

Brooks Pierce Capital Dispatch: Updates from the NC General Assembly and Governor's Office, May 13, 2022

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Gov. Roy Cooper announced his 2022 state budget recommendations and a new consensus revenue forecast was released this week.

Governor's 2022 Budget Recommendations

This week, Gov. Cooper released his recommendations for changes in the state budget in advance of the beginning of the 2022 legislative session on May 18. The state budget law enacted in November 2021 is for two fiscal years through June 30, 2023 and Cooper's recommendations primarily impact FY 23. Legislators will consider his ideas and other proposals as they work toward adopting a budget bill during this summer's session.

To access a link to Cooper's recommendations, [click here](#).

Highlights of his proposals are:

- Raise teacher and state employee salaries in addition to the increases enacted in last year's budget
- Fully fund year three of the comprehensive education funding remedial plan, which stems from the Leandro lawsuit originally brought by low-wealth counties
- Increase funding to early childhood education
- Assist first-time homebuyers who make less than the state's median income by helping them make a down payment and giving educators, sworn law enforcement officers, firefighters and other first responders funds to pay for a new home
- Help low-income families with their rental payments and energy bills
- Expand Medicaid benefits to an additional 600,000 more North Carolinians. Cooper believes this expansion in FY 23 would not require state funding with the federal government paying 90% of the cost, while hospital assessments and the Prepaid Health Plan (PHP) premium taxes paid by health insurance companies would cover the remaining 10%
- Increase funding for public safety, including \$10 million for body cameras in certain counties, \$20 million for school safety and mental health training, \$1.2 million to sheriff's offices to help promote safe gun storage and gun locks, and more funding to the North Carolina Division of

Juvenile Justice to help create a program to prevent crime among teens

New Consensus Revenue Forecast

An important tool used by the governor and legislators during the budget process is the Consensus Revenue Forecast, which is agreed to by the Office of State Budget and Management under Gov. Cooper and the General Assembly's Fiscal Research Division. The new forecast provides some encouraging news on state finances. Here are some highlights from the forecast:

- Revenue for FY 2023 (which begins July 1) is estimated to increase by \$1.9 billion (6.8%), of the budgeted amount
- Revenue for FY 2022 (which ends June 30) is estimated to increase by \$4.2 billion (14.9%), of the budgeted amount
- Inflation is expected to remain elevated but decelerate during FY 23
- Consumer spending direction is unclear given the impact of inflation's potential to slow consumer demand for higher prices

As shown above in his budget recommendations, Gov. Cooper is proposing to spend much of this additional revenue. Some legislative leaders are expressing some caution about new state spending given the possibility of an economic recession.

Governor Nominates New State Controller

Gov. Cooper recently nominated Deputy State Budget Director Nels Roseland to serve as state controller, which is the state's chief fiscal officer. If confirmed by the General Assembly, he will replace Dr. Linda Combs, who is retiring on June 30.

Roseland in his current job assists agencies with operational issues and oversees state funding for recovery efforts to families and communities impacted by natural disasters. He has also served as deputy chief of staff and chief financial officer in the N.C. Department of Justice and as a budget analyst in the North Carolina Office of State Budget and Management and the Florida Office of Planning and Budget. Roseland is a former elected member of the Cary town council and earned his Bachelor of Arts from the University of Central Florida and his Master of Public Administration degree from Florida State University.

For more information, contact a member of the Brooks Pierce Government Affairs Team.

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