



### **Investing in North Carolina's Future**

Invests \$4.6 billion via General Obligation Bonds for construction and renovation of public schools, North Carolina Community College campuses, University of North Carolina campuses, state museums, parks, and attractions. Even with the proposed bond, the state's debt service costs decrease by over \$34 million in FY 2021-22 and over \$27 million in FY 2022-23.

### **Supporting State Employees**

Budgets over \$58.3 million to attract and retain a strong state workforce by funding salary adjustments needed to reflect market rates and address compression, pay equity, and hard-to-staff, high turnover positions. Of these funds, \$9.95 million is shown in the Reserves for the Minimum of Market and Salary Adjustment Funds. Minimum of Market funds will be used to increase salaries to reflect the recent update of market-based salaries. Salary Adjustment Funds will be used to address compression, pay equity, and high turnover needs not addressed within individual agencies.

### **Advancing in Clean Energy and Environmental Stewardship**

Provides \$400 million over the biennium to advance the development of clean energy, increase resiliency, and support the economy through environmental stewardship. Clean energy investments include projects such as vehicle charging stations for state agencies, funds for university research centers, grants for communities and schools to advance energy efficiency practices and clean transportation, and grants to promote the development of the clean energy sector from start-up to expansion of existing businesses. Resiliency and environmental stewardship investments include funds for the Parks and Recreation Trust Fund, the Land and Water Fund, and the Agricultural Development and Farmland Preservation Trust Fund as well as investments in paved and natural surface trails, floodplain buyouts, and forest development.

### **Modernizing and Supporting State Government IT Infrastructure**

Provides over \$327.8 million over the biennium for large scale information technology investments, including the following projects:

- Developing an integrated case management system, e-Courts, for the Judicial Branch;
- Modernizing Community College workforce IT systems and Public Schools business systems;
- Creating an enterprise-level human resource recruitment and management system;
- Continuing the development and implementation of the new state financial backbone;
- Developing an online permitting system for the Department of Environmental Quality;
- Replacing the communication systems within all State Highway Patrol vehicles;
- Modernizing the Department of Health and Human Services' (DHHS) NC FAST system; and
- Transitioning DHHS' facilities to electronic health records.

**Reserves, Debt Service, and Other Adjustments (19xxx)**

Year 1	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
<b>FY 2021-22</b>						
Requirements	\$ 756,210,128	\$ 13,670,000	\$ 365,235,867	\$ 378,905,867	\$ 1,135,115,995	50.1%
Receipts	\$ 18,653,595	\$ -	\$ 394,925,950	\$ 394,925,950	\$ 413,579,545	2117.2%
Net Appropriation	\$ 737,556,533	\$ 13,670,000	\$ (29,690,083)	\$ (16,020,083)	\$ 721,536,450	-2.2%
Positions (FTE)	0.000	0.000	0.000	0.000	0.000	0.0%
<b>Year 2</b>	<b>Base Budget</b>	<b>Net Recurring</b>	<b>Net Nonrecurring</b>	<b>Recommended Change</b>	<b>Recommended Budget</b>	<b>% Δ from Base Budget</b>
<b>FY 2022-23</b>						
Requirements	\$ 756,210,128	\$ 13,670,000	\$ 310,170,645	\$ 323,840,645	\$ 1,080,050,773	42.8%
Receipts	\$ 18,653,595	\$ -	\$ 332,911,556	\$ 332,911,556	\$ 351,565,151	1784.7%
Net Appropriation	\$ 737,556,533	\$ 13,670,000	\$ (22,740,911)	\$ (9,070,911)	\$ 728,485,622	-1.2%
Positions (FTE)	0.000	0.000	0.000	0.000	0.000	0.0%

	FY 2021-22		FY 2022-23	
	R Changes	NR Changes	R Changes	NR Changes
<b>Statewide</b>				
<b>1 Debt Service</b>				
Reduces the amount budgeted for debt service payments to accurately reflect the principal and interest required to support current debt and planned general obligation bonds issuances. This adjustment reflects a Fall 2021 vote on the recommended general obligation bonds and accounts for the cost of a statewide election in the fall of 2021.	Req \$	- \$ (34,690,083)	\$ -	\$ (27,740,911)
	Rec \$	- \$	\$ -	\$ -
	App \$	- \$ (34,690,083)	\$ -	\$ (27,740,911)
	FTE	0.000	0.000	0.000
<b>2 Contingency and Emergency Fund</b>				
Provides funding to restore the Contingency and Emergency Fund based on a 10-year average of historical expenditures.	Req \$	2,000,000 \$	\$ -	\$ 2,000,000
	Rec \$	- \$	\$ -	\$ -
	App \$	2,000,000 \$	\$ -	\$ 2,000,000
	FTE	0.000	0.000	0.000
<b>3 Workers' Compensation Settlement Reserve</b>				
Provides nonrecurring funding for the Office of State Human Resources (OSHR) to close pending workers' compensation claims. These funds will help the state avoid protracted and costly litigation. Between FY 2015-16 and FY 2017-18, OSHR deployed \$8.4 million in funds to support agencies in settling 273 claims, yielding projected savings of \$143 million.	Req \$	- \$ 5,000,000	\$ -	\$ 5,000,000
	Rec \$	- \$	\$ -	\$ -
	App \$	- \$ 5,000,000	\$ -	\$ 5,000,000
	FTE	0.000	0.000	0.000
<b>Compensation Reserves</b>				
<b>4 Salary Adjustment Fund</b>				
Funds a Salary Adjustment Fund for the Office of State Human Resources (OHSR) to allocate. These funds will be used to provide funds to address hard-to-staff, high turnover positions, salaries below market rates, gender equity, and other salary adjustments identified through analysis using HR best practices. OSHR will coordinate with OSBM to allocate these funds based on remaining agency needs after the funds provided directly to agencies for compression, equity, and turnover are utilized.	Req \$	6,450,000 \$	\$ -	\$ 6,450,000
	Rec \$	- \$	\$ -	\$ -
	App \$	6,450,000 \$	\$ -	\$ 6,450,000
	FTE	0.000	0.000	0.000
<b>5 Minimum of Market Reserve</b>				
Provides funds to update salaries to the minimum of market based on the recent update of market-rate salaries. Funds are to be used to increase salaries for net appropriation supported salaries that are below the minimum of the salary range based on this most recent review of market rates. Funds appropriated for the Salary Adjustment Fund may also be used for this purpose if the need for minimum of market adjustments exceed \$3.5 million.	Req \$	3,500,000 \$	\$ -	\$ 3,500,000
	Rec \$	- \$	\$ -	\$ -
	App \$	3,500,000 \$	\$ -	\$ 3,500,000
	FTE	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
<b>Information Technology</b>					
<b>6 Information Technology Reserve</b>					
Provides funding to an Information Technology Project Reserve Fund to upgrade several core business, reporting, record-keeping, and communications systems across state government. Additional details on individual projects are provided in the following sections of this document: Departments of Health & Human Services, Public Instruction, Public Safety, Environmental Quality, and Information Technology; the Office of State Human Resources; the Office of the State Controller; the Community College System; and Administrative Office of the Courts.	Req	\$ -	\$ 169,925,950	\$ -	\$ 157,911,556
	Rec	\$ -	\$ 169,925,950	\$ -	\$ 157,911,556
	App	\$ -	\$ -	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>7 IT Rate Reserve</b>					
Funds a reserve to cover the expected increase in information technology (IT) rates for core services. The Department of Information Technology develops rates based on actual costs and expected consumption of IT services. These funds will be allocated to agencies based on actual expenditures on core IT services.	Req	\$ 1,720,000	\$ -	\$ 1,720,000	\$ -
	Rec	\$ -	\$ -	\$ -	\$ -
	App	\$ 1,720,000	\$ -	\$ 1,720,000	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>Energy and Environment</b>					
<b>8 Energy and Environment Reserve</b>					
Provides nonrecurring funds in both years of the biennium to fund the Energy and Environment Reserve. This reserve funds large investments in items such as state and local parks and trails, floodplain acquisition, farmland preservation, and clean energy grants for communities, schools and small businesses. Additional details are provided on individual projects in the Natural and Economic Resources, NC Community Colleges, and Department of Administration sections of this document.	Req	\$ -	\$ 225,000,000	\$ -	\$ 175,000,000
	Rec	\$ -	\$ 225,000,000	\$ -	\$ 175,000,000
	App	\$ -	\$ -	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>Total Change to Requirements</b>		\$ 13,670,000	\$ 365,235,867	\$ 13,670,000	\$ 310,170,645
<b>Total Change to Receipts</b>		\$ -	\$ 394,925,950	\$ -	\$ 332,911,556
<b>Total Change to Net Appropriation</b>		\$ 13,670,000	\$ (29,690,083)	\$ 13,670,000	\$ (22,740,911)
<b>Total Change to Full-Time Equivalent (FTE)</b>		0.000	0.000	0.000	0.000
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>			\$ (16,020,083)		\$ (9,070,911)
<b>Recommended Total FTE Changes</b>			0.000		0.000

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