



Introduction

The House passed its version of the [2019-2021 fiscal biennium state budget](#) May 3, which included many county priorities. Budget writers raise the amount available through the state's broadband grant program, provide significant funds to implement Raise the Age legislation and Medicaid Transformation, and require collection of sales tax by online marketplace retailers. The Senate now begins budget deliberations with likely passage by the end of the month.

Education

Lottery Funds

Allocates 24 percent of the total lottery appropriations for school capital purposes as follows:

- \$100 million each biennium for the Public School Building Capital Fund
- \$67.5 million each biennium for the Needs-Based Public School Capital Fund

K-12 Public Schools

Personnel Pay Increases

- \$118.5 million in 2019-20 and \$228 million in 2020-21 to increase teacher and instructional support compensation:
 - Reinstates Masters degree supplements
 - Includes \$1 million to provide a bonus of up to \$2,000 to match local funds on a 1:1 basis to recruit teachers and instructional support personnel to LEAs receiving funding from the Small County allotment
- \$16 million in 2019-20 and \$32 million in 2020-21 to increase principal and assistant principal compensation

School Safety Grants

- Provides an additional \$30 million in 2019-20 and \$53.2 million in 2020-21 to fund the following school safety grants:
 - \$3 million in 2019-20 and \$6.1 million in 2020-21 for the purchase of safety equipment for school buildings and related training
 - \$3 million in 2019-20 and \$7.7 million in 2020-21 for school resource officers; brings total grant funding for these officers to \$15 million in FY 2019-20 and \$19.7 million in FY 2020-21 and requires a local match
 - \$19 million in 2019-20 and \$30.2 million in 2020-21 for public school units to employ, contract with, and/or train school mental health support personnel as well as to contract for other health support services



- \$3 million in 2019-20 and \$4.6 million in 2020-21 to allow school districts to contract with community partners who provide training to help students develop healthy responses to trauma and stress
- \$2 million in 2019-20 and \$4.6 million to allow school districts to contract with community partners who provide evidence-based crisis services to students

Other K-12 Items

- \$11.3 million in 2019-20 and \$8.8 million in 2020-21 for textbooks and digital resources; brings total funding for textbooks and digital resources to \$73.3 million in FY 2019-20 and \$70.8 million in FY 2020-21
- \$1 million for the State Board of Education to contract with a third-party organization to develop a weighted student funding model for the state's public schools
- \$1 million for the State Board of Education to contract with a third-party organization to offer computer-assisted instruction to at-risk preschool age children in 10 school districts
- Rebalances School Performance Grades composition to 51% school achievement and 49% school growth (previously 80% achievement and 20% growth), and makes 15-point scale permanent (was set to revert to 10-point scale in 2019-2020)
- Prohibits school districts from modifying school calendars after the start of the school year except in the event of certain crises and prevents supervisors from approving personal leave requests for teachers without the confirmation of a substitute teacher's availability
- Requires local school districts to evaluate and adopt instructional and supplemental materials/textbooks (currently a DPI responsibility)

Community Colleges

- \$8.8 million in 2019-20 and \$11.5 in 2020-21 in additional funding for short-term continuing education and workforce development leading to industry credentials
- \$2.8 million in each year of the biennium in additional funding for the Career Coaches program, which places career coaches employed by local community colleges with partnering high schools
- Modifies matching requirement for the Career Coaches program as follows:
 - No match required for community colleges located in Tier 1 counties
 - \$1.00 of local funds for every \$2.00 in state funds for community colleges located in Tier 2 counties
 - \$1.00 of local funds for every \$1.00 in state funds for community colleges located in Tier 3 counties



Health and Human Services

Social Services and Public Health

- Provides almost \$100 million nonrecurring over two years for NC FAST improvements including the following specific items:
 - \$31.2 million for hardware and software purchases
 - \$24.9 million for updates needed to comply with Rylan's law, the federal Family First Prevention Services Act and new federal requirements for Child Welfare Information Systems
 - \$20.5 million to address infrastructure requirements for 24 hour a day, 7 days a week access to NC FAST
 - \$13.1 million for NC FAST operations and maintenance support
 - Almost \$7 million for a document management solution that will allow state and county staff and county DSS the ability to share and provide data in a timely manner.
- Creates the State Office of Child Fatality Prevention to serve as the lead agency for child fatality prevention in North Carolina and appropriates \$450,000 over the biennium to set up the agency
- Directs \$1.5 million each year to the state DSS to provide a 50 percent match for new quality assurance child welfare positions in participating counties
- Appropriates \$4 million recurring for local health departments to expand communicable disease surveillance, detection, control, and prevention
- Increases state-county special assistance personal needs allowance from \$46.00 per month to \$70.00 per month; appropriates \$1.75 million over the next two years to implement and requires a \$1.75 million county match
- Provides \$8 million in year one nonrecurring directly to adult care group homes to increase monthly payments on behalf of certain residents
- Provides \$23 million in year two to incentivize and improve community living for certain Medicaid recipients
- Continues the 2015 community paramedicine pilot project involving three counties with a \$350,000 appropriation
- Establishes a pilot project with \$230,000 for three LME/MCOs to develop a standard screening and assessment process for foster care children in coordination with the counties in their catchment areas

Behavioral Health

- Continues the \$36.4 million recurring reduction to LME/MCOs from last year's budget, but does not increase the reduction, nor add nonrecurring reductions
- Expands the North Carolina innovations waiver program by 150 slots
- Appropriates \$16.5 million in additional recurring funds for LME/MCOs to increase wages paid to support personnel working in group homes for individuals with intellectual and developmental disabilities



Medicaid Transformation

- Provides more than \$430 million over two years from the Medicaid Transformation Fund to help implement Medicaid managed care including:
 - More than \$145 million for Medicaid Transformation technical and operational supporting such as prepaid health plan readiness reviews
 - Almost \$93 million for NC FAST upgrades to enhance beneficiary enrollment
 - \$72.5 million for data management
 - \$30.5 million to NCTracks for managed care, a contract management system for Medicaid Transformation contracts, and a new finance management module
- Establishes a new assessment for certain hospitals in North Carolina and directs revenue from this assessment for state Medicaid matching funds, managed care capitation, and payments directly to hospital from NCDHHS

Early Childhood Education

- Appropriates \$235.8 million from the Child Care and Development Fund Block Grant to child care services and \$18.5 million for local subsidized child care services support for DSS
- Transfers \$21.7 million from TANF for child care subsidies
- Swaps \$2.5 million in state appropriations for TANF block grants for NC Pre-K
- Appropriates \$1.7 million in additional state funds for a 2 percent rate increase for NC Pre-K child care centers in FY2020 and a \$5.3 million for a 6 percent rate increase in FY2021
- Maintains the same income limitations for child care subsidies but lowers the required cost share for recipients from 10 percent of income to 9 percent of income

Block Grants

- Directs \$23.1 million in TANF for block grants to DSS for county social services work including child welfare, child protective services, and foster care services
- Directs almost \$81 million of TANF grants to Work First County Block Grants
- Directs \$9.4 million in TANF grants to child welfare workers for local departments of social services
- Directs \$19.9 million from the Social Services Block Grant to county departments of social services

Broadband

- Transfers \$15 million recurring from the State Capital and Infrastructure Fund for the GREAT grant for rural broadband
- Adds tier two counties to eligible areas for private providers to receive GREAT grants; caps the distribution of grants to tier two counties at one-third of the total GREAT grant appropriation with certain exceptions



- To be eligible for GREAT grants, requires providers that have committed to an 18-month buildout as part of federal grants to certify their progress after the 18 month period
- Provides more flexibility for NCDIT to declare certain areas unserved based on surveys of households in areas that incumbent broadband providers claim to serve
- For scoring GREAT grant projects, lowers the multiplier for projects that only provide download/upload internet speeds of 10 mbps/1 mbps and adds a larger multiplier for projects that provide speeds of 100 mbps/10 mbps greater
- \$15 million in each biennium for expansion of GREAT grant program, providing competitive grants to private providers of broadband service to expand broadband availability in rural areas

Justice and Public Safety

- Provides funding for an opioid overdose Quick Response Team pilot project with the City of Wilmington
- Removes funding for Administrative Office of the Court's Drug Treatment Courts Coordinator
- Adds reporting requirements for the Statewide Misdemeanant Confinement Program, including inmate medical care, housing, and transportation costs

Raise the Age

- Creates three new deputy clerk, four new district court judge, and eight new assistant district attorney positions to address court needs relates to the Juvenile Justice Reinvestment Act
- Creates a new Juvenile Resource Defender to provide training and consulting to private attorneys assigned to juvenile cases
- Funds \$1.9 million recurring in 2019-20 and \$2.1 million recurring in 2020-21 to the Division of Juvenile Justice for administrative support
- Appropriates \$4.5 million in 2019-20 and \$6.7 million in 2020-21 to increase bed capacity at Juvenile Detention Centers
- Provides \$4.4 million in 2019-20 and \$8.8 million in 2020-21 to assist counties in programming for Juvenile Crime Prevention Councils

Disaster Recovery

- Appropriates the remaining \$84.7 million of the Hurricane Florence Disaster Recovery Reserve created in 2018 to various state agencies, departments, commissions and programs to aid in disaster relief as a result of Hurricane Florence, including \$13 million to the NC Office of Recovery and Resiliency for local government grants and loans
- Funds 10 new positions at the Division of Emergency Management to support management of federal grants



Environmental Quality

- Extends the deadline for the NC Policy Collaboratory to report on emerging contaminants including GenX from October 1, 2019 to October 1, 2020
- Appropriates almost \$800,000 for 13 new positions, equipment, and supplies for activities related to emerging compounds
- Provides the required state match to receive an additional \$4.1 million in federal funds to give low-interest loans to local governments to construct wastewater facilities
- Provides the required state match for \$14 million in federal funds for low-interest loans to local governments to finance the costs of infrastructure to comply with the federal Safe Drinking Water Act

Cultural and Natural Resources

- Appropriates an additional \$4 million recurring for the Clean Water Management Trust Fund, bringing its total funding to \$18.3 million annually
- Provides an additional \$4 million nonrecurring for Parks and Recreation Trust Fund Grants; total funding for the grant is \$20.2 million in each year of the biennium

Other Key County Issues

Elections

- Directs \$3 million from a federal grant in each year of the biennium to modernize the state's election system and enhance security infrastructure at state and county levels
- Creates a User Support Specialist position at the State Board of Elections to provide technical assistance for elections issues

Affordable Housing

- Appropriates \$20 million to the Workforce Housing Loan Program to assist with the development of multi-family affordable housing across the state

Economic Development

- Reduces new appropriations to the Film and Entertainment Grant fund by \$31 million bringing the net appropriation to zero in the first fiscal year; adds the funds back in the second year to total \$31 million
- \$3 million reduction to the Job Maintenance and Capital Development (JMAC) fund based on a reduction in projected expenditures
- \$1 million each biennium for the One NC Small Business Fund for early stage technology development grants for small businesses that receive federal awards from the Small Business Innovative Research program or Small Business Technology Transfer program



- \$2.5 million each biennium to the Carolina Small Business Development Fund to provide small business loans and financial training to start-ups and existing businesses and lending services to community-based organizations

Finance

- Requires “marketplace facilitators,” to collect and remit sales tax on behalf of third-party sellers by Sept. 1, 2019, generating an estimated \$97.5 million for state and local governments in 2019-2020
- Extends the historic rehabilitation tax credit