



LEAGUE OF WOMEN VOTERS OF NORTH CAROLINA

LEGISLATIVE UPDATE

Legislative Update for February 6, 2009

The time for Governor Perdue to set the State Budget for 2009-2011 is quickly approaching. But what exactly does that entail?

Projections are made by economists and financial experts in both the executive and legislative branches of government. In most cases, the governor and members of the General Assembly try to use conservative projections for next year's growth to determine how much money will be available to include in the budget. In most years, the economy performs better than the conservative estimates, leading to revenue collections that exceed projections. That leaves the state with one-time funds that can be used for a "rainy day fund" for emergencies or other one-time costs. But when the economy takes a downturn, as it has in the last few years, revenue collections fall below even conservative estimates, leaving the state with a shortfall. Unlike the federal government, North Carolina has a constitutional requirement that its budget each year be balanced. That means that spending cannot exceed the revenue taken in each year. A "deficit" or "shortfall" in North Carolina means that revenue collections for the year are running behind projections so that spending, by law, must be reduced to meet the lower revenue amounts. The governor proposes the first version of the budget unveiled every year. In 2009, the Senate will next create a version and then the House. Negotiators from both chambers and the governor's office then hammer out a final deal. The legislature adopts the state's final spending plan, but the governor has the constitutional authority to make virtually any spending reductions in that plan as necessary to ensure that the state ends its fiscal year on June 31 with a balanced budget.

FOCUS UPDATE: A bill entitled An Act to Add The Office of State Treasurer To the Council of State Offices Subject to the Voter-Owned Elections Act (S20) was filed in the Senate on January 26, 2009 and Referred to the Appropriations/ Base Budget Committee on the 2nd of February. The purpose of this Bill would be to include the office of State Treasurer in the list of offices in which the North Carolina Voter-Owned Election Fund is available.

The League will be sending legislative updates and calls to action during the 2009-2010 Session. This is the second update of the session.

For additional information on The League of Women Voters of North Carolina and our policies and partners, please visit www.lwvnc.org.

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