

PENC Senate Budget Summary & Highlights

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Last week, the North Carolina Senate revealed its budget. The House and Senate agreed on a 10.5% increase from the previous budget. The Senate's \$29.7 billion proposal was unveiled last Monday, May 15th, and made its way through the Senate committee process and was ultimately approved on the Senate floor by a vote of 36-13 with 7 Democrats voting in favor of the bill. Republicans have supermajorities in both the State House and Senate and if the budget is vetoed are expected to have no problem overriding the veto. It will be interesting to see what Governor Cooper does, however, as Medicaid expansion becoming effective is tied to the state budget passing.

It is important to note that the Senate's budget varies significantly from the House's budget. At a high level, the Senate put more in reserves while the House spent more in directed grants and appropriations. While the budgets look far apart, we know both Chambers were planning for most of the work to be done in the conference committee and a lot was held back by both Chambers. We're hoping for a final budget to be agreed to by mid-June and finalized quickly thereafter.

Some highlights from the Senate budget are below. A more detailed summary will be conducted on the final budget upon its release.

Transportation

- Appropriates a total of **\$117.7M** in FY 2023-24 and **\$117.8M** in FY 2024-25 to the Division of Highways:
 - o Administration: **\$54M** in FY 2023-24 and **\$57M** in FY 2024-25
 - o Construction: **\$79M** in FY 2023-24 and **\$77.5M** in FY 2024-25
 - o Maintenance: **\$1.85B** in FY 2023-24 and **\$2.15M** in FY 2024-25
 - o DMV: **\$172M** in FY 2023-25 and **\$147M** in FY 2024-25
- **\$45.2M** in each year of the biennium for Railway intermodal transportation.
- **\$72.5M** in FY 2023-24 and **\$69.5M** in FY 2024-25 for Public Transportation, Bicycle, and Pedestrian Infrastructure.
- **\$2.3B** in FY 2023-24 and **\$2.4B** in FY 2024-25 for the Total Highway Trust Fund.
- **\$469.75M** in FY 2023-2024 and **\$604.5M** in FY 2024-2025 to increase the Strategic Transportation Prioritization Program
- **\$311M** added to the General Maintenance Reserve for road upkeep.

State Capital and Infrastructure Fund (SCIF)

- Appropriates a total of **\$1.41B** in FY 2023-24 and **\$1.46B** FY 2024-25 in statutorily required reservations of revenue required under G.S. 143C-4-3.1.
- Adds an additional **\$350M** in each year of the biennium.

Commerce & Economic Development

- **\$10M** in FY 2023-24 to the Department of Commerce for the Megasite Fund.
- **\$46.3M** in each year of the biennium for the total Community Development Block Grant.

Environmental Quality

- Division of Water Infrastructure allocates **\$23.7M** in FY 2023-24 and **\$23.7M** in FY 2024-25.
- **\$5M** for Stoney Creek acquisitions from North Carolina Office of Recovery and Resilience (NCORR).
- **\$2M** in each year of the biennium: Cost-share grants to local governments to match water resource development project funds provided through the National Resource Conservation Service (NRCS) Environmental Quality Incentives Program (EQIP).
- **\$250,000** total for biennium to be used for matching funds for US Army Corps of Engineers planning grants.
- **\$3M** in each year of the biennium: Allocated from the SCIF to provide matching grants to local governments to implement water resource development projects throughout the State.
- **\$39.7M** in FY 2023-24 and **\$43M** in FY 2024-25 for Clean Water State Revolving Fund from the Federal Infrastructure Investment and Jobs Act (IIJA).

Agriculture

- **\$10M** nonrecurring in FY 2023-24 and **\$8.9M** nonrecurring in FY 2024-25 from the state's Fiscal Recovery Reserve for NC Agriculture Manufacturing and Processing Initiative (NCAMPI).

Other Appropriations

- **\$3.5M** recurring in each year of the biennium for Western Carolina University (WCU) to expand its College of Engineering and Technology to support robotics, energy, controls, and automation concentrations.
- Creates Needs-Based Public School Capital Fund: The Department of Public Instruction shall award grants from the Fund to counties to assist with their critical public school building capital needs, and is allocated **\$254.2M** in FY 2023-24 and **\$258.2M** in FY 2024-25.
- **\$493,953** in FY 2023-24 and **\$987,906** in FY 2024-25 from the SERDRF for 6 limited-time positions to cover the Flood Resiliency Blueprint.
- **\$5M** nonrecurring in FY 2023-24 to the Department of Environmental Quality, Division of Coastal Management, for the Resilient Coastal Communities Program to provide funding for the implementation or construction of planned, prioritized, and engineered resilience projects in the coastal counties of the State.