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Lawmakers handed us a budget that puts the train on the wrong tracks. This budget falls far short of what was needed to meet the needs of children, working families and communities—as such, it will continue to hamper North Carolina’s full recovery from the Great Recession. Instead of investing adequate resources in public priorities like education, state lawmakers chose to make room for tax cuts for the wealthy and profitable businesses that will cost over \$2 billion over the next 5 years.

State lawmakers approved a \$20.6 billion budget for the 2014 fiscal year and a \$21.0 billion budget for the 2015 fiscal year. Although the 2014 budget exceeds last year’s in overall dollars, it still falls short of what was needed to maintain current service levels in 4 of the 6 major budget areas, including the K-12 system.

Noteworthy Spending Cuts and Areas that Fall Short

- The budget fully funds the enrollment growth in K-12 schools but makes harmful cuts—such as reducing funding for teachers, which could increase the number of students in each classroom, and eliminating funding for 1 in 5 teacher assistants—that will make it harder for kids to learn. It also provides \$10 million for children to attend private and religious schools through a voucher program.
- The budget cuts 2,400 at-risk students from pre-Kindergarten education compared to last year’s levels.
- The budget increases funding for Medicaid to cover enrollment growth but cuts the number of doctor visits it will pay for to 10 from 22, increases co-payments, and lowers reimbursement rates for providers.
- The budget shifts economic development investments away from low-income, distressed populations and communities and toward more broad-based efforts focused on attracting more businesses to NC.
- The budget reduces funding for Prisoner Legal Services, which helps ensure prisoners have access to courts and also reduces funding for the Housing Trust Fund, which funds affordable-housing projects and helps ensure that families can pay for housing expenses and still pay for other necessities.

Is 2008 as good as it gets?

Previous cuts to investments in services since the start of the Great Recession, combined with a growing population, mean that North Carolina has fallen far behind where it should be economically. Total state spending is far below the 2008 budget that was in place when the recession hit. And, despite claims that the new budget spends the most on public education in the state’s history, spending for the K-12 system was actually higher in 2008 than under the new budget (when adjusted for inflation, which is necessary).

Talking Points

- The budget does not provide the resources necessary to educate our children, support the wellbeing of our most vulnerable citizens, and extend ladders of opportunity to distressed communities.
- This budget fails to catch up—let alone keep up—with the needs of kids, working families and communities. In education alone, the two-year budget falls short by more than \$480 million.
- North Carolina’s economic progress depends on a well-educated population—from pre-k to higher education. We cannot afford to short change education investments.
- Without adequate investments in education, infrastructure and the other building blocks of a strong economy, the state could fail to maintain a competitive position among the states.
- Lawmakers chose to enact deep tax cuts at the expense of broadly shared public investments that give all families a chance to prosper and ensure the health and well-being of all communities.
- North Carolina cannot afford to pay for tax cuts for the top at the expense of teacher layoffs, growing waiting lists for critical public services, and higher tuition rates.