

*Institute for Emerging Issues*  
Overview of State and Local  
Division of Responsibilities and Funding

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November 28, 2006



# What Is the Institute for Emerging Issues?

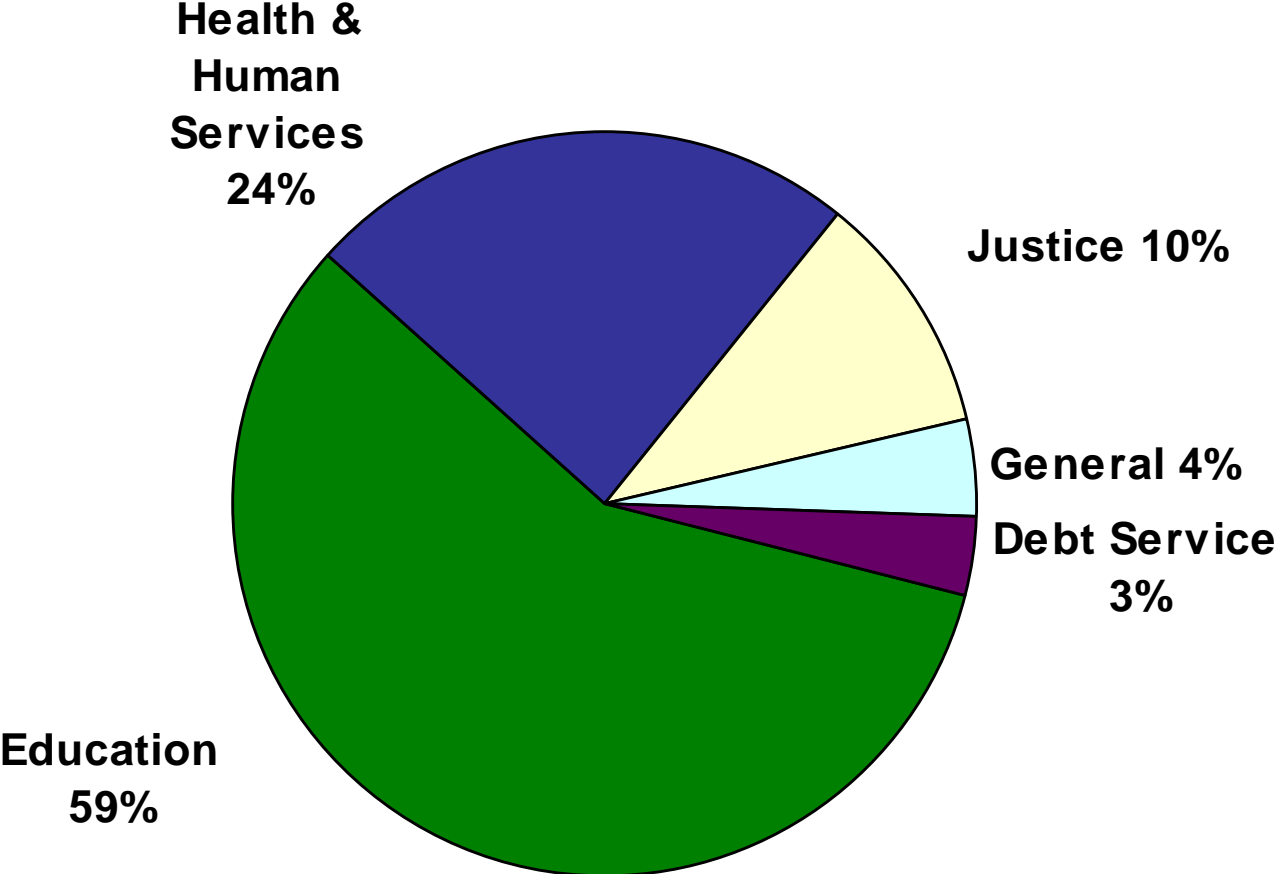
- **IEI is a think and do tank that turns ideas into action.**
- **We help new combinations of leaders adopt innovative public policies to prepare North Carolina for its future.**
- **Financing the Future is a program of work to modernize state and local finance.**



# Presentation Outline

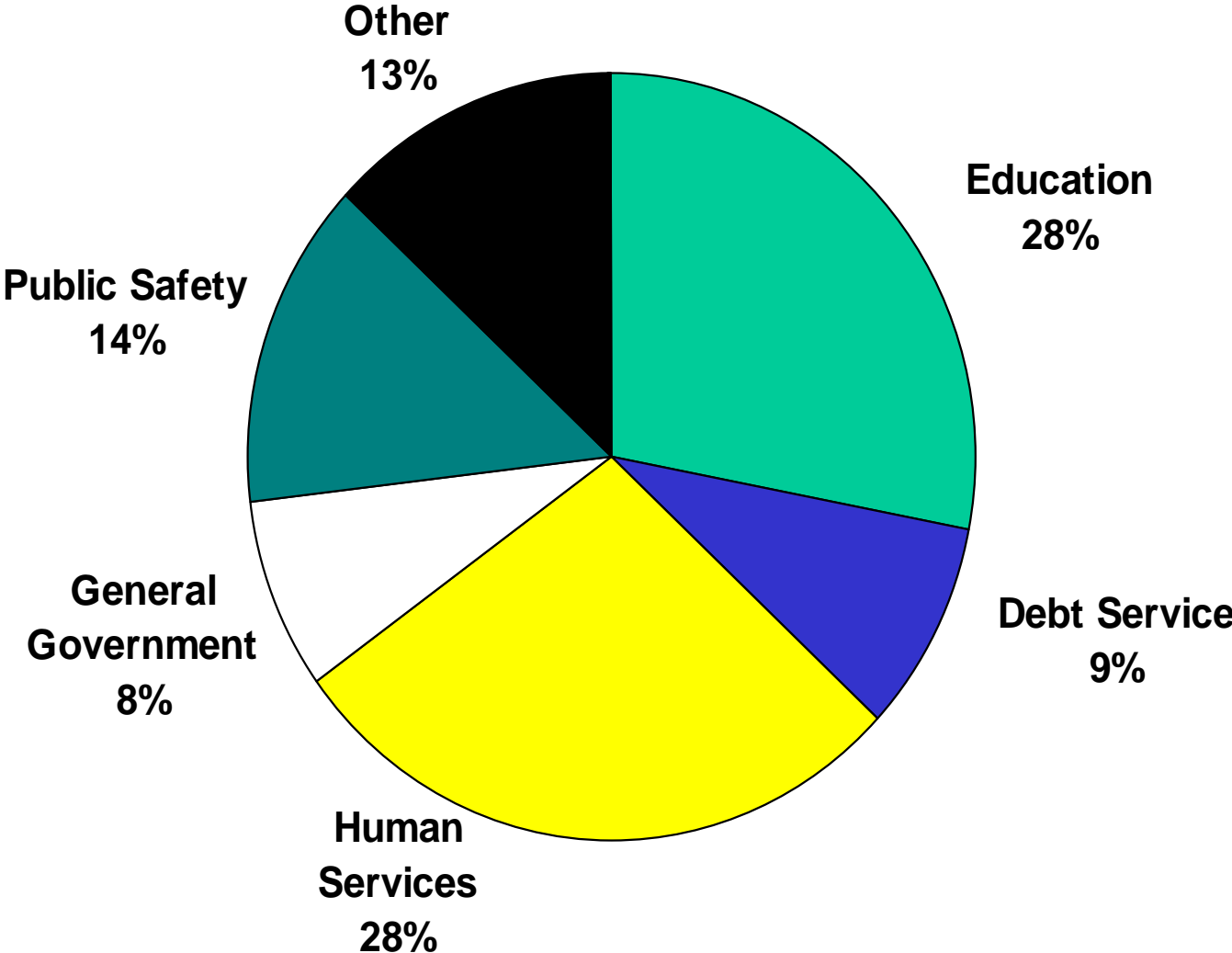
- (1) Map of state, county and municipal spending**
  - **Generally**
  - **Urban and rural distinction**
  - **By spending category**
  
- (2) Understanding of where there is a mismatch between responsibilities and funding;**
  - **General examples**
  - **No reference to funding formulas**
  
- (3) Map of state, county and municipal revenues**
  - **Heavy dependence on income and property tax**

**2005–06 State Government General Fund Expenditures**  
**Total of \$16 Billion**

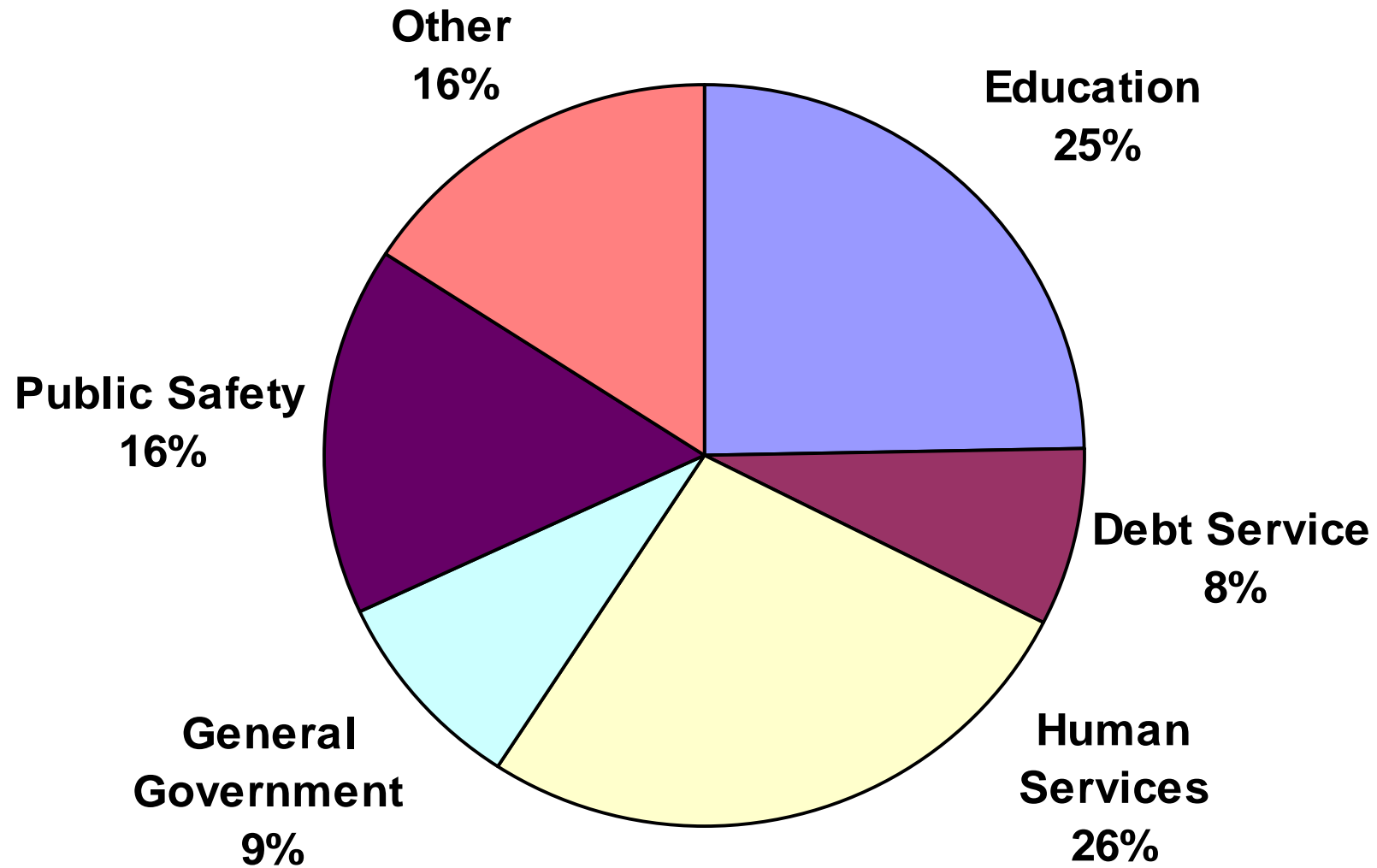


# 2004-05 Statewide Averages of County Expenditures

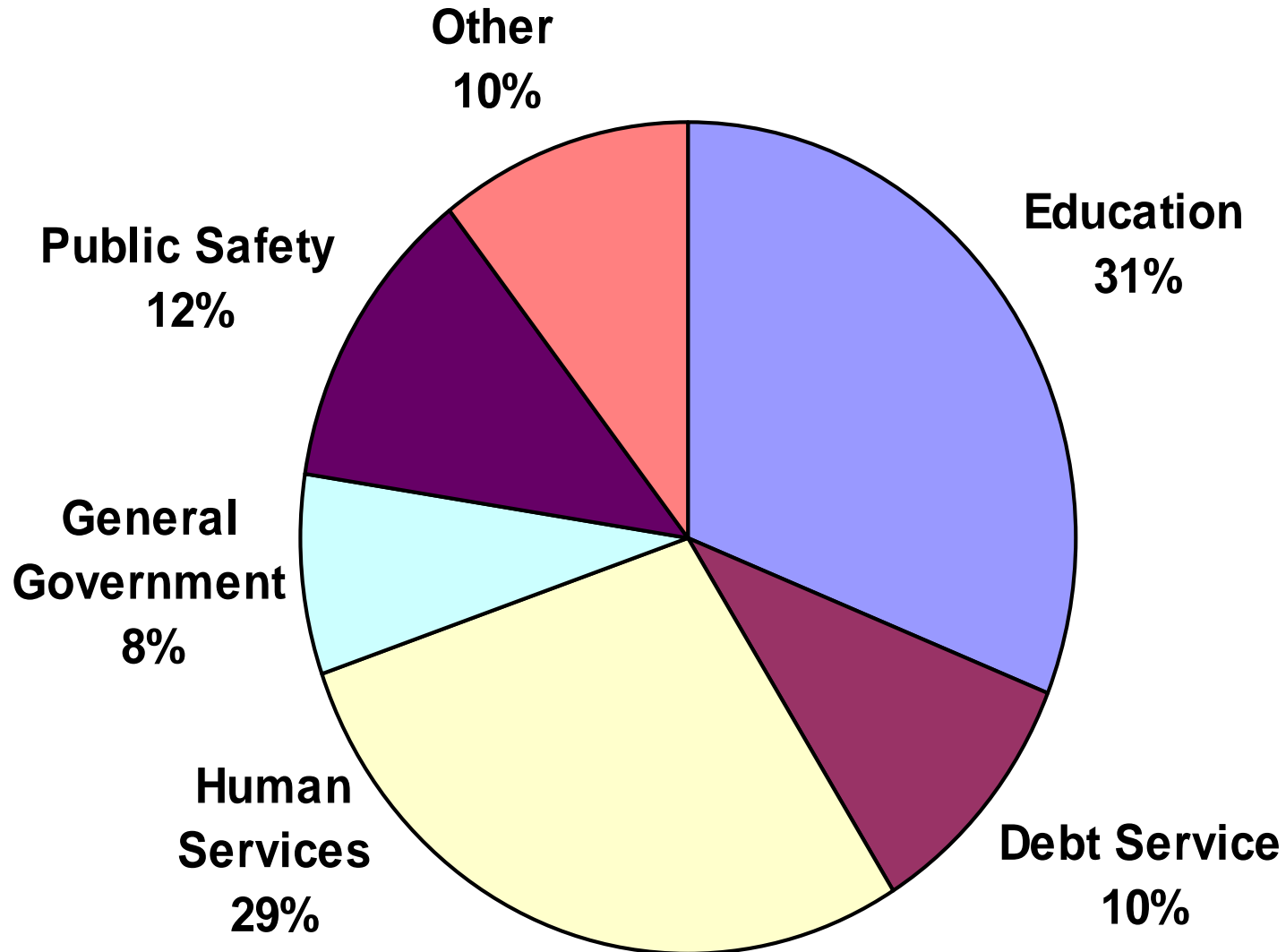
Total of \$10.8 Billion



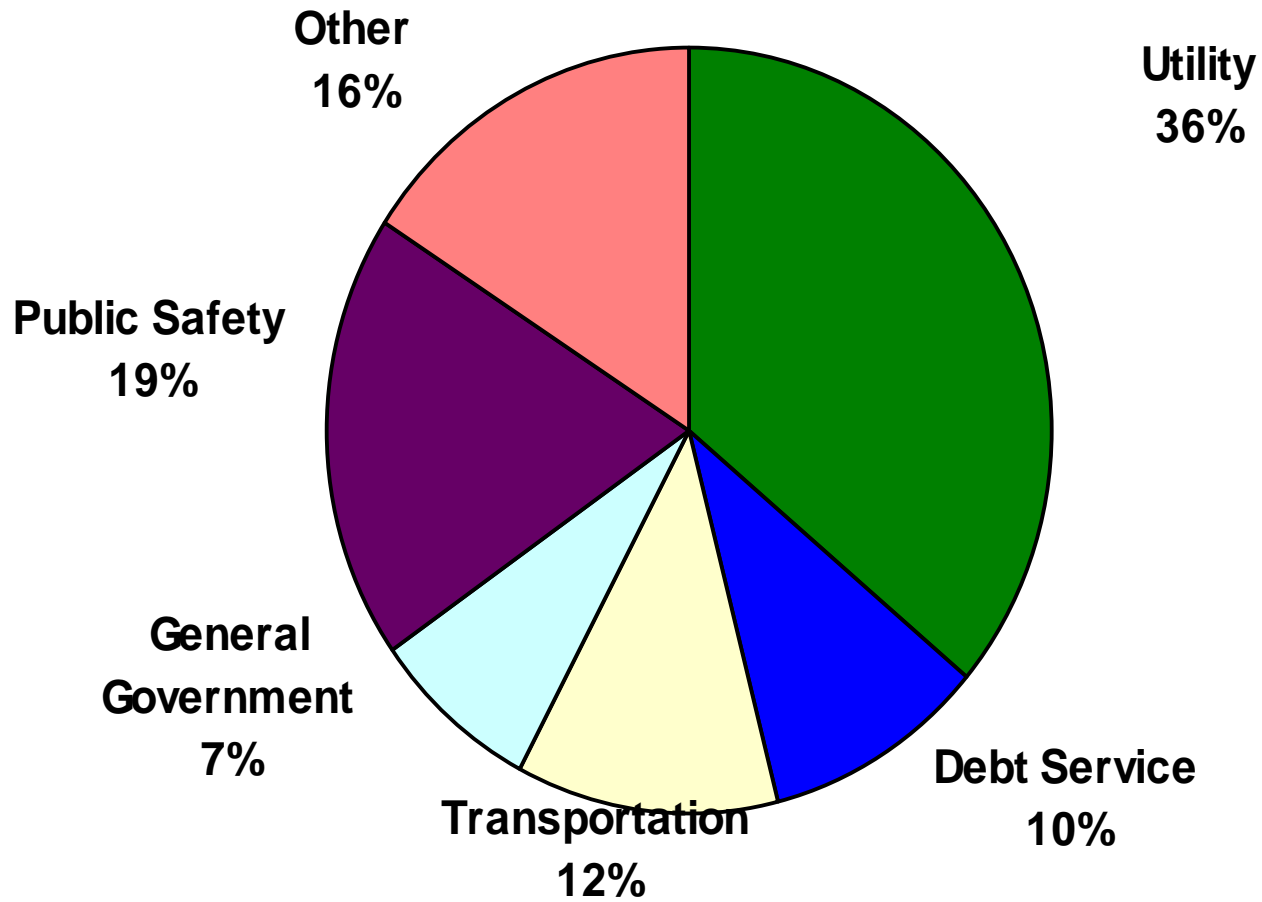
## 2004-05 Statewide Averages of Rural County Expenditures



## 2004-05 Statewide Averages of Urban County Expenditures

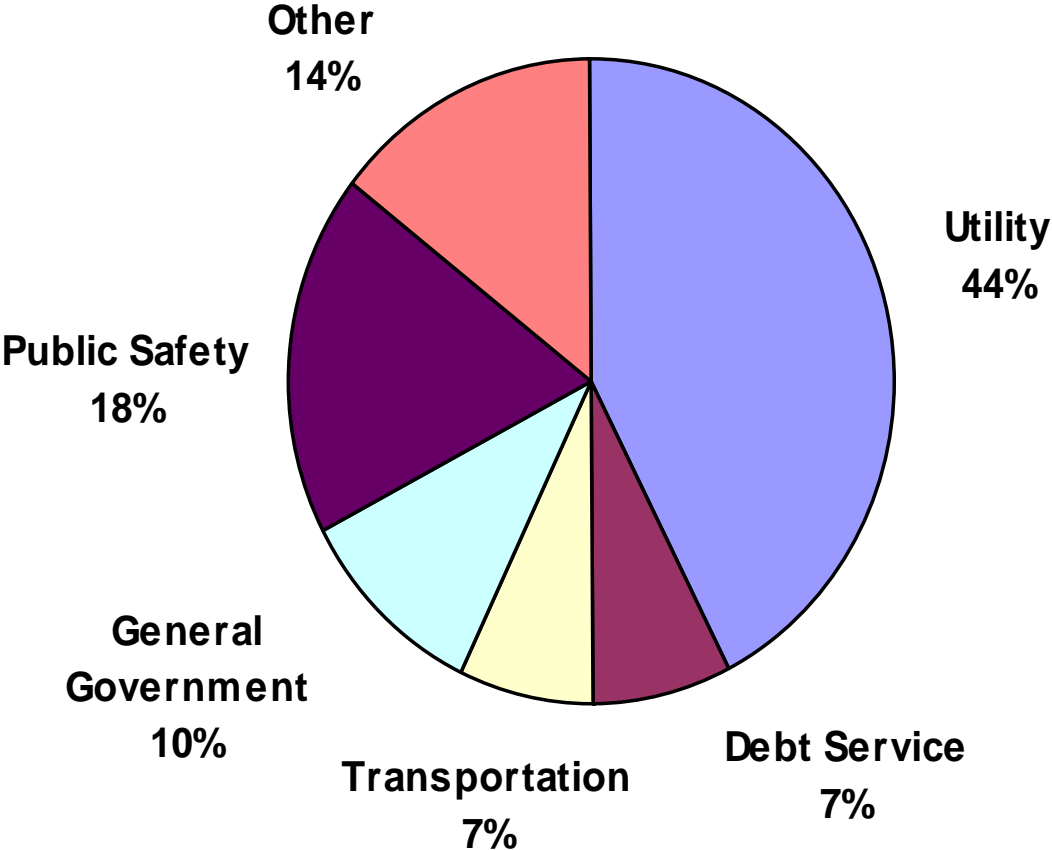


## 2005–06 Statewide Municipal Expenditures

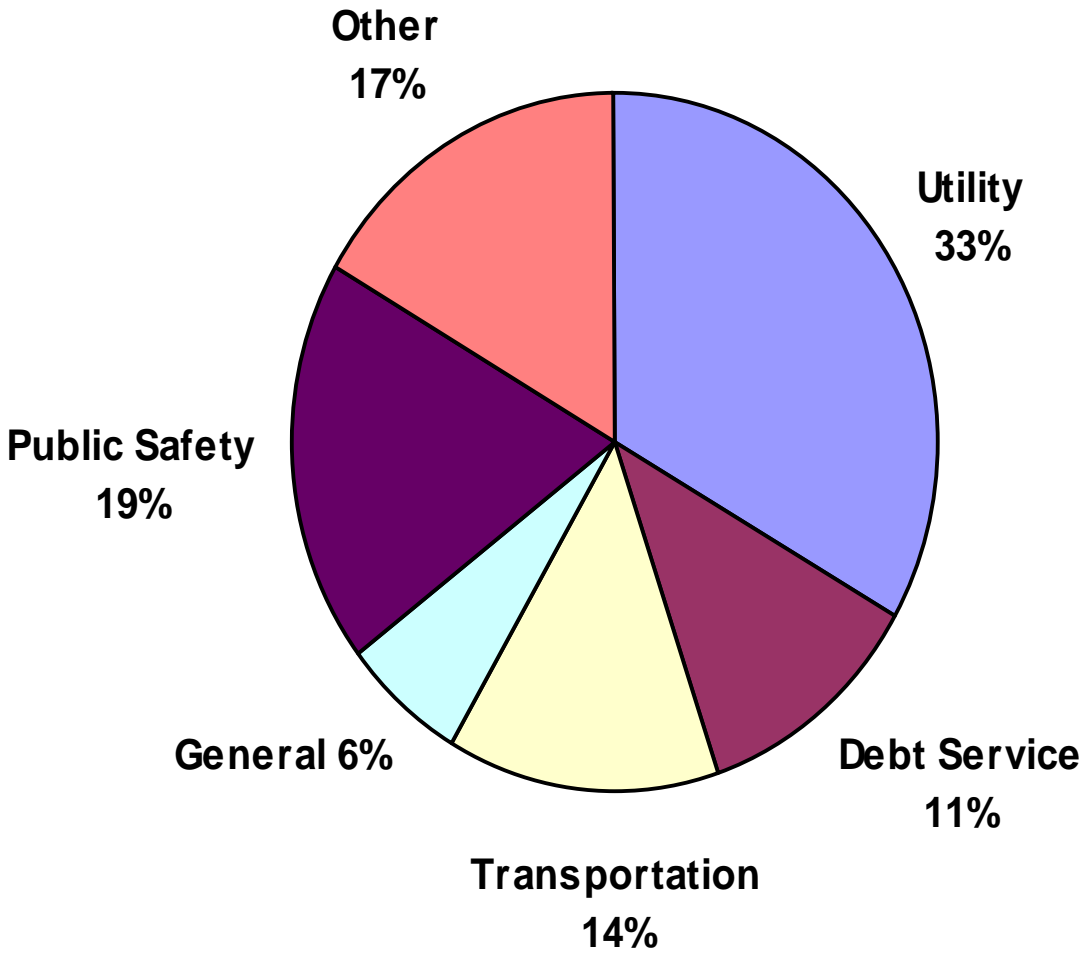




# City Expenditures With Populations Under 25,000

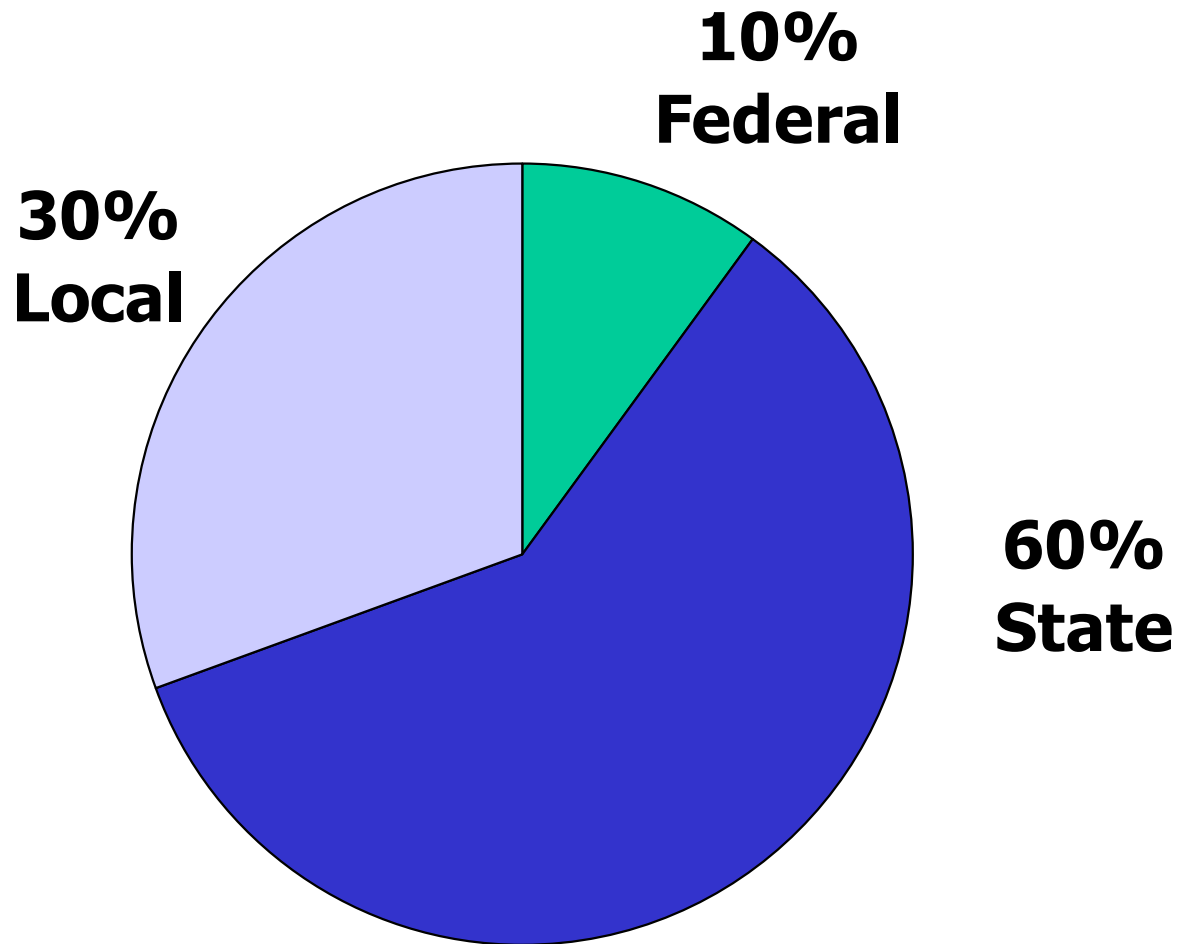


# City Expenditures With Populations Over 25,000

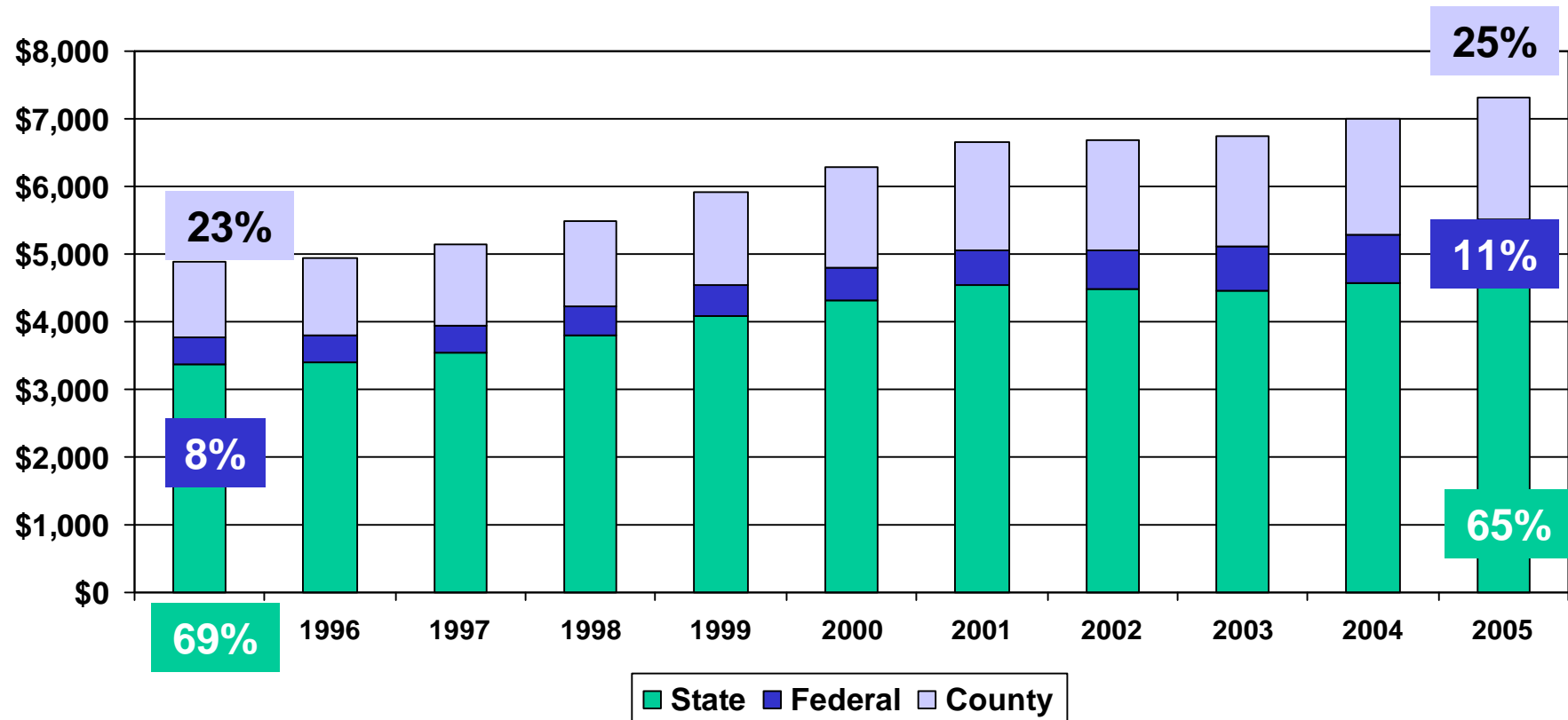


# Who Pays for Public Schools?

\$10.6 Billion Total Budget



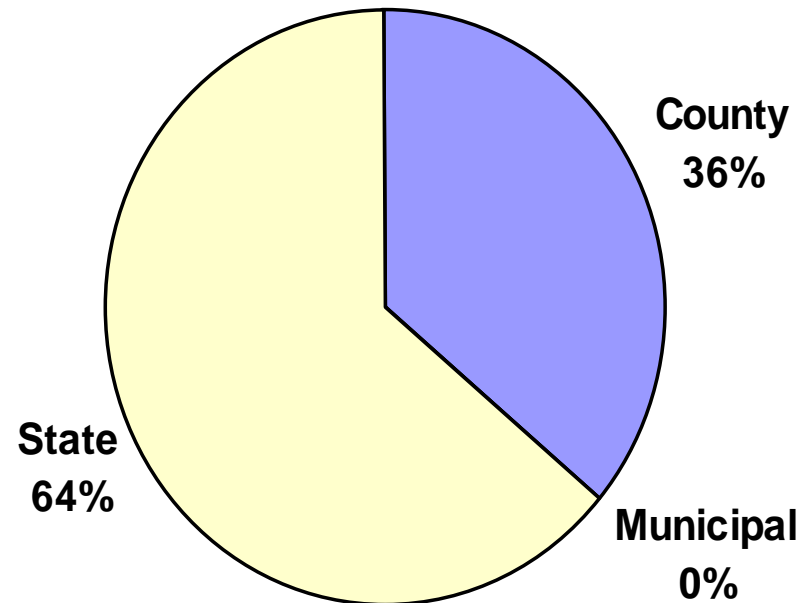
# Per Pupil Funding Current Expense



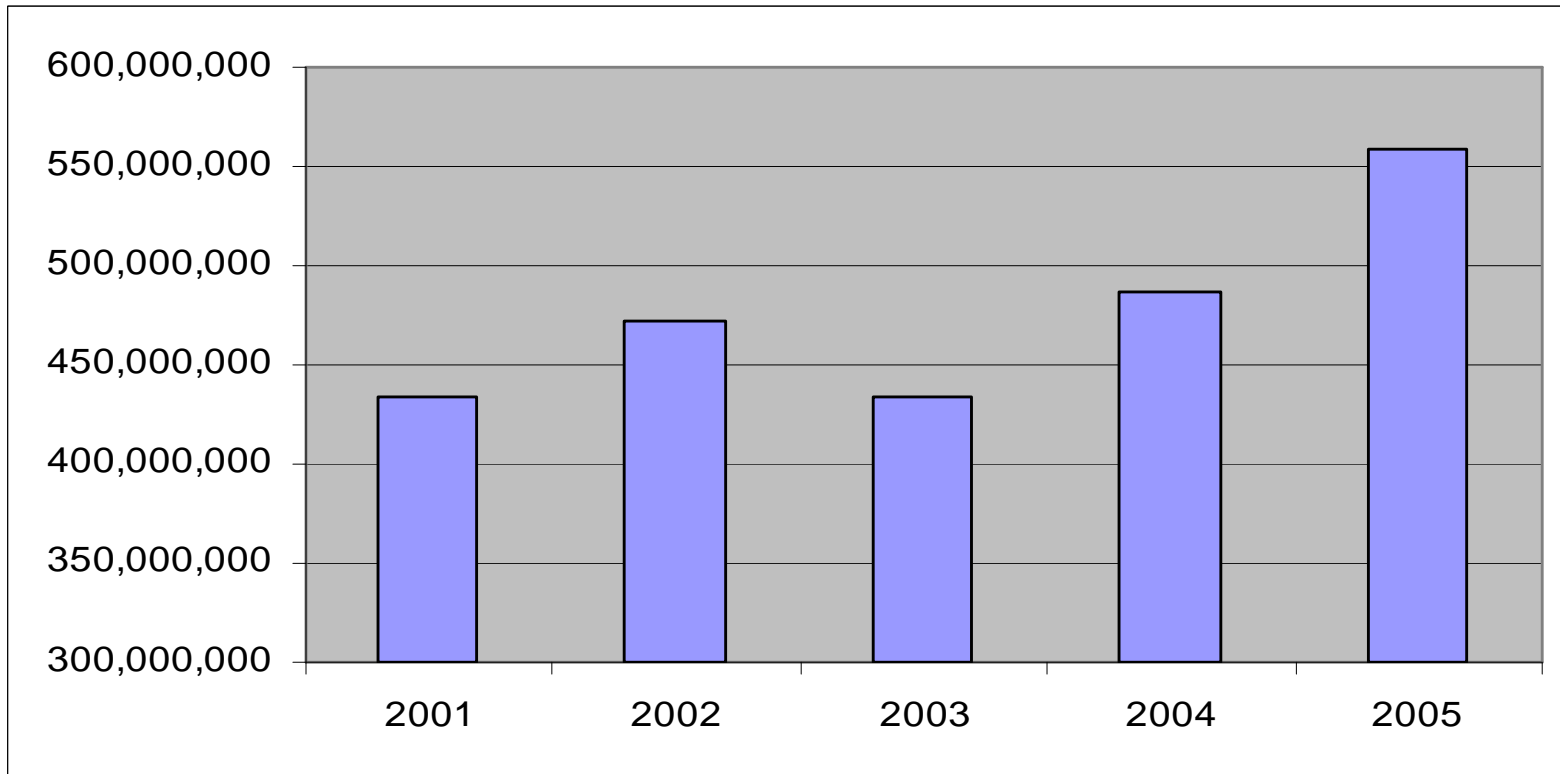
# Who Pays for Health and Human Services?

Total budget \$7.9 billion

2004 - 2005 Share of Health and Human Services Expenditures

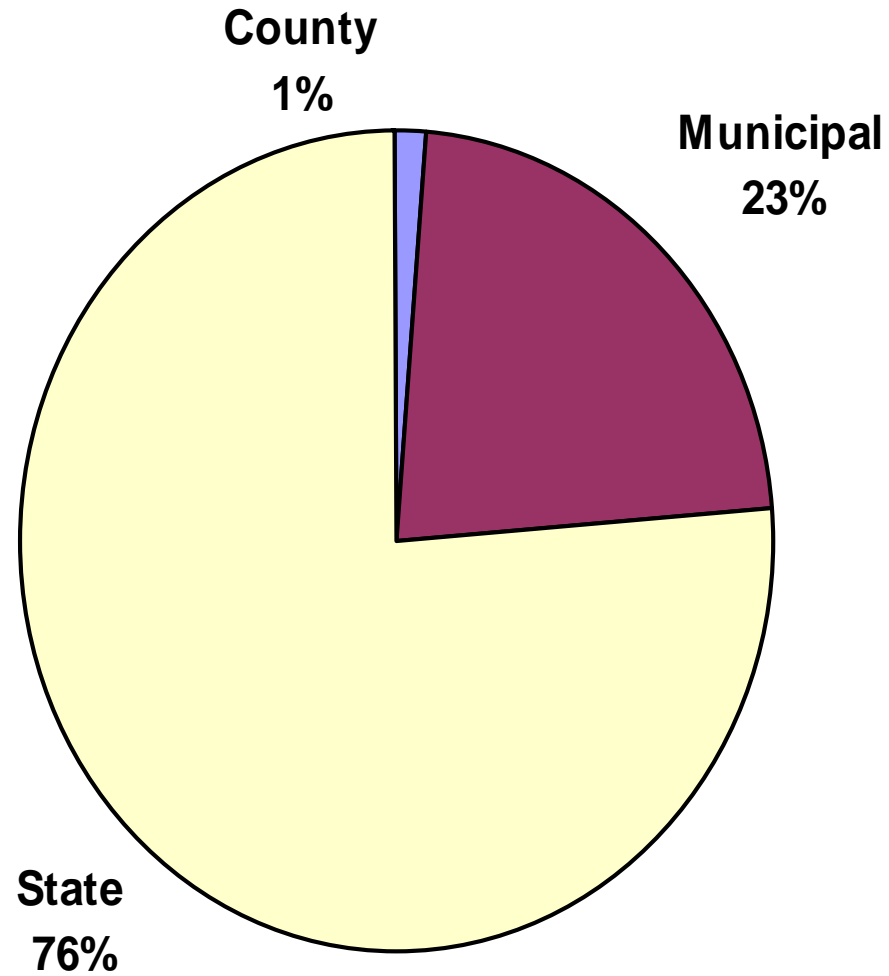


# County Medicaid Cost Increases Since 2001



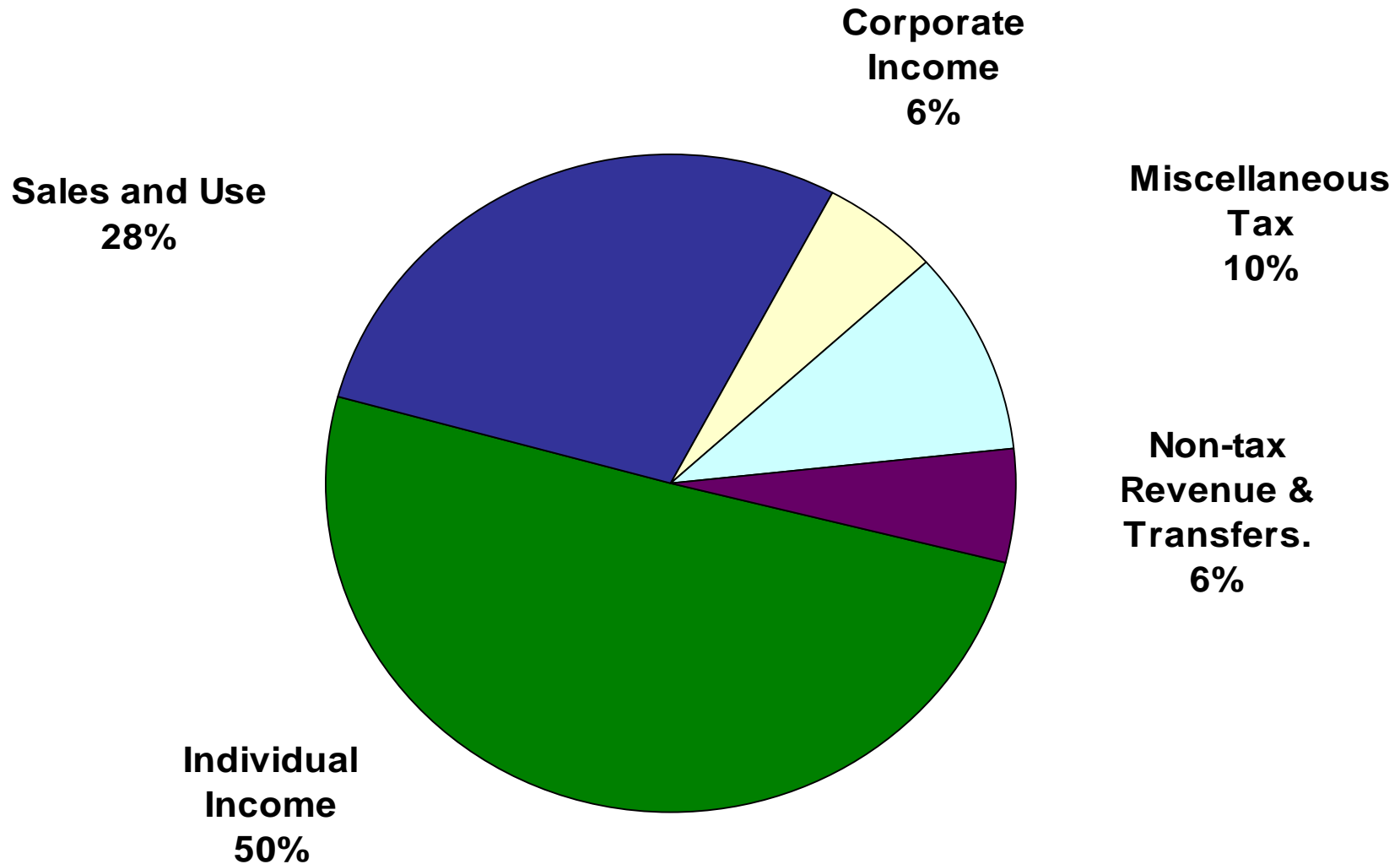
# Who Pays for Transportation?

Total Budget \$4.4 billion



# 2005-2006 State Government General Fund Revenues

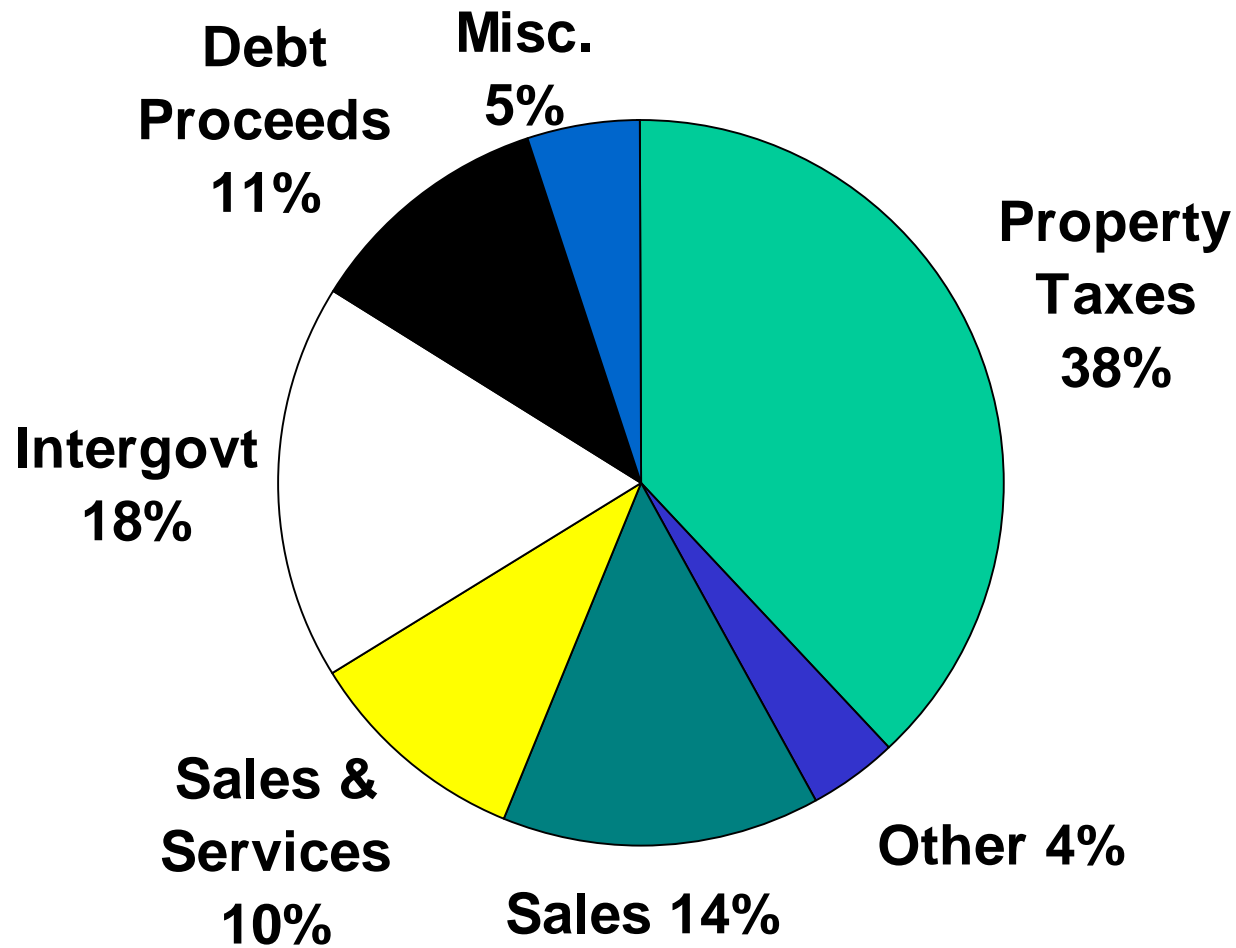
Total budget \$16.89 billion





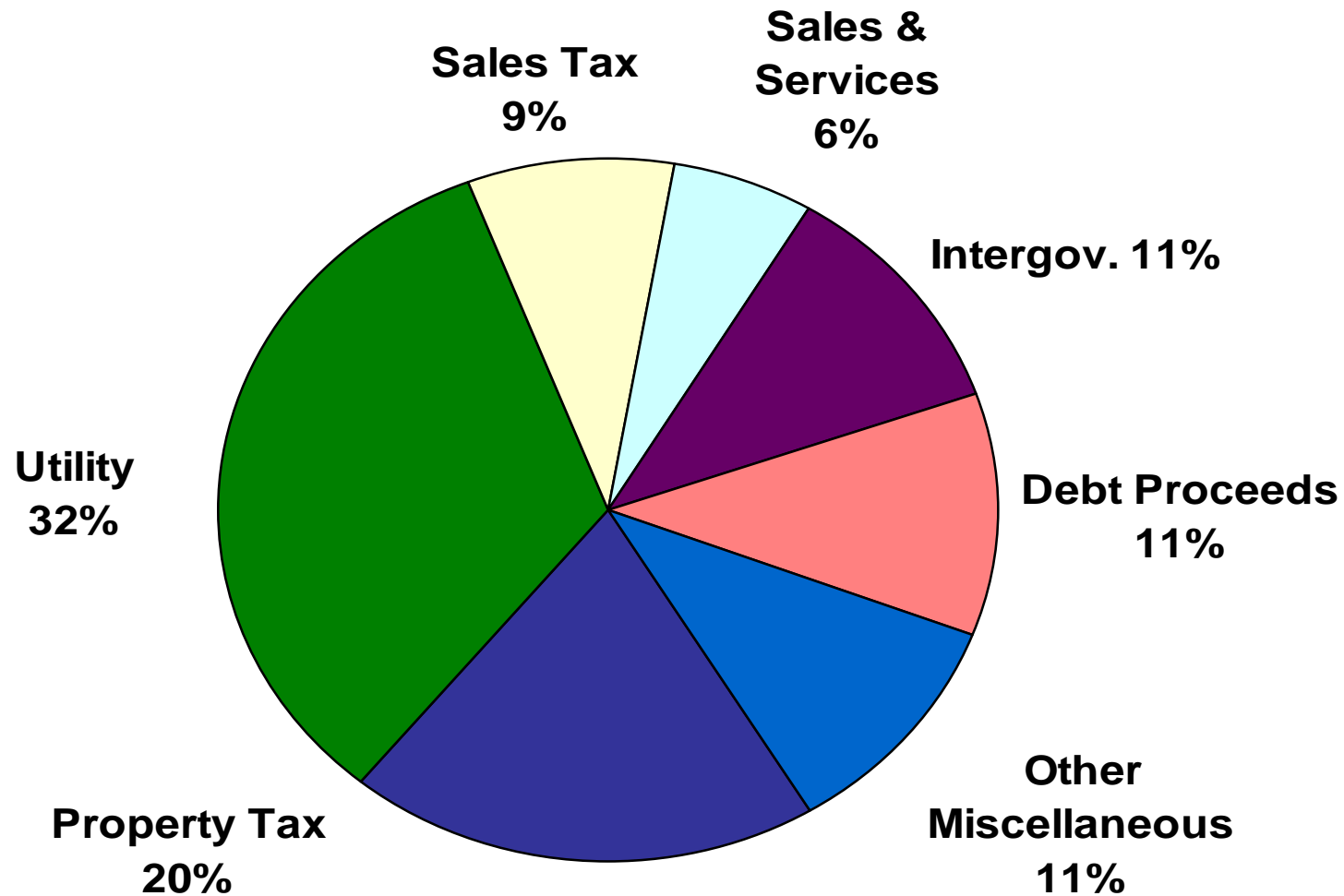
# 2004-05 County Revenues

Total budget \$11.3 billion



# 2005 – 2006 Municipal Revenues

Total budget \$8.5 billion





# Conclusion

- **There are things that the state says it will pay for, but does not (ie, adequate roads & funding to operate schools)**
- **There are things that county governments do pay for, but shouldn't (ie Medicaid)**
- **There are things that local government could pay for (ie, roads in urban areas) or are unable to pay for (ie, water and sewer in rural areas)**
- **There are things that local government should pay for but sometimes won't (ie, capital school construction)**

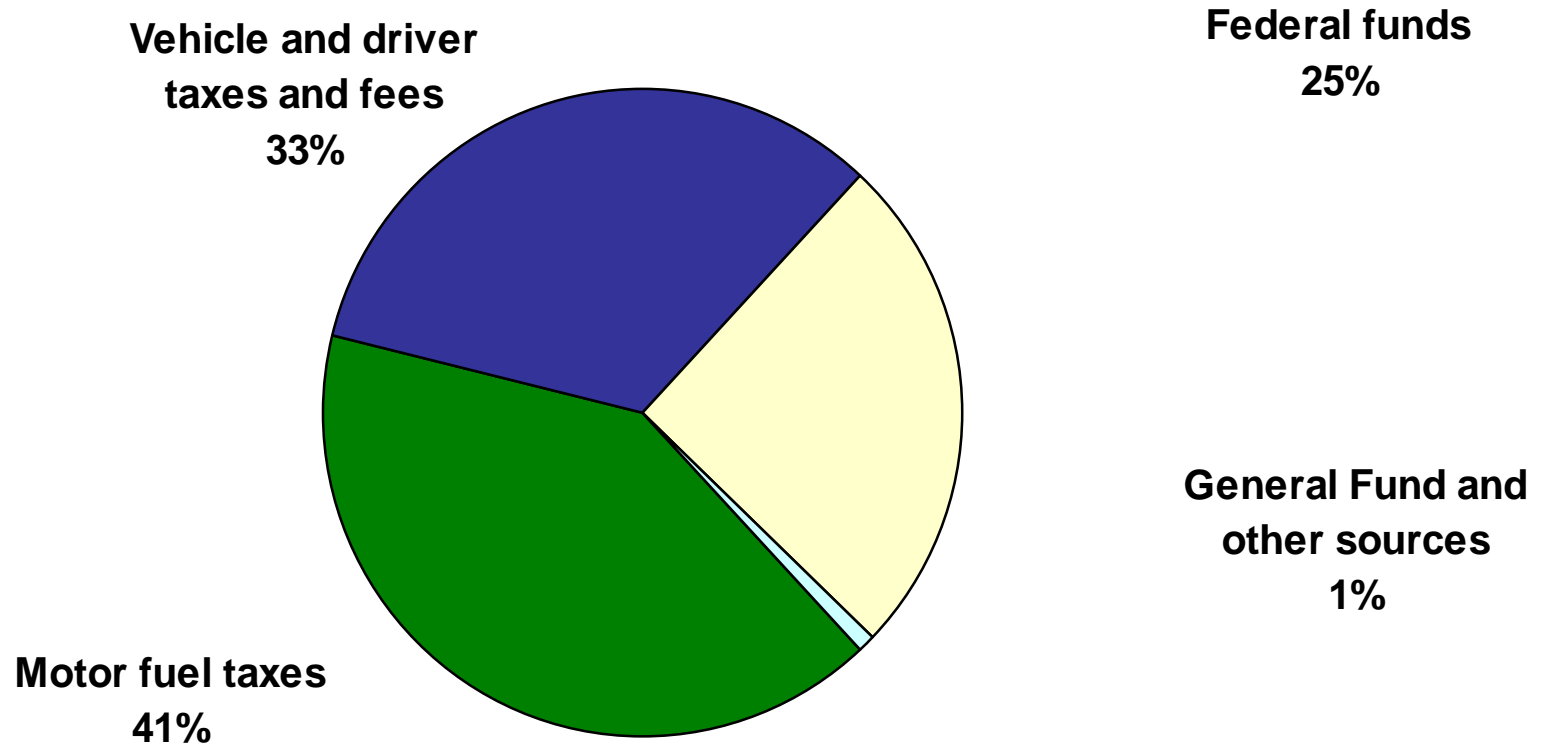


# Conclusion

- **Responsibilities and funding should be matched by an appropriate source of revenue.**
- **Only a comprehensive solution to fiscal modernization can match revenues with responsibilities and address all major challenges.**

# 2005 – 2006 State Highway Revenue Sources

Total budget \$3.5 billion



# 2005 – 2006 State Highway Expenditures

Total budget \$3.5 billion

General Fund

Agencies

