



Bulletin #06-04

Thursday, June 1, 2006

### HOUSE BEGINS BUDGET PREPARATION MEDICAID RELIEF SUPPORTED

The House this week received and began analyzing the Senate's version of revisions to the state's 2006-07 budget. Subcommittees of the House Appropriations Committee reviewed expansion budget items as Appropriations leaders announced an ambitious schedule for the preparation of House budget amendments. The timetable calls for completion of the House budget proposal by June 15 and final action on a conference report before the end of the fiscal year.

**As they begin deliberations, House leaders have communicated support for including in the budget \$65 million to cap county Medicaid costs and target relief to those counties in which a disproportionate number of Medicaid-eligible citizens reside. THE ASSOCIATION STRONGLY SUPPORTS INCLUSION OF THESE FUNDS IN THE BUDGET, AND WE URGE COUNTY OFFICIALS TO CONTACT HOUSE AND SENATE MEMBERS TO SUPPORT THIS FUNDING.**

### SCHOOL CONSTRUCTION, BONDS AND OTHER IDEAS

North Carolina's well publicized need for school facilities has prompted a number of proposals to fund their construction:

- Three different proposals would pledge lottery proceeds to pay debt service on limited obligation bonds. [S2031](#), introduced by Sen. Tony Rand (Cumberland), and [H2830](#), introduced by Rep. Doug Yongue (Scotland), are identical bills providing for issuance of \$2.1 billion in school construction bonds, with debt service paid from lottery proceeds. [H2811](#), introduced by Rep. Nelson Dollar (Wake), would use the same lottery proceeds to pay off \$5 billion in school construction bonds.
- Two identical proposals – [S2009](#), introduced by Sen. Vernon Malone (Wake), and [H2780](#), introduced by Rep. Doug Yongue (Scotland) – would allow capital lease financing for public schools.
- A more traditional approach is contained in [S1765](#), introduced by Sen. Doug Berger (Franklin), which would authorize counties to levy a one-half cent local sales tax for public school capital outlay purposes.
- Another approach, or redistribution, is contained in [S1998](#), introduced by Sen. Walter Dalton (Rutherford), a bill that would modify the distribution of Public School Capital (ADM) Funds by providing that funds would only be distributed to school administrative units in counties that either 1) maintain an effective county tax rate at least 100 percent of the effective state average tax rate; or 2) "maintain a county appropriation per student to the school local expense fund of at least 90 percent of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools using the formula for distributing supplemental funds in low-wealth counties."

**James B. Blackburn, III**, General Counsel  
**David F. Thompson**, Executive Director