

## HOW NEW FISCAL POLICIES COULD CHANGE OUR STATE

By John Drescher  
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In the Great Depression, North Carolina Gov. O. Max Gardner overhauled state government, wrestling control from a mish-mash of local agencies and making the state a far more dominant force.

The state took responsibility for schools, roads and prisons. It raised standards and professionalism. More than 75 years ago, Gardner created the foundation for our modern state government.

North Carolina might be in the midst of change similar in impact and scope.

House Republicans, with the help of a few Democrats, have passed a budget that could reshape North Carolina. It now goes to the Senate, which for the first time in a century also is led by Republicans.

Sunday, we will start our series, "Reshaping a State." It will continue for the next five Sundays. We will show how North Carolina could be altered by the fiscal policies of the state's new Republican leadership.

A state's budget, just like a household or business budget, reflects the priorities of the people who adopt it.

Legislators would have been cutting the budget that starts July 1 regardless of who was in charge. That's because the state had been spending at a pace that leaders of both parties say we can no longer afford.

From 1994 to 2009, the state's general fund budget more than doubled, from less than \$10 billion to more than \$20 billion. Adjusted for inflation, the budget grew 39 percent. During those 15 years, North Carolina's population grew 30.5 percent.

When the economy shrank a few years ago, leaders of both parties said North Carolina could no longer support a budget of nearly \$21 billion, which was the size of the 2008-09 budget.

But in cutting and taxing, Democrats and Republicans have different priorities.

Gov. Bev Perdue, a Democrat, has proposed a \$19.9 billion budget that keeps most of a temporary sales tax and protects more education spending. The House budget, passed mostly with Republican support, spends \$19.3 billion and kills the temporary sales tax.

However, the House budget sets or raises a number of fees for court costs, ferries and driver education, for example. Those fees are the subject of Sunday's story by veteran N&O reporter Bruce Siceoff.

In future weeks, we will report on how education, health care and environmental protection in our state could change under the leadership of legislative Republicans.

Since even before Gardner's era, Democrats have dominated the legislature. Now Republicans, who swept into power in November's elections, are questioning long-held Democratic priorities. The Republicans say they have a mandate for change and that they will shrink state government.

Democrats say the Republicans are about to tear down the policies that transformed North Carolina from a poor Southern state to a dynamic national leader in higher education, banking and technology, which attract people from all over the world.