



Representative W. David Guice
North Carolina House of Representatives
District 113



Legislative Update Five – Short Session
June 13, 2010

Brevard, North Carolina – I want to take a few moments this week and talk with you, in more detail, about the budget that was passed by the North Carolina House of Representatives. As I have told you before I did not vote for this budget and will not support a budget that does not truly set spending priorities. Just as a reminder the North Carolina Senate rejected the House's version of the appropriations legislation and a conference committee has been established to reconcile the differences. Conferees have been appointed and they have started to meet.

There are several significant differences between the House and Senate versions. I would like to highlight just a few of those for you right now. For starters, and I think this is important information for you to have, there is \$18,940,011,278 in general fund availability for this upcoming fiscal year. When all of the funding decisions were made the Senate version had a remaining balance of \$5,248,625 and the House had a remaining balance of \$75,982,800 which is a difference of \$70,734,175. So as you can see there is much work ahead of the conference committee members. The House version funds education at approximately \$185 million less than the Senate version while funding the areas of health and human services, justice and public safety, general government and natural and economic resources at higher levels than the Senate version of the budget.

It is expected that when everything is counted and all of the dust settles that the approved budget for Fiscal Year 2010-2011 will actually be higher than the approved budget for Fiscal Year 2009-2010. Again, just as with last year's appropriation legislation there is a substantial amount of federal stimulus money in this budget, totally just over \$1 billion. Additionally, the budget approved by the North Carolina House of Representatives adds nearly 860 state employees to the payroll list and raids the North Carolina Lottery to cover deficits within the education portion of the budget. As you are well aware we continue to experience tremendous job loss in North Carolina. In fact, our unemployment rates remain in the double digits. Contained within the House version of the budget are some small efforts to generate jobs among small businesses. For example, businesses who add jobs and maintain them for three years will receive a tax credit of \$1,000 for each new job created. Additionally, there is a \$250 tax credit built in for businesses that provide health insurance for employees earning less than \$40,000 each year. It is hard to believe that such small tax credits are actually going to sway businesses as they hire new employees. I do not believe that this budget proposal goes far enough to support and strengthen our small businesses.

Here is my number one concern. We have yet to sit down and set priorities for state spending. By not setting those priorities we have also not made the tough decisions that are needed to avoid future budgetary shortfalls. And my friends, the future shortfalls that we can expect, are not going to be small. In fact, it is possible that when we reconvene in January of 2011 to craft the 2011-2012 budget we will be facing a budgetary shortfall in excess of \$2 billion. The shortfall we potentially face in 2011-2012 is simply because the leadership of the North Carolina General Assembly has been unwilling to set priorities and then spend based on those priorities. The leadership has been unwilling to have everyone sit at the table and be part of the conversation. This is unacceptable. The people of North Carolina deserve better.

I am determined to continue fighting for a new way of doing the business of the people in Raleigh. If we are to have a strong and bright future we must do better. We must put aside partisan politics and do the work of the people. Only after we set those priorities will we ever be able to truly create a budget that begins to meet the needs of the people. I hope that you will stand with me and walk this journey with me. I cannot do it alone...it will take all of our voices. I am humbled each day to represent you, the people of District 113, in the North Carolina House of Representatives. Thank you so much for this opportunity. Please continue to contact my office with your questions and concerns.

Representative W. David Guice
Legislative Building, Room 1015
16 West Jones Street
Raleigh, North Carolina 27601
(919) 715-4466
David.Guice@ncleg.net

#