

# Budget keeps TAs, but critics say education still underfunded

**Historic preservation and film credits return and a new service tax is added after long legislative battles**

BY TODD LUCK  
THE CHRONICLE

On Friday, Gov. Pat McCrory signed the \$21.7 billion state budget long after its initial July 1 deadline.



McCrory

"Now we can work together to implement a common-sense vision for our great state that includes job creation, education, healthcare and transportation," McCrory said in a release.

The release also said the budget invests in additional textbooks and digital resources and funded an initiative to bring broadband access to all schools. Teacher assistants, who would've been laid off by the thousands in the Senate version of the budget, all got to keep their jobs. Teachers and state employees will receive a one-time \$750 bonus. Beginning teachers retain a \$2,000 salary raise from a stopgap spending measure that kept the state funded after the budget deadline.



Hanes

But critics of the budget say that it continues to underfund education, spending less per pupil than in 2008, and does little to solve the teacher shortage as teachers continue to go to other states or leave the profession. North Carolina is 42nd in the country in teacher pay and 46th in per-pupil expenditures.

Forsyth County Association of Educators

President Ronda Gordon said while she was grateful for teachers assistants were kept, the bonus just isn't enough, especially after taxes. She said that there should have rather been an across-the-board pay raise, which the House version had for state employees, to help retain teachers. She said underfunding of schools is causing textbook shortages. She felt the budget shouldn't have increased school voucher funding, which helps students pay for private school, by \$14 million over two years when there's so much need in public schools.

"It's not addressing the need for our children and our public system," Gordon said about the budget.

The majority of Senate Democrats voted against the budget, including N.C. Sen. Paul Lowe, who represents District 32. He said he voted against it because of what he considered inadequate education funding. He also objected to a new tax on services, such as automobile repairs, which he said will be felt by lower- and middle-income taxpayers.

"The budget doesn't help to improve education and puts a greater hardship on working people," said Lowe.

The money generated from the service tax goes to rural counties whose residents pay more in sales taxes than their local governments collect and prevents the "sales tax shift," which would've taken state money from urban counties and given them to rural ones, a move that many city leaders and McCrory opposed.

The majority of House Democrats also voted against the budget, including Rep. Ed Hanes, who represents District 72. Hanes had some input as one of many vice chairs on the conference committee responsible for the final budget, but said only a handful of lawmakers got to make decisions on it. Hanes echoed Lowe's objections to the level of education funding and putting a tax burden on lower income taxpayers.

"Even though we did get life-saving legislation put in the budget for body cameras and dash board cams and unauthorized use of force training, it was still something that I didn't feel at this point I could support," he said.

Hanes said the months-long delay was a result in the radical difference between the House version of the budget, which had

more spending and bipartisan support, and the Senate version, which drastically cut that spending and was supported by Republicans.

He said particularly contemptuous issues like Medicaid reform and the state bond where put into separate bills. Medicaid reform is a compromise between the Senate ver-



Lowe

sion, whose plan would've relied on for-profit managed care insurers, and the House version, which relied on provider-led groups headed by hospitals and physicians groups. The final bill, which has both

## A look at the N.C. budget

- Keeps all teachers assistants
- Gives state employees, including teachers, a \$750 bonus
- Taxes services like automobile repair
- Fully restores medical expense deduction
- Restores the historic preservation tax credit
- Spends \$30 million to restore the film production tax credit

managed care and provider-led entities, was approved by the House and Senate on Tuesday.

The Connect NC Bond funds numerous infrastructure projects for places like community colleges and national guard facilities. The University of North Carolina system would get \$921 million for projects like a \$52 million new science building at Winston-Salem State University and a \$97 million new engineering building at N.C. A&T State University. The version the House approved is \$2.85 billion

including \$400 million for transportation projects and would be on the primary ballot. The Senate version



Gordon

introduced Monday is \$2

billion with no road projects would be on the ballot in the General Election.

Also in the budget was \$30 million for the film production credit, which expired at the end of 2014 and had been replaced with a grant program worth \$10 million in rebates. The expired historic tax credit is back in a smaller form with a 15 percent tax credit for qualified expenditures of up to \$10 million and 10 percent for qualified expenditures that are \$10 million to \$20 million, and 15 percent for expenditures between \$10,000 and \$22,500 for non-income producing structures.

There's also a slight reduction in the individual income tax rate and an expansion of the standard deduction. It also restores deductions for medical expenses with no spending cap and raises pay for prison guards.

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## Stein launches campaign for attorney general

BY TOM FOREMAN JR.  
ASSOCIATED PRESS

State Sen. Josh Stein, a former deputy to North Carolina Attorney General Roy Cooper, made appearances in some of the state's larger cities on Monday, Sept. 21, as he officially launched his bid to succeed his old boss.

Stein appeared in Winston-Salem, the second of his four stops after beginning the day in Charlotte. Stops are also planned in Greensboro and Raleigh.

Stein said he wanted to protect families by cracking down on violent crime and protect taxpayers by stamping out Medicaid fraud.

"As attorney general, I'll stand up for people who work hard and play by the rules, and I will take on politicians and big corporations when they don't because no one is above the law," Stein said.

The Democrat initially told supporters Sunday, Sept. 20, of his decision to run for attorney general and launched his campaign's website. Stein said earlier he was considering a 2016 run for attorney

general if Cooper did not seek re-election. Cooper is planning a bid to unseat Republican Gov. Pat McCrory.

Another likely campaign target is gay mar-



riage and the effort by the Republican-led legislature to ban it. Cooper was criticized for refusing to defend the state's position before the U.S. Supreme Court ruling, which affirmed same-sex marriage.

Stein said he would defend the state on law with which he might personally disagree unless those laws are deemed unconstitutional.

Stein, 49, grew up in Chapel Hill, the son of a civil rights lawyer. He graduated from Dartmouth College and Harvard Law School and briefly worked as a teacher in Zimbabwe.

Statehouse reporter Gary D. Robertson in Raleigh contributed to this report.