

The Honorable Roy Cooper
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

June 21, 2017

Dear Governor Cooper,

We would like to thank you for your leadership and vision for a North Carolina that can expand opportunity for more people and places and invest in proven strategies to grow the economy, and put money in people's pockets through boosting wages.

We write today to urge you to veto the final budget agreement reached by leaders of the North Carolina General Assembly.

The final budget agreement not only rejects a positive vision for building a more inclusive, competitive economy, it actively seeks to dismantle the institutions that support quality education, workforce and economic development and health care. It puts North Carolina on dangerous fiscal footing.

Failing to invest adequately in the state's schools, environment, courts and well-being will not only result in the loss of jobs and opportunity in the near-term, it will fail to address the underlying economic challenges like inequality, chronic underinvestment in communities of color and rural underdevelopment that threaten our state's economic future.

North Carolina continues to fall behind on our investments even as the state grows and in so doing we will struggle to compete in the future. This failure to apply our collective capacity to shared priorities is already degrading our quality of life. It is hampering communities' ability to be resilient in the face of the damage of natural disasters and in preparation for the next economic downturn.

Of deep concern to our organization are the cuts that will fall disproportionately on the state's low-income and poor residents whose connection to opportunity is critical to the strength of any economy.

- The failure to account for the lack of federal investment in meeting the documented unmet need in Eastern North Carolina from the damage of Hurricane Matthew—and thus the allocation of no new state dollars in this budget-- is particularly troubling given the ongoing investments needed to stabilize the region and move communities forward.
- The elimination of funding for Legal Aid services will jeopardize access to justice for so many North Carolinians who seek representation in cases where they risk being pushed deeper into poverty.
- The failure to address the underfunding of K-12 public schools and stop further cuts to the university system will undermine our ability to ensure the education and skills of our state's workforce and citizens.

Moreover, the use of uncertain federal funding to serve 4-year olds in pre-Kindergarten and to support neighborhood revitalization and energy efficiency is particularly troubling given the great

potential these investments have in generating broad economic benefits while also being at risk in the federal budget proposals unfolding right now in Congress.

There is a better way forward for North Carolina that can expand opportunity and ensure more North Carolinians can prosper. Your leadership in acknowledging the role our collective contributions through reasonable and non-regressive taxes can play in realizing that vision is critical. North Carolina must reject the failed tax-cut experiment that states across the country, including Maine and Kansas, most recently have found seriously damages their competitiveness.

The General Assembly's proposal to continue to cut taxes in a way that primarily benefits the wealthy and profitable corporations is a sign to us all that they are in pursuit of a zero income tax rate. The full cost of this approach will not be felt in the next two years, but will phase-in over time making it impossible for the state to keep up with current service levels for a growing population, anticipate needs from unexpected federal budget cuts, natural disasters or economic shocks. The cumulative loss in state revenue from the final tax plan will be \$3.5 billion annually.

An additional note we think merits consideration, as you consider vetoing the final budget agreement, is the staggering number of public dollars being appropriated for special interests with little or no accountability. While some may have merit for their communities, the piecemeal approach to investing in such narrow services available to select North Carolinians calls into question whether the overall public good is served by this budget.

Finally, the way in which this budget, through legislative action, seeks to limit the function of various executive branch offices is deeply concerning for the broader function of our democratic system. For example, by detailing the allocation of funding to rural economic development initiatives and mandating cuts to the Department of Justice, the ability to provide these important public services will be dramatically challenged by limiting staff capacity and dictating the choices that should otherwise be made by experts. This limits the ability of the state to serve the common good.

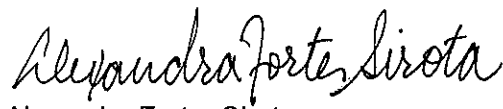
We hope that you will continue to champion the collective commitment that is shared for a better North Carolina. We urge you to veto this budget that will hurt North Carolina families and communities today and put our economic future at risk.

Please feel free to contact us at (919) 861-1468 to discuss these items at your convenience.

Sincerely,



Rick Glazier
Executive Director



Alexandra Forter Sirota
Director, Budget & Tax Center