



LEGISLATIVE NEWSLETTER LEGISLATIVE NEWSLETTER

May 8, 2017, #675

What's Up Legislatively

Revenue Picture/Senate Budget Vote Likely This Week: Budget writers in the N.C. General Assembly will have more cash at play after the state's projected revenue surplus grew to \$580.5 million. The projections, released May 5th, show that tax collections and other revenues are up about 2.5 percent from what state leaders budgeted last summer. The latest surplus estimate is a relatively slight jump from a \$552.5 million surplus forecast in February.

GOP leaders said they plan to unveil their budget proposal today or tomorrow, with votes on Thursday and Friday. The House will then develop and pass its own spending plan. Leaders from the two chambers will hash out a compromise bill and send it to Gov. Roy Cooper. Senate leader Phil Berger praised the surplus and called for "middle class tax relief."

"While most other states struggle with revenue shortfalls, North Carolina has, once again, built a significant surplus as a result of the economic impact of our nationally recognized tax cuts and reform," he said in a news release.

Budget director Charlie Perusse downplayed the new revenue forecast as only minor changes since February. "I would generally categorize these as 'technical adjustments' based on having three more months of actual data," Perusse said in an email. "There are no underlying changes or concerns with the economy."

Following the Money: The increase since February is mostly based on franchise tax collections, according to the legislature's nonpartisan Fiscal Research Division. Franchise taxes are paid by businesses that are headquartered outside the state but have assets or operations in North Carolina. Projected revenue for the new fiscal year, which begins July 1, is down \$14 million from February's numbers, but that's chump change relative to the \$23.15 billion in total revenue now expected in the next budget year.

Look for the Senate budget to include a reduction in corporate and personal income-tax rates that passed the chamber along party lines last month. The tax cut would reduce the state's expected revenue by \$324 million in the fiscal year beginning in July, \$710 million in the second year and more than \$800 million in subsequent years, according to the legislature's nonpartisan fiscal researchers.

Meantime, Democrats argue that the tax-cut package would reduce funding available for schools and other needs. A Cooper spokesman in February said that the budget surplus means an "opportunity to invest in our future with better schools and a stronger middle class, while also making sure those hit hard by Hurricane Matthew aren't left behind," The News & Observer reports.

Slow Rolling Early This Week, Early July Adjournment? With Senate budget work continuing behind the scenes, both chambers should have light calendars until mid-week. Speaker Tim Moore, R-Cleveland, told House members Thursday he didn't expect any floor votes on Monday or Tuesday. Likewise, Sen. Andrew Brock, R-Davie, in making a motion to adjourn the Senate last week, said today would be a no-vote session. Moore said the legislature is looking to adjourn the session by late June or early July. "Things are coming along well," he said, according news reports.

Hoops Shots: With little legislative action last week beyond budget numbers crunching, the political highlight involved legislators honoring the NCAA men's basketball champions, Coach Roy Williams and his Tar Heels, in their visit to the N.C. General Assembly last Wednesday. The House and the Senate met in a joint session to pass a resolution honoring the team for overcoming the year-long suffering from a last-second loss in the 2016 national championship. Not surprisingly, Williams had some fun.

Williams took notice in his remarks to assembled legislators of fans of rivals North Carolina State University and Duke University. "It was very satisfying to coach this team, and it's really very satisfying to look around here and see a few people wearing red, because I know you really don't want to be here today, and I tell you, that satisfies me right down to my core," a smiling Williams said, drawing solid laughter and applause. "There may be some other ones not necessarily just wearing red. It could be a darker shade of blue, and that's OK, too. I love the fact that you're sitting there saying, 'I wish he'd shut up and get the crap out of here.'"

Williams also underscored the importance of improving education in the state and of lawmakers working together to achieve that goal. "What you do to help our state is the most important thing going on. We need your help in a lot of ways. We need you to reach across the aisle to work together as a team."

Other Developments

Seasoned State Board Nominee: Gov. Roy Cooper has nominated J.B. Buxton of Raleigh to the State Board of Education. Buxton, who ran the state education department under former Gov. Mike Easley, is a former deputy superintendent at the state Department of Public Instruction and a former Easley education adviser.

In 2004, Buxton ran for state superintendent of public instruction in 2004, losing to June Atkinson in the Democratic primary. Buxton now runs an education consulting firm and helped

bring a charter school to southeast Raleigh. The Democratic governor's nominees must be confirmed by the Republican-run legislature.

Some Legislation We're Watching

While NCACTE is monitoring dozens of bills, several of significance, which have not seen any movement post crossover, include:

* **CTE Legislation, [House Bill 450](#)**: In a 110-0 vote, the N.C. House on April 4th approved and sent to the Senate a bill, the “Future Ready Student Act of 2017,” that would expand CTE, award competitive grants of up to \$5 million and broaden CTE to some lower grades. Primary sponsors are Reps. [Horn](#); [Johnson](#); [Dixon](#); [Williams](#).

NCACTE strongly supports the measure, which has been sitting in Senate Rules since April 10th. The bill – as noted in a [legislative summary](#) – also would establish business advisory councils as well as:

- Establish the CTE Expansion Program: Effective upon appropriation of funds for the 2017-2018 fiscal year, the Program would expand CTE by prioritizing the inclusion of students in 6th and 7th grade through grants administered by the NC Education and Workforce Innovation Commission.

-Funding: Used to award competitive grants in a total amount of **up to \$5 million** to be allocated as non-reverting funds to an LEA over seven years. Funds would be used only for employing additional licensed personnel in CTE areas, career development coordination areas, and support services to **expand CTE to 6th and 7th graders**, and maybe used for multiple schools in an LEA.

- Award of Grants: LEAs must include the in applications (1) a plan for expansion of the CTE program to 6th and 7th graders, including specific programs to be expanded, the significance of CTE in the LEA, and how the grade expansion would enhance the education program and the community; (2) a request for funds description of how the funds would be used, and other sources of funds available for the program and (3) a proposed 7-year budget with details on use of funds to add personnel, increase CTE efforts, and provide support services; (4) a meaningful strategy.

[HB 751](#): The bill, which on April 26th cleared the House and now is in Senate Rules, is titled “Career and College Ready/High School Grads. It would require all students to demonstrate a certain level of reading achievement to accompany high school diplomas. Primary sponsors are Reps. [Blackwell](#); [Horn](#); [Johnson](#).

[Senate Bill 599](#): “Excellent Educators for Every Classroom,” which would establish the Professional Educator Preparation and Standards Commission, would hold accountable the

educator licensure process. Some concerns have been expressed about how a teacher could get a license if not affiliated with an educator preparation program.

The bill has a long way to go. It did not make crossover but could still be eligible for consideration. It was withdrawn from Senate Rules, re-referred to Senate Education/Higher Education and, if it receives a favorable vote there, would be re-referred to Senate Finance then Senate Rules. Primary sponsor is Sen. [Barefoot](#).

[SB 421](#): The bill, "Use of Career & Technical Funds/Onslow County," would appropriate \$5 million for Onslow County to retrofit and buy equipment for a regional CTE center. The bill's primary sponsor is Sen. Harry [Brown](#); R-Onslow, and Senate Majority Leader. Not surprisingly, the bill breezed through the Senate on April 11 and now sits in House Rules.

[HB 600](#): "School Construction Flexibility" passed the House on April 26th and now sits in Senate Rules. Concerns remain on this bill concerning CTE funding. Primary sponsors are Reps. [J. Bell](#); [Lewis](#); [Brenden Jones](#); [Goodman](#).

[SB 169](#): "Teaching Excellence Bonus Expansion" cleared the Senate on March 23 and has been sitting in House Rules since. CTE funding here needs to be addressed. Primary sponsors are Sens. [Berger](#); [Harrington](#); [Wade](#).

Quote of the Week

"This is very short and straightforward, but we have to go through this in order to have a joint session with the House tomorrow to recognize the national champion basketball team from Carrboro College, UNC-Chapel Hill."

- Sen. Bill Rabon, R-Brunswick, Senate Rules chair and an N.C. State graduate, on House Joint Resolution 920, honoring the UNC Tar Heels for their NCAA championship title (The Insider, 5/2/17).

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