



## **PRESS RELEASE**

### **President Pro Tempore**

### **Senator Phil Berger**

**FOR IMMEDIATE RELEASE**

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## **Senate Budget Prioritizes Education, Tax Relief, and Health Care Reform**

**Raleigh, N.C.** – Senate Republicans will their proposed budget for the 2019-21 biennium today. The measure maintains the responsible budget growth that has defined Republican fiscal policies since 2011 as well as the low-tax philosophy that Republicans have embraced since their tax reforms in 2013. Since 2014, when Republican tax policies took full effect:

- North Carolina employment grew faster than the Southeast region by 14.2% and the country by 30.3% (source: U.S. Bureau of Labor Statistics January 2014-January 2019);
- North Carolina income per capita grew faster than the Southeast region by 9.2% and the country by 6.5% (source: U.S. Bureau of Economic Analysis, 2014-2017 [last year available]);
- North Carolina GDP grew faster than the Southeast region by 7.6% and the country by 12.3% (source: U.S. Bureau of Economic Analysis, 2014-2018).

Senate Leader Phil Berger (R-Rockingham) said, "**North Carolina is enjoying a boom decade under Republican budget and tax policies. More people work in this state than ever before, and they get to keep more of the money they earn. This budget continues the policies that brought about our North Carolina success story, and**

**the budget writers deserve a lot of credit for the long hours they've put in to make it happen."**

Senators Harry Brown (R-Onslow), Kathy Harrington (R-Gaston), and Brent Jackson (R-Sampson), who co-chair the Senate Appropriations/Base Budget Committee, said, **"Our proposed budget prioritizes tax relief, state employees who haven't received equitable treatment in previous years, and health care reform. It is a continuation of the policies that have created a booming North Carolina economy."**

Key provisions of the budget include:

*In Salaries and Benefits –*

- Over the last five years, teachers have received a 20-percentage point pay raise while state agency employees have received a 7.6-percentage point pay raise. In that time, North Carolina's teacher pay rankings have increased from 47th in the country to 29th in the country. We are now 2nd in the Southeast.
- The Senate budget provides most state employees with a 5% salary increase by adding \$220 million over the biennium. It is the largest salary increase in more than a decade.
- Every teacher will also receive a pay raise, and the average raise is 3.5% over the biennium.
- Teachers have an annual raise built into their salary schedule for the first 15 years, and that is fully funded in this budget. Because of teacher pay raises this decade, teachers have nearly \$250,000 more lifetime earning potential.
- The 3.5% raise does not include the bonuses described below:
  - Teachers will receive their annual step increase.
  - Teachers with 15-24 years of experience will receive a \$500 bonus each year.
  - Teachers with more than 25 years of experience will receive a \$1,000 bonus each year.
  - Every step after 0 on the teacher salary schedule will be increased by 1% over the biennium.
- The budget increases all levels of the principal salary schedule and increases principal merit-based bonuses.
- Provides salary supplements of at least \$7,500 annually for prison employees in facilities with the highest vacancy rates.
- Creates a new incentive structure to recruit talented principals to low-performing schools. Participating principals will receive a \$30,000 annual salary supplement for three years.
- Provides an additional raise to SBI/ALE agents by tying their salaries to the highway patrol salary schedule.

*In Education –*

- Senate Republicans believe that every child deserves the opportunity to create his or her own success regardless of income, ZIP code, or color.
- Total commitment to K-12 capital funding for new schools and repairs is \$4.8 billion over 10 years: \$1.67 billion from the State Capital and Infrastructure Fund;

- \$1 billion from the Public School Capital Fund; and \$2.1 billion in needs-based capital funding.
- Increases funding for public education by more than \$1.3 billion over two years.
  - Fully funds K-12, community college, and public university enrollment growth.
  - Invests \$85 million in school safety measures to protect children in schools, including \$24 million in new recurring funding for additional mental health professionals and school resource officers.
  - Allocates funding for 100 new school psychologists and requires at least one psychologist in each school district.
  - Invests an additional \$12 million recurring for textbooks and digital resources.
  - Adds \$15 million in new funding for classroom supplies, and provides \$300 per teacher for teachers to purchase classroom supplies.
  - Fully funds the request from community colleges for workforce development training programs.
  - Increases funding for the community colleges career coaches program.
  - Provides more than \$1 million recurring to the North Carolina Center for the Advancement of Teaching to support professional teacher development.
  - Establishes financial literacy courses for students in high school and provides \$1 million for teachers to receive professional development to teach these courses.
  - Provides funding for a summer reading camp pilot program to assist with literary instruction, consistent with the Excellent Public Schools Act of 2019.
  - Provides \$3 million to provide free meals for students currently eligible for only reduced-price lunches.
  - Fully funds N.C. A&T's doctoral program.
  - Commits to \$32 million over four years to Elizabeth City State University for a new library.
  - Continues the commitment to N.C. Promise by providing an additional \$22.5 million over the biennium.
  - Provides nearly \$10 million over the biennium to the Western School of Medicine.
  - Provides nearly \$10 million over the biennium to the Southern Regional Area Health Education Center.

*In Health and Human Services –*

- Appropriates more than \$32 million over two years to fund 1,000 slots on the Intellectual/ Developmental Disability (IDD) Medicaid Program waitlist. This program provides personal care services and other in-home assistance for people with severe intellectual developmental needs.
- Provides \$15 million to increase access to substance abuse treatment and recovery options and to fight the opioid epidemic.
- Expands access to health care by eliminating certain restrictive Certificate of Need laws.
- Spends \$100 million to fill in the budget hole left by the federal government's reduction in funding for N.C. Health Choice.
- Invests \$4 million over the biennium to the Smart Start program to improve early childhood literacy, enhance parenting skills, and increase access to quality child care centers.

- Allocates \$4.5 million over two years for the Rural Health Loan Repayment Program which recruits doctors, dentists, nurse practitioners and certified nurse midwives into rural areas.
- Appropriates nearly \$5 million for staffing and operating costs to open Psychiatric Intensive Care Unit beds in Broughton Hospital.
- Allocates more than \$12 million over the biennium to family services including improving the quality of foster care in North Carolina.
- Provides funding for the NC Med Assist program which provides prescription assistance services for uninsured North Carolinians.
- Establishes a telehealth pilot program in Robeson County to help improve health outcomes. Robeson County currently ranks last in health outcomes.

*In Justice and Public Safety –*

- Implementing criminal justice reforms and eliminating the rape kit backlog are Senate Republican budget priorities.
- Includes \$64 million over the biennium to implement "Raise the Age."
- Allocates \$3 million to test sexual assault evidence collection kits to address the backlog, and commits to providing additional funding in the second year to cover any remaining backlog.
- Implements the Standing Up for Rape Victims Survivor Act of 2019 to ensure there is no backlog in the future.
- Provides \$225,000 to the Human Trafficking Commission and appropriates \$1.4 million over two years to the State Bureau of Investigation for human trafficking investigations.
- Implements the recommendations of the Human Trafficking Commission on various criminal and civil measures regarding human trafficking.
- Increases compensation for private assigned counsel for indigent defendants. An impartial justice system requires competent legal defense, including for those unable to pay for it themselves.
- Provides \$1 million over two years to expand the Criminal Justice Fellows Program to more counties to better train law enforcement across the state.
- Includes \$1.5 million over two years for eight additional SBI Agents assigned to behavioral threat assessment investigations to identify potential threats to schools and houses of worship.
- Funds new prison security measures at more than \$5 million to include stab resistant vests, anti-contraband security measures, and IT upgrades for man-down technology and cameras.
- Provides for the opening of a long-term care facility at Central Prison.
- Appropriates \$600,000 for additional positions within the Division of Emergency Management.
- Allocates \$1 million for reentry programs to help reintegrate non-violent offenders. A goal of the criminal justice system is to reduce recidivism.
- Provides funding for the National Guard Tarheel ChalleNGe Academies. This program provides education and skill-building for at-risk 16-18 year olds who have dropped out of high school.
- Allocates \$47 million for disaster relief, leaving \$66.4 million left in the Florence Recovery Fund for anticipated federal matching requirements.

*In Taxes and Economic Development –*

- Responsible Republican tax and budget policies have created a boom decade in North Carolina, and the tax provisions in this budget continue that trend.
- Increases the standard deduction for those married filing jointly from \$20,000 to \$21,000 starting in 2021. This marks a \$15,000 increase in the standard deduction since Republicans took over the General Assembly.
- Reduces the franchise tax rate from \$1.50 per \$1,000 of net worth to \$0.96 per \$1,000 of net worth over the next two years, eliminates the 55 percent of appraised value base, and introduces a cap of \$150,000 to prevent excessive tax liability.
- Unlike other taxes, the franchise tax is calculated based on a business's capital, not its income. That creates a disincentive for businesses to hire new employees, buy new equipment, and expand their facilities.

*In Agriculture, Natural, and Economic Resources –*

- Clean water and pristine natural resources are important for everybody in our state, regardless of political affiliation. It is state government's responsibility to maintain and improve these resources.
- Provides more than \$46 million over two years for the creation of new State and local parks and for the preservation of North Carolina's natural treasures.
- Allocates more than \$36 million over the biennium to the Clean Water Management Trust Fund for land preservation and for projects that will help North Carolina maintain clean water resources for generations to come.
- Consistent with the Senate Republican pledge to support the Historical Commission recommendations, provides \$2.5 million to fund a monument on the Capitol grounds to highlight the contributions of African Americans to our state.
- Provides a \$1.5 million challenge grant for the North Carolina Freedom Project for the creation of "Freedom Park" in downtown Raleigh.
- Provides funding for the creation of two new State Parks, the Pisgah View Park and the Wilderness Gateway Trail.
- Provides \$17.5 million and establishes a framework for the creation of the viable utility reserve, which will provide grants for distressed water and wastewater systems throughout North Carolina. This will be the first targeted program ever to address failing and distressed systems.
- Extends the highly successful Dry Cleaning Solvent Act cleanup program for another 10 years.
- Provides \$500,000 to the Town of Maysville to replace their drinking water groundwater well, which was recently found to contain PFAS.
- Provides additional funding to the Clean Water and Drinking Water State Revolving Funds, which is a federal-state partnership to help ensure safe drinking water. The state funds will maximize federal dollars for the State's critical water and wastewater infrastructure.
- Provides \$1.5 million to match federal funding for the Jean Preston Oyster Sanctuary.
- Provides \$10.2 million for the operation of a new Ag Sciences Center.
- Provides \$300,000 to continue efforts to restore and protect Hemlock in western North Carolina.

- Provides \$450,000 for cost share assistance to swine farmers to install equipment to produce biogas. Smithfield has proposed this initiative as a mitigation option for hog farm waste.

*In Transportation –*

- People are moving to North Carolina in droves, and state government must make investments to ensure infrastructure keeps up with growth.
- Increases funding for Strategic Transportation Initiatives by \$20.9 million in the first year and \$109.5 million in the second year. This will bring the net appropriation level to almost \$3 billion over the biennium to fund new transportation projects across a growing North Carolina.
- Increases the General Maintenance Reserve within the Highway Fund by more than \$150 million over the biennium to help improve Department of Transportation (DOT) response to storm events and other maintenance needs on roads across the state.
- Invests more than \$21 million over the next two years in railroad infrastructure, including improving commuter rail, train stations, and locomotives.
- Appropriates over \$100 million over the biennium for improvement to airports across North Carolina.
- Invests almost \$550 million over the next two years in the Bridge Program to help maintain, repair, and replace bridges across North Carolina.
- Provides funds for the previously approved move to a new DMV headquarters in Rocky Mount.
- Allocates \$11 million over two years to the North Carolina Ports Authority to raise power lines to allow bigger vessels to come into the port of Wilmington and keep North Carolina competitive in the shipping industry.
- Establishes a rainy day fund within DOT to ensure the Department has reserves in their cash balance when they have to respond to storm-related events and disasters.

*Elsewhere –*

- Expands the type of cancers covered as occupational diseases for firefighters' death benefits to include oral cavity and pharynx cancer.
- Provides \$10,000,000 in both years of the biennium for the Workforce Housing Loan Program to help develop multi-family affordable housing units across the state.
- Provides funding to create a suicide prevention program for active duty military and veterans. These funds will be used to increase awareness about veteran mental health issues and establish or support treatment programs for active duty personnel and veterans.
- Provides \$2 million to sustain and maintain the state's military programs and activities by providing grants for local communities or military installations, updates to strategic planning, federal advocacy, and identification or measures to increase the military value of installations.
- Provides \$1.1 million for the continuing upgrade of statewide cybersecurity capabilities.

- Provides \$15 million recurring each year for the expanded broadband capabilities in rural areas through the GREAT Program established by the General Assembly in 2018.
- Adds \$1.1 billion to the Savings Reserve Fund. State economists estimate the fund requires at least \$2.6 billion before the next recession.

The full budget bill will be posted to the North Carolina General Assembly website at [www.ncleg.net](http://www.ncleg.net) today, May 28, 2019.