



Legislative Update

Week of May 19, 2025

Josh Stein, Governor

Eddie M. Buffaloe, Jr., Secretary

After presenting area provisions last week, the House released its full budget this past Monday. Changes were made to the budget proposal throughout committees on Tuesday. The House then passed their version of the budget on Thursday with a bipartisan vote of 86-20. As reported in the last newsletter, it is highly unlikely that the Senate will agree to the changes made by the House, and the bill will go to conference. Budget conference negotiations are not public.

Speaker Hall has reiterated that the House plans to adjourn by July 1, which is an ambitious timeline to get a budget passed. If the House and Senate cannot agree on a budget, the current budget will remain in place.

Also released and passed this week was H 1012 - *Disaster Recovery Act of 2025 - Part II*. The bill was filed on Wednesday by the House Appropriations Committee. Filing bills through committees is an uncommon way for bills to be filed, but it is a channel available for select committees after other bill filing deadlines have passed. Although H 1012 passed unanimously, it is still likely that changes will be made in the Senate.

Next week, both the House and Senate will take a break for the Memorial Day holiday.

DPS Highlights from the House Budget

Salary and Benefits

- *Compensation Increase Reserve* – Provides funding for an across-the-board salary increase of 2.5% in FY 2025-26 for most employees, or an increase associated with additional adjustments provided to experience-based salary schedules. FY25-26: \$16,996,340 (R); FY26-27: \$17,070,618 (R).
- *Vacant Position Reduction* – Reduces net appropriations for salary and benefit expenses associated with vacant positions. FY25-26: (\$13,532,993) (R); FY26-27: (\$13,532,993) (R).
 - Note: This cut of approximately \$13.5M will be added to the Labor Market Adjustment Reserve (LMAR). The vacant position reductions impacted all state agencies.
- *Labor Market Adjustment Reserve - State Highway Patrol Agency* – Provides funding for labor market salary adjustments to positions that are not paid based on an experience-based salary schedule or have a salary set in law. FY25-26: \$1,974,463 (R); FY26-27: \$1,974,463(R).

- *Labor Market Adjustment Reserve* – Provides funding for labor market salary adjustments to positions that are not paid based on an experience-based salary schedule or have a salary set in law. FY25-26: \$4,982,820 (R); FY26-27: \$4,982,820 (R).
- *State Retirement Contributions* – Increases the State contribution to the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and retiree medical premiums and provide one-time supplements to retirees of 1% in FY 2025-26 and 2% in FY 2026-27. FY25-26: \$1,919,294 (R), \$913,949 (NR); FY26-27: \$4,143,237 (R), \$1,827,899 (NR).
- *State Health Plan* – Provides additional funding to continue health benefit coverage for enrolled active employees. FY25-26: \$1,820,540 (R); FY26-27: \$3,641,080 (R).

Administration

- *Motor Fleet Management Rate Increase* – Provides funds to cover the increase in Motor Fleet Management rates effective July 1, 2025. FY25-26: \$959,711 (R); FY26-27: \$959,711 (R).
- *Medically Assisted Treatment (MAT) In Jails Program* – Eliminates funding for the MAT Grant Program. FY25-26: (\$2,000,000) (R); FY26-27: (\$2,000,000) (R).
- *Medic Law Enforcement Grant Program for PTSD Treatment Budget Fund* – Provides funding for directed grants to North Carolina law enforcement agencies for the treatment of Post-Traumatic Stress Disorder (PTSD) in law enforcement officers. FY25-26: \$500,000 (NR).

Alcohol Law Enforcement

- *Body Cameras* – Provides funding to support the use of body cameras at ALE. FY25-26: \$102,924 (R), \$166,973 (NR); FY26-27: \$102,924 (R).

State Highway Patrol

- *Cameras* – Provides funding to purchase cameras and to support data storage for those cameras. FY25-26: \$766,650 (R), \$3,900,000 (NR); FY26-27: \$766,650 (R).

- *Data Center Equipment* – Budgets receipts transferred from the Information Technology Reserve to purchase equipment for the data center at the Technical Services Unit (TSU) building scheduled to open in FY 2025-26. FY25-26: \$3,000,000 (NR)
- *Voice Interoperability Plan for Emergency Responders (VIPER) Tower Replacements* – Provides funding to replace 4 VIPER towers. FY25-26: \$9,500,000 (NR).
- *VIPER Operational Support* – Provides additional funding for VIPER operations and maintenance and budgets receipts from a transfer of local sales tax revenue to support local government users. FY25-26: (\$7,256,137) (R); FY26-27: (\$10,641,517) (R).

Emergency Management

- *Communication and Disaster IT Systems* – Budgets receipts transferred from the Information Technology Reserve to support NCEM's communication and disaster IT systems. FY25-26: \$2,000,000 (NR).
- *NC 2-1-1* – Provides funding to support the NC 2-1-1 program, which is operated by United Way of North Carolina, a non-profit organization, to improve services for victims of human trafficking, including increasing public awareness of universal signals for help. FY25-26: \$200,000 (NR).
- *FEMA match* – Budgets receipts from the State Emergency Response and Disaster Relief Fund for matching funds for Federal Emergency Management Agency (FEMA) disaster recovery programs for events that occurred prior to Hurricane Helene. FY25-26: \$40,000,000 (NR).

NC Office of Recovery and Resiliency

- *Positions* – Eliminates three State-funded positions in NCORR's Resiliency office. FY25-26: (\$398,207) (R); FY26-27: (\$398,207). FTE (3).

NC National Guard

- *Joint Enlistment Enhancement Program (JEEP)* – Provides funding to support NCNG's JEEP initiative, which will provide recruitment referral bonuses to current Guardsmen. FY25-26: \$500,000 (R); FY26-27: \$500,000 (R).

- *North Wilkesboro Readiness Center Building Reserves* – Provides funding for furniture, fixtures, equipment, and other needs to support the opening of North Wilkesboro Readiness Center. FY25-26: \$400,000 (NR).
- *McLeansville Readiness Center Building Reserves* – Provides funding to support opening of the McLeansville Readiness Center, scheduled to open in January 2026. Federal receipts are anticipated to begin supporting the recurring expenses for this Readiness Center in FY 2026-27. FY25-26: \$421,544 (R), \$5,266,000 (NR); FY26-27: \$421,544 (R).
- *NCNG Cell Boosters for Readiness Center* – Budgets receipts transferred from the Information Technology Reserve for cell phone reception booster systems and equipment at select National Guard Readiness Centers. FY25-26: \$1,905,864 (NR).
- *VIPER Radios* – Budgets receipts transferred from the Information Technology Reserve for VIPER radio purchases at the NC National Guard. FY25-26: \$1,838,116 (NR).

DPS Bills with Action this Week

(Note: Click on the bill title to view the most current version of the bill)

Division(s) Impacted	Sponsor(s)	Bill #	Short Title	Action
Law Enforcement	Pyrtle, Miller, Chesser, and Cotham	H 50	<u>LEO Special Separation Allowance Options.</u>	5/20/2025 Passed Senate Pensions and Retirement and Aging; Re-ref Com On Rules and Operations of the Senate
EM	Hastings, Greene, Balkcom, and Bell	H 251	<u>Various Disaster Recovery Reforms.</u>	5/21/2025 Senate Passed Regulatory Reform; Re-ref Com On Rules and Operations of the Senate Note: Now includes S266
EM	Appropriations	H 1012	<u>Disaster Recovery Act of 2025 - Part II.</u>	5/22/2025 House Passed 3rd Reading 106-0
Department-Wide	Jackson, Hise, and Lee	S 257	<u>2025 Appropriations Act.</u>	5/22/2025 House Passed 3rd Reading 86-20

*If you have any questions or comments, please contact Susanna Davis at
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