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The 2021 NC General Assembly – 5 Insights for State Associations

On January 13th 2021, the North Carolina state government, the General Assembly, will convene for the beginning of the long session. As a state association, you’re expected to set the tone for your industries and members when it comes to interacting with state officials and legislation. Though federal news and legislation dominates headlines, state government bills, and their various amendments, can quickly change industries, modify regulations, and affect budgets that will affect you and your members.

After November’s election, the state political landscape is increasingly complex for associations, and being on top of fast-moving legislation is of utmost importance. Below are **five** things to think about when it comes to the 2021 General Assembly sessions.

#1 – Covid Effects & Technology in State Politics

As Covid continues to shape the way we run our businesses and personal lives, it will also affect how the operations surrounding the General Assembly operate. It is expected that legislators will still hold in-person sessions, committees, and meetings with enhanced Covid-19 protocols. However, lobbyists, state affairs professionals, and the general public will not be attending sessions in-person as in previous years. Having technology to assist you with understanding legislation movement and implications will be more important in 2021 than ever before.

Technology surrounding the processes of politics has always been far behind the private sector. Having better systems in place to alert and help analyze legislation on the federal level [has recently been gaining investor attention](#) with companies like Fiscal Note raising large amounts of funding. On the state legislation level, technology is even further behind. However, [Triangle-founded startups like UpstateNC](#), have been focused on bringing smart technology solutions for state associations to stay on top of legislation for their specific industries and members.

#2 – The 2020 Election Results & Implications

In this past November election, nearly all 170 North Carolina General Assembly seats (50 in Senate; 120 in House) were up for grabs. The main takeaways are that the Republicans gained 4 seats in the State House of Representatives and the Democrats gained 1 seat in the State Senate. Governor Roy Cooper (D) rode a wave of increased support as he was re-elected and increased his margin of victory from .2% in 2016 (vs. incumbent Pat McCrory) to 4.5% in 2020. In terms of legislator turnover, 15% of the legislators in the General Assembly will be new members, with 8 new senators and 18 new representatives starting in 2021.

The Republicans will enter the 2021 session maintaining majorities in both chambers (28 - 22 in the Senate; 69 – 51 in the House). However, the Republicans do not have a veto-proof majority in either, so they will have to work together with Democrats to pass legislation. This means that the Republicans will have the upper hand when it comes to some of the most hot button issues on the slate for 2021 such as: state redistricting, Department of Transportation funding, Medicaid transformation, education funding, and broadband expansion. As a state association, understanding legislation changes and knowing when to activate your members for advocacy campaigns will be crucial for success in 2021.

On the federal election level, the urban-rural divide trend continued this past election as well. Donald Trump gained support in 52/100 counties in North Carolina. However, in 8 of the top 10 most populous counties, Trump lost by at least 3% more than in 2016. Another interesting trend was party-switching between Senate and President votes. In 31/100 counties, there was at least a 4 point margin in party switching with many Cunningham – Trump voters coming from rural areas and Tillis – Biden voters coming from more populous areas.

#3 – The State Budget

The COVID-19 pandemic has affected both state and local government’s revenues over the past year. Local governments across the state have felt the impact of cuts in almost every revenue stream from utility payments, shuttered businesses, and the decline in sales tax. Despite the loss of this revenue, cities still had to figure out how to provide and pay for essential services while facing unprecedented financial shortfalls. In May, the state estimated that it would face a \$2 billion fiscal shortfall heading into 2021. The General Assembly’s Republican leadership and Gov. Roy Cooper (D) still haven’t agreed on a complete budget since 2018, and have instead opted to pass various mini-budgets providing funding to the state’s most pressing issues.

Despite the projected decrease in revenue, the state finds itself with \$4 billion in unspent revenue surplus. The \$4 billion comes from increased tax revenue collections, unappropriated funds, and cash that has been sitting in a “rainy day” fund. Legislative leaders will now be under pressure to decide on how to spend the money. Democrats have called for immediate distribution of funds toward a COVID-19 economic recovery package, while Republican leadership has intimated that they would rather see the funds go towards a comprehensive two-year budget bill.

Staying on top of budget changes as they roll out during the long session has traditionally been tough as the documents are long, detailed, and hard to digest. Unfortunately budgets can also have tremendous effect on the funding and operations of industries and members represented by state associations. With budget season approaching, UpstateNC has rolled out a tool that [instantly analyses all NC budget changes](#) so that you, or your lawyers, don’t have to re-read long, monotonous legal text to find out how a budget may affect you in 2021.

#4 – Data, Bills, Committee Substitutes, and Learnings from the 2019 – 2020 General Assembly Sessions

Each year, thousands of bills enter the North Carolina General Assembly. Upon introduction, [bills start their journey through a long, and often confusing, process](#) of being heard, amended, re-read, voted on, passed around, ratified and ultimately signed into law or not. To help untangle some of the complexities around this process, below are some basic statistics of the legislation landscape from the last session (2019 – 2020):

Bills Introduced: 2109

Total Bills with 1+ Amendments: 580 (27.5% of total)

Total Bill Amendments: 1165

Committee Substitutes Adopted: 337 (16%)

Executive Vetoes: 25

Veto Override Failed: 9

Veto Override Passed: 3

Total Bills That Became Law: 380

Of the bills that get introduced and have a chance at making it through both chambers and to the Governor, many of them go through a series of amendments, language changes, and compromises between the political parties. One notoriously difficult type of amendment that can be made is a “committee substitute”. This is when a bill can change entirely when it gets into committee, and often will not at all reflect the original meaning of the bill. These substitutes are often kept secret and not digitized until much later in the process which makes them hard to track and understand their meaning. Legislators can use this as an underhanded way to add language, or change a bill entirely, which may not have made it into committee in the first place. There are many unfortunate stories of association members having to storm the General Assembly in Raleigh when a bill that has been substituted quickly moves to vote and knowledge of the bill’s effect is not known until very late in the process.

As Covid continues to make technology more important in tracking and analyzing state legislation, it’s important that you are aware of all the bills that could affect your industry and members. Having a firm grasp on a bill’s potential implications, where it currently is in the legislature, when it’s amended, and when it’s scheduled to be voted upon should be a top priority for association leaders.

#5 – Advocacy for Associations in 2021

The uncertainty of the political landscape in 2021 makes it imperative that state associations have a clear strategy and well-defined tactics for activating their members and supporters for advocacy campaigns. There are various methods of mobilizing support, but being strategic about when to launch campaigns and which legislators to target is key. A good first step is to identify which house and senate committees will be hearing the bills that affect your industries. Narrowing your focus to the committee level is more efficient because you have to convince fewer members in order to change the outcome of a vote.

State legislators care enormously about maintaining a good image in their hometown media. Every legislator wants to generate positive local press coverage that makes them appear hardworking and responsive to their constituents. They want to appear in-touch, well-liked and competent. They want to get local media coverage of their work on certain policy issues whenever possible. Focusing on the local media in hometowns of committee members that will be hearing your bill is key.

UpstateNC - Supporting NC State Associations and their Legislative Efforts

At UpstateNC we’ve built North Carolina’s best legislative tracker, bill/budget analysis, and advocacy platform for state associations. We work with dozens of associations, lobbyists, and non-profits to make sure they can best represent their members’ legislative priorities. Check out [how we help State Associations specifically](#) or book a [free demo on our website](#) if you need insurance to make sure you’re on top of anything that could affect your industry in 2021. Contact the team at 703-380-9962 or cody@keepupstate.com.