



NC Budget Analysis 2021-23 - A Comparison of Budget Proposals from the NC Governor, Senate and House

The ongoing state budget process is a lengthy one; after proposals were released from the Governor and Senate earlier this year, the North Carolina House released and voted on their full 2021-23 budget proposal on August 11, 2021.

The Forum's [2020 Education Primer](#) outlines this multi-step process. This brief outlines the extent to which the NC House's budget proposal, the NC Senate's budget proposal, and the NC Governor's recommended budget aligns with the Forum's [Top Education Issues 2021](#), which includes metrics for the next two years.

As this process continues to unfold, school districts across the state have begun their fiscal year without a confirmed and final budget for the third year in a row. However, hope does remain for an agreed upon state budget that supports the needs of schools and educators. The following budget comparison should be considered in the current context:

- Our schools and state continue to operate during COVID-19; while we have previously referred to this period of time as recovery and transition, the new Delta variant has made clear that our schools, educators and students are still very much facing serious and ongoing challenges with regard to this disease.
- While districts have received federal COVID-19 relief funds, they continue to have additional needs, and the ongoing challenges presented by this global pandemic must continually be assessed.
- North Carolina is operating with a significant revenue surplus, estimated to be \$6.5 billion over the next two years.

The Forum commends the inclusion of the Average Daily Membership (ADM) Hold Harmless provision in the Senate budget proposal, which we believe would serve as an important part of COVID-19 transition and recovery as schools face another year of uncertainty when it comes to student

enrollments. There are significant differences, however, in the extent to which the Governor's budget, the House's budget and the Senate's budget align with the Forum's Top Education Issues on items such as teacher and principal raises; dedication of funding for social workers, psychologists, counselors, and nurses; increases in per pupil funding, especially for the low wealth districts; capital funding for schools; and efforts for the recruitment and retention of a diverse workforce.

In analyzing all three of the budget proposals and priorities identified through the recommended investments, it is important to not only consider regional comparisons for items such as per pupil expenditures and teacher pay, but to also look at national comparisons if we hope to advance the state's education system and teaching profession and thus the state and its economy overall. These national data points should be an important part of the discussion and will be included in our own ongoing analysis of the proposed budget.

The House budget proposal also contains provisions worthy of note that do not fall into the categories listed in the chart below.

Proposes to require public schools to post classroom materials online.

The House budget includes language from the [Academic Transparency bill](#) that would require LEAs to publicly share on their websites details on all course materials, instructional materials, lesson plans, supplemental materials, assemblies, lectures, activities, or events.

Proposes to delay implementation of new social studies standards.

Delays implementation of the new social studies standards approved by the State Board of Education until at least the 2023-24 school year. A new Standard Course of Study Advisory Commission, appointed by NCGA leadership, would be tasked with reviewing the social studies standards (and all academic content in the standard course of study).

Proposes to move virtual charter schools out of pilot status.

North Carolina's two statewide virtual charter schools were created as part of a pilot program beginning in 2014. The schools

have experienced poor student outcomes and awarded poor school performance grades for each year they have operated. The House budget proposal moves them out of pilot status and approves them as standard charter schools with initial five year charters.

Proposes changes to student code of conduct.

House budget includes language from the [Student Code of Conduct bill](#) that would remove examples of conduct not deemed a serious violation warranting long-term suspension.

Proposes changes to modernize selection of instructional materials.

The House budget includes language that mirrors HB 315 from the 2019-20 session, which would require local school boards to create policies to review instructional and supplementary materials, conduct public hearings on health and safety instructional materials, and maintain a repository of materials for review by parents and the public.



Teacher & Principal Recruitment, Retention and Diversity

Governor's 2021-23 Recommended Budget	NC Senate's 2021-23 Budget Proposal	NC House's 2021-23 Budget Proposal
<p>Includes 10% raises for teachers and principals over the next two years. Also reduces compensation plateaus for veteran teachers and restores Master's Pay.</p> <p>Provides bonuses for teachers, principals, non-certified public school employees, university employees, and state-funded local community college employees. Includes a \$2,000 bonus for those employees in the current fiscal year and \$1,000 bonuses in each year of the biennium.</p> <p>Targets significant investments in initiatives aimed at recruiting, retaining, diversifying, and supporting North Carolina's educator workforce, with scholarships, support for training and development, and funding for pilot projects in high-need districts. This includes investments in Grow-Your-Own and 2+2 programs, which can help recruit students to return to teach in their hometowns- this would be especially helpful for rural districts that disproportionately struggle with recruitment and retention. It also includes funding for expansion of the NC Teaching fellows program to more institutions and to all degree programs and targeted investments to increase diversity in the teacher workforce.</p>	<p>Includes 3% raises for teachers and principals, with 1.5% per year in the biennium.</p> <p>Calls to utilize federal funds to provide bonuses to state employees, including teachers. Those who earn less than \$75,000 a year would receive \$1,500, and those who make more than \$75,000 would receive \$1,000 bonuses. Also provides one time bonuses of \$300 for teachers and \$1,800 for principals from state funds.</p> <p>Targets investments in initiatives aimed at recruiting, retaining, and supporting North Carolina's educator workforce, with funding for the adoption of a web-based recruitment initiative, salary supplements for highly qualified teaching graduates and signing bonuses for certain teaching areas.</p> <p>Includes \$2 million for each year in the biennium to expand the Advanced Teaching Roles program.</p>	<p>Includes an average 5.5% pay raises for teachers over the two years of the biennium, including step increases.</p> <p>Salary schedule prioritizes teachers with 15-25 years of experience; by contrast, the Senate proposal includes no changes to pay for teachers with between 15-24 years of service. In the House budget, teachers with between 15-24 years of experience would receive step increases comprising an additional \$50 per month each year.</p> <p>Using federal COVID relief funds, the House budget includes \$500 bonuses for all state employees. Also included is an additional \$1,000 bonus for those earning less than \$75,000, and an additional \$500 for those making less than \$40,000. A \$300 bonus for all teachers using funding that would have been used for performance bonuses based on testing data is also included.</p> <p>Other benefits for teachers included in the House budget proposal:</p> <ul style="list-style-type: none"> • Restoration of master's pay for all teachers • 8 weeks paid parental leave • Teachers would no longer have to pay \$50 for personal days <p>Principals would receive a bonus of \$1,800 + \$1,000 covid bonus. Principal salaries based on test scores are held harmless.</p> <p>Assistant Principal salary schedule increased to 22% above the step the AP would be on according to the teacher salary schedule.</p> <p>Signing Bonus Program- DPI would match signing bonuses provided by small county and low-wealth LEAs up to \$1,000.</p>



Social Emotional Learning

Governor's 2021-23 Recommended Budget	NC Senate's 2021-23 Budget Proposal	NC House's 2021-23 Budget Proposal
<p>Sets aside \$120 million over the biennium for additional <i>recurring</i> funding for Specialized Instructional Support Personnel (school counselors, nurses, social workers, and psychologists) to support student mental and physical health.</p> <p>Instructional Support Personnel Pipeline</p> <p>Establishes a Specialized Instructional Support Personnel (SISP) Recruitment and Retention Coordinator at DPI; increases School Psychologist salaries by \$5,000; and implements a School Psychologist Internship Program.</p>	<p>Directs the SBE to establish funding allotment for school psychologist positions (based on ADM). Each local school administrative unit receives funding for at least one psychologist. This provision does not permit allotment transfers.</p> <p>See below for designation of Federal COVID-19 relief funds to be used for grants to public school units to contract for mental and physical health services.</p>	<p>Provides \$7 million in funding over the biennium to increase the base pay of school psychologists, speech pathologists, audiologists, and school counselors by \$1,000 annually.</p> <p>Provides nearly \$23 million over the biennium to tie school counselor pay to the salary schedule provided to school psychologists, speech pathologists, and audiologists.</p> <p>Provides \$1.7 million for signing bonuses for school psychologists.</p> <p>Directs DPI to reclassify at least one full-time equivalent position within the Department to serve as a full-time recruitment and retention coordinator to increase the number of school psychologists in public school units with a demonstrated need that is difficult to meet.</p>



Early Childhood Education and Literacy

Governor's 2021-23 Recommended Budget	NC Senate's 2021-23 Budget Proposal	NC House's 2021-23 Budget Proposal
<p>Invests more than \$78 million in early education and child development. Increases Child Care Subsidy for children from low-income working families to receive high-quality care. Increases NC Pre-K reimbursement rates and slots using lottery proceeds so that more children can attend Pre-K. Increases Smart Start by 13 percent using lottery receipts to support families and children in all 100 counties. Increases funding by over \$10 million for individualized early intervention services.</p> <p>most vulnerable adults and nurture our youngest children can also support themselves.</p>	<p>Provides nonrecurring additional funding for each year of the biennium for Smart Start as follows:</p> <ul style="list-style-type: none"> • \$10 million for child care related services. • \$4 million for family support activities. • \$1 million for health related activities. <p>Increases rates for child care centers by 2% in both years of the biennium.</p> <p>Includes \$10 million for a common learning management system for in-person and remote instruction elementary grade. Allows funds to also be utilized for kindergarten readiness programs that are based on the Science of Reading.</p>	<p>Increases NC Pre-K rates for child care centers 2% in both years of the biennium</p> <p>Allocates \$15 million to Smart Start initiatives.</p> <p>Creates a \$502.8 million block grant for child care services and development using American Rescue Plan funds.</p> <p>Includes \$10 million in nonrecurring funds for pre-K classrooms and child care centers, particularly those in child care deserts and low-performing/high-poverty districts.</p>



Early Childhood Education and Literacy

Governor's 2021-23 Recommended Budget	NC Senate's 2021-23 Budget Proposal	NC House's 2021-23 Budget Proposal
<p>Provides \$24 million for Science of Reading training and other professional development for teachers and school leaders to improve student outcomes and \$30 million for additional teacher assistants to support early-grades math and literacy.</p> <p>Invests \$60 million in improving wages for direct care workers and early childhood education providers so that individuals who support our</p>	<p>Provides \$37.5 million for professional development for the Science of Reading.</p>	<p>\$10 million to support a common learning management system to be utilized for in-person and remote instruction for kindergarten through fifth grade for a period of up to three years. Funds may also be used for the kindergarten readiness programs based on the Science of Reading.</p> <p>Provides \$37.5 million for professional development for the Science of Reading.</p> <p>Up to \$207 million to build the supply of qualified child care teachers with staff bonuses and other teacher pipeline programs.</p>



Adequate and Equitable State Funding to Support Public Schools

Governor's 2021-23 Recommended Budget	NC Senate's 2021-23 Budget Proposal	NC House's 2021-23 Budget Proposal
<p>Prioritizes the goal to ensure a Sound Basic Education for All (Leandro), as many of the items in the Governor's budget align with the Leandro Comprehensive Remedial Plan.</p> <ul style="list-style-type: none"> • Provides an additional \$200 million to expand resources for: • Disadvantaged Student Supplemental Funding and At-Risk Allotments • Exceptional Children and Limited English Proficiency Allotments • Increased low wealth funding for eligible counties to improve low-performing and high poverty Schools. <p>School Bond: Recommends placing a \$4.7 billion General Obligation Bond on the November 2021 ballot to ask voters to address key infrastructure needs across North Carolina, including \$2.5 billion for public schools to address the over \$8 billion in documented needs</p>	<p>Establishes Average Daily Membership (ADM) hold harmless for public school units.</p> <p>Provides \$4,549.88 in additional funding per child with disabilities for the lesser of all children identified as children with disabilities or 12.75% of its allocated ADM. This means that districts do not receive the additional funding per student with disabilities for students who represent more than 12.75% of its student population. The 2019-20 additional funding per child with disabilities is 4,093.14 with the same cap of 12.75%.</p>	<p>Does not include ADM hold harmless provision for districts that experience enrollment declines due to COVID-19. Instead, the House included a \$40 million funding reserve to use in case enrollment exceeds projections both for ADM overall and for enrollment of students with disabilities.</p> <p>For the 2021-2022 fiscal year, the Department shall allocate funds from the Reserve to public school units whose average daily membership (ADM), children with disabilities population, or both, exceed their initial predictions during the first two months of the 2021-2022 school year.</p>



Adequate and Equitable State Funding to Support Public Schools

NC Senate's 2021-23 Budget Proposal

Identifies uses of ESSER Funds: ESSER funds appropriated in the budget shall only be used by DPI to 1) allocate federal grant funding to public school units pursuant to the American Rescue Plan Act and 2) Reserve \$359,919,171 to be used for the following:

- \$20 million to each LEA to amount to at least \$400 per student
- \$36 million in reserve funding held by DPI for COVID related needs, including learning loss and enrichment through after and before school programs during the school year.
- \$36 million in reserve for COVID related support for summer programs.
- \$15 million to provide grants to local school administrative units for schools identified as low-performing with priority given for districts with a majority of schools identified as low-performing. Funds are designated to be used to provide flexible intervention options approved by DPI to address impacts of COVID.
- \$15 million to institute a grant program for contracted school health support services to public school units. Public school units will be able to contract with school health support personnel to provide mental and physical health support services.

Designates the transfer of approximately \$450 million from the lottery into **State Capital and Infrastructure Fund (SCIF) over 2 years for Needs Based Public School Capital Building Fund** and another \$200 million from the lottery to the Public School Capital Fund. Projected spending on public school capital would total approximately 2.4 billion over next 7 years. The need was determined to be over \$8 billion in 2015-16 and has since increased.

NC House's 2021-23 Budget Proposal

Provides \$4,549.88 in **additional funding per child with disabilities** for the lesser of all children identified as children with disabilities or 12.75% of its allocated ADM. This means that districts do not receive the additional funding per student with disabilities for students who represent more than 12.75% of its student population. The 2019-20 additional funding per child with disabilities is 4,093.14 with the same cap of 12.75%.

Reserves \$360,178,036 in federal ESSER funds for public education, distributed similarly to the Senate budget proposal.

Proposes a total of \$750 million in **lottery funding for school capital needs** over the biennium. This includes \$100,000 each year of the biennium from the education lottery fund to the Public School Building Capital Fund; \$50,000,000 each year for repairs and renovations of public school facilities; \$310,252,612 in FY 2021-22 and \$138,252,612 in FY 2022-23 for the Needs-Based School Capital Fund. Transfers to the Needs-Based School Capital Fund include \$200,000,000 of surplus lottery profits to be appropriated in FY 2021-22.



Postsecondary Attainment

Governor's 2021-23 Recommended Budget

Provides recurring investments for the UNC System HMSI Institutions to **improve graduation rates and student success**: \$1.5 million each to Elizabeth City State University, Fayetteville State University, UNCPembroke, NC Central University, & Winston Salem State University.

NC Senate's 2021-23 Budget Proposal

Provides **3% salary increases**, with 1.5% in each year of the biennium, and implements \$13/hour minimum wage for state-funded local employees, including those in community colleges and universities.

NC House's 2021-23 Budget Proposal

Proposes 7% raise over two years for Community College faculty and 4% raise for other staff.
Provides \$5 million for National College Advising Corps, Inc.
Allocates \$10.5 Million for CTE Programs.



Postsecondary Attainment

Governor's 2021-23 Recommended Budget	NC Senate's 2021-23 Budget Proposal	NC House's 2021-23 Budget Proposal
<p>Expands funds for credentials and certifications for Career and Technical Education students (\$6.5M); and (3) Provides recurring funding for Cooperative Innovative High Schools approved to open from 2018-2021 (\$1.88M).</p> <p>Proposes examining of barriers and supports that impact students' ability to complete high school courses leading to college credit, an associate degree, or a careerready credential, including an examination of access, equity, resources, fees, and personnel Phases in funding to increase the number of school-based Career Development Coordinators for grades 6-8 and grades 9-12.</p>	<p>Provides a \$1,000 bonus for full-time state employees and local education employees, regardless of funding source. Also provides an additional \$500 bonus to employees with an annual salary of less than \$75,000.</p> <p>Establishes pilot programs to increase employment outcomes for individuals with intellectual and developmental disabilities (IDD), meet the needs of underserved students in 7th through 9th grade, and increase overall workforce outcomes.</p> <p>Provides funding to expand outreach and student advising capacity and improve broadband access.</p> <p>Provides a 7.5% increase for the Community College Need-Based Assistance Program, which will be consolidated into the newly established North Carolina Need-Based Scholarship Program for Public Colleges and Universities in the second year of the biennium.</p>	<p>Provides a 2.5% raise for state employees, including university employees, and a \$500 bonus.</p>



Broadband Access

Governor's 2021-23 Recommended Budget	NC Senate's 2021-23 Budget Proposal
<p>Proposes \$1.2 billion for broadband, which includes \$600 million for infrastructure.</p>	<p>Includes \$30 million over the next two years for the Growing Rural Economies with Access to Technology (GREAT) Program to expand access to broadband in rural areas. This also dedicates \$700 million in federal funds to expand rural broadband.</p>
<h3>NC House's 2021-23 Budget Proposal</h3>	
<p>Provides additional support (\$4.6 million each year of the biennium) for the School Connectivity initiative, which brings broadband connectivity to all K-12 public school buildings in the State. New funds will match the federal increase from \$150 to \$167 per student over 5 years. The revised net appropriation for the School Connectivity Initiative is \$36.5 million in each year of the biennium.</p> <p>Provides \$100 million in year 1 of the biennium for a faster review of pole attachment requests, dispute resolution timeframes and funds for "make ready" costs of purchase and placement of new utility poles and infrastructure to support rapid deployment of broadband in rural areas.</p>	



Broadband Access

NC House's 2021-23 Budget Proposal

Provides \$1 million in year 1 of the biennium for the preparation of statewide broadband maps.

Provides nearly \$473 million in federal funds in year 1 of the biennium for the **NC GREAT Grant** program for competitive grants to providers to expand broadband availability in rural areas. Provides an additional \$277 million from the Coronavirus Capital Projects Fund to the NC GREAT Grant program for competitive grants to providers to expand broadband availability in rural areas.

Provides \$90 million in federal funds in year 1 of the biennium to issue targeted grants addressing local infrastructure needs and connecting unserved and underserved households.

Provides \$5 million over the biennium to the Department of Information Technology to supplement existing administrative capacity in support of high-speed internet efforts. \$15M is authorized over 6 years.



Afterschool Programs

Governor's 2021-23 Recommended Budget

NC Senate's 2021-23 Budget Proposal

NC House's 2021-23 Budget Proposal

Includes the option for the \$36 million in Federal funding COVID relief grants to public school units (referenced above) to be used for enrichment opportunities, including through out-of-school programs.

Provides \$1.6 million for the Educational and Competitive AfterSchool Robotics Grant Program to establish after-school robotics programs in public schools.

REFERENCES:

- Vaughan, Dawn. (August 11, 2021). [NC House OKs budget with 5.5% raises for teachers, billions in other spending.](#)
- Granados, Alex. (June 22, 2021). [What's in the Senate Budget? Three percent teacher pay raises, federal funded bonuses, tons of money for broadband, and more.](#)
- Vaughan, Dawn Baumgartner. (June 22, 2021). [State employee raises and bonuses, extra tax cuts in NC Senate budget.](#)
- Senate Bill 105 (Budget Bill): <https://www.ncleg.gov/BillLookup/2021/s105>

Appendix A: The Budget Process Flow Chart (excerpted from [The Forum's 2020 Education Primer](#))

THE BUDGET PROCESS*



* At the Joint Appropriations Committee briefing, the State Budget Officer presents the Governor’s budget to a joint session of the House and Senate Appropriations committees. Education subcommittees will be briefed jointly until the chamber of bill origination begins to make decisions. Then Committees meet separately. The Chamber leadership gives parameters for spending. Subcommittees will determine budgets. The full Appropriations Committee will vote on the Budget Bill. The bill then becomes the Committee substitute for the Blank Bill and goes to the Chamber Floor and proceeds from that point. The Budget Bill originates in each chamber in alternate years.