

1. How Does the Budget Affect Me?

Note: Unless otherwise noted, Quick Facts refer to FY2001, the latest year for which data is available.

Quick Facts: NC Public Schools (FY 2001–2002)

- Total public school budget: \$5.9 billion
- Public school expenditures distributed to salaries and benefits: \$5.6 billion (94.7%)
- 117 local education administrative units
- 2,230 schools (including 93 charter schools)
- 83,907 teachers (73,290 state-funded; others funded with local, federal, or a combination of funds)
- 27,364 teacher assistants (21,208 state-funded; others funded as above)
- 4,536 principals/assistant principals (3,916 state-funded)
- Public school expenditures distributed to Department of Public Instruction (DPI): Raleigh—\$35 million
- Budget “drivers” in public schools:
 - Average daily membership (ADM) past six years (1997–2003) increased 20,000 per year which translates to \$125 million+ increase per year in public school operating costs
 - Cost of each 1% increase in teachers’ and instructional support personnel salaries: \$37 million

Public Instruction

- 2001–02 First Month Average Daily Membership: 1,295,092 (includes 17,979 in charter schools)
- Projections of state final average daily membership:
 - 2001–02 actual: 1,265,360
 - 2002–03 expected: 1,280,624
 - 2003–04: 1,297,999
 - 2004–05: 1,316,891
 - 2005–06: 1,334,097

Quick Facts: Community College System; University of North Carolina System

Community College System

- 58 community colleges (same number since 1979)
- Funding sources for 2001–02 are as follows:
 - State71.3%
 - Local13.3%
 - Tuition12.2%
 - Federal.....2.5%
 - Other0.7%
- 50,137 students enrolled in distance learning courses in 2000–01
- 772,280 students served (unduplicated) in 2000–01 (includes main curriculum students and continuing education)

University of North Carolina System

- 16 campuses
- 141,272 regular-term students

- 10,191 regular-term teaching positions
- The UNC system offers more than 200 degree programs and graduates more than 30,000 students each year. Undergraduates account for more than 80% of UNC’s total enrollment.
- The North Carolina School of the Arts (Winston-Salem) and the North Carolina School of Science and Mathematics (Durham) are part of the UNC university system.
- UNC-TV’s 11 stations cover more than 95% of the state and reach more than 2 million viewers weekly. Nearly 40% of its broadcast schedule is devoted to preparing children for school.
- During the 2000–2001 academic year, the North Carolina State Education Assistance Authority guaranteed more than \$378 million worth of financial aid to approximately 127,500 students.

SOURCE: DPI Annual Report, *A Matter of Facts* (CCS publication 2002)

Every year, the governor, other state officials and the 170 members of the General Assembly wrestle with a spending plan for North Carolina, a budget that has now grown to more than **\$26 billion**. But it is more than size that makes the state budget so critical. The budget expresses *all* our key policy decisions and priorities.

It determines who we tax and how much and how we choose to spend our money for programs and services that range from public schools to repairing highways to a state School of the Arts. Because there is never enough money to do it all, and never will be, the budget reflects the consensus of North Carolina’s elected representatives.

Making decisions about priorities is part of the give and take that drives the state’s annual budget-making process. It is a process that involves the governor, the 120 members of the state House, the 50 members of the state Senate, elected officials, appointed officials, local government representatives, advocates for any number of causes, lobbyists, and average citizens with interests in specific programs or projects.

GENERAL FUND

In all the debate over the budget each year, the main focus is on the General Fund, which amounts to just over half of North Carolina’s total budget. The General Fund, financed almost exclusively from state taxes and fees, pays for all forms of public education, the operations of most state agencies (providing all sorts of services, from economic business development to environmental access and monitoring to adult and juvenile correctional institutions, inspections of rides at carnivals and fairs and housing and maintenance of animals and birds at the NC Zoo), and the state’s share of programs in health and human services, like nursing homes and mental health hospitals.

HIGHWAY FUND

A second major part of the budget, the Highway Fund, pays the state’s share of most transportation programs, including roads, airports, and railways and trains. Highway Fund money comes from transportation-related taxes and fees like the gasoline tax, the annual fee for license plates and

drivers licenses, titles for automobile ownership, and related sources.

FEDERAL FUNDS

A third major section of the budget is comprised of federal funds that are channeled through state agencies as grants for specific services such as community development, worker training and retraining, health and human services, and environmental programs and services.

The General Fund, more than any other

section of the budget, reflects the priorities of state officials for the use of money directly raised in North Carolina. It is the area of the budget that makes North Carolina unique, that reflects what this state's governor and General Assembly consider important.

Every citizen of North Carolina, from the youngest infant to the oldest resident, is affected by the state's budget, either as a contributor through taxes and fees or as a customer of state services. The vast majority of North Carolina's

citizens are both contributors and consumers. You do not have to receive a government check to be a beneficiary of the state budget. Nor do you have to get a paycheck with state income taxes withheld to be a contributor to it.

ESTIMATING REVENUES

The state budget is based on the amount of revenues from taxes, fees, and other sources of funds North Carolina expects to collect in the next budget—or fiscal—year, which runs from

Quick Facts: Crime Control and Public Safety; Department of Transportation; and Department of Environmental & Natural Resources (DENR)

Highway Patrol

- Total charges for violations in 2001: 897,891
- Hours worked: 2.3 million
- Accidents investigated: 98,297

Alcohol Law Enforcement (ALE)

- 2002 arrests: 9,744

Emergency Management Division

- Emergency events responded to in 2001: 3,043
- Search and rescue missions in 2001: 302
- Responses to emergencies involving hazardous materials in 2001: 1,062

Highway System

- 78,350 miles of road constituting the second largest highway system in the nation
- 17,250 bridges spanning 380 miles

DENR—Recreation Only

- 55 state parks
- 168,355 acres in the state park system
- 363,861 acres in state forests

Juvenile Justice

- Court services: processed 41,042 delinquent complaints; 5,285 undisciplined complaints

- Community programs
- Juvenile Crime Prevention Program: 28,660 juveniles
- Eckerd Wilderness Camps: 746 participants
- Multi-purpose juvenile homes: 386
- Governor's One-on-One Program: 1,841
- Support our Students Program: 12,840 students served (after school program)
- Teen Court: 1,643 cases heard resulting in 27,617 hours of community service
- Youth Development Centers: 650 new commitments; average daily population: 885
- Detention centers: 9,138 admissions; average daily population: 269

SOURCES: Statistics from departmental websites of Crime Control, Highway Patrol; ALE, DOT Annual Reports; NC Consolidated Financial Audit Report; Department of Corrections, DJJP website & Annual Report

Quick Facts: Departments of Corrections, Treasurer, Revenue, and Labor

Department of Corrections

- Prison Inmates: 33,465
- Probationers: 115,252
- Parolees: 2,403

State Treasurer

- Total assets under management: \$65.9 billion
- State General Obligation (GO) bonds sold in FY 2000–2001: \$680 million
- Local GO bonds sold: \$1.3 billion
- State GO bonds outstanding: \$3.032 billion

Department of Revenue

- Gross collections: \$18.3 billion
- Average daily deposit: \$70.1 million
- Tax returns processed in 2001: 9,658,531
- Tax payments processed in 2001: 5,619,562
- Number of refunds in 2001 (all tax schedules): 2,673,880
- Number of individual tax refund returns filed electronically in 2001: 1,239,845 (includes personal, business, and corporate)

Department of Labor

- More than 11,000 enrolled in private industry-supported apprenticeship programs
- More than 90,000 boilers and pressure vessels currently on record with the Bureau
- Conducts more than 28,000 annual elevator and amusement device inspections
- Conducts 4,000 occupational safety and health inspections annually
- Provides consulting services to the 180,000 private and public employers under its jurisdiction
- Regulates and supports about 460 private-sector mines, quarries, and sand and gravel pit operations that fall under its jurisdiction

SOURCES: DHHS Medicaid Study; General Assembly Medicaid Study: FY 2001; State Data Center; Department of Corrections website; State Treasurer's website; and Fiscal Research Division, NC General Assembly

1. How Does the Budget Affect Me? *continued*

July 1 to June 30. Those projections are made by economists and financial experts in both the executive and legislative branches of government. In most cases, the governor and members of the General Assembly try to use conservative projections for next year's growth in deciding how much money will be available to include in the budget. In most years, the economy performs better than the conservative estimates, leading to revenue collections that exceed projections. That leaves the state with unbudgeted, one-time funds that can be used for repair and renovation of state facilities,

and a "rainy day fund" for emergencies, clean water projects, construction of new facilities, equipment purchases, or other one-time costs.

But when the economy takes a downturn, as it has in the last few years, revenue collections can fall below even conservative estimates, leaving the state with a shortfall. Unlike the federal government, North Carolina has a *constitutional requirement* that its budget each year be balanced. That means that spending cannot exceed the revenue taken in each year. A "deficit" or "shortfall" in North Carolina means that revenue collections

for the year are running behind projections so that spending, by law, must be reduced to meet the lower revenue amounts.

The governor prepares and submits to the legislature the budget—a balanced plan of expected receipts and proposed expenses.

The legislature adopts the state's final spending plan, but the governor has the constitutional authority to make virtually any spending reductions in that plan as necessary to ensure that the state ends its fiscal year on June 30 with a balanced budget.

YOU CONTRIBUTE TO THE STATE BUDGET EVERY TIME:

- you file and pay your annual income tax
- businesses pay a business license tax or corporate income tax
- you make a purchase and pay sales taxes
- you renew your drivers license
- you buy a gallon of gas or license tag for your car
- you pay an admission charge or buy a souvenir at a state park, museum, or historic site
- you buy any tobacco or alcohol product
- you pay a traffic ticket
- you pay university or community college tuition

YOU BENEFIT FROM THE STATE BUDGET WHEN:

- your children or grandchildren attend school or a licensed daycare center, visit a state park or the state zoo
- you attend a community college or university to upgrade your skills or take a course for personal enrichment
- you visit a state park, museum, or historic site
- you ride on virtually any state highway, built and maintained with state funds and policed by the Highway Patrol
- you attend a North Carolina Symphony concert in your hometown
- state aid to cities and counties offsets pressures to raise local property taxes
- a statewide system of courts administer a uniform justice system in all 100 NC counties
- state agencies respond to fire, flood, or storm emergencies in your community