

# LEGISLATIVE RESEARCH COMMISSION

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## SCHOOL FINANCE ACT



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### REPORT TO THE 1985 GENERAL ASSEMBLY OF NORTH CAROLINA 1986 SESSION



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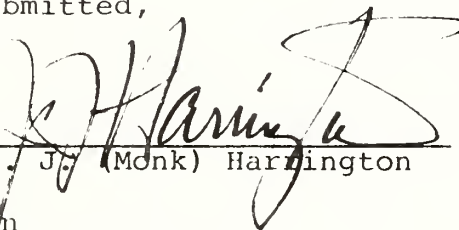
TO THE MEMBERS OF THE 1985 GENERAL ASSEMBLY (1986 SESSION):

The Legislative Research Commission herewith reports to the 1985 General Assembly (1986 Session) on the matter of the school finance act. This report is made pursuant to Chapter 790 of the 1985 General Assembly (1985 Session).

This report was prepared by the Legislative Research Commission's Committee on the School Finance Act and is transmitted by the Legislative Research Commission for your consideration.

Respectfully submitted,

  
Liston B. Ramsey

  
J. J. (Monk) Harrington

Cochairmen  
Legislative Research Commission



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## PREFACE

The North Carolina Legislative Research Commission is an interim study organization of the General Assembly. The Commission is established and governed by the North Carolina General Statutes 120-30.10 through 120-30.18. The Commission is cochaired by the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The Cochairmen appoint five members from their respective houses. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner." (G.S. 120-30.17(1)).

At the direction of legislation enacted by the 1985 General Assembly, the Legislative Research Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of studies. The Cochairmen of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and of the public to conduct the studies. Cochairmen, one from each house of the General Assembly, were designated for each committee.

The Study of the School Finance Act was authorized by Chapter 790 of the 1985 Session Laws. (A copy of the pertinent parts of Chapter 790 may be found in Appendix A of this report.) That act made reference to Senate Bill 848 introduced by Senator Taft and others. (A copy of Senate Bill 848 may also be found in Appendix A of this report.)

The Legislative Research Commission placed the Study on the School Finance Act under the Education Area for which Representative Aaron Fussell is responsible. The Committee on the School Finance Act is cochaired by Senator Robert Warren and Representative Joe Hudson. Membership lists of the Legislative Research Commission and of the Committee may be found in Appendix B of this report.

The Legislative Research Commission is authorized to report its findings on the Study of the School Finance Act and the other studies it has undertaken, together with any recommended legislation to the 1987 General Assembly, or to make an interim report to the 1986 Session and a final report to the 1987 General Assembly. (Chapter 790, Section 3). Because a School Finance Act (Senate Bill 49) passed the Senate during the 1985 Session and is now in the House Education Committee for consideration during the 1986 Session, the Committee elected to make this interim report to the 1986 Session describing its progress to date. The Committee will make a final report to the 1987 General Assembly.



## COMMITTEE PROCEEDINGS

The Committee on the School Finance Act held four meetings prior to the adoption of this interim report. In the course of its deliberations, the Committee heard testimony from educators, State officials, education lobbyists, local government lobbyists, and other experts in school finance. The Committee examined school finance in North Carolina today, the division of State and local responsibilities for financing the public schools proposed in Senate Bill 49, proposed funding by the State for operating costs under the Basic Education Program, the funding responsibilities allocated to local governments under Senate Bill 49, and the projected impact on local governments of meeting those funding responsibilities.

### I. Authorization for the Study.

The Legislative Research Commission undertook the Study of the School Finance Act at the direction of Chapter 790 (Senate Bill 636) of the 1985 Session Laws. Chapter 790 authorized the Legislative Research Commission to study a list of topics. Beside each topic, in parenthesis, may be found the 1985 bill or resolution that originally proposed the issue or study and the name of its sponsor. (See Chapter 790, Section 1, in Appendix A.) Entry 43 in the list is "(43) School Finance Act (S.B. 848-Taft)." Under Chapter 790, the Legislative Research Commission is authorized to consider the original bill or resolution - S.J.R.

848 - in determining the nature, scope, and aspects of its study, but is not required to do so. (See Chapter 790, Section 1). S.J.R. 848 was not ratified by the 1985 General Assembly and it is no way binding on this Committee, the Legislative Research Commission, or otherwise. (See Chapter 790, Section 4).

Senate Joint Resolution 848, the resolution that originally proposed the study, was introduced by Senators Taft, Winner, Warren, Hardison, and Smith. (See, S.J.R. 848, in Appendix A). The preamble to S.J.R. 848 set out as justification for the study, the following:

"Whereas, the Senate has approve Senate Bill 49 which delineates the financing responsibilities of the State, the counties, and the local boards of education for public elementary and secondary education; and

Whereas, this bill will be considered by the House of Representatives when the 1985 General Assembly convenes for the Regular Session of 1986; and

Whereas, there is a critical need for additional detailed information regarding the budgetary and fiscal implications of Senate Bill 49, especially the impacts upon local government expenditures for public education..."

The body of the resolution went on to authorize the Legislative Research Commission to:

- (1) Study the division of State and local government responsibilities for financing the public school system which is proposed in Senate Bill 49;
- (2) Review the phased approach to full funding of the Basic Education Program by July 1, 1993, proposed by the State Board of Education;
- (3) Study the present level of local appropriations for public schools, and the building needs of the public school system in order to determine whether the proposed financing responsibilities for local governments contained in Senate Bill 49 can be addressed by existing financial resources; and

(4) Review the Public School Budget and Fiscal Control Act to determine whether the existing system of budgeting, accounting and fiscal control is compatible with the assignment of responsibilities proposed in Senate Bill 49.

Although S.J.R. 848 is not binding on the Committee, the Committee elected to use it to determine the nature, scope, and aspects of this study.

## II. Senate Bill 49

### A. History of the bill

Senate Bill 49 was introduced February 22, 1985 by Senators Warren, Hardison, and Martin of Guilford County. (A copy of Senate Bill 49 may be found in Appendix C of this report.) The bill, as introduced, was the bill recommended to the 1985 General Assembly by the Public Education Policy Council.

A Senate Education Committee subcommittee comprised of Senator Taft, chairman, and Senators Warren, McDuffie, and Tally completely rewrote the bill. The subcommittee's bill was amended by the full education committee, reported out, re-referred to the Education Committee by the Senate, and again amended in the Education Committee. The bill, as amended, passed third reading in the Senate and is now in the House Education Committee.

The current version of the bill is Senate Bill 49, Third Edition. It is eligible for consideration by the 1986 Session of the General Assembly because it was "introduced in 1985 and favorably acted upon in the house in which introduced, received in the other house, and not disposed of in the other house by tabling, unfavorable committee report, indefinite postponement, or

failure to pass any reading." (See Resolution 34, 1985 Session Laws.)

#### B. Preamble

The preamble of the bill, consisting of the "whereas clauses", has no legal significance. A preamble is used, however, to explain the state of affairs that caused a bill to be introduced, to make clear the purpose of a bill, or to act as a "sales pitch" for a bill and thereby improve its chances of enactment. Therefore, it is worthwhile to consider the preamble to Senate Bill 49.

The preamble developed several issues. First of all, it noted North Carolina's long-standing commitment to providing for a general and uniform system of free public schools and for equal educational opportunity for every child. It is a nationwide problem that the quality and the quantity of the school programs available to a given child is in part dependent upon where a child lives. There is no widely accepted "best" solution to this problem of inequity; however, in North Carolina, total State funding of school operating costs would assure for every child an acceptable level of educational opportunity. Secondly, because local needs are not uniform, local school boards must have the power and duty to tailor certain elements of their educational systems to local needs. State funds should primarily be allocated to local school administrative units on the basis of number of pupils served so that local boards can gear their expenditures to serving pupil learning. County governments also have authority to enhance the level of educational opportunity funded by the State

with local supplemental funds. Thirdly, North Carolina's tradition of dual funding - that is the tradition of having the State fund school operating costs and the counties fund the capital costs - has been blurred over time, in some cases to the detriment of adequate school curriculum and school facilities. The counties' duty to provide adequate school facilities to support the educational program funded by the State should be clearly defined. The Public Education Policy Council found that it was essential to clarify State and local funding responsibilities so as to assure equal educational opportunity for every school child in North Carolina. Fourthly, it is imperative that local boards operate the public school system efficiently, so as to provide the school children with the best possible education at the minimum cost to the taxpayers. Lastly, the State Board has defined a basic education program.

C. Sections 1, 3, and 6 of the text

The text of the bill delineates the responsibilities of the State and of local governments for funding the Basic Education Program. Local boards of education and boards of county commissioners are required to fund from local sources (i) all facility construction and renovation costs; (ii) all facility maintenance costs; (iii) all facility operations costs, including insurance, custodial and energy costs; and (iv) all necessary expenses of the governing boards for the local school administrative units. The State Board of Education is required to fund fully, on an incremental basis within funds appropriated by the General Assembly, all other costs of the basic education

program. (See Section 1 of Senate Bill 49.) Notwithstanding this delineation of funding responsibilities, the bill states that nothing in it shall prohibit the State from providing funds for the financing responsibilities assigned to local governments or local governments from providing funds for the financing responsibilities assigned to the State. (See Section 6 of Senate Bill 49.)

The bill goes on to set out an implementation schedule for local governments assuming their financial responsibilities. Effective July 1, 1986, local boards of education and local boards of county commissioners shall be responsible for providing the following items with local funds:

- (1) School buildings, related furniture, and apparatus adequate to meet the requirements of the Basic Education Program;
- (2) School maintenance personnel;
- (3) School property insurance pursuant to G.S. 115C-534;
- (4) Necessary expenses for the governing boards of the several local school administrative units pursuant to G.S. 115C-38 (per diem, subsistence, and mileage for local board meetings), 115C-42 (liability insurance, which is optional), and 115C-43 (legal defense of board members or employees, which is optional).

Effective when State funding of the Basic Education Program is fully implemented, local governments shall be responsible for providing for school utilities and custodial personnel with local funds. In the interim, the General Assembly is directed to

appropriate sufficient funds so that the State's proportionate share of these costs is no less than it was in the 1984-85 fiscal year. (See Section 3 of Senate Bill 49.)

These provisions do not constitute a major departure from the principles set out in current law. The general delineation of State and local funding responsibility in Senate Bill 49 is similar to G.S. 115C-408(b), as rewritten by the 1984 Session of the General Assembly. The first two paragraphs of G.S. 115C-408(b) state:

(b) To insure a quality education for every child in North Carolina, and to assure that the necessary resources are provided, it is the policy of the State of North Carolina to provide from State revenue sources the instructional expenses for current operations of the public school system as defined in the standard course of study.

It is the policy of the State of North Carolina that the facility requirements for a public education system will be met by county governments.

Other laws currently on the books already give local governments financial responsibility for most of the items for which Senate Bill 49 would give them financial responsibility. These laws include:

(1) G.S. 115C-521(a) - "It shall be the duty of local boards of education to provide classroom facilities adequate to meet the requirements of G.S. 115C-47(10) and 115C-301." (Both cited statutes deal with allocation of teachers and class size requirements.);

(2) 115C-521(b), first paragraph - "It shall be the duty of the boards of education of the several local school administrative units of the State to make provisions for the public school term by providing adequate school buildings equipped with suitable school furniture and apparatus. The needs and the cost of such buildings, equipment, and apparatus shall be presented each year when the school budget is submitted to the respective tax-levying authorities. The boards of commissioners shall be given reasonable time to provide the funds which they, upon investigation, shall find to be necessary for providing their respective units with buildings suitably equipped, and it shall be the duty of the

several boards of county commissioners to provide funds for the same.";

(3) 115C-522(b), first paragraph - "It shall be the duty of the local boards of education to provide suitable school furniture and apparatus, as provided in G.S. 115C-521(b)." (The pertinent part of G.S. 115C-521(b) is quoted above.);

(4) G.S. 115C-522(c) - "It shall be the duty of local boards of education and tax-levying authorities to provide suitable supplies for the school buildings under their jurisdictions. These shall include, in addition to the necessary instructional supplies, proper window shades, blackboards, reference books, library equipment, maps, and equipment for teaching the sciences.";

(5) G.S. 115C-524(b) - "It shall be the duty of local boards of education and tax-levying authorities, in order to safeguard the investment made in public schools, to keep all school buildings in good repair to the end that all public school property shall be taken care of and be at all times in proper condition for use...";

(6) G.S. 115C-534(b) - "The tax-levying authority for each local school administrative unit shall appropriate funds necessary for compliance with the provisions of subsection (a)." (Subsection (a) sets out the duty to insure property.); and

(7) G.S. 115C-38, second paragraph - Funds for the per diem, subsistence, and mileage for all meetings of county and city boards of education shall be provided from the current expense fund budget of the particular county or city."

There are only two items local boards of education and county commissioners would be responsible for under Senate Bill 49 that they are not already clearly responsible for under current law. These two items are utilities and custodial personnel. Under Senate Bill 49, local boards of education and county commissioners would assume responsibility for these two items only after full implementation of the Basic Education Program.

The State's financial responsibility for the public schools is set out in the State Constitution. Article IX, Section 2 of the North Carolina Constitution says, "The General Assembly shall



provide by taxation and otherwise for a general and uniform system of free public schools, which shall be maintained at least nine months in every year, and wherein equal opportunities shall be provided for all students....The General Assembly may assign to units of local government such responsibility for the financial support of the free public schools as it may deem appropriate..." The proposed bill says essentially the same thing - that the State is required to provide funds for the elements of the Basic Education Program it does not require the local governments to fund.

D. Section 4 of the text

The bill requires the maintenance of current financial efforts for education until the Basic Education Program is implemented or until June 30, 1993, whichever is first. During this time, county commissioners must appropriate sufficient funds for education so that local funds plus State funds are no less per pupil than the per pupil amount available during the 1984-85 fiscal year. Also, if a county government lowers the per pupil amount it appropriates from local funds for operating expenses, it must raise its appropriation from local funds for capital expenses by a corresponding amount per pupil. The Local Government Commission may waive these requirements upon a showing that a county can provide for its public school capital needs without them.

E. Section 5 of the text

The current law sets out a legal mechanism by which a local board of education can compel the board of county commissioners to

provide sufficient funds "to support a system of free public schools". The bill changes this legal mechanism so that the local board of education can compel the board of county commissioners only to provide sufficient funds "to finance those responsibilities assigned by the General Assembly to county governments in G.S. 115C-81(g)." (G.S. 115C-81(g) is the general delineation of State and local funding responsibilities set out in this bill.)

F. Section 2 of the text

The bill states that it is the intent of the General Assembly that funds for the operation of the Basic Education Program be allocated to local school units in categories by July 1, 1987. Under the bill, the State Board of Education would have developed these categories and presented them to the 1986 Session of the General Assembly. The categories would have to be approved by the General Assembly.

III. Cost of the State's obligation under Senate Bill 49

Senate Bill 49 contemplates that, by the 1992-93 school year, the State will provide all costs of the Basic Education Program except school facility costs, school facility maintenance costs, facility operations costs, and necessary expenses of local school boards. Also, during the implementation of the Basic Education Program, the State will continue to pay the same proportion of school utility and school custodial costs as it is currently paying.

For the 1985-86 fiscal year, the General Assembly appropriated \$2 billion for the public schools or 44.5% of the

General Fund appropriations; of this amount, \$6.9 million was in special bill appropriations. Funding increases for the Basic Education Program for the 1985-86 fiscal year totalled \$69.8 million in continuing expenses, \$13.8 million in one-time appropriations, and \$5.9 million in related appropriations.

If the General Assembly follows the Basic Education Program Implementation Schedule updated by the State Board of Education in March 1986, increased continuing expenses from the 1986-87 fiscal year through the 1992-93 fiscal year would total \$631 million. The State Board of Education intends to update this schedule annually to reflect the most recent cost figures and average daily membership projections available and changes in priorities of the State Board of Education and the General Assembly. Ultimately, the General Assembly is responsible for determining how much it will appropriate for the Basic Education Program and when it will appropriate the funds. (A copy of the March 1986 Basic Education Implementation Schedule adopted by the State Board of Education may be found in Appendix D of this report.)

#### IV. Cost of the counties' obligation under Senate Bill 49

##### A. Overview of the counties' obligation

Senate Bill 49 contemplates that, commencing on the effective date of the bill, the counties will provide all costs of school facilities adequate to meet the requirements of the Basic Education Program, school maintenance personnel, school facility operations costs, and necessary expenses of local school boards. This is essentially the same as the counties' obligation under the current law. Effective upon full implementation of the Basic

Education Program, the counties will also provide all for all school utility and school custodial costs.

Senate Bill 49 also contemplates that, as the Basic Education Program is being implemented, costs of operating expenses that counties currently elect to provide will be provided by the State. If, for example, a county is currently providing funds for additional teachers and teacher aides, the county may no longer need to do so when the State provides funds for additional teachers and teacher aides. (Under the bill, a county could always provide funds for operating expenses in addition to those provided by the State.)

#### B. School facility costs

The largest component of the counties' financial obligation under Senate Bill 49 is the cost of school facilities. According to an August 1984 survey of school facility needs by the Department of Public Instruction, the cost of housing all school students in North Carolina in attractive, safe, and functional facilities would be in excess of \$2.2 billion. In this survey, school superintendents were asked to report school facility needs in their local school administrative units according to the following categories - replacement of temporary facilities, replacement of obsolete facilities, renovation of buildings that are suitable for long-range use, new or renovated facilities for exceptional children, accessibility for the handicapped, renovations for energy conservation, community schools, new or renovated facilities for administration, maintenance, transportation and warehousing, and other needs.

Although the instructions that accompanied the survey were quite detailed, members of the Committee expressed concerns that some superintendents may have followed the instructions more closely than others, some superintendents may have had more detailed information at their disposal than others with which to accurately gauge their facility needs, some superintendents may have submitted a "wish list" with the realization that regardless of how their school facility needs were funded some cuts would be made, and some superintendents may have responded with estimates of their long-range needs while others tabulated only immediate needs. A copy of the Department's survey results may be found in Appendix E.

The North Carolina Association of County Commissioners, as part of a 1985 survey of county managers on county funding for public schools, compiled information regarding school facility needs. The Association received responses on this question from 43 counties. A comparison of their survey with that of the Department of Public Instruction shows that 16 counties reported virtually the same amount in both surveys, 7 county managers reported needs to the Association between 10 and 20% higher than their superintendents reported to the Department, 2 county managers reported needs to the Association between 10 and 20% lower than their superintendents reported to the Department, and 18 county managers reported needs to the Association over 20% lower than their superintendents reported to the Department.

The format in which the responses were made to the Association and follow-up calls made by the Association Staff

indicate that major differences between the surveys results are due to differences in the time frames the respondents were using. A copy of the Association's survey and the results of the survey may be found in Appendix F.

C. County responsibilities under Senate Bill 49 and resources available to meet them

A comparison of a county's responsibilities under Senate Bill 49 and the resources it has available to meet them will differ from year to year for two reasons. First of all, as the State provides more and more of the cost of operating expenses for the public schools under the Basic Education Program, a county will be required to provide less and less. Secondly, after full implementation of the Basic Education Program, a county will have to provide all of the costs of school utilities and custodial personnel.

In calculating the resources available to a county for implementation of Senate Bill 49, 1985-86 appropriations are used as a benchmark because of the maintenance of effort provision in Senate Bill 49. Resources available for a given year are:

- (1) Current State allotments for custodians, energy, and maintenance directors. (After full implementation of the Basic Education Program, this would be \$0.);
- (2) Local capital outlay appropriations for 1985-86;
- (3) Local capital reserve appropriations for 1985-86, except for bond receipts and non-recurring sources of revenues;

- (4) Local current expense appropriations for maintenance and operation of plant, property insurance, the governing board, and audits; and
- (5) The portion of local current expense funds for the instructional program for 1985-86 that the Basic Education Program will provide for the year for which the calculation is being made. (The assumption is that after full implementation of the Basic Education Program, 100% of the local current expense funds for the instructional program for the 1985-86 fiscal year will be freed up.)

A county's responsibilities for a given year under Senate Bill 49 are:

- (1) Costs of school facilities. (For each year, these are estimated to be one-tenth of the difference between the county's school facility needs and the amount the county has in accumulated capital reserves. As a practical matter, however, some counties may not be able to complete their capital projects within 10 years.);
- (2) The costs for maintenance and operation of plant, supplies, equipment, and energy costs; and
- (3) School board expenses, property insurance, and audits.

These analyses were done for the Committee by the Department of Public Instruction in cooperation with the Association of County Commissioners. A discussion of the methodology used in these computations may be found in Appendix G. Because estimates and projections had to be used in these analyses and because

estimates of school facility costs may be more reliable for some counties than others, the results of these analyses are not mathematically exact for each county. The analyses do however, give some indication of the costs of Senate Bill 49 to the counties.

Tables showing the results of the analyses for the 1987-88, 1988-89, and 1992-93 fiscal years may be found in Appendix H. The first column in each of these tables shows the county name, the second shows the resources available to a county for implementation of Senate Bill 49, the third column shows the county's financial responsibilities under Senate Bill 49, and the fourth column shows the difference between a county's resources and its financial resources. If the number in the fourth column is in parentheses, it indicates how much less the county has at its 1985-86 level of funding for school facilities than it would need to meet its responsibilities under Senate Bill 49; if the number is not in parentheses, it indicates how much more the county has at its 1985-86 level of funding than it would need to meet its responsibilities under the bill.

The financial burden on the counties under Senate Bill 49 tends to be highest in the 1987-88 fiscal year because less of the Basic Education Program will have been implemented at that time. As more of the Basic Education Program is implemented, the financial burden will drop. (If a county is not currently making a significant contribution toward instructional expenses, its costs will not, of course, decline as the Basic Education Program is implemented and resources will not be freed up for facility



needs. The total level of funding for instructional expenses for the school children in the county will simply go up.) By the 1992-93 fiscal year, the State will be providing for all school operating expenses under the Basic Education Program and the county will be providing all school utility and school custodial funds; at that time, the financial burden on the counties should stabilize.

For the 1987-88 fiscal year, the analyses show that 76 counties would be unable to meet their financial obligations under Senate Bill 49 at their 1985-86 levels of funding. For these counties, the total additional cost requirement would be \$86.3 million; for the 24 counties with a surplus, the total surplus would be \$51.4 million.

For the 1988-89 fiscal year, 76 counties would still be unable to meet their financial obligations under the bill. For these counties, the total additional cost requirement would be down to \$79.7 million; that is \$6.6 million less than for the 1987-88 fiscal year. For the 24 counties with a surplus, the total surplus would be up to \$61.1 million; that is \$9.7 million more than for the 1987-88 fiscal year.

For the 1992-93 fiscal year, 55 counties would still be unable to meet their financial obligations under the bill. For these counties, the total additional cost requirement would be down to \$56.8 million; that is, \$29.5 million less than for the 1987-88 fiscal year. For the 45 counties with a surplus, the total surplus would be up to \$177.8 million; that is \$126.4 million more than for the 1987-88 fiscal year.

If a county has a surplus or a relatively low cost of meeting its obligations under Senate Bill 49, it may mean that the county has already taken steps to meet some of its school construction needs or that the county is experiencing a decline in school-age children. It may also mean that the county was providing substantial supplements for the operating costs of its instructional program and that Senate Bill 49 is having its intended effect - that is, that the increase in State expenditures for the instructional program is freeing up enough county resources to provide school facilities adequate to accommodate the Basic Education Program.

D. The impact on counties of meeting the financial requirements of Senate Bill 49

Counties can provide for their public school capital needs in several ways. First of all, they can "pay-as-they-go"; that is, they can set aside a certain amount from their general revenues each year in a capital reserve or project fund. Secondly, they could issue school bonds and pay the principal and interest on the bonds over time from the county general fund. (The cost of these two options is roughly the same over a time period of at least ten years.) Either method would require additional money from the County General Fund. The only method immediately available to increase these revenues is a property tax rate increase. Thirdly, counties can postpone or divert spending from other county functions. Finally, counties can improve their tax assessment practices to make sure that all taxable property is assessed at 100% of fair market value. (For counties that revalued effective

January 1, 1984, the level of assessment of real property ranged from 59% to 98%.)

Clearly, all counties are not equally able to provide for their public school capital needs. The table in Appendix I of this report ranks the counties according to their per capita personal income for 1983, per capita adjusted property tax base for 1984-85 (adjusted to bring taxable real property values in each county up to January 1, 1984 terms, using the sales-assessment ratio study of the North Carolina Department of Revenue - that is, adjusted to treat each county as if it had revalued at 100% of market value as of January 1, 1984), per capita local-option sales tax distribution for 1984-85, and per capita intangibles tax distribution for 1984-85.

Each of these measures is an indicator of ability to pay. Per capita personal income has no direct relationship to a county's ability to fund public schools in North Carolina as counties are not allowed to tax income. Counties are unable to affect the amount they receive from either the local-option sales tax (except by declining to adopt it) or the intangibles tax. The table shows that some counties are relatively wealthy by some indicators of ability to pay and relatively poor by others. Other counties are consistently wealthy or consistently poor by all indicators.

The committee reviewed the impact of the increased cost requirements of SB 49 on the property tax rate in each county. The table in Appendix J of this report analyzes effect using the 1987-88 fiscal year requirements of SB 49.

Columns (1) and (2) of the table contain data on per capita personal income and the per capita adjusted property tax base, two of the most commonly used measures of ability to pay. Columns (3), (4), and (5) give the county-wide property tax base, rate, and levy amounts for the ninety-two counties for which all data was available (that is, the counties that responded to the North Carolina Association of County Commissioners annual tax survey). Column (6) shows the cost requirements for 1987-88 under Senate Bill 49; in this column, parentheses indicate that the county would experience a surplus under Senate Bill 49. (22 of the 92 counties analyzed would experience a surplus.) Column (7) indicates how much a county would have to raise its 1985-86 property tax rate to fund its responsibilities under Senate Bill 49 for 1987-88. Column (8) shows the percent by which the property tax rate would have to increase.

The table in Appendix K of this report is the same as that in Appendix J except the counties are ranked in order of how much they would have to raise their taxes to meet their requirements under Senate Bill 49. The table shows that, at one end of the spectrum, Madison County would have to increase its tax rate by 71 cents or 78.8%, Northampton County would have to increase its tax rate by 60.5 cents or 54.8%, and Swain County would have to increase its tax rate by 53.4% or 118.6%. At the other end of the spectrum, Wilson County could decrease its tax rate by 21.2 cents or 32.6% and Bertie County could decrease its tax rate by 24.1 cents or 36.6%.

The Committee then considered whether the counties that would need additional funding to meet their obligations under SB 49 are currently making as much effort (through the property tax rate) as other counties. The table in Appendix L of this report shows the effect on ability to pay for Senate Bill 49 if all counties made an average tax effort. Column (1) is an adjusted tax rate. (It was derived by dividing the current tax levy by the adjusted tax base. See page 21 for a discussion of adjusted tax base.) Column (2) is the property tax revenue that would be raised if all counties adopted the adjusted statewide average tax rate; that is, it is the product of this adjusted tax rate and the average statewide tax rate (53.2 cents). Column (3) is the additional revenue that would be derived if each county adopted the adjusted statewide average tax rate. Column (4) is the additional cost a county would incur under Senate Bill 49. (Parentheses indicate the county would experience a surplus under Senate Bill 49).

The table in Appendix L indicates that of the 85 counties analyzed, 21 counties are now spending more for their public schools than they would be required to spend under Senate Bill 49. (See, for example, Bertie County.) Of the 65 "deficit" counties, 17 could meet their obligations under Senate Bill 49 if they adopted the statewide adjusted average tax rate. (See Ashe County). Twenty (20) counties could not meet their obligations even if they adopted the statewide adjusted average tax rate. (See Alexander County.) Finally, 27 counties already have a tax rate above the statewide adjusted average and still cannot meet their obligations under Senate Bill 49. (See Anson County.)

The table in Appendix M of this report breaks out the 20 counties that could not meet their obligations even if they adopted the statewide adjusted average tax rate and the 27 counties that have a tax rate above the statewide adjusted average and still cannot meet their obligations.

These analyses show a "worst case" situation because the financial burden on the counties under Senate Bill 49 will be greatest for the 1987-88 fiscal year. Also, the cost of meeting school construction needs is a major component of the analysis; the Committee expressed concerns about the data that was used on school construction needs. (See pages 14 through 16 of this report.) Also, these analyses assumed a ten year time frame for meeting school construction needs; in some cases, that was apparently not the time frame that was used in estimating the school facility needs for the county.

A final point is that the counties that could meet their costs under Senate Bill 49 without additional resources may have issued school bonds, set aside money each year for school facilities, or diverted spending from other areas to meet their public school needs. These counties may feel they have a fiscal need to reduce the property tax rate or a chance to catch up spending in other areas.

The picture improves somewhat by the 1992-93 fiscal year. (The tables in Appendix N replicate the analyses in Appendices J through M for the 1992-93 fiscal year.) By 1992-93, 47 of the 85 counties analyzed would still experience increased costs under Senate Bill 49. Eleven of these counties could meet their

obligations under Senate Bill 49 if they adopted the statewide adjusted average tax rate. Fifteen of these counties could not meet their obligations even if they adopted the statewide adjusted average tax rate. Twenty-one of these counties already have a tax rate above the statewide adjusted average and still could not meet their obligations under Senate Bill 49.

V. State assistance to counties in complying with their financial obligations under Senate Bill 49

A. Current forms of assistance with public school facility needs

The State has provided some assistance to counties in complying with their school facility needs through the State Literary Fund. This form of assistance would remain in effect if Senate Bill 49 were enacted. Because the impact of the State Literary Fund on public school facility needs is relatively minor, it was not included in the analyses of the impact on the counties of Senate Bill 49.

Counties may borrow from the State Literary Fund for public school facility needs. Loans from the State Literary Fund are payable in 10 annual installments at an interest rate of 8%. The maximum amount a county can borrow from the State Literary Fund is the lesser of \$300,000 or 2/3's of the amount by which the county's outstanding indebtedness was reduced during the prior fiscal year. (A more complete analysis of how the State Literary Fund operates and the authority under which it operates may be found in Appendix O.)

The State has also provided some assistance to counties with the 1971 local-option sales tax and the 1983 supplemental local-option sales tax. This assistance would also remain in effect if Senate Bill 49 were enacted. The proceeds of these taxes were included in the analyses of the impact on the counties of Senate Bill 49.

Since 1971, local governments have been permitted to levy a 1% local-option sales tax pursuant to Article 39 of Chapter 105 of the General Statutes. All 100 counties have done so. The proceeds of this tax are allocated to the county in which the tax is collected. Thus, areas where there are a high concentration of retail sales such as metropolitan counties, resort areas, and regional trade centers get a large share of the proceeds from this tax; rural areas get less. The county government's share of the proceeds of this tax goes into the county general revenues and the county commissioners determine how much of the money the public schools will receive.

Since 1983, local governments have also been permitted to levy a 1/2% supplemental local-option sales tax pursuant to Article 40 of Chapter 105 of the General Statutes. Ninety-nine counties have done so. This tax is allocated to each county on the basis of population. For the first five years that the tax is in place, a county must dedicate at least 40% of the county's share of this revenue to public school facilities or to retiring any indebtedness the county has incurred for public school facilities. For the next five years, a county must use at least 30% of its revenue for these purposes. (If a county can persuade



the Local Government Commission it has met its school facility needs, it can receive a variance from these restrictions.) In 1986-87, this tax will provide \$50 million earmarked for school construction.

#### B. Options for additional State assistance

If the General Assembly were to decide to provide assistance to counties to comply with Senate Bill 49, there are a number of routes it could take. In developing a plan, the following questions must be addressed:

- (1) Would the assistance be permanent or one-time only;
- (2) What would be the source of funding;
- (3) What would be the mechanism for providing assistance;
- (4) Would all counties be given some aid, or would the aid be concentrated in the counties needing assistance;
- (5) If all counties are given aid, on what basis would aid be allocated to each county; and
- (6) Would local effort be taken into account?

##### 1. Methods of assistance

Some possible methods of assistance include an additional local-option sales tax, a State sales tax, State construction grants, issuance of State general obligation bonds, State infrastructure bonds, and a State revolving loan fund.

##### a. Local-option sales tax

The 1971 1 percent local-option sales tax and the 1983 1/2 percent local option sales tax were discussed on page 26 of this report. The State could choose to authorize an additional local-option sales tax along either model.

b. State sales tax

During the 1983 Session of the General Assembly, a bill was introduced (Senate Bill 51) that would have raised the State sales tax by 1% and increased the tax on motor vehicles. The proceeds would have been divided among public school construction, water and sewer facilities, maintenance and repair of State facilities, university construction, community college equipment, and matching federal highway construction assistance. The tax would have provided \$60 million for public school construction, which would have been distributed on the basis of need. The bill picked up a lot of support (it would also have repealed the sales tax on food) but was not enacted.

During the 1985 Session, a bill was introduced (Senate Bill 431 and House Bill 764) that would have raised the State sales tax by 1/2 percent. The proceeds of this tax increase would have been placed in a Public School Capital Construction Fund administered by the State Board of Education. The State Board of Education would have made grants to counties from the fund for public school construction. Grants would have been allocated to each county on an ADM basis and each county would have been required to match each \$3.50 of State dollars with \$1.00 of county funds.

A 1/2 percent State sales tax would generate \$182.5 million in 1986-87 terms. The table in Appendix P of this report shows an estimate of how much each county would have received under Senate Bill 431 if they could have met the matching requirement. The table in Appendix Q shows how much help a tax levied pursuant

to Senate Bill 431 would help counties in meeting their financial obligations under Senate Bill 49.

The analysis of Senate Bill 49 shows that 76 counties could not meet their obligations under the bill for the 1987-88 fiscal year with their current resources; with the funds from the 1/2 percent State sales tax, only 35 counties would not be able to meet their obligations. For the 1992-93 fiscal year, 55 counties could not meet their obligations under Senate Bill 49 with their current resources; with the funds from the 1/2 cent State sales tax, only 25 counties would not be able to meet their obligations.

The table in Appendix Q also breaks down the effect of Senate Bill 431 on the counties in light of whether they have adopted a property tax rate of at least the adjusted statewide average:

- (1) 15 counties would continue to have a deficit for both the 1987-88 and 1992-93 fiscal years after enactment of a 1/2 percent State sales tax even if they adopt the adjusted statewide average property tax rate;
- (2) 7 counties would have a deficit for one of these years after enactment of a 1/2 percent State sales tax even if they adopted the adjusted statewide average property tax rate;
- (3) 2 counties would have a deficit for both of these years after enactment of a 1/2 percent State sales tax but the deficit for one year could be eliminated if they adopted the adjusted statewide average property tax rate;

(4) 7 counties would have a deficit for one or both of these years after enactment of a 1/2 percent State sales tax but the deficit could be erased for the applicable years if they adopted the adjusted statewide average property tax rate.

(5) 4 counties would have a deficit for one or both of these years, but data is not available to tell whether their tax effort is above or below the statewide average.

c. State construction grants

The State could use State construction grants to help the counties meet their school facility needs. The 1985 General Assembly appropriated \$60 million for each year of the 1985-87 fiscal biennium to help the counties meet their wastewater treatment facility needs. The wastewater treatment facility funds will be distributed on a per capita basis. A similar approach could be used for public school facility needs.

d. General obligation bonds

The State could issue general obligation bonds for public school facilities. Public school facility bonds have been issued in the past as follows:

<u>Year of Authorization</u>	<u>Amount</u>	<u>Allocation Formula</u>
1949	\$25 mil.	50% flat amount; 50% ADM
1953	50	20% flat amount; 30% ADM 50% physical need
1963	100	100% ADM
1973	300	100% ADM
Proposed 1980	600	12 1/2% flat amount; 87 1/2% ADM

Other examples of past State bond authorizations for capital improvements include:

Clean Water Program

1971	\$150 mil.
1977	230
1981	300

Highway Bonds

1949	\$200 mil.
1965	300
1977	300

The proceeds from the issuance of the Clean Water bonds were allocated on the basis of a statewide ranking of physical needs.

At the prevailing interest rates in the market place over the last decade, the total interest cost on a State general obligation debt issue would be equivalent to 80 to 120% of the principal. On an annual basis, this would amount to \$10 to 13 million in debt service requirements (repayment of principal plus interest on outstanding debt) on each \$100 million of debt issued.

e. State revolving loan fund

A few states have established a revolving loan fund, financed either by a bond issue or appropriations. These funds operated similarly to the State Literary Fund in that counties can borrow from the revolving fund at below-market interest rates with favorable repayment terms to meet capital project needs.

2. Allocation of State funds

Additional State funds to assist counties in meeting their obligations under Senate Bill 49 could be allocated on the basis of physical need, population, flat amount per county, ability-to-pay, or effort.

a. Physical need

An allocation based on physical need is based on a compilation of project needs. If the total statewide needs are

greater than the available dollars, some priority system must be developed to rank projects.

A disadvantage of this approach is that it penalizes counties that have already made an effort to meet their needs by adopting a local school bond issue, increasing taxes, or reducing spending for other programs. These counties may feel their greatest need is to reduce taxes or to catch up on other programs. An allocation on the basis on ability-to-pay would be more advantageous for these counties.

If a county chooses to meet its school facility needs by borrowing money, the local bond issue must be approved by the voters in the county. (See Article V, Section 4 of the Constitution.) Since 1969, the counties have approved school bond issues in the amount of \$568 million. The table in Appendix R of this report shows which counties have chosen to issue local bond issues. The table also indicates that while some of these counties are relatively wealthy, many are not. The chart in Appendix S shows which counties had school bond issues on the ballot, how much the bond issues were for, and whether they were approved.

#### b. Population

Almost all fiscal assistance formulas place substantial weight on the overall population of the State or local region or the population to be served. In the context of the public schools, ADM or average daily membership is the measure of the population to be served that is most often used. These formulas are usually permanent in nature and deal with assistance for

current operations expenses. A formula based on population recognizes a continuing program need.

c. Flat amount per county

An allocation of a flat amount per county recognizes the fixed costs of any program; that is, in the case of the public school facilities, total costs do not rise proportionately as average daily membership increases. The use of this factor also tends to adjust somewhat for ability to pay because the least populated counties in North Carolina tend to be the poorest counties; thus, a flat amount to a small county means proportionately more than a flat amount to a large county. Both the 1949 and 1953 State school bond issues allocated a portion of their proceeds on the basis of a flat amount per county. The 1980 State school bond issue that was proposed by a committee of the Legislative Research Commission also would have allocated a portion of its proceeds on the basis of a flat amount per county.

d. Ability to pay

Allocations, at least in part, on the basis of ability-to-pay are used for the federal revenue-sharing program and for State school aid formulas in most other States. Under these formulas, the more a county is able to pay, the less it receives.

The two most common methods to measure ability-to-pay are the income method and the wealth method. Income represents the underlying resource available to spend or to accumulate wealth; it is not, however, an appropriate measure of ability-to-pay in North Carolina at the county level because county governments cannot tax income. County governments receive revenues from two wealth-based

taxes, the ad valorem property tax and the intangibles tax, and one tax based on spending, the sales tax. Most State aid formulas use property tax resources as the measure of ability-to-pay. The table in Appendix T of this report illustrates the effect of distributing \$100 million in State funds to the counties on the bases of ability to pay, population, and a flat amount per county.

e. Effort

The federal revenue-sharing formula and school aid formulas in some states use measures of effort to allocate funds. The weight given to this factor in the formula is usually not as heavy as that given to population or ability-to-pay. This measure gives some encouragement to counties that provide an above-average level of local support for a program.

There are a number of ways to allocate funds on the basis of effort. One is to make a measure of effort a part of the formula; the higher the effort, the more money the State would provide. A second method is to require a local match before a county receives State money. (A 1 to 3.5 match is required in Senate Bill 431.) A third method is to require a county to spend a certain amount on a program before it can receive State money.

VI. Options for reducing the counties' obligations under Senate Bill 49

One of the major features of Senate Bill 49 is delineating the funding responsibilities of the State and of local governments for the public schools. One way to help reduce the burden on the counties is to reduce the counties' obligations under the bill.



The North Carolina Association of County Commissioners has suggested that the State could assume the full costs of utilities and custodial personnel for the schools. The annual cost of doing so in 1985-86 terms would be over \$100 million. If the State also assumed the cost of maintenance workers, the cost would be an additional \$45 million annually. The Committee has not examined the effect this option would have on individual counties or whether this option would provide proportionally more help to those counties most in need of help.

Another option would be for the State to take over the full responsibility for the non-federal share of total school expenditures (including school facility needs). In exchange, the State would receive some of the local tax base to finance the additional responsibility.

#### VII. The State and local fiscal outlook

The Fiscal Research Division prepared for the Committee an analysis of the fiscal issues facing the General Assembly and the local governments over the next few years. These issues are substantial in magnitude. There are capital need backlogs in local public schools, local water supply and sewer facilities, county jails, State and municipal highways, and the State's prison system. At the same time, major sources of funding from the federal government are drying up. The Gramm-Rudman-Hollings legislation adds a new area of uncertainty to the fiscal outlook.

The budget making process, by nature, involves some degree of uncertainty and risk. The current cycle is unique, however, in that the level of uncertainty is unprecedented in recent times.

Furthermore, the major sources of uncertainty do not directly relate to the economy. They involve structural and policy changes at the national and State level.

A more complete analysis of the overall economy and what it means for State General Fund and Highway Fund revenues and a status report on the Gramm-Rudman-Hollings legislation may be found in Appendix U of this report.

## CONCLUSIONS

After having reviewed the information presented to it, the Committee on the School Finance Act decided not to make any recommendations to the 1986 Session of the General Assembly because many of the Committee's concerns about the School Finance Act are currently unresolved. The Committee will make its recommendations in its final report to the 1987 Session. The Committee elected to make an interim progress report, however, because a School Finance Act (Senate Bill 49) passed the Senate during the 1985 Session and is now in the House Education Committee for consideration during the 1986 Session. The Committee on the School Finance Act wanted the House Education Committee to have the benefit of its progress to date when the House Education Committee considers Senate Bill 49 during the 1986 Session.

Testimony before the Committee indicated overwhelming support for the main purpose of Senate Bill 49 - to redefine and clarify the responsibilities of the State and the local governments for funding the public schools. The respective funding responsibilities of the State and the local governments have been blurred over time, in some cases to the detriment of the school curriculum and school facilities. There is currently no clear

understanding of which level of government is responsible for what.

Testimony before the Committee also indicated that the current level of uncertainty about the State and local fiscal outlook may make it inappropriate to redefine major funding responsibilities at this time. Currently, there are major backlogs in capital needs facing the State and local governments. The level of federal funding the State and local governments receive is decreasing dramatically. We can only guess what federal budget cutting efforts and the Gramm-Rudman-Hollings legislation will do to further cut the amount of federal money the State and local governments will receive in the future for education and otherwise. When some of this uncertainty is resolved, it may be that a delineation of funding responsibilities for the public schools other than the one proposed in Senate Bill 49 will be more appropriate.

Testimony before the Committee also indicated that it may be inappropriate to redefine major funding responsibilities before more of the Basic Education Program is implemented. As the State goes further along with the Basic Education Program, we will have a better idea of its financial impact on the counties. The influx of State money for school operating costs ought to free up some local money for school facility costs. To what extent it will do so and what the counties' financial responsibility for the schools ought to be in light of the freed up resources should become more obvious as more of the Basic Education Program is implemented.

A major unresolved concern the Committee has about Senate Bill 49 is whether all counties could adequately meet the financial obligations for their public schools assigned to them under the bill. Data presented to the Committee indicated some may not be able to do so, even if they raised their property tax effort to the statewide average. The Committee intends to further determine the validity of this concern, and if it is found to be valid, to consider ways to alleviate it, before it makes its final report to the 1987 General Assembly.

The Committee is also concerned that there are no clear statewide standards in force for school facilities at the present time. Also, there is no State compliance review, regular reporting, or inventory on the status of school facilities. Therefore, it is impossible to determine with any degree of certainty or uniformity what the school facility needs really are. Since providing for school facilities is a major component of the counties' responsibility under Senate Bill 49, the lack of clear statewide standards for school facilities and the lack of State compliance reviews and regular reports on school facilities may indicate serious deficiencies in the bill.

Maintenance and custodial personnel expressed concern to the Committee that they would not and could not be State employees under the delineation of funding responsibilities set out in Senate Bill 49.



APPENDIX A





APPENDIX A

CHAPTER 790  
SENATE BILL 636

AN ACT AUTHORIZING STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, MAKING TECHNICAL AMENDMENTS THERETO, AND TO MAKE OTHER AMENDMENTS.

The General Assembly of North Carolina enacts:

Section 1. Studies Authorized. The Legislative Research Commission may study the topics listed below. Listed with each topic is the 1985 bill or resolution that originally proposed the issue or study and the name of the sponsor. The Commission may consider the original bill or resolution in determining the nature, scope and aspects of the study. The topics are:

(43) School Finance Act (S. B. 848-Taft).

Sec. 3. Reporting Dates. For each of the topics the Legislative Research Commission decides to study under this act or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1987 General Assembly, or the Commission may make an interim report to the 1986 Session and a final report to the 1987 General Assembly.

Sec. 4. Bills and Resolution References. The listing of the original bill or resolution in this act is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

Sec. 8. This act is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1985

SENATE JOINT RESOLUTION 848

Sponsors: Senators Taft, Winner; Warren, Hardison, Smith.

Referred to: Appropriations.

July 9, 1985

1 A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH  
2 COMMISSION TO STUDY THE FISCAL IMPACT OF SENATE BILL 49.

3 Whereas, the Senate has approved Senate Bill 49 which  
4 delineates the financing responsibilities of the State, the  
5 counties, and the local boards of education for public elementary  
6 and secondary education; and

7 Whereas, this bill will be considered by the House of  
8 Representatives when the 1985 General Assembly convenes for the  
9 Regular Session of 1986; and

10 Whereas, there is a critical need for additional  
11 detailed information regarding the budgetary and fiscal  
12 implications of Senate Bill 49, especially the impacts upon  
13 local government expenditures for public education;

14 Now, therefore, be it resolved by the Senate, the House of  
15 Representatives concurring:

16 Section 1. The Legislative Research Commission may  
17 study the division of State and local government responsibilities  
18 for financing the public school system which is proposed in  
19 Senate Bill 49. The Commission may review the phased approach to  
20 full funding of the Basic Education Program by July 1, 1993,

1 proposed by the State Board of Education. The Commission may  
2 study the present level of local appropriations for public  
3 schools, and the building needs of the public school system in  
4 order to determine whether the proposed financing  
5 responsibilities for local governments contained in Senate Bill  
6 49 can be addressed by existing local financial resources. The  
7 Commission may review the Public School Budget and Fiscal Control  
8 Act to determine whether the existing system of budgeting,  
9 accounting and fiscal control is compatible with the assignment  
10 of responsibilities proposed in Senate Bill 49.

11           Sec. 2. The Commission may call upon the Department of  
12 Public Education and representatives of local governments  
13 directly involved in the financing of public schools to  
14 participate in the study of Senate Bill 49. The Superintendent  
15 of Public Instruction and the Controller to the State Board of  
16 Education shall ensure that their staff cooperate fully with the  
17 Commission.

18           Sec. 3. The Commission shall make a final report of its  
19 recommendations to the 1985 General Assembly, Regular Session  
20 1986.

21           Sec. 4. This resolution is effective upon ratification.  
22  
23  
24  
25  
26  
27  
28



APPENDIX B



APPENDIX B  
STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



MEMBERSHIP OF THE  
LEGISLATIVE RESEARCH COMMISSION  
1985 - 1987

Senator J. J. Harrington, Cochairman  
Senator Ollie Harris  
Senator David R. Parnell  
Senator Aaron W. Plyler  
Senator Kenneth C. Royall, Jr.  
Senator William W. Staton  
Senator Robert S. Swain

Speaker Liston B. Ramsey, Cochairman  
Representative Allen C. Barbee  
Representative Daniel T. Blue, Jr.  
Representative Charles D. Evans  
Representative Foyle Hightower, Jr.  
Representative John J. Hunt  
Representative William T. Watkins

STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



MEMBERSHIP OF THE  
LEGISLATIVE RESEARCH STUDY COMMITTEE  
ON  
SCHOOL FINANCE ACT

Senator Robert D. Warren, Cochairman  
Mr. Dallas L. Alford  
Mrs. Earl Bonner  
Senator Harold W. Hardison  
Senator Thomas F. Taft

Representative Joe R. Hudson, Cochairman  
Representative Richard E. Chalk, Jr.  
Representative David H. Diamont  
Representative Henry M. Michaux, Jr.  
Representative Wendell H. Murphy

Legislative Research Commission Member -  
Representative Aaron Fussell

Legal Staff - Ms. Sarah Fuerst

Fiscal Staff - Mr. David Crotts  
Ms. Hilda Highfill

Committee Clerk - Ms. Sue Floyd



APPENDIX C



GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1985

S

3

SENATE BILL 49  
Committee Substitute Adopted 6/21/85  
Third Edition Engrossed 7/1/85

Short Title: Public School Funding.

(Public)

Sponsors: Senator

Referred to: Education.

February 22, 1985

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH STATE AND LOCAL FUNDING RESPONSIBILITIES FOR  
3 THE UNIFORM SYSTEM OF FREE PUBLIC SCHOOLS.

4 Whereas, North Carolina has a long-standing commitment  
5 to providing for a general and uniform system of free public  
6 schools and for equal educational opportunity for every child;  
7 and

8 Whereas, it is a nationwide problem that the quality and  
9 the quantity of the school programs is in part dependent upon  
10 where a child lives; and

11 Whereas, no one approach to solving this problem of  
12 inequity has been widely accepted as the best solution; and

13 Whereas, in North Carolina, total State funding of  
14 school operating costs would assure that an acceptable level of  
15 educational opportunity is available for every school child; and

16 Whereas, because the needs of local school systems are  
17 not uniform throughout the State, local school boards must have  
18 the power and the duty to tailor certain elements of their  
19 educational systems to their local educational needs; and

20

21

1           Whereas, State funds for education operating expenses  
2 should primarily be allocated to local school administrative  
3 units on the basis of the number of pupils served so that the  
4 local school boards can gear their expenditures to serving pupil  
5 learning; and

6           Whereas, county governments may enhance the level of  
7 educational opportunity funded by the State with local  
8 supplemental funds; and

9           Whereas, North Carolina's tradition of dual funding -  
10 that is the tradition of having the State fund school operating  
11 costs and the counties the capital costs - has been blurred over  
12 time, in some cases to the detriment of adequate school  
13 curriculum and school facilities; and

14           Whereas, the counties' duty to provide adequate school  
15 facilities to support the educational program funded by the State  
16 should be clearly defined; and

17           Whereas, it is imperative that local school boards  
18 operate the public school system efficiently, so as to provide  
19 the school children the best possible education at the minimum  
20 cost to the taxpayers; and

21           Whereas, the State Board of Education, acting pursuant  
22 to G.S. 115C-81, has defined a basic education program; and

23           Whereas, the Public Education Policy Council, after a  
24 thorough analysis of North Carolina's public education program,  
25 found that it was essential to clarify State and local funding  
26 responsibilities so as to assure equal educational opportunity  
for every school child in North Carolina; Now, therefore,

27 The General Assembly of North Carolina enacts:

1           Section 1. Financial Responsibility.. G.S. 115C-1, is  
2 amended by adding the following subsection:

3       "(g) The traditional partnership between State and local  
4 funding sources is hereby made a part of the statutory framework  
5 undergirding the public school system of the State by the  
6 following definition of responsibility for funding the Basic  
7 Education Program for North Carolina's Public Schools. Local  
8 boards of education and boards of county commissioners are  
9 authorized and directed to fund from local sources all facility  
10 construction and renovation costs; all facility maintenance  
11 costs; all facility operations costs, including insurance,  
12 custodial and energy costs; and all necessary expenses of the  
13 governing boards for the local school administrative units. The  
14 State Board of Education is authorized and directed to fully fund  
15 on an incremental basis within funds appropriated by the General  
16 Assembly all other costs of the Basic Education Program."

17       Sec. 2. Intent. It is the intent of the General  
18 Assembly that effective July 1, 1987, State funds for the  
19 operation of the Basic Education Program be allocated to local  
20 administrative units in categories to be developed by the State  
21 Board of Education and approved by the General Assembly. Toward  
22 that end, the State Board of Education shall develop a plan for  
23 implementing this new allocation method and shall report that  
24 plan to the 1986 General Assembly..

25       Sec. 3. Schedule of Implementation. The following  
26 schedule of implementation shall apply to those financing  
27 responsibilities assigned to the several boards of county  
28

1 commissioner, and local boards of education in Section 1 of this  
2 act.

3 (a) Effective July 1, 1986, the several boards of  
4 county commissioners and local boards of education shall be  
5 solely responsible for financing from local sources the costs of:

6 (1) providing school buildings, related furniture, and  
7 apparatus adequate to meet the requirements of the  
8 Basic Education Program;

9 (2) school maintenance personnel;

10 (3) school property insurance pursuant to G.S. 115C-  
11 534;

12 (4) necessary expenses for the governing boards of the  
13 several local school administrative units pursuant  
14 to G.S. 115C-38, 115C-42, and 115C-43.

15 (b) Upon full implementation of those elements of the  
16 Basic Education Program that are the financial responsibility of  
17 the State, the costs of school utilities and the costs of  
18 custodial personnel shall be paid solely from local funds. In  
19 this interim, the General Assembly shall appropriate sufficient  
20 funds to maintain a share of these costs no less than the  
21 proportion of these expenditures paid from State funds in fiscal  
year 1984-85.

22 Sec. 4. Maintenance of Effort. [S-(a)] During the  
23 period of time in which the Basic Education Program is being  
24 implemented but not beyond June 30, 1993, the several boards of  
25 county commissioners shall appropriate sufficient funds to the  
26 local Current Expense Fund of their local boards of education to  
27 assure that these funds, when added to State funds appropriated

1 by the General Assembly for the operating costs of public  
2 schools, are not less than the combined amount available on a per  
3 pupil basis from those sources during fiscal year 1984-85. Any  
4 reductions in operating expenses from county appropriations shall  
5 be reflected by increases in capital improvements and maintenance  
6 operations, reduction of capital debt, and/or appropriations to  
7 capital reserve funds for schools. In calculating the amount of  
8 local money to be appropriated, county commissioners shall use  
9 official estimates of pupil population and allotment data  
10 provided by the State Board of Education.

11 (b) The Local Government Commission may, upon petition  
12 by a county, authorize a county to use part or all of its tax  
13 revenue otherwise required by subsection (a) for any lawful  
14 purpose. The petition shall be in the form prescribed by the  
15 Local Government Commission and shall demonstrate that the county  
16 can provide for its public school capital needs without  
17 restricting the use of part or all of the local tax dollars  
18 replaced by State appropriations to the county for this purpose.

19 In making its decision, the Local Government Commission  
20 may consider information from sources other than the petition.  
21 The Commission shall issue a written decision on each petition  
22 stating the findings of the Commission concerning the public  
23 school capital needs of the petitioning county and the percentage  
24 of revenue otherwise restricted by subsection (a) that may be  
25 used by the petitioning county for any lawful purpose.

26 Decisions of the Commission allowing counties allowing  
27 counties to use a percentage of their tax revenue that would  
28 otherwise be restricted under subsection (a) for any lawful

1 purpose are final and shall continue in effect until the  
2 restrictions imposed by those subsections expire. A county whose  
3 petition is denied, in whole or in part, by the Commission may  
4 subsequently submit a new petition to the Commission.

5 [S-800/ B/ CLASS SIZES/ Q18/ APPROVAL IS REQUIRED/  
6 Q18/ APPROVAL IS REQUIRED TO PASS]

7 BY APPROVAL/ CLASS SIZES/TIMING AND BASIC EDUCATION PROGRAM AS  
8 PROVIDED IN Q18/ APPROVAL/ IS FULLY UNDERSTOOD LOCAL BOARDS OF  
9 EDUCATION SHALL MAINTAIN MINIMUM AVERAGE CLASS SIZES NO LARGER  
10 THAN 25 STUDENTS PER CLASS FOR KINDERGARTEN THROUGH GRADE 1/ AND  
11 25 STUDENTS PER CLASS FOR GRADES 2 THROUGH 12/ NO SINGLE CLASS  
12 SHALL HAVE MORE THAN FIVE STUDENTS MORE THAN THE AVERAGE CLASS  
13 SIZE FOR EACH GRADE LEVEL HOWEVER/ THE BASIC EDUCATION PROGRAM  
14 MAY BE ALTERNATE CLASS SIZES IN AREAS SUCH AS CURRICULUM/  
15 MUSIC/ AND PHYSICAL EDUCATION SO LONG AS THE EFFECTIVENESS OF THE  
16 EDUCATIONAL PROGRAM IN THESE AREAS IS NOT IMPAIRED/

17 UNLESS THE BASIC EDUCATION PROGRAM IS FULLY UNDERSTOOD LOCAL BOARDS  
18 OF EDUCATION SHALL MAINTAIN MINIMUM AVERAGE CLASS SIZES NO  
19 LARGER THAN THE AVERAGE UNDERSTOOD BY THE GENERAL ASSEMBLY FOR EACH  
20 GRADE LEVEL/ OR NO MORE THAN THE GENERAL ASSEMBLY APPROVED  
21 UNDER FOR HIGH SCHOOL MINIMUM AVERAGE CLASS SIZES UNDERSTOOD THAN THOSE FOR HIGH  
22 SCHOOL UNDERSTOOD UNDERSTOOD UNDERSTOOD AND APPROVED UNDERSTOOD UNDERSTOOD/ NO  
23 SINGLE CLASS SHALL HAVE MORE THAN FIVE STUDENTS MORE THAN THE  
24 MINIMUM AVERAGE CLASS SIZE APPROVED FOR EACH GRADE LEVEL  
25 HOWEVER/ THE BASIC EDUCATION PROGRAM MAY BE ALTERNATE CLASS  
26 SIZES IN AREAS SUCH AS CURRICULUM/ MUSIC/ AND PHYSICAL EDUCATION  
27 SO LONG AS THE EFFECTIVENESS OF THE EDUCATIONAL PROGRAM IN  
28 THESE AREAS IS NOT IMPAIRED/



1 THE MAXIMUM DAILY LOAD FOR TEACHERS IN GRADES 7 AND 8 IS THE  
 2 PRODUCT OF SIX TIMES THE CURRENTLY FIXED MAXIMUM AVERAGE CLASS  
 3 SIZE. THE MAXIMUM DAILY LOAD OF TEACHERS IN GRADES 9 THROUGH 12  
 4 IS THE PRODUCT OF FIVE TIMES THE CURRENTLY FIXED MAXIMUM  
 5 AVERAGE CLASS SIZE.

6 UNDER EXCEPTIONAL CIRCUMSTANCES, THE STATE BOARD OF EDUCATION  
 7 MAY PERMIT SCHOOLS TO EXCEED THE MAXIMUM AVERAGE CLASS SIZES, THE  
 8 MAXIMUM CLASS SIZES FOR EACH CLASS, AND THE MAXIMUM DAILY LOADS  
 9 FOR TEACHERS SET OUT IN THE SECTION. SCHOOLS PERMITTED UNDER  
 10 THIS PARAGRAPH SHALL BE DISCLOSED IN THE BIENNIAL REPORT REQUIRED  
 11 BY G.S. 115C-21.4(b)(1).

12 [S-888/ 6/][S-Sec. 5.] Arbitration of Disputes. (a)  
 13 G.S. 115C-431(a) is amended in the first sentence by deleting the  
 14 words "to the local current expense fund, or the capital outlay  
 15 fund, or both, by the board of county commissioners is not  
 16 sufficient to support a system of free public schools" and  
 17 substituting the words "by the county commissioners to finance  
 18 the responsibilities assigned by the General Assembly to county  
 19 governments in G.S. 115C-81(g)".

20 (b) G.S. 115C-431(c) is amended in the second sentence  
 21 by deleting the words "maintain a system of free public schools"  
 22 and substituting the words "finance those responsibilities  
 23 assigned by the General Assembly to county governments in G.S.  
 24 115C-81(g)".

25 (c) G.S. 115C-431(c) is further amended in the last  
 26 sentence of the first paragraph by deleting the words "to  
 27 maintain a system of free public schools" and substituting the

1 words "to finance those responsibilities assigned by the General  
2 Assembly to county governments in G.S. 115C-81(g)".

3 (d) G.S. 115C-431(d) is amended in the first sentence  
4 by deleting the words "for deposit in the local current expense  
5 fund".

6 [S-~~844~~ 7/][S-Sec. 6.] Additional Appropriations.  
7 Nothing in this act shall prohibit the General Assembly from  
8 providing funds for the financing responsibilities assigned to  
9 the boards of county commissioners and local boards of education  
10 in Section 1 of this act or prohibit the boards of county  
11 commissioners and local boards of education from providing funds  
12 for the financing responsibilities assigned to the General  
13 Assembly in Section 1 of this act.

14 [S-~~844~~ 8/][S-Sec. 7.] This act shall become effective  
15 July 1, 1986.

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APPENDIX D



APPENDIX D

The State Board of Education will update this schedule annually to reflect the most recent cost figures and average daily membership projections available, as well as changes in the priorities of the State Board of Education and the General Assembly. In addition, the figures in each column below represent the increment of funding above the previous year's funding needed to implement the Basic Education Program (except for the 1985-86 school year, which column reflects the actual amounts funded).

March 1986

NORTH CAROLINA BASIC EDUCATION PROGRAM IMPLEMENTATION SCHEDULE

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Total
<b>Instructional Personnel</b>									
1. Reg. Class. Tchrs	1,357	192	1,468	1,973	1,598	1,311	1,803	1,257	10,959
	\$36,276,681	\$5,132,736	\$39,244,044	\$52,744,209	\$42,719,334	\$35,046,963	\$48,199,599	\$33,603,381	\$292,966,947
2. Exc. Child Tchrs.	0	0	669	624	0	0	0	0	1,293
	\$0	\$0	\$17,884,377	\$16,681,392	\$0	\$0	\$0	\$0	\$34,565,769
3. Voc. Ed. Tchrs	0	0	0	0	123	104	96	111	434
	\$0	\$0	\$0	\$0	\$3,286,683	\$2,778,984	\$2,565,216	\$2,966,031	\$11,596,914
4. Full Funding	\$0	\$0	\$11,987,977	\$11,499,351	\$10,825,957	\$0	\$0	\$0	\$34,313,285
5. In-Sch. Susp. Tch., Dropout Prevention & Job Place Couns.	534	173	69	69	69	69	68.5	0	1,051
	\$15,101,787	\$4,878,386	\$1,951,355	\$1,951,355	\$1,951,355	\$1,951,355	\$1,937,214	\$0	\$29,722,806
6. Tchr Aides, K-3	0	0	0	0	0	0	851	858	1,709
	\$0	\$0	\$0	\$0	\$0	\$0	\$9,315,046	\$9,391,668	\$18,706,714
7. Summer Sch. Instr.	\$3,900,000	\$3,900,000	\$16,495,311	\$0	\$0	\$0	\$0	\$0	\$24,295,311
<b>Instructional Support</b>									
1. Instr. Supl. Certified Pos (Couns., Media Spec., Psy- chologists, School Nurses, Social Workers)	0	200	100	300	665	665	668	668	3,266
	\$0	\$5,694,600	\$2,847,300	\$8,541,900	\$18,934,545	\$18,934,545	\$19,019,964	\$19,019,964	\$92,992,818
2. Asst. Principals	55	(3)	163	164	0	0	0	0	379
	\$1,732,055	(\$94,476)	\$5,133,181	\$5,164,673	\$9,361,570	\$0	\$0	\$0	\$21,297,004
3. Principals	0	0	0	0	0	0	0	0	0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Supervisors	0	0	0	0	0	61	62	0	123
	\$0	\$0	\$0	\$0	\$0	\$2,464,797	\$2,505,203	\$0	\$4,970,000
5. Inst/Lab/Cler Aide	0	0	0	0	1,240	1,240	621	621	3,722
	\$0	\$0	\$0	\$0	\$13,570,560	\$13,570,560	\$6,796,224	\$6,796,224	\$40,733,568
6. Cler. Assistance	0	0	854	848	421	394	0	0	2,517
	\$0	\$0	\$13,765,626	\$13,668,912	\$6,786,099	\$6,350,886	\$0	\$0	\$40,571,523
7. Staff Development	\$2,000,000	\$0	\$5,264,908	\$0	\$0	\$0	\$0	\$0	\$7,264,908
8. Athletic Trn. Sup	\$35,000	\$35,000	\$5,000	\$0	\$0	\$0	\$0	\$0	\$75,000
<b>Instructional Supplies, Materials, &amp; Equipment</b>									
1. Instruct Supplies	\$0	\$0	\$7,588,017	\$0	\$0	\$0	\$0	\$0	\$7,588,017
2. Instr. Equipment	\$7,811,324	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,811,324
3. Textbooks	\$0	\$6,594,000	\$0	\$0	\$0	\$0	\$0	\$0	\$6,594,000

Auxiliary Programs and Administration

1. Summer Schl Trans	\$1,350,000	\$1,350,000	\$6,966,755	\$0	\$0	\$0	\$0	\$0	\$9,666,755
2. Asst./Assoc. Supt	0	0	0	86	87	87	0	0	260
	\$0	\$0	\$0	\$3,978,360	\$4,024,620	\$4,024,620	\$0	\$0	\$12,027,600
3. Finance Officers	50	50	0	0	0	0	0	0	100
	\$1,597,292	\$1,597,292	\$0	\$0	\$0	\$0	\$0	\$0	\$3,194,584

TOTAL, All Line Items	\$69,804,139	\$29,087,539	\$129,133,851	\$14,230,152	\$111,460,723	\$85,122,709	\$90,338,466	\$71,777,268	\$700,954,846
							Less 1985-87 Funding		\$98,891,678
							Remaining to be Funded		\$12,027,500

The staff of the Department of Public Instruction recognizes that the General Assembly also made several one-time appropriations which address several elements of the Basic Education Program. These are included below. The Center for the Advancement of Teaching at Western Carolina University is operated by the Board of Governors of the University of North Carolina and is not considered part of the Basic Education Program.

One-Time Appropriations:

Staff Dev Begin.Tch.	\$200,000	(\$200,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Computers	\$12,512,210	(\$3,902,210)	(\$8,610,000)	\$0	\$0	\$0	\$0	\$0	\$0
Staff Dev Computers	\$1,000,000	(\$1,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Staff Dev. Fin Offc.	\$100,000	(\$100,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Related Appropriations:

Ctr. Adv. of Tchg -WCU	\$0	\$2,245,000	(\$2,245,000)	\$0	\$0	\$0	\$0	\$0	\$0
Prior Yr./Proj AQM	\$5,940,384	(\$595,384)	\$0	\$0	\$0	\$0	\$0	\$0	\$5,345,000

APPENDIX E





# **Public School Facility Needs**

**in  
North Carolina**

**1984-85**



**N. C. Department of Public Instruction  
November, 1984**



**A. CRAIG PHILLIPS, State Superintendent  
North Carolina Department of Public Instruction**

**WILLIAM W. PEEK, Associate State Superintendent  
North Carolina Department of Public Instruction**

**T. DARRELL SPENCER, Director  
Division of School Planning**



## State of North Carolina

Superintendent of Public Instruction

Raleigh 27611

A. CRAIG PHILLIPS  
SUPERINTENDENT

November, 1984

This report is the result of a recent study of public school facility needs in North Carolina and is a follow-up of a previous study conducted in 1981. At that time, each board of education was asked to estimate the cost of housing all public school students in attractive, safe, and functional facilities. This study of total needs represented a departure from the studies in the 1950's, 1960's, and early 1970's when boards of education were asked to identify only their most critical needs.

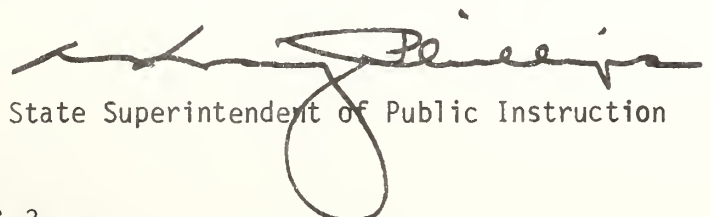
The 1981 study indicated statewide needs in excess of \$1.8 billion. The results of the study were presented to the General Assembly that same year with a request for a \$600 million statewide bond referendum for school construction.

While the General Assembly did not provide an opportunity for the citizens of North Carolina to vote on a statewide school bond referendum, there was an acknowledgement on the part of legislators, boards of education, educators, and citizens that North Carolina had significant school facility needs. There was also the realization that the needs in most counties could not be met with local funds without state assistance.

Later, the 1983 General Assembly enacted a one-half cent, local option sales tax in an effort to correct some of the state's educational facility needs and to provide additional funds to counties and municipalities. Though far from adequate, in 1984-85, this tax will generate approximately \$100 million new dollars for county governments with approximately \$40 million mandated for school construction.

In August, 1984, each board of education was asked to update the January, 1981 study. The results of this most recent study indicate that, in addition to the capital improvements made during that interim, the local boards of education in North Carolina now need in excess of \$2.2 billion to house all K-12 students in attractive, safe, and functional facilities.

I submit this report to all persons in North Carolina who are interested in the welfare of our youth--our greatest resource. I commend the study to you and seek your continued support for funds to improve educational facilities for our children.

  
State Superintendent of Public Instruction













Unit	Replacement of Temporary Facilities	Replacement of Obsolete Facilities	Renovation of Buildings which are Suitable for Long-Range Use	New or Renovated Facilities for Exceptional Children*	Accessibility for the Handicapped*	Renovations for Energy Conservation*	Community Schools*	New or Renovated Facilities for Administration, Maintenance, Transportation, Warehousing	Other Needs	TOTAL
Elkin	\$ --	\$ 1,843,675	\$ 467,784	\$ --	\$ 55,000	\$ --	\$ --	\$ 480,978	\$ --	\$ 2,847,437
Mount Airy	--	2,475,000	600,000	--	300,000	100,000	--	300,000	850,000	4,625,000
Swain	--	3,207,750	3,281,050	--	--	--	840,000	300,000	120,000	7,748,800
Transylvania	--	2,000,000	2,300,000	--	150,000	--	--	150,000	3,900,000	8,500,000
Tyrrell	--	385,000	310,200	--	75,000	82,500	20,000	250,000	--	1,122,700
Union	2,128,131	6,772,812	1,456,690	893,719	25,000	1,950,000	95,000	500,000	3,024,000	16,845,352
Monroe	180,000	1,250,000	250,000	250,000	30,000	175,000	25,000	450,000	--	2,610,000
Vance	1,883,700	8,614,580	648,960	49,140	18,100	100,000	1,800,000	150,000	230,000	13,494,480
Wake	18,500,000	59,750,000	11,500,000	5,500,000	5,500,000	19,500,000	6,200,000	14,500,000	8,200,000	149,150,000
Warren	1,129,200	6,433,000	--	--	--	200,000	--	160,000	--	7,922,200
Washington	4,134,000	4,710,640	2,937,217	265,000	106,000	500,000	824,680	530,000	500,000	14,507,537
Watauga	--	--	4,446,250	--	215,000	288,200	--	--	1,053,410	6,002,860
Wayne	1,532,500	13,578,200	5,212,025	100,000	200,000	500,000	500,000	250,000	2,866,250	24,738,975
Goldensboro	600,000	--	2,621,000	--	75,000	75,000	--	22,000	3,280,000	6,673,000
Wilkes	--	4,878,500	2,639,421	200,000	130,000	600,370	75,000	3,150,000	83,257	11,756,548
Wilson	8,000,000	4,000,000	750,000	1,200,000	450,000	1,000,000	1,500,000	1,500,000	--	18,400,000
Yadkin	702,000	3,719,700	1,725,000	12,000	173,000	150,000	80,000	550,000	1,200,000	8,311,700
Yancey	50,000	4,800,000	2,400,000	50,000	10,000	35,000	75,000	500,000	25,000	7,945,000
<b>TOTAL</b>	<b>\$170,063,006</b>	<b>\$928,054,349</b>	<b>\$370,993,064</b>	<b>\$76,848,184</b>	<b>\$45,014,709</b>	<b>\$103,529,995</b>	<b>\$101,319,640</b>	<b>\$111,020,037</b>	<b>\$299,718,265</b>	<b>\$2,206,561,249</b>

\*Estimates in these areas were frequently included under replacement of obsolete facilities and renovations. Additional monies will be needed here if not available in other categories.

\*\*The above estimates do not include funds which will be provided from recently passed bond issues: Buncombe County, \$27.1 million; Asheville City, \$4.4 million; Perquimans County, \$2 million, and New Hanover, \$11.5 million.

SUMMARY OF SCHOOL FACILITY NEEDS BY CATEGORIES  
1984-85

o Replacement of temporary facilities	\$ 170,063,006
o Replacement of obsolete facilities	928,054,349
o Renovation of buildings which are suitable for long-range use	370,993,064
o New or renovated facilities for exceptional children	76,848,184*
o Accessibility for the handicapped	45,014,709*
o Renovations for energy conservation	103,529,995*
o Community schools	101,319,640*
o New or renovated facilities for administration, maintenance, transportation, warehousing	111,020,037
o Other needs	299,718,265
	\$2,206,561,249
TOTAL	

\*Estimates in these areas were frequently included under replacement of obsolete facilities and renovations. Additional monies will be needed here if not available in other categories.

## DEFINITION OF CATEGORIES

### Replacement of Temporary Facilities

Most school systems in North Carolina have experienced a decline in school membership; however, many administrative units still have students housed in mobile units, in temporary frame buildings, in multipurpose rooms, or in other temporary quarters. This category includes the estimated cost of housing all students who are now in temporary quarters in permanent facilities. The cost of land and equipment is included, where applicable.

### Replacement of Obsolete Facilities

Approximately 25% of the teaching stations in North Carolina are located in facilities constructed prior to 1949. Most of these buildings are non-fire resistive structures; many have serious building code violations. Most of these buildings are unsuitable for long-range use. Likewise, some of the fire resistive buildings constructed after 1949 may have code violations and be unsuitable for long-range use. This category includes the estimated cost of replacing the obsolete facilities regardless of date of construction. The cost estimates include land and equipment, where applicable.

### Renovation of Buildings Which are Suitable for Long-Range Use

Approximately 30% of all teaching stations in North Carolina are housed in buildings which were constructed between 1950 and 1959. Many of these buildings are minimal by today's standards, contain asbestos which should be removed, and have building code violations which should be corrected. A major renovation will cost up to one-half of the cost of new construction. Many buildings built in the 1960's and early 1970's would also benefit from renovations. This category includes the estimated cost of renovations to buildings which are suitable for long-range use.

### New or Renovated Facilities for Exceptional Children

The number of exceptional children being served in North Carolina increased from 2,175 in 1949-50 to approximately 178,000 in 1983-84. Few public school facilities were planned specifically for these children. Self-contained programs for the severely and profoundly handicapped, trainable mentally handicapped, and educable mentally handicapped are frequently housed in regular classrooms or temporary classrooms which lack toilet facilities, sinks, adequate ventilation, and adequate instructional areas. Resource teachers for exceptional children frequently share standard classrooms or are housed in mobile units or other inadequate accommodations. This category includes the estimated cost of providing all exceptional children with appropriate facilities, including land and equipment, where applicable.

## Accessibility for the Handicapped

Section 504 of the Rehabilitation Act of 1973 requires boards of education to make all programs and activities accessible to the handicapped. Section 504 is applicable to school employees, parents, and other citizens as well as students. Most buildings constructed since 1973 are accessible to the handicapped or can be easily modified. Most buildings constructed prior to 1973 will require extensive modifications; many will require elevators. This category includes the estimated cost of making all buildings which are suitable for long-range use accessible to the handicapped.

## Renovations for Energy Conservation

Limited federal monies are available on a matching basis to conduct energy audits and make some renovations for energy conservation. The amount available, however, is insufficient. This category includes the estimated cost of renovating buildings to improve their energy efficiency.

## Community Schools

Many school facilities are used by the community. Typical projects in this category include the construction of swimming pools, tennis courts, auditoriums, etc., but also renovations to existing areas to improve their function and to enhance their use after school hours.

## New or Renovated Facilities for Administration, Maintenance, Transportation, and Warehousing

Many school systems in North Carolina have adequate facilities for administration and operations while others are housed in totally inadequate facilities. This category includes the estimated cost for adequately housing all administrative, maintenance, transportation, and warehousing functions.

## Other Needs

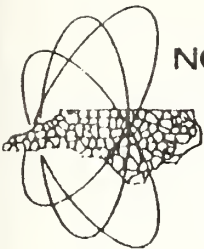
School systems have many facility needs which do not fit the categories above. For example, elementary schools may lack appropriate indoor play areas or multipurpose rooms; junior high/middle schools and high schools may lack teaching theaters. Increased participation in girls' athletics in grades 7-12 may have increased the need for a second gymnasium. Shifts of student population may result in the need for system-wide reorganization and, consequently, new schools. Many kindergarten and primary programs are housed in conventional classrooms which are inadequate in size and lack special facilities. Legislation by the 1984 General Assembly reduced class size in grades 4-6 thereby creating a need for additional teaching stations. More stringent environmental standards are requiring more sophisticated sewage disposal systems. This category includes the estimated costs for school facilities which are not indicated in categories above.

APPENDIX F



APPENDIX F

NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS



MEMORANDUM

TO: County Managers  
FROM: Ron Aycock  
DATE: September 17, 1985  
SUBJECT: IMPORTANT SURVEY - County Aid to Public School Systems

Please find attached a survey questionnaire dealing with county financial aid to public elementary and secondary schools. We ask that you complete the questionnaire and return it to our office by October 11.

I realize that this survey involves much more information than we usually request. In some instances, you may need to ask the assistance of school superintendents to complete the survey. However, let me stress the importance of this survey.

The Legislative Research Commission will study the fiscal impact of Senate Bill 49 during the next several months. You will recall that SB 49 deals with the key issue of state and county responsibilities for financing public education. The bill passed the Senate during the 1985 Session and will be considered by the House in June, 1986 along with the recommendations of the Legislative Research Commission.

We have a special opportunity this year to move closer to achieving one of our major legislative goals: "who pays for what" in financing public schools. Our survey attempts to anticipate the kinds of information that will be needed by the Legislative Research Commission in the course of its study. Also, the information will be shared with the State Board of Education and the State Treasurer in order that we might cooperate in seeking the enactment of SB 49.

As always, we appreciate your assistance. Please call Ed Regan if you have any questions.

Attachment

PSF Study Memo/R2D

ALBERT COATES LOCAL GOVERNMENT CENTER

215 N. DAWSON ST. • P. O. BOX 1488 • RALEIGH, NORTH CAROLINA 27602 • TELEPHONE 919/832 2893

County: \_\_\_\_\_

Association Survey: County Aid to Public Schools

Introduction

You will find below a series of questions concerning county and other local financial assistance for public schools. Please provide the requested information as it pertains to your local boards of education. Do not include county assistance to community colleges or technical institutes.

I. F.Y. 1985-86 County Appropriations

Please indicate the amounts appropriated by your board of county commissioners for the public school purposes listed below.

- A. Current Expense \$ \_\_\_\_\_
- B. Capital Outlay \$ \_\_\_\_\_
- C. School Bond Debt Service \$ \_\_\_\_\_
- D. Capital Reserve Fund \$ \_\_\_\_\_  
(Show amount, if any, for F.Y. 1985-86 only)
- E. Capital Project Fund \$ \_\_\_\_\_  
(Show amount, if any, for F.Y. 1985-86 only)

II. Other Local Revenues

Please show estimated amounts available to your local board(s) of education from the following sources for F.Y. 1985-86 (show only those revenues not included in county appropriations listed above.)

A. Supplemental Property Taxes (Rate Set by Commissioners)

<u>School District</u>	<u>Levy</u>	<u>Rate</u>	<u>Purpose*</u>
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____

\*(Current Expense or Capital Outlay)

- B. Court Fines/Forfeitures: \$ \_\_\_\_\_
- C. Proceeds from ABC Operations: \$ \_\_\_\_\_
- D. National Forest Receipts: \$ \_\_\_\_\_



E. Other (Specify): (any specially earmarked local revenues)

\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_

III. Accumulated Reserves

Please indicate in the space provide below the estimated amounts (if any) that the county will have accumulated in Capital Reserve and/or Capital Project Funds for school projects as of June 30, 1986. These figures should include monies accumulated through the end of F.Y. 1984-85, plus any appropriations made in this budget year, less any anticipated appropriations to the school systems or expenditures from these funds during this year.

A. Capital Reserve Fund \$ \_\_\_\_\_ (as of 6/30/86)

B. Capital Project Fund \$ \_\_\_\_\_ (as of 6/30/86)

IV. Existing Bonded Debt

Please indicate the year of final payment and the amount of that payment for any outstanding school bonds issued by your county.

A. Year of Final Payment: \_\_\_\_\_

B. Amount of Final Payment: \$ \_\_\_\_\_ (Principal and Interests)

C. Total County Debt Outstanding: \$ \_\_\_\_\_

D. Total Annual Debt Service Requirements: \$ \_\_\_\_\_

E. Debt Authorized but unissued

1) Schools: \$ \_\_\_\_\_

2) Other: \$ \_\_\_\_\_

V. Public School Construction Needs

A. Has your board of education developed a formal estimate or plan of school capital needs beyond the general estimate prepared by the Department of Public Instruction in the November, 1984 Facilities Needs Survey.? \_\_\_\_\_

B. If so: how much will be required to meet these needs?  
\$ \_\_\_\_\_

C. Has this plan been approved/accepted by the Board of County Commissioners? \_\_\_\_\_

What is the time frame proposed by your board of education for meeting these needs? \_\_\_\_\_

D. If possible, in the space provided below, give details on the amounts that will be needed and the types of projects that will be undertaken (examples: build new elementary school, purchase school sites, remodel existing high school, etc.) during the time periods indicated. (You may attach a copy of the school building plan in lieu of completing this section if such a plan is available.)

Time Periods

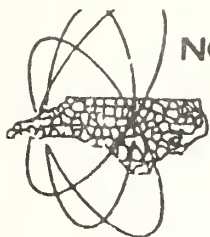
1985-86	1988-89	1990-91
through	through	
<u>1987-88</u>	<u>1989-90</u>	<u>and beyond</u>

Estimated Amounts:

Project Types:

E. Would any of these expenditures or projects be affected by merger of school systems in your county (if applicable)? Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

F. If "Yes" please explain. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS

## MEMORANDUM

TO: Sarah Fuerst  
David Crotts

FROM: Ed Regan

DATE: January 20, 1986

SUBJECT: Comparison of Public School Building Needs Information

Several questions were raised during the first meeting of the Public School Finance Study Committee concerning accurate data on school building needs. As we noted at that time, the Association of County Commissioners was in the process of completing our annual survey of county funding for public schools. We expanded the survey this year to include several questions about the extent of school facility planning and the availability of cost estimates. A copy of the survey form is attached for your information.

### Analysis of Responses

We ultimately got responses from all 100 counties. However, only 43 counties were able to provide details on school facility planning/financing information. In the remaining counties, many responses indicated that the development of a format plan was underway.

### Comparison of Our Data and the DPI Needs Estimates

It is important to remember that both the estimates of school building needs prepared by the Department of Public Instruction in 1984 and the needs forecasts which we have compiled and provided to David Crotts are based on information gathered by surveys. Even when the instructions for completing a survey are explicit, there always is a possibility of misinterpretation by those responding to the survey.

You will recall that the DPI survey instructions were quite detailed, with the exception of a specific time frame in which estimated building needs would be met. We attempted to remedy this in our survey by requesting building need estimates linked to more specific time frames. To a large extent, this difference in the two surveys helps to explain the variations in the building needs that were reported.

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Let me cite two examples. The DPI estimates for Dare County total \$3 million. However, the figures reported by Dare County in response to our inquiry totalled \$19.3 million. Approximately, \$2 million of this total reflects needs for the next 3 to 5 years (through 1989-90). The remainder (over \$17 million) is projected need beyond 1990 if significant growth occurs with the bulk of this need (\$16 million) required for three new schools.

The Forsyth County data present an example at the other end of the spectrum. The DPI report indicated a total need of \$57.8 million. Our survey response from Forsyth County indicated needs of \$18.1 million from 1985-86 through 1989-90 and another \$13.8 million for the 1990-91 to 1994-95 period. This yielded a 10 year total of \$31.9 million. Our follow-up with county officials indicated that the estimates provided to DPI in 1984 covered a time frame to the year 2000.

A more generalized comparison of our findings in 43 counties with those of the state Department of Public Instruction is presented below.

- NCACC estimates essentially the same as DPI estimates (allowing for a 10% ± variation) = 16 counties
- NCACC estimates higher than DPI estimates = 7 counties
- NCACC estimates lower than DPI estimates by 11 to 20% = 2 counties
- NCACC estimates lower than DPI estimates by more than 20% = 18 counties

It should be noted in the 18 counties where the results of our survey were 20% or more below the estimates published by the state department that 10 of the counties provided forecasts that either covered only a 5-year period or were preliminary cost estimates for a 3 to 5 year period. Again, we can assume that the earlier estimates provide to the state department by LEAs cover both short (5 year) and longer term needs.

Conclusions and Observations

- The responses to our school financing survey suggest that the earlier information gathered by the Department of Public Instruction generally provided an accurate description of school building needs. The major shortcoming of the DPI estimates can be found in the absence of a firm time schedule for meeting those needs.

MEMORANDUM

-3-

- There may be a closer correlation between our data and the DPI estimates if we consider only the needs reported by DPI for replacement of temporary facilities, replacement of obsolete buildings, and major renovations projects. We intend to analysis this possibility.
- Neither of the surveys discussed here answer the question: "What part of the buildings needs must be addressed in order to insure adequate facilities to support the Basic Education Program?".

Please call me if you want to further discuss this issue.

cc: Ron Aycock  
Peter Leousis

Memo- 1-20-86/eregan

F-7



APPENDIX G





## APPENDIX G

### Analysis of S.B. 49

Senate Bill 49 assigns to the state responsibility for the instructional program in public schools and to county commissions responsibility for school construction, maintenance and operation of schools, audits, property insurance, and school board expenses. Following is a description of each county's responsibilities under S.B. 49 and the resources available to meet them in 1987-88.

#### Steps in Calculating Resources:

1. We determined local capital outlay appropriations for 1985-86.
2. We added local capital reserve appropriations for 1985-86, but did not include bond receipts or any non-recurring sources of revenue.
3. We estimated 1985-86 local current expense appropriations for maintenance and operation of plant, property insurance, governing board, and audits.
4. We assumed that the balance of current expense funds were being used for the instructional program. We then adjusted this balance to reflect the portion of the Basic Education Program that will have been funded. (In 1987-88 this is 28.5 percent, and 1988-89 is 45.9 percent.)
5. We added to these items current state allotments for custodians, energy, and maintenance directors.

#### Steps in Calculating Responsibilities:

1. We subtracted accumulated capital reserves from total facility needs and divided the result by 10.
2. We estimated costs for maintenance and operation of plant, including one maintenance director per unit, one maintenance worker for every 400 students, one custodian for every 216 students, supplies and equipment, and all energy costs.
3. We added to these two items estimated school board expenses, property insurance, and audits in current dollars.

The accompanying table was prepared by the Department of Public Instruction in cooperation with the North Carolina Association of County Commissioners.



APPENDIX H



## Comparison of Available Resources and S. B. 49 Local Responsibilities - 1987-88

	Est Resources	S. B. 49	Difference
Alamance	\$7,803,331	\$6,371,689	\$1,431,642
Burlington City			
Alexander	\$1,403,563	\$2,390,918	(\$987,355)
Alleghany	\$616,724	\$686,248	(\$69,523)
Anson	\$1,704,404	\$2,969,959	(\$1,265,555)
Ashe	\$1,435,038	\$1,991,175	(\$556,137)
Avery	\$988,757	\$1,070,105	(\$81,347)
Beaufort	\$3,757,133	\$4,260,105	(\$502,972)
Washington City			
Berlie	\$2,899,723	\$1,644,826	\$1,254,897
Bladen	\$3,078,166	\$3,750,868	(\$672,702)
Brunswick	\$3,863,729	\$3,184,036	\$679,693
Buncombe	\$12,500,113	\$13,942,569	(\$1,442,456)
Asheville City			
Burke	\$4,262,730	\$7,424,855	(\$3,162,126)
Cabarrus	\$5,799,050	\$9,074,102	(\$3,275,052)
Kannapolis City			
Caldwell	\$4,622,760	\$5,330,396	(\$707,636)
Camden	\$471,927	\$597,636	(\$125,909)
Carroll	\$3,219,591	\$3,305,766	(\$86,197)
Caswell	\$1,411,941	\$1,714,120	(\$302,179)
Catawba	\$6,543,350	\$6,204,401	\$338,950
Hickory City			
Newton City			
Chatham	\$3,693,573	\$2,929,036	\$764,537
Cherokee	\$1,302,027	\$2,064,673	(\$762,646)
Chowan	\$1,261,746	\$1,955,014	(\$693,268)
Clay	\$396,001	\$519,982	(\$123,981)
Cleveland	\$5,731,418	\$9,024,115	(\$3,292,697)
Kings Mountain City			
Shelby City			
Columbus	\$4,100,565	\$6,903,826	(\$2,803,241)
Whileville City			
Craven	\$5,443,281	\$7,657,543	(\$2,214,262)
Cumberland	\$16,791,218	\$17,533,322	(\$742,104)
Curriluck	\$1,233,920	\$1,937,568	(\$703,648)
Dare	\$1,559,441	\$1,229,134	\$330,308
Davidson	\$7,214,246	\$9,981,256	(\$2,767,010)
Lexington City			
Thomasville City			
Davie	\$1,610,340	\$1,967,649	(\$357,310)
Duplin	\$2,946,235	\$4,195,362	(\$1,249,147)
Durham	\$14,578,160	\$16,244,133	(\$1,665,973)
Durham City			
Edgecombe	\$3,211,870	\$4,172,597	(\$960,727)
Tarboro City			
Forsyth	\$20,028,195	\$17,301,673	\$2,726,522
Franklin	\$2,912,418	\$4,131,807	(\$1,219,388)
Franklinton City			
Gaslow	\$10,522,506	\$10,383,074	\$139,434
Gates	\$718,956	\$932,077	(\$213,121)
Graham	\$426,039	\$1,226,797	(\$800,759)
Granville	\$3,555,078	\$3,017,186	\$537,892

Greene	\$1,163,927	\$2,119,586	(\$955,659)
Guilford	\$30,321,480	\$26,420,631	\$3,900,849
Greensboro City			
High Point City			
Halifax	\$3,908,586	\$5,863,831	(\$1,955,245)
Roanoke Rapids City			
Weldon City			
Harnett	\$4,153,397	\$7,060,790	(\$2,907,393)
Haywood	\$3,537,756	\$3,881,343	(\$343,587)
Henderson	\$5,223,687	\$4,744,923	\$478,764
Hendersonville City			
Hertford	\$2,082,680	\$2,417,071	(\$334,392)
Hoke	\$1,420,007	\$3,408,903	(\$1,988,897)
Hyde	\$441,281	\$412,202	\$29,079
Iredell	\$5,730,814	\$8,769,751	(\$3,038,937)
Mooresville City			
Statesville City			
Jackson	\$1,194,209	\$1,851,157	(\$656,949)
Johnston	\$5,068,609	\$5,660,320	(\$591,711)
Jones	\$1,114,358	\$1,203,363	(\$89,006)
Lee	\$2,656,172	\$3,427,434	(\$771,262)
Leonor	\$4,699,009	\$6,383,055	(\$1,684,047)
Kinston City			
Lincoln	\$3,631,607	\$4,265,307	(\$633,699)
Macon	\$1,343,588	\$601,085	\$742,503
Madison	\$441,636	\$1,883,101	(\$1,441,465)
Martin	\$2,260,739	\$2,347,316	(\$86,576)
McDowell	\$2,514,082	\$3,492,957	(\$978,875)
Mecklenburg	\$54,780,767	\$36,324,626	\$18,456,141
Mitchell	\$863,096	\$1,508,098	(\$645,002)
Montgomery	\$1,386,129	\$2,358,003	(\$971,874)
Moore	\$5,207,518	\$4,787,625	\$419,892
Nash	\$7,310,534	\$8,518,985	(\$1,208,451)
Rocky Mount City			
New Hanover	\$8,676,081	\$5,159,188	\$3,516,893
Northampton	\$1,118,295	\$3,174,203	(\$2,055,908)
Onslow	\$5,778,912	\$7,949,261	(\$2,170,349)
Orange	\$7,775,207	\$6,661,798	\$1,113,408
Chapel Hill City			
Pamlico	\$1,007,790	\$1,110,619	(\$102,829)
Pasquotank	\$2,087,892	\$2,726,142	(\$638,250)
Pender	\$2,289,898	\$2,790,407	(\$500,508)
Perquimans	\$612,691	\$1,179,910	(\$567,219)
Person	\$1,974,855	\$2,582,716	(\$607,861)
Pitt	\$12,858,562	\$8,409,852	\$4,448,710
Greenville City			
Polk	\$1,275,521	\$2,303,510	(\$1,027,989)
Tryon City			
Randolph	\$5,994,972	\$6,816,958	(\$821,987)
Asheboro City			
Richmond	\$2,598,042	\$3,889,356	(\$1,291,313)
Robeson	\$7,515,545	\$13,324,377	(\$5,808,832)
Fairmont City			
Lumberton City			
Red Springs City			
St. Pauls City			

Rockingham	\$6,082,862	\$8,841,018	(\$2,758,156)
Eden City			
West Rockingham City			
Reidsville City			
Rowan	\$7,154,916	\$8,413,996	(\$1,259,080)
Salisbury City			
Rutherford	\$4,450,574	\$7,169,829	(\$2,719,255)
Sampson	\$3,604,978	\$5,782,904	(\$2,177,927)
Clinton City			
Scotland	\$2,807,638	\$4,336,481	(\$1,528,843)
Stanly	\$3,539,002	\$4,201,556	(\$662,553)
Albemarle City			
Stokes	\$2,620,983	\$2,427,781	\$193,202
Surry	\$6,556,364	\$6,739,219	(\$182,855)
Elkin City			
Mount Airy City			
Swain	\$489,727	\$1,236,638	(\$746,911)
Transylvania	\$1,879,701	\$2,196,837	(\$317,135)
Tyrrell	\$417,515	\$406,619	\$10,897
Union	\$8,411,812	\$6,011,744	\$2,400,068
Monroe City			
Vance	\$2,792,809	\$3,188,226	(\$395,417)
Wake	\$37,260,645	\$33,721,609	\$3,539,036
Warren	\$1,211,575	\$1,890,046	(\$678,472)
Washington	\$1,268,695	\$1,884,295	(\$615,600)
Watauga	\$1,610,829	\$1,718,115	(\$107,287)
Wayne	\$9,430,768	\$8,976,796	\$453,972
Goldsboro City			
Witkes	\$3,322,227	\$3,774,047	(\$451,820)
Wilson	\$8,343,872	\$4,820,277	\$3,523,594
Yadkin	\$1,846,229	\$2,405,722	(\$559,493)
Yancey	\$894,523	\$1,600,974	(\$706,451)
Total	\$507,843,458	\$542,756,332	(\$34,912,874)

## Comparison of Available Resources and S B 49 Local Responsibilities - 1988-89

	Est Resources	S.B 49	Difference
Alamance	\$7,968,474	\$6,371,689	\$1,596,785
Burlington City	\$0		
Alexander	\$1,432,455	\$2,390,918	(\$958,463)
Alleghany	\$631,956	\$686,248	(\$54,291)
Anson	\$1,740,385	\$2,969,959	(\$1,229,574)
Ashe	\$1,480,847	\$1,991,175	(\$510,327)
Avery	\$1,020,656	\$1,070,105	(\$49,449)
Beaufort	\$3,845,221	\$4,260,105	(\$414,884)
Washington City	\$0		
Bertie	\$2,926,304	\$1,644,826	\$1,281,479
Bladen	\$3,132,107	\$3,750,868	(\$618,762)
Brunswick	\$3,986,848	\$3,184,036	\$802,812
Buncombe	\$12,982,389	\$13,942,569	(\$960,180)
Asheville City	\$0		
Burke	\$4,411,993	\$7,424,855	(\$3,012,863)
Cabarrus	\$5,985,876	\$9,074,102	(\$3,088,226)
Rannapolis City	\$0		
Caldwell	\$4,770,232	\$5,330,396	(\$560,164)
Camden	\$482,953	\$597,836	(\$114,882)
Carteret	\$3,302,224	\$3,305,788	(\$3,564)
Caswell	\$1,430,935	\$1,714,120	(\$283,185)
Catawba	\$8,885,366	\$8,204,401	\$680,966
Hickory City	\$0		
Newlon City	\$0		
Chatham	\$3,776,321	\$2,929,036	\$847,285
Cherokee	\$1,314,080	\$2,064,673	(\$750,593)
Chowan	\$1,295,138	\$1,955,014	(\$659,876)
Clay	\$403,220	\$519,982	(\$116,762)
Cleveland	\$5,862,587	\$9,024,115	(\$3,161,528)
Kings Mountain C	\$0		
Shelby City	\$0		
Columbus	\$4,166,825	\$6,903,826	(\$2,737,000)
Whiteville City	\$0		
Craven	\$5,533,066	\$7,657,543	(\$2,124,477)
Cumberland	\$17,406,231	\$17,533,322	(\$127,091)
Curriluck	\$1,289,889	\$1,937,568	(\$647,679)
Dare	\$1,642,494	\$1,229,134	\$413,361
Davidson	\$7,397,133	\$9,981,256	(\$2,584,123)
Lexington City	\$0		
Thomasville City	\$0		
Davie	\$1,868,352	\$1,967,649	(\$99,298)
Duplin	\$2,984,662	\$4,195,382	(\$1,210,720)
Durham	\$15,002,437	\$16,244,133	(\$1,241,696)
Durham City	\$0		
Edgecombe	\$3,314,209	\$4,172,597	(\$858,388)
Tarboro City	\$0		
Forsyth	\$21,341,518	\$17,301,673	\$4,039,845
Franklin	\$2,973,974	\$4,131,807	(\$1,157,833)
Franklinton City	\$0		
Gaslow	\$10,948,405	\$10,383,074	\$565,331
Gales	\$746,429	\$932,077	(\$185,648)
Graham	\$432,452	\$1,226,797	(\$794,345)
Granville	\$3,603,470	\$3,017,186	\$586,284





Rockingham	\$6,280,732	\$8,841,018	(\$2,560,286)
Eden City	\$0		
West Rockingham	\$0		
Reidsville City	\$0		
Rowan	\$7,351,521	\$8,413,996	(\$1,062,475)
Salisbury City	\$0		
Rutherford	\$4,594,695	\$7,169,829	(\$2,575,134)
Sampson	\$3,674,521	\$5,782,904	(\$2,108,383)
Clinton City	\$0		
Scotland	\$2,906,216	\$4,336,481	(\$1,430,265)
Stanly	\$3,625,698	\$4,201,556	(\$575,858)
Albemarle City	\$0		
Stokes	\$2,745,269	\$2,427,781	\$317,488
Surry	\$6,661,852	\$6,739,219	(\$77,367)
Elkin City	\$0		
Mount Airy City	\$0		
Swain	\$502,159	\$1,236,638	(\$734,479)
Transylvania	\$1,924,212	\$2,196,837	(\$272,624)
Tyrrell	\$425,783	\$406,619	\$19,164
Union	\$8,537,005	\$6,011,744	\$2,525,261
Monroe City	\$0		
Vance	\$2,867,761	\$3,188,226	(\$320,465)
Wake	\$38,799,705	\$33,721,609	\$5,078,096
Warren	\$1,231,010	\$1,890,046	(\$659,037)
Washington	\$1,297,246	\$1,884,295	(\$587,049)
Watauga	\$1,674,997	\$1,718,115	(\$43,118)
Wayne	\$9,586,339	\$8,976,796	\$609,543
Goldsboro City	\$0		
Wilkes	\$3,431,360	\$3,774,047	(\$342,687)
Wilson	\$8,506,680	\$4,820,277	\$3,686,403
Yadkin	\$1,880,924	\$2,405,722	(\$524,798)
Yancey	\$917,353	\$1,600,974	(\$683,622)
Total	\$524,104,607	\$542,756,332	(\$18,651,725)

Comparison of Available Resources and S. B. 49 Local Responsibilities - 1992-93

Alamance	\$8,918,474	\$6,371,689	\$2,546,785
Burlington City		\$0	\$0
Alexander	\$1,451,202	\$2,390,918	(\$939,716)
Alleghany	\$690,720	\$686,248	\$4,472
Anson	\$1,854,358	\$2,969,959	(\$1,115,601)
Ashe	\$1,788,500	\$1,991,175	(\$202,675)
Avery	\$1,218,125	\$1,070,105	\$148,020
Beaufort	\$4,429,343	\$4,260,105	\$169,238
Washington City		\$0	\$0
Bertie	\$2,961,821	\$1,644,826	\$1,316,995
Bladen	\$3,395,404	\$3,750,868	(\$355,464)
Brunswick	\$5,024,000	\$3,184,036	\$1,839,964
Buncombe	\$17,526,400	\$13,942,569	\$3,583,831
Asheville City		\$0	\$0
Burke	\$5,501,873	\$7,424,855	(\$1,922,982)
Cabarrus	\$7,279,940	\$9,074,102	(\$1,794,162)
Kannapolis City		\$0	\$0
Caldwell	\$5,824,219	\$5,330,396	\$493,823
Camden	\$537,065	\$597,836	(\$60,771)
Carteret	\$3,854,507	\$3,305,788	\$548,719
Caswell	\$1,389,832	\$1,714,120	(\$324,288)
Catawba	\$12,005,029	\$8,204,401	\$3,800,628
Hickory City		\$0	\$0
Newton City		\$0	\$0
Chatham	\$4,467,696	\$2,929,036	\$1,538,660
Cherokee	\$1,182,719	\$2,064,673	(\$881,954)
Chowan	\$1,552,456	\$1,955,014	(\$402,558)
Clay	\$393,000	\$519,982	(\$126,982)
Cleveland	\$6,404,414	\$9,024,115	(\$2,619,701)
Kings Mtn. City		\$0	\$0
Shelby City		\$0	\$0
Columbus	\$4,256,726	\$6,903,826	(\$2,647,100)
Whiteville City		\$0	\$0
Craven	\$5,797,486	\$7,657,543	(\$1,860,057)
Cumberland	\$22,720,746	\$17,533,322	\$5,187,424
Currituck	\$1,862,590	\$1,937,568	(\$74,978)
Dare	\$2,560,000	\$1,229,134	\$1,330,866
Davidson	\$8,292,381	\$9,981,256	(\$1,688,875)
Lexington City		\$0	\$0
Thomasville City		\$0	\$0
Davie	\$2,282,742	\$1,967,649	\$315,093
Duplin	\$2,921,305	\$4,195,382	(\$1,274,077)
Durham	\$18,919,111	\$16,244,133	\$2,674,978
Durham City		\$0	\$0
Edgecombe	\$4,051,545	\$4,172,597	(\$121,052)
Tarboro City		\$0	\$0
Forsyth	\$36,224,380	\$17,301,673	\$18,922,707
Franklin	\$3,361,186	\$4,131,807	(\$770,621)
Franklinton City		\$0	\$0
Gaston	\$14,447,240	\$10,383,074	\$4,064,166
Gates	\$980,874	\$932,077	\$48,797
Graham	\$392,774	\$1,226,797	(\$834,023)
Granville	\$3,773,500	\$3,017,186	\$756,314

Greene	\$1,476,785	\$2,119,586	(\$642,801)
Guilford	\$43,811,999	\$26,420,631	\$17,391,368
Greensboro City		\$0	\$0
High Point City		\$0	\$0
Halifax	\$3,483,370	\$5,863,831	(\$2,380,461)
Roanoke Rpd. City		\$0	\$0
Weldon City		\$0	\$0
Harnett	\$4,242,000	\$7,060,790	(\$2,818,790)
Haywood	\$4,745,742	\$3,881,343	\$864,399
Henderson	\$6,152,374	\$4,744,923	\$1,407,451
Hendville City		\$0	\$0
Hertford	\$2,472,129	\$2,417,071	\$55,058
Hoke	\$1,479,268	\$3,408,903	(\$1,929,635)
Hyde	\$573,830	\$412,202	\$161,628
Iredell	\$7,575,030	\$8,769,751	(\$1,194,721)
Moorestville City		\$0	\$0
Statesville City		\$0	\$0
Jackson	\$1,519,750	\$1,851,157	(\$331,407)
Johnston	\$7,102,771	\$5,660,320	\$1,442,451
Jones	\$675,414	\$1,203,363	(\$527,949)
Lee	\$4,107,184	\$3,427,434	\$679,750
Lenoir	\$5,678,765	\$6,383,055	(\$704,290)
Kinston City		\$0	\$0
Lincoln	\$3,507,065	\$4,265,307	(\$758,242)
Wacon	\$1,954,529	\$601,085	\$1,353,444
Madison		\$1,883,101	(\$1,883,101)
Martin	\$2,922,355	\$2,347,316	\$575,039
McDowell	\$2,886,186	\$3,492,957	(\$606,771)
Mecklenburg	\$85,580,960	\$36,324,626	\$49,256,334
Mitchell	\$1,016,000	\$1,508,098	(\$492,098)
Montgomery	\$1,649,737	\$2,358,003	(\$708,266)
Moore	\$6,454,000	\$4,787,625	\$1,666,375
Nash	\$8,045,553	\$8,518,985	(\$473,432)
Rocky Mount City		\$0	\$0
New Hanover	\$13,133,752	\$5,159,188	\$7,974,564
Northampton	\$1,444,325	\$3,174,203	(\$1,729,878)
Onslow	\$6,009,318	\$7,949,261	(\$1,939,943)
Orange	\$10,399,438	\$6,661,798	\$3,737,640
Chapel Hill City		\$0	\$0
Pamlico	\$1,025,499	\$1,110,619	(\$85,120)
Pasquotank	\$2,613,253	\$2,726,142	(\$112,889)
Pender	\$2,667,160	\$2,790,407	(\$123,247)
Perquimans	\$705,050	\$1,179,910	(\$474,860)
Person	\$2,333,357	\$2,582,716	(\$249,359)
Pitt	\$15,549,560	\$8,409,852	\$7,139,708
Greenville City		\$0	\$0
Polk	\$1,621,405	\$2,303,510	(\$682,105)
Tryon City		\$0	\$0
Randolph	\$6,791,382	\$6,816,958	(\$25,576)
Asheboro City		\$0	\$0
Richmond	\$2,904,766	\$3,889,356	(\$984,590)
Robeson	\$6,294,414	\$13,324,377	(\$7,029,963)
Fairmont City		\$0	\$0
Lumberton City		\$0	\$0
Red Springs City		\$0	\$0
St. Pauls City		\$0	\$0

Rockingham	\$7,744,212	\$8,841,018	(\$1,096,806)
Eden City		\$0	\$0
West Rockham City		\$0	\$0
Reidsville City		\$0	\$0
Rowan	\$8,848,613	\$8,413,996	\$434,617
Salisbury City		\$0	\$0
Rutherford	\$5,769,738	\$7,169,829	(\$1,400,091)
Sampson	\$3,925,830	\$5,782,904	(\$1,857,074)
Clinton City		\$0	\$0
Scotland	\$3,691,966	\$4,336,481	(\$644,515)
Stanly	\$4,139,729	\$4,201,556	(\$61,827)
Albemarle City		\$0	\$0
Stokes	\$3,927,415	\$2,427,781	\$1,499,634
Surry	\$7,217,986	\$6,739,219	\$478,767
Elkin City		\$0	\$0
Mount Airy City		\$0	\$0
Swain	\$525,708	\$1,236,638	(\$710,930)
Transylvania	\$2,200,873	\$2,196,837	\$4,036
Tyrrell	\$469,258	\$406,619	\$62,639
Union	\$9,134,722	\$6,011,744	\$3,122,978
Monroe City		\$0	\$0
Vance	\$3,325,000	\$3,188,226	\$136,774
Wake	\$55,552,536	\$33,721,609	\$21,830,927
Warren	\$1,258,833	\$1,890,046	(\$631,213)
Washington	\$1,453,376	\$1,884,295	(\$430,919)
Watauga	\$2,176,275	\$1,718,115	\$458,160
Wayne	\$10,402,177	\$8,976,796	\$1,425,381
Goldsboro City		\$0	\$0
Wilkes	\$4,098,272	\$3,774,047	\$324,225
Wilson	\$9,823,025	\$4,820,277	\$5,002,748
Yadkin	\$1,975,000	\$2,405,722	(\$430,722)
Yancey	\$1,000,000	\$1,600,974	(\$600,974)
Total	\$663,761,702	\$542,756,332	\$121,005,370

ESTIMATED COST TO COUNTIES OF SB49 IN THIRD AND EIGHTH YEARS

COUNTY NAME	MINIMUM COST OF SB49 1987-88	MINIMUM COST OF SB49 1992-93
Alamance	(\$1,431,642)	(\$2,546,785)
Alexander	987,355	939,716
Alleghany	69,523	(4,472)
Anson	1,265,555	1,115,601
Ashe	556,137	202,675
Avery	81,347	(148,020)
Beaufort	502,972	(169,238)
Bertie	(1,254,897)	(1,316,995)
Bladen	672,702	355,464
Brunswick	(679,693)	(1,839,964)
Buncombe	1,442,456	(3,583,831)
Burke	3,162,126	1,922,982
Cabarrus	3,275,052	1,794,162
Caldwell	707,636	(493,823)
Camden	125,909	60,771
Carteret	86,197	(548,719)
Caswell	302,179	324,288
Catawba	(338,950)	(3,800,628)
Chatham	(764,537)	(1,538,660)
Cherokee	762,646	881,954
Chowan	693,268	402,558
Clay	123,981	126,982
Cleveland	3,292,697	2,619,701
Columbus	2,803,241	2,647,100
Craven	2,214,262	1,860,057
Cumberland	742,104	(5,187,424)
Currituck	703,648	74,978
Dare	(330,308)	(1,330,866)
Davidson	2,767,010	1,688,875
Davie	157,310	(315,093)
Duplin	1,249,147	1,274,077
Durham	1,665,973	(2,674,978)
Edgecombe	960,727	121,052
Forsyth	(2,726,522)	(18,922,707)
Franklin	\$1,219,388	770,621
Gaston	(139,434)	(4,064,166)
Gates	213,121	(48,797)
Graham	800,759	834,023
Granville	(537,892)	(756,314)
Greene	955,659	642,801
Guilford	(3,906,849)	(17,391,368)
Halifax	1,955,245	2,380,461
Harnett	2,907,393	2,818,790
Haywood	343,587	(864,399)

ESTIMATED COST TO COUNTIES OF SB49 IN THIRD AND EIGHTH YEARS

COUNTY NAME	MINIMUM COST OF SB49 1987-88	MINIMUM COST OF SB49 1992-93
Henderson	(\$478,764)	(\$1,407,451)
Hertford	334,392	(55,058)
Hoke	1,988,897	1,929,635
Hyde	(29,079)	(161,628)
Iredell	3,038,937	1,194,721
Jackson	656,949	331,407
Johnston	591,711	(1,442,451)
Jones	89,006	527,949
Lee	771,262	(679,750)
Lenoir	1,684,047	704,290
Lincoln	633,699	758,242
Macon	(742,503)	(1,353,444)
Madison	1,441,465	1,883,101
Martin	86,576	(575,039)
McDowell	978,875	606,771
Mecklenburg	(18,456,141)	(49,256,334)
Mitchell	645,002	492,098
Montgomery	971,874	708,266
Moore	(419,892)	(1,666,375)
Nash	1,208,451	473,432
New Hanover	(3,516,893)	(7,974,564)
Northampton	2,055,908	1,729,878
Onslow	2,170,349	1,939,943
Orange	(1,113,408)	(3,737,640)
Pamlico	\$102,829	85,120
Pasquotank	638,250	112,889
Pender	500,508	123,247
Perquimans	567,219	474,860
Person	607,861	249,359
Pitt	(4,448,710)	(7,139,708)
Polk	1,027,989	682,105
Randolph	821,987	25,576
Richmond	1,291,313	984,590
Robeson	5,808,832	7,029,963
Rockingham	2,758,156	1,096,806
Rowan	1,259,080	(434,617)
Rutherford	2,719,255	1,400,091
Sampson	2,177,927	1,857,074
Scotland	1,528,843	644,515
Stanly	662,553	61,827
Stokes	(193,202)	(1,499,634)
Surry	182,855	(478,767)
Swain	746,911	710,930
Transylvania	317,135	(4,036)

COUNTY NAME	MINIMUM COST OF SB49 1987-88	MINIMUM COST OF SB49 1992-93
Tyrrell	(\$10,897)	(\$62,639)
Union	(2,400,068)	(3,122,978)
Vance	395,417	(136,774)
Wake	(3,539,036)	(21,830,927)
Warren	678,472	631,213
Washington	615,600	430,919
Watauga	107,287	(458,160)
Wayne	(453,972)	(1,425,381)
Wilkes	451,820	(324,225)
Wilson	(3,523,594)	(5,002,748)
Yadkin	559,493	430,722
Yancey	706,451	600,974
	\$34,912,872	(\$121,005,373)
Counties with an additional cost requirement	76 (86.3 Mil)	55 (\$56.8 Mil.)
Counties with a surplus	24 (\$51.4 Mil.)	45 (\$177.8 Mil.)



APPENDIX I



APPENDIX I

COUNTY-BY-COUNTY COMPARISON OF FISCAL CAPACITY

COUNTY NAME	PER CAPITA PERSONAL INCOME	PER CAPITA ADJ. PROPERTY TAX BASE	PER CAPITA LOCAL-OPTION SALES TAX DIST.	PER CAPITA INTANGIBLES TAX DIST.
	1983	1984-85	1984-85	1984-85
Alamance	\$10,278 (12)	\$29,271 (44)	\$83.34 (12)	\$10.73 (15)
Alexander	9,302 (33)	22,991 (86)	44.78 (86)	2.59 (84)
Alleghany	7,965 (67)	37,177 (20)	55.22 (64)	4.99 (49)
Anson	7,730 (78)	23,787 (80)	45.64 (82)	4.47 (56)
Ashe	7,047 (88)	32,916 (32)	55.46 (63)	3.03 (76)
Avery	7,273 (86)	42,673 (12)	74.09 (19)	5.34 (43)
Beaufort	8,736 (45)	38,655 (17)	71.24 (24)	6.36 (36)
Bertie	7,793 (74)	24,804 (71)	41.08 (93)	3.69 (67)
Bladen	6,930 (90)	25,993 (63)	45.61 (83)	2.48 (87)
Brunswick	7,570 (81)	67,382 (2)	78.64 (16)	5.90 (40)
Buncombe	10,001 (16)	29,986 (41)	85.84 (9)	13.37 (10)
Burke	9,077 (37)	25,756 (66)	56.73 (57)	7.61 (27)
Cabarrus	10,368 (10)	31,388 (38)	71.95 (22)	7.04 (31)
Caldwell	8,654 (47)	24,220 (76)	57.42 (55)	8.81 (22)
Camden	7,619 (79)	38,024 (18)	38.12 (97)	1.66 (98)
Carteret	8,264 (58)	43,422 (11)	86.79 (7)	10.77 (14)
Caswell	6,524 (96)	22,144 (88)	36.13 (99)	2.34 (90)
Catawba	10,790 (7)	36,080 (25)	86.43 (8)	13.82 (8)
Chatham	9,636 (22)	37,309 (19)	53.44 (70)	6.33 (37)
Cherokee	6,424 (98)	21,261 (92)	69.92 (26)	2.54 (86)
Chowan	8,049 (65)	26,365 (62)	64.77 (35)	7.49 (29)
Clay	6,665 (94)	48,071 (7)	44.22 (87)	2.83 (79)
Cleveland	8,851 (42)	23,362 (82)	60.58 (49)	5.04 (48)
Columbus	7,134 (87)	25,640 (67)	59.29 (52)	2.82 (80)
Craven	9,316 (32)	22,122 (89)	67.71 (29)	5.14 (47)
Cumberland	8,772 (43)	17,805 (99)	60.21 (50)	3.36 (71)
Currituck	7,838 (71)	34,381 (28)	47.81 (80)	3.79 (65)
Dare	7,919 (68)	82,473 (1)	162.10 (1)	10.89 (13)
Davidson	9,625 (23)	24,677 (73)	59.51 (51)	6.82 (34)
Davie	9,848 (20)	43,600 (10)	49.74 (78)	7.14 (30)
Duplin	7,747 (75)	25,617 (68)	50.86 (74)	2.36 (89)
Durham	11,523 (5)	32,879 (33)	67.27 (32)	12.61 (11)
Edgecombe	8,563 (51)	24,277 (75)	57.10 (56)	6.67 (35)
Forsyth	12,682 (3)	36,884 (21)	97.39 (5)	17.77 (5)
Franklin	7,736 (76)	25,807 (64)	47.59 (81)	3.52 (69)
Gaston	9,668 (21)	26,801 (59)	65.63 (34)	7.95 (26)
Gates	8,456 (54)	27,659 (53)	41.26 (92)	2.20 (92)
Graham	6,868 (91)	29,708 (42)	56.07 (60)	2.67 (82)
Granville	7,806 (73)	24,058 (77)	55.72 (62)	3.75 (66)
Greene	8,408 (56)	25,772 (65)	38.65 (96)	2.38 (88)
Guilford	11,930 (4)	36,147 (24)	94.83 (6)	17.45 (6)
Halifax	7,374 (84)	23,173 (84)	63.68 (37)	5.29 (44)
Harnett	7,355 (85)	21,719 (90)	53.84 (68)	3.29 (73)
Haywood	9,028 (39)	34,787 (27)	66.58 (33)	5.69 (42)
Henderson	10,521 (8)	34,177 (29)	75.11 (17)	18.25 (4)
Hertford	8,092 (63)	22,725 (87)	69.36 (27)	3.80 (63)
Hoke	5,977 (99)	19,544 (95)	41.85 (91)	2.23 (91)
Hyde	5,810 (100)	51,366 (6)	51.12 (73)	3.30 (72)
Iredell	9,460 (27)	32,185 (34)	71.59 (23)	6.99 (33)
Jackson	7,812 (72)	34,028 (30)	62.69 (40)	5.16 (46)
Johnston	8,175 (59)	27,764 (52)	63.11 (38)	3.80 (63)
Jones	7,736 (76)	27,797 (51)	37.14 (98)	2.02 (93)
Lee	10,278 (11)	29,308 (43)	80.11 (14)	9.15 (18)
Lenoir	9,117 (35)	24,016 (78)	67.58 (31)	8.71 (23)
Lincoln	9,326 (31)	28,023 (49)	54.36 (66)	4.36 (58)
Macon	8,156 (62)	62,367 (3)	85.62 (10)	7.50 (28)

COUNTY-BY-COUNTY COMPARISON OF FISCAL CAPACITY

COUNTY NAME	PER CAPITA PERSONAL INCOME	PER CAPITA ADJ. PROPERTY TAX BASE	PER CAPITA LOCAL-OPTION SALES TAX DIST.	PER CAPITA INTANGIBLES TAX DIST.
	1983	1984-85	1984-85	1984-85
Madison	\$6,972 (89)	\$20,586 (94)	\$45 (85)	\$2 (97)
Martin	8,745 (44)	31,976 (35)	62.40 (43)	4.48 (55)
McDowell	8,459 (53)	28,397 (47)	58.39 (54)	2.74 (81)
Mecklenburg	12,863 (1)	46,358 (8)	113.48 (2)	21.57 (3)
Mitchell	8,065 (64)	30,693 (40)	61.77 (45)	4.09 (62)
Montgomery	8,168 (60)	26,954 (57)	49.80 (77)	3.37 (70)
Moore	10,098 (14)	32,988 (31)	68.48 (28)	26.54 (2)
Nash	10,427 (9)	31,055 (39)	74.70 (18)	8.92 (20)
New Hanover	9,951 (17)	36,508 (22)	97.64 (4)	12.37 (12)
Northampton	6,453 (97)	21,209 (93)	40.12 (94)	2.62 (83)
Onslow	8,678 (46)	16,003 (100)	56.16 (59)	1.80 (96)
Orange	11,149 (6)	28,795 (45)	78.90 (15)	17.28 (7)
Pamlico	8,599 (50)	31,438 (37)	45.18 (84)	4.64 (52)
Pasquotank	9,071 (38)	24,527 (74)	85.58 (11)	8.23 (25)
Pender	7,443 (82)	35,663 (26)	42.51 (90)	4.18 (59)
Perquimans	7,900 (70)	55,417 (5)	39.47 (95)	2.00 (94)
Person	8,304 (57)	36,441 (23)	55.88 (61)	2.96 (77)
Pitt	8,864 (41)	28,678 (46)	73.46 (20)	7.00 (32)
Polk	10,263 (13)	40,441 (16)	50.79 (75)	46.30 (1)
Randolph	9,445 (28)	27,124 (56)	56.33 (58)	5.28 (45)
Richmond	7,916 (69)	19,381 (96)	61.93 (44)	4.40 (57)
Robeson	6,715 (93)	17,979 (98)	54.87 (65)	2.89 (78)
Rockingham	9,352 (30)	27,921 (50)	61.21 (48)	5.96 (39)
Rowan	9,906 (18)	28,106 (48)	61.23 (47)	8.94 (19)
Rutherford	8,631 (48)	26,815 (58)	62.58 (42)	4.11 (61)
Sampson	8,018 (66)	23,226 (83)	53.47 (69)	3.28 (74)
Scotland	8,158 (61)	24,003 (79)	30.19 (100)	4.59 (53)
Stanly	9,595 (25)	27,246 (55)	61.50 (46)	4.18 (59)
Stokes	8,602 (49)	44,877 (9)	42.94 (89)	1.64 (99)
Surry	9,356 (29)	24,836 (70)	70.88 (25)	8.89 (21)
Swain	6,783 (92)	19,202 (97)	53.96 (67)	1.84 (95)
Transylvania	9,542 (26)	42,039 (14)	62.64 (41)	10.17 (17)
Tyrrell	9,610 (24)	58,975 (4)	49.42 (79)	1.16 (100)
Union	9,889 (19)	31,741 (36)	64.15 (36)	4.70 (51)
Vance	8,445 (55)	21,716 (91)	67.64 (30)	10.65 (16)
Wake	12,759 (2)	41,289 (15)	107.35 (3)	13.72 (9)
Warren	7,406 (83)	27,614 (54)	43.36 (88)	3.55 (68)
Washington	8,957 (40)	26,586 (61)	53.16 (71)	2.59 (84)
Watauga	7,574 (80)	42,399 (13)	82.97 (13)	5.89 (41)
Wayne	8,469 (52)	23,028 (85)	62.90 (39)	4.87 (50)
Wilkes	9,081 (36)	23,540 (81)	58.97 (53)	6.01 (38)
Wilson	10,079 (15)	26,713 (60)	72.19 (21)	8.52 (24)
Yadkin	9,159 (34)	24,709 (72)	51.53 (72)	3.06 (75)
Yancey	6,583 (95)	25,435 (69)	50.53 (76)	4.49 (54)
Statewide Average	\$9,805	\$30,973	\$73.20	\$9.40

APPENDIX J





ESTIMATED FISCAL IMPACT OF SB49 ON COUNTIES IN 1987-88 (UNRANKED)

PER CAPITA PERSONAL INCOME 1983	PER CAPITA ADJ. PROPERTY TAX BASE 1984-85	COUNTY NAME	COUNTY-WIDE PROPERTY TAX BASE 85-86	COUNTY PROPERTY TAX LEVY 85-86	COUNTY-WIDE PROPERTY TAX RATE 85-86	MINIMUM COST OF SB49 1987-88	REQUIRED INCR. IN PROPERTY TAX RATE	PERCENTAGE INCREASE IN REQ. PROP. TAX RATE
8,175	27,764	Johnston	1,220,000,000	10,860,000	89.0	591,711	4.9	5.4%
7,736	27,797	Jones	271,000,000	1,380,000	50.9	89,006	3.3	6.4%
10,278	29,308	Lee	1,061,000,000	7,530,000	71.0	771,262	7.3	10.2%
9,117	24,016	Lenoir	1,401,000,000	8,120,000	58.0	1,684,047	12.0	20.7%
9,326	28,023	Lincoln	1,115,000,000	7,240,000	64.9	633,699	5.7	8.8%
8,156	62,367	Macon	1,274,000,000	3,760,000	29.5	(742,503)	-5.8	-19.7%
6,972	20,586	Madison	203,000,000	1,830,000	90.1	1,441,465	71.0	78.8%
8,745	31,976	Martin	806,000,000	6,210,000	77.0	86,576	1.1	1.4%
12,863	46,358	Mecklenburg	19,750,000,000	125,410,000	63.5	(18,456,141)	-9.3	-14.7%
8,065	30,693	Mitchell	415,000,000	1,950,000	47.0	645,002	15.5	33.1%
8,168	26,954	Montgomery	530,000,000	3,450,000	65.1	971,874	18.3	28.2%
10,098	32,988	Moore	1,467,000,000	8,220,000	56.0	(419,892)	-2.9	-5.1%
10,427	31,055	Nash	2,299,000,000	9,880,000	43.0	1,208,451	5.3	12.2%
9,951	36,508	New Hanover	3,966,000,000	26,970,000	68.0	(3,516,893)	-8.9	-13.0%
6,453	21,209	Northampton	340,000,000	3,750,000	110.3	2,055,908	60.5	54.8%
8,678	16,003	Onslow	1,800,000,000	9,720,000	54.0	2,170,349	12.1	22.3%
11,149	28,795	Orange	2,201,000,000	12,770,000	58.0	(1,113,408)	-5.1	-8.7%
8,599	31,438	Pamlico	214,000,000	1,580,000	73.8	102,829	4.8	6.5%
9,071	24,527	Pasquotank	559,000,000	3,520,000	63.0	638,250	11.4	18.1%
7,443	35,663	Pender	495,000,000	4,650,000	93.9	500,508	10.1	10.8%
7,900	55,417	Perquimans	239,000,000	1,580,000	66.1	567,219	23.7	35.9%
8,304	36,441	Person	1,409,000,000	5,560,000	39.5	607,861	4.3	10.9%
8,864	28,678	Pitt	2,452,000,000	15,770,000	64.3	(4,448,710)	-18.1	-28.2%
10,263	40,441	Polk	506,000,000	1,820,000	36.0	1,027,989	20.3	56.5%
9,445	27,124	Randolph	2,580,000,000	10,190,000	39.5	821,987	3.2	8.1%
7,916	19,381	Richmond	810,000,000	5,750,000	71.0	1,291,313	15.9	22.5%
6,715	17,979	Robeson	1,400,000,000	12,740,000	91.0	5,808,832	41.5	45.6%
9,352	27,921	Rockingham	1,650,000,000	15,020,000	91.0	2,758,156	16.7	18.4%
9,906	28,106	Rowan	2,660,000,000	11,570,000	43.5	1,259,080	4.7	10.9%
8,631	26,815	Rutherford	1,095,000,000	7,420,000	67.8	2,719,255	24.8	36.6%
8,018	23,226	Sampson	841,000,000	6,980,000	83.0	2,177,927	25.9	31.2%
8,158	24,003	Scotland	693,000,000	6,380,000	92.1	1,528,843	22.1	24.0%
9,595	27,246	Stanly	1,329,000,000	7,310,000	55.0	662,553	5.0	9.1%
8,602	44,877	Stokes	1,275,000,000	7,270,000	57.0	(193,202)	-1.5	-2.7%
9,356	24,836	Surry	1,520,000,000	7,750,000	51.0	182,855	1.2	2.4%
6,783	19,202	Swain	140,000,000	630,000	45.0	746,911	53.4	118.6%
9,542	42,039	Transylvania	803,000,000	6,340,000	79.0	317,135	3.9	5.0%
9,610	58,975	Tyrrell	134,000,000	1,150,000	85.8	(10,897)	-0.8	-0.9%
8,445	21,716	Vance	680,000,000	4,280,000	62.9	395,417	5.8	9.2%
12,759	41,289	Wake	13,405,000,000	79,090,000	59.0	(3,539,036)	-2.6	-4.5%
7,406	27,614	Warren	412,000,000	2,850,000	69.2	678,472	16.5	23.8%



ESTIMATED FISCAL IMPACT OF SB49 ON COUNTIES IN 1987-88 (UNRANKED)

PER CAPITA PERSONAL INCOME 1983	PER CAPITA ADJ. PROPERTY TAX BASE 1984-85	COUNTY NAME	COUNTY-WIDE PROPERTY TAX BASE 85-86	COUNTY PROPERTY TAX LEVY 85-86	COUNTY-WIDE PROPERTY TAX RATE 85-86	MINIMUM COST OF SB49 1987-88	REQUIRED INCR. IN PROPERTY TAX RATE	PERCENTAGE INCREASE IN REQ. PROP. TAX RATE
\$8,957	\$26,586	Washington	\$351,000,000	\$2,320,000	66.1	\$615,600	17.5	26.5%
7,574	42,399	Watauga	841,000,000	5,050,000	60.0	107,287	1.3	2.1%
8,469	23,028	Wayne	1,650,000,000	11,170,000	67.7	(453,972)	-2.8	-4.1%
9,081	23,540	Wilkes	1,875,000,000	8,060,000	43.0	451,820	2.4	5.6%
10,079	26,713	Wilson	1,662,000,000	10,800,000	65.0	(3,523,594)	-21.2	-32.6%
9,159	24,709	Yadkin	685,000,000	3,490,000	50.9	559,493	8.2	16.0%
6,583	25,435	Yancey	423,000,000	1,780,000	42.1	706,451	16.7	39.7%



APPENDIX K







ESTIMATED FISCAL IMPACT OF SB49 ON COUNTIES IN 1987-88 (RANKED)

PER CAPITA PERSONAL INCOME 1983	PER CAPITA ADJ. PROPERTY TAX BASE 1984-85	COUNTY NAME	COUNTY-WIDE PROPERTY TAX BASE 85-86	COUNTY PROPERTY TAX LEVY 85-86	COUNTY-WIDE PROPERTY TAX RATE 85-86	MINIMUM COST OF SB49 1987-88	REQUIRED INCR. IN PROPERTY TAX RATE	PERCENTAGE INCREASE IN REQ. PROP. TAX RATE
\$9,951	\$36,508	New Hanover	\$3,966,000,000	\$26,970,000	68.0	(\$3,516,893)	-8.9	-13.0%
12,863	46,358	Mecklenburg	19,750,000,000	125,410,000	63.5	(18,456,141)	-9.3	-14.7%
9,636	37,309	Chatham	815,000,000	5,870,000	72.0	(764,537)	-9.4	-13.0%
7,806	24,058	Granville	518,000,000	5,490,000	106.0	(537,892)	-10.4	-9.8%
8,864	28,678	Pitt	2,452,000,000	15,770,000	64.3	(4,448,710)	-18.1	-28.2%
10,079	26,713	Wilson	1,662,000,000	10,800,000	65.0	(3,523,594)	-21.2	-32.6%
7,793	24,804	Bertie	520,000,000	3,430,000	66.0	(1,254,897)	-24.1	-36.6%





APPENDIX L



APPENDIX L

COMPARISON OF ADDITIONAL REVENUE FROM USING STATEWIDE AVERAGE  
GENERAL PROPERTY TAX RATE WITH MINIMUM COST OF SB49(1987-88)

COUNTY NAME	PROP. TAX RATE IF USE ADJUSTED TAX BASE	PROP. TAX REV. IF USE STATE AVER. TAX RATE	ADDIT. REV. IF USE STATE AVER. TAX RATE	MINIMUM COST OF SB49 1987-88
Alexander	51.4	\$3,346,011	\$126,011	\$987,355
Anson	67.0	3,463,123	(886,877)	1,265,555
Ashe	40.5	4,057,985	977,985	556,137
Avery	35.9	3,656,795	1,196,795	81,347
Beaufort	32.2	8,650,531	3,430,531	502,972
Bertie	62.7	2,918,531	(511,469)	(1,254,897)
Bladen	56.7	4,463,034	(276,966)	672,702
Brunswick	45.9	15,326,388	2,156,388	(679,693)
Buncombe	59.3	27,533,759	(3,046,241)	1,442,456
Burke	49.8	10,123,225	673,225	3,162,126
Cabarrus	50.2	15,652,661	932,661	3,275,052
Caldwell	50.3	9,345,391	545,391	707,636
Camden	34.0	1,224,412	444,412	125,909
Carteret	32.0	11,300,010	4,520,010	86,197
Caswell	47.2	2,555,645	295,645	302,179
Catawba	36.2	20,629,717	6,629,717	(338,950)
Chatham	45.0	6,967,138	1,097,138	(764,537)
Cherokee	40.7	2,397,672	567,672	762,646
Chowan	56.7	1,883,262	(116,738)	693,268
Cleveland	56.6	10,860,759	(659,241)	3,292,697
Craven	52.8	9,006,166	96,166	2,214,262
Cumberland	64.0	26,299,637	(5,230,363)	742,104
Currituck	70.6	2,487,048	(802,952)	703,648
Dare	53.0	7,525,555	55,555	(330,308)
Davidson	43.1	15,485,922	2,975,922	2,767,010
Davie	42.3	5,549,629	1,149,629	157,310
Duplin	49.2	5,915,441	465,441	1,249,147
Durham	56.9	31,270,523	(2,049,477)	1,665,973
Edgecombe	57.6	7,044,233	(555,767)	960,727
Forsyth	57.8	52,210,211	(4,309,789)	(2,726,522)
Gaston	61.7	25,014,621	(3,925,379)	(139,434)
Graham	38.2	1,186,497	336,497	800,759
Granville	61.8	4,740,992	(749,008)	(537,892)
Greene	57.1	2,319,023	(160,977)	955,659
Guilford	54.7	65,550,964	(1,599,036)	(3,906,849)
Halifax	54.7	7,193,614	(186,386)	1,955,245
Harnett	49.5	7,384,035	534,035	2,907,393
Haywood	40.5	9,049,150	2,189,150	343,587
Hertford	58.1	2,810,959	(249,041)	334,392
Hyde	49.6	1,678,259	118,259	(29,079)
Iredell	40.4	14,634,451	3,554,451	3,038,937
Jackson	40.2	5,071,757	1,251,757	656,949
Johnston	52.8	10,967,392	107,392	591,711
Jones	43.3	1,701,302	321,302	89,006

COUNTY NAME	PROP. TAX RATE IF USE ADJUSTED TAX BASE	PROP. TAX REV. IF USE STATE AVER. TAX RATE	ADDIT. REV. IF USE STATE AVER. TAX RATE	MINIMUM COST OF SB49 1987-88
Lee	61.0	\$6,590,818	(\$939,182)	\$771,262
Lenoir	54.6	7,933,784	(186,216)	1,684,047
Lincoln	55.6	6,947,325	(292,675)	633,699
Macon	28.3	7,096,497	3,336,497	(742,503)
Madison	53.5	1,825,097	(4,903)	1,441,465
Mecklenburg	60.1	111,310,705	(14,099,295)	(18,456,141)
Mitchell	41.7	2,497,501	547,501	645,002
Montgomery	53.5	3,438,511	(11,489)	971,874
Moore	43.7	10,034,774	1,814,774	(419,892)
Nash	40.5	13,031,831	3,151,831	1,208,451
New Hanover	63.0	22,828,819	(4,141,181)	(3,516,893)
Northampton	78.0	2,566,697	(1,183,303)	2,055,908
Onslow	49.6	10,448,935	728,935	2,170,349
Orange	51.1	13,333,567	563,567	(1,113,408)
Pamlico	47.3	1,781,718	201,718	102,829
Pasquotank	47.7	3,941,226	421,226	638,250
Pender	54.5	4,553,569	(96,431)	500,508
Perquimans	45.7	1,844,999	264,999	567,219
Person	38.9	7,637,351	2,077,351	607,861
Pitt	55.8	15,074,114	(695,886)	(4,448,710)
Richmond	60.4	5,076,336	(673,664)	1,291,313
Robeson	62.9	10,809,720	(1,930,280)	5,808,832
Rockingham	66.0	12,137,108	(2,882,892)	2,758,156
Rowan	40.5	15,235,097	3,665,097	1,259,080
Rutherford	48.7	8,128,619	708,619	2,719,255
Sampson	57.5	6,479,137	(500,863)	2,177,927
Scotland	74.2	4,586,440	(1,793,560)	1,528,843
Stokes	53.5	7,253,387	(16,613)	(193,202)
Surry	50.5	8,190,044	440,044	182,855
Swain	33.3	1,009,008	379,008	746,911
Transylvania	54.7	6,190,579	(149,421)	317,135
Tyrrell	46.8	1,311,733	161,733	(10,897)
Vance	51.7	4,417,404	137,404	395,417
Wake	56.4	74,803,349	(4,286,651)	(3,539,036)
Warren	60.4	2,518,847	(331,153)	678,472
Washington	55.9	2,216,312	(103,688)	615,600
Watauga	33.3	8,095,110	3,045,110	107,287
Wayne	46.2	12,900,103	1,730,103	(453,972)
Wilson	61.9	9,310,027	(1,489,973)	(3,523,594)
Yadkin	46.4	4,013,205	523,205	559,493
Yancey	42.1	2,257,356	477,356	706,451

APPENDIX M



## APPENDIX M

COUNTIES UNABLE TO MEET COST OF SB49 IN 1987-88 AT AVERAGE  
STATEWIDE PROPERTY TAX RATE

COUNTY NAME	PROP. TAX RATE IF USE ADJUSTED TAX BASE	PROP. TAX REV. IF USE STATE AVER. TAX RATE	ADDIT. REV. IF USE STATE AVER. TAX RATE	MINIMUM COST OF SB49 1987-88
Cumberland	64.0	\$26,299,637	(\$5,230,363)	\$742,104
Buncombe	59.3	27,533,759	(3,046,241)	1,442,456
Durham	56.9	31,270,523	(2,049,477)	1,665,973
Lee	61.0	\$6,590,818	(\$939,182)	771,262
Scotland	74.2	4,586,440	(1,793,560)	1,528,843
Currituck	70.6	2,487,048	(802,952)	703,648
Rockingham	66.0	12,137,108	(2,882,892)	2,758,156
Hertford	58.1	2,810,959	(249,041)	334,392
Anson	67.0	3,463,123	(886,877)	1,265,555
Edgecombe	57.6	7,044,233	(555,767)	960,727
Northampton	78.0	2,566,697	(1,183,303)	2,055,908
Richmond	60.4	5,076,336	(673,664)	1,291,313
Warren	60.4	2,518,847	(331,153)	678,472
Transylvania	54.7	6,190,579	(149,421)	317,135
Lincoln	55.6	6,947,325	(292,675)	633,699
Bladen	56.7	4,463,034	(276,966)	672,702
Robeson	62.9	10,809,720	(1,930,280)	5,808,832
Sampson	57.5	6,479,137	(500,863)	2,177,927
Cleveland	56.6	10,860,759	(659,241)	3,292,697
Pender	54.5	4,553,569	(96,431)	500,508
Greene	57.1	2,319,023	(160,977)	955,659
Washington	55.9	2,216,312	(103,688)	615,600
Chowan	56.7	1,883,262	(116,738)	693,268
Lenoir	54.6	7,933,784	(186,216)	1,684,047
Halifax	54.7	7,193,614	(186,386)	1,955,245
Montgomery	53.5	3,438,511	(11,489)	971,874
Madison	53.5	1,825,097	(4,903)	1,441,465
Craven	52.8	9,006,166	96,166	2,214,262
Alexander	51.4	\$3,346,011	\$126,011	987,355
Johnston	52.8	10,967,392	107,392	591,711
Harnett	49.5	7,384,035	534,035	2,907,393
Burke	49.8	10,123,225	673,225	3,162,126
Rutherford	48.7	8,128,619	708,619	2,719,255
Cabarrus	50.2	15,652,661	932,661	3,275,052
Onslow	49.6	10,448,935	728,935	2,170,349
Vance	51.7	4,417,404	137,404	395,417
Duplin	49.2	5,915,441	465,441	1,249,147
Graham	38.2	1,186,497	336,497	800,759
Perquimans	45.7	1,844,999	264,999	567,219
Swain	33.3	1,009,008	379,008	746,911
Pasquotank	47.7	3,941,226	421,226	638,250
Yancey	42.1	2,257,356	477,356	706,451
Cherokee	40.7	2,397,672	567,672	762,646
Caldwell	50.3	9,345,391	545,391	707,636
Mitchell	41.7	2,497,501	547,501	645,002
Yadkin	46.4	4,013,205	523,205	559,493
Caswell	47.2	2,555,645	295,645	302,179





APPENDIX N



APPENDIX N

ESTIMATED FISCAL IMPACT OF SB49 ON COUNTIES IN 1992-93 (UNRANKED)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
PER CAPITA PERSONAL INCOME 1983	PER CAPITA ADJ. PROPERTY TAX BASE 1984-85	COUNTY-WIDE PROPERTY TAX BASE 85-86	COUNTY PROPERTY TAX LEVY 85-86	COUNTY-WIDE PROPERTY TAX RATE 85-86	MINIMUM COST OF SB49 1992-93	REQUIRED INCR. IN PROPERTY TAX RATE	PERCENTAGE INCREASE IN REQ. PROP. TAX RATE
	COUNTY NAME						
\$10,278	\$29,271	\$2,900,000,000	\$15,660,000	54.0	(2,546,785)	-8.8	-9.1%
9,302	22,991	366,000,000	3,220,000	88.0	939,716	25.7	30.7%
7,730	23,787	463,000,000	4,350,000	94.0	1,115,601	24.1	29.1%
7,047	32,916	541,000,000	3,080,000	56.9	202,675	3.7	18.1%
7,273	42,673	472,000,000	2,460,000	52.1	(148,020)	-3.1	3.3%
8,736	38,655	1,110,000,000	5,220,000	47.0	(169,238)	-1.5	9.6%
7,793	24,804	520,000,000	3,430,000	66.0	(1,316,995)	-25.3	-36.6%
6,930	25,993	765,000,000	4,740,000	62.0	355,464	4.6	14.2%
7,570	67,382	2,213,000,000	13,170,000	59.5	(1,839,964)	-8.3	-5.2%
10,001	29,986	4,564,000,000	30,580,000	67.0	(3,583,831)	-7.9	4.7%
9,077	25,756	1,500,000,000	9,450,000	63.0	1,922,982	12.8	33.5%
10,368	31,388	2,830,000,000	14,720,000	52.0	1,794,162	6.3	22.2%
8,654	24,220	1,467,000,000	8,800,000	60.0	(493,823)	-3.4	8.0%
7,619	38,024	130,000,000	780,000	60.0	60,771	4.7	16.1%
8,264	43,422	1,694,000,000	6,780,000	40.0	(548,719)	-3.2	1.3%
6,524	22,144	390,000,000	2,260,000	57.9	324,288	8.3	13.4%
10,790	36,080	3,784,000,000	14,000,000	37.0	(3,800,628)	-10.0	-2.4%
9,636	37,309	815,000,000	5,870,000	72.0	(1,538,660)	-18.9	-13.0%
6,424	21,261	437,000,000	1,830,000	41.9	881,954	20.2	41.7%
8,049	26,365	298,000,000	2,000,000	67.1	402,554	13.5	34.7%
8,851	23,362	1,670,000,000	11,520,000	69.0	2,619,701	15.7	28.6%
9,316	22,122	1,113,000,000	8,910,000	80.1	1,860,057	16.7	24.9%
8,772	17,805	3,709,000,000	31,530,000	85.0	(5,187,424)	-14.0	2.4%
7,838	34,381	394,000,000	3,290,000	83.5	74,978	1.9	21.4%
7,919	82,473	1,266,000,000	7,470,000	59.0	(1,330,866)	-10.5	-4.4%
9,625	24,677	2,720,000,000	12,510,000	46.0	1,688,875	6.2	22.1%
9,848	43,600	800,000,000	4,400,000	55.0	(315,093)	-3.9	3.6%
7,747	25,617	726,000,000	5,450,000	75.1	1,274,077	17.5	22.9%
11,523	32,879	5,648,000,000	33,320,000	59.0	(2,674,978)	-4.7	5.0%
8,563	24,277	1,288,000,000	7,600,000	59.0	121,052	0.9	12.6%
12,682	36,884	9,580,000,000	56,520,000	59.0	(18,922,707)	-19.8	-4.8%
9,668	26,801	3,879,000,000	28,940,000	74.6	(4,064,166)	-10.5	-0.5%
8,456	27,659	200,000,000	1,540,000	77.0	(48,797)	-2.4	13.8%
6,868	29,708	165,000,000	850,000	51.5	834,023	50.5	94.2%
7,806	24,058	518,000,000	5,490,000	106.0	(756,314)	-14.6	-9.8%
8,408	25,772	303,000,000	2,480,000	81.8	642,801	21.2	38.5%
11,930	36,147	10,500,000,000	67,150,000	64.0	(17,391,368)	-16.6	-5.8%
7,374	23,173	1,135,000,000	7,380,000	65.0	2,380,461	21.0	26.5%
7,355	21,719	770,000,000	6,850,000	89.0	2,818,790	36.6	42.4%
9,028	34,787	995,000,000	6,860,000	68.9	(864,399)	-6.7	5.0%
8,092	22,725	365,000,000	3,060,000	83.8	(55,058)	-1.5	10.9%
5,810	51,366	195,000,000	1,560,000	80.0	(161,628)	-8.3	-1.9%
9,460	32,185	2,702,000,000	11,080,000	41.0	1,194,721	4.4	27.4%
7,812	34,028	910,000,000	3,820,000	42.0	331,407	3.6	17.2%

ESTIMATED FISCAL IMPACT OF SB49 ON COUNTIES IN 1992-93 (UNRANKED)

PERSONAL INCOME	PER CAPITA ADJ. PROPERTY TAX BASE	COUNTY NAME	COUNTY-WIDE PROPERTY TAX LEVY		COUNTY PROPERTY TAX RATE	MINIMUM COST OF SB49	REQUIRED INCR. IN PROPERTY TAX RATE	PERCENTAGE INCREASE IN REQ. PROP. TAX RATE
			1984-85	85-86				
8,175	\$27,764	Johnston	\$1,220,000,000	\$10,860,000	89.0	1992-93 (\$1,442,451)	-11.8	5.4%
7,736	27,797	Jones	271,000,000	1,380,000	50.9	527,949	19.5	6.4%
10,278	29,308	Lee	1,061,000,000	7,530,000	71.0	(679,750)	-6.4	10.2%
9,117	24,016	Lenoir	1,401,000,000	8,120,000	58.0	704,290	5.0	20.7%
9,326	28,023	Lincoln	1,115,000,000	7,240,000	64.9	758,242	6.8	8.8%
8,156	62,367	Macon	1,274,000,000	3,760,000	29.5	(1,353,444)	-10.6	-19.7%
6,972	20,586	Madison	2,03,000,000	1,830,000	90.1	1,883,101	92.8	78.8%
8,745	31,976	Martin	806,000,000	6,210,000	77.0	(575,039)	-7.1	1.4%
12,863	46,358	Mecklenburg	19,750,000,000	125,410,000	63.5	(49,256,334)	-24.9	-14.7%
8,065	30,693	Mitchell	415,000,000	1,950,000	47.0	492,098	11.9	33.1%
8,168	26,954	Montgomery	530,000,000	3,450,000	65.1	708,266	13.4	28.2%
10,098	32,988	Moore	1,467,000,000	8,220,000	56.0	(1,666,375)	-11.4	-5.1%
10,427	31,055	Nash	2,299,000,000	9,880,000	43.0	473,432	2.1	12.2%
9,951	36,508	New Hanover	3,966,000,000	26,970,000	68.0	(7,974,564)	-20.1	-13.0%
6,453	21,209	Northampton	340,000,000	3,750,000	110.3	1,729,878	50.9	54.8%
8,678	16,003	Onslow	1,800,000,000	9,720,000	54.0	1,939,943	10.8	22.3%
11,149	28,795	Orange	2,201,000,000	12,770,000	58.0	(3,737,640)	-17.0	-8.7%
8,599	31,438	Pamlico	214,000,000	1,580,000	73.8	85,120	4.0	6.5%
9,071	24,527	Pasquotank	559,000,000	3,520,000	63.0	112,889	2.0	18.1%
7,443	35,663	Pender	495,000,000	4,650,000	93.9	123,247	2.5	10.8%
7,900	55,417	Perquimans	239,000,000	1,580,000	66.1	474,860	19.9	35.9%
8,304	36,441	Person	1,409,000,000	5,560,000	39.5	249,359	1.8	10.9%
8,864	28,678	Pitt	2,452,000,000	15,770,000	64.3	(7,139,708)	-29.1	-28.2%
10,263	40,441	Polk	506,000,000	1,820,000	36.0	682,105	13.5	56.5%
9,445	27,124	Randolph	2,580,000,000	10,190,000	39.5	25,576	0.1	8.1%
7,916	19,381	Richmond	810,000,000	5,750,000	71.0	984,590	12.2	22.5%
6,715	17,979	Robeson	1,400,000,000	12,740,000	91.0	7,029,963	50.2	45.6%
9,352	27,921	Rockingham	1,650,000,000	15,020,000	91.0	1,096,806	6.6	18.4%
9,906	28,106	Rowan	2,660,000,000	11,570,000	43.5	(434,617)	-1.6	10.9%
8,631	26,815	Rutherford	1,095,000,000	7,420,000	67.8	1,400,091	12.8	36.6%
8,018	23,226	Sampson	841,000,000	6,980,000	83.0	1,857,074	22.1	31.2%
8,158	24,003	Scotland	693,000,000	6,380,000	92.1	644,515	9.3	24.0%
9,595	27,246	Stanly	1,329,000,000	7,310,000	55.0	61,827	0.5	9.1%
8,602	44,877	Stokes	1,275,000,000	7,270,000	57.0	(1,499,634)	-11.8	-2.7%
9,356	24,836	Surry	1,520,000,000	7,750,000	51.0	(478,767)	-3.1	2.4%
6,783	19,202	Swain	140,000,000	630,000	45.0	710,930	50.8	118.6%
9,542	42,039	Transylvania	803,000,000	6,340,000	79.0	(4,036)	-0.1	5.0%
9,610	58,975	Tyrrell	134,000,000	1,150,000	85.8	(\$62,639)	-4.7	-0.9%
8,445	21,716	Vance	680,000,000	4,280,000	62.9	(136,774)	-2.0	9.2%
12,759	41,289	Wake	13,405,000,000	79,090,000	59.0	(21,830,927)	-16.3	-4.5%
7,406	27,614	Warren	412,000,000	2,850,000	69.2	631,213	15.3	23.8%

ESTIMATED FISCAL IMPACT OF SB49 ON COUNTIES IN 1992-93 (UNRANKED)

PER CAPITA PERSONAL INCOME 1983	PER CAPITA ADJ. PROPERTY TAX BASE 1984-85	COUNTY NAME	COUNTY-WIDE PROPERTY TAX BASE 85-86		COUNTY PROPERTY TAX LEVY 85-86		COUNTY-WIDE PROPERTY TAX RATE 85-86		MINIMUM COST OF SB49 1992-93	REQUIRED INCR. IN PROPERTY TAX RATE		PERCENTAGE INCREASE IN REQ. PROP. TAX RATE
			\$		\$		%	%		%	%	
\$8,957	\$26,586	Washington	\$351,000,000		\$2,320,000		66.1	430,919	12.3	26.5%		
7,574	42,399	Watauga	841,000,000		5,050,000		60.0	(458,160)	-5.4	2.1%		
8,469	23,028	Wayne	1,650,000,000		11,170,000		67.7	(1,425,381)	-8.6	-4.1%		
9,081	23,540	Wilkes	1,875,000,000		8,060,000		43.0	(324,225)	-1.7	5.6%		
10,079	26,713	Wilson	1,662,000,000		10,800,000		65.0	(5,002,748)	-30.1	-32.6%		
9,159	24,709	Yadkin	685,000,000		3,490,000		50.9	430,722	6.3	16.0%		
6,583	25,435	Yancey	423,000,000		1,780,000		42.1	600,974	14.2	39.7%		

ESTIMATED FISCAL IMPACT OF SB49 ON COUNTIES IN 1992-93(RANKED)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
PERSONAL INCOME 1983	PER CAPITA ADJ. PROPERTY TAX BASE 1984-85	COUNTY-WIDE PROPERTY TAX BASE 85-86	COUNTY PROPERTY TAX LEVY 85-86	COUNTY-WIDE PROPERTY TAX RATE 85-86	MINIMUM COST OF SB49 1992-93	REQUIRED INCR. IN PROPERTY TAX RATE	PERCENTAGE INCREASE IN REQ. PROP. TAX RATE
56,972	\$20,586	\$203,000,000	\$1,830,000	90.1	1,883,101	92.8	78.8%
6,453	21,209	340,000,000	3,750,000	110.3	1,729,878	50.9	54.8%
6,783	19,202	140,000,000	630,000	45.0	710,930	50.8	118.6%
6,868	29,708	165,000,000	850,000	51.5	834,023	50.5	94.2%
6,715	17,979	1,400,000,000	12,740,000	91.0	7,029,963	50.2	45.6%
7,355	21,719	770,000,000	6,850,000	89.0	2,818,790	36.6	42.4%
9,302	22,991	366,000,000	3,220,000	88.0	939,716	25.7	30.7%
7,730	23,787	463,000,000	4,350,000	94.0	1,115,601	24.1	29.1%
8,018	23,226	841,000,000	6,980,000	83.0	1,857,074	22.1	31.2%
8,408	25,772	303,000,000	2,480,000	81.8	642,801	21.2	38.5%
7,374	23,173	1,135,000,000	7,380,000	65.0	2,380,461	21.0	26.5%
6,424	21,261	437,000,000	1,830,000	41.9	881,954	20.2	41.7%
7,900	55,417	239,000,000	1,580,000	66.1	474,860	19.9	35.9%
7,736	27,797	271,000,000	1,380,000	50.9	527,949	19.5	6.4%
7,747	25,617	726,000,000	5,450,000	75.1	1,274,077	17.5	22.9%
9,316	22,122	1,113,000,000	8,910,000	80.1	1,860,057	16.7	24.9%
8,851	23,362	1,670,000,000	11,520,000	69.0	2,619,701	15.7	28.6%
7,406	27,614	412,000,000	2,850,000	69.2	631,213	15.3	23.8%
6,583	25,435	423,000,000	1,780,000	42.1	680,974	14.2	39.7%
8,049	26,365	298,000,000	2,000,000	67.1	402,558	13.5	34.7%
10,263	40,441	506,000,000	1,820,000	36.0	682,105	13.5	56.5%
8,168	26,954	530,000,000	3,450,000	65.1	708,266	13.4	28.2%
9,077	25,756	1,500,000,000	9,450,000	63.0	1,922,982	12.8	33.5%
8,631	26,815	1,095,000,000	7,420,000	67.8	1,400,091	12.8	36.6%
8,957	26,586	351,000,000	2,320,000	66.1	430,919	12.3	26.5%
7,916	19,381	810,000,000	5,750,000	71.0	984,590	12.2	22.5%
8,065	30,693	415,000,000	1,950,000	47.0	492,098	11.9	33.1%
8,678	16,003	1,800,000,000	9,720,000	54.0	1,939,943	10.8	22.3%
8,158	24,003	693,000,000	6,380,000	92.1	644,515	9.3	24.0%
6,524	22,144	390,000,000	2,260,000	57.9	324,288	8.3	13.4%
9,326	28,023	1,115,000,000	7,240,000	64.9	758,242	6.8	8.8%
9,352	27,921	1,650,000,000	15,020,000	91.0	1,096,806	6.6	18.4%
10,368	31,388	2,830,000,000	14,720,000	52.0	1,794,162	6.3	22.2%
9,159	24,709	685,000,000	3,490,000	50.9	430,722	6.3	16.0%
9,625	24,677	2,720,000,000	12,510,000	46.0	1,688,875	6.2	22.1%
9,117	24,016	1,401,000,000	8,120,000	58.0	704,290	5.0	20.7%
7,619	38,024	130,000,000	780,000	60.0	60,771	4.7	16.1%
6,930	25,993	765,000,000	4,740,000	62.0	355,464	4.6	14.2%
9,460	32,185	2,702,000,000	11,080,000	41.0	1,194,721	4.4	27.4%
8,599	31,438	214,000,000	1,580,000	73.8	85,120	4.0	6.5%
7,047	32,916	541,000,000	3,080,000	56.9	202,675	3.7	18.1%
7,812	34,028	910,000,000	3,820,000	42.0	331,407	3.6	17.2%
7,443	35,663	495,000,000	4,650,000	93.9	123,247	2.5	10.8%
10,427	31,055	2,299,000,000	9,880,000	43.0	473,432	2.1	12.2%

ESTIMATED FISCAL IMPACT OF SB49 ON COUNTIES IN 1992-93 (RANKED)

PER CAPITA PERSONAL INCOME 1983	PER CAPITA ADJ. PROPERTY TAX BASE 1984-85	COUNTY NAME	COUNTY-WIDE		COUNTY		COUNTY-WIDE		MINIMUM COST OF SB49 1992-93	REQUIRED INCR. IN PROPERTY TAX RATE	PERCENTAGE INCREASE IN REQ. PROP. TAX RATE
			PROPERTY TAX BASE 85-86	PROPERTY TAX LEVY 85-86	PROPERTY TAX LEVY 85-86	PROPERTY TAX RATE 85-86					
\$9,636	\$37,309	Chatham	\$815,000,000	\$5,870,000	72.0	(1,538,660)	-18.9	(1,538,660)	-13.0%		
12,682	36,884	Forsyth	9,580,000,000	56,520,000	59.0	(18,922,707)	-19.8	(18,922,707)	-4.8%		
9,951	36,508	New Hanover	3,966,000,000	26,970,000	68.0	(7,974,564)	-20.1	(7,974,564)	-13.0%		
12,863	46,358	Mecklenburg	19,750,000,000	125,410,000	63.5	(49,256,334)	-24.9	(49,256,334)	-14.7%		
7,793	24,804	Bertie	520,000,000	3,430,000	66.0	(1,316,995)	-25.3	(1,316,995)	-36.6%		
8,864	28,678	Pitt	2,452,000,000	15,770,000	64.3	(7,139,708)	-29.1	(7,139,708)	-28.2%		
10,079	26,713	Wilson	1,662,000,000	10,800,000	65.0	(5,002,748)	-30.1	(5,002,748)	-32.6%		

ESTIMATED FISCAL IMPACT OF SB49 ON COUNTIES IN 1992-93 (RANKED)

PER CAPITA PERSONAL INCOME 1983	PER CAPITA ADJ. PROPERTY TAX BASE 1984-85	COUNTY NAME	COUNTY-WIDE PROPERTY TAX BASE 85-86		COUNTY PROPERTY TAX LEVY 85-86	COUNTY-WIDE PROPERTY TAX RATE 85-86		MINIMUM COST OF SB49 1992-93	REQUIRED INCR. IN PROPERTY TAX RATE	PERCENTAGE INCREASE IN REQ. PROP. TAX RATE
			\$	%		\$	%			
9,071	\$24,527	Pasquotank	\$559,000,000	0.00	\$3,520,000	63.0	112,889	2.0	18.1%	
7,838	34,381	Currituck	394,000,000	0.00	3,290,000	83.5	74,978	1.9	21.4%	
8,304	36,441	Person	1,409,000,000	0.00	5,560,000	39.5	249,359	1.8	10.9%	
8,563	24,277	Edgecombe	1,288,000,000	0.00	7,600,000	59.0	121,052	0.9	12.6%	
9,595	27,246	Stanly	1,329,000,000	0.00	7,310,000	55.0	61,827	0.5	9.1%	
9,445	27,124	Randolph	2,580,000,000	0.00	10,190,000	39.5	25,576	0.1	8.1%	
9,542	42,039	Transylvania	803,000,000	0.00	6,340,000	79.0	(4,036)	-0.1	5.0%	
8,092	22,725	Hertford	365,000,000	0.00	3,060,000	83.8	(55,058)	-1.5	10.9%	
8,736	38,655	Beaufort	1,110,000,000	0.00	5,220,000	47.0	(169,238)	-1.5	9.6%	
9,906	28,106	Rowan	2,660,000,000	0.00	11,570,000	43.5	(434,617)	-1.6	10.9%	
9,081	23,540	Wilkes	1,875,000,000	0.00	8,060,000	43.0	(324,225)	-1.7	5.6%	
8,445	21,716	Vance	680,000,000	0.00	4,280,000	62.9	(136,774)	-2.0	9.2%	
8,456	27,659	Gates	200,000,000	0.00	1,540,000	77.0	(48,797)	-2.4	13.8%	
7,273	42,673	Avery	472,000,000	0.00	2,460,000	52.1	(148,020)	-3.1	3.3%	
9,356	24,836	Surry	1,520,000,000	0.00	7,750,000	51.0	(478,767)	-3.1	2.4%	
8,264	43,422	Carteret	1,694,000,000	0.00	6,780,000	40.0	(548,719)	-3.2	1.3%	
8,654	24,220	Caldwell	1,467,000,000	0.00	8,800,000	60.0	(493,823)	-3.4	8.0%	
9,848	43,600	Davie	800,000,000	0.00	4,400,000	55.0	(315,093)	-3.9	3.6%	
9,610	58,975	Tyrrell	134,000,000	0.00	1,150,000	85.8	(\$62,639)	-4.7	-0.9%	
11,523	32,879	Durham	5,648,000,000	0.00	33,320,000	59.0	(2,674,978)	-4.7	5.0%	
7,574	42,399	Watauga	841,000,000	0.00	5,050,000	60.0	(458,160)	-5.4	2.1%	
10,278	29,308	Lee	1,061,000,000	0.00	7,530,000	71.0	(679,750)	-6.4	10.2%	
8,745	31,976	Martin	806,000,000	0.00	6,210,000	77.0	(575,039)	-7.1	1.4%	
10,001	29,986	Buncombe	4,564,000,000	0.00	30,580,000	67.0	(3,583,831)	-7.9	4.7%	
5,810	51,366	Hyde	195,000,000	0.00	1,560,000	80.0	(161,628)	-8.3	-1.9%	
7,570	67,382	Brunswick	2,213,000,000	0.00	13,170,000	59.5	(1,839,964)	-8.3	-5.2%	
8,469	23,028	Wayne	1,650,000,000	0.00	11,170,000	67.7	(1,425,381)	-8.6	-4.1%	
9,028	34,787	Haywood	995,000,000	0.00	6,860,000	68.9	(864,399)	-8.7	5.0%	
10,278	29,271	Alamance	2,900,000,000	0.00	15,660,000	54.0	(2,546,785)	-8.8	-9.1%	
10,790	36,080	Catawba	3,784,000,000	0.00	14,000,000	37.0	(3,800,628)	-10.0	-2.4%	
9,668	26,801	Gaston	3,879,000,000	0.00	28,940,000	74.6	(4,064,166)	-10.5	-0.5%	
7,919	82,473	Dare	1,266,000,000	0.00	7,470,000	59.0	(1,330,866)	-10.5	-4.4%	
8,156	62,367	Macon	1,274,000,000	0.00	3,760,000	29.5	(1,353,444)	-10.6	-19.7%	
10,098	32,988	Moore	1,467,000,000	0.00	8,220,000	56.0	(1,666,375)	-11.4	-5.1%	
8,602	44,877	Stokes	1,275,000,000	0.00	7,270,000	57.0	(1,499,634)	-11.8	-2.7%	
8,175	27,764	Johnston	1,220,000,000	0.00	10,860,000	89.0	(\$1,442,451)	-11.8	5.4%	
8,772	17,805	Cumberland	3,709,000,000	0.00	31,530,000	85.0	(5,187,424)	-14.0	2.4%	
7,806	24,058	Granville	518,000,000	0.00	5,490,000	106.0	(756,314)	-14.6	-9.8%	
12,759	41,289	Wake	13,405,000,000	0.00	79,090,000	59.0	(21,830,927)	-16.3	-4.5%	
11,930	36,147	Guilford	10,500,000,000	0.00	67,150,000	64.0	(17,391,368)	-16.6	-5.8%	
11,149	28,795	Orange	2,201,000,000	0.00	12,770,000	58.0	(3,737,640)	-17.0	-8.7%	



COMPARISON OF ADDITIONAL REVENUE FROM USING STATEWIDE AVERAGE  
GENERAL PROPERTY TAX RATE WITH MINIMUM COST OF SB49 (1992-93)

COUNTY NAME	PROP. TAX RATE IF USE ADJUSTED TAX BASE	PROP. TAX REV. IF USE STATE AVER. TAX RATE	ADDIT. REV. IF USE STATE AVER. TAX RATE	MINIMUM COST OF SB49 1992-93
Alexander	51.4	\$3,346,011	\$126,011	939,716
Anson	67.0	3,463,123	(886,877)	1,115,601
Ashe	40.5	4,057,985	977,985	202,675
Avery	35.9	3,656,795	1,196,795	(148,020)
Beaufort	32.2	8,650,531	3,430,531	(169,238)
Bertie	62.7	2,918,531	(511,469)	(1,316,995)
Bladen	56.7	4,463,034	(276,966)	355,464
Brunswick	45.9	15,326,388	2,156,388	(1,839,964)
Buncombe	59.3	27,533,759	(3,046,241)	(3,583,831)
Burke	49.8	10,123,225	673,225	1,922,982
Cabarrus	50.2	15,652,661	932,661	1,794,162
Caldwell	50.3	9,345,391	545,391	(493,823)
Camden	34.0	1,224,412	444,412	60,771
Carteret	32.0	11,300,010	4,520,010	(548,719)
Caswell	47.2	2,555,645	295,645	324,288
Catawba	36.2	20,629,717	6,629,717	(3,800,628)
Chatham	45.0	6,967,138	1,097,138	(1,538,660)
Cherokee	40.7	2,397,672	567,672	881,954
Chowan	56.7	1,883,262	(116,738)	402,558
Cleveland	56.6	10,860,759	(659,241)	2,619,701
Craven	52.8	9,006,166	96,166	1,860,057
Cumberland	64.0	26,299,637	(5,230,363)	(5,187,424)
Currituck	70.6	2,487,048	(802,952)	74,978
Dare	53.0	7,525,555	55,555	(1,330,866)
Davidson	43.1	15,485,922	2,975,922	1,688,875
Davie	42.3	5,549,629	1,149,629	(315,093)
Duplin	49.2	5,915,441	465,441	1,274,077
Durham	56.9	31,270,523	(2,049,477)	(2,674,978)
Edgecombe	57.6	7,044,233	(555,767)	121,052
Forsyth	57.8	52,210,211	(4,309,789)	(18,922,707)
Gaston	61.7	25,014,621	(3,925,379)	(4,064,166)
Graham	38.2	1,186,497	336,497	834,023
Granville	61.8	4,740,992	(749,008)	(756,314)
Greene	57.1	2,319,023	(160,977)	642,801
Guilford	54.7	65,550,964	(1,599,036)	(17,391,368)
Halifax	54.7	7,193,614	(186,386)	2,380,461
Harnett	49.5	7,384,035	534,035	2,818,790
Haywood	40.5	9,049,150	2,189,150	(864,399)
Hertford	58.1	2,810,959	(249,041)	(55,058)
Hyde	49.6	1,678,259	118,259	(161,628)
Iredell	40.4	14,634,451	3,554,451	1,194,721
Jackson	40.2	5,071,757	1,251,757	331,407
Johnston	52.8	10,967,392	107,392	(1,442,451)
Jones	43.3	1,701,302	321,302	527,949

COUNTY NAME	PROP. TAX RATE IF USE ADJUSTED TAX BASE	PROP. TAX REV. IF USE STATE AVER. TAX RATE	ADDIT. REV. IF USE STATE AVER. TAX RATE	MINIMUM COST OF SB49 1992-93
Lee	61.0	\$6,590,818	(\$939,182)	(679,750)
Lenoir	54.6	7,933,784	(186,216)	704,290
Lincoln	55.6	6,947,325	(292,675)	758,242
Macon	28.3	7,096,497	3,336,497	(1,353,444)
Madison	53.5	1,825,097	(4,903)	1,883,101
Mecklenburg	60.1	111,310,705	(14,099,295)	(49,256,334)
Mitchell	41.7	2,497,501	547,501	492,098
Montgomery	53.5	3,438,511	(11,489)	708,266
Moore	43.7	10,034,774	1,814,774	(1,666,375)
Nash	40.5	13,031,831	3,151,831	473,432
New Hanover	63.0	22,828,819	(4,141,181)	(7,974,564)
Northampton	78.0	2,566,697	(1,183,303)	1,729,878
Onslow	49.6	10,448,935	728,935	1,939,943
Orange	51.1	13,333,567	563,567	(3,737,640)
Pamlico	47.3	1,781,718	201,718	85,120
Pasquotank	47.7	3,941,226	421,226	112,889
Pender	54.5	4,553,569	(96,431)	123,247
Perquimans	45.7	1,844,999	264,999	474,860
Person	38.9	7,637,351	2,077,351	249,359
Pitt	55.8	15,074,114	(695,886)	(7,139,708)
Richmond	60.4	5,076,336	(673,664)	984,590
Robeson	62.9	10,809,720	(1,930,280)	7,029,963
Rockingham	66.0	12,137,108	(2,882,892)	1,096,806
Rowan	40.5	15,235,097	3,665,097	(434,617)
Rutherford	48.7	8,128,619	708,619	1,400,091
Sampson	57.5	6,479,137	(500,863)	1,857,074
Scotland	74.2	4,586,440	(1,793,560)	644,515
Stokes	53.5	7,253,387	(16,613)	(1,499,634)
Surry	50.5	8,190,044	440,044	(478,767)
Swain	33.3	1,009,008	379,008	710,930
Transylvania	54.7	6,190,579	(149,421)	(4,036)
Tyrrell	46.8	1,311,733	161,733	(\$62,639)
Vance	51.7	4,417,404	137,404	(136,774)
Wake	56.4	74,803,349	(4,286,651)	(21,830,927)
Warren	60.4	2,518,847	(331,153)	631,213
Washington	55.9	2,216,312	(103,688)	430,919
Watauga	33.3	8,095,110	3,045,110	(458,160)
Wayne	46.2	12,900,103	1,730,103	(1,425,381)
Wilson	61.9	9,310,027	(1,489,973)	(5,002,748)
Yadkin	46.4	4,013,205	523,205	430,722
Yancey	42.1	2,257,356	477,356	600,974

COUNTIES UNABLE TO MEET COST OF SB49 IN 1992-93 AT AVERAGE  
STATEWIDE PROPERTY TAX RATE

COUNTY NAME	PROP. TAX RATE IF USE ADJUSTED TAX BASE	PROP. TAX REV. IF USE STATE AVER. TAX RATE	ADDIT. REV. IF USE STATE AVER. TAX RATE	MINIMUM COST OF SB49 1992-93
Craven	52.8	\$9,006,166	\$96,166	\$1,860,057
Alexander	51.4	3,346,011	126,011	939,716
Harnett	49.5	7,384,035	534,035	2,818,790
Burke	49.8	10,123,225	673,225	1,922,982
Duplin	49.2	5,915,441	465,441	1,274,077
Onslow	49.6	10,448,935	728,935	1,939,943
Graham	38.2	1,186,497	336,497	834,023
Rutherford	48.7	8,128,619	708,619	1,400,091
Cabarrus	50.2	15,652,661	932,661	1,794,162
Swain	33.3	1,009,008	379,008	710,930
Perquimans	45.7	1,844,999	264,999	474,860
Jones	43.3	1,701,302	321,302	527,949
Cherokee	40.7	2,397,672	567,672	881,954
Yancey	42.1	2,257,356	477,356	600,974
Caswell	47.2	2,555,645	295,645	324,288
Currituck	70.6	2,487,048	(802,952)	74,978
Edgecombe	57.6	7,044,233	(555,767)	121,052
Scotland	74.2	4,586,440	(1,793,560)	644,515
Rockingham	66.0	12,137,108	(2,882,892)	1,096,806
Anson	67.0	3,463,123	(886,877)	1,115,601
Pender	54.5	4,553,569	(96,431)	123,247
Bladen	56.7	4,463,034	(276,966)	355,464
Richmond	60.4	5,076,336	(673,664)	984,590
Northampton	78.0	2,566,697	(1,183,303)	1,729,878
Warren	60.4	2,518,847	(331,153)	631,213
Lincoln	55.6	6,947,325	(292,675)	758,242
Chowan	56.7	1,883,262	(116,738)	402,558
Robeson	62.9	10,809,720	(1,930,280)	7,029,963
Sampson	57.5	6,479,137	(500,863)	1,857,074
Lenoir	54.6	7,933,784	(186,216)	704,290
Cleveland	56.6	10,860,759	(659,241)	2,619,701
Greene	57.1	2,319,023	(160,977)	642,801
Washington	55.9	2,216,312	(103,688)	430,919
Halifax	54.7	7,193,614	(186,386)	2,380,461
Montgomery	53.5	3,438,511	(11,489)	708,266
Madison	53.5	1,825,097	(4,903)	1,883,101



APPENDIX O



## APPENDIX O

### STATE LITERARY FUND

The State Literary Fund was established in 1903 to loan funds to county boards of education for building and improving public schoolhouses. (Chapter 567 of the 1903 of the Public Laws of North Carolina.) The fund was made up of funds earmarked by the North Carolina Constitution for public school purposes.

The State Literary Fund serves a similar purpose today and it is still comprised of funds earmarked by the Constitution for public school purposes. (See Article 32, Subchapter VII, Chapter 115C of the General Statutes in Attachment 1 for current laws pertaining to the State Literary Fund. See 16 NCAC 2C .0507 in Attachment 2 for administrative rules pertaining to the State Literary Fund. See Article IX, Section 6 of the North Carolina Constitution in Attachment 3 for a list of the funds that are deposited in the State Literary Fund.) The State Board of Education makes loans from the State Literary Fund to the counties for the use of local boards of education. These funds may be used to aid in the erection and equipment of school plants, maintenance buildings and transportation garages. These funds may not be used to buy land for school buildings. The loans are payable in 10 annual installments at an interest rate of 8%.

The amount a county can borrow from the State Literary Fund is limited in two ways. First of all, the State Constitution narrowly limits the circumstances under which the General Assembly can authorize a county to contract debts secured by a pledge of

its faith and credit, except by a vote of the people. Under, Article V, Section 4(2)(f) of the Constitution, a loan such as one from the State Literary Fund can be for no more than 2/3's of the amount by which the county's outstanding indebtedness was reduced during the prior fiscal year. A chart compiled by the State Department of Public Instruction that shows the net debt reduction for the 1984-85 fiscal year for each of the 100 counties may be found in Attachment 4. Secondly, the rules of the State Board of Education limit loans from the State Literary Fund to \$300,000 per year. (Because a high balance in the State Literary Fund was anticipated for March 10, 1986, this maximum allowable amount was recently increased from \$100,000 to \$300,000.) The State Board of Education has the authority to raise the allowable maximum.

A chart compiled by the Department of Public Instruction that shows loans made from the fund during the 1984-85 fiscal year and the anticipated balance in the fund on March 10, 1986 may be found in Attachment 5. As you will note, the anticipated balance on March 10, 1986 was \$1,753,858.95.



## ATTACHMENT 1

§ 115C-451 CH 115C. ELEMENTARY, ETC. EDUCATION § 115C-459

### § 115C-451. Reports to State Board of Education.

The State Board of Education shall have authority to require local school administrative units to make such reports as it may deem advisable with respect to the financial operation of the public schools. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

### § 115C-452. Fines and forfeitures.

The clear proceeds of all penalties and forfeitures and of all fines collected in the General Court of Justice in each county shall be remitted by the clerk of the superior court to the county finance officer, who shall forthwith determine what portion of the total is due to each local school administrative unit in the county and remit the appropriate portion of the amount to the finance officer of each local school administrative unit. Fines and forfeitures shall be apportioned according to the projected average daily membership of each local school administrative unit as determined by and certified to the local school administrative units and the board of county commissioners by the State Board of Education pursuant to G.S. 115C-430. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

§§ 115C-453 to 115C-457: Reserved for future codification purposes.

## ARTICLE 32.

### *Loans from State Literary Fund.*

### § 115C-458. Loans by State Board from State Literary Fund.

The State Literary Fund includes all funds derived from the sources enumerated in Sec. 6, Article IX, of the Constitution, and all funds that may be hereafter so derived, together with any interest that may accrue thereon. This Fund shall be separate and distinct from other funds of the State.

The State Board of Education, under such rules and regulations as it may deem advisable, not inconsistent with the provisions of this Article, may make loans from the State Literary Fund to the counties for the use of local boards of education under such rules and regulations as it may adopt and according to law for the purpose of aiding in the erection and equipment of school plants, maintenance buildings and transportation garages. No warrant for the expenditure of money for such purposes shall be issued except upon the order of the Superintendent of Public Instruction with the approval of the State Board of Education. (1955, c. 1372, art. 11, s. 1; 1971, c. 704, s. 11; c. 1096; 1981, c. 423, s. 1.)

### § 115C-459. Terms of loans.

Loans made under the provisions of this Article shall be payable in 10 installments, shall bear interest at a uniform rate determined by the State Board of Education not to exceed eight percent (8%), payable annually, and shall be evidenced by the note of the county,

executed by the chairman, the clerk of the board of county commissioners, and the chairman and secretary of the local board of education, and deposited with the State Treasurer. The first installment of such loan, together with the interest on the whole amount then due, shall be paid by the local board on the tenth day of February after the tenth day of August subsequent to the making of such loan, and the remaining installments, together with the interest, shall be paid on the tenth day of February of each subsequent year until all shall have been paid. (1955, c. 1372, art. 11, s. 2; 1971, c. 1094; 1981, c. 423, s. 1; 1983, c. 477.)

**Editor's Note.** — Session Laws 1983, c. 477, s. 2, makes the act effective with respect to loans made on or after July 1, 1983.

**Effect of Amendments.** — The 1983 amendment substituted "eight percent (8%)" for "six percent (6%)" in the first sentence.

**§ 115C-460. How secured and paid.**

At the January meeting of the board of education, before any installment shall be due on the next tenth day of February, the local board of education shall set apart out of the school funds an amount sufficient to pay such installment and interest to be due, and shall issue its order upon the treasurer of the county or city school fund therefor, who, prior to the tenth day of February, shall pay over to the State Treasurer the amount then due. Upon failure of any local school administrative unit to pay any installment of principal or interest, or any part of either, when due, the State Treasurer, upon demand of the State Board of Education, shall bring action against the local board of education and board of county commissioners to compel the levy and collection of sufficient taxes to pay said installment of principal and accrued interest. The State Board of Education may accept payment of any or all of said notes and the interest accrued thereon before maturity. (1955, c. 1372, art. 11, s. 3; 1981, c. 423, s. 1.)

**§ 115C-461. Loans by county board to school districts.**

The county board of education, from any sum borrowed under the provisions of this Article, may make loans only to districts that shall have levied a local tax sufficient to repay the installments and interest on said loan for the purpose of building schoolhouses in the district, and the amount so loaned to any district shall be payable in 10 annual installments, with interest thereon at the same rate the county board of education is paying, payable annually. Any amount loaned under the provisions of this law shall be a lien upon the total local tax funds produced in the district. Whenever the local taxes may not be sufficient to pay the installments and the interest, the county board of education must supply the remainder out of the current expense fund, and shall make provision for the same when the county budget is made and presented to the commissioners.

All loans hereafter made to such districts shall be made upon the written petition of a majority of the committee of the district asking for the loan and authorizing the county board to deduct a sufficient amount from the local taxes to meet the indebtedness to the county board of education. Otherwise, the county board of education shall

have no lien upon the local taxes for the repayment of this loan: Provided, this lien shall not lie against taxes collected or hereafter levied to pay interest and principal on bonds issued by or on behalf of the district. (1955, c. 1372, art. 11, s. 4; 1981, c. 423, s. 1.)

**§ 115C-462. State Board of Education authorized to accept funding or refunding bonds of counties for loans; approval by Local Government Commission.**

In any case where a loan has heretofore been made from the State Literary Fund or from any special building fund of the State to a county and such county has heretofore or shall hereafter authorize the issuance of bonds for the purpose of funding or refunding interest on or the principal of all or a part of the notes evidencing such loan, the State Board of Education is hereby authorized to accept funding or refunding bonds or notes of such county in payment of interest on or the principal of the notes evidencing such loan: Provided, however, that the issuance of such funding or refunding bonds shall have been approved by the Local Government Commission. (1955, c. 1372, art. 11, s. 5; 1981, c. 423, s. 1.)

**§ 115C-463. Issuance of bonds as part of general refunding plan.**

In any case where the funding or refunding of interest on or the principal of such notes shall constitute a part of a refunding plan or program of the county, and the terms of such funding or refunding shall be accepted by a sufficient number of the holders of the county's obligation to put same into effect, the State Board of Education may authorize the acceptance of such funding or refunding bonds or notes upon the same terms and conditions, both as to principal and interest, as have been agreed upon by a sufficient number of the other holders of the county's obligations to put same into effect. (1955, c. 1372, art. 11, s. 6; 1981, c. 423, s. 1.)

**§ 115C-464. Validating certain funding and refunding notes of counties.**

The notes of any county held by the State Board of Education which were heretofore issued in exchange for and for the purpose of refunding and retiring notes evidencing loans made from the State Literary Fund pursuant to Article 24 of Chapter 136 of the Public Laws of 1923, or from special building funds pursuant to either Chapter 147 of the Public Laws of 1921, or Article 25 of Chapter 136 of the Public Laws of 1923, or Chapter 201 of the Public Laws of 1925, or Chapter 199 of the Public Laws of 1927, are hereby declared to be valid existing indebtedness of said county incurred by said county for the maintenance of the school term as required by the Constitution of North Carolina, notwithstanding any lack of authority for the issuance of said notes or error or omission or irregularity in the acts done or proceedings taken to provide for their issuance, and said notes held by the State Board of Education are hereby authorized to be refunded with bonds issued pursuant to the County Finance Act, being Chapter 81 of the Public Laws of 1927, as

amended. (1955, c. 1372, art. 11, s. 7; 1971, c. 704, s. 12; 1981, c. 423, s. 1.)

**§ 115C-465. Special appropriation from fund.**

The State Board of Education may annually set aside and use out of the funds accruing in interest to the State Literary Fund, a sum not exceeding seventeen thousand five hundred dollars (\$17,500) to be used for giving directions in the preparation of proper plans for the erection of school buildings in providing inspection of such buildings as may be erected in whole, or in part, with money borrowed from said fund, and such other purposes as said Board may determine to secure the erection of a better type of school building and better administration of said fund. (1955, c. 1372, art. 11, s. 8; 1981, c. 423, s. 1.)

**§ 115C-466. Loans not granted in accordance with § 115C-458.**

The State Board of Education, under such rules and regulations as it may adopt, may make loans from the State Literary Fund to any local board of education, when the State Board of Education finds as a fact that it is not practicable for a loan to be granted in accordance with the provisions of G.S. 115C-458, for the purpose of aiding in the erection and equipment of public school plants. Such a loan shall not constitute a credit obligation of the county. No warrant for the expenditure of money for a loan authorized under the provisions of this section shall be issued except upon the approval of the State Board of Education, and after a finding of fact by said Board that it is not practicable for a loan to be granted in accordance with the provisions of G.S. 115C-458, and that a dire emergency exists in the local school administrative unit applying for such loan. Loans made under the provisions of this section shall be made in accordance with the terms specified in G.S. 115C-459 and shall be evidenced by the note of the local board of education, executed by the chairman and the secretary of said board. The first installment of such loan, together with the interest then due, shall be paid by the local board of education on or before the tenth day of June in the fiscal year following the fiscal year in which the loan was made, and succeeding installments, together with accrued interest, shall be paid one each on or before the tenth day of June of each successive fiscal year until all amounts due on said loan shall have been paid. The provisions of G.S. 115C-460 shall not apply to loans made pursuant to the provisions of this section. (1959, c. 227; c. 764, s. 2; 1981, c. 423, s. 1.)

**§ 115C-467. Pledge of nontax revenues to repayment of loans from State Literary Fund.**

Any local board of education obtaining a loan from the State Literary Fund under the provisions of G.S. 115C-466 may, with the approval of the board of county commissioners, pledge to the repayment of such loan any available nontax revenues, including but not limited to, fines, penalties, and forfeitures. (1959, c. 764, s. 1; 1981, c. 423, s. 1.)

ATTACHMENT 2

16 NCAC 2C.0507; LOANS FROM STATE LITERARY FUND; has been adopted as follows:

.0507 LOANS FROM STATE LITERARY FUND

- (a) The local board of education shall file an application with the State Superintendent of Public Instruction which shall set forth the following:
- (1) A description of the project including size and type of construction;
  - (2) An estimated cost for the project;
  - (3) A detailed statement of the funds available from other sources for the project;
  - (4) A Certificate of Approval by the State Superintendent of Public Instruction as required by G.S. 115C-521, if applicable. A letter of approval from the Division of School Planning will be required if the State Superintendent of Public Instruction's Certificate of Approval is not required;
  - (5) A resolution by the local board of education approving the application;
  - (6) A certification by the county finance officer that the county is eligible to borrow this money as a result of the county's net debt reduction from the previous fiscal year or the passage of a bond issue;
  - (7) An application by the board of county commissioners to the Local Government Commission; and
  - (8) Certification by the local board of education's attorney that the property on which construction will be placed is owned in fee simple by the local board of education.
- (b) Loan applications must be filed with the State Superintendent of Public Instruction no later than January 15 for unencumbered funds and those funds which are due on February 10. The State Board of Education will consider applications for approval at the regular March meeting. Loan applications may be filed during the months of April through November for funds which were not obligated at the March meeting.
- (c) The maximum loan available from the Literary Fund for any one county in a fiscal year is one hundred thousand dollars (\$100,000).
- (d) If the amount of the applications, for any month, exceeds the available funds, the State Superintendent of Public Instruction will make recommendations to the State Board of Education regarding priorities. Priority considerations will include:
- (1) need for the project,
  - (2) urgency of the project,
  - (3) the ability of the county to provide funds from other sources, and
  - (4) the local board of education's priority for this project.
- (e) Loans will not be made for the purchase of school sites.
- (f) The rate of interest on loans will be eight percent.
- (g) Notes shall become immediately due and payable twelve months from date of issue in the event that the local board of education has not encumbered these funds.
- (h) The State Board of Education will approve loans subject to final approval by the Local Government Commission.
- (i) Surplus funds in the Literary Fund will be invested by the State Treasurer in interest-bearing securities in the same manner as other funds of the state are invested.

History Note: Authority N.C. Constitution, Article IX, Section 5;  
G.S. 115C-458;  
Eff. August 1, 1984.

## ATTACHMENT 3

### Art. IX, § 6      CONSTITUTION OF NORTH CAROLINA      Art. IX, § 7

v. Taylor, 279 N.C. 703, 185 S.E.2d 193 (1971), cert. denied, 406 U.S. 920, 92 S. Ct. 1774, 32 L. Ed. 2d 119 (1972).

**And Present Constitution Contains Similar Authorization.** — Rules and regulations relating to the certification of teachers being needed for the effective supervision and administration of the public school system, there is no difference in substance between the powers of

the State Board of Education authorizing regulations on this matter under Art. IX, § 9, Const. 1868, and this section. Guthrie v. Taylor, 279 N.C. 703, 185 S.E.2d 193 (1971), cert. denied, 406 U.S. 920, 92 S. Ct. 1774, 32 L. Ed. 2d 119 (1972).

Quoted in Givens v. Poe, 346 F. Supp. 202 (W.D.N.C. 1972).

### Sec. 6. State school fund.

The proceeds of all lands that have been or hereafter may be granted by the United States to this State, and not otherwise appropriated by this State or the United States; all moneys, stocks, bonds, and other property belonging to the State for purposes of public education; the net proceeds of all sales of the swamp lands belonging to the State; and all other grants, gifts, and devises that have been or hereafter may be made to the State, and not otherwise appropriated by the State or by the terms of the grant, gift, or devise, shall be paid into the State Treasury and, together with so much of the revenue of the State as may be set apart for that purpose, shall be faithfully appropriated and used exclusively for establishing and maintaining a uniform system of free public schools.

**History.** The provisions of this section are similar to those of Art. IX, § 4, Const. 1868, as amended by the Convention of 1875.

### Sec. 7. County school fund.

All moneys, stocks, bonds, and other property belonging to a county school fund, and the clear proceeds of all penalties and forfeitures and of all fines collected in the several counties for any breach of the penal laws of the State, shall belong to and remain in the several counties, and shall be faithfully appropriated and used exclusively for maintaining free public schools.

**History.** The provisions of this section are similar to those of Art. IX, § 5, Const. 1868, as added by the Convention of 1875.

### CASE NOTES

**Editor's Note.** Some of the cases cited below were decided under former Art. IX, § 5, Const. 1868, as added by the Convention of 1875.

This section was designed in its entirety to secure two wise ends, namely: (1) to set apart the property and revenue specified therein for the support of the public school system; and (2) to prevent diversion of public school property and revenue from their intended use to other purposes. Boney v. Board of Trustees, 229 N.C. 136, 48 S.E.2d 56 (1948); Shore v. Edmiston, 290 N.C. 628,

227 S.E.2d 553 (1976); Cauble v. City of Asheville, — N.C. App. —, 311 S.E.2d 889 (1984).

**Penalties, forfeitures and fines are to be used for the support of the public schools.** McMillan v. Robeson County, 262 N.C. 413, 137 S.E.2d 105 (1964).

**When Prescribed as Punishment for Public Wrongs.** — Where fines and penalties are prescribed as a punishment for a violation of public wrongs, i.e., crimes, and such penalties or fines are to be recovered by public authority, the dis-

## ATTACHMENT 4

## COUNTY NET DEBT REDUCTION - 1984-85

<u>COUNTY</u>	<u>NET DEBT REDUCTION 1984-85</u>	<u>2/3 OF NET DEBT REDUCTION</u>	<u>COUNTY</u>	<u>NET DEBT REDUCTION 1984-85</u>	<u>2/3 OF NET DEBT REDUCTION</u>
Alamance	\$ 840,000	\$ 560,000	Johnston	\$ 866,300	\$ 577,533
Alexander	340,586	227,057	Jones	.16,000	10,667
Alleghany	0	0	Lee	601,000	400,667
Anson	0	0	Lenoir	900,000	600,000
Ashe	0	0	Lincoln	95,000	63,333
Avery	35,000	23,333	Macon	0	0
Beaufort	240,000	160,000	Madison	50,000	33,333
Bertie	0	0	Martin	310,900	207,267
Bladen	35,000	23,333	McDowell	185,000	123,333
Brunswick	0	0	Mecklenburg	9,570,000	6,380,000
Buncombe	0	0	Mitchell	33,000	22,000
Burke	125,000	83,333	Montgomery	0	0
Cabarrus	760,000	506,667	Moore	175,000	116,667
Caldwell	446,000	297,333	Nash	220,000	146,667
Camden	15,000	10,000	New Hanover	0	0
Carteret	395,000	263,333	Northampton	75,000	50,000
Caswell	0	0	Onslow	540,000	360,000
Catawba	700,000	466,667	Orange	470,000	313,333
Chatham	272,200	181,467	Pamlico	0	0
Cherokee	75,000	50,000	Pasquotank	100,000	66,667
Chowan	30,917	20,611	Pender	0	0
Clay	0	0	Perquimans	35,500	23,667
Cleveland	885,000	590,000	Person	400,000	266,667
Columbus	431,400	287,600	Pitt	857,647	571,765
Craven	590,000	393,333	Polk	60,000	40,000
Cumberland	1,940,000	1,293,333	Randolph	750,000	500,000
Currituck	70,000	46,667	Richmond	0	0
Dare	232,000	154,667	Robeson	0	0
Davidson	680,000	453,333	Rockingham	155,000	103,333
Davie	455,000	303,333	Rowan	200,000	133,333
Duplin	75,000	50,000	Rutherford	236,500	157,667
Durham	745,000	496,667	Sampson	115,000	76,667
Edgecombe	350,000	233,333	Scotland	610,000	406,667
Forsyth	0	0	Stanly	0	0
Franklin	100,000	66,667	Stokes	450,900	300,600
Gaston	1,850,000	1,233,333	Surry	455,000	303,333
Gates	30,500	20,333	Swain	47,580	31,720
Graham	5,000	3,333	Transylvania	255,330	170,220
Granville	0	0	Tyrrell	8,500	5,667
Greene	23,000	15,333	Union	628,500	419,000
Guilford	0	0	Vance	175,000	116,667
Halifax	520,000	346,667	Wake	1,975,000	1,316,667
Harnett	0	0	Warren	68,000	45,333
Haywood	700,000	466,667	Washington	75,000	50,000
Henderson	625,000	416,667	Watauga	271,000	180,667
Hertford	200,000	133,333	Wayne	433,735	289,157
Hoke	70,000	46,667	Wilkes	668,700	445,800
Hyde	11,333	7,555	Wilson	0	0
Iredell	213,300	142,200	Yadkin	133,000	88,667
Jackson	290,000	193,333	Yancey	55,100	36,733

Note: Net debt reduction amounts should be verified by local county government officials.

## ATTACHMENT 5

## STATE LITERARY FUND

DATE OF STATE BOARD APPROVAL	UNIT	PURPOSE	AMOUNT	BALANCE
3/1/84	Martin County	Transportation facility	\$233,000.00	\$ 783,582.98
3/1/84	Martin County	Additions at Edna Andrews Elem. & Williamston Pri.	78,000.00	705,582.98
11/14/84	Edenton-Chowan	Roof renovations at John A. Holmes High School	57,833.00	647,749.98
12/5/84	Hyde County	Roof renovations at Mattamuskeet School	20,667.00	1,181,542.66
9/4/85	Swain County	Ceiling Repair at Bryson City Elementary	30,000.00	1,224,876.25
		Balance--November 30, 1985		1,226,667.07
		Payment expected--February 10, 1986		527,191.88
		TOTAL--March 10, 1986		1,753,858.95



APPENDIX P



## APPENDIX P

## COUNTY-BY-COUNTY COMPARISON OF THE EFFECTS OF SB431

COUNTY NAME	ADM (FIRST MONTH BASIS)	AMOUNT OF STATE AID UNDER SB431	REQUIRED LOCAL MATCH
Alamance	17,113	\$2,739,369	\$782,665
Alexander	4,883	781,648	223,325
Alleghany	1,628	260,603	74,457
Anson	5,008	801,657	229,041
Ashe	3,876	620,452	177,269
Avery	2,781	445,169	127,189
Beaufort	8,331	1,333,587	381,019
Bertie	4,151	664,473	189,846
Bladen	6,118	979,341	279,807
Brunswick	8,491	1,359,199	388,337
Buncombe	26,498	4,241,676	1,211,889
Burke	12,613	2,019,030	576,857
Cabarrus	16,825	2,693,267	769,493
Caldwell	12,572	2,012,467	574,982
Camden	1,087	174,002	49,714
Carteret	7,597	1,216,092	347,450
Caswell	3,861	618,051	176,583
Catawba	20,136	3,223,276	920,922
Chatham	5,785	926,036	264,578
Cherokee	3,747	599,802	171,369
Chowan	2,413	386,262	110,359
Clay	1,240	198,493	56,712
Cleveland	16,108	2,578,493	736,701
Columbus	10,802	1,729,134	494,031
Craven	13,675	2,189,030	625,428
Cumberland	43,532	6,968,398	1,990,941
Currituck	2,209	353,606	101,029
Dare	2,536	405,951	115,984
Davidson	21,793	3,488,521	996,705
Davie	4,870	779,567	222,730
Duplin	8,170	1,307,815	373,656
Durham	25,251	4,042,062	1,154,857
Edgecombe	8,606	1,377,608	393,596
Forsyth	38,604	6,179,547	1,765,558
Franklin	5,736	918,192	262,337
Gaston	31,854	5,099,039	1,456,846
Gates	1,668	267,006	76,286
Graham	1,425	228,107	65,173
Granville	6,641	1,063,060	303,727
Greene	2,851	456,375	130,391
Guilford	53,810	8,613,653	2,461,007
Halifax	10,472	1,676,309	478,938
Harnett	11,649	1,864,717	532,768
Haywood	7,913	1,266,676	361,902

COUNTY-BY-COUNTY COMPARISON OF THE EFFECTS OF SB431

COUNTY NAME	ADM (FIRST MONTH BASIS)	AMOUNT OF STATE AID UNDER SB431	REQUIRED LOCAL MATCH
Henderson	10,126	\$1,620,923	\$463,114
Hertford	4,245	679,520	194,146
Hoke	4,939	790,612	225,886
Hyde	986	157,834	45,095
Iredell	15,797	2,528,710	722,478
Jackson	3,827	612,608	175,028
Johnston	14,503	2,321,572	663,296
Jones	1,733	277,411	79,259
Lee	7,459	1,194,002	341,138
Lenoir	11,242	1,799,567	514,154
Lincoln	8,674	1,388,493	396,706
Macon	3,455	553,060	158,015
Madison	2,829	452,853	129,385
Martin	5,332	853,522	243,860
McDowell	6,712	1,074,425	306,974
Mecklenburg	71,988	11,523,502	3,292,380
Mitchell	2,451	392,345	112,097
Montgomery	4,346	695,687	198,765
Moore	8,751	1,400,819	400,228
Nash	16,568	2,652,128	757,739
New Hanover	19,221	3,076,808	879,075
Northampton	4,222	675,838	193,094
Onslow	15,802	2,529,510	722,706
Orange	10,398	1,664,463	475,554
Pamlico	2,097	335,678	95,907
Pasquotank	5,132	821,507	234,713
Pender	4,655	745,151	212,897
Perquimans	1,764	282,373	80,677
Person	5,417	867,128	247,747
Pitt	16,474	2,637,081	753,440
Polk	2,041	326,714	93,345
Randolph	16,735	2,678,860	765,377
Richmond	9,007	1,441,798	411,936
Robeson	24,336	3,895,593	1,113,010
Rockingham	15,357	2,458,277	702,354
Rowan	16,050	2,569,209	734,049
Rutherford	10,283	1,646,054	470,294
Sampson	9,488	1,518,795	433,935
Scotland	7,527	1,204,887	344,248
Stanly	8,596	1,376,007	393,139
Stokes	6,688	1,070,584	305,876
Surry	11,151	1,785,000	509,992
Swain	1,597	255,640	73,039
Transylvania	4,121	659,670	188,474

COUNTY-BY-COUNTY COMPARISON OF THE EFFECTS OF SB431

COUNTY NAME	ADM (FIRST MONTH BASIS)	AMOUNT OF STATE AID UNDER SB431	REQUIRED LOCAL MATCH
Tyrrell	767	\$122,778	\$35,079
Union	15,189	2,431,384	694,671
Vance	7,694	1,231,619	351,886
Wake	56,899	9,108,125	2,602,282
Warren	3,077	492,552	140,727
Washington	2,951	472,382	134,964
Watauga	4,585	733,945	209,696
Wayne	17,829	2,853,983	815,411
Wilkes	10,908	1,746,102	498,879
Wilson	12,326	1,973,088	563,731
Yadkin	4,879	781,007	223,142
Yancey	2,730	437,006	124,857
TOTAL	1,080,885	\$173,023,004	\$49,434,402



APPENDIX Q





APPENDIX Q

EFFECT OF SB431 ON MINIMUM COST OF SB49

COUNTY NAME	AMOUNT OF STATE AID		NET EFFECT OF SB49		COMMENT
	UNDER SB431	AFTER SB431 1987-88	OF SB49 1992-93	AFTER SB431	
Robeson	\$3,583,945	(\$2,224,887)	(\$3,446,018)		
Northampton	621,771	(1,434,137)	(1,108,107)		
Burke	1,857,508	(1,304,618)	(65,474)	EFFORT-1	
Hoke	727,363	(1,261,534)	(1,202,272)	MISSING DATA	
Columbus	1,590,803	(1,212,438)	(1,056,297)	MISSING DATA	
Rutherford	1,514,370	(1,204,885)	114,279		
Harnett	1,715,540	(1,191,853)	(1,103,250)		
Madison	416,625	(1,024,840)	(1,466,476)		
Cleveland	2,372,214	(920,483)	(247,487)		
Cabarrus	2,477,806	(797,246)	683,644	EFFORT	
Sampson	1,397,291	(780,636)	(459,783)		
Polk	300,577	(727,412)	(381,528)	MISSING DATA	
Iredell	2,326,413	(712,524)	1,131,692	EFFORT	
Graham	209,859	(590,900)	(624,164)		
Greene	419,865	(535,794)	(222,936)		
Anson	737,525	(528,030)	(378,076)		
Swain	235,189	(511,722)	(475,741)		
Rockingham	2,261,614	(496,542)	1,164,808		
Scotland	1,108,496	(420,347)	463,981		
Halifax	1,542,204	(413,041)	(838,257)		
Currituck	325,318	(378,330)	250,340		
Franklin	844,737	(374,651)	74,116	MISSING DATA	
Chowan	355,361	(337,907)	(47,197)		
Montgomery	640,032	(331,842)	(68,234)		
Perquimans	259,783	(307,436)	(215,077)	EFFORT-1	
Yancey	402,045	(304,406)	(198,929)	EFFORT	
Mitchell	360,957	(284,045)	(131,141)	EFFORT	
Alexander	719,116	(268,239)	(220,600)		
Warren	453,148	(225,324)	(178,065)		
Cherokee	551,818	(210,828)	(330,136)	EFFORT	
Craven	2,013,908	(200,354)	153,851		
Washington	434,592	(181,008)	3,673		
Jackson	563,600	(93,349)	232,193	EFFORT	
Duplin	1,203,190	(45,957)	(70,887)	EFFORT	
Lenoir	1,655,601	(28,446)	951,311		
McDowell	988,471	9,596	381,700		
Ashe	570,816	14,679	368,141		
Gates	245,645	32,524	294,442		
Camden	160,082	34,173	99,311		
Richmond	1,326,454	35,141	341,864		

EFFECT OF SB431 ON MINIMUM COST OF SB49

COUNTY NAME	AMOUNT OF STATE AID		NET EFFECT OF SB49		NET EFFECT OF SB49 AFTER SB431 1992-93	COMMENT
	UNDER SB431	AFTER SB431 1987-88	OF SB49 AFTER SB431 1987-88	OF SB49 AFTER SB431 1992-93		
Clay	182,614	58,633	58,633	55,632		
Pasquotank	755,786	117,536	117,536	642,897		
Tyrrell	\$112,956	\$123,853	\$123,853	\$175,595		
Onslow	2,327,149	156,800	156,800	387,206		
Yadkin	718,527	159,034	159,034	287,805		
Jones	255,218	166,212	166,212	(272,731)		
Alleghany	239,754	170,231	170,231	244,226		
Hyde	145,208	174,287	174,287	306,836		
Pender	685,539	185,031	185,031	562,292		
Person	797,758	189,897	189,897	548,399		
Famlico	308,824	205,995	205,995	223,704		
Bladen	900,993	228,291	228,291	545,529		
Caswell	568,607	266,428	266,428	244,319		
Transylvania	606,897	289,762	289,762	610,933		
Hertford	625,158	290,766	290,766	680,216		
Edgecombe	1,267,399	306,672	306,672	1,146,347		
Lee	1,098,482	327,220	327,220	1,778,232		
Avery	409,556	328,209	328,209	557,576		
Davidson	3,209,440	442,430	442,430	1,520,565		
Davie	717,201	559,891	559,891	1,032,294		
Watauga	675,230	567,943	567,943	1,133,390		
Stanly	1,265,927	603,374	603,374	1,204,100		
Lincoln	1,277,414	643,715	643,715	519,172		
Martin	785,240	698,664	698,664	1,360,279		
Dare	373,475	703,783	703,783	1,704,341		
Beaufort	1,226,900	723,928	723,928	1,396,138		
Vance	1,133,090	737,673	737,673	1,269,864		
Haywood	1,165,342	821,755	821,755	2,029,741		
Carteret	1,118,805	1,032,608	1,032,608	1,667,524		
Rowan	2,363,672	1,104,592	1,104,592	2,798,289		
Caldwell	1,851,469	1,143,833	1,143,833	2,345,292		
Wilkes	1,606,413	1,154,593	1,154,593	1,930,638		
Stokes	984,937	1,178,139	1,178,139	2,484,571		
Nash	2,439,958	1,231,507	1,231,507	1,966,526		
Macon	508,815	1,251,318	1,251,318	1,862,259		
Surry	1,642,200	1,459,345	1,459,345	2,120,967		
Granville	978,015	1,515,907	1,515,907	1,734,329		
Johnston	2,135,846	1,544,135	1,544,135	3,578,297		
Chatham	851,953	1,616,490	1,616,490	2,390,613		
Randolph	2,464,552	1,642,565	1,642,565	2,438,976		

EFFECT OF SB431 ON MINIMUM COST OF SB49

COUNTY NAME	AMOUNT OF STATE AID UNDER SB431	NET EFFECT OF SB49 AFTER SB431 1987-88	NET EFFECT OF SB49 AFTER SB431 1992-93	COMMENT
Moore	1,288,754	1,708,646	2,955,129	
Bertie	611,315	1,866,212	1,928,310	
Brunswick	1,250,464	1,930,157	3,090,428	
Henderson	\$1,491,249	1,970,013	2,898,700	
Durham	3,718,697	2,052,724	6,393,675	
Buncombe	3,902,342	2,459,886	7,486,173	
Orange	1,531,306	2,644,714	5,268,946	
Wayne	2,625,664	3,079,636	4,051,045	
Catawba	2,965,414	3,304,364	6,766,042	
Alamance	\$2,520,219	\$3,951,861	\$5,067,004	
Union	2,236,873	4,636,941	5,359,851	
Gaston	4,691,116	4,830,550	8,755,282	
Wilson	1,815,241	5,338,835	6,817,989	
Cumberland	6,410,927	5,668,823	11,598,351	
New Hanover	2,830,663	6,347,556	10,805,227	
Pitt	2,426,114	6,874,824	9,565,822	
Forsyth	5,685,184	8,411,706	24,607,891	
Guilford	7,924,560	11,831,409	25,315,928	
Wake	8,379,475	11,918,511	30,210,402	
Mecklenburg	10,601,621	29,057,762	59,857,955	



APPENDIX R



APPENDIX R

DATA FOR COUNTIES THAT HAVE ISSUED SCHOOL BONDS DURING RECENT YEARS

PER CAPITA PROPERTY TAX BASE 84-85	RANK (100 COUNTIES)	PER CAPITA PERSONAL INCOME 1983	RANK (100 COUNTIES)	COUNTY	YEAR OF SCHOOL BOND AUTHORIZ.	AMOUNT AUTHORIZ. (\$MIL.)	ESTIMATED CAP. EXP. NEEDS DPI 79-80	ESTIMATED CAP. EXP. NEEDS DPI 81	ESTIMATED CAP. EXP. NEEDS DPI 84
522,991	86	59,302	33	ALEXANDER	80	54.7	58.4	15.1	10.1
23,787	80	7,730	78	ARSON	83	1.8	8.1	8.1	13.2
24,804	71	7,793	74	BERTIE	80	3.7	6.5	6.5	6.8
67,382	2	7,570	81	BRUNSWICK	77	10.0	10.8	4.8	5.6
29,986	41	10,001	16	BUNCOMBE	84	32.0	74.2	70.4	77.0
31,388	38	10,368	10	CABARRUS	78	8.0	26.5	23.2	40.7
43,422	11	8,264	58	CARTERET	78	7.2	8.8	8.8	13.1
82,473	1	7,917	68	DARE	78	6.0	18.1	21.4	11.4
43,600	10	9,848	20	DAVIE	78	5.5	3.9	3.9	5.2
36,884	21	12,682	3	FORSYTH	83	7.5	39.4	42.7	69.1
26,801	59	9,668	21	GASTON	79	20.0	25.5	28.4	57.8
36,147	24	11,930	4	GUILFORD	79	32.5	96.2	74.0	60.1
23,173	84	7,374	84	HALIFAX	79	8.0	26.2	25.0	27.1
34,787	27	9,028	39	HAYWOOD	85	6.0	18.8	18.8	14.0
34,177	29	10,521	8	HENDERSON	80	5.3	14.8	11.2	19.3
34,028	30	7,812	72	JACKSON	77	3.9	7.7	8.3	9.6
29,308	43	10,278	11	LEE	79	7.7	17.6	9.9	13.7
24,016	78	9,117	35	LENOIR	85	10.0	25.8	25.8	28.4
62,367	3	8,459	62	MACON	82	11.0	11.9	11.9	6.2
20,586	94	8,156	89	MADISON	78	2.5	9.7	9.7	11.2
46,358	8	12,863	1	HECKLENBURG	79	28.0	87.0	59.0	88.2
36,508	22	9,951	17	NEW HAROVER	84	11.5	20.4	20.0	7.1
28,795	45	11,149	6	ORANGE	76	6.0	18.8	18.1	30.3
36,441	23	8,304	57	PERSON	78	2.0	5.7	8.0	8.7
27,124	56	9,445	28	RANDOLPH	78	8.1	32.0	33.0	32.1
17,979	98	6,715	93	ROBESON	79	16.0	17.1	18.8	24.8
24,003	79	8,158	61	SCOTLAND	80	9.7	20.0	10.9	17.8
41,289	15	12,759	2	WAKE	85	70.0	117.9	134.4	149.2
27,614	54	7,406	83	WARREN	79	2.3	3.4	3.1	7.9
26,586	61	8,957	40	WASHINGTON	84	6.5	13.5	13.5	14.5
23,540	81	9,081	36	WILKES	77	10.8	9.0	9.2	11.8





APPENDIX S



APPENDIX S

SCHOOL BOND ISSUES

1969

School System	Date	Amount of Money Involved	Vote
Chatham County	2/3/69	3,600,000	Approved
Cumberland County	2/25/69	12,000,000	Approved
Lincoln County	3/3/69	3,400,000	Defeated
Anson County	3/17/69	1,670,000	Defeated
Brunswick County	3/17/69	2,585,000	Approved
Greene County	3/19/69	1,150,000	Defeated
Henderson County	4/15/69	4,204,000	Approved
Clinton City	5/23/69	1,400,000	Defeated
Martin County	5/26/69	4,000,000	Defeated
Currituck County	6/5/69	500,000	Defeated
Hyde County	8/20/69	490,000	Defeated
Wilson County	10/21/69	6,800,000	Defeated
Jackson County	11/4/69	1,400,000	Approved
Richmond County	11/4/69	4,000,000	Approved
Watauga County	11/4/69	1,400,000	Approved

1970

School System	Date	Amount of Money Involved	Vote
Madison County	5/2/70	950,000	Approved
Wake County	5/30/70	29,000,000	Defeated
Transylvania County	9/12/70	4,000,000	Defeated

1971

School System	Date	Amount of Money Involved	Vote
Wake County	1-26-71	10,000,000	Defeated
Guilford County	6-8-71	18,000,000	Approved
Stokes County	7-13-71	2,500,000	Defeated
Cherokee County	10-5-71	300,000	Approved
Davidson County	11-2-71	10,000,000	Approved
Durham County	11-2-71	17,500,000	Defeated
Caldwell County	12-7-71	4,000,000	Approved

SCHOOL BOND ISSUES

1972

SCHOOL SYSTEM	DATE	AMOUNT OF MONEY INVOLVED	VOTE
Lincoln County & Lincoln City	1/8/72	\$ 4,000,000	Approved
Sampson County (Roseboro-Salemburg School District)	3/4/72	800,000	Approved
Stokes County	5/6/72	5,000,000	Approved
Martin County	7/11/72	4,500,000	Approved
Cabarrus County	9/9/72	9,750,000	Defeated
Transylvania County	9/16/72	4,950,000	Approved
Curry County	9/23/72	6,000,000	Approved
Cleveland County	9/30/72	4,000,000	Defeated
Shelby City	9/30/72	1,750,000	Approved
Sampson County (Clement)	10/5/72	175,000	Approved
Durham County	11/7/72	12,000,000	Defeated
Durham City	11/7/72	8,000,000	Defeated
Kings Mountain City	12/16/72	2,500,000	Approved
Vance County	11/7/72	2,000,000	Approved

1973

SCHOOL SYSTEM	DATE	AMOUNT OF MONEY INVOLVED	VOTE
Harnett County	1/9/73	\$ 7,000,000	Defeated
Union County	2/17/73	11,700,000	Approved
Clinton School District	3/3/73	2,350,000	Approved
Yancey County	5/22/73	1,500,000	Approved
Cleveland County, Kings Mountain City, and Shelby City	10/6/73	4,050,000	Approved
Lenoir/Kinston	11/6/73	7,500,000	Defeated
Raleigh/Wake	11/6/73	20,000,000	Approved

SCHOOL BOND ISSUES

1974

COUNTY	DATE	AMOUNT	VOTE
Currituck County	1/25/74	\$ 3,000,000	Approved
Carteret County	3/26/74	6,150,000	Defeated
Montgomery County	3/30/74	3,200,000	Defeated
New Hanover County	5/7/74	5,500,000	Approved
Catawba County	6/25/74	8,000,000	Approved
Mitchell County	8/24/74	2,500,000	Approved
Harnett County	9/17/74	11,250,000	Defeated
Wilkes County	9/26/74	5,000,000	Defeated
Swain County	11/5/74	2,000,000	Approved
Hoke County	11/5/74	1,250,000	Approved
Caswell County	11/5/74	1,500,000	Defeated

1975

COUNTY	DATE	AMOUNT	VOTE
Macon County	9/13/75	\$2,935,000	Defeated

1976

COUNTY	DATE	AMOUNT	VOTE
Hertford County	2/3/76	\$1,000,000	Approved
Jones County	2/7/76	852,919	Defeated
Avery County	3/23/76	2,000,000	Defeated
Edgecombe County	5/25/76	7,000,000	Approved
Lenoir County	9/14/76	5,000,000	Approved
Franklin County	11/02/76	6,000,000	Defeated
Orange County	11/02/76	6,000,000	Approved
Jones County	11/02/76	1,000,000	Defeated

SCHOOL BOND ISSUES

1977

COUNTY	DATE	AMOUNT	VOTE
Camden County	4/23/77	\$ 350,000	Approved
Pender County	11/8/77	5,700,000	Defeated
Wilkes County	11/8/77	10,800,000	Approved
Brunswick County	11/8/77	10,000,000	Approved
Perquimans County	11/8/77	1,850,000	Defeated
Jackson County	11/8/77	3,900,000	Approved
Alexander County	12/13/77	3,500,000	Defeated

1978

COUNTY	DATE	AMOUNT	VOTE
Person County	3/28/78	\$ 2,000,000	Approved
Davie County	3/21/78	5,500,000	Approved
Randolph County	3/28/78	8,100,000	Approved
Carteret County	5/2/78	7,150,000	Approved
Pender County	5/30/78	6,400,000	Defeated
Chowan County	9/19/78	3,500,000	Defeated
Cabarrus County	11/7/78	8,000,000	Approved
Dare	11/7/78	6,000,000	Approved
Madison	11/7/78	2,500,000	Postponed until Feb. 1979

SCHOOL BOND ISSUES

1979

COUNTY	DATE	AMOUNT	VOTE
Washington County	2/13/79	\$ 4,000,000	Defeated
Robeson County	3/13/79	16,000,000	Approved
Halifax County	5/1/79	8,000,000	Approved
Pitt County	6/8/79	9,000,000	Defeated
Madison County	6/12/79	2,500,000	Defeated
Cumberland County	6/19/79	15,000,000	Defeated
Bertie County	7/10/79	4,000,000	Defeated
Warren County	8/14/79	2,250,000	Approved
Gaston County	9/11/79	20,000,000	Approved
Guilford County	11/6/79	32,500,000	Approved
Lee County	11/6/79	7,700,000	Approved
Necklenburg County	11/6/79	28,000,000	Approved
Orange County	11/6/79	17,800,000	Defeated
Columbus County	12/1/79	8,150,000	Defeated

1980

COUNTY	DATE	AMOUNT	VOTE
Ashe County	3/11/80	\$ 6,000,000	Defeated
Bertie County	5/6/80	3,670,000	Approved
Caldwell County	5/6/80	3,000,000	Defeated
Scotland County	5/6/80	9,700,000	Approved
Henderson County	6/3/80	5,300,000	Approved
Alexander County	10/2/80	4,750,000	Approved

1981

COUNTY	DATE	AMOUNT	VOTE
New Bern-Craven	12/15/81	\$ 9,000,000	Defeated

## 1982

COUNTY	DATE	AMOUNT	VOTE
Macon County	11/2/82	\$9,600,000	Approved

## 1983

COUNTY	DATE	AMOUNT	VOTE
Anson County	2/8/83	\$5,000,000	Defeated
Watauga County	10/11/83	3,500,000	Defeated
Forsyth County	11/8/83	7,500,000	Approved
Anson County	11/8/83	1,800,000	Approved

## 1984

COUNTY	DATE	AMOUNT	VOTE
New Hanover	1/17/84	\$11,500,000	Approved
Buncombe	3/13/84	\$32,000,000	Approved
Perquimans	5/8/84	2,000,000	Approved
Washington	11/6/84	6,500,000	Approved
Onslow	11/6/84	12,800,000	W/Drawn

## 1985

COUNTY	DATE	AMOUNT	VOTE
Haywood	4/23/85	6,000,000	Approved
McDowell	5/7/85	6,500,000	Defeated
Hertford	7/9/85	5,000,000	Defeated
Wake	10/8/85	70,000,000	Approved
Lee	11/05/85	10,000,000	Approved
Mecklenburg	11/05/85	23,100,000	Approved
Lenoir	12/03/85	11,000,000	Approved
Sampson	12/10/85	6,400,000	Defeated



APPENDIX T



APPENDIX T  
 ALLOCATION OF \$100 MILLION ON FLAT AMOUNT PER COUNTY BASIS  
 AND ABILITY-TO-PAY BASIS (PROPERTY TAX BASE)

COUNTY NAME	POPULATION BASIS	FLAT AMOUNT PER CO. BASIS	ABILITY TO PAY BASIS- PROP. TAX
Alamance	\$1,610,159	\$1,000,000	\$1,703,758
Alexander	435,958	1,000,000	587,322
Alleghany	161,610	1,000,000	134,640
Anson	432,859	1,000,000	563,623
Ashe	373,350	1,000,000	351,311
Avery	241,777	1,000,000	175,488
Beaufort	684,772	1,000,000	548,691
Bertie	350,012	1,000,000	437,067
Bladen	520,547	1,000,000	620,286
Brunswick	656,785	1,000,000	301,900
Buncombe	2,667,280	1,000,000	2,755,063
Burke	1,230,078	1,000,000	1,479,219
Cabarrus	1,443,465	1,000,000	1,424,402
Caldwell	1,154,317	1,000,000	1,476,147
Camden	97,389	1,000,000	79,329
Carteret	719,053	1,000,000	512,906
Caswell	344,670	1,000,000	482,082
Catawba	1,775,400	1,000,000	1,524,118
Chatham	560,897	1,000,000	465,646
Cherokee	317,538	1,000,000	462,584
Chowan	215,421	1,000,000	253,067
Clay	113,932	1,000,000	73,409
Cleveland	1,408,764	1,000,000	1,867,682
Columbus	859,229	1,000,000	1,037,956
Craven	1,225,478	1,000,000	1,715,829
Cumberland	4,423,796	1,000,000	7,695,391
Currituck	212,677	1,000,000	191,594
Dare	266,778	1,000,000	100,190
Davidson	1,916,916	1,000,000	2,405,968
Davie	429,760	1,000,000	305,299
Duplin	683,271	1,000,000	826,122
Durham	2,573,362	1,000,000	2,424,205
Edgecombe	943,722	1,000,000	1,204,007
Forsyth	4,086,422	1,000,000	3,431,528
Franklin	504,117	1,000,000	605,037
Gaston	2,700,593	1,000,000	3,120,984
Gates	146,696	1,000,000	164,271
Graham	120,792	1,000,000	125,935
Granville	559,106	1,000,000	719,802
Greene	270,894	1,000,000	325,564
Guilford	5,280,653	1,000,000	4,524,824
Halifax	915,897	1,000,000	1,224,192
Harnett	1,029,006	1,000,000	1,467,464
Haywood	765,859	1,000,000	681,884

COUNTY NAME	POPULATION BASIS	PER CO. BASIS	BASIS- PROP. TAX
Henderson	\$1,026,036	\$1,000,000	\$929,848
Hertford	381,921	1,000,000	520,542
Hoke	362,117	1,000,000	573,882
Hyde	97,873	1,000,000	59,016
Iredell	1,385,216	1,000,000	1,333,036
Jackson	437,975	1,000,000	398,654
Johnston	1,190,648	1,000,000	1,328,264
Jones	159,560	1,000,000	177,790
Lee	634,980	1,000,000	671,053
Lenoir	1,001,132	1,000,000	1,291,119
Lincoln	740,584	1,000,000	818,542
Macon	344,137	1,000,000	170,906
Madison	275,978	1,000,000	415,227
Martin	432,165	1,000,000	418,615
McDowell	589,401	1,000,000	642,858
Mecklenburg	6,855,352	1,000,000	4,580,246
Mitchell	236,693	1,000,000	238,852
Montgomery	382,825	1,000,000	439,898
Moore	881,841	1,000,000	827,965
Nash	1,139,936	1,000,000	1,136,935
New Hanover	1,786,859	1,000,000	1,515,941
Northampton	369,057	1,000,000	538,959
Onslow	1,968,693	1,000,000	3,810,274
Orange	1,326,466	1,000,000	1,426,782
Pamlico	173,973	1,000,000	171,399
Pasquotank	470,852	1,000,000	594,590
Pender	385,714	1,000,000	334,986
Perquimans	161,271	1,000,000	90,135
Person	491,253	1,000,000	417,545
Pitt	1,544,130	1,000,000	1,667,674
Polk	212,661	1,000,000	162,872
Randolph	1,560,092	1,000,000	1,781,497
Richmond	770,524	1,000,000	1,231,393
Robeson	1,786,117	1,000,000	3,077,037
Rockingham	1,407,214	1,000,000	1,561,058
Rowan	1,643,423	1,000,000	1,811,046
Rutherford	902,985	1,000,000	1,043,016
Sampson	837,456	1,000,000	1,116,806
Scotland	562,447	1,000,000	725,784
Stanly	810,083	1,000,000	920,900
Stokes	589,175	1,000,000	406,633
Surry	998,663	1,000,000	1,245,447

COUNTY NAME	POPULATION BASIS	FLAT AMOUNT PER CO. BASIS	ABILITY TO PAY BASIS- PROP. TAX
Swain	\$175,732	\$1,000,000	\$283,453
Transylvania	396,608	1,000,000	292,205
Tyrrell	66,723	1,000,000	35,042
Union	1,235,323	1,000,000	1,205,452
Vance	621,164	1,000,000	885,947
Wake	5,268,645	1,000,000	3,952,262
Warren	272,459	1,000,000	305,607
Washington	249,089	1,000,000	290,186
Watauga	548,131	1,000,000	400,414
Wayne	1,658,514	1,000,000	2,230,722
Wilkes	994,143	1,000,000	1,308,055
Wilson	1,061,334	1,000,000	1,230,597
Yadkin	474,903	1,000,000	595,308
Yancey	251,881	1,000,000	306,720



APPENDIX U





APPENDIX U

STATE AND LOCAL FISCAL OUTLOOK

Fiscal Research Division  
March 12, 1986

The fiscal issues facing the General Assembly over the next few years are substantial in magnitude. There are capital need backlogs in local public schools, local water supply and sewer facilities, county jails, state and municipal highways, and the state's prison system. At the same time, major sources of funding from the federal government are drying up. Revenue uncertainty makes it more difficult than ever to put a budget together.

In this report we will try to shed some light on matters that could affect state and local units. In some areas we have reasonably good data and insights; in others it is largely a guessing game. We will start with a look at the overall economy and what this means for state General Fund and Highway Fund revenues. Next will be a status report on the Gramm-Rudman-Hollings legislation. Finally, we will mention a few things about other federal policy decisions that could affect North Carolina.

#### National Economic Outlook

The nation's economy has undergone some major changes during the last six years. Beginning with the September, 1979 decision of the Federal Reserve Board ("Fed") to target money supply growth instead of interest rates, the economy went through a period of unprecedented volatility. We had two recessions within a three-year period, inflation approaching 18%, and interest rate patterns that resembled a roller coaster. For example,

three-month treasury bill yields rose from 9% to 15%, fell to 7%, rose again to 16%, and finally dropped to 11%.

By comparison the last 3 1/2 years have been relatively calm. The period began with a healthy six-quarter recovery from the severe 1981-82 recession. Inflation continued its decline from the record level reached in early-1980 and short-term interest rates dropped to the 7-9% area.

During the last two years the overall U. S. economy has been locked into a slow-growth, low-inflation pattern. I use the term "locked into" intentionally; the experience of this period has not been accidental. It is the result of a conscious attempt by the Federal Reserve ("Fed") to provide a degree of stability after the turbulence of the late-70's and early-80's.

Within the context of achieving more economic stability, the Fed's policy direction has been bounded by the two opposing concerns of the President, the Congress, and the voters. First is the need to "prop up" a manufacturing sector hard hit by record imports. From 1981 to 1985, the merchandise trade deficit increased from \$27 billion to \$148.5 billion. Monetary officials have countered this trend by ensuring enough money growth to fuel consumer demand in the U. S.

At the same time people still have unpleasant memories of the high inflation, high interest rate days. An indication of this concern is the continued strong demand for fixed rate mortgages, even when adjustables are offered at substantially lower beginning rates. While there is little likelihood of a renewal of high inflation, and the Reagan Administration talks from time-to-time about the need for more stimulus, the Fed continues to monitor the

weekly money supply numbers closely.

The Gramm-Rudman-Hollings amendment offers a potential long-run stimulus through the lower interest rates that would result from keeping the Federal government out of the credit markets. At the same time, the legislation will have a short-term dampening effect on the economy through reduced spending. Finally, falling oil prices will fuel the economy to some degree and will lower inflation.

With the current satisfaction of the public, the Congress, and the President with the results of stable monetary policy, (there has been a noticeable lack of criticism of the Fed by the Administration recently), and the absence of any foreseeable shock to the economy, the Fed will continue to pursue a course of moderation. If the Congress adheres strictly to the intent of Gramm-Rudman-Hollings, there may be a need to insert some stimulus. The Fed has probably anticipated a middle-ground solution and will not modify its policies.

In numerical terms we feel that real (after-inflation) Gross National Product will increase by 3-4% during the 1986 calendar year. Inflation, as measured by the U. S. Consumer Price Index, will rise by about 4%. Short-term interest rates will stay in the 6 1/2 to 8% area, with long-term rates continuing to decline slightly before leveling off. Thirty-year treasury bonds are now yielding around 8.1%, while AAA corporates go for 9.2%.

#### State Economic Outlook

The state's economy continues to track to nationwide trend of jobs in the service and trade sector replacing those in manufacturing, as shown below:

PERCENT OF NON-AGRICULTURAL EMPLOYMENT

<u>Year</u>	<u>Manufacturing</u>	<u>Trade</u>	<u>Finances &amp; Services</u>
1970	40.3%	18.2%	15.9%
1985	30.9	21.8%	20.7

The shift has accelerated both in the U. S. and in North Carolina in recent years as a result of fallout from the strength of the U. S. dollar. From 1980 to mid-1985 the dollar rose 85% against other currencies (calculated on a trade-weighted basis). Since that time the value of our currency has dropped by 30%.

The strength of the dollar has made goods produced in other countries considerably cheaper than our products, resulting in trade deficits in all manufacturing sectors. North Carolina's heavy reliance on manufacturing has put us in a particularly vulnerable position. Last year the deficit in the textile and apparel sectors rose 11% and amounted to 12% of the total trade deficit. Other North Carolina manufacturing sectors hurt by trade imbalances include lumber, tires, furniture, electrical machinery, and other machinery.

Many of the adversely-impacted industries are attempting to narrow the competitive gap. These efforts include automating the production process, better co-ordination between producer and buyers to shorten the production cycle, inventory control, and the selling-off of non-profitable operations.

The recent decline in the value of the dollar and producer

initiatives will improve the competitive stance of N. C. products over the next few years, even in absence of federal trade legislation. At the same time, farm income will not show much improvement and thus the overall state economy will not follow the historical pattern of expanding faster than the U. S.

#### Forecast of General Fund Revenues

Through the first eight months of 1985-86, General Fund tax revenues are up 9% over 1984-85. This rate represents a decline from the 11.3% amount for the first quarter.

The 1985-86 budget is based on a 6.3% rate. The major remaining components to come in include final payments under the personal and corporate income tax, and corporate declarations. These payments will be offset by personal income tax refunds.

The pattern of corporate tax payments varies substantially from quarter-to-quarter, and in some years collections will fall substantially after two good quarters. Thus, some allowance needs to be made for the possibility that these collections will drop back in March and June. We feel that the growth rate for the full year will be at least 8.2%. This rate would yield \$85 million of extra tax dollars.

Non-tax revenue for 1985-86 will exceed the budgeted amount by at least \$22 million. Most of these proceeds come from investment income and judicial fees.

The 1986-87 budget adopted last year is based on an 8.5% improvement in tax revenues over 1985-86. At this time we felt this rate is still reasonable for planning purposes.

#### Predicted General Fund Credit Balance

If we combine the tax and non-tax outlook for 1985-86 and

1986-87 with a reversion estimate of \$150 million for 1985-86 (3.4% of current operations appropriations), we get a projected year-end credit balance of \$302 million for 1985-86 and \$386 million for 1986-87. The amount of revenue available to spend during the 1986 budget session will depend on any change in the economic forecasts, final reversion, estimates, spending mandates, and any adjustments made to the 1986-87 budget adopted last June.

The unappropriated availability for 1986-87 will be substantially less than the record amounts (\$600 million+) for the last two years. The reasons include a slower economy, the cost of continuing the large spending packages adopted in 1984 and 1985, and the fact that the 1986-87 budget adopted last year was based on a relatively high revenue estimate for a second-year budget (compared to historical practices).

#### Other Issues

##### (1) Federal revenue-sharing

Since 1972 revenue-sharing has provided general fiscal assistance to local units in North Carolina. At various times a major share of the proceeds have been used to finance needed capital improvements. Faced with concerns during the late 1970's and early 1980's regarding the property tax and the level of government spending, many units would not have been able to fund these projects without a sharing of the federal tax base.

Late last year the Congress enacted legislation that eliminated the program as of October 1, 1986. There is a one-quarter lag built into the payment schedule so that local units will not begin missing a check until next January. The annual loss of funds to North Carolina is \$117.7 million. This

amount is equivalent to 7% of local property tax revenue statewide, or about six cents on the average property tax rate.

(2) Tobacco legislation

The biggest source of uncertainty in the North Carolina farm sector involves the tobacco price support program. The program has been under serious discussion for the last three years and reformers have been valiantly trying to work out a compromise that would modernize the program.

The U. S. House has approved a plan that would cut the support price and reduce the "no net cost" assessment. The move is intended to make the price of the crop attractive to buyers. The change will not improve the income prospects of tobacco farmers, but could keep the crop out of stabilization. The Senate is expected to vote on the plan this week.

(3) Petroleum overcharges

One issue that might add some more dollars to the spending pot involves petroleum overcharge refunds. The federal government is currently involved in discussions with the U. S. Department of Energy, oil companies, state governments, and industrial oil-users. The discussions deal with the question of how to distribute the \$4.0 billion of overcharges under the 1973 federal pricing regulations.

Further talks will be taking place on this issue over the next few months. In the meantime the states recently received \$2.1 billion from a court decision involving Exxon overcharges. North Carolina's share of this settlement is \$46.9 million. A provision in the 1983 current operations appropriations bill mandated that the first installment or \$4.3 million of overcharge



refunds anticipated would be distributed as follows:

schools and hospitals	\$1,560,000
state energy conservation & energy and extension program	1,500,000
weatherization program	1,250,000

The bill stated that future settlements allocated to North Carolina shall first be spent for schools and hospitals and then for the state's energy conservation effort. Any remaining funds would be used for purposes allowed by the federal regulations. The staff is continuing to track this issue to see how the proceeds can be used.

(4) Federal tax legislation

The main vehicle to reform the federal income tax is in the U. S. Senate. The narrow victory of supporters in the House last year, and the possible tie-in to the budget reduction issue, means that any exclusion or deduction under current law is fair game this year. Of particular interest to state and local units across the country is the personal deduction for state and local taxes. This deduction is important because it eases the pain of having to raise income, sales, or property taxes to deal with cutbacks under Gramm-Rudman-Hollings. The exclusion for interest paid on state and local bonds is important because debt issues are a means for the units to finance much-needed capital improvements. A removal of this exclusion would mean an increase of 2 to 3 percentage points of interest on a general obligation issue.

(5) Foreign trade legislation

Last December the President vetoed the Textile and Apparel Trade Enforcement Act of 1985. This bill would have limited the amount of imports entering the U. S.

Some form of trade bill will be re-introduced this year but will not generate as much support. Instead the textile and apparel will continue their efforts to become more competitive in the market place, will try to force the Administration to carry out existing trade agreements, and will try to eliminate barriers to U. S. products in other countries.

(6) Insurance premiums tax

An issue of concern for the last two years has been the potential for a successful court case challenging North Carolina's system of taxing the premiums of insurance carriers in North Carolina. Our system is similar to almost all of the other states in that companies whose headquarters are located in other states are assessed at a higher rate than "domestic" carriers.

During the last couple of years there have been a number of cases in other states that have held as unconstitutional tax rates that differentiate between an in-state taxpayer and a foreign taxpayer. A case specifically involving insurance taxation is being reviewed in Alabama.

On January 15 a case was filed in Wake County Superior Court on behalf of 11 foreign insurers for the 1982, 1983 and 1984 tax years. The three-year claim for relief is \$26 million.

Our research on the issue last year suggested that if the court ruled against North Carolina and rates for all foreign carriers were reduced to the domestic level, General Fund tax revenues in the future would be at least \$50 million less. If the Court required refunds for the most recent three-year period, a one-time loss of at least \$120 million would occur.

The 1985 General Assembly did pass a bill that equalized

rates and allowed a tax credit for the difference between the old rate and the equalized rate for companies headquartered in North Carolina. The intent of the bill was to make the tax system seem less discriminatory in the eyes of the Court. Final resolution of the Alabama case and the North Carolina suit may be a couple of years away.

(7) Fair Labor Standards legislation

After the Garcia decision last year, the Congress enacted legislation that would allow a state or local unit to substitute compensatory time off for overtime to satisfy the federal statutes. Theoretically, this action would limit the impact of the court's decision on governmental units. However, many cities and counties do not have the extra staffing available in affected departments (primarily law enforcement, fire departments, and emergency medical services) that would permit the use of "comp time". Statewide the impact could be equivalent to 1/2 cent on the local property tax rate.

Summary

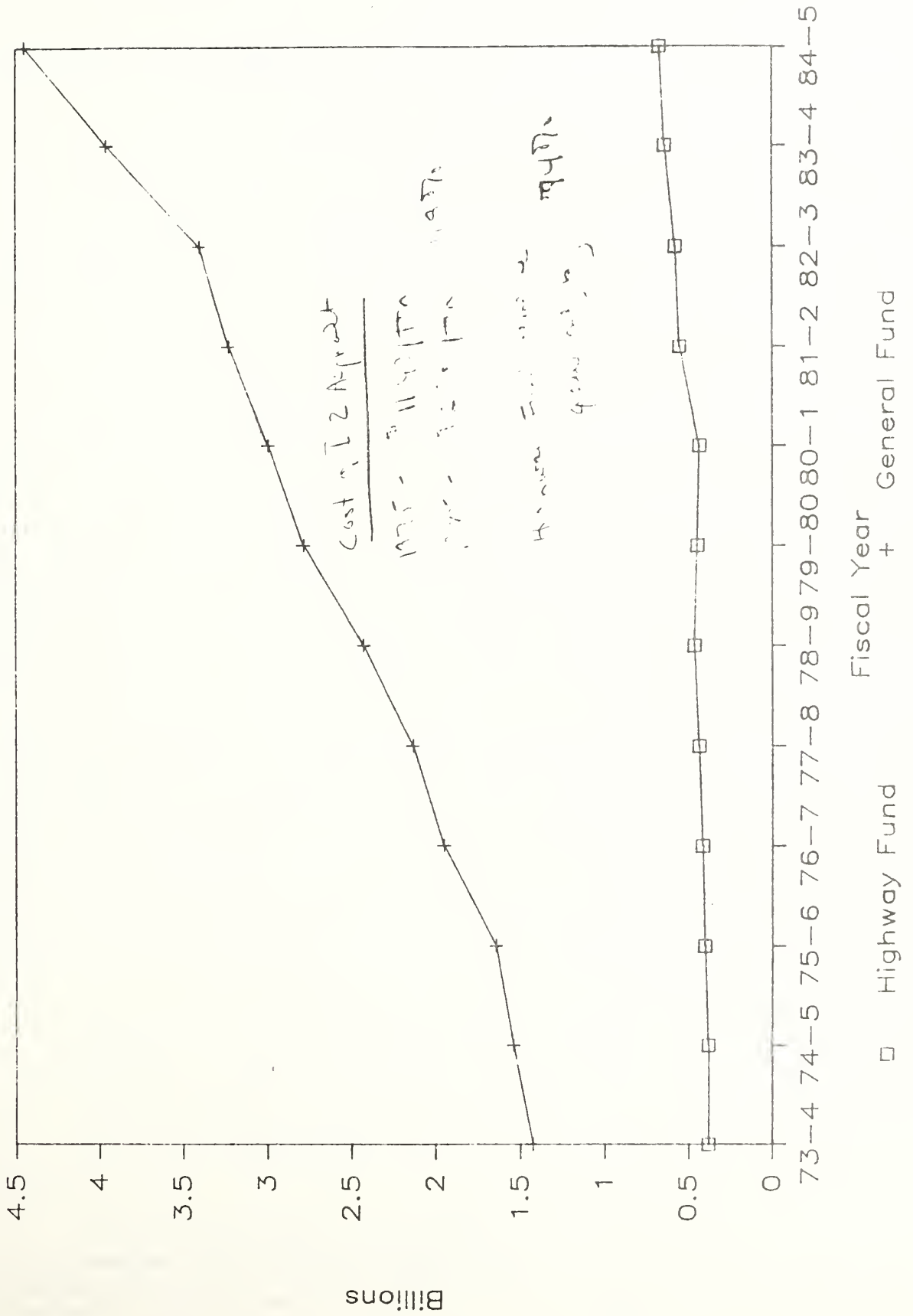
The budget-making process by nature involves some degree of uncertainty and risk. What makes the current cycle unique is that the level of uncertainty is unprecedented (in recent times) and that the major sources of uncertainty do not directly relate to the economy. Instead, they involve structural and policy changes at the national and state level.

Highway Fund State Revenues  
(\$ Millions)

	Through February 1985	Through February 1986	1985-86 Budgeted
Motor Fuel Tax:			
Gasoline - 11 cents			\$ 386.1
Gasoline - 1 cent			36.7
Gasoline Inspection - 1/4 cent			9.1
Highway Use Tax			4.7
Subtotal	\$ 285.7	\$ 292.0	436.6
		2.2%	3.5%
Motor Vehicle License and Registration Fees:			
Motor Vehicle Registration			135.1
International Registration Plan			28.5
Title Fees			13.5
Lien Recording Fees			.8
Driver Licenses			28.2
Revocation/Restoration Fees			2.1
Safety Equipment Inspection Fees			3.2
Dealer and Manufacturer Licenses			.5
Overweight/Size Permits			.4
Subtotal	137.8	142.8	212.3
		3.6%	2.7%
Other State Revenue:			
Penalties			6.3
Refunds - Highway Division			.9
Miscellaneous			.3
Subtotal	3.6	3.7	7.5
Investment Income	19.4	16.8	26.3
Total Highway Fund Revenue	\$ 446.5	\$455.3	\$682.7
% Change		2.0%	2.2%

# Highway & General Fund

Actual Collections



FY 1986-87 "Flat Tire"

(Millions of Dollars)

<u>Category</u>	<u>SB 182 FY 1986-87</u>	<u>Amount Needed</u>	<u>Difference</u>
<u>I. Construction:</u>			
(a) Primary	\$ 1.500	\$ 2.000	\$ 0.5
(b) Secondary	48.663	-*	-
(c) Urban	1.500	19.500	18.0
(d) State Funds to Match Federal-aid Construction	27.850	79.400	41.5
			<u>\$ 60.0</u>
<u>II. Maintenance:</u>			
(a) Primary	\$ 67.360	\$73.300	\$ 6.0
(b) Secondary	122.604	131.500	8.9
(c) Urban	16.989	21.000	4.0
(d) Contract Resurfacing	84.050	102.000	18.0
			<u>\$ 36.9</u>
<u>III. Capital Improvements:</u>			
	\$ 2.006	\$10.000	\$ 8.0
			<u>\$ 8.0</u>

Additional Needed to "Stand Still" \$104.9

\*By statute, size of this appropriation is amount of revenue generated by 1 3/8¢ of the State motor fuel tax.

Explanation:

- The only increase in the amount shown in SB 182 for FY 1986-87 in Primary, Secondary, and Urban Construction was an additional \$0.5 million in Primary and an additional \$1.0 million in Urban for traffic spot safety improvements. For the past several years \$1.5 million has been annually appropriated for Primary and for Urban construction to be used for traffic spot safety improvements. This "constant" appropriation has not reflected the increasing traffic congestion and inflation costs. As of October 1985 the balance of the FY 1985-86 Primary traffic spot safety appropriation was \$883,000 and the balance of the Urban Traffic spot safety appropriation was \$193,000. Thus, the increases of \$0.5 million and \$1.0 million represents only the "bare bones" minimum increases needed in these appropriations.
- The amount needed in state funds to match federal-aid construction is an estimate based on the best available information on the availability of federal-aid funds that can be obligated or spent (not the apportionment or authorization levels). The current federal-aid highway program established by the Surface Transportation Assistance Act of 1982 is scheduled to expire on September 30, 1986. Thus, actions yet to be taken by Congress will determine the actual level of federal-aid highway funding to be made available after September 30, 1986. The amount needed is based on a continuation of the federal-aid highway programs at approximately the same level as for FY 1985-86.
- The amount needed for the Primary, Secondary, and Urban maintenance appropriations reflect the level of funding to maintain the current level of service plus an additional \$1.0 million in Primary maintenance for maintenance of pavement lane markings and an additional \$2.4 million in Urban maintenance to replace worn out traffic signal equipment.
- The amount needed for maintenance contract resurfacing is the estimated cost of resurfacing approximately 3200 miles of highways each year.
- The amount needed for capital improvements addresses only the more critical needs and includes replacement of one ferry vessel.

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January 27, 1986

**MEMORANDUM**

From: Charlotte Ashcraft  
Fiscal Research Division

Subject: **INFORMATION ON THE GRAMM-RUDMAN-HOLLINGS FEDERAL DEFICIT CONTROL ACT**

ISSUE:

This is in response to your request for information regarding the recently adopted Gramm-Rudman-Hollings Federal Deficit Control Act. I have provided a summary of key provisions of the act, exempted programs, a timetable for federal actions, current estimates for North Carolina and a glossary of commonly used federal budget terms.

KEY PROVISIONS:

Here is a brief summary of the key provisions of the Gramm-Rudman-Hollings Federal Deficit Control Act:

- o Beginning with the current federal fiscal year the President must make reductions in federal spending under a formula devised by Congress if the deficit exceeds a certain dollar target. (This is referred to as "sequestering" funds). Fifty percent of the cuts must come from the defense budget and fifty percent from non-defense items.
- o Special rules will apply to this procedure for the current year only. In January the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB) made their respective estimates of the deficit for FFY 86. Then the General Accounting Office (GAO) told the President how much

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the deficit exceeded the target for FFY 86. On February 1, 1986 the President will issue a sequester order telling Congress how he will cut the budget. If Congress doesn't change his recommendations, the cuts are put in place on March 1, 1986.

- o The President has a little more flexibility this year than in future years on how to make reductions. Also, the maximum reduction for this year is \$11.7 billion.
- o Beginning with FFY 1987 (Oct. 1, 1986) the President must cut spending by a uniform percentage if the deficit exceeds certain dollar targets (again, 50% defense/50% non-defense). Certain major entitlement programs are exempt from all cuts: Social Security, AFDC, Medicaid, WIC, Food Stamps, SSI, Child Nutrition, interest on the debt, and veterans' pensions.
- o The President must issue a sequester order for cutting funds by September 15, 1986. If Congress does not change the arrangement of the reductions by October 15th, the President's proposed cuts become mandatory and begin immediately.
- o The state will know by March 1, 1986 which cuts will be made for the current fiscal year. The uniform across-the-board percentage cut will be 4.3%. We will know by October 15th, 1986 which ones will be made for the period of October 1, 1986 - September 30, 1987, if this law stays in place.
- o The only procedure Congress has put in place to prevent these cuts is a measure to suspend sequester orders in the event of a recession. However, if the President refuses to cut the defense budget by exercising his power as commander-in-chief of the armed forces, no cuts in non-defense programs can be made. Also, the Supreme Court has not ruled on the constitutionality of this law.

EXEMPT PROGRAMS:

The following programs are exempt from any cuts under the Gramm-Rudman-Hollings law:



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- o Aid to Families with Dependent Children (AFDC)
- o Child Nutrition
- o Food Stamps
- o Interest on the National Debt
- o Medicaid
- o Social Security
- o Women, Infants, Children Food Program (WIC)
- o Supplemental Security Income (SSI)
- o Veterans' Pensions and Compensation

In addition, five health programs are subject to a maximum cut of 1% in 1986 and 2% thereafter:

- o Medicare
- o Veterans Health
- o Indian Health
- o Community Health
- o Migrant Health

TIMETABLE:

The new law provides for an accelerated Congressional budget process. The following is the Fiscal 1987 budget timetable under Gramm-Rudman-Hollings:

- o Feb. 3 - President Reagan submits 1987 budget
- o April 1 - Senate Budget Committee reports budget resolution. No similar provision in House.
- o April 15 - Congress adopts fiscal 1987 budget resolution.
- o May 15 - House cleared to begin 1987 appropriations bills.
- o June 15 - Congress completes deficit-reduction package of legislative changes required under budget resolution.
- o June 30 - House completes 13 annual appropriations bills. Failure to do so prevents it from recessing for more than three days in July.
- o Aug. 15 - Congressional Budget Office and Office of Management and Budget take "snapshot" of projected fiscal 1987 deficit, which must be no more than \$10 billion over target of \$144 billion, to avoid automatic cuts. Reports forwarded to General Accounting Office, which must reconcile differences and make its own final report.

- o Aug. 25 - GAO reports to president.
- o Sept. 1 - Presidential order for across-the-board cuts, if needed.
- o Oct. 1 - Money withheld from accounts affected by automatic cuts.
- o Oct. 5 - CBO and OMB issue revised report to reflect final congressional budget action, and GAO reports to president five days later on any adjustments needed in the final order for cuts.
- o Oct. 15 - Final order takes effect.

ESTIMATES FOR NC:

The Federal Fiscal Information System (FFIS) of NCSL and NGA has prepared a preliminary estimate of the states' losses under Gramm-Rudman-Hollings. They estimate that North Carolina will lose approximately \$18.7 million in outlays during the current federal fiscal year and about \$123.4 million for FFY 87. Here are some\* of their projected cuts in outlays for North Carolina:

	<u>FFY 86</u>	<u>FFY 87</u>
Community Development Block Grant:	\$ 50,000	\$ 1,451,000
Community Services Block Grant:	314,000	1,526,000
Compensatory Education for Disadvantaged:	268,000	4,786,000
Education for Handicapped:	113,000	2,022,000
Federal Aid to Highways:	1,417,000	12,079,000
Head Start:	457,000	2,630,000
Health Block Grants:	1,067,000	4,444,700
Job Training Partnership Act:	444,000	4,177,000
Low Income Energy Assistance:	2,034,000	9,190,000
Social Services Block Grants:	3,210,000	14,715,000
Vocational & Adult Education:	92,000	1,606,000

\*These are the major programs for which FFIS has information.

GLOSSARY OF TERMS:

Here are some of the commonly used federal budget terms:

- o Sequester Order (sequestration) - the term used under Gramm-Rudman for the President's automatic across-the-board withholding of federal funds if the deficit is projected to exceed the target set in the law.
- o Outlays - the actual cash expenditures made for programs during the fiscal year.
- o Budget Authority - the dollar amount authorized by Congress to be spent for a federal program either in the present or in future years. In most cases, budget authority is not the amount of money spent during the year, but merely the upper limit on the amount of new spending commitments a program can make.
- o Entitlement Programs - programs that require the payment of benefits to all persons who meet the eligibility requirements established in the law. Examples of entitlements are Social Security, AFDC and Medicaid.
- o Federal Fiscal Year (FFY) - the fiscal year for the federal government runs from October 1 through September 30.
- o Gramm-Rudman-Hollings - an amendment adopted by Congress as a part of the bill increasing the federal debt ceiling. It sets in place a system of automatic budget cuts that are triggered if Congress doesn't adopt a budget within certain specified targets.

COMMENTS:

- o The Supreme Court is expected to rule in the spring on the constitutionality of the new law. A challenge to the law is currently in the U.S. District Court for the District of Columbia.
- o Congress can avoid triggering Gramm-Rudman-Hollings by enacting a federal budget that meets the deficit target before October 15.

## UPDATE ON GRAMM-RUDMAN-HOLLINGS

### ISSUE

The following is an update on the status of the Gramm-Rudman-Hollings Deficit Control Act which was enacted by Congress last December.

### TIMETABLE

- o December, 1985 - Gramm-Rudman-Hollings Deficit Control Act enacted into law.
- o February 1, 1986 - Preliminary sequester order imposing a 4.3% across-the-board cut in non-exempt federal programs was issued by the President, in accordance with directives from the General Accounting Office (GAO).
- o February 7, 1986 - A special three judge panel ruled that the "automatic triggerring" provision of Gramm-Rudman was unconstitutional because it violated the separation of powers doctrine. It ruled the other parts of the law constitutional. However, the court stayed its ruling until the Supreme Court rules on the appeal. Therefore on March 1, the sequester order of a 4.3% spending cut becomes permanent.
- o April, 1986 (estimate) - The Supreme Court will hear the appeal of the lower court's ruling.
- o Late June or early July, 1986 (estimate) - The Supreme Court is expected to rule on the constitutionality of Gramm-Rudman.

### IMPACT

- o The effect of the special panel's ruling is to throw the entire federal budget process into more confusion than usual. While the 4.3% across-the-board spending cuts will be felt immediately, there is no indication about what to expect for the federal 1987 fiscal year (FFY 87) beginning in October.
- o If the Supreme Court upholds the special panel's ruling, the only change in Gramm-Rudman would revolve around who makes the determination regarding the specific implementation of the automatic spending cuts. Instead of the Comptroller General receiving the deficit estimates from the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB), a special,

joint House-Senate budget committee would receive these reports. This committee would then have five days in which to report its determination of the deficit and its orders for automatic across-the-board percentages to the full House and Senate. This resolution would have to be adopted by both chambers and signed by the President before having the force of law.





