



The Senate Connection

Connecting Davie and Rowan Counties with news from the
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\$1.125 billion Budget Deficit for 2009-2010

This week at the North Carolina General Assembly Republican Leaders held a press conference to clarify the numbers being used in discussions of the state budget.

According to the Fiscal Research Division at the General Assembly and the N.C. Office of State Budget and Management, state spending for the 2008-2009 fiscal year ending June 30 will be \$20.3 billion including federal stimulus funds. Revenue availability for 2009-2010 at existing tax rates is projected to be \$17.8 billion. The state will also have an additional \$1.381 billion in federal stimulus funds making total availability for 2009-2010 \$19.181 billion without any increase in taxes or fees. The actual “budget gap” or shortfall for 2009-2010 is approximately \$1.125 billion. This substantially less than \$4 billion shortfall that Democrats have been claiming. Democrats come to the \$4 billion shortfall figure by coming from a projected spending number—an amount that has **NEVER** been spent and is about \$3 billion more than will actually be spent in the current fiscal year.

\$1.125 billion is about 5 percent of total current state General Fund spending .

Democrats are using outdated spending projections to try to increase support for job-destroying tax increases. As we suffer through record-high, double-digit unemployment rates and North Carolina families are being forced to make cuts to their budgets, now is not the time to ask taxpayers to pay more. No one believes state government is operating at maximum efficiency, particularly when we see taxpayers dollars being used to build \$25 million fishing piers and to fund Governor Purdue’s `Tax Hike Tour` on state airplanes. We need not cut the quality of education or services to the disabled, sick, and elderly that our state currently provides. However, running government more efficiently will require jettisoning old ideas and outdated projections in order to find and eliminate waste and inefficiencies in state government.



To highlight the existence of waste in state government you only have to look at Governor Purdue. Last Thursday, she flew on a state airplane from Raleigh to Charlotte to Asheville to Raleigh and on Monday she flew from Raleigh to Wilmington to Greenville and back to Raleigh. On both days she made media pleas to advance her proposal to raise \$1.5 billion in new taxes. The flights on state aircrafts cost taxpayers thousands of dollars at a time when the Governor claims the state is so short of money that teachers and state employees have had their pay docked in order to balance the state budget.

♦ **\$1.125 Budget Deficit (continued):**

It is difficult to believe Governor Perdue is serious about cutting wasteful state spending when she jets off on a taxpayer funded five-city Tax Hike Tour in a state airplane. Governor Perdue doesn't seem to understand North Carolina's families are struggling to deal with record unemployment and the states' worst economic recession in decades. History shows tax increases and tax-and-spend policies will result in even more job losses and a delayed recovery. Republicans have proposed a reasonable alternative of freezing spending at existing levels, a policy that will not require job destroying tax increases or firing teachers.

This week for the first time, Attorney general Roy Cooper officially acknowledged that SBI agents are working with federal authorities on an investigation into matters relating to former Governor Mike Easley and former first lady Mary Easley . However, Cooper continues to refuse request to have a special prosecutor conduct the investigation at the state level.

This should concern the citizens of North Carolina for two reasons.

First, federal law sets the statute of limitations at five years on federal offenses related to public corruption. Several of the allegations, specifically those involving the receipt of improper benefits centered on the use of vehicle by Easley's son, occurred more than 5 years ago. However, these alleged crimes could be prosecuted under North Carolina law as the state has no statute of limitations on felonies related to public corruption.

Second, since 2002 multiple elected Democrats including former House Speaker Jim Black, Congressman Frank Balance, and Agricultural Commissioner Meg Scott Phipps have been convicted of corruption related offenses resulting from investigations originating at the federal level. Unfortunately, at the state level the Democrats in control of state government have shown an inability or unwillingness to aggressively prosecute corrupt politicians in their own party. Confidence in state government is undermined severely when the public is forced to rely on the federal government to bring corrupt politicians to justice. To restore public confidence in state government Attorney General Roy Cooper must aggressively work to show the public that he is serious about ending public corruption—even if it means prosecuting fellow members of the Democrat Party.

