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NEWS: Legislative Leaders Announce Finalized Budget

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SPEAKER OF THE HOUSE DESTIN HALL

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Legislative Leaders Announce Finalized Budget

Raleigh, NC — Over the weekend, North Carolina legislative leaders finalized **a comprehensive state budget**. The agreement follows the previous framework announced by Senate Leader Phil Berger (R-Rockingham) and House Speaker Destin Hall (R-Caldwell), which includes teacher and state employee salary increases, guaranteed tax relief for all North Carolinians, and support for law enforcement officers across the state.

House Speaker Destin Hall said, **“This budget invests in the people of North Carolina. It delivers historic raises, keeps taxes low, strengthens public safety, and protects taxpayer dollars by making targeted investments to crack down on waste, fraud, and abuse. Every dollar reflects our commitment to build a North Carolina that is a better and more affordable place to live, work, and raise a family.”**

“Our state’s fiscal health remains in great shape. This is a responsible spending plan that takes aim at bureaucratic bloat without endangering core services,” Sen. Berger said. **“This keeps our promise to reduce the tax burden for all North Carolinians, while expanding access to incredible educational opportunities, keeping our communities safe, and solidifying North Carolina’s status as the best state in the nation.”**

Both the House and Senate anticipate voting on the budget on Wednesday, July 1, and Thursday, July 2.

Details of the budget agreement are below. Additional information can be found on the **General Assembly’s website**.

Top Line Information

- A \$34-billion spending plan that provides guaranteed tax relief for all North Carolinians and increases salaries for state employees and law enforcement officers
- Expands Hurricane Helene relief efforts to ensure our mountain communities can continue to rebuild
- Sets aside more than \$450 million for our state's Rainy Day Fund, bringing the total up to just over \$4.2 billion
- Releases \$208.5 million for the N.C. Children's Hospital from the ARPA Temporary Savings Reserve
- Appropriates \$1.6 billion for capital projects throughout the state for state agencies and UNC System campuses, including \$200 million for state agency repairs and renovations and \$200 million for UNC repairs and renovations
- Appropriates \$1.9 billion for capital projects throughout the state for state agencies and UNC System campuses
- Provides \$200 million for state agency and \$200 million for UNC repairs and renovations
- Secures funding for the Propel NC workforce-driven funding model to ensure that North Carolina's community colleges are prepared to meet the needs of all students and job creators
- Provides critical funding to maintain North Carolina's participation in SNAP. The Federal government changed how SNAP administrative costs are shared, and this funding covers the state's requirement to ensure continued food assistance for eligible North Carolinians
- Funds the state's Medicaid program with an appropriation of over \$1 billion
- Funds new Driver License Examiner positions to provide extended weekday and Saturday hours at high-volume driver license offices

Salary Increases

- An average 8% raise for teachers and bonuses based on years of service
- Boosts the base salary for beginning teachers to \$48,000 before local supplements
- Assistant principals, who are paid based on the teacher salary schedule, will receive an average 6.3% salary increase
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- Across-the-board 3% increase for all state employees and a bonus based on their salary
- School principals and non-certified staff will also receive this 3% raise
- Average 20.3% raise, including step increases, for State Bureau of Investigation and Alcohol Law Enforcement officers and SBI civilian personnel will receive an average of 27.5%
- Average 17.7% raise, with step increases, for State Highway Patrol officers and up to 11.5% for State Highway Patrol civilian personnel
- Correctional officers will receive an average 15.4% salary increase, with step increases
- Probation and Parole officers will receive an average 10.1% salary increase, including steps
- 13% raise for other law enforcement officers across state government — including State Capitol Police
- Funding for a one-time bonus of \$1,750 for local law enforcement officers across the state

Tax Package

- Removes upcoming revenue triggers and locks in a schedule of set Personal Income Tax rate deductions, guaranteeing a rate of 2.99% by 2032, with additional quarter-percent rate reductions based on revenue triggers, with the goal of hitting a 2.49% rate
- Closes the loophole on large hospitals and their affiliates to be treated as a single entity for the purpose of sales tax reimbursements, saving taxpayers

millions

- Repeals the sales tax exemption on electricity for data centers

Education

- Invests in proven strategies that work for students by providing an additional \$30 million for Advanced Teaching Roles salary supplements, and providing an additional \$2 million to allow more schools and districts to participate
- Provides funding to ensure students have the foundational mathematics skills to be successful, including \$6 million for low-performing schools to have a universal screener, \$5 million to pilot and study mathematics tools, \$4 million for mathematics training for middle school teachers, and \$10 million to develop a standard math curriculum across the state in grades K-8
- Enhances our state's literacy instruction by funding \$13.8 million for middle school literacy professional development and expanding the early literacy screener to grades 4 and 5
- Reinvests savings from students enrolling in a private school using the Opportunity Scholarship program from the 2024-25 and 2025-26 school years. The \$35.8 million in savings is reinvested in public schools through the funding of mathematics curriculum, literacy professional development, and bonuses for school nutrition and custodial staff
- Expands training programs for students with intellectual and developmental disabilities (IDD) to 10 more community college campuses
- Provides \$6 million to assist community colleges in starting high-cost workforce programs to meet the workforce demand
- Funds enrollment growth across UNC System campuses
- Expands the Cheatham-White Scholarship program to Winston-Salem State University and increases the number of scholarships at North Carolina Central University and North Carolina Agricultural and Technical State University
- To meet the growing needs of our healthcare workforce, this budget provides \$20 million to support the development and expansion of related programs at UNC System schools
- Allocates \$10.6 million to NC A&T to help it achieve R1 status
- Provides funding to clear the Personal Education Student Accounts for Children with Disabilities program waitlist, bringing the total appropriation to \$94 million

Health & Human Services

- Supplies funding to improve county SNAP operations, including needed IT enhancements and positions at DHHS to support counties, to reduce payment error rates and avoid federal penalties that will go into effect next year
- Provides \$5 million in state matching funds for SUN Bucks, which will draw down \$60 million in federal funding to provide summer food assistance to eligible children while school is out
- Increases Medicaid reimbursement rates to strengthen the Direct Care workforce serving individuals on the Innovations Waiver and those receiving Medicaid Personal Care Services
- Increases funding for Medicaid program integrity to strengthen oversight, prevent fraud, and ensure taxpayer dollars are well spent
- Provides 12 new positions at Medicaid's Office of Compliance and Program Integrity
- Provides funds for the Department to partner with our state's Government Data Analytics Center to enhance technology for fraud, waste, and abuse prevention and to support recovery efforts
- Appropriates \$12.7 million to update the Medicaid Enterprise System to begin replacement of its legacy system. This will improve data analytics to help identify outlier claims and improve provider data management tools to prevent bad actors from enrolling
- Strengthens oversight of certain high-growth Medicaid services by requiring health plans to establish closed networks for Peer Support, Research-Based Behavioral Health Treatment (RB-BHT), and Community Support Services
- Appropriates nearly \$80 million in opioid abatement projects to aid in the prevention of and treatment of opioid use disorder

- Invests in proven strategies that work for students by providing an additional \$30 million for Advanced Teaching Roles salary supplements, and providing an additional \$2 million to allow more schools and districts to participate
- Provides \$9.1 million to food banks located across North Carolina to help local organizations provide food assistance to families in need
- Provides funds to establish a Child Welfare Escalation Team, which will support county DSS offices and provide additional reviews of abuse and neglect reports involving children in high-risk homes, while also expanding training for child protective services employees and social workers to better identify and respond to abuse and neglect
- Repeals the state's archaic certificate of need laws for inpatient rehabilitation services, facilities, and beds. This will increase competition, expand consumer choice, and help lower healthcare costs for patients, employers, and taxpayers
- Provides funding to increase the fee paid to Medical Examiners for each investigation from \$200 to \$400
- Provides an additional \$100.8 million from federal block grants to increase childcare subsidy rates to the recommended level from the most recent 2023 Market Rate Study and establishes a statewide rate floor

Agriculture and Natural Resources

- Increases funding for Farmland Preservation by \$48.9 million, including a \$2 million increase in recurring funds
- Provides \$2 million nonrecurring for the Agriculture Cost Share Program, bringing the total funds to \$6 million
- Requires Department of Environmental Quality participation in FAST-41 permitting for participating natural gas generation and pipeline projects
- Creates a \$12.5 million emergency loan reserve for operators of distressed private water and wastewater systems
- Eliminates vehicle emissions inspections statewide following EPA approval
- Expands dam safety support for inundation mapping and overtopping studies
- Creates and funds an AI-assisted environmental permit review pilot program
- Provides \$4.5 million for Flood Resiliency Blueprint grants and \$850,000 for up to six time-limited positions to continue implementation of the Blueprint
- Funds PFAS and emerging contaminant research through the N.C. Collaboratory
- Requires PFAS studies of industrial dischargers, significant industrial users, wastewater systems, and biosolids
- Provides \$45 million for the Emerging Contaminant Mitigation Fund to help public water and wastewater systems address sampling, treatment, remediation, and technical assistance needs
- Provides \$15 million for PFAS research and remediation related to fire stations, including temporary water supplies and filtration
- Increases ongoing funding to the Bernard Allen Drinking Water Fund by \$200,000 and provides a one-time allocation of \$10 million for emergency drinking water addressing PFAS and groundwater contamination
- Provides \$15 million nonrecurring for Complete the Trails and Great Trails grants
- Allocates \$6.2 million recurring and \$1.3 million nonrecurring for 54 new positions and operating costs for the new Asia exhibit at the North Carolina Zoo

Commerce and Economic Development

- Provides \$25 million for additional select sites and allows EDPNC to utilize a national site selection firm
- Allocates \$46.3 million in block grant funds for infrastructure, economic development, neighborhood revitalization, rural community development, and administration
- Fulfills our commitment to fund the JetZero economic development project at PTI Airport by providing \$133.9 million for improvements at the project site.
- Provides \$12 million to Wilson Community College to support the expansion of existing construction of a workforce training center

Disaster Recovery & Resilience

- Appropriates more than \$700 million for Hurricane Helene relief. Funds will be used to cover ongoing matching needs for FEMA reimbursements, grants to support local government capital needs, fire stations, and rescue squads, cash-flow loans to local governments, construction of privately owned roads and bridges, wildfire preparedness, dam repairs, and efforts to boost tourism to the region
- \$450 million to cover the state and local share of costs for federal disaster recovery programs such as the Federal Emergency Management Agency's (FEMA) Public Assistance Program, the Hazard Mitigation Grant Program, and direct federal assistance from the U.S. Army Corps of Engineers
- \$65 million for FEMA-ineligible local government disaster recovery capital projects, including up to \$30 million for volunteer fire departments
- \$43 million to non-profit organizations for housing and private road/bridge recovery projects
- \$40 million to the Division of Community Revitalization at the Department of Commerce for the Temporary Relocation Assistance program to facilitate and expedite housing recovery projects
- \$22 million for state-supported private road/bridge recovery projects

Justice and Public Safety

- Increases the contract rate for Guardians ad Litem
- Creates additional magistrates and deputy clerks of courts across the state
- Provides \$2.9 million for additional Assistant District Attorneys across the state and \$600,000 for additional ADAs to serve as Special Assistant United States Attorneys
- Increases private assigned counsel funding to support program operations and rate increases
- Funds the use of tracking software in state prisons to document and manage staff interactions
- Allocates funds to put cameras in about 660 state-owned vehicles to improve security during offender transports
- Appropriates \$3.5 million to purchase new body scanners in close custody prison facilities
- Supports 10 time-limited capital criminal appeal attorneys to meet the needs of Iryna's Law
- Provides \$1.5 million to the Association of Chiefs of Police to provide local law enforcement agencies with funding to support employee performance and wellness management systems
- Provides funding for the Sheriffs' Association to complete an RFP for a statewide system to support telehealth IVC evaluations
Funds 24 positions to support investigations and enforcement related to drug crimes, vapor products laws, and other areas of SBI jurisdiction
- Provides \$30 million for school safety grants
- Includes funding to establish a critical incident mapping program for public schools
- Provides \$300,000 nonrecurring for Behavioral Threat Assessment Management to assist with early detection and prevention of school-based safety threats
- Appropriates \$200,000 nonrecurring to purchase specialized safety equipment for the State Highway Patrol
- Provides funding for body-worn and car cameras for the State Highway Patrol

General Government

- Allocates funding for 25 positions at the Office of the State Auditor, as well as new regional office leases in Charlotte and Asheville
- Supports the Office of State Budget and Management with funds for seven positions on the Grants Management Team
- Provides funds for two additional accountant positions in the State Controller's office to assist in the Annual Comprehensive Financial Report

- Includes about \$10.4 million to begin the replacement of the State HR Payroll system
- Provides funding for 14 positions at the State Board of Elections
- Includes \$15 million to upgrade the State Election Information Management System (SEIMS)
- Supports the State Veterans Cemetery by funding new maintenance positions
- Authorizes \$40 million for the replacement of the Fayetteville Veterans Home
- Provides funds for eight positions in the Secretary of State's office to support business registration and filing process

Transportation

- Increases funding to the General Maintenance Reserve by \$28.7 million to improve road maintenance statewide
- Provides \$14 million in one-time funding to the SPOT safety program to support small improvement projects designed to increase safety
- Funds wildlife highway crossings at \$10.2 million annually to plan and construct highway crossings that will improve safety and wildlife connectivity
- Provides funds for 30 additional positions in the Division of Motor Vehicles to provide compliance and oversight support
- Additional funding for Driver License Examiner salaries, increasing base starting pay from \$44,210 to \$51,980
- Provides funds to support staffing and operational expenses for new Driver License Offices in Wake Forest or Rolesville, and Tabor City
- Provides nearly \$24 million for capital improvements and maintenance at Manns Harbor Shipyard and Ferry Terminals
- Funds \$4 million for vessel maintenance and repairs at out-of-state shipyards to meet U.S. Coast Guard dry dock requirements
- Provides \$3.8 million to account for fuel cost overruns in order to avoid route consolidation
- Provides initial funding to relocate maintenance yards in Wake and Jones counties
- Increases total appropriation to the State Transportation Improvement Program by \$122 million to fund new road projects and improvements to existing roads
- Requires DOT to develop a capital infrastructure plan to avoid costs related to deferred maintenance

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