

**Governor Cooper's Compromise Proposal
for FY 2019-21 Conference Budget (HB 966)**

Counter Offer -- \$ in Millions

#	Specific Item	FY 2019-20	FY 2020-21	Brief Description
1	<u>Guiding Principles:</u>			
2	Close health care coverage gap by expanding Medicaid			
3	Fund capital needs through blend of cash and bond*			1% SCIF; \$3.5b bond for education & water
4	Ensure sufficient revenues to support a growing state			
5	Invest in critical education and workforce areas			
6				
7	<u>Availability Changes (to fund investments):</u>			
8	No additional Corporate and Franchise Tax Reductions	107.6	255.2	Keep Personal Income Tax reduction
9	Eliminate Base Budget Increases for Private School Vouchers	10.0	20.0	Leaves \$54.8m in base budget
10	Reduce 25% Credit Balance Transfer to SCIF	-	51.9	\$1b cash accompanied by \$3.5b bond
11	Reduce Additional Transfers to the SCIF	180.4	100.0	\$2b Public Schools, \$500m each CC's, UNC, Water
12	Prepaid Health Revenues from Medicaid Expansion	-	50.2	
13	General Fund Savings from Medicaid Expansion	-	46.4	
14	Total Availability Changes	298.0	523.7	
15				
16	<u>Additional Investments:</u>			
17	<i>Public Education</i>			
18	Teacher Compensation	130.7	271.2	Average increase goes from 3.8% to 8.5%
19	Noncertified LEA Employees Compensation	23.1	46.2	Adjust from 1% to 2.5% increase each year
20	Restore Master's Pay for Teachers	6.8	6.8	
21	Required Substitute Deduction for Personal Leave	6.5	6.5	Eliminate \$50/day pay deduction for teachers
22	Strengthening Educator Workforce	5.0	5.0	National board support; recruit educators of color
23	Subtotal	172.1	335.7	
24	<i>Community Colleges and UNC System</i>			
25	Community Colleges Employees	12.4	24.8	Adjust from 1% to 2% monies each year
26	UNC System Employees	29.0	58.0	Adjust from 0.5% to 2.5% SHRA/1% EHRA
27	NC Job Ready Fund (from Unemployment Insurance Trust Fund)	(30.0)	(65.0)	
28	NC GROW, Work-based Learning, Finish Line Grants	30.0	65.0	
29	Subtotal	41.4	82.8	
30	<i>Healthcare and Early Childhood</i>			
31	Restore Medicaid Management Flex Reduction	15.0	7.5	
32	Restore Medicaid Transformation Administrative Reduction	-	21.2	Reductions can be taken across department
33	Pre-K Capacity and Rate Adjustments	8.0	15.0	Capacity additional 2%; rates phased in to 8%
34	Smart Start	10.0	10.0	\$10m per year recurring, unrestricted
35	Subtotal	33.0	53.7	
36	<i>Other</i>			
37	Retiree COLA	34.0	34.0	Additional 0.5% nonrecurring each year
38	Clean Water and Air	4.5	4.5	Bring DEQ investments to \$5m
39	Salary Adjustment Fund	10.0	10.0	Based on market study recommendations
40	Restore Vacant Positions and Salary Reserve Reductions	3.0	3.0	
41	Subtotal	51.5	51.5	
42	Total Investments	298.0	523.7	
43				
44	<u>Special Provisions:</u>			
45	DHHS Headquarters Relocation - Study			
46	Medicaid Budget Flexibility - Access Medicaid Contingency Fund up to \$50M and Transformation Expenses Allowed in Base if Needed			
47	*All capital projects in current Conference Budget (HB 966) and Governor's Budget would be funded via bond or SCIF			