FY 2016-17 BUDGET HIGHLIGHTS

Responsible Spending
The FY 2016-2017 budget increases recurring spending by 2.3% and overall spending by 2.8% from last year. This modest increase in state spending is slower than the rate of population growth plus inflation.

Increases Savings Reserve to Highest Level in State History
The budget increases the Savings Reserve by $473,616,801 bringing the total to more than $1.575 billion. This represents 7.5% of the prior fiscal year’s operations appropriation, bringing North Carolina the closest to the 8% statutory goal in state history.

Provides Middle Class Tax Cut
Further reforms to the state’s tax code are anticipated to save taxpayers $132 million over the next year. Increasing the personal income tax standard deduction by $2,000 for married filing jointly and proportionately for other filers eliminates income taxes for approximately 75,000 taxpayers. When the 2013 reforms are fully implemented in FY 2017-2018, taxpayers will have saved more than $4.7 billion.

Builds on Strong Revenue Growth
The state is projecting a final revenue surplus of $425 million, mainly driven by more people working and earning more money.

Affords Average Teacher Salary of Greater Than $50,000
The average salary for teachers from all fund sources is estimated to be in excess of $50,000. When considering the health and retirement benefits offered to every full-time teacher, the budget will boost average total compensation to more than $67,000.

Makes College More Affordable
Beginning this year, the budget implements a freeze for undergraduate tuition for students at all University of North Carolina schools who graduate in four years, or five years for those in five-year programs. Future increases to student fees are now capped at 3%. Beginning with the 2018 fall academic semester, tuition is reduced to $500 per semester for in-state students at Elizabeth City State University, UNC-Pembroke and Western Carolina University.

Invests in Textbooks and Digital Resources
The budget increases funding for textbooks and digital resources, which has now tripled under Governor McCrory’s leadership to $71.5 million.
Supports Recommendations of Governor’s Task Force on Mental Health and Substance Use
The budget includes $20 million to implement the recommendations of the Governor’s Mental Health and Substance Use Task Force. The budget appropriates $20 million from the Dorothea Dix Property Fund to construct or convert existing rural hospital acute care beds to licensed, short-term, inpatient behavioral health beds and to construct new child facility based crisis centers.

Provides Targeted Investments in Justice and Law Enforcement Personnel
The budget provides a 4.5 percent pay raise for assistant district attorneys, public defenders, and other judicial branch employees. The budget boosts pay for correctional officers, further implementing the new custody-level pay plan. Troopers, clerks and magistrates are provided step increases.

Maintains History of Prudent Fiscal Management
The budget pays off an outstanding $37 million loan from the federal government borrowed by Governor Hunt in 1999 and deferred payment of for over 15 years, saving the state $45 million in interest over the next 10 years.