

Significant progress was made this week when the House and Senate leadership agreed that this year's budget would involve a 3.1% increase in spending over the previous fiscal year. Leadership agreed on a budget amount of \$21.735 billion which is higher than the Senate's original proposal but lower than the House's original proposal.

Several weeks ago the Senate agreed to remove several major legislative issues from the budget negotiations and to deal with those issues in separate legislative bills. Now that these major agreements have been reached, the budget subcommittees can begin preparing final proposals for their respective portions of the State budget bill.

While the House version of the budget called for all State workers to get a 2% pay raise, a House senior budget leader said this week that it is now unlikely the raise will be funded as planned. He also indicated that some of the planned funding for education would not be available. As negotiations continue next week, it is still unclear what funding will be protected in the budget and what funding will be cut.

The current Continuing Resolution that is funding State government on a temporary basis is set to expire on August 31st. It remains to be seen whether or not the House and Senate can adopt a final budget by that deadline or whether an additional Continuing Resolution will be required.

Some of North Carolina's living World War II service members were honored for their service and courage by the General Assembly. Nearly 40 veterans visiting the legislature Tuesday were celebrated in a resolution approved by the Senate and House that also honored those who died in the war. The veterans arrived at the Legislative Building on a bus escorted by Highway Patrol motorcyclists. Bagpipes played and hundreds of well-wishers applauded as the veterans walked into the building.

The House and Senate adjourned on Thursday and will reconvene on Monday.

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***Prepared By: David P. Ferrell, Esq. - NCAI Lobbyist***  
***VANDEVENTER BLACK LLP***  
***434 Fayetteville Street, Suite 2000***  
***Post Office Box 2599***  
***Raleigh, North Carolina 27602-2599***  
***Telephone: (919) 754-1171***  
***Facsimile: (919) 754-1317***  
***dferrell@vanblk.com***  
***www.vanblk.com***