



LEGISLATIVE BRIEF: STATE BUDGET

The House's budget proposal contains a number of appropriations and special provisions of importance and advantage to counties. House members should be expressly thanked for their support of county programs and services and Senate members should be asked to ensure that these items are carried forward in its budget proposal.

The following items provide significant resources to counties, or respond to those issues of concern raised early in the budget process. County commissioners and county staff from around the state have pressed for state resolution on many of these issues, and the House is clearly responding to county advocacy efforts.

Mental Health

- \$60 million in additional state resources are directed at improving local crisis and state psychiatric services. In particular, additional mobile crisis units, walk-in crisis centers, local hospital psych beds, and substance abuse services should spur local capacity and response.
- Special provisions strengthen the management capacity of the local management entities, directing DHHS to develop a plan to return service authorization and utilization review to LMEs, and directing DHHS to study waivers or other flexibility measures foster LME innovation. DHHS cannot take any action to force merger prior to Jan. 1, 2010, and must develop a plan for LME merger for General Assembly review if it desires merger.

Criminal Justice and Public Safety

- Restores annual funding of \$22.7 million for Juvenile Crime Prevention Councils (JCPC) with \$1 million in additional funding.
- Restores annual funding of \$9.2 million for Criminal Justice Partnership Program (CJPP) with \$500,000 in additional funding.
- Repeals special provision requiring counties to assume funding for court telephone equipment and operations, saving counties \$3.4 million or more annually.
- Appropriates \$10 million for gang prevention (H274) and funding for improved gang reporting.

Human Services

- Appropriates \$5 million for county health departments.
- Increases daycare subsidies to serve more than 1,100 additional children.
- Increases Health Choice funding to cover nearly 11,000 more children.
- Reigns in community support Medicaid services and other Medicaid costs, saving counties more than \$17 million.
- Increases foster care standard board rate to incent and retain county-developed foster care family network; holds counties harmless for increased costs associated with foster care payment and rate changes for foster placements as of Jan. 1, 2009.

Public Education

- Appropriates \$21.3 from the lottery reserve to provide that all counties receive the same ADM allotment of lottery school construction monies.
- Fully funds community college enrollment increases (\$23.8 million) and provides \$10.5 million for allied health, technical education and additional equipment funding.
- Provides \$15 million in dropout prevention grants, \$11 million for school connectivity and \$2.9 million in low wealth counties supplemental funding.
- Increases ADM allotment for Academically Gifted and Children with Disabilities.

Natural and Economic Resources

- Provides \$50 million in Rural Center water and sewer grants and \$10 million for the Center's economic infrastructure fund.
- Provides \$4 million to farmland and natural resource preservation.
- Provides \$1.5 million in drought response reserve, and \$8 million in state matching dollars for clean water and drinking water federal programs.
- Provides \$17.7 million in additional JDIG funds, \$4.5 million for One North Carolina and \$4.4 million for small business grants.

Transportation

- Appropriates reserve funds to begin development of combined motor vehicle property collection and registration automation.
- Reduces Highway Trust Fund transfer by \$25 million and reallocated dollars for Triangle Expressway toll road project.

The House's budget implements a disabled veteran's property tax exclusion at the greater of \$48,000 or 50 percent of value, but provides for reimbursement to counties and cities. Given the concentration of veterans in counties such as Cumberland and Onslow, this reimbursement is of particular importance. The House rejected Gov. Easley's proposal to raise the tobacco and alcohol taxes. Its proposal would increase the earned income tax credit to 5 percent and create an energy star appliance sales tax holiday the first weekend in November.

Teachers would receive an average of 3 percent increase, principals an average of 2.69 percent, and university and community college faculty 3 percent. All other state employees would receive the greater of a 2.75 percent increase or \$1,100. State retirees receive a 2.2 percent cost of living increase.

Status: In a strong showing of bi-partisan support, the House adopted its version of the 2008-09 budget, H2436, on a 104-10 vote on June 5, and sent it to the Senate for concurrence. (As a reminder, budget action this year amends the second year of the biennial budget enacted last July.)

Action needed: Thank House members for recognizing and responding to county concerns in the House budget through increased lottery funds for public school construction, a hold harmless on any change in foster care payments, restoring recurring funding for CJPP and JCPC, returning responsibility for courthouse phone systems to the state and providing additional funds for mental health. Work with Senate members to encourage them to keep the House provisions in the budget.