

The North Carolina State Budget

Summary of Recommendations

2007-2009



Michael F. Easley
Governor

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2007-2009

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

www.osbm.state.nc.us

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February 2007



State of North Carolina
Office of the Governor
20301 Mail Service Center • Raleigh, NC 27699-0301

Michael F. Easley
Governor

February 2007

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

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

The Citizens of North Carolina

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

I am pleased to submit to you my operating and capital budget recommendations for the 2007-09 biennium. This budget reflects my continued commitment to build ONE NORTH CAROLINA, where every citizen in North Carolina has the opportunity to land in the winner's circle of our economy.

North Carolina is one of only seven states to have the highest credit rating from the three major rating agencies. We continue to be a national leader in economic and employment growth as well as overall financial management. North Carolina has added 56,200 jobs in the last 12 months, a 1.4 percent increase, ranking among the southeast and national leaders in job creation. Due to our strong, transitioning economy and our tradition of conservative budget practices, it is estimated that the surplus at the end of this fiscal year will total \$825 million. We anticipate continued revenue growth throughout fiscal year 2009.

This budget continues my commitment to keep spending at responsible levels, while cutting taxes by \$90 million for hard-working North Carolina taxpayers. It eliminates the income tax completely for over 545,000 low-income individuals and families and cuts them in half for 629,000 more, extends increased expensing allowances for small businesses, and provides for deductions related to higher education tuition costs. As required by law, the budget also recommends depositing an additional \$238 million in the state's Rainy Day Fund and \$100 million for the repair and renovation of university and state buildings. By the end of the current fiscal year, the Rainy Day Fund balance will be \$849 million, 4.9 percent of last year's operating budget.

My fiscal year 2008 budget contains \$11.6 billion in investments in education from pre-K through the university to build a skilled workforce prepared to compete in the global economy. It includes a 5 percent average pay increase for public school teachers to fulfill our commitment to surpass the national average by 2008-09. Additional funds are provided for the Disadvantaged School Supplemental Fund, to upgrade public school connectivity, and to add literacy coaches and school resource officers.



It provides additional funds to ensure a college education is both affordable and accessible to all high school students. The budget includes funds to expand Learn and Earn, to make 40,000 classes available online, and to add scholarships that allow students to finish two years of college debt free if they work ten hours per week. Monies have also been provided for traditional financial aid, expansion of e-learning capabilities throughout our higher education system, additional scholarships for nurses, professional training to recruit and retain quality teachers, and several economic development initiatives.

This budget makes substantial investments to improve our court system, law enforcement, and disaster preparation. Funds are included to add core court personnel, including assistant district attorneys, deputy clerks, district court judges, and magistrates. It includes funds to assist families of National Guard soldiers currently serving abroad, expands treatment programs for delinquent juveniles, and provides funds to ensure floodplain maps are updated every five years. Monies are also recommended to hire additional staff to expedite the processing of DNA samples and to increase our investigative efforts in drug trafficking, child exploitation, sexual predator, and other violent crimes.

My budget includes funds to provide quality health care and family services to those who can least afford them. Funds are recommended to expand health coverage for uninsured children and adolescents in foster care. It includes funds to reduce the waiting list for child care subsidies, to increase community access to physician and mental health services, and to replace the outdated public health information system. Additional monies are also included to provide higher education scholarships for foster care adolescents, to increase the capacity of the independent living program, to expand rural health capacity, and to support local health disparities initiatives. I include a recommendation for a new adoption tax credit based on the current federal tax credit.

The budget solidifies North Carolina as a national leader in recruiting new business and growing existing businesses. It includes funds for the One NC Fund, which has resulted in the creation of 25,000 jobs and \$3.5 billion in investment throughout the state. The budget also provides support for new and emerging companies through investments in biotechnology and in the Small Business Innovation Research matching grant program.

My budget proposal provides additional funds for the environment and agriculture. It includes a substantial investment to preserve farmland, to enhance well-water-safety programs, and to protect drinking-water supplies. Funds are provided for land conservation, forest development, and habitat protection programs. The budget also includes funds to increase disease surveillance and detection programs to ensure a safe food supply.

The budget provides funding for priority public safety, education, environmental, and infrastructure projects outlined in the state's Capital Improvement Plan. State agency projects include expanding several correctional facilities to meet the anticipated growth in the prison population, constructing a new nature resource center at the Museum of Natural Sciences, and making substantial investments at Tryon Palace. University system projects include East Carolina's School of Dentistry, Western Carolina's Health and Gerontological Sciences Building, UNC-Chapel Hill's Genomics Facility, and NC State University's Companion Animal Hospital. Monies are also recommended for state



conservation land acquisitions and for infrastructure improvements to water and wastewater lines for local governments on moratorium.

I recognize and appreciate the work of our state employees and recommend a 2.5 percent cost-of-living increase. Additional funds are provided to cover the increase in active and retired employee health-care premiums associated with rising costs. The budget also includes a 2.0 percent cost-of-living adjustment for state retirees and makes the final payment to the retirement system for funds that were withheld in fiscal year 2000-01.

I look forward to working cooperatively with members of the General Assembly to construct a fiscally responsible and sustainable budget that meets the needs of all North Carolinians.

With kindest regards, I remain

Very truly yours,

A handwritten signature in black ink, appearing to read "Mike Easley", written in a cursive style.

Michael F. Easley



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Preface

The North Carolina State Budget: Summary of Recommended Adjustments, 2007-2009 reflects the work of multiple people within the Office of State Budget and Management (OSBM), including budget administrators and analysts, economists, technical staff, and paraprofessionals. The OSBM team is listed below by administrative area.

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

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Introduction

Governor's recommended budget for the state

The purpose of this document is to summarize the governor's recommended state budget for the two fiscal years of the 2007-09 biennium. Governor Easley's priorities are listed in his transmittal letter, which precedes the overview of key recommendations for adjustments to the base budget (continuation budget). Included in this publication are recommendations for expenditures from the General Fund, Highway Fund, and the Highway Trust Fund. Recommended expenditures for capital improvements and for reserves, debt service, and other adjustments are also included. Budget codes for federal funds and institutional revenue funds do not appear in the governor's recommended budget document.

Summary tables

A summary of General Fund recommendations by department/budget code for the entire state budget appears in tables 3 and 4, "Governor's Recommended General Fund Budget, 2007-08" and "Governor's Recommended General Fund Budget, 2008-09." Summaries of recommendations for expenditures supported by the Highway Fund and the Highway Trust Fund appear in tables 5 and 6, "Governor's Recommended Highway Fund and Highway Trust Fund Budget, 2007-08" and "Governor's Recommended Highway Fund and Highway Trust Fund Budget, 2008-09."

Fiscal impact and revenue forecast

Also included in this summary volume are an analysis of the state's economic and financial outlook for the upcoming biennium and a comparison of the economic conditions in North Carolina to national averages. The most current revenue forecast is explained. Estimates of fund availability for the General Fund, Highway Fund, and Highway Trust Fund show the supporting basis for the recommended state budget (see tables 7, 9-10, 13, and 15-16). The fiscal impact

of the governor's recommended state budget over a five year period is provided in table 8, which demonstrates how the General Fund recommendations for the 2007-09 biennium are supported by revenue projections.

Statewide types of budget adjustments

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

Budgets by department, including results-based information

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

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

Newly integrated with fiscal details in the supplemental volumes are department missions, goals, fund descriptions, key services supported by each fund or budget code, costs of services in dollars and staff, and performance measures. The inclusion of these

results-based budgeting elements is the first step in a multiyear effort to provide members of the North Carolina General Assembly and the public with expanded budget and operational information. These results-based budgeting elements are intended to improve the reader's understanding of why an agency exists, what the agency does, how much money its services cost, and how effective its services are. Ultimately, this information is designed to improve funding, planning, and management decisions in state government.

Line item details

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

Executive Priorities and Budget Summary

for 2007-09

Governor Easley's priorities include the following:

- Investing in education from pre-kindergarten through the university system to build a skilled workforce prepared to compete in the global economy
- Making a college education affordable and accessible to all high school students
- Constructing a fiscally responsible, sustainable budget that builds the Rainy Day Fund and invests in the state's infrastructure to preserve the state's AAA bond rating
- Enhancing North Carolina's aggressive strategies for job creation and long-term economic growth
- Protecting the public through more investments in law enforcement, courts, homeland security, and disaster preparation
- Providing quality health and family services to those who can least afford them
- Protecting and preserving our natural heritage through land and water conservation and strengthened environmental laws

Figure 1
Distribution of the General Fund Operating Budget, 2007-08

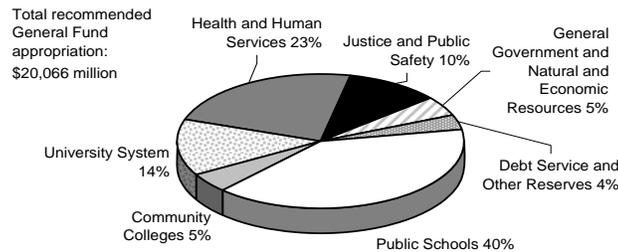


Table 1
Recommended General Fund Appropriations, 2007-08¹
Compared with Authorized General Fund Appropriations, 2006-07
(\$ million)

	Authorized 2006-07	Recommended 2007-08	Change 2006-07 to 2007-08	Percent of Total Operating Budget
Public Schools	\$7,406	\$7,923	7.0%	39.6%
Community Colleges	921	967	5.0%	4.8%
University System	2,441	2,717	11.3%	13.6%
<i>Total Education</i>	<i>10,768</i>	<i>11,607</i>	<i>7.8%</i>	<i>58.0%</i>
Health and Human Services	4,280	4,607	7.6%	23.0%
Justice and Public Safety	1,942	2,097	8.0%	10.5%
General Government and Natural and Economic Resources	926	942	1.7%	4.7%
Debt Service and Other Reserves	744	749	0.7%	3.7%
<i>Total Operating Budget</i>	<i>\$18,660</i>	<i>\$20,002</i>	<i>7.2%</i>	<i>100%</i>
Capital Improvements	206	64	-68.9%	
<i>Total General Fund Appropriation</i>	<i>\$18,866</i>	<i>\$20,066</i>	<i>6.4%</i>	

1. For comparison purposes, the FY 2007-08 recommended appropriation shown in table 1 for each program area includes the recommended increases in employee pay, retirement system contributions, and state health plan premiums that are appropriated in a statewide reserve and distributed to each agency after enactment of the budget.

Figure 2
**Distribution of General Fund Supported Positions
 2007-08**

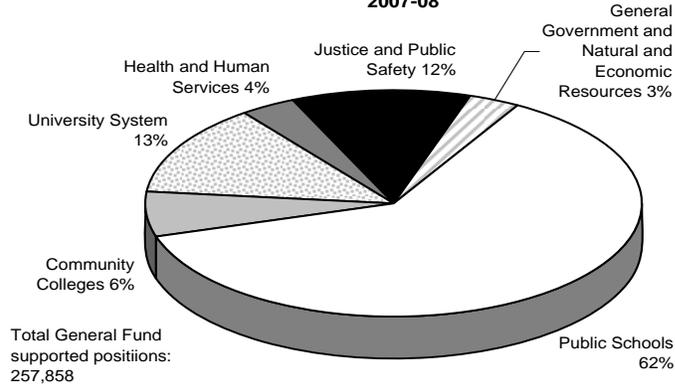


Table 2
Recommended General Fund Supported Positions, 2007-08¹
Compared with Authorized General Fund Positions, 2006-07

	Authorized 2006-07	Recommended 2007-08	Change 2006-07 to 2007-08	Percent of Total Positions
Public Schools	156,164	159,731	2.3%	61.9%
Community Colleges	15,589	16,126	3.4%	6.3%
University System	33,179	34,254	3.2%	13.3%
Health and Human Services	9,066	9,080	0.2%	3.5%
Justice and Public Safety	29,913	30,354	1.5%	11.8%
General Government and Natural and Economic Resources	8,175	8,313	1.7%	3.2%
<i>Total Positions</i>	<i>252,086</i>	<i>257,858</i>	<i>2.3%</i>	<i>100%</i>

1. Positions shown in table 2 include state employees, local public school employees, and community college employees who are paid from General Fund appropriations. Receipt-supported and undesignated positions are excluded.

Table 3
Governor's Recommended General Fund Budget
2007-08

Budget Code	Function	2007-08			Reductions			Expansion			Net Change	2007-08 Recommended Appropriation	2007-08 Position Change
		Recommended Continuation Appropriation	Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions					
Education													
13510	Public Education	\$ 7,466,321,736	\$ -	\$ -	-	-	11.00	\$ 136,881,762	\$ 71,783,360	\$ 7,603,203,498	11.00		
16800	Community Colleges	892,934,482	-	-	-	-	4.00	22,856,170	4,085,550	915,790,652	4.00		
160xx	University System	2,304,460,041	-	-	-	-	-	-	-	2,304,460,041	-		
16095	UNC Hospital	45,673,970	-	-	-	-	-	-	-	45,673,970	-		
16011.12	UNC-GA passthrough	174,931,060	-	-	-	-	96.00	109,645,639	2,643,000	284,576,699	96.00		
	Total Education	10,884,321,289	-	-	-	-	111.00	269,383,571	78,511,910	11,153,704,860	111.00		
General Government													
14100	Administration	65,923,562	-	-	-	-	23.00	2,584,982	132,800	68,508,544	23.00		
13300	State Auditor	12,722,540	-	-	-	-	-	180,486	-	12,903,026	-		
14800	Cultural Resources	68,672,441	-	-	-	-	8.00	1,791,050	-	70,463,491	8.00		
14802	Cultural Resources - Roanoke Island	2,020,023	-	-	-	-	-	-	-	2,020,023	-		
11000	General Assembly	55,729,083	-	-	-	-	-	-	-	55,729,083	-		
13000	Governor's Office	6,462,319	-	-	-	-	-	-	-	6,462,319	-		
13010	NC Housing Finance	4,750,945	-	-	-	-	-	-	6,500,000	11,250,945	-		
13900	Insurance	30,841,859	-	-	-	-	15.00	1,078,286	83,800	32,003,945	15.00		
13901	Insurance - Worker's Comp. Fund	4,500,000	-	-	-	-	-	-	-	4,500,000	-		
13100	Lieutenant Governor	931,294	-	-	-	-	0.10	6,810	-	938,104	0.10		
18210	Office of Administrative Hearings	3,495,009	-	-	-	-	1.00	243,146	177,100	3,738,155	1.00		
14700	Revenue	87,619,246	-	-	-	-	-	-	-	87,619,246	-		
13200	Secretary of State	10,600,417	-	-	-	-	2.00	104,516	13,815	10,704,933	2.00		
18025	State Board of Elections	5,861,461	-	-	-	-	3.00	3,666,960	2,745,089	9,528,421	3.00		
13005	State Budget and Management (OSBM)	5,930,060	-	-	-	-	-	-	-	5,930,060	-		
13085	OSBM-Special Appropriations	4,938,446	-	-	-	-	-	-	-	4,938,446	-		
14160	Controller's Office	20,646,483	-	-	-	-	2.00	171,043	6,000	20,817,526	2.00		
13410	State Treasurer	9,218,372	-	-	-	-	3.00	222,758	12,000	9,441,130	3.00		
13412	State Treasurer - Retirement / Benefits	9,165,457	-	-	-	-	-	-	-	9,165,457	-		
	Total General Government	410,029,017	-	-	-	-	57.10	18,133,837	9,670,604	428,162,854	57.10		
Health and Human Services													
14410	Central Administration	61,815,967	-	-	-	-	7.00	10,056,091	7,369,018	71,872,058	7.00		
14411	Aging	34,643,589	-	-	-	-	-	264,000	-	34,907,589	-		
14420	Child Development	296,288,148	-	-	-	-	3.00	9,627,995	8,252	305,916,143	3.00		
14424	Education Services	38,655,272	-	-	-	-	20.00	718,591	3,500	39,373,863	20.00		
14430	Public Health	174,643,740	-	-	-	-	4.00	12,062,879	9,628,840	186,706,619	4.00		
14440	Social Services	212,060,881	-	-	-	-	8.00	4,243,006	16,428	216,303,887	8.00		
14445	Medical Assistance	2,877,566,705	-	-	-	-	29.00	5,374,746	1,585,799	2,882,941,451	29.00		
14446	Child Health	51,883,163	-	-	-	-	-	7,507,992	-	59,391,155	-		
14450	Services for the Blind	10,277,646	-	-	-	-	12.00	2,136,267	88,500	12,413,913	12.00		
14460	Mental Health/DD/SAS	711,971,291	-	-	-	-	24.00	4,840,124	135,313	716,811,415	24.00		
14470	Facility Services	17,903,044	-	-	-	-	21.00	1,550,106	76,424	19,453,150	21.00		
14480	Vocational Rehabilitation	44,374,525	-	-	-	-	9.00	1,601,638	39,000	45,976,163	9.00		
	Total Health and Human Services	4,532,083,971	-	-	-	-	137.00	59,983,435	18,951,074	4,592,067,406	137.00		
Justice and Public Safety													
14500	Correction	1,214,815,488	-	-	-	-	35.00	2,578,335	776,626	1,217,393,823	35.00		
14900	Crime Control and Public Safety	39,283,056	-	-	-	-	22.00	8,243,097	4,495,755	47,526,155	22.00		
12000	Judicial	407,836,051	-	-	-	-	145.75	12,262,542	2,428,398	420,098,593	145.75		
12001	Judicial - Indigent Defense	101,886,218	-	-	-	-	-	2,861,236	200,000	104,747,454	-		
13600	Justice	94,586,393	-	-	-	-	21.00	1,269,509	519,716	96,375,618	21.00		
14060	Juvenile Justice	159,464,742	-	-	-	-	12.00	2,146,083	126,000	161,610,825	12.00		
	Total Justice and Public Safety	2,017,871,950	-	-	-	-	235.75	29,880,518	8,546,495	2,047,752,468	235.75		

Table 3
Governor's Recommended General Fund Budget
2007-08

Budget Code	Function	2007-08				Expansion				2007-08 Recommended Appropriation	Net Change	2007-08 Recommended Position	Net Change	
		Recommended Continuation Appropriation	Reductions	Appropriation Supported Positions	Net Change	Reductions	Appropriation Supported Positions	Net Change	Net Change					
Natural and Economic Resources														
13700	Agriculture and Consumer Services	60,254,939	-	-	-	6,183,000	-	-	-	6,183,000	-	2.00	6,880,000	2.00
14600	Commerce	41,365,875	-	-	-	702,838	-	-	-	20,590,000	-	6.00	21,292,838	6.00
14601	Commerce - State Aid	49,154,087	-	-	-	3,500,000	-	-	-	-	-	-	52,654,087	-
14300	Environment and Natural Resources	189,617,004	-	-	-	9,991,984	-	-	-	522,668	-	16.00	200,131,656	16.00
14301	Clean Water Management Trust	100,000,000	-	-	-	-	-	-	-	-	-	-	100,000,000	-
13800	Labor	16,209,473	-	-	-	385,285	-	-	-	-	-	3.00	16,594,758	3.00
	Total Natural and Economic Resources	456,601,378	-	-	-	15,277,107	-	-	-	27,285,668	-	27.00	42,572,775	27.00
14222	Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
	Net Agency	18,300,907,605	-	-	-	276,978,385	-	-	-	142,975,751	-	567.85	419,954,136	567.85
19600	Capital Improvements	-	-	-	-	-	-	-	-	63,883,409	-	-	63,883,409	-
	Debt Service	619,793,004	-	-	-	-	-	-	-	-	-	-	619,793,004	-
19420	General Debt Service	1,616,380	-	-	-	-	-	-	-	-	-	-	1,616,380	-
19425	Federal Reimbursement	621,409,384	-	-	-	-	-	-	-	-	-	-	621,409,384	-
	Total Debt Service	1,241,192,388	-	-	-	-	-	-	-	-	-	-	1,241,192,388	-
Reserves and Adjustments														
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	-	-	-	-	-	-	-	5,000,000	-
19003	Compensation Increase Reserve	-	-	-	-	386,490,786	-	-	-	8,029,850	-	-	394,520,636	-
19004	Salary Adjustment Reserve	28,188,000	-	-	-	-	-	-	-	-	-	-	28,188,000	-
190xx	Other Post-Employment Benefit (OPEB)	-	-	-	-	-	-	-	-	-	-	-	-	-
19008	Retirement System Payback	-	-	-	-	-	-	-	-	45,000,000	-	-	45,000,000	-
19013	Job Development Incentive Grants Reserve	12,400,000	-	-	-	-	-	-	-	-	-	-	12,400,000	-
19xxx	ITS Enterprise Fee Hold Harmless	-	-	-	-	1,500,000	-	-	-	-	-	-	1,500,000	-
19xxx	Reserve for Internal Control Task Force Recommendations	-	-	-	-	1,000,000	-	-	-	-	-	-	1,000,000	-
19xxx	Reserve for ITAS Replacement	-	-	-	-	-	-	-	-	10,000,000	-	-	10,000,000	-
19037	BEACON Project Reserve	-	-	-	-	-	-	-	-	20,000,000	-	-	20,000,000	-
190xx	Information Technology Efficiencies	-	-	-	-	-	-	-	-	-	-	-	-	-
19043	Health Plan Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
19047	Retirement Rate Adjustment Reserve-COLA	-	-	-	-	111,247,930	-	-	-	-	-	-	111,247,930	-
19049	Mental Health Trust Fund	-	-	-	-	27,200,000	-	-	-	-	-	-	27,200,000	-
19044	IT Initiative	4,140,000	-	-	-	-	-	-	-	-	-	-	4,140,000	-
190xx	Pandemic Flu Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
190xx	Retirement System Reserve - Disability/Death Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Reserves and Adjustments	49,728,000	-	-	-	527,438,716	-	-	-	83,029,850	-	-	610,468,566	-
	Total	\$ 18,972,044,989	\$ -	\$ -	\$ -	\$ 804,417,101	\$ -	\$ -	\$ -	\$ 289,889,010	\$ -	567.85	\$ 1,094,306,111	567.85
													\$ 20,066,351,100	567.85

Table 4
Governor's Recommended General Fund Budget
2008-09

Budget Code	Function	2008-09				Expansion				Net Change	2008-09 Recommended Appropriation	Net Position Change
		Recommended Continuation Appropriation	Appropriation Supported Positions	Nonrecurring	Recurring	Appropriation Supported Positions	Nonrecurring	Recurring				
Education												
13510	Public Education	\$ 7,579,725,190	\$ -	\$ -	\$ 84,121,274	11.00	\$ -	84,121,274	\$ -	11.00	\$ 7,663,846,464	11.00
16800	Community Colleges	893,151,875	-	-	18,970,620	4.00	-	18,970,620	-	4.00	912,122,495	4.00
160xx	University System	2,357,978,162	-	-	-	-	-	-	-	-	2,357,978,162	-
16095	UNC Hospital	45,673,970	-	-	-	-	-	-	-	-	45,673,970	-
16011,12	UNC-CA passsthrough	175,171,977	-	-	160,668,238	118.00	-	160,668,238	443,000	118.00	336,283,215	118.00
	Total Education	11,051,701,174	-	-	263,760,132	133.00	-	263,760,132	443,000	133.00	11,315,904,306	133.00
General Government												
14100	Administration	66,457,866	-	-	2,452,182	23.00	-	2,452,182	100,000	23.00	69,010,048	23.00
13300	State Auditor	12,735,993	-	-	180,486	-	-	180,486	-	-	12,916,479	-
14800	Cultural Resources	69,561,683	-	-	1,791,050	8.00	-	1,791,050	-	8.00	71,352,733	8.00
14802	Cultural Resources - Roanoke Island	2,020,023	-	-	-	-	-	-	-	-	2,020,023	-
11000	General Assembly	56,931,204	-	-	-	-	-	-	-	-	56,931,204	-
13000	Governor's Office	6,500,587	-	-	-	-	-	-	-	-	6,500,587	-
13010	NC Housing Finance	4,750,945	-	-	-	-	-	-	-	-	4,750,945	-
13900	Insurance	30,880,430	-	-	1,078,286	15.00	-	1,078,286	-	15.00	31,958,716	15.00
13901	Insurance - Worker's Comp. Fund	4,500,000	-	-	-	-	-	-	-	-	4,500,000	-
13100	Lieutenant Governor	932,281	-	-	6,810	0.10	-	6,810	-	0.10	939,091	0.10
18210	Office of Administrative Hearings	3,502,386	-	-	66,046	1.00	-	66,046	-	1.00	3,568,432	1.00
14700	Revenue	87,711,626	-	-	-	-	-	-	-	-	87,711,626	-
13200	Secretary of State	5,874,026	-	-	90,701	2.00	-	90,701	-	2.00	10,776,784	2.00
18025	State Board of Elections	5,936,765	-	-	924,121	-	-	924,121	-	-	6,798,147	-
13005	State Budget and Management (OSBM)	4,938,446	-	-	1,500,000	-	-	1,500,000	-	-	6,438,446	-
13085	OSBM-Special Appropriations	20,669,990	-	-	165,043	2.00	-	165,043	-	2.00	20,835,033	2.00
14160	Controller's Office	9,227,432	-	-	210,758	3.00	-	210,758	-	3.00	9,438,190	3.00
13410	State Treasurer	9,165,457	-	-	-	-	-	-	-	-	9,165,457	-
13412	State Treasurer - Retirement / Benefits	412,983,223	-	-	8,465,483	54.10	-	8,465,483	100,000	54.10	421,548,706	54.10
	Total General Government	64,468,327	-	-	2,948,297	7.00	-	2,948,297	2,750	7.00	67,419,374	7.00
Health and Human Services												
14410	Central Administration	34,645,179	-	-	264,000	-	-	264,000	-	-	34,909,179	-
14411	Aging	296,303,468	-	-	9,636,458	3.00	-	9,636,458	-	3.00	305,939,926	3.00
14420	Child Development	38,518,759	-	-	1,410,071	31.00	-	1,410,071	-	31.00	39,928,830	31.00
14424	Education Services	174,331,447	-	-	2,504,624	4.00	-	2,504,624	2,880,610	4.00	179,716,681	4.00
14430	Public Health	215,228,584	-	-	7,560,303	8.00	-	7,560,303	-	8.00	222,788,887	8.00
14440	Social Services	3,158,802,006	-	-	8,481,632	29.00	-	8,481,632	-	29.00	3,167,283,638	29.00
14445	Medical Assistance	51,883,163	-	-	7,507,992	-	-	7,507,992	-	-	59,391,155	-
14446	Child Health	10,321,452	-	-	2,215,063	12.00	-	2,215,063	-	12.00	12,536,515	12.00
14450	Services for the Blind	713,269,114	-	-	5,671,764	124.00	-	5,671,764	-	124.00	718,940,878	124.00
14460	Mental Health/DD/SAS	17,919,184	-	-	2,876,319	29.00	-	2,876,319	-	29.00	20,795,503	29.00
14470	Facility Services	44,712,409	-	-	1,671,142	9.00	-	1,671,142	-	9.00	46,383,551	9.00
14480	Vocational Rehabilitation	4,820,403,092	-	-	52,747,665	256.00	-	52,747,665	2,883,360	256.00	4,876,084,117	256.00
	Total Health and Human Services	1,235,981,287	-	-	1,840,690	35.00	-	1,840,690	-	35.00	1,237,821,977	35.00
Justice and Public Safety												
14500	Correction	39,307,071	-	-	3,747,342	22.00	-	3,747,342	-	22.00	43,054,413	22.00
14900	Crime Control and Public Safety	413,500,354	-	-	10,324,187	148.75	-	10,324,187	-	148.75	423,824,541	148.75
12001	Judicial	105,772,513	-	-	2,797,046	-	-	2,797,046	-	-	108,569,559	-
12001	Judicial - Indigent Defense	91,003,762	-	-	1,530,087	21.00	-	1,530,087	-	21.00	92,533,849	21.00
13600	Justice	163,791,473	-	-	2,020,083	12.00	-	2,020,083	-	12.00	165,811,556	12.00
14060	Juvenile Justice	2,049,356,460	-	-	22,259,435	238.75	-	22,259,435	-	238.75	2,071,615,895	238.75
	Total Justice and Public Safety	2,049,356,460	-	-	22,259,435	238.75	-	22,259,435	-	238.75	2,071,615,895	238.75

Table 4
**Governor's Recommended General Fund Budget
2008-09**

Budget Code	Function	2008-09 Recommended Continuation Appropriation			Reductions			Expansion			2008-09 Recommended Appropriation	Net Change	2008-09 Net Reported Position	Net Change
		Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions				
Natural and Economic Resources														
13700	Agriculture and Consumer Services	60,434,179	-	-	-	-	-	183,000	-	-	2.00	880,000	61,314,179	2.00
14600	Commerce	41,406,272	-	-	-	-	-	702,838	-	-	6.00	702,838	42,109,110	6.00
14601	Commerce - State Aid	49,154,087	-	-	-	-	-	3,500,000	-	-	-	3,500,000	52,654,087	-
14300	Environment and Natural Resources	191,595,711	-	-	-	-	-	10,111,423	-	-	16.00	10,111,423	201,707,134	16.00
14301	Clean Water Management Trust	100,000,000	-	-	-	-	-	-	-	-	-	100,000,000	-	-
13800	Labor	16,209,666	-	-	-	-	-	385,285	-	-	3.00	385,285	16,594,951	3.00
	Total Natural and Economic Resources	458,799,915	-	-	-	-	-	15,396,546	183,000	-	27.00	15,579,546	474,379,461	27.00
14222	Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
	Net Agency	18,793,243,864	-	-	-	-	-	362,629,261	3,609,360	-	708.85	366,238,621	19,159,482,485	708.85
Capital Improvements														
19600	Capital Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service														
19420	General Debt Service	653,799,484	-	-	-	-	-	1,500,000	-	-	-	1,500,000	655,299,484	-
19425	Federal Reimbursement	1,616,380	-	-	-	-	-	-	-	-	-	-	1,616,380	-
	Total Debt Service	655,415,864	-	-	-	-	-	1,500,000	-	-	-	1,500,000	656,915,864	-
Reserves and Adjustments														
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	-	-	-	-	-	-	-	5,000,000	-
19003	Compensation Increase Reserve	-	-	-	-	-	-	-	-	-	-	-	386,490,786	-
19004	Salary Adjustment Reserve	28,188,000	-	-	-	-	-	386,490,786	-	-	-	386,490,786	28,188,000	-
19xxx	ITS Enterprise Fee Hold Harmless	-	-	-	-	-	-	-	-	-	-	-	1,500,000	-
19008	Retirement System Payback	-	-	-	-	-	-	1,500,000	-	-	-	1,500,000	-	-
19013	Job Development Incentive Grants Reserve	12,400,000	-	-	-	-	-	-	-	-	-	-	12,400,000	-
19xxx	Reserve for Internal Control Task Force Recommendations	-	-	-	-	-	-	1,000,000	-	-	-	1,000,000	-	-
19037	BEACON Project Reserve	-	-	-	-	-	-	-	-	-	-	-	1,000,000	-
19043	Health Plan Reserve	-	-	-	-	-	-	-	-	-	-	-	146,563,167	-
19047	Retirement Rate Adjustment Reserve-COLA	-	-	-	-	-	-	146,563,167	-	-	-	146,563,167	-	-
19049	Mental Health Trust Fund	-	-	-	-	-	-	27,200,000	-	-	-	27,200,000	-	-
19044	IT Initiative	2,840,000	-	-	-	-	-	-	-	-	-	-	2,840,000	-
190xx	Reserve for ITAS Replacement	-	-	-	-	-	-	-	10,000,000	-	-	10,000,000	-	-
	Total Reserves and Adjustments	48,428,000	-	-	-	-	-	562,753,953	10,000,000	-	-	572,753,953	621,181,953	-
	Total	\$ 19,497,087,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 926,883,214	\$ 13,609,360	\$ 708.85	\$ 940,492,574	\$ 20,437,580,302	\$ 708.85	

Table 5
**Governor's Recommended Highway Fund and Highway Trust Fund Budgets
 2007-08**

Function	2007-08 Recommended Continuation Appropriation	Reductions			Expansion			2007-08 Recommended Appropriation	Net Change	2007-08 Recommended Position	Net Change
		Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions				
DOT Administration	\$ 90,278,091	-	-	-	\$ 2,883,262	\$ 2,625,738	-	\$ 5,509,000	\$ 95,787,091	-	-
<i>Division of Highways</i>											
Administration	32,651,442	-	-	-	-	-	-	-	32,651,442	-	-
Construction	139,327,448	-	-	-	818,587	-	-	818,587	140,146,035	-	-
Maintenance	900,574,707	-	-	-	34,791,767	-	-	34,791,767	935,366,474	-	-
Planning and Research	4,700,000	-	-	-	-	-	-	-	4,700,000	-	-
OSHA Program	425,000	-	-	-	-	-	-	-	425,000	-	-
Ferry Operations	24,863,921	-	-	-	1,100,000	3,550,000	-	4,650,000	29,513,921	-	-
<i>State Aid</i>											
Municipalities	92,227,448	-	-	-	818,587	-	-	818,587	93,046,035	-	-
Public Transportation	94,866,447	-	(23,400,000)	-	2,000,000	-	-	(21,400,000)	73,466,447	-	-
Airports	16,460,122	-	-	-	2,000,000	3,400,000	-	5,400,000	21,860,122	-	-
Railroads	17,101,153	-	-	-	8,024,000	-	-	8,024,000	25,125,153	-	-
Governor's Highway Safety Program	334,314	-	-	-	-	-	-	-	334,314	-	-
Division of Motor Vehicles	98,180,725	-	-	-	1,916,760	1,603,240	36.00	3,520,000	101,700,725	36.00	36.00
Other State Agencies	255,462,444	(16,166,400)	-	-	2,828,827	12,942,370	-	(395,203)	255,067,241	-	-
Reserves and Transfers	1,950,000	-	-	-	19,300,000	-	-	19,300,000	21,250,000	-	-
Total Highway Fund	\$ 1,769,403,262	\$ (16,166,400)	\$ (23,400,000)	-	\$ 76,481,790	\$ 24,121,348	36.00	\$ 61,036,738	\$ 1,830,440,000	36.00	36.00
Administration	\$ 42,919,480	\$ (196,840)	-	-	-	-	-	\$ (196,840)	\$ 42,722,640	-	-
<i>Construction</i>											
Intrastate System	544,375,747	(4,048,922)	-	-	-	-	-	(4,048,922)	540,326,825	-	-
Urban Loop System	220,122,881	(1,637,216)	-	-	-	-	-	(1,637,216)	218,485,665	-	-
Secondary Roads	94,980,872	(172,195)	-	-	-	-	-	(172,195)	94,808,677	-	-
State Aid to Municipalities	57,117,714	(424,827)	-	-	-	-	-	(424,827)	56,692,887	-	-
Transfer to the General Fund	172,543,306	-	-	-	-	-	-	-	172,543,306	-	-
Total Highway Trust Fund	\$ 1,132,060,000	\$ (6,480,000)	-	-	-	-	-	\$ (6,480,000)	\$ 1,125,580,000	-	-

Table 6
**Governor's Recommended Highway Fund and Highway Trust Fund Budgets
 2008-09**

Function	2008-09 Recommended Continuation Appropriation			Reductions		Expansion			2008-09 Recommended Appropriation	Net Change	2008-09 Recommended Position	Net Change
	Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Recurring	Nonrecurring	Appropriation Supported Positions				
DOT Administration	\$ 90,320,925	-	-	-	-	\$ 2,883,262	-	-	\$ 2,883,262	\$ 93,204,187	-	-
<i>Division of Highways</i>												
Administration	32,703,136	-	-	-	-	-	-	-	-	32,703,136	-	-
Construction	139,336,671	-	-	-	-	837,278	-	-	837,278	140,173,949	-	-
Maintenance	900,574,707	-	-	-	-	19,814,864	-	-	19,814,864	920,389,571	-	-
Planning and Research	4,700,000	-	-	-	-	-	-	-	-	4,700,000	-	-
OSHA Program	425,000	-	-	-	-	-	-	-	-	425,000	-	-
Ferry Operations	24,863,921	-	-	-	-	1,100,000	3,550,000	-	4,650,000	29,513,921	-	-
<i>State Aid</i>												
Municipalities	92,236,671	-	-	-	-	837,278	-	-	837,278	93,073,949	-	-
Public Transportation	94,866,447	-	-	(23,400,000)	-	2,000,000	-	-	(21,400,000)	73,466,447	-	-
Airports	17,730,033	-	-	-	-	2,000,000	3,400,000	-	5,400,000	23,130,033	-	-
Railroads	17,101,153	-	-	-	-	8,024,000	-	-	8,024,000	25,125,153	-	-
Governor's Highway Safety Program	335,449	-	-	-	-	-	-	-	-	335,449	-	-
Division of Motor Vehicles	98,391,944	-	-	-	-	20,479,000	640,000	36.00	21,119,000	119,510,944	36.00	36.00
Other State Agencies	257,184,341	(16,166,400)	-	-	-	3,692,950	8,167,370	-	(4,306,080)	252,878,261	-	-
Reserves and Transfers	1,950,000	-	-	-	-	21,000,000	-	-	21,000,000	22,950,000	-	-
Total Highway Fund	\$ 1,772,720,398	\$ (16,166,400)	\$ (23,400,000)	-	\$ 82,668,632	\$ 15,757,370	\$ 36.00	\$ 58,859,602	\$ 1,831,580,000	36.00	\$ 36.00	36.00
<i>Administration</i>												
Administration	43,569,660	(182,780)	-	-	-	-	-	-	(182,780)	43,386,880	-	-
<i>Construction</i>												
Intrastate System	554,012,995	(3,905,382)	-	-	-	-	-	-	(3,905,382)	550,107,613	-	-
Urban Loop System	224,019,783	(1,579,175)	-	-	-	-	-	-	(1,579,175)	222,440,608	-	-
Secondary Roads	96,939,412	(153,187)	-	-	-	-	-	-	(153,187)	96,786,225	-	-
State Aid to Municipalities	58,128,886	(409,766)	-	-	-	-	-	-	(409,766)	57,719,120	-	-
Transfer to the General Fund	172,599,264	-	-	-	20,290	-	-	-	20,290	172,619,554	-	-
Total Highway Trust Fund	\$ 1,149,270,000	\$ (6,230,290)	-	-	\$ 20,290	-	-	\$ (6,210,000)	\$ 1,143,060,000	-	\$ 36.00	36.00

Table 7

Recommended General Fund Availability and Appropriations, 2007-09

Description	FY 2007-08 Recommended	FY 2008-09 Recommended
Beginning Availability:	\$ -	\$ 118,823,900
Overcollections from FY 2006-07	825,100,000	-
Reversions from FY 2006-07	125,000,000	-
Credit to Savings Reserve Account	(237,525,000)	-
Credit to Repairs and Renovations Reserve	(100,000,000)	-
Beginning Unreserved Credit Balance	<u>612,575,000</u>	<u>118,823,900</u>
Revenue:		
Tax:		
Income (Individual & Corporate)	10,519,100,000	11,166,800,000
Sales and Use	5,136,900,000	5,379,600,000
Other Tax	3,047,600,000	3,188,900,000
Total Tax	<u>18,703,600,000</u>	<u>19,735,300,000</u>
Nontax	696,500,000	716,400,000
Transfers	172,500,000	172,500,000
Total Revenue	<u>19,572,600,000</u>	<u>20,624,300,000</u>
Total Availability	20,185,175,000	20,743,123,900
Appropriations:		
Recommended Continuation Budget	18,972,044,989	19,497,087,728
Recommended Budget Reductions	-	-
Recommended Expansion Budget	1,094,306,111	940,492,574
Total Recommended Appropriations	<u>20,066,351,100</u>	<u>20,437,580,302</u>
Total Ending Balance	<u>\$ 118,823,900</u>	<u>\$ 305,543,598</u>

Table 8
Five-Year Expenditure Forecast of the Governor's Recommended Budget

(In \$Millions, except for percentages)

Item	2007-08	2008-09	2009-10	2010-11	2011-12
Budget Availability					
<i>Base Forecast -- Economic Growth (Wage Income)</i>	5.0%	5.3%	6.0%	5.5%	5.0%
Beginning Unreserved Credit Balance					
Unappropriated Balance (funds left on table)		118.8			
Overcollection of Revenues FY 2006-07	825.1				
Reversions FY 2006-07	125.0				
Credit to Savings Reserve Account	(237.5)				
Credit to Repairs and Renovations Reserve	(100.0)				
Tax Revenues					
Individual Income	10,568.0	11,188.2	11,755.1	12,391.2	13,012.6
Sales and Use Tax	4,877.0	5,093.3	5,373.4	5,669.0	5,933.7
Corporate Income	1,194.0	1,251.9	1,256.4	1,264.8	1,277.1
All Other	1,853.5	1,937.0	1,985.4	2,035.1	2,085.9
Nontax Revenues and Transfers	869.0	889.0	906.7	924.9	943.4
Recommended Tax Reductions	(89.7)	(115.1)	(75.0)	(77.4)	(80.7)
Other Recommended Tax Changes					
Continue 4.25% State Sales Tax Rate	259.9	286.3	301.5	317.5	332.4
Continue 8.0% Income Tax Rate	40.8	93.7	99.5	103.0	106.3
Total Budget Availability	20,185.1	20,743.1	21,603.0	22,628.1	23,610.7
Summary of Expenditures					
Continuation Budget Recommendations	18,972.0	19,497.1	19,497.9	19,497.9	19,497.9
Entitlement/Enrollment Adjustments					
Debt Service			35.0	70.0	105.0
Public School Enrollment			140.0	280.0	420.0
Medicaid			240.0	480.0	720.0
University/Community College Enrollment			60.0	120.0	180.0
Inflation on Non-Salary Items (CPI)			101.1	203.3	306.4
Total Continuation Budget Recommendations	18,972.0	19,497.1	20,074.0	20,651.2	21,229.3
Expansion Recommendations					
Education					
Disadvantaged Schools Supplemental Funding	18.9	18.9	18.9	18.9	18.9
School Connectivity	12.0	15.0	24.0	24.0	24.0
Learn and Earn Initiative	20.3	34.8	34.8	34.8	34.8
ABC Bonuses	70.0				
Community Colleges Equipment	5.0	5.0	5.0	5.0	5.0
Earn Scholarship Program	50.0	100.0	100.0	100.0	100.0
Need Based Financial Aid	29.4	29.4	44.4	59.4	74.4
Other Education	63.8	61.1	61.1	61.1	61.1
Health and Human Services					
NC Kids' Care Program	4.9	7.7	8.5	9.4	10.5
Child Care Subsidies	8.4	8.4	8.4	8.4	8.4
Children's Health Insurance Program	7.5	7.5	16.0	16.0	24.5
Foster Care Higher Education Assistance	3.8	7.0	7.0	7.0	7.0
Community Capacity Access	3.5	3.5	3.5	3.5	3.5
Other Health and Human Services	31.9	21.5	21.5	21.5	21.5

Item	2007-08	2008-09	2009-10	2010-11	2011-12
Economic Development					
One North Carolina Fund/Small Business Fund	20.0		15.0	15.0	15.0
Biotechnology Initiatives	3.5	3.5	3.5	3.5	3.5
Public Safety/Courts					
Court System	12.3	10.3	10.3	10.3	10.3
Other Public Safety	17.7	12.0	12.0	12.0	12.0
General Gov't/Natural and Economic Resources					
	37.0	20.6	20.6	20.6	20.6
Employee Benefits					
Teacher Salary Schedule Compensation Increases	208.0	200.0	410.0	570.0	735.0
Other Employee Increases (2% in out years)	186.5	186.5	326.5	472.0	618.0
Retirement System Contribution	27.2	27.2	55.0	85.0	120.0
Retirement System Payback	45.0				
State Health Plan - Active Employees	72.9	95.4	171.0	197.6	226.1
State Health Plan - Retired Employees (OPEB)	38.4	51.2	90.0	105.2	146.1
Other					
Information Technology Improvements	30.0	10.0	20.0	20.0	20.0
Miscellaneous Increases	2.5	4.0			
Capital Improvements	63.9				
Total Expansion Recommendations	1,094.3	940.5	1,487.0	1,880.2	2,320.2
Recommended Budget Reductions			(150.0)	(150.0)	(150.0)
Total Recommended Budget	20,066.3	20,437.6	21,411.0	22,381.4	23,399.5
Balance	118.8	305.5	192.0	246.7	211.2

Table 9
Recommended Highway Fund Availability and Appropriations
2007-09

	2006-07	2007-08	2008-09
	Certified	Recommended	Recommended
Availability			
Beginning Credit Balance			
Appropriation Reversions	\$ 26,600,000	\$ 30,000,000	\$ -
Overrealized Revenue	-	-	-
Subtotal	26,600,000	30,000,000	-
Transfer from General Fund ¹	17,600,000	-	-
State Highway Fund Revenue	1,749,540,000	1,800,440,000	1,831,580,000
Total Availability	<u>1,793,740,000</u>	<u>1,830,440,000</u>	<u>1,831,580,000</u>
Expenditures and Commitments			
Expended and Reserved	1,793,740,000	1,830,440,000	1,831,580,000
Ending Credit Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

¹ Transfer being made to hold the Highway Fund harmless from capping the variable component of the Motor Fuels Tax at the January 1, 2006, rate for 2006-07.

Table 10
**Recommended Highway Trust Fund Availability and Appropriations
 2007-09**

	2006-07 Certified	2007-08 Recommended	2008-09 Recommended
Availability			
Beginning Credit Balance			
Appropriation Reserves	\$ -	\$ -	\$ -
Highway Trust Fund Revenue	1,094,930,000	1,125,580,000	1,143,060,000
Transfer from General Fund ¹	5,700,000	-	-
Total Availability	<u>\$ 1,100,630,000</u>	<u>\$ 1,125,580,000</u>	<u>\$ 1,143,060,000</u>
Expenditures and Commitments			
Expended and Reserved	1,043,143,398	953,036,694	970,440,446
Transfer to General Fund ²	57,486,602	172,543,306	172,619,554
Total Expenditures and Commitments	<u>\$ 1,100,630,000</u>	<u>\$ 1,125,580,000</u>	<u>\$ 1,143,060,000</u>
Ending Credit Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

¹Transfer was made to hold the Highway Trust Fund harmless from capping the variable component of the Motor Fuels Tax at the January 1, 2006, rate for 2006-07.

²Transfer required by G.S. 105-187.9.

Major Expansion Budget Recommendations

Fiscal Responsibility

Education

General Government

Health and Human Services

Justice and Public Safety

Natural and Economic Resources

Transportation

Capital Improvements

Teachers and State Employees

Fiscal Responsibility

Major Recommendations

Governor Easley recommends a fiscally sound budget that replenishes the Rainy Day Fund, offers tax relief, and upgrades the state's infrastructure.

Saving for the Future

- Deposit \$238 million in the Rainy Day Fund, thereby increasing the balance to \$849 million, or 4.9% of the prior year's operating budget (see figure 3).
- Set aside \$305 million for appropriation during the legislative short session for fiscal year 2008-09.

Returning Money to NC Taxpayers

- Eliminate income taxes for 545,000 low-income individuals and families, and reduce them for 629,000 more.
- Allow small businesses to write off more expenses, thereby increasing their tax deductions.

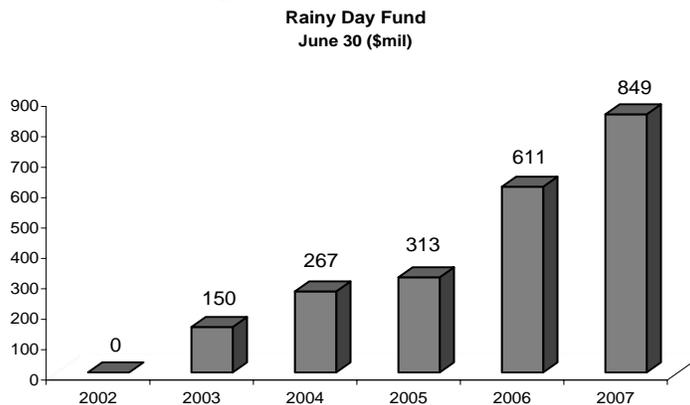
- Provide tax deductions for higher education tuition.

These actions will save North Carolinians approximately \$90 million in 2007-08.

Investing in the State's Infrastructure

- Reserve \$100 million to repair university and state buildings.
- Appropriate \$64 million in "pay-as-you-go" financing plus \$209 million in special financing and \$1.4 billion in general obligation bonds to implement the Capital Improvement Plan.
- Spend \$20 million to replace and enhance the Human Resources/Payroll System (named BEACON, Building Enterprise Access for North Carolina's Core Operation Needs).
- Appropriate \$10 million to upgrade the Integrated Tax Administration System (ITAS).

Figure 3
Savings Reserve Account Balance



Education

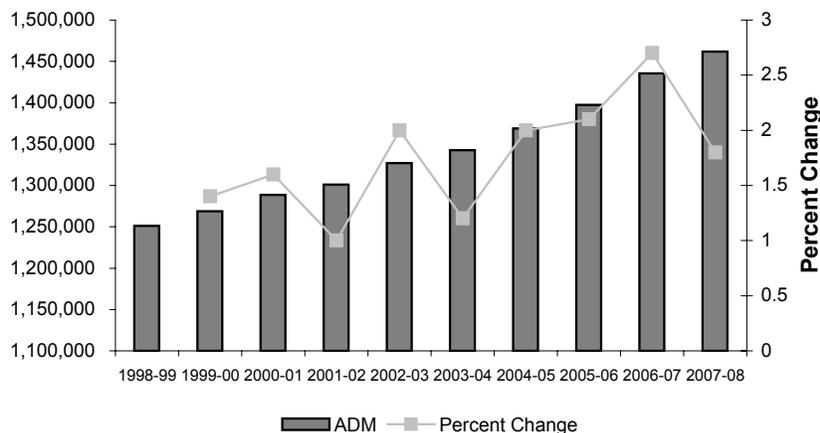
Major Recommendations

Public Education

The governor recommends an additional \$457 million (including salary and benefits) for public schools, a 6.98% increase over 2006-07. Highlights of this recommendation are listed below.

- Provide a significant increase in teacher salaries, including a step increase plus a flat \$1,240 (for an overall average of 5%), while substantially increasing the competitiveness of NC's beginning teacher salary.
- Continue funding for enrollment increases, estimated at 26,265 or 1.83% more than the 1,435,475 students enrolled in the 2006-07 school year (see figure 4).
- Fully fund the ABCs accountability program for 2007-08.
- Increase the disadvantaged-student supplemental funding by \$18.9 million, thereby reducing by 0.5 the ratio of teachers to students.
- Appropriate funds to provide all middle schools in the state with a school resource officer.
- Increase the slots available in More at Four classrooms by 10,000 to significantly improve access to quality education for at-risk four-year-olds.
- Expand the governor's 21st Century High School program by \$7.5 million in 2007-08 to ensure operating funds for 55 Learn and Earn schools and by \$12 million in 2008-09 for 75 schools in order to improve graduation rates, student performance, and competitiveness.
- Fund 100 more literacy coaches for professional development of faculty in 100 more middle schools (for a total of 200 middle schools) to ensure student mastery of 21st century skills.
- Appropriate \$12 million to expand access to broadband connectivity for the state's K-12 public schools.
- Establish Learn and Earn Online to provide NC community college and university courses to 20,000 high school students statewide in 2007-08 and to 40,000 in 2008-09.
- Provide \$2 million to assure continued funding for assistance teams for the high school turnaround initiative and other local education agency assistance initiatives.

Figure 4
Average Daily Membership Budgeted
NC Public Schools



See left axis for bars, right for line.

Source: Department of Public Instruction, Financial and Business Services, School Allotment Section

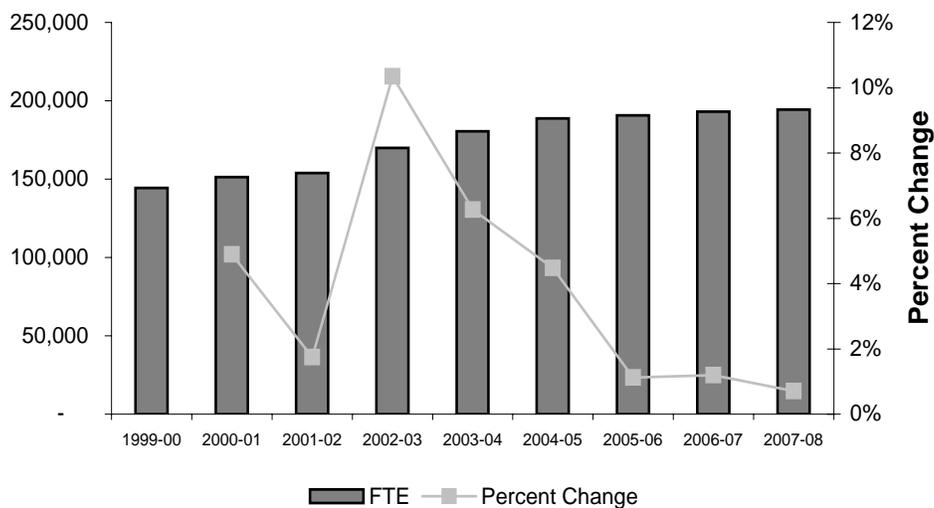
Community Colleges

The governor recommends an additional \$74.9 million for community colleges, a 5.04% increase over 2006-07. Highlights of this recommendation are listed below.

- Fully fund enrollment growth for all community college campuses (see figure 5).
- Increase salaries for community college faculty and professional staff by an additional 2.5% (total of 5%) to attract and retain highly qualified personnel.
- Appropriate \$7.3 million for 2007-08 to improve and expand distance learning and online instructional opportunities, thereby increasing access for North Carolina students regardless of geography.
- Approve a recurring \$5 million for equipment, including equipment to reduce program waiting lists.
- Fund an additional counselor position at every community college for better service to the increasing numbers of students.
- Increase funding by \$3 million for faculty to pursue academic degrees and other continuing education.
- Appropriate an enrollment reserve of \$2 million to assist community colleges experiencing fall semester enrollment growth of 5% above the prior year.
- Provide \$500,000 for the State Board of Community Colleges to direct start-up grants for new and innovative programs.
- Approve funds to expand the grant-funded Achieving the Dream initiative to increase the success of students from minority populations historically underserved by higher education.

Figure 5

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



See left axis for bars, right for line.

Source: NCCCS System Office

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

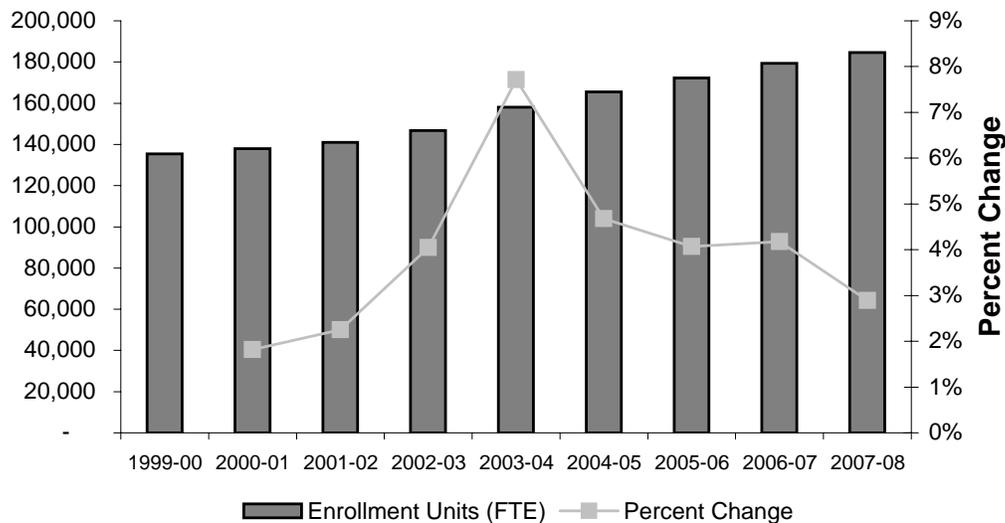
University System

The governor recommends an additional \$191.6 million (including salary and benefits) for the University of North Carolina system, an 11.3% increase over 2006-07. Highlights of this recommendation are listed below.

- Fund a 2.9% FTE enrollment increase for 2007-08 (see figure 6).
- Provide \$29.5 million for the existing need-based financial aid program. Establish a new \$50 million EARN scholars need-based financial aid program to award \$4,000 to students from families with incomes under 200% of poverty.
- Approve \$4.2 million for 2007-08 to improve and expand distance learning and online instructional opportunities, thereby increasing access for the state's university students regardless of geography.
- Provide \$2 million for nurses' scholarships and programs to address the growing demand for nurses in North Carolina.
- Fully fund a new academic summer bridge and retention program.
- Provide \$1 million to continue the 2+2 E-learning initiative between the University of North Carolina system and community colleges in order to make online teacher education accessible across the state.
- Approve \$5 million to support the East Carolina University Hospital's service to indigent patients.
- Provide \$2.3 million to implement American Bar Association accreditation recommendations for the NC Central University Law School.
- Appropriate \$5 million to support new faculty in bioengineering and other areas in the NC State University College of Engineering.

Figure 6

Enrollment in the University System Budgeted FTE



See left axis for bars, right for line.
Source: UNC General Administration

Budgeted FTE is calculated by converting budgeted student credit hours (fall and spring) into the measure of regular term full-time equivalent students (FTEs).

General Government

Major Recommendations

Retirement Systems Enhancements

- Provide \$658,731 to complete the implementation of the Online Retirement Benefits through Integrated Technology (ORBIT) project. ORBIT has received approval from the Office of Information Technology Services and is scheduled to go live in October 2007.
- Approve \$383,535 to enhance the retirement statements issued annually by the Department of State Treasurer to active members, as required by the Internal Revenue Service. Improvements will aid retirement planning by incorporating 401(k), 457(b), social security, and state retirement plan data.

Election Improvements

- Appropriate \$1.16 million for the State Board of Elections for the following:
 - Training for county board of elections staff in operating voting equipment
 - Online training and regional seminars for election committee treasurers
 - Additional office space for the Campaign Finance Division
 - Centralization of ballot coding in the state
 - Additional election technicians statewide on Election Day
 - Maintenance of voting equipment
 - Time-limited staff to decrease the auditing backlog in campaign reporting

Replacement of Tax Administration System

- Appropriate an additional \$10 million in each year of the biennium to assist the Department of Revenue in implementing its 2010 e-Business solution strategy. This seven-year, \$106 million project begins with the replacement of the Integrated Tax Administration System (ITAS), which should take three years and cost \$40 million. The Department

of Revenue proposes using \$40 million of the fees collected through Project Tax Collect to help fund this e-Business transformation.

Energy Conservation

- Provide \$1.3 million in continuing operating support to the State Energy Office in the Department of Administration for utility savings and energy efficiency initiatives.

Cultural Resources for School Children

- Fund \$1.25 million annually to expand the Cultural Caring and Sharing pilot program to provide opera, theatre, and ballet performances and improved history education resources to elementary school children in all 100 counties.

Fire Protection for State-Owned Facilities

- Increase the funding for the Fire Protection Grants-in-Aid program by \$500,000. This funding will assist local fire districts that provide fire protection and other services to state-owned facilities.

Support for the Military

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

Housing Protection

- Add \$5 million to the Housing Trust Fund to help families secure safe, decent, and affordable homes; create jobs; increase state and local tax revenues; and leverage millions of dollars in additional business investment.
- Add \$1.5 million to the Home Protection Pilot Program to assist workers who have lost their jobs due to changing economic conditions in 26 counties in the state.

Health and Human Services

Major Recommendations

The proposed budget for health and human services, which includes an expansion of over \$55 million, continues Governor Easley's commitment to families and vulnerable populations. These budget recommendations (summarized in figures 7 and 8 below) include funding for quality child care, health care, and education assistance for children in the care of the Department of Health and Human Services and for other low-income children as well.

Supporting the Family

- Assure that every foster child can go to college.
- Provide funds for subsidized child care for an additional 2,000 children of low-income working parents.
- Continue to support a safe environment for children at state-owned residential schools.

Promoting Health

- Create NC Kids' Care, a new health care plan for nearly 12,000 children of low-income working parents, to complement Medicaid and NC Health Choice for Children.
- Provide funds to continue open enrollment in NC Health Choice for Children.
- Expand Medicaid health coverage to 1,200 foster children until they turn 21.

- Provide for antiviral medications in case of an influenza pandemic.
- Increase recruitment of doctors and dentists in rural areas.

Supporting Individuals with Special Needs

- Increase funding for community services to people with mental illness or substance abuse needs.
- Expand eligibility criteria to 200% of poverty for specialized services to people who are blind, deaf, or hard of hearing, or who have other significant disabilities.

Providing Critical Information Technology and Infrastructure

- Develop a reliable public health system to meet information needs in an age of threats from pandemics, bioterrorism, and communicable diseases.
- Modernize the system that processes 71 million Medicaid claims each year, and continue to receive federal certification for the highest possible federal matching rate for administrative services.
- Increase staff where needed to support increased levels of service and to assure safety and well-being of citizens who depend on the department.

Figure 7
Recommended Expansion Appropriations
by Division

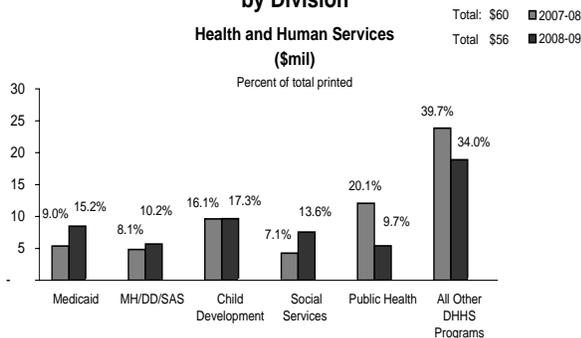
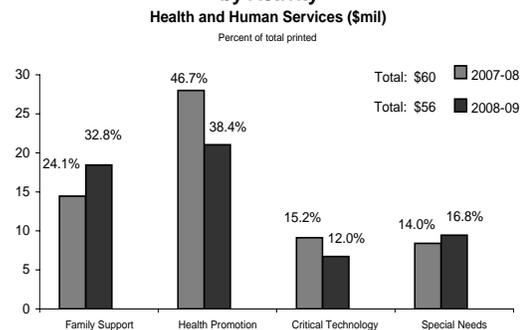


Figure 8
Recommended Expansion Appropriations
by Activity



Justice and Public Safety

Major Recommendations

Criminal Investigation Resources

- Provide \$2.7 million to complete the development of the Statewide Automated Fingerprint Identification System, which is essential for solving crimes and conducting criminal background checks.
- Allocate \$610,000 for additional State Bureau of Investigation agent positions to expedite criminal investigations related to drug trafficking, violent crime, and child exploitation and sexual predator cases.
- Add \$550,000 to expedite the processing of convicted offender DNA samples into state and national databases that are queried for matches during criminal investigations.

Public Safety

- Appropriate \$370,000 to enhance the ability of the state's seven Hazardous Materials Regional Response Teams to save lives and property following an incident, such as the 2006 chemical explosion at an Apex, NC, hazardous waste facility.
- Allocate \$5.3 million to strengthen emergency preparedness efforts by continuing the identification, monitoring, and mapping of natural hazards and man-made threats for North Carolina, as well as the characterization of associated impacts on the state's key infrastructure and resources.
- Include \$500,000 for additional State Highway Patrol troopers to increase enforcement visibility and help reduce vehicle collisions.
- Add \$11.3 million for improved communications between public safety agencies by expanding the statewide interoperable voice radio network (VIPER).
- Provide \$13.6 million to expand prison bed capacity to meet both current and future inmate population needs.
- Fund \$3.6 million for equipment to enable the State Highway Patrol to perform aerial rescue operations during natural or man-made disasters and to enhance the Highway Patrol's ability to apprehend fugitives, perform drug eradication missions,

and deliver supplies and equipment to areas that are impassable by ground.

- Allocate \$320,000 to reduce repeat criminal offenses by substance abusers through the continuation of services provided by Drug Treatment Court programs in nine districts.
- Appropriate \$840,000 to complete the development and implementation of projects enabling the state to monitor convicted sex offenders with Global Positioning System technology, and increase public awareness of offenders establishing residency in North Carolina communities.
- Reduce school violence through a \$250,000 appropriation to continue support for the Center for the Prevention of School Violence, as well as develop uniform training requirements and class plans for all school resource officers and related public school personnel.
- Provide \$510,000 for additional court counselor positions to strengthen community supervision services for adjudicated youth and reduce recidivism for these youth.
- Allocate \$105,000 to expand the services provided to victims of crimes committed by offenders under the supervision of the state's prison system.
- Include \$500,000 in additional funding for the Crime Victims Compensation Fund so that lost wages and hospital and funeral expense payments can be awarded faster to victims of crime.

Court System Improvements

- Appropriate \$7 million to increase the number of judges, prosecutors, and support staff to reduce case backlogs and enhance the efficiency of operations within the justice system.
- Provide \$3.7 million in additional funding for the modernization of technology infrastructure and for ongoing technology initiatives, including the criminal information system upgrade, an automated warrant repository system, an open discovery project, and an electronic payment system for court fees.

-
- Allocate \$530,000 to expand family court and guardian ad litem programs that resolve cases more expeditiously for families and children and advocate for children involved in custody, abuse, and neglect cases.

Community Services

- Provide \$500,000 in increased funding for community programs that reach out to delinquent and at-risk youth to continue to improve recidivism rates.

- Appropriate \$440,000 for Operation Kids on Guard, a nonprofit program created specifically to help the children of the North Carolina National Guard cope with deployment fears and understand why their parents are away from home.
- Allocate \$1.5 million to support military members and their families through National Guard Family Assistance Centers.

Natural and Economic Resources

Major Recommendations

Protecting Groundwater and Restoring Contaminated Properties

- Add \$5.5 million to the Drinking Water State Revolving Fund as a 20% state match for \$27.6 million in federal funds to provide low-interest loans for water supply infrastructure improvements.
- Appropriate \$2.6 million as a 20% required match to receive Environmental Protection Agency (EPA) Capitalization Grants for the Clean Water State Revolving Fund programs that help local governments with wastewater treatment needs and improve water quality.
- Provide \$415,000 for continued enforcement of standards for private-well construction and for incentive funds for 39 new county well programs.
- Fund \$432,182 for the cleanup of contaminated properties throughout the state.
- Allocate \$100,000 to provide technical information and to facilitate improved groundwater permitting decisions.

Sustaining Resources that Sustain Us

- Provide \$472,500 to monitor construction sites to prevent further water pollution from sediment and erosion.
- Allocate \$250,000 to implement the Albemarle Sound River Herring Management Plan.
- Provide \$175,050 for a permanent Landslide Mapping/Geohazards Program.
- Allocate \$300,000 for expansion of the Conservation Reserve Enhancement Program (CREP) into the Roanoke and Pasquotank River basins.
- Appropriate \$300,000 to encourage reforestation of land by private woodland owners to ensure future timber supplies and provide environmental protection.

Maximizing the Value of Geographic Information Systems (GIS)

- Provide \$99,185 to improve system operations and help local governments connect to NC OneMap.

- Allocate \$79,255 to develop and implement GIS databases to meet legislative requirements for notifying the public of groundwater contamination.

Protecting Farm Workers , the Food Supply, and Animals

- Provide funding for two more Department of Labor safety officers to inspect migrant housing and train farmers and farm workers about safety.
- Fund \$200,000 to promote state-grown produce.
- Appropriate \$269,750 to cover the loss of federal funding from the US Department of Agriculture's Food Safety and Inspection Services.
- Provide \$158,000 for Food Regulatory Laboratory equipment to test raw produce and bottled water.
- Fund \$123,000 to establish a Veterinary Lab Pathologist position to help protect the state's animal population.
- Provide \$6 million for the NC Agricultural Development and Farmland Preservation Trust Fund.

The One North Carolina Fund

- Provide \$15 million to recruit new businesses or aid industries interested in relocating or significantly expanding in the state.

The One North Carolina Small Business Innovation Research Program

- Appropriate \$5 million as incentive funding for small businesses to apply for federal innovation research grants.

Motor Sports Program

- Fund the promotion of motor sports, an industry contributing more than \$5 billion annually to North Carolina's economy with its 24,400 jobs.

Biotechnology

- Provide \$3.5 million for the NC Biotechnology Center to help the state remain an internationally recognized biotechnology leader and establish centers of innovation that focus on research and commercialization of biotechnology.

Transportation

Major Recommendations

Governor Easley remains committed to restoring and maintaining the state's transportation infrastructure and promoting public transit initiatives as key components for continued economic growth. The governor recommends \$935 million for transportation maintenance for 2007-08 (see figure 9). In addition, the governor's budget recommendations include funds to meet the requirements of the U.S. Real ID Act. Figures 10-13 show the distribution of funding sources and appropriations for transportation for both years of the biennium.

Transportation

- Provide an additional \$10 million in contract resurfacing funds to address degrading pavement conditions.
- Approve \$24.1 million (an 11% increase over the previous year) for highway system preservation and general maintenance, including pavements, bridges, and traffic signal systems.
- Provide an additional \$3.6 million for ferry operations to address training and license renewals for vessel employees, new U.S. Coast Guard requirements for rescue boats and generators, dormitories

for vessel employees, and other requests necessary to maintain the current ferry fleet at its optimal operating capacity.

- Provide an additional \$2 million in public transportation funding for the State Maintenance Assistance Program for public transportation fixed route and dial-a-ride services for citizens.
- Approve a \$2 million increase in state aid to assist rural airports with capital improvements critical to attracting new business and industry to local communities.
- Provide \$2 million for short-line railroad rehabilitation projects.
- Approve \$3.8 million to construct new tracks and rail interchange facilities or to relocate existing ones to streamline freight rail operations.
- Fund a \$2.2 million reserve to implement a new driver license secure ID and card production system that will bring North Carolina into compliance with the requirements of the U.S. Real ID Act.

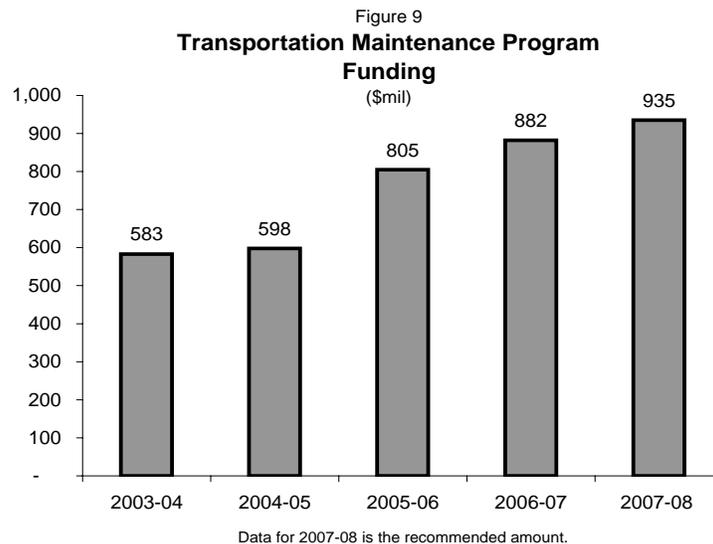


Fig. 10
Funding Sources
North Carolina Transportation Program
2007-08

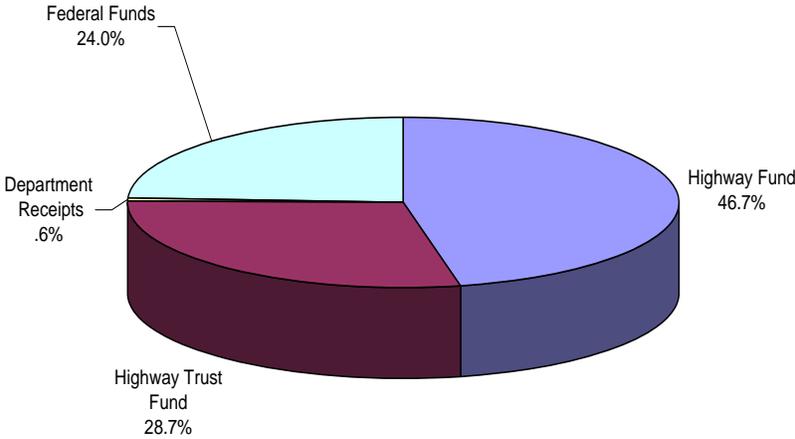


Fig. 11
Funding Sources
North Carolina Transportation Program
2008-09

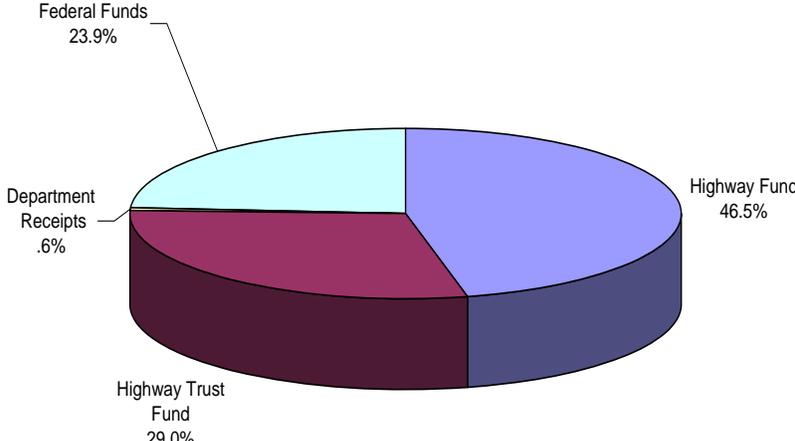


Fig. 12
Appropriations
North Carolina Transportation Program
2007-08

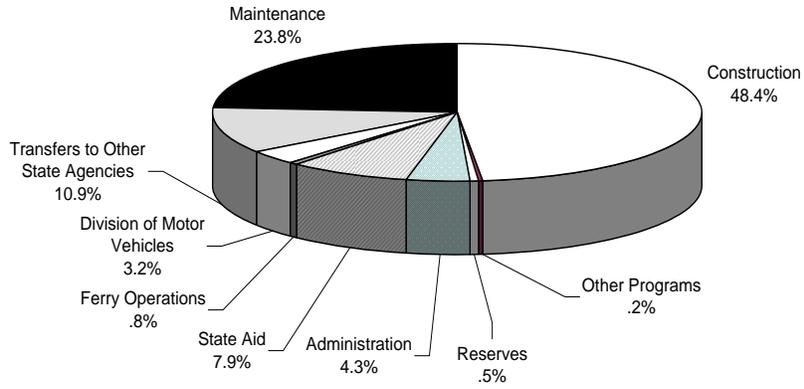
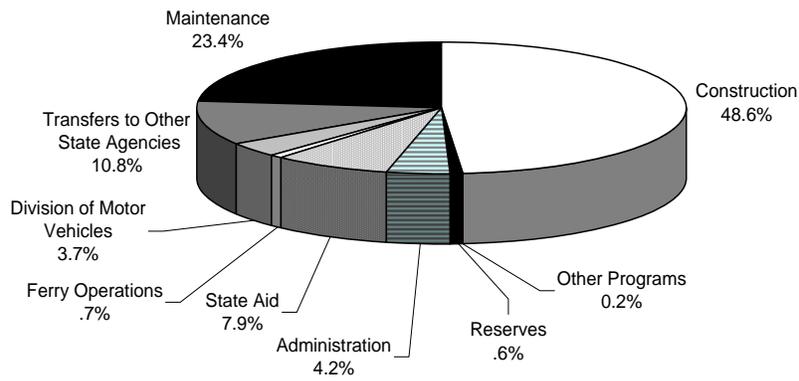


Fig. 13
Appropriations
North Carolina Transportation Program
2008-09

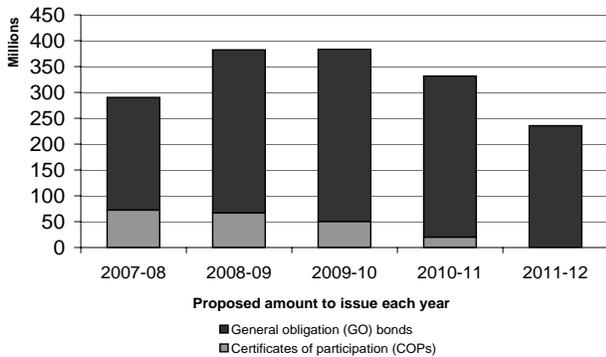


Capital Improvements

Major Recommendations

Governor Easley recommends a balanced capital financing package, using a combination of pay-as-go funds, general obligation bonds, and special indebtedness to ensure that the state does not overburden its debt capacity and that the state's critical facility needs are provided. The proposed capital budget includes \$63.9 million from General Fund appropriations; \$300 million from receipts; and debt funding, composed of \$209.4 million in special financing (certificates of participation or COPs) and \$1.41 billion in general obligation bonds. Bond sales and special financing would be limited and spread over the next five years to stay within the debt service targets established by the 2007 Debt Affordability Study (see figure 14). In addition, \$100 million is recommended for the Repair and Renovation Reserve.

Figure 14
Capital Debt Funding



Education

Provide a total of \$487.3 million in general obligation bonds for university projects, including the 11 listed below that received appropriations for planning funds in 2006. Bond funds also include \$38 million for a new Companion Animal Hospital at North Carolina State University in addition to \$34 million provided by the university. Projects that previously received planning funds include these:

- \$34 million for a new College of Education building at Appalachian State University

- \$87 million for a new School of Dentistry and related clinics at East Carolina University
- \$22.6 million for a science and technology center at Fayetteville State University
- \$25.8 million for a general classroom facility at North Carolina Agricultural and Technical State University
- \$24.9 million for a new library at the North Carolina School of the Arts
- \$8.7 million for Rhoades Hall renovation at the University of North Carolina at Asheville
- \$19 million for a new residence hall at the University of North Carolina at Pembroke
- \$119.6 million added to \$12 million in university funds for a new genomic sciences building at the University of North Carolina at Chapel Hill
- \$45.2 million for an academic classroom and office building at the University of North Carolina at Greensboro
- \$43.8 million for a School of Health and Gerontological Sciences building at Western Carolina University
- \$18.7 million added to \$13 million in receipts for a student activities center at Winston-Salem State University

Health and Human Services

- Approve the issuance of \$173.2 million in general obligation bonds to construct a new central office complex to house about 3,460 Department of Health and Human Services personnel. Federal funds, reduced maintenance and operational costs, and funds currently used to lease space will offset about 60% of the cost of the project.

Justice and Public Safety

- Appropriate \$17.5 million, including \$10.5 million for major renovations to the Court of Appeals building, \$925,000 for Crime Control and Public Safety, \$3.8 million for Justice Department projects, and \$2.3 million for Juvenile Justice and Delinquency Prevention.

- Approve special financing totaling \$99.4 million, including \$26.6 million for a State Highway Patrol multipurpose building at the Garner Road complex, \$33 million for additions to Alexander and Scotland Correctional Institutions, and \$39.8 million for a new health and mental health facility at the North Carolina Correctional Institution for Women.
- Provide \$280.1 million in general obligation bonds, including \$34.2 million for a new operations building for the State Bureau of Investigation; \$37 million for five new Youth Development Centers; and \$237 million to increase prison capacity for projected growth, including three minimum and three medium custody additions, a new minimum security facility, and medical and mental health additions at Alexander and Maury Correctional Institutions.

Natural and Economic Resources

- Approve \$83.6 million, including \$19.2 million in appropriations and \$64.4 million in federal and local matching funds, for water resources development projects.
- Approve special financing totaling \$100 million for state conservation land acquisition. Debt service will be shared by the Parks and Recreation Trust Fund and the Natural Heritage Trust Fund.
- Provide \$250 million in general obligation bonds for water (\$125 million) and wastewater (\$125 million) system improvements to address infrastructure problems.
- Provide \$2.5 million in appropriations for planning and \$100.3 million in general obligation bonds (of which \$27.5 million will be repaid from gifts and grants) to be added to \$15.5 million in gifts and

grants to finance construction of the Green Square Project. The project includes a nature resource center, a Department of Environment and Natural Resources office building, and a parking structure for about 418 cars in downtown Raleigh. The appropriated funds and the bonds will greatly reduce the total cost to the state, compared to rent-only payments with an option to purchase the property in 20 years.

- Appropriate \$7.5 million to add to \$133 million in receipts for capital improvements at the Ports of Wilmington and Morehead City.

Cultural Resources

- Appropriate \$6.8 million, including \$442,000 for a new Horne Creek Farm visitor center and multipurpose shelter and \$6.3 million for the Museum of History chronological exhibit.
- Provide \$35 million of general obligation bonds to be combined with \$20.5 million in gifts and grants to construct a new Tryon Palace history education and visitor center.
- Provide \$32 million of general obligation bonds to construct a new State Records Center/Library for the Blind and Physically Handicapped.

General Government

- Issue \$28 million of general obligation bonds for a new Capital Area Visitor Center and parking deck in the downtown complex.
- Approve special financing totaling \$10 million for necessary equipment for the new secondary data center now under construction for the Office of Information Technology Services.

Teachers and State Employees

Major Recommendations

- Appropriate \$208 million as a step increase plus a \$1,240 flat increase for public school teachers, equaling an average 5% increase. The \$208 million includes \$9 million as nonrecurring salary increases for school personnel at the top of the scale.
- Approve \$167 million for a 2.5% salary increase for all other state employees, including community college faculty and professional staff.
- Provide \$19.5 million for an additional 2.5% increase (5% total) for community college faculty and professional staff to attract and retain highly qualified personnel.
- Provide \$258 million (\$111 million in 2007-08 and \$147 million in 2008-09) to fund a 12.3% increase in health premiums. The total represents \$168 million in contributions for active (current) employees and \$90 million for retirees in 2007-09. This contribution also supports partial funding of the Other Post Employment Benefits (OPEB) liability, in recognition of future retiree health costs.
- Allocate \$27.2 million for a 2% cost-of-living adjustment (COLA) for retirees of the Teachers' and State Employees' Retirement System.
- Approve \$45 million to repay the remaining funds withheld from the Retirement System in the 2000-01 budget crisis.

Economy and Revenue

by Topic

Economy

Outlook for the Nation and State

Revenue

General Fund Revenue Forecast

Highway Fund Revenue

Highway Trust Fund Revenue

Economy

Outlook for the Nation and State

Review of 2006

National economy slowed in 2006. After a very strong start to 2006, the U.S. economy slowed in the second half of the year as the residential housing boom ended. Despite the housing slowdown, consumer spending remained strong, and job growth was stable and healthy.

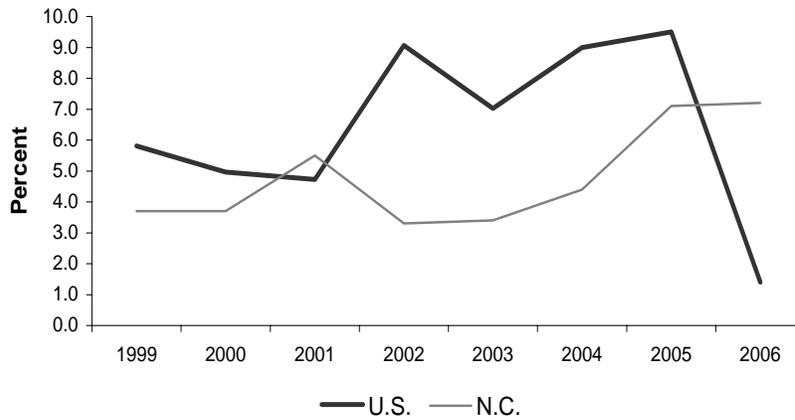
- **Real gross domestic product (GDP) slowed.** The value of all goods and services produced within the U.S., adjusted for inflation, grew at an estimated 3.1% in 2006 (slightly below the 3.2% growth in 2005). After a surprisingly strong first-quarter growth of 5.6%, economic growth slowed to 2.6% in the second quarter, 2.0% in the third quarter, and an estimated 2.1% in the last three months of the year.
- **Job growth remained healthy.** The job market remained tight as employers created roughly 1.9 million new jobs in 2006, down slightly from 2.0 million in 2005. The service sector accounted for most of the job growth, while the number of manufacturing jobs continued to trend downward.
- **Consumers continued to spend.** Despite the weakening in the housing market, consumer spending remained resilient. Spending grew an estimated 3.2% in 2006, down slightly from a 3.5% growth in 2005.
- **Housing boom ended.** Existing home prices grew only an estimated 1.2% during 2006, down from 9.5% in 2005 and 9.0% in 2004 (see figure 15). In addition, homes for sale stayed on the market longer as supply increased dramatically.
- **Inflation news improved.** After energy price increases during the first half of 2006 sparked an inflation scare, recent news indicated that consumer prices decelerated. During the final three months of 2006, consumer prices rose at a seasonally adjusted annual rate of only 0.2%, compared to a 2.5% increase over the year.

State economy experienced solid growth in

2006. The North Carolina economy remained strong in 2006. The labor market continued its healthy growth, as employers added an estimated 56,200 jobs (slightly down from the 63,700 jobs added in the previous year). The unemployment rate ended 2006 at 4.9%, lower than the 5.1% recorded a year ago and down considerably from its recession peak in the spring of 2002.

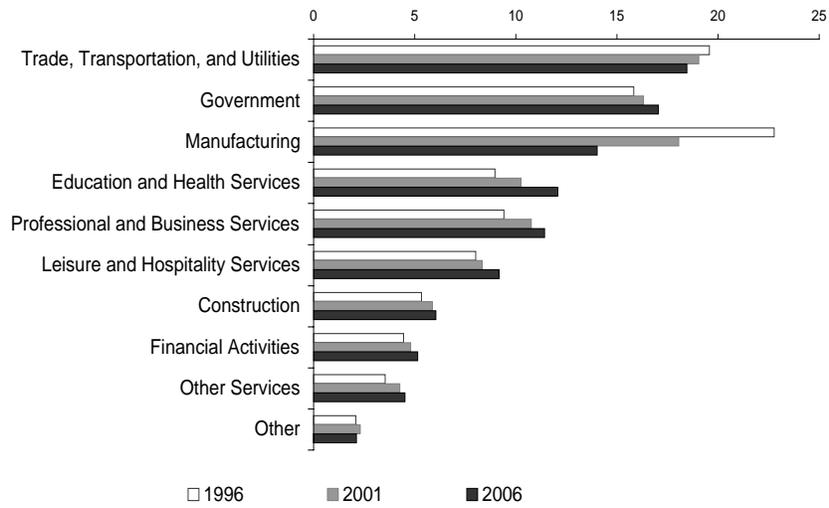
- **The service sector experienced strong job growth.** Consistent with the trend in recent years, the service sector fueled much of the employment gains in 2006. In particular, the education and health services sector experienced another strong year. After gaining 15,100 jobs in 2005, education and health services gained 16,000 jobs in 2006, a 3.4% increase. The professional and business services sectors added 10,300 jobs or 2.3%, while financial activities registered a 3.6% growth. Leisure and hospitality services remained fairly consistent, gaining 2.4% in 2006 after 2.5% growth in the previous year.
- **Construction and government employment were also strong.** After growth of 4.7% in 2005, the construction sector gained another 4.0% or 9,500 jobs in 2006. Reflecting the strong fiscal health of the state, the government sector grew 1.5% in 2006, a 0.3% increase above the previous year.
- **Manufacturing losses continued.** Consistent with the trend over the past several years, the North Carolina manufacturing sector continued to lose jobs in 2006 (see figure 16 and table 11). While the 2.4% loss was slightly higher than the 1.8% loss in 2005, the pace of losses appeared to slow (compared with a 5.4% annual decline from 2000-2005).

Figure 15
Sharp Decrease in U.S. Home Prices
 Percentage Change in Existing Home Price



Source: Global Insight

Figure 16
N.C. Nonfarm Employment by Category
 Percent of Total



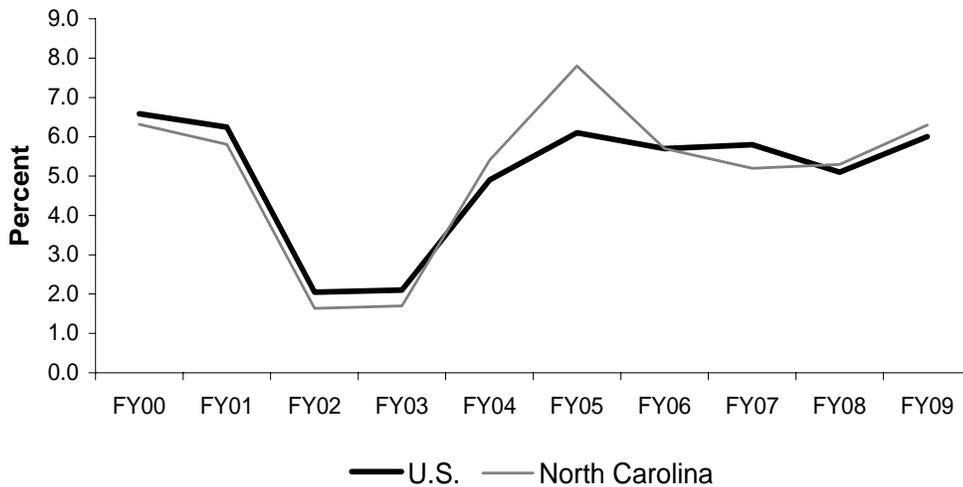
Source: Labor Market Information, Employment Security Commission

Table 11
N.C. Annual Nonfarm Employment by Category
Percent of Total
1996, 2001, and 2006

Category	Percent of Total		
	1996	2001	2006
Trade, Transportation, and Utilities	19.6	19.0	18.5
Government	15.8	16.3	17.1
Manufacturing	22.8	18.1	14.0
Education and Health Services	9.0	10.2	12.1
Professional and Business Services	9.4	10.8	11.4
Leisure and Hospitality Services	8.0	8.3	9.2
Construction	5.3	5.9	6.0
Financial Activities	4.4	4.8	5.1
Other Services	3.5	4.3	4.5
Other	2.1	2.3	2.1

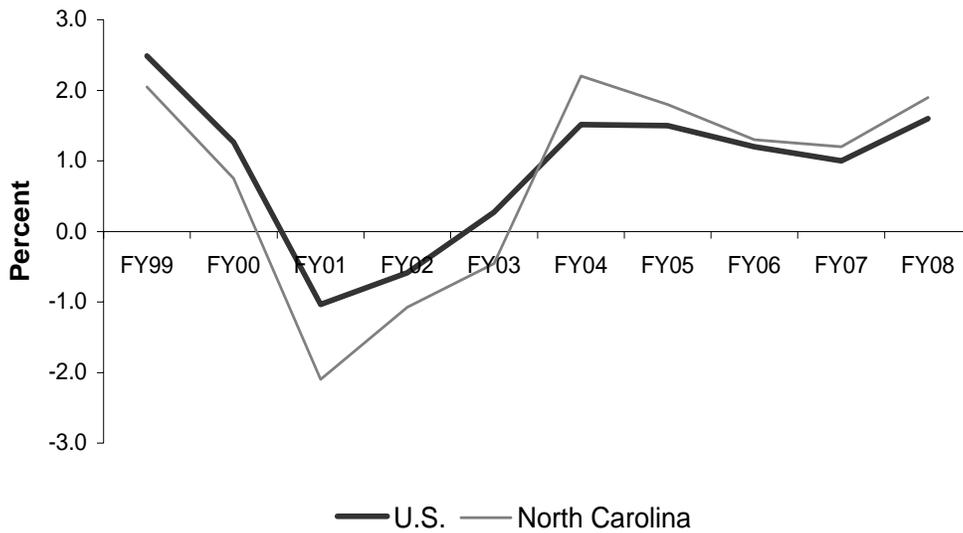
Source: Labor Market Information, Employment Security Commission

Figure 17
N.C. Income Expected to Exceed U.S.
Percentage Growth in Personal Income



Data for fiscal years 2007, 2008, and 2009 are forecasts.
Sources: Global Insight and U.S. Bureau of Economic Analysis

Figure 18
N.C. Employment Growth Outpaces U.S.
Percentage Growth in Nonagricultural Employment



Data for fiscal years 2007 and 2008 are forecasts.
 Sources: Global Insight and U.S. Bureau of Labor Statistics

Outlook for 2007 and the Near Future

Mild growth expected for the U.S. economy.

Driven by a downturn in the housing market, growth is expected to be below trend in 2007. This soft GDP growth will likely affect labor markets, with employment growth slowing and the unemployment rate modestly rising. The slump in home sales will also likely lead to cutbacks in consumer spending on major purchases during 2007. While there is some risk of a sharper economic slowdown, most economic forecasts project the U.S. economy to gradually improve in the second half of 2007 and into 2008.

Highlights of this economic outlook include the following:

- Real GDP is expected to increase by 2.7% in 2007, followed by slightly stronger growth in 2008 and 2009 (3.0% and 3.2%, respectively).
- A sluggish economy will likely translate into slower employment gains in 2007. Following an increase in payroll employment of 1.9% in 2006, employment growth is expected to slow to 1.4% in both 2007 and 2008 before accelerating to 1.5% in 2009. The unemployment rate ended 2006 at 4.5% but is expected to rise slightly in 2007 due to the broader economic slowdown. As the economy picks up steam in 2008 and 2009, the rate is expected to fall back toward 4.5%.
- After remaining near 3.2% in 2006, inflation is expected to decelerate to 1.5% in 2007 and remain near 2.0% in 2008 and 2009. Core inflation, which excludes food and energy, is expected to decrease moderately over the next few years.
- With slightly declining core inflation and below-trend economic growth, the Federal Reserve Bank will likely move toward a modest easing of interest rates in 2007.
- With home prices declining and the unemployment rate rising slightly, consumers are expected to exercise caution in 2007. Growing at a rate of 3.2% in 2006, spending growth is expected to decline in 2007 and 2008 before rising again in 2009.
- After several years of double-digit growth in corporate profits, profit growth is expected to decrease as the economy slows in 2007. Profits should grow modestly as the economy picks up steam in 2008 and 2009.

North Carolina expected to slightly outpace

the U.S. economy. After several years of very strong growth, the North Carolina economy is expected to expand modestly in 2007. Despite weakness in other parts of the country, the North Carolina housing market remains relatively strong (see figure 15). In addition, North Carolina employment growth is expected to exceed national growth slightly over the next several years. Based on these factors, along with business investment and an increase in wages, most economic forecasts project the state's economy to perform slightly better than the national economy.

Highlights of this economic outlook include the following:

- Personal income is expected to outpace the U.S. in 2007-08 and 2008-09 (see figure 17) after falling slightly behind U.S. growth in 2006-07.
- Nonagricultural employment growth is projected to expand 1.2% in 2007-08 and 1.9% in 2008-09, slightly ahead of U.S. growth over this period (see figure 18).
- Professional and business services employment is estimated to expand 3.9% in 2007-08 and 5.9% in 2008-09.
- Employment in the leisure and hospitality services sector is forecast to grow 2.7% in 2007-08 and 2.2% in 2008-09.
- Reflecting the general slowdown in housing, construction employment is expected to decline 1.0% in 2007-08 before growing 1.5% in 2008-09.
- High-tech manufacturing is forecast to help limit manufacturing losses in 2007-08 to 2.6%, followed by losses of 1.8% in 2008-09.

Revenue

General Fund Forecast

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

General Fund revenues are primarily derived from three major sources: individual income tax, corporate income tax, and the sales and use tax. Other sources include franchise, insurance, alcohol, and other miscellaneous taxes. In addition, nontax revenue, such as earnings from investment of state funds, also contributes. See figure 19 for the estimated relative contribution of each source in 2007-08.

Forecast reflects NC's strong economy

As the North Carolina economy has expanded, General Fund tax revenue growth has exceeded expectations. Through the first seven months of fiscal year 2006-07, total General Fund revenues (including nontax receipts and transfers from the Highway Trust Fund) rose 7.8% to \$10,852.0 million, about \$550 million above expectations. By the end of 2006-07, it is currently estimated that General Fund revenue collections will total \$18,941.6 million, approximately \$825 million above the budgeted forecast.

Reflecting the expected economic growth in North Carolina, baseline General Fund revenue growth is projected to be 2.2% in 2007-08 and 5.1% in 2008-09. Table 12 details these estimates for 2007-08 and 2008-09, adjusted for the recommended tax changes discussed below. Figure 19 summarizes the estimated relative contribution of revenue sources for 2007-08. Table 13 presents an overview of General Fund revenue for the biennium.

For each of the major categories of General Fund revenue, the current performance and 2007-08 and 2008-09 forecasts are discussed below, along with recommended tax changes.

Individual income taxes

Through the first seven months of 2006-07, net individual income tax receipts totaled \$5,974.3 million, about \$291.0 million above the official estimate. Individual income tax receipts of \$9,981.2 million are expected for the fiscal year, an increase of 6.2% over the previous fiscal year.

Instead of an expected decrease, nonwage income (such as capital gains) has grown strongly and has fueled this expansion. This growth is also driven by North Carolina's strong employment gains and increase in wages. In particular, the professional and business services and the education and health services sectors have realized very solid job growth.

The job market and wage increases are expected to continue to lead growth in this source of revenue. Tax changes are also expected to affect individual income tax collections. The major recommended changes and their estimated 2007-08 and 2008-09 impacts are highlighted in table 14.

Adjusting for these tax changes, growth in individual income tax collections is expected to be \$537.9 million in 2007-08 and \$647.7 million in 2008-09 (compared to 2007-08 levels).

Sales and use taxes

Sales and use tax collections have met expectations through the first seven months of 2006-07. By the end of the fiscal year, total sales and use tax collections are expected to total \$5,036.2 million, only 2.9% above 2005-06 due to the sales tax rate decline of 0.25% on December 1, 2006.

The housing slowdown is expected to slow the rate of retail sales growth in 2007-08, as consumers have less income and decrease spending on major household purchases. As housing becomes less of a drag on the economy in 2008-09, sales tax collections are expected to grow more rapidly.

Table 12

General Fund Revenue
Detailed Estimates for 2006-07 and 2007-09

	2006-07 Budgeted	2006-07 Estimated	2007-08 Estimated *	2008-09 Estimated *
<u>Tax Revenue</u>				
Individual Income	\$ 9,635.4	\$ 9,981.2	\$ 10,519.1	\$ 11,166.8
Corporate Income	1,052.5	1,386.7	1,194.0	1,251.9
Sales and Use	5,032.5	5,036.2	5,136.9	5,379.6
Franchise	504.9	548.9	589.4	632.5
Insurance	491.9	486.6	502.2	525.3
Tobacco Products	238.2	246.9	244.2	241.5
Beverage	209.1	211.4	218.8	226.9
Inheritance	139.2	154.8	164.5	174.4
Licenses	46.0	47.3	48.7	50.2
Mill Machinery	31.2	34.6	34.6	34.6
Piped Natural Gas	33.1	32.8	32.1	31.5
Gift	17.6	17.2	18.2	19.3
Miscellaneous	0.5	0.5	0.8	0.8
<i>Total Tax Revenue</i>	\$ 17,432.1	\$ 18,185.0	\$ 18,703.6	\$ 19,735.3
<u>Nontax Revenue</u>				
Investment Income	124.4	192.4	201.6	211.1
Judicial Fees	164.0	168.1	173.0	177.1
Disproportionate Share Receipts	100.0	100.0	100.0	100.0
Insurance Department	53.2	53.2	55.5	57.9
Miscellaneous	185.4	185.4	166.4	170.3
<i>Total Nontax Revenue</i>	\$ 627.0	\$ 699.1	\$ 696.5	\$ 716.4
<u>Transfers</u>				
Highway Fund			-	-
Highway Trust Fund	57.5	57.5	172.5	172.5
<i>Total Transfers</i>	\$ 57.5	\$ 57.5	\$ 172.5	\$ 172.5
Total General Fund Revenue	\$ 18,116.6	\$ 18,941.6	\$ 19,572.6	\$ 20,624.3

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

* Net of tax cut proposals

Figure 19
General Fund Revenue
Estimates for 2007-08

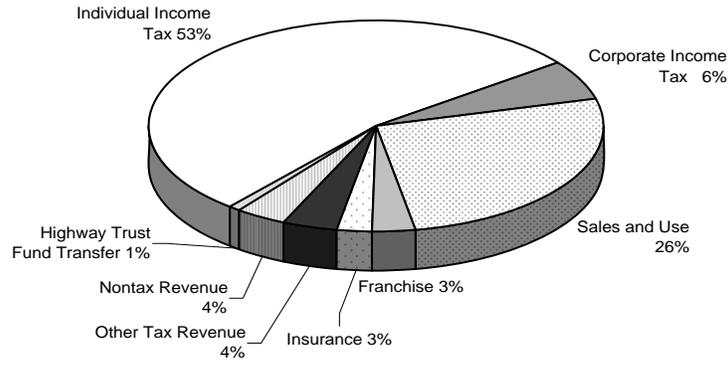


Table 13
General Fund Revenue
Estimates for 2006-07 and 2007-09, (\$mil)

	2006-07 Budget	2006-07 Estimated	Difference	2007-08 Estimated	Percent Change 2006-07 to 2007-08	2008-09 Estimated	Percent Change 2007-08 to 2008-09
Individual Income Tax	9,635	9,981	346	10,519	5.4%	11,167	6.2%
Corporate Income Tax	1,053	1,387	334	1,194	-13.9%	1,252	4.8%
Sales and Use	5,033	5,036	4	5,137	2.0%	5,380	4.7%
Franchise	505	549	44	589	7.4%	633	7.3%
Insurance	492	487	(5)	502	3.2%	525	4.6%
Other Tax Revenue	715	746	31	762	2.2%	779	2.3%
Nontax Revenue	627	699	72	697	-0.4%	716	2.9%
Highway Trust Fund Transfer	58	58	0	173	200.0%	173	0.0%
<i>Total Revenues</i>	<i>18,117</i>	<i>18,942</i>	<i>825</i>	<i>19,573</i>	<i>3.3%</i>	<i>20,624</i>	<i>5.4%</i>
Unreserved Credit Balance				613			
<i>Total Availability</i>				<i>20,185</i>			

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

Table 14
Recommended Income Tax Changes
Estimated Fiscal Year Impact
(\$ million)

	2007-08	2008-09
Maintain the current 8.0% income tax rate.	\$40.8	\$93.7
Eliminate income taxes for 545,000 low-income taxpayers, and reduce income taxes for 629,000 more.	(\$28.0)	(\$63.0)
Allow small businesses to deduct additional expenses.	(\$35.8)	(\$27.9)
Provide tax deductions for higher education tuition.	(\$13.9)	(\$14.4)

The governor recommends maintaining the current state sales tax rate of 4.25%. This recommendation provides \$259.9 million in 2007-08 and \$286.3 million in 2008-09, making the total estimated collections of sales and use taxes \$5,136.9 million in 2007-08 and \$5,379.6 million in 2008-09.

Corporate income taxes

Reflecting the strong business climate in North Carolina and continued growth in corporate profits, corporate income tax collections are \$179.8 million above expectations through January 2007. Corporate income tax collections are estimated to finish out the year 2006-07 at 15.2% above last year.

Corporate profits have risen sharply for several years during this expansion to a record high. However, profits are expected to flatten and grow very modestly in 2007-08 and 2008-09 as the U.S. economy slows. Consistent

with this forecast and recognizing the historical volatility in this revenue source, corporate income tax receipts are expected to total \$1,194.0 million in 2007-08 and \$1,251.9 million in 2008-09, down from estimated collections of \$1,386.7 million in 2006-07.

Other taxes

Other General Fund tax sources, such as tobacco and franchise taxes, are also experiencing solid growth in 2006-07. Through January, other taxes totaled \$858.0 million, about \$40 million above expectations. In particular, strong growth in franchise taxes (about \$19 million above budget) and inheritance taxes (about \$7 million above budget) have accounted for much of the growth. Total receipts of \$1,780.9 million are expected for the fiscal year, approximately \$70 million above the budgeted forecast.

Revenue

Highway Fund

The Highway Fund receives support from three revenue sources. The first and primary source is the excise tax on motor fuels, of which the Highway Fund receives 75%. The second source of revenue is licenses and fees collected by the Division of Motor Vehicles. The third source is interest earned on investments of Highway Fund cash balances by the state treasurer. Figure 20 depicts the makeup by percentage of the various sources comprising the projected Highway Fund revenue collections for 2007-08.

Total Highway Fund revenues are expected to exceed 2006-07 certified budget revenues by \$33 million in 2007-08 and \$31 million in 2008-09, or by 1.9% and 1.7% respectively.

The motor fuel excise tax rate is set twice in a fiscal year, once in January and again in July. The new rate is based on a six-month weighted average of the wholesale price of gasoline and diesel motor fuels. However, for 2006-07, the governor recommended that the variable component of the excise tax on motor fuels be frozen at 12.4¢ per gallon to provide some relief to

North Carolina motorists. This freeze capped the tax rate at 29.9¢. With no cap, the effective tax rate for 2007-08 is forecast to be 30.4¢ per gallon and 30.8¢ per gallon for 2008-09. The revenue collected from the excise tax on motor fuels for the Highway Fund is expected to increase by \$31 million or 2.6% in 2007-08 and by \$16 million or 1.4% in 2008-09. The growth in revenue can be attributed to the slight increase in the excise tax rate on motor fuels.

Revenue from the collection of licenses and fees is projected to increase \$18 million in 2007-08 or 3.2% over certified revenues for 2006-07 and \$15 million in 2008-09 or 2.6% over 2007-08. Investment income on Highway Fund cash balances invested by the state treasurer is expected to be \$10.5 million in each year of the biennium.

The revenue availability for distribution under the Highway Fund is forecast to be \$1,800.4 million in fiscal year 2007-08 and \$1,831.5 million in fiscal year 2008-09 (see table 15).

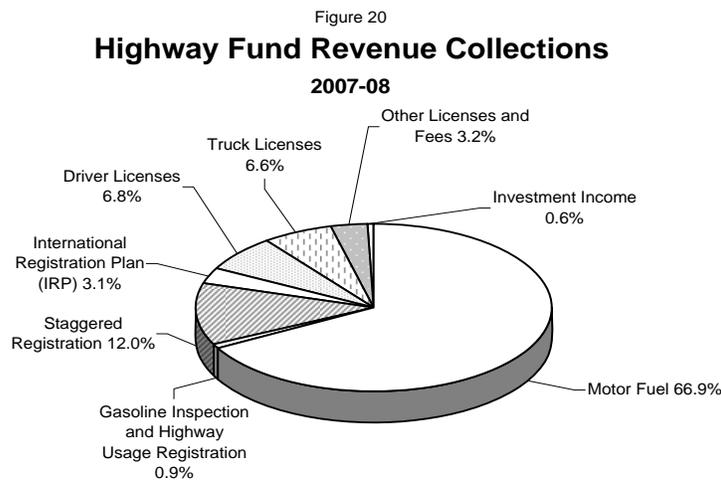


Table 15
Highway Fund
Revenue Availability

Source	2006-07 Estimated	2007-08 Forecast	2008-09 Forecast
<u>Motor Fuels Tax</u>			
Motor Fuels	\$1,173,390,000	\$1,204,320,000	\$1,220,820,000
Gasoline Inspection	15,300,000	15,100,000	15,110,000
Highway Use Reg.	<u>160,000</u>	<u>210,000</u>	<u>210,000</u>
Total Motor Fuel Taxes	1,188,850,000	1,219,630,000	1,236,140,000
Percent Change		2.6%	1.4%
<u>Licenses and Fees</u>			
Staggered Registration	212,940,000	215,260,000	221,290,000
International Registration Plan	66,230,000	56,380,000	57,780,000
Driver Licenses	111,040,000	122,200,000	124,640,000
Truck Licenses	114,740,000	119,270,000	122,260,000
Other Licenses and Fees	<u>47,740,000</u>	<u>57,200,000</u>	<u>58,970,000</u>
Total Licenses and Fees	552,690,000	570,310,000	584,940,000
Percent Change		3.2%	2.6%
<u>Investment Income</u>			
	<u>8,000,000</u>	<u>10,500,000</u>	<u>10,500,000</u>
Percent Change		31.3%	0.0%
Transfer from General Fund ¹	17,600,000		
Total Highway Fund Revenue	<u>\$1,767,140,000</u>	<u>\$1,800,440,000</u>	<u>\$1,831,580,000</u>
Percent Change		1.9%	1.7%

¹ Holding the Highway Fund harmless from freezing the variable component of the excise tax on motor fuels at the July 2006 base rate.

Revenue

Highway Trust Fund

The Highway Trust Fund, established in 1989, receives support from four sources. The first and primary source is the highway use tax or the sales tax on most noncommercial vehicle sales. The second source is 25% of the excise tax on motor fuels. The third source is fees on certificates of title and other miscellaneous titles. The final source is the interest earned from investments of the Highway Trust Fund cash balance by the state treasurer. Figure 21 shows the percentages of the various components of the Highway Trust Fund revenue collections projected for 2007-08.

Total Highway Trust Fund revenues are expected to exceed 2006-07 certified budget revenues by \$25 million in 2007-08 and \$17 million in 2008-09 or by 2.3% and 1.6% respectively.

The motor fuel excise tax rate is set twice in a fiscal year, once in January and again in July. The new rate is based on a six-month weighted average of the wholesale price of gasoline and diesel motor fuels. However, for 2006-07, the governor recommended that the variable component of the excise tax on motor fuels be frozen at 12.4¢ per gallon to provide some relief to North Carolina motorists. This freeze capped the tax rate at 29.9¢. With no cap, the effective tax rate for 2007-08 is forecast to be 30.4¢ per gallon and 30.8¢ per gallon

for 2008-09. The revenue collected from the excise tax on motor fuels for the Highway Trust Fund is expected to increase by \$10 million or 2.6% in 2007-08 and by \$5 million or 1.3% in 2008-09. The growth in revenue can be attributed to the slight increase in the excise tax rate on motor fuels.

Revenue from the collection of highway use and title fees is projected to increase \$22 million or 3.0% in 2007-08 over certified revenues for 2006-07 and \$12 million in 2008-09 or 1.7% over 2007-08. Investment income on Highway Trust Fund balances invested by the state treasurer is expected to be flat in each year of the biennium.

Prior to the creation of the Highway Trust Fund in 1989, the sales or use tax from the retail sale and lease of motor vehicles was collected under General Fund revenues. In order to hold the General Fund harmless, an annual distribution is made from the Highway Trust Fund revenue collections to the General Fund. The distribution for the 2007-09 biennium is set at \$172.5 million and \$172.6 million respectively.

The revenue availability for distribution under the Highway Trust Fund is forecast to be \$953 million in 2007-08 and \$970 million in 2008-09 (see table 16).

Figure 21

Highway Trust Fund Revenue Collections 2007-08

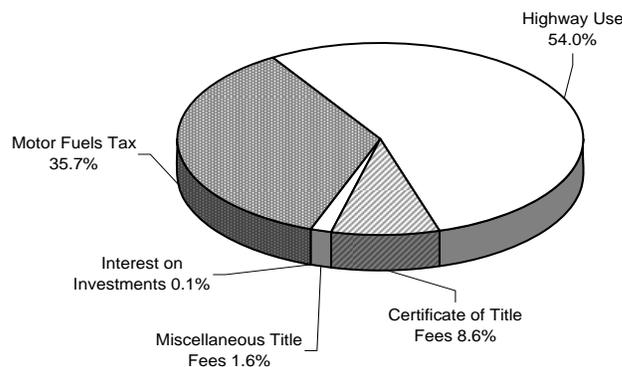


Table 16

Highway Trust Fund Revenue Availability

Source	2006-07 Estimated	2007-08 Forecast	2008-09 Forecast
Motor Fuels Tax	\$391,112,425	\$401,440,000	\$406,940,000
Highway Use	590,400,000	608,100,000	617,220,000
Certificate of Title Fees	93,580,000	96,560,000	98,970,000
Miscellaneous Title Fees	17,150,000	18,180,000	18,630,000
Subtotal	1,092,242,425	1,124,280,000	1,141,760,000
<i>Percent Change</i>		2.9%	1.6%
Interest on Investments	2,500,000	1,300,000	1,300,000
<i>Percent Change</i>		-48.0%	0.0%
Total Revenue	1,094,742,425	1,125,580,000	1,143,060,000
Transfer from General Fund ¹	5,700,000		
Total Highway Trust Fund Availability	1,100,442,425	1,125,580,000	1,143,060,000
<i>Percent Change</i>		2.3%	1.6%
Transfer to General Fund ²	57,486,602	172,543,306	172,619,554
Revenue Available	\$1,042,955,823	\$953,036,694	\$970,440,446
<i>Percent Change</i>		-8.6%	1.8%

¹ Holding the Highway Fund harmless from freezing the variable component of the excise tax on motor fuels at the July 2006 base rate.

² Statutory distribution, G.S. 105-187.9.

Recommended Adjustments

for

Capital Improvements

Governor's Recommended Adjustments to Base Budget

Capital Improvements - General Fund (19600)

Recommended General Fund Budget and Positions

	<u>2007-08</u>	<u>2008-09</u>
Base Budget		
Requirements	-	-
Receipts	=	=
Appropriation	-	-
Adjustments		
Requirements	\$1,891,194,953	-
Receipts	<u>\$1,827,311,544</u>	=
Appropriation	\$63,883,409	-
Total		
Requirements	\$1,891,194,953	-
Receipts	<u>\$1,827,311,544</u>	=
Recommended Appropriation	<u>\$63,883,409</u>	=
<hr/>		
Positions		
Base Budget Positions	-	-
Reductions	-	-
Expansion	=	=
Recommended Positions	=	=

Appropriation Items -- Recommended Adjustments

Expansion

2007-08

2008-09

General Government

1. Cultural Resources - Horne Creek Farm Visitor Center and Multi-Purpose Shelter

The Governor recommends funds to construct a 2,000 square foot visitor center to include a museum that interprets farming in the Yadkin River Valley, offices, restrooms, and support spaces. This project also includes a 1,800 square foot multi-purpose shelter to protect visitors from bad weather. Currently, interpretation and group orientation occur outside with no shelter from the weather. The portable restroom facilities and a shed containing a hand washing station create health issues, especially with the presence of farm animals at the site.

Appropriation - Nonrecurring

\$442,100

-

2. Cultural Resources - Museum of History Chronology Exhibit

It is recommended that funds be provided to design and construct a major exhibit at the Museum of History that depicts the history of North Carolina in a chronological format. The exhibit will feature artifacts from the museum's collection that are directly related to the Standard Course of Study established by the Department of Public Instruction.

Appropriation - Nonrecurring

\$6,322,900

-

3. Administration - Deerfield Cottage Renovation

Funds are recommended to renovate an existing, unused building on the Umstead Hospital Campus in Butner for a Department of Correction program for inmate mothers.

Appropriation - Nonrecurring

\$3,556,000

-

Natural and Economic Resources

1. Agriculture - Study and Design Evaluation of the Veterinary Diagnostic Laboratory System

The Governor recommends funds for the evaluation of five veterinary laboratory systems to determine if the four satellite laboratories should be retained, and if so, how to equip or reequip the labs. The investment in study and design will provide a coordinated evaluation of the Veterinary Diagnostic Laboratory System (VDLS) leading to a proposal to meet the needs of industry and enhance the Department's capabilities with disease diagnosis and control.

Appropriation - Nonrecurring

\$1,250,000

-

2. Agriculture - Alkaline Digester

Capital funds are recommended to install and provide shelter for an alkaline digester for the Rollins Necropsy Laboratory.

Appropriation - Nonrecurring **\$1,200,000** -

3. Commerce - Addition to ABC Warehouse

Funding is recommended for a 50,000 square foot addition to the existing 200,000 square foot ABC warehouse facility.

Requirements - Nonrecurring **\$6,240,300** -

Receipts - Nonrecurring **\$6,240,300** -

Appropriation - Nonrecurring - -

4. DENR - Water Resources Projects

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

Requirements - Nonrecurring **\$83,596,000** -

Receipts - Nonrecurring **\$64,414,000** -

Appropriation - Nonrecurring **\$19,182,000** -

5. DENR - Chemistry Lab Office

Funding is recommended to construct a 2,160 square foot modular office building for the Division of Water Quality's Chemistry Lab. Operational efficiencies will be achieved by restoring expensive laboratory space currently being used for offices because of crowded working conditions. Since the construction of the Chemistry Lab in 1991, sample analysis has increased along with personnel and equipment.

Appropriation - Nonrecurring **\$252,200** -

6. DENR - Zoo Horticulture Equipment Storage and Work Facility

The Governor recommends funds to construct a 10,000 square foot pole barn which will be used to properly store equipment, pesticides, and other hazardous materials. Currently, there is no shelter to protect the Zoo's expensive equipment (tractors, mowers, and backhoes) and hazardous pesticides and fertilizers from theft and the elements. The facility will also provide sheltered workspace so that Horticulture staff can remain productive during periods of inclement weather.

Appropriation - Nonrecurring **\$450,000** -

7. DENR - Zoo Plains Barns and Paddocks

Capital funds are recommended to construct two barns for the Africa Plains exhibit in order to double the number and increase the variety of herd animals. Currently, the herd diversity and sizes are too small to allow natural interactions which diminish visitor experience and

breeding opportunities. The project also includes a keeper office, kitchen, storage areas, and restroom facility for staff.

Appropriation - Nonrecurring **\$3,006,000** -

8. DENR - Ashe County Forestry Headquarters

The Governor recommends funds to construct a 1,540 square foot office and a two-bay 2,800 square foot metal building for storage and maintenance of fire suppression equipment and hauling units. This project also includes a 900 square foot general storage building. The existing facility is in a state of disrepair beyond salvaging.

Appropriation - Nonrecurring **\$708,000** -

9. NC Ports Authority - Capital Improvements at the Ports of Wilmington and Morehead City

The Governor recommends funds to continue improvements and expansion at the Ports of Wilmington and Morehead City. The 2006 General Assembly approved \$7,500,000 for part of the cost of Phase I new container cranes for Wilmington. Funds may be combined with receipts and used for various capital purposes, including Phase II additional container cranes, crane rail and dock upgrades, crane electrification and power distribution system, complete rebuilding of berth 8 at the Port of Wilmington, or for improvements to address the need for expansion at the Port of Morehead City. The remainder of funds will come from receipts.

Requirements - Nonrecurring **\$140,548,150** -

Receipts - Nonrecurring **\$133,048,150** -

Appropriation - Nonrecurring **\$7,500,000** -

Justice and Public Safety

1. Administration - Court of Appeals Building Renovation

The Governor recommends funds for major renovations to the 93 year-old Court of Appeals Building in order to address failing building systems and serious life, safety, and ADA deficiencies identified by the Department of Insurance. Planning funds of \$500,000 were provided from the 2005 Repair and Renovations Reserve.

Appropriation - Nonrecurring **\$10,498,000** -

2. Juvenile Justice and Delinquency Prevention - YDC Security Equipment

Funds are recommended for the installation of safety/security equipment at the new Youth Development Centers currently under design and construction (Cabarrus, Lenoir, Edgecombe, and Chatham). The safety/security equipment is essential to operate and staff the new facilities.

Appropriation - Nonrecurring **\$1,750,000** -

3. Juvenile Justice and Delinquency Prevention - CA Dillon Maintenance Building

The Governor recommends that funds be provided for a new maintenance building at CA Dillon Youth Development Center (YDC).

Appropriation - Nonrecurring **\$375,000** -

4. Juvenile Justice and Delinquency Prevention - CA Dillon Administrative Offices (Mobile)

It is recommended that funds be provided for mobile offices at CA Dillon Youth Development Center. Due to reorganization designed to promote efficiency and enhanced services, the Department of Juvenile Justice and Delinquency Prevention (DJJDP) has transferred the Central Area office to the campus of CA Dillon. Mobile offices will eliminate the need to rent a separate facility for the Central Area office.

Appropriation - Nonrecurring **\$200,000** -

5. Justice - Addition to SBI Buildings 17 and 18

The Governor recommends that funds be provided for an addition to SBI Buildings 17 and 18 in order to accommodate the relocation of Department of Justice Information Technology Division (DOJ-ITD) staff from their Blount Street property.

Appropriation - Nonrecurring **\$1,792,006** -

6. Justice - Western Academy Firearms Range Compound

It is recommended that funds be provided to purchase land and construct a firing range complex at the Western Justice Academy. The Academy has a core mission of providing law enforcement training to state and local law enforcement officers. The current facility does not possess any kind of weapons/firearms training facility.

Appropriation - Nonrecurring **\$1,974,103** -

7. Crime Control and Public Safety - Master Planning Statewide

It is recommended that funds be provided for a Master Plan for the Department of Crime Control and Public Safety (DCCPS). The master plan will study the condition of current facilities and set priorities for major repairs, renovations or the replacement of critical facilities. Federal funds are currently available (\$110,000) and additional federal funds (\$180,294) will be sought in the federal government's FY 2007-08 budget to cover a portion of the costs. This request represents the first of five anticipated master planning requests by DCCPS. Additional master planning requests will occur in future budgets.

Requirements - Nonrecurring **\$570,494** -

Receipts - Nonrecurring **\$290,294** -

Appropriation - Nonrecurring **\$280,200** -

8. Crime Control and Public Safety - Camp Butner Training Site Buffer

Due to the increased development of adjacent properties near Camp Butner, it is recommended that funds be provided for the acquisition of land rights. The purchased land rights would create a buffer around Camp Butner that restricts incompatible land uses and allows for the

continued utilization of the site for combat arms training by the NC National Guard and Active Military Units along with Federal, State and Local Government Law Enforcement.

Appropriation - Nonrecurring **\$117,800** -

9. Crime Control and Public Safety - Gastonia Armory Rehab, Addition and Alteration

Funds are recommended to reconfigure space at the Gastonia Armory due to recent changes in the mission of the facility. Currently, there is a shortage of administrative space, a lack of secure storage for equipment and a need for enhanced parking for government owned equipment and vehicles.

Appropriation - Nonrecurring **\$527,100** -

Projects Financed with Special Indebtedness (COPs)

1. DENR - State Conservation Land Acquisition

Funding is recommended to acquire land for the expansion of the State Park System, State game lands, and the Mountains to Sea Trail. The Division of Parks and Recreation, Natural Heritage Program, and Wildlife Resources Commission have identified properties critically important for program goals that are currently under development pressure. Acquisition of these properties will enhance tourism and recreation, provide habitat and game lands, and protect water and air quality throughout North Carolina. \$100,000,000 of COPs authorization is recommended to support these land acquisitions. Debt service will be paid by the Parks and Recreation Trust Fund and the Natural Heritage Trust Fund in equal amounts.

Requirements - Nonrecurring **\$100,000,000** -

Receipts - Nonrecurring **\$100,000,000** -

Appropriation - Nonrecurring - -

Health and Safety Projects Financed with Special Indebtedness (COPs)

1. Correction - Alexander Correctional Institution Minimum Security Addition (252 Bed Capacity)

The Governor recommends capital funds be provided for the planning, design and construction of a 50,000 square foot, 252 bed, minimum security addition to the Alexander Correctional Institution. The 252 bed addition is a prototype addition that was designed when the original prison was constructed. Five-year prison capacity projections show a need to construct the addition at this time. COPs would be authorized in the amount of \$13,191,300 to fund the project.

Requirements - Nonrecurring **\$13,191,300** -

Receipts - Nonrecurring **\$13,191,300** -

Appropriation - Nonrecurring - -

2. Correction - Scotland Correctional Institution Medium Security Addition (504 Bed Capacity)

Capital funds are recommended for the planning, design and construction of a 78,000 square foot, 504 bed medium security addition to the Scotland Correctional Institution. The 504 bed addition is a prototype addition that was designed when the original prison was constructed. Five-year prison capacity projections show a need to construct the addition at this time. COPs would be authorized in the amount of \$19,816,500 to fund the project.

Requirements - Nonrecurring **\$19,816,500**

Receipts - Nonrecurring **\$19,816,500**

Appropriation - Nonrecurring

- -

3. Correction - NC Correctional Institute for Women's Health and Mental Health

Capital funds are recommended for the planning, design, and construction of a 106,815 square foot healthcare facility to house medical and mental health inmates. The project is considered a critical need, and it meets the recommendations outlined in the 1996 NC Department of Correction Healthcare Plan. The female inmate population has increased from 1,046 in 1991 to 2,733 in 2006. The new facility will include geriatrics, hospice, assisted living, isolation cells, a dialysis unit and handicapped cells. Offsite services will now be available onsite for mammography, physical and occupational therapy, cancer treatment, and tuberculosis care. The funding breakdown for the project is \$39,763,100 in COPs and \$1,636,300 from Federal grants.

Requirements - Nonrecurring **\$39,763,100**

Receipts - Nonrecurring **\$39,763,100**

Appropriation - Nonrecurring

- -

4. Administration - State Highway Patrol Garner Road Campus Multi-Purpose Building

The Governor recommends funds to construct a 100,000 square foot building to provide classrooms, dormitory space, medical facilities, Central Administration offices, and a new armory for the State Highway Patrol Training Academy. The existing buildings and dormitories are in poor condition and have failing life/safety, HVAC, and electrical systems. In one dorm, there is a need for a 24-hour fire watch due to inoperable fire alarms. It is recommended that COPs be authorized in the amount of \$26,580,000 to fund this project.

Requirements - Nonrecurring **\$26,580,000**

Receipts - Nonrecurring **\$26,580,000**

Appropriation - Nonrecurring

- -

5. ITS - Secondary Data Center Equipment

Funds are recommended to equip the Secondary Data Center including servers for recovery systems, routers, disk storage, and tape storage. The 2006 General Assembly authorized \$24,841,300 of COPs to support this project, which is currently under construction. The Governor recommends an additional \$10,000,000 in COPs authorization in order to equip the facility.

Requirements - Nonrecurring	\$10,000,000	-
Receipts - Nonrecurring	\$10,000,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

Projects Financed with General Obligation (GO) Bonds

1. Administration - Capital Area Visitor Center

A new Capital Area Visitor Center is recommended to provide cultural tourism information about state government and North Carolina. The project includes the planning, design, and construction of a new visitor center, parking garage, and plaza. The facility will be located across from the Archives and History Building in downtown Raleigh. The existing visitor center, located in the Museum of History, was not adequate to handle the 294,000 visitors in 2005. GO Bonds are recommended in the amount of \$28,000,000 to fund this project.

Requirements - Nonrecurring	\$28,000,000	-
Receipts - Nonrecurring	\$28,000,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

2. Cultural Resources - Tryon Palace History Education and Visitor Center

The Governor recommends funds to construct a new History Education and Visitor Center adjacent to Tryon Palace as part of New Bern's 300th Anniversary Celebration. The facility will include space for exhibits, visitor services, staff offices, and support. Planning funds of \$1,500,000 were appropriated by the 2006 General Assembly. Environmental remediation and shoreline stabilization of the site were completed using \$3,610,000 of state funds. GO Bonds are recommended in the amount of \$35,000,000 to complete the construction of the Visitor Center. The Tryon Palace Historic Site will provide an additional \$20,467,000 from non-General Fund sources to support this project.

Requirements - Nonrecurring	\$35,000,000	-
Receipts - Nonrecurring	\$35,000,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

3. Cultural Resources - State Records Center and Library for the Blind and Physically Handicapped

Capital funds are recommended to construct a new dual-use facility for the State Records Center and Library for the Blind and Physically Handicapped. The new facility will provide much needed space for public record storage, services for modern record formats (electronic documents, digital images, audio-visual), two soundproof studio recording booths, conference rooms, and reading rooms. GO Bonds are recommended in the amount of \$32,000,000 to fund this project.

Requirements - Nonrecurring	\$32,000,000	-
Receipts - Nonrecurring	\$32,000,000	-
Appropriation - Nonrecurring	-	-

4. Green Square Complex

The Governor recommends funds to construct a 172,000 square foot DENR office building that will be programmatically integrated with and physically attached to a new 79,400 square foot Nature Resource Center Museum on a downtown square in Raleigh. The Green Square Complex will use green building and operating principles including natural light, ventilation, building orientation, and efficient water and energy systems. Parking for about 418 cars for the Museum and Office Complex will be provided by an underground parking deck. An appropriation of \$2,500,000 for planning and GO Bonds in the amount of \$100,250,000 are recommended to fund this project. The Friends of the Museum will contribute an additional \$15,500,000 from gifts and grants for exhibits and planning. In addition, the Friends of the Museum will make payments to retire \$27,500,000 of the GO Bonds. Total project cost is \$118,250,000. This project was originally conceived as being built by the State Employees' Credit Union and leased to the State for 20 years with an option to purchase. Ineligibility to continue Federal rent supplements, increased rental rates, and an improved state economy have made it advantageous for the State to consider financing and constructing the project.

Requirements - Nonrecurring	\$102,750,000	-
Receipts - Nonrecurring	\$100,250,000	-
Appropriation - Nonrecurring	\$2,500,000	-

5. DENR - Water and Wastewater Capital Improvements

Funding is recommended to provide grants and loans to local units of government for the purpose of addressing critical needs related to supplying drinking water and wastewater treatment. Qualified drinking water systems are those with problems providing water during drought, providing interconnections and regional linkages that increase capacity and reliability, and needing upgrades to systems in order to maintain current service levels. Qualified wastewater systems include those with consent agreements to address serious problems, moratoriums on new connections, substandard collection systems, or

systems with failing septic tanks. GO Bonds are recommended in the amount of \$250,000,000 to fund these grants and loans.

Requirements - Nonrecurring	\$250,000,000	-
Receipts - Nonrecurring	\$250,000,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

6. Correction - Correctional Institution Minimum Security Additions

Funding is recommended for the planning, design, and construction of a prototype 50,000 square foot, 252 bed minimum security addition to the Scotland (\$13,191,300), Tabor (\$13,881,800) and Bertie (\$13,191,300) Correctional Institutions. The 252 bed addition is a prototype addition that was designed when the original prisons were constructed. Five-year prison capacity projections show a need to construct the additions at this time. GO Bonds are recommended in the amount of \$40,264,400 to fund the three addition projects.

Requirements - Nonrecurring	\$40,264,400	-
Receipts - Nonrecurring	\$40,264,400	-
<hr/>		
Appropriation - Nonrecurring	-	-

7. Correction - Correctional Institution Medium Security Additions

It is recommended that funds be made available for the planning, design, and construction of a prototype 78,000 square foot, 504 bed medium security addition to the Bertie (\$19,816,500) and Lanesboro (\$19,816,500) Correctional Institutions and a prototype 39,000 square foot, 252 bed medium security addition to the Maury (\$10,411,900) Correctional Institution. The 504 and 252 bed additions are prototype additions that were designed when the original prisons were constructed. Five-year prison capacity projections show a need to construct the additions at this time. GO Bonds are recommended in the amount of \$50,044,900 to fund the three addition projects.

Requirements - Nonrecurring	\$50,044,900	-
Receipts - Nonrecurring	\$50,044,900	-
<hr/>		
Appropriation - Nonrecurring	-	-

8. Correction - Correctional Institution Medical and Mental Health Additions

Capital funds are recommended for the planning, design, and construction of a prototype 154,350 square foot, 45 bed acute care and 200 bed mental health addition to the Alexander (\$59,284,800) and Maury (\$59,284,800) Correctional Institutions. The construction of these facilities is critical to the efficient delivery of medical and mental health

care to an increasing prison population. GO Bonds are recommended in the amount of \$118,569,600 to fund these two addition projects.

Requirements - Nonrecurring	\$118,569,600	-
Receipts - Nonrecurring	\$118,569,600	-
<hr/>		
Appropriation - Nonrecurring	-	-

9. Correction - New Adult Male Minimum Security Facility (504 Bed Capacity)

Funding is recommended for the planning, design, and construction of a 136,000 square foot, 504 bed, minimum security institution. GO Bonds are recommended in the amount of \$28,199,400 to fund project.

Requirements - Nonrecurring	\$28,199,400	-
Receipts - Nonrecurring	\$28,199,400	-
<hr/>		
Appropriation - Nonrecurring	-	-

10. Justice - SBI Operations Building

The Governor recommends funds to construct a 115,000 square foot facility that will house SBI Administration, Department of Justice Information Technology staff, SBI Capital District staff, the Computer Crimes Department, and Financial Crime agents. The Operations Building is a part of the master plan for the Justice Complex in Raleigh. GO Bonds would be authorized in the amount of \$34,169,600 to fund project.

Requirements - Nonrecurring	\$34,169,600	-
Receipts - Nonrecurring	\$34,169,600	-
<hr/>		
Appropriation - Nonrecurring	-	-

11. Juvenile Justice and Delinquency Prevention - Five New Youth Development Centers (YDCs)

Capital funds are recommended for construction of five new Youth Development Center facilities located regionally throughout the state (Phase II of YDC replacement plan). Each facility will have a capacity of 32-beds and replace current outdated facilities. The new facilities will enhance staff and student safety and security. Locations have not been finalized. GO Bonds are recommended in the amount of \$37,000,000 to fund project.

Requirements - Nonrecurring	\$37,000,000	-
Receipts - Nonrecurring	\$37,000,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

12. DHHS - New Office Complex

The Governor recommends funds for the construction of an 771,200 square foot office facility to house approximately 3,460 DHHS personnel, a parking deck, and ground parking to accommodate the staff and 100 visitors. The consolidation of personnel into one facility will improve customer service and enable more effective and efficient workflow. DHHS projections indicate approximately \$11 million per year will be available from eliminating leased space, federal funds, and reduced maintenance and operational costs to offset the cost of the project. In addition, about 142,000 square feet of office space in State-owned buildings currently occupied by DHHS will become available for other agencies. The complex will be located on Lake Wheeler Road on 25 acres of the Dorothea Dix Campus. GO Bonds are recommended in the amount of \$173,200,000 to fund this project.

Requirements - Nonrecurring	\$173,200,000	-
Receipts - Nonrecurring	\$173,200,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

13. Appalachian State University - College of Education Building

It is recommended that funds be provided for the construction of a new 130,000 square foot building to replace the outdated facility. The existing structure is located in a floodway and has suffered repeated damage from flooding. Planning funds of \$1,820,000 were appropriated by the 2006 General Assembly. GO Bonds are recommended in the amount of \$34,001,000 to fund this project.

Requirements - Nonrecurring	\$34,001,000	-
Receipts - Nonrecurring	\$34,001,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

14. East Carolina University - School of Dentistry

The Governor recommends funds to construct a dental school at East Carolina University consisting of a new 112,500 square foot building with classrooms, offices, labs, and clinical operations to be located on the Health Sciences Complex and ten Community Based Dental Clinics located throughout the region and state. Planning funds totaling \$3,000,000 were appropriated by the 2006 General Assembly. GO Bonds are recommended in the amount of \$87,000,000 to fund this project.

Requirements - Nonrecurring	\$87,000,000	-
Receipts - Nonrecurring	\$87,000,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

15. Fayetteville State University - Science and Technology Complex

The Governor recommends funds to construct a 75,000 square foot science and laboratory facility to accommodate projected growth for

the University's science programs. Planning funds totaling \$1,000,000 were appropriated by the 2006 General Assembly. GO Bonds are recommended in the amount of \$22,587,000 to fund this project.

Requirements - Nonrecurring	\$22,587,000	-
Receipts - Nonrecurring	\$22,587,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

16. North Carolina A&T - General Classroom Instructional Facility

Capital funds are recommended to construct a 115,000 square foot building with traditional classrooms, distance learning classrooms, student labs, computer labs, and classroom technology to accommodate the rapidly growing student population. Planning funds totaling \$1,000,000 were appropriated by the 2006 General Assembly. GO Bonds are recommended in the amount of \$25,787,000 to fund this project.

Requirements - Nonrecurring	\$25,787,000	-
Receipts - Nonrecurring	\$25,787,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

17. North Carolina School of the Arts - Library

A 97,000 square foot library is recommended for funding in order to adequately house the growing collections, support the newest technologies, and comply with the Southern Association of Colleges and Schools accreditation requirements. Planning funds totaling \$1,000,000 were appropriated by the 2006 General Assembly. GO Bonds are recommended in the amount of \$24,920,000 to fund this project.

Requirements - Nonrecurring	\$24,920,000	-
Receipts - Nonrecurring	\$24,920,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

18. North Carolina State University - Companion Animal Hospital

Funding is recommended to construct a 115,000 square foot teaching hospital with clinical animal spaces and specialty practice areas to be located on the Centennial Biomedical Campus south of the existing hospital. This project will make available 35,000 square feet of the existing hospital building for use as classrooms, labs, offices, and outreach programs. GO Bonds are recommended in the amount of \$38,000,000 to fund this project along with \$34,000,000 from non-General Fund sources.

Requirements - Nonrecurring	\$38,000,000	-
Receipts - Nonrecurring	\$38,000,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

19. UNC-Asheville- Rhoades Hall and Rhoades Tower Renovation

Capital funds are recommended for the comprehensive renovation of 41,344 square feet of academic departments located in Rhoades Hall and Rhoades Tower. The 1960-era buildings are not air conditioned and the mechanical systems are in poor condition. Planning funds totaling \$416,000 were appropriated by the 2006 General Assembly. GO Bonds are recommended in the amount of \$8,687,000 to fund this project.

Requirements - Nonrecurring	\$8,687,000	-
Receipts - Nonrecurring	\$8,687,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

20. UNC-Chapel Hill - Genomics Sciences Building

The Governor recommends funds for the construction of a 210,000 square foot facility with modern classrooms, large lecture halls, seminar rooms, laboratories, and offices to serve 400 graduate and undergraduate students. This facility will train the next generation of scientists and serve as a hub for groundbreaking discoveries. Planning funds totaling \$28,391,775 were appropriated by the 2006 General Assembly. GO Bonds are recommended in the amount of \$119,608,225 to fund this project. The University will contribute an additional \$12,000,000 from non-General fund sources.

Requirements - Nonrecurring	\$119,608,225	-
Receipts - Nonrecurring	\$119,608,225	-
<hr/>		
Appropriation - Nonrecurring	-	-

21. UNC-Greensboro - Academic Classroom and Office Building

An 120,000 square foot classroom building with faculty offices is recommended for funding to alleviate an intense need for classroom space. Enrollment is anticipated to grow from 16,250 student in 2006 to 18,000 in 2009. Additional space is needed to house new academic programs and to accommodate growth in externally funded research. Planning funds totaling \$2,300,000 were appropriated by the 2006 General Assembly. GO Bonds are recommended in the amount of \$45,167,000 to fund this project.

Requirements - Nonrecurring	\$45,167,000	-
Receipts - Nonrecurring	\$45,167,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

22. UNC-Pembroke - Residence Hall

Capital funds are recommended to construct a new, 360-bed residence hall to replace the 1960's-era West Residence Hall. The funding also provides for the installation of a water tower and pumping station since the existing campus infrastructure cannot support additional facilities. Planning funds totaling \$1,000,000 were appropriated by the 2006

General Assembly. GO Bonds are recommended in the amount of \$19,000,000 to fund this project.

Requirements - Nonrecurring	\$19,000,000	-
Receipts - Nonrecurring	\$19,000,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

23. Western Carolina University - Health and Gerontological Sciences Building

The Governor recommends funds to construct a 145,200 square foot building to expand programs in nursing and health-related programs. The facility will provide specialized classrooms, lab equipment, and technology needed to support degree programs in occupational therapy, gerontology, and sociology. Planning funds totaling \$2,400,000 were appropriated by the 2006 General Assembly. GO Bonds are recommended in the amount of \$43,805,000 to fund this project.

Requirements - Nonrecurring	\$43,805,000	-
Receipts - Nonrecurring	\$43,805,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

24. Winston-Salem State University - Student Activities Center

Capital funds are recommended to construct a 90,000 square foot facility for student activities including a fitness center, lecture hall, student bookstore, food court, offices for student organizations, and a 200-vehicle parking deck to be located under the facility. Planning funds totaling \$768,225 were appropriated by the 2006 General Assembly. GO Bonds are recommended to fund this project in the amount of \$18,707,775. The University will contribute an additional \$12,984,000 from non-General Fund sources.

Requirements - Nonrecurring	\$18,707,775	-
Receipts - Nonrecurring	\$18,707,775	-
<hr/>		
Appropriation - Nonrecurring	-	-

Repair and Renovation Reserve

1. Repair and Renovation Reserve

It is recommended that \$100,000,000 from the 2006-07 credit balance be allocated to the Repair and Renovation Reserve Account.

2. OSBM Repair and Renovation Reserve

Of the funds in the Reserve for Repairs and Renovations for the 2007-08 fiscal year, it is recommended that \$54,000,000 (54%) be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143-15.

3. UNC Board of Governors Repair and Renovations Reserve

Of the funds in the Reserve for Repairs and Renovations for the 2007-08 fiscal year, it is recommended that \$46,000,000 (46%) be allocated to the Board of Governors of the University of North Carolina for repairs and renovations pursuant to G.S. 143-15.

Total Recommended Expansion

	<u>2007-08</u>	<u>2008-09</u>
Recurring		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
Nonrecurring		
Requirements	\$1,891,194,953	-
Receipts	1,827,311,544	-
	<hr/>	<hr/>
Appropriation	\$63,883,409	-
Positions	-	-

**Total Recommended Adjustments for
Capital Improvements - General Fund (19600)
2007-09**

	<u>2007-08</u>	<u>2008-09</u>
Recurring		
Requirements	-	-
Receipts	-	-
	<hr/>	<hr/>
Appropriation	-	-
Positions	-	-
Nonrecurring		
Requirements	\$1,891,194,953	-
Receipts	1,827,311,544	-
	<hr/>	<hr/>
Appropriation	\$63,883,409	-
Positions	-	-
Total Appropriation Adjustments	\$63,883,409	-
Total Position Adjustments	-	-

Recommended Adjustments

for

Reserves, Debt Service, and Other

Governor's Recommended Adjustments to Base Budget

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

	<u>2007-08</u>	<u>2008-09</u>
Recommended General Fund Budget and Positions		
Base Budget		
Requirements	\$728,889,320	\$754,535,991
Receipts	<u>\$57,751,936</u>	<u>\$50,692,127</u>
Appropriation	\$671,137,384	\$703,843,864
Recommended Adjustments		
Requirements	\$622,322,912	\$574,253,953
Receipts	<u>\$11,854,346</u>	-
Appropriation	\$610,468,566	\$574,253,953
Total		
Requirements	\$1,351,212,232	\$1,328,789,944
Receipts	<u>\$69,606,282</u>	<u>\$50,692,127</u>
Recommended Appropriation	<u>\$1,281,605,950</u>	<u>\$1,278,097,817</u>
<hr/>		
Positions		
Base Budget Positions	-	-
Reductions	-	-
Expansion	-	-
Recommended Positions	<u>-</u>	<u>-</u>

Appropriation Items -- Recommended Adjustments

Expansion

2007-08

2008-09

Employee Benefits

1. State-Funded Employee Compensation Increases

It is recommended that funds be appropriated to increase salaries of state-funded public school system employees, community college employees, university system employees, and state agency employees.

1. Teacher Salary Schedule Employees - step (1.83%) plus \$1,240 flat increase to equal an average 5%. Administrators - step (1.67%) plus a flat increase to equal an average 4.44%.

2. Community Colleges Salary Increases - 2.5% annual salary increase for full-time permanent employees of local community college institutions supported by the state. Also provides funds for additional 2.5% average salary increase for community college faculty and professional staff.

3. State Agency and University Salary Increases - 2.5% annual salary increase for full-time permanent employees of agencies, departments, and universities.

Appropriation	\$386,490,786	\$386,490,786
Appropriation - Nonrecurring	\$8,029,850	-

2. State Health Plan - Employer Contribution for Active Employees

It is recommended that the employer contribution to the Teachers' and State Employees' Comprehensive Major Medical Plan be increased by 12.3% for current employees. The appropriation will be used to support an increase in premiums paid for current employees enrolled in the Preferred Provider Organization (PPO) and in the traditional Indemnity Plan. Premium increases are effective October 1, 2007.

Appropriation	\$72,853,025	\$95,369,961
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3. State Health Plan - Employer Contribution for Retired Employees (OPEB)

It is recommended that the employer contribution to the Teachers' and State Employees' Comprehensive Major Medical Plan be increased by 12.3% for retired employees. The appropriation will be used to support an increase in contributions paid for retired employees enrolled in the Preferred Provider Organization (PPO) and in the traditional Indemnity Plan. Premium increases are effective October 1, 2007. Funds not needed for health care payments will accumulate in the Retiree Health Benefit

Fund to assist in managing the state's Other Postemployment Benefits (OPEB) obligation.

Appropriation	\$38,394,905	\$51,193,206
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4. Retirement System Payback

It is recommended that \$45,000,000 be appropriated to complete the repayment of funds withheld from the Teachers and State Employees' Retirement System during the 2000-01 budget crisis.

Appropriation	-	-
Appropriation - Nonrecurring	\$45,000,000	-

5. Retirement Contribution (Retiree COLA)

It is recommended that a 2.0% cost-of-living adjustment be provided to retirees of the Teachers' and State Employees' Retirement System. This adjustment is funded in part with actuarial gains within the Retirement System.

Appropriation	\$27,200,000	\$27,200,000
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Information Technology

1. BEACON - HR/Payroll System Replacement

It is recommended that the final payment for the new HR/Payroll System be provided in order to meet the implementation date of January 1, 2008. Total requirements are \$22,964,346, of which \$2,964,346 can be supported from existing receipts received from the Highway Fund.

Requirements - Nonrecurring	\$22,964,346	-
Receipts - Nonrecurring	\$2,964,346	-
Appropriation - Nonrecurring	\$20,000,000	-

2. BEACON - HR/Payroll System Additional Modules

It is recommended that funds be provided to implement the E-Recruitment and Learning Solutions/Training Management modules for the new HR/Payroll System. These modules will be implemented in FY 2008-09 and can be supported from existing Highway Fund receipts.

Requirements - Nonrecurring	\$7,390,000	-
Receipts - Nonrecurring	\$7,390,000	-
Appropriation - Nonrecurring	-	-

3. BEACON - Financial Systems Replacement

It is recommended that funds be provided to begin Phase 2 of the BEACON Project, which includes replacing the State's budget preparation, budget reporting, cash management and accounting systems. Planning for the project would begin in FY 2007-08 to capture the business requirements and to develop a request for proposal for implementation.

Planning for this module can be supported from existing Highway Fund receipts.

Requirements - Nonrecurring	\$1,500,000	-
Receipts - Nonrecurring	\$1,500,000	-
<hr/>		
Appropriation - Nonrecurring	-	-

4. Integrated Tax Administration System Replacement

It is recommended that funds be provided to implement the Department of Revenue's e-Business solutions strategy. The first step in this \$106 million initiative is to replace the aging Integrated Tax Administration System (ITAS); the estimated cost of replacement is \$40 million. The ITAS platform is unsustainable and cannot be transformed to allow for e-Business solutions. The Governor recommends that the remaining \$20 million for replacing ITAS shall be paid from fees collected through Project Tax Collect.

Appropriation - Nonrecurring	\$10,000,000	\$10,000,000
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5. ITS Enterprise Fee - Hold Harmless for State Agencies

It is recommended that funds be provided to hold affected state agencies harmless as a result of restructuring the Enterprise Fee through the Office of Information Technology Services. This fee has been approved by the Office of State Budget and Management.

Appropriation	\$1,500,000	\$1,500,000
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Debt Service

1. Debt Service Funds for Capital Improvement Plan

It is recommended that funds be provided to make debt service payments (for planning and design) on special financing projects included in the state's Capital Improvement plan.

Appropriation	-	\$1,500,000
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Other Reserves

1. Reserve for Internal Control Task Force Recommendations

It is recommended that funds be provided to enhance statewide internal control measures as recommended by the Internal Control Task Force.

Appropriation	\$1,000,000	\$1,000,000
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Total Recommended Expansion

	<u>2007-08</u>	<u>2008-09</u>
Recurring		
Requirements	\$527,438,716	\$564,253,953
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$527,438,716	\$564,253,953
Positions	-	-
Nonrecurring		
Requirements	\$94,884,196	\$10,000,000
Receipts	11,854,346	-
	<hr/>	<hr/>
Appropriation	\$83,029,850	\$10,000,000
Positions	-	-

**Total Recommended Adjustments for
Reserves, Debt Service, and Other Adjustments - General
Fund (190xx)
2007-09**

	<u>2007-08</u>	<u>2008-09</u>
Recurring		
Requirements	\$527,438,716	\$564,253,953
Receipts	-	-
	<hr/>	<hr/>
Appropriation	\$527,438,716	\$564,253,953
Positions	-	-
Nonrecurring		
Requirements	\$94,884,196	\$10,000,000
Receipts	11,854,346	-
	<hr/>	<hr/>
Appropriation	\$83,029,850	\$10,000,000
Positions	-	-
Total Appropriation Adjustments	\$610,468,566	\$574,253,953
Total Position Adjustments	-	-

Appendix

Table 1A
Condition of the General Fund, 1974-75 to 2005-06

(Includes Federal Revenue Sharing and Anti-Recession Revenues)

Fiscal Year	Beginning Balance July 1	Transfers from Reserves	Net Collections	Total Appropriation Expenditures	Reserve Transfers ^a	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 ^b
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 ^c	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 ^d	9,970,738,717	9,967,684,132	387,411,138	292,611,137
1995-96	292,611,137	153,100,000 ^e	10,090,225,385	9,809,354,769	320,445,592 ^f	406,136,161
1996-97	406,136,131	1,595,394 ^g	10,933,860,552	10,466,775,861	556,126,043 ^h	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) ⁱ
2000-01	(0) ⁱ	620,729,850 ^j	13,451,860,973	13,445,510,386	627,080,436	0 ⁱ
2001-02	0 ⁱ	703,038,110 ^k	13,157,882,906	13,741,135,020	116,000,000	3,785,996
2002-03	25,000,000 ^l	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	0 ⁱ	16,326,481,563	15,798,359,545	338,991,684	478,508,946
2005-06	478,508,946	0 ⁱ	17,874,348,531	17,065,090,604	538,380,820	749,386,052

- a. Reserve transfers for Savings Reserve, Repair and Renovations Reserve, Reserve for Tax Relief, and other.
- b. Includes a reserve of \$28,600,000 required by the June 1986 General Assembly Session in accordance with the 1985 Session Laws, Chapter 791, Section 44.
- c. This number excludes \$400,000 transferred to the Savings Reserve account for 1991-92 as appropriated.
- d. This number includes \$209,932,954 for the Reserve for Disproportionate Share and \$60,000,000 for Repairs and Renovations.
- e. This number includes \$28,100,000 for the Reserve for Tax Relief and \$125,000,000 authorized for Repairs and Renovations.
- f. The number includes \$130 million for Repair and Renovations, \$77,342,025.97 Savings Reserve, \$25 million Federal Retiree Refund, \$1.2 million Federal Retiree Refund Administration, \$47.1 million Clean Water Management, \$39,519,567 capital improvements, and \$284,000 library grants.
- g. Reserve for Disproportionate Share.
- h. 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.
- i. Zero in parentheses represents a negative value that rounds to zero. Zero without parentheses represents a positive value that rounds to zero.
- j. This number includes \$308,401,820 for the Easley Executive Order #3 Reserve and \$312,328,030 Disaster Relief Reserve.
- k. This number includes \$440,915,625 for the EEO #19 Reserve, \$347,763,108 Shortfall BC 19979, \$4,359,377 capital improvement transfers, and (\$90,000,000) authorized transfer to Savings Reserve from Revenues.
- l. Section 2.2.(a) of Session Law 2002-126 established a beginning unreserved credit balance of \$25 million.

Table 1B
Condition of the Highway Fund, 1974-75 to 2005-06

(Includes Federal Aid Participation)

Fiscal Year	Beginning Balance July 1	Net Collections^a	Total Appropriation Expenditures	Ending Balance June 30
1974-75	\$ 110,948,079	\$ 672,255,228	\$ 628,849,033	\$ 154,354,274
1975-76	154,354,274	493,536,624	550,259,908	97,630,990
1976-77	97,630,990	692,175,363	623,935,040	165,871,313
1977-78	165,871,313	613,161,176	676,460,378	102,572,111
1978-79	102,572,111	698,424,160	681,582,831	119,413,440
1979-80	119,413,440	688,864,174	696,345,679	111,931,935
1980-81	111,931,935	666,935,631	612,035,936	166,831,612
1981-82	166,831,612	729,968,258	674,034,180	222,765,690
1982-83	222,765,690	862,394,389	762,384,819	322,775,260
1983-84	322,775,260	918,012,956	945,996,357	294,791,859
1984-85	294,791,859	1,053,678,404	1,041,253,080	307,217,183
1985-86	307,217,183	1,016,891,045	1,031,831,352	292,276,879
1986-87	292,276,879	1,190,806,504	1,169,873,310	313,210,073
1987-88	313,210,073	1,232,282,636	1,222,631,851	322,860,858
1988-89	322,860,858	1,409,839,386	1,315,847,645	416,852,599
1989-90	416,852,599	1,232,848,473	1,345,684,467	304,016,605
1990-91	304,016,605	1,399,958,822	1,351,535,540	352,439,887
1991-92	352,439,887	1,605,877,793	1,528,101,820	430,215,860
1992-93	430,215,860	1,697,651,523	1,770,759,812	357,107,571
1993-94	357,107,571	1,752,701,588	1,747,469,878	362,339,281
1994-95	362,339,281	1,619,505,085	1,748,159,076	233,685,290
1995-96	233,685,290	1,851,464,315	1,773,223,724	311,925,881
1996-97	311,925,881	2,310,485,801	2,429,520,589	192,891,093
1997-98	192,891,093	2,206,983,140	2,099,049,223	300,825,010
1998-99	300,825,010	2,301,524,041	2,142,510,030	459,839,021
1999-00	459,839,021	2,458,253,201	2,467,131,526	450,960,697
2000-01	450,960,697	2,535,313,224	2,452,760,524	533,513,397
2001-02	533,513,397	2,684,784,992	2,722,939,943	495,358,446
2002-03	495,358,446	3,905,749,064	2,736,727,380	1,664,380,130
2003-04	1,664,380,130	3,437,047,830	2,374,362,841	2,727,065,119
2004-05	2,727,065,119	2,817,543,977	2,615,335,066	2,929,274,030
2005-06	2,929,274,030	2,931,337,147	2,314,562,645	3,546,048,532

a. Includes local aid participation and interfund transfers.

Table 1C

Condition of the Highway Trust Fund, 1989-90 to 2005-06

Fiscal Year	Beginning Balance July 1	Total Revenue and Other Sources	Contracting Authorization from Future Years Cash Flow	Total Appropriation Expenditures ^a	Ending Balance June 30
1989-90	\$ -	\$ 243,893,008	\$ -	\$ 204,692,423	\$ 39,200,585
1990-91	39,200,585	286,946,282	137,223,500	434,021,519	29,348,848
1991-92	29,348,848	537,809,797	(79,055,757)	428,739,384	59,363,504
1992-93	59,363,504	574,157,887	(37,617,743)	501,440,081	94,463,567
1993-94	94,463,567	645,111,384	45,600,000	648,731,304	136,443,647
1994-95	136,443,647	689,536,522	50,150,000	771,874,365	104,255,804
1995-96	104,255,804	813,462,828	45,800,000	718,955,090	152,963,542
1996-97	152,963,542	1,011,488,313	119,185,000	943,081,732	102,185,123
1997-98	102,185,123	935,138,876	62,740,759	828,875,931	145,707,309
1998-99	145,707,309	803,338,157	30,421,905	760,821,140	218,646,231
1999-00	218,646,231	936,444,582	(38,513,690)	895,301,189	221,275,934
2000-01	221,275,934	968,998,273	(26,981,351)	841,958,656	321,334,200
2001-02	321,334,200	1,194,186,165	86,323,105	1,186,268,479	415,574,991
2002-03	415,574,991	1,150,573,168	5,995,280	1,221,468,357	350,675,082
2003-04	350,675,082	1,473,132,995	79,302,827	1,737,991,663	165,119,241
2004-05	165,119,241	1,475,311,921	145,551,538	1,905,874,013	(119,891,313)
2005-06	(119,891,313)	837,522,911	(217,758,541)	897,601,023	(397,727,966)

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

Table 1D

Savings Reserve Account Balance, 1990-91 to 2006-07

Fiscal Year	Beginning Balance July 1	Authorized Transfer	Authorized Reserve for Current Year	Ending Balance June 30
1990-91	\$ 141,000,000	\$ (141,000,000) ^a	\$ -	\$ -
1991-92	400,000	-	41,193,253	41,593,253
1992-93	41,593,253	-	134,332,565	175,925,818
1993-94	175,925,818	(121,000,000) ^b	155,678,246	210,604,064
1994-95	210,604,064	146,305,569	66,700,000 ^c	423,609,633
1995-96	423,609,633	-	77,342,026	500,951,659
1996-97	500,951,659	-	-	500,951,659
1997-98	500,951,659	-	21,568,903	522,520,562
1998-99	522,520,562	-	- ^d	522,520,562
1999-00	522,520,562	(485,965,824) ^e	967,311	37,522,049
2000-01	37,522,049	-	120,000,000 ^f	157,522,048
2001-02	157,522,048	(247,522,048) ^g	90,000,000	-
2002-03	-	-	150,000,000	150,000,000
2003-04	150,000,000	391,343	116,666,064	267,057,407
2004-05	267,057,407	(153,541,447) ^h	199,125,000	312,640,960
2005-06	312,640,960	-	316,151,631	628,792,591
2006-07	628,792,591	(17,509,913) ⁱ	237,525,000 ^j	848,807,678

- a. The General Assembly appropriated \$141.0 million; the reserve was used to balance a revenue shortfall in 1990-91.
- b. The 1993 Session of the General Assembly authorized the transfer of reserves to support the 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's 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 for 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 with \$181.8 million from the General Fund, but only \$90 million was credited.
- h. Amount transferred to the Disaster Relief Reserve for the 2004 hurricane season recovery, per Senate Bill 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.
- j. Estimated.

Table 2
Total Authorized North Carolina State Budget, 1984-85 to 2008-09

(In \$ Millions)

Fiscal Year	Operating	Capital Improvements	Local Tax Reimbursements and Other	Budget Stabilization	Total
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 ^a	334.1 ^a	-	-	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 ^b	476.8	141.0	12,939.6
1991-92	12,892.7	242.6 ^c	474.6	0.4	13,610.3
1992-93	13,997.3	274.6	236.8	-	14,508.7
1993-94	16,130.8 ^d	374.0 ^e	236.8	-	16,741.6
1994-95	17,320.5 ^d	412.6	236.8	-	17,969.9
1995-96	17,600.6	456.0	-	-	18,056.6
1996-97 ^f	18,662.2	1,118.0	-	-	19,780.2
1997-98 ^g	19,923.4	1,201.4	-	-	21,124.8
1998-99 ^g	21,300.7	883.5	447.4	-	22,631.6
1999-00 ^h	22,784.3	877.1	629.0	-	24,290.4
2000-01 ⁱ	23,927.7	424.0	30.0 ^l	120.0	24,501.7
2001-02 ^j	25,763.0	762.9	40.0 ^l	-	26,565.9
2002-03 ^k	26,205.0	881.2	66.5 ^l	-	27,152.7
2003-04	27,801.7	1,533.3	62.0 ^l	-	29,397.0
2004-05	29,625.4	1,534.1	62.0 ^l	-	31,221.5
2005-06	33,195.9	1,243.7	100.0 ^l	-	34,539.6
2006-07	35,344.9	1,316.1	100.0 ^l	-	36,761.0
2007-08 ^m	40,028.8	558.9	100.0 ^l	-	40,687.7
2008-09 ^m	41,052.2	252.2	100.0 ^l	-	41,404.4

a. Includes emergency appropriation for the Department of Correction.

b. Includes \$75 million from legislative bonds.

c. Includes \$45 million from legislative bonds and \$112.5 million from prison bonds.

d. Includes \$214.2 million for June 1994 payroll restoration (1993-94) and \$120 million for teacher payroll restoration (1994-95).

e. Includes \$87.5 million from prison bonds.

f. Includes \$4.7 million for community colleges from the 1997 Session of the General Assembly.

g. Includes public school bonds and highway bonds (\$700.0 million in 1997-98 and \$450.0 million in 1998-99).

h. Includes \$450 million for public school bonds in 1999-00 and \$200 million for clean water and natural gas bonds.

i. Includes \$300 million for clean water and natural gas bonds.

j. Includes \$250 million for clean water and natural gas bonds, \$55 million for public school bonds, and \$300 million for university and community college bonds.

k. Includes \$250 million for clean water and natural gas bonds and \$600 million for university and community college bonds.

l. Clean Water Management Trust Fund appropriation.

m. Governor's recommended budget.

Table 3A

Total North Carolina State Budget by Function, Department, and Source of Funds, 2007-08

General Budget Code	Function	General Fund	Highway Fund and Highway Trust Fund	Other	Federal	Total
Education						
13510	Public Education	\$ 7,603,203,498	\$ 33,285,956	\$ 3,879,422	\$ 1,450,022,677	\$ 9,090,391,553
16800	Community Colleges	915,790,652	-	182,292,919	16,174,484	1,114,258,055
160xx	<i>University System</i>					
16010	UNC General Administration	46,862,727	-	307,161	-	47,169,888
16011	UNC Institutional Programs	134,834,054	-	-	-	134,834,054
16012	UNC Related Education Programs	149,742,645	-	-	1,503,374	151,246,019
16020	UNC at Chapel Hill Academic Affairs	269,490,751	-	181,203,121	3,479,033	454,172,905
16021	UNC at Chapel Hill Health Affairs	189,551,908	-	48,555,597	-	238,107,505
16022	UNC at Chapel Hill Area Health Education	47,818,875	-	-	-	47,818,875
16030	NC State Univ. Academic	349,563,978	-	185,929,784	200,000	535,693,762
16031	NC State Univ. Agric. Research Services	53,406,637	-	2,456,790	8,154,831	64,018,258
16032	NC State Univ. Agric. Extension Services	42,241,968	-	646,700	14,811,058	57,699,726
16040	UNC at Greensboro	145,983,054	-	58,410,746	111,798	204,505,598
16050	UNC at Charlotte	161,588,211	-	81,092,606	100,000	242,780,817
16055	UNC at Asheville	33,708,951	-	13,353,044	10,400	47,072,395
16060	UNC at Wilmington	94,772,505	-	45,527,847	71,575	140,371,927
16065	East Carolina Univ. Academic	200,929,741	-	98,659,172	145,900	299,734,813
16066	East Carolina Univ. Health Services	48,700,539	-	1,720,500	-	50,421,039
16070	NC Agric. & Tech. State Univ.	91,017,204	-	52,279,100	58,714	143,355,018
16075	Western Carolina Univ.	84,170,124	-	26,653,903	42,400	110,866,427
16080	Appalachian State Univ.	121,866,775	-	51,923,512	86,783	173,877,070
16082	UNC at Pembroke	53,240,040	-	15,010,510	42,968	68,293,518
16084	Winston-Salem State Univ.	66,379,070	-	15,989,072	25,195	82,393,337
16086	Elizabeth City State Univ.	31,766,863	-	7,898,199	48,400	39,713,462
16088	Fayetteville State Univ.	53,166,755	-	16,820,534	-	69,987,289
16090	NC Central Univ.	76,723,329	-	30,623,533	108,431	107,455,293
16092	NC School of the Arts	24,650,862	-	9,688,278	14,550	34,353,690
16094	NC School of Science and Mathematics	16,859,174	-	796,151	-	17,655,325
16095	UNC Hospitals	45,673,970	-	710,876,717	-	756,550,687
	Total UNC System	2,634,710,710	-	1,656,422,577	29,015,410	4,320,148,697
	Total Education	11,153,704,860	33,285,956	1,842,594,918	1,495,212,571	14,524,798,305
General Government						
14100	Administration	68,508,544	-	70,425,320	5,222,548	144,156,412
18210	Office of Administrative Hearings	3,738,155	-	54,859	-	3,793,014
13300	State Auditor	12,903,026	-	50	-	12,903,076
18025	State Board of Elections	9,528,421	-	39,500	-	9,567,921
14160	Office of State Controller	20,817,526	-	27,680	-	20,845,206
14800	Cultural Resources	70,463,491	-	1,722,780	6,044,253	78,230,524
14802	Cultural Resources - Roanoke Island	2,020,023	-	-	-	2,020,023
11000	General Assembly	55,729,083	-	929,768	-	56,658,851
13000	Governor's Office	6,462,319	-	224,739	-	6,687,058
74660, 24467	Information Technology Services (ITS)	-	-	176,633,486	-	176,633,486
13005	State Budget and Management (OSBM)	5,930,060	-	500	-	5,930,560
13085	OSBM - Special Appropriations	6,438,446	-	-	-	6,438,446
13010	NC Housing Finance	11,250,945	-	1,231,250	44,623,825	57,106,020
13900	Insurance	32,003,945	-	31,293,312	343,608	63,640,865
13901	Insurance - Worker's Compensation Fund	4,500,000	-	1,070,258	170,725	5,740,983
13100	Lieutenant Governor	938,104	-	-	-	938,104
14700	Revenue	87,619,246	5,405,067	402,942	-	93,427,255
13200	Secretary of State	10,704,933	-	468,431	-	11,173,364
13410	State Treasurer	9,441,130	-	1,160,637	-	10,601,767
13412	State Treasurer - Retirement/Benefits	9,165,457	-	-	-	9,165,457
28101-07	Special Boards and Commissions, including Wildlife Resources Commission	-	-	26,071,244	9,290,552	35,361,796
	Total General Government	428,162,854	5,405,067	311,756,756	65,695,511	811,020,188

General Budget Code	Function	General Fund	Highway Fund and Highway Trust Fund	Other	Federal	Total
Health and Human Services						
14410	Central Administration	71,872,058	-	119,602	71,891,649	143,883,309
14411	Aging	34,907,589	-	10,013,457	38,683,588	83,604,634
14420	Child Development	305,916,143	-	776,000	325,472,210	632,164,353
14424	Education Services	39,373,863	-	298,720	202,727	39,875,310
14430	Public Health	186,706,619	654,295	74,716,977	413,653,340	675,731,231
14440	Social Services	216,303,887	-	552,867,886	717,528,484	1,486,700,257
14445	Medical Assistance	2,882,941,451	-	1,779,356,884	6,508,538,855	11,170,837,190
14446	Child Health	59,391,155	-	-	144,986,229	204,377,384
14450	Services for the Blind	12,413,913	-	6,367,562	15,691,508	34,472,983
14460	Mental Health/DD/SAS	716,811,415	-	56,728,553	121,287,361	894,827,329
14470	Facility Services	19,453,150	-	4,167,889	27,356,974	50,978,013
14480	Vocational Rehabilitation	45,976,163	-	6,761,910	134,083,625	186,821,698
	Total Health and Human Services	4,592,067,406	654,295	2,492,175,440	8,519,376,550	15,604,273,691
Justice and Public Safety						
14500	Correction	1,217,393,823	11,300,000	94,171,364	3,370,641	1,326,235,828
14900	Crime Control and Public Safety	47,526,155	194,779,748	6,295,924	123,366,472	371,968,299
12000	Judicial	420,098,593	-	625,448	-	420,724,041
12001	Judicial - Indigent Defense	104,747,454	-	8,871,115	-	113,618,569
13600	Justice	96,375,618	-	11,048,647	2,241,618	109,665,883
14060	Juvenile Justice	161,610,825	-	9,149,463	-	170,760,288
	Total Justice and Public Safety	2,047,752,468	206,079,748	130,161,961	128,978,731	2,512,972,908
Natural and Economic Resources						
13700	Agriculture and Consumer Services	67,134,939	-	25,843,913	6,989,926	99,968,778
14600	Commerce	62,658,713	204,216	717,230,573	286,197,070	1,066,290,572
14601	Commerce - State Aid	52,654,087	-	-	-	52,654,087
14300	Environment and Natural Resources	200,131,656	-	136,504,458	58,511,532	395,147,646
14301	Clean Water Management Trust Fund	100,000,000	-	-	-	100,000,000
13800	Labor	16,594,758	-	5,348,833	7,332,613	29,276,204
	Total Natural and Economic Resources	499,174,153	204,216	884,927,777	359,031,141	1,743,337,287
14222	Transportation¹	-	2,537,890,718	24,328,180	942,685,116	3,504,904,014
	Net Agency	18,720,861,741	2,783,520,000	5,685,945,032	11,510,979,620	38,701,306,393
19600	Capital Improvements	63,883,409	-	-	-	63,883,409
Debt Service						
19420	General Debt Service	619,793,004	88,128,250	57,751,936	-	765,673,190
19425	Federal Reimbursement	1,616,380	-	-	-	1,616,380
	Total Debt Service	621,409,384	88,128,250	57,751,936	-	767,289,570
Reserves and Adjustments						
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	5,000,000
19003	Compensation Increase Reserve	394,520,636	-	-	-	394,520,636
19004	Salary Adjustment Reserve	28,188,000	-	-	-	28,188,000
19008	Retirement System Payback	45,000,000	-	-	-	45,000,000
19013	Job Development Incentive Grants (JDIG) Reserve	12,400,000	-	-	-	12,400,000
19xxx	ITS Interprise Fee Hold Harmless	1,500,000	-	-	-	1,500,000
19021	Health and Wellness Trust Fund Reserve	-	-	-	-	-
19xxx	Reserve for Internal Control Task Force Recommendations	1,000,000	-	-	-	1,000,000
19027	ITS Rate Restructuring Reserve	-	-	-	-	-
19xxx	Reserve for ITAS Replacement	10,000,000	-	-	-	10,000,000
19037	BEACON Project Reserve	20,000,000	-	-	-	20,000,000
19043	Health Plan Reserve	111,247,930	-	-	-	111,247,930
19044	IT Initiative Reserve	4,140,000	-	-	-	4,140,000
19047	Retirement Rate Adjustment Reserve	27,200,000	-	-	-	27,200,000

General Budget Code	Function	General Fund	Highway Fund and Highway Trust Fund	Other	Federal	Total
19049	Mental Health/DD/SAS Trust Fund Reserve	-	-	-	-	-
	Total Reserves and Adjustments	660,196,566	-	-	-	660,196,566
	Total Budget	20,066,351,100	2,871,648,250	5,743,696,968	11,510,979,620	40,192,675,938
	General Obligation Bonds and Certificates of Participation	75,000,000	-	420,000,000	-	495,000,000
	Grand Total Budget Including General Obligation Bonds and Certificates of Participation	\$20,141,351,100	\$2,871,648,250	\$6,163,696,968	\$11,510,979,620	\$40,687,675,938

1. Excludes \$172,500,000 of Highway Trust Fund transfer to General Fund plus transfers to other General Fund Budget Codes.

Table 3B

Total North Carolina State Budget by Function, Department, and Source of Funds, 2008-09

General Budget Code	Function	General Fund	Highway Fund and Highway Trust Fund	Other	Federal	Total
Education						
13510	Public Education	\$ 7,663,846,464	\$ 33,255,278	\$ 3,879,422	\$ 1,450,022,677	\$ 9,151,003,841
16800	Community Colleges	912,122,495	-	182,292,919	16,174,484	1,110,589,898
160xx	<i>University System</i>					
16010	UNC General Administration	47,020,282	-	310,661	-	47,330,943
16011	UNC Institutional Programs	186,299,653	-	-	-	186,299,653
16012	UNC Related Education Programs	149,983,562	-	-	1,503,374	151,486,936
16020	UNC at Chapel Hill Academic Affairs	276,818,642	-	183,317,719	3,479,033	463,615,394
16021	UNC at Chapel Hill Health Affairs	194,382,728	-	48,557,497	-	242,940,225
16022	UNC at Chapel Hill Area Health Education	47,818,875	-	-	-	47,818,875
16030	NC State Univ. Academic	359,048,709	-	188,030,078	200,000	547,278,787
16031	NC State Univ. Agric. Research Services	52,144,009	-	2,441,714	8,154,831	62,740,554
16032	NC State Univ. Agric. Extension Services	42,126,187	-	624,136	14,811,058	57,561,381
16040	UNC at Greensboro	150,162,800	-	60,059,536	111,798	210,334,134
16050	UNC at Charlotte	167,100,852	-	83,266,912	100,000	250,467,764
16055	UNC at Asheville	34,158,295	-	13,488,828	10,400	47,657,523
16060	UNC at Wilmington	97,734,656	-	45,648,160	71,575	143,454,391
16065	East Carolina Univ. Academic	208,678,873	-	100,050,950	145,900	308,875,723
16066	East Carolina Univ. Health Services	48,649,036	-	1,718,500	-	50,367,536
16070	NC Agric. & Tech. State Univ.	91,709,631	-	52,278,600	58,714	144,046,945
16075	Western Carolina Univ.	85,744,524	-	26,708,001	42,400	112,494,925
16080	Appalachian State Univ.	123,484,299	-	51,841,356	86,783	175,412,438
16082	UNC at Pembroke	55,194,833	-	15,342,606	42,968	70,580,407
16084	Winston-Salem State Univ.	69,552,386	-	16,666,629	25,195	86,244,210
16086	Elizabeth City State Univ.	32,588,125	-	8,074,709	48,400	40,711,234
16088	Fayetteville State Univ.	53,980,928	-	17,091,155	-	71,072,083
16090	NC Central Univ.	78,129,122	-	31,564,763	108,431	109,802,316
16092	NC School of the Arts	24,684,948	-	9,631,878	14,550	34,331,376
16094	NC School of Science and Mathematics	17,065,422	-	796,331	-	17,861,753
16095	UNC Hospitals	45,673,970	-	761,223,502	-	806,897,472
	Total UNC System	2,739,935,347	-	1,718,734,221	29,015,410	4,487,684,978
	Total Education	11,315,904,306	33,255,278	1,904,906,562	1,495,212,571	14,749,278,717
General Government						
14100	Administration	69,010,048	-	70,438,668	5,222,548	144,671,264
18210	Office of Administrative Hearings	3,568,432	-	54,859	-	3,623,291
13300	State Auditor	12,916,479	-	50	-	12,916,529
18025	State Board of Elections	6,798,147	-	39,500	-	6,837,647
14160	Office of State Controller	20,835,033	-	27,680	-	20,862,713
14800	Cultural Resources	71,352,733	-	1,727,115	6,044,253	79,124,101
14802	Cultural Resources - Roanoke Island	2,020,023	-	-	-	2,020,023
11000	General Assembly	56,931,204	-	1,003,838	-	57,935,042
13000	Governor's Office	6,500,587	-	224,739	-	6,725,326
74660, 24467	Information Technology Services (ITS)	-	-	176,633,486	-	176,633,486
13005	State Budget and Management (OSBM)	5,936,765	-	500	-	5,937,265
13085	OSBM - Special Appropriations	6,438,446	-	-	-	6,438,446
13010	NC Housing Finance	4,750,945	-	1,231,250	44,623,825	50,606,020
13900	Insurance	31,958,716	-	31,293,312	343,608	63,595,636
13901	Insurance - Worker's Compensation Fund	4,500,000	-	1,070,258	170,725	5,740,983
13100	Lieutenant Governor	939,091	-	-	-	939,091
14700	Revenue	87,711,626	5,412,583	402,942	-	93,527,151
13200	Secretary of State	10,776,784	-	468,431	-	11,245,215
13410	State Treasurer	9,438,190	-	1,160,637	-	10,598,827
13412	State Treasurer - Retirement/Benefits	9,165,457	-	-	-	9,165,457
28101-07	Special Boards and Commissions, including Wildlife Resources Commission	-	-	25,266,324	9,290,552	34,556,876
	Total General Government	421,548,706	5,412,583	311,043,589	65,695,511	803,700,389

General Budget Code	Function	General Fund	Highway Fund and Highway Trust Fund	Other	Federal	Total
Health and Human Services						
14410	Central Administration	67,419,374	-	119,602	72,233,169	139,772,145
14411	Aging	34,909,179	-	10,013,457	38,686,013	83,608,649
14420	Child Development	305,939,926	-	776,000	325,472,210	632,188,136
14424	Education Services	39,928,830	-	298,720	202,727	40,430,277
14430	Public Health	179,716,681	654,294	74,718,337	413,685,703	668,775,015
14440	Social Services	222,788,887	-	554,391,214	717,255,600	1,494,435,701
14445	Medical Assistance	3,167,283,638	-	1,829,097,332	6,974,132,794	11,970,513,764
14446	Child Health	59,391,155	-	-	144,986,229	204,377,384
14450	Services for the Blind	12,536,515	-	6,367,562	15,744,949	34,649,026
14460	Mental Health/DD/SAS	718,940,878	-	56,714,153	121,290,505	896,945,536
14470	Facility Services	20,795,503	-	4,168,047	27,373,914	52,337,464
14480	Vocational Rehabilitation	46,383,551	-	6,763,738	134,928,059	188,075,348
	Total Health and Human Services	4,876,034,117	654,294	2,543,428,162	8,985,991,872	16,406,108,445
Justice and Public Safety						
14500	Correction	1,237,821,977	11,300,000	94,156,864	3,370,641	1,346,649,482
14900	Crime Control and Public Safety	43,054,413	196,582,756	5,593,380	123,373,703	368,604,252
12000	Judicial	423,824,541	-	616,948	-	424,441,489
12001	Judicial - Indigent Defense	108,569,559	-	8,871,115	-	117,440,674
13600	Justice	92,533,849	-	10,998,899	2,243,539	105,776,287
14060	Juvenile Justice	165,811,556	-	9,150,863	-	174,962,419
	Total Justice and Public Safety	2,071,615,895	207,882,756	129,388,069	128,987,883	2,537,874,603
Natural and Economic Resources						
13700	Agriculture and Consumer Services	61,314,179	-	25,849,972	6,994,244	94,158,395
14600	Commerce	42,109,110	204,216	717,325,528	286,199,327	1,045,838,181
14601	Commerce - State Aid	52,654,087	-	-	-	52,654,087
14300	Environment and Natural Resources	201,707,134	-	136,436,045	58,511,532	396,654,711
14301	Clean Water Management Trust Fund	100,000,000	-	-	-	100,000,000
13800	Labor	16,594,951	-	5,349,316	7,305,017	29,249,284
	Total Natural and Economic Resources	474,379,461	204,216	884,960,861	359,010,120	1,718,554,658
14222	Transportation¹	-	2,555,385,167	24,342,136	942,686,251	3,522,413,554
	Net Agency	19,159,482,485	2,802,794,294	5,798,069,379	11,977,584,208	39,737,930,366
19600	Capital Improvements	-	-	-	-	-
Debt Service						
19420	General Debt Service	655,299,484	85,460,500	50,692,127	-	791,452,111
19425	Federal Reimbursement	1,616,380	-	-	-	1,616,380
	Total Debt Service	656,915,864	85,460,500	50,692,127	-	793,068,491
Reserves and Adjustments						
19001	Contingency and Emergency Reserve	5,000,000	-	-	-	5,000,000
19003	Compensation Increase Reserve	386,490,786	-	-	-	386,490,786
19004	Salary Adjustment Reserve	28,188,000	-	-	-	28,188,000
19008	Retirement System Payback	-	-	-	-	-
19013	Job Development Incentive Grants (JDIG) Reserve	12,400,000	-	-	-	12,400,000
19xxx	Reserve for Internal Control Task Force Recommendations	1,000,000	-	-	-	1,000,000
19xxx	ITS Enterprise Fee Hold Harmless	1,500,000	-	-	-	1,500,000
190xx	Reserve for ITAS Replacement	10,000,000	-	-	-	10,000,000
19027	ITS Rate Restructuring Reserve	-	-	-	-	-
19028	Longevity Service Adjustment	-	-	-	-	-

General Budget Code	Function	General Fund	Highway Fund and Highway Trust Fund	Other	Federal	Total
19030	Military Morale, Recreation, and Welfare Reserve	-	-	-	-	-
19031	Reserve - State Emergency Response	-	-	-	-	-
19033	Reserve for Lawsuits	-	-	-	-	-
19037	State BEACON Project	-	-	-	-	-
19040	Minimum Fair Wage Reserve	-	-	-	-	-
19043	Health Plan Reserve	146,563,167	-	-	-	146,563,167
19044	IT Initiative Reserve	2,840,000	-	-	-	2,840,000
19047	Retirement Rate Adjustment Reserve	27,200,000	-	-	-	27,200,000
19049	Mental Health/DD/SAS Trust Fund Reserve	-	-	-	-	-
	Total Reserves and Adjustments	621,181,953	-	-	-	621,181,953
	Total Budget	20,437,580,302	2,888,254,794	5,848,761,506	11,977,584,208	41,152,180,810
	General Obligation Bonds and Certificates of Participation	-	-	252,200,000	-	252,200,000
	Grand Total Budget Including General Obligation Bonds and Certificates of Participation	\$20,437,580,302	\$2,888,254,794	\$6,100,961,506	\$11,977,584,208	\$41,404,380,810

1. Excludes \$172,600,000 of Highway Trust Fund transfer to General Fund plus transfers to other General Fund Budget Codes.

Table 3C
Total North Carolina Transportation Budget
by Function and Source of Funds, 2007-08

<u>Function</u>	<u>Source of Funds</u>				
	Highway Fund	Highway Trust Fund	Receipts	Federal	Total
DOT Administration	\$ 95,787,091	\$ 11,850,278	\$ 630,531	\$ -	\$ 108,267,900
<i>Division of Highways</i>					
Administration	32,651,442	22,097,827	3,780,331	-	58,529,600
Construction	140,146,035	853,621,167	-	882,000,000	1,875,767,202
Maintenance	935,366,474	-	-	-	935,366,474
Planning and Research	4,700,000	-	-	18,000,000	22,700,000
OSHA Program	425,000	-	-	-	425,000
Ferry Operations	29,513,921	-	-	-	29,513,921
<i>State Aid</i>					
Municipalities	93,046,035	56,692,887	-	-	149,738,922
Public Transportation	73,466,447	-	-	10,000,000	83,466,447
Airports	21,860,122	-	-	28,350,801	50,210,923
Railroads	25,125,153	-	-	-	25,125,153
Governor's Highway Safety	334,314	-	-	4,334,315	4,668,629
Division of Motor Vehicles	101,700,725	4,432,217	19,917,318	-	126,050,260
NC Turnpike Authority	-	1,662,946	-	-	1,662,946
Other State Agencies	255,067,241	400,880	-	-	255,468,121
Reserves and Transfers	21,250,000	-	-	-	21,250,000
Transfer to General Fund	-	172,543,306	-	-	172,543,306
Uncommitted Trust Fund Administration	-	2,278,492	-	-	2,278,492
Total Transportation	\$ 1,830,440,000	\$ 1,125,580,000	\$ 24,328,180	\$ 942,685,116	\$ 3,923,033,296

Table 3D
Total North Carolina Transportation Budget
by Function and Source of Funds, 2008-09

<u>Function</u>	<u>Source of Funds</u>				
	Highway Fund	Highway Trust Fund	Receipts	Federal	Total
DOT Administration	\$ 93,204,187	\$ 11,869,708	\$ 630,531	\$ -	\$ 105,704,426
<i>Division of Highways</i>					
Administration	32,703,136	22,120,609	3,780,331	-	58,604,076
Construction	140,173,949	869,334,446	-	882,000,000	1,891,508,395
Maintenance	920,389,571	-	-	-	920,389,571
Planning and Research	4,700,000	-	-	18,000,000	22,700,000
OSHA Program	425,000	-	-	-	425,000
Ferry Operations	29,513,921	-	-	-	29,513,921
<i>State Aid</i>					
Municipalities	93,073,949	57,719,120	-	-	150,793,069
Public Transportation	73,466,447	-	-	10,000,000	83,466,447
Airports	23,130,033	-	-	28,350,801	51,480,834
Railroads	25,125,153	-	-	-	25,125,153
Governor's Highway Safety	335,449	-	-	4,335,450	4,670,899
Division of Motor Vehicles	119,510,944	4,434,478	19,931,274	-	143,876,696
NC Turnpike Authority	-	1,662,946	-	-	1,662,946
Other State Agencies	252,878,261	400,880	-	-	253,279,141
Reserves and Transfers	22,950,000	-	-	-	22,950,000
Transfer to General Fund	-	172,619,554	-	-	172,619,554
Uncommitted Trust Fund Administration	-	2,898,259	-	-	2,898,259
Total Transportation	\$ 1,831,580,000	\$ 1,143,060,000	\$ 24,342,136	\$ 942,686,251	\$ 3,941,668,387

Table 4
Trends in the Total State Budget, 1984-85 to 2008-09
(In Millions)

Fiscal Year	Public Education	Higher Education	Community Colleges	Human Resources	Transportation	Correction
1984-85	2,170.4	1,058.9	288.2	1,719.6	893.4	212.7
1985-86	2,501.4	1,219.8	304.7	1,945.6	908.1	244.3
1986-87	2,660.6	1,300.7	337.1	2,032.8	1,005.7	261.7
1987-88	2,939.7	1,414.4	358.9	2,251.2	1,086.1	306.0
1988-89	3,230.8	1,483.2	364.7	2,435.8	1,111.7	343.1
1989-90	3,468.2	1,662.2	403.2	2,695.5	1,399.1	380.8
1990-91	3,672.0	1,700.0	433.5	3,012.3	1,378.5	428.0
1991-92	3,688.6	1,647.3	410.7	3,661.6	1,512.3	484.8
1992-93	3,829.0	1,728.9	476.8	4,244.2	1,614.3	517.2
1993-94	4,128.2	1,850.9	504.0	5,289.4	1,727.9	577.4
1994-95	4,417.1	1,932.9	534.6	5,616.5	1,850.1	732.5
1995-96	4,477.5	2,035.1	546.1	5,910.1	1,917.5	815.4
1996-97	4,783.6	2,121.3	576.6	6,324.4	1,987.6	833.3
1997-98	5,191.6	2,262.6	610.6	6,955.9	2,106.4	831.0
1998-99	5,549.9	2,321.1	659.9	7,604.9	2,125.4	859.0
1999-00	6,033.2	2,473.6	681.5	7,814.7	2,492.9	899.2
2000-01	6,366.8	2,555.3	724.1	8,213.6	2,635.8	883.0
2001-02	6,635.5	2,781.0	772.1	9,567.5	2,808.3	933.3
2002-03	6,534.6	2,814.1	825.6	10,404.5	2,598.5	890.6
2003-04	6,995.3	3,016.8	832.9	10,581.2	2,800.8	950.7
2004-05	7,118.6	3,103.5	880.6	11,553.0	2,831.3	959.1
2005-06	7,541.9	3,480.3	997.1	13,025.8	3,336.3	1,122.1
2006-07	7,654.9	3,656.9	1,032.1	13,732.1	3,420.7	1,175.5
2007-08	9,090.4	4,320.1	1,114.3	15,604.3	3,504.9	1,326.2
2008-09	9,151.0	4,487.7	1,110.6	16,406.1	3,522.4	1,346.6

Fiscal Year	All Other Agencies	Debt Service	Reserves ^a	Capital ^b	Other ^c	Total
1984-85	755.1	114.5	6.3	234.1	-	7,453.2
1985-86	843.4	114.2	21.1	298.0	-	8,400.6
1986-87	909.9	98.2	15.8	334.0	-	8,956.5
1987-88	972.4	111.9	18.7	265.3	-	9,724.6
1988-89	1,012.7	108.9	2.6	316.9	-	10,410.4
1989-90	1,270.4	107.6	-	377.6	231.8	11,996.4
1990-91	1,289.8	108.7	147.3	292.5	476.8	12,939.5
1991-92	1,375.7	117.9	0.9	242.6	468.0	13,610.4
1992-93	1,437.0	127.0	(5.4)	274.5	232.4	14,508.7
1993-94	1,701.9	129.6	221.5	910.1	236.8	17,277.7
1994-95	1,859.3	142.5	235.0	592.6	236.8	18,149.9
1995-96	1,735.0	157.0	6.9	456.0	-	18,056.6
1996-97	1,764.2	135.4	135.6	1,118.0 ^d	-	19,780.2
1997-98	1,693.5	167.2	104.6	1,201.4 ^d	-	21,124.8
1998-99	1,759.0	200.4	221.1	883.5 ^d	447.4	22,631.6
1999-00	1,922.5	244.1	222.6	877.1 ^d	629.0	24,290.4
2000-01	1,904.8	270.0	494.3	424.0 ^d	30.0	24,501.7
2001-02	1,949.5	302.6	13.2	762.9 ^d	40.0	26,565.9
2002-03	1,841.3	301.2	(5.4)	881.2 ^d	66.5	27,152.7
2003-04	1,907.6	438.1	278.3	1,533.3 ^d	62.0	29,397.0
2004-05	1,973.7	561.1	644.4	1,534.2 ^d	62.0	31,221.5
2005-06	2,452.3	676.9	563.2	1,243.7 ^d	100.0	34,539.6
2006-07	2,601.4	708.2	1,363.1	1,316.1 ^d	100.0	36,761.0
2007-08	3,741.1	767.3	660.2	558.9 ^d	-	40,687.7
2008-09	3,713.5	793.1	621.2	252.2 ^d	-	41,404.4

- a. Includes funds transferred to the reserve for budget stabilization.
b. Includes the repair and renovation reserve.
c. Includes the local government transfer and appropriated reserves.
d. Includes general obligation bonds.

Table 5
Total Authorized State Budget by Source of Funds, 1976-77 to 2008-09

(In Millions)

Fiscal Year	General Fund	Federal Revenue Sharing	Highway Fund	Federal	Other	Total
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 ^a	-	1,223.8	2,616.8	949.4	12,939.6
1991-92	7,983.0 ^a	-	1,323.3	3,127.8	1,176.2	13,610.3
1992-93	8,209.5	-	1,318.4	3,617.6	1,363.2	14,508.7
1993-94	9,405.4	-	1,363.3	4,516.4	1,456.5	16,741.6
1994-95	10,268.4	-	1,480.9	4,639.9	1,580.7	17,969.9
1995-96	10,055.5	-	1,553.4	4,664.4	1,783.3	18,056.6
1996-97	11,252.6 ^b	-	1,622.5	4,917.3	1,987.8	19,780.2
1997-98	12,015.3 ^c	-	2,025.5	5,220.4	1,863.6	21,124.8
1998-99	13,561.6 ^c	-	1,807.6	5,465.3	1,797.1	22,631.6
1999-00	14,561.7 ^c	-	1,878.8	5,951.1	1,898.8	24,290.4
2000-01	14,350.1 ^c	-	2,058.8	6,134.4	1,958.4	24,501.7
2001-02	15,135.3 ^c	-	2,121.1	7,066.3	2,243.2	26,565.9
2002-03	15,205.1 ^c	-	1,900.0	7,676.5	2,371.0	27,152.6
2003-04	15,930.8 ^c	-	2,477.7	8,465.8	2,522.7	29,397.0
2004-05	17,107.3 ^c	-	2,469.6	8,967.1	2,677.5	31,221.5
2005-06	18,033.9 ^c	-	2,744.7	9,972.0	3,789.0	34,539.6
2006-07	19,319.5 ^c	-	2,836.9	10,495.7	4,108.9	36,761.0
2007-08	20,141.4 ^c	-	2,871.6	11,511.0	6,163.7	40,687.7
2008-09	20,437.6 ^c	-	2,888.3	11,977.6	6,101.0	41,404.5

a. Includes legislative bonds for capital improvements.

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

c. Includes general obligation bonds.

Table 6
Highway Fund State Tax and Nontax Revenue, 1974-75 to 2008-09

(In Millions)

Fiscal Year	Motor Fuel Taxes	Licenses, Fees, and Other Revenue	Treasurer's Investments	Total Revenue	Percentage Change from Previous Year
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	(0.2%)
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	1,188.8	552.7	8.0	1,749.5	4.1%
2007-08	1,219.6 ^a	570.3	10.5	1,800.4	2.9%
2008-09	1,236.1 ^a	584.9	10.5	1,831.5	1.7%

a. Recommended

Table 7
Highway Trust Fund Tax and Nontax Revenue, 1989-90 to 2008-09

(In Millions)

Fiscal Year	Gasoline Tax	Highway Use Tax	Other Revenue	Treasurer's Investments	Total Revenue	Percentage Change from Previous Year
1989-90	\$ 184.9	\$ 164.7	\$ 51.5	\$ 7.4	\$ 408.5	-
1990-91	206.6	231.1	55.4	20.8	513.9	25.8%
1991-92	213.4	242.4	58.4	23.1	537.3	4.6%
1992-93	212.4	273.3	62.2	24.1	572.0	6.5%
1993-94	222.0	330.5	68.1	22.5	643.1	12.4%
1994-95	223.0	364.6	77.1	28.7	693.4	7.8%
1995-96	232.7	396.0	76.7	32.7	738.1	6.4%
1996-97	243.7	407.6	85.7	35.7	772.7	4.7%
1997-98	254.6	453.3	87.0	40.9	835.8	8.2%
1998-99	254.7	489.5	90.3	39.3	873.8	4.5%
1999-00	260.7	545.3	93.2	37.4	936.6	7.2%
2000-01	289.6	545.2	90.6	41.4	966.8	3.2%
2001-02	296.3	555.3	90.7	31.5	973.8	0.7%
2002-03	283.1	552.7	90.9	11.7	938.4	(3.6%)
2003-04	310.8	578.4	95.9	8.9	994.0	5.9%
2004-05	334.0	587.0	97.2	6.8	1,025.0	3.1%
2005-06	362.6	611.1	113.0	6.5	1,093.2	6.7%
2006-07	369.2	639.8	120.5	6.5	1,136.0	3.9%
2007-08 ^a	401.4	608.1	114.8	1.3	1,125.6	(0.9%)
2008-09 ^a	406.9	617.2	117.6	1.3	1,143.1	1.6%

a. Recommended

Table 8
General Fund Tax and Nontax Revenue, 1974-75 to 2008-09

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

(In Millions)

Fiscal Year	Tax Revenues	Percentage Change from Previous Year	Tax and Nontax Revenues ^a	Percentage Change from Previous Year
1974-75	\$ 1,451.2	6.85%	\$ 1,544.1	7.99%
1975-76	1,571.8	8.31%	1,648.1	6.74%
1976-77	1,870.0	18.97%	1,952.6	18.48%
1977-78	2,060.5	10.19%	2,134.8	9.33%
1978-79	2,337.2	13.43%	2,430.3	13.84%
1979-80	2,639.2	12.92%	2,785.3	14.61%
1980-81	2,846.0	7.84%	2,995.4	7.54%
1981-82	3,077.7	8.14%	3,229.5	7.82%
1982-83	3,279.0	6.54%	3,403.8	5.40%
1983-84	3,814.4	16.33%	3,957.3	16.26%
1984-85	4,336.7	13.69%	4,527.1	14.40%
1985-86	4,694.5	8.25%	4,910.9	8.48%
1986-87	5,180.6	10.35%	5,392.1	9.80%
1987-88	5,551.3	7.16%	5,804.5	7.65%
1988-89	5,928.5	6.79%	6,154.5	6.03%
1989-90	6,561.4	10.68%	6,988.4	13.55%
1990-91	6,692.5	2.00%	7,207.8	3.14%
1991-92	7,438.4	11.15%	7,817.0	8.45%
1992-93	7,883.0	5.98%	8,292.8	6.09%
1993-94	8,516.8	8.04%	9,102.3	9.76%
1994-95	9,365.8	9.97%	9,969.9	9.53%
1995-96	9,458.8	0.99%	10,090.3	1.21%
1996-97	10,239.1	8.25%	10,933.9	8.36%
1997-98	11,092.4	8.33%	11,727.1	7.25%
1998-99	11,965.3	7.87%	12,753.3	8.75%
1999-00	12,391.0	3.56%	13,135.0	2.99%
2000-01	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 ^b	5.45%
2003-04	13,830.7	5.44%	14,936.5 ^b	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	17,432.1	2.42%	18,116.6 ^c	1.36%
2007-08 ^c	18,703.6	7.29%	19,572.6 ^c	8.04%
2008-09 ^c	19,735.3	5.52%	20,624.3 ^c	5.37%

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

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

c. Authorized budgeted revenues.

Table 9
Authorized General Fund Appropriations, 1976-77 to 2008-09

(Including Federal Revenue Sharing and Anti-Recession Revenues)

(In Millions)

Fiscal Year	Operating	Percentage Change from Previous Year	Total	Percentage Change from Previous Year
1976-77	\$ 1,944.4	10.7%	\$ 1,989.5	11.5%
1977-78	2,193.5	12.8%	2,224.9	11.8%
1978-79	2,451.9	11.8%	2,577.9	15.9%
1979-80	2,760.3	12.6%	2,844.7	10.3%
1980-81	3,140.9	13.8%	3,244.8	14.1%
1981-82	3,404.8	8.4%	3,435.0	5.9%
1982-83	3,557.8	4.5%	3,623.6	5.5%
1983-84	3,797.8 ^a	6.7%	3,857.6	6.5%
1984-85	4,304.0	13.3%	4,516.6	17.1%
1985-86	4,877.0	13.3%	5,130.5	13.6%
1986-87 ^b	5,233.7	7.3%	5,531.6	7.8%
1987-88	5,813.1	11.1%	5,977.9	8.1%
1988-89	6,302.4	8.4%	6,561.1	9.8%
1989-90	6,883.0	9.2%	7,360.0	12.2%
1990-91	7,249.5	5.3%	8,074.6	9.7%
1991-92	7,350.5	1.4% ^c	7,825.5	(3.1%)
1992-93	7,877.5	7.2% ^c	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 ^d	10,450.4	6.7%	10,607.6	5.7%
1997-98 ^e	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% ^c	14,237.7	8.6% ^c
2000-01	13,785.1	3.0%	14,050.1	(1.3%)
2001-02	14,372.4 ^f	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	20,002.5	7.2%	20,066.3	6.4%
2008-09	20,437.6	2.2%	20,437.6	1.9%

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

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

c. Percentage revised in 2003.

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

e. Includes \$20.5 million for SIPS for the Year 2000 project.

f. Effective July 1, 2002, the General Assembly established an annual General Fund appropriation for the Clean Water Management Trust Fund. Funding for this program is included in total current operations.

Table 10

General Fund Operating Appropriation for Public Schools, Community Colleges, and Higher Education, 1985-86 to 2008-09

(Includes Carryforwards for Encumbrances)

Fiscal Year	General Fund Total Current Operations ^a		Public Schools		Community Colleges		Higher Education		Education as Percent of GF Current Operations	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Other	
1985-86	\$4,877,060,744		\$2,185,803,123	44.8%	\$281,875,727	5.8%	\$840,311,094	17.2%	\$1,569,070,800	67.8%
1986-87	5,233,578,633		2,346,139,866	44.8%	307,102,490	5.9%	909,134,150	17.4%	1,671,202,127	68.1%
1987-88	5,805,245,729		2,639,237,658	45.5%	326,296,294	5.6%	980,746,492	16.9%	1,858,965,285	68.0%
1988-89	6,302,733,865		2,930,643,886	46.5%	332,064,381	5.3%	1,039,510,499	16.5%	2,000,515,099	68.3%
1989-90	6,883,003,393		3,134,428,205	45.5%	365,537,274	5.3%	1,109,917,895	16.1%	2,273,120,019	67.0%
1990-91	7,249,549,110		3,329,171,720	45.9%	387,611,956	5.3%	1,143,216,957	15.8%	2,389,548,477	67.0%
1991-92	7,350,501,134		3,293,699,663	44.8%	344,131,858	4.7%	1,121,976,740	15.3%	2,590,692,873	64.8%
1992-93	7,881,908,182		3,435,634,234	43.6%	398,689,471	5.1%	1,170,947,533	14.9%	2,876,636,944	63.5%
1993-94	8,674,510,752	^b	3,632,087,114	41.9%	423,253,702	4.9%	1,229,449,670	14.2%	3,389,720,266	60.9%
1994-95	9,595,509,023	^b	3,962,959,317	^c 41.3%	455,651,184	4.7%	1,296,558,991	13.5%	3,880,339,531	59.6%
1995-96	9,793,062,378		3,998,978,216	40.8%	470,880,697	4.8%	1,301,040,079	13.3%	4,022,163,386	58.9%
1996-97	10,450,411,229		4,301,626,282	41.2%	501,802,184	4.8%	1,385,611,961	13.3%	4,261,370,802	59.2%
1997-98	11,258,582,548		4,697,892,305	41.7%	534,873,175	4.8%	1,489,866,397	13.2%	4,535,950,671	59.7%
1998-99	12,327,025,974		5,068,634,951	41.1%	587,542,475	4.8%	1,628,888,154	13.2%	5,041,960,394	59.1%
1999-00	13,441,610,285		5,497,075,780	40.9%	589,634,008	4.4%	1,682,143,914	12.5%	5,672,756,583	57.8%
2000-01	13,785,142,760		5,851,733,197	^g 42.4%	651,456,631	4.7%	1,778,278,150	12.9%	5,503,674,782	60.1%
2001-02	14,309,884,168		5,922,505,768	^g 41.4%	650,089,707	4.5%	1,802,904,395	12.6%	5,934,384,298	58.5%
2002-03	14,323,937,462		5,946,490,760	^g 41.5%	669,281,390	4.7%	1,768,097,109	12.3%	5,940,068,203	58.5%
2003-04	14,835,621,783		6,114,518,997	^g 41.2%	665,027,719	4.5%	1,792,141,661	12.1%	6,263,933,406	57.8%
2004-05	15,873,167,528		6,287,744,646	^g 39.6%	691,811,541	4.4%	1,878,813,497	11.8%	7,014,797,844	55.8%
2005-06	17,126,460,791		6,721,053,466	^g 39.2%	817,427,539	^e 4.8%	2,126,803,399	12.4%	7,461,176,387	56.4%
2006-07	18,659,616,984		7,096,499,112	^g 38.0%	893,085,886	^e 4.8%	2,365,613,366	12.7%	8,304,418,620	55.5%
2007-08	20,002,467,691		7,811,224,134	^g 39.1%	915,790,652	4.6%	2,634,710,711	13.2%	8,640,742,194	56.8%
2008-09	20,437,580,303		7,863,837,250	^g 38.5%	912,122,495	4.5%	2,739,935,348	13.4%	8,921,685,210	56.3%

Note: Figures in all categories include compensation increases.

a. Operating budget excludes capital and local government appropriations.

b. Data exclude \$214 million (1993-94) and \$120 million (1994-95) for payroll restoration.

c. Data include \$42 million for education technology equipment.

d. Data include all appropriations as of June 30, 2000.

e. Amounts include a compensation increase reserve.

f. Amounts include a compensation increase, health plan increase, and retirement rate adjustment.

g. Encumbrance carryforwards for the eleventh and twelfth months are no longer included.

Table 11
North Carolina's Bond Indebtedness, 1968-69 to 2005-06

Fiscal Year	Bond Indebtedness ^a			Per Capita ^b
	General Fund	Highway Fund	Total	
1968-69	\$ 210,270,000	\$ 189,200,000 ^c	\$ 399,470,000	\$ 79.80
1969-70	198,740,000	282,200,000 ^d	480,940,000	95.56
1970-71	186,910,000	253,000,000	439,910,000	86.12
1971-72	174,780,000	240,000,000	414,780,000	79.74
1972-73	208,360,000	217,000,000	425,360,000	80.30
1973-74	194,995,000	199,000,000	393,995,000	73.17
1974-75	215,370,000	181,000,000	396,370,000	72.54
1975-76	305,870,000	163,000,000	468,870,000	84.66
1976-77	418,900,000	145,000,000	563,900,000	100.73
1977-78	530,600,000	127,000,000	657,600,000	115.90
1978-79	507,200,000	164,000,000	671,200,000	116.82
1979-80	533,300,000	201,000,000	734,300,000	126.43
1980-81	574,750,000	179,000,000	753,750,000	128.19
1981-82	544,200,000	219,000,000	763,200,000	128.15
1982-83	582,700,000	323,000,000	905,700,000	150.48
1983-84	630,900,000	306,500,000	937,400,000	154.25
1984-85	589,200,000	290,000,000	879,200,000	142.62
1985-86	548,500,000	272,500,000	821,000,000	131.26
1986-87	508,000,000	254,000,000	762,000,000	120.51
1987-88	525,500,000	250,000,000	775,500,000	121.06
1988-89	481,410,000	226,750,000	708,160,000	109.23
1989-90	457,698,902	202,730,000	660,428,902	100.54
1990-91	412,038,903	175,965,000	588,003,903	88.66
1991-92	441,378,903	148,635,000	590,013,903	87.44
1992-93	548,678,902	118,695,000	667,373,902	97.67
1993-94	493,678,902	87,055,000	580,733,902	83.59
1994-95	936,191,005	55,285,000	991,476,005	140.40
1995-96	990,245,681	29,445,000	1,019,690,681	141.90
1996-97	940,252,373	4,895,000	945,147,373	129.32
1997-98	1,508,215,259	-	1,508,215,259	202.97
1998-99	1,867,480,343	250,000,000	2,117,480,343	280.56
1999-00	2,212,108,040	233,325,000	2,445,433,040	319.64
2000-01	2,286,848,925	216,650,000	2,503,498,925	305.82
2001-02	2,832,409,153	199,975,000	3,032,384,153	370.42
2002-03	3,274,944,986	183,300,000	3,458,244,986	415.65
2003-04	3,892,442,828	166,625,000	4,059,067,828	479.99
2004-05	5,697,359,000 ^e	811,430,000	6,508,789,000	769.67
2005-06	5,738,094,000 ^e	756,755,000	6,494,849,000	748.51

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

b. Based on July 1 population estimates.

c. Includes \$60 million from bond anticipation notes.

d. Includes \$120 million from bond anticipation notes.

e. Obtained from CAFR, because the most current DST Annual Report is for FY 2005.

Table 12
Total North Carolina Budget for Debt Services, 1970-71 to 2008-09

Fiscal Year	Authorized Budget			Per Capita ^a
	General Fund	Highway Fund	Total	
1970-71	\$ 17,757,503	\$ 25,599,500	\$ 43,357,003	8.49
1971-72	18,631,260	32,617,500	51,248,760	9.85
1972-73	21,466,030	25,749,000	47,215,030	8.91
1973-74	48,147,042	25,083,000	73,230,042	13.60
1974-75	-	24,415,500	24,415,500	4.47
1975-76	34,870,615	23,776,500	58,647,115	10.59
1976-77	40,024,500	23,156,000	63,180,500	11.29
1977-78	49,202,210	27,522,500	76,724,710	13.52
1978-79	53,000,000	29,596,000	82,596,000	14.38
1979-80	55,341,050	29,292,661	84,633,711	14.57
1980-81	62,173,700	30,329,757	92,503,457	15.73
1981-82	65,062,550	30,062,040	95,124,590	15.97
1982-83	75,020,500	38,772,567	113,793,067	18.91
1983-84	79,525,500	38,288,000	117,813,500	19.39
1984-85	76,077,250	38,401,500	114,478,750	18.57
1985-86	75,781,250	38,445,500	114,226,750	18.26
1986-87	64,506,250	38,445,500	102,951,750	16.28
1987-88	73,929,627	32,453,812	106,383,439	16.61
1988-89	71,636,370	37,295,105	108,931,475	16.80
1989-90	69,083,445	38,491,163	107,574,608	16.38
1990-91	71,259,383	37,392,600	108,651,983	16.10
1991-92	79,683,770	38,227,230	117,911,000	17.47
1992-93	89,020,478	38,018,250	127,038,728	18.59
1993-94	92,263,558	37,359,875	129,623,433	18.66
1994-95	114,837,478	27,631,295	142,468,773	20.17
1995-96	131,836,603	25,133,780	156,970,383	21.84
1996-97	129,326,640	4,978,215	134,304,855	18.38
1997-98	165,973,573	-	165,973,573	22.34
1998-99	199,286,633	28,357,925	227,644,558	30.16
1999-00	242,910,930	27,607,550	270,518,480	41.66
2000-01	268,834,550	26,857,175	295,691,725	36.12
2001-02	301,428,690	26,106,800	327,535,490	40.01
2002-03	300,016,860	25,356,425	325,373,285	39.11
2003-04	403,285,920	33,706,050	436,991,970	52.52
2004-05	489,914,203	69,589,925	559,504,128	66.16
2005-06	581,837,505	93,449,000	675,286,505	79.85
2006-07	615,382,280	91,198,625	706,580,905	81.43
2007-08	677,544,940	88,128,250	765,673,190	86.74
2008-09	705,991,611	85,460,500	791,452,111	89.66

a. Based on July 1 population estimates.