

200 W. Morgan, #200 Raleigh, NC 27601 phone: 919-828-3876 fax: 919-821-5117 www.johnlocke.org

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## spotlight

No. 395 - July 20, 2010

## **BUDGET CRISIS IS OPPORTUNITY**

Bigger budget for FY'11 shows need for policy reform

KEY FACTS: • The final budget for fiscal year 2011 spends \$20.56 billion, \$153 million more than the budget for fiscal year 2010.

- General fund availability in fiscal year 2011 excluding federal funds is \$17 million less than was available in fiscal year 2010.
- Federal bailout funds for the state total \$1.6 billion, up from \$1.4 billion in fiscal year 2010.
- Congress may not pass an extension of more than \$500 million in bailout funds for the state.
- Contingency plans include breaking a 69-year tradition in the state of meeting the needed contribution to state employee pensions.
- Temporary taxes, one-time changes, and other federal funds add \$1.7 billion to the hole for fiscal year 2012.
- Funding pension and retiree health benefits will add as much as \$4 billion more to the pending shortfall.
- A \$7 billion shortfall in a \$20 billion General Fund requires fundamental reform of state government.

or the first time in years, North Carolina had a budget before the fiscal year began. The final bill had an advertised price of \$18.95 billion, \$56 million less than the last budget. When including federal bailout dollars, however, spending actually climbed \$153 million from last fiscal year to \$20.56 billion.

While spending continued to grow, the funding basis shrank. Excluding the federal bailout, general fund availability from taxes, fees, and \$62 million in transfers from other state sources was down \$17 million from last year, to \$18.94 billion.

Federal bailout money has allowed lawmakers to spend more than they reliably have available. Lawmakers have budgeted \$1.6 billion in bailout pay-

ments, but up to \$562 million of that is still pending approval from Congress. If that fails to materialize, the General Assembly has specified \$519 million in transfers and cuts. Among those cuts would be \$139 million from the state em-

ployee pension plan, which would mark the first time in seventy years that the state failed to meet its funding obligation for pensions.

More than \$1 billion of tax collections are from a temporary surcharge in the corporate and personal income taxes and a temporary quarter-cent increase in the sales tax. One-time cuts, transfers from other areas of government, and other temporary federal funds add another \$700 million that will not be available for budget writers in 2011.

With or without the additional federal dollars, lawmakers have dug a \$3.3 billion hole for fiscal year 2012. Needed contributions to pension and health care obligations could add as much as \$4 billion to this figure.

Such numbers mean a structural deficit between 15 percent and 35 percent of state general fund appropriations — not something that can be filled by doing the same thing as always just with higher taxes, more cost-sharing, or lower spending. Gov. Bev Perdue and policymakers throughout state government need to look *now* at different ways to accomplish their goals, even if that means divesting the state from those activities.

Joseph Coletti is Director of Health and Fiscal Policy Studies at the John Locke Foundation.

Figure 1.

Comparison   Conference   F/2010   Conference   F/2010   Conference   F/2010   Stimulus   427,940,579   373,281,648   373,281,	Spending proposals,	final bill (SBS	987), and spe	ending in FY 2	2010 budget	(SB202)
Stimulus		Governor	Senate	House	Conference	FY2010
CC	K-12					7,456,261,240
UNIC	Stimulus		373,281,648			379,668,352
Stimulus	CC					999,833,122
Croal Education	UNC		· · · ·	<u> </u>	· · · ·	2,706,834,335
CMS						137,815,94
Aging         38,282,029         37,282,029         37,282,029         37,382,029         35,899,897           Blind & Deof         8,035,667         8,016,819         7,941,819         8,016,819         8,731,883           Child         252,174,124         223,093,407         239,224,378         234,224,378         257,095,57           Ed Svcs         35,557,408         31,232,038         33,959,179         32,751,458         36,669,397           HSR         15,435,246         15,862,779         15,982,574         15,682,779         12,769,748           Medicaid         2,326,113,458         2,370,920,487         2,405,218,140         2,368,365,829         2,318,653,16           Stimulus         1,063,606,838         1,063,606,838         1,063,406,838         1,063,406,838         865,735,249           MH/DD/SAS         697,768,647         666,229,1774         681,481,715         705,476,614         644,283,605           NCH Hoelih Choice         90,431,884         88,409,166         85,099,691         88,409,166         77,218,627           Soc Svee         195,933,970         192,944,399         197,462,731         192,279,691         28,179,226,71           Soc Svee         195,933,970         192,241,0450         1,244,823,067         1,282,529,83 <td>Total Education</td> <td>11,307,469,586</td> <td>11,388,732,339</td> <td>11,202,900,683</td> <td>11,325,144,375</td> <td>11,680,412,993</td>	Total Education	11,307,469,586	11,388,732,339	11,202,900,683	11,325,144,375	11,680,412,993
Blind & Doef         8,035,667         8,016,819         7,941,819         8,016,819         8,731,821           Child         252,174,124         223,093,407         239,224,378         234,224,378         237,095,57           Ed Svcs         35,557,408         31,232,038         33,959,179         32,751,458         36,669,397           HSR         15,435,246         15,852,779         15,998,674         15,852,779         17,926,77           MH/DD/SAS         0,977,68,647         686,271,774         681,481,715         705,476,614         664,388,884           NCH Hedlht Choice         90,431,884         488,409,166         85,099,691         88,409,166         88,099,661         664,388,882           PH         167,292,360         154,423,605         154,895,605         156,582,212         161,566,12           VR         37,704,173         37,917,701         39,214,460         39,479,19         20,027,89           VRS Stimulus         6,035,849         6,035,849         6,035,849         6,035,849         6,035,849         6,035,849         6,035,849         7,030,3022           Total Health & Human Services         5,004,232,525         4985,275,396         5,039,698,408         5,019,561,338         477,003,0022           Total Health & Human Services	CMS	69,880,934	69,248,505	72,277,380	70,648,505	75,016,712
Blind & Doef         8,035,667         8,016,819         7,941,819         8,016,819         8,731,825           Child         252,174,124         223,093,407         239,224,378         234,224,378         237,095,57         257,095,57         257,095,57         237,51,458         36,669,397         1588         15,435,246         15,852,779         15,998,694         15,852,779         17,926,614         36,669,397         115,852,779         15,982,579         15,982,579         17,926,614         36,669,387         15,852,779         15,982,579         15,982,579         17,926,614         664,838,186         36,666,838         1,063,606,838         1,063,606,838         1,063,606,838         1,063,606,838         857,352,497         17,726,614         664,388,186         88,09,166         664,388,186         88,09,166         664,388,186         88,09,166         664,388,186         88,09,166         664,388,186         88,09,166         664,388,186         88,09,166         664,388,186         88,09,166         664,388,186         88,09,166         664,388,186         88,09,166         664,388,186         88,09,166         664,388,186         89,09,163         39,479,191         42,006,286         60,088,186         60,035,849         60,035,849         60,035,849         60,035,849         60,035,849         60,035,849         60,035,849<		38,282,029				35,899,897
Ect Svcs	Blind & Deaf	8,035,667	8,016,819	7,941,819	8,016,819	8,731,883
HSR	Child	252,174,124	223,093,407	239,224,378	234,224,378	257,095,576
HSR	Ed Svcs					36,669,397
Stimulus	HSR		15,852,779	15,998,594	15,852,779	17,926,741
MH/DD/SAS 697,788,647 686,291,774 681,481,715 705,476,614 664,385,88. NC Health Choice 90,431,884 88,409,166 85,099,691 88,409,165 81,6582,212 161,566,12 PH 167,292,360 154,423,605 154,895,605 156,582,212 161,566,12 Soc Svce 195,933,970 192,944,399 197,462,731 192,729,691 208,179,422 VR 37,704,173 37,917,701 39,214,460 39,479,191 42,006,280 Unker Stimulus 6,035,849 6,035,849 6,035,849 6,035,849 9,600,922 Total Health & Human Services 5,004,252,587 4,985,275,396 5,039,698,408 5,019,561,358 47,703,030,26  Correction 1,280,940,675 1,272,410,650 1,284,823,067 1,285,252,983 1,313,815,47 Stimulus 12,926,135 12,926,	Medicaid	2,326,113,458	2,370,920,487	2,405,218,140	2,368,365,829	2,318,653,169
MH/DD/SAS 697,768,647	Stimulus	1,063,606,838	1,063,606,838	1,063,606,838	1,063,606,838	857,352,497
NC Health Choice 90,431,884 88,409,166 85,099,691 88,409,166 77,218,52 PM 167,292,360 154,423,605 154,895,605 156,582,212 161,5661,221 165,5661,212 161,5661,225 12 161,5661,225 12 161,5661,2261 12 161,5661,225 12 161,5661,						664,385,884
PH						
Soc Svce         195,933,970         192,944,399         197,462,731         192,729,691         208,179,422           VR         37,704,173         37,917,701         39,214,460         39,479,191         42,006,284           Other Stimulus         6,035,849         6,035,849         6,035,849         6,035,849         6,035,849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,603,2849         9,600,924         10,600,600         1,288,282,983         1,313,815,47         3,819,969,83         12,926,135         <	PH					
VR						
Other Stimulus         6,035,849         6,035,849         6,035,849         6,035,849         9,600,924           Total Health & Human Services         5,004,252,587         4,985,275,396         5,039,698,408         5,019,561,358         4,770,303,026           Correction         1,280,940,675         1,272,410,650         1,284,823,067         1,285,252,983         1,313,815,47           Stimulus         12,926,135         12,926,135         12,926,135         12,926,135         12,926,135           CCPS         32,899,963         32,402,789         32,612,371         32,062,371         32,062,371         32,062,371         32,566,547           Judicial         1D         121,960,964         115,937,143         116,075,384         115,700,384         135,927,981           Justice         85,850,386         85,662,231         85,451,622         85,647,778         89,736,617           JU         141,331,552         142,446,865         145,727,187         146,280,807         145,654,922           Judicial Justice & Public Safety         2,130,446,860         2,109,721,047         2,130,152,994         2,128,189,582         2,197,555,938           Ag         56,320,430         58,620,859         61,385,951         60,380,533         63,034,434           Comm SA, NC						
Total Health & Human Services         5,004,252,587         4,985,275,396         5,039,698,408         5,019,561,358         4,770,303,026           Correction         1,280,940,675         1,272,410,650         1,284,823,067         1,285,252,983         1,313,815,47           Stimulus         12,926,135         12,946,135         12,946,135         12,946,135         12,946,						
Stimulus         12,926,135         32,566,547         32,566,547         32,566,547         32,566,547         32,566,547         32,566,547         32,566,547         32,566,547         32,566,547         32,667,928,557         32,677,934         11,6,75,384         115,700,384         135,927,989         33,615,654         415,727,187         146,280,807         145,654,922         32,646,616         31,556,547,778         89,736,617         32,566,547         32,566,547         32,566,547         32,566,547         32,566,547         32,566,547         32,527,788         32,527,788         32,527,788         32,527,788         32,527,788         32,528,661         32,528,661         32,528,661         32,528,661         32,528,661         32,528,661         32,528,661         32,528,661						
Stimulus         12,926,135         12,926,100         1,326,506,647         12,26,527         12,26,527,128         45,257,128         45,277,128         45,277,128         45,277,788         89,736,617         13,155         142,446,865         145,727,187         146,280,807         145,654,922         107,555,938         101,155,617,018         145,028,937         145,654,922         140,555,932         21,97,555,938         101,000,000,000         101,000,001,000         10,000,001,000         10,000,001,000         10	C	1 200 040 475	1 272 410 450	1 204 922 047	1 205 252 002	1 212 015 47
CCPS         32,899,963         32,402,789         32,612,371         32,062,371         32,566,547           Judicial         454,537,185         447,935,234         452,537,228         450,319,124         466,928,255           Judicial - ID         121,960,964         115,937,143         116,075,384         115,700,384         135,727,98*           Justice         85,850,386         85,662,231         85,451,622         85,647,778         89,736,61*           JJ         141,331,552         142,446,865         145,727,187         146,280,807         145,654,923           Total Justice & Public Safety         2,130,446,860         2,109,721,047         2,130,152,994         2,128,189,582         2,197,555,938           Ag         56,320,430         58,620,859         61,385,951         60,380,533         63,034,434           Comm SA, NC Biotech, REDC         66,923,061         60,911,908         71,561,908         83,237,003         60,385,16           ENR         190283144         191,626,927         193,890,337         194,625,330         201,108,41           CWMT         50,000,000         50,000,000         50,000,000         50,000,000         50,000,000         50,000,000         50,000,000         50,000,000         50,000,000         50,000,000         16,1				<u> </u>		
Judicial						
Judicial - ID  121,960,964 115,937,143 116,075,384 115,700,384 135,927,989 Justice 85,850,386 85,662,231 85,451,622 85,647,778 89,736,617 JU  141,331,552 142,446,865 145,727,187 146,280,807 145,654,923 Total Justice & Public Safety 2,130,446,860 2,109,721,047 2,130,152,994 2,128,189,582 2,197,555,938  Ag  56,320,430 58,620,859 61,385,951 60,380,533 63,034,434 63,472,422 74,867,796 60,166,168 63,185,854 45,028,421 Comm SA, NC Biotech, REDC 66,923,061 60,911,908 71,561,908 83,237,003 60,385,16 ENR 190283144 191,626,927 193,890,337 194,625,330 201,108,411 CWMT 50,000,000 50,000,000 50,000,000 50,000,00						
Section   Sect						
Total Debt Service & Reserves  1,41,331,552  142,444,865  145,727,187  146,280,807  145,654,923  Total Justice & Public Safety  2,130,446,860  2,109,721,047  2,130,152,994  2,128,189,582  2,197,555,938  Ag  56,320,430  58,620,859  61,385,951  60,380,533  63,034,434  Comm  63,472,422  74,867,796  60,166,168  63,185,854  45,028,421  Comm SA, NC Biotech, REDC  66,923,061  60,911,908  71,561,908  83,237,003  60,385,16  ENR  190283144  191,626,927  193,890,337  194,625,330  201,108,41  CWMT  50,000,000  50,000,000  50,000,000  50,000,00						
Total Justice & Public Safety  2,130,446,860  2,109,721,047  2,130,152,994  2,128,189,582  2,197,555,938  Ag  56,320,430  58,620,859  61,385,951  60,380,533  63,034,434  Comm  63,472,422  74,867,796  60,166,168  63,185,854  45,028,421  Comm SA, NC Biotech, REDC  66,923,061  60,911,908  71,561,908  83,237,003  60,385,16  ENR  190283144  191,626,927  193,890,337  194,625,330  201,108,41  CWMT  50,000,000  50,000,000  50,000,000  50,000,00						
Ag 56,320,430 58,620,859 61,385,951 60,380,533 63,034,434 Comm 63,472,422 74,867,796 60,166,168 63,185,854 45,028,421 (Comm SA, NC Biotech, REDC 66,923,061 60,911,908 71,561,908 83,237,003 60,385,16 ENR 190283144 191,626,927 193,890,337 194,625,330 201,108,411 (CWMT 50,000,000 50,000,000 50,000,000 50,000,00	Total Justice & Public Safety					
Comm 63,472,422 74,867,796 60,166,168 63,185,854 45,028,421   Comm SA, NC Biotech, REDC 66,923,061 60,911,908 71,561,908 83,237,003 60,385,16   ENR 190283144 191,626,927 193,890,337 194,625,330 201,108,41   CWMT 50,000,000 50,000,000 50,000,000 50,000,00	·					
Comm SA, NC Biotech, REDC         66,923,061         60,911,908         71,561,908         83,237,003         60,385,16           ENR         190283144         191,626,927         193,890,337         194,625,330         201,108,41           CWMT         50,000,000         10,429,113         16,428,308         16,298,308         17,429,19						
ENR 190283144 191,626,927 193,890,337 194,625,330 201,108,412 CWMT 50,000,000 50,000,000 50,000,000 50,000,00						
CWMT         50,000,000         17,429,19         10,000,000 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Labor         16,181,475         15,989,542         16,498,308         16,298,308         17,429,19           Total Natural & Econ Resources         443,180,532         452,017,032         453,502,672         467,727,028         436,985,625           Gen Govt         441,151,870         433,734,701         436,738,215         438,509,400         440,876,66           Total Debt Service & Reserves         1,411,825,171         1,192,686,200         1,203,414,918         1,168,041,272         874,462,974           Operating         19,138,273,488         18,962,113,597         18,866,354,772         18,947,119,897         19,003,233,369           Total Stimulus         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,000,053,152         1,000,053,152						
Total Natural & Econ Resources         443,180,532         452,017,032         453,502,672         467,727,028         436,985,625           Gen Govf         441,151,870         433,734,701         436,738,215         438,509,400         440,876,66           Total Debt Service & Reserves         1,411,825,171         1,192,686,200         1,203,414,918         1,168,041,272         874,462,978           Operating         19,138,273,488         18,962,113,597         18,866,354,772         18,947,119,897         19,003,233,369           Total Stimulus         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,397,363,852           Operating Including Stimulus         20,738,326,606         20,562,166,715         20,466,407,890         20,547,173,015         20,400,597,221           Capital         11,172,072         27,563,778         9,130,000         11,173,440         4,875,000           TOTAL         19,149,445,560         18,989,677,375         18,875,484,772         18,958,293,337         19,008,108,369           TOTAL - Including Stimulus         20,749,498,678         20,589,730,493         20,475,537,890 20,558,346,455         20,405,472,221           HF         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1						
Gen Govt 441,151,870 433,734,701 436,738,215 438,509,400 440,876,66  Total Debt Service & Reserves 1,411,825,171 1,192,686,200 1,203,414,918 1,168,041,272 874,462,976  Operating 19,138,273,488 18,962,113,597 18,866,354,772 18,947,119,897 19,003,233,369  Total Stimulus 1,600,053,118 1,600,053,118 1,600,053,118 1,600,053,118 1,397,363,852  Operating Including Stimulus 20,738,326,606 20,562,166,715 20,466,407,890 20,547,173,015 20,400,597,221  Capital 11,172,072 27,563,778 9,130,000 11,173,440 4,875,000  TOTAL 19,149,445,560 18,989,677,375 18,875,484,772 18,958,293,337 19,008,108,369  TOTAL 19,149,445,560 20,589,730,493 20,475,537,890 20,558,346,455 20,405,472,221  HF 1,792,540,000 1,792,540,000 1,792,540,000 1,792,540,000 1,736,590,000  HTF 1,001,313,983 928,730,000 928,730,000 928,730,000 881,290,000						
Total Debt Service & Reserves 1,411,825,171 1,192,686,200 1,203,414,918 1,168,041,272 874,462,978  Operating 19,138,273,488 18,962,113,597 18,866,354,772 18,947,119,897 19,003,233,369  Total Stimulus 1,600,053,118 1,600,053,118 1,600,053,118 1,600,053,118 1,397,363,852  Operating Including Stimulus 20,738,326,606 20,562,166,715 20,466,407,890 20,547,173,015 20,400,597,221  Capital 11,172,072 27,563,778 9,130,000 11,173,440 4,875,000  TOTAL 19,149,445,560 18,989,677,375 18,875,484,772 18,958,293,337 19,008,108,369  TOTAL 10,104 Stimulus 20,749,498,678 20,589,730,493 20,475,537,890 20,558,346,455 20,405,472,221  HF 1,792,540,000 1,792,540,000 1,792,540,000 1,792,540,000 1,736,590,000  HTF 1,001,313,983 928,730,000 928,730,000 928,730,000 881,290,000	Total Natural & Econ Resources	443,180,532	452,017,032	453,502,672	467,727,028	436,985,625
Operating         19,138,273,488         18,962,113,597         18,866,354,772         18,947,119,897         19,003,233,369           Total Stimulus         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,397,363,852           Operating Including Stimulus         20,738,326,606         20,562,166,715         20,466,407,890         20,547,173,015         20,400,597,221           Capital         11,172,072         27,563,778         9,130,000         11,173,440         4,875,000           TOTAL         19,149,445,560         18,989,677,375         18,875,484,772         18,958,293,337         19,008,108,369           TOTAL - Including Stimulus         20,749,498,678         20,589,730,493         20,475,537,890 20,558,346,455         20,405,472,221           HF         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1,292,540,000         1	Gen Govt	441,151,870	433,734,701	436,738,215	438,509,400	440,876,661
Total Stimulus         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,397,363,852           Operating Including Stimulus         20,738,326,606         20,562,166,715         20,466,407,890         20,547,173,015         20,400,597,221           Capital         11,172,072         27,563,778         9,130,000         11,173,440         4,875,000           TOTAL         19,149,445,560         18,989,677,375         18,875,484,772         18,958,293,337         19,008,108,369           TOTAL - Including Stimulus         20,749,498,678         20,589,730,493         20,475,537,890 20,558,346,455         20,405,472,221           HF         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,292,540,000	Total Debt Service & Reserves	1,411,825,171	1,192,686,200	1,203,414,918	1,168,041,272	874,462,978
Total Stimulus         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,600,053,118         1,397,363,852           Operating Including Stimulus         20,738,326,606         20,562,166,715         20,466,407,890         20,547,173,015         20,400,597,221           Capital         11,172,072         27,563,778         9,130,000         11,173,440         4,875,000           TOTAL         19,149,445,560         18,989,677,375         18,875,484,772         18,958,293,337         19,008,108,369           TOTAL - Including Stimulus         20,749,498,678         20,589,730,493         20,475,537,890 20,558,346,455         20,405,472,221           HF         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,292,540,000	Operating	19,138,273,488	18,962,113,597	18,866,354,772	18,947,119,897	19,003,233,369
Operating Including Stimulus         20,738,326,606         20,562,166,715         20,466,407,890         20,547,173,015         20,400,597,221           Capital         11,172,072         27,563,778         9,130,000         11,173,440         4,875,000           TOTAL         19,149,445,560         18,989,677,375         18,875,484,772         18,958,293,337         19,008,108,369           TOTAL - Including Stimulus         20,749,498,678         20,589,730,493         20,475,537,890         20,558,346,455         20,405,472,221           HF         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         1,792,540,000         928,730,000         928,730,000         881,290,000	Total Stimulus					
TOTAL 19,149,445,560 18,989,677,375 18,875,484,772 18,958,293,337 19,008,108,369 TOTAL - Including Stimulus 20,749,498,678 20,589,730,493 20,475,537,890 20,558,346,455 20,405,472,221  HF 1,792,540,000 1,792,540,000 1,792,540,000 1,792,540,000 1,736,590,000  HTF 1,001,313,983 928,730,000 928,730,000 928,730,000 881,290,000	Our constitute by all cultimes Cations alone	20,738,326,606	20,562,166,715	20,466,407,890	20,547,173,015	20,400,597,221
TOTAL - Including Stimulus 20,749,498,678 20,589,730,493 20,475,537,890 20,558,346,455 20,405,472,221  HF 1,792,540,000 1,792,540,000 1,792,540,000 1,792,540,000 1,736,590,000  HTF 1,001,313,983 928,730,000 928,730,000 928,730,000 881,290,000	Operating including Stimulus					
TOTAL - Including Stimulus 20,749,498,678 20,589,730,493 20,475,537,890 20,558,346,455 20,405,472,221  HF 1,792,540,000 1,792,540,000 1,792,540,000 1,792,540,000 1,736,590,000  HTF 1,001,313,983 928,730,000 928,730,000 928,730,000 881,290,000	.,	11,172,072	27,563,778	9,130,000	11,173,440	4,875,000
HTF 1,001,313,983 928,730,000 928,730,000 928,730,000 881,290,000	Capital					
HTF 1,001,313,983 928,730,000 928,730,000 928,730,000 881,290,000	Capital TOTAL	19,149,445,560	18,989,677,375	18,875,484,772	18,958,293,337	19,008,108,369
	Capital TOTAL	19,149,445,560	18,989,677,375	18,875,484,772	18,958,293,337	19,008,108,369
	Capital  TOTAL  TOTAL - Including Stimulus  HF	19,149,445,560 20,749,498,678	18,989,677,375 20,589,730,493	18,875,484,772 20,475,537,8902	18,958,293,337 20,558,346,455	19,008,108,369
	Capital TOTAL TOTAL - Including Stimulus	19,149,445,560 20,749,498,678 1,792,540,000	18,989,677,375 20,589,730,493 1,792,540,000	18,875,484,772 20,475,537,8902 1,792,540,000	18,958,293,337 20,558,346,455 1,792,540,000	19,008,108,369 20,405,472,221

Figure 2.

How the budget would replace A	Nedicaid
dollars	
Transfer from Disaster Relief Reserve Fund	30,000,000
Transfer of unclaimed lottery prize money and excess receipts	35,000,000
Use of interest from all other funds	50,000,000
Use of balance in General Fund Availability	23,469,157
Reduction of Medicaid Provider rates	26,618,975
Use of funds from the Savings Reserve Fund	37,307,714
Reduction in Retirement System contributions	139,000,000
One percent (1%) Management Flexibility Reduction	177,500,000
Total unmet need January-June 2011	518,895,846

Source: SB897 Section 2.3

 $Figure\ 3.$ 

The budget uses a net \$3.4 billion money to get through the current	
Total ARRA Federal Stimulus	1,600,053,118
Other one-time Federal aid	55,296,429
One-time sources (cuts, transfers, sales, etc.)	388,066,447
Temporary Taxes	1,263,900,000
Total unmet need FY 2012	3,307,315,994

Source: John Locke Foundation

Figure 4.

FEDERAL STIMULUS	SB202	SB879
Education Stabilization Fund - Noninstructional Support		
Personnel	-373,281,648	
UNC Education Stabilization Fund	-144,202,648	
Foster Care and Adoption Assistance	-1,452,537	-1,421,552
HHS - Early Intervention (Smart Start)	-2,700,000	
Blind/Deaf ARRA	-260,590	
Vocational Rehabilitation ARRA	-201,170	
Medicaid FMAP	-502,565,621	-481,621,383
ARRA Medicare Part D Clawback Savings		-79,419,834
Corrections ARRA	-12,926,135	
TOTAL ARRA Funds	-1,037,590,349	-562,462,769

Source: John Locke Foundation

Figure 5.

General Fund Availability, Includ	ding Stimulus
Unreserved Balance	3,972,262
Existing Taxes	18,199,339,016
Existing Fees	736,700,000
Starting Availability	18,940,011,278
IRC Conformity	-7,700,000
Loss of Estate Tax Revenues for FY 2010-11	-85,000,000
Unemployment Insurance Refundable Tax Credit	-34,100,000
Increase Sales Tax Prepayment Threshold	-7,000,000
Relieve Annual Report Compliance Burden on Small Businesses	-400,000
Fair Tax Penalties	0
Extend Sunsets on Various Tax Incentives	-3,500,000
Improve Tax and Debt Collection Process	3,000,000
Modernize Sales Tax on Accommodations	1,700,000
Modernize Admissions Tax and Restore Amenities Exclusion	-700,000
Reserve for Pending Finance Legislation	-9,800,000
Reduce Franchise Tax Burden on Construction Companies	-1,500,000
Department of Revenue Settlement Initiative	110,000,000
Increase Justice and Public Safety Fees	13,930,670
Transfers	62,820,546
Disproportionate Share Reserve	35,000,000
Transfer from the Health and Wellness Trust Fund	5,397,000
Transfer Aviation From Department of Commerce to Department of Transportation	-500,000
Wildlife Resources Commission Fund	3,000,000
Scrap Tire Disposal Account	2,500,000
White Goods Fund	1,200,000
Mercury Pollution Prevention Fund NC State Fair	2,250,000 1,000,000
Bladen Lakes Special Fund	150,000
East Carolina MRI Lease and Equipt Fund	1,000,000
Insurance Regulatory Fund	-2,176,454
Motorfleet Internal Services Fund	14,000,000
Stimulus Funds	1,600,053,118
Total Availability	20,581,815,612

Source: John Locke Foundation

Figure 6.

New corporate welfare total \$66.5 millio	
Business Recruitment and Product	
Marketing	\$ 875,000
One NC Fund	12,500,000
One NC Small Business Fund	1,500,000
JMAC	6,500,000
Energy Research Grants	1,000,000
In-Source NC	150,000
Main Street Solutions	1,500,000
International Marketing	200,000
Tourism Marketing	1,000,000
Minority Support Center	750,000
Regional Economic Development	
Commissions	5,000,000
Biofuels Center	5,000,000
RTI International	500,000
Indian Economic Development	
Initiative	100,000
Institute for Regenerative Medicine	10,000,000
NC Biotechnology Center	5,000,000
Home Grown Jobs	3,125,000
Small Business Assistance Fund	1,000,000
Family Farm Opportunity and	
Innovation Fund	1,000,000
Pending Legislation	9,800,000
Total Availability	\$66,500,000

Source: John Locke Foundation

Jobs Maintenance and Capital Development Fund (JMAC) BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$21,000,00 \$10,000,00 \$10,000,00 \$3,500,00 \$1,000,00 \$290,68 \$45,790,683 \$12,500,00 \$20,800,00 \$5,756,85 \$5,000,00 \$5,000,00 \$1,500,00 \$1,500,00 \$1,500,00 \$1,500,00 \$1,500,00 \$3,125,00 \$1,500,00 \$3,125,00 \$1,500,00 \$3,000,00 \$2,000,00
Institute for Regenerative Medicine Distinguished Professor Endowment Fund NC Research Campus at Kannapolis Dropout Prevention Grant Subtotal  Corporate Welfare One NC Fund Job Development Investment Grants (JDIG) Jobs Maintenance and Capital Development Fund (JMAC) BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$10,000,00 \$3,500,00 \$1,000,00 \$290,683 \$45,790,683 \$12,500,00 \$20,800,00 \$5,756,85 \$5,000,00 \$5,756,85 \$5,000,00 \$1,500,00 \$1,500,00 \$1,500,00 \$1,500,00 \$1,500,00 \$3,125,00 \$1,500,00 \$3,125,00 \$1,500,00 \$3,000,00 \$3,000,00
Distinguished Professor Endowment Fund NC Research Campus at Kannapolis Dropout Prevention Grant subtotal  Corporate Welfare One NC Fund Job Development Investment Grants (JDIG) Jobs Maintenance and Capital Development Fund (JMAC) BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$3,500,00 \$1,000,00 \$290,68 \$45,790,683 \$12,500,00 \$20,800,00 \$5,000,00 \$5,756,85 \$5,000,00 \$1,500,00 \$1,500,00 \$1,500,00 \$1,500,00 \$1,500,00 \$1,500,00 \$3,125,00 \$1,500,00 \$3,125,00
NC Research Campus at Kannapolis Dropout Prevention Grant subtotal  Corporate Welfare One NC Fund Job Development Investment Grants (JDIG) Jobs Maintenance and Capital Development Fund (JMAC) BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$1,000,00 \$290,68 \$45,790,683 \$12,500,00 \$20,800,00 \$500,00 \$5,756,85 \$5,000,00 \$3,125,00 \$1,500,00 \$1,500,00 \$1,500,00 \$1,500,00 \$3,556,853
Dropout Prevention Grant subtotal  Corporate Welfare One NC Fund Job Development Investment Grants (JDIG) Jobs Maintenance and Capital Development Fund (JMAC) BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$290,68 \$45,790,683 \$12,500,00 \$20,800,00 \$500,00 \$5,756,85 \$5,000,00 \$3,125,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853
subtotal  Corporate Welfare One NC Fund Job Development Investment Grants (JDIG) Jobs Maintenance and Capital Development Fund (JMAC) BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$45,790,683 \$12,500,00 \$20,800,00 \$500,00 \$5,756,85 \$5,000,00 \$3,125,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853
Corporate Welfare One NC Fund Job Development Investment Grants (JDIG) Jobs Maintenance and Capital Development Fund (JMAC) BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$12,500,00 \$20,800,00 \$6,000,00 \$5,756,85 \$5,000,00 \$5,000,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853
One NC Fund Job Development Investment Grants (JDIG) Jobs Maintenance and Capital Development Fund (JMAC) BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$20,800,00 \$6,000,00 \$500,00 \$5,756,85 \$5,000,00 \$3,125,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853
Job Development Investment Grants (JDIG) Jobs Maintenance and Capital Development Fund (JMAC) BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$20,800,00 \$6,000,00 \$500,00 \$5,756,85 \$5,000,00 \$3,125,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853
Jobs Maintenance and Capital Development Fund (JMAC) BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$6,000,00 \$500,00 \$5,756,85 \$5,000,00 \$5,000,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853
BFS/Goodyear Jobs Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$500,00 \$5,756,85 \$5,000,00 \$5,000,00 \$3,125,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853 \$5,000,00 \$3,000,00
Domtar Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$500,00 \$5,756,85 \$5,000,00 \$5,000,00 \$3,125,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853 \$5,000,00 \$3,000,00
Restore Small Business Center Funding Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$5,756,85 \$5,000,00 \$5,000,00 \$3,125,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853 \$5,000,00 \$3,000,00
Regional Economic Development Commissions NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$5,000,00 \$5,000,00 \$3,125,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853 \$5,000,00 \$3,000,00
NC Biotech Center Operating Funds Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$5,000,00 \$3,125,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853 \$5,000,00 \$3,000,00
Home Grown Jobs One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$3,125,00 \$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853 \$5,000,00 \$3,000,00
One NC Small Business Fund Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$1,500,00 \$1,500,00 \$1,000,00 \$875,00 \$63,556,853 \$5,000,00 \$3,000,00
Main Street Solutions Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$1,500,00 \$1,000,00 \$875,00 \$63,556,853 \$5,000,00 \$3,000,00
Small Business Assistance Fund Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$1,000,00 \$875,00 \$63,556,853 \$5,000,00 \$3,000,00
Business Recruitment and Product Marketing subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$875,00 \$63,556,853 \$5,000,00 \$3,000,00
subtotal  Energy Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal  Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$63,556,853 \$5,000,00 \$3,000,00
Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$3,000,00
Biofuels Center Energy Production Infrastructure Center (EPIC) Coastal Wave Energy Research Energy Research Grants subtotal Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$3,000,00
Coastal Wave Energy Research Energy Research Grants subtotal Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$3,000,00
Energy Research Grants subtotal  Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$2.000.00
subtotal Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	4-//
Agriculture Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$1,000,00
Agriculture Development and Farmland Preservation Trust Fund Family Farm Opportunity and Innovation Fund Food Banks	\$11,000,000
Family Farm Opportunity and Innovation Fund Food Banks	
Food Banks	\$2,000,00
	\$1,000,00
	\$1,000,00
Got to Be NC	\$250,00
subtotal	\$4,250,000
13 new positions for Federal Health Care Law	\$1,150,69
Research Triangle Institute	\$500,00
Sustainable Communities Task Force	\$250,00
NC Symphony	\$2,000,00
Tourism Marketing Funds	\$1,000,00
Expand Heritage Tourism	\$300,59