

New money for the state this year, but not for you

For those folks hoping that the North Carolina General Assembly will appropriate money for their favorite causes this year, there is some good news and some bad news.

By the way, folks hoping for a legislative appropriation this year have lots of company. State employees and teachers are demanding the significant raises that have been impossible during the last few years. Other proposals for funding the growing needs of education at all levels were postponed during the last few tough budget years. The legislature has deferred state assistance for other cherished projects during the recent bad times.



D.G. MARTIN

All of them will be back on the table this year. Hundreds of other proposals for worthy programs and projects of local governments and non-profit groups will be on the table.

Now, what is the good news for these folks?

Speaking to a group of lawyers last week, Norma Mills, the chief of staff for state senate leader Marc Basnight, explained that state revenue receipts were coming in above projections—about \$200 million more than expected. In addition, there will be about \$630 million available in funds that the legislature set aside last year to spend on “anticipated needs” for the coming budget year.

So, more than \$800 million “extra money” will be available for the legislature to meet the state’s needs. Surely this is very good news, especially after so many years of state government shortfalls and budget crises.

But then there is the bad news. Part of the bad news has to do with the “anticipated needs” that the \$630 million was set aside to meet. These needs are ones that the state legislature “traditionally” funds even though it is not obligated to do so. Here are some examples: funding to meet the growth of students in the university and community college enrollments, bonuses for teachers who meet certain goals, upgrading the state’s information technology systems, setting aside some moneys in a “rainy day” fund, minimal funds for repair and renovation of state buildings, some small salary increases, and other “anticipated needs” that the legislature typically funds if it possibly can.

Put another way, all new spending proposals have a lower priority than these “anticipated needs.”

How much money are we talking about? According to Mills’ estimate, the total is at least \$740 million. So instead of the \$800 million plus that seemed to be available for new spending, there may be less than \$100 million to address such challenges as raising teachers’ pay to the national average, paying the increasing cost of Medicaid, meeting pressing transportation and infrastructure needs, and all unmet public safety, environmental, and other state responsibilities.

“But, what about the lottery money?” one of the lawyers asked Mills.

Mills acknowledged that there would be “new” money from the lottery. But, she explained, the legislature is obligated to use that money for particular purposes, mostly for education. So the lottery funds, while they may help pay for specific state programs, are not available to the legislature to fund general programs.

In summary, according to Mills, those people hoping to persuade the General Assembly to approve new programs that require additional spending are probably going to be disappointed.

There are only three ways to get more money on the legislative table.

First, the revenues from existing taxes could be even higher than currently anticipated. It could happen if North Carolina’s economy continues to improve. But the experts are still very cautious. Higher tax receipts are not something anybody can count on yet.

Secondly, the legislature could get money for new programs by cutting back on existing spending commitments. Surely there are possibilities for savings. But, during the hard times of the past few years when the legislature had to make numerous cuts to balance the budget, it became increasingly difficult to find substantial savings.

The third possibility is for the legislature to increase taxes. Mills explained the realities of any possible tax increase this year: “In an election year, if you’re not talking about cutting them, you’re not talking about them at all.”

Bottom line: There will be some extra money in the legislative till this year, but probably not enough to fund your favorite project.

D.G. MARTIN is the host of UNC-TV’s “North Carolina Bookwatch,” which airs on Sundays at 5 p.m.

Bush budget is anti-human rights

We have come out of a period of national mourning for several legends of the civil rights movement which has included the solemn words and actions by the president of the United States, all meant to give the impression of respect for their legacy. But however much one acknowledges this show of respect from the White House, it is in the doing that one really respect the legacy of their life work.



RON WALTERS

So, as we head toward the Gary Convention on March 9, the opening of a new session of Congress and the start of the campaign season, it is wise to see how policy proposals in the president’s new budget lives up to the human needs legacy raised by the justice movement.

Presidents put flesh to their policy ideas by proposing to spend real money. The recent State of the Union speech by George Bush was given by a president so low in the polls that the White House staff should all be dancing the limbo. He began with his long suit – the “war against terror” – for one half of the speech and devoted the second half to a menu of small initiatives, some of which could have been fielded by liberals. Now comes the fine details in budget and the picture gets real ugly.

Basically, what we get from the massive \$2.7 trillion budget is a promise by the Bush administration to cut the soaring deficit (estimated to be \$521 billion) in half by 2009, a year after he leaves office. To get there, we are presented a set of optimistic assumptions that just don’t add up.



Bush

For example, Bush and his successor would have to cut \$38 billion from the budget and even experts from the conservative Heritage Foundation are skeptical that will happen. The Bush administration grew spending by 42 percent since it came into office and now faces massive challenges of Iraq War and Hurricane Katrina – and possibly other hurricane damage coming. The administration, however, only proposed to spend \$50 billion on the War in Iraq annually, but it set the same amount aside last year and has had to increase it by another \$70 billion, totaling \$120 billion so far.

The frantic moves of the administration are seen in its rejection of a \$30 billion package for spending for Katrina, down to possibly \$18 billion. He proposes to cut 141 programs “that were not working” (I wonder who made that judgment and what was the criteria). But while he plans to realize savings of \$14.5 billion, last year Congress only cut two-thirds of that figure, saving \$6.5 billion as a result.

The big news is a cut of \$35 billion in Medicare spending over the next five years; but this is an election year, and it’s unlikely that the middle class will tolerate beginning to make deep cuts in this program. So, where will Bush get the \$60 billion he will need to expand health savings accounts, fund energy initiatives, and other proposals? A lot of what he has proposed seems unrealistic, and not just to people like me.

Meanwhile, he makes matters worse by pushing to make the tax cuts permanent. This proposal would reduce government revenue over the next 10 years by an estimated \$1.4 trillion say economists Alan Auerbach of Berkeley, Robert Burch and William Gale and Peter Orszag, both of The Brookings Institution. They find tax cuts to be the major source of declining government revenue since Bush has been in office. Moreover, in this budget Bush raises spending for Defense by 6.9 percent and 9.8 percent in Homeland Security, both big ticket items.

Do you begin to get this picture? Big increases for Defense, Homeland Security and the war in Iraq. However, since federal revenue is decreasing, in order to cut the deficit, Bush must hold the line on increases in health care spending and offer modest spending for Katrina relief, while cutting the heck out of “discretionary spending” for social programs (the 141 list). This the formula.

It is amazing that in 2001, when Bush came into office the federal budget was projected to have a surplus to 2011, estimated to be \$5.6 trillion. Now, there is an estimated deficit for the same period of \$2.7 trillion.

In actuality, the Bush budget scenario probably may not turn out as scripted, because the focus on cutting middle-class entitlements is likely to slip down to the poor substantially. This is a likely recipe in an election year because the middle class has political clout and poor people don’t vote or protest as much.

Nevertheless, driving down the deficit now means driving down spending for the social and economic needs of citizens in this country. This is the budget position Republicans have wanted to create all along and the so-called “war against terror” has helped them achieve it. This must become an increasing part of Black economic thinking and a cause for political action.

RON WALTERS is the Distinguished Leadership Scholar, Director of the African American Leadership Institute, Professor of Government and Politics at the University of Maryland College Park.

Connect with The Post

Send letters to The Charlotte Post, P.O. Box 30144 Charlotte, NC 28230 or e-mail editorial@thecharlottepost.com.

We edit for grammar, clarity and space. Include your name and daytime phone number. Letters and photos will not be returned by mail unless accompanied by a self-addressed, stamped envelope.

OUR VOICES

What to do about eminent domain claim

By Keenya T. Justice
SPECIAL TO THE POST

It has been six months since the controversial Kelo v. City of New London decision. In it, the United States Supreme Court decided that in exchange for “just compensation”—private, non-blighted property can be forcibly taken from its owner and given to another private citizen or entity to develop...if that person or entity could utilize the property to generate more tax revenue.

The theory being that, unlike the existing single family homes, the new project would employ people and increase the tax base thus benefiting the public at large to the detriment of the homeowners who had lived there for decades. The debate continues as to whether redevelopment projects of this type actually create the desired outcome.

This is a frightening thought indeed, as it means that any one of us could find ourselves the victims of eminent domain, because arguably all property could be put to a more productive use for society as a whole. The public’s visceral reaction to the Supreme Court decision is not surprising. In fact, the Winston-Salem based bank, BB&T, recently announced that it will not finance certain commercial development projects if the land to be developed was acquired through the use of eminent domain. The bank is the first major financial institution known to adopt such a policy and BB&T executives stated that they are taking a moral stand with the hope that their policy will sway lawmakers in favor of placing restrictions on the state’s use of eminent domain.

Connecticut’s eminent domain law allowed it to take private property under the circumstances described above and the Supreme Court decided not to interfere with, or curtail, the state’s power. The increasing population of many North Carolina cities strains public resources such as schools, roads, water treatment and power plants. Municipalities will likely be forced to exert their power of eminent domain to acquire the property needed to provide these basic public services.

Currently, North Carolina’s eminent domain statute gives condemnors (state entities such as the Department of Transportation or municipalities as well as private entities such as utility companies) the authority to exercise their power of eminent domain for the public use or benefit.

Eminent domain has become an important issue in this state; so much so that a special committee of the North Carolina House held its first meeting on Jan. 5 to review the state’s eminent domain laws. The Fifth Amendment of United States Constitution states, in part, “nor shall private property be taken for public use without just compensation.” North Carolina is, of course, bound by this constitutional requirement. However, the amount of “just compensation” North Carolina property owners receive varies greatly.

One of the least fair aspects of North Carolina’s eminent domain law relates to property upon which a business is located. In particular, “just compensation” awards cannot currently include payment for reduced or lost profits resulting from the cessation of business conducted on the property, a diminished customer base, business interruptions or goodwill. Clearly, a successful business owner who is forced to relocate his or her business—or worse—close the doors permanently, would lose a significant amount, if not all, of his or her profits.

Business owners who find themselves in this situation have the greatest need for professional guidance so they can be compensated to the fullest extent allowable by law.

If you find yourself forced by the state’s power of eminent domain to involuntarily sell your property for the public good, take caution and avoid making the common mistakes that result in less than “just” awards. If you are like most people, your home or business is your most valuable asset. Chances are you acquired your home and/or developed your business with the aid of a professional, such as a licensed real estate agent, banker or an attorney.

When you are forced to involuntarily divest your principal asset for the public good, you should use every resource at your disposal to help ensure the compensation award you receive is equitable and just.

KEENYA T. JUSTICE is principal of The Justice Firm, a Charlotte based eminent domain law firm. Phone: (704) 377-4747; internet: www.thejusticefirm.com.

