

NC House of Representatives

Appropriations Committee

House – Senate Budget Proposal Differences

House Approach to 2015-17 Budget

- Fund mandatory items such as Medicaid, public school and university enrollment growth
- Increase funds in Statewide Reserves
- Address teacher and correctional staff pay needs
- Fund Retiree COLA and provide a pay increase for all State employees
- Address key spending areas/needs
- Fund economic development and job creation
- Address capital and State infrastructure needs
- Keep policy to a minimum

1. Growth in Spending

- House Budget invests 5.1% (6.3% if statutory and other earmarks are included) to cover mandatory increases such as Medicaid and public school and university enrollment and provide for the largest pay increase for all State employees since the Great Recession.
- Senate budget grows 1.8% (2.6% if statutory and other earmarks are included).

2. Tax Changes

- House Budget allows full implementation of 2013 tax cuts including automatic corporate tax rate cuts totaling \$500 million over the biennium. House proposal restores **Medical Expense Deduction** and maintains current allowance for **Charitable Giving**.
- Senate proposes additional major tax changes such as reductions of corporate and individual tax rates and the redistribution of sales taxes to local governments.

3. Reserve Accounts

- House increases **Savings Reserve** by \$200 million. Senate increases by \$500 million.
- House reserves \$50 million to the **Medicaid Contingency Reserve**. Senate maintains the \$186 million currently in Medicaid Reserve.

4. Salaries and Benefits

- House Budget provides a 2% COLA to retirees and a 2% across-the-board increase to all State employees; Senate Budget does not fund increases for most State employees or retirees.
- House funds projected increase needed for State Health Plan; Senate provides no additional funds.
- Senate eliminates Retiree medical benefit for future State employees.

5. Key Spending Items/Initiatives

- House continues investment in **Teaching Assistants** at the FY 2014-15 level. Senate proposes to reduce FY 2014-15 funding level by 50% and further reduce in 2nd year of biennium.
- House budget expands **Mental Health** funding by \$30 million. Senate cuts \$166 million.
- House proposes to continue **Driver Education** funding. Senate proposes no funding for Driver Education and would eliminate the requirement for completing the training as a prerequisite for a Limited Learner Permit.
- House makes major investments in **Economic Development** and **Job Creation**.
- House passed House Bill 372, authorizing provider-led capitated **Medicaid Reform**. Senate proposes a full capitation model of Medicaid Reform in budget bill.

6. State Infrastructure

- House makes major investments in State infrastructure by appropriating/authorizing \$519 million in capital improvements and planning such as university science and engineering buildings, medical examiner laboratory and highway patrol training facility.
- Senate appropriates \$300 million for Repairs & Renovation.