.000)	(40.000)

**Nonrecurring**

Requirements	(\$48,605,443)	(\$70,684,404)
Receipts	(31,772,600)	(45,944,863)
Appropriation	(\$16,832,843)	(\$24,739,541)
Positions	-	-

**Continuation**

2011-12                      2012-13

**1. Medicaid Rebase**

The Governor recommends funding to support the Medicaid budget rebase, which adjusts for anticipated changes in the number of individuals being served, consumption and mix of services, inflation for cost-settled providers, and changes in the federal medical assistance percentage (FMAP).

<b>Requirements</b>	-	<b>\$870,564,578</b>
<b>Receipts</b>	-	<b>\$617,879,353</b>
<b>Appropriation</b>	-	<b>\$252,685,225</b>

**Total Recommended Continuation**

2011-12                      2012-13

**Recurring**

Requirements	-	\$870,564,578
Receipts	-	617,879,353
Appropriation	-	\$252,685,225
Positions	-	-

**Nonrecurring**

Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Division of Medical Assistance (14445)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$513,686,928	\$1,320,266,180
Receipts	630,486,020	1,210,298,670
	<hr/>	<hr/>
Appropriation	(\$116,799,092)	\$109,967,510
Positions	(30.000)	(40.000)
<b>Nonrecurring</b>		
Requirements	(\$48,605,443)	(\$70,684,404)
Receipts	(31,772,600)	(45,944,863)
	<hr/>	<hr/>
Appropriation	(\$16,832,843)	(\$24,739,541)
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$133,631,935)	\$85,227,969
<b>Total Position Adjustments</b>	(30.000)	(40.000)

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*Governor's Recommended Adjustments to Base Budget*

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**NC Health Choice (14446)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$368,225,355	\$368,225,355
<b>Receipts</b>	<u>\$279,851,549</u>	<u>\$279,851,549</u>
<b>Appropriation</b>	\$88,373,806	\$88,373,806
<b>Adjustments</b>		
<b>Requirements</b>	(\$35,685,959)	(\$9,705,176)
<b>Receipts</b>	<u>(\$26,764,470)</u>	<u>(\$7,278,882)</u>
<b>Appropriation</b>	(\$8,921,489)	(\$2,426,294)
<b>Total</b>		
<b>Requirements</b>	\$332,539,396	\$358,520,179
<b>Receipts</b>	<u>\$253,087,079</u>	<u>\$272,572,667</u>
<b>Recommended Appropriation</b>	<u>\$79,452,317</u>	<u>\$85,947,512</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	2.000	2.000
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>-</u>	<u>-</u>
<b>Recommended Positions</b>	<u>2.000</u>	<u>2.000</u>



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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### 1. Targeted Rate Adjustments

This recommendation achieves savings by targeting and adjusting reimbursement rates where North Carolina's rates are above regional rates, or where analysis indicates a rate adjustment is appropriate. Examples include a payment differential for RN/LPNs providing private duty nursing, and high tech imaging and ultrasound rates for services provided in hospital outpatient departments.

<b>Requirements</b>	<b>(\$900,000)</b>	<b>(\$1,000,000)</b>
<b>Receipts</b>	<b>(\$675,000)</b>	<b>(\$750,000)</b>
<b>Appropriation</b>	<b>(\$225,000)</b>	<b>(\$250,000)</b>

#### 2. Restructure and Strengthen Program Integrity

The Governor recommends continued measures to crack down on fraud, waste, abuse and overutilization of the Health Choice program. As a result of restructuring and modernizing DMA's program integrity operation, and implementing improved technology and practices to enhance the recoveries and avoid overpayments, savings will be achieved. Any additional contracting costs to improve the program integrity function will be funded through enhanced recoveries.

<b>Requirements</b>	<b>(\$2,000,000)</b>	<b>(\$2,666,667)</b>
<b>Receipts</b>	<b>(\$1,500,000)</b>	<b>(\$2,000,000)</b>
<b>Appropriation</b>	<b>(\$500,000)</b>	<b>(\$666,667)</b>

#### 3. Modify Services

This recommendation achieves savings by making the same modification of services to Health Choice as to the Medicaid Program through seeking to ensure clinical appropriateness of services, utilizing best practices and comparison of services and benefits to other state and commercial insurance plans.

<b>Requirements</b>	<b>(\$2,600,000)</b>	<b>(\$3,600,000)</b>
<b>Receipts</b>	<b>(\$1,950,000)</b>	<b>(\$2,700,000)</b>
<b>Appropriation</b>	<b>(\$650,000)</b>	<b>(\$900,000)</b>

**4. Benchmark Health Choice Against Medicaid**

This recommendation achieves savings through the alignment of Health Choice services to Medicaid services, including amounts and types of services provided.

<b>Requirements</b>	<b>(\$500,000)</b>	<b>(\$1,400,000)</b>
<b>Receipts</b>	<b>(\$375,000)</b>	<b>(\$1,050,000)</b>
	<hr/>	<hr/>
<b>Appropriation</b>	<b>(\$125,000)</b>	<b>(\$350,000)</b>

**5. Care Coordination for Health Choice Recipients**

This recommendation will implement the per member per month payment to Community Care of North Carolina (CCNC) for care management for Health Choice recipients. The costs of implementing care coordination are offset by lower costs of care resulting in budget savings, better management of services, and improved clinical outcomes.

<b>Requirements</b>	<b>(\$17,020,942)</b>	<b>(\$17,957,094)</b>
<b>Receipts</b>	<b>(\$12,765,707)</b>	<b>(\$13,467,820)</b>
	<hr/>	<hr/>
<b>Appropriation</b>	<b>(\$4,255,235)</b>	<b>(\$4,489,274)</b>

**6. Health Choice Adjustment**

This recommendation adjusts the Health Choice budget to reflect anticipated changes in the number of individuals being served, consumption and mix of services, and inflation for cost-settled providers while maintaining open enrollment and ensuring that all children seeking coverage are served. Growth in enrollment is projected at 5.1% in the first year and 3.5% in the second year. This recommendation also makes adjustments for provider rate changes due to assessments recommended in the Medicaid Program.

<b>Requirements</b>	<b>(\$12,665,017)</b>	<b>\$16,918,585</b>
<b>Receipts</b>	<b>(\$9,498,763)</b>	<b>\$12,688,938</b>
	<hr/>	<hr/>
<b>Appropriation</b>	<b>(\$3,166,254)</b>	<b>\$4,229,647</b>

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$35,685,959)	(\$9,705,176)
Receipts	(26,764,470)	(7,278,882)
	<hr/>	<hr/>
Appropriation	(\$8,921,489)	(\$2,426,294)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 NC Health Choice (14446)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$35,685,959)	(\$9,705,176)
Receipts	(26,764,470)	(7,278,882)
	<hr/>	<hr/>
Appropriation	(\$8,921,489)	(\$2,426,294)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$8,921,489)	(\$2,426,294)
<b>Total Position Adjustments</b>	-	-

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*Governor's Recommended Adjustments to Base Budget*

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**Divisions of Services for the Blind, Deaf, and Hard of Hearing (14450)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$33,036,942	\$32,551,384
<b>Receipts</b>	<u>\$24,647,832</u>	<u>\$24,178,498</u>
<b>Appropriation</b>	\$8,389,110	\$8,372,886
<b>Adjustments</b>		
<b>Requirements</b>	(\$190,961)	(\$190,961)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$190,961)	(\$190,961)
<b>Total</b>		
<b>Requirements</b>	\$32,845,981	\$32,360,423
<b>Receipts</b>	<u>\$24,647,832</u>	<u>\$24,178,498</u>
<b>Recommended Appropriation</b>	<u>\$8,198,149</u>	<u>\$8,181,925</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	316.250	316.250
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>316.250</u>	<u>316.250</u>



**Total Recommended Adjustments for  
 Divisions of Services for the Blind, Deaf, and Hard of  
 Hearing (14450)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$190,961)	(\$190,961)
Receipts	-	-
	(\$190,961)	(\$190,961)
Appropriation	(\$190,961)	(\$190,961)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$190,961)	(\$190,961)
<b>Total Position Adjustments</b>	-	-

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*Governor's Recommended Adjustments to Base Budget*

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**Division of Mental Health/Developmental Disabilities/Substance Abuse  
 Services (14460)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$1,406,181,668	\$1,406,181,668
<b>Receipts</b>	<u>\$682,506,556</u>	<u>\$682,506,556</u>
<b>Appropriation</b>	\$723,675,112	\$723,675,112
<b>Adjustments</b>		
<b>Requirements</b>	(\$12,420,056)	(\$12,420,056)
<b>Receipts</b>	<u>(\$3,080,561)</u>	<u>(\$3,080,561)</u>
<b>Appropriation</b>	(\$9,339,495)	(\$9,339,495)
<b>Total</b>		
<b>Requirements</b>	\$1,393,761,612	\$1,393,761,612
<b>Receipts</b>	<u>\$679,425,995</u>	<u>\$679,425,995</u>
<b>Recommended Appropriation</b>	<u>\$714,335,617</u>	<u>\$714,335,617</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	11,412.390	11,412.390
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>-</u>	<u>-</u>
<b>Recommended Positions</b>	<u>11,412.390</u>	<u>11,412.390</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Eliminate Grant - NC High School Athletic Association</b>		
The Governor recommends eliminating the NC High School Athletic Association grant that supports mentoring of high school athletes to avoid the use of drugs and alcohol and teen pregnancy.		
<b>Appropriation</b>	<b>(\$369,435)</b>	<b>(\$369,435)</b>
<b>2. Reduce Child and Family Support Team</b>		
The Governor recommends eliminating an underutilized 2007 pilot that provides a dedicated contact for low wealth schools to the local mental health system. Existing system of care coordinators will continue as a resource for local school systems.		
<b>Requirements</b>	<b>(\$1,080,000)</b>	<b>(\$1,080,000)</b>
<b>Receipts</b>	<b>(\$556,362)</b>	<b>(\$556,362)</b>
<b>Appropriation</b>	<b>(\$523,638)</b>	<b>(\$523,638)</b>
<b>3. Eliminate Information Technology Reserve</b>		
The Governor recommends eliminating a recurring information technology reserve fund. Funding is being requested for the Mental Health Trust Fund that will support the division's technology initiatives.		
<b>Appropriation</b>	<b>(\$5,100,390)</b>	<b>(\$5,100,390)</b>
<b>4. Local Management Entity (LME) Administration</b>		
The Governor recommends reducing the costs associated with administering the local mental health, developmental disabilities, and substance abuse service system. The recommendation reduces state support of LME administration by approximately 5% to \$63.5 million.		
<b>Requirements</b>	<b>(\$5,870,231)</b>	<b>(\$5,870,231)</b>
<b>Receipts</b>	<b>(\$2,524,199)</b>	<b>(\$2,524,199)</b>
<b>Appropriation</b>	<b>(\$3,346,032)</b>	<b>(\$3,346,032)</b>

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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$12,420,056)	(\$12,420,056)
Receipts	(3,080,561)	(3,080,561)
	<hr/>	<hr/>
Appropriation	(\$9,339,495)	(\$9,339,495)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Expansion**

	<u>2011-12</u>	<u>2012-13</u>
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**1. Mental Health Trust Fund**

The Governor recommends earmarking \$75,000,000 from the year-end credit balance for the Mental Health Trust Fund. This will increase the availability of community based services, such as local in-patient beds and housing; support development of an integrated electronic health record environment for the system of care; and promote integration of physical and mental health service systems.

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**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Division of Mental Health/Developmental  
 Disabilities/Substance Abuse Services (14460)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$12,420,056)	(\$12,420,056)
Receipts	(3,080,561)	(3,080,561)
	(\$9,339,495)	(\$9,339,495)
Appropriation	(\$9,339,495)	(\$9,339,495)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$9,339,495)	(\$9,339,495)
<b>Total Position Adjustments</b>	-	-

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*Governor's Recommended Adjustments to Base Budget*

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**Division of Health Service Regulation (14470)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$58,682,432	\$58,682,432
<b>Receipts</b>	<u>\$40,756,842</u>	<u>\$40,756,842</u>
<b>Appropriation</b>	\$17,925,590	\$17,925,590
<b>Adjustments</b>		
<b>Requirements</b>	-	-
<b>Receipts</b>	<u>\$1,792,559</u>	<u>\$1,792,559</u>
<b>Appropriation</b>	(\$1,792,559)	(\$1,792,559)
<b>Total</b>		
<b>Requirements</b>	\$58,682,432	\$58,682,432
<b>Receipts</b>	<u>\$42,549,401</u>	<u>\$42,549,401</u>
<b>Recommended Appropriation</b>	<u>\$16,133,031</u>	<u>\$16,133,031</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	517.000	517.000
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>-</u>	<u>-</u>
<b>Recommended Positions</b>	<u>517.000</u>	<u>517.000</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### 1. Nursing Home Licensure and Certification Funds

Replaces General Fund appropriations with federal receipts in the Nursing Home Licensure and Certification Section on a nonrecurring basis. The receipts come from civil monetary penalties assessed against nursing homes.

<b>Requirements - Nonrecurring</b>	-	-
<b>Receipts - Nonrecurring</b>	<b>\$1,792,559</b>	<b>\$1,792,559</b>
<b>Appropriation - Nonrecurring</b>	<b>(\$1,792,559)</b>	<b>(\$1,792,559)</b>

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### Total Recommended Reductions

2011-12                      2012-13

#### Recurring

Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

#### Nonrecurring

Requirements	-	-
Receipts	1,792,559	1,792,559
Appropriation	(\$1,792,559)	(\$1,792,559)
Positions	-	-

**Total Recommended Adjustments for  
 Division of Health Service Regulation (14470)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	1,792,559	1,792,559
	1,792,559	1,792,559
Appropriation	(\$1,792,559)	(\$1,792,559)
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$1,792,559)	(\$1,792,559)
<b>Total Position Adjustments</b>	-	-

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*Governor's Recommended Adjustments to Base Budget*

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**Division of Vocational Rehabilitation Services (14480)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$140,650,374	\$139,428,958
<b>Receipts</b>	<u>\$99,398,136</u>	<u>\$97,774,380</u>
<b>Appropriation</b>	\$41,252,238	\$41,654,578
<b>Adjustments</b>		
<b>Requirements</b>	(\$2,058,522)	(\$2,058,522)
<b>Receipts</b>	<u>\$2,067,928</u>	<u>\$2,067,928</u>
<b>Appropriation</b>	(\$4,126,450)	(\$4,126,450)
<b>Total</b>		
<b>Requirements</b>	\$138,591,852	\$137,370,436
<b>Receipts</b>	<u>\$101,466,064</u>	<u>\$99,842,308</u>
<b>Recommended Appropriation</b>	<u>\$37,125,788</u>	<u>\$37,528,128</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	1,049.500	1,049.500
<b>Reductions</b>	(5.000)	(5.000)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>1,044.500</u>	<u>1,044.500</u>

## Appropriation Items -- Recommended Adjustments

### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Eliminate Recreational Therapist Services</b>		
The Governor recommends eliminating recreational therapist services. These services are available in only five cities across the state.		
<b>Appropriation</b>	<b>(\$284,501)</b>	<b>(\$284,501)</b>
<b>Positions</b>	<b>(5.000)</b>	<b>(5.000)</b>
<b>2. Reduce Independent Living Program</b>		
The Governor recommends reducing the financial eligibility criterion for receiving independent living services from 125% to 100% of the Federal Poverty Level (FPL). Services will continue to be prioritized so as to avoid institutionalized care.		
<b>Appropriation</b>	<b>(\$1,774,021)</b>	<b>(\$1,774,021)</b>
<b>3. Reduce Basic Support Program</b>		
The Governor recommends reducing the Basic Support Program. The availability of unspent federal funds will mitigate the impact on service delivery.		
<b>Requirements - Nonrecurring</b>	-	-
<b>Receipts - Nonrecurring</b>	<b>\$2,067,928</b>	<b>\$2,067,928</b>
<b>Appropriation - Nonrecurring</b>	<b>(\$2,067,928)</b>	<b>(\$2,067,928)</b>
<b>Total Recommended Reductions</b>		
	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$2,058,522)	(\$2,058,522)
Receipts	-	-
Appropriation	(\$2,058,522)	(\$2,058,522)
Positions	(5.000)	(5.000)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	2,067,928	2,067,928
Appropriation	(\$2,067,928)	(\$2,067,928)
Positions	-	-

**Total Recommended Adjustments for  
 Division of Vocational Rehabilitation Services (14480)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$2,058,522)	(\$2,058,522)
Receipts	-	-
	(\$2,058,522)	(\$2,058,522)
Appropriation	(5.000)	(5.000)
Positions		
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	2,067,928	2,067,928
	(\$2,067,928)	(\$2,067,928)
Appropriation	-	-
Positions		
<b>Total Appropriation Adjustments</b>	(\$4,126,450)	(\$4,126,450)
<b>Total Position Adjustments</b>	(5.000)	(5.000)



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# **Recommended Adjustments**

## Justice and Public Safety

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Judicial Branch

Judicial Branch - Indigent Defense

Department of Justice

Department of Public Safety

Department of Juvenile Justice and  
Delinquency Prevention

Department of Correction

Department of Crime Control and  
Public Safety

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# Judicial Branch

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## **Mission**

To protect and preserve the rights and liberties of all the people, as guaranteed by the Constitutions and laws of the United States and North Carolina, by providing a fair, independent, and accessible forum for the just, timely, and economical resolution of their legal affairs.

## **Goals**

Ensure equality and fairness in the administration of justice for those who become involved in the North Carolina court system through uniformity and consistency in application of the law.

Improve the efficiency of court operations through technological and programmatic innovations and by advocating for the resource demands necessary to improve court operations.

Improve the overall effectiveness of the Judicial Branch in providing services to the public by becoming more responsive to court users.

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*Governor's Recommended Adjustments to Base Budget*

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**Judicial Branch (12000)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$480,220,722	\$480,220,722
<b>Receipts</b>	<u>\$3,031,147</u>	<u>\$3,031,147</u>
<b>Appropriation</b>	\$477,189,575	\$477,189,575
<b>Adjustments</b>		
<b>Requirements</b>	(\$16,136,546)	(\$18,880,468)
<b>Receipts</b>	-	-
<b>Appropriation</b>	(\$16,136,546)	(\$18,880,468)
<b>Total</b>		
<b>Requirements</b>	\$464,084,176	\$461,340,254
<b>Receipts</b>	<u>\$3,031,147</u>	<u>\$3,031,147</u>
<b>Recommended Appropriation</b>	<u>\$461,053,029</u>	<u>\$458,309,107</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	6,207.870	6,207.870
<b>Reductions</b>	(170.800)	(170.800)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>6,037.070</u>	<u>6,037.070</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### 1. Reduce Administration and Services Program

The Governor recommends a reduction of approximately 16% within administrative services. The administrative functions within the program area include human resources, financial services, purchasing, technology services, and the Director's office.

**Appropriation (\$4,656,628)    (\$4,656,626)**

**Appropriation - Nonrecurring (\$4,407,788)    (\$4,407,788)**

**Positions            (54.000)                      (54.000)**

#### 2. Reduce Non-Constitutionally Mandated Court Programs

The Governor recommends that non-constitutionally mandated court programs be reduced by approximately 9%. The programs impacted by this proposal include Family and Drug Treatment Courts, Dispute Resolution, Mediation and Arbitration programs, and the Conference of District Attorneys and Clerks Conference.

**Appropriation (\$1,905,600)    (\$1,905,600)**

#### 3. Reduce Courthouse Operations

It is recommended that the Administrative Office of the Courts reduce courthouse operations by approximately 1%.

**Appropriation (\$3,329,177)    (\$3,329,177)**

**Positions            (71.000)                      (71.000)**

#### 4. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

**Appropriation (\$1,837,353)    (\$4,581,277)**

**Positions            (45.800)                      (45.800)**

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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$11,728,758)	(\$14,472,680)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$11,728,758)	(\$14,472,680)
Positions	(170.800)	(170.800)
<b>Nonrecurring</b>		
Requirements	(\$4,407,788)	(\$4,407,788)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$4,407,788)	(\$4,407,788)
Positions	-	-

**Total Recommended Adjustments for  
 Judicial Branch (12000)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$11,728,758)	(\$14,472,680)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$11,728,758)	(\$14,472,680)
Positions	(170.800)	(170.800)
<b>Nonrecurring</b>		
Requirements	(\$4,407,788)	(\$4,407,788)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$4,407,788)	(\$4,407,788)
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$16,136,546)	(\$18,880,468)
<b>Total Position Adjustments</b>	(170.800)	(170.800)

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*Governor's Recommended Adjustments to Base Budget*

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**Judicial Branch - Indigent Defense (12001)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$133,165,011	\$133,165,011
<b>Receipts</b>	<u>\$10,394,765</u>	<u>\$10,394,765</u>
<b>Appropriation</b>	\$122,770,246	\$122,770,246
<b>Adjustments</b>		
<b>Requirements</b>	(\$160,061)	(\$399,098)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$160,061)	(\$399,098)
<b>Total</b>		
<b>Requirements</b>	\$133,004,950	\$132,765,913
<b>Receipts</b>	<u>\$10,394,765</u>	<u>\$10,394,765</u>
<b>Recommended Appropriation</b>	<u>\$122,610,185</u>	<u>\$122,371,148</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	481.250	481.250
<b>Reductions</b>	(4.000)	(4.000)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>477.250</u>	<u>477.250</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12      2012-13

#### 1. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$160,061)</b>	<b>(\$399,098)</b>
<b>Positions</b>	<b>(4,000)</b>	<b>(4,000)</b>

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### Total Recommended Reductions

2011-12      2012-13

#### Recurring

Requirements	(\$160,061)	(\$399,098)
Receipts	-	-
<hr/>		
Appropriation	(\$160,061)	(\$399,098)
Positions	(4,000)	(4,000)

#### Nonrecurring

Requirements	-	-
Receipts	-	-
<hr/>		
Appropriation	-	-
Positions	-	-



**Total Recommended Adjustments for  
 Judicial Branch - Indigent Defense (12001)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$160,061)	(\$399,098)
Receipts	-	-
	(\$160,061)	(\$399,098)
Appropriation	(\$160,061)	(\$399,098)
Positions	(4,000)	(4,000)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$160,061)	(\$399,098)
<b>Total Position Adjustments</b>	(4,000)	(4,000)

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# Department of Justice

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## **Mission**

The North Carolina Department of Justice provides responsive, cost effective, and critical legal, law enforcement, and consumer protection services to state agencies, local governments, and citizens of North Carolina.

## **Goals**

Provide high quality, cost effective, and responsive legal and consumer protection services to the State and its citizens.

Solve crimes and protect public safety through investigative and forensic analysis services.

Provide local law enforcement agencies with high value, cost effective, and responsive officer training, licensure, and certification activities.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Justice (13600)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$127,209,124	\$127,209,124
<b>Receipts</b>	<u>\$37,538,180</u>	<u>\$37,538,180</u>
<b>Appropriation</b>	\$89,670,944	\$89,670,944
<b>Adjustments</b>		
<b>Requirements</b>	(\$4,747,698)	(\$5,608,492)
<b>Receipts</b>	<u>\$1,015,781</u>	<u>\$1,015,781</u>
<b>Appropriation</b>	(\$5,763,479)	(\$6,624,273)
<b>Total</b>		
<b>Requirements</b>	\$122,461,426	\$121,600,632
<b>Receipts</b>	<u>\$38,553,961</u>	<u>\$38,553,961</u>
<b>Recommended Appropriation</b>	<u>\$83,907,465</u>	<u>\$83,046,671</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	1,326.210	1,326.210
<b>Reductions</b>	(79.500)	(79.500)
<b>Continuation</b>	5.000	-
<b>Expansion</b>	____-	____-
<b>Recommended Positions</b>	<u>1,251.710</u>	<u>1,246.710</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Management Reserve</b>		
The Governor recommends the establishment of a management reserve to provide the Department of Justice flexibility in determining where reductions can be taken with minimal impact to core legal and law enforcement missions.		
<b>Appropriation</b>	<b>(\$4,811,879)</b>	<b>(\$4,811,879)</b>
<b>Positions</b>	<b>(51.000)</b>	<b>(51.000)</b>
<b>2. Eliminate the NC Legal Education Assistance Fund Program</b>		
The Governor recommends that the NC Legal Education Assistance Fund (LEAF) program be eliminated.		
<b>Appropriation</b>	<b>(\$356,250)</b>	<b>(\$356,250)</b>
<b>3. Shift Positions to Receipt-Support</b>		
The Governor recommends that a total of 20 appropriated positions be shifted to receipt-support. These positions include nine in the consumer protection program; eight positions responsible for processing criminal and non-criminal background checks; and three positions located in the justice academy bookstore. Receipts associated with court orders, legal consumer settlements, background checks, and bookstore proceeds will be used to fund these positions.		
<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$1,015,781</b>	<b>\$1,015,781</b>
<b>Appropriation</b>	<b>(\$1,015,781)</b>	<b>(\$1,015,781)</b>
<b>Positions</b>	<b>(20.000)</b>	<b>(20.000)</b>
<b>4. Reduce Sex Offender Postage Budget</b>		
An individual who is a state resident and has a reportable conviction is required to maintain registration with the sheriff of the county where the individual resides. This registration is verified semiannually for each registrant. As a result, it is recommended that the use of first-class mail be utilized instead of certified mail for offender notification requirements.		
<b>Appropriation</b>	<b>(\$93,000)</b>	<b>(\$93,000)</b>
<b>5. Employee Retirement Incentive Program</b>		
This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree		

average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

	<b>Appropriation</b>	<b>(\$339,841)</b>	<b>(\$847,363)</b>
	<b>Positions</b>	<b>(8.500)</b>	<b>(8.500)</b>
<hr/>			
<b>Total Recommended Reductions</b>		<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>			
Requirements		(\$5,600,970)	(\$6,108,492)
Receipts		1,015,781	1,015,781
		<hr/>	
Appropriation		(\$6,616,751)	(\$7,124,273)
Positions		(79.500)	(79.500)
<b>Nonrecurring</b>			
Requirements		-	-
Receipts		-	-
		<hr/>	
Appropriation		-	-
Positions		-	-

**Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Positions to Support DPI Tort Claims</b>		
<p>The Department of Public Instruction (DPI) has recommended the elimination of state funds appropriated in DPI which are then transferred to the Department of Justice (DOJ) for tort claims. This elimination of state funds would eliminate the positions DOJ has assigned to DPI to handle these claims. It is recommended that the receipt supported positions become appropriated positions on a non-recurring basis to ensure that any claims accrued prior to FY 2011-12 are properly managed. These positions include an Attorney I, Tort Claims Adjuster, and an Accounting Technician III.</p>		
<b>Appropriation - Nonrecurring</b>	<b>\$172,878</b>	-
<b>Positions</b>	<b>3.000</b>	-

**2. Positions to Support DPI Workers Compensation Claims**

The Department of Public Instruction (DPI) has recommended the elimination of state funds appropriated to pay workers compensation claims for state-funded school-based personnel. This elimination of

state funds would eliminate the positions DOJ has assigned to DPI to handle these claims. It is recommended that the receipt supported positions become appropriated positions on a non-recurring basis to ensure that any claims accrued prior to FY 2011-12 are properly managed. These positions include an Attorney II and an Attorney III.

<b>Appropriation - Nonrecurring</b>	<b>\$180,394</b>	-
<b>Positions</b>	<b>2,000</b>	-

**Total Recommended Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	5,000	-
<b>Nonrecurring</b>		
Requirements	\$353,272	-
Receipts	-	-
Appropriation	\$353,272	-
Positions	-	-

**Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>1. SBI Training Standards and Improvements</b>		
In an effort to address some of the recommendations of the 2010 Independent Review of the State Bureau of Investigations (SBI) Forensic Laboratory, the Governor is recommending funding to improve, enhance and strengthen the SBI's training standards.		
<b>Appropriation</b>	<b>\$500,000</b>	<b>\$500,000</b>

**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$500,000	\$500,000
Receipts	-	-
Appropriation	\$500,000	\$500,000
Positions	-	-

**Nonrecurring**

Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Department of Justice (13600)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$5,100,970)	(\$5,608,492)
Receipts	1,015,781	1,015,781
	<hr/>	<hr/>
Appropriation	(\$6,116,751)	(\$6,624,273)
Positions	(74.500)	(79.500)
<b>Nonrecurring</b>		
Requirements	\$353,272	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$353,272	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	<b>(\$5,763,479)</b>	<b>(\$6,624,273)</b>
<b>Total Position Adjustments</b>	<b>(74.500)</b>	<b>(79.500)</b>

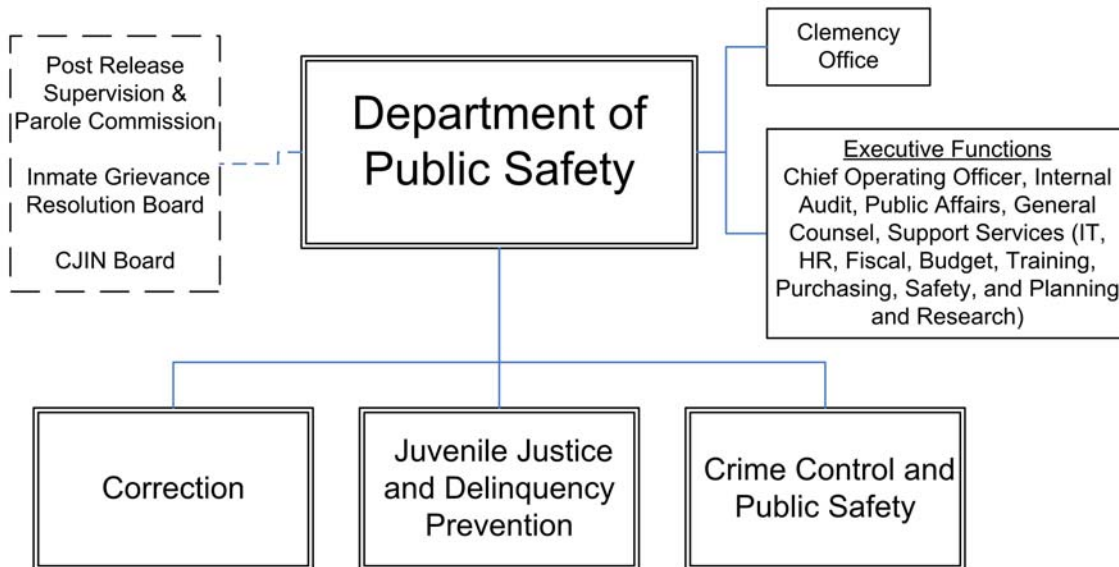
# Recommended Consolidation Department of Public Safety

This recommendation consolidates the following departments into the Department of Public Safety:

- Department of Juvenile Justice and Delinquency Prevention (General Fund 14060)
- Department of Correction (General Fund 14500)
- Department of Crime Control and Public Safety (General Fund 14900)

Keeping our communities safe is the core mission of each of these departments, but with different tools and working at different stages. This consolidation will give North Carolina a unified strategy to provide comprehensive public safety services. Resources will be allocated across the programs to efficiently keep our communities safe.

## Department of Public Safety



### 1. Position Eliminations

It is recommended that 60 positions be eliminated in support services and middle management. Positions may be filled or vacant, but they must be positions related to support services, such as human resources, finance, budget, information technology, procurement, liaison, communication, or middle management positions. (Position reductions effective November 1, 2011)

### 2. Additional Cost Savings

The Department of Public Safety budget must reflect a reduction in the combined budgets of the three departments.

See the Reserves and Other Adjustments section in this document for additional appropriation and position details.



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# Department of Juvenile Justice and Delinquency Prevention

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## **Mission**

The Department's mission is to reduce and prevent juvenile delinquency by intervening, educating, and treating youth effectively in order to strengthen families and increase public safety.

## **Goals**

Court Counseling Services Goal--To collaborate with judges, district attorneys, law enforcement agencies, schools, and other youth service providers to determine and provide the right program for each youth.

Facility Operations Goal--To provide safe and secure housing for youth in our care and to provide programming that teaches pro-social skills.

Treatment and Educational Services Goal--To provide accurate assessment and effective treatment of youth.

Community Programs Goal--To prevent youth from entering or becoming further involved in the juvenile justice system through partnerships with local governments and communities.

Administrative Services Goal--To provide effective and timely administrative services to internal DJJDP customers and to external recipients of community program funds.

Human Resources Goal--To develop and manage programs and services that are effective, compliant with laws and regulations, and control costs in order to attract, retain, and motivate a highly competent workforce supporting the Department's mission.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Juvenile Justice and Delinquency Prevention (14060)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$157,899,187	\$157,899,187
<b>Receipts</b>	<u>\$6,604,000</u>	<u>\$6,604,000</u>
<b>Appropriation</b>	\$151,295,187	\$151,295,187
<b>Adjustments</b>		
<b>Requirements</b>	(\$10,978,991)	(\$11,558,924)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$10,978,991)	(\$11,558,924)
<b>Total</b>		
<b>Requirements</b>	\$146,920,196	\$146,340,263
<b>Receipts</b>	<u>\$6,604,000</u>	<u>\$6,604,000</u>
<b>Recommended Appropriation</b>	<u>\$140,316,196</u>	<u>\$139,736,263</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	1,880.990	1,880.990
<b>Reductions</b>	(59.700)	(59.700)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>1,821.290</u>	<u>1,821.290</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12      2012-13

**1. Eliminate Four Administrative Positions**

In an effort to streamline administrative functions, the Governor recommends the elimination of four administrative positions.

<b>Appropriation</b>	<b>(\$272,927)</b>	<b>(\$272,927)</b>
<b>Positions</b>	<b>(4.000)</b>	<b>(4.000)</b>

**2. Eliminate Camp Woodson**

It is recommended that the Woodson Wilderness Camp be closed, resulting in the elimination of 20 positions. Youth participating in this short-term voluntary pre-release program will remain at a youth development center until they are eligible for release.

<b>Appropriation</b>	<b>(\$970,000)</b>	<b>(\$970,000)</b>
<b>Positions</b>	<b>(20.000)</b>	<b>(20.000)</b>

**3. Reduce Direct Care Contractual Services**

The Governor recommends that direct care contractual services be reduced. This reduction will impact the Eckerd Wilderness Camp and close one Juvenile Multi-Purpose Home operated by Methodist Home For Children.

<b>Appropriation</b>	<b>(\$5,466,719)</b>	<b>(\$5,466,719)</b>
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**4. Reduce Juvenile Crime Prevention Council and Project Challenge Funding**

The Governor recommends that the Juvenile Crime Prevention Council (JCPC) and Project Challenge pass-through funding be reduced 10%.

<b>Appropriation</b>	<b>(\$2,211,682)</b>	<b>(\$2,211,682)</b>
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**5. Eliminate Juvenile Assessment Center Pass-Through**

The Cumberland County Juvenile Assessment Center provides prevention and intervention services to youth and their families that have come, or are likely to come, into contact with the juvenile justice system. This program receives direct appropriation as well as grant funding provided through the Juvenile Crime Prevention Council. Since the program receives funding from two sources of state appropriation, it is recommended that the direct appropriation be eliminated.

<b>Appropriation</b>	<b>(\$124,075)</b>	<b>(\$124,075)</b>
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**6. Closure of Swannanoa Youth Development Center**

It is recommended that the Swannanoa Youth Development Center (YDC) be closed. The closure of Swannanoa YDC, a 48-bed facility, would require youth to be transferred to another facility that has capacity. In addition several positions and operating funds will be reallocated to address increased needs at the other facilities.

<b>Appropriation</b>	<b>(\$1,407,271)</b>	<b>(\$1,407,271)</b>
<b>Positions</b>	<b>(26.000)</b>	<b>(26.000)</b>

**7. Eliminate Funding for DHHS security**

The Department of Health and Human Services contracts with the Department of Juvenile Justice and Delinquency Prevention to provide security services at Swannanoa Valley Youth Development Center (YDC). The Swannanoa YDC is slated for closure, and these security services will no longer be needed. As a result, the Governor recommends the elimination of these funds.

<b>Appropriation</b>	<b>(\$137,989)</b>	<b>(\$137,989)</b>
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**8. Employee Retirement Incentive Program**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$388,328)</b>	<b>(\$968,261)</b>
<b>Positions</b>	<b>(9.700)</b>	<b>(9.700)</b>

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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$10,978,991)	(\$11,558,924)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$10,978,991)	(\$11,558,924)
Positions	(59.700)	(59.700)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Department of Juvenile Justice and Delinquency  
 Prevention (14060)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$10,978,991)	(\$11,558,924)
Receipts	-	-
	(\$10,978,991)	(\$11,558,924)
Appropriation	(\$10,978,991)	(\$11,558,924)
Positions	(59.700)	(59.700)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$10,978,991)	(\$11,558,924)
<b>Total Position Adjustments</b>	(59.700)	(59.700)

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# Department of Correction

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## **Mission**

The mission of the North Carolina Department of Correction is to promote public safety by the administration of a fair and humane system that provides reasonable opportunities for adjudicated offenders to develop progressively responsible behavior.

## **Goals**

Reduce new crimes and victimization for enhanced public safety.

Deter future criminal re-offending by delivering evidence-based programs and services.

Maintain safe and secure correctional and residential community corrections facilities.

Promote career growth and development for all department employees.

Ensure accountability for agency operations by communicating with stakeholders.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Correction (14500)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$1,457,500,674	\$1,454,723,238
<b>Receipts</b>	<u>\$35,855,906</u>	<u>\$35,855,906</u>
<b>Appropriation</b>	\$1,421,644,768	\$1,418,867,332
<b>Adjustments</b>		
<b>Requirements</b>	(\$52,748,093)	(\$45,623,055)
<b>Receipts</b>	<u>\$2,185,829</u>	<u>\$185,829</u>
<b>Appropriation</b>	(\$54,933,922)	(\$45,808,884)
<b>Total</b>		
<b>Requirements</b>	\$1,404,752,581	\$1,409,100,183
<b>Receipts</b>	<u>\$38,041,735</u>	<u>\$36,041,735</u>
<b>Recommended Appropriation</b>	<u>\$1,366,710,846</u>	<u>\$1,373,058,448</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	(499.000)	(499.000)
<b>Continuation</b>	280.000	340.000
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>(219.000)</u>	<u>(159.000)</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Reduce Pass-through Funding</b>		
The Governor recommends that pass-through funding be reduced by 10% for Women at Risk, Summit House, and Harriet's House.		
<b>Appropriation</b>	<b>(\$149,807)</b>	<b>(\$149,807)</b>
<b>2. Eliminate Funding for Our Children's Place</b>		
Our Children's Place has yet to become operational. Therefore, the Governor recommends that the pass-through funding for this program be eliminated.		
<b>Appropriation</b>	<b>(\$104,025)</b>	<b>(\$104,025)</b>
<b>3. Reduce Temporary/Contractual Positions</b>		
It is recommended that temporary/contractual positions be reduced.		
<b>Appropriation</b>	<b>(\$1,000,000)</b>	<b>(\$1,000,000)</b>
<b>4. Reduce Operating Reserves for New Health Facilities</b>		
It is recommended that the operating reserves for new health facilities scheduled to open in fiscal year 2011-12 be reduced. The operating reserve for the Central Prison Hospital will be reduced by \$274,859 on a recurring basis and \$795,124 nonrecurring. This reduction includes three positions. The operating reserve for the North Carolina Correctional Institute for Women Mental Health Facility will be reduced by \$25,000 on a recurring basis and \$369,293 nonrecurring.		
<b>Appropriation</b>	<b>(\$299,859)</b>	<b>(\$299,859)</b>
<b>Appropriation - Nonrecurring</b>	<b>(\$1,164,417)</b>	<b>-</b>
<b>Positions</b>	<b>(3.000)</b>	<b>(3.000)</b>
<b>5. Eliminate Funding for Double Ceiling at Pamlico Correctional Facility</b>		
The Governor recommends that funding for double ceiling of inmates at Pamlico Correctional Institution be eliminated. Implementation of the double ceiling has been delayed due to inadequate waste water treatment capacity in the county. A total of 57 positions will be eliminated: 33 vacant positions will be abolished July 1, 2011, and 24 filled positions will be abolished as of October 1, 2011.		
<b>Appropriation</b>	<b>(\$2,143,425)</b>	<b>(\$2,382,100)</b>
<b>Positions</b>	<b>(57.000)</b>	<b>(57.000)</b>
<b>6. Reduce Various Operating Accounts</b>		
It is recommended that the following operating accounts be reduced on a recurring basis: Longevity Pay (\$1,000,000), Motorized Vehicles (\$500,000), and Salary Reserve (\$800,000). It is also recommended that the following operating accounts be reduced on a nonrecurring basis:		



Office Equipment (\$800,000), Data Processing Equipment (\$800,000), and Motorized Vehicles (\$1,000,000).

<b>Appropriation</b>	<b>(\$2,300,000)</b>	<b>(\$2,300,000)</b>
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<b>Appropriation - Nonrecurring</b>	<b>(\$2,600,000)</b>	<b>-</b>
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**7. Shift Positions to Receipt Support**

The Governor recommends that eight Department of Correction accounting technician positions partially supported by appropriations be funded entirely from Correction Enterprise receipts.

<b>Requirements</b>	<b>-</b>	<b>-</b>
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<b>Receipts</b>	<b>\$110,829</b>	<b>\$110,829</b>
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<b>Appropriation</b>	<b>(\$110,829)</b>	<b>(\$110,829)</b>
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<b>Positions</b>	<b>(8.000)</b>	<b>(8.000)</b>
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**8. Increase Interstate Compact Receipts**

The receipts received by the Department of Correction from the Interstate Compact exceed currently budgeted levels. Therefore, it is recommended that budgeted receipts for the Interstate Compact be increased and used to fund the non-personnel costs of the state's Interstate compact operations, which are currently funded with appropriations.

<b>Requirements</b>	<b>-</b>	<b>-</b>
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<b>Receipts</b>	<b>\$75,000</b>	<b>\$75,000</b>
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<b>Appropriation</b>	<b>(\$75,000)</b>	<b>(\$75,000)</b>
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**9. Eliminate Domestic Violence Rehabilitation Reserve**

Since the Department of Correction was able to establish its own domestic violence programs without making use of the domestic violence funds appropriated in the 2008 Session Laws, Chapter 93, the Governor recommends that the \$100,000 Domestic Violence Reserve be eliminated.

<b>Appropriation</b>	<b>(\$100,000)</b>	<b>(\$100,000)</b>
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**10. Eliminate Positions**

The Governor recommends the elimination of 77 positions through increased efficiency, consolidations, and reorganization.

<b>Appropriation</b>	<b>(\$2,861,724)</b>	<b>(\$3,266,510)</b>
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<b>Positions</b>	<b>(77.000)</b>	<b>(77.000)</b>
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**11. Outsource Electronic House Arrest Monitoring**

The Governor recommends that the Department of Correction contract with the supplier of its electronic house arrest equipment to monitor electronic house arrest offenders, which will generate General Fund cost savings.

<b>Appropriation</b>	<b>(\$356,498)</b>	<b>(\$475,331)</b>
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<b>Positions</b>	<b>(11.000)</b>	<b>(11.000)</b>
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**12. Consolidate Division of Community Corrections (DCC) Drug Lab Operations**

This recommendation would consolidate the current five DCC drug labs into four locations. This reduction will not have an adverse impact on service delivery.

<b>Appropriation</b>	<b>(\$258,782)</b>	<b>(\$345,043)</b>
<b>Positions</b>	<b>(8.000)</b>	<b>(8.000)</b>

**13. Reduce Inmate Costs**

This recommendation would reduce inmate costs by making two policy changes. The first change would enable inmates with shorter sentences who would otherwise not be able to benefit from sentence reduction credits awarded for successful program completion to be rewarded for positive conduct and good behavior. The second change would establish two release dates per month for inmates leaving prison. All inmates would still be required to meet the terms of their sentence, but this policy change would enable the department to reduce the costs associated with transportation and processing of those inmates leaving prison by improved coordination of these activities.

<b>Appropriation</b>	<b>(\$3,071,000)</b>	<b>(\$3,071,000)</b>
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**14. Department-wide Savings**

It is recommended that the department's budget be reduced to reflect potential savings from Justice Reinvestment Act recommendations.

<b>Appropriation</b>	<b>(\$12,400,000)</b>	<b>(\$27,372,184)</b>
<b>Positions</b>	<b>(237.000)</b>	<b>(237.000)</b>

**15. Management Flexibility Reduction**

The Governor recommends that a management reserve be established to provide the Department of Correction the flexibility to determine where reductions can be made.

<b>Appropriation</b>	<b>(\$13,704,634)</b>	<b>(\$5,648,312)</b>
<b>Appropriation - Nonrecurring</b>	<b>(\$10,000,000)</b>	<b>(\$10,000,000)</b>

**16. Employee Retirement Incentive Program**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$3,933,922)</b>	<b>(\$9,808,884)</b>
<b>Positions</b>	<b>(98.000)</b>	<b>(98.000)</b>

**17. Reduce Criminal Justice Partnership Program (CJPP)**

This recommendation reduces CJPP funding by \$2 million nonrecurring. This recommendation will not impact service delivery but will eliminate the ability to make supplemental discretionary grants to participating agencies. These discretionary grants are usually used to purchase non-programmatic items such as furniture and supplies.

<b>Appropriation - Nonrecurring</b>	<b>(\$2,000,000)</b>	<b>-</b>
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**18. Shift Eligible Inmate Medical Costs to Medicaid**

It is recommended that the Department of Correction seek reimbursement from Medicaid for qualifying inmate medical expenditures as provided for in the 2010 Session Laws, Chapter 31, Section 19.6(c).

<b>Appropriation</b>	<b>(\$3,000,000)</b>	<b>(\$3,000,000)</b>
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**19. Transfer Inmate Welfare Funds to the General Fund**

The Governor recommends a one-time transfer from the inmate welfare program to the General Fund to support Department of Correction operations.

<b>Requirements - Nonrecurring</b>	<b>-</b>	<b>-</b>
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<b>Receipts - Nonrecurring</b>	<b>\$1,000,000</b>	<b>-</b>
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<b>Appropriation - Nonrecurring</b>	<b>(\$1,000,000)</b>	<b>-</b>
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**20. Transfer Correction Enterprise Funds to the General Fund**

The Governor recommends a one-time transfer from Correction Enterprise to the General Fund to support Department of Correction operations.

<b>Requirements - Nonrecurring</b>	<b>-</b>	<b>-</b>
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<b>Receipts - Nonrecurring</b>	<b>\$1,000,000</b>	<b>-</b>
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<b>Appropriation - Nonrecurring</b>	<b>(\$1,000,000)</b>	<b>-</b>
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**21. Correction Enterprise Inventory Buy-Back**

It is recommended that Correction Enterprise buy back items currently held in the Department of Correction Central Supply Warehouse. This would shift responsibility for the storage of excess supplies from the General Fund to the receipt-supported Correction Enterprise.

<b>Appropriation</b>	<b>(\$1,300,000)</b>	<b>(\$1,300,000)</b>
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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$46,983,676)	(\$60,623,055)
Receipts	185,829	185,829
<hr/>		
Appropriation	(\$47,169,505)	(\$60,808,884)
Positions	(499,000)	(499,000)
<b>Nonrecurring</b>		
Requirements	(\$15,764,417)	(\$10,000,000)
Receipts	2,000,000	-
<hr/>		
Appropriation	(\$17,764,417)	(\$10,000,000)
Positions	-	-

**Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Operating Reserves for New Facilities</b>		
The Governor recommends funds for the operation and staffing of new buildings that will be completed in 2011 and 2012. This reserve only provides funding for the following facilities: Swannanoa, Lanesboro, Maury, and Tabor.		
<b>Appropriation</b>	<b>\$5,874,102</b>	<b>\$24,196,611</b>
<b>Appropriation - Nonrecurring</b>	<b>\$4,125,898</b>	<b>\$803,389</b>
<b>Positions</b>	<b>280,000</b>	<b>340,000</b>

**Total Recommended Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$5,874,102	\$24,196,611
Receipts	-	-
<hr/>		
Appropriation	\$5,874,102	\$24,196,611
Positions	280,000	340,000
<b>Nonrecurring</b>		
Requirements	\$4,125,898	\$803,389
Receipts	-	-
<hr/>		
Appropriation	\$4,125,898	\$803,389
Positions	-	-

**Total Recommended Adjustments for  
 Department of Correction (14500)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$41,109,574)	(\$36,426,444)
Receipts	185,829	185,829
	<hr/>	<hr/>
Appropriation	(\$41,295,403)	(\$36,612,273)
Positions	(219,000)	(159,000)
<b>Nonrecurring</b>		
Requirements	(\$11,638,519)	(\$9,196,611)
Receipts	2,000,000	-
	<hr/>	<hr/>
Appropriation	(\$13,638,519)	(\$9,196,611)
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$54,933,922)	(\$45,808,884)
<b>Total Position Adjustments</b>	(219,000)	(159,000)

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# Department of Crime Control and Public Safety

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## **Mission**

To reduce crime, enhance public safety and assist victims throughout North Carolina.

## **Goals**

Improve employee performance and well-being in accordance with documented targets and measures.

Expand the statewide interoperable communications network for emergency responders by 50%.

Achieve a satisfaction rate of at least 80% on the 2011 CCPS Customer Satisfaction Survey.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Crime Control and Public Safety (14900)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$214,193,471	\$214,193,471
<b>Receipts</b>	<u>\$180,018,044</u>	<u>\$180,018,044</u>
<b>Appropriation</b>	\$34,175,427	\$34,175,427
<b>Adjustments</b>		
<b>Requirements</b>	(\$1,492,681)	(\$1,641,955)
<b>Receipts</b>	<u>\$355,136</u>	<u>\$355,136</u>
<b>Appropriation</b>	(\$1,847,817)	(\$1,997,091)
<b>Total</b>		
<b>Requirements</b>	\$212,700,790	\$212,551,516
<b>Receipts</b>	<u>\$180,373,180</u>	<u>\$180,373,180</u>
<b>Recommended Appropriation</b>	<u>\$32,327,610</u>	<u>\$32,178,336</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	(26.500)	(26.500)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>(26.500)</u>	<u>(26.500)</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Fund Rape Victims Assistance Program at Historical Expenditure Level</b>		
Funding for the Rape Victims Assistance Program will be maintained at a level that reflects actual expenditures. This recommendation will have no impact on program service delivery.		
<b>Appropriation</b>	<b>(\$700,000)</b>	<b>(\$700,000)</b>
<b>2. Eliminate Positions</b>		
The Governor recommends that 15 positions be eliminated. The positions to be eliminated may be either filled or vacant. All vacant positions will be eliminated July 1, 2011. Filled positions will be eliminated by September 1, 2011. The positions will be eliminated in the following divisions: Alcohol Law Enforcement (5); Butner Public Safety (2); National Guard (2); Office of the Secretary (2); and State Capitol Police (4).		
<b>Appropriation</b>	<b>(\$996,751)</b>	<b>(\$996,751)</b>
<b>Positions</b>	<b>(15.000)</b>	<b>(15.000)</b>
<b>3. Reassign Duties for the Criminal Justice Information Network</b>		
The Governor recommends that the two positions assigned to the Criminal Justice Information Network (CJIN) be eliminated. These duties will be reassigned to existing staff within the department.		
<b>Appropriation</b>	<b>(\$154,422)</b>	<b>(\$154,422)</b>
<b>Positions</b>	<b>(2.000)</b>	<b>(2.000)</b>
<b>4. Shift Positions to Receipt-Support</b>		
It is recommended that 12 Emergency Management positions be shifted from 100% appropriated to 50% appropriated and 50% federal receipts. The source of funds for this reallocation is the Emergency Management Planning Grant (EMPG). These grant funds that are provided to the state each year by the Department of Homeland Security.		
<b>Requirements</b>	<b>-</b>	<b>-</b>
<b>Receipts</b>	<b>\$355,136</b>	<b>\$355,136</b>
<b>Appropriation</b>	<b>(\$355,136)</b>	<b>(\$355,136)</b>
<b>Positions</b>	<b>(6.000)</b>	<b>(6.000)</b>
<b>5. National Guard Operating Budget Reduction</b>		
It is recommended that the operating budget of the National Guard be reduced. This reduction will bring the budget in line with historical		



actual expenditures and should have no impact on program service delivery.

**Appropriation**      **(\$100,000)**      **(\$100,000)**

**6. Establish a Management Reserve**

The Governor recommends that a management reserve be established to provide the Department of Crime Control and Public Safety the flexibility to determine where reductions can be made.

**Appropriation**      **(\$132,500)**      **(\$132,500)**  
**Positions**              **(1.000)**              **(1.000)**

**7. Employee Retirement Incentive Program**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

**Appropriation**      **(\$99,955)**      **(\$249,229)**  
**Positions**              **(2.500)**              **(2.500)**

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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$2,183,628)	(\$2,332,902)
Receipts	355,136	355,136
	(\$2,538,764)	(\$2,688,038)
Appropriation		
Positions	(26.500)	(26.500)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation		
Positions	-	-



**Total Recommended Adjustments for  
 Department of Crime Control and Public Safety (14900)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$1,492,681)	(\$1,641,955)
Receipts	355,136	355,136
	(\$1,847,817)	(\$1,997,091)
Appropriation		
Positions	(26.500)	(26.500)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation		
Positions	-	-
 <b>Total Appropriation Adjustments</b>	 (\$1,847,817)	 (\$1,997,091)
<b>Total Position Adjustments</b>	(26.500)	(26.500)



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# **Recommended Adjustments**

## Natural and Economic Resources

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Department of Commerce

Commerce - General State Aid

Department of Agriculture and  
Consumer Services

Department of Labor

Department of Environment and Natural  
Resources

DENR - Clean Water Management Trust Fund

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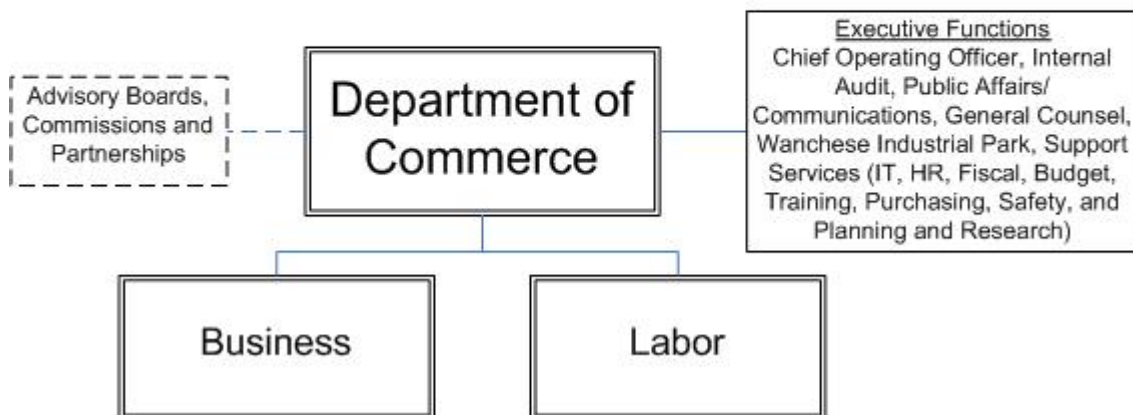
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# Recommended Consolidation Department of Commerce

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This recommendation merges the Department of Commerce (General Fund 14600) and the Employment Security Commission (Special Fund 24650). Both organizations exist to improve the economy of North Carolina. While business development is wholly in Commerce, labor development has components in both agencies. Merging the Department of Commerce workforce development programs with the employee service programs provided by the Employment Security Commission will give the State a more focused strategy for developing a skilled workforce. The two pillars of the economy, business development and labor force, will be represented on equal footing in one organization.

## Department of Commerce



### 1. Position Eliminations

It is recommended that 53 positions be eliminated in support services and middle management. This reduction will be achieved during consolidation activities. Positions may be filled or vacant, but they must be related to support services, such as human resources, finance, budget, information technology, procurement, liaison, communication, or middle management positions. (Position reductions effective November 1, 2011)

See the Reserves and Other Adjustments section in this document for additional appropriation and position details.

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# Department of Commerce

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**Mission**

To improve the economic well-being and quality of life for all North Carolinians.

**Goals**

Preserve and create quality jobs to position North Carolina for innovation and economic recovery.

Position North Carolina as a premier location for business and tourism.

Promote the prosperity of all North Carolina communities and citizens.



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*Governor's Recommended Adjustments to Base Budget*

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**Department of Commerce (14600)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$94,787,483	\$94,787,483
<b>Receipts</b>	<u>\$55,880,102</u>	<u>\$55,880,102</u>
<b>Appropriation</b>	\$38,907,381	\$38,907,381
<b>Adjustments</b>		
<b>Requirements</b>	\$14,313,615	(\$5,645,306)
<b>Receipts</b>	<u>\$736,861</u>	<u>\$736,861</u>
<b>Appropriation</b>	\$13,576,754	(\$6,382,167)
<b>Total</b>		
<b>Requirements</b>	\$109,101,098	\$89,142,177
<b>Receipts</b>	<u>\$56,616,963</u>	<u>\$56,616,963</u>
<b>Recommended Appropriation</b>	<u>\$52,484,135</u>	<u>\$32,525,214</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	454.290	454.290
<b>Reductions</b>	(20.700)	(47.450)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>433.590</u>	<u>406.840</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### Department-wide

##### 1. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$106,415)</b>	<b>(\$265,336)</b>
<b>Positions</b>	<b>(2.700)</b>	<b>(2.700)</b>

##### 2. Reduce Funds to Trade Shows

This recommendation reduces operating funds in various divisions (Business and Industry, International Trade, Travel and Tourism) that support the department's trade show events. The Department will focus its remaining program funds on a select group of trade shows that provide the greatest return on investment.

<b>Appropriation</b>	<b>(\$150,000)</b>	<b>(\$150,000)</b>
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#### Business/Industry Development

##### 1. Eliminate Industrial Development Fund

This recommendation eliminates funding for the Industrial Development Fund, which provides incentive industrial financing grants and loans. A related program, the Utility Account, which receives funding from the JDIG program, will still exist and provide similar incentives to local governments for construction of or improvements to water, sewer, gas, telecommunications, high-speed broadband, electrical utility distribution lines or equipment, or transportation infrastructure for existing or proposed industrial buildings.

<b>Appropriation</b>	<b>(\$320,107)</b>	<b>(\$320,107)</b>
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**Community Assistance**

**1. Eliminate Vacant Position**

This recommendation abolishes a chronically vacant community assistance planner position in the Southeast Regional Office that assisted local governments with GIS and mapping services.

<b>Appropriation</b>	<b>(\$71,536)</b>	<b>(\$71,536)</b>
<b>Positions</b>	<b>(1.000)</b>	<b>(1.000)</b>

**Industrial Commission**

**1. Budget Over-Realized Receipts**

This recommendation budgets over-realized receipts and reduces state appropriations to the Industrial Commission in a like amount.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$736,861</b>	<b>\$736,861</b>
<b>Appropriation</b>	<b>(\$736,861)</b>	<b>(\$736,861)</b>

**State Energy Office**

**1. Eliminate State Energy Funds to Universities**

This recommendation eliminates funds transferred to ASU, NCA&T, and NCSU to conduct energy efficiency, conservation, and renewable energy programs.

<b>Appropriation</b>	<b>(\$2,690,000)</b>	<b>(\$2,690,000)</b>
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**Wanchese Seafood Industrial Park**

**1. Eliminate Oregon Inlet Maintenance Funds**

This recommendation eliminates funds for the Oregon Inlet Maintenance program. The need for these funds has diminished in recent years, and the original use for which they were appropriated no longer appears necessary.

<b>Appropriation</b>	<b>(\$248,327)</b>	<b>(\$248,327)</b>
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**Welcome Centers**

**1. Welcome Center Reductions**

This recommendation reduces funds to the State's nine welcome centers, requiring the closure of each of the centers on Tuesdays and Wednesdays. Savings will be realized by eliminating nine travel counselors, eight utility workers, and 11 part-time, on-call travel counselors, as well as by the reduced utility costs. In fiscal year 2012-2013 Commerce will work with NC DOT to privatize welcome and visitors centers.

<b>Appropriation</b>	<b>(\$600,000)</b>	<b>(\$1,900,000)</b>
<b>Positions</b>	<b>(17.000)</b>	<b>(43.750)</b>

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$4,186,385)	(\$5,645,306)
Receipts	736,861	736,861
	<hr/>	<hr/>
Appropriation	(\$4,923,246)	(\$6,382,167)
Positions	(20.700)	(47.450)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Expansion**

<u>2011-12</u>	<u>2012-13</u>
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**1. One North Carolina**

The Governor recommends a nonrecurring appropriation for the One NC Fund to enhance the competitive position of North Carolina to recruit new jobs and investment to the State.

<b>Appropriation - Nonrecurring</b>	<b>\$10,000,000</b>	-
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**2. Job Maintenance and Capital Development Program (JMAC)**

The Governor recommends funds to support grant payments under the JMAC Program to three eligible grantees (Goodyear, Bridgestone, and Domtar) pursuant to their agreement with the Department. The purpose of the JMAC grant funds is to encourage businesses to maintain high-paying jobs and make further capital investments in the state.

<b>Appropriation - Nonrecurring</b>	<b>\$8,500,000</b>	-
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### 3. Budget ARRA Energy Funds

This recommendation budgets unspent ARRA energy funds remaining from the previous biennium as follows:

#### 1. Weatherization

The Weatherization Assistance Program assists eligible low-income residents through the installation of energy efficient and energy related health and safety measures. A budget of \$63,516,360 is anticipated for FY 2011-12 and will be certified in Budget Code 24600.

#### 2. State Energy Program

The State Energy Program invests in energy efficiency and renewable energy by focusing on areas such as commercial renewable energy system grants, growing North Carolina's green workforce, and an energy investment revolving loan fund. A budget of \$37,824,886 is anticipated for FY 2011-12 and will be certified in Budget Code 24600.

#### 3. Energy Efficiency and Conservation Block Grant

The Energy Efficiency and Conservation Block Grant provides funds through a competitive proposal process to public school systems and community colleges. The funds focus on four areas: energy efficiency for buildings, technical assistance, energy conservation programs in transportation, and implementation of methane and greenhouse gas technologies. A budget of \$8,750,000 is anticipated for FY 2011-12 and \$1,647,844 for FY 2012-12. Funds will be certified in Budget Code 24600.

#### 4. Smart Grid

The Smart Grid program funds will be used to plan for energy supply disruption risks and vulnerabilities, to track energy emergencies to assess the restoration and recovery times of any supply disruptions, and to train appropriate personnel on energy infrastructure. A budget of \$780,000 is anticipated for FY 2011-12 and \$80,318 for FY 2012-12. Funds will be certified in Budget Code 24600.

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**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	\$18,500,000	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$18,500,000	-
Positions	-	-

**Total Recommended Adjustments for  
 Department of Commerce (14600)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$4,186,385)	(\$5,645,306)
Receipts	736,861	736,861
	<hr/>	<hr/>
Appropriation	(\$4,923,246)	(\$6,382,167)
Positions	(20.700)	(47.450)
<b>Nonrecurring</b>		
Requirements	\$18,500,000	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$18,500,000	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	<b>\$13,576,754</b>	<b>(\$6,382,167)</b>
<b>Total Position Adjustments</b>	<b>(20.700)</b>	<b>(47.450)</b>

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*Governor's Recommended Adjustments to Base Budget*

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**Commerce - General State Aid (14601)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$73,312,003	\$73,312,003
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$73,312,003	\$73,312,003
<b>Adjustments</b>		
<b>Requirements</b>	(\$6,991,200)	(\$6,991,200)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$6,991,200)	(\$6,991,200)
<b>Total</b>		
<b>Requirements</b>	\$66,320,803	\$66,320,803
<b>Receipts</b>	=	=
<b>Recommended Appropriation</b>	<u>\$66,320,803</u>	<u>\$66,320,803</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>-</u>	<u>-</u>
<b>Recommended Positions</b>	<u>-</u>	<u>-</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### State Aid

##### 1. Reduction to Pass-Through Funds

This recommendation reduces state appropriations by ten percent on a recurring basis to the following non-state entities:

1. NC Biotechnology Center	(1,950,190)	(1,950,190)
2. NC Rural Economic Development Center	(2,264,081)	(2,264,081)
3. Regional Commissions	(250,000)	(250,000)
4. Biofuels Center of NC	(500,000)	(500,000)
5. Wake Forest Institute of Regenerative Medicine	(1,000,000)	(1,000,000)
6. High Point Furniture Market	(80,648)	(80,648)
7. NC Minority Support Center	(312,873)	(312,873)
8. NC Association of Community Development Corporations	(98,068)	(98,068)
9. NC Community Development Initiative	(468,274)	(468,274)
10. Land Loss Prevention Project	(70,747)	(70,747)
11. NC Institute of Minority Economic Development	(251,741)	(251,741)
12. E-NC Authority	(44,203)	(44,203)
13. Council of Governments	(40,375)	(40,375)

	<b>Appropriation</b>	<b>(\$7,331,200)</b>	<b>(\$7,331,200)</b>
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### Total Recommended Reductions

2011-12                      2012-13

#### Recurring

Requirements	(\$7,331,200)	(\$7,331,200)
Receipts	-	-
Appropriation	(\$7,331,200)	(\$7,331,200)
Positions	-	-



**Nonrecurring**

Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Continuation**

2011-12                      2012-13

**Rural Economic Development Center (REDC)**

**1. Transfer Funds from Agriculture to REDC**

Transfers responsibility for the Farmland Preservation Trust Fund's Agricultural Development Projects from the Department of Agriculture and Consumer Services to REDC's Agricultural Advancement Consortium.

**Appropriation                      \$250,000                      \$250,000**

**Total Recommended Continuation**

2011-12                      2012-13

**Recurring**

Requirements	\$250,000	\$250,000
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$250,000	\$250,000
Positions	-	-

**Nonrecurring**

Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

<b>Expansion</b>		
	<u>2011-12</u>	<u>2012-13</u>
<b>1. Indian Economic Development Initiative</b>		
The Governor recommends funds on a recurring basis to support the work of the North Carolina Indian Economic Development Initiative to spur economic development and create jobs in rural Indian communities.		
<b>Appropriation</b>	<b>\$90,000</b>	<b>\$90,000</b>
<hr/>		
<b>Total Recommended Expansion</b>		
	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$90,000	\$90,000
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$90,000	\$90,000
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Commerce - General State Aid (14601)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$6,991,200)	(\$6,991,200)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$6,991,200)	(\$6,991,200)
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$6,991,200)	(\$6,991,200)
<b>Total Position Adjustments</b>	-	-

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# Department of Agriculture and Consumer Services

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## **Mission**

To provide services that promote and improve agriculture and agribusiness, protect consumers and businesses, and preserve farmland and natural resources for the prosperity of all North Carolinians.

## **Goals**

Protect citizens from unsafe food products and from economic loss due to unlawful business practices and build consumer confidence in agricultural and consumer products.

Enhance North Carolina's agricultural economic competitiveness and sustainability through regulatory and consultative services, laboratory testing, animal and plant disease and pest surveillance, outreach, and emergency preparedness to promote a profitable business environment for producers and agribusiness.

Expand market opportunities, build awareness of available services, and educate citizens on agriculture's contributions to the State's economy.

Partner with organizations to support development of agricultural practices and products.

Support the conservation of natural resources and working lands.

Continually review the quality, cost-effectiveness, and customer satisfaction of the department's programs and services.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Agriculture and Consumer Services (13700)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$90,725,866	\$90,725,866
<b>Receipts</b>	<u>\$28,971,852</u>	<u>\$28,971,852</u>
<b>Appropriation</b>	\$61,754,014	\$61,754,014
<b>Adjustments</b>		
<b>Requirements</b>	(\$17,574,286)	(\$17,910,174)
<b>Receipts</b>	-	-
<b>Appropriation</b>	(\$17,574,286)	(\$17,910,174)
<b>Total</b>		
<b>Requirements</b>	\$73,151,580	\$72,815,692
<b>Receipts</b>	<u>\$28,971,852</u>	<u>\$28,971,852</u>
<b>Recommended Appropriation</b>	<u>\$44,179,728</u>	<u>\$43,843,840</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	1,162.350	1,162.350
<b>Reductions</b>	(196.350)	(196.350)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>966.000</u>	<u>966.000</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### Department-wide

##### 1. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$224,913)</b>	<b>(\$560,801)</b>
<b>Positions</b>	<b>(5.600)</b>	<b>(5.600)</b>

##### 2. Management Flexibility Reduction

This recommendation reduces funding department-wide by 10%. The department has the flexibility to manage this adjustment to minimize the impact on programs, services, and activities that are core to the department's mission.

<b>Appropriation</b>	<b>(\$5,156,071)</b>	<b>(\$5,156,071)</b>
<b>Positions</b>	<b>(25.000)</b>	<b>(25.000)</b>

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#### Farmland Preservation Trust Fund

##### 1. Transfer Farmland Preservation Trust Fund

This recommendation reduces funding for the Farmland Preservation Trust Fund and then transfers the remaining funds and responsibility for the Trust Fund to existing programs at other entities.

###### 1. Reduce Administrative and Programmatic Funds

Reduces the recurring appropriation to the Trust Fund by 25% and eliminates all temporary and time-limited positions associated with this program.

(500,000)	(500,000)
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###### 2. Transfer Funds to the Rural Economic Development Center (REDC)

Transfers the responsibility for Agricultural Development Projects to REDC's Agricultural Advancement Consortium. Funds are transferred to support this program in proportion to amount of grants awarded to this program as reported in the 2009 Annual Report.

(250,000)	(250,000)
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3. Transfer Funds to Division of Soil and Water Conservation

Transfers the responsibility for the Voluntary Agricultural District (VAD) programs and the conservation easement programs to the Department of Environment and Natural Resources, Division of Soil and Water Conservation (DSWC).

(1,250,000) (1,250,000)

**Appropriation (\$2,000,000) (\$2,000,000)**

**Research Stations**

**1. Research Stations Consolidation**

This recommendation consolidates the state's research stations and farms at NCSU and reduces state appropriations per the findings and recommendations of the 2008 Program Evaluation Committee's final report to the NC General Assembly.

1. Reduce Operating Funds

Reduces operating funds by 15% in the first year and an additional \$1.5 million in year two necessitating the closure of approximately 7 research stations.

(1,528,995) (3,057,990)

Positions - Recurring

(55,000)

2. Transfer Remaining Funds

Transfers the 12 research stations owned by NCDA&CS to NCSU as a Type I transfer less the reduction savings realized by consolidation. Research stations and farms that are determined to be least significant or cannot be properly managed within the consolidated budget shall be sold as surplus property by the Department of Administration (DOA) State Property Office. After allowable DOA service charges, NCSU may retain 25% of sale receipts for one-time expenditures associated with managing the stations, and the remaining receipts shall revert to the General Fund.

(8,664,307) (7,135,312)

Positions - Recurring

(165,750) (110,750)

3. Transfer Forest Tracts

Transfer forest management tracts owned by NCDA&CS to the Department of Environment and Natural Resource, Division of Forest Resources (DFR). If DFR determines that the additional property is not needed or cannot be properly managed within existing division resources, then DFR shall work with the DOA to sell the property as surplus. After allowable DOA service charges, DFR may retain 25% of sale receipts for one-time expenditures associated with forest management. Remaining receipts shall revert to the General Fund.

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**Appropriation (\$10,193,302) (\$10,193,302)**

**Positions (165,750) (165,750)**

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$17,574,286)	(\$17,910,174)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$17,574,286)	(\$17,910,174)
Positions	(196.350)	(196.350)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Department of Agriculture and Consumer Services (13700)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$17,574,286)	(\$17,910,174)
Receipts	-	-
	<hr/>	<hr/>
Appropriation	(\$17,574,286)	(\$17,910,174)
Positions	(196.350)	(196.350)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$17,574,286)	(\$17,910,174)
<b>Total Position Adjustments</b>	(196.350)	(196.350)



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# Department of Labor

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## **Mission**

The mission of the Department of Labor is to foster a productive North Carolina while ensuring the workplace safety, health, and well-being of its citizens by providing responsive, effective, and efficient services; providing and encouraging quality education and training; and administering regulatory mandates consistently and fairly.

## **Goals**

Protect the safety and health of North Carolina employees and employers by reducing workplace injuries and illnesses through education, training, compliance, and consultation.

Resolve wage payment and employment discrimination complaints through fair and timely investigations to ensure fair and equitable treatment of working individuals.

Enhance public safety through consistent enforcement of boiler and pressure vessel, youth employment, elevator, and amusement device regulations.

Promote the state's economic well-being by expanding the recognition and use of apprenticeship programs to even more employers in traditional and new industries.

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Labor (13800)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$32,735,101	\$32,735,101
<b>Receipts</b>	<u>\$15,892,422</u>	<u>\$15,892,422</u>
<b>Appropriation</b>	\$16,842,679	\$16,842,679
<b>Adjustments</b>		
<b>Requirements</b>	(\$1,497,981)	(\$1,608,894)
<b>Receipts</b>	<u>\$322,753</u>	<u>\$322,753</u>
<b>Appropriation</b>	(\$1,820,734)	(\$1,931,647)
<b>Total</b>		
<b>Requirements</b>	\$31,237,120	\$31,126,207
<b>Receipts</b>	<u>\$16,215,175</u>	<u>\$16,215,175</u>
<b>Recommended Appropriation</b>	<u>\$15,021,945</u>	<u>\$14,911,032</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	410.250	410.250
<b>Reductions</b>	(23.900)	(23.900)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>386.350</u>	<u>386.350</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### Administrative Services

##### 1. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$74,269)</b>	<b>(\$185,182)</b>
<b>Positions</b>	<b>(1.900)</b>	<b>(1.900)</b>

##### 2. Reduce Operating and Budget Receipts

This recommendation reduces various operating line items department-wide, and budgets additional occupational safety and health (OSH) fines and penalties to offset cost of collection. In addition, this recommendation transfers five appropriated positions to receipt-supported, and abolishes one filled position.

<b>Requirements</b>	<b>(\$384,655)</b>	<b>(\$384,655)</b>
<b>Receipts</b>	<b>\$322,753</b>	<b>\$322,753</b>
<b>Appropriation</b>	<b>(\$707,408)</b>	<b>(\$707,408)</b>
<b>Positions</b>	<b>(6.000)</b>	<b>(6.000)</b>

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### OSH

##### 1. Eliminate Positions and Salary Reserve

This recommendation abolishes five filled and six vacant occupational safety and health (OSH) inspector positions and reduces salary reserves and associated fringe benefits. Approximately 190 OSH positions will remain to ensure compliance with applicable workplace safety and health standards.

<b>Appropriation</b>	<b>(\$600,000)</b>	<b>(\$600,000)</b>
<b>Positions</b>	<b>(11.000)</b>	<b>(11.000)</b>

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**Apprenticeship Training**

**1. Reduce Salary Reserve**

This recommendation reduces salary reserve and the associated fringe benefits in the apprenticeship and training bureau.

<b>Appropriation</b>	<b>(\$81,560)</b>	<b>(\$81,560)</b>
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**Mine and Quarry Bureau**

**1. Eliminate Positions and Salary Reserve**

This recommendation eliminates two filled positions in the Mine and Quarry Bureau, and reduces salary reserve and the associated fringe benefits. The remaining six positions will work more efficiently to fulfill core services and activities.

<b>Appropriation</b>	<b>(\$142,904)</b>	<b>(\$142,904)</b>
<b>Positions</b>	<b>(2.000)</b>	<b>(2.000)</b>

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**Wage and Hour Bureau**

**1. Eliminate Positions and Salary Reserve**

This recommendation eliminates three filled positions in the Wage and Hour Bureau and reduces salary reserve and the associated fringe benefits. The remaining 27.5 positions will work more efficiently to fulfill core services and activities.

<b>Appropriation</b>	<b>(\$214,593)</b>	<b>(\$214,593)</b>
<b>Positions</b>	<b>(3.000)</b>	<b>(3.000)</b>

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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$1,497,981)	(\$1,608,894)
Receipts	322,753	322,753
Appropriation	(\$1,820,734)	(\$1,931,647)
Positions	(23.900)	(23.900)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Department of Labor (13800)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$1,497,981)	(\$1,608,894)
Receipts	322,753	322,753
	<hr/>	<hr/>
Appropriation	(\$1,820,734)	(\$1,931,647)
Positions	(23.900)	(23.900)
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$1,820,734)	(\$1,931,647)
<b>Total Position Adjustments</b>	(23.900)	(23.900)

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# Department of Environment and Natural Resources

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## **Mission**

The mission of the North Carolina Department of Environment and Natural Resources is to conserve and protect North Carolina's natural resources and to maintain an environment of high quality by providing valuable services that consistently support and benefit the health and economic well-being of all citizens of our state.

## **Goals**

Sustain water for the future

Sustain clean air for the future

Grow a green economy

Conserve natural areas and sustain working lands

Respond to climate change

Implement more effective environmental regulation

Grow DENR's visitor attractions and nurture North Carolina's natural resources

Increase organizational effectiveness to support DENR's mission

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*Governor's Recommended Adjustments to Base Budget*

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**Department of Environment and Natural Resources (14300)**

**Recommended General Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$321,220,640	\$321,220,640
<b>Receipts</b>	<u>\$132,248,239</u>	<u>\$132,248,239</u>
<b>Appropriation</b>	\$188,972,401	\$188,972,401
<b>Adjustments</b>		
<b>Requirements</b>	(\$8,892,267)	(\$9,719,525)
<b>Receipts</b>	<u>\$940,228</u>	<u>\$940,228</u>
<b>Appropriation</b>	(\$9,832,495)	(\$10,659,753)
<b>Total</b>		
<b>Requirements</b>	\$312,328,373	\$311,501,115
<b>Receipts</b>	<u>\$133,188,467</u>	<u>\$133,188,467</u>
<b>Recommended Appropriation</b>	<u>\$179,139,906</u>	<u>\$178,312,648</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	3,369.800	3,369.800
<b>Reductions</b>	(224.500)	(224.500)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>3,145.300</u>	<u>3,145.300</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### Department-wide

##### 1. Employee Retirement Incentive Program

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$553,939)</b>	<b>(\$1,381,197)</b>
<b>Positions</b>	<b>(13.800)</b>	<b>(13.800)</b>

##### 2. Position Reserve

This recommendation reduces the department's position count by at least 68 FTE and the associated budget for salary and benefits by \$3.9 million. The focus of this reduction is on permitting positions in those divisions where regulatory activity has declined due to the economy. A minimum of 50% of the total position reductions must be from these divisions. The remaining reductions should focus on middle management positions and may come from either the environmental regulatory or natural resource divisions.

<b>Requirements</b>	<b>(\$3,947,834)</b>	<b>(\$3,947,834)</b>
<b>Receipts</b>	<b>(\$3,529,420)</b>	<b>(\$3,529,420)</b>
<b>Appropriation</b>	<b>(\$418,414)</b>	<b>(\$418,414)</b>
<b>Positions</b>	<b>(68.000)</b>	<b>(68.000)</b>

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**Administration**

**1. Eliminate Regional Office Positions**

This recommendation eliminates three filled positions in the Regional Field Offices.

<b>Appropriation</b>	<b>(\$111,420)</b>	<b>(\$111,420)</b>
<b>Positions</b>	<b>(3.000)</b>	<b>(3.000)</b>

**Aquariums**

**1. Shift Operating Expenses to Receipts**

This recommendation replaces a portion of the General Fund appropriation supporting the operating budget of the State's three aquariums with aquarium admission receipts.

<b>Requirements</b>	<b>-</b>	<b>-</b>
<b>Receipts</b>	<b>\$1,406,657</b>	<b>\$1,406,657</b>
<b>Appropriation</b>	<b>(\$1,406,657)</b>	<b>(\$1,406,657)</b>

**Coastal Management**

**1. Shift Positions to Receipts**

It is recommended that three positions in the CAMA permitting and enforcement programs be fund shifted to permit receipts. In addition, one position in the Strategic Planning Program and one position in the Planning and Access Program will be shifted to grant support.

<b>Requirements</b>	<b>-</b>	<b>-</b>
<b>Receipts</b>	<b>\$316,115</b>	<b>\$316,115</b>
<b>Appropriation</b>	<b>(\$316,115)</b>	<b>(\$316,115)</b>
<b>Positions</b>	<b>(5.000)</b>	<b>(5.000)</b>

**Conservation, Planning, and Community Affairs**

**1. Consolidate Working Lands Program**

It is recommended that one filled position dedicated to the Working Lands Program be eliminated. Duties will be absorbed by remaining staff in the Office of Conservation, Planning and Community Affairs.

<b>Appropriation</b>	<b>(\$78,195)</b>	<b>(\$78,195)</b>
<b>Positions</b>	<b>(1.000)</b>	<b>(1.000)</b>

**Environmental Assistance and Outreach**

**1. Eliminate One Filled Position**

The 2010 budget bill consolidated the functions of the Customer Service Center, the Office of Small Business Ombudsman, and the Division of

Pollution Prevention and Environmental Assistance (PPEA) into the new Division of Environmental Assistance and Outreach. As a cost savings and an efficiency measure, the PPEA Environmental Program Manager position is being eliminated, and the duties are being absorbed by the new division director.

<b>Appropriation</b>	<b>(\$113,994)</b>	<b>(\$113,994)</b>
<b>Positions</b>	<b>(1.000)</b>	<b>(1.000)</b>

**Environmental Health**

**1. Eliminate WaDE Program**

This recommendation eliminates the appropriation for the WaDE program and its two associated positions. The program was established in 1996 to identify and eliminate discharges from straight pipes and failing septic systems in 13 western counties. In recent years much of the work load has shifted to the local health departments.

<b>Appropriation</b>	<b>(\$160,594)</b>	<b>(\$160,594)</b>
<b>Positions</b>	<b>(2.000)</b>	<b>(2.000)</b>

**2. Eliminate Mosquito Control Aid Funds**

It is recommended that the remaining financial aid available for local agencies to support mosquito control programs be eliminated. There are approximately 85 city, town and county mosquito control programs, mostly on the coast. In 2010, 58 agencies received grants ranging from \$245 to \$14,630 (median award = \$1,509; avg = \$2,602).

<b>Appropriation</b>	<b>(\$186,191)</b>	<b>(\$186,191)</b>
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**3. Eliminate On-Site Quality Assurance Program**

It is recommended that the primary position and functions of the On-Site Quality Assurance Program be eliminated. One position will remain to assist local health departments with the on-site wastewater and private well programs.

<b>Appropriation</b>	<b>(\$70,000)</b>	<b>(\$70,000)</b>
<b>Positions</b>	<b>(1.000)</b>	<b>(1.000)</b>

**4. Eliminate Public Water Supply Positions**

It is recommended that three appropriated positions (two vacant, one filled) in the Public Water Supply Section be eliminated.

<b>Appropriation</b>	<b>(\$202,625)</b>	<b>(\$202,625)</b>
<b>Positions</b>	<b>(3.000)</b>	<b>(3.000)</b>

**5. Fund Positions in Radiation Protection Section**

It is recommended that one IT position that supports the Radiation Protection Section be fund shifted to Radioactive Material Receipts. In addition, this recommendation also shifts a portion of an Environmental Program Supervisor (.25) to the same receipt source.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$82,298</b>	<b>\$82,298</b>
<hr/>		
<b>Appropriation</b>	<b>(\$82,298)</b>	<b>(\$82,298)</b>
<b>Positions</b>	<b>(1.250)</b>	<b>(1.250)</b>

**6. Reduce Positions**

It is recommended that three filled positions be eliminated in the Division of Environmental Health - one position in Food and Lodging Program, one in On-site Wastewater, and one in the Division Office. In addition, this recommendation fund shifts 2.25 positions to receipts.

<b>Requirements</b>	<b>(\$147,656)</b>	<b>(\$147,656)</b>
<b>Receipts</b>	<b>\$159,766</b>	<b>\$159,766</b>
<hr/>		
<b>Appropriation</b>	<b>(\$307,422)</b>	<b>(\$307,422)</b>
<b>Positions</b>	<b>(5.250)</b>	<b>(5.250)</b>

**7. Eliminate Aid to County**

This recommendation eliminates the general aid to county funds that are disbursed to all local health departments (LHD) to support the local Environmental Health Services Programs carried out on behalf of the state (\$4,000/LHD).

<b>Appropriation</b>	<b>(\$400,000)</b>	<b>(\$400,000)</b>
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**Forest Resources**

**1. Close State Forests**

It is recommended that the appropriation for the following two state forests be closed due to low attendance.

1. Rendezvous Educational State Forest

This recommendation eliminates one filled position and one vacant position at the Rendezvous State Forest. The property will remain part of the state forest.

Positions - Recurring

(131,623)	(131,623)
(2.000)	(2.000)

2. Turnbull Creek Educational State Forest

This recommendation eliminates General Fund support for one Forestry Technician position and associated operating funds for the Turnbull Creek Education State Forest. The property will remain part of the state forest.

	(87,317)	(87,317)
Positions - Recurring	(1.000)	(1.000)

<b>Appropriation</b>	<b>(\$218,940)</b>	<b>(\$218,940)</b>
<b>Positions</b>	<b>(3.000)</b>	<b>(3.000)</b>

2. **Operating and Position Reductions**

It is recommended that the operating budget for Forest Resources be reduced and 22 filled positions be eliminated across the division. In addition 8.80 positions will be shifted to receipt-support. Of the 8.80 positions, five will be shifted to federal grants, one to timber receipts, and 2.80 to county receipts.

<b>Appropriation</b>	<b>(\$5,764,805)</b>	<b>(\$5,764,805)</b>
<b>Positions</b>	<b>(30.800)</b>	<b>(30.800)</b>

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**Marine Fisheries**

1. **Eliminate Oyster Sanctuary Program**

This recommendation eliminates the State's Oyster Sanctuary Program, including the elimination of five temporary positions. This program was established to help rebuild the state's oyster population and enhance the ecological and environmental benefits provided by a healthy and robust population.

<b>Appropriation</b>	<b>(\$1,451,778)</b>	<b>(\$1,451,778)</b>
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2. **Reduce Shellfish Rehabilitation Program**

This recommendation reduces the shellfish rehabilitation program, including the staff that coordinate the Oyster Sanctuary Program and the volunteer oyster shell recycling program.

<b>Appropriation</b>	<b>(\$575,000)</b>	<b>(\$575,000)</b>
<b>Positions</b>	<b>(4.000)</b>	<b>(4.000)</b>

3. **Eliminate Shellfish Mapping Program**

This recommendation eliminates nine positions in the Shellfish Mapping Program, which maps marine and estuarine habitat bottom types to identify degraded areas needing enhancement. Data are also used by other divisions and agencies for evaluation of habitat alteration permit requests, dredge and fill initiatives, and construction.

<b>Appropriation</b>	<b>(\$562,335)</b>	<b>(\$562,335)</b>
<b>Positions</b>	<b>(9.000)</b>	<b>(9.000)</b>

**4. Eliminate Positions within Marine Fisheries**

It is recommended that two filled and two vacant positions be eliminated in the Division of Marine Fisheries: one position in Habitat Protection, one in the Speckled Trout Section, one in Stock Assessment, and one in Permitting and Licenses. In addition, operating funds will be reduced by \$44,662.

<b>Appropriation</b>	<b>(\$271,043)</b>	<b>(\$271,043)</b>
<b>Positions</b>	<b>(4.000)</b>	<b>(4.000)</b>

**5. Reduce Albemarle Sound River Herring Program**

This recommendation reduces funding for the Albemarle Sound River Herring program, which collects data to monitor all stock recovery indicators as well as conducting sampling to identify and enhance spawning and nursery area habitats.

<b>Appropriation</b>	<b>(\$49,386)</b>	<b>(\$49,386)</b>
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**6. Close Division's Columbia Office**

This recommendation closes the Columbia office and transfers management and support staff to another office. Marine Patrol Officers and the Blue Crab Program Biologist and Technician will become home-based.

<b>Appropriation</b>	<b>(\$55,902)</b>	<b>(\$55,902)</b>
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**7. Shift Positions to Receipts**

This recommendation eliminates one temporary position and shifts six positions from state appropriation to federal grant receipts.

<b>Requirements</b>	<b>(\$312,124)</b>	<b>(\$312,124)</b>
<b>Receipts</b>	<b>\$338,490</b>	<b>\$338,490</b>

<b>Appropriation</b>	<b>(\$650,614)</b>	<b>(\$650,614)</b>
<b>Positions</b>	<b>(6.000)</b>	<b>(6.000)</b>

**8. Reduce Marine Patrol Operating Budget**

It is recommended that the operating budget for Marine Patrol be reduced due to the return of two Motor Fleet Management vehicles. In addition, a portion of Marine Patrol's operating budget will be shifted from state appropriation to commercial fishing receipts.

<b>Requirements</b>	<b>(\$10,800)</b>	<b>(\$10,800)</b>
<b>Receipts</b>	<b>\$192,589</b>	<b>\$192,589</b>

<b>Appropriation</b>	<b>(\$203,389)</b>	<b>(\$203,389)</b>
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**Museum of Natural Science**

**1. Abolish Positions and Reduce Temporary Wages**

The recommendation eliminates a total of 13 positions: six in Educational Programming, two in Exhibits, three in Research and Collections, and two in Administration. It also eliminates temporary wages.

<b>Appropriation</b>	<b>(\$952,276)</b>	<b>(\$952,276)</b>
<b>Positions</b>	<b>(13.000)</b>	<b>(13.000)</b>

**2. Delay Reopening of Museum of Forestry**

This recommendation delays the reopening of the Museum of Forestry in Whiteville by two years.

<b>Appropriation - Nonrecurring</b>	<b>(\$330,000)</b>	<b>(\$330,000)</b>
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**Parks and Recreation**

**1. Management Flexibility Reduction**

This recommendation reduces funding to the Division of Parks and Recreation by 10 percent. To avoid reductions in permanent staff, this reduction will require the closure of most parks two days per week. The division has the flexibility to manage this adjustment to minimize the impact on programs, services, and activities.

<b>Appropriation</b>	<b>(\$3,090,377)</b>	<b>(\$3,090,377)</b>
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**Soil and Water Conservation**

**1. Reduce Ag Cost Share Program**

It is recommended that the financial assistance portion of the Agricultural Cost Share Program be reduced by 26.83%, leaving \$3.2 million in recurring funds.

<b>Appropriation</b>	<b>(\$1,197,834)</b>	<b>(\$1,197,834)</b>
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**2. End NC's Participation in the Cooperative Soil Survey Program**

It is recommended that the funds and four positions that support the Cooperative Soil Survey Program be eliminated. This program, which conducts soil surveys that show the nature and distribution of various kinds of soils within a county, will be carried out by local governments and USDA Natural Resources Conservation Service. These surveys are used on a technical basis for land use decisions.

<b>Appropriation</b>	<b>(\$244,764)</b>	<b>(\$244,764)</b>
<b>Positions</b>	<b>(4.000)</b>	<b>(4.000)</b>

**3. Eliminate Positions and Reduce Operating**

It is recommended that two filled positions be eliminated and various line-items across the division be reduced.

<b>Appropriation</b>	<b>(\$134,708)</b>	<b>(\$134,708)</b>
<b>Positions</b>	<b>(2.000)</b>	<b>(2.000)</b>

**4. Discontinue Pilot Program for Animal Waste Management Systems**

This recommendation eliminates funds for the pilot program for animal waste management systems that was established to provide technical assistance to farmers trying to achieve compliance with environmental regulations. The program, which was started in 1997 in Columbus and Jones counties and later expanded in 2005 to include Brunswick and Pender counties, is scheduled to end September 2011.

<b>Appropriation</b>	<b>(\$51,880)</b>	<b>(\$51,880)</b>
<b>Positions</b>	<b>(1.000)</b>	<b>(1.000)</b>

**5. Reduce Funds to Soil and Water Districts**

This recommendation reduces matching funds to local soil and water conservation districts by 10% or \$400 per district. In addition, it reduces subsistence for the local district supervisors, which means that lunch will no longer be reimbursed on days when the local district boards meet.

<b>Appropriation</b>	<b>(\$68,000)</b>	<b>(\$68,000)</b>
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**Waste Management**

**1. Reduce Positions in Solid Waste Permitting Program**

This recommendation eliminates one filled and one vacant Hydrogeologist position in the Solid Waste Program. It also eliminates two additional filled positions, an Engineer and an Environmental Senior Specialist, and shifts .50 of an Engineer position to existing solid waste permitting fees.

<b>Requirements</b>	<b>(\$280,472)</b>	<b>(\$280,472)</b>
<b>Receipts</b>	<b>\$43,137</b>	<b>\$43,137</b>
<b>Appropriation</b>	<b>(\$323,609)</b>	<b>(\$323,609)</b>
<b>Positions</b>	<b>(4.500)</b>	<b>(4.500)</b>

**2. Shift Positions to Receipts**

It is recommended that one Environmental Senior Specialist position in the Solid Waste Septage Management Program be shifted to septage fees; two Environmental Senior Specialist positions be partially split funded (20%) to the Solid Waste Electronic Fund; and 25% of four appropriated Environmental Senior Specialist positions be shifted to Scrap Tire receipts.

<b>Requirements</b>	-	-
<b>Receipts</b>	<b>\$159,261</b>	<b>\$159,261</b>
<hr/>		
<b>Appropriation</b>	<b>(\$159,261)</b>	<b>(\$159,261)</b>
<b>Positions</b>	<b>(2.400)</b>	<b>(2.400)</b>

**3. Reduce Operating Funds**

This recommendation reduces operating funds for in-state ground transportation in the Solid Waste Section.

<b>Appropriation</b>	<b>(\$23,819)</b>	<b>(\$23,819)</b>
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**Water Quality**

**1. Eliminate Well Drillers Program**

It is recommended that the Groundwater Investigation Unit that supports the division's resource evaluation program be eliminated. This Unit drills wells associated with in-house investigations of groundwater quality/quantity issues. This program is not mandated by state or federal law, and well drilling work can be contracted on as needed basis.

<b>Appropriation</b>	<b>(\$344,181)</b>	<b>(\$344,181)</b>
<b>Positions</b>	<b>(7.000)</b>	<b>(7.000)</b>

**2. Reduce Operating Budget**

It is recommended that the operating budget in the Ground Water and Surface Water Protection Sections be reduced.

<b>Appropriation</b>	<b>(\$442,880)</b>	<b>(\$442,880)</b>
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**3. Reduce Positions**

It is recommended that eight positions be eliminated and an additional 14.5 positions be shifted to receipt-support. These cuts will affect the following program areas: monitoring, rule making, compliance, environmental impact reviews, basinwide planning, laboratory analyses, and permitting.

<b>Requirements</b>	<b>(\$410,794)</b>	<b>(\$410,794)</b>
<b>Receipts</b>	<b>\$807,108</b>	<b>\$807,108</b>
<hr/>		
<b>Appropriation</b>	<b>(\$1,217,902)</b>	<b>(\$1,217,902)</b>
<b>Positions</b>	<b>(22.500)</b>	<b>(22.500)</b>

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**Water Resources**

**1. Transfer Capital Funds to Stream Monitoring Network**

This recommendation transfers savings from Water Resources Development Program funds to the division's operating budget to support the stream monitoring network on a nonrecurring basis for both years of the biennium and reduces the General Fund operating budget in a like amount.

<b>Requirements</b>	-	-
<b>Receipts - Nonrecurring</b>	<b>\$423,000</b>	<b>\$423,000</b>
<hr/>		
<b>Appropriation - Nonrecurring</b>	<b>(\$423,000)</b>	<b>(\$423,000)</b>

**2. Transfer Capital Funds to Groundwater Well Monitoring Network**

This recommendation transfers savings from Water Resources Development Program funds to the division's operating budget to support the groundwater well monitoring network on a nonrecurring basis for both years of the biennium and reduces the General Fund operating budget in a like amount.

<b>Requirements</b>	-	-
<b>Receipts - Nonrecurring</b>	<b>\$141,227</b>	<b>\$141,227</b>
<hr/>		
<b>Appropriation - Nonrecurring</b>	<b>(\$141,227)</b>	<b>(\$141,227)</b>

**Zoological Park**

**1. Reduce Operating Budget and Shift to Receipts**

It is recommended that operating funds be reduced in the amount of \$803,198. In addition \$400,000 in carousel admissions and stroller rental receipts shall be budgeted.

<b>Requirements</b>	<b>(\$806,396)</b>	<b>(\$806,396)</b>
<b>Receipts</b>	<b>\$400,000</b>	<b>\$400,000</b>
<hr/>		
<b>Appropriation</b>	<b>(\$1,206,396)</b>	<b>(\$1,206,396)</b>

**2. Outsource the Operation of Zoo Gift Shops**

It is recommended that the funding to operate and support the five gift shops at the Zoo be outsourced.

<b>Appropriation</b>	<b>(\$603,198)</b>	<b>(\$603,198)</b>
<b>Positions</b>	<b>(7.000)</b>	<b>(7.000)</b>

**Reserves and Special Funds**

**1. Reduce Partnership for the Sound**

It is recommended that pass-through funding for the Partnership for the Sound be reduced by 10%.

**Appropriation      (\$48,156)                      (\$48,156)**

**2. Reduce Grassroots Science Museums**

It is recommended that pass-through funding for the Grassroots Science Museums be reduced by 10%.

**Appropriation      (\$341,171)                      (\$341,171)**

**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$24,285,467)	(\$25,112,725)
Receipts	376,001	376,001
	(\$24,661,468)	(\$25,488,726)
Appropriation	(224,500)	(224,500)
Positions		
<b>Nonrecurring</b>		
Requirements	(\$330,000)	(\$330,000)
Receipts	564,227	564,227
	(\$894,227)	(\$894,227)
Appropriation	-	-
Positions		

**Continuation**

	<u>2011-12</u>	<u>2012-13</u>
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**Soil and Water Conservation (DSWC)**

**1. Transfer Funds from Agriculture to DSWC**

This recommendation transfers the responsibility for the Farmland Preservation Trust Fund's Voluntary Agricultural District (VAD) programs and the conservation easement programs from the Department of Agriculture and Consumer Services to the Department of Environment and Natural Resources, Division of Soil and Water Conservation (DSWC). The Division may use a portion of these funds to contract for necessary administrative services, such as legal and documentation services associated with land transactions.

**Appropriation      \$1,250,000                      \$1,250,000**

**Total Recommended Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$1,250,000	\$1,250,000
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$1,250,000	\$1,250,000
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Reserves and Special Funds</b>		
<b>1. Drinking Water State Revolving Fund Match</b>		
This recommendation provides the required 20% state match money of \$7,118,600 for the Drinking Water State Revolving Funds in order to leverage \$35,593,000 of federal funds. Funds are requested on a recurring basis, and the amount will be adjusted annually to reflect the actual match required.		
<b>Appropriation</b>	<b>\$7,118,600</b>	<b>\$7,118,600</b>
<b>2. Clean Water State Revolving Fund Match</b>		
This recommendation provides the required 20% state match money of \$7,354,600 for the Clean Water State Revolving Fund Program in order to leverage \$36,773,000 of federal funds. Funds are requested on a recurring basis, and the amount will be adjusted annually to reflect the actual match required.		
<b>Appropriation</b>	<b>\$7,354,600</b>	<b>\$7,354,600</b>

**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$14,473,200	\$14,473,200
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$14,473,200	\$14,473,200
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Department of Environment and Natural Resources (14300)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$8,562,267)	(\$9,389,525)
Receipts	376,001	376,001
	<hr/>	<hr/>
Appropriation	(\$8,938,268)	(\$9,765,526)
Positions	(224.500)	(224.500)
<b>Nonrecurring</b>		
Requirements	(\$330,000)	(\$330,000)
Receipts	564,227	564,227
	<hr/>	<hr/>
Appropriation	(\$894,227)	(\$894,227)
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$9,832,495)	(\$10,659,753)
<b>Total Position Adjustments</b>	(224.500)	(224.500)

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*Governor's Recommended Adjustments to Base Budget*

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## DENR - Clean Water Management Trust Fund (14301)

### Recommended General Fund Budget and Positions

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$100,000,000	\$100,000,000
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$100,000,000	\$100,000,000
<b>Adjustments</b>		
<b>Requirements</b>	(\$50,000,000)	(\$50,000,000)
<b>Receipts</b>	=	=
<b>Appropriation</b>	(\$50,000,000)	(\$50,000,000)
<b>Total</b>		
<b>Requirements</b>	\$50,000,000	\$50,000,000
<b>Receipts</b>	=	=
<b>Recommended Appropriation</b>	<u>\$50,000,000</u>	<u>\$50,000,000</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>-</u>	<u>-</u>
<b>Recommended Positions</b>	<u>-</u>	<u>-</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Reduce Appropriation</b>		
It is recommended that the appropriation to the Clean Water Management Trust Fund be reduced by 50%, or \$50,000,000, on a non-recurring basis for both years of the 2011-13 biennium. This reduction maintains the same level of funding as was appropriated in 2009-11 biennium.		
<b>Appropriation - Nonrecurring (\$50,000,000)</b>	<b>(\$50,000,000)</b>	<b>(\$50,000,000)</b>

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### Total Recommended Reductions

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	(\$50,000,000)	(\$50,000,000)
Receipts	-	-
Appropriation	(\$50,000,000)	(\$50,000,000)
Positions	-	-

**Total Recommended Adjustments for  
 DENR - Clean Water Management Trust Fund (14301)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	(\$50,000,000)	(\$50,000,000)
Receipts	-	-
	-	-
Appropriation	(\$50,000,000)	(\$50,000,000)
Positions	-	-
<b>Total Appropriation Adjustments</b>	(\$50,000,000)	(\$50,000,000)
<b>Total Position Adjustments</b>	-	-





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# **Recommended Adjustments**

## Transportation

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Highway Fund

Highway Trust Fund

Turnpike Authority

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# Department of Transportation

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## **Mission**

Connecting people and places in North Carolina - safely and efficiently, with accountability and environmental sensitivity.

## **Goals**

Make the state transportation network safer.

Make the state transportation network move people and goods more efficiently.

Make infrastructure last longer.

Make this organization a place that works well.

Make this organization a great place to work.

Table 7

## Governor's Recommended Highway Fund and Highway Trust Fund Budget, 2011-12

Function	FY 2011-12 Recommended Base Budget	Reductions				Other Continuation/Expansion				Net Change	2011-12 Recommended Appropriation	Net Position Change
		Recurring	Nonrecurring	Appropriation Supported Positions	Nonrecurring	Recurring	Nonrecurring	Appropriation Supported Positions				
DOT Administration	91,111,046	(4,507,486)	-	(7.00)	2,559,687	-	-	-	(1,947,799)	89,163,247	(7.00)	
<i>Division of Highways</i>												
Administration	34,876,793	(135,809)	-	-	31,080	-	-	-	(104,729)	34,772,064	-	
Construction	119,333,921	(1,134,009)	-	-	-	-	-	-	(1,134,009)	118,199,912	-	
Maintenance	892,730,964	-	-	-	83,467,009	-	-	-	83,467,009	976,197,973	-	
Planning and Research	4,055,402	-	-	-	-	-	-	-	-	4,055,402	-	
OSHA Program	372,792	-	-	-	-	-	-	-	-	372,792	-	
Ferry Operations	41,589,218	(2,097,950)	-	-	-	2,075,000	-	-	(22,950)	41,566,268	-	
<i>State Aid</i>												
Municipalities	89,373,921	-	-	-	-	-	-	-	-	89,373,921	-	
Public Transportation	96,544,229	(3,824,300)	-	-	-	-	-	-	(3,824,300)	92,719,929	-	
Airports	21,451,413	(996,650)	-	-	-	-	-	-	(996,650)	20,454,763	-	
Railroads	17,101,153	-	-	-	3,000,000	-	-	-	3,000,000	20,101,153	-	
Governor's Highway Safety Program	305,026	(28,233)	-	(0.50)	1,342	-	-	-	(26,891)	278,135	(0.50)	
Division of Motor Vehicles	102,100,132	(5,024,319)	-	-	384,197	8,500	-	5.00	(4,631,622)	97,468,510	5.00	
Other State Agencies	295,405,113	(133,468)	-	-	830,000	-	-	-	696,532	296,101,645	-	
Reserves and Transfers	851	(8,212,894)	-	(86.00)	11,126,329	-	-	-	2,913,435	2,914,286	(86.00)	
Capital Improvements	-	-	-	-	-	15,000,000	-	-	15,000,000	15,000,000	-	
<b>Total Highway Fund</b>	<b>1,806,351,974</b>	<b>(26,095,118)</b>	<b>-</b>	<b>(93.50)</b>	<b>101,399,644</b>	<b>17,083,500</b>	<b>-</b>	<b>5.00</b>	<b>92,368,026</b>	<b>1,898,740,000</b>	<b>(88.50)</b>	
Administration	44,774,400	-	-	-	3,046,080	-	-	-	3,046,080	47,820,480	-	
<i>Construction</i>												
Intrastate System	400,159,706	-	-	-	35,783,118	-	-	-	35,783,118	435,942,824	-	
Urban Loop System	132,130,237	-	-	-	14,469,203	-	-	-	14,469,203	146,599,440	-	
Secondary Roads	61,155,667	-	-	-	6,407,115	-	-	-	6,407,115	67,562,782	-	
State Aid to Municipalities	44,850,986	-	-	-	3,754,484	-	-	-	3,754,484	48,605,470	-	
<i>Bonds</i>												
Bond Redemption	56,568,732	-	-	-	-	-	-	-	-	56,568,732	-	
Bond Interest	22,662,996	-	-	-	-	-	-	-	-	22,662,996	-	
NC Turnpike Authority	99,000,000	-	-	-	-	-	-	-	-	99,000,000	-	
NC Mobility Fund	31,000,000	-	-	-	-	-	-	-	-	31,000,000	-	
Transfer to the General Fund	41,497,276	-	-	-	-	-	-	-	-	41,497,276	-	
<b>Total Highway Trust Fund</b>	<b>933,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,460,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,460,000</b>	<b>997,260,000</b>	<b>-</b>	

Table 8

## Governor's Recommended Highway Fund and Highway Trust Fund Budget, 2012-13

Function	Recommended Base Budget	Reductions				Other Continuation/Expansion				2012-13 Recommended Appropriation	Net Change	2012-13 Net Position Change
		Recurring		Nonrecurring		Recurring		Nonrecurring				
				Appropriation Supported Positions				Appropriation Supported Positions				
DOT Administration	91,111,046	(4,507,486)	-	(7.00)	2,596,848	-	-	-	(1,910,638)	89,200,408	(7.00)	
<i>Division of Highways</i>												
Administration	34,876,793	(135,809)	-	-	82,139	-	-	-	(53,670)	34,823,123	-	
Construction	118,440,182	(1,134,009)	-	-	1,707,042	-	-	-	573,033	119,013,215	-	
Maintenance	892,730,964	-	-	-	104,854,999	-	-	-	104,854,999	997,585,963	-	
Planning and Research	4,055,402	-	-	-	-	-	-	-	-	4,055,402	-	
OSHA Program	372,792	-	-	-	-	-	-	-	-	372,792	-	
Ferry Operations	41,589,218	(2,097,950)	-	-	-	30,125,000	-	-	28,027,050	69,616,268	-	
<i>State Aid</i>												
Municipalities	88,480,182	-	-	-	1,707,042	-	-	-	1,707,042	90,187,224	-	
Public Transportation	96,544,229	(3,824,300)	-	-	-	-	-	-	(3,824,300)	92,719,929	-	
Airports	25,361,031	(996,650)	-	-	7,000,000	-	-	-	(996,650)	24,364,381	-	
Railroads	17,101,153	-	-	-	-	-	-	-	7,000,000	24,101,153	-	
Governor's Highway Safety Program	305,026	(28,233)	-	(0.50)	1,812	-	-	-	(26,421)	278,605	(0.50)	
Division of Motor Vehicles	102,100,132	(5,024,319)	-	-	501,262	-	-	5.00	(4,523,057)	97,577,075	5.00	
Other State Agencies	299,339,830	-	-	-	1,134,415	-	-	-	1,134,415	300,474,245	-	
Reserves and Transfers	851	(14,904,652)	-	(86.00)	23,034,018	-	-	-	8,129,366	8,130,217	(86.00)	
Capital Improvements	-	-	-	-	-	15,000,000	-	-	15,000,000	15,000,000	-	
<b>Total Highway Fund</b>	<b>1,812,408,831</b>	<b>(32,653,408)</b>	<b>-</b>	<b>(93.50)</b>	<b>142,619,577</b>	<b>45,125,000</b>	<b>5.00</b>	<b>155,091,169</b>	<b>1,967,500,000</b>	<b>(88.50)</b>		
Administration	47,107,200	-	-	-	2,301,120	-	-	-	2,301,120	49,408,320	-	
<i>Construction</i>												
Intrastate System	426,779,768	-	-	-	27,932,798	-	-	-	27,932,798	454,712,566	-	
Urban Loop System	141,057,947	-	-	-	11,294,860	-	-	-	11,294,860	152,352,807	-	
Secondary Roads	66,820,944	-	-	-	3,365,012	-	-	-	3,365,012	70,185,956	-	
State Aid to Municipalities	47,672,145	-	-	-	2,930,802	-	-	-	2,930,802	50,602,947	-	
<i>Bonds</i>												
Bond Redemption	61,646,984	-	-	-	-	-	-	-	-	61,646,984	-	
Bond Interest	19,834,559	-	-	-	-	-	-	-	-	19,834,559	-	
NC Turnpike Authority	99,000,000	-	-	-	-	-	-	-	-	99,000,000	-	
NC Mobility Fund	45,000,000	-	-	-	-	-	-	-	-	45,000,000	-	
Transfer to the General Fund	27,480,453	-	-	-	115,408	-	-	-	115,408	27,595,861	-	
<b>Total Highway Trust Fund</b>	<b>982,400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,940,000</b>	<b>-</b>	<b>-</b>	<b>47,940,000</b>	<b>1,030,340,000</b>	<b>-</b>		

Figure 8

**Appropriations  
 North Carolina Transportation Program  
 2011-12**

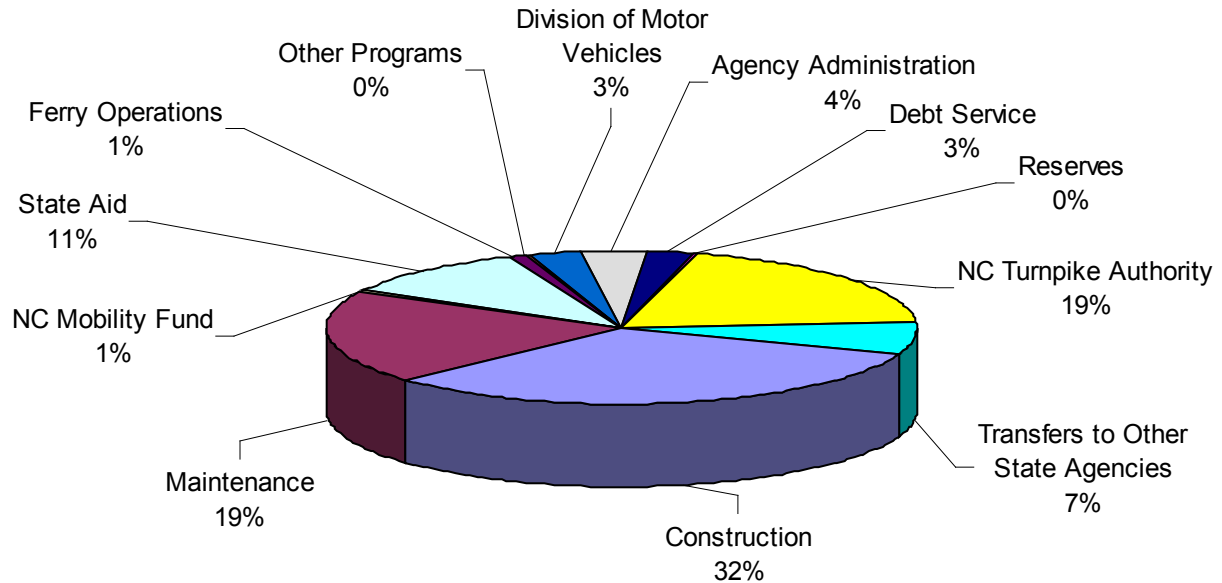
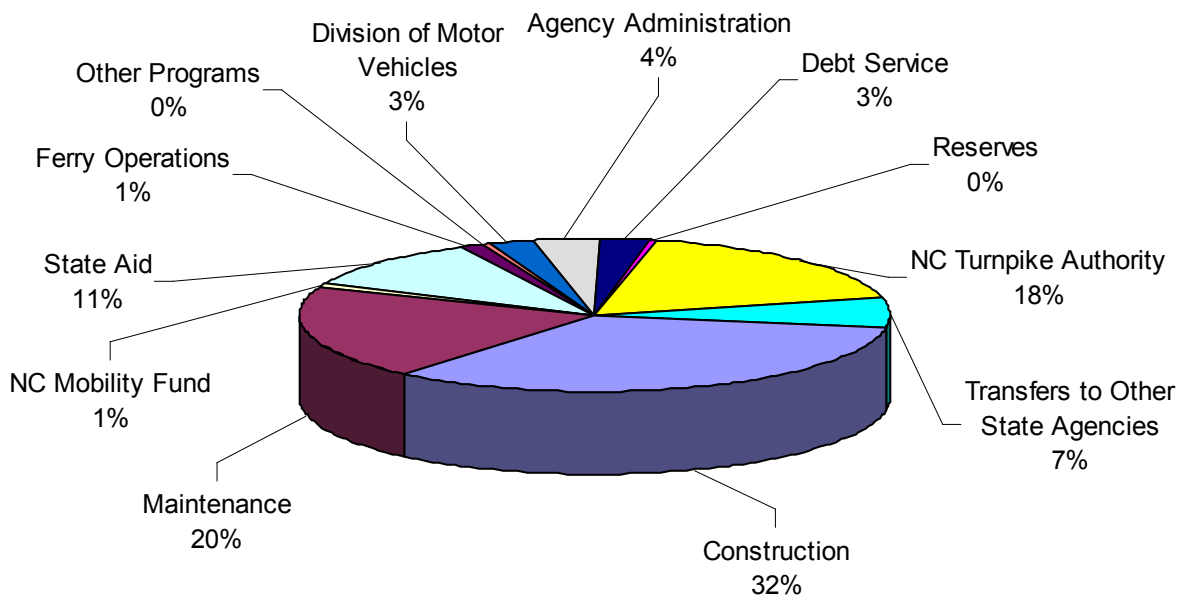


Figure 9

**Appropriations  
 North Carolina Transportation Program  
 2012-13**



# Highway Fund Revenue Forecast

### Revised Base Revenue Projections

Fiscal year 2010-11 revenues are expected to slightly outpace certified revenues by 0.2% and total \$1,796.53 million. This increase is due in part to the reset of the excise tax on motor fuels, which increased from 31.9 cents a gallon to 32.5 cents a gallon in January 2011. Motor fuel consumption is also expected to recover slightly from a projected 0.9% decline to just less than 1% growth for the period. Licenses and fees continue to be a drag on revenue collections. Revised revenue projections of licenses and fees are expected to fall short of fiscal year 2010-11 certified revenue by 2.3%.

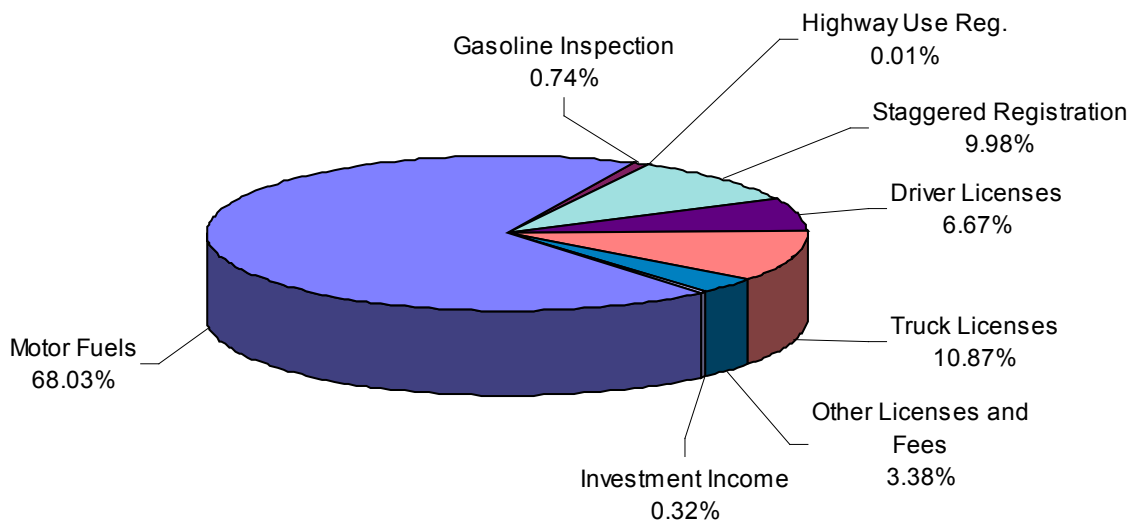
### Biennium 2011-13 Revenue Projections

Projected revenues for fiscal year 2011-12 are expected to exceed fiscal year 2010-11 revised revenues by 5.7% and total \$1,898.74 million. The increase is due in part to the excise tax on motor fuel increasing from an average of 32.2 cents a gallon in fiscal year 2010-11 to an estimated average of 34.2 cents a gallon for fiscal year 2011-12. Motor fuel consumption in the first year of

the biennium is expected to remain around 1% over the revised revenue projections for fiscal year 2010-11. Licenses and fees are expected to increase 1.3% over revised revenue projections for fiscal year 2010-11. This change can be attributed to an expected increase in domestic and international truck registrations as the economic recovery gains traction in the state and nation.

Projected revenues for fiscal year 2012-13 are expected to outpace fiscal year 2011-12 projections by 3.6% and total \$1,967.50 million. This increase is due in part to the excise tax on motor fuel increasing from a projected average of 34.2 cents a gallon in fiscal year 2011-12 to a projected average of 35.4 cents a gallon for fiscal year 2012-13. Motor fuel consumption is expected to increase slightly above 1% growth, while licenses and fees are expected to remain constant at 1.3% growth in the second year of the biennium.

Figure 10  
**Highway Fund  
Revenue Collections  
2011-12**



**Table 9**  
**Highway Fund Revenue by Fiscal Year: Recent History and Forecast**  
(\$ Millions)

Source	2007-08	2008-09	2009-10	2010-11	2010-11	2010-11	2011-12	2012-13	Percent
	Actual	Actual	Actual	Budget	Budget	Estimate	Budget	Budget	Change
									Change
<b><u>Motor Fuels Tax</u></b>									
Motor Fuels	1,168.72	1,114.99	1,143.61	\$1,180.14	\$1,180.14	\$1,196.41	\$1,291.63	\$1,352.74	8.0%
Gasoline Inspection	14.20	13.67	14.11	13.41	13.41	13.98	14.11	14.27	0.9%
Highway Use Reg.	0.26	0.23	0.29	0.16	0.16	0.16	0.20	0.20	25.0%
Total Motor Fuel Taxes	\$1,183.18	\$1,128.89	\$1,158.01	\$1,193.71	\$1,193.71	\$1,210.55	\$1,305.93	\$1,367.21	7.9%
<b><u>Licenses and Fees</u></b>									
Staggard Registration	\$197.43	\$195.93	\$189.08	\$188.06	\$188.06	\$189.30	\$189.58	\$189.87	0.2%
International Registration Plan	65.11	62.07	58.68	66.62	66.62	66.90	68.37	69.88	2.2%
Driver Licenses	133.33	129.66	126.53	127.76	127.76	126.00	126.63	127.26	0.5%
Truck Licenses	137.96	134.02	128.14	140.71	140.71	135.02	137.99	141.03	2.2%
Other Licenses and Fees	72.74	63.65	56.04	69.67	69.67	62.26	64.23	66.26	3.2%
Total Licenses and Fees	\$606.57	\$585.33	\$558.47	\$592.82	\$592.82	\$579.48	\$586.80	\$594.30	1.3%
<b><u>Investment Income</u></b>									
	\$39.88	\$24.39	\$15.23	\$6.00	\$6.00	\$6.50	\$6.00	\$6.00	-7.7%
<b>Total Highway Fund Availability</b>	<b>\$1,829.63</b>	<b>\$1,738.61</b>	<b>\$1,731.71</b>	<b>\$1,792.53</b>	<b>\$1,792.53</b>	<b>\$1,796.53</b>	<b>\$1,898.74</b>	<b>\$1,967.50</b>	<b>5.7%</b>

\* Revised Estimate based on actual collections through December 2010.

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



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## Highway Trust Fund Revenue Forecast

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### Revised Base Revenue Projections

Fiscal year 2010-11 revenues are expected to exceed certified revenues by 2.1% and total \$948.34 million. This increase is due in part to the reset of the excise tax on motor fuels, which increased from 31.9 cents a gallon to 32.5 cents a gallon in January 2011. Motor fuel consumption is also expected to recover slightly from a projected 0.9% decline to just less than 1% growth for the period. The highway use tax is expected to increase 3.2% over certified revenues and the increase is expected to drive title registrations slightly higher to 1.4% growth.

### Biennium 2011-13 Revenue Projections

Projected revenues for fiscal year 2011-12 are expected to outpace revised fiscal year 2010-11 by 5.2% and total \$997.26 million. The increase is due in part to the excise tax on motor fuel increasing from an average of 32.2 cents a gallon in fiscal year 2010-11 to an estimated average of 34.2 cents a gallon for fiscal year 2011-12. Motor

fuel consumption in the first year of the biennium is expected to remain around 1% over the revised revenue projections for fiscal year 2010-11. The highway use tax is expected to increase 3.3% over revised fiscal year 2010-11 revenue projections and title registrations are expected to register similar gains.

Projected revenues for fiscal year 2012-13 are expected to exceed fiscal year 2011-12 projections by 3.3% and total \$1,030.34 million. This increase is due in part to the excise tax on motor fuel increasing from a projected average of 34.2 cents a gallon in fiscal year 2011-12 to a projected average of 35.4 cents a gallon for fiscal year 2012-13. Motor fuel consumption is expected to increase slightly above 1% growth for the period. The highway use tax is expected to increase 2.3% over fiscal year 2011-12 revenue projections and title registrations are expected to post a similar increase.

Figure 11

### Highway Trust Fund Revenue Collections 2011-12

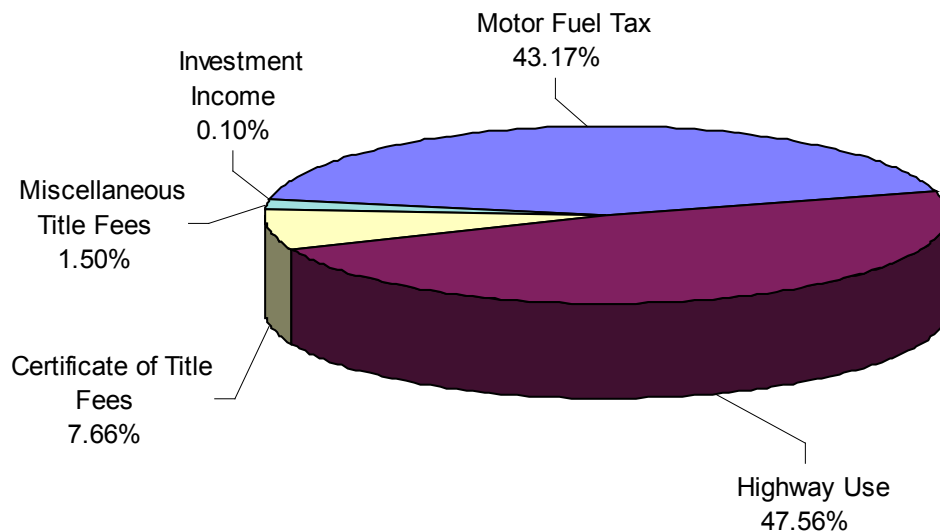


Figure 12  
**Funding Sources**  
**North Carolina Transportation Program**  
**2011-12**

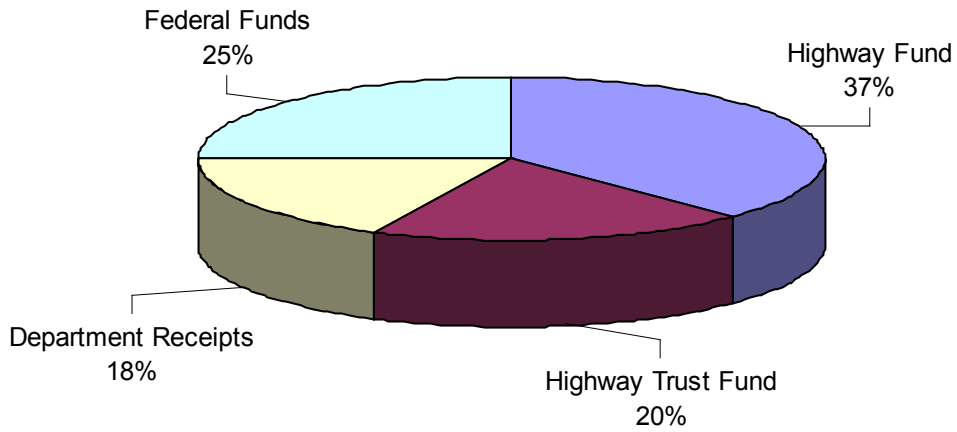
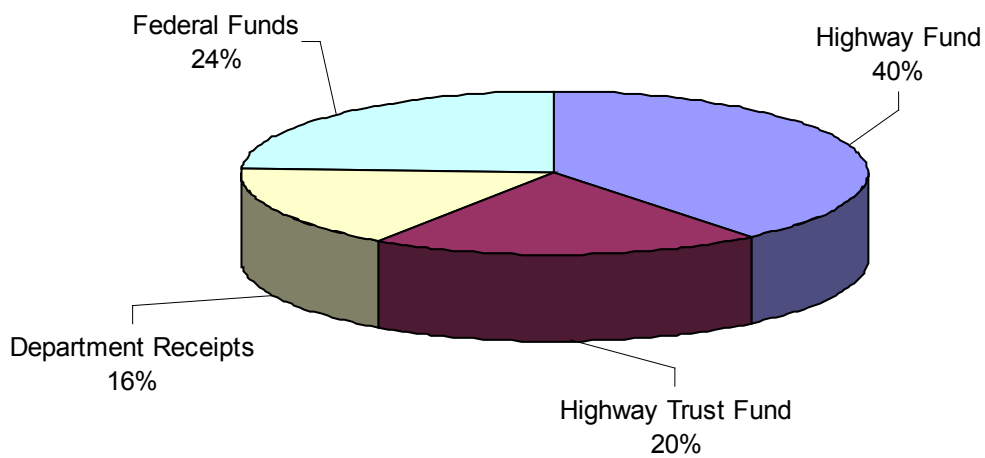


Figure 13  
**Funding Sources**  
**North Carolina Transportation Program**  
**2012-13**



**Table 10**  
**Highway Trust Fund Revenue by Fiscal Year: Recent History and Forecast**  
(\$ Millions)

Source	2007-08		2008-09		2009-10		2010-11		2010-11		2011-12		2012-13		Percent Change
	Actual		Actual		Actual		Budget	Estimate	Budget	Budget	Budget	Budget	Change		
<b><u>Fuel Taxes and Fees</u></b>															
Motor Fuel Tax	\$391.61	\$377.53	\$381.91	\$393.38	398.80	430.54	450.91	474.29	485.01	8.0%	8.0%	450.91	4.7%		
Highway Use	563.16	441.35	440.48	445.00	459.14	474.29	485.01	485.01	485.01	3.3%	3.3%	485.01	2.3%		
Certificate of Title Fees	87.02	72.14	72.6	\$73.70	74.70	76.42	78.10	78.10	78.10	2.3%	2.3%	78.10	2.2%		
Miscellaneous Title Fees	16.62	13.88	13.13	15.25	14.70	15.01	15.32	15.32	15.32	2.1%	2.1%	15.32	2.1%		
Subtotal	\$1,058.41	\$904.90	\$908.12	\$927.33	\$947.34	\$996.26	\$1,029.34	\$1,029.34	\$1,029.34	5.2%	5.2%	\$1,029.34	3.3%		
<b><u>Interest on Investments</u></b>	\$1.64	\$0.94	\$1.03	\$1.40	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	0.0%	0.0%	\$1.00	0.0%		
<b>Total Highway Trust Fund Availability</b>	\$1,060.05	\$905.84	\$909.15	\$928.73	\$948.34	\$997.26	\$1,030.34	\$1,030.34	\$1,030.34	5.2%	5.2%	\$1,030.34	3.3%		

\* Revised Estimate based on actual collections through December 2010.

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

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*Governor's Recommended Adjustments to Base Budget*

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**Highway Fund Budget Changes (84210)**

**Recommended Highway Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$3,105,019,686	\$3,087,619,196
<b>Receipts</b>	<u>\$1,298,667,712</u>	<u>\$1,275,210,365</u>
<b>Appropriation</b>	\$1,806,351,974	\$1,812,408,831
<b>Adjustments</b>		
<b>Requirements</b>	\$92,593,356	\$155,021,225
<b>Receipts</b>	<u>\$205,330</u>	<u>(\$69,944)</u>
<b>Appropriation</b>	\$92,388,026	\$155,091,169
<b>Total</b>		
<b>Requirements</b>	\$3,197,613,042	\$3,242,640,421
<b>Receipts</b>	<u>\$1,298,873,042</u>	<u>\$1,275,140,421</u>
<b>Recommended Appropriation</b>	<u>\$1,898,740,000</u>	<u>\$1,967,500,000</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	13,495.000	13,495.000
<b>Reductions</b>	(93.500)	(93.500)
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>5.000</u>	<u>5.000</u>
<b>Recommended Positions</b>	<u>13,406.500</u>	<u>13,406.500</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### Department-Wide Administration

##### 1. Agency Administration

It is recommended that salary and operating budgets available for administration of the Department of Transportation, the Division of Highways, and the Division of Motor Vehicles be reduced for the biennium. Receipts are recommended for increase to allow for split funding of law enforcement positions in the Division of Motor Vehicles.

<b>Requirements</b>	(\$8,895,528)	(\$8,895,528)
<b>Receipts</b>	\$800,319	\$800,319
<hr/>		
<b>Appropriation</b>	(\$9,695,847)	(\$9,695,847)
<b>Positions</b>	(7.500)	(7.500)

##### 2. Agency Administration - Receipts

It is recommended that salary and operating funds available for administration of the Department of Transportation, Division of Highways, and the Division of Motor Vehicles supported from receipts be reduced for the biennium. A total of 9.5 receipt supported positions will be eliminated.

<b>Requirements</b>	(\$887,297)	(\$942,679)
<b>Receipts</b>	(\$887,297)	(\$942,679)
<hr/>		
<b>Appropriation</b>	-	-

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### Construction

##### 1. Small Construction Funds

It is recommended that Highway Fund appropriations for contingency, division small urban, and public service road construction be reduced for the biennium.

<b>Appropriation</b>	(\$1,134,009)	(\$1,134,009)
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### Multi-Modal Transportation

##### 1. Public Transportation, Aviation, and Ferry Funds

It is recommended that Highway Fund appropriations for multi-modal transportation programs be reduced for the biennium.

<b>Appropriation</b>	(\$6,918,900)	(\$6,918,900)
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**Reserves and Transfers**

**1. Reserve for Internal Consolidations and Eliminations**

It is recommended that a reserve be established to allow the department to realize additional savings through a series of program consolidations and/or eliminations. The savings reflected here are for programs that receive a direct appropriation for their activities from the Highway Fund. It is anticipated that there will also be additional savings from receipt-supported activities and highway field operations.

<b>Appropriation</b>	<b>(\$1,071,606)</b>	<b>(\$1,071,606)</b>
<b>Positions</b>	<b>(41.000)</b>	<b>(41.000)</b>

**2. Employee Retirement Incentive Program**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source.

<b>Appropriation</b>	<b>(\$2,977,459)</b>	<b>(\$7,424,028)</b>
<b>Positions</b>	<b>(45.000)</b>	<b>(45.000)</b>

**3. State Health Plan Savings from Recommended Benefit Changes**

It is recommended that funds for health care premiums for employees in the Department of Transportation and other state agencies that are supported from Highway Fund appropriations be reduced to effect savings from recommended benefit changes for employees and retirees.

<b>Appropriation</b>	<b>(\$4,163,829)</b>	<b>(\$6,409,018)</b>
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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$26,048,628)	(\$32,795,768)
Receipts	(86,978)	(142,360)
Appropriation	(\$25,961,650)	(\$32,653,408)
Positions	(93.500)	(93.500)

**Nonrecurring**

Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Continuation**

2011-12                      2012-13

**Mandated Adjustments**

**1. Statutory Adjustment to Leaking Underground Storage Tank Fund**

In accordance with G.S. 105-119(a) and (b), an adjustment is required to the appropriation for the Leaking Underground Storage Tank Fund to bring the allocation in line with current Highway Fund revenue projections for the gasoline inspection fee.

**Appropriation**                      **\$830,000**                      **\$940,000**

**2. Statutory Adjustment to Aid to Municipalities Allocation**

In accordance with G.S. 136-41.1, an adjustment based on the estimated gallons of motor fuel sold is necessary to bring the state aid to municipalities (Powell Bill) in line with current revenue projections.

**Appropriation**                      -                      **\$1,707,042**

**3. Statutory Adjustment to Secondary Roads Construction Allocation**

In accordance with G.S. 136-44.2A, an adjustment based on the estimated gallons of motor fuel sold is necessary to bring the allocation for secondary roads construction in line with current revenue projections.

**Appropriation**                      -                      **\$1,707,042**

**Department-Wide Administration**

**1. Personnel Related Adjustments**

It is recommended that the continuation budget be adjusted for personnel and benefits related items to properly align the budget with requirements for the biennium.

**Appropriation**                      **\$142,331**                      **\$326,288**

**2. Personnel Related Adjustments - Receipts**

It is recommended that the continuation budget be adjusted for personnel and benefits related items supported from receipts to properly align the budget with requirements for the biennium.

**Requirements**                      **\$42,308**                      **\$72,416**

**Receipts**                      **\$42,308**                      **\$72,416**

**Appropriation**                      -                      -

**3. Lease Agreements - Information Technology**

It is recommended that the continuation budget be adjusted to allow for sufficient funds to pay for existing lease agreements for the Information Technology Division.

<b>Appropriation</b>	<b>\$450,000</b>	<b>\$450,000</b>
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**Motor Vehicle Services**

**1. Lease Agreements - Driver Services**

It is recommended that the continuation budget be adjusted to provide funding for the incremental increase in long term lease facilities for the Driver Services Program within the Division of Motor Vehicles.

<b>Appropriation</b>	<b>\$49,445</b>	<b>\$75,743</b>
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**Total Recommended Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$1,514,084	\$5,278,531
Receipts	42,308	72,416
Appropriation	\$1,471,776	\$5,206,115
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Expansion**

	<u>2011-12</u>	<u>2012-13</u>
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**Maintenance**

**1. Maintenance Funds**

It is recommended that additional funds be provided for maintenance of the state's highway infrastructure.

<b>Appropriation</b>	<b>\$83,467,009</b>	<b>\$104,854,999</b>
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**Multi-Modal Transportation**

**1. Repair, Replacement, and Maintenance of Ferry Vessels**

It is recommended that nonrecurring funds be provided for several projects designed to enhance, maintain, or extend the life of the aging ferry fleet. Projects include the purchase of a new river class



ferry, replacement of a dredge and dredge support vehicle, purchase of spare main engines, repair to a water tower, replacement of a ramp, and refurbishment of a ramp.

<b>Appropriation - Nonrecurring</b>	<b>\$2,075,000</b>	<b>\$30,125,000</b>
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**2. Provide State Match Funds for the Rail Division**

It is recommended that funds be provided to match federal funds available for competitive discretionary grants to states authorized under the Passenger Rail Investment and Improvement Act of 2008.

<b>Appropriation</b>	<b>\$3,000,000</b>	<b>\$7,000,000</b>
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**Department-Wide Administration**

**1. ITS Processing Fees**

It is recommended that additional funds be provided to the Information Technology Division to pay for an increase in ITS processing costs. The increase is directly related to an increase in mainframe usage fees for the applications at the Division of Motor Vehicles.

<b>Appropriation</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>
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**Motor Vehicle Services**

**1. Commercial Driver License Examiners for Dedicated Skills Sites**

It is recommended that funds be provided for five additional Driver License Examiners to staff two Commercial Driver License (CDL) skills testing sites in Lumberton and Iredell County. The dedicated sites are instrumental in preventing substandard testing and fraud in the CDL Program.

<b>Appropriation</b>	<b>\$229,530</b>	<b>\$225,030</b>
<b>Appropriation - Nonrecurring</b>	<b>\$8,500</b>	<b>-</b>
<b>Positions</b>	<b>5.000</b>	<b>5.000</b>

**2. Security Personnel for Charlotte Registration and IRP Office**

It is recommended that funds be provided for security personnel at the Charlotte Registration/International Registration Plan (IRP) office to protect the State's assets and ensure a secure work environment for customers and staff. This facility also houses a driver license office. This location averages \$35,000 - \$40,000 in daily collections of cash and checks.

<b>Appropriation</b>	<b>\$105,000</b>	<b>\$105,000</b>
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**Reserves and Transfers**

**1. Retirement System Contribution**

It is recommended that the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for employees in the Department of Transportation and other state agencies supported with Highway Fund appropriations be increased to maintain the system's actuarially sound status.

<b>Appropriation</b>	<b>\$5,662,500</b>	<b>\$11,325,000</b>
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**2. State Health Plan**

It is recommended that the employer contribution to the Teachers' and State Employees' Comprehensive Major Medical Plan for employees in the Department of Transportation and other state agencies supported from Highway Fund appropriations be increased to help keep the plan solvent.

<b>Appropriation</b>	<b>\$5,463,829</b>	<b>\$11,709,018</b>
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**3. Driver Education Program**

An adjustment in the funds for the Driver Education Program is recommended to support revised average daily membership of students who will become eligible to complete driver education training during the 2011-13 biennium.

<b>Appropriation</b>	<b>(\$133,468)</b>	<b>\$194,415</b>
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**Capital, Repair and Renovation**

**1. Funds for Facility Improvements and Repairs**

It is recommended that nonrecurring funds be provided to allow the department to address critical life safety repairs, renovations, and replacement of its field facilities. Projects to be funded are critical to the success of the department to effectively deliver its statutorily mandated programs and services.

<b>Requirements - Nonrecurring</b>	<b>\$15,250,000</b>	<b>\$15,000,000</b>
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<b>Receipts - Nonrecurring</b>	<b>\$250,000</b>	
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<b>Appropriation - Nonrecurring</b>	<b>\$15,000,000</b>	<b>\$15,000,000</b>
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**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$99,794,400	\$137,413,462
Receipts	-	-
Appropriation	<u>\$99,794,400</u>	<u>\$137,413,462</u>
Positions	5.000	5.000

**Nonrecurring**

Requirements	\$17,333,500	\$45,125,000
Receipts	250,000	-
	<hr/>	<hr/>
Appropriation	\$17,083,500	\$45,125,000
Positions	-	-

**Total Recommended Adjustments for  
 Highway Fund Budget Changes (84210)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$75,259,856	\$109,896,225
Receipts	(44,670)	(69,944)
	<hr/>	<hr/>
Appropriation	\$75,304,526	\$109,966,169
Positions	(88,500)	(88,500)
<b>Nonrecurring</b>		
Requirements	\$17,333,500	\$45,125,000
Receipts	250,000	-
	<hr/>	<hr/>
Appropriation	\$17,083,500	\$45,125,000
Positions	-	-
<b>Total Appropriation Adjustments</b>	\$92,388,026	\$155,091,169
<b>Total Position Adjustments</b>	(88,500)	(88,500)

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*Governor's Recommended Adjustments to Base Budget*

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**Highway Trust Fund Budget Changes (84290)**

**Recommended Highway Trust Fund Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$933,800,000	\$982,400,000
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$933,800,000	\$982,400,000
<b>Adjustments</b>		
<b>Requirements</b>	\$63,460,000	\$47,940,000
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$63,460,000	\$47,940,000
<b>Total</b>		
<b>Requirements</b>	\$997,260,000	\$1,030,340,000
<b>Receipts</b>	=	=
<b>Recommended Appropriation</b>	<u>\$997,260,000</u>	<u>\$1,030,340,000</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>-</u>	<u>-</u>
<b>Recommended Positions</b>	<u><u>-</u></u>	<u><u>-</u></u>

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## Appropriation Items -- Recommended Adjustments

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### Continuation

	<u>2011-12</u>	<u>2012-13</u>
<b>1. Statutory Adjustment to Intrastate System Allocation</b>		
An adjustment consistent with statutory formulas is recommended to the appropriation for the intrastate system. The adjustment is required to bring the allocation in line with current Highway Trust Fund revenue projections for the 2011-13 biennium.		
	<b>Appropriation \$35,783,118</b>	<b>\$27,932,798</b>
<b>2. Statutory Adjustment to Urban Loops Construction</b>		
An adjustment consistent with statutory formulas is recommended to the appropriation for urban loops construction. The adjustment is required to bring the allocation in line with current Highway Trust Fund revenue projections for the 2011-13 biennium.		
	<b>Appropriation \$14,469,203</b>	<b>\$11,294,860</b>
<b>3. Statutory Adjustment to Aid to Municipalities Allocation</b>		
An adjustment consistent with statutory formulas is recommended to the appropriation for state aid to municipalities (Powell Bill). The adjustment is required to bring the allocation in line with current Highway Trust Fund revenue projections for the 2011-13 biennium.		
	<b>Appropriation \$3,754,484</b>	<b>\$2,930,802</b>
<b>4. Statutory Adjustment to Secondary Roads Construction Allocation</b>		
An adjustment consistent with statutory formulas is recommended to the appropriation for secondary roads construction. The adjustment is required to bring the allocation in line with current Highway Trust Fund revenue projections for the 2011-13 biennium.		
	<b>Appropriation \$6,407,115</b>	<b>\$3,365,012</b>
<b>5. Statutory Adjustment to Program Administration Allocation</b>		
An adjustment consistent with statutory formulas is recommended to the appropriation for administration. The adjustment is required to bring the allocation in line with current Highway Trust Fund revenue projections for the 2011-13 biennium.		
	<b>Appropriation \$3,046,080</b>	<b>\$2,301,120</b>
<b>6. Statutory Adjustment to Transfer to General Fund Allocation</b>		
An adjustment consistent with statutory formulas is recommended to the appropriation for funds that are transferred to the General Fund. The adjustment is required to bring the allocation in line with current Highway Trust Fund revenue projections for the 2011-13 biennium.		
	<b>Appropriation</b>	<b>- \$115,408</b>

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**Total Recommended Continuation**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$63,460,000	\$47,940,000
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$63,460,000	\$47,940,000
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Highway Trust Fund Budget Changes (84290)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$63,460,000	\$47,940,000
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$63,460,000	\$47,940,000
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	<b>\$63,460,000</b>	<b>\$47,940,000</b>
<b>Total Position Adjustments</b>	<b>-</b>	<b>-</b>

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*Governor's Recommended Adjustments to Base Budget*

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**Turnpike Authority Budget Changes (64208)**

**Recommended Turnpike Authority Budget and Positions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Base Budget</b>		
<b>Requirements</b>	\$1,001,507,326	\$907,707,326
<b>Receipts</b>	<u>\$1,001,507,326</u>	<u>\$907,707,326</u>
<b>Chng Fund Bal</b>	-	-
<b>Adjustments</b>		
<b>Requirements</b>	(\$779,186)	(\$779,186)
<b>Receipts</b>	<u>(\$779,186)</u>	<u>(\$779,186)</u>
<b>Chng Fund Bal</b>	-	-
<b>Total</b>		
<b>Requirements</b>	\$1,000,728,140	\$906,928,140
<b>Receipts</b>	<u>\$1,000,728,140</u>	<u>\$906,928,140</u>
<b>Recommended Appropriation</b>	<u>    -</u>	<u>    -</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	27.000	27.000
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	<u>    -</u>	<u>    -</u>
<b>Recommended Positions</b>	<u>27.000</u>	<u>27.000</u>

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## Appropriation Items -- Recommended Adjustments

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### Reductions

2011-12                      2012-13

#### 1. Agency Administration - Receipts

It is recommended that operating funds available for administration of the Turnpike Authority supported from Highway Trust Fund administration receipts be reduced by 18% for the biennium.

<b>Requirements</b>	<b>(\$800,000)</b>	<b>(\$800,000)</b>
<b>Receipts</b>	<b>(\$800,000)</b>	<b>(\$800,000)</b>
<b>Appropriation</b>	-	-

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### Total Recommended Reductions

2011-12                      2012-13

#### Recurring

Requirements	(\$800,000)	(\$800,000)
Receipts	(800,000)	(800,000)

Appropriation	-	-
Positions	-	-

#### Nonrecurring

Requirements	-	-
Receipts	-	-

Appropriation	-	-
Positions	-	-



**Continuation**

2011-12                      2012-13

**1. Personnel Related Adjustments - Receipts**

It is recommended that the continuation budget be adjusted for personnel and benefits related items for the Turnpike Authority supported with Highway Trust Fund administration receipts to properly align the budget with requirements for the biennium.

<b>Requirements</b>	<b>\$20,814</b>	<b>\$20,814</b>
<b>Receipts</b>	<b>\$20,814</b>	<b>\$20,814</b>
<b>Appropriation</b>	<b>-</b>	<b>-</b>

**Total Recommended Continuation**

2011-12                      2012-13

**Recurring**

Requirements	\$20,814	\$20,814
Receipts	20,814	20,814
Appropriation	-	-
Positions	-	-

**Nonrecurring**

Requirements	-	-
Receipts	-	-
Appropriation	-	-
Positions	-	-

**Total Recommended Adjustments for  
 Turnpike Authority Budget Changes (64208)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$779,186)	(\$779,186)
Receipts	(779,186)	(779,186)
	-	-
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	-	-
<b>Total Position Adjustments</b>	-	-

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# **Recommended Adjustments**

## Capital Improvements

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General Fund

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*Governor's Recommended Adjustments to Base Budget*

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**Capital Improvements - General Fund (19600)**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recommended General Fund Budget and Positions</b>		
<b>Base Budget</b>		
<b>Requirements</b>	-	-
<b>Receipts</b>	=	=
<b>Appropriation</b>	-	-
<b>Recommended Adjustments</b>		
<b>Requirements</b>	\$4,535,000	-
<b>Receipts</b>	=	=
<b>Appropriation</b>	\$4,535,000	-
<b>Total</b>		
<b>Requirements</b>	\$4,535,000	-
<b>Receipts</b>	=	=
<b>Recommended Appropriation</b>	<u>\$4,535,000</u>	=
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	-	-
<b>Continuation</b>	-	-
<b>Expansion</b>	=	=
<b>Recommended Positions</b>	=	=

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## Appropriation Items -- Legislative Revisions and Other Adjustments

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### Expansion

2011-12      2012-13

#### 1. Water Resource Projects

The Governor recommends funds for the State's share of civil works projects, such as dredging, navigation, flood control, aquatic weed control, beach protection, and stream restoration. Combined with \$1.2 million in funds remaining from the previous fiscal year, state dollars will leverage \$23.4 million in federal funds and \$1.7 million in local funds.

**Appropriation - Nonrecurring \$4,535,000**                      -

#### 2. Repairs and Renovations

The Governor recommends earmarking \$75 million from the year-end credit balance to the Repairs and Renovations Reserve Account to be used in accordance with the statute for the repair and renovation of State facilities and related infrastructure that are supported from the General Fund. State agencies and institutions are encouraged to contract with small North Carolina businesses for the construction work to be completed. It is estimated that this investment in capital will create approximately 1,200 new jobs.

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### Total Recommended Expansion

2011-12      2012-13

#### Recurring

Requirements	-	-
Receipts	-	-
<hr/>		
Appropriation	-	-
Positions	-	-

#### Nonrecurring

Requirements	\$4,535,000	-
Receipts	-	-
<hr/>		
Appropriation	\$4,535,000	-
Positions	-	-

**Total Recommended Adjustments for  
 Capital Improvements - General Fund (19600)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	-	-
Receipts	-	-
	-	-
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	\$4,535,000	-
Receipts	-	-
	\$4,535,000	-
Appropriation	\$4,535,000	-
Positions	-	-
<b>Total Appropriation Adjustments</b>	\$4,535,000	-
<b>Total Position Adjustments</b>	-	-





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# **Recommended Adjustments**

Reserves, Debt Service, and Other Adjustments

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General Fund

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*Governor's Recommended Adjustments to Base Budget*

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

	<u>2011-12</u>	<u>2012-13</u>
<b>Recommended General Fund Budget and Positions</b>		
<b>Base Budget</b>		
<b>Requirements</b>	\$792,384,871	\$792,384,871
<b>Receipts</b>	<u>\$44,623,308</u>	<u>\$44,623,308</u>
<b>Appropriation</b>	\$747,761,563	\$747,761,563
<b>Recommended Adjustments</b>		
<b>Requirements</b>	\$143,239,347	\$374,288,140
<b>Receipts</b>	-	-
<b>Appropriation</b>	\$143,239,347	\$374,288,140
<b>Total</b>		
<b>Requirements</b>	\$935,624,218	\$1,166,673,011
<b>Receipts</b>	<u>\$44,623,308</u>	<u>\$44,623,308</u>
<b>Recommended Appropriation</b>	<u>\$891,000,910</u>	<u>\$1,122,049,703</u>
<hr/>		
<b>Positions</b>		
<b>Base Budget Positions</b>	-	-
<b>Reductions</b>	(234.000)	(244.000)
<b>Continuation</b>	-	-
<b>Expansion</b>	-	-
<b>Recommended Positions</b>	<u>(234.000)</u>	<u>(244.000)</u>

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## Appropriation Items -- Legislative Revisions and Other Adjustments

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### Reductions

2011-12                      2012-13

#### Flexibility Cuts for Reorganization

##### 1. Department of Management and Administration Management Flexibility Cut

It is recommended that 21 positions be eliminated in support services and middle management and the Performance Solution division within the Office of State Personnel be repurposed for change management activities related to reorganization. This reduction will be obtained through the consolidation of the Department of Administration, and the Offices of State Information Technology, State Personnel, and State Controller. Positions may be filled or vacant but must be positions related to support services, such as human resources, finance, budget, information technology, procurement, liaison, communication, or middle management positions. (Position reductions effective November 1, 2011)

<b>Appropriation</b>	<b>(\$1,087,300)</b>	<b>(\$1,598,600)</b>
<b>Positions</b>	<b>(21.000)</b>	<b>(21.000)</b>

##### 2. Department of Public Safety Management Flexibility Cut

It is recommended that 60 positions be eliminated in support services and middle management. This reduction will be obtained through the consolidation efforts of the Departments of Correction, Crime Control and Public Safety, and Juvenile Justice and Delinquency Prevention. Positions may be filled or vacant but must be positions related to support services, such as human resources, finance, budget, information technology, procurement, liaison, communication, or middle management positions. (Position reductions effective November 1, 2011)

<b>Appropriation</b>	<b>(\$2,705,100)</b>	<b>(\$4,057,600)</b>
<b>Positions</b>	<b>(60.000)</b>	<b>(60.000)</b>

##### 3. Public Safety Consolidation for Program Efficiency

It is recommended that the Department of Public Safety budget be reduced to reflect the program efficiencies gained through the consolidation efforts of the Departments of Correction, Crime Control and Public Safety, and Juvenile Justice and Delinquency Prevention.

<b>Appropriation</b>	<b>(\$3,000,000)</b>	<b>(\$3,000,000)</b>
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**4. Moving the Employment Security Commission to the Department of Commerce**

It is recommended that 53 positions be eliminated in support services and middle management. This reduction will be obtained through the consolidation efforts of the Department of Commerce and Employment Security Commission. Positions may be filled or vacant but must be positions related to support services, such as human resources, finance, budget, information technology, procurement, liaison, communication, or middle management positions. (Position reductions effective November 1, 2011)

<b>Appropriation</b>	<b>(\$251,400)</b>	<b>(\$377,100)</b>
<b>Positions</b>	<b>(53.000)</b>	<b>(53.000)</b>

**Government Reset Initiatives**

**1. Centralize Human Resources Functions**

It is recommended that cabinet Human Resources (HR) positions be reduced based on a 150:1 ratio and all cabinet HR and related support positions be transferred to the Office of State Personnel. The employee to HR ratio is standard for organizations having over 10,000 employees. The Office of State Personnel will be required to provide personnel service to all cabinet agencies. (Transfer effective July 1, 2011. Position reductions effective November 1, 2011)

<b>Appropriation</b>	<b>(\$2,767,000)</b>	<b>(\$4,150,400)</b>
<b>Positions</b>	<b>(92.000)</b>	<b>(92.000)</b>

**2. Procurement Reform**

It is recommended that agency budgets be reduced to reflect the efficiencies gained through procurement reform. This reduction will be effective for fiscal year 2012.

<b>Appropriation</b>	<b>(\$30,000,000)</b>
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**3. Create Centralized Grants (from NC) System**

It is recommended that all agencies move to an integrated, state-wide grant management system to eliminate duplicative systems and automate paper-based processes. To fund development and implementation of the system, all new grant management systems, processes, or upgrades not yet fully operational will be cancelled and all unspent funding for those projects will be transferred to a statewide reserve. Savings resulting from the elimination of duplicative systems and automation of paper-based processes across state agencies will also be identified and transferred to the reserve.

<b>Appropriation</b>	<b>-</b>	<b>(\$700,000)</b>
<b>Positions</b>	<b>-</b>	<b>(10.000)</b>

**4. Global TransPark, NC Railroad, and NC State Ports**

It is recommended that the North Carolina Railroad, North Carolina State Port Authority, and North Carolina Global TransPark Authority report to the Secretary of the Department of Transportation.

**5. Office of Information Technology Services - IT fund**

It is recommended that eight positions be eliminated from the IT fund and that Enterprise Identity Management be supported through agency fees. Email consolidation and archiving will also be supported through agency fees, resulting in additional savings. It is recommended that a portion of the savings be used to offset support for the IT procurement office and to ensure continued viability of the SAS Enterprise License Agreement.

<b>Appropriation</b>	<b>(\$1,537,574)</b>	<b>\$162,426</b>
<b>Appropriation - Nonrecurring</b>	<b>(\$1,844,284)</b>	<b>(\$1,844,284)</b>
<b>Positions</b>	<b>(8.000)</b>	<b>(8.000)</b>

**Other Reductions**

**1. Employee Retirement Incentive Program**

This recommendation provides a one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. The incentive will not be included in calculation of retiree average final contribution. This program will be available to all State agency and UNC System employees, as well as LEA and community college employees for all of FY 2011-12 (July 1, 2011 through June 30, 2012). The savings assume a retirement date of November 1, 2011, and a 30% reduction of salaries and benefits and associated FTE. Savings reserves must be fully met by June 30, 2012. Incentive benefits shall be paid from the same source as the source of the employee salary, to the extent allowed by such funding source. This recommendation will save \$59,549,172 in 2011-12 and \$148,480,560 in 2012-13; 894 positions will be eliminated.

**2. Job Development Investment Grants**

A nonrecurring reduction is recommended to the JDIG program based on cash flow needs for 2011-12.

<b>Appropriation - Nonrecurring</b>	<b>(\$7,000,000)</b>	<b>-</b>
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**Total Recommended Reductions**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	(\$11,348,374)	(\$43,721,274)
Receipts	-	-
Appropriation	(\$11,348,374)	(\$43,721,274)
Positions	(234.000)	(244.000)

**Nonrecurring**

Requirements	(\$8,844,284)	(\$1,844,284)
Receipts	-	-
Appropriation	(\$8,844,284)	(\$1,844,284)
Positions	-	-

**Expansion**

2011-12      2012-13

**1. Debt Service Requirements**

It is recommended that debt service appropriations be adjusted based on updated cash flow requirements.

**Appropriation      (\$9,567,995)      \$76,853,698**

**2. Retirement System Contribution**

It is recommended that the State's contribution to the Teachers' and State Employees' Retirement System be increased to fund the Annual Required Contribution (ARC), after adjusting the amortization period to 15 years, for the 2011-13 biennium. This would increase the employer contribution rate from 4.93% to 6.04% in FY 2011-12 and to 7.15% in FY 2012-13.

**Appropriation      \$115,000,000      \$230,000,000**

**State Health Plan**

**1. State Health Plan Contribution**

It is recommended that appropriations be provided to cover an estimated 7.1% premium increase to keep the State Health Plan structurally sound.

**Appropriation      \$117,082,047      \$250,907,532**

**2. State Health Plan Modifications**

It is recommended that the State Health Plan appropriation be reduced through a combination of benefit changes, provider savings, and employee premium adjustments. Active and retired employees would still have a no-cost individual option with the PPO 70/30 Plan. Active employees and non-Medicare retirees who wish to remain enrolled in the PPO 80/20 Plan would pay a monthly premium of \$21.50 for individual coverage. Medicare retirees who wish to remain enrolled in the PPO 80/20 Plan would pay a monthly premium of \$16 for individual coverage.

**Appropriation      (\$89,082,047)      (\$137,907,532)**

**Other Reserves and Adjustments**

**1. Severance Reserve**

It is recommended that state appropriation be provided for severance payments to state employees who are reduced in force (RIF) during the biennium.

<b>Appropriation - Nonrecurring</b>	<b>\$30,000,000</b>	-
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**2. Consolidation and Efficiency Incentive Fund**

The Governor recommends earmarking \$25 million from the year-end credit balance to a new Consolidation and Efficiency Incentive Fund designed to encourage local governments and nonprofit organizations to reorganize, consolidate, or regionalize services where there are shared responsibilities with state government.

**3. Rainy Day Fund**

The Governor recommends earmarking \$150 million from the year-end credit balance to the State's Rainy Day Fund, raising its balance to \$300 million.

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**Total Recommended Expansion**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$133,432,005	\$419,853,698
Receipts	-	-
	\$133,432,005	\$419,853,698
Appropriation	-	-
Positions	-	-
<b>Nonrecurring</b>		
Requirements	\$30,000,000	-
Receipts	-	-
	\$30,000,000	-
Appropriation	-	-
Positions	-	-



**Total Recommended Adjustments for  
 Reserves, Debt Service, and Other Adjustments - General  
 Fund (190xx)  
 2011-13**

	<u>2011-12</u>	<u>2012-13</u>
<b>Recurring</b>		
Requirements	\$122,083,631	\$376,132,424
Receipts	-	-
	\$122,083,631	\$376,132,424
Appropriation	\$122,083,631	\$376,132,424
Positions	(234.000)	(244.000)
<b>Nonrecurring</b>		
Requirements	\$21,155,716	(\$1,844,284)
Receipts	-	-
	\$21,155,716	(\$1,844,284)
Appropriation	\$21,155,716	(\$1,844,284)
Positions	-	-
<b>Total Appropriation Adjustments</b>	<b>\$143,239,347</b>	<b>\$374,288,140</b>
<b>Total Position Adjustments</b>	<b>(234.000)</b>	<b>(244.000)</b>



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# Appendix

## Tables

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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, 2011-12

Table 3B. Total NC State Budget by Function, Department, and Source of Funds, 2012-13

Table 3C. Total NC Transportation Budget by Function and Source of Funds, 2011-12

Table 3D. Total NC Transportation Budget by Function and Source of Funds, 2012-13

Table 3E. Recommended Total Budget, 2011-13

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

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**Appendix Table 1A**  
**Condition of the General Fund, 1974-75 to 2009-10**  
(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
2008-09	599,037,699	-	19,145,677,966	19,652,478,574	636,649,678	92,237,091
2009-10	92,237,091	0	18,657,307,292	18,512,641,990	0	236,902,393

# 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 \$284,000 library grants.

f) Reserve for Disporportionate Share.

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

h) This number includes \$308,401,820 Easley Executive Order #3 Reserve and \$312,328,030 Disaster Relief Reserve.

i) This number includes \$440,915,625 EEO#19 Reserve, \$347,763,108 Shortfall BC 19979, \$4,359,377 CI transfers, and (\$90,000,000) authorized transfer to Savings Reserve from Revenues.

**Appendix Table 1B**  
**Condition of the Highway Fund, 1974-75 to 2009-10**  
(Includes Federal Aid Participation)

<b>Fiscal Year</b>	<b>Beginning Balance July 1</b>	<b>Net Collections*</b>	<b>Total Appropriation Expenditures</b>	<b>Ending Balance June 30</b>
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
2008-09	3,813,462,029	2,768,398,451	3,619,679,756	2,962,180,724
2009-10	2,962,180,724	2,857,471,850	3,701,424,028	2,118,228,546

\*Includes Local Aid Participation and Interfund Transfers.

**NOTE: 2007-08 and 2009-10 Collections do not include Garvee proceeds or related investment income.**

**Appendix Table 1C**  
**Condition of the Highway Trust Fund, 1989-90 to 2009-10**

<b>Fiscal Year</b>	<b>Beginning Balance July 1</b>	<b>Total Revenue and Other Sources</b>	<b>Contracting Authorization From Future Years Cash Flow</b>	<b>Total Appropriation Expenditures*</b>	<b>Ending Balance June 30</b>
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
2008-09	37,103,366	906,047,860	-	815,680,835	127,470,391
2009-10	127,470,391	910,046,182	29,580,521	798,792,129	268,304,965

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

**NOTE Expenditures do not include bond funds, SB 1005, or Moving Ahead.**

**Appendix Table 1D**  
**Schedule of Savings Reserve Account Balance, 1990-91 to 2009-10**

<b>Fiscal Year</b>	<b>Beginning Balance July 1</b>	<b>Authorized Transfer</b>	<b>Authorized Reserve for Current Year</b>	<b>Ending Balance June 30</b>
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
2008-09	786,649,678	636,649,678	-	150,000,000
2009-10	150,000,000	-	-	150,000,000

- 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, 1968-69 to 2011-13**  
(In Millions)

<u>Fiscal Year</u>	<u>Operating</u>	<u>Capital Improvements</u>	<u>Local Tax Reimb. and Other</u>	<u>Budget Stabilization</u>	<u>Total</u>
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)	0.0	26,565.9
2002-03 l)	26,205.0	881.2	66.5 m)	0.0	27,152.7
2003-04	27,801.7	1,533.3	62.0 m)	0.0	29,397.0
2004-05	29,625.4	1,534.1	62.0 m)	0.0	31,221.5
2005-06	33,195.9	1,243.7	100.0 m)	0.0	34,539.6
2006-07	35,344.9	1,316.1	100.0 m)	0.0	36,761.0
2007-08	40,737.1	725.7	100.0 m)	0.0	41,562.8
2008-09	43,992.6	338.2	100.0 m)	0.0	44,430.8
2009-10	42,540.4	791.9 n)	50.0 m)	0.0	43,382.3
2010-11	43,391.1	536.2 n)	50.0 m)	0.0	43,977.3
2011-12	50,851.3	809.5 n)	50.0 m)	0.0	51,710.8
2012-13	51,301.1	283.3 n)	50.0 m)	0.0	51,634.4

- 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, FY 2011-12

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
<b>Education:</b>						
13510	Public Schools	\$ 7,572,712,912	\$ 31,888,496	\$ 1,911,608	\$ 1,987,438,061	\$ 9,593,951,077
23510	Public Schools-Special	-	19,140,000	1,990,656	-	21,130,656
23511	DPI-School Technology Fund (GF)	-	2,860,000	1,088,518	-	3,948,518
23515	DPI-IT Projects	-	-	-	-	-
29110	DPI-Public School Building Fund	-	-	81,668,708	-	81,668,708
63501	DPI-Trust	-	-	1,176,782	-	1,176,782
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	-	-	3,100,000	-	3,100,000
	<b>Subtotal Public School</b>	<b>7,572,712,912</b>	<b>53,888,496</b>	<b>103,681,616</b>	<b>1,987,438,061</b>	<b>9,717,721,085</b>
16800	NC Community Colleges-NCCCS	1,016,629,522	-	306,870,221	17,804,251	1,341,303,994
06800	NCCU Institutional	-	-	26,241	-	26,241
26800	NCCCS-Special Funds	-	-	2,264,573	-	2,264,573
26802	NCCCS-Information Technology	-	-	-	-	-
66800	NCCCS-Trust	-	-	564,538	-	564,538
66801	NCCCS-Special Funds Interest Earning	-	-	652,345	-	652,345
	<b>Subtotal Community Colleges</b>	<b>1,016,629,522</b>	<b>-</b>	<b>310,377,918</b>	<b>17,804,251</b>	<b>1,344,811,691</b>
<b>University System:</b>						
160xx	UNC - GA	39,525,152	-	33,049	-	39,558,201
16011	UNC - Institutional Programs	(207,390,096)	-	-	-	(207,390,096)
16012	UNC - Related Education Programs	44,993,219	-	-	1,674,301	46,667,520
16015	UNC-Aid Private Institutions	98,974,947	-	-	-	98,974,947
16020	UNC - CH Academic Affairs	303,131,658	-	239,572,366	346,696	543,050,720
16021	UNC - CH Health Affairs	218,646,107	-	67,540,133	-	286,186,240
16022	UNC - CH Area Health Education	49,592,674	-	-	-	49,592,674
16030	NCSU - Academic	426,919,760	-	273,834,751	225,000	700,979,511
16031	NCSU - Agri. Research Svcs.	58,997,068	-	3,141,854	8,215,944	70,354,866
16032	NCSU - Agri. Extension Svcs.	43,331,680	-	679,485	14,891,488	58,902,653
16040	UNC - Greensboro	172,567,412	-	82,324,628	111,798	255,003,838
16050	UNC - Charlotte	212,974,195	-	117,234,550	150,000	330,358,745
16055	UNC - Asheville	41,436,789	-	16,434,528	10,400	57,881,717
16060	UNC - Wilmington	103,761,740	-	66,075,688	71,575	169,909,003
16065	ECU - Academic	244,474,547	-	132,669,925	145,900	377,290,372
16066	ECU - Health Svcs.	64,962,961	-	3,105,500	-	68,068,461
16070	NC A & T	104,855,408	-	61,194,732	58,714	166,108,854
16075	Western Carolina	89,173,604	-	35,661,714	-	124,835,318
16080	Appalachian State	143,375,481	-	78,590,423	81,502	222,047,406
16082	UNC - Pembroke	60,608,173	-	21,903,929	42,968	82,555,070
16084	Winston Salem State	74,887,743	-	22,587,519	50,000	97,525,262
16086	Elizabeth City State	38,234,494	-	13,750,655	48,400	52,033,549
16088	Fayetteville State	56,712,349	-	18,932,464	-	75,644,813
16090	NC Central	93,833,335	-	44,020,705	111,680	137,965,720
16092	NC School of Arts	27,522,571	-	12,078,151	4,550	39,605,272
16094	NCSSM	18,723,953	-	566,341	-	19,290,294
16095	UNC Hospitals	33,008,911	-	-	-	33,008,911
56096	<b>UNC Hospitals-Operating Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total UNC System</b>	<b>2,657,835,835</b>	<b>-</b>	<b>1,311,933,090</b>	<b>26,240,916</b>	<b>3,996,009,841</b>
	<b>Total Education</b>	<b>11,247,178,269</b>	<b>53,888,496</b>	<b>1,725,992,624</b>	<b>2,031,483,228</b>	<b>15,058,542,617</b>
<b>General Government:</b>						
14100	Administration	64,889,461	-	14,360,546	-	79,250,007
24100	DOA-Special	-	-	19,725,918	936,784	20,662,702
24102	DOA-Special	-	-	765,024	-	765,024
24104	DOA-Special-GF	-	-	-	-	-
24105	DOA-Special	-	-	9,500	4,133,969	4,143,469
64100	DOA-Trust	-	-	1,000	-	1,000
64106	DOA-NC Veteran Trust	-	-	19,310,996	-	19,310,996
74103	DOA-Internal Service	-	-	1,683,689	-	1,683,689
74100	DOA-Internal Service	-	-	64,283,124	-	64,283,124
18210	Office of Administrative Hearings	4,010,594	-	54,859	-	4,065,453
13300	State Auditor	12,223,324	-	50	-	12,223,374
23300	State Auditor-Special Revenue-GF	-	-	-	-	-
18025	State Board of Elections (SBE)	6,170,404	-	35,000	-	6,205,404
28025	SBE-HAVA Federal Funds	-	-	154,745	2,319,185	2,473,930
68025	SBE-NC Candidate	-	-	4,758,363	-	4,758,363
68026	SBE-NC Political Party	-	-	1,500,000	-	1,500,000
14160	Office of State Controller (OSC)	30,500,768	461,041	27,680	-	30,989,489
24160	OSC-Special Revenue	-	-	-	-	-
14800	Cultural Resources	65,699,482	-	2,151,174	211,964	68,062,620
14802	Cultural Resources - Roanoke Island	2,166,308	-	-	-	2,166,308
24800	Cultural Resources-Special	-	-	512,852	-	512,852
24801	Cultural Resources-Art Museum	-	-	10,000	-	10,000
24802	CR-Roanoke Island Special	-	-	-	-	-
24803	Cultural Resources-Special	-	-	7,000	-	7,000
24804	Cultural Resources-Tryon Palace	-	-	133,655	-	133,655
54800	Cultural Resources-Enterprise	-	-	94,111	-	94,111
11000	General Assembly	52,232,589	-	1,105,622	-	53,338,211

Appendix Table 3A

## Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2011-12

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
13000	Governor's Office	5,733,189	-	239,422	-	5,972,611
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
24667	Information Technology Services-ITS	-	-	100,000	-	100,000
24669	ITS-Wireless Fund	-	-	86,775,600	-	86,775,600
74660	ITS-Internal Service Fund	-	-	196,041,956	221,236	196,263,192
13005	State Budget and Management (OSBM)	6,441,031	-	500	-	6,441,531
13085	OSBM - Special Appropriations	13,934,311	-	1,192,700	-	15,127,011
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	11,796,296	-	-	-	11,796,296
23010	NC Housing Finance-Special	-	-	4,421,900	4,310,223	8,732,123
63011	NC Housing Finance-Partnership	-	-	-	-	-
13900	Insurance	27,742,189	-	2,118,847	756,328	30,617,364
23900	Insurance-Special-Interest Earning	-	-	33,774,465	-	33,774,465
13901	Insurance - Worker's Compensation Fund	4,500,000	-	-	-	4,500,000
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	916,193	-	-	-	916,193
14700	Revenue	86,577,664	6,381,663	200,978	-	93,160,305
24700	Revenue-Special	-	-	12,143,764	-	12,143,764
24704	Revenue-Project Collect Tax	-	-	-	-	-
24707	Revenue-Tax Transaction Fees	-	-	579,994	-	579,994
24708	Revenue-IT Projects	-	-	-	-	-
13200	Secretary of State	10,535,221	-	864,437	-	11,399,658
23200	Secretary of State-Special	-	-	2,449,465	-	2,449,465
63201	Secretary of State-Trust Special Revenue	-	-	184,420	-	184,420
13410	State Treasurer (DST)	6,662,835	-	2,363,018	-	9,025,853
13412	State Treasurer - Retirement / Benefits	17,812,114	-	-	-	17,812,114
23410	DST - Combined Motor Vehicle	-	-	6,266,149	-	6,266,149
23420	DST-IT Projects	-	-	-	-	-
23460	DST-Health & Wellness Trust Fund	-	-	-	-	-
68190	DST-Interest Public Improvement Bond	-	-	11,336,982	-	11,336,982
68188	DST-Interest Higher Ed. CC2001A	-	-	3,048,744	-	3,048,744
68183	DST-Interest Clean Water Bond 1999C	-	-	6,306	-	6,306
68175	DST-Interest Public School 1997 Bond	-	-	2,283,445	-	2,283,445
68174	DST-Interest CI 1997	-	-	290,715	-	290,715
68163	DST - Bond Refund	-	-	351,057	-	351,057
68157	DST-Interest 2006A Clean Water	-	-	1,923,583	-	1,923,583
68158	DST-Interest 2006A Higher Ed	-	-	19,196,825	-	19,196,825
68154	DST-Interest Public Imp. 2005A	-	-	34,260,718	-	34,260,718
68150	DST-Interest Drinking Water 2004A	-	-	23,219	-	23,219
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	-	-	1,563	-	1,563
68133	DST-Interest Wastewater Repty 2003A	-	-	26,571	-	26,571
68137	DST-Interest Drkwr. Repayment 2003A	-	-	8,566	-	8,566
68140	DST-2003B Interest Clean Water	-	-	22,260	-	22,260
68141	DST-Interest Waster Repty. 2003B	-	-	22,670	-	22,670
68142	DST-Interest Drinking Water Repayment 2003B	-	-	11,217	-	11,217
68148	DST-Interest Clean Water Revolving Loan 2004A	-	-	734,122	-	734,122
68192	DST-Interest Drkwr. Repty. 2002C	-	-	38,118	-	38,118
68193	DST-Interest Clean Water 2002C	-	-	19,472	-	19,472
68220	DST-Interest 2007A GO Pub. Imp.	-	-	30,170,483	-	30,170,483
69430	DST-Debt Service Clearing	-	-	400,429,913	-	400,429,913
69450	DST-Basis SWAP	-	-	5,836,628	-	5,836,628
68149	DST-Interest Wastewater Repayment 2004A	-	-	62,265	-	62,265
69440	DST-Infrastructure Finance Corp.	-	-	-	-	-
28101	NC State Board of Barber Examiners	-	-	669,000	-	669,000
28102	NC State Board of Cosmetology	-	-	1,335,281	-	1,335,281
28103	NC State Board of Opticians	-	-	184,804	-	184,804
28104	NC Psychology Board	-	-	774,301	-	774,301
28106	NC State Auctioneer Licensing Board	-	-	456,789	-	456,789
28107	NC State Board of Electrolysis Examiners	-	-	22,101	-	22,101
28410	NC State Health Plan	-	-	500	-	500
58410	NC State Health Plan-Child Insurance	-	-	-	-	-
<b>Total General Government</b>		<b>430,543,973</b>	<b>6,842,704</b>	<b>1,256,601,236</b>	<b>15,658,713</b>	<b>1,709,646,626</b>

Appendix Table 3A

## Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2011-12

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
<b>Health and Human Services:</b>						
14410	Central Administration	69,184,819	-	1,042,792	64,948,733	135,176,344
24410	Central Administration-Special	-	-	-	66,265,059	66,265,059
64410	Central Administration-Trust	-	-	291,542	-	291,542
64412	Central Administration-Trust Interest	-	-	-	-	-
14411	Aging	36,859,667	-	10,861,933	44,669,045	92,390,645
14420	Child Development	236,503,341	-	1,443,985	335,316,323	573,263,649
14424	Education Services	-	-	-	-	-
24424	Early Intervention and Education-Spec.	-	-	-	-	-
64424	Early Intervention and Education-Trust	-	-	-	-	-
67424	Office of Ed. Services-Trust	-	-	-	-	-
14430	Public Health	147,901,363	577,341	110,615,192	482,531,641	741,625,537
24430	Public Health-Special	-	-	6,174,028	-	6,174,028
14440	Social Services	188,616,402	-	661,564,414	760,645,040	1,610,825,856
24441	Social Services-Special	-	-	1,893,373	-	1,893,373
64440	Social Services-Trust	-	-	-	-	-
14445	Medical Assistance	3,180,907,603	-	1,524,041,786	6,971,522,441	11,676,471,830
24445	Medical Assistance-Special	-	-	233,811,100	-	233,811,100
14446	NC Health Choice	79,452,317	-	-	279,851,549	359,303,866
14450	Services for the Blind	8,198,149	-	998,922	19,677,987	28,875,058
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	-	-	5,694,348	-	5,694,348
14460	Mental Health/DD/SAS	714,335,617	-	68,402,447	128,814,805	911,552,869
24401	Mental Health-Julian Keith ADATC	-	-	18,919	-	18,919
24403	Mental Health-WB Jones ADATC	-	-	24,717	-	24,717
24404	Mental Health-NC SPC. Care Center	-	-	57,759	-	57,759
24406	Mental Health-Black Mt. Center	-	-	31,387	-	31,387
24460	Mental Health-Special	-	-	-	-	-
24462	Mental Health-Dorothea Dix	-	-	232,333	-	232,333
24463	Mental Health-Broughton Hospital	-	-	90,375	-	90,375
24464	Mental Health-Cherry Hospital	-	-	172,815	-	172,815
24465	Mental Health-Umstead Hospital	-	-	303,751	-	303,751
24466	Mental Health-Car. Center	-	-	339,572	251,516	591,088
24467	Mental Health-O'Berry Center	-	-	334,579	-	334,579
24468	Mental Health-Murdoch Center	-	-	76,148	-	76,148
24469	Mental Health-Caswell Center	-	-	225,756	305,202	530,958
64404	Mental Health-Longleaf Neuro-Medical	-	-	4,095	-	4,095
64405	Mental Health-Trust (Interest Bearing)	-	-	47,745	-	47,745
64406	Mental Health-Black Mt. Center	-	-	10,001	-	10,001
64462	Mental Health-Dorothea Dix-Trust	-	-	10	-	10
64463	Mental Health-Broughton Hospital	-	-	33,422	-	33,422
64464	Cherry Hospital-Trust	-	-	21,800	-	21,800
67465	Umstead Hospital-Trust (Interest)	-	-	17,326	-	17,326
64465	Umstead Hospital-Trust	-	-	12,229	-	12,229
64466	Mental Health-J. Iverson Riddle Dev. Ctr.	-	-	115,251	-	115,251
64467	Mental Health-O'Berry Center	-	-	126,610	-	126,610
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	-	-	3,554	-	3,554
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	-	-	62,443	-	62,443
67468	Mental Health-Murdoch Center	-	-	125,680	-	125,680
67469	Mental Health-Caswell Center	-	-	478,679	-	478,679
54465	Mental Health/DD/SAS-Butner Enterprises	-	-	4,250	-	4,250
74465	MH/DD/SAS-Umstead Hospital-Internal Service	-	-	792,896	-	792,896
14470	Health Service Regulation	16,133,031	-	6,104,892	33,103,194	55,341,117
24470	Health Service Regulation-Special	-	-	1,544,531	-	1,544,531
14480	Vocational Rehabilitation	37,125,788	-	5,156,540	93,300,497	135,582,825
24480	Vocational Rehabilitation-Special	-	-	481,652	-	481,652
24481	Disability Determination-Special	-	-	-	71,689,949	71,689,949
<b>Total Health and Human Services</b>		<b>4,715,218,097</b>	<b>577,341</b>	<b>2,645,380,612</b>	<b>9,354,142,780</b>	<b>16,715,318,830</b>

Appendix Table 3A

## Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2011-12

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
<b><u>Justice and Public Safety:</u></b>						
14500	Correction	1,366,710,846	-	10,795,459	5,855,095	1,383,361,400
04502	Correction-Canteen Fund	-	-	33,922,564	-	33,922,564
24500	Correction-Special	-	-	-	-	-
24501	Correction-Special IT	-	-	-	-	-
24502	Correction-Canteen Fund	-	-	8,768,595	-	8,768,595
24503	Correction-Special-Interest Earning	-	-	149,051	-	149,051
74500	Correction-Internal Service	-	-	90,585,568	-	90,585,568
14900	Crime Control & Public Safety	32,327,610	-	4,457,005	142,210,193	178,994,808
24960	CC&PS Highway Patrol Fund	-	206,437,159	5,085,844	179,878	211,702,881
24961	CC&PS-Seized & Forfeiture Assets	-	-	-	-	-
24962	CC&PS-Juvenile Justice Block Grant	-	-	-	-	-
24963	CC&PS-Special Rev. Disaster Relief	-	-	3,002	1,248,598	1,251,600
24964	CC&PS Other Special Grants	-	-	-	47,628,474	47,628,474
12000	Judicial-AOC	461,053,029	-	561,597	-	461,614,626
12001	Judicial - Indigent Defense	122,610,185	-	10,394,765	-	133,004,950
22001	AOC-Special Revenue Funds	-	-	12,436,020	1,372,915	13,808,935
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	-	-	3,153,372	-	3,153,372
22007	AOC-Appellate Courts Printing/Comp.	-	-	666,920	-	666,920
13600	Justice	83,907,465	-	8,931,242	4,269,400	97,108,107
23600	Justice-Special	-	-	4,141,547	212,257	4,353,804
23601	Justice-Special	-	-	-	-	-
23606	Justice-Seized & Forfeited Assets	-	-	-	-	-
14060	Juvenile Justice	140,316,196	-	6,091,846	-	146,408,042
64060	Juvenile Justice-Trust	-	-	6,348	-	6,348
24060	Juvenile Justice-Special	-	-	7,819,873	-	7,819,873
<b>Total Justice and Public Safety</b>		<b>2,206,925,331</b>	<b>206,437,159</b>	<b>211,548,172</b>	<b>202,976,810</b>	<b>2,827,887,472</b>
<b><u>Natural and Economic Resources:</u></b>						
13700	Agriculture & Consumer Services	44,179,728	5,118,694	13,710,825	8,573,074	71,582,321
23700	Agriculture-Livestock Special	-	-	531,800	-	531,800
23701	Agriculture-Warehouse Investment	-	-	-	-	-
23703	Agriculture-Tobacco Trust-Special	-	-	241,875	-	241,875
53700	Agriculture-Raleigh Farmers Market	-	-	1,588,903	-	1,588,903
53725	Agriculture-WNC AG CT/MTN Fair	-	-	2,702,908	-	2,702,908
53750	Agriculture-State Fair	-	-	14,038,793	-	14,038,793
63700	Agriculture-Trust Special	-	-	153,250	-	153,250
63702	Agriculture-Rural Rehab Loans	-	-	762,602	-	762,602
63703	Agriculture-Finance Authority	-	-	585,985	-	585,985
63704	Agriculture-Cooperative Grading Program	-	-	6,631,771	-	6,631,771
14600	Commerce	52,484,135	-	7,526,926	46,478,868	106,489,929
14601	Commerce - State Aid	66,320,803	-	-	-	66,320,803
24600	Commerce-Special Revenue	-	-	11,925,459	128,859,072	140,784,531
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	-	-	967,428	-	967,428
24610	Commerce-Second Injury Fund	-	-	66,100	-	66,100
24611	Commerce-IT Projects	-	-	-	-	-
64604	Commerce-Trust EDA	-	-	-	-	-
64605	Commerce-Public Staff Trust	-	-	-	-	-
64612	Commerce-NC Rural Electric Authority	-	-	-	-	-
64613	Commerce-Natural Gas Trust	-	-	-	-	-
64616	Commerce-CDBG Revolving Loan	-	-	-	-	-
24650	Commerce-ESC	-	-	23,688,300	184,598,188	208,286,488
54600	Commerce-Enterprise Fund	-	-	26,482,060	165,823	26,647,883
64650	Commerce-Employment Security Commission Trust	-	-	5,000,000	-	5,000,000
64651	Commerce-Employment Security Commission Trust, Claims/Benefits	-	-	1,000,000	4,748,084,517	4,749,084,517
64652	Commerce-Employment Security Commission Trust Clearing	-	-	1,000,000,000	-	1,000,000,000
64653	Commerce-Employment Security Commission Trust Reserve	-	-	193,500,000	-	193,500,000
64655	Commerce-Employment Security Commission Trust, Training & Employment Account	-	-	-	-	-

Appendix Table 3A  
 Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2011-12

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
54670	NC Education Lottery Commission	-	-	-	-	-
54641	NC Education Lottery Proceeds	-	-	1,220,574,691	-	1,220,574,691
14300	Environment and Natural Resources	179,139,906	3,001,898	53,348,908	50,723,398	286,214,110
24300	DENR-Special	-	-	41,474,216	-	41,474,216
24301	DENR-Air Quality-Fuel Tax Special	-	-	10,254,503	-	10,254,503
24302	DENR-Governor's Cup Trust-Special	-	-	-	-	-
24303	DENR-Marine Fish Conservation	-	-	47,737	-	47,737
24304	DENR-Wetlands Trust-Special	-	-	60,648,314	-	60,648,314
24305	DENR-Clean Water Mgmt. Trust-Special	-	-	1,700,000	-	1,700,000
24306	DENR-Special Dry Cleaning Solvent Tax	-	-	13,329,331	-	13,329,331
24307	DENR-Special Forest Development	-	-	2,547,858	-	2,547,858
24308	DENR-Special	-	-	-	-	-
24309	DENR-PARTF-Special	-	-	36,546,794	-	36,546,794
24310	DENR-Disaster Relief Programs	-	-	1,404,500	-	1,404,500
24311	DENR-Interest-CI	-	-	-	-	-
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	-	-	7,139,169	-	7,139,169
24325	DENR-DWR-FERC Interest	-	-	150,000	-	150,000
64300	DENR-Trust-Special	-	-	2,509	-	2,509
64301	DENR-Waste Water Oper. Train. Special	-	-	613,297	-	613,297
64302	DENR-Natural Heritage Trust-Special	-	-	16,000,000	-	16,000,000
64303	DENR_Solid Waste Mgmt. Trust-Special	-	-	7,621,967	-	7,621,967
64304	DENR-Clean Water Revolving Loan	-	-	1,841,920	-	1,841,920
64305	DENR-Commercial LUST Cleanup-Special	-	-	30,866,218	-	30,866,218
64306	DENR-Waste Water Treatment	-	-	20,000	-	20,000
64307	DENR-Conservation Grant Endowment	-	-	179,298	-	179,298
64308	DENR-Noncomm.LUST Cleanup	-	-	-	-	-
64311	DENR-Water Poll. Revolving Loan	-	-	42,249,691	9,116,523	51,366,214
64312	DENR-Federal Bond Revolving Loan	-	-	1,185,770	738,838	1,924,608
64318	DENR-High Unit Cost WW Grants 1998	-	-	-	-	-
64319	DENR-CWSRF Federal Program	-	-	7,323,816	-	7,323,816
64320	DENR-Drinking Water SRF	-	-	9,944,221	41,121,904	51,066,125
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	50,000,000	-	-	-	50,000,000
24350	Wildlife Resources-Special	-	-	2,223,873	2,056,815	4,280,688
24351	Wildlife Resources-Special (Interest)	-	-	20,902,495	11,631,572	32,534,067
24352	Wildlife Resources-Special (Non-Interest)	-	-	5,261,540	2,473,305	7,734,845
24353	Wildlife Resources-Special	-	-	-	-	-
64350	Wildlife Resources Endowment	-	-	6,583,913	-	6,583,913
69442	DST-Trust CI	-	-	453,787	-	453,787
69444	DST-Trust Special	-	-	329,124,084	-	329,124,084
13800	Labor	15,021,945	-	7,171,655	7,607,588	29,801,188
23800	Labor-Special Revenue Fund	-	-	8,000	-	8,000
63800	Labor-Trust Fund	-	-	-	-	-
63801	Labor-Trust Fund IDA	-	-	-	-	-
<b>Total Natural and Economic Resources</b>		<b>407,146,517</b>	<b>8,120,592</b>	<b>3,254,926,253</b>	<b>5,246,174,645</b>	<b>8,916,368,007</b>
84210/290	<b>Transportation</b>	<b>1</b>	<b>-</b>	<b>2,479,169,351</b>	<b>908,729,284</b>	<b>1,191,818,434</b>
<b>Net Agency</b>		<b>19,007,012,187</b>	<b>2,755,035,643</b>	<b>10,003,178,181</b>	<b>18,042,254,610</b>	<b>49,807,480,621</b>
19600	<b>Capital Improvements</b>	<b>4,535,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,535,000</b>
<b>Debt Service:</b>						
19420	General Debt Service	696,337,188	79,231,728	65,447,648	58,104,938	899,121,502
19425	Federal Reimbursement	1,616,380	-	-	-	1,616,380
<b>Total Debt Service</b>		<b>697,953,568</b>	<b>79,231,728</b>	<b>65,447,648</b>	<b>58,104,938</b>	<b>900,737,882</b>

Appendix Table 3A

## Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2011-12

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
<b>Reserves and Adjustments:</b>						
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	5,000,000
19003	Compensation Increase Reserve	-	-	-	-	-
19004	Salary Adjustment Reserve	-	-	-	-	-
190xx	Severance Reserve	30,000,000	-	-	-	30,000,000
19013	JDIG-Reserve	20,400,000	-	-	-	20,400,000
190xx	Management Flex Reserve for Moving ESC to Commerce	(251,400)	-	-	-	(251,400)
190xx	Management Flex Reserve for Dept. of Mgmt. & Admin.	(1,087,300)	-	-	-	(1,087,300)
19xxx	Management Flex Reserve for Dept. of Public Safety	(2,705,100)	-	-	-	(2,705,100)
190xx	Centralized Grant System	-	-	-	-	-
190xx	Procurement Reform	-	-	-	-	-
19043	Health Plan Reserve	28,000,000	-	-	-	28,000,000
19044	IT Initiative Reserve	4,458,142	-	-	-	4,458,142
19047	Retirement Rate Adjustment Reserve	115,000,000	-	-	-	115,000,000
190xx	Reserve for Reduction of Dept. of Public Safety to Reflect Program Efficiencies	(3,000,000)	-	-	-	(3,000,000)
190xx	Reserve for Centralized Human Resources Functions	(2,767,000)	-	-	-	(2,767,000)
190xx	Reserve for Centralized InformationTechnology Functions	-	-	-	-	-
<b>Total Reserves and Adjustments</b>		<b>193,047,342</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,047,342</b>
<b>Total Budget</b>		<b>19,902,548,097</b>	<b>2,834,267,371</b>	<b>10,068,625,829</b>	<b>18,100,359,548</b>	<b>50,905,800,845</b>
General Obligation Bonds/COPS (Proposed to be issued per DST)		805,000,000	-	-	-	805,000,000
<b>Grand Total Budget Including GO Bonds and COP's</b>		<b>\$ 20,707,548,097</b>	<b>\$ 2,834,267,371</b>	<b>\$ 10,068,625,829</b>	<b>\$ 18,100,359,548</b>	<b>\$ 51,710,800,845</b>



Appendix Table 3B

## Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2012-13

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
<b>Education:</b>						
13510	Public Schools	\$ 7,598,568,534	\$ 32,216,379	\$ 1,911,608	\$ 1,987,438,061	\$ 9,620,134,582
23510	Public Schools-Special	-	19,140,000	1,990,656	-	21,130,656
23511	DPI-School Technology Fund (GF)	-	2,860,000	1,088,518	-	3,948,518
23515	DPI-IT Projects	-	-	-	-	-
29110	DPI-Public School Building Fund	-	-	81,668,708	-	81,668,708
63501	DPI-Trust	-	-	1,176,782	-	1,176,782
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	-	-	3,100,000	-	3,100,000
<b>Subtotal Public School</b>		<b>7,598,568,534</b>	<b>54,216,379</b>	<b>103,681,616</b>	<b>1,987,438,061</b>	<b>9,743,904,590</b>
16800	NC Community Colleges-NCCCS	1,022,312,530	-	306,870,221	17,804,251	1,346,987,002
06800	NCCU Institutional	-	-	26,241	-	26,241
26800	NCCCS-Special Funds	-	-	2,264,573	-	2,264,573
26802	NCCCS-Information Technology	-	-	-	-	-
66800	NCCCS-Trust	-	-	564,538	-	564,538
66801	NCCCS-Special Funds Interest Earning	-	-	652,345	-	652,345
<b>Subtotal Community Colleges</b>		<b>1,022,312,530</b>	<b>-</b>	<b>310,377,918</b>	<b>17,804,251</b>	<b>1,350,494,699</b>
<b>University System:</b>						
160xx	UNC - GA	39,373,634	-	33,049	-	39,406,683
16010	UNC - Institutional Programs	(186,417,963)	-	-	-	(186,417,963)
16012	UNC - Related Education Programs	44,231,141	-	-	1,674,301	45,905,442
16015	UNC-Aid Private Institutions	98,974,947	-	-	-	98,974,947
16020	UNC - CH Academic Affairs	304,081,302	-	239,572,366	346,696	544,000,364
16021	UNC - CH Health Affairs	220,424,150	-	67,540,133	-	287,964,283
16022	UNC - CH Area Health Education	49,360,931	-	-	-	49,360,931
16030	NCSU - Academic	424,098,695	-	273,834,751	225,000	698,158,446
16031	NCSU - Agri. Research Svcs.	58,635,077	-	3,141,854	8,215,944	69,992,875
16032	NCSU - Agri. Extension Svcs.	43,021,156	-	679,485	14,891,488	58,592,129
16040	UNC - Greensboro	171,327,135	-	82,324,628	111,798	253,763,561
16050	UNC - Charlotte	212,574,456	-	117,234,550	150,000	329,959,006
16055	UNC - Asheville	41,165,653	-	16,434,528	10,400	57,610,581
16060	UNC - Wilmington	104,141,841	-	66,075,688	71,575	170,289,104
16065	ECU - Academic	242,766,341	-	132,669,925	145,900	375,582,166
16066	ECU - Health Svcs.	64,614,282	-	3,105,500	-	67,719,782
16070	NC A & T	104,461,051	-	61,194,732	58,714	165,714,497
16075	Western Carolina	89,094,627	-	35,661,714	-	124,756,341
16080	Appalachian State	142,441,181	-	78,590,423	81,502	221,113,106
16082	UNC - Pembroke	60,983,655	-	21,903,929	42,968	82,930,552
16084	Winston Salem State	74,418,599	-	22,587,519	50,000	97,056,118
16086	Elizabeth City State	38,167,339	-	13,750,655	48,400	51,966,394
16088	Fayetteville State	56,330,556	-	18,932,464	-	75,263,020
16090	NC Central	93,203,178	-	44,020,705	111,680	137,335,563
16092	NC School of Arts	27,340,970	-	12,078,151	4,550	39,423,671
16094	NCSM	18,632,539	-	566,341	-	19,198,880
16095	UNC Hospitals	33,008,911	-	-	-	33,008,911
56096	UNC Hospitals-Operating Fund	-	-	-	-	-
<b>Total UNC System</b>		<b>2,670,455,384</b>	<b>-</b>	<b>1,311,933,090</b>	<b>26,240,916</b>	<b>4,008,629,390</b>
<b>Total Education</b>		<b>11,291,336,448</b>	<b>54,216,379</b>	<b>1,725,992,624</b>	<b>2,031,483,228</b>	<b>15,103,028,679</b>
<b>General Government:</b>						
14100	Administration	64,660,496	-	14,360,546	-	79,021,042
24100	DOA-Special	-	-	19,725,918	936,784	20,662,702
24102	DOA-Special	-	-	765,024	-	765,024
24104	DOA-Special-GF	-	-	-	-	-
24105	DOA-Special	-	-	9,500	4,133,969	4,143,469
64100	DOA-Trust	-	-	1,000	-	1,000
64106	DOA-NC Veteran Trust	-	-	19,310,996	-	19,310,996
74103	DOA-Internal Service	-	-	1,683,689	-	1,683,689
74100	DOA-Internal Service	-	-	64,283,124	-	64,283,124
18210	Office of Administrative Hearings	3,987,879	-	54,859	-	4,042,738
13300	State Auditor	12,138,927	-	50	-	12,138,977
23300	State Auditor-Special Revenue-GF	-	-	-	-	-
18025	State Board of Elections (SBE)	6,142,617	-	35,000	-	6,177,617
28025	SBE-HAVA Federal Funds	-	-	154,745	2,319,185	2,473,930
68025	SBE-NC Candidate	-	-	4,758,363	-	4,758,363
68026	SBE-NC Political Party	-	-	1,500,000	-	1,500,000
14160	Office of State Controller (OSC)	30,403,273	461,041	27,680	-	30,891,994
24160	OSC-Special Revenue	-	-	-	-	-
14800	Cultural Resources	65,444,723	-	2,151,174	211,964	67,807,861
14802	Cultural Resources - Roanoke Island	2,166,308	-	-	-	2,166,308
24800	Cultural Resources-Special	-	-	512,852	-	512,852
24801	Cultural Resources-Art Museum	-	-	10,000	-	10,000
24802	CR-Roanoke Island Special	-	-	-	-	-
24803	Cultural Resources-Special	-	-	7,000	-	7,000
24804	Cultural Resources-Tryon Palace	-	-	133,655	-	133,655
54800	Cultural Resources-Enterprise	-	-	94,111	-	94,111
11000	General Assembly	52,021,352	-	1,105,622	-	53,126,974



Appendix Table 3B

## Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2012-13

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
13000	Governor's Office	5,698,802	-	239,422	-	5,938,224
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
24667	Information Technology Services-ITS	-	-	100,000	-	100,000
24669	ITS-Wireless Fund	-	-	86,775,600	-	86,775,600
74660	ITS-Internal Service Fund	-	-	196,041,956	221,236	196,263,192
13005	State Budget and Management (OSBM)	6,400,664	-	500	-	6,401,164
13085	OSBM - Special Appropriations	21,434,311	-	1,192,700	-	22,627,011
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	11,796,296	-	-	-	11,796,296
23010	NC Housing Finance-Special	-	-	4,421,900	4,310,223	8,732,123
63011	NC Housing Finance-Partnership	-	-	-	-	-
13900	Insurance	27,561,310	-	2,118,847	756,328	30,436,485
23900	Insurance-Special-Interest Earning	-	-	33,774,465	-	33,774,465
13901	Insurance - Worker's Compensation Fund	4,500,000	-	-	-	4,500,000
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	910,094	-	-	-	910,094
14700	Revenue	83,140,490	6,381,663	200,978	-	89,723,131
24700	Revenue-Special	-	-	12,143,764	-	12,143,764
24704	Revenue-Project Collect Tax	-	-	-	-	-
24707	Revenue-Tax Transaction Fees	-	-	579,994	-	579,994
24708	Revenue-IT Projects	-	-	-	-	-
13200	Secretary of State	10,472,870	-	864,437	-	11,337,307
23200	Secretary of State-Special	-	-	2,449,465	-	2,449,465
63201	Secretary of State-Trust Special Revenue	-	-	184,420	-	184,420
13410	State Treasurer (DST)	6,627,554	-	2,363,018	-	8,990,572
13412	State Treasurer - Retirement / Benefits	17,812,114	-	-	-	17,812,114
23410	DST - Combined Motor Vehicle	-	-	6,266,149	-	6,266,149
23420	DST-IT Projects	-	-	-	-	-
23460	DST-Health & Wellness Trust Fund	-	-	-	-	-
68190	DST-Interest Public Improvement Bond	-	-	11,336,982	-	11,336,982
68188	DST-Interest Higher Ed. CC2001A	-	-	3,048,744	-	3,048,744
68183	DST-Interest Clean Water Bond 1999C	-	-	6,306	-	6,306
68175	DST--Interest Public School 1997 Bond	-	-	2,283,445	-	2,283,445
68174	DST-Interest CI 1997	-	-	290,715	-	290,715
68163	DST - Bond Refund	-	-	351,057	-	351,057
68157	DST-Interest 2006A Clean Water	-	-	1,923,583	-	1,923,583
68158	DST-Interest 2006A Higher Ed	-	-	19,196,825	-	19,196,825
68154	DST-Interest Public Imp. 2005A	-	-	34,260,718	-	34,260,718
68150	DST-Interest Drinking Water 2004A	-	-	23,219	-	23,219
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	-	-	1,563	-	1,563
68133	DST-Interest Wastewater Repty 2003A	-	-	26,571	-	26,571
68137	DST-Interest Drkwr. Repayment 2003A	-	-	8,566	-	8,566
68140	DST-2003B Interest Clean Water	-	-	22,260	-	22,260
68141	DST-Interest Waster Repty. 2003B	-	-	22,670	-	22,670
68142	DST-Interest Drinking Water Repayment 2003B	-	-	11,217	-	11,217
68148	DST-Interest Clean Water Revolving Loan 2004A	-	-	734,122	-	734,122
68192	DST-Interest Drkwr. Repty. 2002C	-	-	38,118	-	38,118
68193	DST-Interest Clean Water 2002C	-	-	19,472	-	19,472
68220	DST-Interest 2007A GO Pub. Imp.	-	-	30,170,483	-	30,170,483
69430	DST-Debt Service Clearing	-	-	400,429,913	-	400,429,913
69450	DST-Basis SWAP	-	-	5,836,628	-	5,836,628
68149	DST-Interest Wastewater Repayment 2004A	-	-	62,265	-	62,265
69440	DST-Infrastructure Finance Corp.	-	-	-	-	-
28101	NC State Board of Barber Examiners	-	-	669,000	-	669,000
28102	NC State Board of Cosmetology	-	-	1,335,281	-	1,335,281
28103	NC State Board of Opticians	-	-	184,804	-	184,804
28104	NC Psychology Board	-	-	774,301	-	774,301
28106	NC State Auctioneer Licensing Board	-	-	456,789	-	456,789
28107	NC State Board of Electrolysis Examiners	-	-	22,101	-	22,101
28410	NC State Health Plan	-	-	500	-	500
58410	NC State Health Plan-Child Insurance	-	-	-	-	-
<b>Total General Government</b>		<b>433,320,080</b>	<b>6,842,704</b>	<b>1,256,605,975</b>	<b>15,658,713</b>	<b>1,712,427,472</b>

Appendix Table 3B  
 Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2012-13

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
<b>Health and Human Services:</b>						
14410	Central Administration	65,987,717	-	935,345	64,948,733	131,871,795
24410	Central Administration-Special	-	-	-	66,265,059	66,265,059
64410	Central Administration-Trust	-	-	291,542	-	291,542
64412	Central Administration-Trust Interest	-	-	-	-	-
14411	Aging	36,859,667	-	10,861,933	44,548,897	92,270,497
14420	Child Development	236,503,341	-	1,443,985	335,316,323	573,263,649
14424	Education Services	-	-	-	-	-
24424	Early Intervention and Education	-	-	-	-	-
64424	Early Intervention and Education-Trust	-	-	-	-	-
67424	Office of Ed. Services-Trust	-	-	-	-	-
14430	Public Health	147,901,363	577,341	110,615,192	474,870,597	733,964,493
24430	Public Health-Special	-	-	6,174,028	-	6,174,028
14440	Social Services	188,351,712	-	661,564,414	760,645,040	1,610,561,166
24441	Social Services-Special	-	-	1,893,373	-	1,893,373
64440	Social Services-Trust	-	-	-	-	-
14445	Medical Assistance	3,399,767,507	-	1,524,041,786	6,971,522,441	11,895,331,734
24445	Medical Assistance-Special	-	-	233,811,100	-	233,811,100
14446	NC Health Choice	85,947,512	-	-	279,851,549	365,799,061
14450	Services for the Blind	8,181,925	-	998,922	19,208,653	28,389,500
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	-	-	5,694,348	-	5,694,348
14460	Mental Health/DD/SAS	714,335,617	-	68,402,447	128,814,805	911,552,869
24401	Mental Health-Julian Keith ADATC	-	-	18,919	-	18,919
24403	Mental Health-WB Jones ADATC	-	-	24,717	-	24,717
24404	Mental Health-NC SPC. Care Center	-	-	57,759	-	57,759
24406	Mental Health-Black Mt. Center	-	-	31,387	-	31,387
24460	Mental Health-Special	-	-	-	-	-
24462	Mental Health-Dorothea Dix	-	-	232,333	-	232,333
24463	Mental Health-Broughton Hospital	-	-	90,375	-	90,375
24464	Mental Health-Cherry Hospital	-	-	172,815	-	172,815
24465	Mental Health-Umstead Hospital	-	-	303,751	-	303,751
24466	Mental Health-Car. Center	-	-	339,572	251,516	591,088
24467	Mental Health-O'Berry Center	-	-	334,579	-	334,579
24468	Mental Health-Murdoch Center	-	-	76,148	-	76,148
24469	Mental Health-Caswell Center	-	-	225,756	305,202	530,958
64404	Mental Health-Longleaf Neuro-Medical	-	-	4,095	-	4,095
64405	Mental Health-Trust (Interest Bearing)	-	-	47,745	-	47,745
64406	Mental Health-Black Mt. Center	-	-	10,001	-	10,001
64462	Mental Health-Dorothea Dix-Trust	-	-	10	-	10
64463	Mental Health-Broughton Hospital	-	-	33,422	-	33,422
64464	Cherry Hospital-Trust	-	-	21,800	-	21,800
67465	Umstead Hospital-Trust (Interest)	-	-	17,326	-	17,326
64465	Umstead Hospital-Trust	-	-	12,229	-	12,229
64466	Mental Health-J. Iverson Riddle Dev. Ctr.	-	-	115,251	-	115,251
64467	Mental Health-O'Berry Center	-	-	126,610	-	126,610
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	-	-	3,554	-	3,554
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	-	-	62,443	-	62,443
67468	Mental Health-Murdoch Center	-	-	125,680	-	125,680
67469	Mental Health-Caswell Center	-	-	478,679	-	478,679
54465	Mental Health/DD/SAS-Butner Enterprises	-	-	4,250	-	4,250
74465	MH/DD/SAS-Umstead Hospital-Internal Service	-	-	792,896	-	792,896
14470	Health Service Regulation	16,133,031	-	6,104,892	33,103,194	55,341,117
24470	Health Service Regulation-Special	-	-	1,544,531	-	1,544,531
14480	Vocational Rehabilitation	37,528,128	-	5,156,540	91,676,741	134,361,409
24480	Vocational Rehabilitation-Special	-	-	481,652	-	481,652
24481	Disability Determination-Special	-	-	-	71,689,949	71,689,949
<b>Total Health and Human Services</b>		<b>4,937,497,520</b>	<b>577,341</b>	<b>2,645,273,165</b>	<b>9,344,268,498</b>	<b>16,927,616,524</b>

Appendix Table 3B  
 Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2012-13

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
<b><u>Justice and Public Safety:</u></b>						
14500	Correction	1,373,058,448	-	10,795,459	5,855,095	1,389,709,002
04502	Correction-Canteen Fund	-	-	33,922,564	-	33,922,564
24500	Correction-Special	-	-	-	-	-
24501	Correction-Special IT	-	-	-	-	-
24502	Correction-Canteen Fund	-	-	8,768,595	-	8,768,595
24503	Correction-Special-Interest Earning	-	-	149,051	-	149,051
74500	Correction-Internal Service	-	-	90,585,568	-	90,585,568
14900	Crime Control & Public Safety	32,178,336	-	4,457,005	142,210,193	178,845,534
24960	CC&PS Highway Patrol Fund	-	206,437,159	5,085,844	179,878	211,702,881
24961	CC&PS-Seized & Forfeiture Assets	-	-	-	-	-
24962	CC&PS-Juvenile Justice Block Grant	-	-	-	-	-
24963	CC&PS-Special Rev. Disaster Relief	-	-	3,002	1,248,598	1,251,600
24964	CC&PS Other Special Grants	-	-	-	47,628,474	47,628,474
12000	Judicial-AOC	458,309,107	-	561,597	-	458,870,704
12001	Judicial - Indigent Defense	122,371,148	-	10,394,765	-	132,765,913
22001	AOC-Special Revenue Funds	-	-	12,436,020	1,372,915	13,808,935
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	-	-	3,153,372	-	3,153,372
22007	AOC-Appellate Courts Printing/Comp.	-	-	666,920	-	666,920
13600	Justice	83,046,671	-	8,931,242	4,269,400	96,247,313
23600	Justice-Special	-	-	4,141,547	212,257	4,353,804
23601	Justice-Special	-	-	-	-	-
23606	Justice-Seized & Forfeited Assets	-	-	-	-	-
14060	Juvenile Justice	139,736,263	-	6,091,846	-	145,828,109
64060	Juvenile Justice-Trust	-	-	6,348	-	6,348
24060	Juvenile Justice-Special	-	-	7,819,873	-	7,819,873
<b>Total Justice and Public Safety</b>		<b>2,208,699,973</b>	<b>206,437,159</b>	<b>211,548,172</b>	<b>202,976,810</b>	<b>2,829,662,114</b>
<b><u>Natural and Economic Resources:</u></b>						
13700	Agriculture & Consumer Services	43,843,840	5,118,694	13,710,825	8,573,074	71,246,433
23700	Agriculture-Livestock Special	-	-	531,800	-	531,800
23701	Agriculture-Warehouse Investment	-	-	-	-	-
23703	Agriculture-Tobacco Trust-Special	-	-	241,875	-	241,875
53700	Agriculture-Raleigh Farmers Market	-	-	1,588,903	-	1,588,903
53725	Agriculture-WNC AG CT/MTN Fair	-	-	2,702,908	-	2,702,908
53750	Agriculture-State Fair	-	-	14,038,793	-	14,038,793
63700	Agriculture-Trust Special	-	-	153,250	-	153,250
63702	Agriculture-Rural Rehab Loans	-	-	762,602	-	762,602
63703	Agriculture-Finance Authority	-	-	585,985	-	585,985
63704	Agriculture-Cooperative Grading Program	-	-	6,631,771	-	6,631,771
14600	Commerce	32,525,214	-	7,526,926	46,478,868	86,531,008
14601	Commerce - State Aid	66,320,803	-	-	-	66,320,803
24600	Commerce-Special Revenue	-	-	11,925,459	128,859,072	140,784,531
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	-	-	967,428	-	967,428
24610	Commerce-Second Injury Fund	-	-	66,100	-	66,100
24611	Commerce-IT Projects	-	-	-	-	-
64604	Commerce-Trust EDA	-	-	-	-	-
64605	Commerce-Public Staff Trust	-	-	-	-	-
64612	Commerce-NC Rural Electric Authority	-	-	-	-	-
64613	Commerce-Natural Gas Trust	-	-	-	-	-
64616	Commerce-CDBG Revolving Loan	-	-	-	-	-
24650	Commerce-ESC	-	-	23,688,300	184,598,188	208,286,488
54600	Commerce-Enterprise Fund	-	-	26,482,060	165,823	26,647,883
64650	Commerce-Employment Security Commission Trust	-	-	5,000,000	-	5,000,000
64651	Commerce-Employment Security Commission Trust, Claims/Benefits	-	-	1,000,000	4,748,084,517	4,749,084,517
64652	Commerce-Employment Security Commission Trust Clearing	-	-	1,000,000,000	-	1,000,000,000
64653	Commerce-Employment Security Commission Trust Reserve	-	-	193,500,000	-	193,500,000
64655	Commerce-Employment Security Commission Trust, Training & Employment Account	-	-	-	-	-

Appendix Table 3B

## Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2012-13

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
54670	NC Education Lottery Commission	-	-	-	-	-
54641	NC Education Lottery Proceeds	-	-	1,220,574,691	-	1,220,574,691
14300	Environment and Natural Resources	178,312,648	3,201,898	53,348,908	50,723,398	285,586,852
24300	DENR-Special	-	-	41,474,216	-	41,474,216
24301	DENR-Air Quality-Fuel Tax Special	-	-	10,254,503	-	10,254,503
24302	DENR-Governor's Cup Trust-Special	-	-	-	-	-
24303	DENR-Marine Fish Conservation	-	-	47,737	-	47,737
24304	DENR-Wetlands Trust-Special	-	-	60,648,314	-	60,648,314
24305	DENR-Clean Water Mgmt. Trust-Special	-	-	1,700,000	-	1,700,000
24306	DENR-Special Dry Cleaning Solvent Tax	-	-	13,329,331	-	13,329,331
24307	DENR-Special Forest Development	-	-	2,547,858	-	2,547,858
24308	DENR-Special	-	-	-	-	-
24309	DENR-PARTF-Special	-	-	36,546,794	-	36,546,794
24310	DENR-Disaster Relief Programs	-	-	1,404,500	-	1,404,500
24311	DENR-Interest-CI	-	-	-	-	-
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	-	-	7,139,169	-	7,139,169
24325	DENR-DWR-FERC Interest	-	-	150,000	-	150,000
64300	DENR-Trust-Special	-	-	2,509	-	2,509
64301	DENR-Waste Water Oper. Train. Special	-	-	613,297	-	613,297
64302	DENR-Natural Heritage Trust-Special	-	-	16,000,000	-	16,000,000
64303	DENR_Solid Waste Mgmt. Trust-Special	-	-	7,621,967	-	7,621,967
64304	DENR-Clean Water Revolving Loan	-	-	1,841,920	-	1,841,920
64305	DENR-Commercial LUST Cleanup-Special	-	-	30,866,218	-	30,866,218
64306	DENR-Waste Water Treatment	-	-	20,000	-	20,000
64307	DENR-Conservation Grant Endowment	-	-	179,298	-	179,298
64308	DENR-Noncomm.LUST Cleanup	-	-	-	-	-
64311	DENR-Water Poll. Revolving Loan	-	-	42,249,691	9,116,523	51,366,214
64312	DENR-Federal Bond Revolving Loan	-	-	1,185,770	738,838	1,924,608
64318	DENR-High Unit Cost WW Grants 1998	-	-	-	-	-
64319	DENR-CWSRF Federal Program	-	-	7,323,816	-	7,323,816
64320	DENR-Drinking Water SRF	-	-	9,944,221	41,121,904	51,066,125
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	50,000,000	-	-	-	50,000,000
24350	Wildlife Resources-Special	-	-	2,223,873	2,056,815	4,280,688
24351	Wildlife Resources-Special (Interest)	-	-	20,902,495	11,631,572	32,534,067
24352	Wildlife Resources-Special (Non-Interest)	-	-	5,261,540	2,473,305	7,734,845
24353	Wildlife Resources-Special	-	-	-	-	-
64350	Wildlife Resources Endowment	-	-	6,583,913	-	6,583,913
69442	DST-Trust CI	-	-	453,787	-	453,787
69444	DST-Trust Special	-	-	329,124,084	-	329,124,084
13800	Labor	14,911,032	-	7,171,655	7,607,588	29,690,275
23800	Labor-Special Revenue Fund	-	-	8,000	-	8,000
63800	Labor-Trust Fund	-	-	-	-	-
63801	Labor-Trust Fund IDA	-	-	-	-	-
<b>Total Natural and Economic Resources</b>		<b>385,913,537</b>	<b>8,320,592</b>	<b>3,254,926,253</b>	<b>5,246,174,645</b>	<b>8,895,335,027</b>
84210/290	<b>Transportation</b>	<b>1]</b>	<b>-</b>	<b>2,588,288,351</b>	<b>823,729,284</b>	<b>1,159,504,737</b>
<b>Net Agency</b>		<b>19,256,767,558</b>	<b>2,864,682,526</b>	<b>9,918,075,473</b>	<b>18,000,066,631</b>	<b>50,039,592,188</b>
19600	<b>Capital Improvements</b>	-	-	-	-	-
<b>Debt Service:</b>						
19420	General Debt Service	782,758,881	81,481,543	42,841,232	58,161,288	965,242,944
19425	Federal Reimbursement	1,616,380	-	-	-	1,616,380
<b>Total Debt Service</b>		<b>784,375,261</b>	<b>81,481,543</b>	<b>42,841,232</b>	<b>58,161,288</b>	<b>966,859,324</b>

Appendix Table 3B  
 Total North Carolina State Budget by Function, Department, and Source of Funds, FY 2012-13

General Budget Code	Function	General Fund Appropriation	Highway Trust/ Highway Fund Transfers In	Other Revenues	Federal Revenues	Total Budget Excluding Transfers
<b>Reserves and Adjustments:</b>						
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	5,000,000
19003	Compensation Increase Reserve	-	-	-	-	-
19004	Salary Adjustment Reserve	-	-	-	-	-
190xx	Severance Reserve	-	-	-	-	-
19013	JDIG-Reserve	27,400,000	-	-	-	27,400,000
190xx	Management Flex Reserve for Moving ESC to Commerce	(377,100)	-	-	-	(377,100)
190xx	Management Flex Reserve for Dept. of Mgmt. & Admin.	(1,598,600)	-	-	-	(1,598,600)
19xxx	Management Flex Reserve for Dept. of Public Safety	(4,057,600)	-	-	-	(4,057,600)
190xx	Centralized Grant System	(700,000)	-	-	-	(700,000)
190xx	Procurement Reform	(30,000,000)	-	-	-	(30,000,000)
19043	Health Plan Reserve	113,000,000	-	-	-	113,000,000
19044	IT Initiative Reserve	6,158,142	-	-	-	6,158,142
19047	Retirement Rate Adjustment Reserve	230,000,000	-	-	-	230,000,000
19xxx	Reserve for Reduction of Dept. of Public Safety to Reflect Program Efficiencies	(3,000,000)	-	-	-	(3,000,000)
19xxx	Reserve for Centralized Human Resources Functions	(4,150,400)	-	-	-	(4,150,400)
19xxx	Reserve for Centralized InformationTechnology Functions	-	-	-	-	-
<b>Total Reserves and Adjustments</b>		<b>337,674,442</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337,674,442</b>
<b>Total Budget</b>		<b>20,378,817,261</b>	<b>2,946,164,069</b>	<b>9,960,916,705</b>	<b>18,058,227,919</b>	<b>51,344,125,954</b>
<b>General Obligation Bonds/COPS (Proposed to be issued per DST)</b>		<b>283,265,041</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>283,265,041</b>
<b>Grand Total Budget Including GO Bonds and COP's</b>		<b>\$ 20,662,082,302</b>	<b>\$ 2,946,164,069</b>	<b>\$ 9,960,916,705</b>	<b>\$ 18,058,227,919</b>	<b>\$ 51,627,390,995</b>

[1] Excludes \$27,595,861 of Highway Trust Fund and \$24,080,070 of Highway Fund transfer to General Fund plus transfers to other General Fund Budget Codes.

Appendix Table 3C

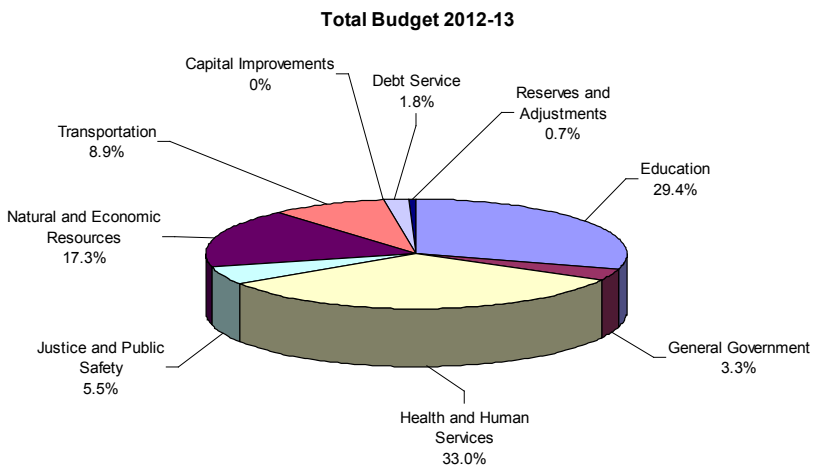
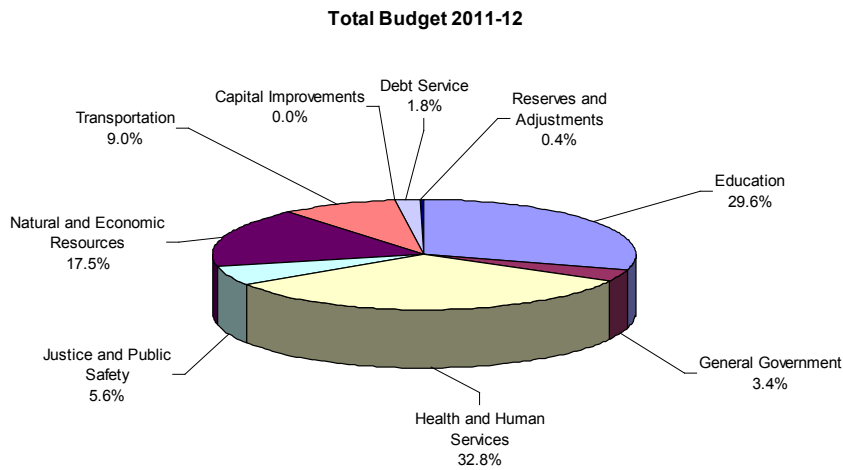
## Total North Carolina Transportation Program Budget by Function and Source of Funds, 2011-12

Function	Highway Fund	Highway Trust Fund	Other	Federal	Total
DOT Administration	\$ 89,163,247	\$ 12,337,375	\$ 630,531	\$ -	\$ 102,131,153
<i>Division of Highways</i>					
Administration	34,772,064	20,851,559	1,871,825	-	57,495,448
Construction	118,199,912	650,105,046	-	857,696,000	1,626,000,958
Maintenance	976,197,973	-	-	-	976,197,973
Planning and Research	4,055,402	-	-	17,504,000	21,559,402
OSHA Program	372,792	-	-	-	372,792
Ferry Operations	41,566,268	-	2,500,000	-	44,066,268
<i>State Aid</i>					
Municipalities	89,373,921	48,605,470	-	-	137,979,391
Public Transportation	92,719,929	-	-	38,800,000	131,519,929
Airports	20,454,763	-	-	20,000,000	40,454,763
Railroads	20,101,153	-	-	220,713,408	240,814,561
Governor's Highway Safety	278,135	-	-	12,305,026	12,583,161
Division of Motor Vehicles	97,468,510	4,489,997	30,462,173	-	132,420,680
NC Turnpike Authority	-	103,442,571	873,264,755	24,800,000	1,001,507,326
NC Mobility Fund	-	31,000,000	-	-	31,000,000
Other State Agencies	275,866,292	400,880	-	-	276,267,172
Reserves and Transfers	2,914,286	-	-	-	2,914,286
Transfer to General Fund	20,235,353	41,497,276	-	-	61,732,629
Capital Improvements	15,000,000	-	-	-	15,000,000
Debt Service		79,231,728	-	58,104,938	137,336,666
Uncommitted Trust Fund Administration	-	5,298,098	-	-	5,298,098
<b>Total Transportation</b>	<b>\$ 1,898,740,000</b>	<b>\$ 997,260,000</b>	<b>\$ 908,729,284</b>	<b>\$ 1,249,923,372</b>	<b>\$ 5,054,652,656</b>

**Appendix Table 3D  
Total North Carolina Transportation Program Budget by Function and Source of Funds, 2012-13**

<b>Function</b>	<b>Highway Fund</b>	<b>Highway Trust Fund</b>	<b>Other</b>	<b>Federal</b>	<b>Total</b>
DOT Administration	\$ 89,200,408	\$ 12,337,375	\$ 630,531	\$ -	\$ 102,168,314
<i>Division of Highways</i>					
Administration	34,823,123	20,851,559	1,871,825	-	57,546,507
Construction	119,013,215	677,251,329	-	866,320,000	1,662,584,544
Maintenance	997,585,963	-	-	-	997,585,963
Planning and Research	4,055,402	-	-	17,680,000	21,735,402
OSHA Program	372,792	-	-	-	372,792
Ferry Operations	69,616,268	-	2,500,000	-	72,116,268
<i>State Aid</i>					
Municipalities	90,187,224	50,602,947	-	-	140,790,171
Public Transportation	92,719,929	-	-	38,800,000	131,519,929
Airports	24,364,381	-	-	20,000,000	44,364,381
Railroads	24,101,153	-	-	188,399,711	212,500,864
Governor's Highway Safety	278,605	-	-	12,305,026	12,583,631
Division of Motor Vehicles	97,577,075	4,489,997	30,462,173	-	132,529,245
NC Turnpike Authority	-	103,442,571	788,264,755	16,000,000	907,707,326
NC Mobility Fund	-	45,000,000	-	-	45,000,000
Other State Agencies	276,394,175	400,880	-	-	276,795,055
Reserves and Transfers	8,130,217	-	-	-	8,130,217
Transfer to General Fund	24,080,070	27,595,861	-	-	51,675,931
Capital Improvements	15,000,000	-	-	-	15,000,000
Debt Service	-	81,481,543	-	58,161,288	139,642,831
Uncommitted Trust Fund Administration	-	6,885,938	-	-	6,885,938
<b>Total Transportation</b>	<b>\$1,967,500,000</b>	<b>\$1,030,340,000</b>	<b>\$ 823,729,284</b>	<b>\$1,217,666,025</b>	<b>\$5,039,235,309</b>

## Appendix Table 3E Recommended Total Budget for the 2011 - 2013 Biennium



### Total Recommended Budget for the 2011-13 Biennium

	2011-12		2012-13	
	Recommended	%	Recommended	%
Education	\$ 15,058,542,617	29.58%	\$ 15,103,028,679	29.42%
General Government	1,709,646,626	3.36%	1,712,427,472	3.34%
Health and Human Services	16,715,318,830	32.84%	16,927,616,524	32.97%
Justice and Public Safety	2,827,887,472	5.56%	2,829,662,114	5.51%
Natural and Economic Resources	8,916,368,007	17.52%	8,895,335,027	17.32%
Transportation	4,579,717,069	9.00%	4,571,522,372	8.90%
Capital Improvements	4,535,000	0.01%	0	0.00%
Debt Service	900,737,882	1.77%	966,859,324	1.88%
Reserves and Adjustments	193,047,342	0.38%	337,674,442	0.66%
<b>Total State Budget</b>	<b>\$ 50,905,800,845</b>	<b>100.00%</b>	<b>\$ 51,344,125,954</b>	<b>100.00%</b>



**Appendix Table 4**  
**Trends in the Total State Budget, 1977-78 to 2012-13**  
(In Millions)

Fiscal Year	Public Education	Higher Education	Community Colleges	Human Resources	Transportation	Correction
1981-82	1,768.2	821.0	219.4	1,411.2	617.4	162.7
1982-83	1,798.5	856.4	232.0	1,462.2	626.8	176.1
1983-84	1,906.6	944.4	261.7	1,601.3	864.3	190.5
1984-85	2,170.4	1,058.9	288.2	1,719.6	893.4	212.7
1985-86	2,501.4	1,219.8	304.7	1,945.6	908.1	244.3
1986-87	2,660.6	1,300.7	337.1	2,032.8	1,005.7	261.7
1987-88	2,939.7	1,414.4	358.9	2,251.2	1,086.1	306.0
1988-89	3,230.8	1,483.2	364.7	2,435.8	1,111.7	343.1
1989-90	3,468.2	1,662.2	403.2	2,695.5	1,399.1	380.8
1990-91	3,672.0	1,700.0	433.5	3,012.3	1,378.5	428.0
1991-92	3,688.6	1,647.3	410.7	3,661.6	1,512.3	484.8
1992-93	3,829.0	1,728.9	476.8	4,244.2	1,614.3	517.2
1993-94	4,128.2	1,850.9	504.0	5,289.4	1,727.9	577.4
1994-95	4,417.1	1,932.9	534.6	5,616.5	1,850.1	732.5
1995-96	4,477.5	2,035.1	546.1	5,910.1	1,917.5	815.4
1996-97	4,783.6	2,121.3	576.6	6,324.4	1,987.6	833.3
1997-98	5,191.6	2,262.6	610.6	6,955.9	2,106.4	831.0
1998-99	5,549.9	2,321.1	659.9	7,604.9	2,125.4	859.0
1999-00	6,033.2	2,473.6	681.5	7,814.7	2,492.9	899.2
2000-01	6,366.8	# 2,555.3	724.1	8,213.6	2,635.8	883.0
2001-02	6,635.5	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	10,097.0	3,781.5	1,272.1	15,564.9	3,144.1	1,478.4
2010-11	9,726.2	3,806.9	1,398.5	16,261.9	3,296.3	1,447.0
2011-12	9,717.7	3,996.0	1,344.8	16,715.3	4,579.7	1,516.8
2012-13	9,743.9	4,008.6	1,350.5	16,927.6	4,571.5	1,523.1

Fiscal Year	All Other Agencies	Debt Service	Reserves *	Capital	Other	Total
1981-82	610.5	99.2	8.8	31.8	-	5,750.2
1982-83	640.7	114.2	11.4	72.4	-	5,990.7
1983-84	698.4	117.8	2.9	116.0	-	6,703.9
1984-85	755.1	114.5	6.3	234.1	-	7,453.2
1985-86	843.4	114.2	21.1	298.0	-	8,400.6
1986-87	909.9	98.2	15.8	334.0	-	8,956.5
1987-88	972.4	111.9	18.7	265.3	-	9,724.6
1988-89	1,012.7	108.9	2.6	316.9	-	10,410.4
1989-90	1,270.4	107.6	-	377.6	231.8	11,996.4
1990-91	1,289.8	108.7	147.3	292.5	476.8	12,939.5
1991-92	1,375.7	117.9	0.9	242.6	468.0	13,610.4
1992-93	1,437.0	127.0	(5.4)	274.5	232.4	14,508.7
1993-94	1,701.9	129.6	221.5	910.1	236.8	17,277.7
1994-95	1,859.3	142.5	235.0	592.6	236.8	18,149.9
1995-96	1,735.0	157.0	6.9	456.0	-	18,056.6
1996-97	1,764.2	135.4	135.6	1,118.0	#	19,780.2
1997-98	1,693.5	167.2	104.6	1,201.4	#	21,124.8
1998-99	1,759.0	200.4	221.1	883.5	# 447.4	22,631.6
1999-00	1,922.5	244.1	222.6	877.1	# 629.0	24,290.4
2000-01	1,904.8	270.0	494.3	424.0	# 30.0	24,501.7
2001-02	1,949.5	302.6	13.2	762.9	# 40.0	26,565.9
2002-03	1,841.3	301.2	(5.4)	881.2	# 66.5	27,152.7
2003-04	1,907.6	438.1	278.3	1,533.3	# 62.0	29,397.0
2004-05	1,973.7	561.1	644.4	1,534.2	# 62.0	31,221.5
2005-06	2,452.3	676.9	563.2	1,243.7	# 100.0	34,539.6
2006-07	2,601.4	708.2	1,363.1	1,316.1	# 100.0	36,761.0
2007-08	4,395.5	746.3	758.6	725.7	# 100.0	41,562.8
2008-09	6,403.4	771.2	1,128.7	338.2	# 100.0	44,430.8
2009-10	6,143.7	828.5	230.3	791.9	# 50.0	43,382.3
2010-11	6,115.8	878.0	460.5	536.2	# 50.0	43,977.3
2011-12	11,887.1 a)	900.7	193.0	809.5	# 50.0	51,710.8
2012-13	11,864.3 a)	966.9	337.7	283.3	# 50.0	51,627.4

\* Includes funds transferred to the Reserve for Budget Stabilization

# Includes General Obligation Bonds

a) Includes an increase of \$4.4 billion in Federal funds for the ESC-Trust Fund for Claims & Benefit

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

**Appendix Table 5**

**Total Authorized State Budget by Source of Funds, 1974-75 to 2012-13**

(In Millions)

<b>Fiscal Year</b>	<b>General Fund</b>	<b>Federal Revenue Sharing</b>	<b>Hwy and Hwy Trust Fund</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
1974-75	\$ 1,734.6	\$ 57.2	\$ 392.7	\$ 648.6	\$ 247.8	\$ 3,080.9
1975-76	1,733.2	51.7	422.8	747.6	292.3	3,247.6
1976-77	1,922.4	67.1	414.6	776.8	282.9	3,463.8
1977-78	2,158.0	66.9	433.1	967.9	351.4	3,977.3
1978-79	2,515.4	62.5	461.8	1,042.7	328.5	4,410.9
1979-80	2,787.7	57.0	497.6	1,240.5	448.8	5,031.7
1980-81	3,216.4	28.4	506.1	1,296.5	395.7	5,443.1
1981-82	3,435.0	-	535.0	1,312.7	470.0	5,752.8
1982-83	3,623.6	-	555.6	1,322.3	485.9	5,987.4
1983-84	3,872.6	-	664.0	1,597.4	584.9	6,718.9
1984-85	4,516.6	-	713.6	1,655.8	551.7	7,437.7
1985-86	5,130.5	-	735.5	1,838.1	696.4	8,400.5
1986-87	5,531.3	-	839.4	1,887.4	698.3	8,956.4
1987-88	5,977.9	-	882.4	2,026.8	837.1	9,724.2
1988-89	6,586.1	-	918.7	2,117.4	788.2	10,410.4
1989-90	7,360.0	-	1,236.6	2,366.8	1,033.0	11,996.4
1990-91	8,149.6 1)	-	1,223.8	2,616.8	949.4	12,939.6
1991-92	7,983.0 1)	-	1,323.3	3,127.8	1,176.2	13,610.3
1992-93	8,209.5	-	1,318.4	3,617.6	1,363.2	14,508.7
1993-94	9,405.4	-	1,363.3	4,516.4	1,456.5	16,741.6
1994-95	10,268.4	-	1,480.9	4,639.9	1,580.7	17,969.9
1995-96	10,055.5	-	1,553.4	4,664.4	1,783.3	18,056.6
1996-97	11,252.6 2)	-	1,622.5	4,917.3	1,987.8	19,780.2
1997-98	12,015.3 3)	-	2,025.5	5,220.4	1,863.6	21,124.8
1998-99	13,561.6 3)	-	1,807.6	5,465.3	1,797.1	22,631.6
1999-00	14,561.7 3)	-	1,878.8	5,951.1	1,898.8	24,290.4
2000-01	14,350.1 3)	-	2,058.8	6,134.4	1,958.4	24,501.7
2001-02	15,135.3 3)	-	2,121.1	7,066.3	2,243.2	26,565.9
2002-03	15,205.1 3)	-	1,900.0	7,676.5	2,371.0	27,152.6
2003-04	15,930.8 3)	-	2,477.7	8,465.8	2,522.7	29,397.0
2004-05	17,107.3 3)	-	2,469.6	8,967.1	2,677.5	31,221.5
2005-06	18,033.9 3)	-	2,744.7	9,972.0	3,789.0	34,539.6
2006-07	19,319.5 3)	-	2,836.9	10,495.7	4,108.9	36,761.0
2007-08	20,734.6 3)	-	2,857.8	11,476.1	6,494.3	41,562.8
2008-09	20,694.2 3)	-	2,845.1	11,923.9	6,183.8	41,647.0
2009-10	19,801.9 3)	-	2,491.8	14,191.0	6,897.6	43,382.3
2010-11	19,483.9 3)	-	2,631.4	14,758.0	7,104.1	43,977.3
2011-12	20,707.5 3)	-	2,834.3	18,100.4 4)	10,068.6	51,710.8
2012-13	20,662.1 3)	-	2,946.2	18,058.2 4)	9,960.9	51,627.4

1) Includes legislative bonds for capital improvements.

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

3) Includes general obligation bonds.

4) Includes an increase of \$4.4 billion in Federal funds for the ESC-Trust Fund for Claims & Benefits

Appendix Table 6

## Highway Fund State Tax and Nontax Revenue, 1974-75 to 2012-13

(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	1,158.0	558.6	15.2	1,731.8	-4.4%
2010-11 1)	1,193.7	592.8	6.0	1,792.5	3.5%
2011-12 1)	1,305.9	586.8	6.0	1,898.7	5.9%
2012-13 1)	1,367.2	594.3	6.0	1,967.5	3.6%

1) Authorized

**Appendix Table 7**

**Highway Trust Fund Tax and Nontax Revenue, 1989-90 to 2012-13**

(In Millions)

<b>Fiscal Year</b>	<b>Gasoline Tax</b>	<b>Highway Use Tax</b>	<b>Other Revenue</b>	<b>Treasurer's Investments</b>	<b>Total Revenue</b>	<b>Annual Percentage Change</b>
1989-90	\$ 184.9	\$ 164.7	\$ 51.5	\$ 7.4	408.5	-
1990-91	206.6	231.1	55.4	20.8	513.9	25.80%
1991-92	213.4	242.4	58.4	23.1	537.3	4.55%
1992-93	212.4	273.3	62.2	24.1	572.0	6.46%
1993-94	222.0	330.5	68.1	22.5	643.1	12.43%
1994-95	223.0	364.6	77.1	28.7	693.4	7.82%
1995-96	232.7	396.0	76.7	32.7	738.1	6.45%
1996-97	243.7	407.6	85.7	35.7	772.7	4.69%
1997-98	254.6	453.3	87.0	40.9	835.8	8.17%
1998-99	254.7	489.5	90.3	39.3	873.8	4.55%
1999-00	260.7	545.3	93.2	37.4	936.6	7.19%
2000-01	289.6	545.2	90.6	41.4	966.8	3.22%
2001-02	296.3	555.3	90.7	31.5	973.8	0.72%
2002-03	283.1	552.7	90.9	11.7	938.4	-3.64%
2003-04	310.8	578.4	95.9	8.9	994.0	5.92%
2004-05	334.0	587.0	97.2	6.8	1,025.0	3.12%
2005-06	362.6	611.1	113.0	6.5	1,093.2	6.65%
2006-07	397.5	605.0	110.4	3.3	1,116.2	2.10%
2007-08	393.1	621.0	113.1	1.1	1,128.3	1.08%
2008-09	394.8	570.0	106.2	2.1	1,073.1	-4.89%
2009-10	381.9	440.9	85.3	1.0	909.15	-15.28%
2010-11	1) 393.4	445.0	88.9	1.4	928.73	2.15%
2011-12	1) 430.5	474.3	91.5	1.0	997.26	7.38%
2012-13	1) 450.9	485.0	93.4	1.0	1,030.34	3.32%

(1) Authorized

**Appendix Table 8**  
**Actual General Fund Tax and Nontax Revenue, 1974-75 to 2010-11**  
(In Millions)  
(Excludes Federal Revenue Sharing and Federal Anti-Recession Funds)

<u>Fiscal Year</u>	<u>Tax Revenues</u>	<u>Percent Increase Over Previous Year</u>	<u>Tax and Nontax Revenues</u> <sup>1)</sup>	<u>Percent Increase</u>
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 (3)	5.45%
2003-04	13,830.7	5.44%	14,936.5 (3)	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	16,779.1	-10.90%	19,145.7	-3.42%
2009-10	17,745.0	5.76%	18,657.3	-2.55%
2010-11	18,092.2 (2)	1.96%	18,977.9	1.72%
2011-12	18,871.4 (2)	4.31%	19,579.2	3.17%
2012-13	19,837.4 (2)	3.75%	20,554.6	4.98%

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

2) Authorized Budgeted Revenues

3) Includes \$136.9 million transfer in of Federal Fiscal Relief Funds.

**Appendix Table 9**  
**Authorized General Fund Appropriations, 1968-69 to 2012-13**  
(In Millions)  
(Including Federal Revenue Sharing and Anti-Recession Revenues)

<u>Fiscal Year</u>	<u>Operating</u>	<u>Percent Change</u>	<u>Total</u>	<u>Percent Change</u>
1968-69	\$ 735.1	8.2	\$ 735.1	(7.1)
1969-70	894.0	21.6	969.6	31.9
1970-71	961.4	7.5	961.4	(0.8)
1971-72	1,087.1	13.1	1,152.0	19.8
1972-73	1,173.6	8.0	1,173.6	1.9
1973-74	1,520.7	29.6	1,712.5	45.9
1974-75	1,698.4	11.7	1,791.8	4.6
1975-76	1,756.2	3.4	1,784.9	(0.4)
1976-77	1,944.4	10.7	1,989.5	11.5
1977-78	2,193.5	12.8	2,224.9	11.8
1978-79	2,451.9	11.8	2,577.9	15.9
1979-80	2,760.3	12.6	2,844.7	10.3
1980-81	3,140.9	13.8	3,244.8	14.1
1981-82	3,404.8	8.4	3,435.0	5.9
1982-83	3,557.8	4.5	3,623.6	5.5
1983-84	3,797.8 1)	6.7	3,857.6	6.5
1984-85	4,304.0	13.3	4,516.6	17.1
1985-86	4,877.0	13.3	5,130.5	13.6
1986-87 2)	5,233.7	7.3	5,531.6	7.8
1987-88	5,813.1	11.1	5,977.9	8.1
1988-89	6,302.4	8.4	6,561.1	9.8
1989-90	6,883.0	9.2	7,360.0	12.2
1990-91	7,249.5	5.3	8,074.6	9.7
1991-92	7,350.5	1.0	7,825.5	(3.1)
1992-93	7,877.5	7.0	8,209.5	4.9
1993-94	8,674.5	10.1	9,317.9	13.5
1994-95	9,662.2	11.4	10,268.4	10.2
1995-96	9,793.1	1.4	10,031.6	(2.3)
1996-97 3)	10,450.4	6.7	10,607.6	5.7
1997-98 4)	11,258.5	7.7	11,585.8	9.2
1998-99	12,333.5	9.5	13,111.6	13.2
1999-00	13,381.6	8.5	14,237.7	6.1
2000-01	13,785.1	3.0	14,050.1	(1.3)
2001-02	14,372.4 5)	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	19,010.1	(10.4)	19,801.9	(7.3)
2010-11	18,947.7	(0.3)	18,958.9	(4.3)
2011-12	19,898.0	5.0	19,902.5	5.0
2012-13	20,378.8	2.4	20,378.8	2.4

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

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

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

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

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

**Appendix Table 10**  
**North Carolina State General Fund Operating Appropriation For Public Schools, Community Colleges, and Higher Education, 1979-80 to 2012-13**  
(Including Carry-Forwards for Encumbrances)

Year	General Fund		Public Schools		Community Colleges		Higher Education		Percent of Total Education	
	Operations#	Amount	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Other
1979-80	2,750,988,834	1,230,099,474	44.7	5.3	145,243,264	5.3	436,949,552	15.9	938,696,544	
1980-81	3,150,963,479	1,390,907,313	44.1	5.6	174,996,965	5.6	515,255,082	16.4	1,069,804,119	
1981-82	3,401,694,904	1,495,263,953	44.0	5.7	194,452,082	5.7	567,573,821	16.7	1,144,405,048	
1982-83	3,561,142,890	1,515,742,033	42.6	5.8	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	6.1	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	6.0	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	5.8	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	5.9	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	5.6	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	5.3	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	5.3	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	5.3	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	4.7	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	5.1	398,689,471	5.1	1,170,947,533	14.9	2,876,636,944	
1993-94	8,674,510,752 a)	3,632,087,114	41.9	4.9	423,253,702	4.9	1,229,449,670	14.2	3,389,720,266	
1994-95	9,595,509,023 a)	3,962,959,317 b)	41.3	4.7	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	4.8	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	4.8	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	4.8	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	4.8	587,542,475	4.8	1,628,888,154	13.2	5,041,960,394	
2000-01	13,441,610,285	5,497,075,780	40.9	4.4	589,634,008	4.4	1,682,143,914	12.5	5,672,756,583	
2001-02	13,785,142,760	5,851,733,197 f)	42.4	4.7	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 f)	41.4	4.5	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 f)	41.5	4.7	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 f,d)	41.2	4.5	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 f,d)	39.6	4.4	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 f,d)	39.2	4.8	817,427,539 d)	4.8	2,126,803,399	12.4	7,461,176,387	
2006-07	18,659,616,984	7,096,499,112 f,d)	38.0	4.8	893,085,886 d)	4.8	2,365,613,366 d)	12.7	8,304,418,620	
2007-08	20,428,846,612	7,949,900,491 f,d)	38.9	4.6	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 f,d)	37.7	4.5	961,282,701 d)	4.5	2,756,110,358 d)	13.0	9,515,823,474	
2009-10	19,010,057,199	7,458,261,240 f,d)	39.2	5.3	999,833,122	5.3	2,706,834,335	14.2	7,845,128,502	
2010-11	18,947,720,772	7,085,588,912 f,d)	37.4	5.6	1,055,135,961	5.6	2,666,935,206	14.1	8,140,060,693	
2011-12	19,898,013,097	7,572,712,912 f,d)	38.1	5.1	1,016,629,522	5.1	2,657,835,835	13.4	8,650,834,828	
2012-13	20,378,817,261	7,598,568,534 f,d)	37.3	5.0	1,022,312,530	5.0	2,670,455,384	13.1	9,087,480,813	

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.