

Times and Observer

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★★★★

Governor eases schools' fund squeeze

By **STEVE RILEY**
and **RIC CLARKE**
Staff writers

Gov. James G. Martin declared Wednesday that local school systems need to shoulder only \$20 million of the burden of balancing the state budget — and he offered to help patch another \$20 million shortfall for the state Department of Public Instruction.

The governor's action significantly reduced the effect that state funding cuts will have on local schools. Some systems had considered closing early and de-

laying the start of summer schools to meet the state cuts, actions that should no longer be necessary.

In fact, James O. Barber, assistant state superintendent for financial services, said \$20 million might be recovered through the typical amounts of unspent funds returned to the state by local school systems.

"It's very reasonable to think that much can be found," Mr. Barber said.

The governor's statement also calmed a sea of confusion that his administration set in motion on Tuesday over how deeply local

school systems would have to dig to help cover a \$370 million shortfall in state revenues.

"This action will have a dramatic impact on public schools and will make it possible for those children who need the most help to benefit from summer school," said Bobby R. Etheridge, the state superintendent of public instruction.

The governor, at a morning session with reporters, repeated his statements Tuesday that he had asked schools to come up with only \$20 million in reductions. But he acknowledged that Mr. Etheridge might need up to \$20 million

more to balance the budget of the Department of Public Instruction.

"I will try to help him solve his problem," Mr. Martin said. "But it shouldn't be solved by asking schools to give back money they don't have."

In April, the governor asked the schools to cut spending by \$20 million because state revenues have been running behind projections on which the current state budget was based. Mr. Etheridge asked for an additional \$20 million because of unexpected expenses from a longevity pay program and bills left over from last year.

The exchange Wednesday made

it clear that Mr. Martin had spoken out Tuesday because he had tired of being painted as the villain in the battle over school cuts. He complained that most news reports had only referred to \$40 million in reductions and didn't distinguish between the two requests.

"PTAs in this county were being told about the \$40 million, making it look like it's all my fault," he said. "I'm not going to stand for that."

The governor's cooperation with local schools could come with a price for Mr. Etheridge. Mr. Martin hinted broadly that he

would use his help as leverage to persuade Mr. Etheridge to support the governor's plan to cut spending for all agencies by 4 percent across the board next year. The proposal would include a request that the General Assembly grant agencies the authority to decide what is cut.

"I'd rather win his goodwill to help solve next year's problem than to squabble over this year's," Mr. Martin said. "If he will support [the 4 percent cut], it gives it a much better chance for passage."

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Martin may seek 4% cuts Flexibility tied to 1991 budget

By **STEVE RILEY**
Staff writer

For next year's state budget, Gov. James G. Martin is likely to propose a 4 percent across-the-board cut and to seek greater power for state agencies on how the money can be spent.

Mr. Martin's tentative plan, which he outlined Wednesday at a meeting of Cabinet secretaries and statewide elected officials, does not include a tax increase. It would allow a scheduled pay raise and the next step of the Basic Education Program to stay in the budget.



Speaker Josephus L. Mavretic greets voters at the Tarboro Moose Lodge



Glennie M. Matthewson II works the crowd at the Momeyer Ruritan Club

Staff photos by Scott Shore

Mavretic faces tough fight for renomination

By **BILL KRUEGER**
Staff writer

SUGGS CROSSROAD — These are, as House Speaker Josephus L. Mavretic said recently, unusual times.

With the General Assembly preparing to return to Raleigh to grapple with a pinched state budget, Mr. Mavretic is back home in Edgecombe County with another fight on his hands. A fight to return to the General

Assembly.

Glennie M. Matthewson II, mayor of the small town of Princeville, is challenging Mr. Mavretic in the Democratic primary for the 8th House District. No Republican filed to run, so the Democratic winner on Tuesday will be the man who represents the district made up of parts of Edgecombe and Nash counties.

It is unusual for a speaker, a position sometimes called the second most powerful in state

■ **Mavretic revolt haunts some of his supporters, page 20A.**

government, to be challenged for re-election within his own party. And it is even more unusual for such influential groups as the N.C. Association of Educators and the N.C. Academy of Trial Lawyers to line up behind a challenger.

At issue is Mr. Mavretic's unorthodox rise to power last year. The speaker and 19 other

dissident Democrats, operating under a shroud of secrecy, joined with 45 House Republicans to oust longtime Democratic Speaker Liston B. Ramsey.

Mr. Matthewson, a black lawyer, is trying to convince the district's voters that what Mr. Mavretic did was harmful not only to the Democratic Party but also to his constituents.

"He weakened the Democratic Party, and a lot of the party power was passed to the Republicans," Mr. Matthewson said

during an interview this week. "He puts himself ahead of the party. He puts himself ahead of his constituents. When he made the agreement with the Republicans, that was to promote himself."

Mr. Mavretic dismisses the charges and questions raised by his challenger.

Sitting on the front porch of his farmhouse outside of Tarboro, Mr. Mavretic says that his con-

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may seek 4% cuts

Flexibility tied to 1991 budget

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Mr. Martin's tentative plan, which he outlined Wednesday at a meeting of Cabinet secretaries and statewide elected officials, does not include a tax increase. It would allow a scheduled pay raise and the next step of the Basic Education Program to stay in the budget.

Still, the plan may well encounter turbulence in the General Assembly, which historically has guarded its power over state spending. Legislators appear likely to favor the more traditional approach of hammering out line-item cuts.

Mr. Martin said the 4 percent across-the-board spending reduction would offset an anticipated revenue shortfall of \$242 million for the 1990-91 fiscal year, which starts July 1. Tax collections are not expected to match projections made when the two-year budget was adopted last year.

The expected revenue shortage in the next fiscal year is separate from an existing \$370 million budget shortfall that Mr. Martin is struggling to cover by June 30.

The Martin plan for the next fiscal year seeks to appeal to legislators as a way of permitting them to avoid painful item-by-item reductions in state spending.

Under the plan, agency heads could eliminate programs, transfer money from one program to another, and create positions or abolish positions created by the legislature.

"If you do that, you can get rid of the legislature, and I'm sure the governor would like to do that," said Sen. Kenneth C. Royall Jr., chairman of the Senate Appropriations Committee. "I believe in flexibility, but my flexibility is entirely different."

Mr. Royall said he would favor having the legislature tell agencies how much money they would have and letting them return with a specific spending plan to be approved by legislators.

On Wednesday, the governor outlined his proposal to 26 state officials who gathered around a 30-foot-long walnut table in the spacious dining room of the Exec-

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From Page One

Martin may seek 4% cuts

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utive Mansion. Other budget developments that arose from the 90-minute session included:

■ In early April, state Controller Fred W. Talton said that cash requests from agencies to pay bills were "well over the amount we had available. For a few days, we did have to hold up payment on some items."

In a subsequent interview, Mr. Talton said state income tax refunds were delayed because of the cash crunch.

"There were some tax refund checks that might have been held for two or three days . . . as much as a week," he said. "It was a relatively small amount. We said, 'Let's hold these for two or three days so we don't have any problems meeting payrolls.'"

■ House Speaker Josephus L. Mavretic and House Appropriations Chairman David H. Diamond, D-Surry, have asked state agencies to report to them how to cut 5 percent from next year's appropriations — and to place the cuts in priority.

■ Senate leaders have sent out a letter asking agencies to identify cuts made by the governor's budget office during the current fiscal year. They could use that list as a guide to build a budget of their own.

■ A law passed last year to give local school districts more control over spending in return for accepting more accountability on student performance apparently will cost \$40 million next year. Legislators had appropriated nothing for the program until they knew how many school districts would present plans under the law.

"It turns out that just about all schools have said they want to

take advantage of it," Mr. Martin said. "If they all take advantage of it, it'll cost us \$40 million."

That \$40 million, added to the expected \$242 million revenue shortfall for the coming fiscal year, is what Mr. Martin said his budget plan would cover. By giving agency heads the freedom to shift money, raise fees, kill some programs and expand others, he said the cuts could be managed with less pain.

"It will allow us to do it without keeping the legislature tied in here for three months in what is supposed to be a short session," the governor said.

Several of Democratic elected officials at the meeting voiced support for Mr. Martin's plan. But Bobby R. Etheridge, the state superintendent of public instruction, held back, expressing concern that it would cut about \$140

'I don't think you ought to take a tax increase off the table.'

— Bobby R. Etheridge,
state school superintendent

million from the public school budget.

"I don't think you ought to take a tax increase off the table," Mr. Etheridge said.

The Republican governor was openly courting the support of Mr. Etheridge, a former legislator who carries some clout with the legislature. Mr. Martin said, however, that if public schools were excluded from the cuts, other agencies would have to endure 8 percent reductions.

"Without schools, it can't work," the governor said.

Governor eases pinch on schools

Continued from page 1A

It's not yet clear where Mr. Martin will find the extra money to bail out Mr. Etheridge's budget.

The governor, seeking to plug the \$370 million revenue shortfall by June 30, has identified \$327 million in spending cuts and reductions in capital projects. The balance will have to come for a schedule of options that require legislative approval, including killing school construction contracts and taking money from a highway trust fund.

Mr. Etheridge is planning to meet with superintendents from key districts later this week to gather information on how much money will be available from local schools. He likely will find the administrators to be puzzled over the events of this week.

"It would have been nice to have those people meet before they started issuing memos and edicts," Wake Superintendent Robert E. Wentz complained.

Nash County Superintendent Cecil E. Stroud agreed.

"The assurance I would like is to make sure they know their facts before they put out the call," he said.

From Page One

Aftermath of coup echoes in primaries for some House seats

Speaker's allies find their actions an issue

FAYETTEVILLE — It is the war after the revolt.

More than a year ago, 20 House Democrats sided with Republicans to oust longtime Democratic Speaker Liston B. Ramsey and elevate Josephus L. Mavretic to the position. Now, many of the 20 face challenges from fellow Democrats in the May 8 primaries.

In Cumberland County, where one of the most hotly contested races is being waged, Reps. R.D. Beard, John W. "Bill" Hurley, and E. Alexander Warner are campaigning against four Democratic challengers for the three seats in the 18th House District.

And while the candidates have discussed issues ranging from a lottery to the state's budget woes, an overriding question is the legislators' part in the overthrow of Mr. Ramsey.

"I honestly think it's the only issue," Mr. Warner says.

The incumbents say they joined the House revolt to open up the legislative process and wrest control from a few powerful legislators. They argue that their actions helped tilt the balance of House power back to the eastern part of the state.

"Do we want to keep an open style of government?" Mr. Warner asks. "Or do we want to return to the days when only a handful controlled the House?"

The challengers argue that the legislators turned their backs on the Democratic faithful who elected them and, worse, that they gained little for their district in the process. In Cumberland County, the challengers question why none of the legislators involved was named chairman of a powerful committee.

"It's an issue in two ways," says Billy Richardson, a Fayetteville lawyer and one of the challengers. "To those who believe in the Democratic Party, to them it's an issue of loyalty to the party and loyalty to the well-being of the party."

"To the average voter, the decision to make this move was a poor one in that it alienated the three from the rest of the Democratic Party. If you're going to make a power play, get the most

power. We should have gotten more out of it than we did."

Another challenger, Robert C. Lewis Jr., is more blunt. "I feel like they are turncoats to the Democratic Party," the former county commissioner says.

The campaign in Cumberland County is one of the most volatile of those involving the 20 dissident Democrats. Mr. Richardson is widely considered to be the strongest challenger and at least two other contenders — former county commissioners Luther Packer and Virginia T. Oliver — also are considered strong challengers.

Rep. R. Samuel Hunt III of Burlington, one of the leaders of the dissident Democrats, says he thinks members of the Mavretic coalition are in good shape to withstand primary challenges.

"We've got a new day, and people out here are expecting people to represent them, not the party," Mr. Hunt says. "Everybody I talk to likes what I've done."

But former Rep. Foyle R. Hightower Jr. of Wadesboro, who is trying to win back the seat he lost in 1988 to Rep. Pryor A. Gibson, one of the dissidents, says Democrats are upset about the group's actions.

"They're saying it's helped the Republicans to take more of an influential role in the workings of the House," Mr. Hightower says. "It's quite an issue."

Some of the most hotly contested primary races involving the dissident Democrats are:

■ **16th District** (Hoke, Robeson and part of Scotland county) — Two members of the Mavretic coalition — Reps. Daniel H. DeVane of Hoke County and John C. "Pete" Hasty of Robeson County — are being challenged by six Democrats. Among the challeng-



DeVane



Beard



Hurley



Hunt

ers are E.B. Turner, a former chairman of the Robeson County Democratic Party and former first vice chairman of the state party; Mary Horne Odom, a former legislator; Frances Cummings, a former president of the N.C. Association of Educators; and Adolph L. Dial, a retired Pembroke State University professor.

■ **33rd District** (Anson and Montgomery counties) — Mr. Gibson is being challenged by Mr. Hightower and Almetta Armstrong, a Montgomery County teacher whom many consider the front-runner.

■ **64th District** (part of Wake County) — Rep. Betty H. Wiser is facing a strong challenge from Robert J. Hensley Jr., a Raleigh lawyer.

■ **11th District** (Wayne County) — In a race for two House seats, Rep. John L. Tart of Goldsboro is being targeted by former Rep. Charles D. Woodward. Rep. John H. Kerr III, who was not one of the dissident Democrats, is the other candidate in the primary.

■ **9th District** (Greene and part of Pitt County) — Rep. Walter B. Jones Jr. is being challenged by Charles McLawhorn, a member of the Pitt Board of Commissioners.

— BILL KRUEGER

Mavretic faces fight in primary

Continued from page 1A

stituents are not concerned about how he came to be speaker. Instead, he says, it is a point of pride that their representative is the speaker, the first from Edgecombe County since 1928. Voters are more concerned, he said, about improvements to U.S. 64 and cleaning up the Tar River.

As for Mr. Matthewson's prediction that Mr. Mavretic is unlikely to be re-elected speaker, Mr. Mavretic says that is evidence that his challenger "doesn't know diddly about politics at the state level." And he says that he would be more effective than Mr. Matthewson, even if he is not re-elected speaker.

For all the fury that his tenure as speaker has generated within Democratic circles, it is a strong selling point in a district that has historically lacked political punch in Raleigh.

"I don't know why you would want to replace your representative when he becomes speaker of the House," says Tom Bardin Jr., chairman of the Edgecombe County Board of Commissioners. "It doesn't make any sense."

Mr. Matthewson likens his chances of defeating Mr. Mavretic to those that David faced against Goliath.

As an incumbent legislator who holds the top spot in the House, Mr. Mavretic enjoys the advantages of name recognition and contacts throughout the district.

Moreover, he also has amassed a huge political war chest, raising almost \$100,000 since he became speaker. Mr. Matthewson, by comparison, has raised just over \$8,000.

Among Mr. Mavretic's contributors are several leading Republicans, including members of the powerful state Board of Transportation. He has received more than \$16,000 from people who also contributed to Republican Gov. James G. Martin's re-election campaign.

State Transportation Secretary Thomas J. Harrelson has given \$100, Charles M. Shelton, a transportation board member from Winston-Salem, has given \$1,000, and Seddon Goode Jr., a board member from Charlotte, has given \$600.

One of the leading Democratic contributors to Mr. Mavretic is J. Phil Carlton, a former state Supreme Court justice who now practices law in Raleigh and who was a major force behind the corporate-law revision enacted by the 1989 legislature. Mr. Carlton, who lives in Mr. Mavretic's district, donated \$1,750.

The largest contributor to Mr. Matthewson's campaign is the N.C. Academy of Trial Lawyers, which gave \$4,000.

Until now, his political career has largely been confined to Princeville, where he knows virtually all of the 2,000 residents of the oldest black town in the country. Before becoming mayor in December, he was the mayor pro tempore. He made an unsuccessful run for district court judge. During that campaign, it became known that he did not pass the N.C. Bar examination. He is able to practice law in the state because he passed the Pennsylvania exam and had practiced law in that state.

Mr. Matthewson has to deal with the perception that he is a political pawn of seasoned Raleigh political hands more interested in defeating Mr. Mavretic than in electing the challenger.

"I'm not going to be anybody's pawn," Mr. Matthewson says.

But also like David facing Goliath, Mr. Matthewson has some reason for optimism. Blacks make up more than 40 percent of the registered voters in the district. As a candidate, Mr. Matthewson appears at ease taking campaign jabs at Mr. Mavretic. He has sought to make the case that Mr. Mavretic has lost touch with his constituents.

"My opponent has been disrespectful of his constituents," Mr. Matthewson says. "He has spent more time outside the district running for speaker than he has in the district addressing the issues of concern to the constituents."

Mr. Mavretic declares himself prepared to do whatever it takes to return to Raleigh and seek re-election as speaker.

"We're leaving no stone unturned," he says.

Some Lawmakers Have Eyes On '92 As Short Session Starts

Continued From Page 1A

more than \$800 million in budget shortfalls over two years — should increase the chances for political fallout, particularly for ambitious legislators.

"Probably the worst thing you'll see is people trying to avoid making a decision," said Rep. Robert Grady, R-Onslow. "They'll try to avoid cutting people's budgets."

Several legislators with higher aspirations say they're focusing on the budget crunch, not their future plans.

Sen. Marshall Rauch, D-Gaston, who's been talking openly for nearly a year about running for governor in 1992, said: "The fiscal situation of the state of North Carolina is extremely serious. . . . My personal political career and the personal political careers of everybody in the General Assembly are not important when considering this fact.

"I will do what is fiscally responsible. The first time I deviate from that, you call me a liar."

Some legislators say Rauch's effectiveness could be damaged by recent revelations that his Gaston company was cited for 91 environmental violations in 12 years without being fined.

"That will hurt Marshall. It will be used. Everything will be used," said one Senate Democrat.

Another likely candidate for governor, Republican Lt. Gov. Jim Gardner, said he'd push for greater fiscal responsibility during the session. Although Gardner isn't a legislator, as lieutenant governor he presides over the Senate.

"There's a lot of fat in state government that's going to have to be trimmed," he said.

Republican legislators say Gardner is the undisputed front-runner in the GOP race for governor in 1992.

"Jim Gardner's about as certain as anything gets," Grady said. "If he doesn't run, there's going to be a lot of heart attacks around North Carolina."

Democrats predict Gardner will use the session to promote his future campaign. Gardner said it

Who To Watch

Key people to watch in the 1990 General Assembly session.

Senate

Jim Gardner

Lieutenant governor. Republican from Rocky Mount presides over Senate.

What to watch: Undisputed GOP front-runner for governor.



Henson Barnes

President pro tem, ranking Senate Democrat. From Goldsboro.

What to watch: Colleagues predict he will run for lieutenant governor or attorney general.



Marshall Rauch

Senate Finance Committee chairman. Democrat from Gastonia.

What to watch: Talks frankly about bid for governor.



Betsy Cochrane

Ranking minority member of two Senate committees. Republican from Davie County.

What to watch: Has been approached about bid for lieutenant governor.



House

Joe Mavretic

House speaker. Democrat from Tarboro.

What to watch: Colleagues predict he will run for governor or lieutenant governor.



Johnathan Rhyne

House minority leader. Republican from Lenoir.

What to watch: Has been approached about bid for lieutenant governor.



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"Jim Gardner's about as certain as anything gets," Grady said. "If he doesn't run, there's going to be a lot of heart attacks around North Carolina."

Democrats predict Gardner will use the session to promote his future campaign. Gardner said it was "far too early to tell" what would happen in 1992, but added that he planned to "be much more vocal" during this year's session.

Others mentioned as possible candidates for higher office include:

- Senate President Pro Tem Henson Barnes, a Goldsboro Democrat linked to possible bids for lieutenant governor or attorney general.

Barnes said he's talked to friends about running for statewide office. But he added: "I'll deal with the future when the time to make a decision comes."

- Sen. Betsy Cochrane, a Davie County Republican who said she'd been approached about running for lieutenant governor. She said the speculation could affect the way a legislator's actions are interpreted.

"If you say something or do something, your fellow legislators might tease you: 'Are you doing that to get attention?'" Cochrane said.

- House Majority Leader Dennis Wicker, a Sanford Democrat who said he'd "be taking a serious look" at bids for lieutenant governor and attorney general.

- Rep. David Diamont, D-Surry and chairman of the House Appropriations Committee. Diamont said a statewide campaign "has crossed my mind." Colleagues predict Diamont, a high school history teacher and former head football coach, will run for superintendent of public instruction.

- House Minority Leader Johnathan Rhyne, R-Lincoln. Rhyne said he'd had "discussions with numerous people around the state" about running for lieutenant governor.

- House Speaker Joe Mavretic, a Tarboro Democrat who ousted Liston Ramsey as speaker last year with a coalition of Republicans and dissident Democrats. Many legislators predict Mavretic will run for governor or lieutenant governor someday.

But Mavretic faces a more immediate challenge. At least four House Democrats plan to oppose him for speaker in 1991.

Mavretic "is focusing a good share of his attention on trying to marshal the necessary support to be speaker again in 1991," said Tim Kent, Mavretic's executive assistant. "That will dictate a lot of what happens after that."

Committee chairman. Democrat from Gastonia.

What to watch: Talks frankly about bid for governor.



member of two Senate committees. Republican from Davie County.

What to watch: Has been approached about bid for lieutenant governor.



House

Joe Mavretic

House speaker. Democrat from Tarboro.

What to watch: Colleagues predict he will run for governor or lieutenant governor.



Johnathan Rhyne

House minority leader. Republican from Lincoln.

What to watch: Has been approached about bid for lieutenant governor.



Dennis Wicker

House majority leader. Democrat from Sanford.

What to watch: Says he'll "be taking a serious look" at lieutenant governor or attorney general.



David Diamont

House Appropriations Committee chairman. Democrat from Pilot Mountain.

What to watch: Says he's thought about statewide office. Colleagues predict Diamont will run for N.C. superintendent of public instruction.



Compiled By Greg Trevor

'92 Vote On Some Lawmakers' Minds As Short-Session Jockeying Begins

By **GREG TREVOR**
Raleigh Bureau

RALEIGH — Do not adjust your calendar.

It's only May 21, 1990. Elections for governor, lieutenant governor and other statewide offices are more than two years away.

But political junkies in Raleigh are already speculating about which lawmakers will run in 1992 — and how that could affect their actions during this year's legislative session.

When legislators return to Raleigh tonight for the opening of the General Assembly's 1990 short session, that speculation will



intensify. And some legislators will begin jockeying for position.

"This will be the posturing session," said Sen. Jim Johnson, D-Cabarrus. "You'll see guys starting to get in their shots for the campaign two years hence.

"You're going to see a lot of

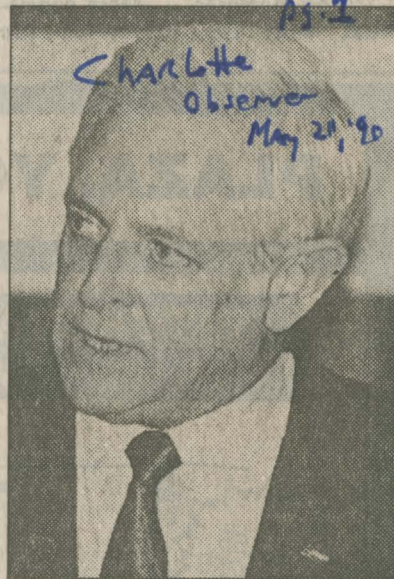
posturing on legislation that doesn't have a snowball's chance of passing but will be good PR," Johnson said. "During a short session, you can say a lot of things, but you really don't have to deliver."

The General Assembly holds the so-called short session, which normally lasts about six weeks, in even-numbered years.

Its main purpose is to fine-tune the budget passed during the previous year's long session. Legislators also consider leftover bills.

The state's fiscal problems —

See **SOME** Page 5A



N.C. Sen. Jim Johnson

Capitol

Businesses help fund legislators' meeting

By VAN DENTON

Staff writer

North Carolina businesses and corporations, many with interests in legislation now pending before the General Assembly, have contributed more than \$200,000 to entertain Southern legislators at a July conference in Asheville.

R.J. Reynolds Tobacco Co., which faces a battle over legislation that would raise the tax on cigarettes, has contributed \$25,000. The Tobacco Institute, the lobbying arm for cigarette manufacturers, has added another \$3,000.

In all, 121 corporations, businesses, associations, and individuals have contributed \$204,350 in tax-deductible contributions to help the state defray the cost of hosting the annual Southern Legislative Conference, according to a list of contributors.

The contributions, ranging from \$50 to \$25,000, were solicited by Virgil L. McBride, who lobbies for R.J. Reynolds Tobacco Co., and F. Bryan Houck, a lobbyist for Southern Bell Telephone Co., on behalf of a special legislative committee overseeing plans for the conference.

The Southern Legislative Conference holds annual meetings involving legislators, lobbyists, and their families from 16 Southern states. This summer, the meeting is expected to draw around 2,000 participants.

"On the one hand, it is not as harmful as large campaign contributions because a lot of what is going on here is pride in North Carolina and wanting to show it off to other states," said Ran Coble, executive director of the N.C. Center for Public Policy Research. "On the other hand, the public has to closely watch who gave large contributions to this conference and any legislation pending in the annual General Assembly session so that someone is not able to bring undue influence."

The R.J. Reynolds contribution of \$25,000 is the largest so far, but other groups also have weighed in.

Banks, savings and loan associations and investment firms have contributed \$24,600; telephone companies, \$22,250; power companies, \$16,000; textile interests, \$10,250; insurance companies, \$9,000; and timber companies, \$7,500.

The contributions will be used

'It is no different from a small local bank helping a small local baseball team. The principle is one and the same.'

— Virgil L. McBride,
lobbyist and fund-raiser

for entertainment, including a dinner and dance at the Grove Park Inn, a candlelight tour of the Biltmore House, and a rodeo at a mountain ranch.

Sen. Henson P. Barnes, D-Wayne, the state Senate's top-ranking Democrat, said the use of private contributions to help pay the conference costs was a common practice in other states that have hosted the conference. He said the donations would help reduce the amount of tax dollars needed to pay for the event.

"Not one penny goes to help any individual legislator or to help any legislator's district," Mr. Barnes said in an interview. "... I'm sure that they [the contributors] want it known to the legislature and the state that they are doing this to be good corporate citizens and they feel like being good corporate citizens will generate goodwill from both the state and

the legislature."

Lt. Gov. James C. Gardner, a Republican, also said that he saw nothing wrong with the legislature seeking private contributions to subsidize the conference.

"I don't think that it is bad as long as there are no strings attached," Mr. Gardner said. "And I don't think that there are."

George S. Hall, the legislature's services officer, said the cost of hosting the event have been estimated at about \$250,000.

So far the General Assembly has appropriated \$150,000 for the conference. It also spent \$50,000 on a party at last year's conference in Baltimore.

Mr. McBride said that he expected to receive another \$50,000 in donations before fund raising ends June 10. The effort began last year and the first contribution was made in November by R.J. Reynolds Tobacco Co.

'For a donation of \$1,000, a corporation is listed in the conference program and receives one complimentary registration. A \$2,500 contributor receives a listing in the program, two complimentary registrations, and an invitation to a dinner with legislators at Deerpark Restaurant on the Biltmore Estate.

Mr. McBride said that the contributions stemmed from a desire by corporations to be good corporate citizens.

"It is no different from a small local bank helping a small local baseball team," he said. "The principle is one and the same."

In addition to R.J. Reynolds, other major contributors include N.C. Power Co.; Southern Bell Telephone Co.; Carolina Power & Light Co.; Flynt Fabrics & Finishing Inc.; Healthtrust Inc.; the Duke Power Co. Foundation; Carolina Telephone & Telegraph Co.; the N.C. Financial Services Association; the N.C. Motor Carriers Group; Weyerhaeuser Co.; Thomasville Furniture Industries; Wachovia Bank and Trust Co.; the Carolina Asphalt Pavement Association; the N.C. Vending Association Inc.; and Texas-gulf Inc.

House panel votes, 37-28, to cut state abortion funds

By STEVE RILEY

Staff writer

A major House committee voted Wednesday to cut the state abortion fund to \$100,000, handing a victory to Gov. James G. Martin and setting up a potential confrontation with the Senate.

After 45 minutes of emotional debate, the House Appropriations Committee voted 37-28 to reduce the \$424,000 fund, which finances abortions for poor women.

In a budgetary maneuver, Mr. Martin, a Republican, had recommended the cut to limit state-funded abortions to victims of rape or incest, or to women whose physical health would be "gravely impaired" by pregnancy.

Rep. Paul B. "Skip" Stam Jr., D-Wake, who shepherded the cut through the committee, said the reduction would eliminate elective abortions funded by the state.

"The current formula essentially funds birth-control abortions," Mr. Stam argued. "The hard cases of abortions will be funded all year long."

But opponents of cutting the funds said that Appropriations Committee members were making decisions on an issue that few — if any — of them would ever have to face. They said poor women would be deprived of the

right to a safe abortion because of a lack of money.

"How many of you have ever attended the funeral of a girl who tried to abort with a coat hanger?" asked Rep. Annie B. Kennedy, D-Forsyth. "I have."

If upheld by the full House and Senate, the cut would continue a trend toward reducing state-financed abortions in North Carolina, the only Southeastern state that provides tax money for them.

Last year, the General Assembly cut the fund from \$924,500 a year to \$424,000, and the money ran out in less than six months.

A leading senator has signaled that last year's cut was enough.

Senate Appropriations Chairman Kenneth C. Royall Jr., D-Durham, said last week that his committee would not consider a reduction of the abortion fund.

But the issue is expected to arise on the Senate floor when the full budget is debated, or — if the full House agrees with the committee action — it will come up in a joint House-Senate committee to resolve differences in the budgets passed by each house.

The abortion debate highlighted a day during which the House and Senate continued to pore over potential budget cuts to balance the state budget for the fiscal year that starts July 1.

Latest estimates indicate that

state revenues will fall \$336 million below earlier projections, and that money must be made up either through spending cuts or tax increases.

The House Appropriations Committee, for example, this week has approved reductions that include \$6 million from the state prison system, \$6 million from the court system and \$2.6 million from the Highway Patrol.

For most of its own part of a general 3 percent cut, the General Assembly has chosen a reduction that's unlikely to stand: \$500,000 to be gathered by trimming next year's session by four weeks.

The abortion-fund cut is small, but it raises passions.

"I want you to put yourself in the position of a poor woman who can't make this decision because she can't pay for it," said Rep. Ruth M. Easterling, D-Mecklenburg. "Who should make this decision: a woman in consultation with her doctor, or legislators who will never have to face such a decision?"

Rep. Daniel T. Blue Jr., D-Wake, said the cut was proposed only for political gain.

"This is a run-on [election campaign] motion," he said. "It's made solely for political expediency."

Rep. Michael P. Decker, D-Forsyth, disagreed. "I vote my con-

'How many of you have ever attended the funeral of a girl who tried to abort with a coat hanger? I have.'

— Rep. Annie B. Kennedy, D-Forsyth

science," he said. "We should have a vote for human life."

Mr. Stam, a first-term member, noted that the margin in this year's committee vote was by a wider margin than last year. He said a few members were being influenced by recent public opinion polls, which show a majority of those surveyed oppose using tax money to finance abortions.

"Those have just come out, and it's swaying a few people," he said.

Here is how members of the House panel voted on the effort to defeat a proposed cut in the state's abortion fund. A "yes" is a vote not to cut the fund. A "no" is a vote to reduce the fund from \$424,000 to \$100,000.

Voting "no" were: Gerald L. Anderson, D-Craven; David G. Balmer, R-Mecklenburg; Bobby H. Barbee, R-Stanley; R.D. Beard, D-Cumberland; J. Fred Bowman, D-Alamance; Harold J. Brubaker, R-Randolph; Billy J. Creech, R-Johnston; Arlie F. Culp, R-Randolph; Michael P. Decker, R-Forsyth; W.W. Dickson, R-Gaston; Jerry C. Dockham, R-Davidson; Theresa H. Esposito, R-Forsyth; David T. Flaherty Jr., R-Caldwell; Jo Graham Foster, D-Mecklenburg; Charlotte A. Gardner, R-Rowan; Lyons Gray, R-Forsyth; Robert Grady, R-Onslow; Joe H.

Hege Jr., R-Davidson; George M. Holmes, R-Yadkin; John J. Hunt, D-Cleveland; John W. Hurley, D-Cumberland; W. Stine Isenhower, R-Catawba; Larry T. Justus, R-Henderson; Doris L. Lail, R-Lincoln; Edith L. Lutz, D-Cleveland; Leo Mercer, D-Columbus; Edd Nye, D-Bladen; Johnathan L. Rhyne Jr., R-Lincoln; Frank J. Sizemore III, R-Guilford; Paul B. Stam Jr., R-Wake; John L. Tart, D-Wayne; Lois S. Walker, R-Iredell; E. Alexander Warner Jr., D-Cumberland; John H. Weatherly, R-Cleveland; W. Eugene Wilson, R-Watauga; Peggy Wilson, R-Rockingham; Barney P. Woodard, D-Johnston.

Voting "yes" were: Anne C. Barnes, D-Orange; Howard C. Barnhill, D-Mecklenburg; Charles M. Beall, D-Haywood; Daniel T. Blue Jr., D-Wake; Joanne W. Bowie, R-Guilford; Howard B. Chapin, D-Beaufort; John T. Church, D-Vance; Marie W. Colton, D-Buncombe; Narvel J. Crawford, D-Buncombe; Ruth M. Easterling, D-Mecklenburg; W. Bruce Ethridge, D-Carteret; Herman C. Gist, D-Guilford; Gordon H. Greenwood, D-Buncombe; Bertha M. Holt, D-Alamance; Howard J. Hunter Jr., D-Northampton; Vernon G. James, D-Pasquotank; Luther R. Jerald, D-Cumberland; Walter B. Jones Jr., D-Pitt; Annie B. Kennedy, D-Forsyth; Sidney A. Locks, D-Robeson; John B. McLaughlin, D-Mecklenburg; H.M. "Mickey" Michaux Jr., D-Durham; Martin L. Nesbitt Jr., D-Buncombe; Harry E. Payne Jr., D-New Hanover; Beverly M. Perdue, D-Craven; Liston B. Ramsey, D-Madison; E. David Redwine, D-Brunswick; Betty H. Wiser, D-Wake.

State Has No Budget Shortfall, Gardner Says in Commercials

THE ASSOCIATED PRESS

RALEIGH

Republican Lt. Gov. James C. Gardner broadcast his "Report to the People" on television stations across the state yesterday in a move that Senate Democrats called "a \$250,000 campaign of lies and innuendo."

Gardner's commercials, in 90-second and 5-minute versions, were broadcast in prime time on several television stations and were carried on 32 cable systems.

"Much has been written and said about a shortfall in our state budget," Gardner says in the 90-second version. "Some politicians talk about cutting state services — they even threaten to close schools and fire teachers.

"Don't you believe it," Gardner says in the ad, filmed in his office in the Capitol. "There is no shortfall."

Gardner says that the problem is overspending by the legislature, not a shortage of revenues. And he asks viewers to compare state spending with their spending at home.

"Our budget has grown much faster than your family's income over the last 10 years," he says in the ads, which were financed by his political campaign committee.

"If your income doubled in seven years and tripled in 12, could you pay your bills? Yes, and I think the state should, too."



JAMES C. GARDNER

In the 5-minute version, Gardner talks about setting priorities for state spending.

"However, doesn't it make more sense to fund new and safe school buses instead of throwing \$33 million into another education office building?" he says. "Establishing priorities would assure that funding for the war on drugs comes before money for a secretive Microelectronics Center that has a \$13 million slush fund. And listen to this, it pays over \$600,000 of our state's money to four employees."

In the 5-minute version, Gardner also plugs veto power for the governor.

And he said that he still believes the budget could be cut by 6 percent, not the 3 percent approved by the Senate in its budget plan. That plan, which had the support of 11 of the 12 Republicans in the Senate and Gov. James G. Martin, calls for no new taxes.

Gardner denied that he was breaking with Martin over the budget.

Senate Democrats said that Gardner's ads were "obviously a political effort to promote his campaign for governor in 1992."

Ted Kaplan, D-Forsyth, the Senate majority leader, said, "Jim Gardner is running a television commercial about what he says is 'a serious problem.' Well, Jim Gardner isn't the solution. He is the problem."

Kaplan said that Gardner opposes tax increases now but supported a 1-cent sales tax increase recommended by Martin last year. The Senate rejected that increase.

Kaplan said that Gardner's proposal for 6 percent reduction would "devastate education and lay off up to 2,500 teachers," as well as force the closing of prisons, hurt environmental enforcement and wipe out efforts to prevent infant mortality.



KAREN TAM

Jay Robinson, vice president and lobbyist for the University of North Carolina system, talks with other lobbyists at a recent House subcommittee meeting in Raleigh.

May 28, '90

Lobbyist Is Colleges' Lifeline

His Wit, Wisdom Keep UNC In The Money

By ELIZABETH LELAND
Staff Writer

RALEIGH — Lawmakers force Jay Robinson into a corner.

You tell us which building projects are most important to the University of North Carolina system, they say, and we'll cut the others.

Robinson rubs a hand through his thick gray hair. He glances down at the list in his hand, then up at the lawmakers.

"Those are the ones that I deem to be most critical," he says of 31 projects delayed from previous years and a new one. "Plus everything else you can give us."

The House members laugh. Robinson's blue eyes glint. He flashes a disarming grin.

Robinson, 62, vice president and lobbyist for the 16-campus university system, won't get all \$271 million he wants in this tight budget year.

But he'll get a lot.

And that says as much about legislators' fondness for Robinson as it does about their fondness for the university system.

When Robinson resigned in April 1986 as Charlotte-

See OLD Page 3B

Dr. Jay's Wit And Wisdom

"The best way to describe this budget-cutting business is everybody wants to go to heaven, but nobody wants to die."

"We've been asked by both the House and Senate leadership to bring a list of what we'd do if we had to cut 3% out of our budgets. It's sort of like your federal income tax. You're not necessarily happy to do it, but you're well-advised to go ahead and pay it."

"Tell the people of Charlotte I'm down here goofing off, not accomplishing much, giving away the university's money."

"I never left a place I didn't miss. I never left a place I wasn't treated extremely well. And I never understood that. . . . A lot of it has to do with luck."

"Sure we make mistakes. Most of the time we don't know what they are."

'Old Cow-Chain' Pulls Universities Through N.C. Budget Wars

Continued From Page 1B

Mecklenburg Schools superintendent to take the lobbying job, skeptics questioned whether he'd measure up in the General Assembly to his popular predecessors, former university system President William Friday and his assistant, R.D. McMillan.

After four years, Robinson has done just as well — even better, according to surveys by the N.C. Center for Public Policy Research. The center rated Robinson 10th most effective of 670 lobbyists and legislators in the 1987 General Assembly. The center ranked McMillan 7th and Friday 13th in 1985.

"When R.D. retired and Jay took over, you didn't think R.D. could be replaced," said Sen. Kenneth Royall, D-Durham, the powerful chairman of the Senate Appropriations Committee. "But Jay has done the job. He stays on top of everything

every day."

At 6 feet 2, Robinson walks so quickly down the halls of the legislature that sometimes he leaves behind McMillan, 76, who was supposed to retire, but didn't. Robinson defers to legislators with a self-consciousness that belies his political skill. He pleads his case with a thick mountain twang, mixing down-home humor and dull financial statistics.

"I've been in school work long enough to know a lot of sins are committed in the name of accreditation," Robinson tells the House subcommittee on capital improvements. "I'm not going to stand up here and say we'd have to close schools, or we'd lose our accreditation, if we don't get this."

Just the same, he presses for the money. "If R.D. and I have a basic strategy that we try to live by religiously, it's that we neither are going to be caught misrepresenting something or even be perceived as

misrepresenting something," Robinson says. "Because in our business, your credibility is about all you have."

He says he's been accused of using his accent for advantage. "That's not true. I wish I didn't sound so corny."

The accent comes from rural Mitchell County, near the Tennessee line, where he was born. He's still best known as "Jay," but he answers to "Dr. Robinson," a title that refers to his doctorate in education from Duke University.

Of 3,000 bills filed each session, Robinson figures that 300 directly affect the university system. He must be prepared to answer questions about issues as dissimilar as a library building at East Carolina University to abortions at N.C. Memorial Hospital on the UNC-Chapel Hill campus.

"We're living in a time when there's a real danger that the university could slip backward because of inadequate

resources," Robinson continues. "And R.D. and I don't want to be a part of seeing that happen. . . . You feel like you have to do everything in your power to get people to understand the importance of protecting that and seeing that prosper. At the same time, we're vitally interested in the health and welfare of community colleges and the public school system."

Weekdays find Robinson at the General Assembly building in downtown Raleigh from before 8 in the morning until well after 6 in the evening. Weekends, he relaxes at his Wrightsville Beach condo.

Robinson doesn't look back much, but when he does it's with fondness for his nine years in Charlotte.

"R.D., should I tell this story? I shouldn't tell this story."

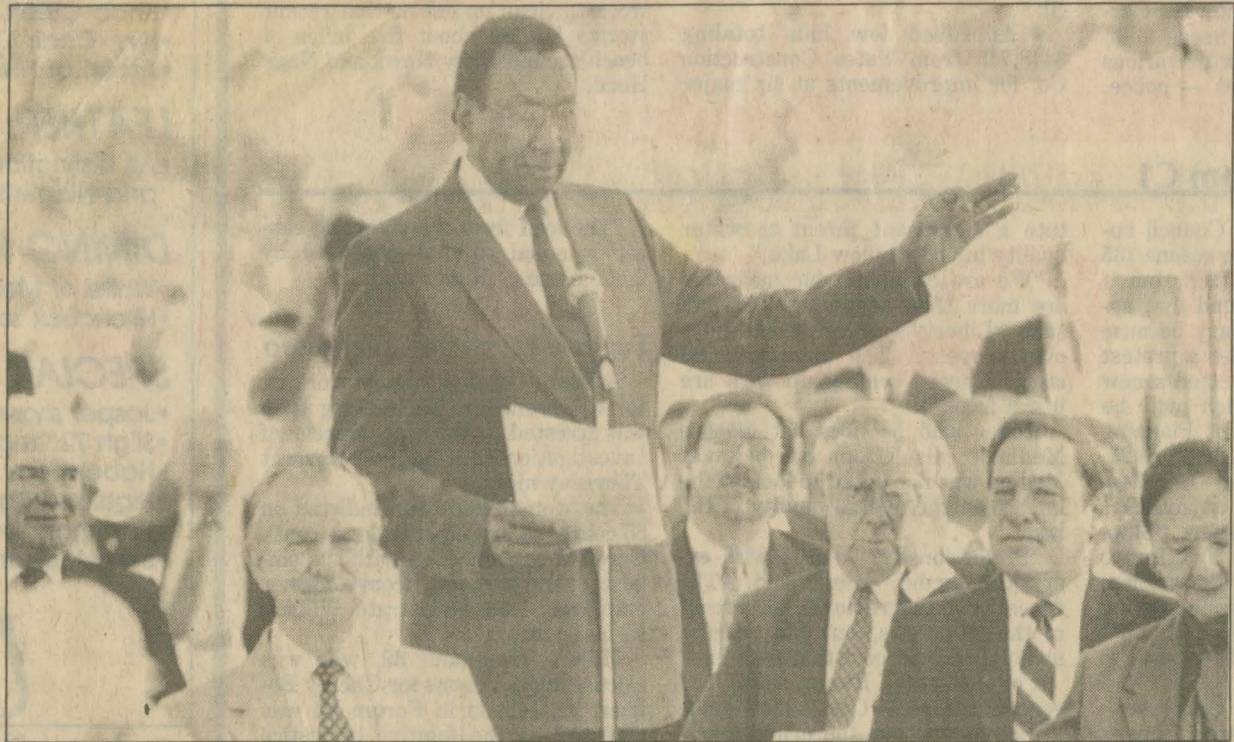
He tells it anyway:

"When Craig Lawing was a senator from Charlotte, he was in a legislative

committee hearing, arguing about a community college president named Blake from Canada. Craig was upset about the man.

"He said, 'Well, the community colleges went off up yonder and hired this man. Back home in Charlotte-Mecklenburg, we had to have a superintendent and we put on a worldwide search and we went to Vancouver, Canada, and we hired Roland Jones. It was a disaster. We had to pay him off after two years. So, we put on another worldwide search and instead of a foreign country we went over the fence into Concord and hired an old cow-chain, and he's the best damn superintendent we ever had.'"

That old cow-chain is now making about \$118,000-a-year lobbying the General Assembly on the university system's behalf. As Robinson puts it, "I wouldn't want to do anything else."



The Associated Press

Alone in the crowd

Rep. C.R. Edwards, D-Cumberland, reads a resolution condemning slavery at a spe-

cial legislative session in Fayetteville Thursday; he was the only black legislator to attend.

The session was at a site where slave auctions once were held. Story on C3.

Carolinas

Section B

Mavretic: Find Cuts And New Revenues

By GREG TREVOR
Raleigh Bureau

RALEIGH — As the legislature returned to Raleigh on Monday facing a projected 1990-91 budget shortfall of more than \$300 million, House Speaker Joe Mavretic has asked key members to find ways to increase revenues and cut spending.

Mavretic asked House Appropriations Committee Chairman David Diamont, D-Surry, to find \$150 million in budget cuts. Mavretic also asked House Finance Committee Chairman Alex Hall,

D-New Hanover, to recommend \$150 million in new revenues — meaning higher existing taxes or new revenue sources.

"This is one in a list of various options to try to put before the legislature. This is certainly not the only option," said Tim Kent, Mavretic's executive assistant.

The goal is to meet the shortfall through equal amounts of budget cuts and new revenues, Diamont said Monday.

But Diamont said it will be tough to cut the 1990-91 budget by \$150 million without hurting state



services and funding for local schools.

"There are a lot of needs, and a lot of things that we need to address," Diamont said. "More and more legislators are realizing the scope of the problem. Once

they realize there are no easy solutions, I think you're going to find them looking at new sources of revenue."

Legislators have suggested several revenue sources, including a new sales tax on commercial services such as auto mechanics and barbers.

The General Assembly opened the 1990 short session Monday night facing more than \$800 million in red ink.

State economists have projected a \$506 million shortfall in the current budget, which ends

June 30. They predict a \$336 million shortfall in the 1990-91 budget, which starts July 1.

Gov. Jim Martin this month said the state could cover this fiscal year's \$506 million shortfall by:

- Cutting operating expenses by \$148 million.
- Postponing \$203 million in capital improvement projects.
- Rescheduling a state employee payday from June 29 to July 2, pushing \$201 million in salaries into the next budget year.

Legislators and Martin adminis-

tration officials agree those solutions put more pressure on the 1990-91 budget.

On May 10, Martin proposed a 5.2% cut in most state spending to balance the 1990-91 budget. Martin also proposed a 7.9% cut in transportation spending, to help offset a projected \$72 million shortfall in the Highway Trust Fund.

Those cuts could delay Charlotte-area highway projects and force teacher layoffs, state officials say.

See MAVRETIC Next Page

Mavretic: Find Cuts, Revenue

Continued From Preceding Page

Martin didn't propose a tax increase, saying he didn't think it would pass in an election year. But several key legislators have said they're willing to consider raising taxes to prevent massive cuts for high-priority programs such as education.

Today, the House Appropriations Committee will begin looking for 2%

in spending cuts, or roughly \$150 million, in the state's \$7 billion general fund budget.

The Senate Appropriations Committee has decided to look for 3% in spending cuts, or more than \$200 million.



Marvin

At a N.C. Association of Educators rally in Raleigh on Monday, Diamont and other legislators pledged to preserve funding for teacher raises, the Basic Education Program and other school programs.

"I feel confident that your legislature is not going to let you down," said Sen. Helen Rhyne Marvin, D-Gaston.

Editorial



The News and Oserver

I advise and enjoin those who direct the paper in the toms never to advocate any cause for personal profit or preferment. I would wish it always "the tocsin" and to devote itself to the policies of equality and justice to the underpred. If the paper should at any time be the voice of self-interest or become the spokesmarivilege or selfishness it would be untrue to its history. — JOSEPHUS DANIELS, Editor abliisher 1894-1948.

IT'S BA-A-A-CK!



NORTH CAROLINIANS,
DO YOU KNOW
WHERE YOUR
POOP SCOOPS
ARE?

POWELL 90

GENERAL ASSEMBLY '90

House Panel Gives Martin His Wish, Cuts Money in State Abortion Fund

THE ASSOCIATED PRESS

RALEIGH — A \$324,000 reduction in the state abortion fund recommended by Gov. James G. Martin as part of a package of budget cutbacks was approved by the House Appropriations Committee yesterday.

On a 37-28 vote, the committee agreed to keep \$100,000 in the fund next year to pay for abortions for poor women who are the victims of rape or incest or whose physical health is threatened by the pregnancy.

Rep. Paul Stam, R-Wake, said that allowing abortions when a pregnant woman's emotional or mental health is threatened "essentially funds birth-control abortions. He (Martin) is just cutting out the birth-control abortions."

But supporters of the fund, which was cut in half last year, said that the state does not allow tax money to be used for abortions on demand.

Rep. Dan Blue, D-Wake, said, "You can use all the buzzwords you want to, North Carolina does not have abortion on demand paid for by the state." He said that the reduction was proposed solely for political purposes.

The vote to approve the cutback did not follow party lines, as more conservative Democrats joined Republicans in agreeing to reduce the fund.

Rep. Sidney Locks, D-Robeson, said, "I implore you to vote your conscience and not just what's politically expedient."



DAVID REDWINE

"Every single case (of abortion) is a person's life. Every single case is a major decision in someone's life."

Rep. David Redwine, D-Brunswick, said that he voted last year to cut the fund in half. Legislators were told then, he said, that the cut would take care of the so-called birth-control abortions. "If we cut it to \$100,000, then next year they'll be back saying we only need to cut it to \$40,000," Redwine said. "I voted to cut the fund last year, but I can't vote for it this time."

Rep. Martin Nesbitt, D-Buncombe, questioned the wording in the cutback, which requires a woman to get an agreement from two doctors that her physical health is in jeopardy before she can get an abortion.

"You're already talking about people so poor and destitute they don't have a family doctor," he said. "They don't have two doctors. They don't even have one."

Rep. Frank Sizemore, R-Guilford, said that the abortion fund differed from other state-paid health programs because abortions "pit one life against another."

The cutback will go into the House panel's version of next year's budget bill, which must then be approved by the full House. Supporters of the fund say that they expect the cutback will be debated again on the House floor.

The House panel will then go into negotiations with the Senate Appropriations Committee, which did not approve the abortion-fund cutback.

Sen. Kenneth Royall, D-Durham, the chairman of the Senate panel, blocked his committee from even discussing the abortion-fund cutback and previously has said that he will not support making deeper cuts in the fund.

From Forsyth County, Democratic Rep. Annie Brown Kennedy voted to keep the funding; Republican Reps. Theresa H. Esposito, Lyons Gray and Michael P. Decker voted against it.

LEGISLATIVE BRIEFS

Legislators Urged to Increase Spending For AIDS Victims to Avoid Costs Later

JOURNAL WIRE REPORT

RALEIGH — North Carolina must increase money for AIDS victims and maintain support for adolescent-pregnancy prevention to avoid heavier costs later, legislators were told yesterday.

Roslyn Savitt of the N.C. AIDS Service Coalition said that the budget crisis should not keep the General Assembly from using state money to draw down federal block grants to help victims of acquired immune deficiency syndrome. She said that even the proposed allotment of \$294,374 isn't enough.

"Other than the federal block grant money, we spend about \$400,000," in state money, she said during a hearing on block grants by the Joint Appropriations Committee on Natural and Economic Resources. "The Centers for Disease Control recommends that states spend \$1 per capita for AIDS. We spend about 7 cents per capita. We rank 40th in allocations of state funds for AIDS."

Already, North Carolina's lack of commitment is showing, Ms. Savitt said. "AIDS cases are growing faster in the Southeast than in any other region in the country," she said. "Why? We are just catching up with every place else. In 1989 nationwide the new-case increase was 9 percent. In 1989 in North Carolina the new-case increase was 28 percent."

Ms. Savitt said that now is the best time to increase spending, while the number of cases is relatively low.

"Five years down the road we will be looking back at the good years of 1987-90 and wishing we had done more then," she said.

Barbara Huberman of the N.C. Coalition on Adolescent Pregnancy had a similar message and more grim statistics. She said that about 28,000 young women become pregnant each year, 92 percent of them unintentionally.

Ms. Huberman estimated the cost of teen-age pregnancy at \$270 million a year, with \$232 million coming in tax-supported payments for Aid to Families with Dependent Children, Welfare and Food Stamps.

"There certainly are no short-term fixes to the tragedy of teen-age pregnancy," she said. However, every dollar spent preventing unwanted

teen-age pregnancies will save not only money but child abuse and neglect by girls not yet ready to be mothers, Ms. Huberman said.

She called on legislators to maintain a \$990,000 state fund for adolescent-pregnancy prevention and to draw down \$440,000 in federal block grants as well. Even then, she said, there will be only enough money to pay for 20 to 25 of the 78 requests for funding in that area.

■ Prison Cuts Debated

Cuts in the state prison system could jeopardize medical and mental-health care for inmates, some members of the House Appropriations Committee argued as the panel considered reductions in state agency budgets.

Rep. H.M. "Mickey" Michaux, D-Durham, said that cuts in medical and mental-health programs for prisons meant that inmates who needed treatment, but didn't get it, will be back in prison again after their release.

Rep. Martin Nesbitt, D-Buncombe, said: "We keep coming back to saying that it might do harm to the people of this state, but we've got to cut 3 percent from the budget. That's not one of the 10 commandments. . . . We're not in that kind of crisis."

"Giving them (inmates) mental and medical care is in the interests of all of us who aren't in prison."

Rep. Dave Diamont, D-Surry, the chairman of the panel, disagreed with Nesbitt on the extent of the state's budget problem.

"It may not look like a crisis from where you're sitting, but from here it looks like we're either going to raise taxes or cut this budget," Diamont said. "From here, it looks like a major crisis."

The panel rejected a proposal by Michaux that cuts in the prison health program be refused by the committee.

■ Tax-Cut Bills OK'd

The Senate Finance Committee approved a handful of bills to correct, update and, in some cases, expand tax cuts authorized by the General Assembly last year.

Bills filed by Sen. Dennis J. Winner, D-Buncombe, include provi-

sions that could cost the state \$10 million to \$15 million in lost revenues. Because of the tight budget, legislators agreed to send the bills to the Senate Ways and Means Committee to await action once it is clear that there is enough money to absorb the losses.

The proposals include a \$4 million tax break for people with totally disabled dependents, a one-time tax break of \$5 million to some specialized corporations and a \$60,000-a-year break to small power producers that burn wood chips to create electricity.