

1997-98

INTERIM

**JOINT
APPROPRIATIONS
COMMITTEE**

MINUTES

HOUSE APPROPRIATIONS COMMITTEE

1997-1998 INTERIM

COMMITTEE CHAIRMEN

Representative George M. Holmes
Representative Theresa H. Esposito
Representative Billy J. Creech
Representative James W. Crawford, Jr.

FISCAL STAFF

Janice Wheeler
Lynn Muchmore

BILL DRAFTING COUNSEL

Emily Johnson
Phyllis Pickett

COMMITTEE CLERKS

Glenda P. Jacobs
Melissa Jackson
Betty Anne Lennon
Linda Winstead

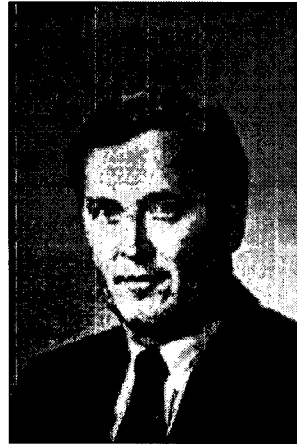
1997 - 1998
APPROPRIATIONS COMMITTEE



George M. Holmes
Co-Chair
Senior Ranking Member



Theresa Harlow
Esposito
Co-Chair



Billy James Creech
Co-Chair



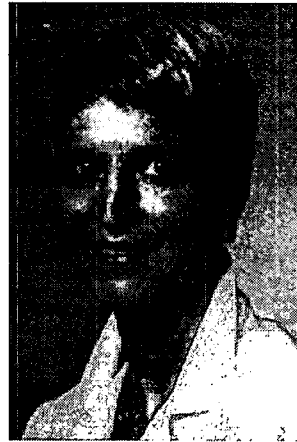
James W. Crawford
Co-Chair



Alma S. Adams



M. W. Aldridge



Martha Alexander

Picture
not
available

Gordon P. Allen



Gene G. Arnold



Rex L. Baker



Bobby Harold Barbee



Cherie Killian Berry



James B. Black



Daniel T. Blue, Jr.



Donald A. Bonner



Joanne W. Bowie



Jerry Braswell



Lanier Cansler



James C. Carpenter



Walter Church, Sr.



Debbie Clary



Arlie F. Culp



Bill Culpepper



Don Davis



Michael Decker



Jerry C. Dockham



Bevely M. Earle



Ruth M. Easterling



J. Sam Ellis



Stan Fox



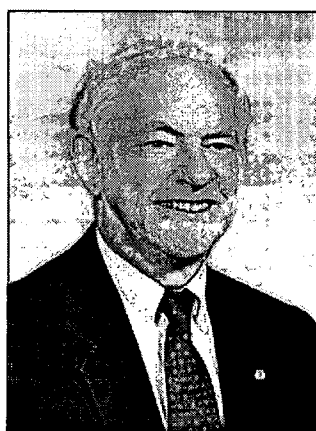
Charlotte A. Gardner



Robert Grady



Jim Gulley



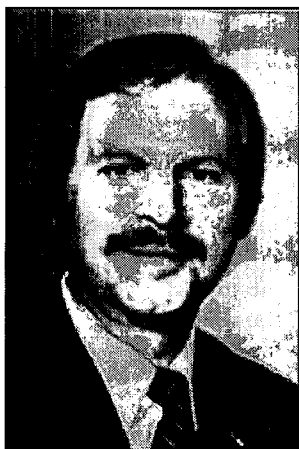
Bobby Ray Hall



Thomas C. Hardaway



Edwin M. Hardy



William S. Hiatt



Howard J. Hunter, Jr.



J. W. Hurley



Verla C. Insko



William M. Ives



Margaret M. Jeffus



Larry T. Justus



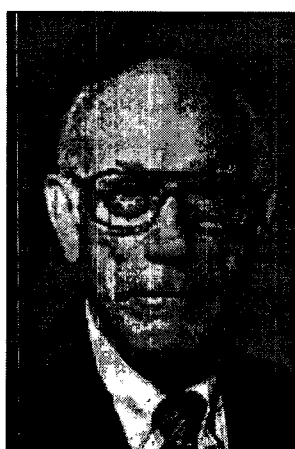
Theodore J. Kinney



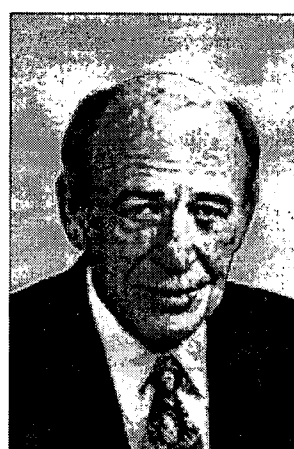
Joe Kiser



Mary E. McAllister



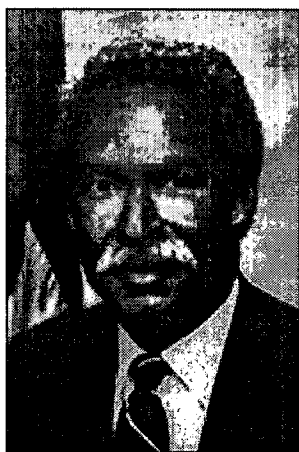
Eugene McCombs



Paul R. McCrary



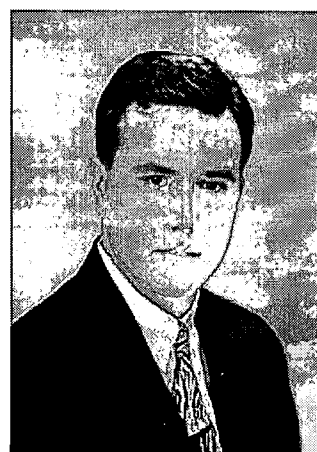
W. Edwin McMahan



H. M. Michaux, Jr.



Frank Mitchell



Richard L. Moore



Richard T. Morgan



Jane H. Mosley



Charles B. Neely, Jr.



Edd Nye



Warren C. Oldham



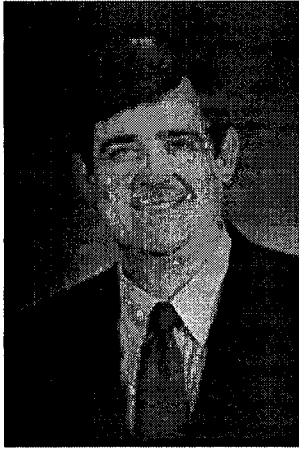
William C. Owens, Jr.



Jean R. Preston



E. David Redwine



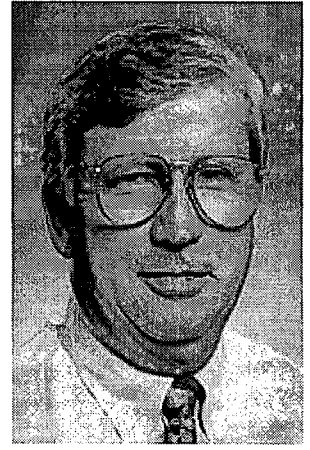
Dennis Reynolds



Gene Rogers



Carolyn B. Russell



Drew P. Saunders



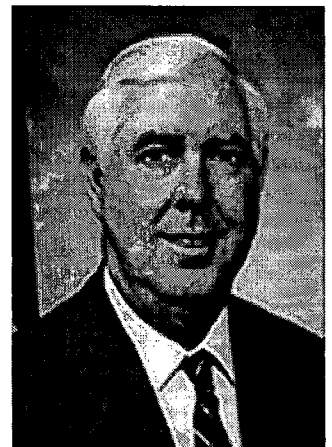
P. Wayne Sexton



Wilma M. Sherrill



Fern Shubert



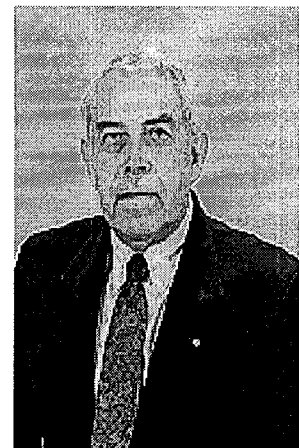
Ronald L. Smith



Ronnie Sutton



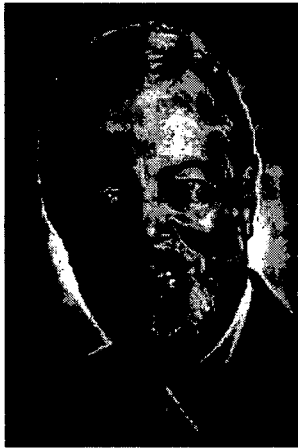
Gregg Thompson



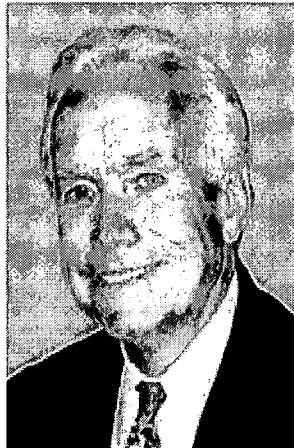
Joe P. Tolson



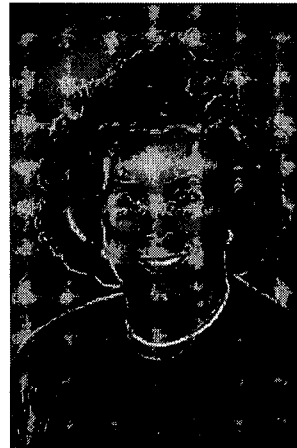
William L. Wainwright



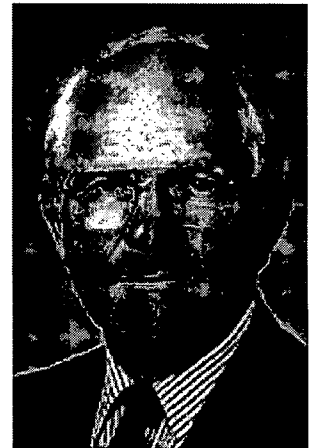
Alex Warner



Nurham O. Warwick



Cynthia Bailey Watson



John Hugh Weatherly

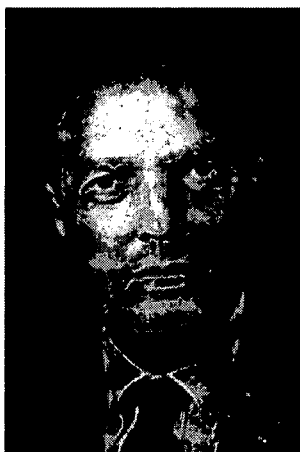


Gene Wilson



Douglas Y. Yongue

Ex-Officio Members



N. Leo Daughtry



Julia C. Howard



Steve Wood

HOUSE COMMITTEE ON APPROPRIATIONS
1997-1998 INTERIM

MEMBER (Clerk)	TEL.	OFFICE	SEAT
REP. HOLMES, CO-CHAIR Glenda Jacobs, Clerk	3-5900	631	6
REP. ESPOSITO, CO-CHAIR Melissa Jackson, Clerk	5-2530	634	5
REP. CREECH, CO-CHAIR Luci Johnson, Clerk	3-5829	635	42
REP. CRAWFORD, CO-CHAIR Linda Winstead, Clerk	3-5824	1301	24
REP. ADAMS Jo Malone	3-5902	542	103
REP. ALDRIDGE Susan Groh	3-5958	640	39
REP. ALEXANDER Margy Blackmon	3-5605	1209	34
REP. ALLEN Lillie Pearce	3-5746	1220	32
REP. ARNOLD Carolyn Popson	3-5747	535	54
REP. BAKER Jo Hinton	3-5787	632	50
REP. BARBEE Rosa Murray	3-5908	1025	74
REP. BERRY Betty Smith	3-5861	1006	41
REP. BLACK Janice Carmichael	5-4946	1229	31

MEMBER (Clerk)	TEL.	OFFICE	SEAT
REP. BLUE Lin Threatt	5-2528	1227	80
REP. BONNER Lucy Johnson	5-9664	617	109
REP. BOWIE Sharon Gaudette	3-5853	1206	26
REP. BRASWELL Dianna Gilmore	3-5809	539	96
REP. CANSLER Barbara Cansler	5-3007	419a	53
REP. CARPENTER Kara McCraw	3-5777	537	85
REP. CHURCH Joyce Fuller	3-5805	1311	33
REP. CLARY Mary Jamison	5-3011	418B	75
REP. CULP Wanita Lord	3-5865	1010	62
REP. CULPEPPER Dot Crocker	3-5802	604	36
REP. DAVIS Audrey Johnson	5-3003	419c	89
REP. DECKER Cindy Keen	3-7208	2121	13
REP. DOCKHAM Nell Herndon-Edwards	3-5822	1106	18
REP. EARLE Monica McClain	5-4466	602	95

MEMBER (Clerk)	TEL.	OFFICE	SEAT
REP. EASTERLING Judy Willis	3-5786	606	79
REP. ELLIS Susan Everett	3-5821	1303	78
REP. FOX Sue Buehlmann	3-5757	1217	46
REP. GARDNER Barbara Hocutt	5-3017	417b	7
REP. GRADY Peggy Murray	5-3024	402	37
REP. GULLEY Lucille Carter	3-5860	1307	98
REP. HALL Billie Stevens	3-5906	637	87
REP. HARDAWAY Jan Brooks	3-5775	1323	56
REP. HARDY Joel Raupe	5-3019	417a	100
REP. HIATT Edna Pearce	3-5862	1008	14
REP. H. HUNTER Barbara Phillips	3-2962	613	68
REP. HURLEY Dot Anderson	3-5859	1004	71
REP. INSKO Pat Baker	3-5800	1319	112
REP. IVES Jayne Walton	3-5784	633	90

MEMBER (Clerk)	TEL.	OFFICE	SEAT
REP. JEFFUS Mary Lee Robinson	3-5191	1013	108
REP. JUSTUS Carolyn Justus	3-5956	2204	2
REP. KINNEY Soraya Dunnigan	3-5867	527a	116
REP. KISER Marilyn Holder	3-5803	1313	86
REP. MCALLISTER Annecia Norwood	3-5706	603	70
REP. MCCOMBS Suzanne Erskine	3-5881	514	10
REP. MCCRARY Barbara Berry	3-5780	610	55
REP. MCMAHAN Sharon Cram	3-5732	2213	28
REP. MICHAUX Karlene Scott	3-5609	1409	57
REP. MITCHELL Susan Thomason	3-5959	638	9
REP. MOORE Kathy Cali	3-5661	1019	101
REP. MORGAN Dixie Epps	5-3028	404	17
REP. MOSLEY Gennie Thurlow	3-5781	2221	106
REP. NEELY Betty Harrison	5-3001	420	29

MEMBER (Clerk)	TEL.	OFFICE	SEAT
REP. NYE Jo Bobbitt	3-5477	639	23
REP. OLDHAM Delta Prince	3-5877	538	58
REP. OWENS Marie Sheets	3-0010	608	22
REP. PRESTON Alice Falcone	5-3026	403	38
REP. REDWINE Katie Shull	3-4948	1204	117
REP. REYNOLDS Tina Covington	3-5820	533	76
REP. ROGERS Judy Veorse	5-3023	416a	35
REP. RUSSELL Susan Brothers	5-0875	2207	27
REP. SAUNDERS Ruth Fish	3-5530	1017	110
REP. SEXTON Debbie Turner	3-5974	506	102
REP. SHERRILL Rosa Kelley	3-5601	2215	51
REP. SHUBERT Dawn Ellis	3-5771	2119	64
REP. SMITH Edna Collar	3-5827	1221	104
REP. SUTTON Juanita Coley	3-5782	1317	83

MEMBER (Clerk)	TEL.	OFFICE	SEAT
REP. THOMPSON Edna Sykes	3-5828	1002	15
REP. TOLSON Gayle Christian	3-5607	609	59
REP. WAINWRIGHT Denise Smith	3-5898	614	20
REP. WARNER Ann Stancil	3-5806	1420	81
REP. WARWICK Carolyn Honeycutt	3-5886	1015	113
REP. WATSON Ebern Watson	5-3015	417c	19
REP. WEATHERLY Debbie Puckett	3-5849	503	61
REP. G. WILSON Rebecca Jones	3-7727	1109	52
REP. YONGUE Jenny Umstead	3-5823	1305	94

APPROPRIATIONS COMMITTEE

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APPROPRIATIONS COMMITTEE[illegible]

1997-1998 INTERIM

APPROPRIATIONS COMMITTEE

[illegible]

APPROPRIATIONS COMMITTEE[illegible]

Joint Meetings of the 1997-1998 Interim Appropriations Committee

October 21, 1997

March 18, 1998

There were two meetings of the 1997-1998 Interim House Appropriations Committee.
Both were joint.

October 21, 1997
March 18, 1998

MINUTES
JOINT COMMITTEE ON APPROPRIATIONS
October 21, 1997

The Joint Appropriations Committee met on October 21, 1997 in Room 643 of the Legislative Office Building for the first interim meeting. Senator Aaron Plyler called the meeting to order at 10:15 A.M. He welcomed the members and the spectators. There were 60 members present and two members were excused.

Senator Plyler said that during the long session it was decided to have meetings during the interim to look at various issues in the full committee and subcommittees so that they will be ready when the short session starts on May 11, 1998. He said they all have felt the time pressures during the regular sessions to review the continuation and expansion budgets, and there never seems to be enough time to do it thoroughly.

The Budget Office has always put a lot of time and effort into developing performance budget documents that categorize government activities into ten program areas, but there is little time to become familiar with these documents and use them in the base budget review. During this interim, it is hoped that the members will accept the challenge of the new procedure with an openness as to what can be accomplished and an attitude of flexibility to get the job done. He asked that they focus their review primarily on the continuation budget and to look for some specific things, such as:

1. Ways to increase efficiency in program activities and to weigh the effectiveness of a program to its cost;
2. Ways to identify and eliminate programs that are duplicative and overlapping to some degree with programs in other state departments, agencies or divisions;
3. Ways to identify marginal programs where the services provided are no longer needed or the need has declined since the program was established so that it needs to be eliminated or changed;
4. Ways to identify cost savings that can be realized as a result of these program changes;
5. And, ways to assess fee charges versus cost of service, actual receipts versus budgeted receipts, and utilization of all available revenue sources.

Senator Plyler said that the cochairs also intend for the subcommittees to avoid duplication in their own reviews by coordinating efforts with those of the various

oversight committees, Governmental Operations and other special studies that are required by legislation. Staff has been reviewing these issues and has developed a list that the members will get in the subcommittees. He asked members to keep the handout, *Appropriations Committees of the Senate and House of Representatives*, for future reference.

He said that the full committee will meet from time to time in order to review the work of the subcommittees and to discuss issues that cross over subcommittee lines. He reiterated that the joint subcommittees will meet the third Tuesday, Wednesday and Thursday of every month and the suggested meeting time should be adjusted when it is determined that more time is needed. A written report is expected within ten working days following the meetings. The report will help the cochairs stay informed of the issues and share any good ideas for review with the other subcommittees.

Senator Plyler reminded the members that their dedication, commitment and cooperation is critical to making this task a success, and the chairs will do their part to inform and to assist in any way to make the job easier to help the subcommittees meet their goals.

Senator Plyler said that these interim meetings are new to the legislature and the chairs feel that they will make government more efficient and cut down the time during the short session of May 1998 and the long session of 1999.

Rep. Creech commented that this is a great opportunity for the members to become more knowledgeable, and contrary to media reports that this is the first step to a full time legislature, the meetings will enable members to be better informed and shorten the sessions.

Senator Odom said that they want the subcommittee cochairs to be especially sensitive to avoiding excessive use of staff and members' time as the subcommittee work relates to the various oversight committees, such as prison, education, ERC, etc., that will have something to do with some of the budgetary process of the individual subcommittees. The chairs would like for the subcommittees to consider the subject matter and invite the corresponding oversight committee chairs and members to meetings so that the same topic can be heard one time and avoid duplicity. The oversight committees will do the same for the subcommittees.

Senator Plyler said that the seven cochairs will visit the subcommittees from time to time.

Rep. Crawford announced that the Capital and Budget subcommittee members will be assigned to another subcommittee immediately after adjournment of this meeting.

Some of the subcommittees will visit in-town sites. Senator Martin asked about visiting some of the out-of-town sites, and Senator Plyler asked that these visits receive approval by the cochairs in advance.

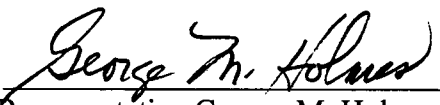
Rep. Arnold asked the destination of the subcommittee reports and Senator Plyler told him they are to be given to the Full Appropriations Committee Cochairs and their Fiscal Research staff.

Rep. Redwine asked if the subcommittee or full committee will deal with any legislation that is eligible for the 1998 short session. Senator Plyler responded yes, it could be dealt with the same as if these meetings were not being held. Rep. Redwine asked if they would look at legislation that is in the Appropriations Committees in order to introduce it in the long session. Sen. Plyler said definitely so, any new or existing legislation that is in there.

Senator Plyler thanked the members and said that he hoped they were all on a journey for good things for the state of North Carolina. The meeting adjourned at 10:35 A.M.

Respectfully submitted,

Glenda Jacobs
Committee Clerk


Representative George M. Holmes
Presiding Cochair

Representative Theresa H. Esposito, Cochair
Representative Billy Creech, Cochair
Representative James W. Crawford, Jr., Cochair

APPROPRIATIONS
COMMITTEES
of the
SENATE
and
HOUSE OF REPRESENTATIVES

Interim of the
1997 and 1998 Regular Sessions of the
North Carolina General Assembly

October 21, 1997

GENERAL POWERS AND DUTIES OF THE COMMITTEES DURING THE INTERIM

Section 22 of S.L. 1997-443

ANALYSIS OF STATE BUDGET DURING THE INTERIM

Section 22. (a) The President Pro Tempore of the Senate shall authorize the standing Appropriations Committees and standing Appropriations Subcommittees of the Senate and the Speaker of the House of Representatives shall authorize the standing Appropriations Committees and standing Appropriations Subcommittees of the House of Representatives to meet separately or jointly during the interim between the Regular 1997 and 1998 Sessions of the General Assembly to review matters related to the State budget, the organization of State government, and any other matter as they deem appropriate. The review shall include, but not be limited to, an analysis of the budget of each agency to determine:

- (1) The cost savings that could be realized from improvements in administrative structure, practices, and procedures in State agencies;
- (2) Ways to increase efficiency in budgeting and use of resources; and
- (3) Instances in which functions of agencies are duplicative, overlapping, obsolete, incomplete in scope or coverage, or fail to accomplish legislative objectives, and should be abolished, transferred, or modified to accomplish cost savings.

(b) The President Pro Tempore of the Senate shall appoint an oversight committee comprised of the Senate Appropriations Committee Chairs and one member of each Senate Appropriations Subcommittee and the Speaker of the House of Representatives shall appoint an oversight committee comprised of the House Appropriations Committee Chairs and one member of each House Appropriations Subcommittee to meet separately or jointly to oversee the work of the Appropriations Committees and Subcommittees during the interim.

APPROPRIATIONS COMMITTEE

Reporting Entity	Subject	Date	Statutory Authority
OFFICE OF STATE BUDGET AND MANAGEMENT	Report prior to a finding on the necessity of using overrealized receipts to create new permanent employee positions	As needed; but within 30 days after each quarter if the allotment is not reduced	Section 7(a) of S.L. 1997-443
APPROPRIATIONS COMMITTEES	Power to study current laws regarding the authorization and issuance of private, confidential, and fictitious license tags	and 1999 Sessions	Section 7.7(d) of S.L. 1997-443
OFFICE OF STATE BUDGET AND MANAGEMENT	Report on overexpenditures to the Appropriations Committee chairs instead of the Joint Legislative Commission on Governmental Operations when Governmental Operations does not meet	when Governmental Operations does not meet for more than 30 days	Section 7.8 of S.L. 1997-443 revised G.S. 143-23(a1)
OFFICE OF STATE BUDGET AND MANAGEMENT	Progress reports on the analysis of State administrative span of government control	Quarterly, until to April 1, 1998	Section 7.13 of S.L. 1997-443
OFFICE OF STATE BUDGET AND MANAGEMENT	Report on how it intends to spend funds from the Reserve for Advance Planning	At least 45 days before spending the funds	Section 34.3 of S.L. 1997-443
OFFICE OF STATE BUDGET AND MANAGEMENT AND BOARD OF GOVERNORS	Report on proposed allocations of funds	Prior to expenditure of funds	Section 34.5 of S.L. 1997-443
STATE AGENCIES	Submit a six-year capital improvement needs estimate	September 1 of even-numbered years	Section 34.9 of S.L. 1997-443

SUBCOMMITTEE ON HUMAN RESOURCES

Reporting Entity	Subject	Date	Statutory Authority
DEPARTMENT OF HUMAN RESOURCES	Progress report on the Statewide automated data processing and information retrieval system to enhance enforcement of child support obligations	October 1, 1997, March 1, 1998, and October 1, 1998	Section 8 of S.L. 1997-433
DEPARTMENT OF HUMAN RESOURCES	Report on budgeted increases in Social Services Block Grant Availability	As needed	Section 5(d) of S.L. 1997-443
DEPARTMENT OF HUMAN RESOURCES	Report on the use of funds allocated from the Special Children Adoption Fund and the number of children placed.	May 1, 1998	Section 5(f) of S.L. 1997-443
DEPARTMENT OF HUMAN RESOURCES	Report on the proposed allocation of (i) funds from the Social Services Block Grant for substance abuse services for juveniles; (ii) funds from the Temporary Assistance to Needy Families Block Grant for reducing out-of-wedlock births; and (iii) funds from the TANF Block Grant for substance abuse services.	Prior to allocation of funds and by January 1, 1998	Section 5(n) of S.L. 1997-443
DEPARTMENT OF HUMAN RESOURCES	Report on TANF Block Grant fund changes	May 1, 1998	Section 5(o) of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Consultation prior to engaging an entity to provide the Department leadership and management with the knowledge and tools needed to ensure an appropriate changes in departmental culture	As needed	Section 11.2(b) of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Submission of a proposed prioritized list for use of Title IV- Emergency Assistance Funds	As needed	Section 11.4 of S.L. 1997-443
DEPARTMENT OF	Report on a study of the process of setting	February 1, 1998;	Section 11.7 of S.L. 1997-

HEALTH AND HUMAN SERVICES	provider reimbursement rates for programs within the Department	February 1, 1999	443
DEPARTMENT OF HEALTH AND HUMAN SERVICES, DIVISION OF MEDICAL ASSISTANCE	Report prior to implementation of on any actions to meet the required Medicaid growth reductions for 1998-99; report on the final plan to reduce Medicaid growth to eight percent (8%) by the year 2001	periodic progress reports and final 1998-99 report by September 1, 1997; report on final plan by April 1, 1998	Section 11.10 of S.L. 1997-443
INFORMATION RESOURCE MANAGEMENT COMMISSION	Report on its review of the Automated Collection and Tracking System (ACTS) project being developed by the Department of Human Resources	No later than the last day of each quarter	Section 11.28 of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report of the status of development and implementation of Thomas S. cost containment measures	December 1, 1997, and May 1, 1998	Section 11.37 of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report on the cost of operation of the Special Alzheimer's Units by the State as compared to the cost of operation by private providers	March 1, 1998	Section 11.40 of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report on the results of the independent study of the management and operations of the State psychiatric hospitals and on the Department's response to the study	April 1, 1998	Section 11.44 of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Status report on its search for a replacement facility for Whitaker School	May 1, 1998	Section 11.47 of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report on study of the impact of the plan for downsizing mental retardation centers	March 2, 1998	Section 11.49 of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report on the activities of the State Child Fatality Review Team; final report, including recommendations for changes in the Statewide child protection system.	quarterly; final report within one week of the convening of the 1997 General Assembly,	Section 11.57 of S.L. 1997-443

		Regular Session 1998	
OFFICE OF THE STATE AUDITOR	Report of the results of the performance audit of the Division of Services for the Blind in the Department of Human Resources, including the Governor Morehead School	January 1, 1998	Section 11.61 of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report on the study of high vacancy rates for adult care home beds	February 1, 1998.	Section 11.69 of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report on progress in providing adult day health care services through Medicaid and study of eligibility requirements	May 1, 1998	Section 11.71 of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report on its ways to provide assistance to low-income elderly or disabled adults who are eligible for Medicaid or Special Assistance for the purpose of supporting a range of living arrangements.	May 1, 1998	Section 11.73 of S.L. 1997-443
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report on its evaluation of adolescent pregnancy prevention projects	Annually by April 1	Section 11A.77 of S.L. 1997-443 G.S. 130A-131.15(c)
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report on the counties which have requested Electing status and whether their plans and regulations are consistent with the overall purposes and goals for the Work First Program	Section 12.6 of S.L. 1997-443 G.S. 108A-27.2	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report on transfers from the Work First Reserve	As needed	Section 12.6 of S.L. 1997-443 G.S. 108A-27.16
EACH COUNTY'S JOB SERVICE EMPLOYER COMMITTEE OR WORKFORCE DEVELOPMENT BOARD	Report on its study of the "working poor" in its county	May 1, 1998	Section 12.7(b) of S.L. 1997-443

OFFICE OF STATE BUDGET AND MANAGEMENT	Report prior to using funds from the Work First Reserve Fund	Prior to the use of funds	Section 12.12A of S.L. 1997-443 G.S. 143-15.3C
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Report of the independent evaluator on Electing Counties; report on movement of Work First Clients between counties; report on recipients losing benefits	Quarterly; February 1, 2000	Section 12.20 of S.L. 1997-443
DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES	Report on training program of health specialists	July 1, 1998	Section 15.24 of S.L. 1997-443
OSTEOPOROSIS TASK FORCE	Report on progress of Task Force regarding the prevention of osteoporosis	April 1, 1998 and October 1, 1999	Section 15.32 of S.L. 1997-443
PREVENT BLINDNESS, INC./REPORTING	Report financial statement, including expenditures and fund sources, and program objectives	January 15, 1998 and as requested	Section 15.33 of S.L. 1997-443

SUBCOMMITTEE ON NATURAL AND ECONOMIC RESOURCES

Reporting Entity	Subject	Date	Statutory Authority
CLEAN WATER MANAGEMENT TRUST FUND	Report of implementation of law regarding the Fund and on projects awarded grants from the Fund	Annually, by November 1	Section 7.10 of S.L. 1997-443 G.S. 113-145.6A
DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES, THE DEPARTMENT OF COMMERCE, THE DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES, AND THE DEPARTMENT OF LABOR	Report on the creation of new receipt-supported positions within each Department	October 15, 1997, and semiannually thereafter,	Section 14.6 of S.L. 1997-443
DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES	Report on the use of funds to provide assistance to farmers who operate small, family farms	March 1, 1998	Section 14.8 of S.L. 1997-443
DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES	Status reports on animal waste management systems permitted	October 15, 1997 and quarterly thereafter	Section 15.2 of S.L. 1997-443
DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES	Report on pilot program developed regarding annual inspections of animal operations	April 1, 1998 and December 1, 1998	Section 15.4 of S.L. 1997-443
DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL	Report on reallocation of funds from the Department reserve account	October 1 and March 1 each year	Section 15.11 of S.L. 1997-443

RESOURCES			
DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES	Report on use of funds for development of a regional wastewater collection, treatment, and disposal system	April 1, 1998	Section 15.15 of S.L. 1997-443
DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES	Report on training program of health specialists	July 1, 1998	Section 15.24 of S.L. 1997-443
OSTEOPOROSIS TASK FORCE	Report on progress of Task Force regarding the prevention of osteoporosis	April 1, 1998 and October 1, 1999	Section 15.32 of S.L. 1997-443
PREVENT BLINDNESS, INC./REPORTING	Report financial statement, including expenditures and fund sources, and program objectives	January 15, 1998 and as requested	Section 15.33 of S.L. 1997-443
OFFICE OF STATE BUDGET AND MANAGEMENT	Report on whether to reorganize the Department	March 15, 1998	Section 15.35 of S.L. 1997-443
DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES	Report on Marine Fisheries Information Technology	March 15, 1998, and as requested	Section 15.40 of S.L. 1997-443
WILDLIFE RESOURCES COMMISSION	Report on the feasibility of continuing the beaver damage control program in participating counties and the desirability of expanding the program into other counties	March 15, 1998	Section 15.44 of S.L. 1997-443
REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS	Report financial statement, including expenditures and fund sources, and program objectives	January 15, 1998 and January 15, 1999 and more frequently as requested	Section 16.10 of S.L. 1997-443
CENTER FOR COMMUNITY SELF-HELP	Report on operations and the use of State funds	Quarterly, for the next three years.	Section 16.20 of S.L. 1997-443

RURAL ECONOMIC DEVELOPMENT CENTER	Report financial statement, including expenditures and fund sources, and program objectives	January 15, 1998 and January 15, 1999 and more frequently as requested	Section 16.24 of S.L. 1997- 443
DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES	Report on use of funds for water resources development projects	Quarterly	Section 34.7 of S.L. 1997- 443

SUBCOMMITTEE ON EDUCATION

Reporting Entity	Subject	Date	Statutory Authority
UNIVERSITY OF NORTH CAROLINA	Report on (i) cost estimates for funding off-campus and distance learning degree-credit extension instruction that is proportional to regular-term funding and (ii) recommended tuition rates that are comparable to the rates charged for regular-term instruction	March 1, 1998	Section 10.3 of S.L. 1997-443
UNIVERSITY OF NORTH CAROLINA	Report and recommendations on the review of the salary request made by the Board for "Program Enhancement" for the Agricultural Research Service and the Cooperative Extension Service	March 15, 1998	Section 10.17 of S.L. 1997-443
UNIVERSITY OF NORTH CAROLINA	Report on expenditures of funds allocated to replace the 10% of overhead receipts that currently support General Fund budget code operations	As needed	Section 10.18 of S.L. 1997-443
OFFICE OF STATE BUDGET AND MANAGEMENT AND BOARD OF GOVERNORS	Report on proposed allocations of funds	Prior to expenditure of funds	Section 34.5 of S.L. 1997-443

SUBCOMMITTEE ON JUSTICE AND PUBLIC SAFETY

Reporting Entity	Subject	Date	Statutory Authority
ADMINISTRATIVE OFFICE OF THE COURTS	Report on Pilot Program for mediated settlement conferences	May 1, 1998	Section 2 of S.L. 1997-229
DEPARTMENT OF CORRECTION	Report on the effectiveness of the pilot programs on sexual assault for inmates and employees of the the Department and on the advisability of establishing additional programs at other prison units	May 1, 1998	Section 4 of S.L. 1997-288
JUDICIAL DEPARTMENT	Report on transfers made from the reserve for equipment and supplies	Quarterly	Section 18 of S.L. 1997-443
JUDICIAL DEPARTMENT	Report on dispute settlement centers; consultation on requests for waivers of the funding ratio	Annually, by February 1; as needed	Section 18.3 of S.L. 1997-443
JUDICIAL DEPARTMENT	Report on the administrative expenditures of the community penalties programs; report on elimination or reduction of funding programs	Annually; quarterly	Section 18.4 of S.L. 1997-443
JUDICIAL DEPARTMENT	Report on the criminal case management programs established in 10 judicial districts	April 1, 1998	Section 18.9 of S.L. 1997-443
JUDICIAL DEPARTMENT	Report prior to expenditure of funds from the Reserve for Technology	November 1, 1997	Section 18.10 of S.L. 1997-443
PROJECT CHALLENGE NORTH CAROLINA, INC.	Report on the expenditure of State appropriations and on the operations and the effectiveness of the program	March 1, 1998, and quarterly thereafter	Section 18.20 of S.L. 1997-443
JUDICIAL DEPARTMENT, in consultation with the Department of Human Resources	Report on the progress of the development and implementation of the Juvenile Assessment Project	May 1, 1998	Section 18.21 of S.L. 1997-443
JUDICIAL DEPARTMENT	Report on the implementation of the bad check	May 1, 1998	Section 18.22(c) of S.L.

	collection pilot programs		1997-443
JUDICIAL DEPARTMENT	Report on the civil case management pilot programs established in District Court Districts 13, 18, and 30	May 1, 1998	Section 18.23 of S.L. 1997-443
JUDICIAL DEPARTMENT	Report on Teen Courts	April 15, 1998	Section 18.24 of S.L. 1997-443
DEPARTMENT OF CORRECTION	Report on the expenditure of funds to reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail backlog.	Quarterly	Section 19(b) of S.L. 1997-443
DEPARTMENT OF CORRECTION	Report on contracts for prison beds to house inmates in out-of- state prisons or in local jails	Quarterly	Section 19.1 of S.L. 1997-443
DEPARTMENT OF CORRECTION, DEPARTMENT OF JUSTICE, DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY, AND JUDICIAL DEPARTMENT	Report on federal grant funds received or preapproved for receipt	December 1, and May 1, each year	Section 19.5 of S.L. 1997-443
STATE AUDITOR	Report on performance audit of the Division of Adult Probation and Parole in the Department of Correction	June 1, 1998	Section 19.13 of S.L. 1997-443
DEPARTMENT OF CORRECTION	Report on proposed standards of private correctional facilities	May 1, 1998	Section 19.17 of S.L. 1997-443
DEPARTMENT OF CORRECTION	Report prior to final settlement of the Title VII law suit on the employment of females in the Department	Prior to settlement of the lawsuit	Section 19.18 of S.L. 1997-443
DEPARTMENT OF CORRECTION	Report prior to expenditure of certain funds to provide food and health care to inmates	As needed	Section 19.20 of S.L. 1997-443
DEPARTMENT OF CORRECTION	Report on need to exceed appropriated amounts to increase reimbursement to counties for State inmates housed in local confinement facilities	As needed	Section 19.21 of S.L. 1997-443

DEPARTMENT OF CORRECTION	Report on expenditures from the Reserve for Substance Abuse, the cost and benefits the DART/DWI aftercare program, and the results of the substance abuse evaluation study	May 1, 1998	Section 19.23 of S.L. 1997-443
DEPARTMENT OF CORRECTION	Report on the residential DWI/Substance Abuse Treatment Program for probationers and parolees at the DART facility at Cherry Hospital	December 1, 1997, and May 1, 1998	Section 19.24 of S.L. 1997-443
JUDICIAL DEPARTMENT DEPARTMENT OF CORRECTION DEPARTMENT OF JUSTICE DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY	Report prior to entering into a contract for an increase in mainframe computer capacity or a system upgrade that is funded from the continuation budget	As needed	Section 20.4 of S.L. 1997-443
DEPARTMENT OF JUSTICE	Report on criminal record checks performed in connection with applications for concealed weapons permits and on applications for firearms safety courses	Annually, by January 15	Section 20.8 of S.L. 1997-443
DEPARTMENT OF JUSTICE	Report on salary adjustments to achieve salary equity for SBI law enforcement	Within 30 days of any salary adjustment	Section 20.9 of S.L. 1997-443
CRIMINAL JUSTICE INFORMATION NETWORK GOVERNING BOARD	Report on Board operations, funds, long-term strategic plans and cost analyses, and the implementation of the mobile data network system	November 1, 1997; April 15, 1998	Section 20.13 of S.L. 1997-443
OFFICE OF STATE BUDGET AND MANAGEMENT	Report on the feasibility of adjusting the fees charged for criminal record checks	May 1, 1998	Section 20.15 of S.L. 1997-443
GOVERNOR'S CRIME COMMISSION	Report on the State application for drug law enforcement and other grants	As needed, when the General Assembly is in session	Section 21 of S.L. 1997-443

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY	Report on the North Carolina Crime Victims Compensation Fund	Annually, by March 15	Section 21.3 of S.L. 1997- 443
DEPARTMENT OF CORRECTION	Report prior to expending more than was appropriated for the out-of-state housing of inmates	As needed	Section 21.4 of S.L. 1997- 443 G.S. 148-37(c)
DEPARTMENT OF CORRECTION	Consultation prior to making recommendations to the State Purchasing Officer on the award of a contract for additional private prison beds	As needed	Section 21.4 of S.L. 1997- 443 G.S. 148-37(g)

SUBCOMMITTEE ON GENERAL GOVERNMENT

Reporting Entity	Subject	Date	Statutory Authority
OFFICE OF STATE BUDGET AND MANAGEMENT	Report on the feasibility of consolidating the budgets and services and the administration of federal and State grants for domestic violence programs and rape crisis programs in the State	March 31, 1998	Section 27 of S.L. 1997-443
HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON GENERAL GOVERNMENT	Duty to consider information on alternative approaches to State funding of Information Highway sites	n/a	Section 28 of S.L. 1997-443
OFFICE OF STATE BUDGET AND MANAGEMENT	Report on study of Department of Revenue workload requirements and recommendations about staffing for the Department	March 31, 1998	Section 29 of S.L. 1997-443
THE NORTH CAROLINA MUSEUM OF HISTORY ASSOCIATES, INC.	Report on operations, profit and loss statement, and an analysis of how profits have been expended or reserved to support museum programs and projects	Annually, by June 30	Section 30.2 of S.L. 1997-443
DEPARTMENT OF REVENUE	Report on the cost of credits claimed pursuant to the act	May 1	Section 3 of S.L. 1997-277
Department of Cultural Resources	Report on fund-raising efforts of Indian Cultural Center	March 1, 2000	Section 2 of S.L. 1997-41

SUBCOMMITTEE ON TRANSPORTATION

Reporting Entity	Subject	Date	Statutory Authority
DEPARTMENT OF TRANSPORTATION	Report on projects funded	Quarterly	Section 32.4 of S.L. 1997- 443
DEPARTMENT OF TRANSPORTATION	Report on development of plan for minority businesses	December 1, 1997	Section 32.23 of S.L. 1997- 443

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS

October 21, 1997

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
John G. Barker	UNC - Gen Admin / NCSU Ag Program
Angus G. Bain	Smith Anderson
John Upchurch	CP&L
George Hume	ALICE
Patrice Roney	NAACC
Ed Regan	NC Assoc. of Co. Commissioners
Dusan Harrison	WCPSS
Christopher Neetay	U & O
John Bowditch	Zeb Alley P.A.
Jim Tober	NAFI
Zeb Alley	
John Hanks	NCP Food Bank
John Adams	Parker, Poe, Adams & Bernstein
John Adams	Parker, Poe, Adams & Bernstein
John Miller	NC AECT
Donny Smith	NCCCS
Roy Saydt	Hollyport
Sandra Galt	Gov's Office
Martha Luengood	YAIO
Paula Wolf	NC Child Advocacy Institute
Thomas Vane Bennett	NC Child Protective Tech Force
Gwen Canady	OSC
John Chinn	John Locke Found
John Cratts	NC Assoc. of School Admini
Charles Greener	NCATL
John Rustin	NCFPC
Ann Case	DENR
D - Case	DOL

Bill Scoggin	NCBA
David Ferrell	
David Simmons	NCSSA
David Ferrell	Hofen, McNamee, Caldwell, et al
David Simmons	ZDA, PA
Tommy Worth	Carolinas HealthCare System
Philip Thompson	SOP &
Nathan Britt	DWQ - DENR
Willie R. Dick	DOR
Clark H. McKenney	DOI
Robert W. Ligon	Sec. of State
Paul L. Ligon	OST
Mary Ligon	APT
John Mullen	Sentencing Commission
John Mullen	So/State DENR
Debbie R. Ramsey	DWP / WQS
Debbie R. Ramsey	Bone & HSSDC
Don B. Wilson	NCALTCF
Jim Davidson	DHHS
Angie Harris	Commerce
Dawn Comeau	NASW - NC
Myrna Miller	NKSLU - NC
Janet Simonson	NCARF
Keith Letchworth	Community Living Assn.
Doug Laster	NC Septic Tank Assoc.
Joe Stewart	NC Dept Crime Control
Kathleen Austin Padden	State Planning
Heather Lail	OSA
Marsha Glass	DOA
Vicky Young	DOA - CFW
Angie McMillan	DHHS

Todd Feltz
 Bernard Allen
 PCIS
 SOS

MINUTES
HOUSE COMMITTEE ON APPROPRIATIONS
March 18, 1998

The Joint Appropriations Committee met on March 18, 1998 in Room 643 of the Legislative Office Building. Representative George Holmes called the meeting to order at 8:35 A.M. and welcomed the members and guests. There were 55 House members present, including House Majority Whip Julia Howard. Senator Aaron Plylor announced that the Committee would receive a presentation by Marvin Dorman, State Budget Officer, on the reductions in the Governor's budget.

Mr. Dorman presented the recommendations from the Governor to reduce the 1998-1999 state budget. By using "reduce," the State Budget Office means actual reductions in some instances, increases of receipts in some instances, and actual budget reductions in other cases – the point being that this report will recommend ways to free up general fund money that can then be used and reinvested in other areas of the state's general fund budget that the General Assembly names to be higher priority than which they are currently in. The Governor stated a year ago that he would submit to the General Assembly annually these kinds of adjustments in reductions for four years. In the 1997 Session, lists similar to this were submitted, the committees reviewed them, accepted some, and then substituted other reductions or changes. This is the second year of the commitment that the Governor made to find another \$150 million of funds that can be reinvested within the general fund budget in the subcommittees, the Appropriations Committee and by the General Assembly when it eventually enacts the 1998-99 amendments to the current budget.

The cover sheet summarizes by department the recommended adjustments and the percentage of the general fund budget that each department's reductions or adjustments would be. There are \$150.4 million of general fund adjustments. Included also is \$151.9 million which represent a non-tax revenue on a recurring basis. There is approximately \$1.6 million of non-recurring reductions in these figures. The State Budget Office asked each department to submit a prioritized list of adjustments or reductions to their budgets equaling 1 ½ percent of the general fund operating budget. The State Budget Office discussed the submissions with the departments and then the Governor; the final analysis and reductions by the Governor are those in the attached report which Mr. Dorman then explained. At the completion of his presentation, he answered the following questions from the members.

Representative Larry Justus asked if the cuts are true cuts or reductions in increases, and Mr. Dorman replied they are some of both. Representative Justus asked about the asterisk statement "Department did not submit operating efficiency reduction" -- does it mean that

those who did volunteer could operate with that amount. Mr. Dorman said some of those who volunteered 1 ½ percent of their operating budget received more and some less than that amount. Representative Justus stated that he wants the Committee to know that the Department of Corrections in the last two years has given up \$66 million and \$44 million respectively, and they are getting down to bare bones.

Senator Perdue thanked Mr. Dorman for preparing and presenting the report, and asked how much of the \$150.4 million in cuts is actually a transfer from the recurring to non-recurring. Mr. Dorman responded that a guess would be \$35 million.

Representative Creech asked how much of this is from reversions and was told that funding for next year does not come from reversions. Representative Creech rephrased his question to ask how much this package will impact reversions, and Mr. Dorman said that if no cuts are taken next year, an estimate would be that about half of the \$150 million might revert.

Senator Bob Martin asked if the administrative functions of 1 ½ percent reduction are identified as to which line item it will come out of. Mr. Dorman told Senator Martin that he would get this information for him.

Senator Bill Martin commented that he hopes a lot of the \$58.1 million in reductions for the Health and Human Services would remain within the department because there are some increasingly drastic needs there. Mr. Dorman said that the Department of Health and Human Services has requests which far exceed the \$58 million.

Representative Howard asked about Item 6. **Eliminate County AFDC/Child Support Reimbursement for State Managed Operations** on Page 9 of almost \$2.7 million. She says this would have a major negative impact for 31 counties and could Mr. Dorman take another look at it and explain it or revisit it with the Governor. Mr. Dorman said that on the local level there will be needs that the counties have been using the funds for but since TANIF is now paying AFDC and the State is running the IVD child support program, there is no legal or programmatic basis for the State to continue to send the \$2.7 million to the counties.

Senator Phillips asked about the decrease of school bus replacement costs on Page 1 because of using diesel buses: Was there a contractual agreement made with International to stockpile replacement parts for an extended period of time? Mr. Dorman said he would obtain this information for the Senator.

Representative Grady asked Mr. Dorman to explain in more detail Item 1. **Current Operations Efficiencies** on Page 3. Mr. Dorman said that if you take the \$6 million, approximately \$1.9 million would be an adjustment to equipment replacement schedules, approximately \$800,000 would be adjustments to utility budgets, so that is \$2.7 million

of the \$6 million. The remaining amount is an equal percentage reduction across the institutions. In non-academic, they have the flexibility to move moneys within the university budget without coming to the Budget Office. They have looked at vacant positions from the State Personnel Information System, and as of late February, in non-academic, there were over 990 SPA positions in the system; therefore, between vacant positions and the flexibility between line Items in the non-academic area, they can reduce their budgets by 1 ½ percent. Representative Grady commented that it was hard to understand the concept of doing this and then following it with an expansion budget. He then asked if the new funding model was taken into consideration because some colleges would take a larger hit if they are asked to take a budget cut of 1 ½ percent and also follow the new funding model. Mr. Dorman said the new funding model was not taken into consideration in reductions. He said the exercise of going through finding efficiencies in any operation is to examine what you're doing and decide if there are higher priorities, and the General Assembly can change the expansion budget. Mr. Grady said it seems that the universities were told to just cut a percentage, not prioritize, and so we don't see the details that would be helpful later on down the line. Mr. Dorman's comment was that each department had the opportunity to submit whatever they wanted to for the 1 ½ percent but that the university sent in a 1 percent across the board reduction. By current statute, only the university is allowed this kind of reduction.

Senator Lee asked about school bus replacement. He asked if maintaining a lower recurring figure and increasing the non-recurring was a commitment to the replacement schedule for older buses. Mr. Dorman replied yes, the Governor will recommend approximately \$6 million as non-recurring money in his expansion budget.

Representative Nye asked about the reduction of \$13 million under Item 3. **Transfer Reserve Funds** on Page 8: last year it wasn't as big as it is now and \$40 million was called for, so has the Budget Office's philosophy changed on the "dish" funds during the year? Mr. Dorman said that it has.

Representative Redwine asked about the efficiencies and budget reductions through the span of control studies that other states have done. One of the special provisions of Senate Bill 352 required a span of control, and some agencies are realizing efficiencies through that span of control. Why are the others not coming through at this point and how does this fit into the overall budget reduction? Mr. Dorman said the report is due April 1 and they have reviewed the last draft, so it should be available any time now. The agencies are currently going through the analysis and looking at organizations so there is more effort going on than is reflected here. In two to four years, there will be more recommendations to reduce the budgets because agencies are reducing the levels of control or the ratio between supervisors and employees. The report will show that there have been some improvements, but it doesn't necessarily mean in every case that there will be an actual budget cut as a result; more will be seen in the 1999 budget reductions.

Representative Berry asked of the total amount in the document that is being recommended, how much is cost shifting down to the counties or moneys that would not be available in the future for the counties that may have been there before this proposal. Mr. Dorman said that other than the \$2.7 million spoken of earlier, there are not any other recommendations in the package that literally shifts costs down to the locals. Many are adjusting to the current level such as the one in the Department of Corrections, but there are no others. Representative Berry asked if on Page 9 Item 5. **Reduce State County Special Assistance** would be one. Mr. Dorman said this was a reduction in the budget because the case load is less than was budgeted for next year so they are simply reducing the budget next year and not shifting any money to the county. Representative Berry said she was a little concerned because in a lot of counties the projections are higher and she does not see the need for this. Mr. Dorman said this was a projection in the state budget and some counties may have a higher projection individually. Nina Yeager told Representative Berry that this Item will save counties statewide about \$500,000 because they share in the cost of the program. The same is true with the Medicaid adjustment. The reduction of \$20 million to the State has an impact on the counties, and they too will spend less on Medicaid than was originally budgeted.

Representative Gardner asked if the Budget Office took into account the large increase in the Medicaid adjustment and the health insurance child care proposal to be addressed in the Special Session as well as the woodwork children. Mr. Dorman told her that the Governor would speak to some of those issues in the expansion budget, but Mr. Dorman takes the position that the legislators should have the opportunity to decide whether or not this one is a good reduction which is the reason they are showing them separately rather showing a net figure. Representative Gardner said there has been extensive debate in her committee this year about what some of the Medicaid reductions are impacting: area mental health places, DD waiting lists and the like. The Department ignored the provision in the budget that was adopted last year which said that before any reductions were implemented, the Subcommittee on Human Resources wanted them to report to the subcommittee any proposed Medicaid reductions.

Representative Kiser asked Mr. Dorman to explain what the welfare funds are on Page 12 Line 8. **Increase Transfer of Welfare Funds to the General Fund** and Mr. Dorman answered that welfare funds come from profits from the canteens. Representative Kiser asked if it was not required that canteen funds generated from sales to inmates be used for the inmates, and how can it be transferred to the general fund. Mr. Dorman said it was not required by statute that it be used strictly for inmates. Mr. Dorman will provide Representative Kiser an analysis of the amount.

Representative Sexton asked if we are still operating under the expanded definition of span of control, and Mr. Dorman said the definition of span of control included two things: (1) to proceed to make a long range effort to make government more efficient by

having seven layers of control in each department and an average ratio of supervisor to employees of 1:7; and (2) to include the university in the community college system.

Representative Russell asked if salary reserve counts as a non-recurring expense and what is the amount of it. Mr. Dorman said it is a recurring amount of money and the total amount statewide is \$8 million excluding three sectors: the university, community college and public schools. Representative Russell asked if Item 1. **Average Annual Salary Adjustment** on Page 1 is coming out of salary reserve money. Mr. Dorman said no. Representative Russell requested a very clear listing of what is recurring, non-recurring, and the anticipated amount of federal dollars in this budget. She asked if an Item that is moved into a non-recurring category and is still being spent considered a cut. Mr. Dorman said that this document shows adjustments to the general fund recurring budget, and those Items which are non-recurring are so reflected as to the kind of reductions they are. Those in which recurring money is replaced with non-recurring is either a short-term issue or can be taken out of the credit balance. Representative Russell asked if, to get a total bottom line, you take the recurring money that is showing as the cuts and add the money that you move to non-recurring back into that column and do some subtracting, forgetting whether it is recurring or non-recurring, would this give a bottom line that shows the actual amount of money that was cut. Mr. Dorman said yes.

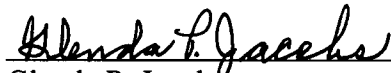
Representative Davis asked Mr. Dorman to explain again Item 2 under **Division of Child Development** on Page 8. Mr. Dorman said they had the opportunity to use child care and development block grant moneys for administrative cost in this program for regulatory activities – that would be the licensing, monitoring, etc., rather than state money -- so he recommends they take advantage of the federal money and replace the state money that is currently being put into this program by that amount. Representative Davis asked the percentage in this particular category of reduction of state funding that is going to be thrown to the federal government for this particular portion of child care development. Ms. Donna Yeager does not have this information now but will get it for Representative Davis.

Representative Decker asked what the normal reversions are for the Cultural Resources Department. Mr. Dorman said the average reversions range from one-half to three-quarters of a million dollars annually. Representative Decker asked by what amount the reductions that appear on Page 5 reduce the amount of reversions that will occur June 30. Mr. Dorman said it would have some effect but can't say if it will reduce the reversions by this like amount. Representative Decker asked about the ability of a department to transfer funds between line Items. Mr. Dorman said that the departments within a program have the ability to move funds from a group of line Items (not every line Item, there are restrictions on salaries and grant funds) but for travel, supplies, etc., within a program, money can be moved. Between a program, there would have to be an unusual circumstance for the Budget Office to agree to move money from one division to another. Representative Decker asked Mr. Dorman to give to him the figures for what this one

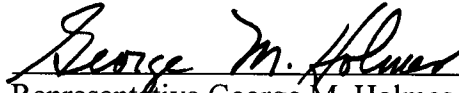
department has projected for its reversions by budget line Items and then how that reflects these line Items that are being cut.

Representative Holmes thanked Mr. Dorman on behalf of the House for the presentation and said it had been extremely informational and that every member here had been able to get a better insight into what the reductions are.

Senator Plyler also thanked Mr. Dorman and adjourned the meeting at 10:05 A.M.



Glenda P. Jacobs
Committee Clerk



Representative George M. Holmes
Presiding Cochair

Representative Theresa Esposito, Cochair
Representative Billy Creech, Cochair
Representative Jim Crawford, Cochair

1998-99 Schedule of Operating Efficiencies

Departments	Recommended Reductions	Percent of 1998-99 Certified
Education:		
Public Education	\$ (59,725,172)	1.33%
Community Colleges	(572,559)	0.11%
University of North Carolina	(6,723,360)	0.46%
Total Education	\$ (67,021,091)	1.04%
Other Departments:		
Administration	\$ (502,657)	0.87%
Administrative Hearings	- *	0.00%
Agriculture & Consumer Services	(210,600)	0.42%
Auditor	- *	0.00%
Board of Elections	- *	0.00%
Commerce	(217,678)	0.56%
MCNC	(30,750)	1.23%
Biotechnology	(25,483)	0.33%
REDC	(12,662)	0.32%
SIPS	(263,791)	See Note
Correction	(11,321,797)	1.30%
Crime Control and Public Safety	(61,993)	0.18%
Cultural Resources	(456,686)	0.84%
Environment and Natural Resources	(1,257,098)	0.93%
Governor's Office	(77,255)	1.50%
Insurance	- *	0.00%
Health and Human Services	(58,080,182)	2.20%
Judicial	- *	0.00%
Justice	- *	0.00%
Labor	- *	0.00%
Revenue	(1,068,000)	1.55%
Rules Review Commission	- *	0.00%
Secretary of State	- *	0.00%
State Budget and Management	(59,263)	1.50%
State Controller	(85,012)	0.81%
State Planning	(6,118)	0.34%
State Treasurer	- *	0.00%
Reserves:		
Debt Service	(9,661,426)	4.70%
Subtotal General Fund Appropriation	\$ (150,419,542)	1.30%
Increase in nontax revenues (DHHS)	(1,500,000)	
Total General Fund Operating Efficiencies	\$ (151,919,542)	

* Department did not submit operating efficiency reduction.

NOTE: This reduces the general fund appropriation to State Information Processing Services to zero.

**Public Education
Operating Efficiencies**

1998-99

1. **Average Annual Salary Adjustment**

A reduction of \$35,525,769 is recommended to adjust the budgeted average annual salaries for principals, assistant principals, teachers, and instructional support using actual salaries for the sixth month pay period of 1997-98 as the base.

\$ (35,525,769)

2. **School Bus Replacement Purchases**

The Department of Public Instruction estimates that in fiscal year 2000-2001, school bus replacement costs will decrease dramatically because all buses will be diesel, allowing replacement to be made on the basis of mileage rather than just the age of the vehicle. In anticipation of this impact on the school bus replacement schedule, it is recommended that \$24,199,403 of the \$46,299,403 currently budgeted in fiscal year 1998-99 be changed to a nonrecurring requirement.

(24,199,403)

Subtotal - Public Education

\$ (59,725,172)

**Department of Community Colleges
Operating Efficiencies**

1998-99

1. **State Board Reserve**

The State Board Reserve is limited by statute to fund feasibility studies, pilot projects, start-up of new programs, and innovative ideas. The amount was increased by \$250,000 to a total of \$1,150,000 in the 1997 legislative session. The State Board Reserve is recommended for reduction by \$250,000; the amount of one time contract programmers \$37,324; plus a 1½% reduction of the remaining balance in the amount of \$12,940.

\$ (300,264)

Department of Community Colleges - Continued

1998-99

2. **Human Resource Development**

The Human Resource Development program was designed to help with the unemployment problem. The intent of the program is to provide chronically unemployed adults with reading, writing, arithmetic and human relations skills needed to become and remain successful employees. The \$6.2 million budget has not been fully expended for several years, with a reversion in excess of \$798,000 in state fiscal year 1996-97. This program is recommended for a 1½% reduction.

\$ (92,904)

3. **Departmental Reductions**

Reductions in the operating budget of the department are recommended. The warehouse rent line item of \$22,003 is unused and a vacant program assistant position is recommended for reduction in the amount of \$35,657 including fringe benefits.

(57,660)

Number of Positions

(1.0)

4 **Adjustments to Inflationary Increases**

The increase in the worker's compensation budgeted in the continuation budget is reduced to the level of the 1997-98.

\$ (121,731)

Subtotal - Department of Community Colleges

Appropriation

\$ (572,559)

Number of Positions

(1.0)

**University of North Carolina Board of Governors
Operating Efficiencies**

1998-99

1. Current Operations Efficiencies

In an effort to facilitate efficiencies at the constituent institutions of the University of North Carolina, a reduction in the operating budgets for fiscal year 1998-99 is recommended. The 1990 session of the General Assembly established Special Responsibility Constituent Institutions (SRCI's) and granted budget flexibility to constituent institutions with this status. Therefore, SRCI's have the authority to make the necessary budgetary adjustments to accommodate the reduction required by each campus. This reduction does not include UNC-GA Related Education or UNC-AHEC. Other recommended reductions will defer equipment replacement and reduce inflationary increases in utilities.

Requirements	\$ (6,018,846)
Receipts	<u>119,325</u>
Appropriation	\$ (5,899,521)

2. Reserves for Operating New Facilities

As a result of adjustments to schedules in constructing or renovating six facilities at five of the constituent institutions throughout the University system, funds which had been appropriated for facilities operations in 1998-99 can be changed. The affected buildings and corresponding adjustments include:

Principal's Executive Program Building-UNC-CH	\$(224,300)	
Development and Learning Center Facility-UNC-CH	(384,730)	
Meat Processing Facility-NCSU	(136,427)	
New Music Building-UNC-G	(167,581)	
Fine Arts Building- ECSU	(39,579)	
Biomedical/Biotechnology Building-NCCU	128,778	(823,839) NR

Subtotal - University of North Carolina Board of Governors

Requirements	\$ (6,842,685)
Receipts	<u>119,325</u>
Appropriation	\$ (5,899,521)
	<u>(823,839) NR</u>
Total	\$ (6,723,360)

**Department of Administration
Operating Efficiencies**

1998-99

- | | | |
|----|---|-----------------------|
| 1. | Reduce Salary Reserve - Secretary's Office
A quality leadership position was reduced in the Secretary's Office creating salary reserve which is reduced from the budget. | \$ (12,736) |
| 2. | Reduce Salary Reserve - Human Resources Management
A staff development position was reduced in the Human Resources Management Office creating salary reserve which is reduced from the budget. | (5,259) |
| 3. | Delete Public Relations Coordinator Position - Health Plan Purchasing Alliance
The Public Relations Coordinator position for the Health Plan Purchasing Alliance is deleted from the budget.
Number of Positions | (45,621)
(1.0) |
| 4. | Reduce Salary Reserve - State Property Office
A real property agent position was reduced in the State Property Office creating salary reserve which is reduced from the budget. | (9,478) |
| 5. | Reduce Data Processing Services - Fiscal Management
Reduce data processing services in the Fiscal Management Division. | (1,563) |
| 6. | Reduce Operating Support - Facility Management Division
Utility cost (electricity) is reduced due to conservation efforts in state buildings, and other operating budget reductions. | (428,000) |
| | Subtotal - Department of Administration
Number of Positions | \$ (502,657)
(1.0) |

**Office of State Controller
Operating Efficiencies**

1998-99

1. Delete Assistant State Controller Positions

As part of the Span of Control effort the Office of State Controller is deleting the Assistant State Controller position from the budget.

Number of Positions

\$ (85,012)

(1.0)

Subtotal - Office of State Controller

\$ (85,012)

Number of Positions

(1.0)

**Department of Cultural Resources
Operating Efficiencies**

1998-99

1. Various Efficiency Reductions

Listed below are recommended reductions to the divisions within Cultural Resources resulting from the department's efforts to reduce operating cost.

Office of the Secretary \$ (14,366)

Administrative Services (14,884)

Archives and History (10,144)

Historical Publications (10,110)

Archives and Records (42,414)

Number of Positions (1.0)

Historic Sites (104,277)

Tryon Palace (18,961)

State Capitol/Visitor Services (6,921)

N. C. Maritime Museum (12,606)

State Historic Preservation Office (20,768)

Number of Positions (.25)

Western Office (5,429)

Museum of Art (55,338)

North Carolina Symphony (4,948)

State Library Services (63,200)

Museum of History (72,320)

Total - Various Efficiency Reductions

\$ (456,686)

Number of Positions

(1.25)

**Office of the Governor
Operating Efficiencies**

1998-99

1. **Reduce Various Operating Line Items**

Funds are reduced from the budget of the Office of the Governor in various line items including travel, communications, data processing and printing.

\$ (77,255)

Subtotal - Office of the Governor

\$ (77,255)

**Office of State Budget and Management
Operating Efficiencies**

1998-99

1. **Reduce Travel, Communications and Data Processing**

Funds are reduced from the budget of the Office of State Budget and Management for travel, communications and data processing.

\$ (59,263)

Subtotal - Office of State Budget and Management

\$ (59,263)

**Office of State Planning
Operating Efficiencies**

1998-99

1. **Reduce Contractual Services and Communications**

Funds are reduced from the budget of the Office of State Planning for contractual services and communications.

\$ (6,118)

Subtotal - Office of State Planning

\$ (6,118)

**Department of Revenue
Operating Efficiencies**

1998-99

1. Reduce Funding for Administration of Federal Retiree Refund Program

Nonrecurring funds in the amount of \$1.2 million were provided for administering the federal retiree refund program through April 15, 2001. The department will absorb the administrative cost of the program from its operating budget, thereby reverting the available balance \$741,902 to the general fund.

\$ (741,902) NR

2. Reduce Contractual Services

Reduce contractual services in the Planning Development and Technology (PDT) Division.

(326,098)

Subtotal - Department of Revenue

\$ (326,098)

\$ (741,902) NR

Total

\$ (1,068,000)

**Department of Health and Human Services
Operating Efficiencies**

Office of the Secretary

1998-99

1. Increase Use of Medicaid Receipts for Rural Health

It is recommended that the Office of Rural Health budget increases in Medicaid receipts and reduce appropriations to support program services.

Requirements

\$ -

Receipts

226,024

Appropriation

\$ (226,024)

Division of Child Development

1998-99

2. Increase Federal Receipts for Regulatory Activities

It is recommended that federal Child Care and Development Block Grant receipts be increased to support child care regulatory activities, thereby reducing the need for appropriations. This action will not reduce services or adversely affect child care subsidy funding.

Requirements
Receipts
Appropriation

\$ -
1,011,184
\$ (1,011,184)

Division of Medical Assistance

3. Transfer Reserve Funds

G.S. 143-23.2 limits the use of DMA reserve funds to support the Medicaid program. Current availability in this dedicated reserve exceeds \$109 million and receipts are expected to grow by \$25 million annually, resulting in a fiscal year 1998-99 availability of \$134 million. It is recommended that the reserve maintain a minimum balance of \$100 million to meet unanticipated future needs in the Medicaid program. It is further recommended that 10% of total availability be budgeted in fiscal year 1998-99, and in future years, to support the growth in current services costs and reduce appropriations.

Requirements
Receipts
Appropriation

\$ -
13,000,000
\$ (13,000,000)

4. Medicaid Adjustments

Based on revised projections, a reduction in the 1998-99 certified Medicaid budget is recommended to reflect more current eligibility and utilization information and to reflect a more favorable federal funds participation rate.

Requirements
Receipts (Federal and County)
Appropriation

\$ (63,713,544)
(43,713,544)
\$ (20,000,000)

Division of Social Services

1998-99

5. Reduce State/County Special Assistance

It is recommended that funding for State/County Special Assistance be adjusted to reflect a more current forecast of requirements.

Requirements	\$ (1,065,947)
Receipts	<u>(532,973)</u>
Appropriation	\$ (532,974)

6. Eliminate County AFDC/Child Support Reimbursements for State Managed Operations

Prior to the creation of the 1996 TANF block grant, IVD child support collections were used to offset the county share of AFDC payments. Today, these collections offset the cost of supporting IVD Child Support operations in county operated programs. The North Carolina Division of Social Services operates child support programs for 31 counties. Since Work First Cash Assistance (formerly AFDC) is now funded through 100% federal TANF funds, these 31 counties no longer need this reimbursement to offset local costs for cash payments. It is recommended that these funds be budgeted to reduce appropriations.

Requirements	\$ -
Receipts	<u>2,700,000</u>
Appropriation	\$ (2,700,000)

7. Welfare Reform Reserve Funding

It is recommended that \$20 million in recurring appropriations to the welfare reform reserve be replaced in 1998-99 with nonrecurring state funds. It is further recommended that, in future years, nonrecurring funds be used to fund the balance of the reserve, until total availability in the reserve reaches the \$50 million maximum.

Requirements	\$ -
Receipts	<u>20,000,000</u>
Appropriation	\$ (20,000,000)

Division of Facility Services

8. Certificate of Needs Fees

It is recommended that the Division of Facility Services transfer \$1.5 million in receipts from the Certificate of Need (CON) Section to the Treasurer's Office as a nontax revenue. The CON Section is supported with appropriations and these funds revert annually.*

\$ -

Division of Health Services - Women's and Children's Health

1998-99

9. Maternity Care Coordination Start-up Grants

Since state fiscal year 1990-91, the Women's Health Sections has received \$500,000 annually to provide Maternity Care Coordination start-up grants to local health departments and migrant, rural and community health centers. The purpose of the grants was to rapidly increase the number of Medicaid eligible pregnant women receiving case management services by providing start up funds for the new Maternity Care Coordinators. As local agencies have added new Maternity Care Coordinators each year to serve the Medicaid population, the demand for the start-up grants has declined reducing the funding need for this activity. It is recommended that requirements be reduced in this program.

\$ (232,000)

10. Immunization Program

Operating cost such as printing and postage can be supported with federal funds without adversely impacting program operations. It is recommended that federal receipts be increased to reduce appropriations.

Requirements

\$ -
178,000

Receipts

Appropriation

\$ (178,000)

Division of Youth Services

11. Detention Construction Delays

Due to the delayed opening of the Richmond Boundover Unit, it is recommended that the unit's operating reserve be reduced.

\$ (200,000) NR

Subtotal - Department of Health and Human Services

Requirements

\$ (65,449,491)

Receipts

(7,369,309)

Appropriation

\$ (57,880,182)

\$ (200,000) NR

Total

\$ (58,080,182)

* This sum is documented under HHS operating efficiencies, but will be reflected in the totals for nontax revenues.

**Department of Correction
Operating Efficiencies**

1998-99

1. Receipt Adjustments

It is recommended that receipts from federal nutrition programs (\$450,000) and medical reimbursement from counties (\$450,000) be adjusted to reflect the increased amounts anticipated to be realized in fiscal year 1998-99.

Requirements	\$ -
Receipts	900,000
Appropriation	\$ (900,000)

2. Reduction in Non Personnel Line Items

It is recommended that various nonpersonnel line items in the department's budget be reduced to make appropriations available. These line items to be reduced are in the following areas:

Reserve for Structured Sentencing	(150,000)	
Departmental Management	(366,709)	
Substance Abuse	(130,000)	
Adult Probation and Parole	(373,000)	
Division of Prisons-Custody and Security	(392,048)	
Reserve for 1,384 New Beds	(200,000)	(1,611,757)

3. Reduction Due to Span of Control Study and Reorganization

It is recommended that 36 positions be eliminated from the department's budget as a result of continuing to implement the results of the span of control study and departmental reorganization. The positions are in the following areas:

<u>Area</u>	<u>Reduction Amount</u>	<u># of Positions</u>	
Departmental Management	\$(137,129)	(2.0)	
Substance Abuse	(250,000)	(10.0)	
Prison Management	(168,307)	(2.0)	
Custody and Security	(222,695)	(5.0)	
Adult Probation and Parole	(561,033)	(11.0)	
Corrective Programs	(290,757)	(6.0)	
Total			\$ (1,629,921)
Number of Positions			(36.0)

Correction - Continued

		<u>1998-99</u>
4.	Increase Receipts from Correction Enterprise	
	It is recommended that receipts in the General Fund from Correction's Enterprise Operation be increased by \$500,000. This payment is made by the Enterprise Operation for services provided by the General Fund. The amount of receipts from Enterprise (currently \$1,060,000 per year) has not been increased since fiscal year 1979-80.	
	Requirements	\$ -
	Receipts	<u>500,000</u>
	Appropriation	\$ (500,000)
5.	State Matching Funds for Federal Grants	
	It is recommended that the appropriation of \$325,000 for state year 1998-99 for matching federal grant funds be eliminated.	(325,000)
6.	Decrease Post-Release Supervision and Parole Commission Requirements	
	Consistent with Section 19.9 of Senate Bill 352, it is recommended that the Commission reduce its budget by 10%.	(233,000)
7.	Support Vocational Teachers from Welfare Fund	
	It is recommended that seven vocational teachers, not engaged in teaching youths, currently being paid from the general fund be reimbursed from the Welfare Fund.	
	Requirements	\$ -
	Receipts	<u>374,103</u>
	Appropriation	\$ (374,103)
8.	Increase Transfer of Welfare Funds to the General Fund	
	It is recommended that receipts in the General Fund be increased by \$334,000 transferred from the Welfare Fund. The additional funds in the Welfare Fund will be generated by increasing the inmate weekly draw from \$35 to \$40 and increasing the profit margin in the canteens from 17% to 18%. The inmate weekly draw was last adjusted in 1990-91 and the profit margin was last adjusted in fiscal year 1981-82.	
	Requirements	\$ -
	Receipts	<u>334,000</u>
	Appropriation	\$ (334,000)

1998-99**9. Increase Receipts from Work Release Fund**

It is recommended that receipts in the General Fund be increased by \$291,000 transferred from the Work Release Fund. The increased transfer from the Welfare Fund will be supported by an increase of one dollar per day in the per diem rate charged to inmates on work release. The per diem rate would increase from \$12.50 to \$13.50. The per diem rate was last adjusted in fiscal year 1989-90.

Requirements

\$ -

Receipts

291,000

Appropriation

\$ (291,000)

10. Close Small Inefficient Units

The Government Performance Audit Committee (GPAC) recommended that small and expensive to operate prison units be considered for closing when sufficient inmate beds become available. The department has reviewed the remaining units identified by GPAC and recommends that they be closed during fiscal year 1998-99. The timing of the closings has been reviewed in light of needed beds. According to the estimates provided by the North Carolina Sentencing Commission, these units can be closed without creating a shortage of beds. The first phase of closings would be effective January 1, 1999 at the following units:

<u>Unit</u>	<u>1998-99 Reduction</u>	<u># of Positions</u>
Alamance	\$(485,889)	(27.0)
Alexander	(504,232)	(27.0)
Martin	(432,051)	(24.0)
Sandy Ridge	(427,657)	(24.0)

The second phase of closings would be effective March 1, 1999 at the following units:

<u>Unit</u>	<u>1998-99 Reduction</u>	<u># of Positions</u>
Scotland	\$(494,657)	(42.0)
Stanly	(979,223)	(72.0)
Stokes	(383,696)	(26.0)
Union	(600,771)	(55.0)
Mecklenburg	(814,840)	(60.0)
Total		(5,123,016)
Number of Positions		(357.0)
Subtotal - Department of Correction		
Requirements	\$ (8,922,694)	
Receipts	<u>2,399,103</u>	
Appropriation	\$ (11,321,797)	
Number of Positions		(393.0)

**Department of Crime Control and Public Safety
Operating Efficiencies**

1998-99

1. Abolish One Position in Crime Prevention

It is recommended that one position in Crime Prevention be eliminated in the department's effort to improve its supervisory span of control.

\$ (52,437)
(1.0)

Number of Positions

2. Reduction in Equipment Funds in Emergency Management

It is recommended that the line item for equipment in Emergency Management's budget be reduced to make appropriations available.

(9,556)

Subtotal - Department of Crime Control and Public Safety

Requirements

\$ (61,993)

Receipts

-

Appropriations

\$ (61,993)

Number of Positions

(1.0)

**Department of Agriculture and Consumer Services
Operating Efficiencies**

1998-99

1. Receipt Adjustments

The Department of Agriculture and Consumer Services has reviewed the status of receipts in the various operating funds within the department. Adjustments have been made to bring the different receipts into a more realistic alignment with the amounts that are anticipated to be received.

Requirements

\$ -

Receipts

210,600

Appropriation

\$ (210,600)

Subtotal - Department of Agriculture and Consumer Services

\$ (210,600)

**Department of Commerce
Operating Efficiencies**

1998-99

1. **NC Alliance for Competitive Technologies (NC ACTs)**
Efficiencies are realized through available salary reserve created by personnel salary adjustments. \$ (24,356)

2. **Travel and Tourism Printing**
The printing of the North Carolina Travel Guide has been privatized to a contractor who sells advertisements to North Carolina tourism businesses to support its production. General Funds are no longer needed for this purpose. (100,000)

3. **Industrial Commission Operating Accounts**
The Industrial Commission will contribute to the department's budget reductions by continuing their work with fewer resources. Various operating accounts have been reduced to reflect this including one position. (93,322)
Number of Positions (1.0)

- Subtotal - Department of Commerce \$ (217,678)
Number of Positions (1.0)

**Microelectronics Center of North Carolina (MCNC)
Operating Efficiencies**

1998-99

1. **Administrative Functions**
A 1.5% reduction was taken from the Microelectronics Center's administrative budget excluding grants. Fiscal year 1998-99 is the last fiscal year in which MCNC will receive state funds. \$ (30,750)

- Subtotal - Microelectronics Center of North Carolina (MCNC) \$ (30,750)

**North Carolina Biotechnology Center (NCBC)
Operating Efficiencies**

1998-99

1. Administrative Functions

A 1.5% reduction was taken from the Biotechnology Center's administrative budget excluding grants.

\$ (25,483)

Subtotal - North Carolina Biotechnology Center (NCBC)

\$ (25,483)

**Rural Economic Development Center (REDC)
Operating Efficiencies**

1998-99

1. Administrative Functions

A 1.5% reduction was taken from the Rural Economic Development Center's administrative budget excluding grants.

\$ (12,662)

Subtotal - Rural Economic Development Center (REDC)

\$ (12,662)

**State Information Processing Services (SIPS)
Operating Efficiencies**

1998-99

1. Information Resources Management Positions

Four Information Resources Management positions will be moved from appropriation to receipt support. The rate structure will reflect this change.

Requirements

\$ -

Receipts

263,791

Appropriation

\$ (263,791)

Subtotal - State Information Processing Services (SIPS)

Requirements

\$ -

Receipts

263,791

Appropriation

\$ (263,791)

**Department of Environment and Natural Resources
Operating Efficiencies**

1998-99

1. **Executive Offices**
The Executive Offices will eliminate a vacant position that is no longer utilized as a result of reassignment of duties. \$ (82,134)
Number of Positions (1.0)
2. **General Services**
The division is reducing salary reserve in a position that was recently vacated by retirement. (10,000)
3. **Controller's Office**
The Controller's Office has reallocated positions to address findings by the State Auditors, which as a result, has created salary reserve. (5,053)
4. **Forest Resources**
The Division will implement efficiencies, such as the conversion from using SIPS mainframe applications to the Division of Forest Resources Wide Area Network, which will decrease line charges, use of computer CD orthophota Quads rather than aerial photography, use increased computer technology, thereby reducing the need for temporary services, increase efforts to allow employees to take compensatory time off, rather than pay for all overtime, modify fire readiness stand-by schedules, and change operational procedures to improve efficiencies. (311,034)
5. **Parks**
The Division of Parks and Recreation increased the fees charged in the parks and recreation areas last year. The division will adjust the level of receipts to reflect this change, and reduce state appropriations by the same amount. (100,000)
6. **North Carolina Zoological Park**
The North Carolina Zoo will adjust the schedule for the replacement of equipment and motor vehicles and reduce the state appropriations in the operating budget. This will not adversely affect the operation of the zoo. (133,079)

Environment and Natural Resources - Continued

1998-99

7. **Soil and Water Conservation**

The General Assembly appropriated funds to the division to assist farmers with the installation of Best Management practices for water quality in meeting the requirements of the .0200 animal waste rules. The deadline for meeting these rules was December 1, 1997. While there remains farmers to assist, the division feels that most of these will be completed by June 30, 1998. As the deadline has passed and the original need for these positions has been addressed, the division will eliminate these six positions.

\$ (185,445)
(5.50)

Number of Positions

8. **Marine Fisheries**

The division has identified efficiencies that can be made through the use of automation, reduction in supplies, postage, printing, and inventory.

(130,000)

9. **Museum of Natural Sciences**

The museum has implemented new purchasing procedures which should result in a savings in supplies through bulk purchasing.

(39,513)

10. **Environmental Health**

The Division has identified efficiencies in equipment replacement schedules, reduce salary reserve and funds for a completed study.

(72,210)
(0.50)

Number of Positions

11. **Pollution Prevention**

The Division of Pollution Prevention provides a total of \$75,000 in grant funds to business and industry operations to demonstrate innovative pollution technologies. These funds support an average of three to five projects per year. The division will focus on dissemination of information about successful applications of these technologies. This reduction will result in one to two fewer grants being awarded annually.

(24,362)

12. **Coastal Resources**

The Division of Coastal Resources will reduce travel, supplies, equipment, printing, and postage through use of automation and a reduction in conference attendance.

(30,004)

Environment and Natural Resources - Continued

1998-99

13. **Waste Management**

The division will abolish a Computing Consultant II position that currently provides programming duties for the division. The division will contract using federal funding when appropriate and needed to accomplish these tasks.

\$ (45,095)
(1.0)

Number of Positions

14. **Land Resources**

The division will extend the replacement schedule on equipment and reduce travel, postage, supplies, and inventories.

(42,861)

15. **Air Quality**

The division will reduce expenditures through efficiencies in travel, supplies, and inventories.

(14,892)

16. **Regional Offices**

The DENR Washington Office will reduce funds that supported the Department of Commerce when they were in this office. Commerce has since moved its activities to an office in Greenville. Therefore, these funds can be eliminated.

(31,416)

Subtotal for Department of Environment and Natural Resources

\$ (1,257,098)

Number of Positions

(8.0)

**Debt Service
Operating Efficiencies**

1998-99

1. Principal and Interest

As a result of further analysis, a reduction in funds budgeted for debt service is recommended. The current budget for annual principal and interest appropriation for the State of North Carolina for existing debt and for the funding for general obligation School Bonds to be sold in the 1997-98 fiscal year is \$205,373,699. The projected requirement for 1998-99 is \$202,592,883 and the scheduled receipts from debt being repaid to the state from local government are \$6,880,610. The adjusted total debt service plus the anticipated receipts will reduce the general fund appropriation required to \$195,712,273 for retirement of general fund debt obligations in 1998-99, thereby allowing for a general fund reduction of \$9,661,426.

\$ (9,661,426)

Subtotal - Debt Service

\$ (9,661,426)

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS

March 18, 1998

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
Roshyn Sawell	RS Government Services
James P. Gray	Dept. of Justice
Alan Beylorn	SPED
Yander King	HFA/H5/Marta Marueta
Paula Hawthorne	NCHA
Angie Jo Gunn	Smith Anderson
Jon B. Wilson	NCLTC 7.
Stephanie Williams	Comm. College
Gene Caysby	E - EBC
Susan Harrison	Wake County Public Schools
Cheryl Hughes	NCCCS
Debbie Starnes	Parale Comm.
Melita Skoones	" "
AL DITCH	DOR/YAPD
Harriet Dial	NCAE
Bill Wilson	NCAE
Thaddeus Davis	NCAE
Alfred Smith	DHHS - CMA
Daphne Lynn	DHHS - DMA
Marsha Glass	DOR
Quinn Canada	OSC
Melissa Blood	PBNC
Clifford B. Hittler	URC GA
Dr. Hulse	BTC
Jack Simpson	NCAE
Carl Seduin	OSP
Annette Ethridge	Gov's Office

Ken Croza	WNC
Daniel Arnold	SEANC
Kathleen Joyce	SEANC
Wendy Mills	SEANC
Joe Stewart	CPS
Mike Barham	CPS
Lee Kettleidge	DHHS
Jim Edgert	DHHS
DAVE PORRION	DHHS
ANGIE McMILLAN	DHHS
NELS POSBLAND	OSBM
Kevin FitzGerald	DHHS - DSS
Sharonne Rasmussen	DSS
Stacy	DENR
Mary Deane	OSBM
Wayne Williams	OSBM
Jane Smith	DENR
Paul Logeman	Carolina Hairy Assn.
Dienne Beasley	ENR - Forest Resources
Stan Adams	ENR - Forest Resources
Leo Lillig	Commerce
Phil Wilson	Commerce
Keith McDonald	Revenue
Linda Small	ENR - Env. Health
Debbie M. Moxley	ENR - Soil and Water
Barbara Harris	OSBM
Whitney Brug	DMHDDSTS
Kathie Austin Padgett	OSPL
David Brown	OSBM
Janet Pittard	OSBM
Maria King	"
Byron K. Harris	OSBM
Melvin Weaver	NCDHHS

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