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North Carolina House of Representatives
District 117



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Budget Impasse Continues

The Background. The legislature passed its budget in late June, and Governor Cooper [vetoed](#) it shortly thereafter. Each biennium the House and Senate alternate which chamber begins the budget bill process. This year, the budget bill started in the House. Therefore, the vetoed bill was returned to the House. Since that time, House leadership has worked to get the votes to override the veto.

While four or five House Democrats support the budget along with all Republican Members, that does not produce enough votes to override the veto. The override of the veto is on the House calendar every day, but Speaker Tim Moore will not call for a veto override vote until he believes he has the votes to override. He can get those votes by persuading a few more Democrats to support an override or he can get the votes when some number of Democrats do not show up to vote when all Republican Members are present and voting.

Since the vetoed bill first appeared on the calendar, Democratic Members have had excellent attendance---on occasion better than Republicans. With September only a few days away, Speaker Moore continues to work to muster votes for an override, but the legislature is pivoting to another strategy.

The Pivot. Over the past few days, the legislature has begun to move legislation intended to break the impasse. Five spending bills are moving and are expected to pass. Each of the bills provides pay raises for some group of state employees. For example, [H 126 \[Pay Increases/State Highway Patrol\]](#) is a bill which only addresses State Highway Patrol salaries. Its pay plan is the same as what was in the budget passed by the legislature and vetoed by Governor Cooper, [H](#)

966 [2019 Appropriations Act]. The other appropriations bills are H 609 [Salary Increases/Adult Correctional Employees], H 226 [Pay Increases/State Employees], H 777 [Pay Increases SBI & ALE], and H 426 [Educators' Pay Increases/Retiree Supplement]. The latter bill involves salary increases for UNC system and community college teachers and includes a cost-of-living increase for state retirees.

All of the bills, except H 426, are moving forward using a process that does not allow amendments. Essentially, legislative leaders are using conference reports on bills that have already passed both chambers to avoid a messy amendment process. By rules of both chambers, a conference report comes to the floor for an up or down vote. So legislative leaders stripped out whatever bill was the subject of the conference and replaced it with duplicate provisions from the vetoed budget. Presumably, when these bills reach the Governor's desk, he'll have to decide whether he is willing to delay pay raises for whole groups of employees because of differences of opinion between the Governor and the legislature over Medicaid expansion, public school teacher raises or other issues.

With respect to H 426, the bill was amended in committee to change its title so that amendments that are outside the narrow scope of the bill will be ruled out of order when it comes to the House floor. This procedure was used when Democrats were in charge and wanted to keep Republicans from putting forward amendments, but it is a procedure that hasn't been used over the past 8 years. For example, Democrats could try to amend the bill to add pay raises for public school teachers that are higher than what is in the budget bill. Wanting to avoid addressing an issue in dispute with the Governor, legislative leaders will keep the scope of H 426 narrowly focused on pay raises for college and community college teachers and cost-of-living raises for state retirees.

One reason for running these bills is to show the Governor and Democratic legislators that Republican legislators will move forward those portions of the budget that are not really part of the controversies thwarting its adoption. [Update: The House unanimously passed all the pay packages except H 426, the bill raising salaries of

university and community college teachers and the cost-of-living increase for retirees. H 426 was removed from the calendar.]

Aside from the spending bills, there are two other bills related to the budget battle. The Senate has passed and the House is expected to take up [H 74 \[Taxpayer Refund Act\]](#). It is a bill to provide every taxpayer a \$125 refund (married couples would receive \$250). Since the state has exceeded its revenue forecast, the argument is that excess monies should be returned to taxpayers. The conventional wisdom is that this bill is simply being put forward for Governor Cooper to veto —putting him on record as refusing to refund monies in excess of the projected revenues. In that regard, it is like [H 370 \[Require Cooperation with ICE Detainers\]](#), a bill to force sheriffs to comply with detainee and administrative warrants issued by the Immigration and Customs Enforcement (ICE). Governor Cooper announced he would veto H 370, which he did, and there appears to be no effort to override the [veto](#) since there are not enough votes to override it.

The other bill is [H 555 \[Medicaid Transformation Implementation\]](#). While the bill does provide funding for the operation of the Medicaid program, it does more than that. It is a bill that funds the transition to managed care and makes other changes necessary for the transition to managed care scheduled for November 1, 2019. The provisions are substantially the same as the language in H 966, the budget bill vetoed by Governor Cooper. [Update: The bill passed the House by a very narrow margin on Second Reading, with all Democrats voting against it. The final vote will take place tomorrow. Democratic Members have generally been supportive of Medicaid Transformation as reflected in their earlier votes on [H 656 \[Medicaid Changes for Transformation\]](#). I'm told the Governor informed Democratic Members that he would veto the bill, and my guess would be this is just part of the back-and-forth on expanding Medicaid.]

I expect to vote for the bills that simply pull out provisions included in the vetoed budget. I supported the pay raises and monies for Medicaid transformation as part of the budget and hope that a series of targeted appropriations bills will narrow the scope of the budget

battle. I am skeptical of the tax refund bill, H 74. Rather than giving small tax refunds, I think the budget surplus could better be used to replenish the so-called “rainy day fund” that was used to pay for disaster relief. The shortfall related to providing retiree medical benefit is estimated at \$28 billion, and beginning to address that issue would also be a better use of the budget surplus.

The House will be holding skeletal sessions next week, so the Governor will have to take action on any bills by the time we return on September 9.

Other Developments. During the extended session caused by the impasse over the budget, the legislature has continued to work on legislation that ordinarily might have waited until next year’s Short Session. [S 683 \[Combat Absentee Ballot Fraud\]](#) is the legislature’s response to absentee ballot irregularities in the Ninth Congressional District. The House made changes in the Senate bill, but passed it nearly unanimously. The bill is now back with the Senate.

[S 621 \[Testing Reduction Act\]](#) passed both chambers with broad bipartisan support. Its purpose is to reduce testing in public schools. It eliminates the North Carolina Final Exams, and replaces end-of-grade assessments and end-of-course assessments with other nationally recognized assessments, such as the ACT or SAT. The bill is now with Governor Cooper.

[S 315 \[North Carolina Farm Act of 2019\]](#) had a tortured path towards adoption by the House making stops in several committees. The most discussed part of the bill was a provision dealing with smokeable hemp. Initially, the agricultural community, including hemp growers, battled with the law enforcement community, including sheriffs and district attorneys, over whether North Carolina should make it a crime to sell smokeable hemp. Ultimately, a compromise was struck allowing the sale of smokeable hemp until May 1, 2020. After that date, it will be a crime to sell smokeable hemp.

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