

NORTH CAROLINA BUDGET REPORT 2023-25



April 2024

2023-2025 North Carolina Budget Report

Locking in more tax cuts for the wealthy at the expense of everyday North Carolinians.

By Suzy Khachaturyan, Senior Policy Advocate; Alexandra Forter Sirota, Executive Director; Logan Rockefeller Harris, Research Manager; and Sally Hodges-Copple, Public Policy Advocate

Budget and tax decisions are how we come together as North Carolinians — Black, brown, and white, in every county across the state — to fund the public services that all of us rely on. We deserve equitable tax policies that generate enough state revenue to fund excellent public schools, safe roads, beautiful state parks, robust social services, and more in our communities.

Instead, the final 2023-2025 state budget, which became law on Oct. 3, 2023, was developed behind closed doors by Senate President Phil Berger and House Speaker Tim Moore continues the project that began in 2013 to eliminate income taxes in North Carolina.

The two-year spending plan — which allocates \$29.7 billion in the first year of the biennium and \$30.8 billion in the second year — will leave North Carolina on weaker footing for years to come because of shortsighted decisions.

1. Personal income tax cuts that are estimated to cost \$13 billion, threatening the future of public services

First, the budget moves up already scheduled personal income tax reductions and adds further cuts that will go into place if arbitrary revenue thresholds are met in the prior year. This irresponsible plan will decimate the state's ability to generate funds to pay for what North Carolinians rely on — public schools, parks, roads, clean water, and more — all but guaranteeing that major budget cuts, future tax increases, and/or revenue raising through gambling will be on the table in the coming years.

2. Increased spending compared with recent state budgets but still nearly \$6 billion short of historic funding as a share of the economy

Second, the budget continues to underinvest in public schools while rapidly expanding funding for private school vouchers, which siphons funding away from public schools. The budget flies in the face of the Leandro comprehensive remedial plan¹ as well as the needs of parents, students, teachers, and other school personnel who continue to operate without adequate staffing, pay, classroom resources, and more. Moreover, it fails to budget critical state dollars to bolster the early childhood education system that ensures children are prepared for lifelong education and that working families have quality care for their children.

View the 2023-2025 budget documents

Here are links where you can access the [budget bill](#) and the [conference report](#). You also can see how members of the [NC Senate](#) and [NC House of Representatives](#) voted for this conference budget.

1 Kris Nordstrom, "Putting moneyed interests over people," NC Newsline, September 26, 2023, <https://ncnewsline.com/2023/09/26/putting-moneyed-interests-over-people/>.

3. Budget that was passed by the legislature less than 48 hours after it was made publicly available

The 2023-2025 budget continues a trend from recent years where legislative leaders introduce and enact the single largest piece of legislation in any given year during the course of one week. This rapid pace has the effect of stifling transparency, since many lawmakers, let alone members of the public, do not yet have a comprehensive picture of the policies and funding levels contained in the budget.

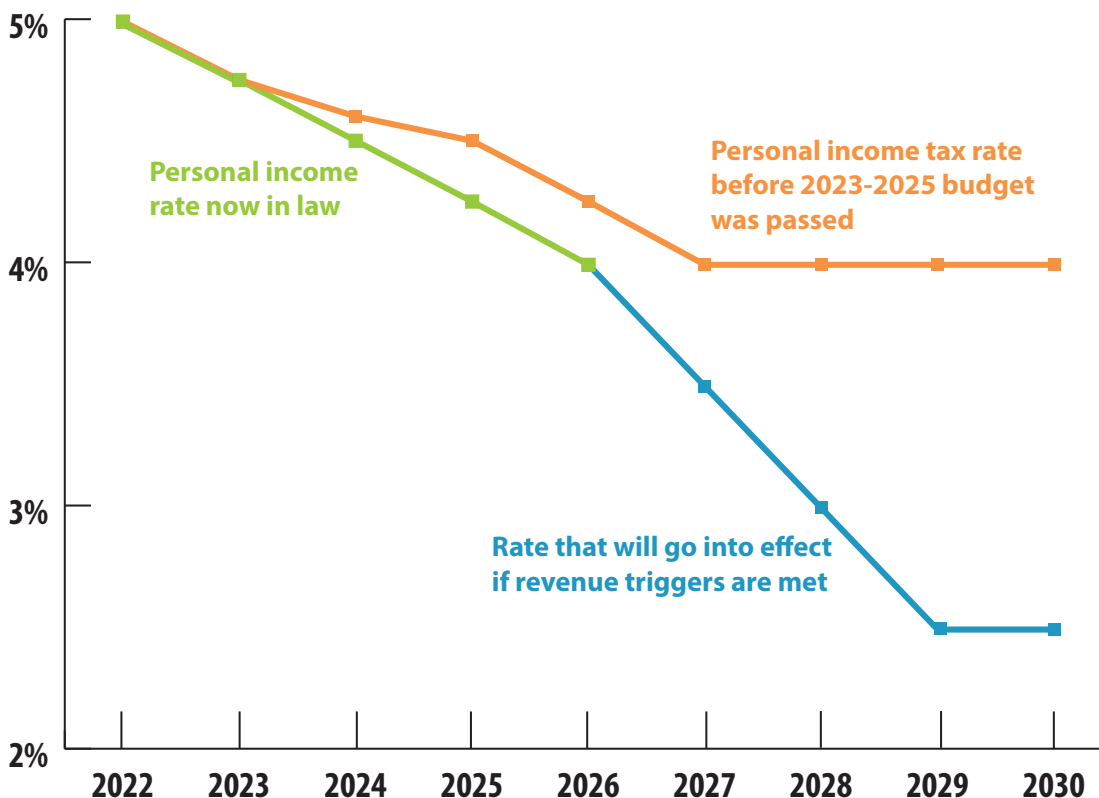
Additionally, when legislative leaders finally approved the long-overdue expansion of Medicaid to more than 600,000 North Carolinians earlier in the 2023 legislative session, they tied its implementation to the passage of a final budget. This cruel and unnecessary choice enabled a host of bad policies to become law, including changes that further erode government transparency and investment decisions through a final budget that primarily advances the interests of the wealthy few over the interests of everyday North Carolinians.

More personal income tax cuts continue to rig the rules so the richest North Carolinians don't pay what they owe

The 2023-2025 budget adopted the tax plan proposed by the Senate, which will deepen personal income tax cuts over the next decade. These cuts will harm North Carolina's ability to generate revenue to pay for public goods and services for decades to come unless they are reversed.

Figure 1: Budget deepened income tax cuts that will slash funding for public services in our state

Scheduled personal income tax rates in North Carolina



Source: Session Law 2023-134 (2023 Appropriations Act)

Tax changes accelerated personal income rate cuts and adopted 'tax trigger' scheme

The tax changes sped up already scheduled cuts and will lower the personal income tax rate from 4.75 percent in 2023 to 3.99 percent in tax year 2026. The tax rate will then fall to 2.49 percent by 2029 if certain "tax triggers" are met. Championed by those who are willing to pursue shifts in the tax code that ask more from those with lower incomes, so called "tax triggers" are criteria that must be met to cause a lowering of the tax rate to a predetermined level depending on the year. Figure 1 shows how the personal income tax rates put into law in the 2023-2025 budget compare with those in place before the law's passage.

If carried out, this tax plan will devastate North Carolina's already-starved public systems for generations to come. Analysis of the impact of reducing the personal income tax rate to 2.49 percent shows it's sure to lead to deeper budget cuts across all areas of the budget in order to meet requirements for a balanced budget.²

Tax triggers are no substitute for responsible budgeting

Tax triggers (also referred to as revenue triggers) are an increasingly common — but fundamentally irresponsible — way for states to make tax cuts. These policies lead to automatic tax rate cuts in the future if specific benchmarks are met. Most often, as in the 2023-2025 state budget, the benchmarks are tied to revenue levels or growth rates. Triggers always work in one direction — to lower taxes — and they put tax cuts for the wealthy on autopilot instead of basing policy decisions on the actual conditions in any given year.

Major problems with tax triggers in general include:

1. Tax triggers allow policymakers to claim credit for tax cuts without being accountable to the people. Sound budgeting is based on actual revenue and spending requirements based on current conditions and community needs. Tax triggers are political tools that let lawmakers make changes that will affect revenue into the future — including when they are no longer in office — without showing the public how these changes will affect spending or other tax decisions once the tax cuts are implemented.³

2. Tax triggers are based on incomplete spending and revenue projection data. The tax triggers now in effect in North Carolina will impact personal income tax rates five years from now. But our state doesn't project spending requirements over this same time period, so policymakers in North Carolina don't have information about the cost of maintaining or expanding current service levels for the range of public programs that our government provides.⁴ Income tax cuts scheduled into the future are particularly problematic because they commit future policymakers to tax changes regardless of what the future brings — whether it's a public health crisis, a recession, or a new opportunity to build infrastructure that would support growth without displacement.

3. North Carolina's legislative leaders have already slashed state revenue through a decade of tax cuts, so tax triggers are based on a diminished baseline. Our state isn't collecting the revenue we need to meet documented requirement *now*. After a decade of reductions to state revenue, 2023-2024 spending is \$5.7 billion below historic spending levels as a share of the economy. Triggers that lead to tax cuts based on modest growth from this baseline will prevent our state from getting funding that we already know we need for basic services like our public schools.

2 Alexandra Forter Sirota, "Senate tax plan would create a revenue gap in NC," NC Budget & Tax Center, June 12, 2023, <https://ncbudget.org/senate-tax-plan-would-create-a-revenue-gap-in-nc/>.

3 Wesley Tharpe, "Growing Trend to Phase in or Trigger State Tax Cuts Is Irresponsible, Skirts Accountability," Off the Charts (Center on Budget and Policy Priorities, March 8, 2023), <https://www.cbpp.org/blog/growing-trend-to-phase-in-or-trigger-state-tax-cuts-is-irresponsible-skirts-accountability>.

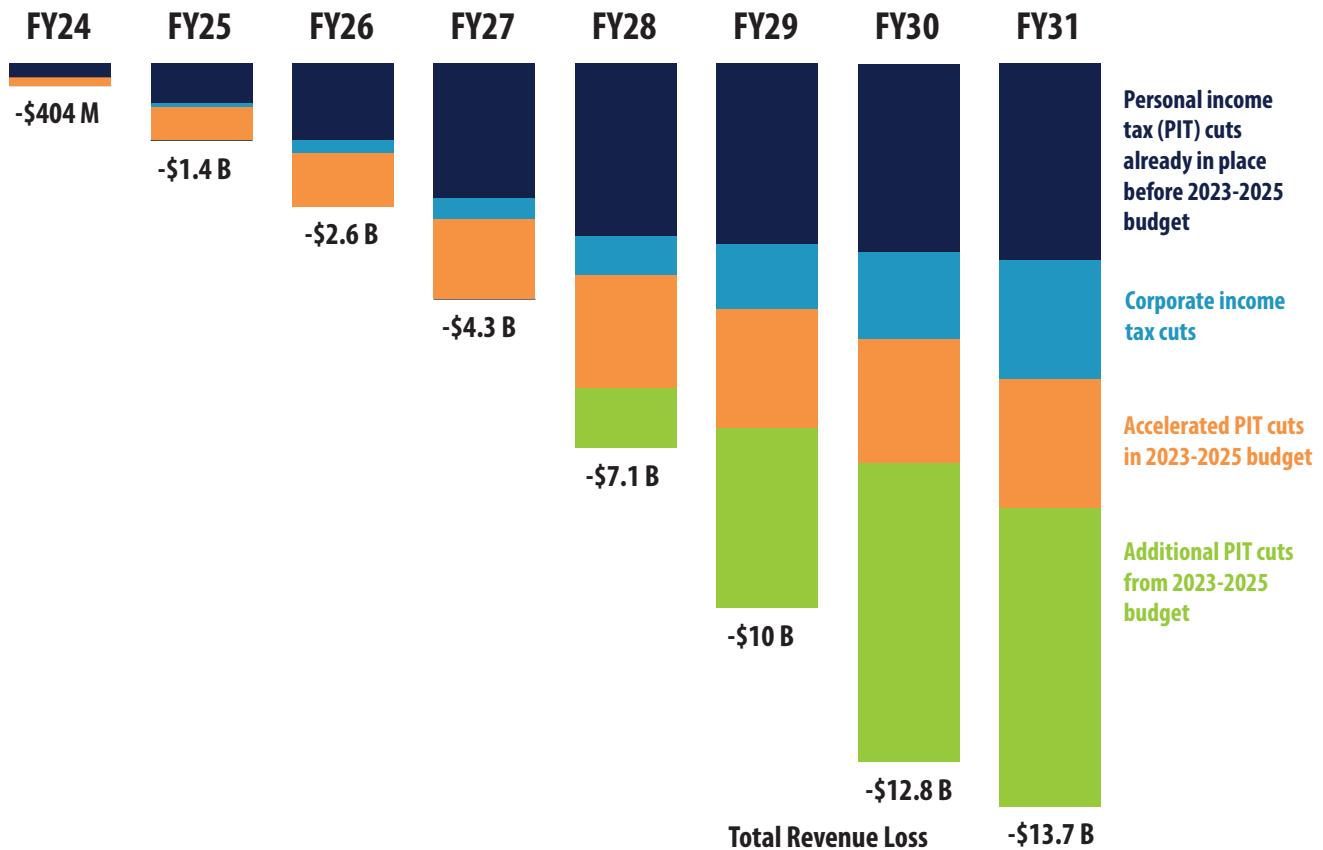
4 Michael Mazerov and Marlana Wallace, "Revenue Triggers for State Tax Cuts Provide Illusion of Fiscal Responsibility" (Center on Budget and Policy Priorities, February 6, 2017), <https://www.cbpp.org/research/revenue-triggers-for-state-tax-cuts-provide-illusion-of-fiscal-responsibility>.

North Carolina stands to lose over \$13 billion dollars in revenue from tax cuts

Together with the General Assembly's move to eliminate the corporate income tax by 2030 — a policy passed in the 2021-2023 budget — the personal income tax cuts in the 2023-2025 budget will severely reduce the revenue available to meet North Carolina's needs. The state's Fiscal Research Division and Office of Budget and Management have estimated that, compared to tax rates in 2023, these cuts will result in more than \$8 billion less in revenue each year, and over \$13 billion less if all personal income tax triggers are met. For perspective, that \$13 billion is about two-fifths of the state's total revenue for fiscal year 2024.⁵ That's billions less each year to spend on public schools, roads, public parks, and affordable housing that we all benefit from.

Figure 2: Tax cuts in the NC state budget will mean a loss of over \$13 billion in annual revenue by 2031

Estimated revenue loss in billions of dollars from scheduled cuts to the state personal income tax (PIT) and corporate income tax (CIT) rates in North Carolina, by fiscal year (FY)



* NCGA Fiscal Research Division provided a range for the estimated revenue loss from PIT cuts triggered by revenue thresholds. This chart shows the low estimate. Under the high estimate, total revenue loss in FY31 would be \$15.3 billion.

Source: NCGA Fiscal Research Division

5 Mebane Rash, "Scale of Tax Cuts + Underinvestment in Public Education + Expansion of School Choice = a State of Emergency," EducationNC, July 21, 2023, <https://www.ednc.org/scale-of-tax-cuts-underinvestment-in-public-education-expansion-of-school-choice-a-state-of-emergency/>.

Personal income tax cuts will overwhelmingly benefit the richest North Carolinians

Personal income tax cuts in the 2023-2025 budget continue to prioritize the interests of the wealthiest North Carolinians over the majority of people in our state.

The state personal income tax was already a flat tax with a low rate, and ongoing rate reductions have given the richest households the greatest share of financial gain. If we look at the effect of going to a 2.49 percent tax rate compared to the rate in 2023 (4.75 percent), two-thirds of the money from the cut will flow to the richest North Carolina households — those with incomes averaging \$282,000.⁶ Meanwhile, 1 in 5 North Carolina households will receive nothing, even though they likely pay a greater portion of their income in state and local taxes than the richest people in the state. This is because North Carolinians with low incomes who will see no gain from the income tax cuts pay a bigger share of their income in sales taxes than rich households pay.⁷

Slashing the personal income tax rate also exacerbates racial inequality. Based on 2023 income levels, dropping the rate from 4.75 to 2.49 percent would give white households 76 percent of the financial gains, even though white households make up only 64 percent of tax filers in our state. Black households make up 23 percent of filers but would receive only 14 percent of the total tax cuts. Latine households make up 7 percent of tax filers and would see just 4 percent of the tax cut.⁸

An example shows how cutting the income tax rate from 4.75 percent (the rate in 2023) to 2.49 percent will affect regular working people compared to millionaires. Consider two single parents with one child in 2023:

- The first person has an annual income of \$1 million. They would receive a \$14,700 tax cut a year, or over \$280 each week.
- The second person is a new third-grade public school teacher paid a starting salary of \$37,000. They would get a tax cut of about \$230 a year, or \$4.44 each week. This teacher is likely to spend more than twice this much — at least \$500 — of their own money on classroom supplies as state funding for supplies has plummeted.⁹
- Meanwhile, a single early childhood educator with two young children earning \$25,000 — the median pay in the field — would receive no tax cut at all.

Table 1: Revenue triggers for personal income tax reductions in the 2023-2025 budget

Fiscal Year	Revenue trigger for tax cut in following year
2026	\$33,042,000,000
2027	\$34,100,000,000
2028	\$34,760,000,000
2029	\$35,750,000,000
2030	\$36,510,000,000
2031	\$38,000,000,000
2032	\$38,500,000,000
2033	\$39,000,000,000

Source: Session Law 2023-134 (2023 Appropriations Act)

Tax triggers allow policymakers to avoid their responsibility to budget for the people's needs

As discussed above, the budget uses a complicated “tax trigger” scheme of revenue thresholds that will automatically make deeper personal income tax cuts starting in 2027. If these thresholds are met, the personal income tax rate will decrease by half a percent each year until it reaches 2.49 percent. For example, if total General Fund revenue in fiscal year 2026 reaches \$33.042 billion, the rate will drop from 3.99 percent in tax year 2026 to 3.49 percent in tax

6 Alexandra Forter Sirota, “Tax Changes in NC Senate Budget Plan Benefit Richest, Worsen Racial Inequities,” NC Budget & Tax Center (blog), May 24, 2023, <https://ncbudget.org/tax-changes-in-nc-senate-budget-plan-benefit-richest-worsen-racial-inequities/> (blog)

7 “North Carolina: Who Pays? 7th Edition,” Who Pays? (Institute on Taxation and Economic Policy, January 9, 2024), <https://itep.org/north-carolina-who-pays-7th-edition/>.

8 Sirota, “Tax Changes in NC Senate Budget Plan Benefit Richest, Worsen Racial Inequities.”

9 Samantha Kummerer, “Teachers Continue to Spend Own Money on Supplies as State Funding Half of What It Once Was,” ABC11 Raleigh-Durham, August 25, 2023, sec. education, <https://abc11.com/nc-teachers-pay-out-of-pocket-school-supplies-state-funds-cut/13700190/>.

year 2027. The arbitrary revenue thresholds that are now law have no connection to the projected costs of delivering current services, let alone meeting the future needs of North Carolinians.

The initial revenue threshold for fiscal year 2026, which will lead to a cut in the 2027 personal income tax rate, was already met in the fiscal year that ended in June 2023. (General Fund revenue in Fiscal Year 2023 was \$33.535 billion.¹⁰) Given this, the state's Fiscal Research Division assumes that the revenue threshold will be met to trigger a deeper rate cut in 2027.

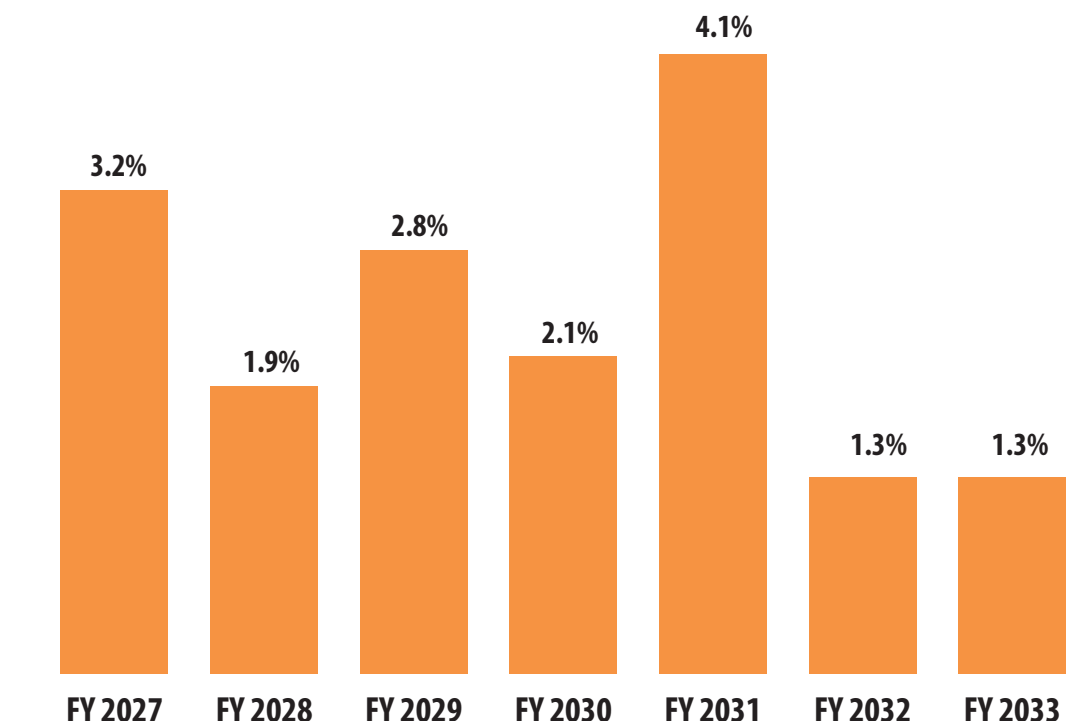
Lawmakers provided no explanation of the revenue thresholds they selected, but they appear to be set purposefully low enough to trigger further cuts. As Figure 3 shows, the thresholds' growth over time follows no clear pattern. The lawmakers who wrote the budget behind closed doors provided no information about how the revenue thresholds were chosen, and the extremely rushed voting process allowed no time for discussion and debate of this issue.

The threshold with the greatest year-over-year change is between fiscal years 2030 and 2031, which lines up with the elimination of the corporate income tax in tax year 2030.

This indicates that policymakers included some consideration of the combined impact of personal and corporate income tax cuts on state revenue. The elimination of the corporate income tax will cost North Carolina over \$2 billion in public funds in fiscal year 2031 compared to the 2023 rate and will primarily benefit out-of-state corporations and their shareholders.¹¹

Figure 3: The year-over-year growth rates in revenue thresholds for deeper tax cuts in NC state budget appear arbitrary

Annual percent change in revenue thresholds that will trigger personal income tax rate cuts based on policy in 2023-2025 state budget



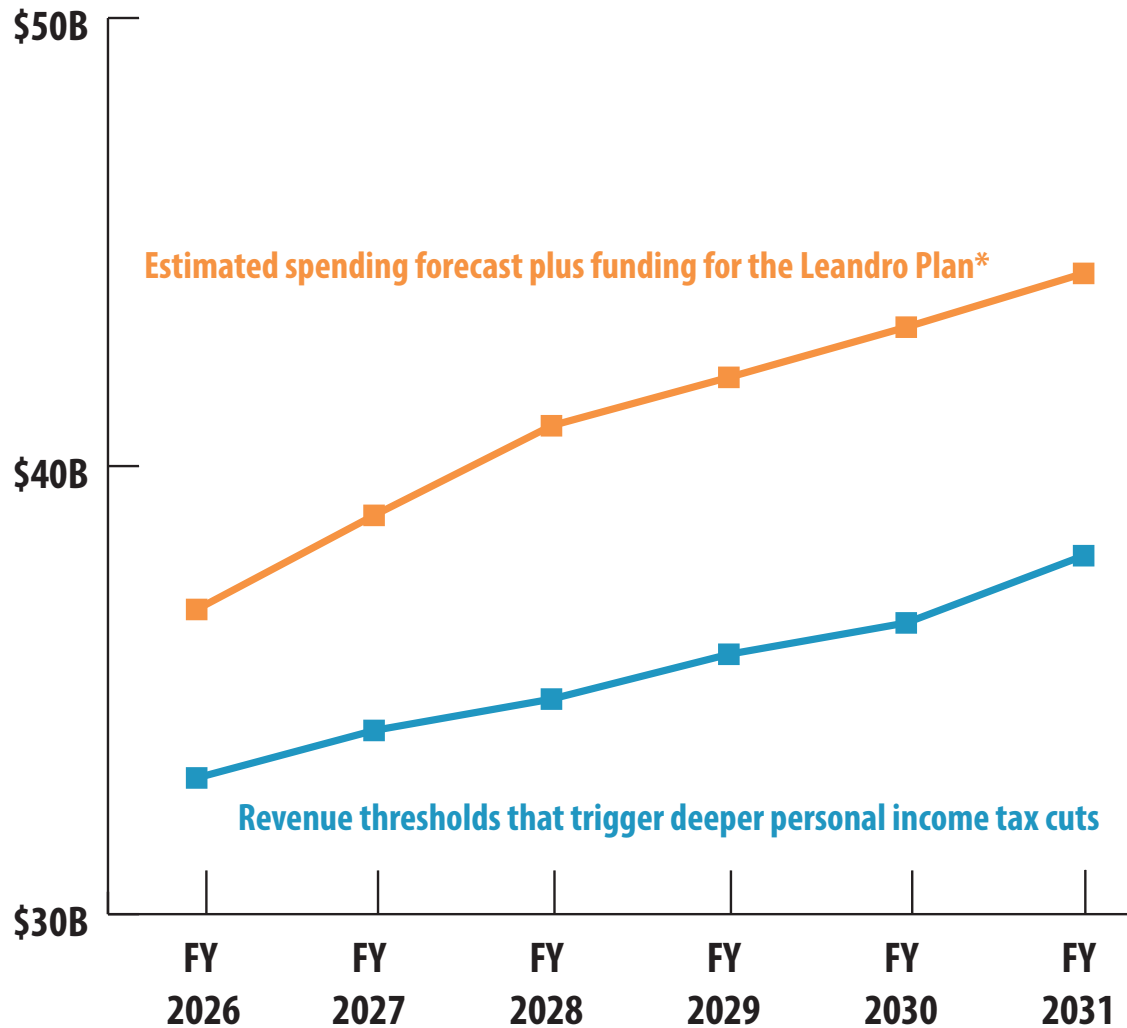
Source: Session Law 2023-134 (2023 Appropriations Act)

10 "General Fund Monthly Financial Report: June 2023" (Raleigh, NC: State of North Carolina Office of the State Controller, August 2023), <https://www.osc.nc.gov/june-2023-general-fund-monthly-report/open>.

11 "North Carolina Should Keep the Income Tax on Corporate Profits" (NC Budget & Tax Center, April 4, 2024), <https://ncbudget.org/citfactsheet/>.

Figure 4: Revenue thresholds that trigger tax cuts in the final budget fall below spending needs

Revenue thresholds for personal income tax cut in the 2023 Appropriations Act, along with estimated spending forecasts



* As the NC Supreme Court ruled in November 2022, the Leandro Plan sets forth the additional new programs, policy changes, and investments necessary to meet every student's constitutional right to a sound basic education by the 2027-2028 school year. These estimates include funding for teacher raises, which were recommended in the plan but without dollar estimates.

Sources: NC Fiscal Research Division, Session Law 2023-134 (2023 Appropriations Act), NC Justice Center Education and Law Project

Triggers are below the revenue we need for North Carolinians to thrive

Ultimately, revenue triggers that will lead to tax cuts years into the future are a poor substitute for a budgeting process that fully assesses the current context and needs in our state. Projecting revenue and spending into the future is a difficult task. This is one of the reasons why policymakers are responsible for balancing the budget in two-year increments. These triggers are set to cut taxes a decade into the future without accounting for the rising costs of delivering public goods and services or assessing needs based on circumstances we can't predict — such as a global pandemic. But as Figure 4 shows, the revenue thresholds fall significantly below expenditure forecasts that are available.

Spending continues to fall short of state needs, holds spending low, aligned with arbitrary spending cap

This year's spending totals were decided at the outset of the budget process by House and Senate leaders¹² and created artificial constraints to budgeting that leave many unmet needs. These spending totals reflect what's left after tax cuts are provided to the wealthy and corporations and are not the product of a comprehensive assessment of what North Carolina communities and families actually need.

The 2023-2025 budget would spend \$29.7 billion in the first year of the two-year biennium, or 4.9 percent of spending as a share of the economy. The budget would fall short by \$5.6 billion, compared to the 50-year spending average as a share of the economy, which is 5.8 percent.

The second year of the two-year budget outlines a spending total of \$30.8 billion, representing 5 percent of the state's economy, which falls \$4.3 billion below the 50-year spending average. However, the second year of the biennium is subject to changes in this year's "short" legislative session, when lawmakers revisit their proposed spending for year two of the budget, which often leads to changes in spending decisions.

These budget totals mark an increase in state spending as compared to the prior three fiscal years when spending was historically low compared to the size of the state's economy; however, they align with the first three years of the COVID-19 pandemic when an influx of federal funding arrived to help meet the needs of our underfunded state.

Funding for Opportunity Scholarships is another way the budget prioritizes the wealthy over the public good

The Opportunity Scholarship program was created by the NCGA in 2013 with an initial appropriation of \$10 million.¹³ It was established as a program for low-income families currently attending public schools, providing vouchers toward tuition and fees at private K-12 schools.

Last year, the legislature made the program universal by expanding eligibility to families of any income level and any school enrollment history – including millionaires whose children never attended public school.

To fund this expansion, the budget increased taxpayer dollars for the program to \$176.5 million in 2023-24, up from \$94 million in 2022-23. The program is expected to cost \$500 million annually by 2032.¹⁴

Every state dollar for private schools is a dollar that doesn't support North Carolina's underfunded public system. Of all 50 states, North Carolina ranks 4th-lowest for per-pupil spending and second to last in its effort to fund public education, relative to the state's wealth.¹⁵

The private schools receiving our public money aren't subject to the same rules as public schools, such as requirements to provide meals and transportation. They can also discriminate against students based on sexual orientation or religion, and they don't have to accommodate students with disabilities.¹⁶

NCGA leaders have already signaled plans to put more funds toward the Opportunity Scholarship Program when revising the 2024-25 budget, specifically to pay for vouchers for the state's richest families. Early estimates indicate this could cost as much as \$300 million.

12 "North Carolina General Assembly leaders reach agreement on overall budget spend," Speaker Moore WordPress, March 8, 2023, <https://speakermore.com/north-carolina-general-assembly-leaders-reach-agreement-overall-budget-spend/>.

13 "6 recommendations to bring accountability and transparency to North Carolina's school voucher program," Public School Forum of North Carolina, August 29, 2023, <https://www.ncforum.org/2023/6-recommendations-to-bring-accountability-and-transparency-to-north-carolinas-school-voucher-program/>.

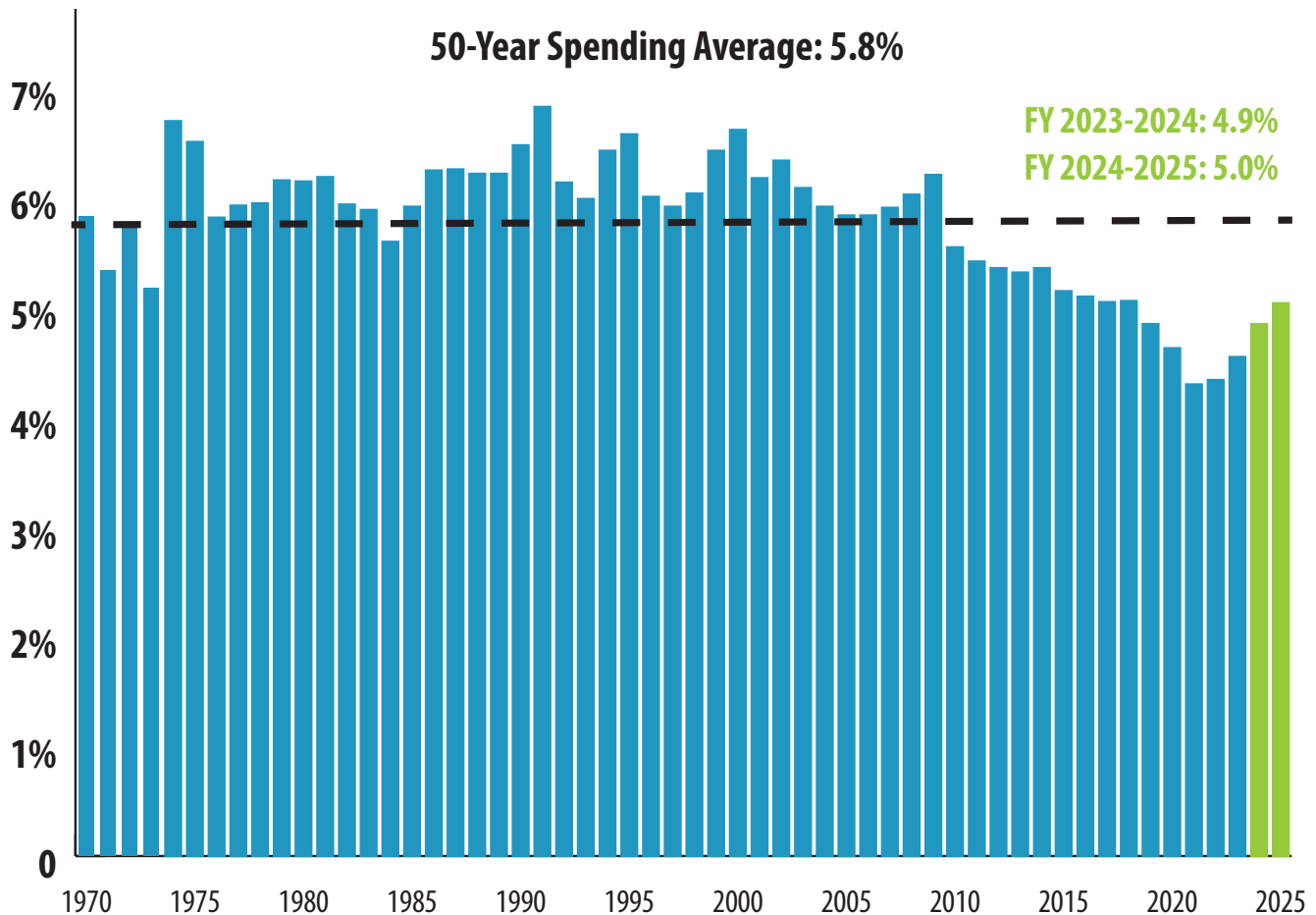
14 "6 recommendations to bring accountability and transparency to North Carolina's school voucher program," Public School Forum of North Carolina, August 29, 2023, <https://www.ncforum.org/2023/6-recommendations-to-bring-accountability-and-transparency-to-north-carolinas-school-voucher-program/>.

15 "Making the Grade 2023," Education Law Center, n.d., <https://edlawcenter.org/research/making-the-grade-2023/>.

16 "School vouchers in North Carolina," Public School Forum of North Carolina, n.d., <https://www.ncforum.org/vouchers/>.

Figure 5: Legislative leaders hold spending low in 2023-2025 NC budget, aligned with arbitrary

NC General Fund spending as a share of the state's economy



Source: NC Budget & Tax Center analysis of 2023 Session Conference Committee Substitute of House Bill 259 and prior enacted budgets, U.S. Bureau of Economic Analysis

Transfers a whopping \$5.8 billion to more than a dozen reserve funds

Instead of allocating taxpayer dollars to today's needs in a clear and transparent way in the budget documents, legislative leaders have once again chosen to divert funds to a slew of reserve funds. Totaling approximately \$5.8 billion in the first year of this biennium, this level of investment through reserves represents a substantial increase over last year's approximately \$4 billion transfer to reserves for FY 2022-23.¹⁷

Of note, many of the funds from these transfers are almost immediately allocated in the budget. The difference is that spending from reserve accounts (the Savings Reserve being the major exception as its uses are outlined in the State Budget Act) are not met with the same transparency and accountability as appropriation line items.

¹⁷ Suzy Khachaturyan, Patrick McHugh, Alexandra Forter Sirota, Logan Rockefeller Harris, "Missing the mark for North Carolina: 2022-23 state budget fails to address the many effects of inflation," NC Budget & Tax Center, September 27, 2022, <https://ncbudget.org/missing-the-mark-for-north-carolina-2022-23-state-budget-fails-to-address-the-many-effects-of-inflation/>.

Table 2: How does the NC General Assembly pay for the FY 2023-24 budget?

Summary of net General Fund availability

Prior Year-End Fund Balance	
Revised FY 2022-2023 Over-collections	\$3,025,504,013
Actual & Anticipated Reversions	\$1,021,600,829
Unappropriated balance from prior fiscal year	\$818,331,123
Technical Adjustment, Unfunded Liability Solvency Reserve	\$10,000,000
2022 Budget Technical Corrections	-\$26,207,523
Statutory Transfers to Reserves	
State Capital and Infrastructure Fund (SCIF) (statutory reservation)	-\$1,412,592,500
Total Changes to Beginning Balance & Statutory Transfers	\$3,436,635,942
Revenue Forecast	
Tax Revenue	\$32,115,800,000
Non-Tax Revenue	\$1,723,100,000
Adjustments to Revenue & Availability	
Adjustments to Tax Revenue	-\$193,077,000
Adjustments to Non-Tax Revenue	-\$3,379,984
S.L. 2023-7, Access to Healthcare Options	\$79,775,000
S.L. 2023-42, Sport Wagering/Horse Racing Wagering	\$8,500,000
S.L. 2023-93, Treasury Administrative Changes Act	-\$5,056,718
Total Revenue and Adjustments to Revenue & Availability	\$33,725,661,298
Additional Transfers to Reserves	
Regional Economic Development Reserve	-\$1,250,000,000
Additional Transfer to SCIF	-\$1,050,000,000
Clean Water and Drinking Water Reserve	-\$1,000,000,000
Economic Development Project Reserve	-\$630,000,000
Information Technology Reserve	-\$450,000,000
Transportation Reserve	-\$450,000,000
Medicaid Contingency Reserve	-\$400,000,000
NCInnovation Reserve	-\$250,000,000
Retiree Supplement Reserve	-145,600,000
State Emergency Response and Disaster Relief Fund	-\$75,000,000
Federal Infrastructure Match Reserve	-\$50,000,000
Housing Reserve	-\$45,000,000
Technical Adjustment, Unfunded Liability Solvency Reserve	-\$10,000,000
Medicaid Transformation Reserve	-\$5,000,000
Savings Reserve	\$0
Total Additional Transfers to Reserves	-\$5,810,600,000
Revised Total General Fund Availability	\$31,351,697,240
General Fund Net Appropriation	
H.B. 259, 2023 Appropriations Act	-\$29,707,123,024
S.L. 2023-14, Care for Women, Children, and Families Act	-\$80,136,285
Unappropriated Balance Remaining	\$1,564,437,931

Source: Session Law 2023-134 (2023 Appropriations Act)

In FY 2023-24, the State Capital and Infrastructure Fund (SCIF) received a statutory allocation of approximately \$1.4 billion and an additional discretionary sum of \$1.05 billion, totaling \$2.5 billion in the first year of the biennium. Compared to the previous year's \$3.2 billion,¹⁸ and the prior year's \$3.6 billion for the SCIF alone,¹⁹ three years of data seem to show lawmakers starting to usher in reserve funds with more specific purposes.

Medicaid expansion after decade of opposition by NCGA leaders

Medicaid expansion became a state option after the passage of the federal Affordable Care Act, allowing states to provide affordable, quality medical insurance to eligible adults ages 19 to 64 beginning in 2014.

After nearly a decade of rejecting the state option to expand Medicaid eligibility, even passing legislation in 2013 preventing the state from adopting Medicaid expansion,²⁰ North Carolina's legislative leaders enacted a bill in March 2023 that would implement Medicaid expansion after the enactment of that year's state budget.

Following months of closed-door negotiations — and at one point tying expansion to the expansion of gambling in the budget— North Carolina joined 39 other states and the District of Columbia in Medicaid expansion with the passage of the state budget on September 22, 2023.²¹

Medicaid expansion in North Carolina launched on Dec. 1, 2023, and to date has enrolled approximately two-thirds of the 600,000 people expected to enroll over the next two years.²²

Budget passage abandons democratic processes and transparency in favor of consolidated power

The hurried process for introducing and passing the final 2023-2025 budget aligns with the process for the House and Senate's proposed budgets. That is, making the contents of the more than 1,400-page documents understood to fellow lawmakers and the public was not among the priorities for legislative leaders. A near-final draft version of the budget was leaked by an unnamed source to the media two days before the final version was posted online.

All told, the contents of the final budget were made public less than 24 hours before the initial voting took place, and the final votes of approval were made less than 48 hours after the documents were made public.

House and Senate rules, adopted each session, dictate the process for "conference reports," where members of the House and Senate are appointed to serve on the "conference committee" and come to agreement based on the House and Senate versions of the budget. While conference reports cannot be amended and can only be sent to a vote by the House and Senate chambers, there is nothing in the House and Senate rules that prevents information about the contents of the conference report being shared to the public before a vote.

18 Suzy Khachatryan, Patrick McHugh, Alexandra Forter Sirota, Logan Rockefeller Harris, "Missing the mark for North Carolina: 2022-23 state budget fails to address the many effects of inflation," NC Budget & Tax Center, September 27, 2022, <https://ncbudget.org/missing-the-mark-for-north-carolina-2022-23-state-budget-fails-to-address-the-many-effects-of-inflation/>.

19 Suzy Khachatryan and Alexandra Sirota, "A budget that leaves NC worse off: NCGA chooses more tax cuts for the wealthy despite a once-in-a-generation opportunity," NC Budget & Tax Center, April 2022, <https://ncbudget.org/wp-content/uploads/2022/04/budget-report-2022.pdf>.

20 No N.C. Exchange/No Medicaid Expansion, North Carolina Session Law 2013-5 (2013), <https://www.ncleg.gov/enactedlegislation/sessionlaws/html/2013-2014/sl2013-5.html>

21 "Status of state Medicaid expansion decisions: interactive map," KFF, April 8, 2024, <https://www.kff.org/affordable-care-act/issue-brief/status-of-state-medicaid-expansion-decisions-interactive-map/>

22 "Governor Cooper announces over 400,000 North Carolinians have enrolled to receive lifesaving health care under Medicaid expansion," NC Governor Roy Cooper webpage, April 1, 2024, <https://governor.nc.gov/news/press-releases/2024/04/01/governor-cooper-announces-over-400000-north-carolinians-have-enrolled-receive-lifesaving-health-care>.

In addition to the spending decisions reflected in the conference report, the budget includes many harmful policy changes, including changes to public record laws that will give lawmakers discretion as to what information to share²³ and more shifts of power to the General Assembly.

Given the process for both the Senate and House budgets – no public input process, rushed legislative committee meetings, little time for lawmakers to read the contents before voting, and other poor legislative practices – the process for the conference budget continues the anti-democratic trends that this General Assembly has championed.

Table 3: Timeline for the 2023 NC Final Budget Process

Bill Action	Date and approximate time
1. General Assembly press conference	Tuesday, Sept. 19, 7:15 p.m.
2. Budget added to House calendar	Wednesday, Sept. 20, 2:30 p.m.
3. Budget added to Senate calendar	Wednesday, Sept. 20, 3:30 p.m.
4. Public release of the final budget	Wednesday, Sept. 20, 4 p.m.
5. House vote on second reading	Thursday, Sept. 21, 2 p.m. (debate began at 10 a.m.)
6. Senate vote on second reading	Thursday, Sept. 21, 5:30 p.m. (debate began at 2 p.m.)
7. House vote on third/final reading	Friday, Sept. 22, 12:30 a.m.
8. Senate vote on third/final reading	Friday, Sept. 22, 10 a.m.

Source: NC Budget & Tax Center analysis of General Assembly calendar

Conclusion

Beginning in April of 2024, lawmakers will gather to consider changes to year two of the 2023-2025 biennial budget and weigh their funding priorities in light of updated revenue projections.²⁴ With the needs of North Carolinians in mind, and with the potential to address the needs at our collective fingertips, lawmakers should chart a path forward that secures a brighter future for our state.

This means choosing policies that lead to more investments in public schools, infrastructure, health care, and early learning for all and turning away from policies that create uncertainty in the future. Lawmakers can continue to push for a brighter future in North Carolina where the people's priorities are reflected in the decisions that are made by leaders elected to serve all the people of our state.

²³ Hannah Schoenbaum, "Proposed North Carolina budget would exempt legislators from public records disclosures," Associated Press, September 21, 2023, <https://apnews.com/article/north-carolina-public-records-budget-exempt-2e7c514af722fd0850fd704b64e8ced4>.

²⁴ NC Office of State Budget and Management (OSBM), "April consensus General Fund revenue forecast," NC OSBM webpage, April 17, 2024, <https://www.osbm.nc.gov/consensus-revenue-forecast-april-2024/open>.