

Lengthy Budget Showdown Set to Begin after Naming of Conferees

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Although the Governor, the House, and the Senate have spent the past five months drafting, unveiling, touting, debating, and passing their respective multi-billion dollar state budgets, what remains is in many ways the biggest hurdle to passing a state spending plan: the conference process. The conference process begins each year when, after passing their conflicting budgets, House and Senate leadership name budget conference committee members, known as conferees, to negotiate the differences between the proposed budgets.

The conferees usually are appointed immediately after the second chamber passes its budget and typically consist of a very small and select group of Appropriations leaders from each side. The goal of the process is to negotiate any items in conflict between the budgets and to create one final spending plan for the state on which everyone can agree.

This year, things have been quite different. With the House's proposed budget calling for nearly \$800 million more in spending than the Senate and Governor's budgets and the Senate's budget including substantive tax policy changes that House members and the Governor are rumored to disagree with, the conference process has more than its usual load of items that require compromise. Like last year, the two chambers have very different opinions on whether education funds should be directed towards teacher's assistants or teachers.

Only adding to the controversy are major policy differences on other big ticket items, such as Medicaid reform, the Governor's \$3 billion bond proposal, and economic development incentives. Although these issues are not traditional appropriations items, they are widely considered key bargaining chips in the budget debate.

Instead of immediately announcing conferees, the House and Senate announced their teams of budget negotiators last Tuesday and Thursday, nearly four weeks after the final Senate budget vote. Perhaps most surprising, the House's list of conferees includes 82 members – every House Republican (aside from Speaker Tim Moore), 1 unaffiliated member and 19 Democrats – or 68 percent of House members. Legislators, members of the media, and lobbyists continue to speculate possible motivations for the delay, as well as the unusually high number of conferees, and the inclusion of legislators who are not in Appropriations leadership roles or the majority party. Many suspect that all of these atypical actions were deliberate attempts to influence the high stakes negotiations yet to ensue.

Taking a cue from the House's inclusiveness, or possibly attempting to fight fire with fire, last Thursday the Senate named 32 Senators to its negotiating team, a total that equals 64 percent of the total Senate membership. Unlike the House's list of conferees, the Senate's list did not include any Democrats. It did, however, feature every Republican in the Senate aside from Senate President Pro Tempore Phil Berger and Senator Bob Rucho, the lone Republican dissenting vote against the chamber's budget.

Aside from what the final budget will contain, the biggest question that remains is how long this unusual

conference process will last. Conferees will be shooting to have a final budget in place by August 14th—the expiration date of the current continuing resolution that is temporarily funding critical state government functions until a final budget agreement is reached. You can review our previous coverage of the resolution here. If the conferees are not able to meet that date, they will be able to pass another continuing resolution to provide them with more time. With the volume of high stakes items in play and the sizeable position differences, many General Assembly insiders consider the latter a foregone conclusion.

The full list of House budget conferees can be viewed here and the Senate conferees can be viewed here.

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