

Summary of Select Provisions
SB 105 APPROPRIATIONS ACT of 2021
November 19, 2021

The NC General Assembly released a compromise budget on November 16, 2021, and Governor Cooper has announced his intention to sign it into law because “on balance, the good outweighs the bad.” At this moment in time, with no state budget since 2018 and 5 months past the 2021 deadline, NC Child agrees with that assessment.

We applaud the many investments that will undoubtedly have a positive impact on North Carolina’s children and families. At the same time, there is still much work to be done. Specifically, the budget falls far short of supporting the mental and physical health of North Carolinians, particularly our children and young people, at a time of true crisis. Nor does the budget meet the extraordinary needs of our state’s early education system. From our perspective, the budget represents a missed opportunity to use a significant state revenue balance to provide children with the foundation they need for long-term success.

However, we are grateful to have a state budget, particularly one that represents many hours of negotiations and compromise from our leaders. While there are significant shortcomings, there is also much to be applauded. We commit to working with NC’s legislators to continually strengthen the foundation that all our children need to thrive, and to make our great state better.

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Good News:

- Extends **Postpartum Medicaid** for new moms from 60 days to 12 months.
- Creation of a separate **Juvenile Justice Division** within the Department of Public Safety;
- **Rate increase for foster parents**, in efforts to recruit and retain qualified foster parents;
- Includes language from **SB 93, Assisting NC Families in Crisis**, that would allow parents who have lost temporary custody of their children to retain Medicaid coverage;
- The House budget also includes **raises for school support staff** (such as custodians and bus drivers) to \$15/hour over 2 years – starting with \$13/hour in 2022;
- Raises for **private duty nurses** serving Medicaid populations; and

- Includes language from HB 736 that gives the state’s lab a little more time to implement new newborn screening tests, once they are added to the **Recommended Uniform Screening Panel (RUSP)**.

One-Time ARPA Spending

- \$150M in short-term **American Rescue Plan** funds to test and remove **lead and asbestos** from child care centers and schools;
- The budget passes through about \$502M in **American Rescue Plan** money to temporarily increase the availability of **child care subsidy**, and to improve the **pipeline of early childhood professionals**;
- **Broadband** investments to increase access in all 100 counties, using one-time ARPA funds;
- Increased access to **telehealth and telepsychiatry** in the wake of the public health emergency; and
- Funding for **school psychiatrists**, as well as various investments in resources for students in crisis.

Bad News:

- **No Medicaid expansion** to provide health coverage to low-income North Carolinians in the “coverage gap.” However the budget does set up a legislative study committee to examine the issue before the 2022 legislative “short session” begins;
- **Tax Cut package** would reduce the corporate tax rate, already the lowest in the region, as well as the income tax rate for all income levels, beginning in 2025. This will result in significant lost revenue in future years;
- Legislators did not raise the state’s **child care subsidy** rate, as widely requested by the early childhood community, or take other steps to raise wages or increase sustainable funding to the child care sector;
- The legislature did not take steps to merge the **NC Health Choice (CHIP)** with NC Medicaid programs for children;
- No **parental paid time off for public school employees**, as had been proposed in the House budget.

Detailed budget tables on the following pages

Health - State Appropriations

Program	Budget Appropriation
<p>Public School Instructional Support Staff & Crisis Supports for Students</p> <p><i>Allows districts to hire more school nurses, counselors, psychologists, and social workers to support student physical and mental health</i></p>	<p>\$4.3M (recurring) for a Recruitment Bonus for Small Counties – up to \$1,000 to match local funds 1:1 to recruit instructional support personnel</p> <p>\$10M (non-recurring) for School Safety Grants to serve students in crisis in FY 21-22 and FY 22-23</p> <p>\$1.7M to establish a School Psychologist Grant Program to support LEA’s in recruiting School Psychologists</p>
<p>School Nurses & Suicide Prevention</p> <p><i>Address student mental health, suicide prevention, and physical health needs by decreasing the dire shortage of school nurses in North Carolina.</i></p> <p>Including step increases, the average salary increase for teachers and instructional support personnel is approximately 2.5% in each FY 21-22 and 22-23.</p>	<p>School nurses shall also receive a 10% salary supplement.</p> <p>\$4.5M (recurring) to establish an annual salary supplement of \$1,000 for school counselors.</p> <p>Local boards of education shall ensure that each LEA employs at least one full-time, permanent school psychologist.</p> <p>\$16M (non-recurring) for suicide prevention via the internet. Schools must establish suicide risk protocols.</p> <p>\$5M to allow schools to contract with Gaggle.Net for cyberbullying prevention</p>
<p>Medicaid Coverage for 12 Months Post-Partum (S.B. 530)</p>	<p>Yes</p> <p>\$12,344,000 (recurring) in FY 21-22</p> <p>\$50,816,000 (recurring) in FY 22-23</p> <p>Expires March 31, 2027</p>
<p>Close the Coverage Gap</p> <p><i>Expand Medicaid to North Carolinians</i></p>	<p><i>Not included</i></p>
<p>NC Dental Society</p>	<p>\$200,000 (non-recurring)</p>
<p>Additional Medicaid Innovations Waiver Slots</p>	<p>Yes, 1,000 new slots.</p>
<p>Parents of Children in Foster Care</p>	<p>\$26.1M (recurring)</p> <p><i>\$8.1M in FY 2021-22 and \$18M in FY 22-23</i></p>

<i>Allow parents to maintain Medicaid eligibility when child is temporarily placed into the foster care system</i>	
<i>Early Intervention Provide more access to early intervention services for children 0-3 at risk for developmental delay or with a diagnosed disability</i>	<i>No increase</i>
<i>Increase Private Duty Nursing Rates</i>	<i>Increases the pay rate for private duty nursing services to \$10.75 per 15 minutes for Medicaid beneficiaries, effective October 1, 2021.</i>
<i>Medicaid Redetermination Notice of eligibility when federal Public Health Emergency ends</i>	<i>NC DHHS is directed to notify individuals determined to be ineligible for Medicaid that coverage will be terminated after the month in which the Public Health Emergency ends.</i>

Health - ARPA State Fiscal Recovery Funds

Program	Budget Appropriation
<i>Lead and asbestos remediation Testing and remediation specifically in schools and licensed child care facilities</i>	<i>\$150M for testing and removal of lead and asbestos from public schools and licensed child care facilities. No appropriation for testing/removal in private homes. Requires public schools to test drinking water for lead.</i>
<i>Expansion of telepsychiatry services Additional investments in the NC Statewide Telepsychiatry Program (NC-STeP) to respond to the public health emergency by providing virtual psychiatric assessments and consultations</i>	<i>\$1.5M (non-recurring)</i>
<i>School-based virtual health pilot program Atrium Health school-based virtual care pilot program utilizing telehealth services in Anson and Forsyth counties to address health disparities in areas hard-hit by COVID-19.</i>	<i>\$1M (non-recurring)</i>

Family Economic Security - State Appropriations

Program	Budget Appropriation
<p>Earned Income Tax Credit (EITC) and Child and Dependent Care Tax Credit (CDCTC)</p> <p><i>Reenact refundable state EITC, equal to 5% of the federal EITC, to help 880,000 low-and-moderate income families</i></p> <p><i>Create non-refundable CDCTC to help families pay for child and dependent care expenses</i></p>	<p>No EITC</p> <p>Child Tax Credit</p> <p>For taxpayers who take a standard deduction: Increases the CTC by \$500 for each qualifying child for whom the taxpayer is allowed the federal tax credit.</p> <p><i>This will benefit about 20% of NC families, all at a moderate income level – lowest-income families are left out.</i></p>
<p>Paid Parental Leave for Public School Employees</p> <p><i>Proposed in House Budget: 8 weeks of paid parental leave when an employee gives birth to a child, or 4 weeks of paid parental leave for new parents that did not give birth to their child.</i></p>	<p><i>Not included</i></p>

Child Welfare - State Appropriations

Program	Budget Appropriation
<p>Foster Care Rate Increase</p>	<p>\$8.13M (recurring)</p> <p>Rate increase to:</p> <ul style="list-style-type: none"> • \$514 per child per month for children from birth to 5 • \$654 /child /month for children 6-12. • \$698 /child /month for children 13-20 years old.
<p>SaySo</p> <p><i>Provides funding for Strong Able Youth Speaking Out (SaySo), a statewide organization of youth ages 14-24 who are or have been in the out-of-home care system in NC</i></p>	<p>\$320,000</p> <p>(non-recurring)</p>

Early Childhood Education - State Appropriations

Program	Budget Appropriation
Child Care Subsidy Rate Increase <i>H574</i>	--
NC Pre-K Slot Rate Increase <i>Increase the slot rate reimbursement - 2% increase each year (total of 6% increase)</i>	\$5.2M (recurring)
Child Care Subsidy <i>Reduce the subsidy waiting list</i>	--
Child Care WAGE\$ <i>Expand WAGE\$ statewide – ongoing salary supplement programs for early childhood teachers currently operating in only 58 of NC’s 100 counties</i>	--
Non-recurring grants to local ECE programs <i>Ready for School, Ready for Life (Guilford)</i> <i>Child Development Center (New Hanover)</i> <i>Reach Out and Read (Statewide)</i>	\$2.7M (non-recurring)
Smart Start <i>Expand access statewide to high-quality early childhood education and a continuum of evidence-based services for young children and families</i>	\$20M (recurring) \$10M each year of the biennium

Early Childhood Education - ARPA Child Care Development Funds

Program	Budget Appropriation
Child Care Subsidy <i>Reduce the waitlist and prioritize infants and toddlers</i>	\$206M to \$215M (non-recurring)
Parent Co-Pays for Subsidized Care <i>Cover the cost of parent fees through end of 2021</i>	\$30M (non-recurring)
Early Education Pipeline Development <i>Recruitment and retention strategies to build the early educator pipeline for recovery</i>	\$207.8M (non-recurring)
Child Care WAGE\$ <i>Expand WAGE\$ statewide – ongoing salary supplement programs for early childhood teachers currently operating in only 58 of NC’s 100 counties</i>	--
Modernize Databases & IT <i>Improve user experience and data reporting functions in child care subsidy, NC Pre-K, and child care licensing</i>	\$50M to \$59M (non-recurring)

Early Childhood Education - ARPA State Fiscal Recovery Appropriations

Program	Budget Appropriation
NC Pre-K Start Up Grants <i>Grants to private child care centers for start-up costs and small capital expenditures in counties with low NC Pre-K access</i>	\$20M (non-recurring)