



FY 2022-23 Budget Adjustment Recommendations

Integrity

Innovation

Teamwork

Excellence

Building on Success

- Overview of Budget & Adjustments
- Investments to Reserves
- Supporting NC's Human Capital
- Strengthening Education and Workforce Systems
- Building Support for North Carolina





Budget Availability & Revenue

Budget Availability

Unappropriated Balance from Prior Fiscal Year	2,380,495,252
Adjustments to Availability & Technical Corrections (S.L. 2021-189, S.L. 2022-6)	(17,853,808)
Over Collection of Revenues FY 2021-22 (consensus forecast adjustment)	4,241,300,000
Reversions (S.L. 2021-180)	200,000,000
Beginning Unreserved Fund Balance	6,803,941,444

Revenue

Certified Revenue (S.L. 2021-180, S.L. 2021-189)	28,751,644,526
Consensus Forecast Adjustment	1,957,955,474
Insurance and Treasurer Nontax Transfer	5,475,316
Revised Revenue	30,715,075,316

Revised Budget Availability **37,519,016,760**



Investments to Reserves

Investments to Reserves per S.L. 2021-180, S.L. 2021-189

State Capital and Infrastructure Fund (SCIF)	(1,345,500,000)
Savings Reserve	(1,134,006,722)
Additional Transfer to SCIF	(1,039,500,000)
State Emergency Response and Disaster Relief Reserve	(375,000,000)
Medicaid Transformation Reserve	(246,000,000)
Information Technology Reserve	(165,000,000)
NC GREAT Program (S.L. 2019-230)	(15,000,000)
Unfunded Liability Solvency Reserve	(10,000,000)
Subtotal Investments to Reserves	(4,330,006,722)

Additional Investments to Reserves

State Capital and Infrastructure Fund (SCIF)	
State Government & UNC System Capital, Repair & Renovation, Flex Fund	(538,805,915)
Public Schools	(500,000,000)
Economic Development Projects Reserve	(450,000,000)
Workforce and Economic Development Reserve	(182,540,000)
Affordable Housing Reserve	(165,000,000)
State Emergency Response and Disaster Relief Reserve	(125,000,000)
Clean Energy and Environment Reserve	(105,000,000)
Medicaid Transformation Reserve	(100,000,000)
Matching Funds Reserve	(100,000,000)
Information Technology Reserve	(57,000,000)
Medicaid Contingency Reserve	(50,000,000)
Radio Island Infrastructure Reserve	(20,000,000)
Contingency and Emergency Fund	(10,000,000)
Subtotal Investments to Reserves	(2,403,345,915)

Revised Budget Availability after Investments to Reserves

30,785,664,123



Expansion Items

Enacted Budget	26,980,674,610
<u>Supporting North Carolina's Human Capital</u>	
Additional 2.5% Increase for all State-funded Employees, 5% LEOs and Healthcare Professionals	258,918,500
Labor Market Retention and Adjustment Funds (2% Agencies/UNC/CC's + min. market)	165,148,000
Additional Increase for Teachers and Principals	209,895,000
Master's Pay Restoration	9,000,000
Retention Bonuses for State Employees and Teachers (\$1.5k/2k/3k)	827,000,000
Comprehensive Living Wage (temporary & contract, child & adult care workers)	87,250,000
Additional Retiree COLA 1% R/1% NR	84,637,500
Workers' Compensation Settlement Funds	10,000,000
Subtotal	1,651,849,000
<u>Strengthening Education and Workforce Systems</u>	
Public School Enrollment	68,300,000
Comprehensive Remedial Plan Year 3 & DPI Priorities	440,652,455
Local Teacher Supplement Program	75,000,000
UNC System and Community Colleges Priorities	69,636,222
Healthcare Workforce	45,000,000
Workforce and Economic Development	32,600,000
Subtotal	731,188,677
<u>Building Support for North Carolina</u>	
Additional Medicaid Rebase	267,801,698
Medicaid Expansion Effective 9-1-22 (sign-on bonus from enhanced FMAP)	(742,000,000)
Helping People Live Healthy, Productive Lives	185,472,763
General Government	29,077,596
Justice and Public Safety	73,419,614
Safe Communities/Violence Prevention Support	38,725,000
Agriculture, Natural, and Economic Resources	68,556,256
Subtotal	(78,947,073)
Total Expansion Items	2,304,090,604
Total Recommended Budget	29,284,765,214
Balance	1,500,898,909

Investments to Reserves



More than \$1 billion in additional investments

- \$500 million – public schools (see attached allocation)
- More than \$250 million in state government improvements, including DHHS facilities, prisons and cultural sites
- \$137 million – UNC system projects
- \$50 million – UNC Flex Funds
- \$50 million – Clean energy repairs and renovations for state agencies and universities
- \$25 million – State agency Flex Funds



\$500 Million for Public School Capital Projects

\$500,000,000

Base Amount	\$57,500,000 (\$500,000 per LEA)
ADM	\$442,500,000

LEA	Allocation Total	LEA	Allocation Total
1 Alamance-Burlington Schools	\$ 7,580,757	Mooresville Graded School District	\$ 2,403,613
2 Alexander County Schools	\$ 1,942,562	Jackson County Schools	\$ 1,620,019
3 Alleghany County Schools	\$ 932,317	Johnston County Schools	\$ 12,545,778
4 Anson County Schools	\$ 1,443,412	Jones County Schools	\$ 818,991
5 Ashe County Schools	\$ 1,378,516	Lee County Schools	\$ 3,450,342
6 Avery County Schools	\$ 1,083,740	Lenoir County Public Schools	\$ 3,138,454
7 Beaufort County Schools	\$ 2,366,484	Lincoln County Schools	\$ 4,094,458
8 Bertie County Schools	\$ 1,062,108	Macon County Schools	\$ 1,926,418
9 Bladen County Schools	\$ 1,739,480	Madison County Schools	\$ 1,191,577
10 Brunswick County Schools	\$ 4,573,913	Martin County Schools	\$ 1,328,149
11 Buncombe County Schools	\$ 7,630,801	McDowell County Schools	\$ 2,324,188
12 Asheville City Schools	\$ 1,833,110	Charlotte-Mecklenburg Schools	\$ 45,930,040
13 Burke County Schools	\$ 4,149,023	Mitchell County Schools	\$ 1,058,557
14 Cabarrus County Schools	\$ 11,306,944	Montgomery County Schools	\$ 1,615,176
15 Kannapolis City Schools	\$ 2,232,818	Moore County Schools	\$ 4,622,343
16 Caldwell County Schools	\$ 3,940,452	Nash-Rocky Mount Schools	\$ 5,084,686
17 Camden County Schools	\$ 1,104,081	New Hanover County Schools	\$ 8,521,909
18 Carteret County Public Schools	\$ 3,037,721	Northampton County Schools	\$ 899,707
19 Caswell County Schools	\$ 1,200,295	Onslow County Schools	\$ 9,247,710
20 Catawba County Schools	\$ 5,438,546	Orange County Schools	\$ 2,794,603
21 Hickory City Schools	\$ 1,714,296	Chapel Hill-Carrboro City Schools	\$ 4,188,412
22 Newton Conover City Schools	\$ 1,406,605	Pamlico County Schools	\$ 876,784
23 Chatham County Schools	\$ 3,347,671	Elizabeth City-Pasquotank Public Schools	\$ 2,010,363
24 Cherokee County Schools	\$ 1,420,166	Pender County Schools	\$ 3,770,625
25 Edenton-Chowan Schools	\$ 1,096,655	Perquimans County Schools	\$ 1,024,010
26 Clay County Schools	\$ 884,532	Person County Schools	\$ 1,877,666



\$500 Million for Public School Capital Projects

LEA	Allocation Total	LEA	Allocation Total
27 Cleveland County Schools	\$ 4,984,921	Pitt County Schools	\$ 8,008,876
28 Columbus County Schools	\$ 2,131,115	Polk County Schools	\$ 1,162,519
29 Whiteville City Schools	\$ 1,160,582	Randolph County Schools	\$ 5,361,059
30 Craven County Schools	\$ 4,529,035	Asheboro City Schools	\$ 1,929,970
31 Cumberland County Schools	\$ 16,000,436	Richmond County Schools	\$ 2,645,116
32 Currituck County Schools	\$ 1,907,369	Public Schools of Robeson County	\$ 7,049,644
33 Dare County Schools	\$ 2,149,518	Rockingham County Schools	\$ 3,993,079
34 Davidson County Schools	\$ 6,217,620	Rowan-Salisbury Schools	\$ 6,270,893
35 Lexington City Schools	\$ 1,440,506	Rutherford County Schools	\$ 2,871,768
36 Thomasville City Schools	\$ 1,204,169	Sampson County Schools	\$ 2,976,699
37 Davie County Schools	\$ 2,431,703	Clinton City Schools	\$ 1,431,789
38 Duplin County Schools	\$ 3,538,807	Scotland County Schools	\$ 2,204,083
39 Durham Public Schools	\$ 10,581,466	Stanly County Schools	\$ 3,176,875
40 Edgecombe County Public Schools	\$ 2,223,454	Stokes County Schools	\$ 2,255,418
41 Winston Salem/Forsyth County Schools	\$ 17,302,228	Surry County Schools	\$ 2,793,634
42 Franklin County Schools	\$ 3,062,904	Elkin City Schools	\$ 908,102
43 Gaston County Schools	\$ 10,084,899	Mount Airy City Schools	\$ 1,046,611
44 Gates County Schools	\$ 963,957	Swain County Schools	\$ 1,094,718
45 Graham County Schools	\$ 864,192	Transylvania County Schools	\$ 1,550,926
46 Granville County Schools	\$ 2,653,511	Tyrrell County Schools	\$ 664,984
47 Greene County Schools	\$ 1,380,131	Union County Public Schools	\$ 13,518,571
48 Guilford County Schools	\$ 22,370,243	Vance County Schools	\$ 2,109,160
49 Halifax County Schools	\$ 1,158,322	Wake County Schools	\$ 51,790,689
50 Roanoke Rapids City Schools	\$ 1,336,221	Warren County Schools	\$ 1,044,996
51 Weldon City Schools	\$ 715,997	Washington County Schools	\$ 835,457
52 Harnett County Schools	\$ 6,798,454	Watauga County Schools	\$ 1,977,754
53 Haywood County Schools	\$ 2,612,184	Wayne County Public Schools	\$ 6,114,949
54 Henderson County Schools	\$ 4,606,200	Wilkes County Schools	\$ 3,187,207
55 Hertford County Schools	\$ 1,266,805	Wilson County Schools	\$ 3,821,960
56 Hoke County Schools	\$ 3,287,941	Yadkin County Schools	\$ 2,119,169
57 Hyde County Schools	\$ 652,070	Yancey County Schools	\$ 1,123,776
58 Iredell-Statesville Schools	\$ 7,131,006	Total	\$ 500,000,000



\$182 million to bolster NC's economy

- \$102 million – Major and mega site acquisition and development
- \$28 million – Small Business Support
- \$20 million – Radio Island infrastructure
- \$10 million – Site development in distressed communities
- \$2.7 million – QVC fire relief and resiliency



\$165 million for access to safe, affordable housing

- \$50 million – First-time homebuyers down payment assistance
 - \$8,000 standard assistance
 - \$15,000 for educators and protectors
- \$40 million – Workforce housing loan program
- \$35 million – Low-income utilities assistance
- \$20 million – Targeted water infrastructure grants
- \$20 million – Housing Trust Fund



\$125 million for continued recovery and stability

- \$50 million – Ongoing COVID-19 response & recovery
- \$40 million – Hurricane Florence unmet housing needs
- \$25 million – State Property Fire Fund
- \$10 million – Tropical Storm Fred debris clean-up and road repairs



\$105 million environment and clean energy investments

- \$60 million – PARTF, CWF, peatland/pocosins restoration
- \$20 million – Swine floodplain buyout program and forest management
- \$15 million – Expand weatherization support for low-income households
- \$10 million – Local grants for energy efficient schools and community colleges

Supporting NC's Human Capital



Shifting labor market affecting public services

- Labor market more volatile last two years
- Annual turnover rate increased from average of 11% → **16%**
- Turnover for first-year state employees now exceeds **36%**
- Statewide vacancy rates approaching **20%**
(previously around 10%)



\$563 million to attract and keep state employees and teachers

- Additional 2.5% raise for all state-funded employees
- Additional 5% for law enforcement and healthcare staff
- Additional increase to ensure all teachers and assistant principals receive at least 7.5% increase over two years (similar to state-funded employees)
- Reinstates Master's pay for educators
- Additional 1% recurring COLA and 1% nonrecurring supplement for retirees



\$827 million for employee & teacher retention bonuses

- \$1,500 bonus for all state-funded employees
- \$2,000 bonus for those making less than \$75k/year, law enforcement officers, and DPS and DHHS employees in residential or treatment facilities
- Additional \$1,000 bonus for educators, school-based administrators (most educators can expect a \$3,000 bonus in FY 2022-23)
- Designed to help with retention
 - Two equal payments – November and April



\$165 million for Labor Market Retention and Adjustments

- New statewide compensation system effective June 1, 2022
- Brings employees to market range minimum
- Will address turnover and retention, compression, equity, and related issues



\$113.2 million to support a Living Wage

- \$60 million – increases reimbursement rate to skilled nursing facilities (minimum 80% to direct care worker pay)
- \$26 million – salary supplement for early childhood educators to help expand Child Care WAGE\$ program
- \$25 million – creates a reserve to ensure state contractors pay employees \$15/hour
- \$2.2 million – ensure temporary and seasonal employees earn \$15/hour

Strengthening Education and Workforce Systems



\$526 million to fully fund Year Three of the Comprehensive Remedial Plan, including:

- \$187 million – Removes caps and increases funding for targeted public school allotments:
 - *Disadvantaged Student Supplement Fund, Children with Disabilities, Low-Wealth schools, Limited English Proficiency program*
- \$90 million – Early Childhood Learning Opportunities
- \$70 million – Specialized Instruction Support Personnel
- \$33 million – to attract and retain high quality teachers
- \$30 million – Teaching assistants
- \$20 million – Assistance to targeted low performing and high poverty schools
- \$13 million – Postsecondary and Career Alignment



More than \$20 million for workforce programs

- Job Ready and Other Support Services
 - Work-based learning grants aimed at specific populations and communities
- Rural Works Program Pilot
 - Expands a successful local program
 - Provides work-based learning opportunities, internships, and pre-apprenticeships
- Outreach and Data Enhancements
 - Funding to enable local workforce development boards to use proven technology and workforce portals



\$45 million to address healthcare workforce shortage

- \$15 million *each* to Community Colleges, UNC System, and private colleges/universities to:
 - Hire additional health faculty and staff
 - Student support
 - Bolster equipment and lab space

Building Support for North Carolina



Medicaid Expansion

- Provide health insurance to **600,000** additional North Carolinians
- Creates **37,200 jobs** and injects over **\$5 billion** into our economy
- Bolsters rural hospitals and providers
- Federal government's 5% sign-on bonus would generate **\$1.5 billion** for NC over two years



\$38.7 million for safer schools and communities

- \$20 million – School safety grants
- \$10 million – Body camera grants for local law enforcement
- \$5 million – Community safety grants
- \$2.5 million – Juvenile Crime Prevention Councils
- \$1.2 million – Safe gun storage awareness and locks

**Governor's
Budget Adjustment
Recommendation
FY 2022-23**

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