



Introduction

The Senate approved its version of the [2019-2021 fiscal biennium state budget](#) this week, which included many county priorities. The Senate's budget plan provides new funds, in addition to the lottery, for public school and community college capital projects, repeals the ability for school boards to sue counties over appropriations to the public school capital outlay fund, raises the amount of funds available through the state's broadband grant program, and requires collection of sales tax by online marketplace retailers. Leaders from the House and Senate will shortly begin deliberations to reconcile each chamber's respective budget plans, and present a compromise spending plan to the Governor, most likely by the end of June.

School Capital Revenue

State Capital Infrastructure Fund

- Authorizes \$1.67 billion from State Capital and Infrastructure Fund to K-12 schools for new construction, renovations and repairs through the 2028-29 fiscal year
 - Sets out the maximum amount of SCIF proceeds each school district could receive through 2028-29
 - Appropriates \$145.4 million in 2019-20 and \$121.1 million 2020-21
 - Dollar for dollar matching requirement for Tier 3 counties for new construction; match not required for repairs and renovations
 - Directs the Department of Public Instruction to develop a priority list of projects and capital needs to administer the proceeds from the newly established K-12 Building Fund and to prioritize projects according to greatest need and the ability for disbursed funds to be expended and projects completed expeditiously
 - If a local school district is not in compliance with K-3 class size law, funds received must be used for capital expenditures needed to comply with the K-3 class size law
 - Funds received may not be used to retire debt in existence prior to July 1, 2019
- Authorizes \$500 million from State Capital and Infrastructure Fund to community college system for new construction, renovations and repairs through the 2028-29 fiscal year
 - Sets out the maximum amount of SCIF proceeds that community colleges could receive through 2028-29
 - Appropriates \$46.6 million in 2019-20 and \$36.3 million 2020-21



Lottery

- Allocates 27% of the total lottery revenue for school capital purposes as follows:
 - \$100 million each biennium for the Public School Building Capital Fund
 - \$95 million in 2019-20 and \$109 million 2020-21 for the Needs-Based Public School Capital Fund
- Raises amount Lottery may use for advertising from 1% to 1.5% of total annual revenues

K-12 Public Schools

School Funding Dispute Resolution

- Repeals ability for local boards of education to sue boards of county commissioners over appropriations made by the county to the public school capital outlay fund, which would achieve one of [NCACC's priority goals](#)

Personnel Pay Increases

- \$29.5 million in 2019-20 and \$59.1 million in 2020-21 for pay increases for teachers and instructional support personnel; includes \$1 million to provide a bonus of up to \$2,000 in state funds 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
- \$32.5 million in each year of the biennium for bonuses for teachers and instructional support personnel with 15 years or more of experience.
- \$15 million in each year of the biennium to provide compensation increases for school-based administrators; includes \$1.3 million each biennium to recruit principals of high-growth schools to low-performing schools

School Safety Grants

The Senate would appropriate funds for school safety needs as follows:

- \$6.1 million in 2019-20 for the purchase of safety equipment for school buildings and related training
- \$6 million in each year of the biennium for school resource officers; brings total grant funding for these officers to \$19.7 million in FY 2019-20 and \$18 million in FY 2020-21 and requires a local match
- \$4.5 million in 2019-20 to allow school districts to contract with community partners who provide evidence-based crisis services to students
- \$4.5 million in 2019-20 to allow school districts to contract with community partners who provide training to help students develop healthy responses to trauma and stress



- \$10 million each year of the biennium 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
- Funding to hire an additional 100 school psychologists across the state

Other K-12 Items

- Appropriates \$12 million each year of the biennium for textbooks and digital resources; brings total funding for textbooks and digital resources to \$74 million
- Appropriates \$15 million from the Civil Penalty and Forfeiture Fund each year of the biennium for classroom materials, instructional supplies, and equipment; brings total funding for supplies, materials and equipment to \$62.5 million
- Requires the Center for Safer Schools in the Department of Public Instruction to conduct an annual census of school resource officers in each public school
- Adjusts small county school supplemental funding allotment so all school districts with allotted ADM from 0-1,300 will receive an allotment of \$1,820,000; previously, school districts with allotted ADM of 0-600 received \$1,710,000

Community Colleges

- Provides \$12.1 million each year of the biennium for short-term continuing education and workforce development to establish industry credentials
- Appropriates \$1.4 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



Justice and Public Safety

- Appropriates \$64 million to implement the Juvenile Justice Reinvestment Act (“Raise the Age”), including:
 - Additional trial and district court positions; 7 new Deputy Clerks; 4 District Court Judges, 10 Assistant District Attorneys and 7 District Attorney Assistants
 - Nearly \$600,000 recurring and \$1.04 million non-recurring for 15 new transportation positions and 29 vehicles to cover costs associated with transportation of juveniles in FY 2020; \$890,976 in FY 2021
 - \$4.5 million recurring in FY 2020 and \$6.7 million recurring in FY 2021 to increase juvenile detention capacity across the state
 - Approximately \$4 million for staff and operating positions at the CA Dillon Youth Development Center set to open in Rockingham County in November 2019
 - Increased funding for Juvenile Prevention Councils, including \$730,000 for administrative support and \$4.4 million for programming over the biennium
- Appropriates \$1 million for grants to assist jails in Forsyth, Moore, New Hanover, and Onslow counties in providing addiction treatment
- Provides \$5 million non-recurring to replenish the State Emergency and Disaster Relief fund
- Appropriates \$5 million for the North Carolina Office of Recovery and Resiliency to assist financially distressed local governments
- Adds reporting requirements for the Statewide Misdemeanant Confinement Program, including inmate medical care, housing, and transportation costs

Broadband

- Transfers \$15 million recurring from the State Capital and Infrastructure Fund for the GREAT grant for rural broadband
- Directs \$500,000 of Office of Rural Health funds to a telehealth pilot project serving Robeson, Bladen and Columbus counties

Health and Human Services

- Appropriates \$210 million from the Medicaid Transformation Reserve to prepare for the transition to managed care for Medicaid beginning November 1, 2019 in 27 counties and February 1, 2020 in the remaining 73 counties; Funds will go to payout of remaining fee-for-service claims, program design, enrollment broker requirements, NC FAST and NCTRACKS upgrades, data management, Prepaid Health Plan readiness, and other administrative costs



- Delays deployment of child welfare and aging components of NC FAST in counties that are not pilot counties until at least October 1, 2019
- Directs funds for NC FAST upgrades, including 24-hour/7-day access
- Increases the recurring reduction to LME/MCOs by \$15 million each year of the budget
- Increases the state-county special assistance personal needs rate and the foster care and adoption assistance rates; Counties pay 50% of the cost of these programs
- Provides \$70,000 each year for continuation of the McDowell County community paramedicine pilot program
- Directs \$40 million in each year of the biennium to purchase additional local inpatient psychiatric beds or bed days
- Directs \$300,000 to establish a two-year child welfare and behavioral health pilot project for children in foster care in Davie, Forsyth, Rockingham and Stokes counties
- Directs \$750,000 each year to DSS to provide 50% match for new quality assurance positions in participating counties

Agriculture/Environment

- Provides \$7.5 million in FY 2020, and \$10 million in FY 2021 to the newly established Viable Utility Reserve to provide grants to distressed water infrastructure entities for assessments and inventories, merger or regionalization studies, or infrastructure projects
- Provides \$1.5 million to the Department of Agriculture and Consumer Services for stream debris removal projects
- Funds additional positions at the Division of Emergency Management to assist in the management of federal grants
- Funds future disaster studies by the NC Policy Collaborative for \$2 million
- Provides \$10 million to the Department of Environmental Quality for “disaster related infrastructure”

Economic Development

- Modifies film grant appropriations to be non-recurring, and reduces appropriation by \$1.5 million in FY 2020 and \$1 million in FY 2021; total revised appropriation is \$29.5 million in FY 2020 and \$30 million in FY 2021
- Reduces funds transferred to the One NC special fund in FY 2020 by \$2.5 million based on projected expenditures; revised total appropriations are \$6.5 million in FY 2020 and \$9 million in FY 2021



- Reduces funds transferred to the JDIG special fund in FY 2020 by \$4.9 million based on projected expenditures; revised total requirements for JDIG are \$66.9 million in FY 2020 and \$71.7 million in FY 2021
- Reduces funds transferred to the JMAC special fund for 2019-20 by \$3 million based on projected expenditures; revised total requirements for JMAC are \$4.5 million in FY 2020 and \$7.5 million in FY 2021
- Allocates \$4.5 million in non-recurring funds to four counties for the Triad Workforce Solutions Collaborative

Finance

- Requires online “marketplace facilitators” to collect and remit sales tax on behalf of third-party sellers beginning Sept. 1, 2019, generating an estimated \$97.5 million for state and local governments in 2019-2020, which would achieve one of [NCACC’s priority goals](#)
- Allows a vehicle at least 30 years old (was, 35 years) to qualify for an antique registration plate as a historic vehicle
- Extends the historic rehabilitation tax credit