



ACEC

Legislative Report May 16, 2025

On Thursday, House budget chairs from committees overseeing major subject areas—such as Justice and Public Safety, Education, and Health and Human Services—presented their respective provisions and considered member amendments. The full House is expected to vote on the \$66 billion budget proposal next week, with final passage anticipated on Thursday. Afterward, a conference committee will be appointed to reconcile differences between the House and Senate spending plans.

Meanwhile, Senate committees held confirmation hearings for several of Governor Josh Stein’s cabinet appointments. Leslie Cooley Dismukes, nominee for Secretary of the Department of Adult Correction and the final of the Governor’s eleven cabinet picks, appeared before the Senate Judiciary Committee on Wednesday for the first in a series of confirmation hearings.

Both chambers adjourned Thursday and will reconvene Monday, May 19, 2025.

A full list of special provisions and money report “snappys” will be included in next week’s update following the release of the complete House budget Monday night.

Key House Budget Highlights

UNC System & Higher Education

- **Tuition Increases:** In-state tuition could rise 2–3% for the first time in nearly a decade. Out-of-state NC Promise tuition rises to \$3,500.
- **\$130M in Cuts:** Reductions target the UNC System Office, Institutional Programs, and Project Kitty Hawk.
- **Efficiency Push:** Encourages campuses to reevaluate programs amid projected enrollment declines.

K-12 Education

- **Moderate Cuts:** Avoids some reductions proposed by the Senate (e.g., AP testing).
- **New Funding:**
 - \$10M for special education
 - \$10M for middle school reading training
 - \$500K to study HVAC systems in Wake County
- **Policy Changes:**
 - Arts education required in elementary schools
 - Online salary posting for central office staff
 - Lunch debt cannot prevent students from receiving meals
- **Notable Cuts:** Plasma Games grant eliminated; feminine hygiene product funding made permanent.

Health & Human Services

- **Vacant Position Cuts:** \$10M/year to be saved by eliminating DHHS vacancies (excluding key divisions).

- **Program Eliminations:**
 - GLP-1 drug coverage under Medicaid ends (saves \$28M over two years)
 - Office of Health Equity shut down
 - Jail-based opioid treatment grants discontinued

Justice & Public Safety

- **Vacancy Reductions:** Cuts over 400 vacant correctional officer roles and nearly 100 healthcare staff.
- **Investments:**
 - \$50M for school safety grants
 - \$3.5M for prison body scanners
 - \$4M+ for law enforcement body cameras
 - \$1.25M for inmate education pilot
 - \$5M for solitary confinement monitoring

Transportation

- **DMV Overhaul:**
 - 85 new license examiners
 - \$11M+ for new offices in Brunswick, Cabarrus, and Wake Counties
 - Pilot programs to explore privatization and at-home license renewals
- **DOT Cuts:** Over \$5M in vacant position reductions

State Government & Elections

- **Office Closures:** Eliminates the Office for Historically Underutilized Businesses
- **Board of Elections Changes:**
 - Adds 7 politically appointed positions
 - \$2M relocation to Albemarle Building
 - Permits hiring of private attorneys
- **Auditor's Office:** Adds 5 new positions at \$750K

Fiscal Outlook

House leaders emphasize that the proposal delivers stronger raises for state employees and teachers than the Senate plan, while navigating a tightening economic environment and potential federal Medicaid cuts. Final negotiations with the Senate are expected to begin once the House plan is approved.

BILL STATUS UPDATES

House Bill 74, House Budget Technical Corrections, was passed on 3rd reading by the full House and signed by the Governor. **Ch. SL 2025-4**

Senate Bill 257, 2025 Appropriations Act, was referred to the House Rules Committee with serial referrals to the House Finance Committee, House Appropriations Committee and the House Pensions and Retirement Committee.

For more information about legislation described in the legislative reports, feel free to contact us at chorton@maynardnexsen.com, dferrell@maynardnexsen.com, criemer@maynardnexsen.com or at (919) 573-7421. Information is also available on the General Assembly's website: www.ncleg.gov.

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