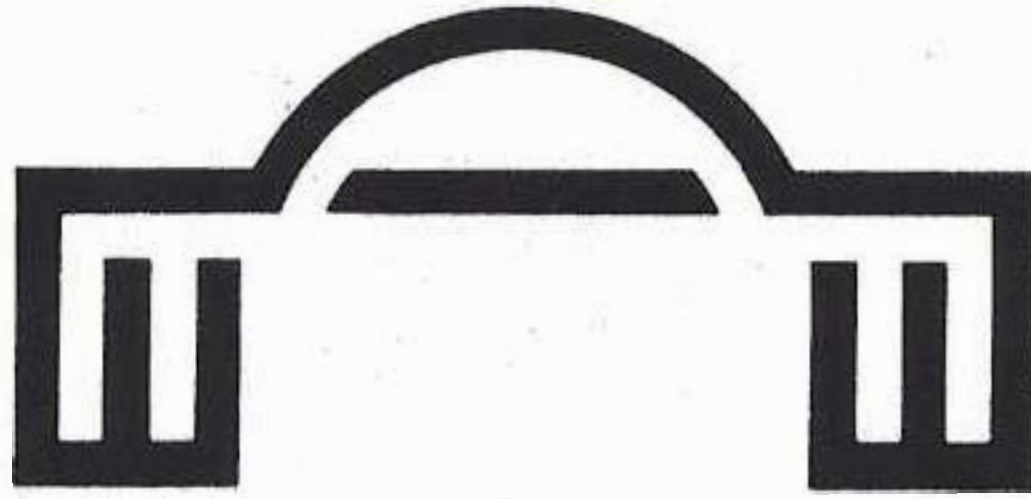




NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.

PRESS RELEASE

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RESEARCH CENTER STUDIES FEDERAL BUDGET CUTS

The largest federal budget cuts are in water and sewer construction grants, CETA, Medicaid, and research grants in the university system, says a report by the North Carolina Center for Public Policy Research in Raleigh.

In a preliminary report entitled "Federal Budget Cuts in North Carolina," the research group detailed the impact of the twenty largest funding cuts, including the following:

- . construction grants for water & sewer facilities, a \$34 million reduction;
- . fewer CETA public service jobs, \$26 million;
- . lost research contracts in university medicine and science programs, \$20 million;
- . reduced Medicaid services for the poor, \$16.9 million;
- . reductions in numbers of persons eligible for several public assistance programs, such as Aid to Families with Dependent Children, \$15.1 million, and food stamps, \$10.4 million; and
- . increased meal prices and less pupil participation in the school lunch program, almost \$10 million.

The Center's report summarizes which departments in state government incurred the greatest reduction in federal funds and which received no federal budget cuts. For example, the Departments of Natural Resources and Community Development, Human Resources, and Public Instruction suffered the largest cuts, while the Departments of Insurance, Justice, and Secretary of State were unscathed by the budget ax wielded by the Reagan Administration.

The study began with a look at the nine block grants enacted by Congress but quickly expanded into other types of budget cuts, stated Robin Hudson of the Center staff. Ms. Hudson, who co-authored the report with Jim Bryan, said their research contained a surprising finding that the largest cuts were

not due to the block grant consolidation but instead were due to cuts in entitlement programs. Another method of cutting expenditures was to increase interest rates on federal loan programs to groups like students and farmers.

The N. C. Center for Public Policy Research is a private, nonprofit corporation created to examine state government in North Carolina. It is supported by grants from the Mary Reynolds Babcock and Z. Smith Reynolds Foundations in Winston-Salem.

Recent efforts by the Center include studies of the tobacco industry and teacher certification. Copies of the report on federal budget cuts may be obtained for \$2.50 by writing P. O. Box 430, Raleigh, N.C. 27602 or calling Ms. Beth Briggs at (919) 832-2839.