



NCGA 2023 Legislative Session Budget and Fiscal Policy Highlights

Executive Summary

On September 22, 2023, the North Carolina General Assembly enacted House Bill 259, [Current Operations Appropriations Act of 2023](#) (2023 Appropriations Act); on October 3, 2023, the Act became law (S.L. 2023-134) without the Governor's signature after no action was taken within the required ten-day window. The 2023 Appropriations Act, together with S.L. 2023-14, the [Care for Women, Children, and Families Act](#), which was enacted prior to the primary appropriations bill, provides \$29.8 billion in net General Fund appropriations in FY 2023-24, an 8.2% increase over the base budget. In FY 2024-25, the combined Acts provide \$30.9 billion in net General Fund appropriations, a 3.7% increase over the previous fiscal year. In addition to providing operating and capital funds for the 2023-25 fiscal biennium, the 2023 Appropriations Act was also the trigger for the expansion of Medicaid to an estimated additional 600,000 low- to moderate-income North Carolinians as provided for in S.L. 2023-7, [Access to Healthcare Options](#).

In addition to the net General Fund appropriations, the 2023 Appropriations Act also reserves over \$11.3 billion in funding for a wide range of statewide purposes, allocates over \$1.6 billion for healthcare related projects from the ARPA Temporary Savings Fund. It modifies North Carolina tax laws, including the acceleration of reductions in the State personal income tax rate and potential additional future reductions that become effective if General Fund revenue meets certain thresholds. Some of the major appropriations from all sources of funds include:

- **Healthcare Initiatives:** A total of \$420 million is provided for the NC Care initiative to improve access to high quality health care for citizens and communities located in rural areas and approximately \$800 million in new or expanded behavioral health programs.
- **Compensation Increases:** More than \$2.4 billion in salary and benefit increases for State employees, retirees, and State-supported local employees over the biennium as follows:
 - Across-the-board increases of 4% in FY 2023-24 and 3% in FY 2024-25 for most State agency and University employees, and State-funded Community College and non-teacher public school employees.
 - New pay structures for select job classifications in the judicial branch and the State Highway Patrol as well as an additional 1.5% salary increase in FY 2023-24 over and above the across-the-board increases for many employees paid on experience-based salary schedules or whose salaries are set in law.
 - Starting state-funded teacher pay increases to \$39,000 in FY 2023-24, a 5.4% increase over the FY 2022-23 schedule and to \$41,000 in FY 2024-25, an additional 5.1% increase. Overall, average teacher pay increases, including step increases, by 4% in FY 2023-24 and an additional 3% in FY 2024-25.
- **Capital Improvements:** \$5 billion over the biennium for capital projects and retiring existing State debt through the State Capital and Infrastructure Fund (SCIF) including \$930 million for repairs and renovations in State agency and UNC buildings.
- **Local Projects:** Over \$2.8 billion for local government water and sewer infrastructure projects from the Clean Water and Drinking Water Reserve, and over \$1.25 billion from the Regional Economic Development Reserve for local projects to support economic development across the State.
- **Economic Development:** \$500 million for NCInnovation, Inc., a non-profit corporation, to support the commercialization of emerging technologies from the State's colleges and universities through grant programs and a network of regional hubs, and \$119 million for the State's Megasites Readiness Program.

Appropriations by Area

The FY 2023-25 State Budget includes \$29.8 billion in net General Fund appropriations to State agencies in the first year of the biennium and \$30.9 billion in the second year. The following table summarizes those appropriations by area:

Table 1: FY 2023-25 Net General Fund Appropriations

Area Committee & Reserves	FY 2023-24		FY 2024-25	
	\$	%	\$	%
Education	17,315,443,777	58.1%	17,882,107,948	57.9%
Health & Human Services	7,394,514,141	24.8%	7,735,163,346	25.0%
Ag., Natural & Economic Resources	796,551,991	2.7%	820,180,823	2.7%
Justice & Public Safety	3,648,653,319	12.2%	3,743,818,438	12.1%
General Government	550,343,551	1.8%	524,664,956	1.7%
Information Technology	81,302,530	0.3%	78,971,190	0.3%
Statewide Reserves	450,000	0.0%	117,743,582	0.4%
Net General Fund Appropriations	\$29,787,259,309	100%	\$30,902,650,283	100%

Note: Net General Fund appropriations include S.L. 2023-134, Current Operations Appropriations Act of 2023, and S.L. 2023-14, Care for Women, Children, and Families Act. Figures do not include funds provided to the State Capital and Infrastructure Fund, the Highway Fund or Highway Trust Fund, or other appropriations made in non-General Fund budget codes.

In addition to the net General Fund appropriations reflected in the table above, the 2023 Appropriations Act also appropriates all other State Funds, which includes federal funds, fees, tuition, and other departmental receipts. The following table summarizes all State Fund appropriations by area:

Table 2: All FY 2023-25 State Fund Appropriations

Area Committee & Reserves	FY 2023-24		FY 2024-25	
	\$	%	\$	%
Education	21,872,424,765	33.3%	22,237,509,814	32.8%
Health & Human Services	35,842,416,982	54.6%	38,828,460,829	57.2%
Ag., Natural & Economic Resources	1,644,940,922	2.5%	1,695,889,838	2.5%
Justice & Public Safety	4,003,158,674	6.1%	4,071,515,598	6.0%
General Government	2,158,108,181	3.3%	809,616,366	1.2%
Information Technology	141,695,168	0.2%	110,450,423	0.2%
Statewide Reserves	450,000	0.0%	117,743,582	0.2%
Total General Fund Budget	\$65,663,194,692	100.0%	\$67,871,186,450	100.0%

Note: All State Funds appropriations include S.L. 2023-134 and S.L. 2023-14. Figures do not include funds provided to the State Capital and Infrastructure Fund, the Highway Fund or Highway Trust Fund, or other appropriations made in non-General Fund budget codes.

General Fund Availability

Availability Statement

The General Fund Availability Statement is a succinct summary of actual and anticipated General Fund revenues and how those revenues are used in each year of the 2023-25 fiscal biennium (see Appendix A). Specifically, it reflects all of the following:

- General Fund year-end fund balances prior to the beginning of FYs 2023-24 and 2024-25.
- A Consensus Revenue Forecast for General Fund tax and non-tax revenues in each year of the fiscal biennium.
- Revenue adjustments made by the General Assembly that affect anticipated revenue collections.
- Statutory and discretionary reservations of General Fund revenue.
- General Fund appropriation actions taken by the General Assembly.

This Budget Brief provides additional detail on each of these sections of the Availability Statement.

Overall Revenue Picture

The Fiscal Research Division and the Office of State Budget and Management estimate General Fund revenue through a consensus revenue forecasting process. The [initial forecast](#), issued in February 2023, is used to estimate revenue for the entire 2023-25 fiscal biennium for the Governor's budget recommendations and initial legislative deliberations. A Consensus Revenue Forecast Revision was released in May 2023 and was the basis of the projected revenues used in the 2023 Appropriations Act. Both forecasts correctly anticipated FY 2022-23 General Fund revenue to exceed budgeted revenue by over \$3.0 billion. FY 2022-23 budgeted revenue was based on the Consensus Revenue Forecast Revision released in May 2022 amid significant economic uncertainty. At that time, the economy was experiencing rapid inflation and geopolitical risk with the outbreak of war between Russia and Ukraine. The Federal Reserve responded by increasing interest rates to slow economy-wide spending, which increased the likelihood of a recession. However, the labor market remained resilient, with competition for employees driving increased wages and robust consumer spending. These factors helped to raise tax revenue above the forecasted amount.

Despite better than projected revenue collections in FY 2022-23, the outlook for the 2023-25 biennium remains cautious. Stronger-than-expected wage growth in the current fiscal year has slightly improved the outlook for consumer spending. However, the biennial forecast assumes that inflation will moderate, and the economy will experience what has been described as a "slowcession", where economic growth stays low without slipping into reverse for any extended period. Taking these factors into consideration, the May 2023 Consensus Forecast anticipates total General Fund Revenue of \$33.8 billion in FY 2023-24 and \$33.9 billion in FY 2024-25.

Finance policy changes enacted during the 2023 Legislative Session, including tax and non-tax adjustments, are expected to reduce General Fund revenue below the forecasted amounts by \$113.2 million in FY 2023-24 and \$509.8 million in FY 2024-25. After incorporating these changes General Fund revenue is projected to be \$33.7 billion in FY 2023-24 and \$33.4 billion in FY 2024-25.

Revenue Adjustments

The finance policy changes that affected General Fund revenue are summarized below.

Personal Income Tax

The Act accelerates the personal income tax rate reductions scheduled under current law by one year, reducing the tax rate as follows:

- From 4.6% to 4.5% in calendar year (CY) 2024,
- From 4.5% to 4.25% in CY 2025, and
- From 4.25% to 3.99% in CY 2026.

The Act also authorizes up to three additional rate reductions between 2027 and 2034, provided that total General Fund tax and nontax revenue in the preceding fiscal year reaches certain thresholds. Thus, whenever General Fund revenue in a

given fiscal year meets the threshold (“trigger”) amount specified for that fiscal year, the personal income tax rate drops by one-half percentage point (0.50%) beginning January 1 of the following tax year. The changes not subject to triggers are estimated to reduce General Fund revenue by \$161.7 million in FY 2023-24 growing to \$973.8 million in FY 2025-26. Further, FRD projects that revenue collections in FY 2025-26 will trigger an additional rate reduction in tax year 2027, further reducing General Fund revenue by \$2,084.3 million in FY 2027-28.

Franchise Tax

The Act caps the franchise tax at \$500 on the first \$1 million of the tax base for C-Corps. This change is effective for tax paid on 2024 returns and is estimated to reduce General Fund revenue by \$19.9 million in FY 2025-26, the first year of full implementation.

Privilege Tax

The Act repeals the State privilege license tax on all professionals subject to the tax and is effective July 1, 2024. This change is expected to reduce General Fund revenue by \$6.8 million in FY 2024-25, the first year of full implementation.

Excise Tax

The Act changes the excise tax rate on snuff from 12.8% of cost price to \$0.40 per ounce and expands the tax base to include alternative nicotine products at a tax rate of \$0.10 per container containing up to 20 units, and \$.005 per unit for any amount in a container over 20 units. It also enacts a new excise tax on gross receipts derived from for-hire ground transport services (such as Uber, Lyft, or a taxi service) at a rate of 1.5% for exclusive-ride services and 1% for shared-ride services, the proceeds of which are credited to the Highway Fund. All changes are effective July 1, 2025, and are expected to reduce General Fund revenue by \$3.4 million and increase Highway Fund revenue by \$8.4 million in FY 2025-26, the first year of full implementation.

Sales and Use Tax

The Act makes various changes to State sales and use taxes for the following goods and services:

- Creates a sales tax exemption for all items sold by Continuing Care Retirement Communities except for alcoholic beverages (effective November 1, 2023).
- Exempts from sales and use tax purchases of breast pumps, including repair and replacement parts, breast pump collection and storage supplies, and breast pump kits (effective November 1, 2023).
- Extends by four years the sales tax exemptions and refunds for the professional motorsports industry and extends by five years both the sales tax refund for aviation fuel for motorsports events and the sales tax exemption for aviation fuel for use in commercial aircraft. These exemptions were set to expire on January 1, 2024.
- Expands the sales tax exemption for 1) parts and accessories used to repair aircraft to include aircraft with a maximum take-off weight of 2,000 pounds or more and 2) fuel, lubricants, and other consumables for certain ocean-going vessels to include vessels transporting freight on inland and intracoastal waterways (effective November 1, 2023).

These combined changes are expected to reduce revenue in the General Fund by \$33.2 million and in the Highway Fund by \$11.1 million in FY 2024-25, the first year of full implementation.

Sports Wagering

During the 2023 Legislative Session, the General Assembly also enacted House Bill 347 (S.L. 2023-42), [Sports Wagering/Horse Racing Wagering Act](#), which authorizes, regulates, and taxes sports wagering in North Carolina (NC). Gross wagering revenue received by a sports wagering operator is subject to an 18% tax, and various licensing fees apply to sports wagering and pari-mutuel wagering. The law is estimated to increase General Fund revenues by \$8.5 million in FY 2023-24 and by \$36.1 million in FY 2024-25. (Note: These amounts do not include administrative costs or earmarks to specific entities outlined in the law.)

Reservations of General Fund Revenue

After taking into consideration the proposed revenue changes described above, and prior to making any General Fund appropriations, North Carolina’s budget statutes require annual reservations of General Fund revenue into the State

Capital and Infrastructure Fund (SCIF), and into the Savings Reserve or the Unfunded Liability Solvency Reserve provided certain conditions are met. For the SCIF, the 2023 Appropriations Act exceeds the required amount in both years of the biennium. Although the conditions were not met to trigger a statutory reservation of funds to either of the other two Reserves, the Act makes a discretionary transfer to Savings Reserve bringing the total in the Reserve to almost \$4.9 billion at the end of the biennium. In addition, the Act reserves funds for 13 other purposes for a total of \$11.3 billion to various reserves over the FY 2023-25 biennium for a wide variety of purposes. The following table provides additional detail about those reservations and subsequent appropriations from those reserves.

Table 3: Reservations of Revenue and Appropriations from Reserves Across the 2023-25 Fiscal Biennium ¹

Reserve Name	Amount Reserved	Amount Appropriated	Purpose
State Capital and Infrastructure Fund ^{2*}	4,623,925,738	4,977,077,561	Provides funds for State and local government capital improvements as well as various local projects.
Savings Reserve *	125,000,000	-	Reserves funds for Rainy Day scenarios.
Clean Water and Drinking Water Reserve	2,000,000,000	2,000,000,000	Provides funding for wastewater systems and drinking water projects for public water systems.
Regional Economic Development Reserve	1,250,000,000	1,250,000,000	Provides funding for a wide variety of projects at the local level.
Economic Development Reserve	730,000,000	130,000,000	Provides funds for economic development initiatives outlined in the Act.
Medicaid Contingency Reserve *	650,000,000	-	Reserves funds for future appropriation in the event that Medicaid costs exceed the amount budgeted.
Medicaid Transformation Reserve *	5,000,000	160,642,170	Provides funding for Medicaid claims and various Medicaid Transformation projects.
State Emergency & Disaster Response Reserve *	150,000,000	287,811,951	Reserves funds future disaster recovery and mitigation needs and provides funds for current disaster purposes.
Information Technology Reserve *	450,000,000	217,650,306	Provides funds for cybersecurity initiatives and other various other information technology projects.
Federal Infrastructure Match Reserve *	50,000,000	49,652,517	Provides funds for State match requirements for federal aid through the Infrastructure Investment and Jobs Act.
Housing Reserve	90,000,000	90,000,000	Provides funds to the Housing Finance Agency for the Workforce Housing Loan Program and the Housing Trust Fund.
Retiree Supplement Reserve	145,600,000	145,600,000	Provides funds for a one-time cost-of-living retiree supplement of 4% in FY 2023-24.
Transportation Reserve	550,000,000	550,000,000	Provides funds to the Department of Transportation for activities outlined in the Act.
NCInnovation Reserve	500,000,000	500,000,000	Provides funds to endow NCInnovation, Inc., a non-profit acting on behalf of the State to support the commercialization of university research.
Tech. Adj., Unfunded Liability Solvency Reserve	10,000,000	10,000,000	Provides funds for additional contributions to the State retirement system and Retiree Health Benefit Fund.
Total, Reserves	\$11,329,525,738	\$10,368,434,505	

1. Reserves noted with an asterisk started the biennium with existing cash balances from transfers made in previous fiscal years.

2. Amount includes statutory reservations of \$1.4 billion in FY 2023-24 and \$1.5 billion in FY 2023-25 as well as additional discretionary appropriations of \$1 billion and \$700 million respectively.

Major Budget Issues of Interest

The remainder of this Budget Brief will provide additional detail on major topic areas from the 2023 Appropriations Act. These sections will provide highlights of significant funding actions.

Health Care Initiatives

The 2023 Appropriations Act makes significant investments to boost access to health care and improve the effectiveness of the State's health care system. Funding for healthcare initiatives and operations in the Department of Health and Human Services (DHHS) this biennium includes approximately \$2 billion from the General Fund and \$18 billion in additional federal receipts leveraged through new Medicaid spending and initiatives. Some of the additional federal revenues result in \$1.5 billion in one-time General Fund savings to the Medicaid program. These savings are re-allocated to various statewide initiatives, including more than \$500 million devoted to healthcare priorities in DHHS. Major initiatives highlighted below include Medicaid expansion enacted in S.L. 2023-7, Access to Healthcare Options; a new initiative called NC Care that will partner ECU Health and UNC Health in an effort to improve rural healthcare in the State; significant behavioral health investments; and increases to Medicaid provider reimbursement rates.

Medicaid Expansion

S.L. 2023-7 established NC Health Works, North Carolina's version of Medicaid expansion, to be effective upon the enactment of the 2023 Appropriations Act. NC Health Works allows adults ages 18 through 64 with incomes up to 133% of the federal poverty level (for 2023, an annual income of \$19,400 for an individual or \$40,000 for a family of four) to qualify for Medicaid coverage. Expansion to this group of adults has been an option available to states since January 2014, and the federal match for services provided to the expansion population is 90%. NC Health Works began December 1, 2023, and is expected to eventually extend Medicaid benefits to more than 600,000 State residents. The nonfederal share of service and administrative costs will be funded entirely from a new hospital assessment and additional revenue generated by NC Health Works from the State's existing tax on insurance companies and Medicaid managed care organizations.

With the expansion of Medicaid, the State qualifies for a federal incentive from the American Rescue Plan Act (ARPA) that provides an additional five percentage points on the federal Medicaid match for the traditional Medicaid population for a period of two years. This will increase the State's federal Medicaid match for non-expansion beneficiaries from approximately 66% to 71% and is expected to generate \$1.5 billion in State General Fund savings this biennium and an additional \$200 million in FY 2025-26. The savings will be deposited into the ARPA Temporary Savings Fund, a non-reverting special fund created by S.L. 2023-7. The 2023 Appropriations Act appropriates the savings in the Fund to support numerous projects and initiatives, including the construction of a new children's hospital, the construction of three rural care centers that will be part of the NC Care initiative, many new behavioral health and healthcare workforce initiatives, Medicaid provider reimbursement rate increases in FY 2023-24, and other legislative priorities (see Appendix B for a list of projects funded from the ARPA Temporary Savings Fund).

NC Care Initiative

The 2023 Appropriations Act establishes the framework for the NC Care initiative, with the goal of improving access to high-quality health care for citizens and communities located in rural areas of North Carolina by establishing outcome-driven regional systems of care, beginning in eastern North Carolina. This effort will be a collaboration between ECU Health, UNC Health, and their affiliated schools of medicine.

To help facilitate this initiative, the General Assembly appropriated \$210 million for three health clinics, \$150 million in hospital investments, \$50 million for a regional behavioral health hospital, and \$10 million to develop a clinically integrated network between ECU Health and UNC Health. These items are intended to strengthen support for the community hospitals affiliated with ECU Health and UNC Health that will be integrated into the new regional systems of care developed through the NC Care initiative.

Behavioral Health

The 2023 Appropriations Act provides more than \$800 million over the biennium from the General Fund, the ARPA Temporary Savings Fund, and opioid settlement receipts for behavioral health initiatives. Over \$400 million comes from the ARPA Temporary Savings Fund for investments focusing on strengthening the State's behavioral health system. This includes:

- \$99 million to address the intersection of the behavioral health and justice systems through diversion, re-entry, and capacity restoration programs.
- \$80 million for improving the State’s crisis system through mobile crisis teams and crisis and respite facilities.
- \$40 million to invest in the State operated healthcare facility workforce through recruitment and retention efforts.
- \$80 million for behavioral health treatment options and supports for families caring for children with special needs, to be allocated among several DHHS divisions. The funds will be used to expand intensive supports in the community, to increase structured options for meeting the needs of the children, and to strengthen available specialized behavioral health treatment options.

In addition to one-time funding provided from the ARPA Temporary Savings Fund, over \$350 million from the General Fund is invested towards behavioral health priorities. This includes \$55 million in FY 2023-24 and \$75 million in FY 2024-25 to increase Medicaid reimbursement rates for behavioral health providers and an additional \$60 million each year for Innovations waiver service providers. (These rate increases are also described below.) It also includes \$10 million each year to expand Medicaid Innovations waiver participation by 350 individuals and \$15.6 million each year for long-term housing, community-based services, and supported employment through the Transitions to Community Living initiative.

Medicaid Provider Reimbursement Rates and Direct Care Worker Increases

The 2023 Appropriations Act invests more than \$600 million from the General Fund and the ARPA Temporary Savings Fund to increase Medicaid provider reimbursement rates over the biennium. This includes:

- \$321.6 million to enable Medicaid to continue the rates for skilled nursing facilities and personal care services that were increased in response to the COVID-19 pandemic.
- \$130 million for the behavioral health provider rates described above.
- \$120 million to increase rates paid to Medicaid Innovations waiver service providers described above. The providers must use the increases to enhance compensation for the direct care workers who serve Innovations waiver participants.
- \$46 million in provider reimbursement rate increases for private duty nursing, foster care services, federally qualified health centers and rural health clinics, and, in FY 2023-24, durable medical equipment.

In addition to reimbursement rate increases that are funded from the General Fund and the ARPA Temporary Savings Fund, S.L. 2023-7 establishes the Healthcare Access and Stabilization Program (HASP), which is designed to increase Medicaid reimbursements to hospitals. Rather than use General Fund dollars to pay for the nonfederal share of costs, HASP uses funds generated from assessments and transfers paid by hospitals. These hospital receipts are used to draw down additional federal Medicaid receipts that are combined with the hospital receipts and used to pay hospitals the higher Medicaid reimbursements. The 2023 Appropriations Act budgets nearly \$3 billion in FY 2023-24 and more than \$4 billion in FY 2024-25 for HASP from hospital receipts and federal funds.

Child Well-Being Initiatives

S.L. 2023-14, Care for Women, Children, and Families Act (The Act), invests nearly \$160 million over the biennium from the General Fund in various initiatives affecting women, children, and families. The Act provides funding for prenatal, infant, and early childhood supports, as well as substantial investments in the State’s foster care system. Some of the major items include:

- \$75 million to increase the child care subsidy reimbursement rates for providers over the biennium.
- \$47 million over the biennium to support the State’s foster care system including,
 - \$5.8 million each year for a new initiative to provide monthly assistance to families who are not licensed foster care parents but are caring for a relative in foster care;
 - \$10.1 million each year to support the State’s share of the cost to increase the monthly assistance payments received by licensed foster care families and families who adopt from foster care;

- \$11.8 million in FY 2023-24 to offset the loss of federal funding for congregate foster care as a result of the federal Family First Prevention Services Act.
- \$10 million each year to support paid parental leave for State employees.
- \$5.6 million over the biennium to cover the nonfederal share of the cost to increase the Medicaid rate paid for obstetrics maternal bundle payments for pregnancy care, and to offer an add-on rate to incentivize the use of group prenatal care visits by Medicaid beneficiaries.

In addition to funding provided by Session Law 2023-14, the 2023 Appropriations Act also provides approximately \$24 million over the biennium for additional child well-being investments including:

- \$7.5 million each year to support the nonfederal share of new and enhanced Medicaid services for children receiving foster care services.
- \$588,000 in FY 2023-24 and \$759,000 in FY 2024-25 to establish and operate the Office of Child Fatality Prevention to serve as the lead agency for child fatality prevention in the State.
- An additional \$3 million each year for child advocacy centers across North Carolina to provide support and resources for children experiencing abuse, bringing the centers' revised total appropriation to \$10 million.

Salaries & Benefits

The 2023 Appropriations Act provides over \$2.4 billion in salary and benefit increases for State employees, retirees, and State-supported local employees as described in greater detail below.

Salary Adjustments for State Employees and Community College Employees

The 2023 Appropriations Act provides net General Fund appropriations of \$777.8 million in FY 2023-24 and \$1.2 billion in FY 2024-25 to support salary increases for State employees and State-funded local employees. Notable funding items in this category include:

- \$325.5 million in FY 2023-24 and \$567.4 million in FY 2024-25 to fund a 4% across-the-board increase in FY 2023-24 and an additional 3% across-the-board increase in FY 2024-25 for most State employees, University employees, and Community College employees.
- \$39.6 million to increase funding for the Labor Market Adjustment Reserve (LMAR) for State agencies, which is equivalent to approximately 1.5% of the State agency salary base for eligible employees. Agencies have discretion on how to award these funds including providing larger salary increases to priority positions. Employees whose salaries are not set in law are eligible to receive these flexible salary funds.
- \$13.7 million to provide an additional 1.5% salary increase in addition to the across-the-board increase in FY 2023-24 to many employees paid on experience-based salary schedules or whose salaries are set in law.
- \$15 million in FY 2023-24 and \$17.9 million in FY 2024-25 to implement a new judicial pay structure, providing salary increases of 10.9%-20.9% over the biennium.
- \$3.5 million in FY 2023-24 and \$3.6 million in FY 2024-25 to compensate certain Juvenile Justice positions per the Correctional Officer or Probation and Parole Officer experience-based salary schedules and to address resulting salary compression.
- \$17.3 million in each year of the biennium to implement a new salary schedule for the State Highway Patrol and provide salary increases to sworn members not compensated on the salary schedule. First Sergeants and below will receive an 11% salary increase in FY 2023-24 and other sworn members will receive a 7% salary increase in FY 2023-24.
- \$2.8 million in each year of the biennium to provide salary increases to sworn members of the State Bureau of Investigation and Alcohol Law Enforcement. Special Agents in Charge and above will receive a 7% salary increase in FY 2023-24 and other sworn members will receive an 8% salary increase in FY 2023-24.

- Additional salary increases for the Governor and Council of State members, District Attorneys, Public Defenders, Assistant District Attorneys, Assistant Public Defenders, University and community college nursing faculty, Wildlife Resources Commission law enforcement, Division of Marine Fisheries law enforcement, Division of Parks & Recreation law enforcement, and Division of Forestry law enforcement.
- \$15 million to increase funding for the UNC Faculty Recruitment/Retention Fund.
- \$19.4 million to increase funding for the Community College Faculty Recruitment/Retention Fund.

Salary Adjustments for Teachers and Instructional Support Personnel

The 2023 Appropriations Act raises starting annual teacher pay to \$39,000 in FY 2023-24 and \$41,000 in FY 2024-25 and increases other steps of the salary schedule by varying rates (see Appendix C for a Teacher Salary Schedule Comparison). Including step increases, the average teacher salary increase is approximately 4% in FY 2023-24 and an additional 3% in FY 2024-25. In addition, the General Assembly provided an additional \$30 million for the Teacher Supplement Assistance Allotment bringing the total for this allotment to \$200 million. These funds are used to increase salary supplements provided to teachers and instructional support personnel employed in counties with less ability to provide local salary supplements.

Salary Adjustments for Other Public School Personnel

As with public school teacher and instructional support personnel, other public school personnel are also local employees but many of these staff are paid with State funds. In addition to the compensation increases specified above, the 2023 Appropriations Act appropriates funds to support compensation increases for other State-funded local employees of public schools:

- Noncertified Personnel – A 4% across-the-board salary increase in FY 2023-24 and an additional 3% across-the-board increase in FY 2024-25.
- Bus Drivers – In addition to the across-the-board salary increase, bus drivers will receive an additional 2% salary increase, on average, in FY 2023-24.
- Central Office – A 4% across-the-board salary increase in FY 2023-24 and an additional 3% across-the-board increase in FY 2024-25.
- Principals – A 4% increase to the salary schedule in FY 2023-24 and an additional 3% increase to the salary schedule in FY 2024-25.
- Assistant Principals – Pay for these personnel remains 19% greater than the commensurate base teacher salary schedule level.

Benefits Adjustments

The 2023 Appropriation Act provides net General Fund appropriations of \$138.7 million FY 2023-24 and \$302.3 million in FY 2024-25 to support increasing costs associated with benefits provided to State-funded employees. The specifics of these appropriations are as follows:

- \$40.2 million in FY 2023-24 and \$175.3 million in FY 2024-25 to increase employer premiums to the State Health Plan for active employees.
- \$98.5 million in FY 2023-24 and \$127 million in FY 2024-25 to increase contributions to State retirement systems and the Retiree Health Benefit Fund for retiree medical benefits.
- \$145.6 million allocated to the Retiree Supplement Reserve to provide State retirees a 4% one-time supplement (bonus) in fall 2023.

Education

The largest investment within the Education section of the 2023 Appropriations Act are the salary and benefit increases for education personnel which are described in preceding sections. However, the Act also provides significant funding to other education priorities.

Elementary and Secondary Education

The 2023 Appropriations Act included the addition of school nurses, school social workers, and school counselors to the primary allotment that funds school psychologists and an additional \$10 million for these combined school health positions. Additionally, the Act provides \$9 million over the biennium to expand the number of students who would be eligible for free school meals by covering copays for students eligible for reduced-priced meals and \$6.8 million to create a new program to incentivize schools to participate in the federal Community Eligibility Provision (CEP), which allows all students in a school to receive free meals. The Act also provides \$35 million each year of the biennium to continue the School Safety Grants, which provides grants to public school units for equipment, services for students in crisis, and training to improve school safety. Finally, the budget provides \$10.9 million in new salary supplements for teachers in the Advanced Teaching Roles program, a program that provides professional opportunities in the classroom for excellent teachers. The Act also directs the Department of Public Instruction to develop two new funding models for legislative consideration. The first will distribute funding for the current K-12 formulas based on prior-year average daily membership. The second will propose modifying the funding for children with disabilities to be distributed based on the actual costs of services provided.

Opportunity Scholarship Program

Another major priority of the 2023 Appropriations Act is continued support for K-12 students' school choice options. Beginning with the 2024-25 school year, all NC private school students are eligible to apply for an Opportunity Scholarship, regardless of income level. Instead, the award amount is tied to each family's income relative to the federal reduced-price lunch program. There will also no longer be a requirement that the student attends a public school prior to receiving the award.

Table 4: Annual Opportunity Scholarship Award Tiers, Beginning in FY 2024-25

Household Income Relative to Federal Reduced-Priced Lunch Income Qualification	Award Amount Calculation
100% or less	100% of the prior-year public school per pupil allocation
100%-200%	90% of the prior-year public school per pupil allocation
200%-450%	60% of the prior-year public school per pupil allocation
450% or greater	45% of the prior-year public school per pupil allocation

Note: Award amounts cannot exceed the cost of tuition and fees at the student's school. For FY 2023-24, the public school per pupil allocation equaled \$7,467.

The General Assembly also provided additional funds to support the Opportunity Scholarship Program, in anticipation of increased program demand, as captured in Table 5.

Table 5: Opportunity Scholarship Program Funding Allocation for Awards, FY 2024-25 - FY 2033-34

Fiscal Year	Revised Allocation for Awards
2024-25	293,540,000
2025-26	384,540,000
2026-27	445,540,000
2027-28	460,540,000
2028-29	475,540,000
2029-30	490,540,000
2030-31	505,540,000
2031-32	520,540,000
2032-33	535,540,000
2033-34	550,540,000

Note: Revised allocation is a combination of funds from the Opportunity Scholarship Grant Fund Reserve and the General Fund.

Higher Education

In public higher education, the General Assembly used funds in the ARPA Temporary Savings Fund to make significant investments in education to bolster the State's healthcare workforce. Specifically, the 2023 Appropriations Act provides the North Carolina Community College System \$55 million to develop and expand courses that lead to a degree or credential in nursing and health-related fields over the biennium. The Act also appropriated an additional \$5 million to increase nursing program capacity at several community colleges.

Additionally, the General Assembly provided \$25 million over the biennium to increase financial aid to recent NC high school graduates to cover community college tuition and fees for up to two years. This program was initially started in 2021 with federal funds and will now expand to eligible students from the high school graduating class of 2023. Further, the General Assembly invested an additional \$14.2 million to complete an existing project to expand broadband access to 47 rural community colleges.

For UNC institutions, health education investments were targeted to several programs, including \$6.2 million in FY 2023-24 and \$10.1 million in FY 2024-25 to expand primary care programs at East Carolina University and \$20 million over the biennium to support regionally in-demand health programs at UNC at Pembroke. In addition, the UNC Board of Governors was provided \$40 million over the biennium to distribute to UNC institutions to further develop and expand courses that lead to a health-related degree. Further, the General Assembly created a new forgivable education loan for rural primary care providers and psychiatrists and made additional investments in medical training and residency programs at UNC Health, the UNC School of Medicine, ECU Health, and the ECU Brody School of Medicine.

Finally, in higher education, the General Assembly appropriated funds to enhance the research capabilities at UNC constituent institutions. Of note, \$25 million was allocated over the biennium to N.C. A&T University to support its efforts in becoming an R1 research university as defined by the Carnegie Classification.

Capital Investments

State Capital and Infrastructure Fund (SCIF)

The 2023 Appropriations Act transfers \$4.6 billion from the General Fund, \$606 million from the ARPA Temporary Savings Fund, and \$8 million from the Information Technology Reserve to the State Capital and Infrastructure Fund and appropriates these funds over the FY 2023-25 biennium. From the \$5.2 billion made available to the SCIF this biennium, the 2023 Appropriations Act makes a variety of authorizations to begin new capital projects at State-owned facilities as well as appropriations for all manner of capital-related activities. Of particular note, the Act authorizes an additional \$1.6 billion in capital projects for State Agencies and an additional \$2.3 billion in capital projects for the UNC system. SCIF project authorizations allow projects to commence that will take more than the length of the biennium to complete. Appropriations of SCIF revenues for those projects may only be made for the 2023-25 fiscal biennium, in keeping with the duration of the 2023 Appropriations Act. Projects with a projected life cycle beyond the biennium will require additional appropriations in future years from projected SCIF revenues. Total SCIF authorizations in the Appropriations Act represent the full estimated cost of the projects, including funds the General Assembly intends to appropriate in future biennia to complete the projects. The following chart summarizes all SCIF-funded appropriations in the 2023 Appropriations Act for the 2023-2025 fiscal biennium.

Table 6: SCIF Budget Appropriations by Area

Area	FY 2023-24	FY 2024-25
State Debt Service	591,360,105	466,138,169
State Debt Elimination/Avoidance	121,350,000	46,265,000
State Agency Repairs & Renovations	200,000,000	200,000,000
UNC System Repairs & Renovations	280,503,000	250,000,000
OSBM Flexibility Reserve	75,000,000	75,000,000
New State Agency Capital Projects	190,683,795	224,449,360
Existing State Agency Capital Projects	118,243,052	212,295,875
New UNC System Capital Projects	377,506,772	344,714,442
Existing UNC System Capital Projects	39,750,000	167,835,486
Water Resources Development Projects	8,302,505	5,000,000
Agriculture Cost Share	2,000,000	-
Personnel	3,000,000	3,000,000
Broadband	20,000,000	20,000,000
Community Colleges	315,404,000	286,250,000
Courthouses	40,000,000	-
Dams	8,000,000	-
K-12 Athletic Facilities	750,000	-
Historic Sites	2,000,000	-
Hospitals	32,900,000	22,500,000
Other	196,601,000	30,275,000
Total	\$2,623,354,229	\$2,353,723,332

Note: In addition to the appropriations in this table there is \$207.4 million reserved in the SCIF for future additional projects.

Public School Capital

The 2023 Appropriations Act provides a total of \$404.3 million in FY 2023-24 and \$408.3 million in FY 2024-25 from the Education Lottery Fund to support K-12 public school capital, as captured in Table 7 below.

Table 7: Public School Capital Funding

Program	FY 2023-24	FY 2024-25
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Capital Fund	254,252,612	258,252,612
Public School R&R Fund	50,000,000	50,000,000
Total	\$404,252,612	\$408,252,612

The 2023 Appropriations Act also makes several notable programmatic changes to the Needs-Based Public School Capital Fund, including:

- Increases the maximum grant award from \$30 million to \$42 million for an elementary school, from \$40 million to \$52 million for a middle school or a combination of an elementary and middle school, and from \$50 million to \$62 million for a high school.
- Prohibits the Department of Public Instruction from awarding additional grants to a county that declines or forfeits a needs-based grant award for 24 months from the date the grant award was declined or forfeited.
- Requires repayment in full of awarded grant funds in the event the grant recipient declines the grant award, or the grant is forfeited.

- Requires construction to be initiated within 24 months of the grant award, with a 12-month extension under extraordinary circumstances.
- Establishes guidelines for possible forfeiture of a grant if any of the following occur:
 1. Project construction is not initiated on time.
 2. Project scope changes significantly from what was outlined in the grant agreement.
 3. Any statement or information provided in the grant application is later determined to be materially false.
 4. Local funding is subsequently decreased from the amount provided in the grant application.

Water and Wastewater Infrastructure

The 2023 Appropriations Act provides \$2.8 billion in State and federal funding for programs targeting clean water and drinking water infrastructure as captured in Table 8 below. This amount includes \$2 billion in new State funding and \$600 million in new federal funding from the Infrastructure Investment and Jobs Act, in addition to \$158 million already in the base budget. Most of the new State funding, over \$1.9 billion, is allocated to specific local governments and public entities for public water and wastewater infrastructure construction projects in 83 counties. The remainder, including \$10 million for the Viable Utility Reserve and \$16 million for the Local Assistance for Stormwater Infrastructure Investments (LASII) fund, will be distributed through the competitive grant process, providing additional funding to local government units and nonprofit water corporations for the planning, design, and construction of critical drinking water and wastewater infrastructure.

Table 8: Water/Wastewater/Stormwater Funding

Program	Fund Source	FY 2023-24	FY 2024-25
Drinking Water & Wastewater Reserves	State Reserves	973,830,149	1,000,000,000
Viable Utility Reserve	State Reserves	10,000,000	-
Local Assistance for Stormwater Inf. Investment	State Reserves	16,169,851	-
Clean Water State Revolving Fund (CWSRF)	Federal	39,751,231	43,379,749
CWSRF Match	State Reserves	3,975,123	8,675,950
CWSRF Emerging Compounds	Federal	1,688,000	3,877,000
Drinking Water State Revolving Fund (DWSRF)	Federal	66,058,749	72,088,634
DWSRF Match	State Reserves	6,605,875	14,417,727
DWSRF Emerging Compounds	Federal	47,200,545	23,999,545
DWSRF Lead	Federal	89,998,295	89,998,295
DWSRF Small/Disadvantaged Communities	Federal	30,857,500	30,857,500
DWSRF Additional allocation	Federal	378,000	-
Community Development Block Grant, Infrastructure	Federal	18,994,905	18,994,905
Subtotal, New Funding		\$1,305,508,223	\$1,306,289,305
Base Budget			
Water/Wastewater Reserve	State	10,000,000	10,000,000
CWSRF	Federal	25,058,400	28,676,000
Recurring CWSRF Match	State	5,735,200	5,735,200
DWSRF	Federal	25,824,000	33,782,000
Recurring DWSRF Match	State	6,756,400	6,756,400
Subtotal, Base Budget		\$73,374,000	\$84,949,600
Total		\$1,378,882,223	\$1,391,238,905

Economic Development

Economic Development Project Reserve

The 2023 Appropriations Act transfers \$630 million in FY 2023-24 and \$100 million in FY 2024-25 from the General Fund to the Economic Development Project Reserve. From this Reserve, a total of \$130 million is appropriated for the following economic development activities:

- \$10 million in FY 2023-24 and \$97.8 million in the FY 2024-25 for the Megasites Readiness Program, a grant program administered by the Economic Development Partnership of NC (EDPNC) to help local governments identify and develop megasites suitable for advanced manufacturing.
- \$10 million in FY 2024-25 for the Selectsites Readiness Program, a grant program also administered by the EDPNC to help local governments identify and develop sites of less than 1,000 acres for manufacturing projects.
- \$600,000 in each year of the biennium to the EDPNC to administer both of these programs.
- \$10 million for a shell buildings pilot program to be administered by the Golden LEAF Foundation.

In addition, the General Assembly allocated \$1 million from this Reserve to the Department of Environmental Quality (DEQ) for the development of a Regional Water and Wastewater Infrastructure Master Plan.

NCInnovation, Inc.

The 2023 Appropriations Act transfers \$500 million in FY 2023-24 from the General Fund to the NCInnovation Reserve and then appropriates \$250 million in each year of the biennium from the Reserve to NCInnovation, Inc., a non-profit corporation. NCInnovation, Inc. will use these funds to establish a network of regional hubs at State universities focusing on the commercialization of university research. To receive the funds, NCInnovation, Inc. must satisfy the requirements laid out in the 2023 Appropriations Act.

Information Technology Investments

The 2023 Appropriations Act transfers \$450 million from the General Fund to the Information Technology Reserve and appropriates from the Reserve a total of \$217.7 million over the 2023-25 fiscal biennium to various State agencies for the following information technology-related projects:

- \$61.1 million for statewide cybersecurity enhancements including funds for Carolina Cyber Network and the Carolina Cyber Center at Montreat College.
- \$48.1 million for the North Carolina State Education Assistance Authority (SEAA) to upgrade its K-12 grant system and to create a common digital transcript for students who want a single document that details their progress across their educational career from eligible public education entities.
- \$23.2 million to DHHS to replace the current child support services technology system and the County Reimbursement System (CARS).
- \$21 million to DEQ to continue the permit transformation project as well as for enterprise data modernization and a harvest reporting system.
- \$15 million to the General Assembly for reimbursement of costs associated with the demolition of the Administration Building and the relocation of the information technology hub used by State agencies in the downtown complex.
- \$15 million to the North Carolina Community College System to upgrade Enterprise Resource Planning (ERP) systems at individual colleges.
- \$34.5 million for other information technology projects across various State agencies.

In addition to the appropriations made through the Information Technology Reserve, the 2023 Appropriations Act provides a total of \$13.4 million for investments in the NC HealthConnex system and modernization of the North Carolina Government Data Analytics Center (GDAC).

The 2023 Appropriations Act also provides \$19.1 million in State Fiscal Recovery funds and \$5.9 million in projected interest earned from the State Fiscal Recovery Reserve for an awareness and digital literacy campaign. Lastly, the 2023

Appropriations Act appropriates \$7.5 million in State Fiscal Recovery funds to supplement existing administrative capacity in support of high-speed internet efforts.

State Emergency Response and Disaster Relief Program (SERDRF)

The 2023 Appropriations Act appropriates \$287 million for various disaster recovery, flood mitigation, and emergency preparedness purposes. The Act also transfers \$150 million into the SERDRF from the General Fund and recoups \$52.8 million in previously appropriated disaster funds from various State agencies for programs that have been completed but have funds remaining. These actions combined with an existing cash balance in the SERDRF brings the total unappropriated balance in the SERDRF to \$657.8 million.

The appropriated disaster recovery and flood mitigation funds are distributed for use across several agencies, including but not limited to:

- \$152.6 million in directed grants for local projects to support disaster recovery, flood mitigation, and related needs.
- \$30 million to the Division of Emergency Management (NCEM) for the combined efforts of the Disaster Relief and Mitigation Fund grant program and the Transportation Infrastructure Resiliency Fund grant program. These programs are merged into a single competitive grant program that will provide disaster and flood preparedness grants across the State.
- \$20 million to the Department of Insurance to address a budget gap in the State Property Fire Insurance Fund.
- \$20 million to the Department of Agriculture and Consumer Services (DACS) for the ongoing efforts of the Streamflow Rehabilitation Assistance Program.
- \$20 million for the Coastal Storm Damage Mitigation Fund at DEQ.
- \$10 million for the Resilient Coastal Communities program at DEQ.
- \$5 million to NCEM for the new Local Disaster Shelter Capacity Grant Program to support disaster shelters and evacuation sites.
- \$8.3 million to NCEM to support the State Floodplain Mapping Program and the Flood Inundation Mapping and Alert Network.
- \$7.5 million for the NC Coastal Federation for various projects, including the Stormwater Retrofit Pilot Cost-Share Program, the Lost Fishery Gear Recovery Program, and various living shorelines projects.

Justice and Public Safety

Public Defender Office Expansion & Judicial Changes

The 2023 Appropriations Act provides \$10 million over the biennium for eCourts implementation staff and funds 16 new judgeships throughout the State. To create consistency among the judicial districts, the 2023 Appropriations Act renumbered the District Court, Superior Court, and Public Defender Districts to align with the Prosecutorial Districts.

Additionally, the Act creates 134 positions to staff eight new public defender districts covering 22 counties in the State. This expansion brings the total number of counties with a public defender district to 60. The new districts are as follows:

- District 5 (Duplin, Jones, and Sampson)
- District 7 (Bertie, Halifax, Hertford, and Northampton)
- District 13 (Johnston)
- District 15 (Bladen, Brunswick, and Columbus)
- District 17 (Alamance)
- District 30 (Union)
- District 32 (Alexander and Iredell)
- District 43 (Cherokee, Clay, Graham, Haywood, Jackson, Macon, and Swain)

Transportation

The 2023 Appropriations Act provides sizable increases in the Department of Transportation's (DOT) budget for the 2023-25 fiscal biennium. DOT's budget for FY 2023-24 is \$7.5 billion, which is \$1.2 billion over the base budget, a 19% increase. In FY 2024-25, DOT's budget increases by additional \$60 million bringing the total to \$7.6 billion. Overall, the Department's budget is increased by \$2.5 billion over the base budget for the biennium. These increases include \$1.1 billion from the Highway Trust Fund, \$844 million from the Highway Fund, and \$550 million from the Transportation Reserve. Some notable appropriations include:

- \$1.1 billion from the Highway Trust Fund for the State's Strategic Transportation Improvement Program (STIP), a State and federally mandated plan that identifies the construction schedule and funding for transportation projects across the State.
- \$844 million from the Highway Fund including \$700 million in additional funding for highway maintenance supporting a wide range of core maintenance activities essential to the upkeep of the highway system, \$47 million in additional funding provided as aid-to-municipalities, and \$29 million for program operations and administration for the Division of Motor Vehicles (DMV).
- \$550 million for projects from the Transportation Reserve including \$300 million to 38 airports for capital and service-related improvements, \$150 million to the General Maintenance Reserve, and \$100 million to the Contingency Fund, supporting strategic transportation projects.

Appendix A: FY 2023-25 General Fund Availability Statement

	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Unappropriated Balance Remaining FY 2022-23	818,331,123	1,564,437,931
Actual/Anticipated Reversions	1,021,600,829	300,000,000
Actual FY 2022-23 Overcollections	3,025,504,013	-
S.L. 2023-11, 2022 Budget Technical Corrections	(26,207,523)	-
Tech. Adj., FY 2022-23 Unfunded Liability Solvency Reserve	10,000,000	-
Total, Prior Year-End Fund Balance	4,849,228,442	1,864,437,931
Revised Consensus Revenue Forecast		
Tax Revenue	32,115,800,000	32,395,200,000
Non-Tax Revenue	1,723,100,000	1,480,100,000
Total, Tax and Non-Tax Revenue	33,838,900,000	33,875,300,000
Revenue Adjustments		
Adjustments to Tax Revenue	(193,077,000)	(606,540,000)
Adjustments to Non-Tax Revenue	(3,379,984)	(1,931,189)
S.L. 2023-7, Access to Healthcare Options	79,775,000	67,674,000
S.L. 2023-42, Sport Wagering/Horse Racing Wagering	8,500,000	36,100,000
S.L. 2023-93, Treasury Administrative Changes Act	(5,056,718)	(5,056,718)
Total, Revenue Adjustments	(113,238,702)	(509,753,907)
Reservations of Revenue, Statutory* and Discretionary		
State Capital and Infrastructure Fund (SCIF)*	(1,412,592,500)	(1,461,333,238)
Additional Transfer to SCIF	(1,050,000,000)	(700,000,000)
Savings Reserve	-	(125,000,000)
Clean Water and Drinking Water Reserve	(1,000,000,000)	(1,000,000,000)
Regional Economic Development Reserve	(1,250,000,000)	-
Economic Development Project Reserve	(630,000,000)	(100,000,000)
Medicaid Contingency Reserve	(400,000,000)	(250,000,000)
Medicaid Transformation Reserve	(5,000,000)	-
State Emergency Response and Disaster Relief Fund	(75,000,000)	(75,000,000)
Information Technology Reserve	(450,000,000)	-
Federal Infrastructure Match Reserve	(50,000,000)	-
Housing Reserve	(45,000,000)	(45,000,000)
Retiree Supplement Reserve	(145,600,000)	-
Transportation Reserve	(450,000,000)	(100,000,000)
NCInnovation Reserve	(250,000,000)	(250,000,000)
Tech. Adj., Unfunded Liability Solvency Reserve	(10,000,000)	-
Total, All Reservations of Revenue	(7,223,192,500)	(4,106,333,238)
Revised Total General Fund Availability	31,351,697,240	31,123,650,786
General Fund Net Appropriations		
S.L. 2023-14, Care for Women, Children, and Families Act	(80,136,285)	(79,336,285)
H.B. 259, 2023 Appropriations Act	(29,707,123,024)	(30,823,313,998)
Total, General Fund Net Appropriations	(29,787,259,309)	(30,902,650,283)
Unappropriated Balance Remaining	1,564,437,931	221,000,503

Appendix B: ARPA Temporary Savings Fund Items

Item	Appropriation Item	Area	FY 2023-24 NR	FY 2024-25 NR
	Estimated Starting Balance		625,500,000	838,000,000
1	Nursing and Health-Related Workforce Programs Start-up Funds	Education	10,000,000	20,000,000
2	Healthcare Workforce Programs Expansion - Community Colleges	Education	10,000,000	15,000,000
3	Johnston Community College Nursing Program	Education	3,000,000	-
4	Surry Community College Nursing Educators	Education	1,000,000	1,000,000
5	Community College Marketing Initiative	Education	1,000,000	-
6	School Health Personnel Allotment	Education	10,000,000	-
7	Health Career Promotion	Education	1,000,000	1,000,000
8	Plasma Games	Education	3,000,000	-
9	Healthcare Workforce Programs Expansion - UNC Institutions	Education	15,000,000	25,000,000
10	Rural Health Care Stabilization Program	Education	12,500,000	12,500,000
11	Rural Residency Medical Education and Training Fund	Education	11,250,000	4,250,000
12	NC Care Clinically Integrated Network	Education	10,000,000	-
13	UNC Health Southeastern - Campbell University Residency Programs	Education	3,000,000	3,000,000
14	Primary Care Providers and Psychiatrists Forgivable Loan Program	Education	8,000,000	8,000,000
15	High Point University Healthcare Start-up Funds	Education	1,500,000	-
16	Department of Health Sciences Provider Education and Training	Education	2,000,000	-
17	Team-Based Clinical Teaching Hubs	Education	1,000,000	-
18	ECU Primary Care Programs Expansion	Education	6,126,102	693,000
19	ASU Beaver College of Health Sciences	Education	225,000	-
20	UNCP - Health Sciences	Education	10,000,000	10,000,000
21	Incentives for Health Providers in Rural and Underserved Areas	HHS	25,000,000	25,000,000
22	Telehealth Infrastructure Grant Program	HHS	5,000,000	15,000,000
23	The Rural Healthcare Initiative Inc.	HHS	2,500,000	-
24	NC MedAssist	HHS	600,000	600,000
25	Child Welfare and Family Well-Being	HHS	20,000,000	60,000,000
26	Electronic Health Records for State Facilities - Implementation	HHS	-	20,000,000
27	Produce Prescription Program	HHS	5,000,000	5,000,000
28	Cabarrus County Partnership for Children	HHS	2,000,000	-
29	Rates for Skilled Nursing Facilities	HHS	29,800,000	-
30	Rates for Personal Care Services	HHS	10,000,000	-
31	Federally Qualified Health Centers and Rural Health Clinics	HHS	5,000,000	5,000,000
32	Rates for Durable Medical Equipment	HHS	1,000,000	-
33	Medicaid Rebase	HHS	15,643,114	-
34	Wilkes Recovery Revolution	HHS	2,720,000	-
35	The Community Foundation of NC East, Inc.	HHS	-	500,000
36	UMAR Services	HHS	2,000,000	2,000,000
37	Community Impact NC, Inc.	HHS	175,000	175,000

<u>Item</u>	<u>Appropriation Item</u>	<u>Area</u>	<u>FY 2023-24 NR</u>	<u>FY 2024-25 NR</u>
38	State Facility Workforce Investment	HHS	20,000,000	20,000,000
39	Workforce Training Center	HHS	7,901,392	10,000,000
40	BH SCAN	HHS	10,000,000	10,000,000
41	Crisis System Improvements	HHS	30,000,000	50,000,000
42	Medication Carts	HHS	3,000,000	-
43	Justice Involved Populations	HHS	29,000,000	70,000,000
44	Non-Law Enforcement Transportation Pilot Program	HHS	10,000,000	10,000,000
45	Collaborative Care	HHS	2,500,000	2,500,000
46	Truusight Behavioral Health Pilot Program	HHS	2,000,000	-
47	Statewide Continuum of Care	HHS	1,500,000	1,500,000
48	Local Health Depts	HHS	4,300,000	4,300,000
49	Digitization of Birth Records	HHS	3,000,000	3,000,000
50	Boys and Girls Clubs - Workforce Development Grants	HHS	750,000	-
51	Kidzu Children's Museum	AgNER	250,000	-
52	Beaufort County- Blounts Creek VFD	Gen Gov	625,000	-
53	Belmont Abbey College, Inc	Gen Gov	2,250,000	2,250,000
54	Camp Centurion, Inc.	Gen Gov	100,000	-
55	Campbell University School of Osteopathic Medicine	Gen Gov	1,500,000	-
56	Catawba County Council on Aging, Inc.	Gen Gov	250,000	-
57	City of Rockingham	Gen Gov	300,000	-
58	Community Health Coalition	Gen Gov	1,000,000	-
59	EmitBio Inc.	Gen Gov	10,000,000	10,000,000
60	Henderson County - Agricultural Services	Gen Gov	1,000,000	1,000,000
61	Lincoln Community Health Center, Inc.	Gen Gov	500,000	500,000
62	Museum of the Cape Fear Historical Complex Foundation, Inc	Gen Gov	2,500,000	2,500,000
63	New Covenant Community Development Center	Gen Gov	1,500,000	1,500,000
64	North Carolina Association of County Commissioners	Gen Gov	1,000,000	1,000,000
65	Onslow Memorial Hospital, Inc.	Gen Gov	600,000	650,000
66	Partnership for the Sounds, Inc.	Gen Gov	250,000	-
67	Swain County	Gen Gov	1,600,000	1,600,000
68	Tri-County Community College	Gen Gov	5,675,000	5,675,000
69	Village of Clemmons	Gen Gov	2,400,000	2,400,000
70	Wake Forest Institute for Regenerative Medicine (WFIRM)	Gen Gov	5,000,000	5,000,000
71	DHHS - Broughton Hospital New Maintenance & Warehouse Facility	SCIF	5,983,000	-
72	DHHS - Cherry Hospital New Maintenance & Warehouse Facility	SCIF	5,405,000	-
73	DHHS - Walter B. Jones New Medical Office Building	SCIF	1,352,000	-
74	UNC - ECU Dental School	SCIF	1,000,000	-
75	UNC - NC Cares Health Clinics	SCIF	25,000,000	80,000,000
76	UNC - Children's Hospital	SCIF	3,644,392	72,382,000
77	Caldwell Community College	SCIF	9,000,000	30,000,000

<u>Item</u>	<u>Appropriation Item</u>	<u>Area</u>	<u>FY 2023-24 NR</u>	<u>FY 2024-25 NR</u>
78	Cape Fear Community College - Health Capital	SCIF	10,000,000	20,000,000
79	Carteret Community College	SCIF	3,000,000	3,000,000
80	Cleveland County Community College	SCIF	6,100,000	6,500,000
81	Gaston College	SCIF	15,000,000	45,000,000
82	Isothermal Community College	SCIF	10,000,000	20,000,000
83	McDowell Tech Community College	SCIF	10,000,000	15,250,000
84	Montgomery Community College	SCIF	1,500,000	-
85	Pamlico Community College	SCIF	5,000,000	15,000,000
86	Randolph Community College	SCIF	1,500,000	1,500,000
87	Roanoke-Chowan Community College	SCIF	7,500,000	7,500,000
88	Robeson Community College	SCIF	10,500,000	10,500,000
89	Rowan-Cabarrus Community College	SCIF	4,500,000	4,500,000
90	Sampson Community College	SCIF	7,500,000	7,500,000
91	South Piedmont Community College	SCIF	3,000,000	-
92	Wilson Community College	SCIF	4,200,000	-
93	Good Hope Hospital	SCIF	8,000,000	-
94	Johnston Health Enterprises, Inc	SCIF	1,400,000	-
95	Granville Vance Public Health	SCIF	5,000,000	-
96	The Northern Regional Foundation	SCIF	5,000,000	15,000,000
97	UNC Health Blue Ridge Hospital	SCIF	1,500,000	1,500,000
98	WakeMed Behavioral Health	SCIF	6,000,000	-
99	Watauga Medical Center	SCIF	6,000,000	6,000,000
100	Coastal Horizons	SCIF	6,000,000	6,000,000
101	Duplin County Aging Services	SCIF	1,500,000	-
102	Katie Blessing Foundation	SCIF	5,000,000	12,500,000
103	Mooresville Area Christian Mission	SCIF	1,000,000	1,000,000
104	New Hanover County Crisis Stabilization Facility	SCIF	3,700,000	-
105	Spruce Pine Integrated Healthcare Clinic & Headquarters	SCIF	7,850,000	7,850,000
106	Town of Gibsonville	SCIF	575,000	425,000
107	Tree House Recovery	SCIF	6,000,000	-
108	TROSA Facility Expansion	SCIF	2,000,000	-
109	TOTAL		\$625,500,000	\$838,000,000

Note: There is an estimated \$208.5 million in funding that will be earned in FY 2025-26, these funds are authorized in the amount of \$105 million for NC Cares Health Clinics (item 75) and \$103.5 million for the UNC Children's Hospital (item 76).

Appendix C: Salary Schedules

A. Teacher Salary Schedule

Current Years of Experience	FY 2022-23 "A" Schedule	FY 2023-24	% Change (w/o step)	% Change (w/ step)	Intended FY 2024-25	% Δ from FY 2022-23 (w/o steps)	% Δ from FY 2022-23 (w/steps)
0	\$ 3,700	\$ 3,900	5.41%	7.7%	\$ 4,100	10.8%	14.9%
1	\$ 3,800	\$ 3,984	4.84%	7.5%	\$ 4,175	9.9%	13.8%
2	\$ 3,900	\$ 4,085	4.74%	7.4%	\$ 4,250	9.0%	12.8%
3	\$ 4,000	\$ 4,187	4.68%	7.2%	\$ 4,325	8.1%	11.9%
4	\$ 4,100	\$ 4,289	4.61%	7.1%	\$ 4,400	7.3%	11.5%
5	\$ 4,200	\$ 4,391	4.55%	6.7%	\$ 4,475	6.5%	11.0%
6	\$ 4,300	\$ 4,481	4.21%	6.3%	\$ 4,572	6.3%	10.5%
7	\$ 4,400	\$ 4,572	3.91%	6.0%	\$ 4,663	6.0%	10.1%
8	\$ 4,500	\$ 4,662	3.60%	5.6%	\$ 4,753	5.6%	9.7%
9	\$ 4,600	\$ 4,753	3.33%	5.3%	\$ 4,844	5.3%	9.2%
10	\$ 4,700	\$ 4,843	3.04%	5.0%	\$ 4,935	5.0%	8.9%
11	\$ 4,800	\$ 4,933	2.77%	4.7%	\$ 5,025	4.7%	8.5%
12	\$ 4,900	\$ 5,024	2.53%	4.4%	\$ 5,116	4.4%	8.1%
13	\$ 5,000	\$ 5,114	2.28%	4.1%	\$ 5,206	4.1%	7.8%
14	\$ 5,100	\$ 5,205	2.06%	4.0%	\$ 5,297	3.9%	5.6%
15	\$ 5,200	\$ 5,306	2.04%	2.0%	\$ 5,388	3.6%	3.6%
16	\$ 5,200	\$ 5,306	2.04%	2.0%	\$ 5,388	3.6%	3.6%
17	\$ 5,200	\$ 5,306	2.04%	2.0%	\$ 5,388	3.6%	3.6%
18	\$ 5,200	\$ 5,306	2.04%	2.0%	\$ 5,388	3.6%	3.6%
19	\$ 5,200	\$ 5,306	2.04%	2.0%	\$ 5,388	3.6%	3.6%
20	\$ 5,200	\$ 5,306	2.04%	2.0%	\$ 5,388	3.6%	3.6%
21	\$ 5,200	\$ 5,306	2.04%	2.0%	\$ 5,388	3.6%	3.6%
22	\$ 5,200	\$ 5,306	2.04%	2.0%	\$ 5,388	3.6%	3.6%
23	\$ 5,200	\$ 5,306	2.04%	2.0%	\$ 5,388	3.6%	7.6%
24	\$ 5,200	\$ 5,306	2.04%	6.0%	\$ 5,388	3.6%	7.6%
25+	\$ 5,400	\$ 5,510	2.04%	2.0%	\$ 5,595	3.6%	3.6%

Notes:

- Reflects base “A” teacher salary schedule and does not include any of the various State or locally-funded salary supplements.
- % Change (w/o step) column displays the increase in the monthly salary amount for an experience-level compared to the same experience-level from the prior fiscal year.
- % Change (w/step) column displays the increase a teacher with referenced experience level in FY 2022-23 will receive under revised schedule if continuing to work as teacher in upcoming biennium (e.g. A teacher with 5 years of experience in FY 2022-23 would be paid under the Conference budget proposal a base salary of \$4,481 monthly from State funds in FY 2023-24 compared to their current base pay of \$4,200 ($\$4,481/\$4,200 = 6.7\%$ increase). In FY 2024-25, that same teacher would be paid a base salary of \$4,663 under the Conference budget proposal ($\$4,663/\$4,200 = 11.0\%$ increase).

B. Correctional Officer Experience-Based Salary Schedule

Years of Experience	FY 2023-24			FY 2024-25		
	COI	COII	COIII	COI	COII	COIII
0	\$36,525	\$37,727	\$40,348	\$37,621	\$38,859	\$41,558
1	\$39,081	\$40,367	\$43,173	\$40,253	\$41,578	\$44,468
2	\$41,427	\$42,790	\$45,764	\$42,670	\$44,074	\$47,137
3	\$43,498	\$44,929	\$48,052	\$44,803	\$46,277	\$49,494
4	\$45,237	\$46,726	\$49,974	\$46,594	\$48,128	\$51,473
5	\$46,595	\$48,127	\$51,473	\$47,993	\$49,571	\$53,017
6+	\$47,527	\$49,090	\$52,503	\$48,953	\$50,563	\$54,078

C. Probation and Parole Officer Experience-Based Salary Schedule

Years of Experience	FY 2023-24	FY 2024-25
0	\$44,099	\$45,422
1	\$46,965	\$48,374
2	\$50,019	\$51,520
3	\$53,270	\$54,868
4	\$56,733	\$58,435
5	\$60,420	\$62,233
6+	\$64,348	\$66,278

D. State Highway Patrol Experience-Based Salary Schedule

Years of Experience	FY 2023-24	FY 2024-25
0	\$55,000	\$55,000
1	\$58,575	\$58,575
2	\$62,382	\$62,382
3	\$66,437	\$66,437
4	\$70,755	\$70,755
5	\$75,354	\$75,354
6+	\$80,252	\$80,252

E. LEO (SBI/ALE) Experience-Based Salary Schedule

Years of Experience	FY 2023-24	FY 2024-25
0	\$53,477	\$53,477
1	\$56,954	\$56,954
2	\$60,656	\$60,656
3	\$64,599	\$64,599
4	\$68,798	\$68,798
5	\$73,270	\$73,270
6+	\$78,033	\$78,033

For additional information, please contact:

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