



OFFICE OF GOVERNOR **ROY COOPER**

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Governor Cooper and Democratic Leaders Offer Responsible Compromise on State Budget

Compromise proposal would invest in public schools and health care while still balancing the budget

RALEIGH: RALEIGH: Governor Roy Cooper and Democratic leaders today offered Republican leadership a state budget compromise proposal that would close the health care coverage gap, raise teacher pay, cut taxes for people and guarantee school construction while balancing the budget and saving money in the Rainy Day Fund.

“Compromise shouldn’t be a dirty word, and we need to work together to provide for North Carolina’s most pressing needs,” Cooper said. “This budget gives us an opportunity to secure health insurance for half a million people and strengthen public education while still balancing the budget, cutting taxes for people and saving responsibly.”

Overall, the compromise proposal accepts many features of the Republican conference budget – including all local projects – but it differs by removing corporate tax cuts and instead investing that money toward a stronger teacher pay raise. The Republican conference budget included an average teacher pay raise of 3.8% and Governor Cooper’s budget included an average teacher pay raise of 9.1%. Today’s compromise proposal recommends an average 8.5% increase with a pay raise for every teacher. For a comparison of the teacher pay plans, click [HERE](#).

The Governor’s compromise proposal offers a “blended” approach for capital needs with a smaller State Capital and Infrastructure Fund (SCIF) favored by legislators and a smaller bond proposal favored by the Governor. For a comparison of school construction funding by school district, click [HERE](#).

The compromise proposal would:

- **Expand Medicaid** healthcare coverage for 500,000 to 600,000 working North Carolinians as proposed in the Governor’s budget. To see for each individual county how many people would get coverage, how many jobs are created and the amount of economic activity go to healthcarecantwait.org.
- **Increase teacher pay** by an average of 8.5% over two years with no plateaus and a pay raise for every teacher. The Republican conference budget proposed an average teacher raise of 3.8% plus a one time bonus over the biennium. Governor Cooper’s budget proposed a 9.1% average raise.
- **Supporting and improving respect for teachers** by funding extra pay for teachers with master’s degrees, paying substitutes so teachers don’t have to pay them out of pocket, support National Board certification and improve recruitment of diverse teachers as proposed in the Governor’s budget.
- **Better state employee pay** raises by providing a 5% raise for state employees, 5% for non-certified school personnel, 5% for UNC employees, and 4% for community college employees. Under the Republican conference budget, only 27% of state workers received the 5% raise that was promised while non-certified school personnel got a 2% raise, UNC employees received a 1% raise, and community college employees received a 2% raise.
- **Increase retirees’ cost-of-living adjustment** to 2% for state employee retirees. This is up from 1% in the Republican conference budget.
- **Combine the Governor’s bond initiative and the Legislature’s State Capital and Infrastructure Fund (SCIF)** to pay for education construction and other capital infrastructure needs. Reduce the SCIF to 1% from 4% and reduce the bond to \$3.5 billion from the Governor’s original proposed \$3.9 billion. All capital projects in the Republican conference budget and the Governor’s bond proposal would remain.
- **Accept tax cuts for people** by raising the standard deduction on income tax as included in the Republican conference budget, but eliminate additional tax cuts for corporations.
- Maintain **private school vouchers** in the base budget for those who now use them, but do not include additional money or special provisions that expand and promote additional private school vouchers. The Governor’s budget eliminated private school vouchers.
- Include **workforce training and community college scholarships** as proposed in the Governor’s budget funded by reformulating the unemployment insurance tax to reduce the tax burden on businesses while producing revenue. North Carolina’s Unemployment Insurance Trust Fund stands at \$3.8 billion, the fifth highest balance in the nation.
- **Restore \$6 million** in cuts to state agencies.
- Increase investment in **early childhood education and Smart Start** to reach more children.

- Increase investment in **clean air and water** through the Department of Environmental Quality with a focus on GenX and other PFAs and emerging compounds.
- Provide a **Salary Adjustment Fund** to help staff hard-to-fill positions and continue market adjustments.
- **Restore cuts to DHHS** in the Legislature’s budget to provide flexibility on Medicaid transformation to managed care, with a special budget provision that allows the department to tap Medicaid Contingency Fund if needed.
- Study the process for choosing the best place to **move the Department of Health and Human Services**, which must vacate the Dix property.

Under this compromise proposal, the Governor and Democratic leaders agree to accept many parts of the Republican conference budget. Some of those agreements of special note include:

- Fund all local projects proposed in the Republican conference budget
- Fund the Brody School of Medicine
- Invest \$110 million in hurricane relief
- Provide funding for HBCUs, including capital spending and NC A&T doctoral program
- Put \$700 million into the Rainy Day fund over the next two years
- Invest \$30 million into the GREAT Grant program to expand rural high speed internet access
- Include \$30 million to teachers for classroom supplies

For a spreadsheet on the compromise proposal with specific numbers please click [HERE](#).

“Making sure our state’s residents have access to quality health care and a strong educational system is vital, and this proposal moves North Carolina in the right direction,” Cooper said. “The time is now to settle our differences and move forward.”

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