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**GIVE. ADVOCATE. VOLUNTEER.**  
**LIVE UNITED** 

The text "GIVE. ADVOCATE. VOLUNTEER." is in a blue, sans-serif font. Below it, "LIVE UNITED" is in a larger, bold, blue, sans-serif font. To the right of "LIVE UNITED" is the United Way logo, which consists of the words "United Way" in white on a blue rectangular background, followed by a circular icon containing a stylized figure with arms raised, set against a yellow and orange sun-like background.

# **Impact 2008: A Legislative Briefing**

**An overview of the North Carolina State Budget, Economic Forecast, and Issues  
Affecting Your Community**



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# Presentation Objectives



- Explain the building blocks of United Way's work
- Define advocacy
- Provide opportunities for you to engage in advocacy
- Outline the impact of the current economic conditions on working families
- Provide an update on key programs impacting low-income workers and children
- Discuss implications of the expected state budget shortfall

Brand  
Positioning



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# United Way.



## Advancing the Common Good

Brand  
Promise

**Creating the opportunities for a good life for all by focusing on:**

Priority Impact  
Areas

**Education**  
Helping Children & Youth  
Achieve Their Potential

**Income**  
Promoting Financial  
Stability and Independence

**Health**  
Improving People's  
Health

Target Issues

- School readiness
- Academic achievement
- Productive & engaged young adults

- Maximizing income
- Increasing savings
- Financial assets for long-term stability

- Maternal health and infant well being
- Health care coverage and preventive health
- Healthy youth and adults

Strategic  
Foundation

Community & Volunteer Engagement	2-1-1	Community Investment	Donor Relationships
Public Policy	Partnerships	Inclusion	Resource Generation





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# Advocacy

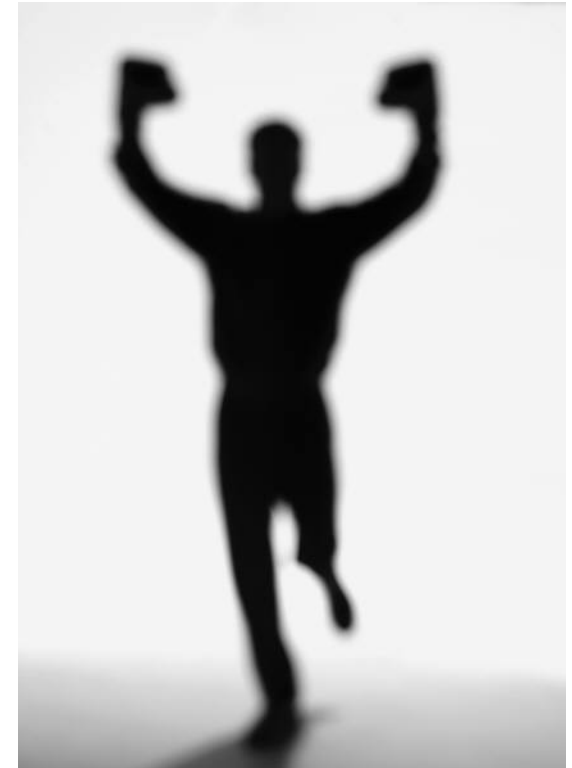


## Advocacy – to champion a cause.

**Advocacy:** Speaking out on issues of concern. This can mean something as formal as sitting down and talking to a legislator; as intensive as engaging in efforts to change laws or policies; or as simple as telling other members about the impact of a law.

### UW Approach to Advocacy

- System Advocacy
- Legislative Advocacy





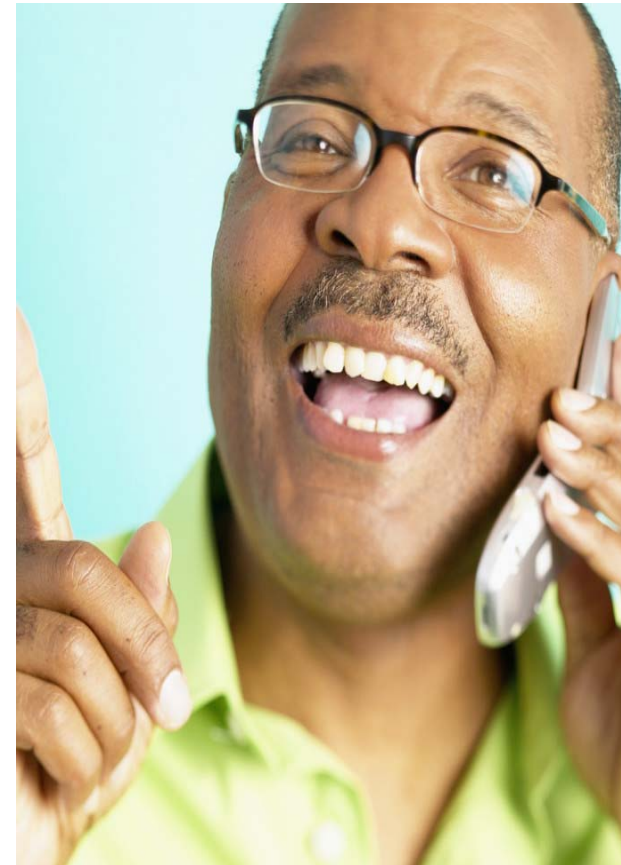
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# Phone a Friend



## 5 basic rules of advocacy:

1. Advocacy just means speaking up, sometimes it is as simple as phoning a friend.
2. Learn to think in terms of 51%
3. Keep 3 audiences in mind: elected officials, voters and the media
4. Be sure you are heard.
5. Say Thank You





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# Life-line: North Carolina SAVES



**North Carolina Saves** is a social marketing campaign designed to refocus North Carolinians on building wealth and reducing debt. It was designed to combat trends like:

- Almost 1 in 5 families in North Carolina are considered to be “asset poor” – they lack sufficient net worth to subsist at the poverty level for three months without a job or source of support.
- One in six low income families does not have a bank account
- In January, the average personal savings rate was  $-.7\%$  -- similar to savings rates in the Great Depression
- Finally, fewer than 4 in 10 have emergency savings.



**Change a trend:** Begin with yourself then advocate for others to join you.



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## Life-line: EITC/VITA



**Earned Income Tax Credit** — A refundable credit for low-income taxpayers. EITC was only a federal tax credit until 2008. NC now has a state refundable credit of 3.5%, increasing to 5% in 2009.

- 20% of eligible workers don't file for the EITC credit.
- Average recipient receives \$1700 from the federal government plus the NC credit.
- In NC: 2,257,640 people are eligible for EITC.



**Improve Financial Stability:** \$150,000 invested in EITC outreach. Spread the word.



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# Life-line: NC Housing Trust Fund



## **\$50 Million Annually for NC Housing Trust Fund**

Administered by NC Housing Finance Agency to provide:

- Supportive Housing
- Rental Development Financing
- Urgent Repair Program
- Mortgage Assistance for Low-Income Homeownership
- Flexible source of funding for housing production and rehab



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# Life-line: NC Housing Trust Fund



- 44% of Renters Cannot Afford a 2 Bedroom Fair Market Rate (FMR) Unit at \$681
- Household Must Earn \$13.09/hour to Afford 2 Bedroom FMR Unit
- SSI equates to about \$3.50/hour or \$637 per month or (30% for housing +\$191)
- Foreclosures tripled from job loss and bad loans and they continue to rise.



**Increase the Investment:** Increased over 3 years from \$3 to \$10 million in recurring funding. Call for \$50 million.



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## Contact Information



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# North Carolina Economy and Budget Update

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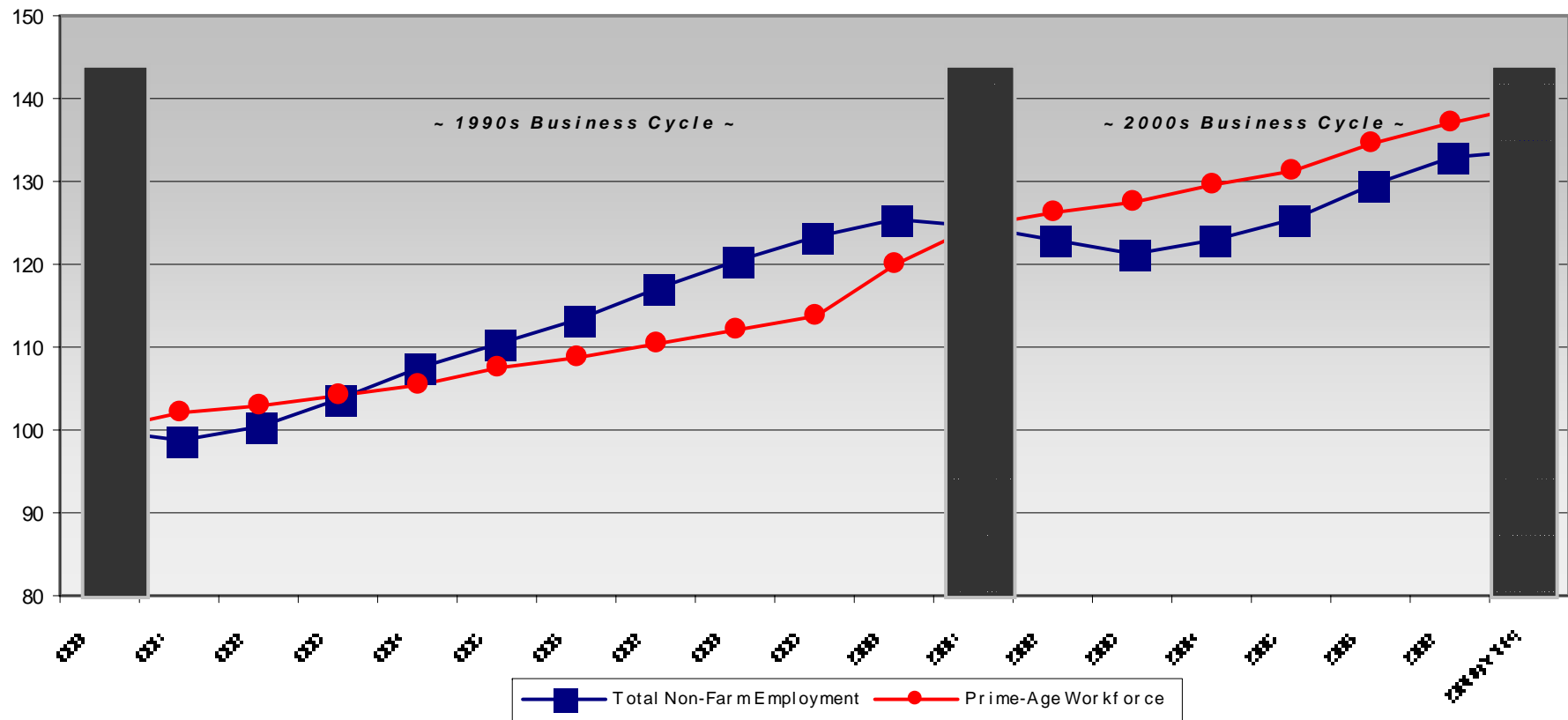
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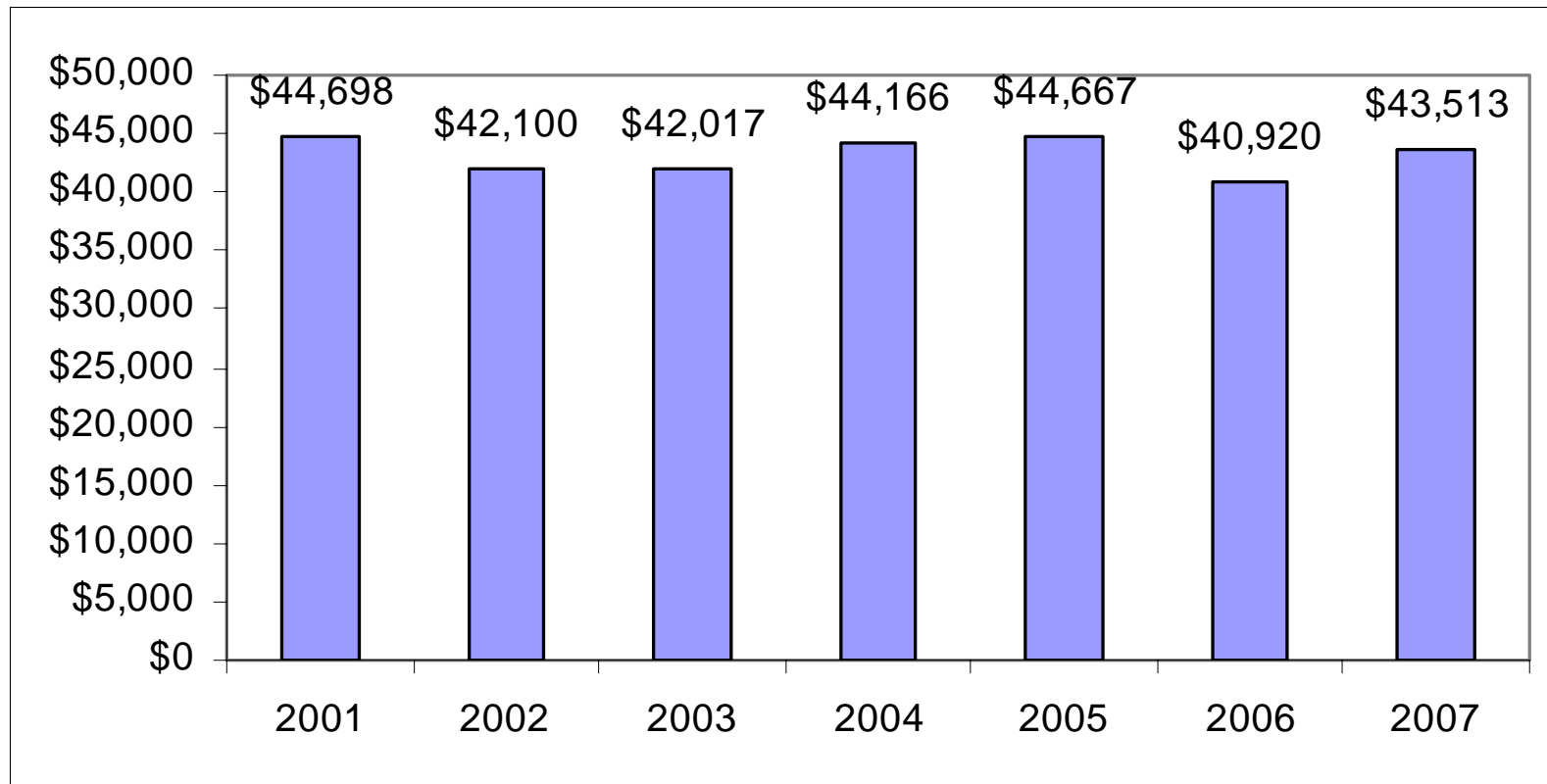
# Job Growth (Non-Farm) vs. Growth in Prime-Age Workforce (Ages 20-64), North Carolina, 1990-2008





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# NC Median Household Income declined during “expansion”





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## Poverty rate increased during “expansion”



- 14.3% of North Carolinians in living in poverty in 2007
- Up from 13.1% in 2000
- \$17,160 for family of three



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## Health insurance coverage declined during “expansion”



- 2006-07: 17.2% of North Carolinians lacked health insurance
- Up from 15.1% in 2004-05
- From 1 million without insurance in 2000 to 1.5 million in 2007
- Only 50% of private sector jobs now provide health insurance



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## Unemployment and underemployment rising



- NC Unemployment in September 2008: 7.0%
- National Average is 6.7%
- Highest monthly rate since 1990
- Up from 4.4% in September 2007
- Underemployment is now 11% of labor force

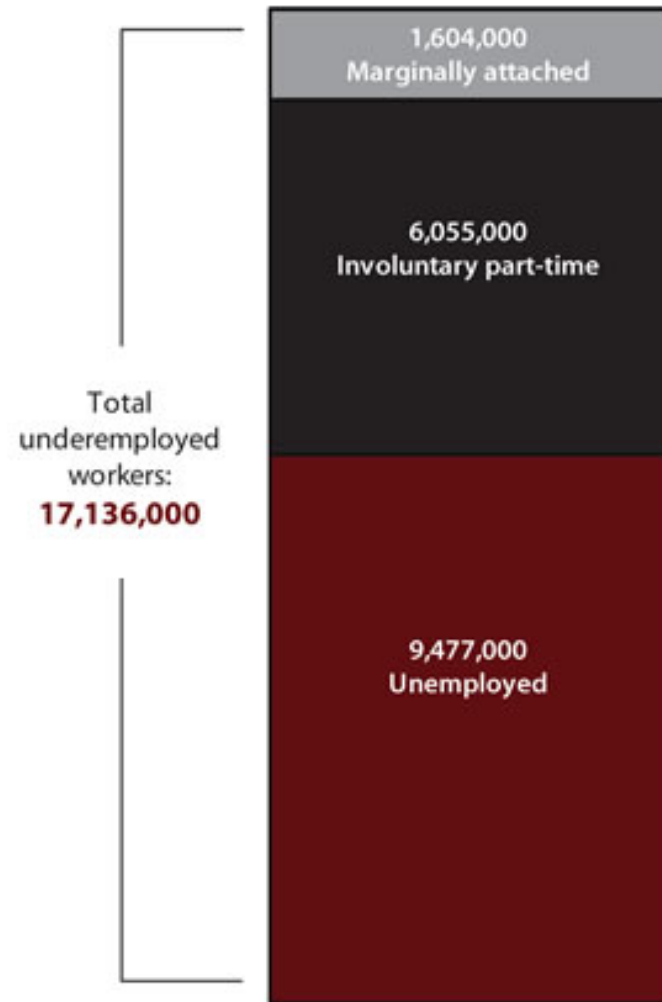


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## Underemployed workers (September 2008)





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## 2008-09 State Budget Shortfall Projections (current year)



Revenue Shortfall Projection	\$1,600,000,000
Plus State employee health plan shortfall	\$250,000,000
<b>Hypothetical 2008-2009 Shortfall</b>	<b>\$1,850,000,000</b>



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# 2009-10 Budget Shortfall Projection (next year)



<b>Potential General Fund Budget Shortfall for 2009-10 (next year)</b>	
1) Structural gap from 2008-09 budget	
Recurring items paid for with non-recurring funds	\$155,687,426
Non-recurring items in 2008-09 budget that are historically funded each year	\$219,951,726
2009-10 implementation of tax reductions (EITC and gift tax)	\$39,000,000
1st year of payments on new state debt	\$52,000,000
Projected adjustments to continuation budget	\$500,000,000
Subtotal 1: New Revenue Needed to Pay for 2009-10 Budget with no new spending and assuming no revenue shortfall in 2008-09	\$966,639,152
2) Additional costs	
State employee health plan (based on \$250m shortfall in FY 08-09)	\$500,000,000
2% inflationary pay raise for state employees and teachers	\$260,000,000
<b>Subtotal 2: Additional Costs</b>	<b>\$760,000,000</b>
3) Hypothetical drop in projected revenues	
Rebase revenues (assume 2008-09 projected revenue shortfall)	\$1,600,000,000
<b>Hypothetical 2009-10 Budget Shortfall</b>	<b>\$3,326,639,152</b>
as % of current budget	16%
2001-02 shortfall as % of budget	14%



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N.C. ESTIMATED 2009 SHORTFALL:  
**\$2,500,000,000**



JOHN COLE .NCPOLICYWATCH.COM



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# North Carolina Legislative Update and Hot Policy Topics

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# Policies to Stabilize our Economy & Working Families



- Boost incomes of families hardest hit by economic downturn
- Aid growing number of unemployed
- Assist families facing foreclosure
- Invest in human skills and infrastructure



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# Child Care Subsidies



- Vital voucher to working families to help with the high cost of childcare
- Currently, nearly 30,000 otherwise eligible children are on subsidy waiting list
- 2008 State Budget provided \$9 million in funding for child care subsidies:
  - \$4.1m prevents removal of 931 children currently on the program
  - \$4.9m is to create 1,100 new child care subsidy slots
- Provider reimbursement rates also need increasing



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# Earned Income Tax Credit



- EITC is a proven and targeted tax cut that improves the lives of more than 20% of NC's families
- State EITC enacted in 2008
- In NC: 2,257,640 people who are eligible for EITC will benefit from this year's State EITC
- In 2008, the NC General Assembly approved an increase in the state's refundable EITC from 3.5% to 5% in 2009
- Need to ensure funding in 2009 and further increase State EITC



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# Earned Income Tax Credit



## Economic Impact of Increasing NC's State EITC

	5% State EITC	7% State EITC	10% State EITC
<b>Avg. Household Benefit</b>	\$80	\$112	\$160
<b>Cost to State/Additional Money to Families &amp; Local Economies</b>	\$20.6m	\$48.2m	\$89.5m



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# Increasing the Minimum Wage



- NC's minimum wage is \$6.15/hour or the federal rate
- The Federal minimum wage is currently \$6.55/hour and will increase to \$7.25/hour in July 2009
- Would take a \$9.88 minimum wage now to match buying power of minimum wage in 1968—40 years ago
- Next minimum wage increase in July 2009 will come to annual salary of \$15,080 per year.



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# Economic Stimulus



## Components of Effective Federal Stimulus Package

- Additional weeks of unemployment insurance
- Temporary boost to Food Stamp benefits
- New Resources for Struggling States
  - Fiscal relief for Medicaid/state budget deficits
  - Infrastructure Projects
- Investments in National Housing Trust fund and local funds to support affordable housing construction

**Measures must provide a “bang for their buck” and target those who need relief the most**



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# Foreclosure Prevention



- In 2007, there were 49,696 foreclosure filings and through the end of November 2008, 50,702
- NC General Assembly passed new laws to protect homeowners from abusive lending practices & mortgage servicing companies
- Expanded Home Protection Pilot Program statewide in 2008
- Need more support for legal service providers and housing counselors
- Need Federal action that directly assists homeowners



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# Workforce Development



- Community colleges critical to working adults in an economic downturn
- Enrollment has risen unexpectedly but no new funding has been allocated.
- High industry demand for workers with skills taught through community college system
- Green jobs getting state and federal attention
- Infrastructure economic stimulus package could pass as well



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# Access to Healthcare



- 296,000 uninsured children in North Carolina-more than one out of eight children in the state
- **NC Health Choice:** In 2008, a \$9.4 million increase in funding, serving additional 7,341 children, raising the total number of children enrolled to 129,694.
- **NC Kids Care:** implementation delayed
- NC Health Care Plan for All
- National Healthcare Reform: uncertainty



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# Dropout Prevention



- North Carolina's high school graduation rate hovers at 69% and state ranks in 40's among nation
- Joint Legislative Committee on Dropout Prevention gave out \$7 million in grants to 60 groups across state
- Another \$15 million funded for committee in 2008 legislative session
- Need for comprehensive plan for dropout prevention at state level
- Address short-term suspensions in dropout prevention strategies



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**Questions?**

**Comments?**

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