



# 2024 - 2025 House and Senate Budgets Report

## NCACC Analysis and Highlights

### Overview

This week, the House approved and released a 2024-25 budget, as talks between the House and Senate on a pre-negotiated spending plan continue to stall. In response, on Thursday morning the Senate released its own, truncated, budget adjustment bill. That bill is expected to be voted upon early next week in the Senate.

The House's \$31.7 billion spending plan adjusts the 2024-25 budget passed last year by the General Assembly. Priorities in the House budget include additional funding for Opportunity Scholarship grants (funds available for private school tuition), increased teacher and state personnel raises, funding to childcare centers to offset expiring federal grants, and boosts in Medicaid provider rates. NCACC priorities incorporated in the budget include removal of the county match requirements in the Completing Access to Broadband programs, and additional K-12 public school capital funding via the lottery.

The Senate's \$31.4 billion budget adjustment does not provide additional raises for teachers or state employees or increases to lottery allocations to K-12 public school capital funds beyond those already in place in last year's budget agreement. The Senate budget also includes additional funding for Opportunity Scholarship grants, funding to childcare centers to offset expiring federal grants, and the removal of the county match requirement in the Completing Access to Broadband (CAB) program.

Senate leadership publicly signaled their intention to adjourn the 2024 short session by June 30. A final negotiated budget could be agreed upon by the House and Senate by then, or shortly thereafter, but it is also possible for negotiations to extend into late summer.

Highlights of the [House budget special provisions](#), accompanying [money report](#), and [Senate budget special provisions](#) include:

### Broadband

- Both Senate and House budgets make changes to the CAB to remove county match requirements and require broadband service providers to provide 30% of the total estimated project cost. Both budgets authorize the North Carolina Department of Information Technology to use up to \$190 million of funds it previously received for CAB to provide the county project cost responsibility for the 37 counties that have committed to participate in CAB as of May 1, 2024 (Section 38.4 of House Bill).

### Opportunity Scholarship Grants Increase

- The House budget provides an additional \$248 million to increase the number of Opportunity Scholarship awards for 2024-25. The budget also increases the intended annual amount of additional funds going to the Opportunity Scholarship Grant Fund Reserve over the next eight fiscal years to an annual amount of \$690 million in 2032-2033. The Senate budget also provides an additional \$248 million for Opportunity Scholarship awards in 2024-25 and spends more than the House to increase the fund amount to \$825 million annually by 2032-33.

### Childcare Stabilization Funds

- Both chambers provide childcare stabilization grants to help offset expiring federal grant funds for childcare providers. The House budget appropriates \$135 million and the Senate budget appropriates a minimum of \$206 million to reduce the waitlist for families eligible for childcare subsidies and offset the expiring funds.

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### Capital/Infrastructure

#### Lottery

In the House budget, K-12 capital funding is 45.5% of allocated lottery proceeds. Distribution of lottery funds are as follows:

- \$100 million in Public School Building Capital Fund.
- \$258 million in Needs-Based Public-School Capital Fund.
- \$100 million in the recently created Public School Repair & Renovation Fund; this amount is increased from the previously allocated \$50 million.
  - Each county will receive equal annual allocations to be used for enlargement, improvement, expansion, repair, or renovation of classroom facilities at public school buildings, but may not be used for retirement of indebtedness.

The Senate budget provides for the same lottery distributions with the exception that the Public School Repair and Renovation Fund remains at \$50 million with no additional increase as found in the House budget.

#### Water Infrastructure

The Senate budget transfers grant funds appropriated to the Department of Environmental Quality for water infrastructure grants from the State Fiscal Recovery Funds (SFRF) to the General Fund (\$800 million) and allocates General Fund dollars in the same amount. Federal law requires these funds to be obligated by December 2024 and spent by December 2026. (Section 4.3 (a))

**The remainder of this budget analysis document refers solely to the House budget.**

### Public Education

#### K-12 Schools

- Compensation
  - \$100 million to bring the total average teacher salary increase in FY 2024-25 to 4.4%.
  - \$8 million to restore advanced degree salary supplements for public school personnel (Master's Pay).
- \$19 million to adjust the Low-Wealth County supplemental funding allotment resulting from changes in local factors such as per-capita income and property tax rates.
- \$11 million in additional funds to increase all tiers of the Small County supplemental funding allotment. The total requirements of this allotment, including technical adjustments, are \$70.4 million in FY 2024-25.
- Non-budget related policy provisions of note:
  - Provides that supplemental allotment funding for Cooperative Innovative High Schools be based on county development tier designation. (Section 7.2)
  - Transfers the Center for Safer Schools from the Department of Public Instruction to the State Bureau of Investigation. (Section 19G.6)

#### Community Colleges

- \$18.5 million in additional funding for short-term workforce courses.
- \$4 million to provide financial assistance for resident students who enroll in noncredit, short-term workforce training programs that lead to an industry credential in fields with employer demand and competitive wages.



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### Health and Human Services

- Directs grants from the Opioid Abatement Fund to 25 named counties to respond to the negative impacts of the opioid epidemic.
- Appropriates \$200 million from the Medicaid Contingency Reserve and \$80 million from the American Rescue Plan Act (ARPA) Temporary Savings Fund to support Medicaid costs associated with enrollment, service, and capitation costs.
- \$4.6 million for the NC Department of Health and Human Services (NCDHHS) to purchase opioid antagonists to distribute statewide.
- \$340,000 for NCDHHS to purchase opioid antagonists nasal spray for local health departments to distribute to public schools.
- Non-budget related policy provisions of note:
  - Directs the Secretary of NCDHHS to collaborate with the NC Department of Insurance to develop a plan for the state's participation in the federal marketplace for Medicaid eligibility determination.
  - Makes changes to childcare subsidies — certified developmental day centers receive the applicable county market rate plus a multiplier of seventy-five one-hundredths for children with special needs and a multiplier of five-tenths for typically developing children.

### Agriculture, Natural Resources, and Environment

#### Environment

- \$2.1 million to establish a technical assistance program to support industry and municipalities implement treatment and programs to prevent the release of per- and polyfluoroalkyl (PFAS) into the environment and to remove PFAS from drinking water.

### Justice, Public Safety, and Emergency Management

- \$4 million from the Opioid Abatement Reserve to expand the use of medication to treat opioid use disorder in correctional institutions.
- \$1.9 million to North Carolina Emergency Management to support state-level positions and state-level operations impacted by reduced federal funding.
- Non-budget related policy provisions of note:
  - Allows the Criminal Justice Education and Training Standards Commission and the Sheriffs' Education and Training Standards Commission to adopt temporary rules to provide an expedited procedure allowing certified criminal justice officers and justice officers to transfer the certification to a different criminal justice agency within North Carolina. (Section 18.4)

### General Government

- \$1.5 million in additional funds to County Veterans Services Offices bringing the total amount for 2024-25 to \$3 million.