



North Carolina Women United

2003 Budget Report Card

Introduction

As North Carolina faces its third consecutive year of deep budget cuts brought on by the state's ongoing fiscal crisis, women and their families across the state are bearing the real life effects of these cuts. Below you will find key issue areas identified by North Carolina Women United with summaries of major budget action in those areas. The budget decisions detailed here impact women's lives every day in North Carolina, from accessing low-cost pap smears at public health departments, to finding safe and reliable child care, to educating themselves and their children, to attaining economic self-sufficiency. This special Budget Report Card is one of several efforts by North Carolina Women United to raise awareness about the impact of our state budget on women and their families and to encourage North Carolinians to speak out against budget cuts that jeopardize and even eliminate critical programs and services.

NCWU Overall Budget Ranking



The budget adopted by our state's legislators for the 2003-2004 fiscal year earns a thumbs-down from NC Women United for three major reasons:

- 1. Legislators filled in the state budget shortfall with major cuts to essential programs and services for women and their families.**
- 2. Legislators ducked out of their responsibility to raise revenue to avoid major cuts. Options like closing corporate tax loopholes were not even discussed.**
- 3. The failure to raise revenue and address the systemic causes of North Carolina's budget crisis ensures that North Carolina will face these same budget problems again next year, with a predicted shortfall of nearly \$500 million.**

To fully understand how our state budget works, we have to start with a general picture of how North Carolina spends most of its money. During the 2003-2004 fiscal year, 81% of the state's budget will go to fund education and health and human services. Approximately 10% will go to justice and public safety, and the remaining 9% will go to other areas, including transportation, environment and natural resources, and servicing on the state's debt. The fact that such a large portion of the state's spending goes to education and health and human services means that virtually any major budget cuts will affect critical programs and services in these areas. After three consecutive years of cuts, many programs are already severely strained and not able to adequately meet the needs that exist for their services. Moreover, these crippling cuts have come at a time when North Carolina faces record levels of job loss and high levels of unemployment across the state. The funding and support for many essential programs and services is disappearing from our state budget, at the same time that more and more North Carolinians need those programs and services to provide for their basic needs.

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~Health Care~

- ↓ **Pap Smear Fees:** Fees charged to local Public Health Departments for processing pap smears will almost double, from \$7.44 to \$14.44. This will likely result in reductions in the availability of pap smears for poor and low-income women and reductions in staff positions and services in local Health Departments. Ironically, legislators increased these fees while passing legislation to create a Cervical Cancer Elimination Task Force!
- ↓ **Transitional Medicaid Coverage:** Families transitioning off Work First welfare assistance into jobs that do not provide health insurance will no longer receive health care coverage through the state Transitional Medicaid Program. While children in these families will likely be eligible for coverage through the Health Choice Program, their parents will be left with no affordable options for health care coverage. In the 2003-2004 fiscal year, most families now served by this program will be eligible for federal coverage to replace the state cuts. However, in fiscal year 2004-2005, thousands of families will lose their health coverage due to this cut with no federal program to fill in the gap. Also, the elimination of this program will result in loss of \$40 million in federal matching funds for a savings to North Carolina of \$21 million once the program is fully implemented.
- ↓ **“Dusty Trades” Program:** The “Dusty Trades” program provides service for prevention and early detection of lung disease among workers in high-risk work environments, such as foundries, mines, quarries, and mineral processing plants. This program was completely eliminated.
- ⇒ **Medicaid for pregnant women, infants, and 19 and 20 year-olds:** Medicaid services for all of these vulnerable groups were threatened with cuts in early budget proposals, but cuts were not made in the final budget. A one-time infusion of \$512 million dollars in federal funds was critical in saving these services, but these will probably be on the chopping block again next year, with no foreseeable federal assistance to preserve them from future cuts.
- ↑ **Health Choice program for children:** This important program that provides health insurance for children of poor and low-income families avoided a cap on the number of children enrolled or a freeze in enrollment.
- ↑ **Folic Acid Campaign:** Funds to support the Folic Acid Campaign to prevent birth defects and infant deaths were allocated for fiscal years 2003-2004 and 2004-2005.

~Adolescent Pregnancy Prevention~

- ⇒ **Adolescent Pregnancy Prevention Programs:** Over the past three years, adolescent pregnancy prevention programs have sustained several cuts so that funding is now only about two-thirds of the 2000-20001 levels. While these programs were spared from major cuts this year, the cumulative effect of such drastic cuts in previous years has strained these programs that provide crucial services to young women in North Carolina.

~Housing~

- ↑ **Housing Trust Fund and HOME Block Grant:** The Housing Trust Fund provides supportive housing for North Carolinians who are poor, elderly, or have other special needs. These programs both survived the budget process without major cuts.

~Aging~

- ↑ **CAP/DA Program:** The CAP/DA Program provides home- and community-based services for eligible poor and low-income adults to prevent nursing home placements. Funding for this program was maintained in this budget.
- ↑ **Personal Needs Allowances:** Allowances provided to people in long-term care facilities went from \$36 to \$46 per month. These subsidies enable residents in long-term care facilities to buy essentials like personal care items that are not provided by the facilities.
- ↑ **Adult Home Specialists & Case Managers:** proposed funding cut of \$2.4 million for these positions did not succeed.

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~Child Care~

- ↓ **Local Smart Start Partnerships:** Local Smart Start Partnerships were cut by more than \$7.7 million. This is the fourth consecutive year of cuts to these programs, and the result of these cuts is a loss of around 20% of the programs' overall funding.
- ↓ **Child Care Subsidies:** Legislators did not reauthorize \$15 million in non-recurring child care subsidies. The full impact of this major cut has been eased by an increase of \$7 million in federal childcare subsidies through the Temporary Aid to Needy Families (TANF) program, but this still leaves a net reduction of \$8 million overall.
- ↑ **More At Four Program:** This program for at-risk pre-kindergarteners expanded by \$7.4 million, adding 2,400 slots.
- ↑ **Inspection of Child Care Facilities:** The Division of Child Development received funding for fifteen additional staff positions to investigate unlicensed child care facilities, close illegal facilities, and enforce state regulations.
- ↔ **TEACH Program:** This program provides scholarships for child care providers to obtain additional training and educational credentials. Early in the budget process, proposals would have cut funding of this program by half. In the final budget, this program was not cut.

~Domestic Violence~

- ↑ **Domestic Violence Services:** Funding to provide domestic violence services to WorkFirst participants increased to \$1.2 million from \$900,000 through allocations from the federal Temporary Aid to Needy Families program (TANF).
- ↔ **Domestic Violence Programs:** Funding for the Council for Women/Domestic Violence Commission was maintained at nearly \$2.7 million. The Council for Women and Domestic Violence Commission utilize this money to provide grants to local domestic violence programs across the state, and the need for such programs is growing rapidly. The fact that no additional funds were allocated means that existing local programs will actually experience decreases to their grants as the same amount of money is stretched to cover more and more programs.

~Sexual Assault~

- ↑ **Sexual Assault Programs:** Funding for the Council for Women/Domestic Violence Commission was maintained at nearly \$2.7 million. The Council for Women and Domestic Violence Commission utilize this money to provide grants to local sexual assault programs across the state, and the need for such programs is growing rapidly. The fact that no additional funds were allocated means that existing local programs will actually experience decreases to their funding as the same amount of money is stretched to cover more and more programs.

~Economic Self Sufficiency~

- ↓ **WIC Farmers Market Program:** This program allows WIC (Women, Infants, and Children) nutrition program to use vouchers at local farmers' markets to buy fresh, locally grown foods. This program was completely eliminated in this budget, removing an important nutritional option for poor and low-income women and their children.
- ↓ **Food Banks:** While North Carolina's food banks received \$1 million for 2003-2004, they received no allocation for the 2004-2005 fiscal year! This failure to allocate recurring money jeopardizes a crucial resource for many families.
- ↓ **Welfare Automation Funds:** More than \$5 million to improve the automation and increase the efficiency of the system for delivering public benefits was cut. The current system is already outdated and unable to keep up with the needs of clients and service providers, but the current budget barely provides enough money to maintain the system.
- ↓ **Earned Income Tax Credit:** Despite several proposals, legislators did not even consider the possibility of creating a state-level Earned Income Tax Credit (EITC) to increase the fairness of North Carolina's tax system and provide tax relief to our state's working poor families. At the federal level, the EITC has been shown to lift more working families out of poverty than virtually any other program.

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~Child Welfare~

- ↓ **Child Fatality Task Force:** The task force of legislators, public officials, and child fatality experts has played a significant role in decreasing North Carolina's child fatality rate. This Task Force was not funded at all in this budget.
- ↓ **Intensive Home Visitation Program:** This program provided intensive, targeted services to enable children to remain safely with their families rather than going into foster homes. This program was eliminated in this budget, and its elimination leaves our state without any major child abuse prevention programs.
- ↑ **Foster Care Payments:** This budget increases foster care payments by \$50 per child per month. This is the first increase in foster care payments in years.

~Education~

- ↓ **Tuition at public universities and community colleges:** Tuition at North Carolina's 16 public universities will increase by 5%, marking four consecutive years of tuition increases. Tuition at community colleges will increase by 3%.
- ↓ **Programs for At-Risk Students:** Programs for students at risk of failing end-of-grade tests were cut by nearly \$1 million. This cut was made based on projections of a slight decrease in the number of at-risk students, but many advocates believe this projection is not accurate.
- ↓ **Local School Systems:** Local school systems must make more than \$44 million in cuts using their discretion. These so-called discretionary cuts will probably result in more cuts to services for at-risk students.
- ↓ **Vocational education:** Cuts of nearly \$8.5 million resulted in the elimination of 173 teaching positions and significant cuts to vocational education programs.
- ↑ **Public School Employees:** The budget provides a salary increase of 1.8 to 1.86% for public school employees.
- ↑ **Class Size:** This budget allocates \$25 million to reduce second grade class sizes by hiring 571 new teachers. Unfortunately, because of the formula used to distribute and utilize this money, not all second graders may actually gain the benefit of reduced class size.
- ↑ **Low-Wealth School Systems:** Low-wealth school systems received an allocation of \$5 million in supplemental money.
- ↑ **Students With Limited English Proficiency:** Services for students with limited English Proficiency were threatened with cuts in early budget proposals but were not cut in the final budget.

~Raising Revenue~

- ↓ **Alcohol and Tobacco Taxes:** Leadership of the House of Representative adamantly refused to consider Senate proposals to raise revenue by increasing alcohol and tobacco taxes.
- ↓ **Sales Tax Increase:** Legislators extended the regressive sales tax increase first enacted in 2001 rather than considering progressive alternatives that would make the tax system more equitable and provide tax relief for North Carolina's poor and low-income families.
- ↓ **Corporate Tax Loopholes:** The possibility of putting much-needed revenue into programs and services by closing corporate tax loopholes was not even discussed in the General Assembly this session.

The icons next to each paragraph indicate that the overall NCWU view of this issue is

- ↑ Positive
- ↔ Mixed
- ↓ Negative