

# *Stand with us during this crisis to defend the most vulnerable.*

1. All participants are on mute by default.
2. We are recording the presentation and will share it with all registered guests within 24 hours following the presentation.
3. We will be pivoting to Q&A about halfway through the hour – please enter your questions in the chat box.
4. If you have further questions about today's presentation, please contact [kim\\_marie@ncjustice.org](mailto:kim_marie@ncjustice.org).

# *Stand with us during this crisis to defend the most vulnerable.*

## **COVID-19 Legislative Briefing – The North Carolina Justice Center**

### **AGENDA**

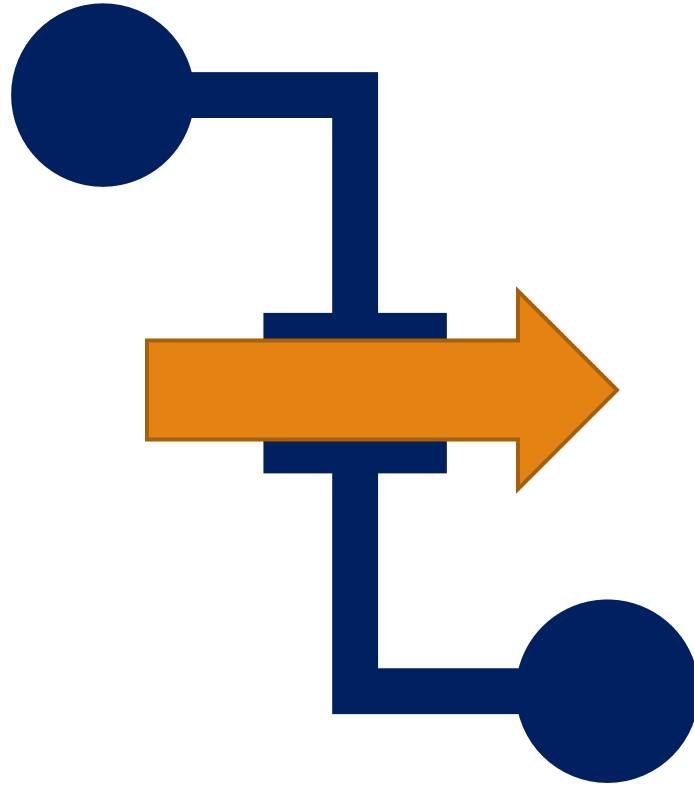
- **Welcome** – Kim-Marie McLellan, Deputy Director of Gifts and Endowments
- **Where we are now** – Rick Glazier, Executive Director
- **Topics**
  - **Budget** – Alexandra Sirota, Director of Budget & Tax
  - **Criminal Justice** – Daniel Bowes, Director of the Fair Chance Criminal Justice Project
  - **Health** – Nicole Dozier, Director of the Health Advocacy Project
    - William Munn, Policy Analyst for HAP
    - Hyun Namkoong, Policy Advocate for HAP
  - **Housing & Consumer** – Al Ripley, Director of Consumer & Housing
  - **Education** – Matt Ellinwood, Director of Education & Law
- **Q&A** - Kim-Marie McLellan, Deputy Director of Gifts and Endowments



**BTC**

Budget & Tax Center

**Informing a Fiscal Response that Supports  
an Inclusive Recovery from COVID-19**



# How NC got here

Reduction in  
State Earned  
Income Tax  
Credit

Creation of a tax  
break on pass  
through income

## DETAILS OF 2013 TAX PLAN

### Personal income tax

- Three-tier personal income tax rate – 6%, 7%, and 7.75% – replaced with a flat 5.75 percent tax rate by 2015
- Standard deduction increased to a maximum \$15,000 from \$6,000 based on filing status; itemized deductions limited to mortgage interest and property taxes and capped at \$20,000 plus unlimited charitable contributions.
- Personal exemption allowance eliminated and state Earned Income Tax Credit allowed to expire at the end of 2013.
- Child Tax Credit increased by \$25 per child for filers with adjusted gross income below \$40,000
- Business pass-through income deduction and private pension deduction eliminated

### Corporate income tax

- Corporate income tax rate to be cut to 5

percent from 6.9 percent by 2015 and if revenue triggers are met will be reduced to 3 percent by 2017.<sup>1</sup>

### Sales Tax

- Expanded to include selected services such as warranty agreements for appliance purchases, auto repair contracts, and maintenance agreements.
- Electricity and piped natural gas taxed at combined general tax rate (franchise and excise tax on these items eliminated)
- Manufactured and modular homes taxed at general sales tax rate
- Entertainment and exhibitions taxed at general sales tax rate (privilege tax on these items eliminated)
- Sales tax holidays eliminated

### Gas Tax

- Capped the gas tax at 37.5 cents per gallon

Adoption of Single Sales  
Factor for How Companies  
Apportion Profits

Additional Rate Reductions on  
Income Tax

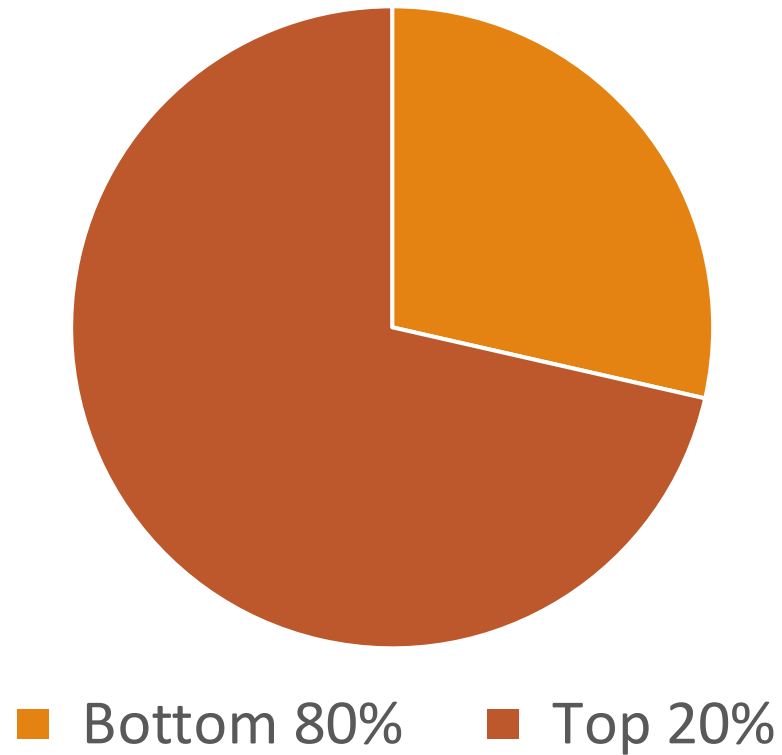
Various new tax expenditures

Cap on the Income Tax Rate  
Lowered in the Constitution

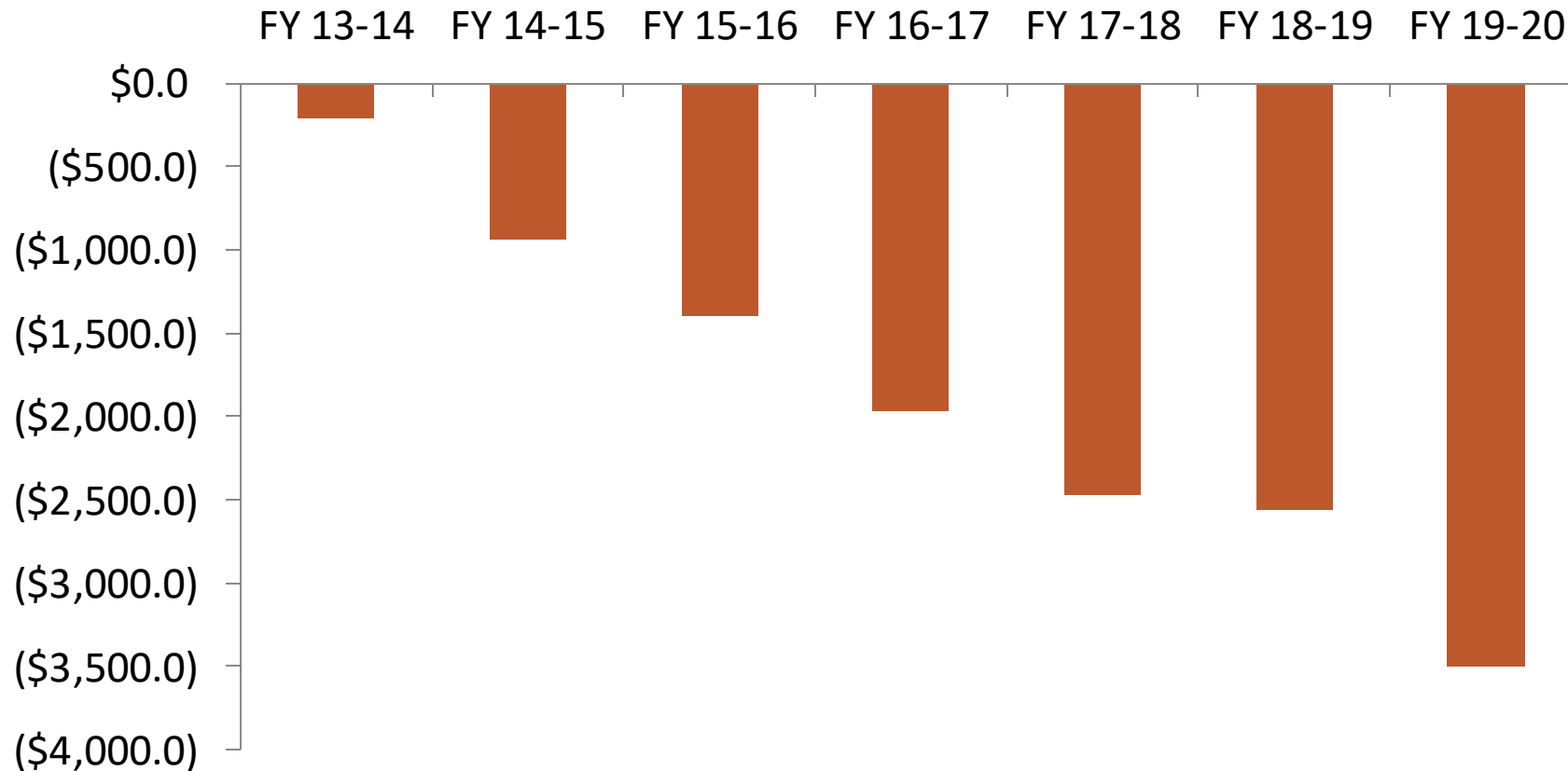


# A windfall for the very rich in North Carolina

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# Reduced capacity for public response to COVID-19



Annual reduction in  
General Fund  
revenue at least  
\$3.6 billion

# Documenting impacts of past policy choices.

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As North Carolina enters its second recession in the past 12 years, it is important that lawmakers avoid repeating unnecessary mistakes.

## Helping people, supporting communities, speeding recovery

By PATRICK McHUGH, Budget & Tax Center Research Manager

June 2020

**JUST AS THE GREAT RECESSION CAST THE ECONOMIC MOLD FOR THE 2010s, the COVID-19 pandemic and our response to it will shape the decade ahead.** Faced with another era-defining economic calamity, leaders should heed the lessons of the past. The COVID-19 recession is rooted in a different underlying cause and will certainly play out in different ways, but the 2008 crisis still offers guidance on how we can speed recovery and rebuild stronger.





# Analyzing Gaps in Response

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- Workers marginally attached to the labor market
- People in the coverage gap
- People without housing
- People filing with ITINs or not filing income taxes



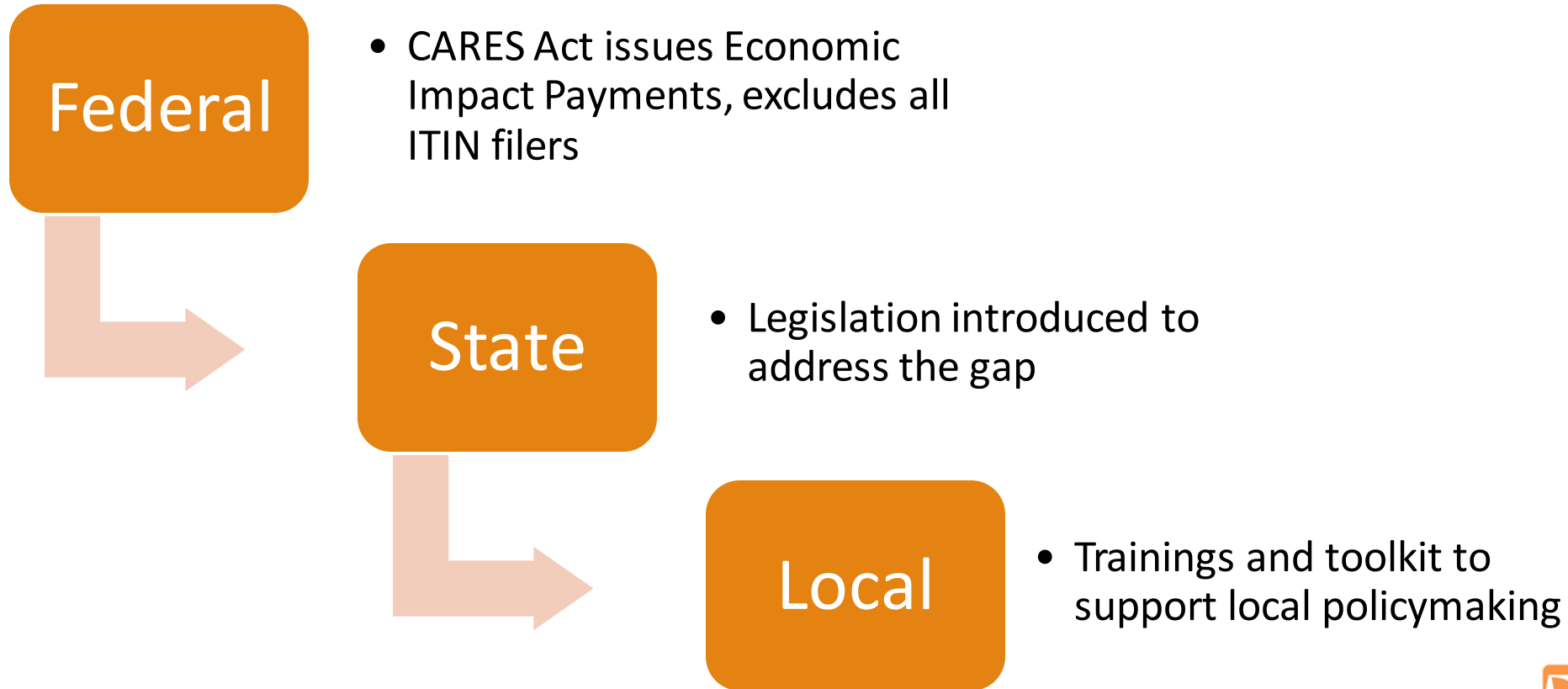
- Policies affecting people in prisons and jails
- Policies affecting child care workers and providers
- Policies affecting hourly workers in schools



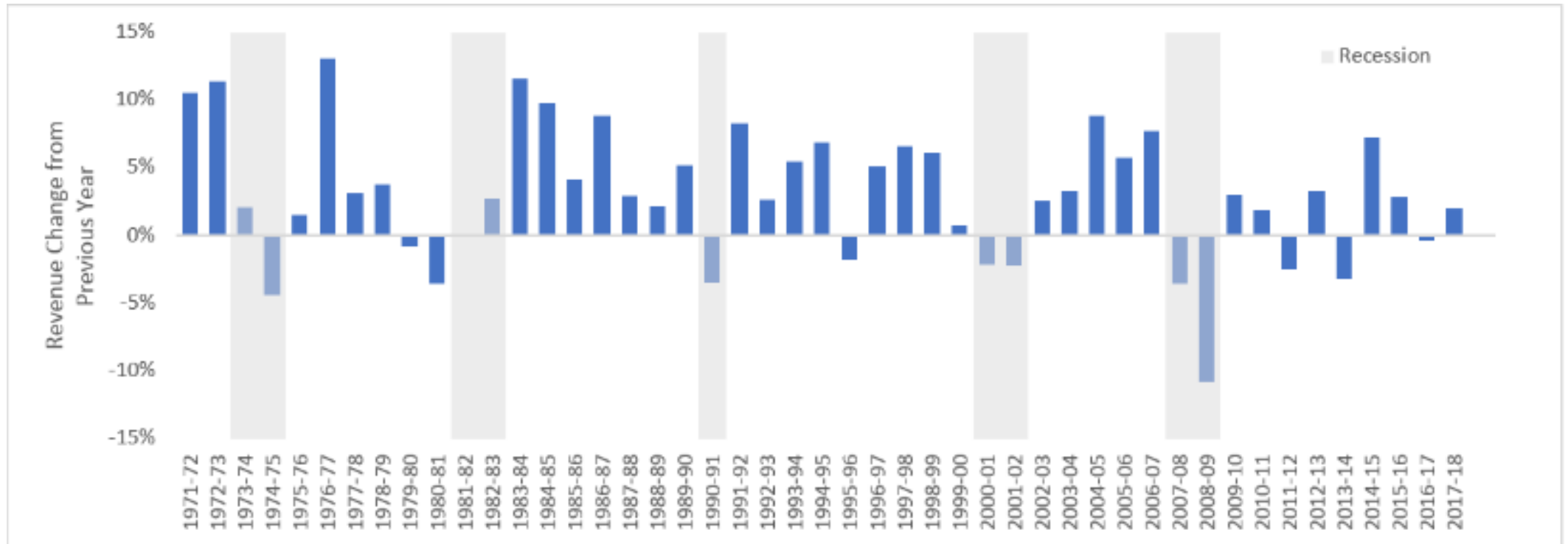
- Broadband access
- Technology and online systems for government services
- State and local government staffing

# Connecting Federal, State and Local Policymaking

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# Addressing Revenue Losses



Sources: NC Fiscal Research Division,

# Driving Public Dollars to Needs

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## Federal

- CARES Act
- Block Grant and Agency Administration Dollars

## State

- Coronavirus Relief Funds
- Unappropriated Balance
- Rainy Day Fund

## Local

- Direct CARES Act dollars
- State allocations
- Redirection of local dollars

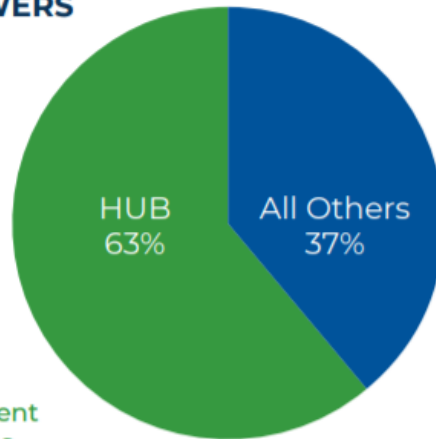
# Advancing Solutions for an Inclusive Recovery

## HISTORICALLY UNDERUTILIZED BUSINESS BORROWERS

**63%**

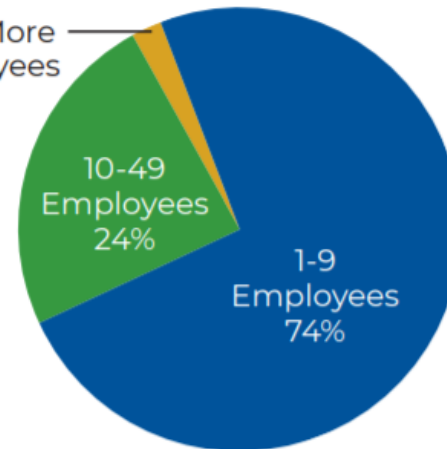
Percentage of borrowers that are minority or female-owned, Historically Underutilized Businesses.

Approximately 31 percent of employer businesses in North Carolina meet this definition.\*



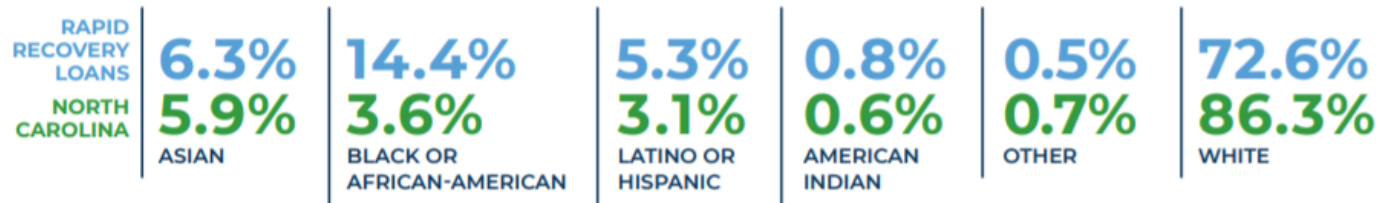
## LOANS BY BUSINESS SIZE

50 or More Employees  
2%



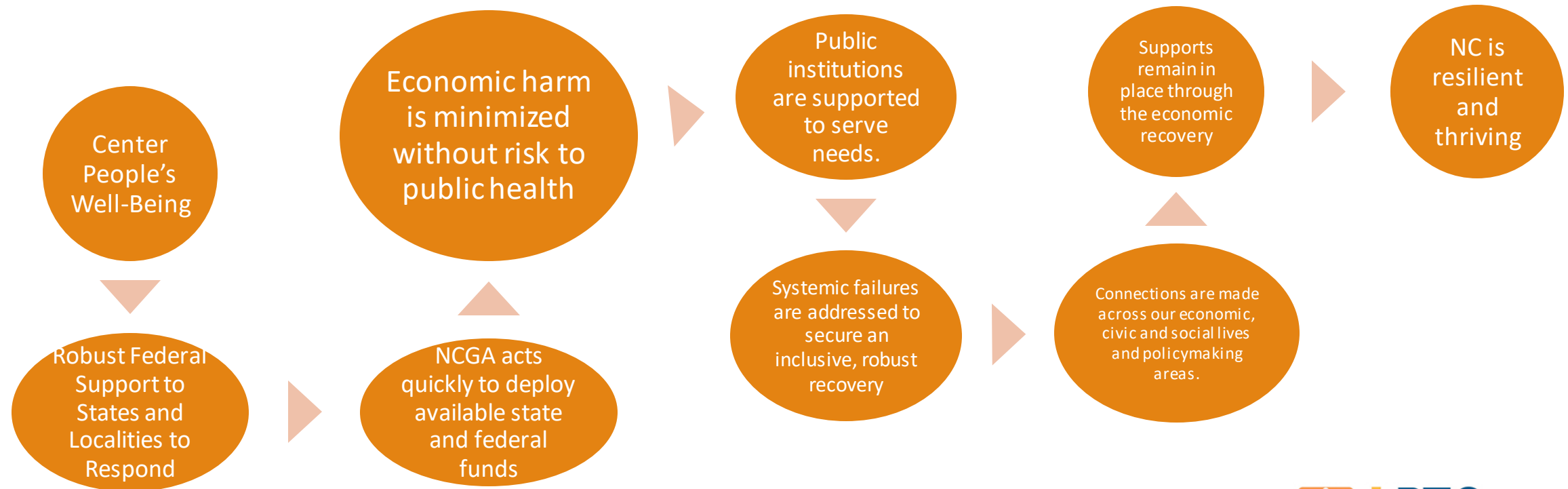
- Inclusion of Historically Underutilized Businesses in state Small Business Loan program

## BUSINESS DEMOGRAPHICS



\*NC Data sourced from US Census Bureau 2017 Statistics of US Businesses for firms with classified data. Racial classifications are non-Hispanic.

# Roadmap for an Inclusive Recovery



# **FAIR CHANCE-CRIMINAL JUSTICE**



## Second Chance Act, SL 2020-35

Drastically expands access to expunction relief for people with dismissed charges and nonviolent misdemeanor and felony convictions.

**AUTOMATIC RELIEF.** A misdemeanor or felony charge that is dismissed or disposed “not guilty” on or after December 1, 2021, will be automatically expunged. Also eliminates the felony conviction disqualification for dismissed charges.

**PROVIDES EXPUNCTION RELIEF FOR CONVICTIONS OF OFFENSES TREATED AS JUVENILE OFFENSES UNDER RAISE THE AGE.** A person or prosecutor will be able to petition for expunction of all misdemeanor and Class H or I felony convictions that occurred when a person was ages 16 or 17 and prior to Dec. 1, 2019 (the effective date of Raise the Age).

**PROSECUTOR-INITIATED RELIEF.** A prosecutor may petition for expunction of dismissed charges and charges disposed “not guilty” and “Raise the Age” convictions (see above).

**EXPANDS ELIGIBILITY TO MULTIPLE NONVIOLENT MISDEMEANOR CONVICTIONS.** Current law provides for expunction of a first-time nonviolent misdemeanor after 5 years of good behavior and a first-time nonviolent felony after 10 years of good behavior. S562 allows an individual to petition for expunction of all nonviolent misdemeanor convictions after an extended “good behavior” wait period of 7 years.

<https://www.newsobserver.com/news/politics-government/article243578837.html>

## Fair Chance Criminal Justice Project

### 2020 Legislative Achievements





# Fair Chance Criminal Justice Project– 2020 Legislative Achievements

[House Bill 463/Session Law 2020-54](#)- Allows community colleges to use state funds to offer associate's degrees in jails and prisons. This law overrides a 2010 law prohibiting state funds from being used for those purposes. This was a key recommendation of the NC State Reentry Council Collaborative.

[Session Law 2020-77](#)- a key provision in SL 2020-77 expands access to limited driver's licenses for people who have their driving privileges suspended for unpaid traffic court debt.

[First Step Act, SL 2020-47](#)- Allows judges to deviate from mandatory minimum sentences for drug trafficking convictions for people with substance use disorder (applies prospectively and retroactively) and requires NCDPS to study the process for tracking several statistics for jail populations statewide. This bill has been dramatically narrowed in scope from its first edition, but provides a good structure to build on in subsequent sessions.

The NCJC collaborated closely with Disability Rights NC and other partners to preserve a NC Department of Health and Human Services administrative rule to prevent overcrowding in jails across North Carolina. For context on this successful “goal line stand” and its impact on people in jails, please see the next slide that provides an exchange with state Reps. Riddell and Smith and also see here: <https://www.newsobserver.com/news/politics-government/article243613992.html>

\*[Fair Chance Occupational Licensing, SL 2019-91](#), <https://ccresourcecenter.org/2020/08/06/iii-fair-chance-employment-and-occupational-licensing-a-national-survey/> “The most ambitious of the new laws was the comprehensive scheme enacted by Indiana, which is strong both substantively and procedurally, and its requirements apply not only to state agencies but also to county and municipal governments that issue occupational and professional licenses and permits. Rhode Island’s law comes in a close second. The most surprising were the extensive new schemes put in place in two Southern states, North Carolina and Mississippi, the first an expansion of a scheme from an earlier reform era, and the second a brand-new effort by a state that previously had no law at all.”

**From:** Rep. Dennis Riddell <[Dennis.Riddell@ncleg.net](mailto:Dennis.Riddell@ncleg.net)>  
**Sent:** Friday, June 19, 2020 3:21 PM  
**To:** Daniel Bowes <[danielb@ncjustice.org](mailto:danielb@ncjustice.org)>  
**Subject:** RE: Urgent request for Rep. Riddell to support jail amendment to S374

Good Afternoon Daniel,

Thank you for contacting me over the past few days with your concerns about SB374. The objection to the 2 NCDHHS jail rules that was amended into SB374 on Wednesday early afternoon was removed from SB374 Thursday afternoon/evening. The new bill (referred to as a PCS – Proposed Committee Substitute) without the jail rules objection was voted out favorably from the committee and will be likely heard on the House floor next Monday evening.

Unfortunately I was not informed of the change of opinion by the NC Sheriff's Association Executive Committee on the matter until the Rules Committee late Wednesday afternoon. As is my custom I welcomed additional information on the subject. Once I had heard again from both sides on the issue and had an opportunity to speak with others with more expertise on this particular issue I decided to have that recently added controversial component to SB374 removed.

I believe this was the right thing to do and certainly acknowledges and honors the hard work on the issue that many have put in over several years. I truly hope it does the good intended.

Regards,  
Dennis

**From:** Daniel Bowes  
**Sent:** Thursday, June 18, 2020 10:10 AM  
**To:** [Dennis.Riddell@ncleg.net](mailto:Dennis.Riddell@ncleg.net)  
**Cc:** [Riddella@ncleg.net](mailto:Riddella@ncleg.net); Kristen Powers <[kp@benevolencefarm.org](mailto:kp@benevolencefarm.org)>  
**Subject:** Urgent request for Rep. Riddell to support jail amendment to S374

Rep. Riddell,

I hope you are doing well and staying safe. If you will recall, we worked together on the Criminal Law Reform bill last year. <https://spectruminfoocus.com/section/in-focus/in-focus-shows/2019/06/09/advocates-push-for-change-in-criminal-code>

I'm reaching out to you from my residence at 2424 Dry Creek Lane, Burlington, NC 27217, to strongly urge you to drop the provision in Senate Bill 374, Section 24.5.(a), that would disapprove of Rule 10 NCAC 14J .0301 which regards overcrowding in local jails. I am doing so as an Alamance resident as well as a lobbyist for the NC Justice Center.

As you know, these rules are the result of a long process of stakeholder input conducted by DHHS that appropriately considered and largely addressed the Sheriffs Association's concerns. Furthermore, it is my understanding that while the Sheriffs Association initially opposed this particular rule, they have dropped their opposition after negotiating with Disability Rights NC. My question to you is, why are you continuing to support this provision when the Sheriffs Association has dropped its request for the provision? Doing so is irresponsible and dangerous—not only for the people who are incarcerated and employed in the Alamance jail, but also for vulnerable people in our community. My entire family lives in Alamance—from Saxapahaw to Indian Valley to Elon and AO—including my vulnerable grandfather. My grandmother, [Martha Bowes](#), died of COPD in February—it is unclear whether her death was covid related since NC wasn't testing back then. During the covid pandemic, it is crucial that maximum safety precautions be effectuated in all congregate living spaces, especially in overcrowded jails where the virus will inevitably become entrenched—and incubated for an entire community as people go in and out of the jail. As you know, Governor Cooper has already informed Sheriffs that they are basically on their own in dealing with covid (see attached letter).

For the health and benefit of people in jails and the broader Alamance community, I am begging you to remove this provision from the bill before it passes this afternoon—specifically, please support the amendment Rep. Reives plans to offer on the House floor this afternoon. I have cc'ed Kristen Powers with Down Home Alamance. I also intend to speak with the Times-News, Alamance News, and any other organization and person in NC who is interested in hearing about the danger this provision poses to public health in Alamance County and communities across our state.

Thank you for your time and consideration.

Best,  
Daniel

# September “Covid” Session

As part of a broad coalition of advocacy groups and impacted individuals, we authored public letters to several stakeholders—including the NC Department of Public Safety, NC Governor Roy Cooper, the NC Conference of District Attorneys, and the NC Sheriff’s Association—to highlight the extraordinary threat of Covid-19 to congregate populations in local jails and state prisons. Each letter identifies several specific actions the relevant stakeholder should take to mitigate the risks of covid-19 exposure and offers the assistance of various coalition partners to help with implementation. In response to these letters, we saw a [significant \(but mostly temporary\) reduction in jail populations](#) and a [small effort to reduce the state prison population](#).

All letters are here:

[https://www.acluofnorthcarolina.org/sites/default/files/covid19\\_coalitionletter\\_ncconferenceofdas\\_3.19.20.pdf](https://www.acluofnorthcarolina.org/sites/default/files/covid19_coalitionletter_ncconferenceofdas_3.19.20.pdf)  
<https://www.acluofnorthcarolina.org/en/responding-covid-19>

[House Bill 1167](#) – Would require NCDPS to notify local reentry councils and/or local health departments when someone is being released from prison to the community and establishes procedures for Covid testing of people exiting prison.

[Senate Bill 494-](#) Would require ability to pay determination at sentencing in order to trigger the treat of driver’s license suspension upon failure to pay; would also limit what are now indefinite driver’s license suspensions for failure to pay to a maximum suspension period of 1 year.





**NC Second Chance Alliance**  
*Restoring Opportunities. Strengthening Families & Communities.*

**Everyone Deserves  
a Second Chance**

**#IamForSecondChances • [NCSecondChance.org](https://NCSecondChance.org)**

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# Medicaid Expansion

**North Carolina**

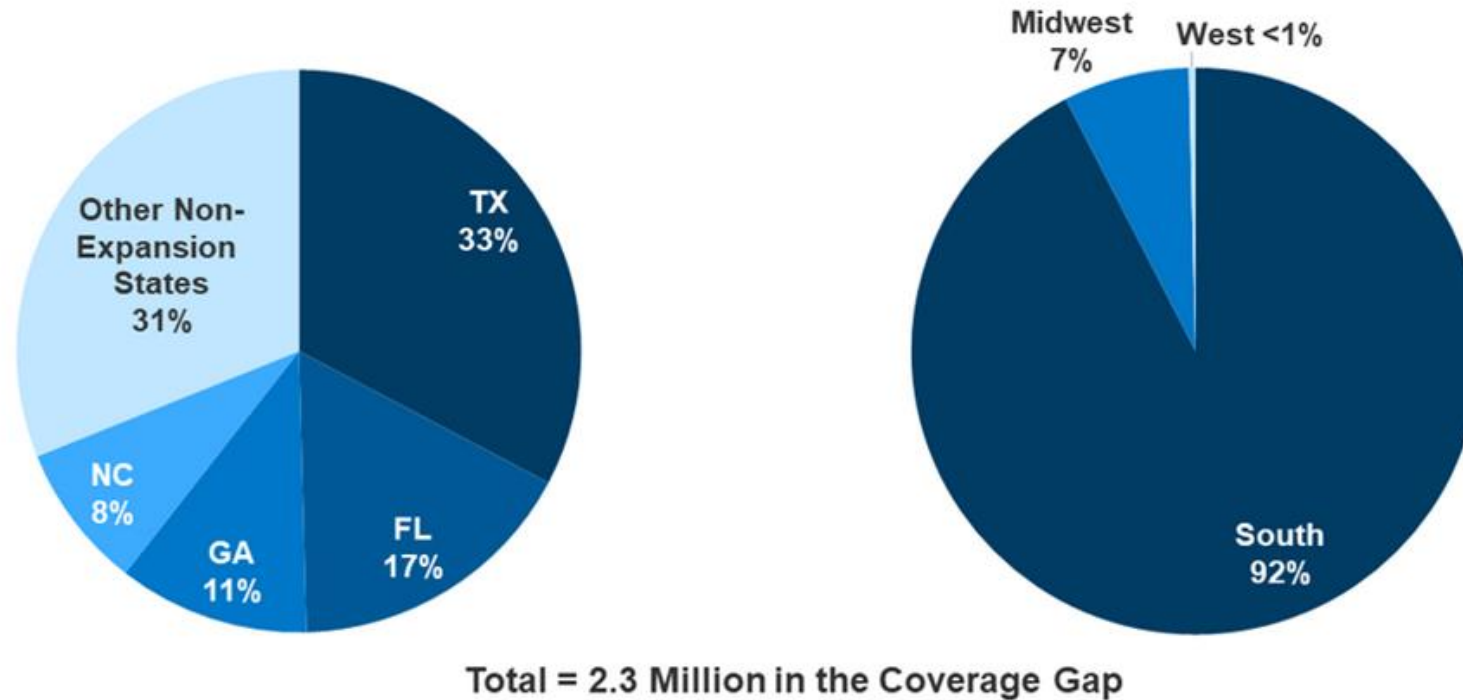
Republican. I Never Thought I'd Fight for Medicaid.'





Figure 2

## Distribution of Adults in the Coverage Gap, by State and Region, 2018



NOTE: Totals may not sum due to rounding. There are no individuals in the coverage gap in the Northeast as all states in the Northeast expanded Medicaid.  
SOURCE: KFF analysis based on 2019 Medicaid eligibility levels and 2018 American Community Survey.



Figure 2: Distribution of Adults in the Coverage Gap, by State and Region, 2018

## Share of Total Nonelderly Population that is Black by State and Medicaid Expansion Status as of January 2020

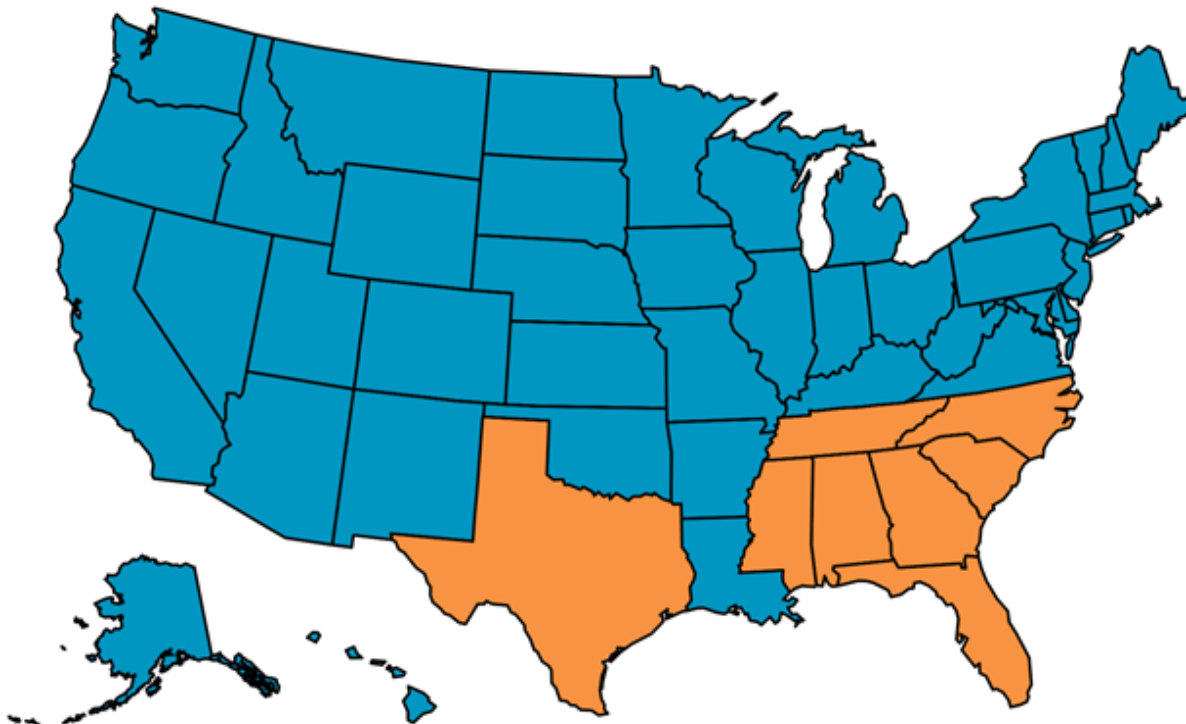




# Southerners for Med Ex

AP  
HISTORY

Southern States with Vigils Pl:



- North Carolina
- South Carolina
- Tennessee
- Georgia
- Alabama
- Mississippi
- Florida
- Texas



# **SOUTHERNERS *for* MEDICAID EXPANSION**

SOLIDARITY VIGIL

**OCTOBER 1, 2020**

**1 Night. 8 States. 1 Cause.**

# **SOUTHERN STORYTELLER SPOTLIGHT** North Carolina

August 6 at 12pm  
Live on Facebook

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## SOUTHERNERS *for* MEDICAID EXPANSION

Join Southerners from **Alabama, Florida, Georgia, Mississippi, North Carolina, Tennessee, Texas and South Carolina** who are uniting to expand Medicaid for our essential workers, our communities of color and our uninsured families and children!

**There has never been a more dire moment for the Southerners for Medicaid Expansion coalition to unite and fight for our people.** The South has the nation's highest uninsured rates, overwhelming rates of poverty, chronic health conditions, and racial health inequities.

With over 1.5 million COVID-19 cases, and 56 rural

### 3 Signatures

**Add Your Name to Fight for  
Affordable Healthcare and Support  
Southerners for Medicaid Expansion!**

\*

\*



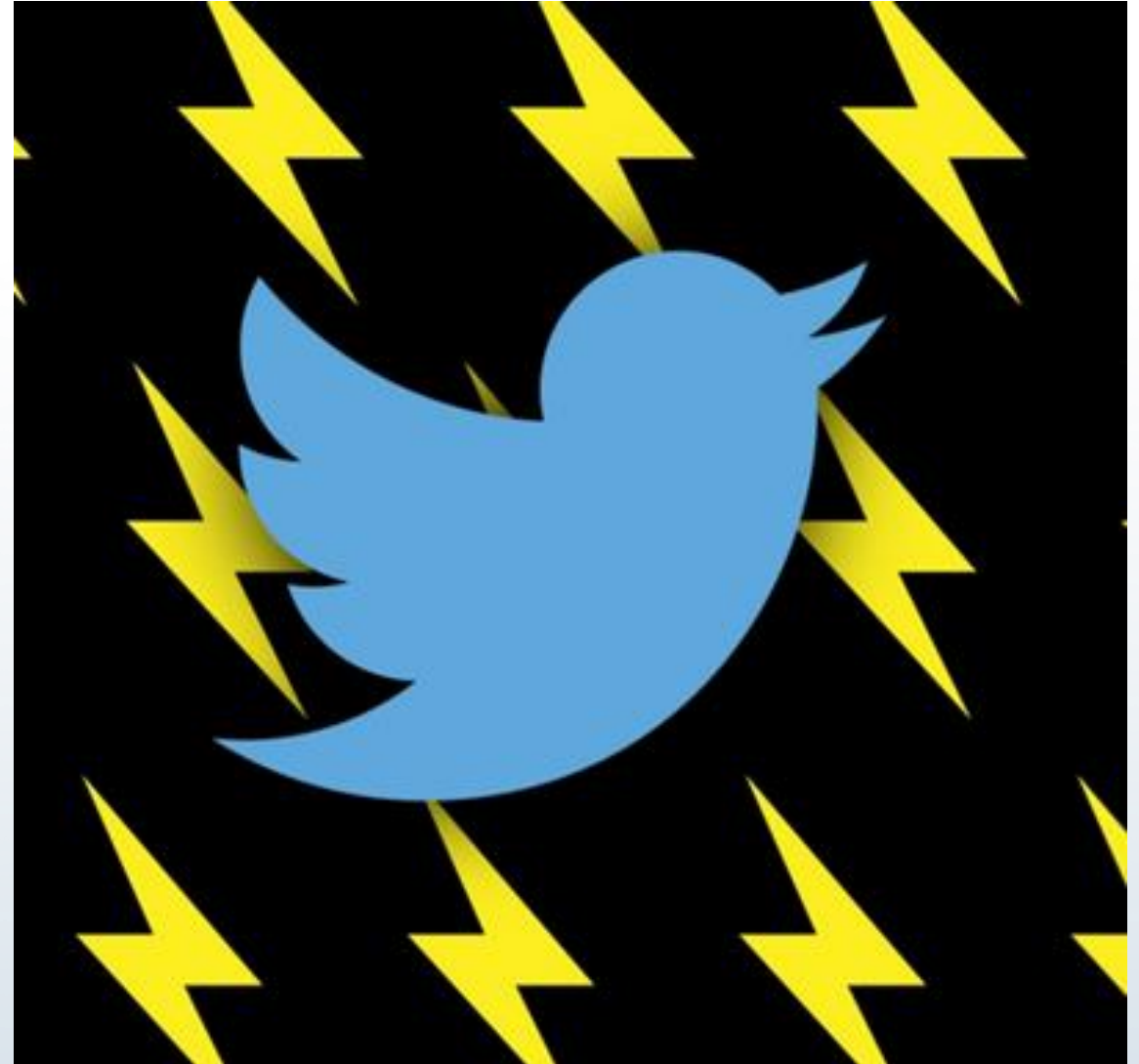
city and state not required

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# **Tweet Storms**

September 24th  
September 29th



NCJC  HCP

HOUSING & CONSUMER  
PROJECT

# Housing & Consumer Project Legislative Update

## **Bill NC H1067**

Modernize Debt Settlement Prohibition

<https://www.ncleg.gov/BillLookup/2019/H1067>

## **Bill NC H1200**

Foreclosure Prev.Grants/Rental & Utility Asst

<https://www.ncleg.gov/BillLookup/2019/H1200>

# Education Funding and Equity





# *Leandro v. State of NC*



- ▶ Lawsuit filed in 1994 by five low-wealth school districts (Hoke, Halifax, Robeson, Vance and Cumberland)
- ▶ Suit claimed that districts did not have enough money to provide an equal education to their students
- ▶ NC Supreme Court ruled in 1997 that state's students have a constitutional right to an opportunity for a "sound, basic education"
- ▶ In 2004, Judge Howard Manning ruled that to meet its constitutional duty, the state must
  - Staff each classroom with a competent, well-trained teacher
  - Staff each school with a competent, well-trained principal
  - Identify the resources necessary to ensure that all children, including those at-risk, have an equal opportunity to obtain a sound, basic education

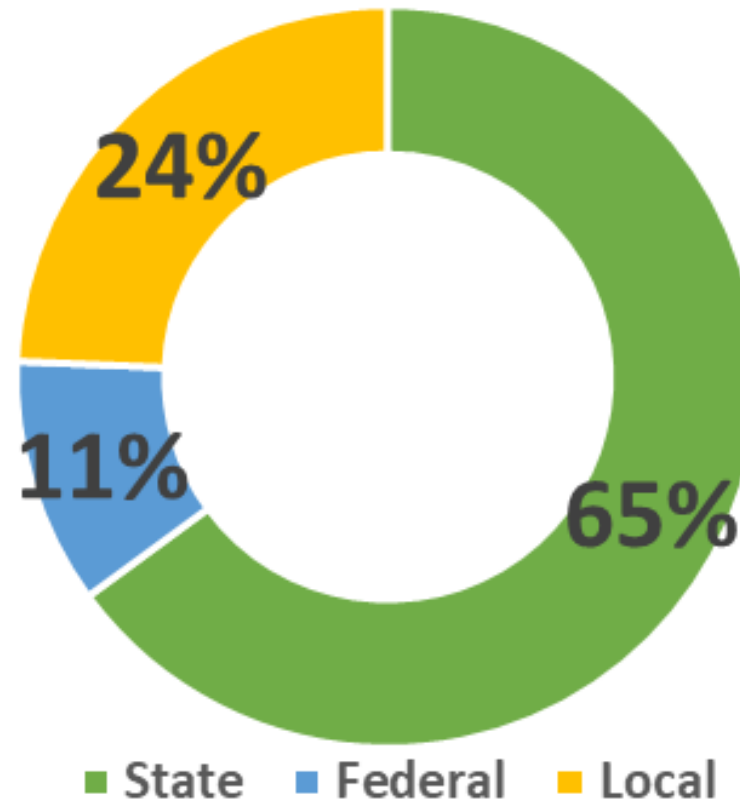
The meaning of *Leandro* is straightforward even though the case is complex:

**The state has a responsibility to provide every child with access to a sound basic education and the state is not meeting this minimal standard**

## This time is different - and historic

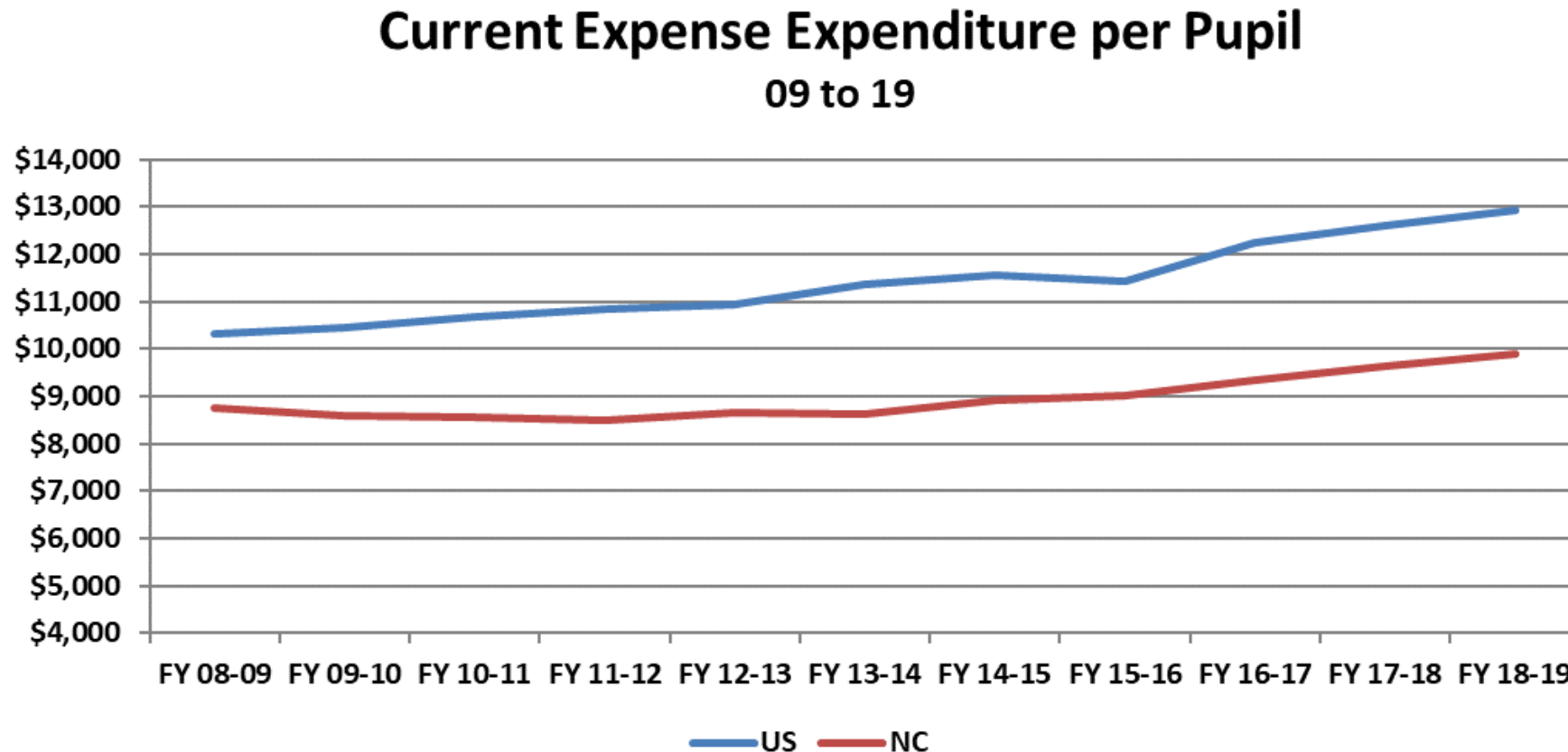
- ▶ WestEd Report
- ▶ Governor's Commission on Access to Sound, Basic Education
- ▶ Consent judgement signed by Judge Lee in January
- ▶ **For the first time the State of NC agrees in a legal settlement that it is not meeting its constitutional obligation** to provide every child in NC access to a sound, basic education and commits to an action plan

## Current Expense Expenditures by Source of Funds FY 17-18



Source: DPI Statistical Profile

## NC backtracks on funding compared to rest of US



Source: NEA Rankings &  
Estimates

## Schools are starved of resources

Compared to 08-09, state is providing:

- ▶ **1.1%** fewer teachers
- ▶ **9.1%** fewer instructional support personnel
- ▶ **7.7%** fewer principals & assistant principals
- ▶ **35.6%** fewer teacher assistants
- ▶ **40.0%** less for central offices
- ▶ **17.1%** less for non-instructional support (janitors, clerical, subs)
- ▶ **56.5%** less for textbooks
- ▶ **55.9%** less for supplies and materials
- ▶ **Eliminated** funding for professional development and mentors

## Leandro Report Summary



## Next steps

- ▶ Judge set deadline for draft consent orders from parties on implementation plans, phases (current deadline is end of May assuming no further extensions)
  - Specific recommendations
  - Monitoring plan
  - Enforcement
- ▶ Ultimately it will be up to the NC General Assembly to appropriate dollars to meet investment needs



# NC Communities for the Education of Every Child - Join Us!

[www.everychildnc.org](http://www.everychildnc.org)



## Summary of bills impacting *Leandro compliance*

- **Adjustments to account for inflation and enrollment:** The majority of “new” money in FY 2020-21 (\$308 million) simply reflects additional enrollment, updated data on average teacher salaries, and the increased cost of retirement and health care benefits.
- **Budget changes that impact school resources:** Schools are receiving additional money for the [still-not-fully-funded class-size requirements](#) (\$45 million) and more SROs in middle and elementary schools (\$3 million). Every district will receive about one-third of an instructional support position (\$3 million). These funding increases are offset by cuts to school bus replacement (\$10 million), school technology (\$18 million), and the expiration of certain one-time funds for prior-year school safety grants (\$15 million). As a result, there’s little net change in schools’ resources from the prior year.
- **Appropriation of federal funds to address the additional costs created by the COVID-19 pandemic:** The General Assembly appropriated \$244 million of federal Coronavirus Relief Fund monies to help districts offset the increased costs incurred due to the pandemic. The State Board requested \$381 million to meet these same needs, indicating that districts will have to find an additional \$137 million to meet new COVID-related expenses. [Full details can be found here.](#)

## The General Assembly made no progress on

- Creating an adequate, efficient, & equitable school funding system;
- Providing qualified, prepared, diverse educators in every school;
- Revising the assessment and accountability system;
- Directing resources, opportunities, and initiatives to economically-disadvantaged students; and
- Building a system of support for the improvement of low-performing and high-poverty schools.
- A provision from the 2018 budget bill adds \$9 million to NC Pre-K, providing 2% of what it would take (\$421 million) to partially meet the *Leandro* goal of giving all at-risk children the opportunity to attend high-quality early childhood programs. At this pace, it will take another 50 years to get to where we need to be.