



LEAGUE OF WOMEN VOTERS OF NORTH CAROLINA

LEGISLATIVE UPDATE

July 3, 2010

From the Together NC Partners:

Budget Update

Wednesday evening, the House and Senate passed the final version of the \$19 billion budget. With \$800 million in new cuts, it's had to classify the budget as a success. However, in the absence of raising new revenue, the legislature did a respectable job of managing the money they had and maintaining critical functions of state government. That's not to say that many important services didn't suffer devastating cuts.

Going into the conference committee, the most important point of contention was how to deal with congressional inaction on the extension of increased Medicaid assistance, which could increase the budget shortfall by over \$500 million. Legislators chose to include a provision called the "Extraordinary Measures" provision, which instructs the state budget director to take the following actions in this order beginning January 1st:

- (1) Transfer from the Disaster Relief Reserve Fund (30,000,000)
- (2) Transfer of unclaimed lottery prize money and excess receipts (35,000,000)
- (3) Use of interest from all other funds (50,000,000)
- (4) Use of balance in General Fund Availability (23,469,157)
- (5) Reduction of Medicaid Provider rates (26,618,975)
- (6) Use of funds from the Savings Reserve Fund (37,307,714)
- (7) Reduction in Retirement System contributions (139,000,000)
- (8) One percent (1%) Management Flexibility Reduction spread across all agencies (177,500,000)

Looking Forward

This year, legislators made it very clear that revenues were off the table. After passing a two-year tax package last year and heading into election season, they believed raising revenue was politically untenable. Thus, we made a strategic decision not to aggressively pursue additional revenue solutions this year knowing that the budget situation next year will be much worse.

Next year, we will all need to be ready to fight.

We'll lose the federal stimulus funds and the temporary tax package will expire. We'll begin the next budget year at least \$2 billion in the hole. More than ever, we need long-term revenue solutions to ensure that we have adequate resources to support our families and communities (Check out [this editorial](#) on revenue reform from the Greenville Reflector).

We'll jumpstart our organizing efforts this fall, so keep an eye out for announcements. As always, thanks for your work.

Rob and Jonathan (Jonathan Palmer, policy analyst for the Budget and Tax Center of the NC Justice Center, and Rob Thompson, Executive Director, The Covenant with NC's Children.)

From the NC Conservation Network

The state Senate has wisely just passed a bill that will generate important science-based estimates of the flows of water that could help keep North Carolina's river basins sustainable and healthy for years to come.

We expect the state House to take a final vote on this issue as soon as next Tuesday. Please take a moment to **urge your state Representative to vote YES on H1743, Improve River Basin Modeling**: <http://action.nconconservationnetwork.org/waterwise>

If passed, H1743 would require state scientists to develop models for each of the state's 17 river basins. The models would show when existing or proposed water withdrawals from a river basin will interfere with human use, essential use, or river health anywhere in the river basin.

Unlike many states, North Carolina lacks a permit program for water withdrawals from our rivers and lakes. Worse, we lack even the capacity to tell whether a proposed withdrawal will damage river health or downstream users. The information these models provide will help towns and businesses make wise decisions about future water use.

Please tell your state representative to vote YES on H1743 as we expect the House to consider this legislation as soon as next Tuesday, July 6th by going to the [NC Conservation Network website](#).

For additional information on The League of Women Voters of North Carolina and our policies and partners, please visit www.lwvnc.org. The Legislative Update is compiled by Beverly Kawalec (bevkawalec@nc.rr.com). If you wish to subscribe or unsubscribe, please email Patty Dale at daleph55@gmail.com.