



**Larry D. Hall**  
House of Representatives  
29<sup>th</sup> District



## **REPRESENTATIVE LARRY D. HALL'S JANUARY '07 REPORT**

Dear Voters:

Here is the first of what we will try to provide by way of monthly updates on the actions here in the General Assembly. We are trying to limit it to a once a month email, but please let us know if you want to be removed from the Email list. As always feel free to call us if you desire more information on any individual issue.

The General Assembly started session on January 24, '07 by electing Joe Hackney, Democrat of Orange & Chatham Counties as our new Speaker of the House. I was privileged to be selected to the Speakers Escort Committee to escort him to the Speaker's Podium to take the oath and start session. Immediately thereafter we began working on the state's business to include training on the new Ethics and Campaign Laws and issuance of commission reports. On Tuesday January 30, '07 we received a briefing on our state's economy to help as we begin work on the two-year budget we will pass at the end of this session. On Wednesday we received an update on our state's Medicaid program. Over 100 bills have been introduced so far this session in the House and Senate on a wide range of topics related to education, health care, public safety, taxes, the environment and local projects across the state. You can get more information on these bills and learn more about the General Assembly by visiting [www.ncleg.net](http://www.ncleg.net). We updated the website so that you can listen to each day's legislative session, committee meetings and press conferences, learn more about introduced legislation, and view each day's schedule and list of bills to be voted on.

The House will be back in session next week on February 5, '07, Monday night at 7 pm. We will receive briefings on our criminal justice system and mental health issues. Also on Tuesday, we will host the Appalachian State University football team to congratulate the players and coaches on winning their second straight national championship. The Mountaineers defeated the University of Massachusetts on December 15, 2006, by a score of 28-17.

As always let me know your feelings about the issues we are working on or need to work on here in the North Carolina General Assembly. I am always interested to hear how we can address the challenges you and your family are facing each day. We must work together and take the responsibility to make Durham County, the Triangle region and of North Carolina the best place in the world to live, work, get an education and raise a family.

### **Budget Update**

Number-crunching, a long list of needs, and not enough money to cover everyone's "wish list" was the theme at early morning briefings this week at the General Assembly. My colleagues and I received an overview of the state's budget and economic outlook for the coming year, which is neither "great nor grim" as a newspaper reporter described, but somewhere in the middle. This week's briefings were our first in-depth look at the state's finances and expected expenses as we begin our work to draft and approve a two-year budget during the next five months.

First the good news: At the midway point of the current budget year, the state has exceeded expectations and collected \$285 million more than the \$8.7 billion that state economists had predicted we would collect. However, the economy is slowing down, causing the state to collect less tax revenue than it otherwise would, and our real estate market is uncertain – all of which could result in a larger

budget shortfall.

Furthermore, the number of people moving to North Carolina continues to increase at a rapid pace. As the 10<sup>th</sup> largest state in the nation now, our budget expenses such as public school enrollment, teacher pay, health care costs and road improvements also continue to increase dramatically each year. For example, we will need approximately \$200 million more to educate the new students arriving at our public schools and universities this fall. Medicaid, which is the state's health insurance program for the disabled, poor and elderly that is funded with federal, state and county money, is expected to grow by 14 percent in the coming years. The state's share of Medicaid is currently \$2.4 billion, or one-seventh of the state's annual \$19 billion budget.

Although the next budget cycle, which begins July 1, will be tight, no one is expecting anything like the "billion dollar plus" budget shortfalls a few years ago when our state's economy was in a recession and we lost tens of thousands of jobs. Legislators, who are expecting a budget shortfall of \$200 to \$500 million, will now begin the task of looking at all areas of state government and various programs to determine what can be made more efficient or cut entirely in order to meet the growing needs of our state and her citizens.

### **High School Graduation Rates**

The State Board of Education released new high school dropout statistics on Wednesday, which were troubling and must be improved. According to the Annual Dropout Event Report for the 2005-06 school year, the state's dropout rate increased slightly in 2005-06 and is now 5.04 percent, an increase of 6.33 percent. Overall, the state recorded 22,180 students who dropped out of school in grades 9-12.

Many parts of the state experienced a decrease in dropouts with 46 of the 115 local districts reporting decreases, including Durham Public Schools and Chatham County Schools. However, five of the state's largest school districts account for a disproportionate amount of the increase. Charlotte-Mecklenburg, Wake, Guilford, Cumberland and Winston-Salem/Forsyth schools accounted for 56 percent of the increase in the grade 9-12 dropouts, but only made up 30 percent of the state's high school student membership.

Data analysis found that almost one-third (32.7 percent) of all dropouts continue to occur during the ninth grade year with 25.7 percent of students dropping out in 10<sup>th</sup> grade and 22.4 percent of students dropping out in 11<sup>th</sup> grade. Dropout rates increase in frequency as students reach 16 years of age. Seventy-nine percent of dropout events occurred between the ages of 16 and 18.

The 2005-06 school year also saw an increase in the number of male students dropping out with over twice as many leaving school as opposed to female students. Black males accounted for a disproportionate amount of the increase in the dropout count. While the dropout rates for Hispanic and American Indian students remain high, the rate for American Indian students decreased. The rate for Hispanic students continued to rise.

State Board of Education Chairman Howard Lee and State Superintendent of Public Instruction June Atkinson called on legislators to increase the legal dropout age. "We are sending students the wrong message when we tell them it's acceptable to drop out of school at 16," Lee said. "At a minimum our students need a high school diploma as a stepping stone to future success." Currently, state law requires students to attend school between the ages of seven and 16, but the State Board of Education is seeking legislation to change the age requirement to 18.

Legislators have pushed several reform measures in recent years in an attempt to restructure high schools and increase graduation rates. Currently, 58 North Carolina high schools are involved in *Learn and Earn* and the New Schools Project. These new programs are expected to expand to more than 100 schools by 2008. These efforts, as well as others across the state, are helping students access rigorous curricula, participate in smaller learning environments and receive the support they need to be successful in high school.

Prior to the start of the 2007 legislative session, the House Select Committee on High School

Graduation and Dropout Rates held meetings across the state to examine ways to ensure students receive a quality education, graduate, and go onto college and good paying jobs. House members will continue their work on this important issue in the coming months.

To access the complete dropout report released by the State Board of Education, go to:  
<http://www.ncpublicschools.org/newsroom/news/2006-07/20070131-01>.

### **Legislators, groups call for tax relief for working families**

Legislators joined numerous advocacy groups and citizens from across the state on Wednesday to call for the creation of a state earned income tax credit (EITC). They urged the General Assembly to consider passing one of at least three pieces of legislation introduced so far that would provide tax relief to low-income families making less than \$37,000 per year. The bills (HB 6, HB 51, SB 7) would provide tax credits equal to 5 percent or 10 percent of the federal income tax credit, which was created in 1975.

In 2003, 733,000 North Carolina families applied for the federal EITC. Approximately \$1.35 billion was returned to families who qualified, with the average family receiving a tax credit of \$1,842. If successful, North Carolina would join 19 other states and the District of Columbia in creating a state version of the federal EITC, which could mean anywhere from \$90 to \$180 in tax relief for qualifying families.

### **Other Legislative Highlights**

Below are several bills that have been introduced in the House or Senate during the last week:

- Based on recommendations of the House Select Committee on **Sex Offender Registration and Internet Crimes Against Children**, members have introduced several bills to increase criminal penalties for sex offenders and better protect our children – **House Bill 27, Duty to Report Child Porn; House Bill 28, Up Penalties/Sex Offenses with Child Victim; and House Bill 29, Sex Offender GPS/Doc Requests.**
- **House Bill 9, School Capital Fund Formula/Lottery Proceeds**, would change the current formula for distributing lottery funds to counties for school construction. The original lottery bill, which passed in 2005, called for an estimated \$170 million each year to be divided among the state's 100 counties based on their number of students and the county's property tax rate. HB 9 would distribute lottery funds based solely on the number of students.
- The Joint Legislative Committee on **Domestic Violence** recommended several bills that would better protect domestic violence victims and increase criminal penalties for abusers, including: **House Bill 44, Domestic Violence Orders/Repeat Violators; House Bill 45, DV Victims/Add Protections; House Bill 46, DV Victims/Security; and House Bill 47, Violate Order/Possess Deadly Weapon Felony.**
- **House Bill 23, Funds for Statewide Health Promotion**, and **House Bill 25, Funds for Healthy Carolinians**, would raise awareness of heart disease, stroke, diabetes, cancer and obesity and discourage physical inactivity, poor nutrition and smoking at health departments across the state.
- **House Bill 24** would prohibit smoking in buildings owned, leased or occupied by state government due to health risks associated with secondhand smoke. The General Assembly buildings became smoke-free last year.
- **Senate Bill 3** would promote the development of renewable energy and energy efficiency in the state through the implementation of a 10 percent renewable energy and energy efficiency portfolio standard. The bill largely mirrors a La Capra study, unveiled in December, which said the state could generate 10 percent to 14 percent of its power needs using energy efficiency and renewable energy while creating thousands of jobs—without significantly raising rates. Senator Albertson's measure sets a goal of 1 percent in 2009, with annual increases reaching at least 10 percent by 2018. A similar House bill is also expected to be introduced.
- **House Bill 39, Endangered Manufacturing and Jobs Act**, would provide enhanced

economic development incentives and property tax exclusions to textile and furniture manufacturers, and set up a state-federal funding program to help the furniture industry.

- **House Bill 36** would improve the oversight of hazardous waste facilities across the state. The bill is based on recommendations by the Governor's Hazardous Materials Task Force, which was created following a chemical fire in Apex last October that required 17,000 people to be evacuated and got national media attention.
- **House Bill 41** would appropriate \$15 million over the next two years for the e-NC Authority for grants to improve high-speed Internet connectivity in underserved areas.
- **House Bill 57** would phase out the share of Medicaid expenses paid by counties over a five-year period and require the total county share during the phase out period would not exceed the amount paid by each county during the 2005-06 fiscal year.
- **Senate Bill 29, Child Restraint Systems/Federal Compliance**, would remove a 1982 provision in North Carolina's child safety seat law that has prevented the state from receiving \$1 million for child safety seat grants.
- **House Bill 31** would increase penalties for people who operate motor vehicles with a suspended or revoked license.

Your Representative,

A handwritten signature in cursive script that reads "Larry D. Hall".

Rep. Larry D. Hall