

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION
RATIFIED BILL

RESOLUTION 76
SENATE JOINT RESOLUTION 1632

A JOINT RESOLUTION STATING THE LONG-TERM GENERAL FUND BUDGET AVAILABILITY OUTLOOK AND REQUESTING THAT THE STATE BUDGET PROCESS BE MODIFIED TO PROVIDE A LONG-TERM ANALYSIS OF STATE BUDGET DECISIONS.

Whereas,

(1) The agencies that evaluate the bonds of the State of North Carolina and its political subdivisions have encouraged State officials to take the steps necessary to resolve the long-term structural shortfall in the General Fund budget;

(2) Recognition of the magnitude of the shortfall is a first step in stimulating discussions by the Governor and members of the General Assembly on ways to resolve the shortfall;

(3) Major increases in the General Fund current services budget due to federal legislative and judicial mandates are an unalterable fact of State budget making;

(4) The General Assembly remains committed to its initiatives to improve the quality of education services provided in the public schools, community colleges, and the university system;

(5) The General Assembly is committed to addressing the infrastructure and human services needs that will enable the State's economic development climate and quality of life to remain attractive;

(6) In order to preserve North Carolina's time-honored reputation for financial integrity, the State has:

- a. Adopted a formal "rainy-day fund" for the first time,
- b. Reduced through appropriations actions the size of the current services budget and extended the time frame for implementation of prior legislative initiatives so as to make the initiatives more achievable,
- c. Formalized the legislative/executive consensus revenue-estimating process,
- d. Authorized a major commission to develop recommendations for resolving the long-term General Fund shortfall,
- e. Taken actions effective with the beginning of the current fiscal year to keep expenditure flows in line with revenues and to identify further permanent budget reduction options, and
- f. Used State debt financing for financing prison construction to alleviate the fiscal pressures from funding long-term capital projects from current revenues;

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

Section 1. The General Assembly recognizes the following long-term condition of the General Fund Current Operations Budget, which is based on a consensus revenue estimate of the Office of State Budget and Management and the Fiscal Research Division and is the best current estimate of the cost of the current services budget, federal mandates, 1990 Session program expansion actions, and other factors leading to future expenditure demands:

GENERAL FUND CURRENT OPERATIONS BUDGET OUTLOOK
(MILLION)

	<u>91-92</u>	<u>92-93</u>	<u>93-94</u>	<u>94-95</u>
Revenues	\$8,029.0	\$8,619.4	\$9,257.9	\$9,936.7
Expenditures	8,513.7	9,225.1	10,053.2	10,761.4
Shortfall	\$ 484.7	\$ 605.7	\$ 795.3	\$ 824.7

The details underlying this outlook are contained in the July 27, 1990, analysis of the General Fund Current Operations Budget Outlook, which was distributed in the Senate and House of Representatives to explain this resolution.

Sec. 2. It is the intent of the General Assembly that future executive and legislative fiscal analysis of the General Fund availability outlook, State general obligations bond authorizations, and individual bills affecting General Fund revenues or expenditures encompass the projected impact for the upcoming four-year period. It is also the intent of the General Assembly that the analysis of proposed capital improvement projects funded from the General Fund contain the projected current operating costs for the useful life of the project.

Sec. 3. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 28th day of July, 1990.

James C. Gardner
President of the Senate

J. L. Mavretic
Speaker of the House of Representatives