

Smart, Economy-Boosting Investments Hampered By Tax Cuts in House and Senate Budget Plans

Overall Reinvestment Fares Better Under the House Budget but Unmet Needs Would Persist Under Both Plans

	HOUSE	SENATE
TAX CUTS HAMPER ABILITY TO REBUILD	<ul style="list-style-type: none"> • Reduces revenues by \$652 million over two years. Includes corporate income tax cuts and various tax breaks for selected industries/activities. • Invests \$22.16 billion in FY16 and \$22.41 billion in FY17—an increase over FY15 and higher than the Senate but lower than FY2008 pre-recession levels. 	<ul style="list-style-type: none"> • Reduces revenues by \$950 million over two years. Further lowers the corporate and personal income tax rates and slightly expands the sales tax. • Invests \$21.47 billion in FY16 and \$21.52 billion in FY17—a slight increase over FY15 but lower than the House and FY2008 pre-recession levels.
EARLY CHILDHOOD EDUCATION	<ul style="list-style-type: none"> • Cuts NC Pre-K program by \$1.4 million compared to FY15. Funds 6,476 fewer slots than in FY09. • Restores higher income eligibility threshold for children in grades K-3, pro-rated co-pays for partial child care, and expanded definition of family unit for the child care subsidy program. Does not include an increase to the subsidy market rate. • Relies more on federal dollars and lottery funds for ECE programs (frees up state dollars). 	<ul style="list-style-type: none"> • Cuts NC Pre-K program by \$4.1 million compared to FY15. Funds 6,976 fewer slots than in FY09. • Fails to restore higher income eligibility threshold and pro-rated co-pays for child care subsidy. Restores expanded definition of family unit and boosts the market rate for kids ages birth to 2 years old in Tier 1 and Tier 2 counties. • Relies more on federal dollars for ECE programs (frees up state dollars). • Requires the development of a plan for merging Smart Start, NC Pre-K, and Child Care Subsidies.
K-12	<ul style="list-style-type: none"> • Increases per-pupil spending to \$5,446 from \$5,047 but falls short of pre-recession levels. • Keeps class sizes and the number of Teacher Assistants (TA) steady. NC funds more than 7,000 fewer TAs today than in FY09. • Boosts textbooks and digital resources funding by \$91.8 million over two years (higher than the Senate but lower than peak FY10 levels). • Siphons money away from public schools and boosts spending for private school vouchers with a one-time appropriation of \$6.8 million, putting total funding at \$17.6 million in FY16 and \$10.8 million in FY17. 	<ul style="list-style-type: none"> • Increases per-pupil spending to \$5,281 from \$5,047 but falls short of pre-recession levels. • Lowens K-3 class sizes but cuts nearly 8,600 Teacher Assistants to cover the costs, despite previous deep cuts to the TA budget. • Boosts textbooks and digital resources funding by \$58 million over two years (less than the house and peak FY10 levels). • Siphons money away from public schools and boosts spending for private school vouchers with a recurring appropriation of \$6.8 million for private school vouchers, putting total funding at \$17.6 million in both years of the biennium.

	HOUSE	SENATE
HIGHER EDUCATION	<ul style="list-style-type: none"> • Raises tuition at Community Colleges (CC) by \$4 per credit hour, putting the total tuition hike at 81% since FY09. Matches the Senate. • Requires flexibility cuts to the UNC and CC systems but lowers the cut for Community Colleges in year two. • Stabilizes funding at the Elizabeth City State University, provides \$15 million for instructional equipment and technology in the CC system, and provides \$2 million for "game-changing" research in the UNC System. • Provides \$1.9 million for job training in economically struggling areas. 	<ul style="list-style-type: none"> • Raises tuition at Community Colleges by \$4 per credit hour, putting the total tuition hike at 81% since FY09. Matches the House. • Doubles the flexibility cut to the UNC system compared to the House budget in FY16 and does not lower the cut for CC in year two like the House budget does. • Stabilizes funding at the Elizabeth City State University and provides \$10.5 million less for instructional equipment and technology in the CC system compared to the House. Provides no funding for "game-changing" research. • Provides \$1.5 million for CC-employed career coaches in high schools.
ECONOMIC SECURITY	<ul style="list-style-type: none"> • Boosts beginner teacher pay to \$35,000 from \$33,000, allows the step increases, and provides 2% pay raise to all teachers. • Provides a 2% pay raise for to all state employees. • Restores a nearly \$1 million cut to home and community care programs that make it easier for older adults stay in their homes. • Doubles spending for the Workforce Housing Loan program but this funding falls short of the investments that were made under the program's predecessor, the low-income housing tax credit. Keeps funding flat for the Housing Trust Fund. 	<ul style="list-style-type: none"> • Boosts beginner teacher pay to \$35,000 from \$33,000 and allows the step increases. Provides no raises for veteran teachers whose salaries are capped. • Fails to provide raises to all state employees. Provides raises to Community College instructors and targets raises to select, unidentified hard-to-fill positions. • Fails to restore a nearly \$1 million cut to home and community care programs that make it easier for older adults stay in their homes. • Keeps spending flat for the Workforce Housing Loan program and the Housing Trust Fund compared to current experience. Provides \$2.9 million to the Community Living Housing Fund (not in the House budget).
PUBLIC AND MENTAL HEALTH	<ul style="list-style-type: none"> • Fails to expand Medicaid. Provides \$5 million for reform. • Raises the foster care age to 19, funds caseload growth, and provides funding for a transitional living services program. • Provides \$7.5 million local health departments to help improve birth outcomes (\$2.5 million more than the Senate). Provides a one-time \$400,000 funding boost for child care advocacy centers (not in the Senate budget). 	<ul style="list-style-type: none"> • Fails to expand Medicaid. Provides \$10 million to reform the program from a fee-for-service system to a managed care system by August 2017. • Raises the foster care age to 21 and funds caseload growth. Provides no funding for a transition program. • Eliminates funding for the Wright School, which serves high-need school children who have extensive behavioral problems (maintained in the House budget).

	HOUSE	SENATE
PUBLIC AND MENTAL HEALTH (cont.)	<ul style="list-style-type: none"> • Funds new psychiatric beds (more than the Senate) and establishes new behavioral health urgent care centers (same as the Senate). • Provides \$4.6 million to expand START Teams, which provide services to children and adolescents with intellectual or developmental disabilities (\$1.5 million more than the Senate). • Fails to boost investments in school nurses despite the state’s school nurse-to-student ratio is well below national standards, or funding for tobacco cessation among teenagers. 	<ul style="list-style-type: none"> • Cuts \$185 million from LME/MCOs, which are the agencies that provide mental health services. • Eliminates the Office of Minority Health (six positions) and transfers the funding to a competitive block grant process. • Fails to boost investments in school nurses despite the state’s school nurse-to-student ratio is well below national standards, or funding for tobacco cessation among teenagers.
JUSTICE AND PUBLIC SAFETY	<ul style="list-style-type: none"> • Reinvests \$11.9 million in the court system to bring it into the digital age. • Broadens access to community-based substance abuse treatment services for offenders at risk of recidivism (not in the Senate budget). • Establishes 8 mental health behavior treatment units in prisons (not in the Senate budget). • Provides no funding for drug treatment courts. 	<ul style="list-style-type: none"> • Fails to reinvest in the court system to help bring it into the digital age. • Funds 72 additional Central Prison mental health beds (same number of beds as the House budget). • Boosts funding by \$8.8 million for private counsel serving indigent clients (\$ 2 million more than the House budget). • Provides no funding for drug treatment courts.
HEALTHY, VIBRANT COMMUNITIES	<ul style="list-style-type: none"> • Provides \$ 1 million for the Healthy Corner Store Initiative to improve access to affordable, health foods and support small businesses. • Restores funding to the Support Center, which supports small business lending in low- and moderate-income communities. • Restores \$10 million to the One NC Small Business Fund (\$4 million more than the Senate budget). • Boosts spending by \$20.5 million for rural economic development grants (\$12.5 million more than the Senate budget). 	<ul style="list-style-type: none"> • Provides no funding to the Healthy Corner Store Initiative to improve access to affordable, health foods and support small businesses. • Fails to restore funding to the Support Center. Provides \$2 million for the Main Street Solutions Fund (\$1 million more than the House budget). • Eliminates funding for the Biotechnology Center. The House boosts spending by \$5 million each year. • Eliminates funding for underserved and limited resource community grants (maintained in the House budget).

NOTES: Figures are rounded; Prior budget figures reflect original certified budgets; Per-pupil spending excludes salary raises so overtime comparisons can be made.