



# ***'STAYING CONNECTED'***

## **NCACC District Meeting**

### **Martin County**

### **April 27, 2011**





# Reports from counties

County Commissioners and  
managers





# State Budget Review

David F. Thompson,  
Executive Director



*If you can keep your head about you when all about you are losing theirs, it's just possible you haven't grasped the situation yet.*



*- Jean Kerr*



# Process for 2011-12 State Budget

- 1st Year of Biennium
  - Spending authority ends June 30
- Governor proposes ► House starts leg. budget process & amends ► Senate amends ► House/Senate appoints conference committee
- House & Senate have vowed to develop joint proposal



# Steps in Budget Process

- Subcommittees received targets for spending
- Appropriations subcommittees have reviewed governor's proposal
- House to complete budget by May 5?
- Senate to complete budget by May 13?
- General Assembly to adopt conference report June 1?



# 2011-12 State Budget

- Less revenue availability:
  - \$1.6 billion in stimulus funds
  - \$1.3 billion in 1% temporary sales tax & income tax surcharge
  - Other one-time items at \$200 million

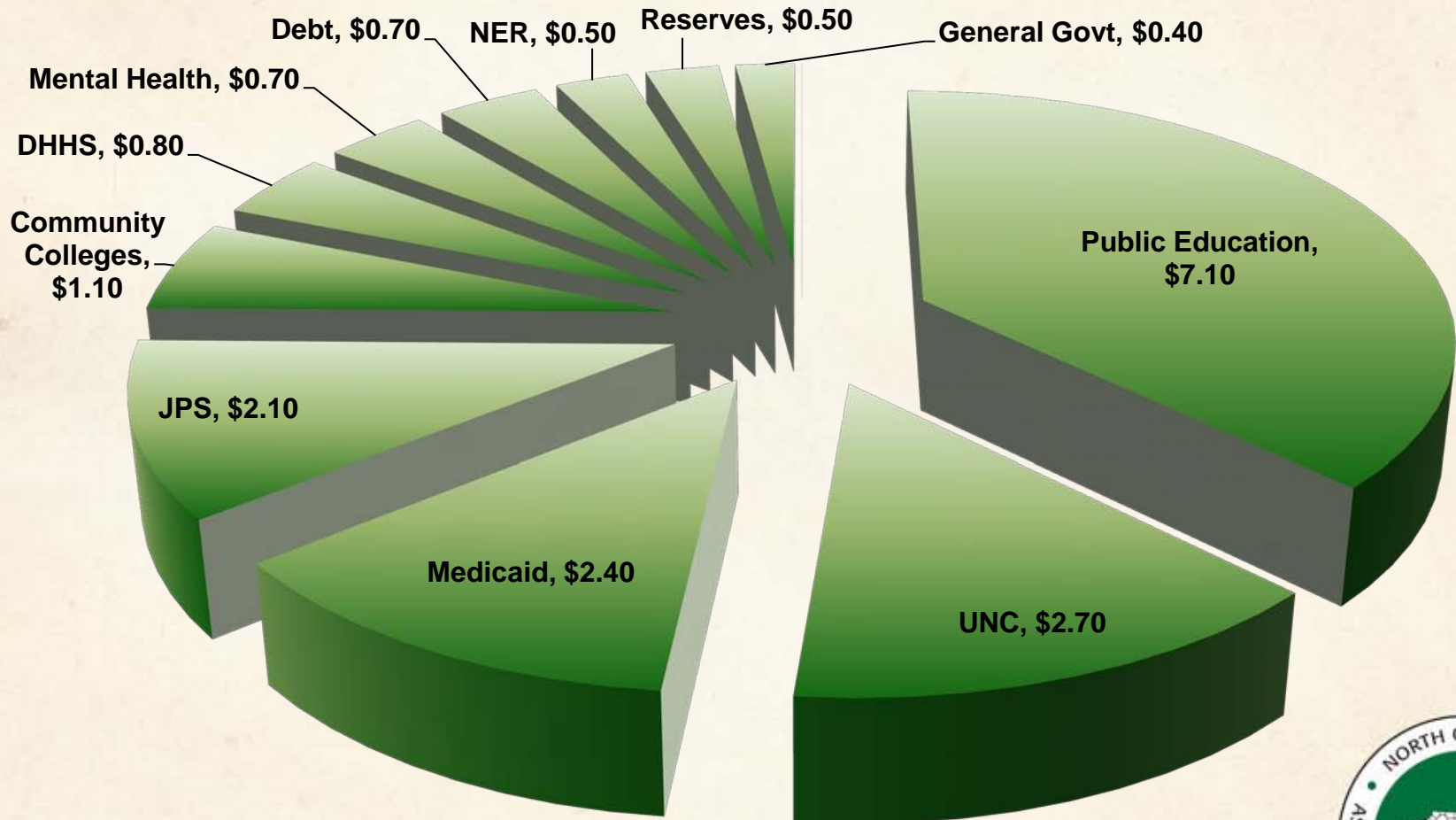


# How Big is The Gap?

- December estimate at \$3.7 billion
- GA/state budget office Feb. consensus at \$2.7 billion
  - \$600 million in higher growth anticipated
  - Higher current year collections
- Governor's budget estimates \$2.4 billion gap



# 2010-11 State Budget Where to Cut \$2.4 Billion?



# Governor's Budget Proposal – Yes, it still matters

- \$19.9 billion in spending
  - \$1 billion higher than 2010-11 GF
  - Budget gap at \$2.4 billion
    - Lower Medicaid & employee health & retirement
    - Higher reversions & revenue growth
  - Keeps  $\frac{3}{4}$  of temporary sales tax (\$827 million)
  - Decreases corporate tax rate by 2 percentage points to 4.9%
    - Eliminates permanently corporate tax set aside for school construction
  - Cuts most state agencies 7-15%
    - <4% for public education or \$221 million



# Governor's Budget Proposal - Positive

- No shift of state misdemeanants to county jails
  - Does budget recommended Justice Reinvestment savings
- No shift of LME costs to counties
- No reduction in community mental health funding
- Sets aside \$75 million in mental health trust fund for local psych beds, housing



# Governor's Budget Proposal - Negative

- Uses county school construction lottery funding for teachers & scholarships
  - 13% of net proceeds v. 40% per statute = **(\$115 million)**
- Eliminates corporate tax set aside for school construction
  - **(\$72 million)** for 2011-12
- Shifts school bus replacement costs to counties **(\$56.9 million)**
- Shifts state-funded school employee costs to counties
  - Workers' compensation **(\$35 million)** & school torts **(\$4.6 million)**
  - Similar shift for community college employees' workers' compensation **(\$1.7 million)**



# Attack on County Fund Balances

- Governor's staff identifies county fund balances as justification for shifts included in governor's budget.
- Chrissy Pearson, Governor's Spokesperson: "We have looked into it and found that North Carolina tends to be more generous to counties than other states."
- Chart identifies counties as having \$1.3B in excess fund balance.



# House & Senate Leadership Pledge.....



Sen. Phil Berger  
Senate President Pro Temp



Rep. Thom Tillis  
Speaker of the House



# House & Senate Leadership Pledge.....

- No shift to counties
- No taking of local revenues
- No extension of state temporary taxes



# House & Senate Spending Targets

- Targets set overall spending cap
- General guidance to focus on core services, jettison or reduce ineffective programs, nonprofit funds, boards & commissions, vacant positions, mgt layers
- No expansion, cost recovery fees encouraged, consider privatization
- Sales tax to lapse



# House Subcommittee Proposals

## Education

- Rejects governor's proposals to shift school & community college workers' comp costs, school bus replacements, tort costs
- Calls for comprehensive education reform study at all ed levels, including teacher tenure, teacher pay, class sizes
- 8.8% cut in k-12 education or \$694 million
  - Eliminates teachers' assts in grades 2-3
  - Transfers More at 4 to DHHS & cuts \$16 million
  - Reduces bus purchases by \$20 million each yr, nr
- 10% cut community colleges
- 15.5% cut UNC



# House Subcommittee Proposals

## Human Services

- Reduces spending by \$527 million, with \$336 million reduction in Medicaid
- Rejects governor's cut to county public health, school nurses
- Accepts governor's other minor cuts
- Cuts Smart Start by \$37.6 million, but minimizes county daycare admin cuts
- Budgets statewide implementation of mental health 1915 b/c waiver
  - Reduces LME admin costs by \$10 million
  - Swaps state MH community dollars for LME fund balances of \$25 million
  - Rejects governor's \$75 million mental health trust fund earmark
- Deletes NCFAST funding



# House Subcommittee Proposals

## Justice & Public Safety

- Shifts state misdemeanants to county jails with \$3.9 million savings to state
  - Recommends \$22.4 million in additional county fees, & restricts judicial fee waiver
- Subjects drug treatment & family courts to continuation review
- Eliminates inmate work crews
- Permits magistrates to hear infractions
- Consolidates prosecutorial districts
- Accepts governor's restructuring & consolidation



# House Subcommittee Proposals

## Natural & Economic Resources

- Cuts 25% or \$121 million from continuation
- Eliminates Clean Water Management Trust Funds
  - Retains state match for fed. drinking & clean water funds
- Closes & reduces select NER regional offices
- Closes Rendezvous & Turnbull Ed. Forests & reduces operating hours for others
- Transfers Environmental Health to DHHS & moves some functions to Ag.
- Eliminates wastewater discharge elimination, on-site quality assurance, tick control, vector control, private well programs
- Provides \$10 million in One NC Fund, \$6 million in JMAC
- Temporarily diverts some Parks & Rec. Trust Funds to general fund



# House Subcommittee Proposals

## Transportation

- Reduces DOT admin & seeks greater privatization
- Reduces funding for secondary roads & shifts to maintenance
- Transfers Urban Loop to Mobility Funds

## General Government

- Eliminates Veterans' Affairs funding to counties, \$188k
- Reduces state aid to libraries by 15% of \$2.3 million
- Reduces Basic Grant & Grassroots Arts Program by 23%



# House Subcommittee Proposals

## Overall

- House leadership honors pledge to avoid cost shifts to counties
- Uncertainty regarding lottery, misdemeanants
- Generally accepts governor's cuts to county programs, but rejects governor's shifts



# Overall Concerns

- Advocates are attacking house program cuts
- Shifts are still in play
- Lottery/ADM Funds still at risk
- Misdemeanant transfer issue still at risk
- Long way to June 30.



# We need you ....



To help them keep their pledge!

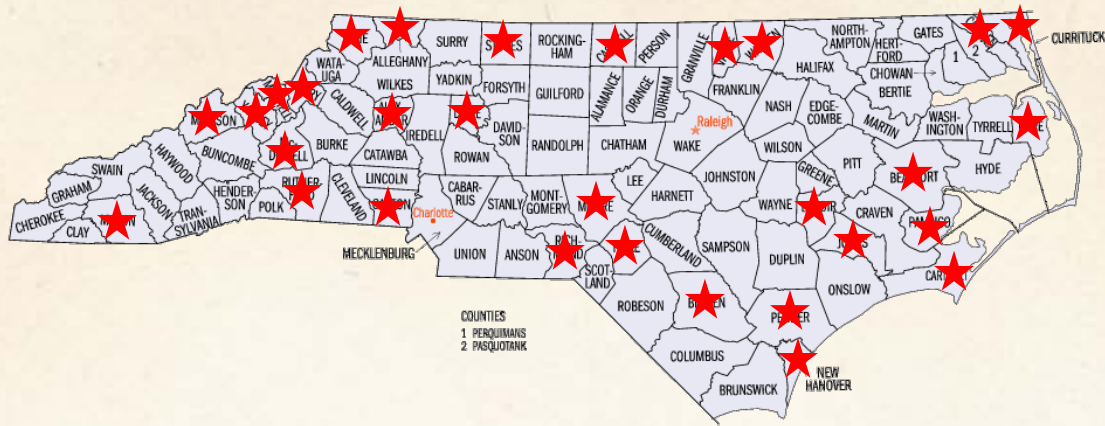


*The NCACC would like to thank its sponsors  
for the District Meeting:*



# **COMMUNITY** *Eye Care*





Alexander County  
 Alleghany County  
 Ashe County  
 Avery County  
 Beaufort County  
 Bladen County  
 Cabarrus County  
 Camden County  
 Carteret County  
 Caswell County  
 Currituck County  
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# On the Scene: Government Relations Update

Amy Bason, Legislative Counsel

Kevin Leonard, Government Relations Director



# Beyond the Budget...Legislative Hot Topics & Legislative Goals Progress Report:

- Charter Schools – S8
- Electronic Notice – H472
- Human Services Flexibility – S433 & H580
  - Annexation Moratorium & Reform
  - Personnel Records – S544
- Justice Reinvestment Act – H642



# S8 - Charter Schools

- Status – In conference
- Key Elements:
  - Removes Cap / Limits New Charters to 50 per Calendar Year
  - Establishes Charter Commission Under State Board of Education
  - House Adds Requirements for Transportation and Food Services
  - County Commissioners “May” approve funds for Capital – Apportionment Issue
  - Assets: If Charter School Dissolves, after all liens are paid, county receives funds



# H472 – Electronic Notice

- Introduced By Rep. Chuck McGrady (Henderson)
- Allows all Public Notices to be Posted on County Website In Lieu of Newspaper Notices
- Counties Will Save An Estimated \$2M +
- Expect Strong Opposition



# S433/H580 - Local Human Services Administration

- Status: Passed second reading in Senate
- Key Elements:
  - Provides option to all boards of commissioners to restructure human services
    - Under BOC or create consolidated human services board
  - Current law only permits counties with pops. >425,000 to
  - Streamlines county administration, improves client services, enables countywide vision across depts.



# Annexation Moratorium and Reform

- S 27/H 9 – Moratorium on annexations until July 2012.
- A number of individual local deannexation bills have been filed.
- S627 – Involuntary Annexation Reform with NCACC goal.
- H845 – Awaiting hearing in House Rules Committee.



# S544 - Personnel Records Changes

- Status:
- Key Elements:
  - Issues to be addressed by S544
    - Requires counties to provide written notice of dismissal where none now required – may interrupt “at will” status of current employees
    - Requires counties to provide past written notices without adequate “name clearing” hearing - creates constitutional issues with former employees
    - Requires counties to provide access to personnel records with unlimited look-back period

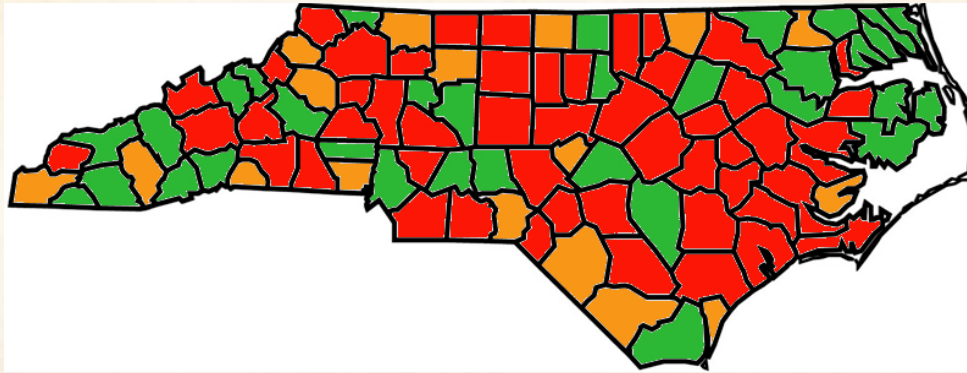





# H642 – Justice Reinvestment

- Status – received favorable report in House Judiciary Subcommittee B
- Result of work of Justice Reinvestment Project and contains many different reforms.
- Key provisions that affect county jails:
  - “Quick Dips” – Adds to conditions of probation that probation officers may put offenders in local jails for periods of up to six days per month.
  - Misdemeanants – All misdemeanants with imposed sentences, less any time credited/served, of 6 months or less shall serve time in county jail.



# Misdemeanants in County Jails



-  Below 80% (33 counties)
-  Between 80 and 100% (17 counties)
-  Above 100% (50 counties)

NCACC 2010 Jail Survey





# County Connections

Meeting in a Box





# NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS

Home  
What is the NCACC  
Current Issues  
Legislative Information  
Legislative Bulletin  
Risk Management  
Report A Claim (members)  
Projects  
Research and Survey  
Links to Counties  
Classifieds   
Staff  
Publications and Lists  
Links  
Recent Mailings  
Calendar of Events   
Annual Conference

NCACC  
215 N. Dawson St  
Raleigh, NC 27603

Albert Coates Local  
Government Center  
Phone: (919) 715-2893  
Fax: (919) 733-1065

Quorum Center  
Phone: (919) 719-1100  
Fax: (919) 719-1101

E-mail:  
[ncacc@ncacc.org](mailto:ncacc@ncacc.org)

## 2011 'Meeting in a Box' initiative

**About:** The 2011 'Meeting in a Box' is an initiative of the NCACC strategic goals team charged with enhancing the ability of county officials to represent counties and the NCACC on local, statewide and national issues. Each county will receive a "Meeting in a Box" during NCACC district meetings in April. The resources on this page supplement the materials in the box.

**Objective:** The goal of the project is to have all 100 counties endorse our priority goals and meet with the members of their legislative delegation prior to County Assembly Day on May 25.

### Status:



**Keep us updated!** Notify Jason King at [jason.king@ncacc.org](mailto:jason.king@ncacc.org) or (919) 715-0045 once you schedule and/or complete your meeting.

### Goals to be discussed:

1. Oppose shift of state transportation responsibilities to counties | [Fact sheet](#) (PDF)
2. Reinstate ADM and Lottery Funds for school construction | [Fact sheet](#) (PDF)
3. Ensure adequate mental health funding | [Fact sheet](#) (PDF)
4. Preserve the existing local revenue base | [Fact sheet](#) (PDF)
5. Protect county jail system | [Fact sheet](#) (PDF)
6. Support conservation of working lands and farmland preservation | [Fact sheet](#) (PDF)
7. Enhance river basin monitoring and streamline rule-making | [Fact sheet](#) (PDF)

### Meeting materials:

- Legislative delegation contacts by county
- [Sample meeting agenda](#) (Word doc)
- [Sample press release in advance of meeting](#) (Word doc)
- [Meeting feedback form](#) (Word doc)



# Open Discussion

David F. Thompson





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