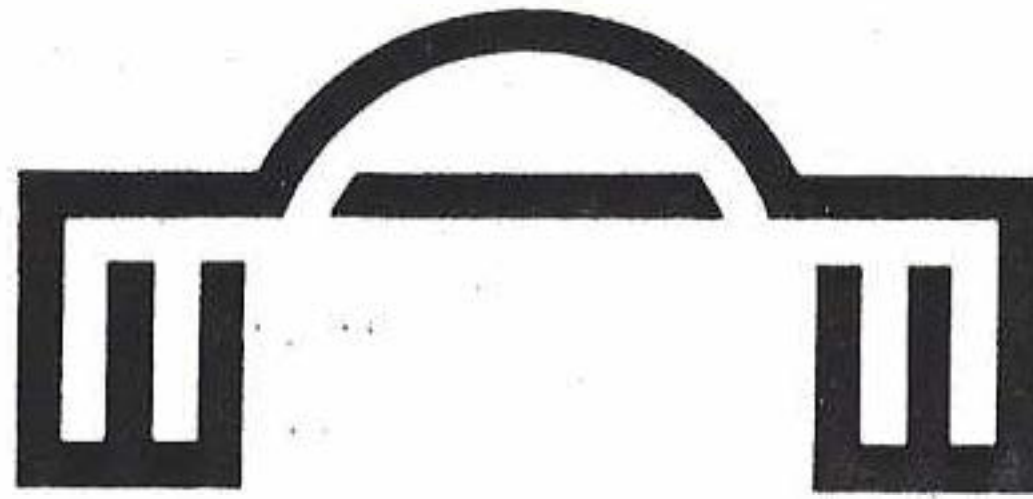




NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.

NEWS RELEASE

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N.C. LOST \$241 MILLION IN FEDERAL FUNDS

North Carolina has lost over \$241 million in federal funds since October 1, 1981, reports the N.C. Center for Public Policy Research. The research group has released a report which showed that federal cutbacks most affected:

- low income citizens, through cuts in Medicaid, food stamp, and welfare programs;
- children's programs, through cuts in school lunch and breakfast programs and in day-care;
- handicapped citizens, due to cuts in vocational rehabilitation and crippled children's programs;
- education services, where many teacher aides and teachers lost their jobs; and
- employment programs, due to large reductions in CETA funds and cutbacks in Employment Security Commission offices.

In a seminar for representatives of the media and for the public held Wednesday in Raleigh at Peace College, the Center reviewed detailed information on the effects of federal budget cuts on North Carolina. The Center said 13 of the 19 state departments in the executive branch of state government lost federal funds, as did the state's university system, private colleges, and Legal Aid. The report says the five largest cutbacks in North Carolina were:

- (1) federal aid to highways, a loss of \$41.7 million;
- (2) fewer CETA public service jobs, a cut of \$31.3 million;
- (3) lower participation in the school lunch and breakfast programs due to a \$28.2 million reduction;
- (4) fewer federal dollars for the Medicaid program, which provides health services for the poor, in the amount of \$16.9 million; and
- (5) water and sewer construction grants where 26 out of 70 water and sewer projects will suffer as a result of the \$16.6 million loss in this fiscal year.

The Center's director, Ran Coble, noted a surprising finding that cutbacks due to block grants accounted for only 12% (\$28.9 million) of the total of \$241 million lost in federal funds. "Though block grants have gotten all of the attention, the largest cutbacks have occurred in other federally funded programs," Coble said.

At the seminar, Center staffer Jim Bryan noted the local impact of federal cuts. The Employment Security Commission has had to close three branch offices, one of which is in Chapel Hill. Wake County Employment Service office's job placement staff has lost five positions since October 1981 and is now down to 26 positions. The Durham office's job placement component has reduced its staff by eight positions.

The WIN (work incentive) program is designed to place AFDC recipients in jobs and help remove them from the welfare payroll. The Wake and Durham WIN programs are still operating but those in nearby counties like Alamance, Orange, Nash, Wilson, and Johnston have been terminated.

The Capital Health System Agency in Durham serves 11 counties in this part of the state in planning for health facilities and services. The agency received a cut of \$125,745 or 49% of its FY 81 budget. To adjust to this reduction, it has eliminated three staff positions, cut back on office space and travel, and asked member counties to raise their support from 3¢ per capita to 10¢ per capita for next year.

Due to cuts in the Social Services Block Grant, the children's Developmental Day-Care Center in Raleigh will close its doors for one month this summer to offset its Title XX contract reduction, and the Raleigh adult life enrichment center for vocational training has lost one staff position and lowered service levels.

Due to cutbacks in the Community Services Block Grant, Operation Breakthrough in Durham has cut out its transportation services entirely, closed down its 10-year-old cannery operation, and curtailed its outreach efforts to many neighborhood councils and groups throughout the city. The Johnston/Lee Community Action Agency lost half its staff and 37% of its \$300,000 budget. Its community food and nutrition program ended, and about half its clients from last year will not receive services. The Wake County Opportunities agency, with 35% less community services money, reduced its staff from 29 to 19 positions and is serving half the usual number of low-income homes in fuel bill payment assistance.

The Raleigh City and Wake County schools combined received a \$180,000 or 85% cut in "impact aid" money this year and no money is in the works for next year. Impact aid is general operating money given to local school units to offset the impact of federally-owned land or public housing on the local tax base.

The North Central Legal Assistance Program, serving the six counties north of Wake, saw its budget reduced by \$175,000 or 28%. There are nine staff positions fewer than there were in 1981, and, in addition to reduced client intake, cases accepted are now only of the subsistence type.

In addition to Center staffers Lacy Maddox and Jim Bryan, presentations at the seminar were also made by Marvin Dorman, Deputy State Budget Officer; Wake County Commissioner Betty Ann Knudsen; Preston Johnson of the state Employment Security Commission; Patrice Roesler of the N.C. Association of County Commissioners; Wake County Department of Social Services Director James Wight; and Dr. Barbara Rogers of the Wake County School System.

The Center for Public Policy Research is a private, nonprofit corporation created to examine the policies and practices of state government in North Carolina. It is supported by grants from the Z. Smith Reynolds and Mary Reynolds Babcock Foundations in Winston-Salem. Past studies by the Center have included reports on the tobacco industry, teacher certification, and legislators who serve on executive branch boards and commissions. Copies of the report on federal budget cuts may be obtained for \$10.00 by writing the Center at P.O. Box 430, Raleigh, North Carolina 27602, or by calling Beth Briggs at (919) 832-2839.