

N.C. Budget Awash In Red Ink

Martin Freezes Jobs; Crunch Hits Colleges

By GREG TREVOR

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RALEIGH — N.C. budget woes got worse Tuesday as Gov. Jim Martin ordered a state hiring freeze, key lawmakers endorsed a one-time fee for all university students and community college officials protested massive spending cuts.

Martin, trying to stem the state's rising tide of red ink, ordered the freeze on nearly all state hiring, including critical positions such as prison guards and hospital nurses.

"This tells people that the situation is critical, and we are preparing for the worst," said C.C. Cameron, Martin's budget officer.

On Tuesday, Cameron hinted that the shortfalls could grow. He said revenues collected in May are even worse than economists feared.

"We're preparing for the possibility," Cameron said.

Also Tuesday:

- The Senate Appropriations Committee endorsed a budget sav-

ings plan that would make all state university students pay a one-time fee — \$41.50 for in-state students, \$83 for out-of-state students.

"We did that very reluctantly ... After you cut so many positions, and after you cut so many things back, we felt it only fair the students bear a small portion," said University of North Carolina system lobbyist Jay Robinson.

Despite the fee, university officials still would have to cut \$36 million in university spending, forcing staff layoffs.

"It's a dark day for North Carolina," Robinson said.

- Representatives from the N.C. Department of Community Colleges said the proposed across-the-board budget cuts could severely hurt job-training and literacy programs.

"There will be considerable damage done to the short-term economy of this state," said Thomas King, community colleges vice president for finance.

Martin's order freezes nearly

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What Budget Cutbacks Are Doing To Community Colleges

Many community colleges have cut classes because of state budget cutbacks. Here's what those cuts have done to area campuses during the fiscal year that ends June 30:

Campus	Vocational Extension Courses	Literacy Classes	Regular Curriculum	Students Affected
Anson	10	6	20	280
Caldwell	20	20	0	450-500
Catawba Valley	3	0	0	45
CPCC	97	14	154	4,768
Cleveland	0	145	0	2,200*
Gaston	66	12	41	2,000
Isothermal	0	23	0	300
Mitchell	0	0	0	0
Rowan/Cabarrus	30	0	35	650
Stanly	31	0	0	534
Richmond	6	14	6	210
Western Piedmont	0	0	0	0

*Includes students who would have been served in 33 community services or hobby classes.

SOURCE: Community College System

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6,000 vacant state jobs indefinitely. The freeze doesn't apply to local teaching positions.

North Carolina has roughly 200,000 state jobs, including state-funded teachers.

Martin had given department heads limited authority to fill critical jobs, but now department heads must get approval in writing on a case-by-case basis from Martin's budget office.

"They're going to have to make a tough sell," Cameron said.

State economists have projected more than \$800 million in budget shortfalls over two years — \$506 million in the budget year ending June 30 and \$336 million in the 1990-91 budget beginning July 1.

Economists blame the shortfalls on lower-than-expected tax revenues.

Legislators disclosed Martin's hiring freeze after meeting with him on Tuesday.

"Things don't look well at this time," said Sen. Marc Basnight, D-Dare and chairman of the Senate Base Budget Committee.

Community colleges already had to cut more than \$9 million from their budgets for 1989-90. Martin ordered the cuts to help offset the projected \$506 million shortfall in the 1989-90 budget.

The cuts forced community colleges to turn away nearly 27,000 prospective students this year, including thousands of adults seeking literacy education.

Eric McKeithan, president of Caldwell Community College and Technical Institute, said the school lost an estimated 20 classes each in the literacy and the occupational extension programs when its budget was cut by \$61,000.

The literacy program had clearly answered a need, he said: Enrollment had grown by 50%. Several local industries have approached the school about establishing workplace literacy programs, McKeithan said, but it has lacked the money to do that.

House and Senate appropriations committees, meeting for most of the day on Tuesday, began targeting specific cuts to N.C. departments for 1990-91.

Some key House members have said they're willing to consider raising taxes to cover the rest of the shortfall. Most Senate leaders are less willing to talk about higher taxes.

The House plan would cut more than \$7 million from community

college budgets. The Senate plan would slash more than \$11 million from community college budgets.

But community college leaders said the cuts would hurt them more than other N.C. departments, because their budgets are based on the previous year's enrollment.

"Unlike local schools and universities, we don't project enrollment," King said.

The system needs at least \$17 million more in 1990-91 to maintain current educational levels, he said.

"The way things are going right now, we're not very confident we're going to get much," he said.

Community college officials say they won't cut spending for literacy programs in 1990-91.

But unless the system gets more money, King warned, "we can't guarantee that everybody who wants literacy (courses) will get it."

House and Senate appropriations committees will continue looking for budget cuts today.

Staff writers April Barnhardt and Elizabeth Leland contributed to this report.