



Budget Recommendations FY 2023-25

Kristin Walker
State Budget Director

Integrity

Innovation

Teamwork

Excellence

First in Opportunity

- North Carolina Today
- Guiding Principles
- Priority Investments
- Subcommittee Highlights



North Carolina's Moment of Opportunity

- Budget surplus
- Great potential for federal funds
- Population growth & record job creation
- Need to
 - Respond to the most pressing issues facing the state
 - Spark opportunities for North Carolinians to thrive and prosper





North Carolina's Population Growth

- NC had 3rd largest population gain in nation last year
 - 133,000 new North Carolinians
 - 95% due to migration into the state
- By 2025, estimated 11 million will live in NC
 - We gained 100,000+ people each year last decade
- By 2029, 1 in 5 North Carolinians will be 65+

Did You Know?

Since 2018 NC's population has *increased* 5%. State employee headcount has *decreased* 11% in same period.*

*Based on February headcounts; doesn't include local state-funded positions.



North Carolina's Economy

- NC's economy is the 11th largest in the nation
- Unemployment is historically low at 3.8%
- Labor force participation has improved since 2020-21 but remains below 2019 levels
- Wage growth in NC has outpaced inflation; up 17% since pandemic started
- Economic growth likely to slow and accounted for in consensus forecast



Guiding Principles for FY 2023-25

**Maintain Fiscally
Sound Budget**

**Create Opportunities for
North Carolinians**

**Ensure Services
for North
Carolinians**

**Build Healthy,
Resilient
Communities**





Expected Revenue & Adjustments

	FY 2023 – 24	FY 2024 – 25
Consensus Revenue Forecast	\$33,706	\$33,648
Recommended Policy Changes – recurring	\$279	\$716
Additional PHP revenue - recurring	\$75	\$75
Total General Fund Recurring Revenues	\$34,060	\$34,439

Millions

Tax Fairness for North Carolinians

- Personal Income Tax
 - Incomes > \$200k remain at 4.75%
 - Incomes < \$200k continue tax cuts
- Corporate tax rate maintained at 2.5%

Sales Tax Transfer to Highway Fund

- Maintain 2% transfer of General Fund sales tax to Highway Fund



Fiscally Sound Budget - Overview of Investments

	FY 2023 – 24	FY 2024 - 25
Base Budget	\$27,533	\$27,549
Comprehensive Remedial Plan Years 2 and 3 Baseline	\$459	\$459
Compensation	\$2,309	\$2,797
Programmatic Investments	\$2,649	\$3,428
Total	\$32,950	\$34,234

Millions



Unappropriated Reserves: \$6.8 billion



\$4.25 billion in Savings Reserve

\$1 billion Stabilization & Inflation Reserve

\$532.7 million State Emergency Response & Disaster Relief Fund

\$717.8 million Medicaid Contingency Reserve



Guiding Principles for FY 2023-25

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Education**

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Ensures a Sound Basic Education

**Fully funds
Years 2, 3, 4,
and 5 of the
Comprehensive
Remedial Plan
\$4.5 billion**

	FY 2023-24	FY 2024-25
High Quality Teachers <ul style="list-style-type: none"> • Residencies in High-Need Districts • Teaching Fellows • NC New Teacher Support • NC Principal Fellows • Advanced Teaching Roles 	\$69,860,000	\$100,560,000
Finance System <ul style="list-style-type: none"> • Children with Disabilities • Disadvantaged Student Supplemental Funding • Low-Wealth Schools • Limited English Proficiency Funding • Teaching Assistant Funding • Professional Development • Specialized Instructional Support Personnel 	\$915,558,779	\$1,541,858,779
Assistance and Turnaround	\$59,766,904	\$81,663,733
Early Childhood Learning <ul style="list-style-type: none"> • NC Pre-K • Early Learning Pilot • Early Intervention • Family Connects 	\$333,970,000	\$611,470,000
Postsecondary and Career Alignment	\$38,500,000	\$63,500,000



Ensuring a Sound Basic Education

Investments will provide

- 1,000 new nurses and social workers
- 115 school psychologist internship positions
- 17 new Principal Turnaround Coaches
- Up to 1,730 Teaching Fellows with forgivable loans
- Up to 2,709 new teacher assistants
- Up to 97,500 students no-cost school meals
- Early intervention services to 10,000 more children
- NC Pre-K to 5,000 more children





Recruiting & Retaining Educators

\$1.8 billion to recruit and retain high-quality educators and school-based administrators

- Starting salary at least \$46k/year
- Minimum raises 10% year 1, 6% year 2
- Reduces plateaus for veteran teachers
- Restores masters pay

- \$1,500 retention bonus for those making under \$75k

NC Rising

With these changes
NC will rank:

1st in Southeast for
average salary and
16th in nation for
starting pay and
average teacher
pay



\$1 billion for construction and renovation of public school facilities

Allocation Methodology			
		\$1,000,000,000	
Base Amount		\$115,000,000	(\$1,000,000 per LEA)
ADM		\$885,000,000	
LEA	Allocation Total	LEA	Allocation Total
1 Alamance-Burlington Schools	\$ 15,229,800	Mooresville Graded School District	\$ 4,774,677
2 Alexander County Schools	\$ 3,836,462	Jackson County Schools	\$ 3,228,741
3 Alleghany County Schools	\$ 1,866,340	Johnston County Schools	\$ 24,658,150
4 Anson County Schools	\$ 2,899,531	Jones County Schools	\$ 1,649,434
5 Ashe County Schools	\$ 2,735,889	Lee County Schools	\$ 6,819,882
6 Avery County Schools	\$ 2,167,313	Lenoir County Public Schools	\$ 6,275,050
7 Beaufort County Schools	\$ 4,741,307	Lincoln County Schools	\$ 8,343,999
8 Bertie County Schools	\$ 2,117,258	Macon County Schools	\$ 3,831,970
9 Bladen County Schools	\$ 3,450,780	Madison County Schools	\$ 2,355,983
10 Brunswick County Schools	\$ 9,286,706	Martin County Schools	\$ 2,620,377
11 Buncombe County Schools	\$ 15,162,418	McDowell County Schools	\$ 4,587,291
12 Asheville City Schools	\$ 3,591,962	Charlotte-Mecklenburg Schools	\$ 91,762,945
13 Burke County Schools	\$ 8,336,940	Mitchell County Schools	\$ 2,112,124
14 Cabarrus County Schools	\$ 23,250,186	Montgomery County Schools	\$ 3,246,709
15 Kannapolis City Schools	\$ 4,459,586	Moore County Schools	\$ 9,300,182
16 Caldwell County Schools	\$ 7,767,080	Nash-Rocky Mount Schools	\$ 10,161,388
17 Camden County Schools	\$ 2,223,786	New Hanover County Schools	\$ 17,097,886
18 Carteret County Public Schools	\$ 6,128,093	Northampton County Schools	\$ 1,779,065
19 Caswell County Schools	\$ 2,405,397	Onslow County Schools	\$ 18,838,268
20 Catawba County Schools	\$ 10,923,768	Orange County Schools	\$ 5,573,635
21 Hickory City Schools	\$ 3,429,603	Chapel Hill-Carrboro City Schools	\$ 8,320,897
22 Newton Conover City Schools	\$ 2,791,720	Pamlico County Schools	\$ 1,769,439
23 Chatham County Schools	\$ 6,749,933	Elizabeth City-Pasquotank Public Schools	\$ 4,014,864
24 Cherokee County Schools	\$ 2,963,063	Pender County Schools	\$ 7,891,577
25 Edenton-Chowan Schools	\$ 2,169,880	Perquimans County Schools	\$ 2,049,876



\$1 billion for construction and renovation of public school facilities

	LEA	Allocation Total	LEA	Allocation Total
26	Clay County Schools	\$ 1,798,317	Person County Schools	\$ 3,772,931
27	Cleveland County Schools	\$ 9,986,195	Pitt County Schools	\$ 16,110,259
28	Columbus County Schools	\$ 4,304,286	Polk County Schools	\$ 2,329,672
29	Whiteville City Schools	\$ 2,318,121	Randolph County Schools	\$ 10,763,976
30	Craven County Schools	\$ 9,080,067	Asheboro City Schools	\$ 3,816,569
31	Cumberland County Schools	\$ 32,332,000	Richmond County Schools	\$ 5,182,178
32	Currituck County Schools	\$ 3,861,490	Public Schools of Robeson County	\$ 14,303,137
33	Dare County Schools	\$ 4,236,262	Rockingham County Schools	\$ 8,038,534
34	Davidson County Schools	\$ 12,456,228	Rowan-Salisbury Schools	\$ 12,556,338
35	Lexington City Schools	\$ 2,873,220	Rutherford County Schools	\$ 5,677,596
36	Thomasville City Schools	\$ 2,381,011	Sampson County Schools	\$ 5,985,628
37	Davie County Schools	\$ 4,845,909	Clinton City Schools	\$ 2,864,878
38	Duplin County Schools	\$ 7,163,209	Scotland County Schools	\$ 4,494,881
39	Durham Public Schools	\$ 20,980,375	Stanly County Schools	\$ 6,539,444
40	Edgecombe County Public Schools	\$ 4,387,070	Stokes County Schools	\$ 4,553,279
41	Winston Salem/Forsyth County Schools	\$ 34,278,377	Surry County Schools	\$ 5,601,230
42	Franklin County Schools	\$ 5,977,286	Elkin City Schools	\$ 1,779,706
43	Gaston County Schools	\$ 20,174,999	Mount Airy City Schools	\$ 2,086,455
44	Gates County Schools	\$ 1,940,781	Swain County Schools	\$ 2,158,971
45	Graham County Schools	\$ 1,705,907	Transylvania County Schools	\$ 3,067,024
46	Granville County Schools	\$ 5,259,827	Tyrrell County Schools	\$ 1,311,883
47	Greene County Schools	\$ 2,718,562	Union County Public Schools	\$ 27,483,061
48	Guilford County Schools	\$ 44,374,130	Vance County Schools	\$ 4,189,416
49	Halifax County Schools	\$ 2,332,239	Wake County Schools	\$ 102,773,168
50	Roanoke Rapids City Schools	\$ 2,696,102	Warren County Schools	\$ 2,110,841
51	Weldon City Schools	\$ 1,408,143	Washington County Schools	\$ 1,678,954
52	Harnett County Schools	\$ 13,690,923	Watauga County Schools	\$ 3,977,002
53	Haywood County Schools	\$ 5,169,985	Wayne County Public Schools	\$ 12,137,928
54	Henderson County Schools	\$ 9,237,934	Wilkes County Schools	\$ 6,355,267
55	Hertford County Schools	\$ 2,511,283	Wilson County Schools	\$ 7,537,340
56	Hoke County Schools	\$ 6,564,472	Yadkin County Schools	\$ 4,216,369
57	Hyde County Schools	\$ 1,288,138	Yancey County Schools	\$ 2,278,975
58	Iredell-Statesville Schools	\$ 14,185,058	Total	\$ 1,000,000,000



Guiding Principles for FY 2023-25

**Maintain Fiscally
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**Create Opportunities for
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Workforce &
Economic Development

**Ensure Services
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Workforce Development

Multifaceted Approach

- **On-the-Job Training and Credentialing** - Nearly \$40 million
- **High-Demand and High-Need Workforce Development** – More than \$230 million
 - ECU Growing the Primary Care Workforce
 - NC A&T Agriculture Research and Extension Match
 - UNC-Pembroke Health Sciences Program Expansion
 - NCCCS, UNC, Independents given funds to allocate as needed
- **Hard-to-staff Industry Supports** – More than \$215 million
 - Rates for personal care services and skilled nursing facilities
 - NC Child Care WAGE\$ program to attract and retain early childhood educators





Workforce Development

Strategic WorkForce Investment Trust Fund (SWFT) to spur workforce development, on-the-job training, credentialing programs

- \$30 million in year 1 and \$45 million in year 2 recurring for community college faculty bonuses
- \$15 million recurring in year 2 for grants to Workforce Development Board
- \$10 million Workforce Resilience Grants at NCCCS
- \$10 million (each) recurring in year 2 to UNC and NCCCS for high-demand workforce needs

Funded via assessment based on employers' UI tax, while reducing UI tax by a larger amount – suspended when UI Trust Fund falls below \$1 billion



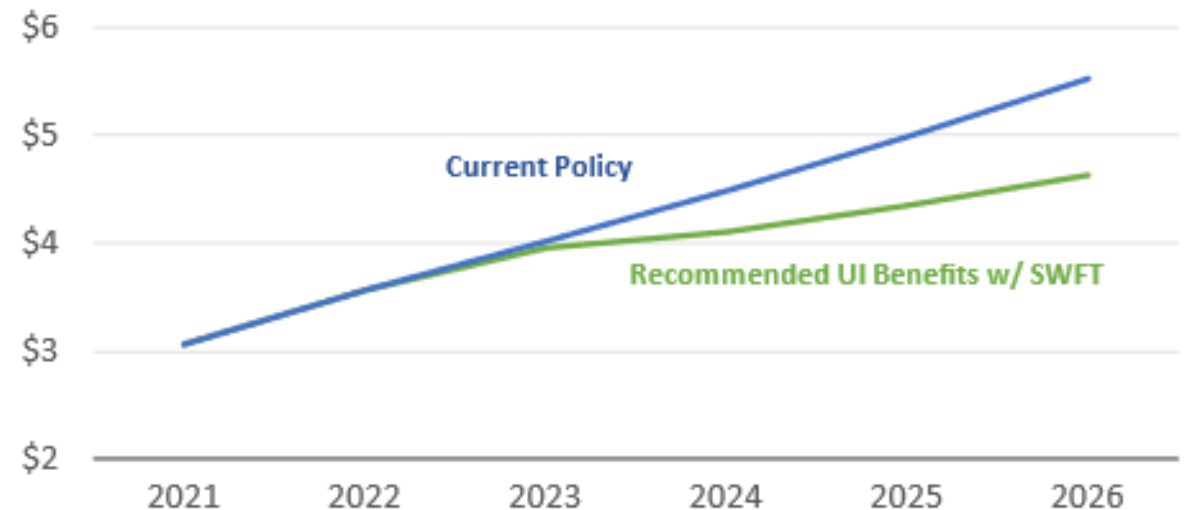


Workforce Development –Unemployment Insurance

Updates Unemployment Benefits

- Increases max weekly benefit to \$450; adjust annually for inflation
- Uses quarter with highest earnings to calculate benefit
- Increases minimum weekly benefit to \$100 from \$15
- Increases max duration above 12 weeks when unemployment rate rises above 4.5%; provide 20 weeks when unemployment above 6%
- Increase max duration to 20 weeks when unemployment rises more than 0.5 percentage points

NC UI Trust Fund Projected to Grow Even With Enhanced Benefits
Projected Year-End Trust Fund Balance in Billions of Dollars



Source: OSBM calculations using S&P Global Market Intelligence January 2023 economic forecast, which assumes a mild recession in 2023, and US DOL and DES data.

Notes: UI base tax rate is 1.9% in 2023 and is projected to remain at that rate in all future years.



Childcare Access for Working Parents

- \$500 million child care stabilization grants
- \$100 million recurring child care subsidy rate floor for low wealth counties
- \$11 million community college campus child care programs
- \$100 million capital funding for NC Pre-K public school classrooms

NC Labor Market Today

- Labor force grew 130,000 in 2022
- Job openings exceed job seekers
- 56% of NC business owners report concerns about adequate staffing



Economic Development

\$325 million Reserve to Spur Economic Growth

- \$100 million Megasite Development
- \$70 million Sports & Entertainment venues
- \$50 million NCInnovation
- \$50 million Radio Island
- \$25 million Golden LEAF
- \$20 million One North Carolina Small Business
- \$3 million NC Biotechnology Center
- \$2 million for targeted industry development
- \$5 million to respond to Canton Paper Mill closure *

\$50 million for Downtown Revitalization Grants





Federal Match Funding - “The Big 3”

Hundreds of billions of dollars for infrastructure, research and innovation, climate, manufacturing, and STEM.

1. Bipartisan Infrastructure Law/Infrastructure Investment and Jobs Act

- \$600 billion in existing infrastructure investment
- \$550B in new infrastructure investments

2. Chips and Science Act

- \$80B - semi conductor investments
- Of \$200B remaining
 - \$80B to expand/diversify the STEM talent pipeline
 - \$67B to basic and applied research
 - \$11B for 20 regional innovation hubs

3. Inflation Reduction Act

- \$100+ billion to make health insurance and prescription drugs more affordable for individuals
- \$260B in tax credits for: Renewable energy, clean-tech manufacturing, clean vehicles
- \$80B in state-eligible grants



Governor's 2023-25 Recommended Budget Alignment

Additional \$225M to the Federal Infrastructure Match Reserve for a total of \$320M

~\$115M - Known state match requirements

~\$200M – In reserve for federal funding opportunities (e.g., additional matching, investments to increase competitiveness, resources, etc.)

~\$5M - Strengthens state and local government abilities to submit strong federal grant applications



Governor's 2023-25 Recommended Budget Alignment

~\$115M - Known state match requirements

Project Reserve - Anticipated Projects

#	Agency/Item	FY 2023-24 NR	Agency Total
1	Department of Commerce		\$500,000
2	Federal Energy Research Funding for RTI International	\$500,000	
4	Department of Environmental Quality		\$89,244,357
5	Clean Water State Revolving Fund	\$31,447,159	
6	Drinking Water State Revolving Fund	\$52,259,010	
7	Grid Resiliency	\$5,538,188	
8	Office of State Budget and Management		\$25,000,000
9	Clean Energy and Energy Efficiency Matching Grants	\$25,000,000	
10	Grand Total	\$114,744,357	

- Wildlife Crossing Match amount is currently estimated to be \$10 million

Matching resources provided in the Governor's Recommended Budget ensure grants are pursued



Opportunity Profile - Clean School Bus Program

Source: Bipartisan Infrastructure Law

Description: Provides funds to replace school buses with zero-emission or clean school buses.

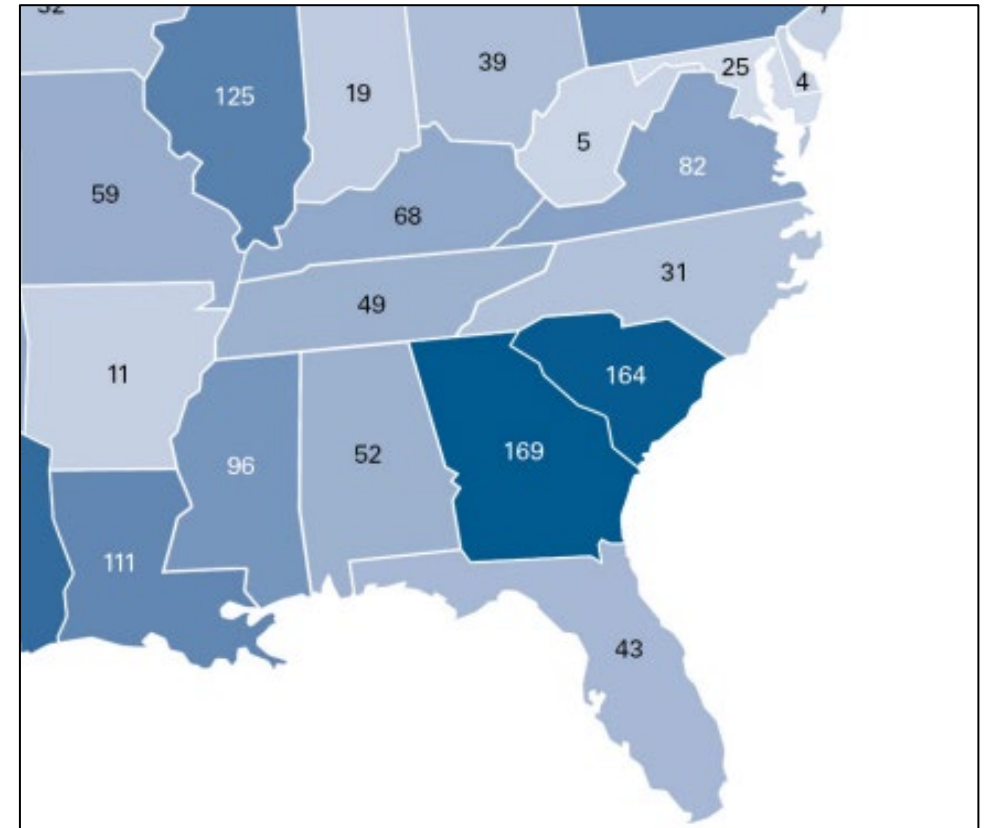
Funding Provided: \$5 billion

Application Timeline:

- FY 2022 Clean School Bus Rebates are the first of many funding opportunities under the program.
- Ongoing through September 30, 2026.

Status: Neighboring states are highly competitive for this grant.

Total Number of Clean School Buses Awarded for FFY 22 Rebate Program



Source: Clean School Bus Second Report to Congress



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Expanding Medicaid

Recommendations assume Medicaid expansion enrollment starts in June 2023

- Expands healthcare to estimated 600,000 North Carolinians
- Helps prevent rural hospitals from closing
- Helps fight the opioid epidemic
- \$1.74 billion federal bonus
- Expected savings to General Fund of \$56 million annually
- Injects \$5 billion into the economy
- Estimated \$240+ million boost in state and local sales taxes





Prioritizing Health and Mental Health

\$1.5 billion+ total investment in mental health

\$1 billion IHOPE Fund with Medicaid bonus payment

- \$225 million to ensure Medicaid reimbursement rates for behavioral health services match cost of care
- \$200 million expands access to mental health and substance use disorder treatment
- \$175 million for integrating behavioral health treatment in primary care and schools
- \$100 million to improve state psychiatric patient placement options and healthcare workforce development
- \$150 million for integrating behavioral health and justice system programs
- \$100 million to transform care for children in the welfare system who have behavioral health needs
- \$50 million for telehealth and other technology to improve health outcomes in rural communities





Prioritizing Health and Mental Health

Additional Mental Health Items

- More than \$500 million for school social workers, psychologists, nurses, and counselors
- \$5.4 million for 988 Line and the NC Psychiatric Access Line
- \$5.9 million for evidence-based behavioral health supports in schools, including telehealth pilots
- \$8.1 million to create a crisis unit for justice-involved youth
- \$6.7 million to sustain mental health services at state universities and community colleges, including the 24/7 mental health hotline and Mental Health First Aid





Prioritizing Health and Mental Health

- **Community-Based Services for People with Disabilities – More than \$160 million**
 - Innovation Waiver rates - raises direct care wage to \$18/hour
 - Innovation Slots – 1,000 new slots with intent to add more
 - Transitions to Community Living
- **Statewide Health Investments**
 - Rural Hospital Rescue Fund
 - Support for all end
 - Support for county social services offices as public health emergency requirements older North Carolinians to stay in their homes with needed home repairs





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Challenges facing State Government

- 2022 turnover rate for state agencies: 16.8%
 - First-year employees exceeded 36%
- Average vacancy rate: 23.4% (12.3% pre-pandemic)
- Average state employee salary has increased 20% since 2010 vs. 38.3% increase in CPI
- Nationwide: 52% state/local employees considering leaving jobs



Securing the State's Human Capital

Largest investment in state workforce in 50 years

- **5%** cost-of-living increase year 1; **3%** year 2
- **\$1,500 bonus** for those making less than \$75k;
\$1,000 bonus for those making more than \$75k
 - Paid in two installments to address retention
- Additional 1.5% for employees on step plans
- ELMAR – Enhanced Labor Market Adjustment Reserve
 - 3% of total general fund payroll
- Retirees
 - 2% recurring COLA
 - 2% NR supplement year 1; 1% NR supplement year 2
- Funds state health plan and retirement system





Securing the State's Human Capital

Proposed Changes to Annual Leave

Years of Total State Service	Days / Year	
	Current	Proposed
Less than 1 year	14	15
1 but less than 5 years	14	17
5 but less than 10 years	17	20
10 but less than 15 years	20	22
15 but less than 20 years	23	24
20 but less than 25 years	26	26

Longevity pay was created in the 1960s to reward long-term state service

Turnover rate is more than double for employees in first year of service

Retention Pay Proposal

Years of Total State Service	Current Longevity Pay	Proposed Retention Pay
2 but less than 5 years	0%	1%
5 but less than 10 years	0%	1.5%
10 but less than 15 years	1.5%	2.0%
15 but less than 20 years	2.25%	2.5%
20 but less than 25 years	3.25%	3.5%
25 or more years	4.5%	4.5%

Area Committee Highlights



Education – K through 12

In addition to previously discussed items:

- \$12.1 million year 1, 12.3 million in year 2 recurring to improve K-12 literacy
- \$20 million for Promising Practices grants to K-12 schools
- \$11 million recurring to expand AIG program capacity and provide technical assistance for identifying and serving under-represented student groups
- \$1 million recurring in year 2 to establish a permanent Office of Learning Recovery
- \$50 million for school safety grants
- \$6 million to support student nutrition by reducing school meal debt
- \$1.4 million in year 1, and \$3.1 million in year 2 recurring for data and IT upgrades to help teachers focus services and help students stay on track for school and post-secondary success



Education – Higher Education

- \$37 million recurring to increase formula funding for community colleges
- \$6.4 million recurring in year 1, and 15.6 million recurring in year 2 to help students afford community college and finish more quickly
- \$9.1 million non-recurring in year 1, and 10 million recurring in year 2 to provide short-term training at community colleges to help people get credentials and return to work more quickly
- \$2 million recurring for scholarships to ECU for students in eastern NC pursuing careers in high demand fields
- \$5 million recurring for UNC- Greensboro scholarship for lower-income students
- \$10.5 million recurring for Completion Assistance Program to improve graduation rates at UNC schools



Health & Human Services

- \$176.5 million across biennium to support the transition to Medicaid Managed Care the Healthy Opportunities program
- \$34.8 million for home improvements for aging-in-place in rural communities
- \$10.2 million recurring to create a subsidy and incentivize kinship care parents to receive a foster parent license
- \$620,000 recurring to establish regional director positions and implement the Regional support model, ensuring compliance with Rylan's Law
- \$7.3 million recurring in year 2 to cover actual costs of an autopsy and ensure regional autopsy centers remain open
- \$12 million across biennium to upgrade outdated technology systems, strengthen cybersecurity, and digitize vital records; modernizing critical infrastructure



Natural and Economic Resources

In addition to the \$325 million from the Economic Development Reserve:

Supports the Small and Emerging Businesses and the Film Industry

- \$2.2 million recurring for the Office of Science and Technology for small business and defense innovation development
- \$1 million in both years of the biennium for film industry development
- \$7 million over the biennium for the National Institute for Minority Economic Development

Addresses customer service needs to aid in economic development

- Over \$1.2 million recurring to support the Department of Environmental Quality's regional offices and technical assistance to the business community
- Increases fee for several DEQ programs to address capacity needs
 - Many of these fee schedules have not been updated for over 15 years.
- Over \$410,000 for hands-on support for economic development projects within the Department of Commerce



Natural and Economic Resources

\$128 million over the biennium to preserve farmland and protect and restore the state's natural resources

- Increases PARTF and NCLWF to \$30 million recurring, plus additional \$25 nonrecurring for each
- \$25 million over the biennium for Farmland Preservation
- \$25 million for the Great Trails Fund
- \$5 million for peatland and pocosin restoration
- \$500,000 for forest management

\$115 million to improve resiliency

- \$42 million flood mitigation and stream rehabilitation
- \$20 million Swine Floodplain buyouts
- \$5.1 million for grid hardening, resiliency study



Justice & Public Safety

Invests \$43 million over the biennium for local re-entry services, recidivism reduction programs

- \$30 million for evidence-based rehabilitation programming
- \$13 million to expand re-entry councils and re-entry programming

Enhances prison safety and security

- \$15 million for physical life and safety improvements
- \$8 million for man down system technology

Supports public safety and violent crime prevention

- \$15 million for gun violence prevention grants and programming
- \$10 million grants for body cameras
- \$5 million for evidence-based violence intervention and prevention grants



Justice & Public Safety

Directs \$43 million for juvenile justice improvements

- \$16.5 million to for operating, start-up costs for Richmond and Rockingham centers
- \$8 million for residential crisis unit at C.A. Dillon

Expands public defender offices and increases PAC rate

- \$17 million for eight new public defender offices, part of a plan to expand offices statewide
- Increases the private assigned counsel rate (PAC) from \$65/hour to \$70/hour

Increases emergency response capabilities

- \$15 million for VIPER maintenance and equipment
- \$10 million for local emergency response capacity building



General Government

Helps North Carolinians rebuild from disaster and find affordable housing

- \$99 million for disaster recovery after hurricanes and natural disasters
- \$160 million for affordable housing

Better serves North Carolina's veteran and military population

- \$441,661 recurring for "Stay in NC," focused on individuals moving into civilian life
- \$1.55 million recurring for veterans services and outreach
- \$450,000 recurring to enhance military affairs

Supports small businesses

- \$450,000 recurring for assistance for small & historically underutilized businesses
- \$320,000 recurring for RISE NC, a program to spur local entrepreneurship in rural areas



Operational Excellence

Promotes best practices

- Provides auditors to meet Council of Internal Auditing minimum standards
- Removes pen-and-ink signatures requirements
- Support record digitization and remote notarization

Enables the use of evidence across state government

- Provides research and evidence expertise for state agencies
- Requires program evaluations of several pilot programs
- Continues evaluation grants to support program evaluations and research partnerships



Cybersecurity

Hardens the state's information technology (IT) systems

- \$30 million for cybersecurity software/hardware upgrades for certain state agencies
- \$53 million to promote a safe IT operations environment enterprisewide through investments in network, mapping, and identity security solutions.
- Invests in cybersecurity professionals to more effectively manage agency security needs

Agency	Item	FT E	Total Allocation
DIT	Security Operations Center and Privacy Office Support	17	\$7,100,000
DPI	K12 Cybersecurity Support	5	\$1,535,000
DOJ	Network Security Officer	1	\$377,670
DHHS	Cyber and Information Security Support	3	\$2,143,741
DPS	Cybersecurity Staff, Sustainment, and Reaction Force	10	\$4,374,234
DOI	Cybersecurity System Support	3	\$7,227,000
DOC	Chief Information Security Officer	1	\$330,000
SBOE	Chief Information Security Officer	-*	\$450,000
OSA	Chief Information Security Officer	1	\$330,000
	Grand Total	41	\$23,867,645

*The State Board of Elections will procure an information security officer as a service.



IT System Investments

Replaces Legacy IT systems and ensures integration with new financial backbone

- Supports ERP 2.0
 - Replaces the aging budget and HR systems
 - Creates a statewide Grants Management System
- Replaces the Integrated Tax Administration System, the state's primary tax collection system
- Connects the eProcurement System with the financial backbone

Funds IT systems to improve and modernize services, including:

- The County Reimbursement System (Health and Human Services)
- Automated Collection and Tracking System (Health and Human Services)
- Online Licensure System (Public Instruction)
- Permit Transformation (Environmental Quality)
- System modernization planning (State Board of Elections)



Capital - Education

- \$1 billion for construction and renovation of public school facilities; \$100 million for Pre K facilities
- \$803 million for UNC projects
 - Brody School of Medicine ECU, Health Sciences at UNC Pembroke, STEM building at NC State, Nursing and Business schools at UNC-CH
 - Major renovation projects
 - Start up funds for Health and Human Sciences at NC A&T and engineering building at WCU
- \$400 million for UNC repairs & renovations
- \$200 million for NCCCS repairs & renovations, plus \$100 million for capital and equipment
- \$16 million for R&R at Historically Minority-Serving Institutions in NC Independent Colleges and Universities



Capital – Other State Agencies

\$750 over biennium in state agency projects

- NC DHHS headquarters
- Museum of History
- Reedy Creek Lab
- State parks and historical sites
- New personnel, training and records center
- Samarcand training academy
- State hospitals and correctional facilities

\$400 for repairs and renovations at state facilities



Transportation

Transportation revenues enable significant investments

- Maintains sales tax transfer from General Fund to Highway Fund & Highway Trust Fund at 2% of state sales tax revenues
- Highway Fund & Trust Fund revenue grows by \$466M (10.8%) in FY 2022-23
- Revenue grows by \$159M (3.3%) in FY 2023-24 and \$262M (5.3%) in FY 2024-25

Proposed Revenues (mill.)	FY 2023–24	FY 2024–25
Highway Fund	\$2,910	\$3,092
Highway Trust Fund	\$2,040	\$2,120

Note: Includes impact of maintaining sales tax transfer at 2%



Transportation

Significant increases in DOT's budget

- Highway Fund net appropriations increase \$228 million (8.5%) in FY 2023-24; \$410 million (15.3%) in FY 2024-25
- Highway Trust Fund net appropriations increase \$205 million (11.2%) in FY 2023-24; \$287 million (15.6%) in FY 2024-25
- STIP: additional \$197 million in FY 2023-24 and \$286 million in FY 2024-25

Ensuring North Carolina benefits from federal infrastructure funding opportunities

- S-Line: \$156 million **from General Fund** to start state match for over \$2.5 billion federal investment
- Matching grant for on-demand microtransit, planning funds for potential additional federal funding
- Additional staffing in Aviation Division to administer huge growth in federal airport grants

Addresses long-standing challenges facing DOT

- Future Transportation Funding Commission to develop plan for transitioning from gas tax reliance to alternative revenue sources



Balancing Opportunity and Responsibility

- Balances the budget
- Does not raise taxes
- Maintains nearly \$7 billion in unappropriated reserves
- Responds to the most pressing needs of the state
- Sparks opportunities for North Carolinians to thrive and prosper

Governor's Budget Recommendations FY 2023-25



Find the complete recommendation at
www.osbm.nc.gov