



LEGISLATIVE *Update*

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House Makes a Bad Budget Worse

After two days of debate and dozens of amendments, the North Carolina House of Representatives on June 4 approved their version of the Fiscal Year 2010-2011 budget by a vote of 63-49. The following are the highlights:

- Allow management flexibility for the university system, community colleges and several justice and public safety agencies
 - Management flexibility is budget code for favoritism in firing and political patronage. This is devastating to the university system and will likely result in 1,700 job cuts. Look for more cuts in community colleges.
- Eliminate payback of Gov. Bev Perdue's proposal of .5% lost wages from 2009
- Eliminate 32 hours of Gov. Perdue's proposal for bonus leave
- Provide only \$40 million of the \$181 million needed for the retirement system
- Cut DHHS programs like Vocational Rehabilitation
- Cut principals at DHHS Schools for the Deaf and Blind while funding \$200,000 in leadership training for public school principals
- Funds more than \$500,000 for the ethics commission
- Tax breaks for big businesses/insurance companies

In State Health Plan (SHP) news, House Majority Leader Hugh Holliman (D-Davidson) announced this week that the SHP is predicting a \$500 million shortfall for the upcoming two years. The General Assembly had the last administrator fired for budget shortfalls and raised out-of-pocket costs to plan members while asking zero concessions from the plan's administrator Blue Cross and Blue Shield of North Carolina. Since the head of the health plan Jack Walker can't seem to get the finances straight maybe it's time to "hit the road Jack" and put the Department of Insurance in charge of oversight.

SEANC has a solution to the SHP problem in the General Assembly. We are urging lawmakers to pass three SHP bills filed in the House last week by Reps. Nelson Dollar (R-Wake), Hugh Blackwell (R-Burke) and Pat Hurley (R-Randolph) in the health, rules and insurance committees next week. The General Assembly is moving at such a rapid pace this session that it is important to keep the pressure on lawmakers to hear and take action on the bills. In light of Holliman's announcement, it is especially critical to pass the legislation moving oversight of the SHP out of the legislature to the Department of Insurance.

Please plan to attend Lobby Day on Tuesday, June 8, 2010, and speak to your legislators regarding the SHP, the retirement system and the state budget—especially if you work in the university system or DHHS. We expect the House and Senate budget conferees to be announced soon, so this is THE perfect time to let your voice be heard.

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