



NCRGEA

Government Relations

Update

NCRGEA Government Relations Update #21-15 April 27, 2021

Budget Process

The budget process has been ongoing since the beginning of session with appropriations subcommittees hearing agency reports. While the House and Senate meet jointly for these preliminary meetings, they are now meeting separately to develop their own versions of the biennial budget. In odd years (2021) the Senate is responsible for initiating the budget process by passing its budget through the Senate and then to the House for consideration. The House will then amend the Senate budget and send it back to the Senate for concurrence at which point the two versions of the budget will go to conference (joint house and senate negotiations) to hammer out their differences.

Where is all the money going?

Earlier in the session we reported that tax revenues had greatly exceeded the forecast from last year by as much as \$4 billion. Senate leadership has communicated that it would like to increase the funding in the rainy-day fund and fund major infrastructure needs with these additional monies. The House is more inclined to borrow funds to address infrastructure needs making more funds available for current budget needs.

A critical step in the budget process is for the House and Senate to agree on the availability of money for the two-year budget. Lacking an agreement on budget availability could result in the House and Senate budgets being billions of dollars apart. Obviously, such differences will have to be resolved for the budget to be ratified and sent to the Governor for signature.

What do State and Local Governments contribute for retiree benefits

The General Assembly has the responsibility to provide the employer contribution for the TSERS (state retiree) pension plan and the retiree health care. Local governments provide the employer contribution for the LGERS (local government) plan.

The General Assembly is being asked to allocate an addition **\$110 million** making **their contribution to the Teachers and State Employees Retirement System \$2.6 billion** in the first year of the biennium and an **additional \$150,000,000** in the second year of the biennium making the contribution **\$2.75 billion** in FY 2022-2023.

The General Assembly is being asked to contribute **\$1.3 billion to the State Health Plan for retiree health care** for the first year of the biennium and **an additional \$100 million** for a contribution of **\$1.4 billion** in the second year of the biennial budget (2021-2023).

The General Assembly will allocate more than **\$8 billion dollars** to the retirement system and retiree health care over the next two years.

Local Governments provide more than \$610 million in contributions each year and over the next several years will see **increases of approximately \$50 million**.

Check out our video update https://youtu.be/_8ik7U6_bmU

Stay Tuned!!

Richard Rogers
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