Press Release

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RALEIGH

Governor’s Budget Fuels Job Growth, Education and Government Efficiency

Plan Closes Budget Gap, Spends $1.5 Billion Less Than When Perdue Took Office

Gov. Bev Perdue today presented a two-year budget plan that cuts $3.2 billion in state spending. The plan preserves every existing, state-funded teacher and teacher assistant position, provides investments and tax relief to create thousands of new jobs and guarantees a two-year college degree or two years of career training, tuition-free, to students who meet academic standards.

“This budget stands up to our economic challenges and equips us for the future by resetting how we grow jobs, educate our children and operate state government,” Perdue said. “The cuts are deep, and some are painful. But through careful management of our resources we can also make investments in our core priorities.

The budget for the 2011-2012 budget year is $1.5 billion less than the state spent in 2008-2009, yet in that same time span the state’s population has grown by more than 400,000 people – the equivalent of the populations of Fayetteville, High Point and Wilmington combined. Community college enrollment has increased by 52,000 students. University enrollment jumped by 12,000. And 5,000 more students are attending public schools.

Under the Governor’s plan, the state will spend 11 percent less per capita than it did three years ago and will employ 4,300 fewer general government workers – a 17 percent decline.

The spending plan boosts the Governor’s top priority of creating jobs by providing $500 million in tax relief for corporations and small businesses, creating an estimated 10,000 jobs over the next three years. The budget will lower the corporate income tax rate from 6.9 percent to 4.9 percent – the lowest in the southeast and third lowest in the nation. It also provides an unemployment insurance tax credit that covers 75 percent of the state’s businesses.

Education is crucial to the futures of North Carolina’s children and also secures the future of the state’s economy by creating an educated, skilled workforce.

So the Governor’s budget protects every state-funded teacher and teacher assistant position. Using existing funds, the budget also establishes Gov. Perdue’s Career and College Promise, providing a two-year college degree, or two years of career training, to high school students who meet academic criteria.

Gov. Perdue did not shy from tough choices, proposing a budget that eliminates, reduces or reorganizes 176 state programs, which will eliminate more than 5,000 positions. The plan saves $208 million and eliminates an estimated 1,000 more state jobs through an early retirement package.
Combined with targeted agency cuts, state government will eliminate an estimated total of 10,000 positions.

State government will be consolidated from 14 agencies to 8, and the state purchasing system will be overhauled.

Most state programs face a 7 percent to 15 percent reduction.

The Governor closed a $4.4 billion gap between expected revenue and planned spending over the next two years, $2.4 billion in 2011-2012 and $2 billion in 2012-2013. The gap was filled by 70 percent cuts and 30 percent revenue.

The budget invests in the Governor’s and the state’s core priorities of job growth and education, while also providing funds for essential services, including $75 million to strengthen the mental health system and $77 million for the mobility fund to help reduce traffic congestion and expand the transportation infrastructure. The Governor’s plan also sets aside $25 million to a new Consolidation and Efficiency Incentive Fund. This Fund is intended to incentivize local governments and state-funded nonprofit organizations to reorganize, consolidate or regionalize services where the state, local governments and nonprofit groups have shared responsibilities.

Gov. Perdue stands ready to work with the legislature to create jobs and enhance North Carolina’s as the best place to do business, to strengthen the state’s education system and to ensure that government works smarter and more efficiently for all citizens.

To read the budget, visit: http://www.osbm.state.nc.us/