

**PRESS RELEASE**  
PRESIDENT PRO TEMPORE  
SENATOR PHIL BERGER

(919) 733-5708  
2007 LEGISLATIVE BUILDING  
RALEIGH, N.C. 27601

FOR IMMEDIATE RELEASE  
May 19, 2013

Contacts: Amy Auth, [amy.auth@ncleg.net](mailto:amy.auth@ncleg.net)  
Shelly Carver, [shelly.carver@ncleg.net](mailto:shelly.carver@ncleg.net)

**Senate Proposes \$20.58 Billion Budget that Protects Priorities,  
Streamlines Government, Reforms Education**

**Raleigh, N.C.** – The North Carolina Senate has followed Gov. Pat McCrory’s lead in crafting a balanced, fiscally responsible state budget that continues to invest in core priorities, streamline state government, reform public education and grow North Carolina’s economy.

Like the governor’s proposal, the Senate budget safeguards North Carolina’s long-term fiscal health by investing in critical infrastructure improvements and shoring up reserve and rainy day funds.

The \$20.58 billion plan – which comes within less than one-tenth of one percent of the governor’s proposal – offers a prudent 2.3 percent increase in overall spending while laying the groundwork for the largest tax cut in state history.

It accomplishes this while including over \$1.2 billion in additional state dollars to fund out-of-control, unexpected costs in Medicaid, a runaway federal entitlement program that is diverting funds away from priorities like education, transportation and our judicial system.

“This budget stands in sharp contrast to the failed attempts of previous leaders to tax, spend and borrow their way to prosperity. Voters clearly demonstrated they expect their leaders to balance the budget without raising taxes – and we did that,” said Senate President Pro Tempore Phil Berger (R-Rockingham). “We’re eager to work with the governor and the House of Representatives to adopt a budget that smartly invests in our key priorities while living within our means.”

The Senate’s budget proposal for fiscal years 2013-2015:

**In Education...**

- Fully funds enrollment growth in K-12, community colleges and the university system.
- Provides \$53.6 million to continue comprehensive education reform to strengthen student literacy, improve graduation rates, increase accountability in the classroom, and give parents tools to make better informed decisions about their children's education.
- Continues the Senate's commitment to implementing a pay for excellence system by including \$10.2 million in the second year to fund annual pay raises for the most effective teachers.
- Eliminates the K-12 flex cut for local school districts to make the education budget process fully transparent. Previous legislatures appropriated inflated amounts to education, but required local school districts to return a significant portion to the state. The Senate budget sends local school districts the exact amount they have to spend, rather than using a budgeting gimmick to appear to be spending more. While this change removes unfilled teaching positions, it does not eliminate any teachers from the payroll. Students and school districts will receive the same net amount of state funds as they would with a flex cut.
- Grants local school districts increased flexibility to use state dollars where there is the greatest need.
- Restores \$20 million in recurring state funds to our community colleges.
- Increases opportunities for students to learn in-demand vocational skills by authorizing the community college system to admit high school freshmen and sophomores in career technical education and industrial engineering courses.
- Makes responsible budgeting changes and creates a funding reserve for need-based financial aid in order to provide universities with certainty about financial aid available in future school years.
- Incorporates the administrative and operational savings, instructional efficiencies and program consolidation efforts identified by the university system in their Strategic Directions Plan.

### **In Health and Human Services...**

- Includes a special provision to allow the executive branch to develop a comprehensive plan for Medicaid reform over the next several months. This action is the first step necessary for our state to bring about meaningful change to Medicaid.
- Rewards health care providers for increased efficiency and better health care outcomes, targets resources to community-based care and provides increased support for our state's mentally ill and their families.

- Allows people with Alzheimer’s disease and dementia to access additional hours within the Medicaid Personal Care Services (PCS) program, helping fix a problem for special care unit residents created by compliance with federal eligibility standards for PCS.
- Establishes regional rates for payment of hospital inpatient services to eliminate the wide, and often unfair, disparities in how hospitals are paid for the same service.

### **In Transportation...**

- Continues efforts to maintain and invest in critical infrastructure, remove political influence from project decision-making, reduce bureaucracy and enhance customer service.
- Incorporates the governor’s vision for overhauling the North Carolina Highway Trust Fund, which consolidates various funding streams to prioritize and accelerate transportation infrastructure projects at the state, regional and local level by an estimated 35 percent over the next ten years.
- Continues the Senate’s efforts to remove politics from transportation decision-making by eliminating named projects from statute, including previously mandated toll projects and the off-the-top gap funds, and mandates a data-driven prioritization process that includes local input to select future transportation investments.
- Provides funding for targeted maintenance needs, focusing on improving, repairing and replacing structurally deficient bridges and other critical infrastructure.
- Funds the replacement of information technology systems critical to DMV customer service improvements, extended operating hours at driver license offices, and the acceptance of credit/debit payments.

### **In Economic Development, Agriculture and the Environment...**

- Launches a new Rural Economic Development Division within the state Department of Commerce – led by a new Assistant Secretary – with a focus on improving rural services and addressing rural needs.
- Invests approximately \$55 million over two years in a new Rural Infrastructure Authority, a streamlined and efficient program that will offer one-stop shopping where our communities can get the support and resources they need.
- Consolidates grant programs for public water and wastewater infrastructure projects into a new, streamlined and accountable Division of Water Infrastructure.
- Provides resources totaling \$92.7 million in the first year to spur clean water initiatives and improve water and sewer infrastructure. Also creates a new Water and Land

### Conservation Trust Fund.

- Supports farmers by investing \$5 million to upgrade farming equipment and technology at research stations, providing \$2.4 million for a bioenergy program and including a \$4 million expansion of the Tobacco Trust Fund for displaced tobacco farmers.
- Includes a \$1.5 million expansion for strategic national and international marketing of North Carolina's world-class agricultural products.
- Allocates \$1 million in 2013-14 for BRAC and continues to invest in proven economic development projects like the High Point Furniture Market, North Carolina Biotechnology Center and Research Triangle Institute.
- Provides approximately \$7 million annually for the Job Maintenance and Capital Development Fund (JMAC).
- Allocates \$1.25 million for an expansion of shale gas sector development.

### *In Justice and Public Safety...*

- Emphasizes a commitment to keeping North Carolinians safe by providing funding for additional key public safety personnel, investing in critical emergency response technology and connecting law enforcement agencies at the local and state level.
- Restores funding for 69 trooper positions within the State Highway Patrol and provides increased funding for needed fuel and equipment.
- Adds 39 magistrates and 175 probation and parole officers across the state to ensure cases are processed smoothly and criminal offenders are supervised and complying with the law.

### *Elsewhere...*

- Fully funds the state retirement system.
- Sets the framework for modernizing the state's outdated IT infrastructure – a move that will strengthen protections for our citizens' personal data and enable North Carolinians to have more customer-friendly interactions with state government.

The Senate Budget proposal will be made available for public review later on Sunday night, May 19 and will be posted to [www.ncleg.net](http://www.ncleg.net).

- Attached is a comparison of the governor's and Senate's Budget Proposals -

###

