

Summary of Select Provisions

North Carolina Senate Budget

HB 259: 2023 Appropriations Act

The Senate released its proposed budget on May 15, 2023.

Read the full text of the bill [here](#).

NC Child Priorities



Expand Medicaid

Medicaid expansion has already passed both chambers of the General Assembly and been signed into law by the Governor. It will be fully enacted once the state budget passes.



Increase the child care subsidy reimbursement rate

This is not included in the Senate budget. However, a child care subsidy rate increase was passed into law separately as part of [S20](#). That bill maintains the child care subsidy reimbursement rates at the 2018 market rates for 3, 4, and 5 star centers and homes and eventually increases the rates to the 2021 Market Rate Study during the biennium.

The bill also directs the Division of Child Development and Early Education to decouple private tuition payment rates from the subsidized child care market rates for licensed child care centers and homes. This provision will allow providers to receive the full subsidy reimbursement payment for which they are eligible without having to increase what they charge private-paying parents.

The bill allocates \$32M in recurring funds in 2023-2024 and \$43M recurring funding in 2024-2025 to implement the child care subsidy rate reimbursement increases. These changes take effect July 1, 2023.



Create a child care subsidy reimbursement rate statewide floor

This is not included in the Senate budget.



Address children's mental health and prevent child suicide

The Senate budget makes the following investments:

- In Fiscal Year 23-24, \$305.8M recurring to add new school support staff, nurses, counselors, psychologists, social workers) and \$35M nonrecurring for school safety grants, including supporting students in mental health crisis and NC Psychiatrist Access Line (NC-PAL),
- In Fiscal Year 24-25, \$305.8M recurring to add new school support staff, nurses, counselors, psychologists, social workers and \$35M nonrecurring for school safety grants, in part to help support students in mental health crisis, and a YMCA Teen Mental Health grant program, which will receive \$3.75M nonrecurring each year of the biennium for character development and mental health supports,
- Moves funding from Instructional Support Allotment and School Psychologist Allotment to School Health Personnel Allotment, transferring 3,241 school nurse, school counselor, and school social worker positions. This item also provides funding to hire an additional 120 school support personnel positions.



Provide no-cost school lunches

The Senate budget allocates \$6M (\$3M recurring; \$3M nonrecurring) in Fiscal Year 23-24 and \$3M (recurring) in Fiscal Year 24-25 for lunch copays and to offset the copays for students eligible for reduced-price lunches and breakfasts in schools participating in the National School Lunch Program and the School Breakfast Program.

To increase the number of schools participating in the federal Community Eligibility Provision (CEP) pilot program, which allows for free meals for all students in a participating school food authority, the budget allocates \$500K in Fiscal Year 23-24 and \$5.5M in Fiscal Year 24-25. Funds in FY 2023-24 allow DPI to upgrade software and systems to be able to provide the pilot, which will begin in the second year of the biennium.

Additional Appropriations of Interest in the Senate Budget

Smart Start

The budget allocates \$1.5M each year of the biennium for the Dolly Parton Imagination Library program. It also allows Smart Start to charge 10% administrative overhead of their total allocation, up from the previous cap of 8%.

Increased ratios for family child care home

The budget increases the number of children allowed to be enrolled in a family child care home from 8 to a maximum of 10, depending on the age of the children.

Increased developmental day center rate

The budget instructs the Department of Public Instruction to set the funding rate for each eligible student enrolled in a Developmental Day Center up to a maximum of \$1,350 per month. The current rate for all eligible children is a flat rate of \$999 per month.

Primary care providers and psychiatrists loan forgiveness

The budget allocates \$8M per biennium in receipts transferred from the ARPA Temporary Savings Fund for a new forgivable education loan program for medical students who go on to practice primary care medicine or psychiatry in eligible counties.