

North Carolina House Budget Proposal  
Released May 30, 2017  
Bullets provided by McGuire Woods Consulting

### **Highlights**

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- Average teacher pay raises of 3.3% in 2017-18 and 9.5% in 2018-2019
- A one-time 1.6% cost of living increase for state retirees
- \$1,000 pay raise for most state employees
- Reducing personal income taxes by increases the standard deduction

### **Agriculture and Natural Economic Resources**

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- Continues to support the Healthy Food/ Small Retailer program, which reimburses small food retailers in food deserts, such as convenience stores and bodegas, for the purchase and installation of equipment necessary for stocking nutrient-dense foods.
- Establishes a Beehive Grant Program to encourage the establishment of new beehives in the state.
- Extends the sunset of the Job Development Investment Grant program to January 1, 2025.
- Increases funding to the Job Maintenance and Capital Development Fund by \$1.2 million in 2017-18.
- Provides \$3 million to the Carolina Small Business Development Fund to provide small business loans and financial training to start-up and existing businesses and lending services to community-based organizations.

### **Education**

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- *K-12*
  - Creates a grant program to develop industry partnerships with local school administrative units and charter schools to implement computer science, coding and mobile application development programs for middle and high school students.
  - Expands the existing Career and Technical Education Grant Program to include sixth and seventh grade students.
  - Directs the State Board of Education and the Department of Health and Human Services (DHHS) to develop a youth suicide awareness and prevention training program for all school personnel who work directly with students in grades six through 12.
  - Implements a school calendar flexibility pilot program for a selection of 20 counties.
  - Provides an additional \$10 million in one-time funds for textbooks and digital materials.
  - Increases annual funding for the Digital Learning Plan by \$2.2 million.

- Provides \$10 million in 2017-18 and \$21.7 million in 2018-19 to implement the School Business Modernization Plan.
- Requires all students receiving Opportunity Scholarship grants to complete the Iowa Test of Basic Skill in order to analyze the learning gains of participating students and compare those students to public school students with similar socioeconomic backgrounds.
- *Community Colleges*
  - Directs the State Board of Community Colleges to study the costs of workforce training and evaluate the state's existing Apprenticeship Program, which is being transferred from the Department of Commerce to the Community College System's authority.
  - Establishes a Community College High-Cost Workforce Program Grant to allocate funds to community colleges to establish new high-cost workforce courses that require significant start-up costs.
  - Establishes a scholarship program to encourage top-performing high school students to attend community colleges.
- *Universities*
  - Directs the Board of Governors to study the feasibility of establishing a School of Health Science and Health Care at UNC-Pembroke and a physician assistant program, chiropractic medicine program, and a pilot program for Basic Law Enforcement Training at Winston-Salem State University.
  - Establishes a new NC Teaching Fellows program to provide forgivable loans to students entering the teaching profession and concentrating on STEM courses or special education.
  - Provides \$500,000 in 2017-18 and \$3 million in 2018-19 and beyond for a competitive grant program for UNC Institutions to implement or expand an evidence-based strategy to improve retention and graduation rates.
  - Implements a pilot Finish in Four program aimed at counseling students through course selection to encourage on-time graduation.
  - Provides an additional \$2 million for need-based scholarships for private college students.

## **Finance**

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- Increases the standard deduction for personal income taxes. The standard deduction would be raised from \$17,500 to \$18,500 for married couples filing jointly, with similar increases for other tax status categories.
- Reduces the franchise tax rate from \$1.50 to \$1.40 per one thousand dollars of the required base.
- Creates sales tax refunds for urban and rural small research and development businesses.
- Increases the amount of interest paid on a mortgage that a person can deduct on their personal income taxes from \$20,000 to \$22,000.

- Provides \$15 million in 2017-18 and \$30 million in 2018-19 to the Film and Entertainment Grant Fund program, which encourages the production of movies, TV shows and commercials in the state.
- Appropriates \$4.2 million to the Economic Development Partnership of NC in 2017-18 and \$955,503 in 2018-19 and thereafter to promote tourism and economic development in NC through advertising and marketing and to replace Access NC, a building site search tool for businesses interested in locating in the state.

## **Health & Human Services**

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- Directs the Division of Public Health to study the prevalence of eating disorders in NC and identify strategies for treatment.
- Provides \$100,000 for NC law enforcement agencies and the NC Harm Reduction Coalition to purchase opioid antagonists.
- Directs DHHS to plan for a future pilot program or statewide plan that would provide home visits for pregnant women and families with young children as part of the Medicaid and NC Health Choice programs.
- Provides \$750,000 to support the Angels Watch Program through Eckerd Kids, which provides voluntary, temporary custody of young children whose parents are unable to provide care during a short term crisis.
- Appropriates \$500,000 to two existing smoking cessation programs – QuitlineNC and You Quit Two Quit – and provides \$2 million to develop strategies to prevent the use of new tobacco products, like e-cigarettes, by youth.

## **Justice and Public Safety**

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- Creates a pilot program with the City of Wilmington to establish a Quick Response Team to address the needs of opiate and heroin overdose victims who are not getting follow-up treatment.
- Appropriates \$1 million to provide matching grants to local and county law enforcement agencies to purchase body-worn or in-car video cameras.
- Eliminates funds for inmate litter crews and road squads.
- Provides funding for a 200-bed facility dedicated to housing female offenders who have violated the terms of their probation.
- Provides \$250,000 to support a statewide school panic alarm pilot program.

## **Military & Veterans Affairs**

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- Provides an additional \$1.4 million annually to grant scholarships to children of veterans killed or disabled during wartime.
- Appropriates an additional \$2 million for community investment efforts to sustain and maintain NC's military programs.

## **Transportation**

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- Provides \$2.5 million to provide transportation grants to charter schools where at least 50% of students are eligible for free or reduced lunch.
- Provides \$25 million annually in matching funds for construction needs on state and city maintained roads for new, relocated and expanded public schools, including charter schools.
- Reserves \$75.3 million to be spent in the 2018-19 fiscal year on future legislation.
- Increases funding for capital improvements at commercial airports by \$77.1 million.
- Appropriates \$40 million annually for contract resurfacing.
- Establishes a Blue Ribbon Committee on Transportation Infrastructure Funding.
- Provides \$2 million to continue and enhance the Department of Transportation's contract for transportation analytics services.
- Revises the weighting structure used to select Strategic Transportation Investment projects to give additional input to Metropolitan and Rural Transportation Planning Organizations.
- Establishes a Megaproject Fund to be used to fund regional or statewide transportation projects that exceed \$200 million in total costs.
- Removes state funding limits on light rail projects.