Governor Pat McCrory’s 2016-17 Budget

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Guiding Principles

• Ensure the state has a safety net for future economic swings
• Prepare for continued growth
• Help those who cannot help themselves while encouraging those who can
• Protect and enhance quality of life and environment
• Make government more cost efficient and provide excellent customer service
• Protect our citizens
• Keep, find and reward talent
• Promote job retention and growth
• Make our state affordable to live, work and play
Rebuilding North Carolina

**January 2013**
- 9.4% unemployment
- $2.5 billion unemployment insurance debt
- Personal tax rate = 7.75%
- Corporate tax rate = 6.9%
- 4 years of Medicaid budget shortfalls

**Today**
- 5.5% unemployment, 275K jobs added
- Unemployment insurance debt paid off, reserve of $1 billion
- Personal tax rate = 5.499% (1/1/17)
- Corporate tax rate = 4.0%
- 3 years of Medicaid within budget
CONSENSUS REVENUE FORECAST REVISED UPWARD BY $237 MILLION

March 2016 Consensus Forecast
Certified 2015-2017 Budget
Actual Revenues

$18.6B 2010

$19.2B +2.9%
$19.5B +1.8%
$20.2B +5.2%
$20.5B -1.9%
$21.4B +2.4%
$21.7B +1.3%
$22.0B +1.0%
$22.2B +6.4%

SOURCE: OSBM and NC Fiscal Research Division data and projections
Fiscal Discipline

- **No new taxes** or fee increases
- **AAA bond rating** from all three major ratings agencies
- Budget grows **more slowly than inflation and population**
- **Balanced budget**, consistent with state constitution
- Maintain **structural integrity**, no non-recurring dollars spent on recurring expenses
Invests an additional $300 million in the rainy day fund bringing to an all-time-high of $1.4 billion.
Spending Where It Matters Most

FY 2016-17 General Fund Appropriations = $22.3 billion

- Education is 70% K-12, 22% university system, and 8% community colleges
- Health and Human Services is more than 70% Medicaid
- Justice and Public Safety is 73% Public Safety (law enforcement & corrections), 25% Judicial, and 2% Justice
- General Government and Natural and Economic Resources combine to comprise nearly 4% of all appropriations
• More than $426 million in new funding for teacher compensation

• Average 5 percent pay increase for teachers

• Boosts average teacher pay to more than $50,000

• Average 3.5 percent bonus for teachers
Investing in Education: Pre-K - 12

RESPECTING AND REWARDING TEACHERS
- $426 million
- Average 5 percent pay increase boosting average pay to $50,000
- Average 3.5 percent bonus
- Differentiated pay pilot

RECRUITING NEW TEACHERS
- $2 million
- New scholarship program to recruit science and math teachers
- 300 scholarships

EXPANDING OPPORTUNITY FOR SPECIAL NEEDS STUDENTS
- $6 million
- Expands to serve an additional 300 students

MODERNIZING CLASSROOMS
- $29 million
- Digital content and professional development
- Connecting all classrooms to robust WiFi by 2018

INVESTING IN CLASSROOM RESOURCES
- $10 million
- Expands funding for classroom supplies and equipment

EXPANDING PRE-K
- $4 million
- Expands Pre-K to serve an additional 800 at-risk 4 year olds
- Brings total Pre-K budget to $148 million
Investing in Education: Higher Education

**BRODY SCHOOL OF MEDICINE AT ECU**
- $8 million
- Recurring funding to stabilize medical education

**EXCEPTIONAL FACULTY RECRUITMENT**
- $3 million
- Increases funding to recruit and retain exceptional faculty at UNC System campuses

**MATH, SCIENCE AND HEALTH SCHOLARSHIPS**
- $5 million
- Establishes new merit scholarship program for students pursuing Math, Science and Health degrees at our universities

**HBCU INTERNSHIP PROGRAM**
- $183,000
- Expands the program to connect more students with prospective private-sector employers

**COMMUNITY COLLEGE STUDENT SUCCESS**
- $16.7 million
- Provides support services to ensure community college students graduate with a credential or degree

**COMMUNITY COLLEGE EQUIPMENT**
- $7.5 million
- Upgrades equipment to train students for the 21st century workforce
Justice and Public Safety Pay Increases

- **$10 million** for Correctional Officer pay increases

- Average **5 percent** pay increase for:
  - State Bureau of Investigation Agents
  - Alcohol Law Enforcement Agents
  - Assistant District Attorneys
  - Assistant Public Defenders

- Experience-based pay increase for eligible:
  - State Highway Patrol Troopers
  - Assistant and Deputy Clerks
  - Magistrates
Total Employee Compensation

Most of our $22.3 billion General Fund budget or nearly $15 billion goes to pay salaries and benefits.
Rewarding State Employees

$27 million increase to the salary adjustment fund for a total of $40 million to recruit and retain the best and brightest employees.

$196 million to provide an average 3 percent bonus for state government’s most valuable asset, its employees.
Encouraging a Healthy North Carolina

Helping those who can’t help themselves, while encouraging those who can

MENTAL HEALTH AND SUBSTANCE USE TREATMENT

- **$30 million**
- Transitional housing, case management, mental health first aid training, child crisis centers and tools to combat addiction

SERVICES FOR OLDER ADULTS AND THOSE WITH ALZHEIMER’S

- **$3 million**
- 320 new slots
- **$1 million** for family caregiver support services, including respite care

SERVICES FOR DEVELOPMENTAL DISABILITIES

- **$2.5 million**
- 250 new Medicaid Innovations Waiver slots

PREPARING NORTH CAROLINA FOR ZIKA AND OTHER DISEASES

- **$750,000**
- Supports prevention and surveillance to track primary carrier of Zika virus and other vector borne diseases
Expanding Career Opportunities

INNOVATION TO JOBS

$5 million
Increased investment in early stage commercial ventures and leveraging entrepreneurial talent

AGRI-BUSINESS

$2.3 million
Increased support to promote and develop economic opportunities for food manufacturing and to support family farms

MAIN STREET PROGRAM

$1 million
Additional funding to revitalize small town main streets

NCWORKS APPRENTICESHIP

$500,000
Expands apprenticeship opportunities allowing students to learn while they earn
Strengthening Transportation System

**DRIVING CHANGE AT THE DMV**
$3.8 million for additional driver license examiners to improve customer service and decrease wait times

**MAINTAINING SAFE AND CLEAN ROADS**
$27.5 million increase in funding to maintain roads, enhance safety and reduce congestion

**BUILDING NEW ROADS**
$30 million increase for new transportation projects in the state’s 10-year plan
Keeping North Carolina Safe

**PROMOTING SAFER SCHOOLS**
- **$2.8 million**
- Statewide deployment of anonymous tip reporting application
- Emergency management professionals to assist local school districts to implement school safety plans

**LEVERAGING TECHNOLOGY TO FIGHT CRIME**
- **$4.6 million** to detect and prevent prisoner access to cell phones
- **$1.3 million** to safeguard law enforcement communication and improve emergency response

**IMPROVING CRIMINAL JUSTICE SYSTEM**
- **$2.5 million** to establish specialty courts, such as drug treatment courts
- **$2.2 million** to significantly reduce the State Crime Lab backlog
- **$1.4 million** to open the Western Crime Lab
Investing in Critical Infrastructure

Supports Connect NC investments

- **STATE PARKS**
  - $75 million

- **UNIVERSITIES AND COMMUNITY COLLEGES**
  - $1.3 billion

- **WATER AND SEWER**
  - $309.5 million

- **NORTH CAROLINA ZOO**
  - $25 million

- **NATIONAL GUARD AND PUBLIC SAFETY**
  - $78.5 million

- **AGRICULTURAL RESEARCH**
  - $179 million
An electronic version of Governor McCrory’s budget will be available on the Office of State Budget and Management website on 4/27.

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