

Governor Cooper's 2018-2019 Recommended Budget Adjustments

Governor Cooper's 2018-19 budget prioritizes safer and stronger public schools, provides more workforce training for high-paying jobs, and protects the health of families across our state – all without raising taxes.

Stronger and Safer Schools: Governor Cooper's budget gives educators a meaningful raise, takes concrete steps to improve school safety, and lays out a plan to make North Carolina a Top Ten Educated State.

- **Supporting Our Educators** – Governor Cooper's budget ensures all teachers receive at least a 5% raise this year, with the average being 8%. This includes veteran teachers, who legislative Republicans continue to leave out. This puts North Carolina on track to reach the national average in teacher pay by 2021. Principals would get an 8% increase in base pay.
- **Tax Fairness for Teacher Pay Raises** - The budget pays for these much-needed raises by freezing the Republicans' additional income tax breaks for large corporations and people making more than \$200,000 a year. Instead, it directs those funds directly back into teacher pay. Under the Republican tax changes, millionaires get a tax cut 85 times what a working family receives.
- **Making North Carolina a Top Ten Educated State** – Governor Cooper's budget keeps North Carolina on track to be a Top Ten Educated State by 2025 by adding 2,000 pre-K slots, proposing \$25 million for textbooks and digital learning and providing educators a \$150 stipend to cover out-of-pocket classroom supplies. It authorizes \$75 million to begin to fix the class size chaos. Right now, North Carolina per pupil spending is 9% behind pre-recession levels. It also includes \$2.5 million to bolster student support services at HBCUs.
- **School Safety and Mental Health** - Governor Cooper is committed to keeping students and schools safe and that means addressing both classroom security and youth mental health needs. The Governor's budget includes \$130 million to hire more support personnel like nurses and school resource officers and upgrade facilities to be more secure.
- **NC Job Ready** - The budget invests \$30 million in the NC GROW program – free training at community colleges for high-demand industries. It includes \$20 million in Finish Line Grants to help students on the cusp of graduation facing financial difficulties finish their degrees and get good jobs. And NC Job Ready includes \$10 million that will help employers provide on-the-job training.

Healthier Families and Safer Communities: Governor Cooper's budget increases access to healthcare, protects our state's natural resources and improves safety in North Carolina's prisons, creating safer and healthier communities for families.

- **Expanding Medicaid and Combatting the Opioid Crisis:** The budget recommends expanding Medicaid to cover 670,000 North Carolinians and inject \$4 billion in our economy at no additional cost to the state. It adds more than \$9 million to increase community mental health funding and treatment to combat the opioid crisis.
- **Protecting our Natural Resources:** The budget provides \$14.5 million to give state experts the resources to protect our air and drinking water, combat emerging contaminants like GenX and upgrade our state's outdated permitting system. Since 2013 DEQ has seen 77 positions eliminated from water quality and water resources.

- **Improving Prison Safety:** The recent violence in state prisons is unacceptable. The Governor's budget invests \$28 million to improve the safety and security of the prison facilities. In addition, the budget provides funds to increase pay and benefits for correctional officers.

More Money in Families' Pockets: Governor Cooper's budget offers tax relief for middle class families and investments to create good jobs, grow our skilled workforce and strengthen our economy.

- **Tax Fairness for Teacher Pay Raises** – Currently, the individual income tax rate is scheduled to fall from 5.499% to 5.25% and the standard deduction will increase from \$17,500 to \$20,000 (married filing jointly). Under the Republican tax changes, millionaires get a tax cut 85 times what a working family receives. Governor Cooper's budget freezes the personal income tax cut for income over \$200,000 a year and freezes the scheduled corporate income tax cut while investing those funds directly back into a robust teacher pay plan to get us to the national average. The scheduled corporate income tax cut primarily benefits out-of-state corporations.
- Under the budget, every family who pays income taxes in North Carolina will see an income tax break, with the benefits targeted to middle class families. No one will pay a higher rate than they currently do.
- **Investing in Good Jobs for all of NC** – The budget invests \$43 million to strengthen rural North Carolina, expanding access to broadband and improving infrastructure necessary to recruit good jobs. Another \$13 million will help develop economic development sites and recruit new industries.
- **Raises for State Employees** – Governor Cooper's budget offers state employees their largest raise in a decade and a cost of living adjustment for state retirees.

Rebuilding from Hurricane Matthew and Saving for the Future: Hurricane Matthew devastated eastern North Carolina and caused \$4.8 billion in damage. While North Carolina has already disbursed more than \$630 million for recovery, more work remains to rebuild communities even stronger than they were before. Governor Cooper's budget provides additional funds to help families still recovering and takes steps to prepare for future storms.

- **Disaster Recovery Assistance for Hurricane Matthew** - The budget provides \$139.5 million in state funds to repair damaged home and support small businesses. While the state has already distributed more than \$630 million in recovery funds, rebuilding can be a long-term process. This funding covers areas not covered by federal aid or supplements federal funds for repairs.
- **Saving for the Next Rainy Day** – The budget puts an additional \$184 million into the state's Rainy Day Fund so we can be prepared in the event of an economic downturn and respond quickly if another disaster hits North Carolina.

Bottom Line: Instead of continuing to give massive income tax handouts to the wealthy and large corporations, Governor Cooper is putting middle class families first. Governor Cooper's budget invests in teachers and public schools, provides more opportunities to get a good education and train for the workforce, expands access to healthcare and protects our environment and communities.

Our economic recovery has been good for those at the very top, but many families are still struggling to get ahead. Governor Cooper's budget ensures that families and communities all across North Carolina have the opportunity to benefit from our state's success.