

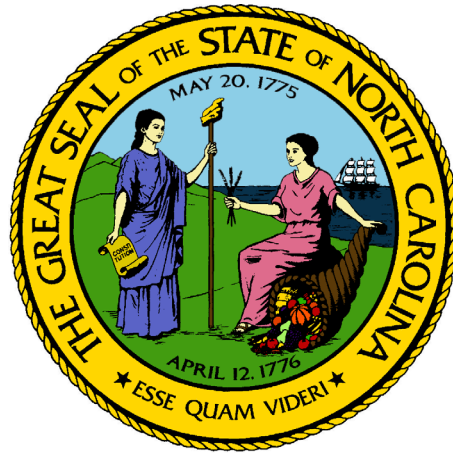
KEEPING
North Carolina
STRONG



Governor Stein's
Recommended Budget

2026-2027

Governor Josh Stein's Recommended Budget 2026-27



Office of State Budget and Management
Office of the Governor
Raleigh, North Carolina

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osbm.nc.gov

April 2026



Questions about Governor Stein's Recommended Budget or requests for further information may be directed to the Office of State Budget and Management, 20320 Mail Service Center, Raleigh, NC 27699-0320, or telephone (984) 236-0600. The document may be downloaded from the Office of State Budget and Management's website at osbm.nc.gov.

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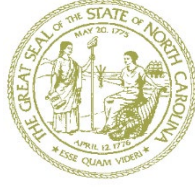
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State of North Carolina
Office of the Governor

JOSH STEIN
Governor

April 21, 2026

The North Carolina Senate
The Honorable Phil Berger, President Pro Tempore
The Honorable Sydney Batch, Minority Leader

The North Carolina House of Representatives
The Honorable Destin Hall, Speaker
The Honorable Robert Reives, Minority Leader

Dear Mr. President, Mr. Speaker, Leaders, Members of the North Carolina General Assembly, and Fellow North Carolinians,

Our state budget is more than a financial plan. It is a statement of who we are and what we believe North Carolina can become. My budget recommendations reflect a clear and confident vision to keep North Carolina strong: a stable financial foundation for our state and greater opportunity for all the people who call our state home.

North Carolina has a lot to be proud of all across our state. In many ways, we are the envy of the nation, with top rankings for economic development, workforce, business, and population growth. At the same time, our state has fallen behind in key metrics for education, public safety, and health care. As we grow, increasing demands are straining agencies and services that contribute to our achievements. We cannot afford to stand still and simply hope for the best. This budget makes the necessary investments to propel our state forward.

From keeping people safe and fully funding Medicaid to paying teachers what they deserve and investing in our workforce, these proposals are designed to support the people who keep our state moving and to remove barriers that hold families back. We must make sustained investments in well-trained law enforcement, safe and excellent schools, accessible behavioral health care, and economic opportunity. We need to expand pathways to high-demand careers through affordable training and credentials and earn-as-you-learn apprenticeships because you should not have to go to a four-year college to support your family and build a secure future.

At a time when rising costs are squeezing family budgets, this recommendation provides meaningful and responsible tax relief to working people – putting money back in people’s pockets while preserving the stability of our state operations. My recommendation provides nearly \$380 million in tax cuts to give families breathing room to afford child care, school supplies, and other necessities. By targeting relief where it is needed most, we foster greater financial security for working families without sacrificing the state’s long-term fiscal health.

Ultimately, this budget maintains our fiscal stability that has become a hallmark of North Carolina government while making strategic, future-focused investments that expand opportunity – not just for a few, but for every community and family. It offers a responsible blend of investments and efficiencies that ensure every dollar works toward strength, opportunity, and shared success.

This is a moment that calls for leadership rooted in responsibility and optimism. I look forward to working with you on creating a state budget that invests in the people of North Carolina and keeps our state strong for generations to come.

Sincerely,

A handwritten signature in black ink that reads "Josh Stein". The signature is written in a cursive, flowing style.

Josh Stein
Governor

Executive Summary

Governor Josh Stein's Recommended Budget provides a plan for greater opportunities for North Carolinians guided by a commitment to fiscal stability. It invests in public safety, behavioral health, and education and puts more money in the pockets of working families. The budget advances strategies to create jobs, bolster public safety, support rural and distressed areas, and strengthen the workforce pipeline while also modernizing government to better serve constituents.

These recommendations recognize that stabilizing the state's finances is a foundational responsibility. More than \$1.4 billion in funding is needed just to stay in place: keeping up with rising inflationary costs for the State Health Plan and Medicaid and growing enrollment at our community colleges and university system. Providing long-overdue pay increases for state employees and retirees costs \$804 million. To bring North Carolina back to the top of the Southeast for starting teachers, we need \$734 million for teacher salaries. Responsibility means prudent stewardship of public resources by adapting financial plans to meet current realities.

Improving Public Education, Early Education, and Child Care

Recognizes the critical importance of recruiting and retaining talented teachers by raising starting teachers' salaries to the highest in the Southeast and providing an average 11% raise for all educators. Restores master's degree pay and eliminates the 10-year salary plateau for teachers. Increases pay for school-based administrators. Provides a \$1,000 bonus for all teachers and local education employees, with an additional \$500 bonus for those who make less than \$75,000.

Ensures our students have the tools for success with \$100 million for technology devices and funding for school broadband access, cybersecurity, and school systems improvements. Provides a \$300 teacher supply stipend to help offset out-of-pocket costs teachers cover for student and classroom supplies.

Advances educational excellence with investments in middle-grade literacy, diagnostic tools, educator training, and intervention plans for students who are struggling. Establishes a new funding model for exceptional children by ensuring state dollars follow actual student needs and improve districts' capacity for exceptional student supports.

Invests \$40 million in the proven Advanced Teaching Roles Program, expanding opportunities for outstanding teachers to serve in leadership roles while continuing to work directly with students.

Prioritizes the health and safety of our students by funding 360 new school health professionals, including nurses, counselors, social workers, and psychologists.

Provides \$115 million from the State Capital and Infrastructure Fund to repair and renovate public school facilities across the state, addressing long-standing needs.

Expands access to higher education by funding enrollment growth in the state university system and community colleges. Invests nearly \$5 million in the NC Promise Tuition Program to maintain low tuition at four UNC institutions. Expands the number of Cheatham-White Scholarships available at NC A&T University and NC Central University and extends the program to Winston-Salem State University. Restores funding for Scholarships for Children of Wartime Veterans, with \$7 million in recurring funds to cover the current shortfall and provide awards for the 2026-27 academic year.

Helps working parents access the child care they need to thrive in the workforce by raising NC Pre-K reimbursement and providing \$60 million in recurring funds, in addition to \$20 million in block grant funding, to increase child care provider subsidy reimbursement rates and set a statewide subsidy reimbursement rate floor. This will align the subsidy rate with federal requirements.

Putting Money in Families' Pockets

Provides meaningful, targeted tax relief from affordability pressures for households that need it most by creating a Working Families Tax Credit for low- and moderate-income households and introducing a refundable Child and Dependent Care Tax Credit to help offset rising child care costs. Restores the back-to-school sales tax holiday, reducing costs for school supplies and easing financial pressure on families. Recommends a larger standard personal income tax deduction to reduce tax burdens for working families.

Secures sustainable financial future to maintain government services in the face of population growth, inflation, and federal fiscal pressures and keep up with needed investments in public education, public safety, and infrastructure by freezing the current personal and corporate income tax rates.

Supports jobseekers by restoring the purchasing power of unemployment insurance benefits and extending the benefits by six to eight weeks to ensure they are not exhausted before the majority of jobseekers find employment.

Building a Strong Economy and Workforce

Broadens access to critical career pathways with a \$40 million investment in Propel NC to enhance community college workforce development programs for in-demand, high-wage sectors. Provides free community college for North Carolinians pursuing non-credit credentials for in-demand job skills and invests in NCWorks Career Centers to connect jobseekers to training and career opportunities.

Supports skill-enhancing experiences with more than \$14 million for apprenticeship programs, creating opportunities in advanced manufacturing, small business, aviation, the public sector, and rural communities.

Supports the state's small business ecosystem with loans, technical assistance, and help securing matching and start-up funding through the One North Carolina Small Business program and the Carolina Small Business Development Fund. Spurs economic development with grants supporting North Carolina's

entertainment industry and developing rural transformation projects that revitalize economically distressed communities.

Fortifies workforce housing and makes Housing Trust Fund investments to leverage federal and private funds and create affordable housing, preserve existing rental units, and support home repairs.

Creates the Strategic WorkForce Training (SWFT) fund to expand and improve the state's labor force while at the same time providing a tax cut to North Carolina businesses on their unemployment insurance (UI) taxes.

Keeping North Carolinians Safe and Healthy

Addresses a critical shortage of state public safety and law enforcement officers with a 10% salary increase for FY 2025-26 and an additional 5% raise for FY 2026-27. Provides a 6.5% raise in FY 2025-26 for probation and parole officers and juvenile court counselors and an additional 3.25% raise for FY 2026-27. Boosts recruitment and retention efforts for local and state law enforcement agencies with more than \$15.5 million for referral and retention bonuses.

Invests in vital law enforcement equipment, including funding for body cameras and the Voice Interoperability Plan for Emergency Responders (VIPER), enabling first responders to communicate on a secure and reliable radio network, especially during disasters.

Strengthens the state's ability to address behavioral health needs with funding to open two additional behavioral health units in state psychiatric hospitals. Provides a 10% raise for state-funded nurses and health care technicians for FY 2025-26 plus an additional 5% increase for FY 2026-27. Provides for 50 new co-responder teams, pairing clinicians and law enforcement to better respond to behavioral health-related calls. Calls for a pilot project to improve safety and reduce delays in involuntary commitment processes and adds funding to carry out the legal requirements of Iryna's Law.

Boosts the state's ability to address drug use with more than \$10 million for opioid use disorder treatment in correctional facilities while also providing more than \$2 million per year for a Fentanyl Control Unit to investigate and prosecute drug trafficking rings.

Enhances school safety by funding a school resource officer (SRO) for every middle school and new standards for SRO training, along with a \$20 million investment in school safety grants. Supports behavioral threat assessment systems for school and community safety.

Establishes a juvenile justice residential crisis unit to meet medical and behavioral health needs of young people in the juvenile justice system and provides community-based programming for these youth.

Bolsters residents' access to clean water with \$25 million in grant funds to respond to contaminated wells and distressed water and wastewater systems along with \$45 million in matching funds to draw down federal funding for clean drinking water. Recommends \$4 million to expand PFAS testing in the coming year.

Provides free breakfast to all public K-12 students to address hunger and improve learning with a proven approach. Commits \$5 million in state funding to help unlock federal funding for SUN Bucks, the USDA-sponsored summer nutrition program.

Recommends \$15 million, in addition to federal funding, to strengthen the Supplemental Nutrition Access Program (SNAP) and align the program with new federal requirements.

Ensures continued health care access by fully funding the Medicaid rebase for FY 2026-27 and responding to changes in federal policy and service utilization. This is in addition to the Medicaid rebase funds needed to prevent a shortfall in the current fiscal year, as outlined in the prior Critical Needs Budget.

Modernizing Government

Expands DMV services to North Carolinians with \$11 million to expand staffing and hours and \$9.5 million to expand or create offices in high-need areas. Invests in operational excellence by building agency capacity to evaluate programs and improve workflow efficiency and creates HR support to hire talented candidates in hard-to-fill positions.

Makes targeted investments to improve digital services to residents and improve safety and stability through technology, including cybersecurity, data management, environmental permit issuance, and an offender management system.

Identifies key areas for efficiency actions to streamline operations and ensure taxpayer dollars are directed to high-impact priorities.

Supports state employees with a 2.5% raise for FY 2025-26 and another 2.5% raise for FY 2026-27. Provides a \$1,000 bonus for all state employees, and an additional \$500 bonus for those making less than \$75,000. Provides a 2.5% one-time adjustment for state retirees in each year.

Replenishes the Repairs and Renovations Fund to help the state address the backlog of maintenance needs at state and university facilities. Transfers \$500 million to the State Emergency Response and Disaster Relief Reserve so the state is prepared to respond quickly in the event of another natural disaster.

Additional Budget Recommendations

Governor Stein released two additional budget proposals in March 2026 – one addressing critical needs for the current fiscal year due to the lack of an enacted state budget and the other regarding Hurricane Helene recovery. More information on these proposals can be found on the OSBM website under [Governor's Budget Recommendations](#).

Improving Public Education, Early Education, and Child Care

Recommendation

Commits to North Carolina's future by investing \$2.3 billion in public education, early learning, and child care. This budget raises average teacher pay by 11% and makes starting teacher pay the highest in the Southeast. Invests in innovations that improve student outcomes, and supports kids' safety, health, and well-being at school. Strengthens the state's child care and early education infrastructure by updating child care subsidy rates to meet federal standards and setting a subsidy reimbursement rate floor to address statewide disparities. Bolsters NC Pre-K reimbursement rates to begin to stabilize child care programs and retain qualified teachers. Eases financial pressures on working families by providing meaningful tax relief as working families manage rising costs, including child care and housing.

Item	Agency	FY 2026-27	
		Recurring	Nonrecurring
Support, Recruit, and Retain			
1 Teacher and Instructional Support Salaries	DPI	\$734,368,000	
2 Master's Pay	DPI	\$10,000,000	
3 School-Based Administrator Salaries	DPI	\$28,789,000	
4 Teachers and Education Employees Bonuses	various		\$255,810,000
5 Teacher Supply Stipend	DPI		\$30,000,000
6 Support for Low-Performing Districts	DPI	\$4,500,000	
7 NC Center for the Advancement of Teaching	DPI	\$922,000	
8 Beginning Teacher Support Program	DPI	\$500,000	\$750,000
Subtotal – Support, Recruit, and Retain		\$779,079,000	\$286,560,000
Advance Educational Excellence and Innovation			
9 Exceptional Children Funding	DPI	\$63,450,653	\$33,434,785
10 Devices for Students	DPI		\$100,000,000
11 Advanced Teaching Roles	DPI	\$40,003,000	
12 Middle Grades Literacy and Diagnostic Assessments	DPI	\$16,807,000	\$24,566,508
13 IT Infrastructure	DPI	\$12,347,500	\$45,000,000
14 Enrollment Contingency Reserve	DPI		\$12,500,000
15 Innovative Learning Opportunities	DPI	\$3,755,000	
16 Residential Schools for the Deaf and Blind	various	\$2,969,106	\$435,598
Subtotal – Advance Educational Excellence and Innovation		\$139,332,259	\$215,936,891
Improve Student Safety and Well-Being			
17 School Resource Officer Allotment	DPI	\$50,000,000	
18 School Health Personnel	DPI	\$32,135,000	
19 School Safety Grants	SBI		\$20,000,000
20 Behavioral Threat Assessment Management System	SBI		\$500,000
21 School Facilities and Repair and Renovation	various		\$136,181,062
Subtotal – Improve Student Safety and Well-Being		\$82,135,000	\$156,681,062

Item	Agency	FY 2026-27	
		Recurring	Nonrecurring
Keep Families and Children Fed			
22	Universal School Breakfast at No Cost to Students	DPI	\$85,300,000
23	State Aid to Counties	DHHS	\$63,000,000
24	Sustaining the SNAP Program	DHHS	\$11,841,452 \$68,305
25	SNAP Accuracy and Error Reduction	DHHS	\$10,028,461 \$2,890,917
26	SUN Bucks	DHHS	\$10,000,000
Subtotal – Keep Families and Children Fed			\$117,169,913 \$65,959,222
Stabilize Child Care and Early Education and Improve Affordability for Families			
27	Child Care Subsidy Compliance and Rate Floor	DHHS	\$80,000,000
28	NC Pre-K Program Investment	DHHS	\$11,000,000
29	Working Families Tax Cut		\$240,000,000
30	Refundable Child and Dependent Care Tax Credit		\$55,000,000
31	Back-to-School Sales Tax Holiday		\$29,900,000
Subtotal – Stabilize Child Care and Early Education and Improve Affordability for Families			\$415,900,000
Total			\$1,533,616,172 \$725,137,175
Grand Total			\$2,258,753,347

Statement of Need

- Approximately 84% of North Carolina’s children rely on public schools, but the state ranks second to last nationally in K–12 funding and spends \$5,660 less per student than the U.S. average.¹
- North Carolina struggles to keep effective educators and recruit new ones, and teacher turnover is nearly 10%, with starting teacher attrition increasing by more than 50% in the past five years.²
- Starting teacher pay ranks 45th in the nation and 11th out of 12 Southeastern states.
- Average teacher pay in North Carolina ranks 43rd in the nation, lower than all our neighboring states. It also falls more than 25% short of the earnings of college-educated workers in comparable fields.^{3,4}
- Ninety-one of 115 school districts serve more students with disabilities than the current funding formula supports.
- More than three quarters of districts report they cannot afford to replace devices as they age.⁵
- Literacy underpins every academic subject, but 70% of fourth graders and 73% of eighth graders are below proficient in reading.⁶

¹ Education Law Center. “[Making the Grade 2025.](#)” Ranked list includes all 50 states and Washington, DC.

² NC DPI. 2023-24 [State of the Teaching Profession in North Carolina.](#)

³ OSBM projections based on NEA data.

⁴ Education Policy Institute. “[The Teacher Pay Penalty Reached a Record High in 2024.](#)”

⁵ NC State Board of Education: [Statewide Trends in Student Digital Learning Access.](#) January 2026.

⁶ [DPI Press Release,](#) January 2025.

- A quarter of North Carolina districts — mostly rural communities — have no school psychologist at all, and many have not had one for years.⁷
- The Department of Public Instruction’s most recent Facility Needs Survey identified nearly \$13 billion in needs over a five-year period, a 62% increase over the previous survey.⁸ Local education agencies (LEAs) reported \$5.2 billion in need for new schools, \$1.7 billion for building additions, and \$5.5 billion to renovate existing facilities.
- Counties are struggling with severe Division of Social Services (DSS) staffing shortages, rising caseloads, and delayed eligibility and protective-services decisions — creating inconsistent service delivery and slowing critical responses for children, families, and vulnerable adults.
- More than 60% of North Carolina’s 1.5 million public school students — about 900,000 children — lose access to a critical source of weekday nutrition when the school year ends, contributing to significantly higher summer food insecurity for households with school-age children.⁹
- More than 1.2 million people in our state struggle with food insecurity, including roughly 394,000 children — about one in six children.¹⁰ When students arrive at school hungry, they are less able to focus, less likely to stay healthy, and more likely to fall behind.
- Public Law No.119-21 (HR 1) enacted federal policy changes beginning in October 2026 and will reduce the federal administrative cost share of the Supplemental Nutrition Assistance Program (SNAP) from 50% to 25%. HR 1 also requires states to pay a portion of the benefit costs for the first time in the history of SNAP. If SNAP payment error rates are above 6% starting in 2027, which is likely given recent error rates near or above 10%, the new federal policy could require up to \$420 million in annual state appropriations by FY 2027-28 to sustain the program.¹¹
- On average, there is only one licensed child care slot available for every five families who need one. There have been 262 net closures of licensed child care programs in North Carolina since the state last passed a comprehensive budget.
- In 2024, 60% of child care center directors and family child care owners/operators reported they were experiencing a staffing shortage.
- The US experienced more than 20% inflation since North Carolina conducted the 2021 Child Care Market Rate Study (MRS), but families still receive child care subsidies based on that outdated data. In 2024, child care costs were almost 14% of the median income in North Carolina, and inflation for child care has outpaced general inflation in recent years. Families also face rising costs in other areas, including housing, food, and health care.
- Ninety-seven percent of all occupations pay more than what early educators earn, and 43% of early educators use SNAP, Medicaid, or other social safety net programs.¹²
- Large across-the-board tax cuts disproportionately benefit high-income households and out-of-state corporate shareholders while providing comparatively little relief to most North Carolina working families.

⁷ School Health Personnel Profession Entry. [Report to the North Carolina General Assembly](#). January 2024.

⁸ [DPI Five-Year K-12 Facility Needs Report: 2020-21 Facility Needs Survey](#).

⁹ NC Department of Public Instruction, [NC SUN Meals Programs Offer Free Food, Fitness, Farm to Summer, Fun for Youth](#).

¹⁰ [NCDHHS State Action Plan for Nutrition Security 2023-24](#).

¹¹ Congressional Research Service, [Supplemental Nutrition Assistance Program \(SNAP\) and Related Nutrition Programs in P.L. 119-21: An Overview](#).

¹² UC Berkeley Center for the Study of Child Care Employment, [Early Childhood Workforce Index 2024](#).

- Prices for educational books and supplies rose rapidly in 2024 and remain 10% higher than in early 2024, putting extra strain on the budgets of families with school-age children.

Recommendation Detail

Support, Recruit, and Retain

Governor Stein’s Recommended Budget raises starting teacher pay to the highest level in the Southeast and boosts average teacher pay by 11%. It eliminates the pay plateau for teachers with 15 to 24 years of service and restores master’s pay for educators who hold or earn an advanced degree in the subject they teach. Assistant principals and school health staff receive salary increases tied to the updated schedule, and principals, central office staff, and non-certified personnel all receive 2.5% raise in each year of the biennium. All state employees and local education employees receive a \$1,000 bonus, plus an additional \$500 bonus for employees with an annual salary of less than \$75,000.

Better pay alone will not fix the workforce pipeline. Teachers need support to grow in their practice and stay in the profession. The budget strengthens professional learning through expanded offerings at the NC Center for the Advancement of Teaching — including training in content, instructional methods, mental health, and STEM. It also invests in coaching, systems support, and capacity building for high-poverty and low-performing schools and districts, where staff shortages and turnover hit the hardest. These investments help schools stabilize their teams, strengthen instruction, and improve student success.

To reduce the personal financial strain on educators, the budget also includes a \$300 tax-deductible supply stipend to offset out-of-pocket costs teachers cover for classroom materials.

Advance Educational Excellence and Innovation

All students deserve the services required for them to learn and thrive — and that includes individualized supports, therapies, and specialized instructional resources for students with disabilities. This budget adopts a new tiered funding model for exceptional children that directs resources based on the intensity of services each student requires. By ensuring that state dollars follow real student needs, the model reduces funding inequities, strengthens districts’ capacity to provide mandated services, and better supports exceptional children.

Ensuring strong teaching and learning starts with investing in proven educational innovation and providing educators with the tools and resources they need. This budget helps provide every student with a working device, backed by high-speed internet access and the network protections schools need to operate safely.

Teacher shortages remain a serious challenge across the country, and North Carolina continues to back strategies that amplify the impact of great educators. Advanced Teaching Roles create opportunities for excellent teachers to stay in the classroom while taking on leadership that increases their pay and expands their reach to more students. Research shows the model improves student performance — particularly in math — and this budget brings additional districts into the program for FY 2026–27.

This budget strengthens the state’s early-grades literacy work by investing in diagnostic tools for grades 4-5, targeted intervention plans for middle school students, and training for all middle grade core

teachers. These investments help schools quickly identify students who need extra support and deliver instruction that will boost comprehension across subjects.

North Carolina also operates three residential schools that serve deaf and blind students in Morganton, Raleigh, and Wilson. This budget strengthens those campuses by investing in improved security measures, modern digital infrastructure, and critical capital improvements needed to support students safely and effectively.

Improve Student Safety and Well-Being

Every parent and guardian wants to know their child is safe at school. The budget ensures that middle schools have school resource officers who are trained in child development, behavioral health, and trauma-informed practices — giving them the tools to safeguard students while also supporting their well-being.

The budget further invests in school health personnel, including additional nurses, counselors, social workers, and psychologists. Research consistently shows that these roles help reduce absences and disciplinary issues and contribute to improved academic outcomes.

The budget also enhances statewide school safety initiatives by funding targeted security upgrades — such as cameras, door locks, fencing, and detection equipment — and by supporting a pilot system for behavioral threat assessment. These efforts, administered through the State Bureau of Investigation and the Center for Safer Schools, help school districts strengthen prevention, monitoring, and response capabilities.

The budget makes meaningful capital investments to ensure students and educators have safe, modern, and fully supported learning environments. It provides \$115 million from the State Capital and Infrastructure Fund to repair and renovate public school facilities across the state, addressing long-standing infrastructure needs and helping districts create healthier, more functional spaces for teaching and learning. More than \$19 million is invested in the state’s residential schools for deaf and blind students, strengthening campuses that serve some of North Carolina’s most vulnerable learners. And more than \$2 million supports the NC Center for the Advancement of Teaching, enabling it to expand high-quality professional learning and better equip educators to meet the needs of their students.

Keep Families and Children Fed

The investments in this budget improve the access of families and children in North Carolina to healthy, fresh food.

Governor Stein’s budget ensures every public school student can eat breakfast at no cost. Free school breakfast will close the gap for the nearly 190,000 students in non-Community Eligibility Provision (CEP) schools who currently may not receive free morning meals. Research shows that universal free breakfast improves student health, learning, and behavior.

The budget provides \$63 million to reinforce local social services capacity by giving counties flexible resources to address severe workforce shortages and rising service demands across child welfare, adult protective services, and food and nutrition services. HR 1 will place an increased burden on county social

service offices. Sustained state investment helps counties hire and retain frontline staff, reduce delays in eligibility decisions and safety assessments, and maintain compliance with state and federal requirements.

This budget also strengthens food and nutrition security for children and families year-round through SNAP. Investments in automation and state-level staffing will help reduce SNAP payment errors, maintain compliance with new federal requirements, and avoid costly federal penalties — all while ensuring accurate and timely delivery of SNAP benefits. Sustaining SNAP administration through increased state cost-share keeps NC FAST and state and county operations functioning as federal support declines.

The SUN Bucks program brings in more than \$125 million in summer grocery benefits for more than 1 million children, including 900,000 public school students, during the summer. The Governor's Recommended Budget provides required administrative match funds to prevent summer hunger when school meals are unavailable.

Stabilize Child Care and Early Education and Improve Affordability for Families

The budget provides \$80 million, with \$20 million coming from block grant funding, to stabilize North Carolina's child care programs across the state by bringing outdated subsidy rates into federal compliance and establishing a statewide subsidy reimbursement rate floor for all ages. These rate increases will help keep tuition affordable for families and support competitive wages that recruit and retain qualified staff. Increasing subsidy rates will benefit not only the 55,000 children receiving child care subsidies each year but also their private-pay classmates who will not have to find new care if their provider is otherwise forced to go out of business.

North Carolina's child care subsidy rates are based on what families can afford to pay, not what it actually costs to provide quality care — and current subsidy reimbursement rates cover only about half of the actual cost of care. Further, reimbursement rates in rural counties are often hundreds of dollars per month lower than in urban counties, despite similar operational costs. Establishing a statewide subsidy rate floor would increase financial stability so child care programs can keep classrooms open and staffed, especially in low-income and rural counties.

High child care and dependent care costs often limit families' ability to secure consistent care for their children or dependents. The budget addresses this challenge by establishing a refundable Child and Dependent Care Tax Credit to help more families access the reliable, supportive care their kids need.

With the rising cost of basic necessities for working families, including housing, groceries, transportation, and utilities, more families are struggling to make ends meet — even when working full time. To address these affordability challenges, this budget recommends a Working Families Tax Credit, a targeted, refundable credit equal to 10% of the federal Earned Income Tax Credit, which will boost the incomes of low- and moderate-income workers. This credit helps families better afford essentials and strengthens workforce participation by rewarding work and reducing financial barriers for working households.

To address the burden of child care costs for working families with young children, this budget adopts a refundable Child and Dependent Care Tax Credit. Nearly two of every three children age five years and

younger live in families where all available parents are in the workforce, and providing those families with support for child care expenses helps parents remain employed, improves long-term economic stability, and addresses affordability challenges.

Seasonal expenses add another layer of financial stress, especially for families preparing their children for school. Restoring the Back-to-School Sales Tax Holiday provides direct, predictable relief by eliminating sales tax on essential school-related purchases. Reinstating this holiday helps parents manage these annual spikes in costs, reduces financial pressure, and ensures students have the materials they need to start the year ready to learn.

Expected Impact

- Sets the starting salary for new teachers at the top of all Southeastern states, bringing it to at least \$56,338 with state and local supplements.
- Delivers an average pay increase of 11% for current teachers and eliminates the mid-career pay plateau, with full details in the FY 2026-27 salary schedule shown in the table below.
- Reinstates a 10% salary supplement for more than 1,000 educators who hold qualifying master's degrees in their instructional areas.
- Provides all state employees and local education employees with a \$1,000 bonus, plus an additional \$500 bonus for employees with an annual salary of less than \$75,000.
- Funds a new tiered funding formula for all eligible students with disabilities, including those previously left unfunded in 91 districts exceeding the 13% cap.
- Maintains a statewide 1:1 student-device program by funding laptop replacements on a four-year refresh cycle.
- Expands the state's early-grade literacy work through eighth grade by providing evidence-based reading training for more than 23,000 middle-grade teachers and aligning intervention supports for struggling readers.
- Strengthens school safety by establishing an allotment for school resource officer positions in middle schools, combining new and existing funds to fund 535 positions.
- Invests in student well-being by adding 360 school health professionals, including counselors, nurses, psychologists, and social workers.
- Protects schools by providing grants for safety equipment, including weapons detection, security cameras, and exterior locks and fences.
- Guarantees every public school student access to a free breakfast each school day.
- Provides flexible, targeted state funding to help counties address severe DSS workforce shortages, reduce caseload backlogs, improve service timeliness and quality, and stabilize essential services for children, families, and adults.
- Sustains the state's SNAP program, which provides \$2.8 billion in federally funded benefits to low-income individuals and families to help afford nutritious food.
- Provides \$40 per month in SUN Bucks grocery benefits per eligible child for three months to more than 1 million children to address the summer food gap families face when school is not in session.
- Brings child care subsidy rates into federal compliance and helps child care providers stay open by providing reimbursements closer to the true cost to deliver quality care.
- Increases NC Pre-K reimbursement rates by 6% in all settings.

- Benefits an estimated one in six households with the Working Families Tax Credit, providing an average credit of \$350.
- Provides relief to an estimated one in five North Carolina families with children under 18 through the refundable Child and Dependent Care Tax Credit, with an average credit size of \$250.
- Saves families with school-age children an estimated \$60 per year on back-to-school supplies and clothing by reinstating the back-to-school sales tax holiday.¹³

Annual Statewide Teacher Salary Schedule Comparison

Years of Experience	FY2025-26: Current	FY2025-26: Proposed	FY2026-27: Proposed
0	41,000	46,300	53,120
1	41,750	46,900	53,320
2	42,500	47,500	53,550
3	43,250	48,100	53,780
4	44,000	48,700	54,010
5	44,750	49,300	54,240
6	45,720	49,900	54,470
7	46,630	50,500	54,700
8	47,530	51,100	54,930
9	48,440	51,700	55,160
10	49,350	52,300	55,390
11	50,250	52,900	55,620
12	51,160	53,500	55,850
13	52,060	54,100	56,080
14	52,970	54,700	56,310
15	53,880	55,200	56,540
16	53,880	55,200	56,770
17	53,880	55,200	57,000
18	53,880	55,800	57,230
19	53,880	55,800	57,460
20	53,880	55,800	57,690
21	53,880	56,400	57,920
22	53,880	56,400	58,150
23	53,880	56,400	58,380
24	53,880	57,300	58,610
25+	55,950	57,300	58,750

¹³ National Retail Federation. "Back-to-School Season Begins Early for Majority of Shoppers" [Link](#)

Putting Money in Working Families' Pockets

Recommendation

Improves affordability for North Carolina's working families by providing close to \$380 million in tax cuts to offset the rising costs of child care, school supplies, and other necessities. Provides greater financial security for the families of individuals who lose their jobs by increasing the maximum weekly unemployment insurance benefit and providing additional weeks to find a new job before exhausting benefits. Governor Stein's Recommended Budget also averts the fiscal cliff by maintaining individual and corporate income tax rates at current levels, thereby preserving the state's fiscal stability and its capacity to make long-term investments that sustain shared economic prosperity.

North Carolina has a critical opportunity to refocus its tax policy on strengthening working families. Rather than relying on steep, pre-programmed tax cuts that are projected to reduce recurring revenue by billions, the state can prioritize meaningful, targeted relief for the households that need it most. Broad rate reductions overwhelmingly benefit high-income households and out-of-state corporate shareholders, leaving most North Carolina families with little real support. Meanwhile, the cost of essential public services that families rely upon continues to rise, and heedlessly pursuing policies that prevent revenues from keeping up with those costs jeopardizes the state's ability to maintain quality education, public safety, health care, and modern infrastructure.

Item	FY 2026-27	
	Recurring	Nonrecurring
Cut Taxes for Working Families		
1 Increase Standard Deduction	\$53,000,000	
2 Adopt Working Families Tax Credit	\$240,000,000	
3 Adopt Refundable Child and Dependent Care Tax Credit	\$55,000,000	
4 Restore Back-to-School Sales Tax Holiday	\$29,900,000	
Total Tax Cuts for Working Families	\$377,900,000	
Support Jobseekers		
5 Enhance Unemployment Insurance Benefits	\$110,000,000	
Avert the Fiscal Cliff		
6 Maintain Individual Income Tax Rate at 3.99%	\$896,000,000	
7 Maintain Corporate Income Tax Rate at 2%*		
Total Revenues to Avert the Fiscal Cliff	\$896,000,000	

* Will increase revenues by an estimated \$294 million in FY 2027-28

Statement of Need

- As wage growth has slowed for low- and middle-income households, recent inflation — particularly on necessities like groceries, transportation, and health care — has strained these families' budgets, even as high-income households have continued to see their incomes rise faster than inflation.¹
- In 2024, child care costs were almost 14% of the median income in North Carolina, and inflation for child care has outpaced general inflation in recent years.^{2,3} Families also face rising costs in other areas, including housing, food, and health care.
- Prices for educational books and supplies rose rapidly in 2024 and remain 10% higher than in early 2024, putting an extra strain on the budgets of families with school-age children.⁴
- Large across-the-board tax cuts disproportionately benefit high-income households and out-of-state corporate shareholders while providing comparatively little relief to the majority of North Carolina working families.⁵ Increases in the standard deduction are more targeted to low- and middle-income tax filers. Lawmakers have cut the individual income tax rate five years in a row but have not raised the standard deduction since 2022, while prices have risen more than 16% from 2022 to 2026.
- Laid-off workers in 2025 received unemployment insurance (UI) benefits that averaged only 28% to 34% of their earnings prior to losing their jobs, making it difficult to make ends meet while looking for new jobs.⁶
- More than half of North Carolina workers laid off through no fault of their own exhaust their UI benefits before finding a new job, despite the unemployment rate being below 4% for more than four years.⁷
- North Carolina is approaching a significant fiscal cliff as pre-scheduled individual and corporate income tax rate reductions phase in, reducing state General Fund revenue by billions of dollars over the next several years. These reductions threaten the state's long-term ability to sustain investments in education, public safety, health care, infrastructure, and other core services essential to economic competitiveness and community well-being.
- The scale and timing of the revenue loss coincide with growing pressures on state services, including dangerously high vacancies for key health and safety workers, rising service delivery costs, and ongoing population growth. Without corrective action, the state will face widening structural deficits that undermine the systems families and businesses rely on.

¹ [Bank of America Institute. Consumer Checkpoint: The Madness of March.](#) Bureau of Labor Statistics.

² [Child Care Aware of America. Child Care in America: 2024 Price & Supply.](#)

³ Bureau of Labor Statistics. Day care and preschool in U.S. city average.

⁴ Bureau of Labor Statistics. Educational books and supplies in U.S. city average.

⁵ OSBM. [Scheduled Income Tax Cuts to Mostly Benefit High-Income Households.](#)

⁶ US Department of Labor, Employment and Training Administration. [UI Replacement Rates Report.](#)

⁷ US Department of Labor, Employment and Training Administration. [Unemployment Insurance Data.](#)

- Allowing income tax cuts to continue as scheduled will reduce the state’s ability to respond to emergencies, maintain a stable workforce in schools and state agencies, and shoulder new costs from reduced federal support for programs like Medicaid and SNAP. Sustained underfunding of these systems risks service disruptions, longer wait times, and reduced access — especially for vulnerable populations.

Recommendation Detail

Cut Taxes for Working Families

Governor Stein’s budget provides broad tax relief to working households by raising the standard deduction for the first time since 2022, reducing income taxes for millions of North Carolinians. The standard deduction would increase by \$1,000 (from \$25,500) for married couples filing a joint return, by \$750 for household heads responsible for dependents, and \$500 for single filers and married couples filing separately. Increasing the deduction lowers financial strain for families struggling with rising costs, improves take-home pay, and supports greater economic security.

With the rising cost of basic necessities for working families, including housing, groceries, transportation, and utilities, more families are struggling to make ends meet even when working full time. To address these affordability challenges, this budget recommends a Working Families Tax Credit, a targeted, refundable credit equal to 10% of the federal Earned Income Tax Credit, which will boost the incomes of low- and moderate-income workers. This credit will help families better afford essentials and strengthen workforce participation by rewarding work and reducing financial barriers for working households.

To address the burden of child care costs for working families with young children, this budget adopts a refundable Child and Dependent Care Tax Credit. Nearly two of every three children five years old and younger live in families where all available parents are in the workforce, and providing those families with support for child care expenses helps parents remain employed, improves long-term economic stability, and addresses affordability challenges.

Many families also struggle to afford necessary school supplies for their children. This budget reduces families’ costs for ensuring their children have the school supplies they need to succeed at school by restoring the back-to-school sales tax holiday in the first weekend of August. Restoring this holiday helps households manage seasonal spikes in expenses, reduces financial pressure on parents, and supports students’ readiness for the school year.

Support Jobseekers

North Carolina’s strong recovery from the COVID-19 recession and continued economic expansion enabled the state’s Unemployment Insurance (UI) Trust Fund to reach a record high balance of \$5.8 billion in April 2026. Despite the Trust Fund’s robust balance, North Carolina’s UI system lags most states in supporting laid-off workers. The state’s average weekly benefit of \$323 ranks 43rd nationally, and the maximum weekly benefit of \$350 has remained unchanged since 2013.⁸ As a result, UI benefits now

⁸ US Department of Labor, Employment and Training Administration. [Unemployment Insurance Data: 2025Q4](#).

replace only one-third of wages for the average laid-off worker, down from approximately half in 2013. Most other states' UI benefits replace at least 44% of pre-layoff wages.⁹

Additionally, North Carolina is tied for the shortest benefit duration in the nation at just 12 weeks. Thirty-four states provide 26 or more weeks of benefits.¹⁰ North Carolina's short benefit duration results in 56% of laid-off North Carolina workers exhausting their benefits before finding new employment, the highest exhaustion rate in the country.¹¹

Governor Stein's recommended changes would adapt unemployment insurance benefits to better support laid-off workers and maintain consumer spending in areas hit by widespread layoffs. The maximum weekly benefit would increase from \$350 to \$495 for new claims filed on or after July 1, 2026, with annual inflation adjustments thereafter. The increase offsets the erosion in purchasing power that has occurred since the benefit was last changed in 2013. The recommendation extends the maximum benefit duration from 12 weeks to 20 weeks when unemployment is low and from 20 weeks to 26 weeks during times of high unemployment.

Avert the Fiscal Cliff

To preserve General Fund revenue, Governor Stein's budget maintains the current 3.99% rate for the individual income tax and eliminates the arbitrary tax-reduction triggers. This stabilizes the state's fiscal position, averts deep structural deficits, and ensures North Carolina can continue supporting critical services such as education, public safety, health care, environmental protection, and infrastructure. North Carolina already has and would continue to have the lowest individual income tax rate among East Coast states with an income tax.

This budget also prevents further erosion of the state's recurring revenue by holding the corporate tax rate at 2%. This protects funding necessary for statewide operations and investments while maintaining a competitive tax environment for businesses. In addition to already having the lowest tax rate among all states with a corporate income tax, North Carolina uses a tax formula that counts only a company's sales in the state. That means a company can hire workers here, build factories here, or expand operations here without raising its North Carolina income tax bill.

Keeping the individual and corporate income tax rates at current levels will allow the state to meet its core obligations and invest for the future.

Expected Impact

- Strengthens working families' economic stability by lowering household costs through targeted relief that directly addresses affordability pressures, improving financial resilience for families across urban and rural communities.

⁹ US Department of Labor, Employment and Training Administration. [UI Replacement Rates Report](#).

¹⁰ Center on Budget and Policy Priorities, ["How Many Weeks of Unemployment Compensation Are Available?"](#), updated April 2026.

¹¹ US Department of Labor, Employment and Training Administration. [Unemployment Insurance Data](#).

- Lowers financial strain on families by reducing income taxes for millions of North Carolina families and individuals by raising the standard deduction by \$500 to \$1,000, depending on taxpayers' filing status.
- Benefits an estimated one in six households with the Working Families Tax Credit, providing an average credit of \$350.
- Provides relief to an estimated one in five North Carolina families with children under 18 through the refundable Child and Dependent Care Tax Credit, with an average credit of \$250.
- Saves families with school-age children an estimated \$60 per year on back-to-school supplies and clothing by reinstating the back-to-school sales tax holiday.¹²
- Provides jobseekers with more financial security and allows them time to find positions that better match their skills and offer higher wages.¹³
- Helps local and regional economies stay afloat in times of widespread layoffs, keeping many families out of poverty and supporting local businesses by sustaining consumer spending.¹⁴
- Provides fiscally responsible, family-focused tax relief instead of providing costly income tax cuts that provide the most benefit to those who need it least.
- Avoids the fiscal cliff and prevents harmful reductions in education, health care, public safety, infrastructure, and human services by preserving the recurring revenue needed to sustain essential functions.
- Supports a stable and effective public sector workforce by maintaining consistent funding for teachers, nurses, correctional staff, frontline responders, and other essential personnel, reducing turnover and supporting service continuity. Providing targeted, family-focused tax relief ensures workers get support without compromising the resources necessary to maintain core public services.
- Promotes long-term fiscal responsibility by aligning the state's recurring obligations with a stable and sustainable revenue structure, reducing reliance on one-time funds, and protecting North Carolina's ability to respond to emergencies and future growth.

¹² National Retail Federation. "[Back-to-School Season Begins Early for Majority of Shoppers](#)"

¹³ Jason Faberman and Ali Haider Ismail. "[How Do Unemployment Benefits Relate to Job Search Behavior?](#)" Chicago Fed. June 2020.

¹⁴ William J. Congdon and Wayne Vroman. "[Extending Unemployment Insurance Benefits in Recessions: Lessons from the Great Recession.](#)" Urban Institute. February 2021.

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Building a Strong Economy and Workforce

Recommendation

Invests more than \$448 million in North Carolina's economy and workforce in FY 2026-27 to expand access to credentials and apprenticeships, strengthen workforce development services, grow the health care workforce, support early childhood care and education and housing to enable labor force participation, promote small-business growth and economic development, and improve financial security to jobseekers as they search for work. Connects North Carolinians to high-demand careers, addresses barriers to work, and supports employers, jobseekers, and communities across the state.

Item	Agency	FY 2026-27	
		Recurring	Nonrecurring
Strengthen Workforce Development			
1	NC Career Centers Support (SWFT)	DOC	\$15,000,000
2	Growing the Health Care Workforce	NCICU	\$10,000,000
3	Strengthening the Vocational Rehabilitation Workforce	DHHS	\$14,167,087
4	Statewide Recruitment Team (SWFT)	OSHR	\$1,627,758
5	NC Area Health Education Center Nursing Workforce Expansion (SWFT)	UNC	\$1,000,000
6	Workforce Development Public Awareness Campaign	DOC	\$1,000,000
7	Law Enforcement Training Instructors and Program Coordinator (SWFT)	DPS	\$381,436
Subtotal – Workforce Development			\$32,176,281
Grow Apprenticeships & Work-Based Learning			
8	NC Career Launch	DOC	\$4,000,000
9	ApprenticeshipNC (SWFT)	NCCCS	\$3,174,516
10	Work-Based Learning Grants for Small Businesses	DOC	\$2,500,000
11	State Apprenticeship Program (SWFT)	OSHR	\$2,000,000
12	Advanced Manufacturing Apprenticeship Pilot	DOC	\$1,500,000
13	Aviation Fellows Program	DOT	\$200,000
14	State Government Internship Program	DOA	\$1,056,603
Subtotal – Apprenticeships			\$5,374,516
Expand Credential Attainment			
15	Propel NC (SWFT)	NCCCS	\$40,291,805
16	Free Community College for High Demand Skills Training (SWFT)	NCCCS	\$17,245,665
17	NC Career Information System Modernization	DOC	\$1,500,000
18	Workforce Pell Grant Director (SWFT)	DOC	\$144,845
Subtotal – Credentials			\$57,682,315

Item	Agency	FY 2026-27	
		Recurring	Nonrecurring
Address Housing & Child Care Supply and Affordability			
19	Child Care Subsidy Compliance and Rate Floor	DHHS	\$80,000,000
20	NC Pre-K Program Investment	DHHS	\$11,000,000
21	Housing Trust Fund	HFA	\$35,000,000
22	Workforce Housing Loan Program	HFA	\$15,000,000
23	Local Government Grants	HFA	\$10,000,000
Subtotal – Housing & Child Care			\$91,000,000
Promote Economic Development			
24	One North Carolina Small Business Program	DOC	\$8,000,000
25	Rural Transformation Grants	DOC	\$5,000,000
26	NC Film & Entertainment Grant Program	DOC	\$10,000,000
27	Carolina Small Business Development Fund	DOC	\$2,500,000
28	Due Diligence Certified Sites Program	DOC	\$2,000,000
29	Southeast Crescent Regional Commission Assessment Fee	DOC	\$225,000
30	Domestic Marketing Operating – Got To Be NC	DACS	\$200,000
Subtotal – Economic Development			\$425,000
Enhance Unemployment Insurance and Implement Strategic WorkForce Training			
31	Enhancement Unemployment Insurance Benefits	DOC	\$110,000,000
32	Net Unemployment Insurance Business Tax Cut	DOC	\$42,500,000
Subtotal – Unemployment Insurance and SWFT			\$152,500,000
Total			\$339,158,112
Grand Total			\$448,250,715

Statement of Need

- North Carolina set a goal for 2 million North Carolinians to have an industry-valued credential or postsecondary degree by 2030. Today, 1.72 million North Carolinians have a degree or credential; however, North Carolina is still projected to fall short of its goal by 55,000 people.¹
- Year-over-year growth in apprenticeships continues to narrow the skills gaps for several key occupations, including architecture and engineering (+31%), construction (+95%), and computing and mathematical science (+33%).²
- About 65% of ApprenticeshipNC's (ANC) operations are supported by federal grants that are set to expire in June 2026.² Without replacement funding, ANC will have significantly less capacity to

¹ myFutureNC, [North Carolina's 2026 State of Educational Attainment Report](#).

² ApprenticeshipNC, [2024-2025 ApprenticeshipNC Annual Report](#).

provide technical assistance to training providers, register programs, and connect prospective participants to job training opportunities.

- Since 2017, NC Career Centers federal funding has fallen by 25%, equating to a loss of more than \$20 million for essential career support services across North Carolina.³
- The state projects a shortage of 12,500 registered nurses and 5,000 licensed practical nurses by 2033.⁴
- The Division of Employment and Independence for People (DEIPD) and Division of Services for the Blind (DSB) are unable to serve all eligible individuals due to high vocational rehabilitation counselor vacancy rates: 23% statewide and higher in rural areas.⁵
- Almost 8% of North Carolina’s child care providers have closed since 2021. North Carolina has almost 260,000 fewer child care slots than children aged five and under who need them. At 55.6%, North Carolina has the fourth-highest percentage gap between the number of child care slots and the total number of children, trailing only Nevada, Hawaii, and Alaska.⁶
- The US experienced 20% inflation since North Carolina conducted the 2021 Child Care Market Rate Study (MRS), but families still receive subsidies based on that outdated data. Low reimbursement rates lead to low teacher pay, and 97% of occupations pay more than early educators. One in six early childhood educators earn less than the federal poverty level and 43% of early educators rely on SNAP, Medicaid, or other social safety net programs.⁷
- The 2021 child care subsidy rates put the state out of compliance with federal regulations that require the state to set rates based on the most recent MRS.
- Thirty-five percent (35%) of parents who experienced disruptions to their employment in 2024 reported leaving the workforce due to issues with child care. Gaps in child care access result in an estimated \$5.65 billion annual loss for NC’s economy.⁸
- Median family income in NC was \$95,000 in 2025, far less than the \$120,000 in family income necessary to afford a median-priced home in the state.⁹
- North Carolina faces a gap of more than 760,000 housing units, especially affecting low- and moderate-income households.¹⁰ Affordability challenges persist, with rising median rents and home prices leading many households to spend more than 30% of their income on housing.¹¹ In 2025, teachers in 23 NC counties did not earn enough on average to afford the typical fair market rent where they work.¹²

³ US Department of Labor, [WIOA and WP-ES Program - State Statutory Formula Funding](#).

⁴ NC Department of Commerce, [Investing in North Carolina’s Caregiving Workforce](#).

⁵ NC Department of Health and Human Services, Division of Employment and Independence and Division of Services for the Blind, Deaf, and Hard of Hearing.

⁶ University of Nebraska – Buffet Early Childhood Institute, [Child Care Gap](#).

⁷ UC Berkeley Center for the Study of Child Care Employment, [Early Childhood Workforce Index 2024](#).

⁸ NC Department of Commerce, [The Hidden Cost of Child Care Gaps in North Carolina’s Economy](#).

⁹ US Department of Housing and Urban Development - HUD Exchange, [HOME Income Limits](#).

¹⁰ NC Housing Finance Agency, [“New Research Shows North Carolina Has a 764,000 Unit Housing Gap”](#).

¹¹ NC Housing Finance Agency, [“New Data, New Insights: NC Housing Snapshot Updated with Latest Data”](#).

¹² NC Housing Coalition, [County Profiles](#).

- From March 2023 to March 2024, small businesses in North Carolina accounted for 36,990 openings and 29,023 closings. Small businesses contributed a net increase of 52,820 jobs, or nearly 90% of the total net increase of jobs in the state.¹³
- Small businesses represented 99.6% of all businesses in North Carolina and employed 1.8 million workers in 2022, about 45% of the private-sector workforce, underscoring their critical role in sustaining the state's economy.¹⁴
- Many rural and smaller-metro counties continue to lag on core measures of economic strength, including wages, household income, employment, and educational attainment. The 30 North Carolina counties with the weakest results across those measures all lost population from 2010 to 2024, reinforcing the need for targeted workforce and economic development investments.¹⁵
- High due diligence costs, averaging \$130,000 per site, limit communities' ability to develop project-ready sites, reducing North Carolina's competitiveness. Since 2006, 14,415 Certified Sites have supported nearly 13,000 announced jobs and \$11 billion in investment, underscoring the risk of losing major projects without continued investment.¹⁶
- Businesses are facing rising costs from tariffs and a recent surge in energy prices, with a national survey of small businesses showing more than half listing inflation as their top concern.¹⁷
- Businesses are hiring at the lowest rates since the early 2010s, when the economy was recovering from the Great Recession.¹⁸
- North Carolina's strong recovery from the COVID-19 recession and continued expansion enabled the state's unemployment insurance (UI) trust fund balance to reach a new record high of \$5.8 billion. However, businesses are paying nearly three times as much in unemployment insurance taxes than laid-off workers claim in benefits, resulting in more funds sitting idle in a federal trust fund that could be deployed in North Carolina's economy.¹⁹
- Laid-off workers in 2025 received UI benefits that averaged only 28% to 34% of their earnings prior to losing their jobs, making it difficult to make ends meet while looking for work.²⁰
- More than half of North Carolina workers laid off through no fault of their own exhaust their UI benefits before finding a new job despite unemployment being below 4% for more than four years.²¹

Recommendation Detail

Strengthen Workforce Development

North Carolina leads the nation in workforce development because of its talented people.²² To maintain this competitive advantage, North Carolina must continue strengthening pathways that close skills gaps

¹³ US Small Business Administration – Office of Advocacy, 2025 [Small Business Profile: North Carolina](#).

¹⁴ US Small Business Administration – Office of Advocacy, 2025 [Small Business Profile: North Carolina](#).

¹⁵ NC Department of Commerce, [County Economic Vitality Index](#).

¹⁶ NC Department of Commerce, [North Carolina Certified Sites Annual Report 2024](#).

¹⁷ US Chamber of Commerce, [Small Business Index for Q1 of 2026](#).

¹⁸ US Bureau of Labor Statistics, [Hires: Total Nonfarm \[JTSHIR\]](#), retrieved from FRED, Federal Reserve Bank of St. Louis.

¹⁹ US Department of Labor, Employment and Training Administration. [Unemployment Insurance Data](#).

²⁰ US Department of Labor, Employment and Training Administration. [UI Replacement Rates Report](#).

²¹ US Department of Labor, Employment and Training Administration. [Unemployment Insurance Data](#).

²² ["North Carolina Named Number One in Workforce Development by Site Selection Magazine"](#).

and meet evolving economic development needs. Intentional investments that build a skilled workforce, support educational attainment, and connect people to emerging career opportunities are critical to ensure all North Carolinians can fully participate in the labor force.

North Carolina faces growing labor market demands across several key sectors, including advanced manufacturing, health care, education, and state government. For instance, a recent analysis projects the state will have a significant shortage of registered nurses and licensed practical nurses by 2033.²³ In response, Governor Stein's Recommended Budget invests in the nursing workforce by creating new training sites at the North Carolina Area Health Education Centers, recruiting more nursing instructors, and developing educational pathways for nurses to increase their skills. The budget also provides funding to the North Carolina Independent Colleges and Universities to educate more health care professionals, including physician assistants, nurses, and physical therapists.

This proposal includes more than \$14 million to strengthen the state's vocational rehabilitation workforce, reducing DEIPD and DSB's vacancy rates and addressing turnover. This investment will enable the state to draw down additional federal grant dollars, stabilizing the workforce and bolstering the capacity of community-based providers.

The Governor's Recommended Budget includes additional investments to support businesses, provide job training, and launch a workforce development public awareness initiative. Funds for NC Career Centers' Employer Services will help businesses recruit and retain skilled talent to fill critical workforce needs. Without sustained funding for NC Career Center services, employers will struggle to fill positions and individuals will spend more time on unemployment insurance, and priority populations, including veterans and individuals with disabilities, will lose access to services that connect them to jobs with family-sustaining wages. The Governor's Recommended Budget provides \$15 million to the Department of Commerce (DOC) for essential career support services. Complementary to this, DOC will also receive funding for a workforce development public awareness campaign to increase engagement with the state's workforce development services among both employers and jobseekers.

The budget establishes a Statewide Recruitment Team at the Office of State Human Resources to help qualified candidates build long-term careers in state government. Funds to the Department of Public Safety will meet the state's growing public safety needs by adding more instructors to train and certify law enforcement officers.

Grow Apprenticeships & Work-Based Learning

Apprenticeship programs enable North Carolina to develop the talent needed for high-demand sectors across the state. In FY 2024-25, North Carolina's state apprenticeship agency, ApprenticeshipNC (ANC), had more than 10,000 active registered apprenticeships. More than 3,000 employers and 16,000 apprentices benefited from on-the-job training, pre-apprenticeships, or apprenticeships.²⁴ ANC is a key partner in preparing tomorrow's workforce, but with federal grants expiring in June 2026, its capacity to provide technical assistance, register programs, and connect North Carolinians to job training

²³ NC Department of Commerce, [Investing in North Carolina's Caregiving Workforce](#).

²⁴ ApprenticeshipNC, [2024-2025 ApprenticeshipNC Annual Report](#).

opportunities will decline without stable funding. The Governor’s Recommended Budget provides \$3.2 million necessary to sustain and expand ANC.

The budget includes additional work-based learning investments to narrow the skills gaps in the state’s most critical workforce sectors, expanding apprenticeship programs and fellowships at the North Carolina Community College System (NCCCS), DOC, Department of Administration, Office of State Human Resources, and Department of Transportation. Work-based learning programs are essential to building a skilled and talented pipeline that meets the workforce needs of North Carolina’s employers and small businesses.²⁵ More than \$2 million in funding to DOC will expand work-based learning grants to help small businesses recruit and retain talent.

Furthermore, NC Career Launch (NCCL) will establish a rural youth apprenticeship program across five regions based on the successful Surry-Yadkin Works model. DOC will administer the \$4 million investment in this program in conjunction with the NC Business Committee for Education and local stakeholders to develop and scale high-quality registered pre-apprenticeships for high school students. This innovative system will create career pathways in high-demand industries while providing support systems and information for employers, school districts, and students. After two years, local communities will be expected to take responsibility for the continued funding of these programs for school districts. With this funding, NCCL will increase registered pre-apprenticeship enrollment and pre-apprenticeship completions serving 1,000 participants and provide student support services, including a \$500 success stipend upon completion of the program. NCCL will also expand employer support, technical assistance, and professional development to provide comprehensive training for career counselors, career and technical education (CTE) instructors, and administrators.

Expand Credential Attainment

Governor Stein’s Recommended Budget expands access to workforce training and resources that will lead to a degree or credential aligned with the state’s high-demand sectors. NCCCS will begin implementing Propel NC, a new labor-market-driven funding model, to better prepare and connect students with high-demand, high-wage jobs. Additionally, Governor Stein recommends making community college tuition free for students pursuing non-degree, short-term workforce credentials in high-demand fields.

The budget funds a Workforce Pell Director at DOC, who will play a key role in facilitating the state’s efforts to implement the federal Workforce Pell Program. Ensuring seamless coordination between federal, state, and industry partners is critical to providing even more access and financial assistance for students to obtain high-quality credentials and quickly enter the workforce. The budget will also modernize North Carolina’s career information system at DOC to help users explore occupations, receive help with resumes, and attain the necessary credentials to pursue their career aspirations.

²⁵ NC Department of Commerce, [“Work-Based Learning Grants Help Upskill More Than 800 Small Business Employees Across North Carolina”](#).

Address Housing and Child Care Supply and Affordability

The Governor's Recommended Budget invests in supports to promote workforce participation. Child care is core economic infrastructure. This budget provides \$80 million (\$20 million of which is coming from block grant funding) to stabilize child care programs across the state by bringing outdated subsidy rates into federal compliance and establishing a statewide subsidy reimbursement rate floor. North Carolina's child care subsidy rates are based on what families can afford to pay, not the actual costs of quality care — and current subsidy reimbursement rates cover only about half of the actual cost of care. Further, reimbursement rates in rural counties are often hundreds of dollars per month lower than in urban counties, despite similar operational costs. Adding a statewide subsidy rate floor would increase financial stability so child care programs can keep classrooms open and staffed, especially in low-income and rural counties. These rate increases will help keep tuition affordable for families but high enough to support wages that recruit and retain quality staff. Increasing the NC Pre-K reimbursement rate by 6% will likewise help providers stay open and provide essential early childhood education.

The budget's further investments in North Carolina's housing programs aim to expand affordable housing, preserve existing rental units, and support emergency home repairs, particularly for low-and-moderate income families, seniors, veterans, and people with disabilities. By leveraging federal and private resources, the Housing Trust Fund and Workforce Housing Loan Program will finance thousands of additional new and rehabilitated multifamily units across the state, including in hard-to-serve markets. Governor Stein's Recommended Budget also directs additional grants to local governments to incentivize higher-density zoning policies to increase housing supply and align local regulations with statewide housing goals. Collectively, these initiatives strengthen housing accessibility, promote long-term affordability, and generate economic benefits through construction and community development.

Promote Economic Development

Sustained investment in North Carolina's small businesses, rural economic development, and economic infrastructure is critical to maintaining economic growth, job creation, and statewide competitiveness. Small businesses, representing 99.6% of all businesses and employing 1.8 million residents, face ongoing barriers such as limited access to capital, commercialization challenges, and market reach, particularly in rural areas.

Governor Stein's Recommended Budget addresses these gaps by supporting programs like the One NC Small Business Program and the Carolina Small Business Development Fund, which provide early-stage funding, loans, and technical assistance to help businesses start, scale, and access new markets. Additional investments promote North Carolina agricultural products to strengthen rural economies, while expanded rural development funding targets disparities through improved access to capital and resources. Targeted industry support for film and entertainment will drive in-state spending and generate jobs. Complementing these efforts, the NC Certified Sites Program enhances economic infrastructure by preparing development-ready industrial sites, reducing project risk and timelines, and improving the state's ability to attract major investments in job-creating projects.

The budget also supports North Carolina's required annual assessment to the Southeast Crescent Regional Commission, preserving eligibility for at least \$4.5 million in federal State Economic and

Infrastructure Development grants that fund infrastructure, workforce, and economic development projects across 69 eligible counties — including 25 of the state’s most economically distressed — further strengthening rural communities and job creation.

Enhance Unemployment Insurance

North Carolina’s strong recovery from the COVID-19 recession enabled the state’s Unemployment Insurance (UI) Trust Fund to reach a record high balance of \$5.8 billion in April 2026. Despite this financial strength, North Carolina’s UI system lags most states in supporting laid-off workers. The state’s average weekly benefit of \$323 ranks 43rd nationally, and the maximum weekly benefit of \$350 has remained unchanged since 2013. As a result, UI benefits now replace only one-third of wages for the average laid-off worker, down from approximately half in 2013. Most other states’ UI benefits replace at least 44% of pre-layoff wages.

Additionally, North Carolina is tied for the shortest benefit duration in the nation at just 12 weeks. Thirty-four states provide at least 26 weeks of benefits.²⁶ North Carolina’s short benefit duration results in 56% of laid-off North Carolina workers exhausting their benefits before finding new employment, the highest exhaustion rate in the country.²⁷

The Governor’s recommended changes would adapt unemployment insurance benefits to better support laid-off workers and maintain consumer spending in areas hit by widespread layoffs. The maximum weekly benefit would increase from \$350 to \$495 for new claims filed on or after July 1, 2026, with annual inflation adjustments thereafter. This increase restores the purchasing power of the maximum weekly benefit to the same level as the last time policymakers changed the amount in 2013. The recommendation extends the maximum benefit duration from 12 weeks to 20 weeks when unemployment is low and from 20 weeks to 26 weeks during times of high unemployment.

Implement Strategic WorkForce Training (SWFT) fund

Creates the Strategic WorkForce Training (SWFT) fund to expand and improve the state’s labor supply. The SWFT fund is funded by pairing an assessment based on employers’ unemployment insurance (UI) taxes, which is offset by a UI tax credit that is 50% larger than the assessment for each employer.

DES will calculate the assessment as part of its annual employer tax rate assignments and set the percentage at the level necessary to raise \$85 million in the 2027 UI tax year. By statute, the total amount raised will grow by 3.5% each subsequent year. Each business’s UI taxes are then reduced by 50% more than the assessment. DES would suspend the SWFT assessment and UI tax reduction if the UI Trust Fund balance falls below \$1 billion.

Based on OSBM’s modeling of the Governor’s proposed changes to UI benefits and taxes, the UI Trust Fund balance will continue to grow under expected economic conditions and in the case of a mild

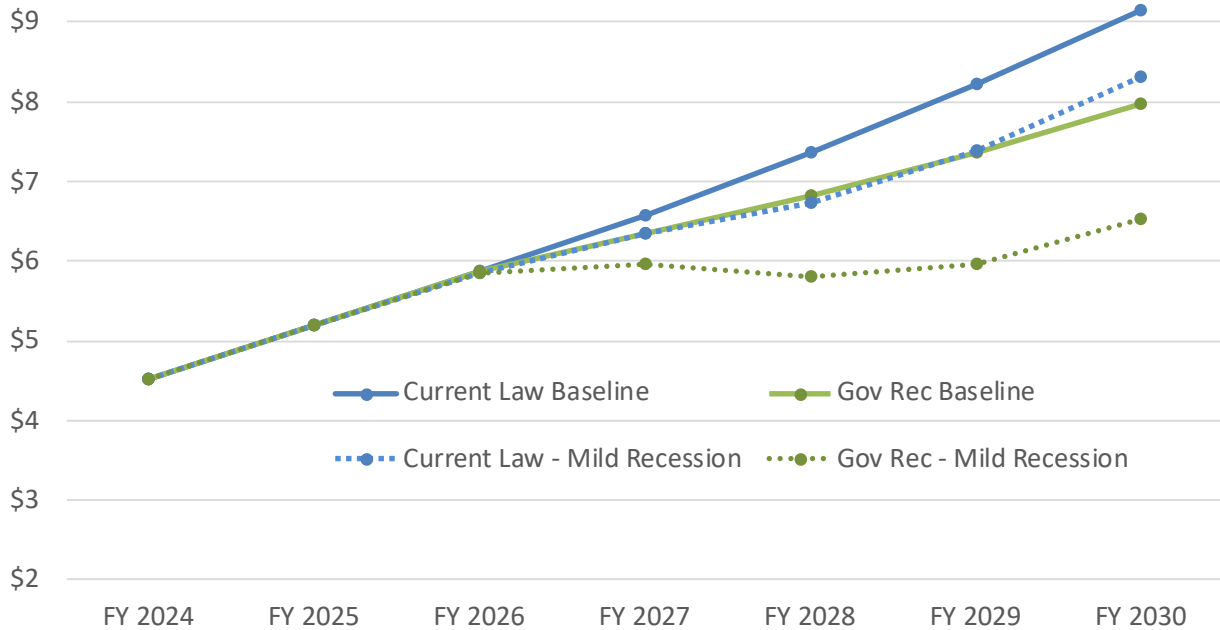
²⁶ Center on Budget and Policy Priorities, [“How Many Weeks of Unemployment Compensation Are Available?”](#), Updated April 2026.

²⁷ US Department of Labor, [“Unemployment Insurance Data Dashboard”](#) 2025.

recession (see figure). Even under a severe recession, the UI Trust Fund balance would remain at sustainable levels and begin growing as the economy recovers.

UI Trust Fund to Continue Growing Under Governor’s Recommended Policies

Projected Trust Fund Balance Under Policy and Economic Scenarios, Billions



Expected Impact

- Strengthens the state’s talent pipeline by sustaining and expanding apprenticeship programs to meet high-demand workforce needs across North Carolina.
- Improves North Carolina’s health care system by expanding nursing training sites, bolstering instructor recruitment and retention, and investing in skills development to address critical workforce shortages.
- Increases access to critical services for North Carolinians with disabilities (including individuals who are visually impaired, blind, or deaf), supporting their independent living and employment goals
- Supports small businesses by offsetting training costs and expanding access to work-based learning, enabling employers to recruit, train, and retain skilled talent while strengthening long-term workforce pipelines across the state.
- Expands youth apprenticeship opportunities, connecting high school students to high-demand careers and strengthening the state’s long-term workforce pipeline.
- Sustains essential NC Career Center’s Employer Services for more than 80,000 jobseekers and 20,000 employers annually.
- Builds a stronger public safety workforce through enhanced training and certifications.
- Promotes economic mobility by equipping North Carolinians with postsecondary degrees and credentials aligned with the state’s high-demand, high-wage jobs.

- Improves NCCareers.org, an online career services platform, to support 2 million users by 2027, accelerating job placements, reducing employer hiring gaps, and expanding access to career pathways.
- Establishes statewide approval and oversight capacity to process more than 80 anticipated Workforce Pell Grant Program applications annually and expands access to workforce-aligned training opportunities.
- Increases statewide participation in high-demand career pathways through investments in a statewide workforce awareness campaign.
- Keeps parents who want to work in the workforce by providing child care subsidy rates closer to the true cost of care and helping providers stay open. This will benefit not just the 55,000 children receiving subsidies each year but also their market-rate classmates who will not have to find new care if their provider closes due to insufficient revenue.
- Expands access to housing options for low-income families, seniors, veterans, and people with disabilities.
- Increases the availability of multifamily affordable housing in challenging markets.
- Boosts the growth of innovative small businesses in the technology industry through approximately 85 grants supporting new business formation, driving an estimated net gain of more than 180 jobs in that sector.
- Generates more than \$187 million of in-state spending and 5,700 jobs through film and entertainment productions by meeting existing contractual obligations and attracting future productions.
- Addresses economic disparities by expanding investments in community revitalization efforts and small business support in distressed, rural counties across North Carolina.
- Supports due diligence costs for approximately 10 certified sites, improving economic site readiness and competitiveness, with the potential to generate 1,000 to 2,000 new jobs and attract more than \$1 billion in capital investment.
- Reduces costs for North Carolina's businesses, supporting additional investment and hiring. Compared to current law, businesses will pay an estimated \$42.5 million less in net UI taxes in 2027.
- Continues to grow in the state's UI Trust Fund balance while cutting businesses' UI taxes, enhancing benefits, and investing in workforce development.
- Provides jobseekers with more financial security and allows them time to find positions that match their skills and offer higher wages.²⁸
- Helps local and regional economies stay afloat in times of widespread layoffs, keeping families out of poverty and supporting local businesses by sustaining consumer spending.²⁹

²⁸ Jason Faberman and Ali Haider Ismail, Chicago Fed, ["How Do Unemployment Benefits Relate to Job Search Behavior?"](#) June 2020.

²⁹ William J. Congdon and Wayne Vroman, Urban Institute. ["Extending Unemployment Insurance Benefits in Recessions: Lessons from the Great Recession"](#) February 2021.

Keeping North Carolinians Safe and Healthy

Recommendation

Invests nearly a billion dollars to expand access to behavioral health services, strengthen public safety, protect the state’s Supplemental Nutrition Assistance Program (SNAP), and improve access to healthy, fresh food and clean drinking water to ensure that all North Carolinians can access critical supports that enhance their safety, health, and well-being. These investments are in addition to fully funding the Medicaid rebase.

Item	Agency	FY 2026-27	
		Recurring	Nonrecurring
Improve Student Safety and Well-Being			
1 School Facilities and Repair and Renovation	LEAs		\$136,181,062
2 School Resource Officer Allotment	DPI	\$50,000,000	
3 School Health Personnel	DPI	\$32,135,000	
4 School Safety Grants	SBI		\$20,000,000
5 Behavioral Threat Assessment Mgmt. System	SBI		\$500,000
Subtotal – Improve Student Safety and Well-Being		\$82,135,000	\$156,681,062
Support Behavioral Health, Safety, and Child Welfare			
6 Reentry Health Coverage and Care	DHHS	\$9,000,000	\$80,000,000
7 Innovation Waiver Slots	DHHS	\$26,143,200	
8 Transitions to Community Living	DHHS	\$25,000,000	
9 Electronic Health Records	DHHS	\$23,086,076	
10 PATH NC	DHHS	\$8,189,825	\$10,559,128
11 Open Behavioral Health Units	DHHS	\$12,000,000	
12 Expand the State Funded Co-Response Model	DHHS	\$8,700,000	
13 Pilot Improvements to Involuntary Commitment	DHHS		\$6,000,000
14 Juvenile Justice Residential Crisis Unit	DPS	\$3,200,000	\$150,000
15 Responder Assistance Initiative-Helene First Responders	DPS	\$1,202,669	\$1,000,000
16 NC National Guard Integrated Behavioral Health	DPS	\$1,093,787	
Subtotal – Support Behavioral Health, Safety, and Child Welfare		\$117,615,557	\$97,709,128
Recruit and Retain Public Safety and Health Personnel			
17 Certified Public Safety and Law Enforcement Raise	Various	\$157,796,000	
18 Nurse and Health Care Personnel Raise	Various	\$31,818,000	
19 Basic Law Enforcement Training Bonuses	DOJ		\$15,500,000
20 NC National Guard Extension and Referral Bonuses	DPS	\$1,525,000	
21 Law Enforcement Training Staff	DPS	\$381,436	
Subtotal – Recruit and Retain Public Safety and Health Personnel		\$191,520,436	\$15,500,000

Item	Agency	FY 2026-27		
		Recurring	Nonrecurring	
Keep Families and Children Fed				
22	Universal School Breakfast at No Cost to Students	DPI	\$85,300,000	
23	State Aid to Counties	DHHS		\$63,000,000
24	SNAP Accuracy and Error Rate Reduction	DHHS	\$10,028,461	\$2,890,917
25	Sustaining the SNAP Program	DHHS	\$11,841,452	\$68,305
26	SUN Bucks	DHHS	\$10,000,000	
27	Household Feeding Programs Coordinator	DACS	\$84,288	
Subtotal – Keep Families and Children Fed			\$117,254,201	\$65,959,222
Ensure Clean and Safe Drinking Water and Food				
28	Drinking Water State Revolving Loan and Clean Water State Revolving Loan Match	DEQ		\$45,228,400
29	Viable Utility Reserve	DEQ		\$15,000,000
30	PFAS – Bernard Allen Fund	DEQ	\$200,000	\$10,000,000
31	PFAS – Operations and Lab Capacity	DEQ	\$1,659,393	\$2,613,925
32	Food and Drug Protection Positions	DACS	\$670,000	
Subtotal – Ensure Clean and Safe Drinking Water and Food			\$2,529,393	\$72,842,325
Promote Public Safety				
33	VIPER Network Sustainment	SHP	\$20,000,000	
34	Body Cameras	Various	\$4,594,358	\$2,503,135
35	Reentry Council Grants	DAC		\$5,000,000
36	Nonprofit Security Grants	DPS		\$2,000,000
37	NC Secure All Firearms Effectively (SAFE) Campaign	DPS		\$1,000,000
38	Computer Crimes Unit Expansion	SBI	\$467,469	\$53,936
39	Violence Prevention Grants	DPS	\$250,000	
40	Cold Case Capacity	SBI	\$229,922	
41	Real-Time Threat Alerting Platform	SBI		\$200,000
Subtotal – Promote Public Safety			\$25,541,749	\$10,757,071
Combat Drug Crimes and Address Substance Misuse				
42	Medication for Opioid Use Disorder (Opioid Abatement Reserve)	DAC		\$10,100,000
43	Fentanyl Control Unit	Various	\$2,432,947	\$831,218
44	Vape Shop Enforcement	DPS	\$750,755	\$606,893
Subtotal – Combat Drug Crimes and Address Substance Misuse			\$3,183,702	\$11,538,111
Total			\$539,780,038	\$430,986,919
Grand Total			\$970,766,957	

Statement of Need

- The number of acts of violent crime in schools increased from 250 to 302 from the 2023-24 school year to 2024-25, and reported possession of a controlled substance continues to rise above pre-pandemic levels, increasing 54.5% since the 2018-19 school year.
- North Carolina schools lack the health care staff to meet the national student-to-staff caseload guidelines – including counselors, nurses, social workers, and psychologists. About one-quarter of NC’s public school units (PSUs) have no school psychologist on staff. Of the 26 traditional PSUs without a school psychologist on staff, 19 have been without a school psychologist for at least three years.
- The NC Center for Safer Schools received almost \$88 million in requests for equipment, services, and training for only \$30 million available for school safety grants in the 2024-25 school year.
- Approximately 50% of people released from a correctional facility in the state identify as having a behavioral health need.¹ About 76% of people who entered Department of Adult Correction (DAC) custody in FY 2024-25 had a substance use condition requiring placement in a DAC substance use treatment program.²
- More than one in five adults and one in five children in North Carolina had a mental illness in 2023, while almost one in 19 adults had a serious mental illness.³
- North Carolina counties have been relying on fragmented, outdated, and often paper-based child welfare systems, leading to inconsistent decisions, limited oversight, and delayed access to critical information needed to keep children safe.
- More than 20,000 individuals with Intellectual or Development Disabilities (I/DD) are on the waitlist for an NC Innovations Waiver slot.⁴
- Of the youth committed to a youth development center (YDC), 97.7% have at least one mental health diagnosis. Youth committed to YDCs had an average of four distinct mental health and/or substance use disorder diagnoses, and as many as 11 in some cases.⁵
- Counties are struggling with severe DSS staffing shortages, rising caseloads, and delayed eligibility and protective-services decisions – creating inconsistent service delivery and slowing critical responses for children, families, and vulnerable adults.
- North Carolina is currently 49th in the nation for correctional officer and State Highway Patrol (SHP) trooper salaries.^{6,7}
- From 2014 to 2024, SHP trooper applications declined 75%.
- About one-third of the state’s psychiatric hospital beds are not filled due to chronic staffing shortages.⁸ Nursing salaries at state-operated health facilities are approximately 15% lower than University of North Carolina Health System nursing salaries.⁹

¹ NC Sentencing and Policy Advisory, [Correctional Program Evaluation](#).

² NC Sentencing and Policy Advisory, [Quick Facts: Adult Recidivism](#).

³ NC Division of Mental Health, Developmental Disabilities, and Substance Use Services, [Standard Data Points](#).

⁴ NC Division of Health Benefits, [Innovations Waitlist Dashboard](#).

⁵ NC Department of Public Safety, [Did You Know?](#)

⁶ Department of Adult Correction, [Salary Infographics COMBINED](#).

⁷ State Highway Patrol, [Fall 2025 Salaries at a Glance](#).

⁸ NC DHHS Data.

⁹ NC Division of State Operated Health Facilities.

- Summer is one of the hungriest times of year for many children. More than 60% of North Carolina’s 1.5 million public school students – about 900,000 children – lose access to a critical source of weekday nutrition when the school year ends, contributing to significantly higher summer food insecurity for households with school-age children.¹⁰
- More than 1.2 million people in North Carolina struggle with food insecurity, including roughly 394,000 children – about one in six children.¹¹ When students arrive at school hungry, they are less able to focus, less likely to stay healthy, and more likely to fall behind academically.
- Public Law No.119-21 (HR 1) enacted federal policy changes that will reduce the federal administrative cost share of the Supplemental Nutrition Assistance Program (SNAP) from 50% to 25% beginning in October 2026. HR 1 also requires states to pay a portion of the benefit costs, for the first time in the history of SNAP, if SNAP payment error rates are above 6% starting in 2027, which – given recent error rates near or above 10% – could require up to \$420 million in annual state appropriations by FY 2027-28 to sustain the program.¹²
- Per- and polyfluoroalkyl substances (PFAS) and other unregulated chemicals are widespread and present in drinking water sources across North Carolina, including in groundwater and private drinking water wells, requiring ongoing monitoring and treatment to address health risks.¹³ Moreover, nearly 2,000 public water systems serving about 9.3 million North Carolinians must be continuously maintained, upgraded, and regulated to ensure safe drinking water.¹⁴
- The US Food and Drug Administration reduced its workforce by approximately 3,500 full-time staff in 2025, a change the Government Accountability Office reports has strained the agency’s ability to meet core oversight responsibilities, including food-safety functions – placing greater importance on maintaining state-level inspection and laboratory capacity.
- More than 210,000 first responders across the state depend on the Voice Interoperability Plan for Emergency Responders (VIPER) Network to communicate during emergencies and disasters, especially if phone signals fail as they did immediately after Hurricane Helene.
- A Police Executive Research Forum survey found that 94% of responding law enforcement agencies nationwide incorporate body camera footage in their training and administrative reviews.¹⁵
- Nearly 40,000 violent crimes were reported in the state in 2024.¹⁶
- From 2020 to 2024, nearly 3,400 firearm fatalities occurred in North Carolina.¹⁷
- Online child exploitation reports have grown approximately 1,000% from 2019 to 2025, according to the State Bureau of Investigation (SBI).

¹⁰ NC Department of Public Instruction, [NC SUN Meals Programs Offer Free Food, Fitness, Farm to Summer, Fun for Youth](#).

¹¹ NC Division of Health and Human Services, [State Action Plan for Nutrition Security](#).

¹² Congressional Research Service, [Supplemental Nutrition Assistance Program \(SNAP\) and Related Nutrition Programs in P.L. 119-21: An Overview](#).

¹³ NC Department of Environmental Quality, [Understanding PFAS](#).

¹⁴ NC Department of Environmental Quality, [DEQ PFAS Sampling Public Water Systems](#).

¹⁵ Police Executive Research Forum, [Implementing a Body-Worn Camera Program: Recommendations and Lessons Learned](#).

¹⁶ State Bureau of Investigation, [Summary Based Reporting – Index Offenses and Clearances, 2024](#).

¹⁷ Governor’s Crime Commission, [Firearm Violence Across North Carolina in Rural, Urban, and Suburban Areas](#).

- On average, eight North Carolinians died every day from fentanyl overdose in 2024.¹⁸ Additionally, according to DAC, approximately 20% to 30% of people in state prisons suffer from opioid use disorder.
- Since 2018, emergency department visits by youths under 18 years old who ingested tetrahydrocannabinol (THC) have increased sixfold.

Recommendation Detail

Improve Student Safety and Well-Being

Schools should be safe environments that enable children to learn and grow. The budget makes meaningful capital investments to ensure students and educators have safe, modern, and fully supported learning environments. It provides \$115 million from the State Capital and Infrastructure Fund to repair and renovate public school facilities across the state, addressing longstanding infrastructure needs and helping districts create healthier, more functional spaces for teaching and learning. More than \$19 million is invested in the state’s residential schools for deaf and blind students, strengthening campuses that serve some of North Carolina’s most vulnerable learners. And more than \$2 million supports the NC Center for the Advancement of Teaching, enabling it to expand high-quality professional learning and better equip educators to meet the needs of their students.

The Governor’s Recommended Budget expands student access to mental and physical health services by funding more than 360 new positions for counselors, nurses, psychologists, and social workers — roles shown to improve attendance, behavior, academic success, and long-term outcomes.

This budget also strengthens school safety by funding 535 school resource officer (SRO) positions for middle schools and establishing statewide standards for SRO training, including behavioral health and trauma-informed practices. Together, these investments aim to create safer, healthier school environments where students are better supported, both academically and emotionally.

In the Governor’s Recommended Budget, SBI will receive funding for school safety grants to strengthen security with equipment including cameras, exterior locks and fences, weapon detection, and metal detectors. The Center for Safer Schools (CFSS) at SBI will administer these grants to local districts. Start-up funding for CFSS supports a pilot behavioral threat assessment management system to better monitor and analyze local cases.

Support Behavioral Health, Safety, and Child Welfare

North Carolina faces persistent gaps in behavioral health, child welfare, and public safety systems – ranging from rising demand for treatment and reentry supports to outdated technology and inconsistent crisis response. These gaps require sustained, statewide investment to modernize infrastructure, expand access to care, and ensure vulnerable residents and frontline professionals receive the coordinated support necessary to protect health and safety.

The Governor’s Recommended Budget invests funds to enable the Division of Health Benefits, the Department of Adult Correction, and the Division of Juvenile Justice and Delinquency Prevention at the

¹⁸ NC Department of Health and Human Services, [North Carolina Overdose Epidemic Data](#).

Department of Public Safety (DPS-DJJDP) to partner to provide health coverage and care to eligible incarcerated individuals who are enrolled in Medicaid within the 90-day period prior to release from a correctional facility, youth development center, or jail. Critical pre-release services, including case management, medication for opioid use disorder, and other prescription medications, will support the physical and behavioral health needs of individuals reentering into the community.

This budget also includes operation and maintenance funds for the Division of State Operated Healthcare Facilities (DSOHF) to transition from paper health records to an electronic health record system (EHR), which the division implemented in 2026 for all 13 facilities. This funding will support ongoing activities such as system maintenance, upgrades, user support, and continued integration with statewide health initiatives to ensure reliability and compliance.

To help people with serious mental illnesses or intellectual and developmental disabilities (I/DD) receive care in their communities, Governor Stein's proposal sustains and expands Transitions to Community Living (TCL) and adds 200 Innovations Waiver slots. TCL offers supportive housing, tenancy assistance, and wraparound mental health services for individuals transitioning from or at risk of entering institutional care. The Innovations Waiver provides critical home- and community-based services so individuals with I/DD can continue living in their homes or community settings.

To strengthen and modernize North Carolina's child welfare system, Governor Stein invests funds to replace fragmented county data systems with a unified, statewide platform that improves decision-making, supports consistent safety assessments, and enhances real-time information sharing. The system strengthens oversight, streamlines documentation, and provides tools that help social workers better support children and families.

The Governor's Recommended Budget also provides funding to open two additional units in the state's psychiatric hospitals – expanding inpatient capacity, reducing the waitlist for care, and meeting higher demand driven by Iryna's Law. The budget creates new co-response teams in rural counties, which evidence has shown to de-escalate crises, reduce arrests and emergency department visits, and connect people with appropriate treatment for their behavioral health needs.¹⁹

To address inconsistent implementation of the Involuntary Commitment (IVC) process, and the lack of comprehensive data collection, this budget proposes funds to improve the IVC process, including funds to evaluate the pilots. The Division of Mental Health, Developmental Disabilities, and Substance Use Services will use the funding to enhance data collection throughout the IVC process, create a statewide data dashboard, expand appropriate telehealth use, and support standardized training for courts, law enforcement, and crisis providers. The division will also use funds to create a training program to certify NC Designated Crisis Responders as commitment examiners, increasing the number of examiners statewide.

¹⁹ US Department of Justice, Office of Justice Programs, [Assessing the Impact of Co-Responder Team Programs: A Review of Research](#).

Youth committed to YDCs had an average of four (4.2) distinct mental health and/or substance use disorder diagnoses, and in some cases as many as 11. To better serve these youth, the DJJDP within DPS will create a residential crisis unit to serve its highest-needs juveniles.

Public safety staff also need mental health services to sustainably serve our state and manage the various traumatic encounters they experience. Following Hurricane Helene, law enforcement officers (LEOs) and telecommunicators needed assistance based on the difficult circumstances they confronted. Governor Stein's recommendations support both the Responder Assistance Initiative and NC National Guard (NCNG) Integrated Behavioral Health System to address mental health and wellness issues impacting first responders and NCNG service members.

Recruit and Retain Public Safety and Health Personnel

State and local public safety agencies face challenges recruiting and retaining officers who keep people safe. Under Governor Stein's budget, certified staff, such as correctional officers and state troopers, nurses, and health care technicians will receive a 5% salary increase, in addition to the 10% increase Governor Stein recommends for FY 2025-26 in his Critical Needs Budget. Probation and parole officers and juvenile court counselors will also receive a 3.25% raise in addition to the 6.5% increase in the Critical Needs Budget.

The Governor's Recommended Budget also rewards and prepares new officers for protecting fellow North Carolinians. This proposal establishes bonuses for NCNG referrals or extensions, as well as bonuses for newly hired Basic Law Enforcement Training (BLET) graduates and out-of-state BLET-certified transfers who dedicate themselves to protecting their fellow North Carolinians. The Samarca Training Academy will gain additional staff to provide BLET for incoming state agency officers.

Keep Families and Children Fed

The investments in this budget improve the access to healthy food for children, families, people with disabilities, and older adults.

Governor Stein's budget ensures every public school student can eat breakfast at no cost and children who lose access to school nutrition programs during summer have access to grocery benefits through the SUN Bucks program. Free school breakfast will close the gap for the nearly 190,000 students in non-Community Eligibility Provision schools who currently may not receive free morning meals. Research shows that universal free breakfast improves student health, learning, and behavior. The SUN Bucks program brings in more than \$125 million in summer grocery benefits for more than 1 million children, including 900,000 public school students, during the summer. The Governor's Recommended Budget provides required administrative match funds to prevent summer hunger when school meals are unavailable.

A Program Coordinator II position in the Department of Agriculture and Consumer Services' (DACs) Food Distribution Division will strengthen the state's ability to connect families and seniors to US Department of Agriculture (USDA) nutrition programs by improving the management, ordering, and distribution of food that flows to local agencies, food banks, and community providers across North Carolina.

This budget also strengthens food and nutrition security for children, families, people with disabilities, and older adults year-round through SNAP. Investments in automation and state-level staffing will help reduce SNAP payment errors, maintain compliance with new federal requirements, and avoid costly federal penalties — all while ensuring accurate and timely delivery of SNAP benefits. Sustaining SNAP administration through increased state cost-share keeps NC FAST and state and county operations functioning as federal support declines.

Provides \$63 million to reinforce local DSS capacity by giving counties flexible resources to address severe workforce shortages and rising service demands across child welfare, adult protective services, and Food and Nutrition Services. HR 1 will place an increased burden on county social services offices. State investment helps counties hire and retain frontline staff, reduce delays in eligibility decisions and safety assessments, and maintain compliance with state and federal requirements.

Ensure Clean and Safe Drinking Water and Food

Clean and safe drinking water remains a critical concern in North Carolina due to the widespread presence of emerging contaminants like PFAS in public water systems, groundwater, and private wells, which pose ongoing risks to human health. Department of Environmental Quality (DEQ) findings show that contamination is not isolated, requiring continuous statewide monitoring, regulation, and remediation. These actions must be coupled with a significant investment in infrastructure upgrades to ensure systems can meet evolving water quality standards.

The proposed investments directly address these challenges by leveraging substantial federal funding through the Drinking Water and Clean Water State Revolving Loan programs to finance critical water and wastewater infrastructure projects; supporting the Viable Utility Reserve to help distressed public water systems achieve long-term financial and operational stability; expanding PFAS testing and laboratory capacity to improve detection, compliance, and remediation efforts; and strengthening the Bernard Allen Emergency Drinking Water Fund to provide immediate relief to households with contaminated private wells while also addressing contamination sources. Together, these efforts ensure more reliable, equitable access to safe drinking water, protect public health, and build long-term resilience across the state's water systems.

In addition to these water system protections, the Governor's Recommended Budget strengthens North Carolina's food-safety infrastructure by sustaining key positions within the DACS Food and Drug Protection Division. These DACS Food and Drug Protection Division positions provide essential inspection, laboratory, and compliance functions to identify food safety risks, ensure safe production and distribution practices, and maintain strong protections across North Carolina's food supply.

Promote Public Safety

Governor Stein's proposed budget strengthens North Carolina's public safety infrastructure by improving emergency communications, expanding body camera use, enhancing firearm safety initiatives, and bolstering efforts to address emerging threats such as domestic terrorism and online exploitation.

LEOs and other first responders must be able to communicate with other state and local agencies during disasters. Governor Stein's budget proposal provides stable funding for VIPER.

Body cameras for LEOs provide crucial evidence in investigations by accurately documenting interactions and improving preparedness through use of situation-based training modeled after previous encounters. Upfront purchasing costs and recurring storage costs have prevented all agencies from getting body cameras for their officers. Governor Stein's budget includes investments in the following agencies to ensure all field-based state agency LEOs have body cameras:

- DACS
- DEQ
- Department of Natural and Cultural Resources (DNCR)
- DPS
- SHP (including State Capitol Police).

Funding provided to DPS will continue the critical statewide Secure All Firearms Effectively (NC SAFE) campaign to prevent firearm fatalities. NC SAFE distributes gun locks and safes and provides violence prevention education and programming statewide. Funding for DAC Local Area Reentry Councils will provide funds for evidence-based programs for those reentering their communities following incarceration. Additionally, a competitive grant program through the Governor's Crime Commission will bolster local violence prevention efforts that apply a public health approach to address violence.

The Governor's Recommended Budget addresses additional public safety risks, such as domestic terrorists, online threats, and unidentified suspects. Grant funding for nonprofit organizations like churches and temples will boost their security against potential attacks. SBI's Computer Crimes Unit will gain more staff to triage reports of online child exploitation and restore agent capacity for proactive investigations, undercover operations, and enforcement activities. This proposal also commits funding for cold case capacity to continue these investigations and bring criminals to justice. Additionally, this budget funds a real-time threat alert platform that connects threat alerts in the news, social media posts, and other open-source data with previously reported incidents to detect and respond to early indicators of violence.

Combat Drug Crimes and Address Substance Misuse

North Carolina needs more officers and services to fight and prevent violent crime and drug use. A new Fentanyl Control Unit of prosecutors in the Department of Justice (DOJ) and drug agents and financial investigators in SBI will provide more resources and help local law enforcement to stop the flow of narcotics, investigate cases, and enhance community safety. DAC will receive funds to expand the use of medication to treat opioid use disorder to all correctional institutions following the success of regional pilot programs. The Governor's Recommended Budget also establishes one new Alcohol Law Enforcement agent in each district to increase capacity to investigate the sale and distribution of intoxicating THC at tobacco and vape shops.

Expected Impact

- Protects students and school staff by funding 535 middle school resource officer positions.
- Supports student mental and physical health by providing funding for 360 additional school health personnel, including school counselors, nurses, social workers, and psychologists.
- Protects schools by providing grants for safety equipment including weapons detection, security cameras, and exterior locks and fences.
- Improves health outcomes for individuals reentering into the community and decreases recidivism rates.
- Sustains TCL services for 4,100 individuals and provides services to 200 new individuals, in accordance with the US Department of Justice Olmstead Settlement.
- Covers operations and maintenance for DSOHF's electronic health record system, supporting patient care and safety by streamlining data collection, enhancing security, and improving continuity of care.
- Unifies all 100 county child welfare agencies into a single, modern statewide system, giving social workers real-time data and evidence-based tools that improve safety decisions and strengthen oversight.
- Creates 200 Innovation Waiver slots, decreasing the waitlist, and expanding the number of individuals with I/DD who can receive a wide range of home and community-based services, reducing the need for institutionalization.
- Enables DSOHF to open approximately 24 new psychiatric inpatient beds, expanding access to critical care for individuals with complex mental health needs.
- Increases the number of qualified commitment examiners throughout the state, decreases the number of initial IVC evaluations that take place in the emergency department, and ensures that individuals receive timely evaluations.
- Provides more than 3,300 clinical services annually to NCNG service members and their families, as well as other mental health services for first responders.
- Decreases officer vacancy rates and therefore reduces costs, like overtime pay.
- Reduces reliance on health care worker contracts by recruiting and retaining more state-employed nurses and health care techs.
- Recruits and retains up to 900 additional NCNG service members.
- Provides school breakfast at no cost to every public school student in the state.
- Provides flexible, targeted state funding to help counties address severe DSS workforce shortages, reduce caseload backlogs, improve service timeliness and quality, and stabilize essential services for children, families, and adults.
- Sustains the state's SNAP program, which provides \$2.8 billion in federally funded benefits to low-income individuals and families to help afford nutritious food.
- Provides \$40 per month in SUN Bucks grocery benefits per child for three months to more than 1 million children to address the summer food gap families face when school is not in session.
- Improves the reliability and reach of USDA nutrition programs by strengthening the state's capacity to efficiently move food to seniors, families, food banks, and community partners through better program management, ordering, and distribution.

- Expands access to safe, reliable drinking water statewide by leveraging federal investment, strengthening distressed water systems, enhancing PFAS detection and remediation, and providing immediate support to households with contaminated wells, ultimately improving public health and long-term water system resilience.
- Strengthens statewide protection against food-safety risks by sustaining inspection, laboratory, and compliance capacity to identify contamination, enforce safety standards, and maintain a secure food supply as federal oversight resources decline.
- Decreases firearm violence in communities statewide.
- Reduces fentanyl use and overdoses and emergency department visits from THC ingestion throughout the state.

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Modernizing Government Recommendation

Continues work to streamline government operations and improve residents' interactions with state government. Captures an estimated \$64 million in savings through three targeted actions and invests more than \$400 million to modernize aging IT systems, strengthen cybersecurity, and deliver faster, more reliable services to North Carolinians.

North Carolina faces rising service demands as the state continues to attract people and businesses, fiscal pressures from federal funding shifts and state tax policy changes, and ongoing needs to fund disaster recovery and preparedness. Structural inefficiencies — such as long-term vacancies, underutilized property, inefficient processes, and outdated technology — divert resources and detract from providing high-quality services. This budget recommends efficiencies across three areas to better deploy taxpayer dollars and invests in improvements to the security, accessibility, and efficiency of government services.

Item	Agency	FY 2026-27		
		Recurring	Nonrecurring	
Achieve Efficiencies				
1	Vacancy Reductions	Various	-\$8,640,000	
2	State Property Efficiencies	DOA		-\$25,000,000
3	State Procurement Efficiencies	Various	-\$10,000,000	-\$20,000,000
Subtotal – Achieve Efficiencies			-\$18,640,000	-\$45,000,000
Modernize IT				
4	Cybersecurity	DIT	\$39,250,000	\$5,000,000
5	Critical Systems Modernization	Various	\$86,728,825	\$231,312,786
Subtotal – Modernize IT			\$125,978,825	\$236,312,786
Support Operational Excellence and Talent Development				
7	DMV Improvements	DOT	\$18,613,793	\$9,513,813
8	User-Friendly and Secure Online Access	DIT	\$3,500,000	\$2,000,000
9	AI Initiatives	DIT	\$1,100,000	\$1,000,000
10	Performance Management Academy Fellows	OSBM	\$2,000,000	
11	Statewide Recruitment Teams	OSHR	\$1,627,758	\$36,000
Subtotal – Support Operational Excellence & Talent			\$26,841,551	\$12,549,813
Total			\$134,180,376	\$203,862,599
Grand Total			\$338,042,975	

Statement of Need

- As of February 2026, 311.5 positions have been vacant for three or more years, representing close to \$21 million in annual budgeted salaries from the General Fund. State agencies face operating shortfalls and often use the savings from keeping positions open to fund basic needs. Additionally, some positions are so underfunded they are exceedingly difficult to fill. Efficiencies can be had by using a thoughtful approach to eliminate long-term vacancies.
- The Department of Administration (DOA) oversees a vast portfolio of state government property that needs to be holistically analyzed to determine the appropriate mix and locations needed for state agencies to carry out their missions.
- Cycle times for procurement are significantly longer than for peer states based on preliminary analysis, with inconsistent templates and approvals forcing users to repeat tasks. Agencies are seeking standardization across general and IT procurement.
- Thoughtful actions around agency sourcing decisions and category management best practices are needed to drive down procurement costs and gain efficiency.
- Several components of the state's IT infrastructure are aging. Many are decades old and use outdated mainframe systems that are expensive to maintain, are no longer supported, or rely on outdated code, such as COBOL. It is difficult to hire employees who can work on these systems as these systems are no longer taught in schools and older workers retire.
- Cybersecurity attacks have increased rampantly over the past few years, with the Department of Information Technology (DIT), which provides cybersecurity to state, county, and municipal governments, reporting 10 billion attempts per month on the state's IT network. A cybersecurity breach can have major implications for government.
- In July 2025, a single cyberattack forced the city of St. Paul, Minnesota, to shut down its entire network. It cost \$18.2 million to recover from the incident and took two months to restore even 75% of the city's systems. North Carolina's population is 36 times larger and its workforce is 23 times larger than St. Paul's. A comparable attack here would be catastrophic. The investment in this budget is a fraction of what one breach might cost.
- In early 2025, the Division of Motor Vehicles (DMV) faced long wait times, outdated technology, inefficient processes, and frustrated customers and employees alike. New leadership, the hard work of DMV employees, and additional state investment have helped the division deliver significant improvements over the past year. For example, average customer wait times have fallen from 110 to 45 minutes.
- While overall state vacancies have fallen since the job market disruption of the pandemic, many agencies still struggle with high vacancy rates in critical positions. For example, the Department of Adult Correction has a 24.5% vacancy rate for correctional officer positions. Pay rates for nurses and law enforcement officers across state government rank among the lowest in the nation.
- A lack of funds needed to carry out program evaluations and deliver process and other productivity improvements means many areas of state government are missing opportunities to improve services for all North Carolinians. Using the latest evidence on what works and making

the most of tools like evidence clearinghouses and AI would result in better programs, better service delivery, and potential savings.

Recommendation Detail

North Carolina must optimize existing resources to meet growing service demands. The following recommended efficiency actions will streamline operations and ensure taxpayer dollars are directed to high-impact priorities.

Modernizing government actions targets three key efficiency actions: eliminate positions vacant for three or more years to redirect salary savings to critical needs; dispose of underutilized state properties to generate revenue and reduce maintenance and repair costs; and streamline and modernize procurement processes to achieve value and reduce administrative costs. The proposed investments include improving the DMV experience; expanding and modernizing digital access to state government services; leveraging AI to achieve greater productivity and better, faster service delivery; building capacity in agencies to improve programs and processes; and transitioning outdated, end-of-life, and no-longer-supported systems to more reliable and efficient solutions.

Vacancy Reductions

This budget recommends abolishing positions that have been vacant for three or more years, with exceptions for critical roles in health, safety, and corrections. This action eliminates 106.8 FTEs and generates more than \$8.6 million in General Fund salary savings annually, allowing scarce state resources to be redirected to priority needs. This action will also reduce reliance on lapsed salary for operational costs and encourage state agencies to budget their operational needs to match actual costs. This will further promote transparency into the cost to run current programs and carry out mandated actions.

State Property Efficiencies

The Governor's Recommended Budget directs the Department of Administration (DOA) to sell underutilized properties, focusing on those not essential to agency missions. DOA will partner with other state agencies to identify underutilized state assets and execute sales as appropriate. Proceeds from sales – estimated at \$25 million in FY 2026-27 – will be placed in a negative reserve to offset expenditures. Selling underutilized properties will also reduce maintenance costs and lower liabilities. This budget further directs DOA to explore energy-efficiency measures in new construction (e.g., geothermal systems) to achieve additional long-term savings.

Procurement Efficiencies

This budget supports a statewide procurement efficiency initiative, consolidating fragmented purchasing and standardizing workflows. DOA and DIT are committed to partnering with agencies to simplify and standardize processes and maximize outcomes, not just compliance. This budget directs agencies to work with DOA and DIT on procurement improvements that are estimated to provide cost avoidance in the hundreds of millions and save at least \$40 million in budgeted funds in FY 2026-27. Following successful models from other states, agencies would share in the savings, with 75% directed back to a reserve, and 25% retained by agencies to improve budgets to actuals alignment or to invest in other

priority areas. Agency operating budgets have not been aligned to actuals in many years, leading many areas to being underbudgeted due to unfunded inflationary increases. Many agencies rely on lapsed salary to fully cover operational costs. Thus, true budgetary savings may be difficult to achieve where agencies do not have adequate budget to cover actual costs. OSBM will work with agencies to properly budget and account for any procurement savings to more closely align budget to actuals and by placing true savings in a reserve fund.

IT Modernization

The Governor's Recommended Budget invests more than \$362 million to replace aging legacy IT systems. These investments in new systems will increase efficiency, decrease costs, and allow agencies to take advantage of new technological features. It will also make it easier to recruit qualified candidates to work with these systems.

This budget invests \$44 million in securing the state's wider IT network, which includes county and municipal government digital assets. This funding implements a modern approach, centered on device-based security tools and digital identities for system users to protect technology assets and critical infrastructure and ensure secure data handling. The investment addresses security risks in the network, replaces end-of-life threat detection tools, adds vulnerability monitoring, provides 24/7 security coverage, and increases storage capacity to enable restoring a large number of files if needed.

DMV Operations

This budget invests in upgrading DMV systems and expanding online access to state services. This will reduce wait times, improve customer satisfaction, and support North Carolina's goal of delivering timely, accessible, and transparent government services.

This investment will increase DMV capacity to serve customers through new and expanded offices, offering additional weekday and Saturday hours, and more staff in growing parts of the state, complemented by online services where possible. These recommendations will make it easier for customers to find an available appointment and deliver shorter wait times when they get there, with the goal of driving wait time average down to just 15 minutes.

Increased salaries for frontline DMV staff, bringing their pay in line with salaries for similar roles, will help maintain the improvements in recruitment and retention the division has made over the past year. Investments in automated hearings and the TRaCS system for reporting road traffic accidents will reduce paperwork and increase efficiency. Additional staff in roles from compliance to process improvement will ensure DMV meets federal and financial integrity and reporting standards and provide the resources to deliver continued operational improvements.

Digital and AI Transformation

The budget accelerates state government's digital transformation by funding a modern constituent portal and upgraded online services that put residents just a click away from the programs and information they need. With a secure single sign-on, people will be able to move seamlessly across key

state services – from DMV transactions to unemployment insurance, tax filings, business licensing, and health and human services benefits – making their experience faster, simpler, and more reliable.

The budget also funds resources at DIT, including expert staff and AI licenses, to provide practical support to agencies looking to safely use AI to improve processes, reduce paperwork, and deliver a wide range of service and productivity improvements.

Talent Development

The Governor’s budget builds on the successful Performance Management Academy by establishing a Fellowship program to provide higher-level training and support to agencies. The Fellowship will support five to ten senior agency staff to lead focused efforts that bolster agencies’ abilities to manage programs, improve workflow efficiency, and respond to emerging issues.

The Governor’s budget creates a new Statewide Recruitment Team within the Office of State Human Resources to improve hiring outcomes across state government. Under the current decentralized model, agencies conduct recruitment independently, resulting in fragmented outreach and inconsistent hiring practices. The proposed centralized team would provide recruitment assistance, job-seeker services, career outreach, and policy and process improvements to support agencies statewide. These efforts will target hard-to-recruit positions first, such as law enforcement officers and nurses. Recent success in rapid hiring at the DMV provides a framework through which OSHR can support more agencies facing critical staff shortages.

Expected Impact

- Saves at least \$8.6 million from vacancy eliminations.
- Achieves at least \$40 million in procurement savings, with \$30 million going to the General Fund.
- Provides transparency into the true costs of running programs and service delivery.
- Reduces long-term capital commitments for repair and renovation for underutilized state property identified for disposition.
- Streamlines procurement workflows, improves agency experience, modernizes procurement tools, and strengthens the state’s ability to achieve best value.
- Reduces risk of cyberattacks, data breaches, and service outages, and avoids the related high costs of dealing with such events.
- Ensures the state performs mission critical tasks on reliable, supported IT infrastructure that is more responsive to changing policy and increasing user demand.
- Provides a centralized and user-friendly online access point for all state government services.
- Enhances public access and satisfaction with state government services.
- Reduces DMV wait times to 15 minutes on average and makes it easier for customers to get appointments at DMV locations.
- Increases agencies’ ability to address operational challenges by equipping senior staff with practical tools to improve performance, workflow, and service quality. Over time, this added

capacity should contribute to more consistent delivery of core services and measurable progress on priority objectives.

- Reduces vacancy rates and shortens hiring timelines, helping the state compete more effectively in the labor market.
- Increases state employee productivity and efficiency by safely incorporating AI technology.

Table 1. Governor Stein's Recommended Budget FY 2026-27

	FY 2025-26	FY 2026-27
Composition of Budget Availability		
Unappropriated Balance from Prior Fiscal Year	48,073,341	1,137,648,682
Overcollections	394,728,847	369,815,741
Estimated Reversions	448,182,114	400,000,000
Subtotal Estimated Current Beginning Unreserved Balance	890,984,302	1,907,464,423
Statutorily Required Reservations of Revenue		
State Capital and Infrastructure Fund	(1,120,000,000)	-
Savings Reserve	(68,642,013)	(60,465,000)
Subtotal	(1,188,642,013)	(60,465,000)
Additional Investments to Reserves		
State Capital and Infrastructure Fund	-	(1,159,200,000)
State Emergency Response and Disaster Relief Fund (SERDRF)	-	(500,000,000)
Contingency & Emergency Fund	-	(10,000,000)
Subtotal	-	(1,669,200,000)
Consensus Revenue Forecast		
Tax Revenue	33,000,190,000	33,157,900,000
Non-Tax Revenue	1,586,994,259	1,557,600,000
ARPA SFRF Interest	122,000,000	4,000,000
Subtotal	34,709,184,259	34,719,500,000
Adjustments to Revenue		
Personal Income Tax Rate at 3.99%	-	896,000,000
Standard Deduction Increase from \$25,500 to \$26,500	-	(53,000,000)
Working Families Tax Credit - 10% of Federal Earned Income Tax Credit	-	(240,000,000)
Refundable Child and Dependent Care Tax Credit	-	(55,000,000)
Sales Tax Back-to-School Holiday	-	(29,900,000)
Subtotal	-	518,100,000
Adjustments to Availability		
NCInnovation Clawback - to SERDRF	-	500,000,000
Technical Adjustments		
Insurance Non-Tax Transfer	-	22,426,526
Revised General Fund Availability	34,411,526,548	35,937,825,949
Certified Budget	31,918,784,866	32,066,568,438
Adjustments to Maintain Current Service Levels		
State Health Plan - 5% growth	-	165,600,000
Retirement System Contribution	-	3,111,000
Medicaid Rebase - FY 2025-26	319,000,000	319,000,000
Medicaid Rebase - FY 2026-27	-	728,197,722
K-12 Enrollment	-	(43,964,181)
Community College Enrollment	-	76,021,725
UNC System Enrollment	46,400,000	153,495,386
Subtotal	365,400,000	1,401,461,652
State Workforce Investments		
All State Employees - 2.5% COLA in each year	257,768,000	515,536,000
Certified Public Safety & LEO Raise - 10% in FY 26; 15% total in FY 27	105,197,000	157,796,000
Nurses and Other Health Care Personnel Raise -10% in FY 26; 15% total in FY 27	21,212,000	31,818,000
Basic Law Enforcement Training Completion and Out of State Recruitment Bonuses	-	15,500,000
Retirees - 2.5% Nonrecurring Adjustment in each year	99,072,000	99,072,000
State Employee Bonus - \$1k; +\$500 for salary under \$75k (\$1500 total)	-	99,744,000
Subtotal	483,249,000	919,466,000
Health and Human Services Investments		
Child Care & Pre-K Investments	20,000,000	71,000,000
Medicaid - non-rebase	-	35,684,686
All Other HHS Investments	-	85,172,863
Subtotal	20,000,000	191,857,549
Education Investments		
Opp. Scholarships Moratorium - no awards over 150% of reduced-price lunch; no new vouchers	-	(1,042,000,000)
Teacher Pay - 1st in SE starting pay; 5.8%/11% avg raise, incl. state agency teachers; Master's Pay; 2.5% each year for Principals	397,244,000	774,903,000
Teacher and Higher Ed Employee Bonus	-	334,067,000
School Supplies Stipend for Teachers	-	30,000,000
K-12 School Nutrition - Provide Free Breakfast (\$85m total; \$71m in receipts)	-	14,072,612
Other K-12 Investments	-	373,251,822
Other Higher Ed Investments	-	40,729,302
Scholarships for Children of Wartime Veterans	1,000,000	7,000,000
Subtotal	398,244,000	532,023,736
All Other Investments	88,200,000	324,617,018
Total Recommended Adjustments	1,355,093,000	3,369,425,955
Total Recommended Appropriations	33,273,877,866	35,435,994,393
Balance	1,137,648,682	501,831,556

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Table 2
Recommended General Fund Budget by Function
FY 2025-26

	FY 2025-26 Recommendation	% of General Fund Budget
Education	\$ 18,952,349,108	57.0%
General Government	\$ 645,797,911	1.9%
Health and Human Services	\$ 8,704,184,339	26.2%
Justice and Public Safety	\$ 4,088,377,886	12.3%
Natural and Economic Resources	\$ 815,961,713	2.5%
Reserves and Other Adjustments	\$ 67,206,909	0.2%
Total General Fund Budget	\$ 33,273,877,866	100%

Figure 1
General Fund Recommended Budget by Function
FY 2025-26

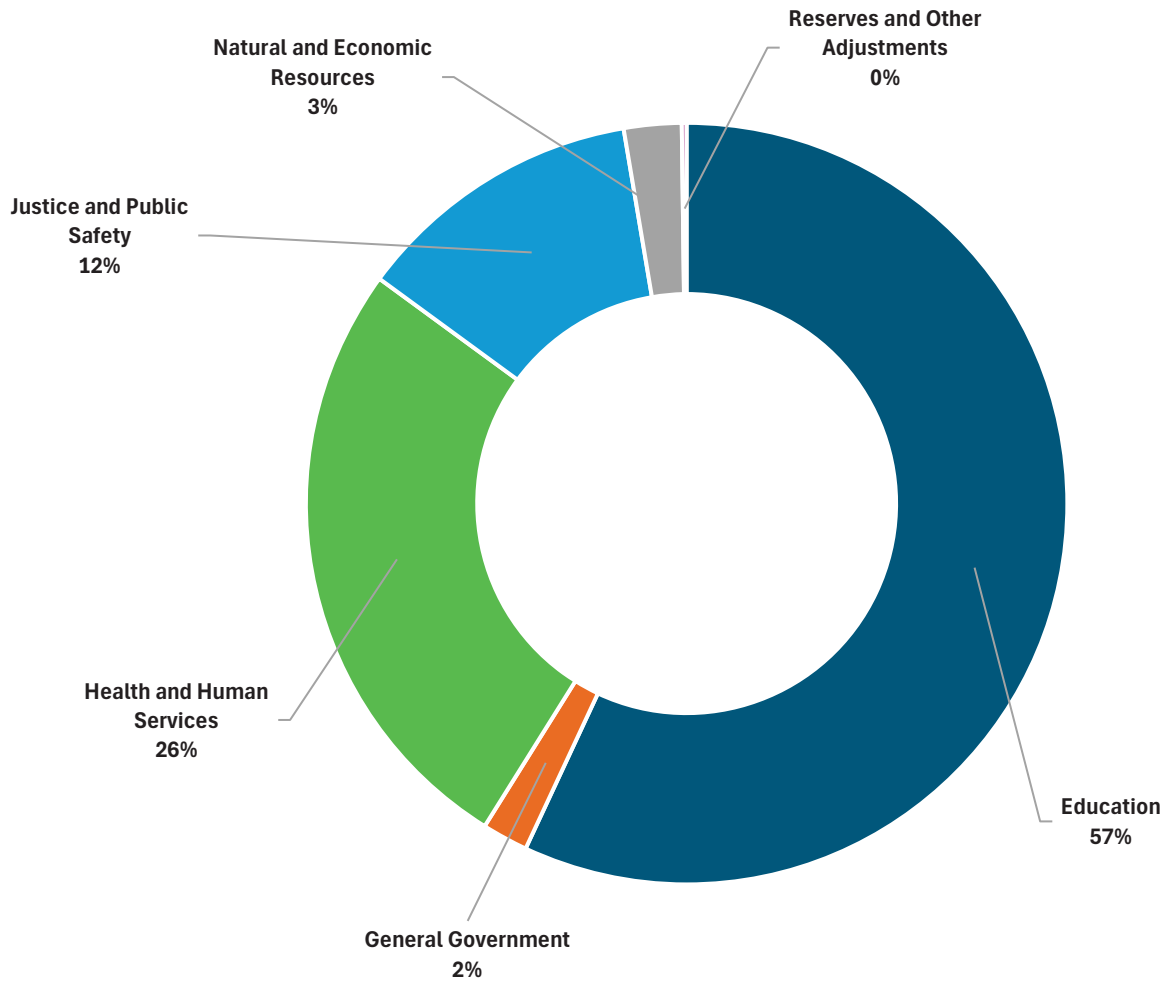


Table 3: Governor's Recommended General Fund Budget 2025-26 Adjustments

Budget Code	Function	2025-26 Enacted	Decrease			Increase			Net Change	Recommended Net Appropriation	Net Position Change
			Recurring	Nonrecurring	Positions	Recurring	Nonrecurring	Positions			
Education											
13510	Public Instruction - General Fund	11,882,482,748	-	-	-	449,159,000	54,760,970	-	503,919,970	12,386,402,718	-
13520	Governor Morehead School- General Fund	10,361,212	-	-	-	260,000	35,356	-	295,356	10,656,568	-
13530	NC School for the Deaf- General Fund	11,752,000	-	-	-	372,000	45,049	-	417,049	12,169,049	-
13540	Eastern NC School for the Deaf- General Fund	10,415,946	-	-	-	284,000	40,650	-	324,650	10,740,596	-
16800	NC Community College System - General Fund	1,680,600,008	-	-	-	40,779,000	8,797,624	-	49,576,624	1,730,176,632	-
160XX	University System	4,636,855,159	-	-	-	150,203,626	15,144,760	-	165,348,386	4,802,203,545	-
Total Education		18,232,467,073	-	-	-	641,057,626	78,824,409	-	719,882,035	18,952,349,108	-
General Government											
11000	General Assembly - General Fund	102,796,796	-	-	-	2,131,258	464,786	-	2,596,044	105,392,840	-
13000	Governor's Office - General Fund	6,823,620	-	-	-	133,000	28,777	-	161,777	6,985,397	-
13005	State Budget and Management - General Fund	11,679,187	-	-	-	261,000	56,428	-	317,428	11,996,615	-
13010	NC Housing Finance Agency - Home Match	10,660,000	-	-	-	-	-	-	-	10,660,000	-
13050	Military and Veterans Affairs	8,912,751	-	-	-	165,000	35,709	-	200,709	9,113,460	-
13085	OSBM-Special Projects	10,300,000	-	-	-	-	-	-	-	10,300,000	-
13100	Lieutenant Governor - General Fund	1,353,058	-	-	-	28,000	6,112	-	34,112	1,387,170	-
13200	Secretary of State - General Fund	19,332,801	-	-	-	430,348	76,973	-	507,321	19,840,122	-
13300	State Auditor - General Fund	25,351,019	-	-	-	521,000	112,494	-	633,494	25,984,513	-
13410	State Treasurer - General Fund	209,074	-	-	-	-	-	-	-	209,074	-
13412	State Treasurer - Transfer Retirement System	24,394,657	-	-	-	-	-	-	-	24,394,657	-
13900	Insurance - General Fund	59,938,824	-	-	-	1,511,147	242,219	-	1,753,366	61,692,190	-
13902	Industrial Commission	14,202,937	-	-	-	347,177	65,684	-	412,861	14,615,798	-
14100	Administration - General Fund	67,692,387	-	-	-	5,272,000	166,694	-	5,438,694	73,131,081	-
14111	Office of State Human Resources - General Fund	11,984,737	-	-	-	185,000	40,043	-	225,043	12,209,780	-
14160	State Controller - General Fund	36,167,245	-	-	-	591,000	127,569	-	718,569	36,885,814	-
14660	Information Technology	75,092,542	-	-	-	524,000	113,079	-	637,079	75,729,621	-
14700	Revenue - General	121,518,245	-	-	-	2,084,666	426,178	-	2,510,844	124,029,089	-
18025	State Board of Elections - General	12,499,729	-	-	-	210,000	45,421	-	255,421	12,755,150	-
18210	Office of Administrative Hearings	8,300,553	-	-	-	152,000	32,987	-	184,987	8,485,540	-
Total General Government		629,210,162	-	-	-	14,546,596	2,041,153	-	16,587,749	645,797,911	-
Health and Human Services											
14410	DHHS - Central Management and Support	214,338,097	-	-	-	1,744,000	376,347	-	2,120,347	216,458,444	-
14411	DHHS - Aging and Adult Services	52,755,763	-	-	-	83,000	17,954	-	100,954	52,856,717	-
14420	DHHS - Child Development and Early Education	286,033,683	-	-	-	20,059,000	12,856	-	20,071,856	306,105,539	-
14430	DHHS - Public Health	132,490,581	-	-	-	949,000	204,818	-	1,153,818	133,644,399	-
14435	Division of Child and Family Well Being	62,131,387	-	-	-	559,000	120,759	-	679,759	62,811,146	-
14440	DHHS - Social Services - General	226,805,197	-	-	-	359,000	77,536	-	436,536	227,241,733	-
14445	DHHS - Health Benefits - General Fund	6,524,757,000	-	-	-	319,566,000	122,224	-	319,688,224	6,844,445,224	-
14450	DHHS - Services for the Blind/Deaf/Hard of	9,465,512	-	-	-	112,000	21,980	-	133,980	9,599,492	-
14460	DHHS - Mental Health/Developmental	759,544,485	-	-	-	18,659,346	1,694,177	-	20,353,523	779,898,008	-
14470	DHHS - Health Services Regulation	26,065,421	-	-	-	620,000	133,810	-	753,810	26,819,231	-
14480	DHHS - Vocational Rehabilitation Services	43,760,936	-	-	-	447,000	96,470	-	543,470	44,304,406	-
Total Health and Human Services		8,338,148,062	-	-	-	363,157,346	2,878,931	-	366,036,277	8,704,184,339	-
Justice and Public Safety											
12000	Judicial - AOC - General Fund	802,397,632	-	-	-	17,865,245	4,056,158	-	21,921,403	824,319,035	-
12001	Judicial - AOC - Indigent Defense Services	171,762,513	-	-	-	2,361,000	611,835	-	2,972,835	174,735,348	-
13600	Justice - General Fund	67,642,069	-	-	-	1,670,891	299,177	-	1,970,068	69,612,137	-
14550	Public Safety - General Fund	654,919,861	-	-	-	10,036,698	1,036,732	-	11,073,430	665,993,291	-
15010	Adult Correction - General Fund	2,053,564,034	-	-	-	85,649,600	86,949,445	-	172,599,045	2,226,163,079	-

Budget Code	Function	2025-26 Enacted	Decrease			Increase			Net Change	Recommended Net Appropriation	Net Position Change
			Recurring	Nonrecurring	Positions	Recurring	Nonrecurring	Positions			
15020	State Bureau of Investigation- General Fund	94,188,678	-	-	-	5,862,045	1,447,439	-	7,309,484	101,498,162	-
15030	State Highway Patrol - General Fund	5,100,000	-	-	-	19,707,495	1,249,339	-	20,956,834	26,056,834	-
Total Justice and Public Safety		3,849,574,787	-	-	-	143,152,974	95,650,125	-	238,803,099	4,088,377,886	-
Natural and Economic Resources											
13700	Agriculture and Consumer Services - General	177,031,833	-	-	-	2,758,841	567,612	-	3,326,453	180,358,286	-
13800	Labor - General Fund	26,635,258	-	-	-	559,000	120,684	-	679,684	27,314,942	-
14300	Environmental Quality - General Fund	108,279,955	-	-	-	1,703,589	295,633	-	1,999,222	110,279,177	-
14350	Wildlife Resources Commission - General Fund	16,987,620	-	-	-	1,364,835	77,889	-	1,442,724	18,430,344	-
14600	Commerce - General	15,364,604	-	-	-	288,000	62,312	-	350,312	15,714,916	-
14601	Commerce - General State Aid	19,655,810	-	-	-	-	-	-	-	19,655,810	-
14602	Commerce Economic Development	158,348,245	-	-	-	-	-	-	-	158,348,245	-
14800	Natural and Cultural Resources - General Fund	279,874,548	-	-	-	5,232,193	753,252	-	5,985,445	285,859,993	-
Total Natural and Economic Resources		802,177,873	-	-	-	11,906,458	1,877,382	-	13,783,840	815,961,713	-
Reserves and Other Adjustments											
19XXX	Reserves and Other Adjustments	67,206,909	-	-	-	-	-	-	-	67,206,909	-
Total Reserves and Other Adjustments		67,206,909	-	-	-	-	-	-	-	67,206,909	-
Total		31,918,784,866	-	-	-	1,173,821,000	181,272,000	-	1,355,093,000	33,273,877,866	-

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Table 4
Recommended General Fund Budget by Function
FY 2026-27

	FY 2026-27 Recommendation	% of General Fund Budget
Education	\$ 19,663,552,722	55.5%
General Government	\$ 823,321,411	2.3%
Health and Human Services	\$ 9,706,070,011	27.4%
Justice and Public Safety	\$ 4,279,467,273	12.1%
Natural and Economic Resources	\$ 979,887,758	2.8%
Reserves and Other Adjustments	\$ (16,304,782)	0.0%
Total General Fund Budget	\$ 35,435,994,393	100%

Figure 2
General Fund Recommended Budget by Function
FY 2026-27

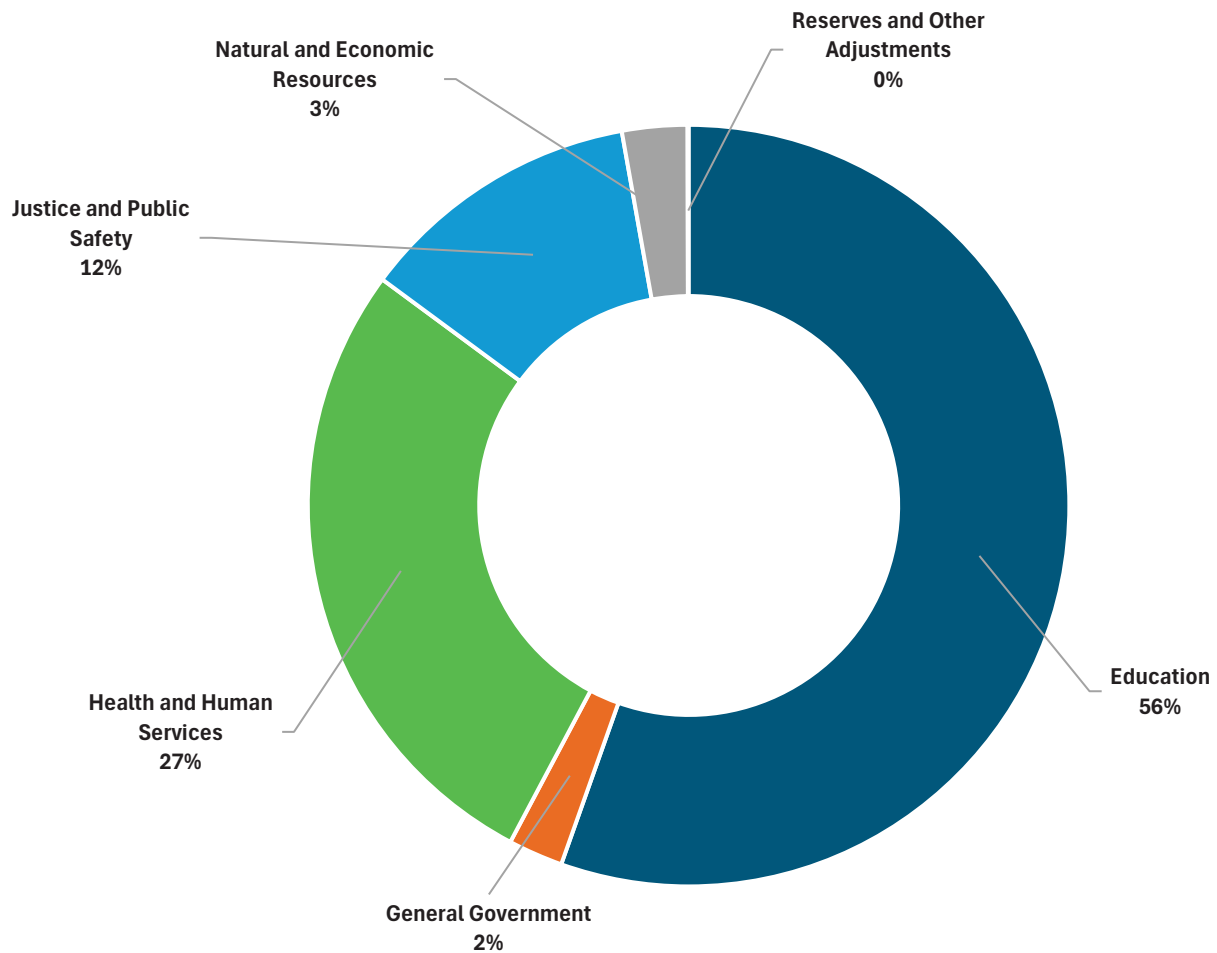


Table 5 Governor's Recommended General Fund Budget 2026-27 Adjustments

Budget Code	Function	2026-27 Enacted	Decrease			Increase			Net Change	Recommended Net Appropriation	Net Position Change
			Recurring	Nonrecurring	Positions	Recurring	Nonrecurring	Positions			
Education											
13510	Public Instruction - General Fund	11,947,021,283	-	-	-	1,161,654,857	495,901,263	28.810	1,657,556,120	13,604,577,403	28.810
13520	Governor Morehead School- General Fund	10,361,212	-	-	-	958,173	181,356	-	1,139,529	11,500,741	-
13530	NC School for the Deaf- General Fund	11,754,792	-	-	-	1,101,020	230,049	-	1,331,069	13,085,861	-
13540	Eastern NC School for the Deaf- General Fund	10,418,811	-	-	-	909,913	205,650	-	1,115,563	11,534,374	-
16800	NC Community College System - General Fund	1,670,600,008	-	-	-	170,018,425	39,436,624	18.000	209,455,049	1,880,055,057	18.000
160XX	University System	4,687,742,676	(33,096,751)	(511,846,639)	-	-	-	-	(544,943,390)	4,142,799,286	-
Total Education		18,337,898,782	(33,096,751)	(511,846,639)	-	1,334,642,388	535,954,942	46.810	1,325,653,940	19,663,552,722	46.810
General Government											
11000	General Assembly - General Fund	102,796,796	-	-	-	5,080,754	1,625,786	-	6,706,540	109,503,336	-
13000	Governor's Office - General Fund	6,823,620	-	-	-	798,250	144,777	-	943,027	7,766,647	-
13005	State Budget and Management - General Fund	11,679,187	-	-	-	1,168,150	203,428	18.000	1,371,578	13,050,765	18.000
13010	NC Housing Finance Agency - Home Match	10,660,000	-	-	-	-	60,000,000	-	60,000,000	70,660,000	-
13050	Military and Veterans Affairs	8,914,173	-	-	-	1,068,976	207,609	4.000	1,276,585	10,190,758	4.000
13085	OSBM-Special Projects	10,300,000	-	-	-	1,700,000	-	-	1,700,000	12,000,000	-
13100	Lieutenant Governor - General Fund	1,353,058	-	-	-	62,586	14,112	-	76,698	1,429,756	-
13200	Secretary of State - General Fund	19,332,801	-	-	-	3,224,506	580,473	14.000	3,804,979	23,137,780	14.000
13300	State Auditor - General Fund	25,351,019	-	-	-	1,164,399	363,494	-	1,527,893	26,878,912	-
13410	State Treasurer - General Fund	209,074	-	-	-	-	668,000	2.000	668,000	877,074	2.000
13412	State Treasurer - Transfer Retirement System	24,394,657	-	-	-	-	-	-	-	24,394,657	-
13900	Insurance - General Fund	59,938,824	-	-	-	9,340,307	13,086,219	9.000	22,426,526	82,365,350	9.000
13902	Industrial Commission	14,202,937	-	-	-	1,106,253	264,684	-	1,370,937	15,573,874	-
14100	Administration - General Fund	67,692,387	-	-	-	6,379,794	2,015,297	0.100	8,395,091	76,087,478	0.100
14111	Office of State Human Resources - General Fund	12,007,263	-	-	-	4,293,564	614,043	16.000	4,907,607	16,914,870	16.000
14160	State Controller - General Fund	36,167,245	-	-	-	1,327,678	372,569	2.000	1,700,247	37,867,492	2.000
14660	Information Technology	75,092,542	-	-	-	45,010,532	9,758,079	15.000	54,768,611	129,861,153	15.000
14700	Revenue - General	121,540,055	-	-	-	17,133,262	2,578,178	-	19,711,440	141,251,495	-
18025	State Board of Elections - General	10,999,729	-	-	-	1,726,146	382,421	2.000	2,108,567	13,108,296	2.000
18210	Office of Administrative Hearings	8,314,620	-	-	-	1,974,111	112,987	-	2,087,098	10,401,718	-
Total General Government		627,769,987	-	-	-	102,559,268	92,992,156	82.100	195,551,424	823,321,411	82.100
Health and Human Services											
14410	DHHS - Central Management and Support	214,355,234	-	-	(7.200)	59,388,220	26,228,347	-	85,616,567	299,971,801	(7.200)
14411	DHHS - Aging and Adult Services	52,755,763	-	-	(0.700)	154,401	17,954	-	172,355	52,928,118	(0.700)
14420	DHHS - Child Development and Early Education	286,033,683	-	-	(0.900)	71,080,092	12,856	-	71,092,948	357,126,631	(0.900)
14430	DHHS - Public Health	126,018,099	(4,932,554)	-	(8.900)	-	204,818	-	(4,727,736)	121,290,363	(8.900)
14435	Division of Child and Family Well Being	62,196,378	-	-	-	9,037,479	120,759	19.200	9,158,238	71,354,616	19.200
14440	DHHS - Social Services - General	234,782,560	-	-	-	2,850,686	77,536	4.500	2,928,222	237,710,782	4.500
14445	DHHS - Health Benefits - General Fund	6,544,062,901	-	-	(9.000)	1,083,503,707	122,224	-	1,083,625,931	7,627,688,832	(9.000)
14450	DHHS - Services for the Blind/Deaf/Hard of	9,466,002	-	-	(2.800)	1,016,128	21,980	-	1,038,108	10,504,110	(2.800)
14460	DHHS - Mental Health/Developmental	801,360,836	-	-	(48.900)	48,963,230	1,694,177	-	50,657,407	852,018,243	(48.900)
14470	DHHS - Health Services Regulation	26,065,421	-	-	-	2,453,987	173,810	8.000	2,627,797	28,693,218	8.000
14480	DHHS - Vocational Rehabilitation Services	43,772,527	-	-	(5.400)	2,914,300	96,470	-	3,010,770	46,783,297	(5.400)
Total Health and Human Services		8,400,869,404	(4,932,554)	-	(83.800)	1,281,362,230	28,770,931	31.700	1,305,200,607	9,706,070,011	(52.100)
Justice and Public Safety											
12000	Judicial - AOC - General Fund	802,339,122	-	-	-	55,209,350	19,861,035	4.000	75,070,385	877,409,507	4.000
12001	Judicial - AOC - Indigent Defense Services	161,780,887	-	-	-	9,174,070	11,755,667	21.000	20,929,737	182,710,624	21.000
13600	Justice - General Fund	67,649,047	-	-	-	10,726,993	17,122,613	26.000	27,849,606	95,498,653	26.000
14550	Public Safety - General Fund	649,483,082	-	-	-	37,416,202	10,690,589	25.200	48,106,791	697,589,873	25.200
15010	Adult Correction - General Fund	2,054,220,247	-	-	-	198,952,009	48,526,506	-	247,478,515	2,301,698,762	-

Budget Code	Function	2026-27 Enacted	Decrease			Increase			Net Change	Recommended Net Appropriation	Net Position Change
			Recurring	Nonrecurring	Positions	Recurring	Nonrecurring	Positions			
15020	State Bureau of Investigation- General Fund	92,188,678	(20,496,248)	-	-	-	2,937,482	19.000	(17,558,766)	74,629,912	19.000
15030	State Highway Patrol - General Fund	5,100,000	-	-	-	37,200,432	7,629,510	-	44,829,942	49,929,942	-
Total Justice and Public Safety		3,832,761,063	(20,496,248)	-	-	348,679,056	118,523,402	95.200	446,706,210	4,279,467,273	95.200
Natural and Economic Resources											
13700	Agriculture and Consumer Services - General	175,531,833	-	-	-	15,694,709	6,397,612	8.700	22,092,321	197,624,154	8.700
13800	Labor - General Fund	26,642,599	-	-	-	2,170,923	758,402	4.000	2,929,325	29,571,924	4.000
14300	Environmental Quality - General Fund	107,591,615	-	-	-	9,680,134	60,442,722	22.000	70,122,856	177,714,471	22.000
14350	Wildlife Resources Commission - General Fund	16,987,620	-	-	-	2,165,265	1,138,889	-	3,304,154	20,291,774	-
14600	Commerce - General	15,364,604	-	-	-	776,576	13,557,312	110.000	14,333,888	29,698,492	110.000
14601	Commerce - General State Aid	19,655,810	-	-	-	-	2,500,000	-	2,500,000	22,155,810	-
14602	Commerce Economic Development	158,348,245	(5,000,000)	-	-	-	13,000,000	-	8,000,000	166,348,245	-
14800	Natural and Cultural Resources - General Fund	279,939,967	-	-	-	40,924,469	15,618,452	101.000	56,542,921	336,482,888	101.000
Total Natural and Economic Resources		800,062,293	(5,000,000)	-	-	71,412,076	113,413,389	245.700	179,825,465	979,887,758	245.700
Reserves and Other Adjustments											
19XXX	Reserves and Other Adjustments	67,206,909	(30,630,890)	(52,880,801)	-	-	-	-	(83,511,691)	(16,304,782)	-
Total Reserves and Other Adjustments		67,206,909	(30,630,890)	(52,880,801)	-	-	-	-	(83,511,691)	(16,304,782)	-
Total		32,066,568,438	(94,156,443)	(564,727,440)	(83.800)	3,138,655,018	889,654,820	501.510	3,369,425,955	35,435,994,393	417.710

Table 6: Highway Fund and Highway Trust Fund Budget, 2025-26 Adjustments

Function	2025-26 Enacted Budget	Decrease			Increase			Net Change	Recommended Net Appropriation	Net Position Change
		Recurring	Nonrecurring	Positions	Recurring	Nonrecurring	Positions			
Highway Fund										
DOT Administration	141,558,209	-	-	-	-	-	-	-	141,558,209	-
Division of Highways										
Administration	38,287,904	-	-	-	-	-	-	-	38,287,904	-
Construction	77,543,078	-	-	-	-	-	-	-	77,543,078	-
Maintenance	\$2,189,464,302	-	-	-	-	-	-	-	2,189,464,302	-
Planning and Research		-	-	-	-	-	-	-	-	-
OSHA Program	358,030	-	-	-	-	-	-	-	358,030	-
Total Division of Highways	2,305,653,314	-	-	-	-	-	-	-	2,305,653,314	-
State Aid to Municipalities	185,875,000	-	-	-	-	-	-	-	185,875,000	-
Multi-Modal										
Airports	176,633,545	-	-	-	-	-	-	-	176,633,545	-
Bicycle	-	-	-	-	-	-	-	-	-	-
Ferry	61,897,728	-	-	-	-	-	-	-	61,897,728	-
Public Transportation	69,570,554	-	-	-	-	-	-	-	69,570,554	-
Railroads	45,367,607	-	-	-	-	-	-	-	45,367,607	-
Total Multi-Modal	353,469,434	-	-	-	-	-	-	-	353,469,434	-
DMV, Transfers, Capital & Reserves										
Governor's Highway Safety Program	351,695	-	-	-	-	-	-	-	351,695	-
Division of Motor Vehicles	135,259,123	-	-	-	13,100,000	8,500,000	-	21,600,000	156,859,123	-
Other State Agencies	57,805,946	-	-	-	1,845,000	-	-	1,845,000	59,650,946	-
Transfer to General Fund	-	-	-	-	-	-	-	-	-	-
Other Reserves	2,799,508	-	-	-	23,054,000	5,058,028	-	28,112,028	30,911,536	-
Capital Improvements	-	-	-	-	-	-	-	-	-	-
Total DMV, Transfers, Capital & Reserves	196,216,272	-	-	-	37,999,000	13,558,028	-	51,557,028	247,773,300	-
Total Highway Fund	3,182,772,229	-	-	-	37,999,000	13,558,028	-	51,557,028	3,234,329,257	-
Highway Trust Fund										
Administration	45,117,311	-	-	-	-	-	-	-	45,117,311	-
Construction										
Strategic Prioritization Program	2,184,548,414	-	-	-	-	-	-	-	2,184,548,414	-
Intrastate System	-	-	-	-	-	-	-	-	-	-
Urban Loop System	-	-	-	-	-	-	-	-	-	-
Secondary Roads	-	-	-	-	-	-	-	-	-	-
Total Construction	2,184,548,414	-	-	-	-	-	-	-	2,184,548,414	-
State Aid to Municipalities	-	-	-	-	-	-	-	-	-	-
Bonds										
Bond Redemption	76,580,000	-	-	-	-	-	-	-	76,580,000	-
Bond Interest	44,860,275	-	-	-	-	-	-	-	44,860,275	-
Total Bonds	121,440,275	-	-	-	-	-	-	-	121,440,275	-
Transfers and Other Adjustments										
NC Turnpike Authority	49,000,000	-	-	-	-	-	-	-	49,000,000	-

Table 6: Highway Fund and Highway Trust Fund Budget, 2025-26 Adjustments

Function	2025-26 Enacted Budget	Decrease			Increase			Net Change	Recommended Net Appropriation	Net Position Change
		Recurring	Nonrecurring	Positions	Recurring	Nonrecurring	Positions			
Transfer to Ports	45,000,000	-	-	-	-	-	-	-	45,000,000	-
Other State Agencies	-	-	-	-	-	-	-	-	-	-
Transfer to Visitor's Centers	640,000	-	-	-	-	-	-	-	640,000	-
Uncommitted Trust Fund Admin	-	-	-	-	-	-	-	-	-	-
Total Transfers and Other Adjustments	94,640,000	-	-	-	-	-	-	-	94,640,000	-
Total Highway Trust Fund	2,445,746,000	-	-	-	-	-	-	-	2,445,746,000	-

Table 7: Highway Fund and Highway Trust Fund Budget, 2026-27 Adjustments

Function	2026-27 Enacted Budget	Decrease			Increase			Net Change	Recommended Net Appropriation	Net Position Change
		Recurring	Nonrecurring	Positions	Recurring	Nonrecurring	Positions			
Highway Fund										
DOT Administration	141,558,209	-	-	-	125,000	75,000	-	200,000	141,758,209	-
Division of Highways										
Administration	38,287,904	-	-	-	-	-	-	-	38,287,904	-
Construction	77,543,078	-	-	-	-	-	-	-	77,543,078	-
Maintenance	\$2,189,364,355	-	-	-	675,000	1,650,000	-	2,325,000	2,191,689,355	-
Planning and Research		-	-	-	-	5,000,000	-	5,000,000	5,000,000	-
OSHA Program	358,030	-	-	-	-	-	-	-	358,030	-
Total Division of Highways	2,305,553,367	-	-	-	675,000	6,650,000	-	7,325,000	2,312,878,367	-
State Aid to Municipalities	185,875,000	-	-	-	-	-	-	-	185,875,000	-
Multi-Modal										
Airports	163,669,808	-	-	-	204,607	200,000	-	404,607	164,074,415	-
Bicycle	-	-	-	-	-	-	-	-	-	-
Ferry	61,897,728	-	-	-	9,200,000	22,540,000	-	31,740,000	93,637,728	-
Public Transportation	69,570,554	-	-	-	20,650,000	-	-	20,650,000	90,220,554	-
Railroads	45,367,607	-	-	-	5,000,000	28,000,000	-	33,000,000	78,367,607	-
Total Multi-Modal	340,505,697	-	-	-	35,054,607	50,740,000	-	85,794,607	426,300,304	-
DMV, Transfers, Capital & Reserves										
Governor's Highway Safety Program	351,695	-	-	-	-	-	-	-	351,695	-
Division of Motor Vehicles	132,240,092	-	-	-	37,860,512	-	106.00	37,860,512	170,100,604	106.00
Other State Agencies	55,960,946	-	-	-	3,402,519	90,062	-	3,492,581	59,453,527	-
Transfer to General Fund	-	-	-	-	-	-	-	-	-	-
Other Reserves	2,799,508	-	-	-	54,232,895	22,526,028	-	76,758,923	79,558,431	-
Capital Improvements	-	-	-	-	-	23,613,813	-	23,613,813	23,613,813	-
Total DMV, Transfers, Capital & Reserves	191,352,240	-	-	-	95,495,926	46,229,903	106.00	141,725,829	333,078,069	106.00
Total Highway Fund	3,164,844,513	-	-	-	131,350,533	103,694,903	106.00	235,045,436	3,399,889,949	106.00
Highway Trust Fund										
Administration	45,117,311	-	-	-	-	-	-	-	45,117,311	-
Construction										
Strategic Prioritization Program	\$2,184,552,414	-	-	-	122,383,000	-	-	122,383,000	2,306,935,414	-
Intrastate System	-	-	-	-	-	-	-	-	-	-
Urban Loop System	-	-	-	-	-	-	-	-	-	-
Secondary Roads	-	-	-	-	-	-	-	-	-	-
Total Construction	2,184,552,414	-	-	-	122,383,000	-	-	122,383,000	2,306,935,414	-
State Aid to Municipalities	-	-	-	-	-	-	-	-	-	-
Bonds										
Bond Redemption	80,405,000	-	-	-	-	-	-	-	80,405,000	-
Bond Interest	41,031,275	-	-	-	-	-	-	-	41,031,275	-
Total Bonds	121,436,275	-	-	-	-	-	-	-	121,436,275	-
Transfers and Other Adjustments										
NC Turnpike Authority	49,000,000	-	-	-	-	-	-	-	49,000,000	-

Table 7: Highway Fund and Highway Trust Fund Budget, 2026-27 Adjustments

Function	2026-27 Enacted Budget	Decrease			Increase			Net Change	Recommended Net Appropriation	Net Position Change
		Recurring	Nonrecurring	Positions	Recurring	Nonrecurring	Positions			
Transfer to Ports	45,000,000	-	-	-	-	-	-	-	45,000,000	-
Other State Agencies	-	-	-	-	371,000	-	-	371,000	371,000	-
Transfer to Visitor's Centers	640,000	-	-	-	-	-	-	-	640,000	-
Uncommitted Trust Fund Admin	-	-	-	-	-	-	-	-	-	-
Total Transfers and Other Adjustments	94,640,000	-	-	-	371,000	-	-	371,000	95,011,000	-
Total Highway Trust Fund	2,445,746,000	-	-	-	122,754,000	-	-	122,754,000	2,568,500,000	-

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General Fund Revenue Outlook

More than 80% of General Fund revenues are derived from the individual income tax and the sales and use tax. Other important sources of revenue include corporate income and franchise taxes, taxes on insurance premiums, excise taxes on alcohol and tobacco products, and revenue from nontax sources, such as judicial fees and earnings from investing state funds.

OSBM and the General Assembly’s Fiscal Research Division issued a [revised consensus revenue forecast](#) for the 2025-27 biennium on March 24, 2026.

General Fund Revenues – FY 2024-25



Current Year Revenue (FY 2025-26)

Total General Fund revenue is projected to equal \$35.1 billion in FY 2025-26, an upward revision of \$370 million (1.1%) from certified revenues and a 1.5% increase over FY 2024-25 revenues.

Higher-than-expected revenue from individual income tax, insurance premium tax, and investment income primarily contributed to anticipated overcollections for the current fiscal year. Strong business profits, significant capital gains from rising equity values, and stable wage growth supported an increase of \$299 million in the individual income tax forecast despite some weakness in job growth. Forecasters revised insurance premium taxes upward by \$211 million above the original consensus forecast due to rising prepaid health plan tax revenues tied to Medicaid managed care and growth in property and casualty insurance premiums. Persistently high interest rates continued to drive investment income growth, leading to an upward revision of \$73 million. Sales tax revenue was revised downward by \$156 million due to higher-than-expected refunds and lower-than-expected tariffs on imported goods. Other revenue sources, including corporate income, had minimal impact on the forecast revisions.

Outlook for Fiscal Year 2026-27

For the 2026-27 fiscal year, the consensus forecast anticipates net General Fund revenue of \$34.7 billion. This corresponds to a year-over-year decrease of \$360 million (1%) in FY 2026-27. Adjusted for the Governor’s recommended revenue changes, anticipated revenue is \$35.2 billion in FY 2026-27, or a year-over-year increase of \$158 million (0.5%).

The economic forecast underlying the revenue forecast assumes economic growth will remain modestly above the long-run average through the remainder of 2026. The primary factors driving growth this year include:

- lower short- and long-run interest rates,
- fiscal stimulus from recent federal tax cuts for households and businesses,
- more stability in trade policy, and
- recent improvements in productivity.

The combined result is a boost to consumer spending and business investment through late 2026 despite continued sluggish job growth. Beginning in 2027, the economic outlook anticipates slowing growth in consumer spending and wages. Please refer to the [Economic Outlook](#) for further discussion of economic expectations and risks.

Recommended Revenue Changes

Increase the Standard Deduction

Raises the [standard deduction](#) starting in 2027 by \$1,000 (from \$25,500) for married couples filing jointly, \$750 for heads of households, and \$500 for single filers and married couples filing separately. The recommended increase in the standard deduction will reduce taxable income for almost 4 million taxpayers and raise after-tax incomes by \$53 million in FY 2026-27.

Working Families Tax Credit

Establishes a refundable Working Families Tax Credit equal to 10% of the federal earned income tax credit starting in 2026. Families must have earned income to be eligible for this credit, which varies by income, family size, and marital status. The Working Families Tax Credit will provide up to \$823 to families to offset income, sales, and other taxes, raising after-tax incomes by \$240 million across 700,000 eligible families in FY 2026-27.

Child and Dependent Care Tax Credit

Establishes a refundable child and dependent care tax credit starting in 2026 equal to 30% of the recently expanded federal credit. This credit reimburses parents and other caregivers for a percentage of eligible child and dependent care expenses based on income and will offset \$55 million in child and dependent care expenses for 200,000 eligible families in FY 2026-27. The credit phases out between income levels of \$150,000 and \$200,000.

Sales Tax Back-to-School Holiday

Establishes a state sales tax holiday for school supplies and equipment to support teachers and families with school-aged children. The sales tax exemption would apply to school supplies, clothing, computers, and computer supplies below per-item limits over three days during the first weekend in August. The back-to-school sales tax holiday holds local governments harmless and will reduce costs for back-to-school shoppers by \$30 million in FY 2026-27.

Maintain Individual Income Tax Rate at 3.99%

Maintains the individual income tax rate at 3.99% and repeals the rate-reduction triggers. This policy raises General Fund revenues by an estimated \$896 million in FY 2026-27 compared to current law, which would otherwise reduce the rate to 3.49% in 2027 and 2.99% in 2028 based on the current consensus forecast. North Carolina will still have the lowest individual income tax rate among East Coast states with an income tax.

Maintain Corporate Income Tax Rate at 2%

Maintains the corporate income tax rate at 2%. This policy does not affect FY 2026-27 revenues but will increase revenues starting in FY 2027-28 relative to current law. North Carolina already has the lowest corporate income tax rate among the 44 states that have a corporate income tax and the lowest business tax burden among all states. Additional corporate income tax reductions primarily benefit large multinational companies.

Five-Year Revenue Impacts of Recommended Revenue Changes

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Maintain Individual Income Tax Rate at 3.99%	\$896.0	\$3,152.3	\$4,661.3	\$4,908.9	\$5,142.4
Maintain Corporate Income Tax Rate at 2%	\$0.0	\$294.3	\$636.2	\$1,038.2	\$1,465.1
Increase Standard Deduction	-\$53.0	-\$118.9	-\$120.4	-\$122.0	-\$123.6
Child and Dependent Care Tax Credit	-\$55.0	-\$56.0	-\$57.0	-\$59.0	-\$61.0
Working Families Tax Credit	-\$240.0	-\$245.7	-\$253.9	-\$262.3	-\$271.0
Back-to-School Sales Tax Holiday	-\$29.9	-\$31.0	-\$32.0	-\$33.1	-\$34.2
Total	\$518.1	\$2,995.1	\$4,834.1	\$5,470.6	\$6,117.6
<i>Individual Income Tax</i>	<i>\$548.0</i>	<i>\$2,731.7</i>	<i>\$4,229.9</i>	<i>\$4,465.5</i>	<i>\$4,686.8</i>
<i>Corporate Income Tax</i>	<i>\$0.0</i>	<i>\$294.3</i>	<i>\$636.2</i>	<i>\$1,038.2</i>	<i>\$1,465.1</i>
<i>Other Tax</i>	<i>-\$29.9</i>	<i>-\$31.0</i>	<i>-\$32.0</i>	<i>-\$33.1</i>	<i>-\$34.2</i>

General Fund Revenue by Fiscal Year: Recent History and Forecast with Governor's Recommended Changes (in Millions)

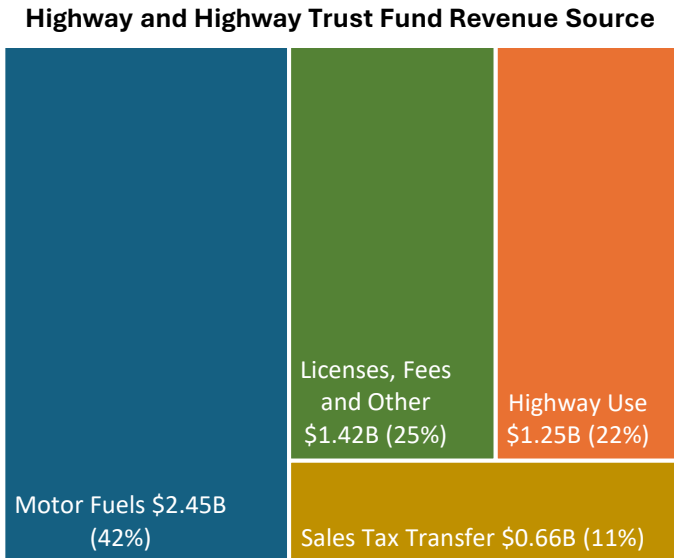
	2024-25	2025-26			2026-27		
	Actual	Budget	Revised	Change	Budget	Revised	Change
Tax Revenue							
Individual Income	17,012.2	16,892.7	17,191.9	1.1%	16,081.4	17,162.6	-0.2%
Sales and Use	11,006.2	11,492.8	11,337.2	3.0%	11,821.3	11,754.6	3.7%
Corporate Income	1,569.7	1,379.4	1,379.4	-12.1%	1,242.9	1,320.5	-4.3%
Franchise	775.0	787.8	721.3	-6.9%	805.8	792.3	9.8%
Insurance Premium	1,426.4	1,417.4	1,628.0	14.1%	1,336.5	1,605.7	-1.4%
Alcoholic Beverage	549.5	560.6	546.9	-0.5%	572.4	554.3	1.4%
Sports Wagering	55.7	58.3	67.2	20.6%	63.8	75.4	12.2%
Privilege License	39.2	43.2	24.5	-37.5%	44.6	33.8	38.0%
Tobacco Products	248.6	240.8	242.3	-2.5%	235.8	237.5	-2.0%
Real Estate Conveyance	117.0	116.7	124.1	6.1%	125.6	131.4	5.9%
White Goods Disposal	3.5	4.4	3.9	11.5%	4.6	4.1	5.1%
Scrap Tire Disposal	8.6	2.4	2.6	-69.8%	0.0	0.0	-100.0%
Solid Waste Disposal	3.2	3.4	3.3	3.9%	3.6	3.5	6.1%
Other Tax	0.4	0.3	0.3	-26.7%	0.3	0.3	0.0%
Total Tax Revenue	32,815.3	33,000.2	33,272.9	1.4%	32,338.6	33,676.0	1.2%
Nontax Revenue							
Investment Income	850.6	702.9	776.3	-8.7%	605.5	637.2	-17.9%
Judicial Fees	208.1	202.4	214.4	3.0%	199.8	218.0	1.7%
Insurance	119.6	123.4	124.1	3.8%	126.6	127.1	2.4%
Disproportionate Share	169.8	171.4	170.9	0.6%	109.0	174.6	2.2%
Master Settlement Agreement	107.5	97.6	109.5	1.9%	91.8	98.0	-10.5%
Other Nontax	288.1	411.3	410.9	42.6%	297.2	306.7	-25.4%
Total Nontax Revenue	1,743.7	1,709.0	1,806.1	3.6%	1,429.9	1,561.6	-13.5%
Total General Fund Revenue	34,559.0	34,709.2	35,079.0	1.5%	33,768.5	35,237.6	0.5%

Totals may differ from the sum of their parts due to rounding.

Highway Fund and Highway Trust Fund Revenue Outlook

In FY 2024-25, the Highway Fund (HF) and Highway Trust Fund (HTF) had revenues of \$3.32B and \$2.45B, respectively, for a total of \$5.77B in revenue collection.

The largest overall revenue source for the Highway Fund and Highway Trust Fund, comprising approximately 42% of the total revenue, is the state excise tax on motor fuels. The transfer of 6% of sales tax collections from the General Fund accounts for more than a tenth of revenues. Finally, the funds receive revenue from Division of Motor Vehicle (DMV) licenses and fees and interest earned on investments of the funds' cash balances. The Highway Trust Fund receives all highway use tax (i.e., sales tax on new and used vehicles sold or transferred) revenue.



Current Year Revenue (FY 2025-26)

The revised consensus forecast for FY 2025-26 anticipates total Highway Fund and Highway Trust Fund revenue at \$5.85 billion, an upward revision of \$59 million (+1.4%) from certified revenue of \$5.79 billion. Highway Fund revenues are projected at \$3.35 billion, up 0.9% from the prior year, driven by elevated collections from licenses and fees and the highway short-term lease tax. Highway Trust Fund revenues are projected at \$2.5 billion, up 2% from prior year, led by stronger-than-expected highway use tax collections.

Revenue Outlook (FY 2026-27)

For FY 2026-27, the consensus forecast projects combined revenue of \$5.97 billion, a 2% increase over FY 2025-26. The Highway Fund forecast of \$3.4 billion reflects modest growth in motor fuels tax collections, supported by the statutory rate adjustment, and continued growth in licenses and fees. Highway Fund investment income is projected to decline sharply because Helene recovery costs are paid from the Highway Fund before federal reimbursements are received, reducing the fund's cash balance and the interest it earns.

The Highway Trust Fund forecast is revised modestly upward from the previous consensus to \$2.57 billion (+0.8%), with highway use tax collections and the General Fund sales tax transfer essentially unchanged from the previous consensus. Highway use tax collections are projected at \$1.18 billion, reflecting 2.6% year-over-year growth, and the Highway Trust Fund's sales tax transfer rises to

\$529 million, up 4% year over year. The upward revision from the previous consensus is driven primarily by higher investment income and title fee collections.

In the near term, the trajectory of vehicle prices and sales volumes faces uncertainty from federal trade policy. Tariffs on imported vehicles and parts will likely put upward pressure on new vehicle prices, causing consumers to postpone purchases or shift toward used vehicles. OSBM expects new light vehicle sales to decline from 16.2 million units in 2025 to 15.8 million in 2026 and rebound to 16 million in 2027. High prices and elevated borrowing costs pose downside risks to highway use tax collections.

The conflict in the Middle East has elevated energy prices. A prolonged conflict is likely to reduce gallons consumed as drivers respond to higher gas prices. Higher energy prices could also dampen vehicle sales by raising the total cost of ownership, compounding tariff-related pressure on highway use tax collections. The longer the conflict persists, the greater the impact on both fuel consumption and vehicle sales. Over the longer term, continued improvement in average fuel economy and growing adoption of electric and hybrid vehicles will reduce motor fuel tax revenue but increase revenue from fees on electric and plug-in hybrid vehicles. The pace of that shift remains uncertain given recent changes in federal emissions standards and clean vehicle tax credits.

Highway Fund and Highway Trust Fund Revenue by Fiscal Year

	2024-25	2025-26			2026-27		
	Actual	Budget	Revised	Change	Budget	Revised	Change
Highway Fund							
Motor Fuels Taxes	1,835.1	1,853.0	1,854.3	0%	1,878.1	1,904.2	1%
Highway Short Term Lease	116.9	113.1	120.7	7%	114.9	124.5	8%
Licenses and Fees	1,114.4	1,097.5	1,131.0	3%	1,116.0	1,141.8	2%
Investment Income	79.6	50.2	48.1	-4%	37.6	24.4	-35%
Aviation Fuel Tax	13.1	13.1	12.3	-6%	13.4	12.6	-6%
Transportation Commerce Tax	0.0	7.0	12.3	76%	7.3	13.8	89%
NC Railroad Dividend	0.0	0.0	4.8	-	0.0	4.8	-
Transfers from General Fund	164.6	171.5	169.4	-1%	176.9	176.2	0%
Total Highway Fund	3,323.7	3,305.4	3,352.9	1.4%	3,344.2	3,402.3	1.7%
Highway Trust Fund							
Highway Use Tax	1,133.5	1,150.5	1,151.6	0%	1,179.8	1,181.5	0%
Motor Fuels Tax	612.9	619.5	619.7	0%	627.9	636.4	1%
Title Fees & Lien	174.9	172.1	178.3	4%	172.5	177.7	3%
Transfers from General Fund	494.0	514.4	508.2	-1%	530.6	528.6	0%
Investment Income	35.6	33.0	42.8	30%	37.2	44.3	19%
Total Trust Fund	2,450.9	2,489.5	2,500.6	0.4%	2,548.0	2,568.5	0.8%
Total HF & HTF Availability	5,774.6	5,794.9	5,853.5	1.0%	5,892.2	5,970.8	1.3%

Mission

To position North Carolina’s public schools as the best in the United States by 2030.

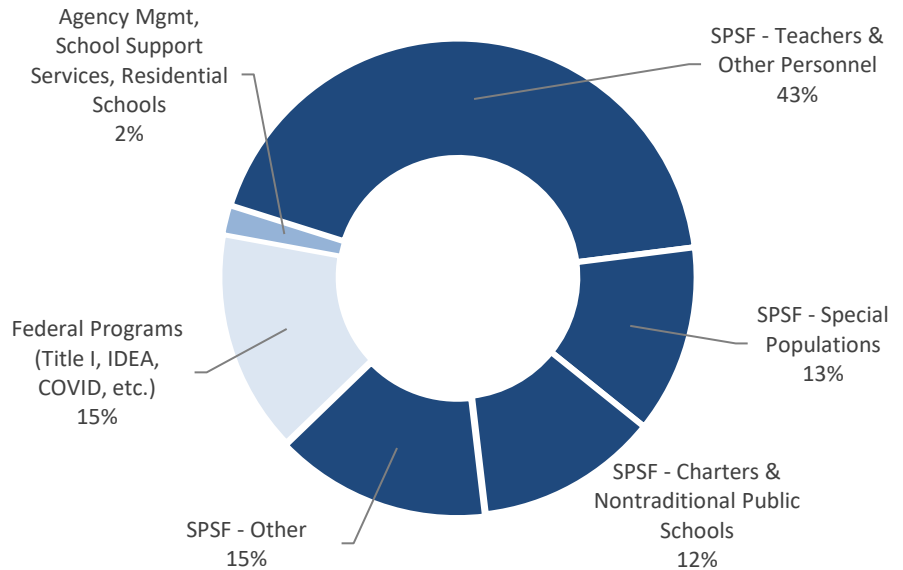
Vision

NC public schools will achieve educational excellence by preparing students for their next phase in life, elevating and revering educators, strengthening family and community partnerships, and ensuring that schools are safe, healthy, and inclusive places for all.

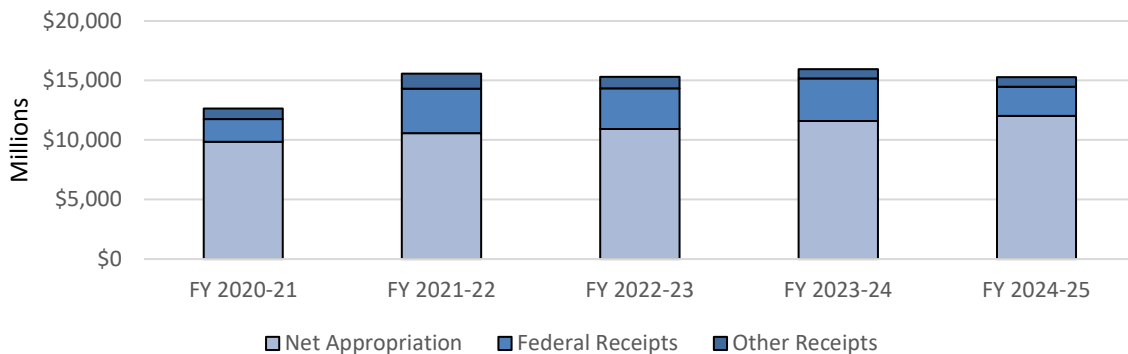
Agency Profile

- Implements laws, policies, and procedures governing public education for K through 12th grade at the direction of the State Board of Education and the Superintendent of Public Instruction.
- Provides leadership and service to 115 local public-school districts and 2,400+ traditional public schools, 200+ charter schools, lab and regional schools, the North Carolina Virtual Public School, and the North Carolina Governor’s School, serving about 1.5 million K-12 students across the state. The three residential schools for students with hearing and visual impairments were established as separate agencies as of July 1, 2025.
- Administers state and federal funds totaling over \$15 billion, and licenses and supports the development of the 128,000 teachers and administrators who serve public schools.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



Charts include General Fund budget code only.

Public Instruction - General Fund (13510)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 14,559,608,853	\$ 449,159,000	\$ 54,760,970	\$ 503,919,970	\$ 15,063,528,823	3.5%
Receipts	\$ 2,677,126,105	\$ -	\$ -	\$ -	\$ 2,677,126,105	0.0%
Net Appropriation	\$ 11,882,482,748	\$ 449,159,000	\$ 54,760,970	\$ 503,919,970	\$ 12,386,402,718	4.2%
Positions (FTE)	784.728	-	-	-	784.728	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 14,559,643,586	\$ 1,241,382,245	\$ 510,901,263	\$ 1,752,283,508	\$ 16,311,927,094	12.0%
Receipts	\$ 2,612,622,303	\$ 79,727,388	\$ 15,000,000	\$ 94,727,388	\$ 2,707,349,691	3.6%
Net Appropriation	\$ 11,947,021,283	\$ 1,161,654,857	\$ 495,901,263	\$ 1,657,556,120	\$ 13,604,577,403	13.9%
Positions (FTE)	784.728	28.810	-	28.810	813.538	3.7%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase – Teachers and Instructional Support

Updates the teacher salary schedule to raise starting teacher salaries to the highest in the Southeast and provides an 11% average raise for all existing teachers by FY 2026-27. North Carolina starting teacher salaries currently rank 45th in the nation and 11th out of 12 in the Southeast. This schedule eliminates a 10-year pay plateau for experienced teachers, instructional support personnel, school psychologists, speech pathologists, and audiologists. State agency teacher salaries are increased in accordance with the statewide teacher salary schedule. Corresponding special provisions provide additional details on these compensation increases.

Req \$	371,498,000	\$ -	\$ 734,368,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	371,498,000	\$ -	\$ 734,368,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 Compensation Increase – School-based Administrators

Provides funds to improve recruitment and retention for school-based administrators through salary increases. Assistant principal salaries are tied to the teacher salary schedule. Funding supports a 5% total increase for existing principals over the biennium to keep up with inflation. Corresponding special provisions show additional details on these compensation increases.

Req \$	14,789,000	\$ -	\$ 28,789,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	14,789,000	\$ -	\$ 28,789,000	\$ -
FTE	0.000	0.000	0.000	0.000

3 Master's Pay

Attracts and retains teachers by restoring master's degree pay for more than 1,000 teachers whose advanced degrees are in the subjects they teach. Research suggests that master's pay may help retain early- to mid-career teachers who have not yet reached their peak teacher productivity but are more likely than more experienced teachers to exit the profession.

Req \$	10,000,000	\$ -	\$ 10,000,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	10,000,000	\$ -	\$ 10,000,000	\$ -
FTE	0.000	0.000	0.000	0.000

4 Compensation Increase Reserve - DPI

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	1,247,000	\$ -	\$ 2,483,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	1,247,000	\$ -	\$ 2,483,000	\$ -
FTE	0.000	0.000	0.000	0.000

5 Compensation Increase Reserve - Non-Certified and Central Office Staff

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	51,625,000	\$ -	\$ 103,250,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	51,625,000	\$ -	\$ 103,250,000	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Reserve for Salaries and Benefits				
6 State Employee Bonus - DPI				
Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.	Req \$	- \$	- \$	1,010,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	1,010,000
	FTE	0.000	0.000	0.000
7 State Employee Bonus - Public School Personnel				
Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.	Req \$	- \$	- \$	253,737,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	253,737,000
	FTE	0.000	0.000	0.000
8 State Health Plan Contributions - DPI				
Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.	Req \$	- \$	311,142 \$	-
	Rec \$	- \$	- \$	-
	App \$	- \$	311,142 \$	-
	FTE	0.000	0.000	0.000
9 State Health Plan Contributions - Public School Personnel				
Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.	Req \$	- \$	96,506,170 \$	-
	Rec \$	- \$	- \$	-
	App \$	- \$	96,506,170 \$	-
	FTE	0.000	0.000	0.000
10 Retiree Supplement - DPI				
Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.	Req \$	- \$	260,568 \$	260,568
	Rec \$	- \$	- \$	-
	App \$	- \$	260,568 \$	260,568
	FTE	0.000	0.000	0.000
11 Retiree Supplement - Public School Personnel				
Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.	Req \$	- \$	54,500,402 \$	54,500,402
	Rec \$	- \$	- \$	-
	App \$	- \$	54,500,402 \$	54,500,402
	FTE	0.000	0.000	0.000
Department-wide				
12 Vacant Position Reductions				
Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.	Req \$	- \$	(26,142) \$	-
	Rec \$	- \$	- \$	-
	App \$	- \$	(26,142) \$	-
	FTE	0.000	(0.800)	0.000
Technical Adjustments				
13 Enrollment Adjustment				
Adjusts funding for multiple public school allotments based on average daily membership (ADM) to reflect changes in student population. This item also adjusts for changes in budgeted average salaries and in public school allotments not based on ADM, such as transportation. Department of Revenue Sales and Use Tax receipts offset General Fund appropriations to the State Public School Fund.	Req \$	- \$	(37,464,181) \$	-
	Rec \$	- \$	6,500,000 \$	-
	App \$	- \$	(43,964,181) \$	-
	FTE	0.000	0.000	0.000
14 Contingency Reserve				
Appropriates funds to the ADM Contingency Reserve to support projected student increases for the 2026-27 school year. Most Opportunity Scholarship voucher payments go to students who already attended private schools, but this portion of the public funds saved through the Opportunity Scholarship Moratorium supports students who previously received vouchers but will now return to North Carolina's excellent public schools.	Req \$	- \$	- \$	12,500,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	12,500,000
	FTE	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Technical Adjustments				
15 Classroom Materials/Instructional Supplies/Equipment				
Transfers funds from the Indian Gaming Education Revenue Fund to support the Classroom Materials/Instructional Supplies/Equipment allotment. Schools may use these funds to purchase materials or refresh devices such as laptops. Total recurring requirements for this allotment remain unchanged.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	2,000,000 \$	- \$
	App \$	- \$	(2,000,000) \$	- \$
	FTE	0.000	0.000	0.000
16 Residential School Transportation Budget Realignment				
Reduces the budget for the Department of Public Instruction (DPI) for transportation funds that have historically been transferred to NC's three residential schools for deaf and blind students. The schools became independent state agencies as of July 1, 2025, and this item permanently realigns their transportation funds. Corresponding items in the residential schools' sections of the budget show increases totaling \$900,000.	Req \$	- \$	(900,000) \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	(900,000) \$	- \$
	FTE	0.000	0.000	0.000
Student Safety and Well-Being				
17 Universal School Breakfast at No Cost to Students				
Provides funding for public schools to offer breakfast at no cost to all students. Schools participating in the Community Eligibility Provision (CEP) already offer breakfast at no cost to all students. DPI will reimburse non-CEP schools for breakfasts served. This will enable school cafeterias to serve almost 190,000 free school breakfasts each school day. Research shows that receiving free breakfast improves student health, attendance, learning, and behavior. This investment is funded in part through receipts from the Education Lottery and the Civil Penalty and Forfeiture Fund.	Req \$	- \$	85,300,000 \$	- \$
	Rec \$	- \$	71,227,388 \$	- \$
	App \$	- \$	14,072,612 \$	- \$
	FTE	0.000	0.000	0.000
18 School Health Personnel				
Supports student mental and physical health by funding additional school counselors, nurses, social workers, and psychologists through the School Health Personnel allotment. Evidence shows that specialized support personnel increase student achievement, reduce absences and misbehavior, and increase four-year college enrollment. This item will fund more than 360 new school health personnel positions, which would also move North Carolina toward achieving nationally recommended ratios for these professional positions in schools.	Req \$	- \$	32,135,000 \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	32,135,000 \$	- \$
	FTE	0.000	0.000	0.000
19 School Resource Officer Allotment for Middle Schools				
Funds a school resource officer (SRO) position in each middle school through a new school resource officer allotment. A corresponding special provision directs DPI to work with the NC Criminal Justice Education and Training Standards Commission to establish initial training and continuing education standards for SROs, including more pre-service, behavioral health, and trauma-informed training. A corresponding item in the State Bureau of Investigation section reduces funding for SRO grants to incorporate those funds into this new allotment to fund 535 total positions.	Req \$	- \$	50,000,000 \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	50,000,000 \$	- \$
	FTE	0.000	0.000	0.000
20 School Bus Routing System Contract				
Provides additional funding to maintain the Transportation Information Management System (TIMS) that coordinates efficient school bus routing. DPI contracts with NC State University and UNC-Chapel Hill to conduct the analysis that supports the equitable distribution of state transportation funding to public school units (PSUs). Appropriations for this purpose have not increased in line with contract costs.	Req \$	- \$	120,200 \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	120,200 \$	- \$
	FTE	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Support, Recruit, and Retain					
21 Teacher Supply Stipend					
Provides a \$300 tax-deductible stipend to every public school teacher to purchase teaching supplies and classroom materials. North Carolina teachers spend the second most out-of-pocket dollars of all teachers in the nation on classroom materials, reducing already low total teacher compensation.	Req \$	-	\$ -	\$ -	\$ 30,000,000
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ -	\$ 30,000,000
	FTE	0.000	0.000	0.000	0.000
22 Support for Low-Performing Districts					
Provides funds for DPI's district and regional support model, which provides targeted and comprehensive assistance to low-performing schools and districts through professional learning, coaching, systems design, and capacity building. Preliminary analysis of this model shows positive effects on school performance grades and student test scores.	Req \$	-	\$ -	\$ 4,500,000	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 4,500,000	\$ -
	FTE	0.000	0.000	16.000	0.000
23 NC Center for the Advancement of Teaching					
Provides funds for the NC Center for the Advancement of Teaching (NCCAT) to expand professional development programming for teachers in all regions and districts of the state. Expanded operations at NCCAT's Cullowhee campus will train an additional 2,000 teachers a year and support at least 50,000 public school students annually. These funds support operations and positions, including new faculty, administrative, program support, and operations positions.	Req \$	-	\$ -	\$ 922,000	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 922,000	\$ -
	FTE	0.000	0.000	6.000	0.000
24 Beginning Teacher Support Program					
Provides funds to support beginning teachers through the early stages of their careers to remain, excel, and continuously grow as educators. Data from the State of the Teaching Profession report consistently shows that early-career teachers, especially first-year teachers, are more likely to leave the profession than their more experienced counterparts. This investment provides funds to hold regional convenings that provide professional learning and resources to support beginning teachers. Nonrecurring funds support an evaluation to assess and propose improvements to the Beginning Teacher Support Program.	Req \$	-	\$ -	\$ 500,000	\$ 750,000
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 500,000	\$ 750,000
	FTE	0.000	0.000	0.000	0.000
Advance Educational Excellence and Innovation					
25 Exceptional Children New Funding Formula					
Modernizes Exceptional Children funding by supporting all eligible students based on their needs and service levels. The new allotment formula accounts for the frequency, intensity, and duration of special education and related services and aligns resources with students' individualized education program (IEP) requirements. The state will support 70% of the new model, with the remainder split between the federal government and local school districts. Nonrecurring stabilization funds maintain federal compliance by ensuring that no PSUs experience state funding decreases under the new model. The ADM Technical Adjustment includes \$4.5 million to support this item, and a special provision provides additional details.	Req \$	-	\$ -	\$ 63,450,653	\$ 33,434,785
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 63,450,653	\$ 33,434,785
	FTE	0.000	0.000	0.000	0.000
26 Devices for Students					
Helps public schools continue providing every student with a laptop once devices originally purchased with federal COVID relief funds reach end-of-life. Access to digital and online learning tools is now essential for classroom success, and this initiative helps students maintain access. This investment is funded in part through receipts from the Civil Penalty and Forfeiture Fund.	Req \$	-	\$ -	\$ -	\$ 100,000,000
	Rec \$	-	\$ -	\$ -	\$ 15,000,000
	App \$	-	\$ -	\$ -	\$ 85,000,000
	FTE	0.000	0.000	0.000	0.000
27 Advanced Teaching Roles – Salary Supplements for Leadership Roles					
Expands funding for more than 3,200 new teacher salary supplements as part of the Advanced Teaching Roles (ATR) program. ATR creates classroom leadership roles so that excellent teachers can earn higher pay while remaining in the classroom. Advanced teachers create a multiplier effect to improve quality school-wide by coaching novice teachers and reaching more students.	Req \$	-	\$ -	\$ 38,003,000	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 38,003,000	\$ -
	FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Advance Educational Excellence and Innovation					
28 Advanced Teaching Roles – District Design and Implementation Grants					
Provides supplemental funding for the Advanced Teaching Roles program established in GS 115C-310.1. These funds will allow DPI to fully fund design and implementation costs for three to four additional districts in the next award cycle. Research shows that ATR improves student scores, particularly in math and science.	Req \$	- \$	- \$	2,000,000	\$ -
	Rec \$	- \$	- \$	-	\$ -
	App \$	- \$	- \$	2,000,000	\$ -
	FTE	0.000	0.000	0.000	0.000
29 Diagnostic Reading Assessments for Grades 4 and 5					
Extends state diagnostic reading assessments and literacy intervention plans to 4th and 5th graders. This funding will help to identify where student performance lags and help educators tailor lessons and professional development accordingly. Schools currently use these assessments for K-3 classrooms, and this investment is a key step to expand literacy instruction improvements to the middle grades.	Req \$	- \$	- \$	1,427,000	\$ 966,508
	Rec \$	- \$	- \$	-	\$ -
	App \$	- \$	- \$	1,427,000	\$ 966,508
	FTE	0.000	0.000	0.000	0.000
30 Middle Grades Literacy Initiative					
Expands the early grades literacy initiative to address an urgent need in middle grades. North Carolina's K-3 students continue to outperform the national average on reading assessments, but reading proficiency begins to decline in middle grades without continued support. Recurring funds provide professional development to all grade 6-8 core content teachers, develop district resources aligned to literacy intervention plans, and provide a tiered structure of state and regional support. Nonrecurring funds include professional development and bonuses for teachers who complete the training outside of their regular workday.	Req \$	- \$	- \$	15,380,000	\$ 23,600,000
	Rec \$	- \$	- \$	-	\$ -
	App \$	- \$	- \$	15,380,000	\$ 23,600,000
	FTE	0.000	0.000	9.000	0.000
31 High-Impact Tutoring Support for School Districts					
Provides funds to support high-impact tutoring in low-performing districts. The most recent National Assessment of Educational Progress (NAEP) showed that 70% of NC fourth graders were below proficient in reading and 59% were below proficient in math. High-impact tutoring is a research-backed strategy to help students catch up.	Req \$	- \$	- \$	3,000,000	\$ -
	Rec \$	- \$	- \$	-	\$ -
	App \$	- \$	- \$	3,000,000	\$ -
	FTE	0.000	0.000	0.000	0.000
32 Cooperative Innovative High Schools					
Funds three new Cooperative Innovative High Schools that have been conditionally approved by the State Board of Education. These schools support students whose parents did not complete a high school degree, who are at risk of dropping out, or who would benefit from accelerated academic instruction. Research shows that schooling that combines high school and college experiences has positive impacts on associate's degree completion, as well as bachelor's degree completion for low-income students and first-generation college-goers.	Req \$	- \$	- \$	655,000	\$ -
	Rec \$	- \$	- \$	-	\$ -
	App \$	- \$	- \$	655,000	\$ -
	FTE	0.000	0.000	0.000	0.000
33 Limited English Proficient Funding Formula					
Simplifies the Limited English Proficiency allotment formula to provide funds based solely on the number of qualifying students and stabilizes funding to transition to the new formula. A special provision contains additional details on this item.	Req \$	- \$	- \$	-	\$ 142,000
	Rec \$	- \$	- \$	-	\$ -
	App \$	- \$	- \$	-	\$ 142,000
	FTE	0.000	0.000	0.000	0.000
34 American High School Exchange Program					
Provides a grant to expand cross community student exchange opportunities for North Carolina public high school graduates. The initiative will support short, cost-effective exchanges that foster civic understanding, workforce awareness, and post-secondary readiness. Funds may be used to support program planning, implementation, evaluation, and community partnership activities needed to deliver high-quality exchange experiences.	Req \$	- \$	- \$	100,000	\$ -
	Rec \$	- \$	- \$	-	\$ -
	App \$	- \$	- \$	100,000	\$ -
	FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Advance Educational Excellence and Innovation				
35 Single Sign-On Uniform Education Reporting System				
Increases funding for single sign-on (SSO) services to cover significant increases in subscription costs and ensure business continuity. SSO bolsters security by automating account activation and deactivation and mitigating the threat caused by re-used passwords. SSO supports more than 40 applications and manages more than two million active accounts across the state's PSUs and DPI, with more than one million daily authentications.	Req \$	- \$	- \$	8,100,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	8,100,000 \$
	FTE	0.000	0.000	0.000
36 Broadband Access and Classroom Connectivity				
Ensures that all of the more than 2,500 public schools across the state maintain access to reliable high-speed internet access by providing state matching funds for public schools to maximize federal E-Rate funding. This match unlocks more than \$7.5 million in federal E-Rate funds each year.	Req \$	- \$	- \$	2,587,500 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	2,587,500 \$
	FTE	0.000	0.000	0.000
37 Department of Information Technology Billing Structural Shortfall				
Closes an existing structural budget shortfall for services and subscriptions that the Department of Information Technology provides to DPI. DPI's budget for this purpose has not kept pace with increasing service requirements.	Req \$	- \$	- \$	1,140,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	1,140,000 \$
	FTE	0.000	0.000	0.000
38 Technology Infrastructure for Business Continuity				
Ensures business continuity by funding subscription cost increases for Google Enterprise Workspace, implementation of Microsoft Teams (MS Teams) for agency phones, and Microsoft 365 (M365) backup. Providing Google Workspace licenses for DPI employees promotes seamless communication and sharing between PSUs and DPI. MS Teams and M365 investments streamline DPI systems while securing and backing up critical data.	Req \$	- \$	- \$	520,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	520,000 \$
	FTE	0.000	0.000	0.000
39 School Business Systems Modernization				
Supports 92 school districts migrating to cloud-based Enterprise Resource Planning systems, which integrate finance and HR platforms. Vendors will stop supporting many of the existing systems and sunset others altogether in the next several years. DPI shall report to OSBM and the Fiscal Research Division by October 15, 2026, on the status and expected completion date for each PSU. This item is funded through the IT Reserve. Funds for this project will be allocated to the department over the life of the project, and any funds not obligated by June 30, 2031, shall revert to the Reserve.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
40 Textbook Commission Sunset				
Eliminates funding to coincide with sunseting the Textbook Commission. A special provision provides additional details on this item.	Req \$	- \$	- \$	(775,097) \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	(775,097) \$
	FTE	0.000	0.000	(1.390)
41 Virtual Charter School Transportation Funding Elimination				
Ensures state funds go where they are needed by eliminating transportation funding to virtual charter schools and remote charter academies for students who attend exclusively online. A special provision provides additional details on this item.	Req \$	- \$	- \$	(5,000,000) \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	(5,000,000) \$
	FTE	0.000	0.000	0.000
Total Change to Requirements	\$	449,159,000	\$	54,760,970
Total Change to Receipts	\$	-	\$	-
Total Change to Net Appropriations	\$	449,159,000	\$	54,760,970
Total Change to Full-Time Equivalent (FTE)		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	503,919,970
Total Change to Full-Time Equivalent (FTE)				0.000
				1,657,556,120
				28.810

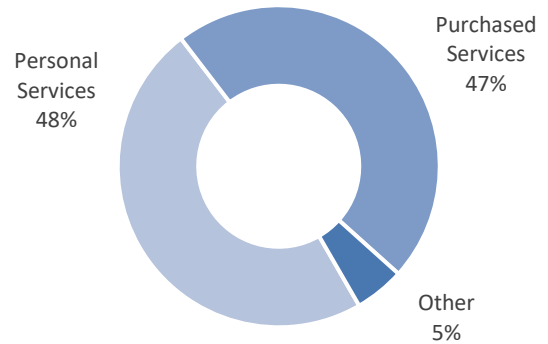
Mission

To offer specialized educational opportunities, community outreach, and an immersive environment for North Carolina students with visual impairments and additional disabilities. Through unique and expert instruction, Governor Morehead School (GMS) will create a dynamic and inclusive environment for students to reach their highest potential in developing knowledge, skills, confidence, and values that will support them as independent, life-long learners to contribute to our global society.

Goals

1. Enhance instructional/curriculum practices to optimize student outcomes.
2. Increase parent/family communication and engagement.
3. Enhance student life programming.
4. Increase organizational effectiveness and efficiency.
5. Support local school districts through the GMS Outreach Program to provide services, short-course weekends, parental support, and professional learning opportunities.

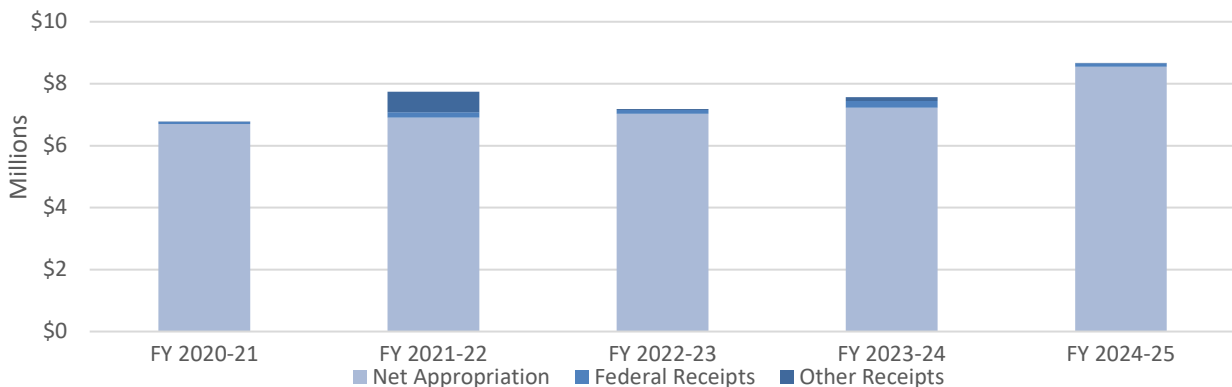
FY 2024-25 Actual Expenditures



Agency Profile

- Provides NC standards-based instruction alongside the Expanded Core Curriculum (ECC), which supplements the general curriculum with real-life situations faced by individuals with Blindness and Visual Impairments. GMS serves day students and residential students.
- Students earn a diploma or certificate at graduation. The diploma pathway focuses on college or vocational preparation; the certificate pathway emphasizes functional skills and community-based experiences.
- Teachers are certified to work with visually impaired students. Students access current materials, texts, and technologies, as well as meaningful community experiences to connect them to the wider world.

5-Year Historical Expenditures



**Starting FY 2025-26, GMS has its own budget code. Previously, it was budgeted within the Department of Public Instruction. Historical Expenditures chart includes General Fund and Internal Service Fund budget codes. Actual Expenditures chart only includes General Fund budget code.*

Governor Morehead School General Fund (13520)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 10,443,976	\$ 260,000	\$ 35,356	\$ 295,356	\$ 10,739,332	2.8%
Receipts	\$ 82,764	\$ -	\$ -	\$ -	\$ 82,764	0.0%
Net Appropriation	\$ 10,361,212	\$ 260,000	\$ 35,356	\$ 295,356	\$ 10,656,568	2.8%
Positions (FTE)	95.163	-	-	-	95.163	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 10,443,976	\$ 958,173	\$ 181,356	\$ 1,139,529	\$ 11,583,505	10.9%
Receipts	\$ 82,764	\$ -	\$ -	\$ -	\$ 82,764	0.0%
Net Appropriation	\$ 10,361,212	\$ 958,173	\$ 181,356	\$ 1,139,529	\$ 11,500,741	11.0%
Positions (FTE)	95.163	-	-	-	95.163	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	260,000	\$ -	\$ 499,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	260,000	\$ -	\$ 499,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 146,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 146,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 59,173	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 59,173	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 35,356	\$ -	\$ 35,356
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 35,356	\$ -	\$ 35,356
FTE	0.000	0.000	0.000	0.000

Technical Adjustments

5 Transportation Funds – Recurring Transfer

Budgets transportation funds that have historically been transferred from DPI to the Governor Morehead School (GMS). GMS became an independent state agency as of July 1, 2025, and this item permanently realigns those transportation funds. A corresponding item in DPI's section of the budget shows the offsetting decrease.

Req \$	-	\$ -	\$ 400,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 400,000	\$ -
FTE	0.000	0.000	0.000	0.000

Academic and Operational Support

6 Network Upgrade

Provides funds for the purchase and installation of new access points and network switches with licenses to improve the school's internet network. These improvements will decrease system downtimes and provide a stable and reliable network for students and staff. This item is funded from the IT Reserve.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes		NR Changes		R Changes		NR Changes	
Total Change to Requirements	\$	260,000	\$	35,356	\$	958,173	\$	181,356
Total Change to Receipts	\$	-	\$	-	\$	-	\$	-
Total Change to Net Appropriations	\$	260,000	\$	35,356	\$	958,173	\$	181,356
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			295,356	\$			1,139,529
Total Change to Full-Time Equivalent (FTE)				0.000				0.000

Mission

To provide an accessible, inclusive, and safe environment that supports and inspires every student to engage in cultivating and fulfilling their own academic and personal ambitions to achieve excellence.

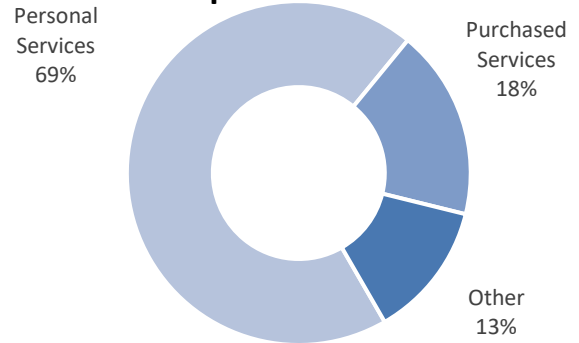
Goals

1. Strengthen curriculum and instructional practices.
2. Attract and retain skilled and effective teachers, leaders, and support staff.
3. Increase awareness and engagement with parents and the community.
4. Establish organizational quality assurance measures.

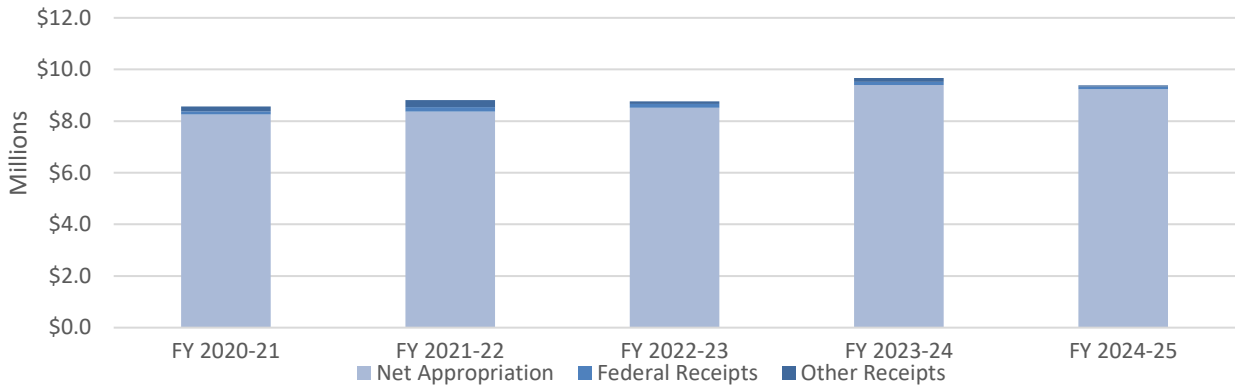
Agency Profile

- Provides a comprehensive K-12 educational experience tailored to meet the unique needs of students who are Deaf or Hard of Hearing.
- Designs curriculum to foster academic success, cultural identity, and preparation for post-secondary opportunities.
- Commits to quality: everyone has the right to develop to their maximum potential.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



Historical Expenditures chart includes General Fund and Internal Service Fund budget codes. Actual Expenditures chart only includes General Fund budget code.

**Starting FY 2025-26, ENCSD has its own budget code. Previously, it was budgeted within the Department of Public Instruction.*

Eastern NC School for the Deaf General Fund (13540)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 10,578,719	\$ 284,000	\$ 40,650	\$ 324,650	\$ 10,903,369	3.1%
Receipts	\$ 162,773	\$ -	\$ -	\$ -	\$ 162,773	0.0%
Net Appropriation	\$ 10,415,946	\$ 284,000	\$ 40,650	\$ 324,650	\$ 10,740,596	3.1%
Positions (FTE)	108.229	-	-	-	108.229	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 10,581,584	\$ 909,913	\$ 205,650	\$ 1,115,563	\$ 11,697,147	10.5%
Receipts	\$ 162,773	\$ -	\$ -	\$ -	\$ 162,773	0.0%
Net Appropriation	\$ 10,418,811	\$ 909,913	\$ 205,650	\$ 1,115,563	\$ 11,534,374	10.7%
Positions (FTE)	108.229	-	-	-	108.229	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	284,000	\$ -	\$ 549,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	284,000	\$ -	\$ 549,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 165,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 165,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 67,640	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 67,640	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 40,650	\$ -	\$ 40,650
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 40,650	\$ -	\$ 40,650
FTE	0.000	0.000	0.000	0.000

Technical Adjustments

5 Transportation Funds – Recurring Transfer

Budgets transportation funds that have historically been transferred from DPI to the Eastern NC School for the Deaf (ENCSD). ENCSD became an independent state agency as of July 1, 2025, and this item permanently realigns those transportation funds. A corresponding item in DPI's section of the budget shows the offsetting decrease.

Req \$	-	\$ -	\$ 200,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 200,000	\$ -
FTE	0.000	0.000	0.000	0.000

Academic and Operational Support

6 Educator Supplement, Overtime, and Shift-Premium Pay

Supports higher supplemental pay for teachers and funds actual requirements for shift-premium pay and overtime pay. ENCSD currently provides an 8% salary supplement for educators paid on the state salary schedule, which is less than the supplement in Wilson and neighboring counties. The funds will enable ENCSD to recruit and retain qualified, dedicated teachers.

Req \$	-	\$ -	\$ 86,373	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 86,373	\$ -
FTE	0.000	0.000	0.000	0.000

R Changes NR Changes R Changes NR Changes

Academic and Operational Support

7 ADA Campus-Wide Emergency Visual Alert System

Funds the purchase, installation, and ongoing maintenance of an emergency visual message alert system to support deaf and hard of hearing staff and students across the campus' eight buildings. The system will provide emergent, time-sensitive notifications through digital message boards and visual signaling or notification devices placed in key locations. The nonrecurring portion of this item will be funded through the IT Reserve.

Req \$	-	\$	-	\$	6,900	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	6,900	\$	-
FTE	0.000		0.000		0.000		0.000

Total Change to Requirements	\$	284,000	\$	40,650	\$	909,913	\$	205,650
Total Change to Receipts	\$	-	\$	-	\$	-	\$	-
Total Change to Net Appropriations	\$	284,000	\$	40,650	\$	909,913	\$	205,650
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			324,650	\$			1,115,563
Total Change to Full-Time Equivalent (FTE)				0.000				0.000

Mission

To provide student-centered, standards-based instruction to deaf and hard-of-hearing students in a multicultural and multilingual environment. Our students are enabled and empowered to be lifelong learners and productive, contributing citizens to humanity.

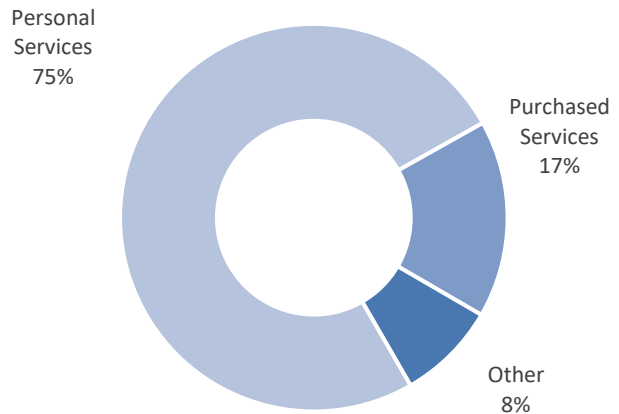
Goals

Create an accessible, positive learning environment in which students will achieve proficiency in American Sign Language and English as well as achieve individual academic potential and become leaders in their communities.

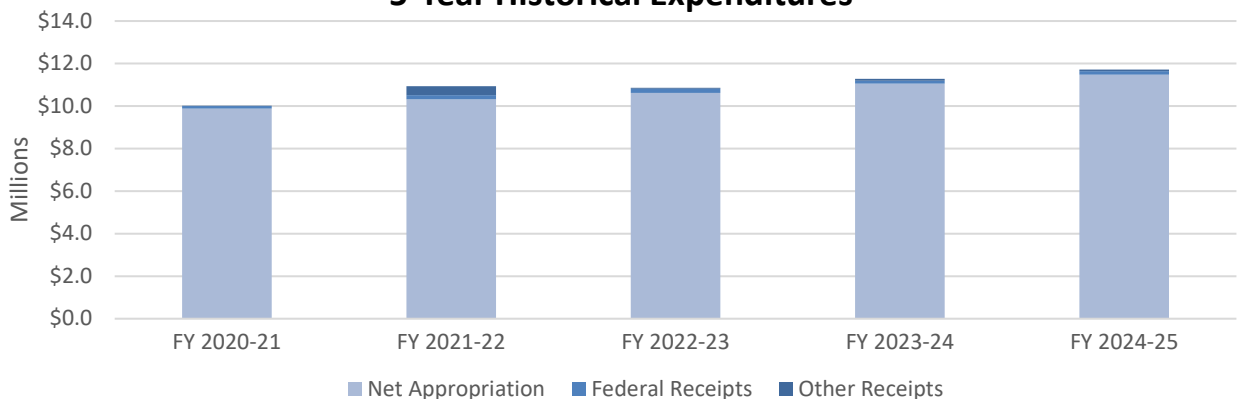
Agency Profile

- Treat each student with respect, dignity, and encouragement to support their unique pace and style of learning, growth, and development.
- Provide students with a safe, orderly, and nurturing environment that includes high expectations, instructional and functional supports, and state-approved curricula.
- Use data-driven, research-based practices from the fields of Special Education, Deaf Education and General Education in a continuous improvement process.
- Empower and support staff to participate in continual professional development and education for optimal provision of services.
- Provide opportunities for shared responsibility and engagement by all stakeholders in the NCSD community to deliver a range of services to meet the needs of students across all disciplines.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



Historical Expenditures chart includes General Fund and Internal Service Fund budget codes. Actual Expenditures chart only includes General Fund budget code.

**Starting FY 2025-26, NCSD has its own budget code. Previously, it was budgeted within the Department of Public Instruction.*

NC School for the Deaf General Fund (13530)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 11,940,864	\$ 372,000	\$ 45,049	\$ 417,049	\$ 12,357,913	3.5 %
Receipts	\$ 188,864	\$ -	\$ -	\$ -	\$ 188,864	0.0 %
Net Appropriation	\$ 11,752,000	\$ 372,000	\$ 45,049	\$ 417,049	\$ 12,169,049	3.6 %
Positions (FTE)	124.831	-	-	-	124.831	0.0 %

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 11,943,656	\$ 1,101,020	\$ 230,049	\$ 1,331,069	\$ 13,274,725	11.1 %
Receipts	\$ 188,864	\$ -	\$ -	\$ -	\$ 188,864	0.0 %
Net Appropriation	\$ 11,754,792	\$ 1,101,020	\$ 230,049	\$ 1,331,069	\$ 13,085,861	11.3 %
Positions (FTE)	124.831	-	-	-	124.831	0.0 %

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	372,000	\$ -	\$ 726,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	372,000	\$ -	\$ 726,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 185,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 185,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 75,020	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 75,020	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 45,049	\$ -	\$ 45,049
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 45,049	\$ -	\$ 45,049
FTE	0.000	0.000	0.000	0.000

Technical Adjustments

5 Transportation Funds – Recurring Transfer

Budgets transportation funds that have historically been transferred from DPI to the NC School for the Deaf (NCSd). NCSd became an independent state agency as of July 1, 2025, and this item permanently realigns those transportation funds. A corresponding item in DPI's section of the budget shows the offsetting decrease.

Req \$	-	\$ -	\$ 300,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 300,000	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ 372,000	\$ 45,049	\$ 1,101,020	\$ 230,049
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$ 372,000	\$ 45,049	\$ 1,101,020	\$ 230,049
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	\$ 417,049	\$ -	\$ 1,331,069
Total Change to Full-Time Equivalent (FTE)	-	0.000	-	0.000

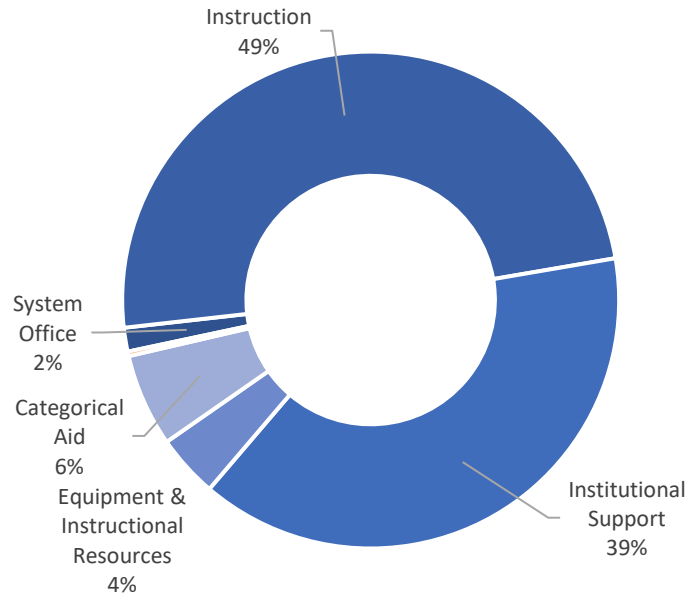
Mission

To open the door to high-quality, accessible educational opportunities that minimize barriers to post-secondary education; maximize student success; develop a globally and multi-culturally competent workforce; and improve the lives and well-being of individuals by providing education, training and retraining for the workforce, support for economic development, and services to communities and individuals.

Goals

1. Recruit and retain top talent to enable the North Carolina Community College System (NCCCS) to educate and prepare the state’s workforce.
2. Increase access and enrollment at North Carolina community colleges to meet the state’s educational attainment goal and expand postsecondary opportunities.
3. Provide resources inside and outside the classroom for all students to successfully enroll, persist, and complete a career program of study.
4. Provide education, training, and credentials to develop the most competitive workforce in the nation.
5. Increase state funding, streamline the allocation formula, and implement practices to improve system effectiveness.

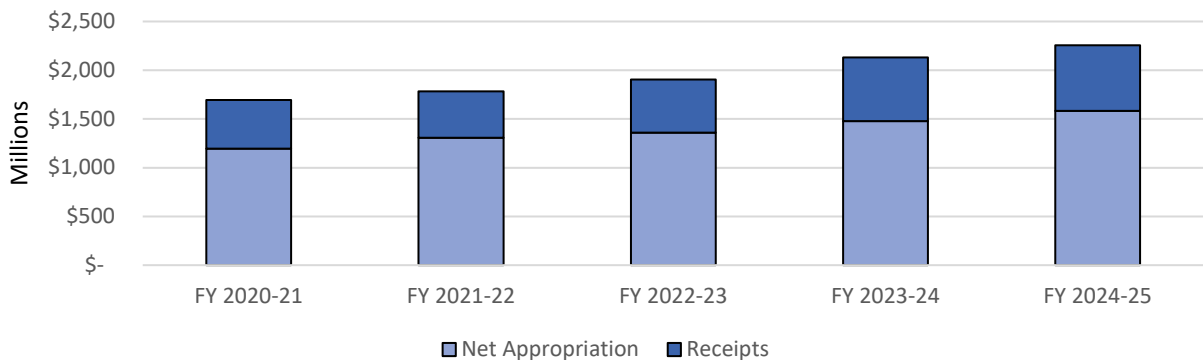
FY 2024-25 Actual Expenditures



Agency Profile

- In 2024-25, NCCCS served more than 631,000 students, enrolled in academic, workforce continuing education, and literacy courses, at 58 colleges across the state.
- In 2024-25, more than 62,000 certificates, diplomas, associate degrees, and other credentials were awarded.
- Supports economic development and job creation in every county in the state through the NCEdge Customized Training Program, Small Business Center Network, and ApprenticeshipNC.

5-Year Historical Expenditures



Charts include General Fund budget code only.

NC Community College System - General Fund (16800)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,080,492,603	\$ 40,779,000	\$ 8,797,624	\$ 49,576,624	\$ 2,130,069,227	2.4%
Receipts	\$ 399,892,595	\$ -	\$ -	\$ -	\$ 399,892,595	0.0%
Net Appropriation	\$ 1,680,600,008	\$ 40,779,000	\$ 8,797,624	\$ 49,576,624	\$ 1,730,176,632	3.0%
Positions (FTE)	239.000	-	-	-	239.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,070,492,603	\$ 256,885,347	\$ 39,436,624	\$ 296,321,971	\$ 2,366,814,574	14.3%
Receipts	\$ 399,892,595	\$ 86,866,922	\$ -	\$ 86,866,922	\$ 486,759,517	21.7%
Net Appropriation	\$ 1,670,600,008	\$ 170,018,425	\$ 39,436,624	\$ 209,455,049	\$ 1,880,055,057	12.5%
Positions (FTE)	239.000	18.000	-	18.000	257.000	7.5%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve - System Office

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	604,000	\$ -	\$ 1,208,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	604,000	\$ -	\$ 1,208,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 Compensation Increase Reserve - Community Colleges

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	40,175,000	\$ -	\$ 80,350,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	40,175,000	\$ -	\$ 80,350,000	\$ -
FTE	0.000	0.000	0.000	0.000

3 State Employee Bonus - System Office

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 304,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 304,000
FTE	0.000	0.000	0.000	0.000

4 State Employee Bonus - Community Colleges

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 30,335,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 30,335,000
FTE	0.000	0.000	0.000	0.000

5 State Health Plan Contributions - System Office

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 144,043	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 144,043	\$ -
FTE	0.000	0.000	0.000	0.000

6 State Health Plan Contributions - Community Colleges

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 12,144,657	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 12,144,657	\$ -
FTE	0.000	0.000	0.000	0.000

7 Retiree Supplement - System Office

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 130,337	\$ -	\$ 130,337
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 130,337	\$ -	\$ 130,337
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Reserve for Salaries and Benefits					
8 Retiree Supplement - Community Colleges					
Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.	Req \$	- \$	8,667,287	\$ -	\$ 8,667,287
	Rec \$	- \$	-	\$ -	\$ -
	App \$	- \$	8,667,287	\$ -	\$ 8,667,287
	FTE	0.000	0.000	0.000	0.000
9 Compensation Adjustment - System Office					
Provides a market-aligned salary adjustment for the North Carolina Community College System president. The funding ensures compensation remains competitive with comparable institutions and supports the recruitment and retention of high-quality system leadership.	Req \$	- \$	-	\$ 150,000	\$ -
	Rec \$	- \$	-	\$ -	\$ -
	App \$	- \$	-	\$ 150,000	\$ -
	FTE	0.000	0.000	0.000	0.000
Student Investment					
10 Enrollment Growth Adjustment					
Adjusts funds for FY 2026-27 based on the preliminary change in community college enrollment. Community college total enrollment increased by 6.5%, or 16,422 full-time equivalent students, from the budgeted amount in FY 2025-26. This adjustment includes estimated receipts from tuition and registration fees.	Req \$	- \$	-	\$ 102,176,661	\$ -
	Rec \$	- \$	-	\$ 26,154,936	\$ -
	App \$	- \$	-	\$ 76,021,725	\$ -
	FTE	0.000	0.000	0.000	0.000
11 Propel NC					
Budgets receipts from the Strategic WorkForce Training fund to support the implementation of a new labor-market driven funding model, Propel NC. This investment will help community colleges shift curriculum and continuing education courses within the same workforce sectors to align with the state's high-demand, high-wage jobs. This new funding model will help streamline degree attainment and prepare a well-trained workforce to meet the demands of the state's growing economy.	Req \$	- \$	-	\$ 34,291,805	\$ -
	Rec \$	- \$	-	\$ 34,291,805	\$ -
	App \$	- \$	-	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000
12 Enrollment Increase Reserve					
Budgets receipts from the Strategic WorkForce Training fund to establish an enrollment increase reserve. This reserve will provide funding for individual colleges experiencing an enrollment increase greater than budgeted enrollment levels. In FY 2025-26, 47 colleges experienced enrollment increases.	Req \$	- \$	-	\$ 6,000,000	\$ -
	Rec \$	- \$	-	\$ 6,000,000	\$ -
	App \$	- \$	-	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000
13 ApprenticeshipNC					
Budgets receipts from the Strategic WorkForce Training fund. These recurring funds will sustain and expand the state's apprenticeship program. Funding will strengthen the development, registration, and support of apprenticeships that connect North Carolinians to high-demand jobs. In FY 2024-25, ApprenticeshipNC exceeded 10,000 active registered apprenticeships and served more than 3,000 employers and 16,000 apprentices.	Req \$	- \$	-	\$ 3,174,516	\$ -
	Rec \$	- \$	-	\$ 3,174,516	\$ -
	App \$	- \$	-	\$ -	\$ -
	FTE	0.000	0.000	18.000	0.000
14 Free Community College Tuition for High Demand Skills Training					
Budgets receipts from the Strategic WorkForce Training fund to help cover the cost of attendance, including registration and local fees, for resident students enrolled in non-degree, short-term workforce training programs. Eligible programs are those that lead to a high-demand state and industry-recognized workforce credential. These grants will provide up to \$750 per credential in financial assistance. This investment will close a critical student funding gap, strengthen North Carolina's talent pipeline, and expand access to the state's high-demand career pathways.	Req \$	- \$	-	\$ 17,245,665	\$ -
	Rec \$	- \$	-	\$ 17,245,665	\$ -
	App \$	- \$	-	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Student Investment				
Total Change to Requirements	\$ 40,779,000	\$ 8,797,624	\$ 256,885,347	\$ 39,436,624
Total Change to Receipts	\$ -	\$ -	\$ 86,866,922	\$ -
Total Change to Net Appropriations	\$ 40,779,000	\$ 8,797,624	\$ 170,018,425	\$ 39,436,624
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	18.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$	49,576,624	\$	209,455,049
Total Change to Full-Time Equivalent (FTE)		0.000		18.000

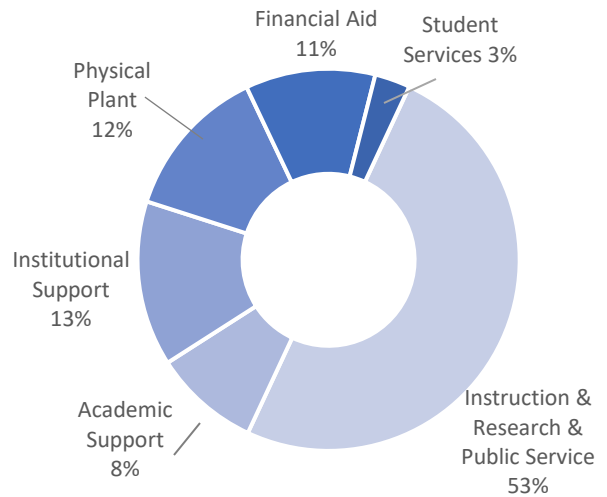
Mission

To discover, create, transmit, and apply knowledge to address the needs of individuals and society. This is accomplished through instruction, which communicates knowledge and values and imparts the skills necessary for individuals to lead responsible, productive, and personally satisfying lives; through research, scholarship, and creative activities, which advance knowledge and enhance the educational process; and through public service, which contributes to the solution of societal problems and enriches the quality of life in the state.

Goals

1. Increase access to higher education for underserved populations.
2. Increase undergraduate student success.
3. Make progress on equity gaps by race/ethnicity and income.
4. Increase graduate student success.
5. Improve student mental health.
6. Increase affordability.
7. Improve University productivity.
8. Increase the System’s contribution to the state’s critical workforces.
9. Increase research productivity.
10. Increase military partnerships.
11. Improve the employee experience.
12. Improve faculty and staff retention.

FY 2024-25 Actual Expenditures



Agency Profile

- Served 256,530 students enrolled in the 17 System institutions across the state in the fall of 2025.
- In 2023, brought in more than \$2.2 billion in research grants and sponsored programs scholarship across the UNC System.

5-Year Historical Expenditures

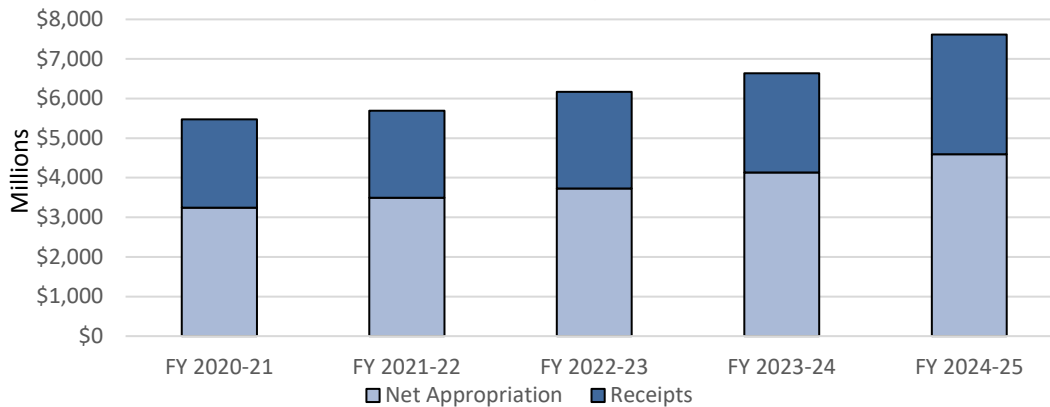


Chart includes General Fund budget codes only.

UNC Board of Governors - Institutional Programs (16011)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 152,151,998	\$ 150,203,626	\$ 14,144,760	\$ 164,348,386	\$ 316,500,384	108.0%
Receipts	\$ 4,500,000	\$ -	\$ -	\$ -	\$ 4,500,000	0.0%
Net Appropriation	\$ 147,651,998	\$ 150,203,626	\$ 14,144,760	\$ 164,348,386	\$ 312,000,384	111.3%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 150,635,334	\$ 408,403,249	\$ 65,653,361	\$ 474,056,610	\$ 624,691,944	314.7%
Receipts	\$ 3,500,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 4,500,000	28.6%
Net Appropriation	\$ 147,135,334	\$ 407,403,249	\$ 65,653,361	\$ 473,056,610	\$ 620,191,944	321.5%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	99,124,000	\$ -	\$ 198,248,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	99,124,000	\$ -	\$ 198,248,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 49,995,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 49,995,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 26,574,723	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 26,574,723	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 14,144,760	\$ -	\$ 14,144,760
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 14,144,760	\$ -	\$ 14,144,760
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	4,679,626	\$ -	\$ 7,019,439	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	4,679,626	\$ -	\$ 7,019,439	\$ -
FTE	0.000	0.000	0.000	0.000

Systemwide

6 UNC System Enrollment Growth Adjustment

Provides funds to the UNC Board of Governors to reflect the change in enrollment at the constituent institutions of the University of North Carolina. This funding reflects the 3.7% increase in total student credit hours across the UNC System in the 2025 calendar year. Over the last two years, 92% of the enrollment funding change has occurred in business discipline and STEM fields including Engineering, Biology, and Nursing.

Req \$	46,400,000	\$ -	\$ 153,495,386	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	46,400,000	\$ -	\$ 153,495,386	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Systemwide				
7 NC Promise Increase				
Provides funding to support enrollment through the NC Promise Tuition Program at Elizabeth City State University, UNC-Pembroke, Western Carolina University, and Fayetteville State University. The NC Tuition Promise Tuition Plan reduces the cost to attend these universities to \$500 a semester for in-state students, and \$3,500 for nonresident students entering in 2026. This funding increase is necessary for the appropriation to keep pace with enrollment growth and to ensure the program is fully funded at these four institutions.	Req \$	- \$	- \$	4,950,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	4,950,000 \$
	FTE	0.000	0.000	0.000
8 UNC Building Reserves				
Provides maintenance and operational funding for new or expanded facilities opening in FY 2026-27, including facilities at Appalachian State University, Elizabeth City State University, Fayetteville State University, North Carolina State University, North Carolina School of Science and Math, and University of North Carolina at Chapel Hill.	Req \$	- \$	- \$	9,450,701 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	9,450,701 \$
	FTE	0.000	0.000	0.000
Student Affordability and Success				
9 HBCU Student Success Initiatives				
Provides additional funding to be utilized for academic advising, mentoring, supplemental instruction, cohort-based student support, and other student success strategies at Historically Black Colleges and Universities (HBCUs) in the UNC System. Each HBCU will receive approximately \$100 per undergraduate FTE.	Req \$	- \$	- \$	3,165,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	3,165,000 \$
	FTE	0.000	0.000	0.000
10 Cheatham-White Scholarship Increase				
Expands funding for the merit-based scholarship program that covers tuition, student fees, housing, meals, textbooks, and supplies for awarded students. The funding would expand the number of scholarships available at North Carolina A&T University and North Carolina Central University, as well as extend the program to Winston-Salem State University.	Req \$	- \$	- \$	2,000,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	2,000,000 \$
	FTE	0.000	0.000	0.000
11 Completion Assistance Grants				
Invests funds to increase graduation rates at Elizabeth City State University, Fayetteville State University, North Carolina Central University, UNC Pembroke University, and Winston-Salem State University. This investment will provide aid to students who are on track to graduate but are in danger of dropping out due to financial shortfalls.	Req \$	- \$	- \$	2,500,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	2,500,000 \$
	FTE	0.000	0.000	0.000
12 NC Area Health Education Centers Nursing Workforce Expansion				
Budgets receipts from the Strategic WorkForce Training fund. These funds to the North Carolina Area Health Education Center (AHEC) will expand clinical instructor partnerships, clinical site development, and educational mobility programs. North Carolina is currently projected to train only 61% of the Registered Nurses and 58% of the Licensed Practical Nurses necessary to meet nursing demand in the state. These programs expand the high-demand nursing workforce by creating new clinical training sites, increasing the nursing faculty workforce, providing continued professional development, and developing new pathways into nursing. These programs will help address North Carolina's significant nursing shortage, with an estimated 17,500 additional nursing professionals needed to meet the demands of our growing population by 2033.	Req \$	- \$	- \$	1,000,000 \$
	Rec \$	- \$	- \$	1,000,000 \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
Total Change to Requirements	\$	150,203,626	\$	14,144,760
Total Change to Receipts	\$	-	\$	-
Total Change to Net Appropriations	\$	150,203,626	\$	14,144,760
Total Change to Full-Time Equivalent (FTE)		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	164,348,386
Total Change to Full-Time Equivalent (FTE)				0.000

UNC Board of Governors - Related Educational Programs (16012)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,059,214,078	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,060,214,078	0.1%
Receipts	\$ 196,935,487	\$ -	\$ -	\$ -	\$ 196,935,487	0.0%
Net Appropriation	\$ 862,278,591	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 863,278,591	0.1%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,110,214,078	\$ (440,500,000)	\$ (587,500,000)	\$ (1,028,000,000)	\$ 82,214,078	(92.6)%
Receipts	\$ 196,935,487	\$ -	\$ -	\$ -	\$ 196,935,487	0.0%
Net Appropriation	\$ 913,278,591	\$ (440,500,000)	\$ (587,500,000)	\$ (1,028,000,000)	\$ (114,721,409)	(112.6)%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

North Carolina Independent Colleges and Universities

1 NC Need-Based Scholarship for Private Colleges and Universities Increase

Increases scholarship funds for North Carolina residents attending North Carolina Independent Colleges and Universities (NCICU) member institutions. More than 14,500 of the 27,000 students attending NCICU institutions receive the Need-Based scholarship.	Req \$	-	\$ -	\$ 7,000,000	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 7,000,000	\$ -
	FTE	0.000	0.000	0.000	0.000

Student Affordability and Success

2 Scholarship for Children of Wartime Veterans

Provides an increase to the Scholarship for Children of Wartime Veterans, allowing the Department of Military and Veterans Affairs and the State Educational Assistance Authority to cover the shortfall in recurring funding and issue new awards to meet increased demand in FY 2026-27.	Req \$	-	\$ 1,000,000	\$ 7,000,000	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ 1,000,000	\$ 7,000,000	\$ -
	FTE	0.000	0.000	0.000	0.000

Related Programs

3 Opportunity Scholarship Moratorium

Reduces funding to reflect an Opportunity Scholarship Program moratorium that offers no new awards, adds program accountability, and gradually decreases future appropriations. Low-income families that received vouchers in the 2025-26 school year may renew their awards, but families making more than 150% of the eligibility level for reduced-price school lunch are no longer eligible. This returns income limits to 2021 levels and ensures that public funds are targeted to students in need and otherwise support public school students and teachers.	Req \$	-	\$ -	\$ (454,500,000)	\$ (587,500,000)
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ (454,500,000)	\$ (587,500,000)
	FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ 1,000,000	\$ (440,500,000)	\$ (587,500,000)
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$ -	\$ 1,000,000	\$ (440,500,000)	\$ (587,500,000)
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	\$ 1,000,000	\$ (1,028,000,000)	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000

UNC General Administration - Aid to Private Institutions (16015)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,209,300	\$ -	\$ -	\$ -	\$ 1,209,300	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 1,209,300	\$ -	\$ -	\$ -	\$ 1,209,300	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,209,300	\$ -	\$ 10,000,000	\$ 10,000,000	\$ 11,209,300	826.9%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 1,209,300	\$ -	\$ 10,000,000	\$ 10,000,000	\$ 11,209,300	826.9%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

North Carolina Independent Colleges and Universities

1 Growing the Health Care Workforce

Provides funds to NCICU to increase the number of high demand health care professionals, including physician assistants, nurses, and physical therapists, trained at private colleges and universities across the state. According to the "Investing in North Carolina's Caregiving Workforce" Report in 2024, the state could short 12,500 of the number of registered nurses needed by 2033. NCICU institutions currently award 60% of medical degrees, including 90% of physician degrees, awarded by North Carolina institutions.

Req \$	-	\$ -	\$ -	\$ 10,000,000
Rec \$	-	\$ -	\$ -	-
App \$	-	\$ -	\$ -	\$ 10,000,000
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ 10,000,000
Total Change to Receipts	\$ -	\$ -	\$ -	-
Total Change to Net Appropriations	\$ -	\$ -	\$ -	\$ 10,000,000
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ 10,000,000
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000

Mission

To enact general and local laws promoting the best interest of the state and the people of North Carolina.

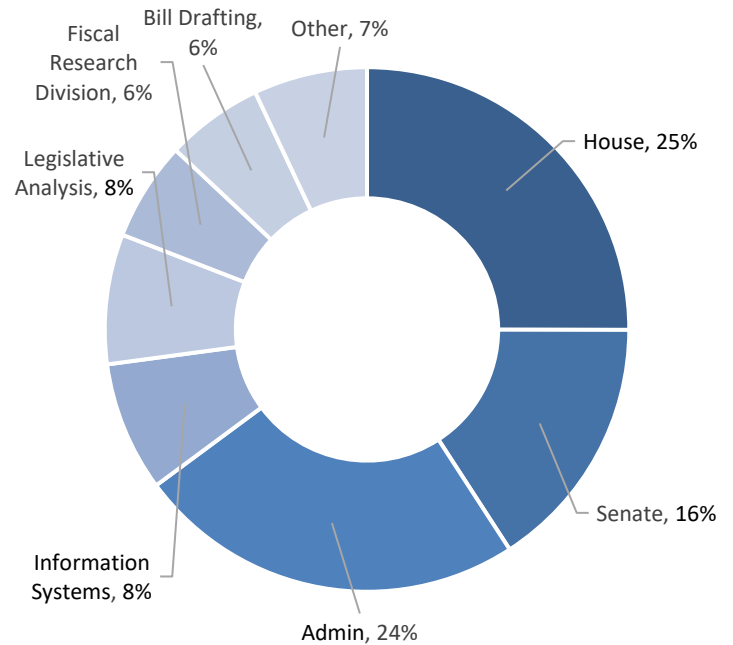
Goals

Ensure that each member of the North Carolina General Assembly has the opportunity to fulfill his/her legislative duties and responsibilities as defined by the North Carolina Constitution and General Statutes.

Agency Profile

- The Senate consists of 50 members who serve two-year terms.
- The House of Representatives consists of 120 members who serve two-year terms.
- The General Assembly meets in regular session beginning in January of odd-numbered years and adjourns to reconvene in May of each even-numbered year for a shorter session.
- The House of Representatives is presided over by a Speaker elected from its membership. The presiding officer of the Senate (called the President of the Senate) is the Lieutenant Governor of the state.
- At the beginning of each session, the President Pro Tempore of the Senate and the Speaker of the House of Representatives appoint members to serve on the standing committees of each body.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



*Charts include General Fund budget code only.

General Assembly - General Fund (11000)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 103,357,796	\$ 2,131,258	\$ 464,786	\$ 2,596,044	\$ 105,953,840	2.5 %
Receipts	\$ 561,000	\$ -	\$ -	\$ -	\$ 561,000	0.0 %
Net Appropriation	\$ 102,796,796	\$ 2,131,258	\$ 464,786	\$ 2,596,044	\$ 105,392,840	2.5 %
Positions (FTE)	604.060	-	-	-	604.060	0.0 %

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 103,357,796	\$ 5,080,754	\$ 1,625,786	\$ 6,706,540	\$ 110,064,336	6.5 %
Receipts	\$ 561,000	\$ -	\$ -	\$ -	\$ 561,000	0.0 %
Net Appropriation	\$ 102,796,796	\$ 5,080,754	\$ 1,625,786	\$ 6,706,540	\$ 109,503,336	6.5 %
Positions (FTE)	604.060	-	-	-	604.060	0.0 %

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	1,821,000	\$ -	\$ 3,642,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	1,821,000	\$ -	\$ 3,642,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 1,161,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 1,161,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 559,008	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 559,008	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement - TSERS Employees

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 409,786	\$ -	\$ 409,786
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 409,786	\$ -	\$ 409,786
FTE	0.000	0.000	0.000	0.000

5 Retiree Supplement - LRS Employees

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 55,000	\$ -	\$ 55,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 55,000	\$ -	\$ 55,000
FTE	0.000	0.000	0.000	0.000

6 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	310,258	\$ -	\$ 465,387	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	310,258	\$ -	\$ 465,387	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Department-wide					
7 Membership Dues and Subscriptions					
Provides funds for membership dues and subscriptions for professional associations and resources for members and staff.	Req \$	-	\$ -	\$ 414,359	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 414,359	\$ -
	FTE	0.000	0.000	0.000	0.000
Total Change to Requirements	\$	2,131,258	\$ 464,786	\$ 5,080,754	\$ 1,625,786
Total Change to Receipts	\$	-	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$	2,131,258	\$ 464,786	\$ 5,080,754	\$ 1,625,786
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		2,596,044	\$	6,706,540
Total Change to Full-Time Equivalent (FTE)			0.000		0.000

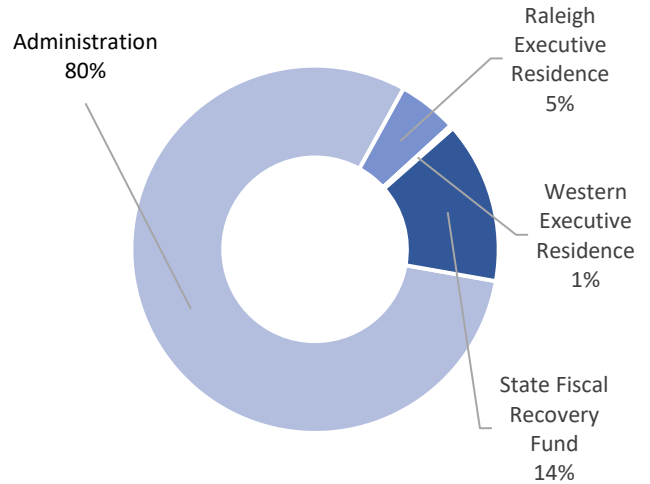
Mission

To build a safer, stronger North Carolina with meaningful opportunity for every North Carolinian to succeed.

Goals

1. Represent and advocate for the people of North Carolina.
2. Coordinate cabinet and other agencies to accomplish the governor’s goals, including an economy that works for everyone, excellent public schools, strengthened healthcare and safer communities, improved services for the people of NC, and a robust recovery from Hurricane Helene.
3. Work collaboratively with local and federal partners for the benefit of North Carolina.
4. Provide strong economic development recruitment.
5. Appoint qualified individuals to Boards and Commissions that serve North Carolina.

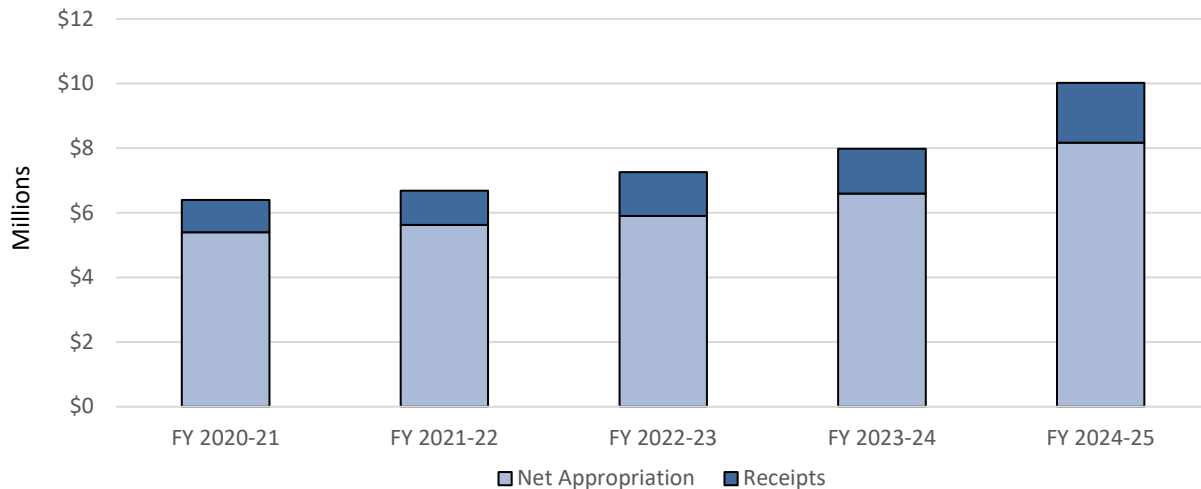
FY 2024-25 Actual Expenditures



Agency Profile

- The Governor directs the executive branch of the government, heads the Council of State, appoints cabinet secretaries, and is the commander in chief of the military forces of the state.
- The Governor prepares and recommends to the General Assembly a comprehensive budget and administers the budget enacted by the General Assembly.

5-Year Historical Expenditures



Charts include General Fund budget codes only.

Governor's Office - General Fund (13000)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 7,963,914	\$ 133,000	\$ 28,777	\$ 161,777	\$ 8,125,691	2.0%
Receipts	\$ 1,140,294	\$ -	\$ -	\$ -	\$ 1,140,294	0.0%
Net Appropriation	\$ 6,823,620	\$ 133,000	\$ 28,777	\$ 161,777	\$ 6,985,397	2.4%
Positions (FTE)	50.000	-	-	-	50.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 7,963,914	\$ 798,250	\$ 144,777	\$ 943,027	\$ 8,906,941	11.8%
Receipts	\$ 1,140,294	\$ -	\$ -	\$ -	\$ 1,140,294	0.0%
Net Appropriation	\$ 6,823,620	\$ 798,250	\$ 144,777	\$ 943,027	\$ 7,766,647	13.8%
Positions (FTE)	50.000	-	-	-	50.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	133,000	\$ -	\$ 266,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	133,000	\$ -	\$ 266,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 116,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 116,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 32,250	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 32,250	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 28,777	\$ -	\$ 28,777
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 28,777	\$ -	\$ 28,777
FTE	0.000	0.000	0.000	0.000

Department-wide

5 Volunteer NC Program

Provides match funding for a federal grant to the North Carolina Commission on Volunteerism and Community Service (VolunteerNC) to promote service and volunteering that improve lives, strengthen communities, and foster civic engagement statewide. VolunteerNC operates the State's AmeriCorps programs, with more than 600 volunteers serving in 89 counties. VolunteerNC also plays a key role in volunteer and donations management during state emergencies—for example, following Hurricane Helene, VolunteerNC initiated and oversaw national AmeriCorps Disaster Relief Teams that deployed more than 230 skilled volunteers to western North Carolina.

Req \$	-	\$ -	\$ 500,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 500,000	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes		NR Changes		R Changes		NR Changes	
Total Change to Requirements	\$	133,000	\$	28,777	\$	798,250	\$	144,777
Total Change to Receipts	\$	-	\$	-	\$	-	\$	-
Total Change to Net Appropriations	\$	133,000	\$	28,777	\$	798,250	\$	144,777
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			161,777	\$			943,027
Total Change to Full-Time Equivalent (FTE)				0.000				0.000

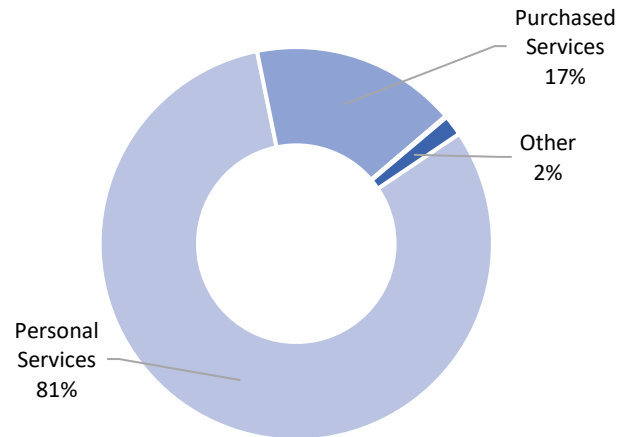
Mission

To ensure the effective stewardship of public resources by providing rigorous analysis and leadership.

Goals

1. Use evidence to allocate resources for programs and policies that deliver results.
2. Advance technology and new tools to improve efficiency of operations.
3. Ensure a team culture that thrives in uncertainty and solves problems creatively.
4. Foster a statewide network of employees with expertise in financial and performance management.

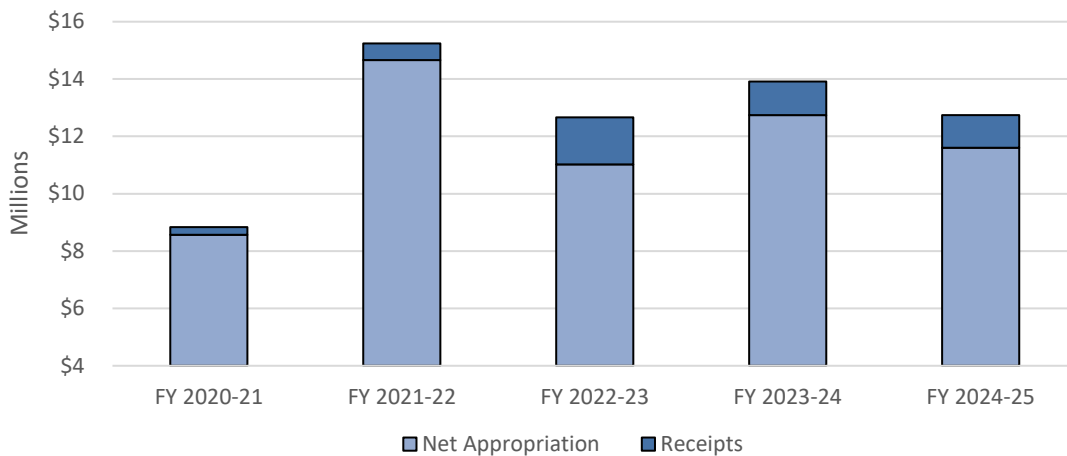
FY 2024-25 Actual Expenditures



Agency Profile

- Deliver the highest quality statewide budgetary, management, and information services to advise the Governor, state agencies, and legislature on the most effective use of public resources.
- Offer facilitative and consultative services to agencies to support the use of evidence-based policymaking across state government.
- Continue to discover ways to better partner with state agencies and add value in the interconnected arenas of strategic planning, performance management, and budget development.

5-Year Historical Expenditures



Charts include the General Fund budget code 13005 only.

State Budget and Management - General Fund (13005)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 12,785,589	\$ 261,000	\$ 56,428	\$ 317,428	\$ 13,103,017	2.5%
Receipts	\$ 1,106,402	\$ -	\$ -	\$ -	\$ 1,106,402	0.0%
Net Appropriation	\$ 11,679,187	\$ 261,000	\$ 56,428	\$ 317,428	\$ 11,996,615	2.7%
Positions (FTE)	75.000	-	-	-	75.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 12,785,589	\$ 2,598,554	\$ 203,428	\$ 2,801,982	\$ 15,587,571	21.9%
Receipts	\$ 1,106,402	\$ 1,430,404	\$ -	\$ 1,430,404	\$ 2,536,806	129.3%
Net Appropriation	\$ 11,679,187	\$ 1,168,150	\$ 203,428	\$ 1,371,578	\$ 13,050,765	11.7%
Positions (FTE)	75.000	18.000	-	18.000	93.000	24.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	261,000	\$ -	\$ 522,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	261,000	\$ -	\$ 522,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 147,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 147,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 60,773	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 60,773	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 56,428	\$ -	\$ 56,428
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 56,428	\$ -	\$ 56,428
FTE	0.000	0.000	0.000	0.000

State Government Productivity and Efficiency

5 Agency Support Capacity

Creates State Budget Management Analyst II positions to allow OSBM to more effectively support state agencies. Three positions will use data analytics, Lean Six Sigma, AI, and other techniques to support state agencies in delivering efficient services and will provide technical assistance and training. The fourth position will focus on federal funds, bringing greater oversight of how federal funds are spent across state government and providing expertise to agencies which are applying for, managing, and reporting on federal grants.

Req \$	-	\$ -	\$ 585,377	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 585,377	\$ -
FTE	0.000	0.000	4.000	0.000

R Changes NR Changes R Changes NR Changes

Directed Grants

6 Grants Management Capacity

Budgets receipts from the State Capital and Infrastructure Fund for positions in OSBM's grants management team, including internal audit staff, accountants, and grants administrators. Currently, a team of just one grant manager and four grant administrators is responsible for monitoring more than 1,500 active grants totaling over \$3.8 billion. Additional staffing is essential to safeguard state resources, enhance compliance, and strengthen the State's ability to identify, address, and recover misused grant funds.

Req \$	-	\$	-	\$	1,430,404	\$	-
Rec \$	-	\$	-	\$	1,430,404	\$	-
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		14.000		0.000

Total Change to Requirements	\$	261,000	\$	56,428	\$	2,598,554	\$	203,428
Total Change to Receipts	\$	-	\$	-	\$	1,430,404	\$	-
Total Change to Net Appropriations	\$	261,000	\$	56,428	\$	1,168,150	\$	203,428
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		18.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		317,428	\$			1,371,578	
Total Change to Full-Time Equivalent (FTE)			0.000					18.000

State Budget and Management - Reserve for General Assembly Appropriation (13085)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 10,300,000	\$ -	\$ -	\$ -	\$ 10,300,000	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 10,300,000	\$ -	\$ -	\$ -	\$ 10,300,000	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 10,300,000	\$ 1,700,000	\$ -	\$ 1,700,000	\$ 12,000,000	16.5%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 10,300,000	\$ 1,700,000	\$ -	\$ 1,700,000	\$ 12,000,000	16.5%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

State Government Productivity and Efficiency

1 PMA Fellowship Program

Expands the Performance Management Academy by establishing a Fellowship program to strengthen state capacity to deliver more efficient and effective public services. Building on the PMA's five-year record of training hundreds of state employees in strategic planning, performance measurement, evaluation, data analytics, AI, user-centered design, and related practices, the Fellowship would support five-to-ten senior agency staff per year. These staff will execute high-value initiatives and answer priority questions that inform progress toward strategic goals, deliver productivity or customer service improvements, and enhance service delivery outcomes. Funds may be used for fellows, training and skill-building, temporary expert support, university partnerships, and enabling tools and technology.

Req \$	-	\$ -	\$ 2,000,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 2,000,000	\$ -
FTE	0.000	0.000	0.000	0.000

Directed Grants

2 NC Future City Competition

Eliminates grant funding for the Professional Engineers of North Carolina Educational Foundation for the NC Future City Competition. This grant was created in SL 2021-180.

Req \$	-	\$ -	\$ (200,000)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (200,000)	\$ -
FTE	0.000	0.000	0.000	0.000

3 NC Technology Association

Eliminates an annual grant to the NC Technology Association. This grant was created in SL 2023-134.

Req \$	-	\$ -	\$ (100,000)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (100,000)	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ 1,700,000	\$ -
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$ -	\$ -	\$ 1,700,000	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ 1,700,000	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000

State Budget and Management - General Fund - Special Revenue (23014)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,763,692	\$ -	\$ 10,000,000	\$ 10,000,000	\$ 12,763,692	361.8%
Receipts	\$ 1,343,364	\$ -	\$ -	\$ -	\$ 1,343,364	0.0%
Chg in Fund Balance	\$ (1,420,328)	\$ -	\$ (10,000,000)	\$ (10,000,000)	\$ (11,420,328)	704.1%
Positions (FTE)	15.800	-	-	-	15.800	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,763,692	\$ -	\$ -	\$ -	\$ 2,763,692	0.0%
Receipts	\$ 1,343,364	\$ -	\$ -	\$ -	\$ 1,343,364	0.0%
Chg in Fund Balance	\$ (1,420,328)	\$ -	\$ -	\$ -	\$ (1,420,328)	0.0%
Positions (FTE)	15.800	-	-	-	15.800	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Urgent Funding Needs

1 Winter Storms for DPS and DHHS

Due to the extreme cold and snow and ice events, agencies are facing higher fuel and utility costs as well as expenses for salt and brine. Provides funding from the SERDRF for OSBM to administer to agencies experiencing a shortfall due to winter storms.

Req \$	-	\$ 10,000,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
CFB \$	-	\$ (10,000,000)	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ 10,000,000	\$ -	\$ -
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -
Total Change to Fund Balance	\$ -	\$ (10,000,000)	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ (10,000,000)	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000

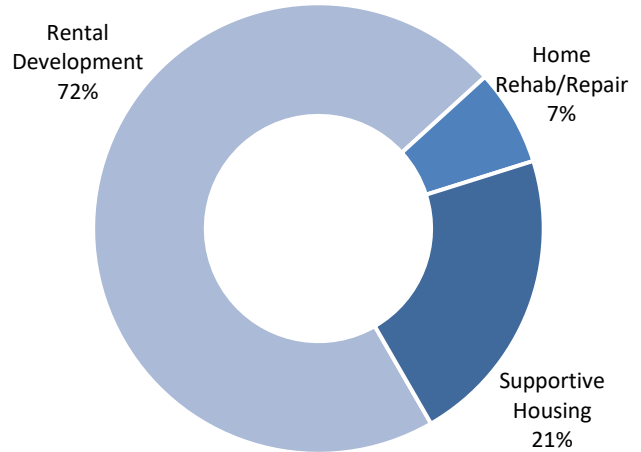
Mission

To provide safe, affordable housing opportunities to enhance the quality of life of North Carolinians.

Goals

1. Meet the housing needs of North Carolinians through a variety of housing options.
2. Partner with other organizations to accomplish a variety of housing strategies.
3. Identify and tap into new funding resources while maintaining and strengthening existing funding streams.
4. Support and encourage sustainable building practices.
5. Attract, maintain and develop diverse, talented and committed professionals.
6. Tailor communications to our many audiences, including specifics about our programs and overall benefits to North Carolinians.
7. Actively reach out to underserved groups and communities to improve access and utilization of our programs.

FY 2024-25 Actual Expenditures



Agency Profile

- Created affordable housing through rental development, supportive housing investment, home buyer lending, home ownership rehabilitation, and rental assistance, working with over 500 organizations.
- Financed 333,400 affordable homes and apartments, producing real estate valued at over \$37.4 billion since the agency’s creation in 1973.
- Finances programs by combining funds from state appropriations, federal and state grants, private investments, and its own earnings.

5-Year Expenditure History

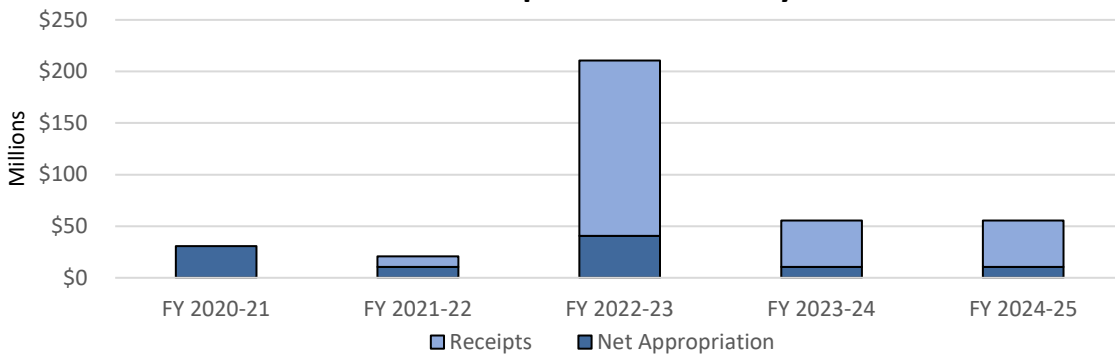


Chart includes General Fund budget code only.

**In FY 2022-23, NCHFA received \$170M from the Housing Reserve to support the Workforce Housing Loan Program, replacing \$170M in ARPA funds originally provided for this purpose in FY 2021-22.*

NC Housing Finance Authority - Home Match (13010)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 10,660,000	\$ -	\$ -	\$ -	\$ 10,660,000	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 10,660,000	\$ -	\$ -	\$ -	\$ 10,660,000	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 10,660,000	\$ -	\$ 60,000,000	\$ 60,000,000	\$ 70,660,000	562.8%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 10,660,000	\$ -	\$ 60,000,000	\$ 60,000,000	\$ 70,660,000	562.8%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Department-wide

1 Housing Trust Fund

Invests in the NC Housing Trust Fund (HTF) to expand affordable housing, address emergency home repairs, and preserve existing affordable rental housing. In 2025, the HTF leveraged private sector and federal dollars to finance 1,360 affordable housing units for low-income families, seniors, veterans, and people with disabilities. These funds will be transferred to Budget Code 63011.

Req \$	-	\$ -	\$ -	\$ 35,000,000
Rec \$	-	\$ -	\$ -	-
App \$	-	\$ -	\$ -	\$ 35,000,000
FTE	0.000		0.000	0.000

2 Workforce Housing Loan Program

Supports the Workforce Housing Loan Program (WHLP) to construct or substantially rehabilitate multi-family affordable housing units. These funds are used in combination with federal low-income housing tax credits to provide gap funding to make affordable housing development financially feasible in difficult-to-serve markets. Since 2015, WHLP has financed more than 14,120 apartments across 61 counties. These funds will be transferred to Budget Code 63011.

Req \$	-	\$ -	\$ -	\$ 15,000,000
Rec \$	-	\$ -	\$ -	-
App \$	-	\$ -	\$ -	\$ 15,000,000
FTE	0.000		0.000	0.000

3 Local Government Grants

Provides funds to develop a grant program for local governments to incentivize higher density zoning laws. Local governments will use these grants to update zoning policies to allow for increased housing density and, thereby, housing supply. These funds will be transferred to Budget Code 63011.

Req \$	-	\$ -	\$ -	\$ 10,000,000
Rec \$	-	\$ -	\$ -	-
App \$	-	\$ -	\$ -	\$ 10,000,000
FTE	0.000		0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ 60,000,000
Total Change to Receipts	\$ -	\$ -	\$ -	-
Total Change to Net Appropriations	\$ -	\$ -	\$ -	\$ 60,000,000
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -		\$ -	60,000,000
Total Change to Full-Time Equivalent (FTE)		0.000		0.000

NC Housing Finance Authority - Partnership (63011)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 67,374,745	\$ -	\$ -	\$ -	\$ 67,374,745	0.0%
Receipts	\$ 15,956,745	\$ -	\$ -	\$ -	\$ 15,956,745	0.0%
Chg in Fund Balance	\$ (51,418,000)	\$ -	\$ -	\$ -	\$ (51,418,000)	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 17,374,745	\$ -	\$ 60,000,000	\$ 60,000,000	\$ 77,374,745	345.3%
Receipts	\$ 15,956,745	\$ -	\$ 60,000,000	\$ 60,000,000	\$ 75,956,745	376.0%
Chg in Fund Balance	\$ (1,418,000)	\$ -	\$ -	\$ -	\$ (1,418,000)	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Department-wide

1 Transfer - Housing Trust Fund

Budgets the transfer from Budget Code 13010 for the Housing Trust Fund.

Req \$	-	\$ -	\$ -	\$ 35,000,000
Rec \$	-	\$ -	\$ -	\$ 35,000,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

2 Transfer - Workforce Housing Loan Program

Budgets the transfer from Budget Code 13010 for the Workforce Housing Loan Program.

Req \$	-	\$ -	\$ -	\$ 15,000,000
Rec \$	-	\$ -	\$ -	\$ 15,000,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

3 Transfer - Local Government Grants

Budgets the transfer from Budget Code 13010 for Local Government Grants.

Req \$	-	\$ -	\$ -	\$ 10,000,000
Rec \$	-	\$ -	\$ -	\$ 10,000,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ 60,000,000
Total Change to Receipts	\$ -	\$ -	\$ -	\$ 60,000,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000

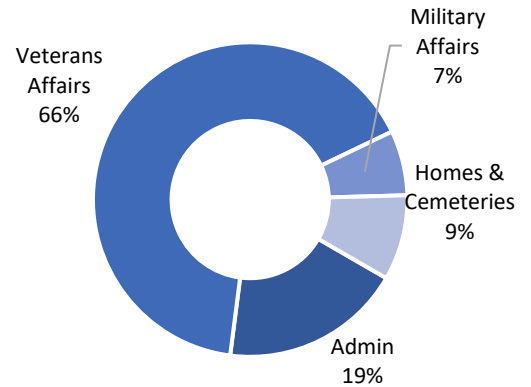
Mission

To honor and empower service members, veterans, military families, and our military communities to ensure they receive the respect, resources, and opportunities they deserve. We are committed to delivering prompt and effective support, connecting our military and veteran communities with the benefits they have earned.

Goals

1. Increase the number of transitioning service members and families who choose to remain in or return to North Carolina by 5% year over year by 2028.
2. Enhance the quality of care and conditions at North Carolina’s State Veterans Homes and ensure the State Veterans Cemeteries reflect the dignity and respect of veterans and their families.
3. Strengthen sector collaboration by fostering partnerships among government, private businesses, non-profit organizations, and community stakeholders to enhance the quality of services provided to veterans and their families.
4. Empower, develop, and invest in our workforce for the future.

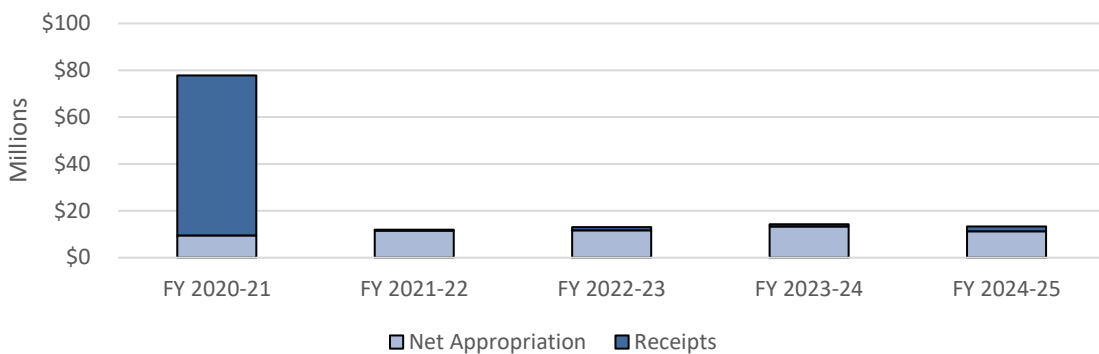
FY 2024-25 Actual Expenditures



Agency Profile

- Provides outreach, resources, and support to over one million members of military connected communities across the state, including servicemembers, veterans and their families.
- Operates 13 field offices providing outreach while working with veterans across the state.
- Provides skilled nursing home services at all State Veterans Homes.
- Operates four state cemeteries for veterans and their families.
- Responsible for the administration of the Scholarship for Children of Wartime Veterans, a benefit to honor the service and sacrifice of North Carolina’s war veterans.

5-Year Historical Expenditures*



Charts include General Fund budget codes only.

**In FY 2021-22, the NCGA ended the transfer from the Veterans Home special fund to the General Fund.*

Department of Military and Veterans Affairs (13050)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 8,912,751	\$ 165,000	\$ 35,709	\$ 200,709	\$ 9,113,460	2.2%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 8,912,751	\$ 165,000	\$ 35,709	\$ 200,709	\$ 9,113,460	2.2%
Positions (FTE)	85.900	-	-	-	85.900	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 8,914,173	\$ 1,843,976	\$ 230,609	\$ 2,074,585	\$ 10,988,758	23.3%
Receipts	\$ -	\$ 775,000	\$ 23,000	\$ 798,000	\$ 798,000	0.0%
Net Appropriation	\$ 8,914,173	\$ 1,068,976	\$ 207,609	\$ 1,276,585	\$ 10,190,758	14.3%
Positions (FTE)	85.900	4.000	-	4.000	89.900	4.7%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	165,000	\$ -	\$ 330,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	165,000	\$ -	\$ 330,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 165,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 165,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 55,191	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 55,191	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 35,709	\$ -	\$ 35,709
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 35,709	\$ -	\$ 35,709
FTE	0.000	0.000	0.000	0.000

Department-wide

5 Financial Services Position

Provides funds for an additional position in the department's Financial Services Office to improve workflow processes and strengthen fiscal oversight. The added position will increase accountability and reduce reliance on temporary staff.

Req \$	-	\$ -	\$ 120,375	\$ 2,300
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 120,375	\$ 2,300
FTE	0.000	0.000	1.000	0.000

6 Motor Fleet Rate Increase

Provides funds to cover the increase in Motor Fleet Management Rates that went into effect on July 1, 2025. DMVA's vehicles are primarily used when traveling throughout the state providing veteran outreach services. Rates had not increased since January 1, 2018.

Req \$	-	\$ -	\$ 41,266	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 41,266	\$ -
FTE	0.000	0.000	0.000	0.000

R Changes NR Changes R Changes NR Changes

State Veterans Homes

7 State Veteran Homes IT Project

Funds an information technology contract at the State Veterans Home to pay the external health contractor that supports the facility's clinical and administrative systems.

Req \$	-	\$	-	\$	100,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	100,000	\$	-
FTE	0.000		0.000		0.000		0.000

Transition Services

8 Transition Services Division

Establishes the Transition Services Division to assist the 20,000 active military members who transition to veteran status in North Carolina each year. North Carolina ranks fourth nationally in activated duty personnel yet lacks dedicated transition programs found in states such as California, Texas, and Virginia. New veterans, most of whom are under the age of forty, often face challenges securing employment, accessing benefits, and adjusting to civilian life, increasing their risk for hardship. The division will help new veterans navigate these challenges and reduce the time needed to secure employment and obtain benefits.

Req \$	-	\$	-	\$	211,831	\$	4,600
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	211,831	\$	4,600
FTE	0.000		0.000		2.000		0.000

Veteran Affairs - Cemeteries

9 Veterans Cemeteries Positions

Maintains the state's four veterans' cemeteries by authorizing the Department to use up to \$775,000 annually of the interest earned on the Veterans Cemetery Trust Fund to support cemetery needs. Additionally, allows for the one-time withdrawal of \$23,000 of interest earned on the Veterans Cemetery Trust fund to support nonrecurring needs. Burials have increased by an average of 300 annually in recent years, increasing operational and maintenance needs to ensure the cemeteries continue to honor veterans. Last year, 1,640 veterans and their family members were interred at the state's four veterans' cemeteries.

Req \$	-	\$	-	\$	775,000	\$	23,000
Rec \$	-	\$	-	\$	775,000	\$	23,000
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

Veterans Services

10 Governmental and Nongovernmental Organizational Coordinator

Establishes a position to work with state agencies and the more than 400 entities, advocacy groups, and nonprofits within North Carolina that focus on military and veterans' issues. The position strengthens relationships with these groups to identify and carry out programs that improve services and outcomes for active duty military members, veterans, and their families, supporting the goal of making North Carolina the premier state for military members and veterans.

Req \$	-	\$	-	\$	160,313	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	160,313	\$	-
FTE	0.000		0.000		1.000		0.000

11 Veteran Service Officers Annual Conference

Provides recurring funding for the department to host an annual conference for state and county Veteran Service Officers (VSOs). VSOs assist veterans across the state in accessing earned benefits and community resources. The conference provides required continuing education credits to maintain VSO certification, as well as critical information and training to help support veterans in the state.

Req \$	-	\$	-	\$	50,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	50,000	\$	-
FTE	0.000		0.000		0.000		0.000

Total Change to Requirements	\$	165,000	\$	35,709	\$	1,843,976	\$	230,609
Total Change to Receipts	\$	-	\$	-	\$	775,000	\$	23,000
Total Change to Net Appropriations	\$	165,000	\$	35,709	\$	1,068,976	\$	207,609
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		4.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			200,709	\$			1,276,585
Total Change to Full-Time Equivalent (FTE)				0.000				4.000

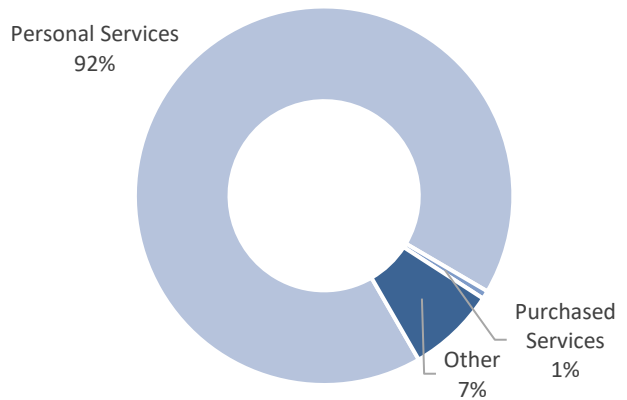
Mission

To help make North Carolina future ready by supporting local economies, expanding opportunity, and ensuring communities across the state have the resources they need to grow and thrive.

Goals

1. Engage communities across North Carolina, with a focus on strengthening local economies and expanding opportunity.
2. Support workforce readiness through partnerships with community colleges, employers, and training programs.
3. Promote policies that improve access to affordable, high-quality child care to support working families.
4. Serve as a responsive and effective resource for North Carolinians by addressing constituent needs and fostering collaboration across government.
5. Maintain an efficient and effective office by aligning resources to core functions and supporting the retention of experienced staff.

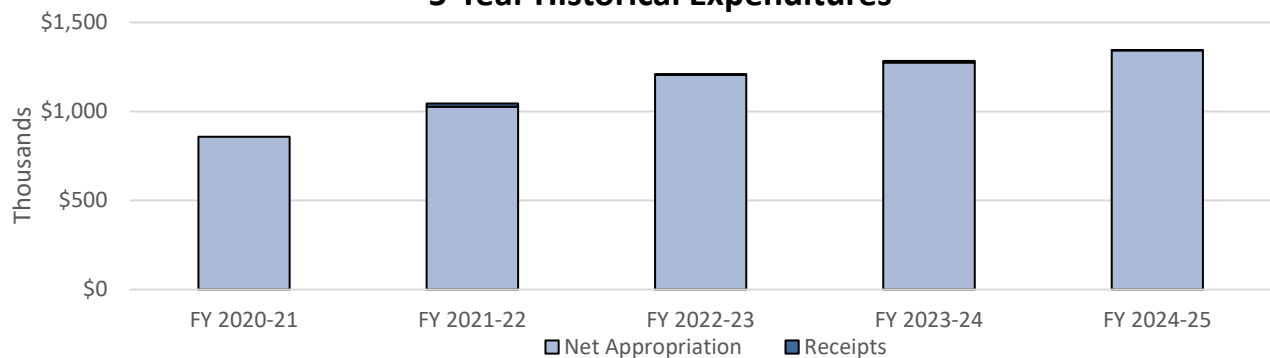
FY 2024-25 Actual Expenditures



Agency Profile

- The Lieutenant Governor serves as the President of the North Carolina Senate and presides over its proceedings, voting in the case of a tie.
- The Lieutenant Governor serves as Acting Governor during the absence or incapacity of the Governor.
- The Lieutenant Governor is a member of the Council of State, the State Board of Education, the State Board of Community Colleges, Military and Veterans Affairs Commission, and co-chairs the Governor's Task Force on Childcare.

5-Year Historical Expenditures



**Charts include General Fund budget code only*

Lieutenant Governor - General Fund (13100)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,353,058	\$ 28,000	\$ 6,112	\$ 34,112	\$ 1,387,170	2.5%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 1,353,058	\$ 28,000	\$ 6,112	\$ 34,112	\$ 1,387,170	2.5%
Positions (FTE)	9.000	-	-	-	9.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,353,058	\$ 62,586	\$ 14,112	\$ 76,698	\$ 1,429,756	5.7%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 1,353,058	\$ 62,586	\$ 14,112	\$ 76,698	\$ 1,429,756	5.7%
Positions (FTE)	9.000	-	-	-	9.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	28,000	\$ -	\$ 56,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	28,000	\$ -	\$ 56,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 8,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 8,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 6,586	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 6,586	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 6,112	\$ -	\$ 6,112
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 6,112	\$ -	\$ 6,112
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ 28,000	\$ 6,112	\$ 62,586	\$ 14,112
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$ 28,000	\$ 6,112	\$ 62,586	\$ 14,112
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	34,112	\$ -	76,698
Total Change to Full-Time Equivalent (FTE)	-	0.000	-	0.000

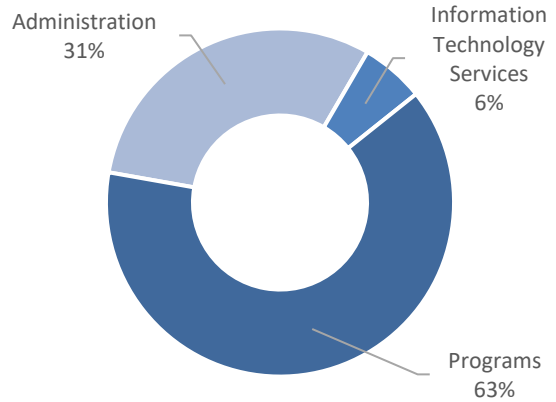
Mission

To promote economic growth and protect the public from financial harm. The Department remitted nearly \$219 million to the General Fund on appropriations of \$19.1 million in FY 2025.

Goals

1. Promote economic growth and investment by efficiently registering businesses and managing compliance filings, and providing timely, accurate and transparent business data to the marketplace.
2. Deliver exceptional customer service through modern, data-driven operations.
3. Protect the public from fraud, dangerous products, and financial risk by enforcing securities, notarial, charitable solicitation, lobbying, and trademark registration laws.
4. Promote transparency and accountability through widely available, accessible records and clear disclosures.
5. Improve service delivery through strategic technology investments, workforce sustainability, fiscal stewardship, and data-driven management.

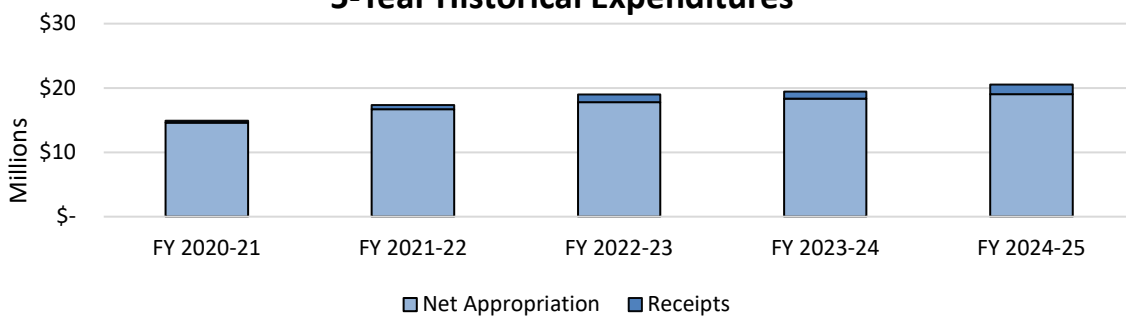
FY 2024-25 Actual Expenditures



Agency Profile

- Delivers essential economic, regulatory, and public-protection services that underpin NC’s business climate. Provides significant financial value, generating over \$219 million in fee-for-service revenue in FY2024-25 resulting in a 968% return-on-investment and 10.68 (1068%) cost recovery ratio.
- Registers between 162,000 and 178,000 new businesses each of past five years, processing related filings, and manages Uniform Commercial Code lien filings, all of which support economic development, lending, and other fundamental business decisions.
- Regulates over \$320 billion in securities offerings; investigates and prosecutes financial fraud; oversees Notary commissioning, training, and enforcement; and authenticates documents destined for international use.
- Ensures compliance and disclosure in charitable solicitation & lobbying. Coordinates statewide standardization of land records management.

5-Year Historical Expenditures



Charts include General Fund budget code only.

Secretary of State - General Fund (13200)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 19,695,551	\$ 430,348	\$ 76,973	\$ 507,321	\$ 20,202,872	2.6%
Receipts	\$ 362,750	\$ -	\$ -	\$ -	\$ 362,750	0.0%
Net Appropriation	\$ 19,332,801	\$ 430,348	\$ 76,973	\$ 507,321	\$ 19,840,122	2.6%
Positions (FTE)	182.750	-	-	-	182.750	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 19,695,551	\$ 3,224,506	\$ 580,473	\$ 3,804,979	\$ 23,500,530	19.3%
Receipts	\$ 362,750	\$ -	\$ -	\$ -	\$ 362,750	0.0%
Net Appropriation	\$ 19,332,801	\$ 3,224,506	\$ 580,473	\$ 3,804,979	\$ 23,137,780	19.7%
Positions (FTE)	182.750	14.000	-	14.000	196.750	7.7%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	331,000	\$ -	\$ 662,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	331,000	\$ -	\$ 662,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 258,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 258,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 112,533	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 112,533	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 76,973	\$ -	\$ 76,973
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 76,973	\$ -	\$ 76,973
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	99,348	\$ -	\$ 149,022	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	99,348	\$ -	\$ 149,022	\$ -
FTE	0.000	0.000	0.000	0.000

Administration

6 Assistant General Counsel

Establishes an Assistant General Counsel role to provide independent legal research, advice, memoranda, and recommendations in support of the General Counsel and agency staff. This will ensure continuity of services and retain institutional knowledge after the current General Counsel retires.

Req \$	-	\$ -	\$ 183,793	\$ 3,500
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 183,793	\$ 3,500
FTE	0.000	0.000	1.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Department-wide					
7 Temporary Employees					
Provides funding to cover temporary staffing needs during periods of unpredictable workloads for business registration, document authentication, and service representatives. Temporary staff are regularly required to sustain these essential services. Recurring funding will support ongoing operational needs and reduce reliance on lapsed salaries for temporary staffing costs.	Req \$	- \$	- \$	300,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	300,000 \$	-
	FTE	0.000	0.000	0.000	0.000
8 Remote Electronic Notarization Program - Gap Coverage					
Provides gap funding for the Remote Electronic Notarization Act (RENA) program, established in SL 2022-54, until receipts are sufficient to sustain the program. This funding maintains staffing required to administer and enforce RENA through implementation supporting secure, reliable notarization for legal, real estate, business, and financial documents.	Req \$	- \$	- \$	- \$	200,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	- \$	200,000
	FTE	0.000	0.000	0.000	0.000
9 State Capitol Police Officer					
Provides funds for a State Capitol Police Officer in the Old Revenue Building. Maintaining this presence is critical to ensuring safety and security for the public and staff due to the daily volume of visitors and regular cash transactions. On average, the department's customer service desk serves nearly 100 people per business day.	Req \$	- \$	- \$	72,047 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	72,047 \$	-
	FTE	0.000	0.000	1.000	0.000
Information Technology					
10 Information Technology Positions					
Provides funds for a Database Administrator and Application System Specialist. Growth in volume and complexity of the department's data requires increased managerial capability. These positions will oversee and analyze this data, providing insights that improve the department's ability to understand and better serve the business community.	Req \$	- \$	- \$	312,839 \$	7,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	312,839 \$	7,000
	FTE	0.000	0.000	2.000	0.000
11 Cybersecurity and Infrastructure Enhancements					
Provides funds to support cybersecurity and infrastructure enhancements needed to protect sensitive business registration and financial data. The department manages financial data focused on business registration, securities regulation, and commercial lending. Increased national and international threats warrant greater protective efforts of the department's data.	Req \$	- \$	- \$	250,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	250,000 \$	-
	FTE	0.000	0.000	0.000	0.000
12 Microsoft 365					
Provides funds to cover Microsoft licenses for department employees, expanding collaborative and communication capabilities to enhance day-to-day operations. The department is currently operating 119 desktop and laptop computers with expired warranty, beyond manufacturer support, and not in compliance with state mandated upgrades. Hardware replacement is required immediately to reduce operational risks.	Req \$	- \$	- \$	150,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	150,000 \$	-
	FTE	0.000	0.000	0.000	0.000
13 Hardware Update					
Budgets receipts from the IT Reserve to provide support a hardware refresh initiative for laptops, hubs, monitors, and related equipment, promoting operational continuity, improving performance for staff, and protecting the agency's ability to deliver critical services to the public. Recurring funds will support ongoing maintenance of hardware.	Req \$	- \$	- \$	50,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	50,000 \$	-
	FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Business Support				
14 Business Support Positions				
Provides funds for eight administrative specialists to review paper documentation, staff the department's call center, and process Annual Report filings. Since 2020, business transactions have grown exponentially, straining the department's ability to provide adequate customer service and responsiveness to the needs of the business community. As a vital resource for business owners, it is essential that communication with the department is timely and effective. At current staffing levels, over 35% of calls to the call center can go unanswered.	Req \$	-	\$	-
	Rec \$	-	\$	-
	App \$	-	\$	-
	FTE	0.000	0.000	0.000
	677,500	-	677,500	28,000
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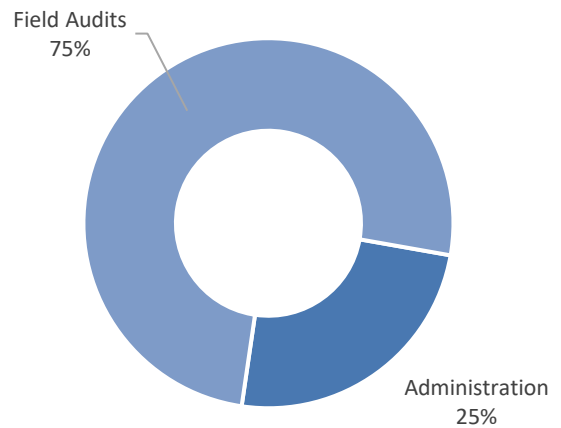
Mission

To provide unbiased and impactful audit and investigative reports so stakeholders can make informed decisions, hold entities accountable, and ensure good stewardship of public funds.

Goals

1. Make state government more effective, efficient, and accountable by delivering reliable, credible, actionable, and timely reports to entities that can use the information and recommendations provided to improve state government.
2. Optimize the efficiency of our audits and investigations to minimize disruption to auditee’s regular activities and increase the opportunities for OSA to find savings across state government.

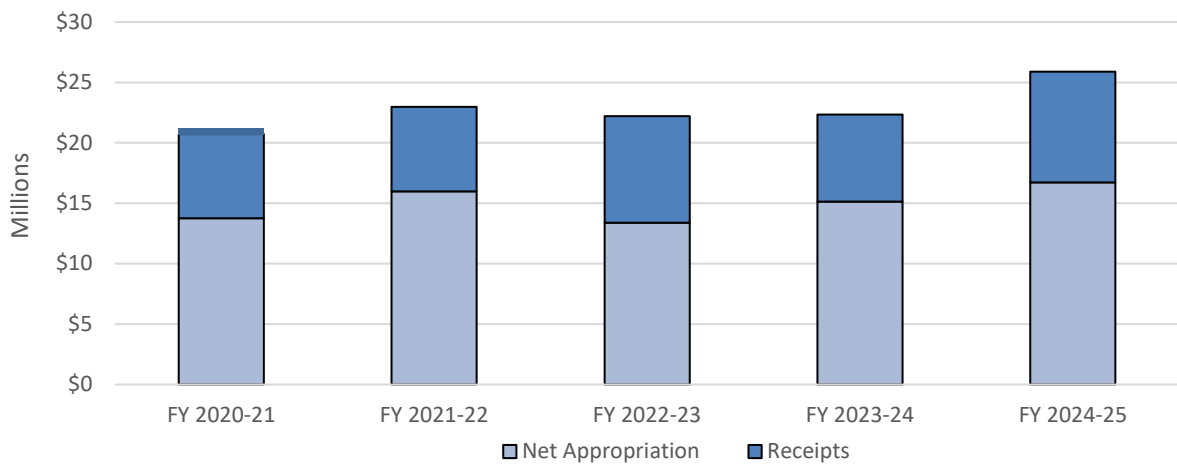
FY 2024-25 Actual Expenditures



Agency Profile

- The State Auditor is elected and is a member of the Council of State.
- OSA’s audit responsibilities cover more than \$117.8 billion in state assets and \$32.2 billion in liabilities; \$35.1 billion in annual federal grants; and the finances of the state’s public universities and community colleges.
- OSA publishes financial statement audits, performance audits, information systems audits, and investigative reports.
- OSA will continue to expand audits focusing on those with the most impact on North Carolinians.
- The State Auditor has broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency.

5-Year Historical Expenditures



*Charts include General Fund budget code only.

State Auditor - General Fund (13300)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 32,716,888	\$ 521,000	\$ 112,494	\$ 633,494	\$ 33,350,382	1.9%
Receipts	\$ 7,365,869	\$ -	\$ -	\$ -	\$ 7,365,869	0.0%
Net Appropriation	\$ 25,351,019	\$ 521,000	\$ 112,494	\$ 633,494	\$ 25,984,513	2.5%
Positions (FTE)	204.000	-	-	-	204.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 32,716,888	\$ 1,164,399	\$ 363,494	\$ 1,527,893	\$ 34,244,781	4.7%
Receipts	\$ 7,365,869	\$ -	\$ -	\$ -	\$ 7,365,869	0.0%
Net Appropriation	\$ 25,351,019	\$ 1,164,399	\$ 363,494	\$ 1,527,893	\$ 26,878,912	6.0%
Positions (FTE)	204.000	-	-	-	204.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	521,000	\$ -	\$ 1,042,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	521,000	\$ -	\$ 1,042,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 251,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 251,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 122,399	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 122,399	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 112,494	\$ -	\$ 112,494
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 112,494	\$ -	\$ 112,494
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ 521,000	\$ 112,494	\$ 1,164,399	\$ 363,494
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$ 521,000	\$ 112,494	\$ 1,164,399	\$ 363,494
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	633,494	\$ -	1,527,893
Total Change to Full-Time Equivalent (FTE)	-	0.000	-	0.000

Mission

To preserve, protect and sustain the state’s pension and healthcare plans, generate investment returns in excess of comparable public pensions, properly account for and report on all funds that are deposited, invested, and disbursed through the North Carolina Department of State Treasurer, assure the financially sound issuance of debt for state and local governments, maintain the state’s “AAA” bond rating, and provide exemplary service across all divisions of the Department.

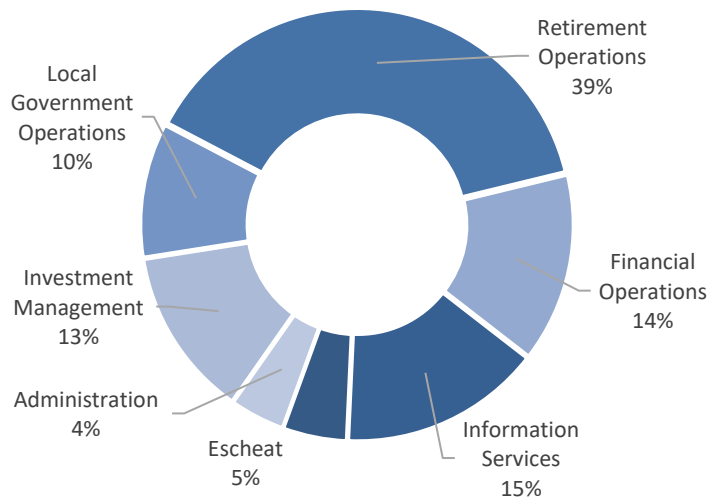
Goals

1. Provide public leadership in finance, fiscal and health policy.
2. Enhance accountability of department services.
3. Innovate and modernize operations.
4. Maximize our talent.

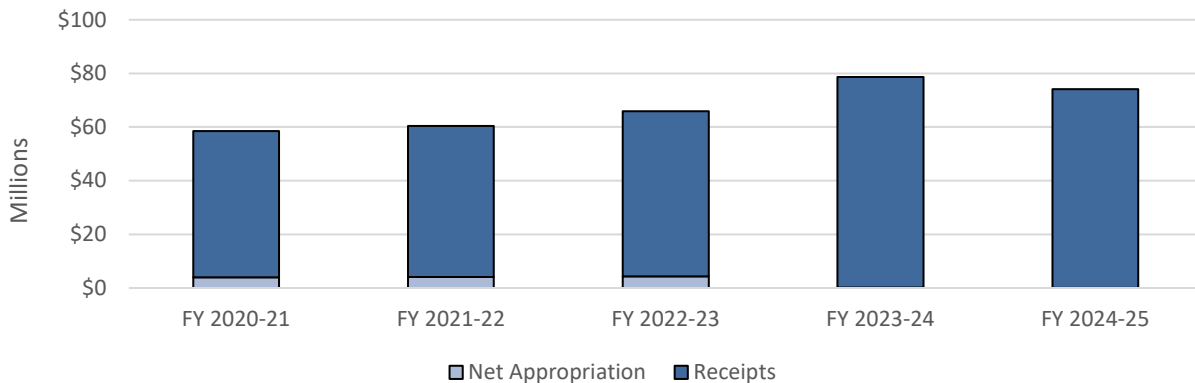
Agency Profile

- Administers retirement systems for more than 950,000 public service workers.
- Operates the State Health Plan, which covers more than 740,000 teachers, state employees, retirees, current and former lawmakers, university employees, community college employees, and their dependents.
- Supports local government units by aiding in the sale of local debt obligations and maintaining sound budget, accounting, and reporting procedures.
- Oversees the issuance of state debt.
- Maintains unclaimed property and the state’s core banking system.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



**Charts include General Fund budget code only, excludes State Health Plan, State Retirement Plans, and managed investment.*

**Charts exclude \$100,126,238 appropriated to DST for local disaster assistance funds to be sent out to municipalities.*

State Treasurer - General Fund (13410)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 88,777,112	\$ -	\$ -	\$ -	\$ 88,777,112	0.0%
Receipts	\$ 88,568,038	\$ -	\$ -	\$ -	\$ 88,568,038	0.0%
Net Appropriation	\$ 209,074	\$ -	\$ -	\$ -	\$ 209,074	0.0%
Positions (FTE)	413.400	-	-	-	413.400	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 83,262,553	\$ 1,250,140	\$ 668,000	\$ 1,918,140	\$ 85,180,693	2.3%
Receipts	\$ 83,053,479	\$ 1,250,140	\$ -	\$ 1,250,140	\$ 84,303,619	1.5%
Net Appropriation	\$ 209,074	\$ -	\$ 668,000	\$ 668,000	\$ 877,074	319.5%
Positions (FTE)	413.400	2.000	-	2.000	415.400	0.5%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Salaries and Benefits

Employees at the Department of the State Treasurer are entitled to all eligible benefits including a compensation increase of 2.5% in each fiscal year and additional state health plan contributions. Retirees from the Department are entitled to a 2.5% supplement in each year. Funding for these benefits will come from receipts collected by the Department.

Req \$	-	\$ -	\$ -	\$ -	-
Rec \$	-	\$ -	\$ -	\$ -	-
App \$	-	\$ -	\$ -	\$ -	-
FTE	0.000		0.000		0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ -	668,000
Rec \$	-	\$ -	\$ -	\$ -	-
App \$	-	\$ -	\$ -	\$ -	668,000
FTE	0.000		0.000		0.000

Department-wide

3 IT Reserve Fund

Creates an IT budget reserve to sustain and support the Department of State Treasurer's IT infrastructure, address rising vendor costs, and replace the current IT Service Management solution. This will strengthen the department's digital and cybersecurity posture while ensuring continuity for critical services supporting the State Health Plan, Banking, Retirement Systems, and Investments.

Req \$	-	\$ -	\$ -	\$ 1,000,000	\$ -
Rec \$	-	\$ -	\$ -	\$ 1,000,000	\$ -
App \$	-	\$ -	\$ -	\$ -	\$ -
FTE	0.000		0.000		0.000

State and Local Government Finance

4 State and Local Government Finance Position

Adds an Accountant IV position to the State and Local Government Finance Division's Coach Team to provide hands on technical assistance to financially distressed local governments. The added FTE reduces current caseloads of more than 30 units per team member and strengthens in person support, improving relationships and the ability to address fundamental financial management issues. This investment aims to prevent local government financial crises, bankruptcies, and debt defaults.

Req \$	-	\$ -	\$ -	\$ 135,000	\$ -
Rec \$	-	\$ -	\$ -	\$ 135,000	\$ -
App \$	-	\$ -	\$ -	\$ -	\$ -
FTE	0.000		0.000		1.000

Unclaimed Property

5 Unclaimed Property Position

Adds a Program Analyst I position to manage and expand the Unclaimed Property Division's (UPD) data matching efforts, which have significantly increased through new vendor partnerships. This role ensures UPD can maintain and expand proactive outreach that reunites more owners with their property.

Req \$	-	\$ -	\$ -	\$ 115,140	\$ -
Rec \$	-	\$ -	\$ -	\$ 115,140	\$ -
App \$	-	\$ -	\$ -	\$ -	\$ -
FTE	0.000		0.000		1.000

	R Changes		NR Changes		R Changes		NR Changes	
Total Change to Requirements	\$	-	\$	-	\$	1,250,140	\$	668,000
Total Change to Receipts	\$	-	\$	-	\$	1,250,140	\$	-
Total Change to Net Appropriations	\$	-	\$	-	\$	-	\$	668,000
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		2.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			-	\$			668,000
Total Change to Full-Time Equivalent (FTE)				0.000				2.000

Mission

To promote a stable insurance market through unbiased regulation and to protect the lives and property of every citizen in all 100 counties while fostering superior, user-friendly service, courtesy, and respect.

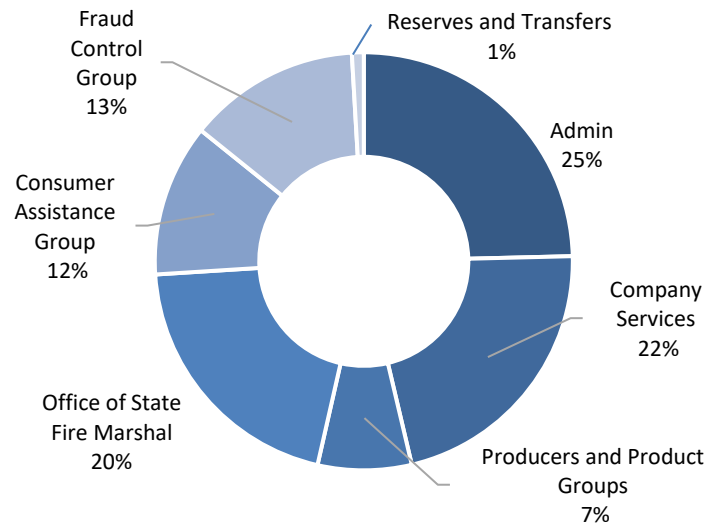
Goals

1. Consumer Protection, Education and Support.
2. Insurer Financial Oversight and Transparency.
3. Marketplace Optimization.
4. Fraud Control and Public Safety.

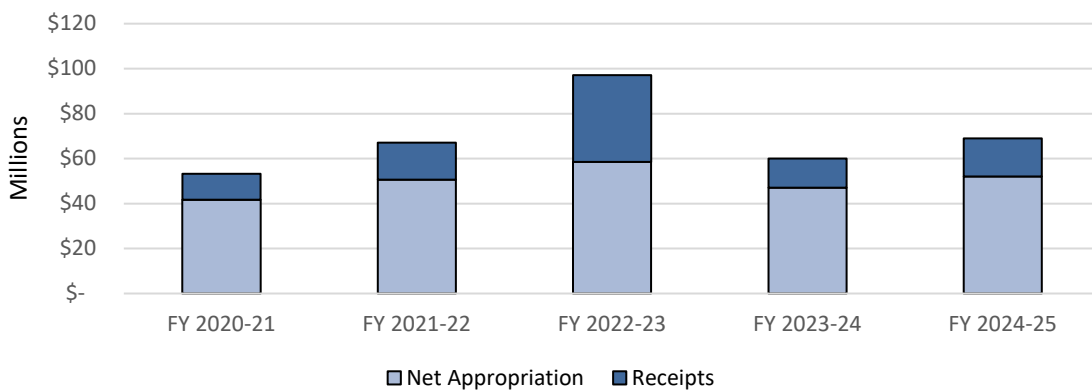
Agency Profile

- Safeguard North Carolina residents through effective insurance licensing, consumer education, complaint resolution, and outreach. In 2024, the Department handled over 12,000 consumer cases, recovered \$12.5 million for policyholders, and helped residents obtain \$70.5 million in previously lost life-insurance benefits.
- Protect consumers’ financial interests by ensuring that licensed insurers and regulated entities remain solvent, comply with regulations, and operate with transparency.
- Enhance North Carolina’s insurance marketplace through timely rate regulation, strong oversight, and support for a competitive captive insurance sector that oversees more than 1,000 risk-bearing captive entities, generates \$1.93 billion in premiums, and manages over \$5.3 billion in assets.
- Protect North Carolinians from insurance fraud and enhance public safety through advanced technology and strong enforcement efforts that resulted in 406 fraud arrests, 218 convictions, and \$22.8 million in restitution and recoveries in 2024.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



Charts include General Fund budget code only.

Insurance - General Fund (13900)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 71,909,970	\$ 1,511,147	\$ 242,219	\$ 1,753,366	\$ 73,663,336	2.4%
Receipts	\$ 11,971,146	\$ -	\$ -	\$ -	\$ 11,971,146	0.0%
Net Appropriation	\$ 59,938,824	\$ 1,511,147	\$ 242,219	\$ 1,753,366	\$ 61,692,190	2.9%
Positions (FTE)	448.458	-	-	-	448.458	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 72,015,954	\$ 29,340,307	\$ 13,086,219	\$ 42,426,526	\$ 114,442,480	58.9%
Receipts	\$ 12,077,130	\$ 20,000,000	\$ -	\$ 20,000,000	\$ 32,077,130	165.6%
Net Appropriation	\$ 59,938,824	\$ 9,340,307	\$ 13,086,219	\$ 22,426,526	\$ 82,365,350	37.4%
Positions (FTE)	448.458	9.000	-	9.000	457.458	2.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits - Department of Insurance

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	767,000	\$ -	\$ 1,534,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	767,000	\$ -	\$ 1,534,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 518,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 518,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 246,230	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 246,230	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 192,670	\$ -	\$ 192,670
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 192,670	\$ -	\$ 192,670
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	502,556	\$ -	\$ 753,834	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	502,556	\$ -	\$ 753,834	\$ -
FTE	0.000	0.000	0.000	0.000

Reserve for Salaries and Benefits - Office of State Fire Marshal

6 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	225,000	\$ -	\$ 450,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	225,000	\$ -	\$ 450,000	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Reserve for Salaries and Benefits - Office of State Fire Marshal				
7 State Employee Bonus				
Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.	Req \$	- \$	- \$	191,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	191,000
	FTE	0.000	0.000	0.000
8 Retiree Supplement				
Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.	Req \$	- \$	49,549 \$	49,549
	Rec \$	- \$	- \$	-
	App \$	- \$	49,549 \$	49,549
	FTE	0.000	0.000	0.000
9 State Health Plan Contributions				
Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.	Req \$	- \$	61,344 \$	-
	Rec \$	- \$	- \$	-
	App \$	- \$	61,344 \$	-
	FTE	0.000	0.000	0.000
10 Law Enforcement Officer Salary Increase				
Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.	Req \$	16,591 \$	- \$	24,886 \$
	Rec \$	- \$	- \$	-
	App \$	16,591 \$	- \$	24,886 \$
	FTE	0.000	0.000	0.000
Department-wide				
11 Vacant Position Reductions				
Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.	Req \$	- \$	- \$	(68,600) \$
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	(68,600) \$
	FTE	0.000	0.000	(1.000)
12 Agentforce – Salesforce				
Modernizes the Departments of Insurance's service delivery by implementing Salesforce Public Sector Solutions to replace fragmented legacy systems, automate manual processes, and improve customer access, case management, and reporting across multiple divisions. The request supports one-time implementation and recurring subscription costs to create a more efficient, data-driven platform that can reduce administrative burden, improve response times, and position North Carolina to grow new revenue opportunities in areas like Captives, licensing, and regulatory services.	Req \$	- \$	- \$	386,340 \$
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	386,340 \$
	FTE	0.000	0.000	0.000
13 Motor Fleet Management Rate Increase				
Provides funding to address increased Motor Fleet Management lease and mileage rates charged to state agencies. Department vehicles support statewide activities including insurance fraud investigations, insurance agency audits, and assistance to seniors through the Seniors' Health Insurance Information Program (SHIIP).	Req \$	- \$	- \$	250,000 \$
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	250,000 \$
	FTE	0.000	0.000	0.000
Consumer Services				
14 Consumer Protection Fund				
Supports additional resources for the Consumer Protection Fund to review insurance rate filings and conduct rate hearings. The fund supports actuarial experts and technical analysis used by the department to evaluate complex filings and ensure proposed insurance rates are not excessive or unfairly discriminatory for state consumers. These funds will be transferred to budget code 23900.	Req \$	- \$	- \$	1,000,000 \$
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	1,000,000 \$
	FTE	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Consumer Services					
15 Regulatory Analyst Staff – Pharmacy Benefit Managers					
Creates an Insurance Regulatory Analyst II position to support new PBM regulatory requirements established under the SCRIPT Act. The Market Regulation Division currently has one manager and four analysts who completed 157 market analysis activities in 2025 and 172 in 2024, recovering nearly \$1 million for consumers in 2024. Additional staff will support oversight of reporting requirements for up to 48 licensed PBMs and expand compliance and market analysis activities.	Req \$	- \$	- \$	126,073 \$	5,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	126,073 \$	5,000
	FTE	0.000	0.000	1.000	0.000
16 Consumer Analyst Staff – Pharmacy Benefit Managers					
Creates an Insurance Consumer Analyst II to address increased complaints related to Pharmacy Benefit Managers (PBM) following enactment of the North Carolina SCRIPT Act established in SL 2025-69, which places greater restrictions on PBMs. The position will review PBM-related complaints, develop subject matter expertise on PBM regulations, and support timely resolution of complex consumer and pharmacy inquiries.	Req \$	- \$	- \$	88,100 \$	5,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	88,100 \$	5,000
	FTE	0.000	0.000	1.000	0.000
17 Health Insurance Smart NC - Additional Staff					
Converts a temporary position in the Health Insurance Smart NC program to permanent and ensures the program can continue to assist consumers with health insurance coverage disputes in a timely manner. In 2024, Smart NC handled 1,767 cases, received 138,562 phone calls, recovered \$2.4 million for consumers, and overturned insurance company denials for External Review 46.74% of the time. After losing a position in 2020, each employee had to take on more cases, delaying responses to customers. Making this position permanent will allow Smart NC to continue providing quality service to North Carolinians.	Req \$	- \$	- \$	88,100 \$	5,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	88,100 \$	5,000
	FTE	0.000	0.000	1.000	0.000
Office of the State Fire Marshal					
18 Additional Operational Funding					
Strengthens the operational capacity of the North Carolina Office of State Fire Marshal (OSFM) by providing recurring funding and two additional positions to support mandated inspections, firefighter training and certification, incident reporting systems, and statewide fire safety programs. Funding will ensure OSFM can meet expanding statutory responsibilities, support fire departments with required reporting systems, and maintain essential operational services that protect communities across North Carolina.	Req \$	- \$	- \$	1,200,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	1,200,000 \$	-
	FTE	0.000	0.000	2.000	0.000
19 Headquarters Lease					
Establishes a new headquarters facility for OSFM to secure appropriate office, warehouse, and training space. This investment allows OSFM to house personnel and mission-critical equipment, host firefighter and code official trainings, and operate an Emergency Operations Center to support statewide disaster response and public safety coordination.	Req \$	- \$	- \$	1,000,000 \$	750,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	1,000,000 \$	750,000
	FTE	0.000	0.000	0.000	0.000
20 NC Emergency Training Center					
Supports the basic operating expenses for the office's Emergency Training Center in Stanly County. After partially opening in March 2025, this facility provides training for 54 International Fire Service Accreditation Council (IFSAC) certifications and specialized classes to first responders from North Carolina and across the country. The facility is the only location in the state that provides aircraft rescue firefighting and water rescue training of this caliber.	Req \$	- \$	- \$	2,200,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	2,200,000 \$	-
	FTE	0.000	0.000	5.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Office of the State Fire Marshal				
21 State Property Fire Insurance Fund				
Budgets receipts from the State Capital Infrastructure Fund (SCIF) to invest in the State Property Fire Fund (SPFIF). This will address a low SPFIF fund balance and cover the expected increase in the annual excess premium payment. The SPFIF, along with the Public School Insurance Fund (PSIF), saved the state an estimated \$100-150 million following Hurricane Helene. The SPFIF covers all of the state's 1,800 buildings and other properties. This support will enable it to provide agencies an adequate and timely insurance payment following a property damage claim.	Req \$	- \$	- \$	10,000,000 \$
	Rec \$	- \$	- \$	10,000,000 \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
22 Public School Insurance Fund				
Budgets receipts from the SCIF to stabilize the Public School Insurance Fund (PSIF). Provides recurring funds for reinsurance coverage and nonrecurring funds to replenish reserves, ensuring the program can continue paying claims and protecting the state's \$86 billion insured property portfolio. Maintaining adequate reserves and reinsurance coverage safeguards local education agencies and community colleges from catastrophic losses while preventing significant financial exposure for the state during major disasters.	Req \$	- \$	- \$	10,000,000 \$
	Rec \$	- \$	- \$	10,000,000 \$
	App \$	- \$	- \$	10,000,000 \$
	FTE	0.000	0.000	0.000
Total Change to Requirements	\$	1,511,147	\$	242,219
Total Change to Receipts	\$	-	\$	-
Total Change to Net Appropriations	\$	1,511,147	\$	242,219
Total Change to Full-Time Equivalent (FTE)		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	1,753,366
Total Change to Full-Time Equivalent (FTE)				9.000

Insurance - Special Fund - Interest Bearing (23900)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 84,380,794	\$ -	\$ -	\$ -	\$ 84,380,794	0.0%
Receipts	\$ 57,497,173	\$ -	\$ -	\$ -	\$ 57,497,173	0.0%
Chg in Fund Balance	\$ (26,883,621)	\$ -	\$ -	\$ -	\$ (26,883,621)	0.0%
Positions (FTE)	5.355	-	-	-	5.355	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 84,486,778	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 85,486,778	1.2%
Receipts	\$ 81,731,562	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 82,731,562	1.2%
Chg in Fund Balance	\$ (2,755,216)	\$ -	\$ -	\$ -	\$ (2,755,216)	0.0%
Positions (FTE)	5.355	-	-	-	5.355	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Consumer Services

1 Transfer - Consumer Protection Fund

Budgets the transfer from Budget Code 23900 for Consumer Protection Fund support.	Req \$	-	\$ -	\$ 1,000,000	\$ -
	Rec \$	-	\$ -	\$ 1,000,000	\$ -
	CFB \$	-	\$ -	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ 1,000,000	\$ -
Total Change to Receipts	\$ -	\$ -	\$ 1,000,000	\$ -
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000

Public Education Property Insurance (54625)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 31,366,987	\$ -	\$ -	\$ -	\$ 31,366,987	0.0%
Receipts	\$ 17,366,987	\$ -	\$ -	\$ -	\$ 17,366,987	0.0%
Chg in Fund Balance	\$ (14,000,000)	\$ -	\$ -	\$ -	\$ (14,000,000)	0.0%
Positions (FTE)	7.000	-	-	-	7.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 17,366,987	\$ 10,000,000	\$ 10,000,000	\$ 20,000,000	\$ 37,366,987	115.2%
Receipts	\$ 17,366,987	\$ 10,000,000	\$ 10,000,000	\$ 20,000,000	\$ 37,366,987	115.2%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	7.000	-	-	-	7.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Office of the State Fire Marshal

1 Transfer - Public School Insurance Fund

Budgets the transfer from Budget Code 13900 for the Public School Insurance Fund.

Req \$	-	\$ -	\$ 10,000,000	\$ 10,000,000
Rec \$	-	\$ -	\$ 10,000,000	\$ 10,000,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000
Total Change to Receipts	\$ -	\$ -	\$ 10,000,000	\$ 10,000,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000

Insurance - Trust - Internal Service (63903)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 47,897,053	\$ -	\$ -	\$ -	\$ 47,897,053	0.0%
Receipts	\$ 45,321,521	\$ -	\$ -	\$ -	\$ 45,321,521	0.0%
Chg in Fund Balance	\$ (2,575,532)	\$ -	\$ -	\$ -	\$ (2,575,532)	0.0%
Positions (FTE)	23.340	-	-	-	23.340	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 47,897,053	\$ 10,000,000	\$ -	\$ 10,000,000	\$ 57,897,053	20.9%
Receipts	\$ 45,321,521	\$ 10,000,000	\$ -	\$ 10,000,000	\$ 55,321,521	22.1%
Chg in Fund Balance	\$ (2,575,532)	\$ -	\$ -	\$ -	\$ (2,575,532)	0.0%
Positions (FTE)	23.340	-	-	-	23.340	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

State Property Fire Insurance Fund

1 Transfer - State Public Fire Insurance Fund

Budgets the transfer from Budget Code 13900 for the State Public Fire Insurance Fund.	Req \$	-	\$ -	\$ 10,000,000	\$ -
	Rec \$	-	\$ -	\$ 10,000,000	\$ -
	CFB \$	-	\$ -	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ 10,000,000	\$ -
Total Change to Receipts	\$ -	\$ -	\$ 10,000,000	\$ -
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000

Insurance - General Fund for Industrial Commission (13902)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 18,560,362	\$ 347,177	\$ 65,684	\$ 412,861	\$ 18,973,223	2.2 %
Receipts	\$ 4,357,425	\$ -	\$ -	\$ -	\$ 4,357,425	0.0 %
Net Appropriation	\$ 14,202,937	\$ 347,177	\$ 65,684	\$ 412,861	\$ 14,615,798	2.9 %
Positions (FTE)	141.700	-	-	-	141.700	0.0 %

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 18,560,362	\$ 1,106,253	\$ 264,684	\$ 1,370,937	\$ 19,931,299	7.4 %
Receipts	\$ 4,357,425	\$ -	\$ -	\$ -	\$ 4,357,425	0.0 %
Net Appropriation	\$ 14,202,937	\$ 1,106,253	\$ 264,684	\$ 1,370,937	\$ 15,573,874	9.6 %
Positions (FTE)	141.700	-	-	-	141.700	0.0 %

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	289,000	\$ -	\$ 578,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	289,000	\$ -	\$ 578,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 199,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 199,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 82,636	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 82,636	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 65,684	\$ -	\$ 65,684
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 65,684	\$ -	\$ 65,684
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	58,177	\$ -	\$ 87,265	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	58,177	\$ -	\$ 87,265	\$ -
FTE	0.000	0.000	0.000	0.000

Industrial Commission

6 Annual Software Subscription Renewal

Maintains required software subscriptions supporting the Industrial Commission's Integrated Case Management System. The system manages workers' compensation claims and case records. Over 56,000 cases were opened in FY 2024-25 alone. These subscriptions provide licensing, security, storage, and system integrations that ensure reliable system performance and continued access for agency staff and external stakeholders.

Req \$	-	\$ -	\$ 262,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 262,000	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes		NR Changes		R Changes		NR Changes	
Industrial Commission								
7 Increase in Court Reporting Services Cost								
Funds the increased costs of court reporting services for the commission's hearings. The commission sought a new contract after both parties agreed the prior contractor could not provide adequate service, and the commission is already utilizing the new provider. These recordings are required by law and are essential for the thousands of litigants the commission serves every year to receive a fair hearing.	Req \$	- \$	- \$	- \$	60,000 \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
	App \$	- \$	- \$	- \$	60,000 \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8 Motor Fleet Rate Increase								
Supports increased Motor Fleet Management costs for vehicles used by the Industrial Commission's Criminal Investigations and Employee Classification Division. These vehicles enable investigators to conduct field investigations, serve subpoenas and citations, and enforce workers' compensation laws across the state.	Req \$	- \$	- \$	- \$	36,352 \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
	App \$	- \$	- \$	- \$	36,352 \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Change to Requirements	\$	347,177	\$	65,684	\$	1,106,253	\$	264,684
Total Change to Receipts	\$	-	\$	-	\$	-	\$	-
Total Change to Net Appropriations	\$	347,177	\$	65,684	\$	1,106,253	\$	264,684
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			412,861	\$			1,370,937
Total Change to Full-Time Equivalent (FTE)				0.000				0.000

Mission

To enhance the lives of North Carolinians by providing foundational support to state government agencies through asset management, advocacy, and operations.

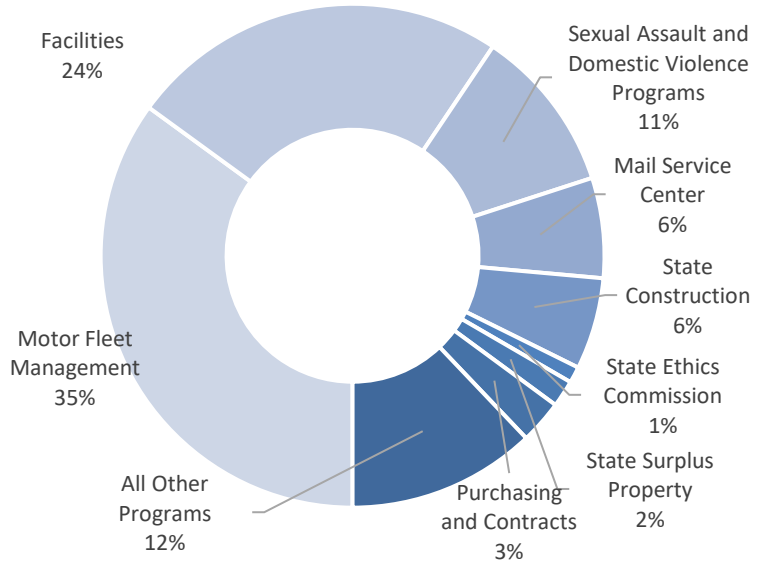
Goals

- Optimize government operations to maximize resources and reduce redundancy.
- Foster culture of innovation to modernize state government services.
- Deliver client and people-centered services that are timely accessible and transparent.

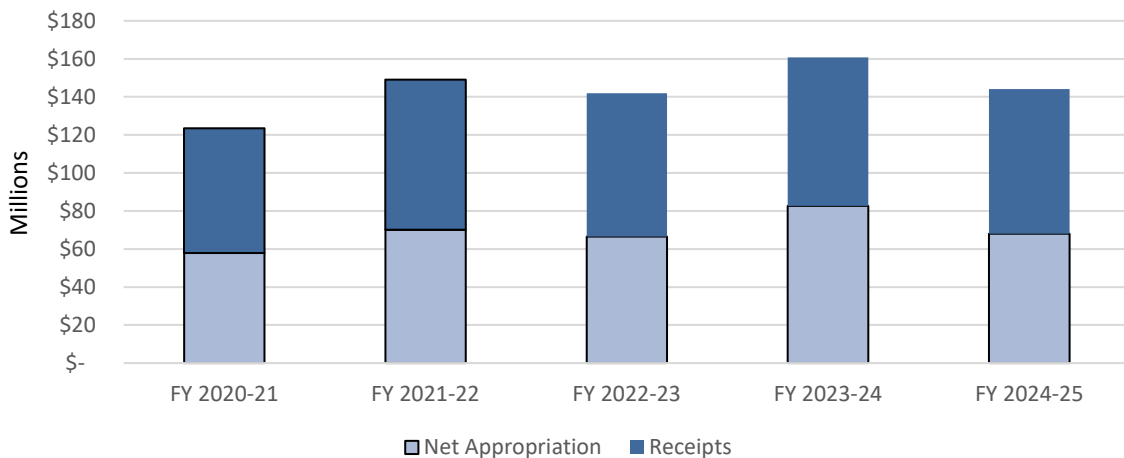
Agency Profile

- Provide services for state government by overseeing government operations in building construction, purchasing and contracting for goods and services, managing state vehicles, acquiring and disposing of real property, overseeing Raleigh state facilities, disposing of surplus real property, and operating a courier mail service.
- Advocate for and provide services to underserved populations. Provide administrative support to various boards and commissions including Indian Affairs, Historically Underutilized Businesses, Inclusion, MLK Jr., Youth Council, State Internships, State Building, Women and Domestic Violence.
- Maintain a registry of home and private schools in the state.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



*Charts include General Fund and Internal Service Funds.
Charts exclude expenditures from the Office of State Human Resources.*

Administration - General Fund (14100)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 79,108,428	\$ 5,272,000	\$ 166,694	\$ 5,438,694	\$ 84,547,122	6.9%
Receipts	\$ 11,416,041	\$ -	\$ -	\$ -	\$ 11,416,041	0.0%
Net Appropriation	\$ 67,692,387	\$ 5,272,000	\$ 166,694	\$ 5,438,694	\$ 73,131,081	8.0%
Positions (FTE)	374.983	-	-	-	374.983	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 79,108,428	\$ 6,379,794	\$ 2,015,297	\$ 8,395,091	\$ 87,503,519	10.6%
Receipts	\$ 11,416,041	\$ -	\$ -	\$ -	\$ 11,416,041	0.0%
Net Appropriation	\$ 67,692,387	\$ 6,379,794	\$ 2,015,297	\$ 8,395,091	\$ 76,087,478	12.4%
Positions (FTE)	374.983	0.100	-	0.100	375.083	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	772,000	\$ -	\$ 1,544,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	772,000	\$ -	\$ 1,544,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 792,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 792,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 227,407	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 227,407	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 166,694	\$ -	\$ 166,694
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 166,694	\$ -	\$ 166,694
FTE	0.000	0.000	0.000	0.000

Facilities Maintenance

5 Utility Shortfall

Increases the Facilities Management Division's budget for utility expenses. The division is responsible for paying utilities for state owned buildings. Over the past three years, electricity costs have risen 17% without a corresponding budget increase. Because much of its budget has been diverted to paying these increased costs, the division has been unable to invest in more energy efficiency projects that would lower future utility costs. The shortfall has also forced the deferral of routine maintenance, increasing the risk of more expensive repairs later.

Req \$	2,400,000	\$ -	\$ 2,408,400	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	2,400,000	\$ -	\$ 2,408,400	\$ -
FTE	0.000	0.000	0.000	0.000

6 Support for Facilities Maintenance

Addresses a budget shortfall in the Facilities Management Division to allow continued maintenance of state facilities. The Division maintains 150 state-owned buildings has a large budget deficit due to inflation-related cost growth for contracted services and for materials, as well as to the loss of receipts from the replacement of a receipt-supported tenant with one that is supported by net appropriations.

Req \$	2,100,000	\$ -	\$ 2,100,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	2,100,000	\$ -	\$ 2,100,000	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes			
Department-wide								
7 Vacant Position Reductions								
Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.	Req \$	-	\$ -	\$(84,817)	\$ -			
	Rec \$	-	\$ -	\$ -	\$ -			
	App \$	-	\$ -	\$(84,817)	\$ -			
	FTE	0.000	0.000	(0.900)	0.000			
Commission of Indian Affairs								
8 State Recognition Program Position								
Supports the North Carolina Commission of Indian Affairs in carrying out its statutory responsibilities for reviewing and managing petitions for state tribal recognition. Because this work is currently an unfunded mandate, the Division is seeking resources to hire a temporary consultant who can review petitions, assist petitioners, maintain records, support Commission meetings, and ensure compliance with state rules and laws. The request is driven by increased petition activity and the need for timely, legally compliant processing of recognition requests.	Req \$	-	\$ -	\$ 86,847	\$ -			
	Rec \$	-	\$ -	\$ -	\$ -			
	App \$	-	\$ -	\$ 86,847	\$ -			
	FTE	0.000	0.000	0.000	0.000			
Division of Women and Youth								
9 State Government Internship Program								
Funds a pilot to increase the number of available slots in the State Government Summer Internship Program by 100 for summer 2027. With 4,913 applications for summer 2025, demand vastly exceeds the current 89 places available. Expanding the program broadens access to public service opportunities and strengthens the state's longterm talent pipeline. This includes funding to evaluate the program's impact on creating a talent pipeline for state government service, which can inform decisions about future program scale and funding.	Req \$	-	\$ -	\$ -	\$ 1,056,603			
	Rec \$	-	\$ -	\$ -	\$ -			
	App \$	-	\$ -	\$ -	\$ 1,056,603			
	FTE	0.000	0.000	0.000	0.000			
10 Boards and Commissions Coordinator								
Funds a full time Program Coordinator II for the Division for Women and Youth to meet growing statutory and operational demands. This role is required to effectively manage mandated boards and commissions, oversee meeting operations, maintain appointment tracking, coordinate cross agency efforts, and support major statewide initiatives such as the Women's Conference. Without this added capacity, the Division cannot reliably meet its expanding statutory obligations or sustain the level of coordination and execution these initiatives require.	Req \$	-	\$ -	\$ 97,957	\$ -			
	Rec \$	-	\$ -	\$ -	\$ -			
	App \$	-	\$ -	\$ 97,957	\$ -			
	FTE	0.000	0.000	1.000	0.000			
Total Change to Requirements	\$	5,272,000	\$	166,694	\$	6,379,794	\$	2,015,297
Total Change to Receipts	\$	-	\$	-	\$	-	\$	-
Total Change to Net Appropriations	\$	5,272,000	\$	166,694	\$	6,379,794	\$	2,015,297
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		0.100		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	5,438,694	\$		\$	8,395,091
Total Change to Full-Time Equivalent (FTE)				0.000				0.100

Administration - Internal (74100)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 63,705,278	\$ -	\$ -	\$ -	\$ 63,705,278	0.0%
Receipts	\$ 63,705,278	\$ -	\$ -	\$ -	\$ 63,705,278	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	120.000	-	-	-	120.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 63,705,278	\$ 2,000,000	\$ 6,000,000	\$ 8,000,000	\$ 71,705,278	12.6%
Receipts	\$ 63,705,278	\$ 2,000,000	\$ 6,000,000	\$ 8,000,000	\$ 71,705,278	12.6%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	120.000	-	-	-	120.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Motor Fleet Management

1 Information System Upgrade

Funds an upgrade to Motor Fleet Management's outdated 2007 fleet information system to a modern, integrated platform that consolidates vehicle, driver, maintenance, telematics, and fuel data into a single system of record. The request supports creating automated workflows, eliminating manual and paper processes, and improving oversight, compliance, and user experience through enhanced dashboards and reporting. The upgrade is intended to increase efficiency, reduce risk, and provide agencies with clearer fleet visibility and management capabilities.

Req \$	-	\$ -	\$ -	\$ 2,000,000	\$ 6,000,000
Rec \$	-	\$ -	\$ -	\$ 2,000,000	\$ 6,000,000
CFB \$	-	\$ -	\$ -	\$ -	\$ -
FTE	0.000		0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 6,000,000
Total Change to Receipts	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 6,000,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000

Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000

Mission

To partner with and provide expertise to state agencies and programs to recruit, support, and retain a public service workforce.

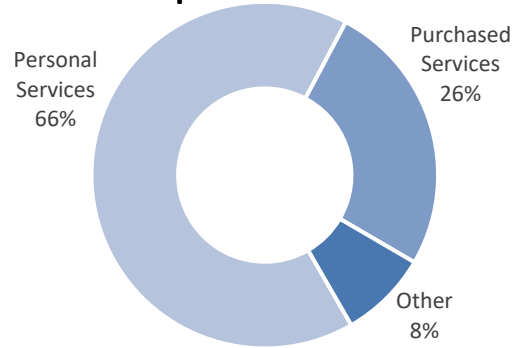
Goals

1. Strengthen recruitment and improve ease of access to state employment services to meet the state’s workforce needs.
2. Transform state HR through modernization, innovation, and strategic collaboration.
3. Retain and support current employees by fostering a collaborative, inclusive, and resilient workplace culture – within OSHR and across state entities.

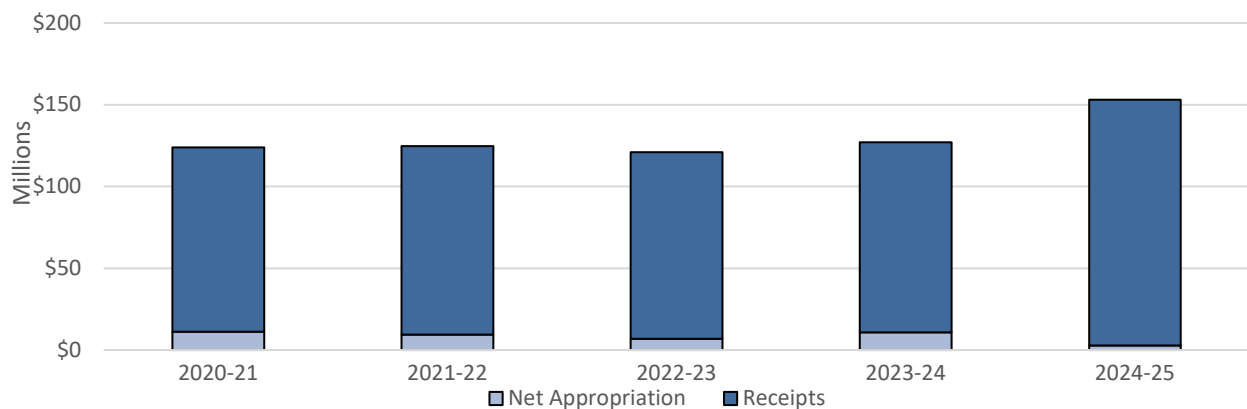
Agency Profile

- Serves as a collaborative, strategic, and customer-focused partner, allowing state government to attract, retain, develop, and motivate a high-performing, diverse workforce.
- Supports the State Human Resources Commission in advancing policies and practices to keep state government human resources administration fair, current, and competitive.
- Operates Temporary Solutions to assist agencies in meeting changing workforce needs.
- Ensures eligible employees who experience a work-related injury or illness receive appropriate care and benefits per the Workers' Compensation Act.
- Administers the NCFlex program to provide cost-effective supplemental benefits and flexible spending account options.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



Historical Expenditures chart includes General Fund and Internal Service Fund budget codes. Actual Expenditures chart only includes General Fund budget code.

**Starting FY 2021-22, OSHR has its own budget code; previously, it was budgeted within the Department of Administration.*

Office of State Human Resources - General Fund (14111)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 13,265,625	\$ 185,000	\$ 40,043	\$ 225,043	\$ 13,490,668	1.7%
Receipts	\$ 1,280,888	\$ -	\$ -	\$ -	\$ 1,280,888	0.0%
Net Appropriation	\$ 11,984,737	\$ 185,000	\$ 40,043	\$ 225,043	\$ 12,209,780	1.9%
Positions (FTE)	59.800	-	-	-	59.800	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 14,799,151	\$ 7,921,322	\$ 614,043	\$ 8,535,365	\$ 23,334,516	57.7%
Receipts	\$ 2,791,888	\$ 3,627,758	\$ -	\$ 3,627,758	\$ 6,419,646	129.9%
Net Appropriation	\$ 12,007,263	\$ 4,293,564	\$ 614,043	\$ 4,907,607	\$ 16,914,870	40.9%
Positions (FTE)	59.800	16.000	-	16.000	75.800	26.8%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	185,000	\$ -	\$ 370,000	\$ -
Rec \$	-	\$ -	-	\$ -
App \$	185,000	\$ -	\$ 370,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 124,000
Rec \$	-	\$ -	-	\$ -
App \$	-	\$ -	-	\$ 124,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 43,161	\$ -
Rec \$	-	\$ -	-	\$ -
App \$	-	\$ -	\$ 43,161	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 40,043	\$ -	\$ 40,043
Rec \$	-	\$ -	-	\$ -
App \$	-	\$ 40,043	\$ -	\$ 40,043
FTE	0.000	0.000	0.000	0.000

Department-wide

5 State Apprenticeship Program

Budgets receipts from the Strategic WorkForce Training fund to support the creation of new apprenticeships across state government in key sectors and shortage areas. Apprenticeships strengthen state government's workforce by developing job-ready talent aligned to agency needs.

Req \$	-	\$ -	\$ 2,000,000	\$ -
Rec \$	-	\$ -	\$ 2,000,000	\$ -
App \$	-	\$ -	-	\$ -
FTE	0.000	0.000	1.000	0.000

6 Statewide Recruitment Team

Budgets receipts from the Strategic WorkForce Training fund for a new OSHR team dedicated to statewide recruitment support for agencies and job seekers. For agencies, the team will provide data backed recruitment assistance and targeted outreach to identify qualified candidates, especially for hard to recruit positions. For job seekers, it will offer career readiness resources and specialized training to improve job matching and engagement.

Req \$	-	\$ -	\$ 1,627,758	\$ 36,000
Rec \$	-	\$ -	\$ 1,627,758	\$ -
App \$	-	\$ -	-	\$ 36,000
FTE	0.000	0.000	12.000	0.000

R Changes NR Changes R Changes NR Changes

Department-wide

7 Linked-In Learning Subscription

Funds the statewide LinkedIn Learning contract to provide required online training for approximately 75,000 state, local government, and university employees. The subscription offers access to more than 20,000 courses and replaces a more costly prior vendor, generating annual savings while expanding available content. This funding ensures OSHR can deliver mandated training and maintain a sustainable, cost-effective online learning platform.

Req \$	-	\$	-	\$	532,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	532,000	\$	-
FTE	0.000		0.000		0.000		0.000

8 Eastern NC Regional Office

Expands regional human resources support to improve the Office of State Human Resources' (OSHR's) statewide delivery of training, safety, and local government HR services. A new eastern regional office complements the existing western office. New staff development specialist, safety consultant, and HR consultant positions increase training capacity, expand workplace safety support, and improve responsiveness to local governments and state agencies statewide.

Req \$	-	\$	-	\$	408,756	\$	14,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	408,756	\$	14,000
FTE	0.000		0.000		3.000		0.000

9 Targeted Recruitment Campaign

Funds expanded recruitment efforts for correctional officers and juvenile counselors. These resources will support targeted outreach to broaden awareness of these positions among prospective applicants and improve hiring outcomes for roles with persistently high vacancy rates. These critical vacancies result in mandatory overtime, facility safety risks, and increased costs from use of temporary staffing and security contractors.

Req \$	-	\$	-	\$	-	\$	400,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	-	\$	400,000
FTE	0.000		0.000		0.000		0.000

Human Capital Management Project

10 Human Capital Management Project Fund Shift

Converts the Office of State Human Resources' existing nonrecurring IT Reserve funding for the Human Capital Management (HCM) system into a recurring appropriation to ensure long-term operational continuity. Without recurring funds available at the beginning of FY 2027-28, the state could lose access to the Workday HCM system used by 38 agencies for posting vacancies, hiring, onboarding, and offboarding.

Req \$	-	\$	-	\$	2,691,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	2,691,000	\$	-
FTE	0.000		0.000		0.000		0.000

11 HCM Hiring and OSC Integration

Funds key enhancements for Phase I of the Human Capital Management (HCM) project, which transitioned all state hiring functions to Workday. The enhancements address gaps from the initial accelerated rollout by adding onboarding forms, strengthening position description management, expanding reporting capabilities, and improving training resources, allowing agencies to fully utilize the Workday platform. Funding would also allow Workday to be integrated with the HR/Payroll system maintained by the State Controller, enabling new employee data to be uploaded without hand-entry. Non-recurring funding will be transferred from the IT Reserve.

Req \$	-	\$	-	\$	248,647	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	248,647	\$	-
FTE	0.000		0.000		0.000		0.000

Total Change to Requirements	\$	185,000	\$	40,043	\$	7,921,322	\$	614,043
Total Change to Receipts	\$	-	\$	-	\$	3,627,758	\$	-
Total Change to Net Appropriations	\$	185,000	\$	40,043	\$	4,293,564	\$	614,043
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		16.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			225,043	\$			4,907,607
Total Change to Full-Time Equivalent (FTE)				0.000				16.000

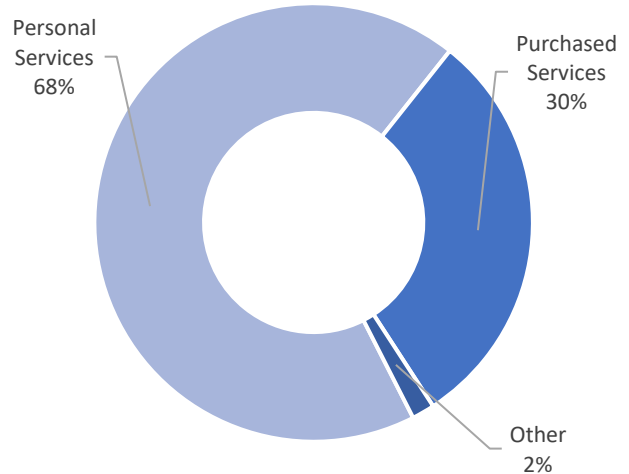
Mission

To protect the financial integrity of the state and promote accountability in an objective and efficient manner.

Goals

1. Recruit and retain the highest quality employees every day.
2. Continuously improve enterprise systems to better serve customers and stakeholders.
3. Continually track statewide finances in an accurate, timely manner.
4. Ensure state employees are paid accurately and on time each payroll period.
5. Provide statewide accounting support that meets or exceeds agency needs.

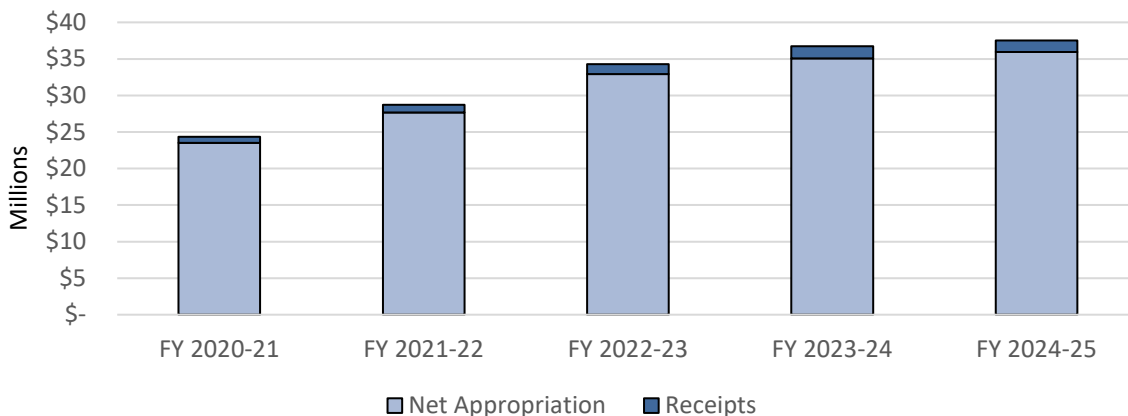
FY 2024-25 Actual Expenditures



Agency Profile

- The State Controller is appointed by the Governor and confirmed by the General Assembly to a seven-year term.
- Manages government-wide systems for accounting, cash management, payroll, risk mitigation and internal controls, e-commerce, and financial reporting.
- Maintains systems, standards, and business processes to control spending.
- Prepares the state’s Annual Comprehensive Financial Report (ACFR), which summarizes the state’s financial performance during a fiscal year and its financial position at the end of the year.
- North Carolina’s ACFR has received an unqualified, or “clean,” audit opinion every year since 1994.

5-Year Historical Expenditures



Charts include General Fund budget code 14160 only.

Budget growth since FY 2020-21 reflects costs associated with the implementation of the North Carolina Financial System (NCFS).

State Controller - General Fund (14160)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 37,297,714	\$ 591,000	\$ 127,569	\$ 718,569	\$ 38,016,283	1.9%
Receipts	\$ 1,130,469	\$ -	\$ -	\$ -	\$ 1,130,469	0.0%
Net Appropriation	\$ 36,167,245	\$ 591,000	\$ 127,569	\$ 718,569	\$ 36,885,814	2.0%
Positions (FTE)	196.000	-	-	-	196.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 37,297,714	\$ 1,635,678	\$ 672,569	\$ 2,308,247	\$ 39,605,961	6.2%
Receipts	\$ 1,130,469	\$ 308,000	\$ 300,000	\$ 608,000	\$ 1,738,469	53.8%
Net Appropriation	\$ 36,167,245	\$ 1,327,678	\$ 372,569	\$ 1,700,247	\$ 37,867,492	4.7%
Positions (FTE)	196.000	2.000	-	2.000	198.000	1.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	591,000	\$ -	\$ 1,182,000	\$ -
Rec \$	-	\$ -	-	\$ -
App \$	591,000	\$ -	\$ 1,182,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 245,000
Rec \$	-	\$ -	-	\$ -
App \$	-	\$ -	-	\$ 245,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 145,678	\$ -
Rec \$	-	\$ -	-	\$ -
App \$	-	\$ -	\$ 145,678	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 127,569	\$ -	\$ 127,569
Rec \$	-	\$ -	-	\$ -
App \$	-	\$ 127,569	\$ -	\$ 127,569
FTE	0.000	0.000	0.000	0.000

Department-wide

5 Increasing Financial Reporting Capacity

Budgets receipts from the Overpayments Audit Special Fund for additional positions on the office's financial reporting team to increase its capacity to support and train finance and accounting staff across state government. Many finance offices face recruitment and retention challenges and have experienced high retirement rates, resulting in newer, less experienced teams. These positions will also reduce staff overtime during production of the Annual Comprehensive Financial Report and help address the financial reporting team's current 20% turnover rate.

Req \$	-	\$ -	\$ 308,000	\$ -
Rec \$	-	\$ -	\$ 308,000	\$ -
App \$	-	\$ -	-	\$ -
FTE	0.000	0.000	2.000	0.000

6 Agency Accounting Training

Allocates receipts from the Overpayments Audit Special Fund to develop a training course for accounting and finance staff across state agencies. The program is intended to strengthen core financial competencies and support agencies facing workforce turnover.

Req \$	-	\$ -	\$ -	\$ 300,000
Rec \$	-	\$ -	-	\$ 300,000
App \$	-	\$ -	-	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes		NR Changes		R Changes		NR Changes	
Department-wide								
Total Change to Requirements	\$	591,000	\$	127,569	\$	1,635,678	\$	672,569
Total Change to Receipts	\$	-	\$	-	\$	308,000	\$	300,000
Total Change to Net Appropriations	\$	591,000	\$	127,569	\$	1,327,678	\$	372,569
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		2.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			718,569	\$			1,700,247
Total Change to Full-Time Equivalent (FTE)				0.000				2.000

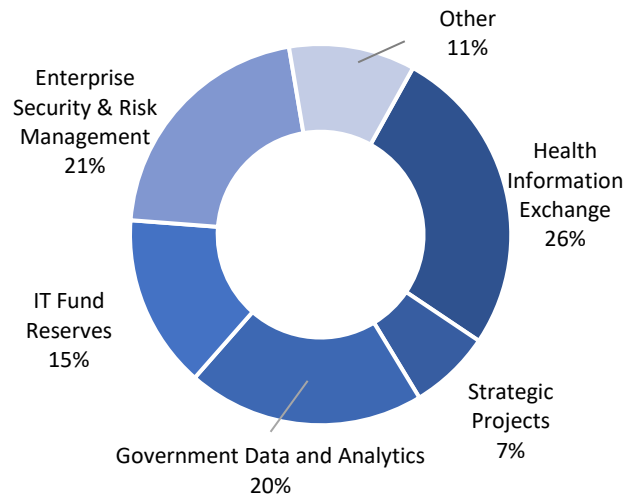
Mission

To enable trusted business-driven solutions that meet the needs of North Carolinians. NCDIT priorities are Broadband/Connectivity, Cybersecurity & Privacy, and Digital Transformation.

Goals

1. Ensure the state’s services are supported by reliable, accessible technology and data services.
2. Build a future-ready state with smarter, faster, trusted, and more responsive government operations through the strategic deployment of AI and emerging technologies.
3. Foster a statewide IT ecosystem where agencies, counties, boards, and community institutions operate as interconnected partners – advancing cybersecurity and operational efficiency through coordinated strategy.
4. Protect North Carolina’s information assets and empower government to operate with trust, agility, and confidence.
5. Use innovative methods to build an agile and forward-thinking public-sector IT workforce in North Carolina.

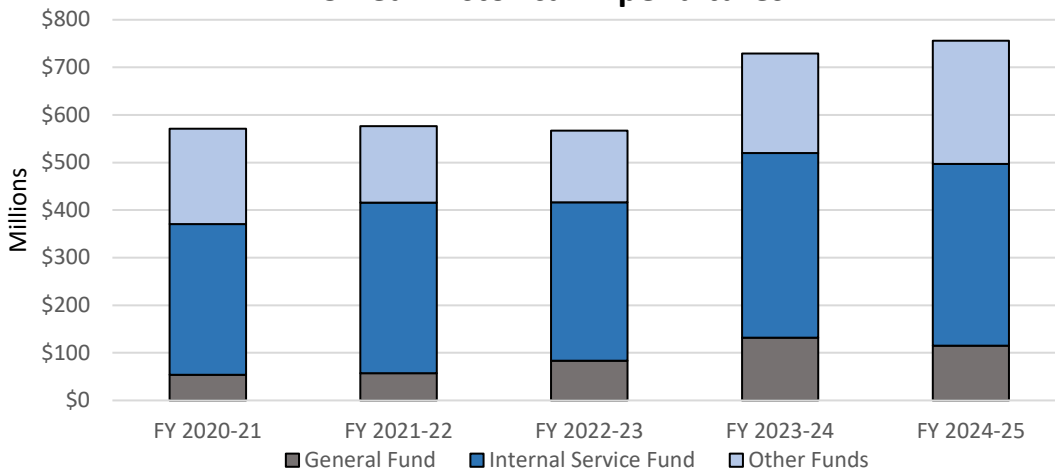
FY 2024-25 Actual Expenditures*



Agency Profile

- Provides services to state agencies, local governments, and education institutions, including expanding broadband access in rural areas, strengthening cybersecurity, procuring IT resources, and using data to improve service to residents.
- Optimizes state IT functions, bringing IT personnel from most executive branch agencies into one organization to address the state’s digital government needs efficiently and effectively.

5-Year Historical Expenditures**



*Chart includes General Fund budget code only.

**Chart includes General Fund and Special Funds/Receipts.

Governor's Office - Information Technology Services (14660)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 90,568,464	\$ 524,000	\$ 113,079	\$ 637,079	\$ 91,205,543	0.7%
Receipts	\$ 15,475,922	\$ -	\$ -	\$ -	\$ 15,475,922	0.0%
Net Appropriation	\$ 75,092,542	\$ 524,000	\$ 113,079	\$ 637,079	\$ 75,729,621	0.8%
Positions (FTE)	135.750	-	-	-	135.750	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 75,568,464	\$ 45,010,532	\$ 9,758,079	\$ 54,768,611	\$ 130,337,075	72.5%
Receipts	\$ 475,922	\$ -	\$ -	\$ -	\$ 475,922	0.0%
Net Appropriation	\$ 75,092,542	\$ 45,010,532	\$ 9,758,079	\$ 54,768,611	\$ 129,861,153	72.9%
Positions (FTE)	135.750	15.000	-	15.000	150.750	11.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	524,000	\$ -	\$ 1,048,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	524,000	\$ -	\$ 1,048,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 1,645,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 1,645,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 112,532	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 112,532	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 113,079	\$ -	\$ 113,079
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 113,079	\$ -	\$ 113,079
FTE	0.000	0.000	0.000	0.000

Enterprise Security and Risk Management

5 Essential Cybersecurity Upgrades for State and Local Government

Modernizes the State's outdated network perimeter security approach to cybersecurity. The department will implement a modern strategy centered on device-based security tools and digital identities for system users to protect technology assets and critical infrastructure and ensure secure data handling. These cybersecurity tools are critical to detect and mitigate growing threats to the State's IT network, including more than 10 billion attempts to access it every month. And the tools are critical for avoiding the severe costs and service disruption experienced by organizations where IT systems have been infiltrated by threat actors.

Req \$	-	\$ -	\$ 39,250,000	\$ 5,000,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 39,250,000	\$ 5,000,000
FTE	0.000	0.000	11.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Modernizing Government				
6 User-Friendly and Secure Online Access to Government Services				
Invests in a constituent portal and modernized digital services, providing a centralized and user-friendly online access to government programs, services, and information. North Carolinians will experience a secure single sign-on to state applications, such as online services for unemployment insurance, tax returns, business licensing, and health and human services benefits.	Req \$	- \$	- \$	3,500,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	3,500,000 \$
	FTE	0.000	0.000	0.000
7 Artificial Intelligence				
Provides recurring funding for four FTE and AI licenses to support business transformation work across state government, together with nonrecurring funds for model building and other one-time activities to support these efforts. Projects will deliver various kinds of productivity and efficiency improvements, including reducing labor hours required for repeated processes; enabling agencies to use chatbots to answer simple customer questions; and supporting more complex tasks such as fraud and error detection, procurement, and road maintenance scheduling.	Req \$	- \$	- \$	1,100,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	1,100,000 \$
	FTE	0.000	0.000	4.000
8 Modernizing Data Management				
Provides funding from the IT Reserve for a new approach to data storage and management across state government, replacing an aging data center facility with a mix of cloud storage and collocated data storage where business needs require it. This will eliminate the need for additional state funding to update the existing data facility, as well as reduce long-term operating and capital costs, improving resilience against cyberattacks and advancing the use of efficient cloud storage across the state where feasible.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
Total Change to Requirements	\$	524,000	\$	113,079
Total Change to Receipts	\$	-	\$	-
Total Change to Net Appropriations	\$	524,000	\$	113,079
Total Change to Full-Time Equivalent (FTE)		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	637,079
Total Change to Full-Time Equivalent (FTE)				15.000

Mission

To fund public services benefiting the people of North Carolina, we administer the tax laws and collect the taxes due in an impartial, consistent, secure, and efficient manner.

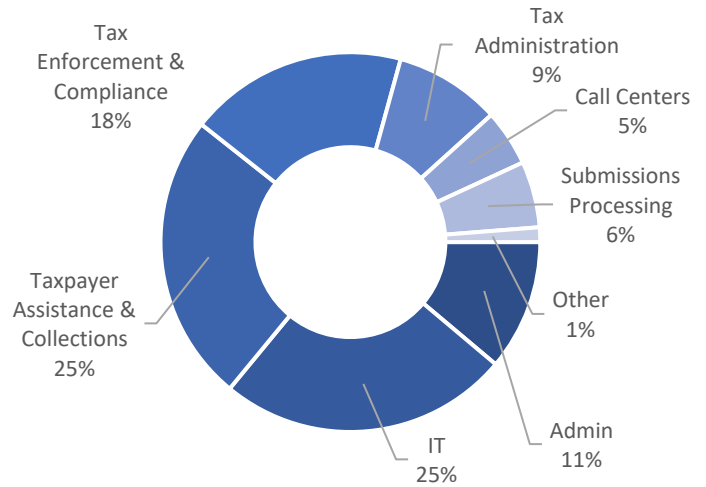
Goals

1. Tax Modernization
2. Workforce Development and Planning
3. Operational Excellence and Efficiency

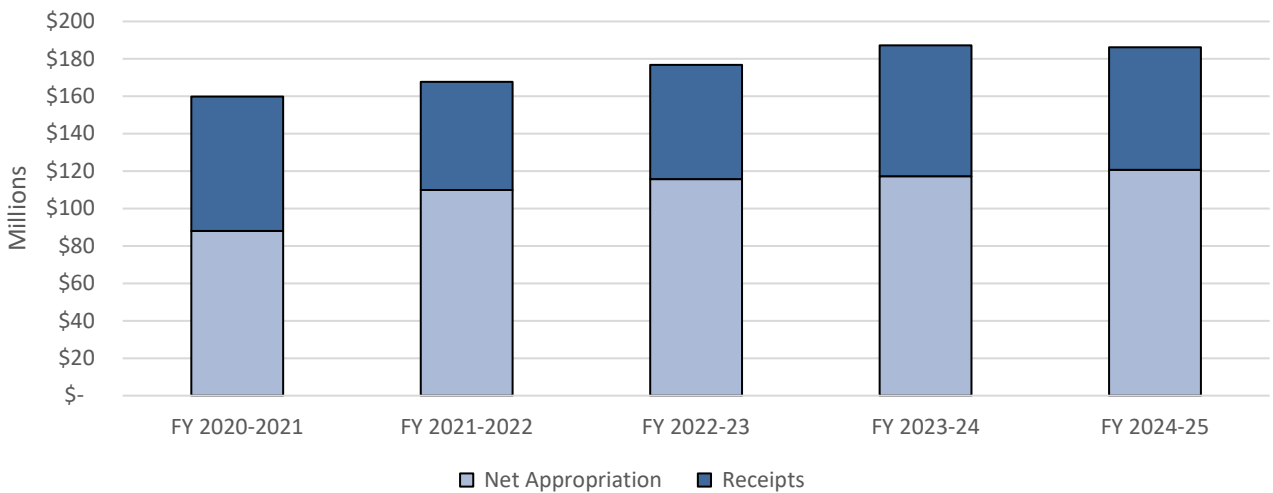
Agency Profile

- Administers over 20 different taxes, including individual income, corporate income, sales and use, motor fuel, alcoholic beverage, and tobacco tax.
- Provides compliance and enforcement efforts that yielded nearly \$1.9 billion during FY 2024-25.
- Collected \$46.4 billion in revenue during FY 2024-25; of which, 88% was received electronically.
- Deposited \$32.8 billion into the state’s General Fund during FY 2024-25.
- The individual income tax represents the largest source of revenue for the state General Fund, followed by the sales tax.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



Charts include General Fund budget code only.

Revenue - General (14700)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 194,452,484	\$ 2,084,666	\$ 426,178	\$ 2,510,844	\$ 196,963,328	1.3%
Receipts	\$ 72,934,239	\$ -	\$ -	\$ -	\$ 72,934,239	0.0%
Net Appropriation	\$ 121,518,245	\$ 2,084,666	\$ 426,178	\$ 2,510,844	\$ 124,029,089	2.1%
Positions (FTE)	1,452.386	-	-	-	1,452.386	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 194,503,592	\$ 18,582,659	\$ 2,872,420	\$ 21,455,079	\$ 215,958,671	11.0%
Receipts	\$ 72,963,537	\$ 1,449,397	\$ 294,242	\$ 1,743,639	\$ 74,707,176	2.4%
Net Appropriation	\$ 121,540,055	\$ 17,133,262	\$ 2,578,178	\$ 19,711,440	\$ 141,251,495	16.2%
Positions (FTE)	1,452.386	-	-	-	1,452.386	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	1,938,000	\$ -	\$ 3,876,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	1,938,000	\$ -	\$ 3,876,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 2,152,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 2,152,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 572,222	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 572,222	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 426,178	\$ -	\$ 426,178
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 426,178	\$ -	\$ 426,178
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	146,666	\$ -	\$ 219,999	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	146,666	\$ -	\$ 219,999	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Department-wide					
6 Motor Fleet Rate Increase					
Provides funds to cover the increase in Motor Fleet Management rates that went into effect July 1, 2025. Rates had not increased since January 1, 2018. DOR's vehicles are primarily used by their law enforcement officers who require state vehicles to carry out their law enforcement duties. Receipts from the Motor Fuels Tax and Fuel Compliance Tax at DOT will support a portion of the increase since DOR vehicle supports tax collection for DOT. Other receipts will come from the Collection Assistance Fund in Budget Code 24704.	Req \$	- \$	- \$	80,826 \$	-
	Rec \$	- \$	- \$	48,397 \$	-
	App \$	- \$	- \$	32,429 \$	-
	FTE	0.000	0.000	0.000	0.000
Information Systems					
7 Integrated Tax Automation System Mainframe Operating Expenses					
Provides funds to maintain the legacy Integrated Tax Administration System (ITAS) while the department develops and transitions to a new tax system, expected to be fully implemented by 2031. Without additional funds for maintenance, this 30-year-old system may cease to function, threatening North Carolina's tax collection. During FY 2024-25, the department collected \$46.3 billion in General Fund revenue through this system, representing 94% of the state's gross tax revenue.	Req \$	- \$	- \$	8,400,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	8,400,000 \$	-
	FTE	0.000	0.000	0.000	0.000
8 IT Security and Network Cost Increases					
Covers the shortfall in IT security licenses, network, and vendor costs and supports the addition of new security applications. These investments are required to ensure taxpayer data is protected.	Req \$	- \$	- \$	1,465,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	1,465,000 \$	-
	FTE	0.000	0.000	0.000	0.000
9 Modernized Electronic Filing System Yearly Updates					
Covers increased costs for annual updates to the Modernized Electronic Filing (MeF) System, which processes Individual Income, Corporate Income, Franchise, Partnership, and Estates, and Trusts tax types. The MeF system allows taxpayers to submit returns electronically and communicate tax filings with the IRS. In FY 2023-24, the MeF system collected \$5.43 billion in tax revenue. These updates will ensure system security, reliable operations, and compliance with the latest tax laws.	Req \$	- \$	- \$	523,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	523,000 \$	-
	FTE	0.000	0.000	0.000	0.000
10 Document Management System Maintenance					
Provides funds for ongoing costs to maintain the department's document management system, which processes electronic forms, paper forms, taxpayer correspondence, and Power of Attorney (POA) submissions. Since 2022, the system has processed close to 1.1 million documents, including POA forms, Payment Installment Agreements, Out of Business Notifications, and Business Address Corrections. Without this system, the department would have to handle all POA and paper correspondence manually, significantly delaying responses and refunds to taxpayers.	Req \$	- \$	- \$	522,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	522,000 \$	-
	FTE	0.000	0.000	0.000	0.000
11 Microsoft Licenses and Support					
Covers increases in Microsoft licensing fees. Microsoft subscription fees have increased by more than 17% in the last three years.	Req \$	- \$	- \$	407,578 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	407,578 \$	-
	FTE	0.000	0.000	0.000	0.000
12 Fuel Tracking Software					
Budgets receipts from the DOT to support ongoing maintenance and software and functionality upgrades of the Fuel Tracking System (FTS) that is managed by DOR. The FTS is used to pay \$2 billion in taxes annually. These updates will reduce paperwork for taxpayers and DOR employees.	Req \$	- \$	- \$	371,000 \$	-
	Rec \$	- \$	- \$	371,000 \$	-
	App \$	- \$	- \$	- \$	-
	FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Information Systems				
13 Software Increases for VMware				
Supports the increased costs of the department's VMware System. The system supports critical infrastructure for processing paper returns and payments, examining tax returns, processing online payments, and conducting refund fraud analysis.	Req \$	- \$	- \$	350,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	350,000 \$
	FTE	0.000	0.000	0.000
14 Public Sector Revenue Management				
Provides funds to maintain the Public Sector Revenue Management System, which maintains various excise taxes, including those related to alcohol and tobacco. Annual licenses and support costs have increased by 9% since 2023, and the department anticipates similar increases to continue. In FY 2023-24, the department collected \$850 million in taxes through this system.	Req \$	- \$	- \$	300,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	300,000 \$
	FTE	0.000	0.000	0.000
15 AI Software Funding				
Provides funding to purchase an AI program to assist with maintenance of the current Integrated Tax Automated System (ITAS). Although ITAS will be replaced in approximately in five years, it is essential for tax collection in the interim. AI tools have helped the department update system code to reflect new tax laws and policy changes. This nonrecurring portion will be funded with receipts from the William Lee Tax Credit Fund, Budget Code 24706. These funds have remained unexpended for 15 years.	Req \$	- \$	- \$	250,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	250,000 \$
	FTE	0.000	0.000	0.000
16 PC Hardware Refresh Increased Costs				
Increases the department's computer refresh budget to enable replacement of employee laptops every four years, which is the replacement schedule consistent with the state's security policies. This will be funded with receipts from the William Lee Tax Credit Fund, Budget Code 24706. These funds have remained unexpended for 15 years.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	119,000 \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
17 PC Software Increased Costs				
Provides funds for contract and software increases to maintain current operations of the department and to comply with the IRS requirements.	Req \$	- \$	- \$	105,034 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	105,034 \$
	FTE	0.000	0.000	0.000
18 Network Files End of Life Hardware Replacement				
Provides funds to replace firewall hardware nearing manufacturer end of life. These hardware models are used for internal file traffic inspection at the department's headquarters and protect the 13 regional service centers across the state. Replacing these systems will maintain security upgrades and vendor support and strengthen protection against cyber-attacks. \$75,242 of this will be funded with receipts from the William Lee Tax Credit Fund, Budget Code 24706. These funds have remained unexpended for 15 years. The remainder will be funded from the IT Reserve.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	75,242 \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
19 Data Capture and Scanners				
Funds the lease of two additional high speed data capture and scanner machines to process paper payments and paper documents. Documents and payments are scanned and directly deposited to the state's bank account through this system.	Req \$	- \$	- \$	110,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	110,000 \$
	FTE	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Information Systems				
20 DataPower End of Life Replacement				
Provides funds to replace three of the department's DataPower Applications that are near end of support. These applications enable secure file transfers with external parties, including with other state agencies and the IRS. When these applications go out of service in 2027, the applications will no longer meet required security standards, increasing the risk of taxpayer data compromise and jeopardizing the department's ability to receive federal taxpayer data from the IRS. Funds for this will come from the IT Reserve.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
21 Datacenter Hardware Replacement				
Supports upgrades to old and out-of-support equipment in the department's data center. These upgrades will let taxpayers keep using online applications and help the department check tax returns and online payments, maintaining efficiency, and combating refund fraud. Funds for this will come from the IT Reserve.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
22 Replace Desktop Clients				
Funds the replacement of the Revenue Collection and Analysis System Desktop Client. Without these systems, taxes cannot be paid online, and cash cannot be certified to the state's bank account. More than 94% of taxpayers file their individual taxes online and rely on these systems. Funds for this will come from the IT Reserve.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
Taxpayer Communication				
23 Postage, Printing, and Mailing Services				
Increases the department's budget for printing, postage, and mailing costs. Printing needs have increased with population and business growth and DOR's efforts to improve taxpayer customer service. These funds support printing tax bills, notices, and refund checks, as well as rising postage costs. This increase in expenses will be funded using receipts from the Collection Assistance Fund, Budget Code 24704.	Req \$	- \$	- \$	1,030,000 \$
	Rec \$	- \$	- \$	1,030,000 \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
Total Change to Requirements	\$	2,084,666	\$	426,178
Total Change to Receipts	\$	-	\$	-
Total Change to Net Appropriations	\$	2,084,666	\$	426,178
Total Change to Full-Time Equivalent (FTE)		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	2,510,844
Total Change to Full-Time Equivalent (FTE)				0.000

Revenue - Lee Tax Credits (24706)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ -	\$ -	\$ 294,242	\$ 294,242	\$ 294,242	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ (294,242)	\$ (294,242)	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Transfers

1 Transfer - PC Hardware Refresh Increased Costs

Budgets the transfer to Budget Code 14700 for PC Hardware Refresh Increased Costs.	Req \$	-	\$ -	\$ -	\$ -	119,000
	Rec \$	-	\$ -	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	\$ -	(119,000)
	FTE	0.000	0.000	0.000	0.000	0.000

2 Transfer - AI Funding

Budgets the transfer to Budget Code 14700 for AI Software.	Req \$	-	\$ -	\$ -	\$ -	100,000
	Rec \$	-	\$ -	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	\$ -	(100,000)
	FTE	0.000	0.000	0.000	0.000	0.000

3 Transfer - Network Files End of Life Hardware Replacement

Budgets the transfer to Budget Code 14700 for the Network Files End of Life Hardware Replacement.	Req \$	-	\$ -	\$ -	\$ -	75,242
	Rec \$	-	\$ -	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	\$ -	(75,242)
	FTE	0.000	0.000	0.000	0.000	0.000

Total Change to Requirements	\$	-	\$ -	\$ -	\$ -	294,242
Total Change to Receipts	\$	-	\$ -	\$ -	\$ -	-
Total Change to Fund Balance	\$	-	\$ -	\$ -	\$ -	(294,242)
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$		\$ -	\$ -	\$ -	(294,242)
Total Change to Full-Time Equivalent (FTE)			0.000	0.000	0.000	0.000

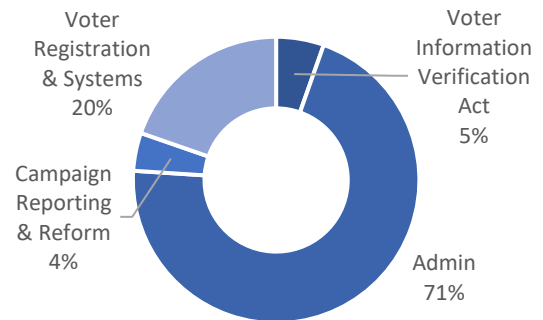
Mission

To supervise and support the lawful, accurate, secure, and transparent administration of elections and campaign finance for the people of North Carolina, ensuring election integrity, statewide uniformity, accountability, and public confidence.

Goals

1. Strengthen election integrity, security, and risk preparedness across infrastructure and processes.
2. Strengthen stewardship, accountability, and resource management through transparent fiscal and operational controls.
3. Advance statewide uniformity, performance, and compliance in elections administration across counties.
4. Expand transparency, public awareness, and stakeholder engagement to reinforce trust in elections.
5. Support a high-performing, modern, and collaborative workforce through training, tools, and modernization.

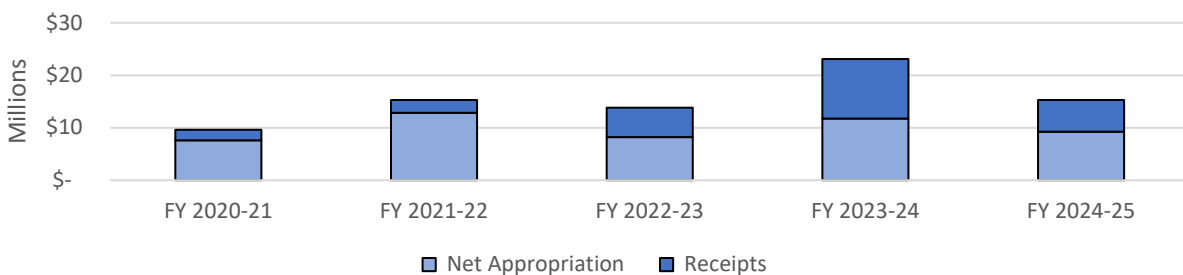
FY 2024-25 Actual Expenditures



Agency Profile

- Supervises the conduct of elections and the disclosure of campaign financing in North Carolina. Elections are administered by 100 county boards of elections under oversight of the State Board.
- Governed by a five-member State Board of Elections appointed by the Office of the State Auditor (OSA), with no more than three members from the same political party.
- Appoints four of the five members of each county board. The remaining member serves as chair and is appointed by OSA.
- Evaluates and certifies voting equipment used by county boards to administer elections.
- Develops, modernizes, and manages the State Election Management System (SEIMS), supporting voter registration, election administration, campaign finance, reporting, and data integrity.
- Establishes statewide standards, provides training and guidance to county boards, evaluates compliance with election laws, and supports counties through technical assistance, performance monitoring, and modernization initiatives.

5-Year Historical Expenditures*



Charts include General Fund budget codes only.

** FY2022-23 reflects additional non-recurring receipts related to Voter ID Program and S.L. 2023-140 changes. FY 2023-2024 reflects additional nonrecurring receipts related to Voter ID Program Carryforward and State Election Information Management System replacement. FY2024-25 reflects additional non-recurring appropriations related to Hurricane Helene.*

State Board of Elections - General (18025)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 27,601,729	\$ 210,000	\$ 45,421	\$ 255,421	\$ 27,857,150	0.9%
Receipts	\$ 15,102,000	\$ -	\$ -	\$ -	\$ 15,102,000	0.0%
Net Appropriation	\$ 12,499,729	\$ 210,000	\$ 45,421	\$ 255,421	\$ 12,755,150	2.0%
Positions (FTE)	72.000	-	-	-	72.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 11,101,729	\$ 1,726,146	\$ 382,421	\$ 2,108,567	\$ 13,210,296	19.0%
Receipts	\$ 102,000	\$ -	\$ -	\$ -	\$ 102,000	0.0%
Net Appropriation	\$ 10,999,729	\$ 1,726,146	\$ 382,421	\$ 2,108,567	\$ 13,108,296	19.2%
Positions (FTE)	72.000	2.000	-	2.000	74.000	2.8%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	210,000	\$ -	\$ 420,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	210,000	\$ -	\$ 420,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 87,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 87,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 51,340	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 51,340	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 45,421	\$ -	\$ 45,421
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 45,421	\$ -	\$ 45,421
FTE	0.000	0.000	0.000	0.000

Department-wide

5 Securing Election Integrity

Fundshifts the Chief Information Security Officer, additional IT staff, and IT software from federal Help America Vote Act (HAVA) grants to net appropriation. The State Board of Elections (SBE) expects to exhaust all awarded HAVA funds by the end of 2026. Maintaining these IT positions is essential to safeguarding election systems, which are designated as part of the nation's critical infrastructure. Moving this funding to net appropriation will stabilize support for positions and software services that are essential to monitoring and responding to election technology threats.

Req \$	-	\$ -	\$ 1,000,000	\$ 250,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 1,000,000	\$ 250,000
FTE	0.000	0.000	0.000	0.000

R Changes NR Changes R Changes NR Changes

Information Systems

6 Software Modernization

Invests funds from the IT Reserve to begin the third phase of an election software modernization initiative. Phase three will focus on redesigning the database, application, and reporting architecture for the Statewide Election Information Modernization System (SEIMS) and campaign finance systems. Phase one converted five legacy applications to modern software modules, and Phase two is completing the conversion of the remaining seven legacy applications and two web applications. Phase three will transform SEIMS and campaign finance from stabilized legacy systems to a fully integrated, modern election platform. Modernization is vital to making SBE's technology more secure, accessible, and centralized.

Req \$	-	\$	-	\$	-	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

Voter Services

7 Improving Voter Services

Funds operational needs to improve voter services, including a Web Manager to modernize the Board's website and a Campaign Finance Specialist to improve compliance, transparency, and revenue collection.

Req \$	-	\$	-	\$	254,806	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	254,806	\$	-
FTE	0.000		0.000		2.000		0.000

Total Change to Requirements	\$	210,000	\$	45,421	\$	1,726,146	\$	382,421
Total Change to Receipts	\$	-	\$	-	\$	-	\$	-
Total Change to Net Appropriations	\$	210,000	\$	45,421	\$	1,726,146	\$	382,421
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		2.000		0.000
<hr/>								
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			255,421	\$			2,108,567
Total Change to Full-Time Equivalent (FTE)				0.000				2.000

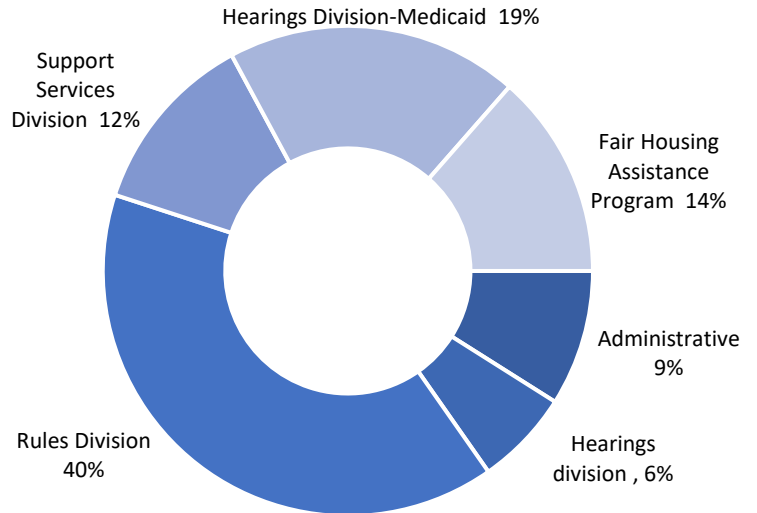
Mission

To serve North Carolinians with integrity, quality, and efficiency by providing an independent forum for prompt and impartial resolution of administrative law contested cases involving citizens and state agencies; functioning as the state’s codifier, publisher, and reviewer of all administrative rules; and investigating alleged acts of unlawful discrimination in employment and housing.

Goals

1. Conduct contested case hearings in compliance with statutory requirements and render final decisions that correctly apply the laws of North Carolina.
2. Manage dockets and case flow.
3. Conclude all cases and investigations in a timely manner.
4. Dispose of 90% of Medicaid Contested Filings within 90 days.
5. Publish rules, Rules Review Commission in review of rules and rulemaking training.
6. Reduce the time and simplify the process to formalize a charge of discrimination.

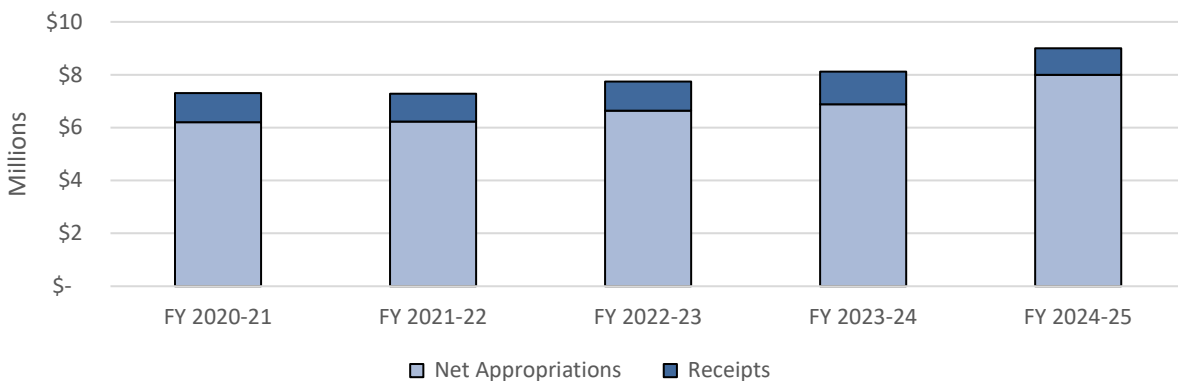
FY 2024-25 Actual Expenditures



Agency Profile

- Hears and renders administrative positions in a fair and impartial manner.
- Administers a uniform system of administrative rule making and review procedures for agencies.
- Acts as the official North Carolina Register and the North Carolina Administrative Code.
- Serves as the deferral agency for the Equal Employment Opportunity Commission and receives fair housing complaints from the U.S. Department of Housing and Urban Development.
- Investigates acts of discrimination in employment and housing, and staffs the Rules Review Commission and Human Relations Commission.
- Supports the State Human Resources Commission.

5-Year Historical Expenditures*



*Charts include General Fund budget codes only.

Office of Administrative Hearings (18210)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 9,822,073	\$ 152,000	\$ 32,987	\$ 184,987	\$ 10,007,060	1.9%
Receipts	\$ 1,521,520	\$ -	\$ -	\$ -	\$ 1,521,520	0.0%
Net Appropriation	\$ 8,300,553	\$ 152,000	\$ 32,987	\$ 184,987	\$ 8,485,540	2.2%
Positions (FTE)	58.790	-	-	-	58.790	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 9,836,140	\$ 1,974,111	\$ 112,987	\$ 2,087,098	\$ 11,923,238	21.2%
Receipts	\$ 1,521,520	\$ -	\$ -	\$ -	\$ 1,521,520	0.0%
Net Appropriation	\$ 8,314,620	\$ 1,974,111	\$ 112,987	\$ 2,087,098	\$ 10,401,718	25.1%
Positions (FTE)	58.790	-	-	-	58.790	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	152,000	\$ -	\$ 304,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	152,000	\$ -	\$ 304,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 80,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 80,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 16,863	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 16,863	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 32,987	\$ -	\$ 32,987
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 32,987	\$ -	\$ 32,987
FTE	0.000	0.000	0.000	0.000

Department-wide

5 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (116,366)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (116,366)	\$ -
FTE	0.000	0.000	(1.000)	0.000

6 Database Development System

Replaces the outdated, unsupported database used to manage and publish the North Carolina Administrative Code (NCAC) with a modern system that supports rule submissions, public comments, and publication workflows for approximately 18,000 administrative rules. Budgets receipts from the IT Reserve for system development and provides recurring General Fund appropriations to sustain annual maintenance and support needed to keep the system secure, reliable, and accessible for agencies and the public.

Req \$	-	\$ -	\$ 1,650,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 1,650,000	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Department-wide					
7 Financial Officer FTE					
Establishes an additional position to strengthen financial operations.	Req \$	-	\$ -	\$ 119,614	\$ -
The added role improves efficiency, increases checks and balances, and enhances internal controls in a unit currently only staffed by a Chief Financial Officer.	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 119,614	\$ -
	FTE	0.000	0.000	1.000	0.000
Total Change to Requirements	\$	152,000	\$ 32,987	\$ 1,974,111	\$ 112,987
Total Change to Receipts	\$	-	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$	152,000	\$ 32,987	\$ 1,974,111	\$ 112,987
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		184,987	\$	2,087,098
Total Change to Full-Time Equivalent (FTE)			0.000		0.000

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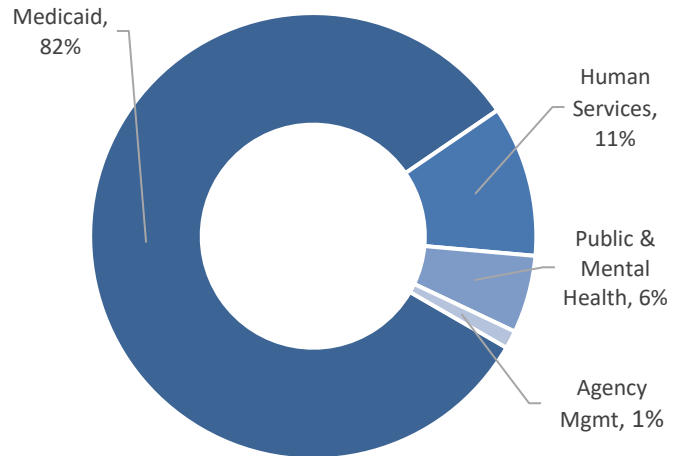
Mission

To provide essential services to improve the health, safety, and well-being of all North Carolinians, in collaboration with our partners.

Goals

1. Advance health access by increasing opportunity and outcomes for people who face greater health and situational challenges within NCDHHS and across the state.
2. Promote child and family well-being by making it easier for children and families to access the healthcare, programs, and supports they need.
3. Support behavioral health and resilience by prioritizing investments in coordinated systems of care that make mental health services easy to access when and where they are needed and reduce the stigma around accessing these services.
4. Build a strong and inclusive workforce that supports early learning, health, and wellness across North Carolina.
5. Achieve operational excellence by enabling efficient, effective, and innovative processes and services.

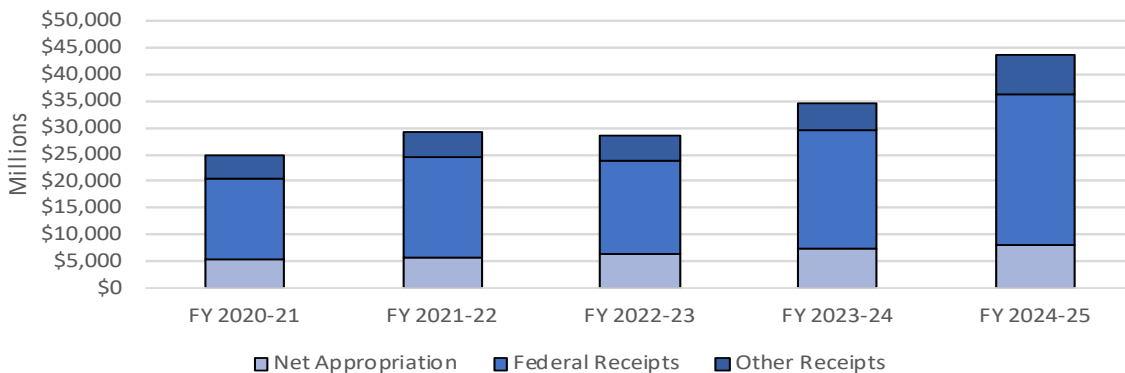
FY 2024-25 Actual Expenditures



Agency Profile

- Buys health through our Medicaid program, including working with underserved communities to improve quality health care access and reduce health disparities.
- Safeguards public health by protecting communities from communicable and chronic diseases, epidemics, and contaminated food/water.
- Protects the safety, security, and well-being of children and vulnerable adults.
- Supports individuals with disabilities and older adults in leading healthy and fulfilling lives. Promotes family economic independence and self-sufficiency.
- Ensures high standards in the many health care facilities we operate or regulate.

5-Year Historical Expenditures



Charts include General Fund budget codes only. Charts exclude pass-through transfers.

DHHS - Central Management and Support (14410)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 385,369,260	\$ 1,744,000	\$ 376,347	\$ 2,120,347	\$ 387,489,607	0.6%
Receipts	\$ 171,031,163	\$ -	\$ -	\$ -	\$ 171,031,163	0.0%
Net Appropriation	\$ 214,338,097	\$ 1,744,000	\$ 376,347	\$ 2,120,347	\$ 216,458,444	1.0%
Positions (FTE)	1,025.500	-	-	-	1,025.500	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 385,422,433	\$ 65,813,348	\$ 57,461,198	\$ 123,274,546	\$ 508,696,979	32.0%
Receipts	\$ 171,067,199	\$ 6,425,128	\$ 31,232,851	\$ 37,657,979	\$ 208,725,178	22.0%
Net Appropriation	\$ 214,355,234	\$ 59,388,220	\$ 26,228,347	\$ 85,616,567	\$ 299,971,801	39.9%
Positions (FTE)	1,025.500	(7.200)	-	(7.200)	1,018.300	(0.7)%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	1,744,000	\$ -	\$ 3,488,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	1,744,000	\$ -	\$ 3,488,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase. The Central Office will distribute the bonus to all DHHS divisions.

Req \$	-	\$ -	\$ -	\$ 25,852,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 25,852,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 456,850	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 456,850	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 376,347	\$ -	\$ 376,347
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 376,347	\$ -	\$ 376,347
FTE	0.000	0.000	0.000	0.000

HR 1

5 Administration Cost Shift-NC FAST Operations and Maintenance

Replaces reduced federal receipts for the Supplemental Nutrition Assistance Program (SNAP) to account for the increased administrative state cost share requirement in Public Law No.119-21 (HR 1). Starting October 1, 2026, the state must cover 75% of SNAP administrative costs, up from 50%. Funding sustains North Carolina Families Accessing Services through Technology (NC FAST) operations and maintenance of technology used by all 100 counties to process SNAP eligibility and benefits. The annualized impact of this investment is \$11,496,845.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ (9,238,501)	\$ -
App \$	-	\$ -	\$ 9,238,501	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
HR 1					
6 Administration Cost Shift-NC FAST Replacement Planning					
Replaces reduced federal receipts for SNAP to account for the increased administrative state cost share requirement in HR 1. Starting October 1, 2026, the state must cover 75% of SNAP administrative costs, up from 50%. This funding allows the Information Technology Division to continue planning to replace NC FAST with a cloud based, secure, and scalable system. This item is funded from the American Rescue Plan Act Temporary Savings Fund (ARPA TSF).	Req \$	-	\$ -	\$ -	\$ 68,305
	Rec \$	-	\$ -	\$ -	\$ 68,305
	App \$	-	\$ -	\$ -	\$ -
	FTE	0.000		0.000	
7 NC FAST Updates to Support Automation					
Supports additional automation in NC FAST targeted at reducing the SNAP payment error rate and integrating the new SNAP and Medicaid eligibility changes enacted in HR 1. Nonrecurring funding from the ARPA TSF will be used to implement SNAP proactive quality control (error screening) tools and AI based guidance to improve accuracy, reduce workload strain for county workers, and decrease errors.	Req \$	-	\$ -	\$ 6,219,747	\$ 2,890,917
	Rec \$	-	\$ -	\$ 6,148,804	\$ 2,890,917
	App \$	-	\$ -	\$ 70,943	\$ -
	FTE	0.000		0.000	
Information Technology					
8 Partnership and Technology Hub for North Carolina					
Supports the Partnership and Technology Hub for North Carolina (PATH NC), a unified statewide child welfare system that enables real-time tracking and coordinated care to promote safety, permanency, and well-being of children and families in accordance with Rylan's Law (SL 2017-41). The division will use the recurring funds for operations and maintenance of the two currently implemented Intake and Assessment modules. Nonrecurring funding from the ARPA TSF will be used for development and implementation of new Ongoing Case Management modules.	Req \$	-	\$ -	\$ 8,189,825	\$ 10,559,128
	Rec \$	-	\$ -	\$ 5,689,825	\$ 10,559,128
	App \$	-	\$ -	\$ 2,500,000	\$ -
	FTE	0.000		0.000	
9 Data Warehouse Modernization					
Provides funding to modernize the Client Services Data Warehouse and the Consumer Data Warehouse, which hold critical Medicaid, electronic health records, and SNAP data, and are essential for generating federally mandated reports. Nonrecurring funding from the ARPA TSF will be used for planning, development, and implementation of a new combined data warehouse.	Req \$	-	\$ -	\$ -	\$ 4,592,000
	Rec \$	-	\$ -	\$ -	\$ 4,592,000
	App \$	-	\$ -	\$ -	\$ -
	FTE	0.000		0.000	
10 Electronic Health Records System Operations and Maintenance					
Covers the operations and maintenance costs required for the Division of State Operated Health Facilities to maintain the electronic health record (EHR) system at all 13 of its facilities. The EHR system reduces administrative burden on providers and supports patient care and safety by streamlining data collection, enhancing security, improving continuity of care, and ensuring compliance with the Health Insurance Portability and Accountability Act and the NC Health Information Exchange Authority.	Req \$	-	\$ -	\$ 23,086,076	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 23,086,076	\$ -
	FTE	0.000		0.000	
Division-wide					
11 Vacant Position Reductions					
Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.	Req \$	-	\$ -	\$ (627,150)	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ (627,150)	\$ -
	FTE	0.000		0.000	
12 Transitions to Community Living - Sustaining Services for Existing Participants					
Provides funding for Transitions to Community Living (TCL) to cover increased housing costs for the 4,100 individuals in supportive housing, and sustain wraparound mental health services, ensuring compliance with the US Department of Justice Olmstead Settlement. TCL supports eligible adults with serious mental illness as they transition from institutions to community care settings.	Req \$	-	\$ -	\$ 21,500,000	\$ -
	Rec \$	-	\$ -	\$ 3,825,000	\$ -
	App \$	-	\$ -	\$ 17,675,000	\$ -
	FTE	0.000		0.000	

		R Changes	NR Changes	R Changes	NR Changes
Division-wide					
13 Transitions to Community Living - Transitioning New Individuals to the Community					
Appropriates additional funds to TCL to provide supportive housing, tenancy support, and wraparound mental health services for 200 additional eligible individuals with serious mental illness transitioning from institutions to community care settings or who are at risk of being admitted to an adult care home, in accordance with the US Department of Justice Olmstead Settlement.	Req \$	-	\$ -	\$ 3,500,000	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 3,500,000	\$ -
	FTE	0.000	0.000	0.000	0.000
14 Designated State Health Programs Federal Receipts					
Budgets additional federal receipts resulting from the Designated State Health Programs (DSHP) authority in the state's 1115 Waiver. This authority enables states to draw down federal Medicaid matching funds for existing 100% state funded health programs that serve low-income and underinsured individuals. The Division of Central Management and Support will transfer freed-up state funds resulting from the DSHP receipts to the Division of Health Benefits (DHB).	Req \$	-	\$ -	\$ -	\$ 13,122,501
	Rec \$	-	\$ -	\$ -	\$ 13,122,501
	App \$	-	\$ -	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000
Total Change to Requirements	\$	1,744,000	\$ 376,347	\$ 65,813,348	\$ 57,461,198
Total Change to Receipts	\$	-	\$ -	\$ 6,425,128	\$ 31,232,851
Total Change to Net Appropriations	\$	1,744,000	\$ 376,347	\$ 59,388,220	\$ 26,228,347
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	(7.200)	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		2,120,347	\$	85,616,567
Total Change to Full-Time Equivalent (FTE)			0.000		(7.200)

DHHS - Central Management - Special Fund (24410)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 3,310,007	\$ -	\$ -	\$ -	\$ 3,310,007	0.0%
Receipts	\$ 3,310,007	\$ -	\$ -	\$ -	\$ 3,310,007	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	36.000	-	-	-	36.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 3,310,007	\$ -	\$ 19,351,128	\$ 19,351,128	\$ 22,661,135	584.6%
Receipts	\$ 3,310,007	\$ -	\$ 19,351,128	\$ 19,351,128	\$ 22,661,135	584.6%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	36.000	-	-	-	36.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Information Technology

1 Partnership and Technology Hub for North Carolina

Budgets the transfer of \$10.6 million nonrecurring funds from the General Fund for the development and implementation of new modules.

Req \$	-	\$ -	-	\$ -	10,559,128
Rec \$	-	\$ -	-	\$ -	10,559,128
CFB \$	-	\$ -	-	\$ -	-
FTE	0.000		0.000		0.000

2 Data Warehouse

Budgets the transfer of \$4.6 million nonrecurring funds from the General Fund for the planning and development of a new data warehouse.

Req \$	-	\$ -	-	\$ -	4,592,000
Rec \$	-	\$ -	-	\$ -	4,592,000
CFB \$	-	\$ -	-	\$ -	-
FTE	0.000		0.000		0.000

Settlement Funds

3 Talc Settlement Funds

Budgets funds from the Johnson and Johnson talcum powder settlement to the Ovarian Cancer Mitigation Fund within the Division of Central Management to be allocated within the allowable uses of the Talc Settlement Fund, including a statewide campaign to raise awareness of ovarian cancer, promoting early screening and treatment, and strengthening data collection. Ovarian cancer is the eighth-leading cause of cancer-related deaths among women in North Carolina, with 50% of those diagnosed surviving beyond five years. These funds will support efforts to reduce ovarian cancer incidence and mortality rates.

Req \$	-	\$ -	-	\$ -	4,200,000
Rec \$	-	\$ -	-	\$ -	4,200,000
CFB \$	-	\$ -	-	\$ -	-
FTE	0.000		0.000		0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ -	19,351,128
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -	19,351,128
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -	-
Total Change to Full-Time Equivalent (FTE)	0.000		0.000		0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -		\$ -		-
Total Change to Full-Time Equivalent (FTE)			0.000		0.000

DHHS - Aging and Adult Services (14411)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 163,838,245	\$ 83,000	\$ 17,954	\$ 100,954	\$ 163,939,199	0.1%
Receipts	\$ 111,082,482	\$ -	\$ -	\$ -	\$ 111,082,482	0.0%
Net Appropriation	\$ 52,755,763	\$ 83,000	\$ 17,954	\$ 100,954	\$ 52,856,717	0.2%
Positions (FTE)	80.000	-	-	-	80.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 163,838,245	\$ 154,401	\$ 17,954	\$ 172,355	\$ 164,010,600	0.1%
Receipts	\$ 111,082,482	\$ -	\$ -	\$ -	\$ 111,082,482	0.0%
Net Appropriation	\$ 52,755,763	\$ 154,401	\$ 17,954	\$ 172,355	\$ 52,928,118	0.3%
Positions (FTE)	80.000	(0.700)	-	(0.700)	79.300	(0.9)%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	83,000	\$ -	\$ 166,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	83,000	\$ -	\$ 166,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 23,942	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 23,942	\$ -
FTE	0.000	0.000	0.000	0.000

3 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 17,954	\$ -	\$ 17,954
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 17,954	\$ -	\$ 17,954
FTE	0.000	0.000	0.000	0.000

Division-wide

4 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (35,541)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (35,541)	\$ -
FTE	0.000	0.000	(0.700)	0.000

Total Change to Requirements	\$	83,000	\$	17,954	\$	154,401	\$	17,954
Total Change to Receipts	\$	-	\$	-	\$	-	\$	-
Total Change to Net Appropriations	\$	83,000	\$	17,954	\$	154,401	\$	17,954
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		(0.700)		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	100,954	\$		\$	172,355
Total Change to Full-Time Equivalent (FTE)				0.000				(0.700)

DHHS - Child Development and Early Education (14420)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 932,523,432	\$ 20,059,000	\$ 12,856	\$ 20,071,856	\$ 952,595,288	2.2 %
Receipts	\$ 646,489,749	\$ -	\$ -	\$ -	\$ 646,489,749	0.0 %
Net Appropriation	\$ 286,033,683	\$ 20,059,000	\$ 12,856	\$ 20,071,856	\$ 306,105,539	7.0 %
Positions (FTE)	349.000	-	-	-	349.000	0.0 %

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 932,523,432	\$ 71,080,092	\$ 12,856	\$ 71,092,948	\$ 1,003,616,380	7.6 %
Receipts	\$ 646,489,749	\$ -	\$ -	\$ -	\$ 646,489,749	0.0 %
Net Appropriation	\$ 286,033,683	\$ 71,080,092	\$ 12,856	\$ 71,092,948	\$ 357,126,631	24.8 %
Positions (FTE)	349.000	(0.900)	-	(0.900)	348.100	(0.3) %

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	59,000	\$ -	\$ 118,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	59,000	\$ -	\$ 118,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 18,351	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 18,351	\$ -
FTE	0.000	0.000	0.000	0.000

3 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 12,856	\$ -	\$ 12,856
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 12,856	\$ -	\$ 12,856
FTE	0.000	0.000	0.000	0.000

Strengthening Child Care and Early Education for Working Families

4 Child Care Subsidy Federal Compliance and Statewide Rate Floor

Commits an additional \$80 million in fiscal year 2026-27, with a \$60 million investment from the General Fund and \$20 million in federal support from the Child Care and Development Fund block grant to stabilize child care infrastructure. These funds bring subsidy rates into federal compliance and implement a statewide subsidy reimbursement rate floor for all ages that will lift rates in low-income and rural counties. The US experienced over 20% inflation since North Carolina conducted the 2021 Child Care Market Rate Study (MRS), but families still receive child care subsidies based on that outdated data. This functional funding cut makes it harder for child care providers to keep tuition affordable for families and support wages that recruit and retain quality staff. Since subsidy rates are based on what providers can charge families rather than the true cost to provide care, some providers receive less than half of what it takes to provide quality child care. This has led to almost 8% of North Carolina's child care providers closing since 2021. Setting subsidy rates based on the 2023 MRS and creating a statewide reimbursement rate floor will help providers stay open to serve children and working families.

Req \$	20,000,000	\$ -	\$ 60,000,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	20,000,000	\$ -	\$ 60,000,000	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Strengthening Child Care and Early Education for Working Families				
5 NC Pre-K Program Investment				
Raises NC Pre-K slot reimbursement rates in all settings by 6%. By providing additional resources to recruit and retain qualified teachers and increasing administration support, these funds address fundamental barriers to stabilizing and expanding this nationally recognized model for early childhood education.	Req \$	- \$	- \$	11,000,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	11,000,000 \$
	FTE	0.000	0.000	0.000
Division-wide				
6 Vacant Position Reductions				
Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.	Req \$	- \$	- \$	(56,259) \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	(56,259) \$
	FTE	0.000	0.000	(0.900)
Total Change to Requirements	\$	20,059,000	\$	12,856
Total Change to Receipts	\$	-	\$	-
Total Change to Net Appropriations	\$	20,059,000	\$	12,856
Total Change to Full-Time Equivalent (FTE)		0.000		(0.900)
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	20,071,856
Total Change to Full-Time Equivalent (FTE)				0.000
				71,092,948
				(0.900)

DHHS - Public Health (14430)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 505,487,337	\$ 949,000	\$ 204,818	\$ 1,153,818	\$ 506,641,155	0.2 %
Receipts	\$ 372,996,756	\$ -	\$ -	\$ -	\$ 372,996,756	0.0 %
Net Appropriation	\$ 132,490,581	\$ 949,000	\$ 204,818	\$ 1,153,818	\$ 133,644,399	0.9 %
Positions (FTE)	1,236.535	-	-	-	1,236.535	0.0 %

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 505,489,709	\$ (4,932,554)	\$ 16,544,612	\$ 11,612,058	\$ 517,101,767	2.3 %
Receipts	\$ 379,471,610	\$ -	\$ 16,339,794	\$ 16,339,794	\$ 395,811,404	4.3 %
Net Appropriation	\$ 126,018,099	\$ (4,932,554)	\$ 204,818	\$ (4,727,736)	\$ 121,290,363	(3.8) %
Positions (FTE)	1,236.535	(8.900)	-	(8.900)	1,227.635	(0.7) %

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	949,000	\$ -	\$ 1,898,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	949,000	\$ -	\$ 1,898,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 259,774	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 259,774	\$ -
FTE	0.000	0.000	0.000	0.000

3 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 204,818	\$ -	\$ 204,818
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 204,818	\$ -	\$ 204,818
FTE	0.000	0.000	0.000	0.000

Division-wide

4 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (840,328)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (840,328)	\$ -
FTE	0.000	0.000	(8.900)	0.000

5 Carolina Pregnancy Care Fellowship (CPCF)

Eliminates General Fund appropriations for the Carolina Pregnancy Care Fellowship. Research suggests the services supported by this program are not evidence-based and lack transparent reporting.

Req \$	-	\$ -	\$ (6,250,000)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (6,250,000)	\$ -
FTE	0.000	0.000	0.000	0.000

6 Designated State Health Programs Federal Receipts

Budgets additional federal receipts resulting from the Designated State Health Programs (DSHP) authority in the state's 1115 Waiver. This authority enables states to draw down federal Medicaid matching funds for existing 100% state funded health programs that serve low-income and underinsured individuals. The Division of Public Health will transfer freed-up state funds resulting from the DSHP receipts to the Division of Health Benefits (DHB).

Req \$	-	\$ -	\$ -	\$ 16,339,794
Rec \$	-	\$ -	\$ -	\$ 16,339,794
App \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes		NR Changes		R Changes		NR Changes	
Total Change to Requirements	\$	949,000	\$	204,818	\$	(4,932,554)	\$	16,544,612
Total Change to Receipts	\$	-	\$	-	\$	-	\$	16,339,794
Total Change to Net Appropriations	\$	949,000	\$	204,818	\$	(4,932,554)	\$	204,818
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		(8.900)		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			1,153,818	\$			(4,727,736)
Total Change to Full-Time Equivalent (FTE)				0.000				(8.900)

DHHS - Public Health - Special Revenue - General Fund (24432)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 4,270,184	\$ -	\$ -	\$ -	\$ 4,270,184	0.0%
Receipts	\$ 4,207,189	\$ -	\$ -	\$ -	\$ 4,207,189	0.0%
Chg in Fund Balance	\$ (62,995)	\$ -	\$ -	\$ -	\$ (62,995)	0.0%
Positions (FTE)	1.000	-	-	-	1.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 4,270,184	\$ -	\$ 300,000	\$ 300,000	\$ 4,570,184	7.0%
Receipts	\$ 4,207,189	\$ -	\$ 300,000	\$ 300,000	\$ 4,507,189	7.1%
Chg in Fund Balance	\$ (62,995)	\$ -	\$ -	\$ -	\$ (62,995)	0.0%
Positions (FTE)	1.000	-	-	-	1.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Settlement Funds

1 Electric Tobacconist Settlement Funds

Budgets funds from the Electric Tobacconist Settlement to the Division of Public Health for the allowable uses of the settlement, including educating partners and stakeholders about evidence-based approaches that help youth quit tobacco/nicotine products and prevent initiation of tobacco/nicotine products. Funding includes a \$40,750 transfer to the Department of Justice to reimburse the Office of the Attorney General for litigation costs incurred in the case against The Electric Tobacconist, LLC.

Req \$	-	\$ -	\$ -	\$ -	\$ 275,000
Rec \$	-	\$ -	\$ -	\$ -	\$ 275,000
CFB \$	-	\$ -	\$ -	\$ -	-
FTE	0.000		0.000		0.000

2 Beard Vape Settlement Funds

Budgets funds from the Beard Vape Settlement to the Division of Public Health for the allowable uses of the settlement, including educating partners and stakeholders about evidence-based approaches that help youth quit tobacco/nicotine products and prevent initiation of tobacco/nicotine products. Funding includes a \$4,075 transfer to the Department of Justice to reimburse the Office of the Attorney General for litigation costs incurred in the case against Beard Vape Co., LLC.

Req \$	-	\$ -	\$ -	\$ -	\$ 25,000
Rec \$	-	\$ -	\$ -	\$ -	\$ 25,000
CFB \$	-	\$ -	\$ -	\$ -	-
FTE	0.000		0.000		0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -	-
Total Change to Full-Time Equivalent (FTE)		0.000	0.000		0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -		\$ -		-
Total Change to Full-Time Equivalent (FTE)			0.000		0.000

DHHS Youth Electronic Nicotine Abatement Fund - Interest Bearing (24433)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 327,766	\$ -	\$ -	\$ -	\$ 327,766	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chg in Fund Balance	\$ (327,766)	\$ -	\$ -	\$ -	\$ (327,766)	0.0%
Positions (FTE)	3.000	-	-	-	3.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 327,766	\$ -	\$ 6,000,000	\$ 6,000,000	\$ 6,327,766	1,830.6%
Receipts	\$ -	\$ -	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	0.0%
Chg in Fund Balance	\$ (327,766)	\$ -	\$ -	\$ -	\$ (327,766)	0.0%
Positions (FTE)	3.000	-	-	-	3.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Settlement Funds

1 JUUL Settlement Funds

Appropriates payments for years five and six of Juul Labs Inc. v. State of NC settlement funds. These funds will support the department's efforts to combat the vaping crisis among youth in North Carolina by carrying out the activities required in the judge's consent order settling the Juul Labs Inc. V. State of NC case.

Req \$	-	\$ -	-	\$ -	6,000,000
Rec \$	-	\$ -	-	\$ -	6,000,000
CFB \$	-	\$ -	-	\$ -	-
FTE	0.000		0.000		0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ -	6,000,000
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -	6,000,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -	-
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -		\$ -		-
Total Change to Full-Time Equivalent (FTE)			0.000		0.000

Division of Child and Family Wellbeing (14435)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 587,032,495	\$ 559,000	\$ 120,759	\$ 679,759	\$ 587,712,254	0.1%
Receipts	\$ 524,901,108	\$ -	\$ -	\$ -	\$ 524,901,108	0.0%
Net Appropriation	\$ 62,131,387	\$ 559,000	\$ 120,759	\$ 679,759	\$ 62,811,146	1.1%
Positions (FTE)	871.725	-	-	-	871.725	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 587,097,486	\$ 13,722,795	\$ 7,517,009	\$ 21,239,804	\$ 608,337,290	3.6%
Receipts	\$ 524,901,108	\$ 4,685,316	\$ 7,396,250	\$ 12,081,566	\$ 536,982,674	2.3%
Net Appropriation	\$ 62,196,378	\$ 9,037,479	\$ 120,759	\$ 9,158,238	\$ 71,354,616	14.7%
Positions (FTE)	871.725	19.200	-	19.200	890.925	2.2%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	559,000	\$ -	\$ 1,118,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	559,000	\$ -	\$ 1,118,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 173,243	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 173,243	\$ -
FTE	0.000	0.000	0.000	0.000

3 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 120,759	\$ -	\$ 120,759
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 120,759	\$ -	\$ 120,759
FTE	0.000	0.000	0.000	0.000

HR 1

4 Administration Cost Shift-SNAP Administration - DCFW

Replaces reduced federal receipts for the Supplemental Nutrition Assistance Program (SNAP) to account for the increased administrative state cost share requirement in Public Law No.119-21 (HR 1). Starting October 2026, the state must cover 75% of SNAP administrative costs, up from 50%. Funding sustains state-level administrative support that provides policy development, quality assurance and control, and training to all 100 counties. The annualized impact of this investment is \$1,386,777.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ (1,040,083)	\$ -
App \$	-	\$ -	\$ 1,040,083	\$ -
FTE	0.000	0.000	0.000	0.000

5 SNAP High Accuracy Review Program (SHARP)

Establishes the SNAP High Accuracy Review Program (SHARP). This program will provide state-level staffing to strengthen and support 100 county departments of social services in administering the SNAP program in accordance with US Department of Agriculture (USDA) policy following the passage of HR 1. This funding will help reduce the state's payment error rate and avoid the increased benefit cost share penalty associated with payment error rates that exceed 6%.

Req \$	-	\$ -	\$ 2,901,597	\$ -
Rec \$	-	\$ -	\$ 725,399	\$ -
App \$	-	\$ -	\$ 2,176,198	\$ -
FTE	0.000	0.000	25.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Division-wide				
6 Vacant Position Reductions				
Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.	Req \$ -	\$ -	\$ (470,045)	\$ -
	Rec \$ -	\$ -	\$ -	\$ -
	App \$ -	\$ -	\$ (470,045)	\$ -
	FTE 0.000	0.000	(5.800)	0.000
7 Summer Electronic Benefits Transfer Program for Children (SUN Bucks)				
Provides the required state matching funds to cover administrative costs of the Summer Electronic Benefits Transfer Program for Children (SUN Bucks). The USDA requires states to cover 50% of administration costs to leverage federal benefits. For eligible families, SUN Bucks offers \$40 per child per month for 3 months in grocery benefits, helping prevent hunger during the summer for children who depend on school meals for daily nutrition. In summer 2025, the state drew down more than \$125 million in grocery-buying benefits, supporting over 1 million students statewide.	Req \$ -	\$ -	\$ 10,000,000	\$ -
	Rec \$ -	\$ -	\$ 5,000,000	\$ -
	App \$ -	\$ -	\$ 5,000,000	\$ -
	FTE 0.000	0.000	0.000	0.000
8 Designated State Health Programs Federal Receipts				
Budgets additional federal receipts resulting from the Designated State Health Programs (DSHP) authority in the state's 1115 Waiver. This authority enables states to draw down federal Medicaid matching funds for existing 100% state funded health programs that serve low-income and underinsured individuals. The Division of Child and Family Well-Being will transfer freed-up state funds resulting from the DSHP receipts to the Division of Health Benefits (DHB).	Req \$ -	\$ -	\$ -	\$ 7,396,250
	Rec \$ -	\$ -	\$ -	\$ 7,396,250
	App \$ -	\$ -	\$ -	\$ -
	FTE 0.000	0.000	0.000	0.000
Total Change to Requirements	\$ 559,000	\$ 120,759	\$ 13,722,795	\$ 7,517,009
Total Change to Receipts	\$ -	\$ -	\$ 4,685,316	\$ 7,396,250
Total Change to Net Appropriations	\$ 559,000	\$ 120,759	\$ 9,037,479	\$ 120,759
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	19.200	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	679,759	\$ -	9,158,238
Total Change to Full-Time Equivalent (FTE)	-	0.000	-	19.200

DHHS - Social Services - General (14440)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,214,963,093	\$ 359,000	\$ 77,536	\$ 436,536	\$ 2,215,399,629	0.0%
Receipts	\$ 1,988,157,896	\$ -	\$ -	\$ -	\$ 1,988,157,896	0.0%
Net Appropriation	\$ 226,805,197	\$ 359,000	\$ 77,536	\$ 436,536	\$ 227,241,733	0.2%
Positions (FTE)	372.000	-	-	-	372.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,221,441,913	\$ 65,379,341	\$ 63,077,536	\$ 128,456,877	\$ 2,349,898,790	5.8%
Receipts	\$ 1,986,659,353	\$ 62,528,655	\$ 63,000,000	\$ 125,528,655	\$ 2,112,188,008	6.3%
Net Appropriation	\$ 234,782,560	\$ 2,850,686	\$ 77,536	\$ 2,928,222	\$ 237,710,782	1.2%
Positions (FTE)	372.000	4.500	-	4.500	376.500	1.2%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	359,000	\$ -	\$ 718,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	359,000	\$ -	\$ 718,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 109,215	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 109,215	\$ -
FTE	0.000	0.000	0.000	0.000

3 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 77,536	\$ -	\$ 77,536
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 77,536	\$ -	\$ 77,536
FTE	0.000	0.000	0.000	0.000

HR 1

4 Administration Cost Shift-Food and Nutrition Services Operations

Replaces reduced federal receipts for the Supplemental Nutrition Assistance Program (SNAP) to account for the increased administrative state cost share requirement in Public Law No.119-21 (HR 1). Starting October 1, 2026, the state must cover 75% of SNAP administrative costs, up from 50%. Funding sustains state-level administrative support for program integrity, oversight, compliance, and federally required operations. The annualized impact of this investment is \$2,083,824.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ (1,562,868)	\$ -
App \$	-	\$ -	\$ 1,562,868	\$ -
FTE	0.000	0.000	0.000	0.000

5 Quality Improvement Training Team

Strengthens the division's administrative capacity by expanding continuous quality improvement support to county departments of social services offices. New state-level staffing positions will allow the Division of Social Services to increase training and technical assistance support. This additional support will ensure county administration processes are aimed at reducing the payment error rate in compliance with HR 1 and avoid the increased benefit cost share penalty associated with payment error rates that exceed 6%.

Req \$	-	\$ -	\$ 907,117	\$ -
Rec \$	-	\$ -	\$ 295,947	\$ -
App \$	-	\$ -	\$ 611,170	\$ -
FTE	0.000	0.000	7.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Division-wide					
6 Vacant Position Reductions					
Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.	Req \$	- \$	- \$	(150,567) \$	- \$
	Rec \$	- \$	- \$	- \$	- \$
	App \$	- \$	- \$	(150,567) \$	- \$
	FTE	0.000	0.000	(2.500)	0.000
7 State Aid to Counties					
Invests in county departments of social services to address critical staffing shortages in Adult Protective Services, Child Protective Services, Medicaid and SNAP application processing, and other mandated services. This flexible funding allows counties to address the specific challenges facing their local workforce, including responding to the new SNAP requirements implemented in HR 1 and supporting general county DSS operations. This item is funded from the American Rescue Plan Act Temporary Savings Fund (ARPA TSF).	Req \$	- \$	- \$	- \$	63,000,000 \$
	Rec \$	- \$	- \$	- \$	63,000,000 \$
	App \$	- \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000	0.000
8 Reimbursements for County DSS-NC Health Works Administration					
Provides funds to reimburse county departments of social services to cover new county costs required to implement the new federally mandated work requirements and six-month redeterminations for the NC Health Works authorized in SL 2023-7.	Req \$	- \$	- \$	63,795,576 \$	- \$
	Rec \$	- \$	- \$	63,795,576 \$	- \$
	App \$	- \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000	0.000
Total Change to Requirements	\$	359,000	\$ 77,536	\$ 65,379,341	\$ 63,077,536
Total Change to Receipts	\$	-	\$ -	\$ 62,528,655	\$ 63,000,000
Total Change to Net Appropriations	\$	359,000	\$ 77,536	\$ 2,850,686	\$ 77,536
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	4.500	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		436,536	\$	2,928,222
Total Change to Full-Time Equivalent (FTE)			0.000		4.500

DHHS - Health Benefits - General Fund (14445)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 33,783,260,383	\$ 2,316,866,000	\$ 122,224	\$ 2,316,988,224	\$ 36,100,248,607	6.9%
Receipts	\$ 27,258,503,383	\$ 1,997,300,000	\$ -	\$ 1,997,300,000	\$ 29,255,803,383	7.3%
Net Appropriation	\$ 6,524,757,000	\$ 319,566,000	\$ 122,224	\$ 319,688,224	\$ 6,844,445,224	4.9%
Positions (FTE)	466.000	-	-	-	466.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 33,502,119,932	\$ 7,840,443,313	\$ 138,717,245	\$ 7,979,160,558	\$ 41,481,280,490	23.8%
Receipts	\$ 26,958,057,031	\$ 6,756,939,606	\$ 138,595,021	\$ 6,895,534,627	\$ 33,853,591,658	25.6%
Net Appropriation	\$ 6,544,062,901	\$ 1,083,503,707	\$ 122,224	\$ 1,083,625,931	\$ 7,627,688,832	16.6%
Positions (FTE)	466.000	(9.000)	-	(9.000)	457.000	(1.9)%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	566,000	\$ -	\$ 1,132,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	566,000	\$ -	\$ 1,132,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 122,224	\$ -	\$ 122,224
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 122,224	\$ -	\$ 122,224
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 148,383	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 148,383	\$ -
FTE	0.000	0.000	0.000	0.000

NC Health Works

4 NC Health Works Administration

Provides funds to cover new administrative costs for NC Health Works, authorized in SL 2023-7. This additional administrative funding is needed to ensure DHB can implement the new federally mandated work requirements and six-month redeterminations established in Public Law No.119-21 (HR 1). The agency will transfer the nonfederal share from the Health Advancement Receipts Special Fund.

Req \$	-	\$ -	\$ 26,237,347	\$ -
Rec \$	-	\$ -	\$ 26,237,347	\$ -
App \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

5 NC Health Works Services and Healthcare Access and Stabilization Program

Funds the rebased costs for the NC Health Works population authorized in SL 2023-7, including Medicaid managed care hospital reimbursements generated from the Healthcare Access and Stabilization Program (HASP) for the NC Health Works population.

Req \$	-	\$ -	\$ 4,428,376,820	\$ -
Rec \$	-	\$ -	\$ 4,428,376,820	\$ -
App \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

Division-wide

6 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (659,084)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (659,084)	\$ -
FTE	0.000	0.000	(9.000)	0.000

	R Changes	NR Changes	R Changes	NR Changes
Division-wide				
7 Medicaid Rebase				
Provides funds to reflect changes in the federal medical assistance percentage, as well as changes in enrollment, service utilization, costs, and capitation rates associated with the Medicaid program. The Medicaid Rebase covers the cost of sustaining the existing Medicaid program for the non-expansion population, which provides critical health care for more than two million North Carolinians. The rebase excludes policy changes and administrative expenses.	Req \$ 2,316,300,000	\$ -	\$ 3,286,179,957	\$ -
	Rec \$ 1,997,300,000	\$ -	\$ 2,238,982,235	\$ -
	App \$ 319,000,000	\$ -	\$ 1,047,197,722	\$ -
	FTE 0.000	0.000	0.000	0.000
8 Reentry Health Coverage and Care				
Enables the Division of Health Benefits (DHB) to provide health coverage and care to eligible people who are enrolled in Medicaid within the 90-day period prior to release from a correctional facility, youth development center, or jail. This coverage and care will improve physical, behavioral, and non-medical health outcomes, reduce recidivism, and reduce the risk of death and opioid overdose for people reentering into their communities. Initial services include case management, medication for opioid use disorder, and at least a 30-day supply of prescription medication. Other services, like physical and behavioral health clinical consultation services, will be phased in based on facility and provider readiness. The Division of Health Benefits (DHB) will use the funds freed up by the DSHP federal match to cover the recurring service costs in FY 2026-27, approximately \$3 million. The nonrecurring non-federal share of this item is funded from the American Rescue Plan Act Temporary Savings Fund (ARPA TSF).	Req \$ -	\$ -	\$ 9,000,000	\$ 80,000,000
	Rec \$ -	\$ -	\$ 9,000,000	\$ 80,000,000
	App \$ -	\$ -	\$ -	\$ -
	FTE 0.000	0.000	0.000	0.000
9 Innovation Waiver Slots				
Creates up to 200 Innovation Waiver slots. Innovation Waiver slots provide individualized services in the home and community for people who qualify for institutional level care due to intellectual or developmental disabilities (I/DD), reducing the current waitlist of more than 20,000 individuals and ensuring individuals can receive care in their communities, rather than in an institutional setting.	Req \$ -	\$ -	\$ 26,143,200	\$ -
	Rec \$ -	\$ -	\$ 16,803,600	\$ -
	App \$ -	\$ -	\$ 9,339,600	\$ -
	FTE 0.000	0.000	0.000	0.000
10 Managed Care Oversight				
Provides funds to sustain the Medicaid managed care model. Funds will cover contractual costs for core operations to ensure that the state can implement and oversee the managed care model including compliance, monitoring, reporting, and evaluation associated with all Medicaid managed care programs. The nonrecurring receipts reflect the transfer of the unexpended balance in the Medicaid Transformation Fund and expected federal receipts.	Req \$ -	\$ -	\$ 27,332,018	\$ 13,682,933
	Rec \$ -	\$ -	\$ 13,666,009	\$ 13,682,933
	App \$ -	\$ -	\$ 13,666,009	\$ -
	FTE 0.000	0.000	0.000	0.000
11 Medicaid Enterprise System				
Supports DHB's transition from the legacy Medicaid Managed Management Information System to the Medicaid Enterprise System (MES). The MES is a modular, modernized, data-driven system that manages the state's Medicaid claims, processing, and information retrieval. The transfer of \$6.1 million nonrecurring from the ARPA TSF will be matched with federal receipts to fund project costs. DHB will use nonrecurring funds to design, develop, and implement new modules, and recurring funds will be for operations and maintenance of existing modules. The MES will enable significant improvements in data collection and analytics, creating greater insight into spending and program improvement opportunities.	Req \$ -	\$ -	\$ 36,552,672	\$ 44,912,088
	Rec \$ -	\$ -	\$ 23,873,595	\$ 44,912,088
	App \$ -	\$ -	\$ 12,679,077	\$ -
	FTE 0.000	0.000	0.000	0.000
Total Change to Requirements	\$ 2,316,866,000	\$ 122,224	\$ 7,840,443,313	\$ 138,717,245
Total Change to Receipts	\$ 1,997,300,000	\$ -	\$ 6,756,939,606	\$ 138,595,021
Total Change to Net Appropriations	\$ 319,566,000	\$ 122,224	\$ 1,083,503,707	\$ 122,224
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	(9.000)	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	\$ 319,688,224	\$ -	\$ 1,083,625,931
Total Change to Full-Time Equivalent (FTE)		0.000		(9.000)

DHHS - Health Benefits - Special Fund (24445)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 166,907,457	\$ -	\$ -	\$ -	\$ 166,907,457	0.0%
Receipts	\$ 166,380,841	\$ -	\$ -	\$ -	\$ 166,380,841	0.0%
Chg in Fund Balance	\$ (526,616)	\$ -	\$ -	\$ -	\$ (526,616)	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 166,907,457	\$ 49,248,649	\$ -	\$ 49,248,649	\$ 216,156,106	29.5%
Receipts	\$ 166,380,841	\$ 49,248,649	\$ -	\$ 49,248,649	\$ 215,629,490	29.6%
Chg in Fund Balance	\$ (526,616)	\$ -	\$ -	\$ -	\$ (526,616)	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Division-wide

1 Designated State Health Programs Freed-Up Funds

Budgets freed up state funds realized through the Designated State Health Programs (DSHP) authority in the state's 1115 Waiver and transfers a portion to DHB's General Fund budget code. This authority enables states to draw down federal Medicaid matching funds for existing state funded health programs that serve low-income and underinsured individuals and are not currently eligible for a federal match. As established in the 1115 Waiver authority, DHB can only use freed-up state funds resulting from these additional receipts to support Reentry Health Coverage and Care.

Req \$	-	\$ -	\$ 49,248,649	\$ -
Rec \$	-	\$ -	\$ 49,248,649	\$ -
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ 49,248,649	\$ -
Total Change to Receipts	\$ -	\$ -	\$ 49,248,649	\$ -
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000

Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000

Medicaid Transformation (24447)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ -	\$ -	\$ 6,841,467	\$ 6,841,467	\$ 6,841,467	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ (6,841,467)	\$ (6,841,467)	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Division-wide

1 Transfer Medication Transformation Fund Balance to 14445

Transfers the fund balance to DHB's General Fund budget code to support the cost of operating Medicaid managed care.

Req \$	-	\$ -	-	\$ -	6,841,467
Rec \$	-	\$ -	-	\$ -	-
CFB \$	-	\$ -	-	\$ -	(6,841,467)
FTE	0.000		0.000		0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ -	6,841,467
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -	-
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -	(6,841,467)
Total Change to Full-Time Equivalent (FTE)		0.000		0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -		\$ -		(6,841,467)
Total Change to Full-Time Equivalent (FTE)			0.000		0.000

Health Advancement Receipts (24448)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,442,984,460	\$ -	\$ -	\$ -	\$ 1,442,984,460	0.0%
Receipts	\$ 1,549,225,000	\$ -	\$ -	\$ -	\$ 1,549,225,000	0.0%
Chg in Fund Balance	\$ 106,240,540	\$ -	\$ -	\$ -	\$ 106,240,540	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,433,978,338	\$ 1,058,696,490	\$ -	\$ 1,058,696,490	\$ 2,492,674,828	73.8%
Receipts	\$ 1,497,023,000	\$ 979,430,565	\$ -	\$ 979,430,565	\$ 2,476,453,565	65.4%
Chg in Fund Balance	\$ 63,044,662	\$ (79,265,925)	\$ -	\$ (79,265,925)	\$ (16,221,263)	(125.7)%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

NC Health Works

1 Health Advancement Assessment Hospital Receipts

Budgets hospital receipts from the Health Advancement Assessments structure established in SL 2023-7 and includes new hospital assessments to fund increased administrative costs due to federally required six-month redeterminations and work requirements established in HR 1.

Req \$	-	\$ -	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ 393,478,827	\$ -
CFB \$	-	\$ -	\$ -	\$ 393,478,827	\$ -
FTE	0.000		0.000		0.000

2 Gross Premiums Tax Offset Transfer

Deposits the transfer of the gross premiums tax revenue from the Department of Revenue according to GS 105-228.5C, which the Division of Health Benefits (DHB) will use to cover a portion of the state share of costs for NC Health Works.

Req \$	-	\$ -	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ 9,849,488	\$ -
CFB \$	-	\$ -	\$ -	\$ 9,849,488	\$ -
FTE	0.000		0.000		0.000

3 Transfer for NC Health Works Services and HASP - Transfer from Availability

Transfers funds from availability to the service fund in 24448 to pay for the rebased service and capitation costs associated with the NC Health Works Medicaid population and to make the HASP directed payments to prepaid health plans for hospital services provided to the NC Health Works Medicaid population.

Req \$	-	\$ -	\$ -	\$ 532,346,348	\$ -
Rec \$	-	\$ -	\$ -	\$ -	\$ -
CFB \$	-	\$ -	\$ -	\$ (532,346,348)	\$ -
FTE	0.000		0.000		0.000

4 Transfer for NC Health Works Services and HASP - Transfer to 14445

Transfers funds from the service fund in 24448 to 14445 to pay for the rebased service and capitation costs associated with the NC Health Works Medicaid population and to make the HASP directed payments to prepaid health plans for hospital services provided to the NC Health Works Medicaid population.

Req \$	-	\$ -	\$ -	\$ 440,437,682	\$ -
Rec \$	-	\$ -	\$ -	\$ 532,346,020	\$ -
CFB \$	-	\$ -	\$ -	\$ 91,908,338	\$ -
FTE	0.000		0.000		0.000

5 Transfer for State NC Health Works Administrative Costs - Transfer from Availability

Transfers funds from availability to the administration fund in 24448 to cover new administrative costs. This additional administrative funding is needed to ensure DHB can implement the new federally mandated work requirements and six-month redeterminations established in HR 1 for the NC Health Works population authorized in SL 2023-7.

Req \$	-	\$ -	\$ -	\$ 43,756,230	\$ -
Rec \$	-	\$ -	\$ -	\$ -	\$ -
CFB \$	-	\$ -	\$ -	\$ (43,756,230)	\$ -
FTE	0.000		0.000		0.000

6 Transfer for State NC Health Works Administrative Costs - Transfer to 14445

Transfers funds from the administration fund in 24448 to 14445. This additional administrative funding is needed to ensure DHB can implement the new federally mandated work requirements and six-month redeterminations established in HR 1 for the NC Health Works population authorized in SL 2023-7.

Req \$	-	\$ -	\$ -	\$ 10,258,442	\$ -
Rec \$	-	\$ -	\$ -	\$ 11,858,442	\$ -
CFB \$	-	\$ -	\$ -	\$ 1,600,000	\$ -
FTE	0.000		0.000		0.000

		R Changes	NR Changes	R Changes	NR Changes
NC Health Works					
7 Transfer for County NC Health Works Administrative Costs					
Transfers funds to the Division of Social Services to reimburse county departments of social services. This additional administrative funding will cover county costs required to implement the new federally mandated work requirements and six-month redeterminations established in HR 1 for the NC Health Works population authorized in SL 2023-7.	Req \$	-	\$ -	\$ 31,897,788	\$ -
	Rec \$	-	\$ -	\$ 31,897,788	\$ -
	CFB \$	-	\$ -	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000
Total Change to Requirements	\$	-	\$ -	\$ 1,058,696,490	\$ -
Total Change to Receipts	\$	-	\$ -	\$ 979,430,565	\$ -
Total Change to Fund Balance	\$	-	\$ -	\$ (79,265,925)	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$		\$ -		\$ (79,265,925)
Total Change to Full-Time Equivalent (FTE)			0.000		0.000

ARPA Temporary Savings (24449)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ -	\$ -	\$ 353,710,350	\$ 353,710,350	\$ 353,710,350	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ (353,710,350)	\$ (353,710,350)	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

ARPA TSF

1 Children's Hospital

Transfers funds to the State Capital Infrastructure Fund (SCIF) for funding to the University of North Carolina Board of Governors (UNC BOG) for UNC Health to construct, on behalf of the State of North Carolina, a new Children's Hospital in the Triangle area. The hospital will include a children's behavioral health hospital.

Req \$	-	\$ -	\$ -	\$ -	103,500,000
Rec \$	-	\$ -	\$ -	\$ -	-
CFB \$	-	\$ -	\$ -	\$ -	(103,500,000)
FTE	0.000		0.000		0.000

2 NC Care Clinics

Transfers funds to the SCIF to provide funds to the UNC BOG for the construction of three rural care centers as part of the NC Care initiative.

Req \$	-	\$ -	\$ -	\$ -	105,000,000
Rec \$	-	\$ -	\$ -	\$ -	-
CFB \$	-	\$ -	\$ -	\$ -	(105,000,000)
FTE	0.000		0.000		0.000

3 HR 1 - Administrative Cost Shift-NC FAST Replacement Planning

Transfers funds to the Division of Central Management and Support (CMS) to replace reduced federal receipts for the Supplemental Nutrition Assistance Program (SNAP) to account for the increased administrative state cost share requirement in Public Law No.119-21 (HR 1). This funding will allow the Information Technology Division (ITD) to continue planning to replace North Carolina Families Accessing Services through Technology (NC FAST with a cloud based, secure, and scalable system.

Req \$	-	\$ -	\$ -	\$ -	68,305
Rec \$	-	\$ -	\$ -	\$ -	-
CFB \$	-	\$ -	\$ -	\$ -	(68,305)
FTE	0.000		0.000		0.000

4 HR 1 - NC FAST Updates to Support Automation

Transfers funds to the CMS to support the integration of additional automation features in NC FAST targeted at reducing the SNAP payment error rate and integrating the new SNAP and Medicaid eligibility changes enacted in HR 1.

Req \$	-	\$ -	\$ -	\$ -	2,890,917
Rec \$	-	\$ -	\$ -	\$ -	-
CFB \$	-	\$ -	\$ -	\$ -	(2,890,917)
FTE	0.000		0.000		0.000

5 Implementation of New PATH NC Modules

Transfers funds to CMS for the development and implementation of new Partnership and Technology Hub for North Carolina (PATH NC) modules.

Req \$	-	\$ -	\$ -	\$ -	10,559,128
Rec \$	-	\$ -	\$ -	\$ -	-
CFB \$	-	\$ -	\$ -	\$ -	(10,559,128)
FTE	0.000		0.000		0.000

6 Data Warehouse Modernization

Transfers funds to CMS to modernize the Client Services Data Warehouse and the Consumer Data Warehouse, which hold critical Medicaid, electronic health record, and SNAP data, and are essential for generating federally mandated reports.

Req \$	-	\$ -	\$ -	\$ -	4,592,000
Rec \$	-	\$ -	\$ -	\$ -	-
CFB \$	-	\$ -	\$ -	\$ -	(4,592,000)
FTE	0.000		0.000		0.000

	R Changes	NR Changes	R Changes	NR Changes
ARPA TSF				
7 Reentry Health Coverage and Care				
Transfers funds to the Division of Health Benefits (DHB) for Reentry Health Coverage and Care to provide health coverage and care to eligible justice-involved people who are enrolled in Medicaid within the 90-day period prior to release from a correctional facility, youth development center, or jail.	Req \$	- \$	- \$	40,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(40,000,000)
	FTE	0.000	0.000	0.000
8 Medicaid Enterprise System				
Transfers funds to DHB for the design, development, and implementation of new Medicaid Enterprise System modules.	Req \$	- \$	- \$	6,100,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(6,100,000)
	FTE	0.000	0.000	0.000
9 State Aid to Counties				
Transfers funds to the Division of Social Services to support county departments of social services to address the specific challenges facing their local workforce, including responding to the new SNAP requirements implemented in HR 1 and supporting general county DSS operations	Req \$	- \$	- \$	63,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(63,000,000)
	FTE	0.000	0.000	0.000
10 Pilot to Improve the Involuntary Commitment Process				
Transfers funds to the Division of Mental Health, Developmental Disabilities, and Substance Use Services to develop a statewide data dashboard and pilot other improvements to the state's involuntary commitment process	Req \$	- \$	- \$	6,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(6,000,000)
	FTE	0.000	0.000	0.000
11 NC SAFE Campaign				
Transfers funds to the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention (DPS-DJJDP) to continue the critical statewide Secure all Firearms Effectively (NC SAFE) campaign to prevent firearm fatalities.	Req \$	- \$	- \$	1,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(1,000,000)
	FTE	0.000	0.000	0.000
12 Responder Assistance Initiative - Helene First Responders				
Transfers funds to DPS for the Responder Assistance Initiative to support Helene first responders.	Req \$	- \$	- \$	1,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(1,000,000)
	FTE	0.000	0.000	0.000
13 School Safety Grants				
Transfers funds to the State Bureau of Investigation for school safety grants to strengthen security with equipment including cameras, exterior locks and fences, weapon detection, and metal detectors.	Req \$	- \$	- \$	10,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(10,000,000)
	FTE	0.000	0.000	0.000
Total Change to Requirements	\$	- \$	- \$	353,710,350
Total Change to Receipts	\$	- \$	- \$	-
Total Change to Fund Balance	\$	- \$	- \$	(353,710,350)
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$		- \$	(353,710,350)
Total Change to Full-Time Equivalent (FTE)			0.000	0.000

DHHS - Services for the Blind/Deaf/Hard of Hearing (14450)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 47,458,913	\$ 112,000	\$ 21,980	\$ 133,980	\$ 47,592,893	0.3%
Receipts	\$ 37,993,401	\$ -	\$ -	\$ -	\$ 37,993,401	0.0%
Net Appropriation	\$ 9,465,512	\$ 112,000	\$ 21,980	\$ 133,980	\$ 9,599,492	1.4%
Positions (FTE)	339.500	-	-	-	339.500	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 47,467,828	\$ 4,285,553	\$ 21,980	\$ 4,307,533	\$ 51,775,361	9.1%
Receipts	\$ 38,001,826	\$ 3,269,425	\$ -	\$ 3,269,425	\$ 41,271,251	8.6%
Net Appropriation	\$ 9,466,002	\$ 1,016,128	\$ 21,980	\$ 1,038,108	\$ 10,504,110	11.0%
Positions (FTE)	339.500	(2.800)	-	(2.800)	336.700	(0.8)%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	112,000	\$ -	\$ 221,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	112,000	\$ -	\$ 221,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 33,960	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 33,960	\$ -
FTE	0.000	0.000	0.000	0.000

3 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 21,980	\$ -	\$ 21,980
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 21,980	\$ -	\$ 21,980
FTE	0.000	0.000	0.000	0.000

Division-wide

4 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (123,696)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (123,696)	\$ -
FTE	0.000	0.000	(2.800)	0.000

5 Strengthen the State's Vocational Rehabilitation Workforce

Addresses the vocational rehabilitation workforce shortage by increasing pay for a range of key positions by approximately 18% and by stabilizing community-based provider rates. The statewide average vacancy rate for the vocational rehabilitation workforce within the Division of Services for the Blind (DSB) is 22%, while the vacancy rate in some rural counties is nearly 40%. This investment will ensure that visually impaired, blind, or deafblind individuals currently receiving employment services and new applicants can access services and support in a timely manner, allowing them to meet their employment goals. This investment provides state matching funds required to draw down an additional \$3.2 million in federal Rehabilitation Services Administration grant funds.

Req \$	-	\$ -	\$ 4,154,289	\$ -
Rec \$	-	\$ -	\$ 3,269,425	\$ -
App \$	-	\$ -	\$ 884,864	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes		NR Changes		R Changes		NR Changes	
Division-wide								
Total Change to Requirements	\$	112,000	\$	21,980	\$	4,285,553	\$	21,980
Total Change to Receipts	\$	-	\$	-	\$	3,269,425	\$	-
Total Change to Net Appropriations	\$	112,000	\$	21,980	\$	1,016,128	\$	21,980
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		(2.800)		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			133,980	\$			1,038,108
Total Change to Full-Time Equivalent (FTE)				0.000				(2.800)

DHHS - Mental Health/Developmental Disabilities/Substance Abuse Services (14460)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,801,889,307	\$ 18,659,346	\$ 1,694,177	\$ 20,353,523	\$ 1,822,242,830	1.1%
Receipts	\$ 1,042,344,822	\$ -	\$ -	\$ -	\$ 1,042,344,822	0.0%
Net Appropriation	\$ 759,544,485	\$ 18,659,346	\$ 1,694,177	\$ 20,353,523	\$ 779,898,008	2.7%
Positions (FTE)	10,685.644	-	-	-	10,685.644	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,795,794,533	\$ 48,963,230	\$ 21,284,282	\$ 70,247,512	\$ 1,866,042,045	3.9%
Receipts	\$ 994,433,697	\$ -	\$ 19,590,105	\$ 19,590,105	\$ 1,014,023,802	2.0%
Net Appropriation	\$ 801,360,836	\$ 48,963,230	\$ 1,694,177	\$ 50,657,407	\$ 852,018,243	6.3%
Positions (FTE)	10,685.644	(48.900)	-	(48.900)	10,636.744	(0.5)%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	4,372,000	\$ -	\$ 8,731,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	4,372,000	\$ -	\$ 8,731,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	149,156	\$ -	\$ 223,734	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	149,156	\$ -	\$ 223,734	\$ -
FTE	0.000	0.000	0.000	0.000

3 Nurse Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all nurses and healthcare technicians, for a total increase of 15%. North Carolina currently has the eighth-worst nursing shortage in the nation and is projected to rank second-worst by 2038. Strengthening the frontline workforce will enhance behavioral health care by ensuring safer, more stable treatment environments, and timely access to critical and consistent care for individuals with complex behavioral health needs.

Req \$	14,138,190	\$ -	\$ 21,207,285	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	14,138,190	\$ -	\$ 21,207,285	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 1,694,177	\$ -	\$ 1,694,177
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 1,694,177	\$ -	\$ 1,694,177
FTE	0.000	0.000	0.000	0.000

5 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 2,554,713	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 2,554,713	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
State Operated Health Facilities				
6 Behavioral Health Units				
Provides funding to open two new units at the Division of State Operated Health Facilities (DSOHF) psychiatric hospitals, reducing wait times for inpatient mental health care and decreasing pressure on emergency departments. This funding will enable the state to operationalize 48 new beds, expanding the state's capacity to provide critical care to North Carolinians with complex mental health needs who require intensive levels of care. This funding will also address the increase in demand for inpatient behavioral health services resulting from the passage of Iryna's Law, which directs the use of mental health assessments to determine whether individuals who have been arrested should be involuntarily committed for mandatory treatment in a psychiatric facility.	Req \$	- \$	- \$	12,000,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	12,000,000 \$
	FTE	0.000	0.000	0.000
7 Vacant Position Reductions				
Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.	Req \$	- \$	- \$	(4,453,502) \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	(4,453,502) \$
	FTE	0.000	0.000	(48.900)
8 Expand the State Funded Co-Response Model				
Provides recurring funds to support the creation of 50 new co-response teams in rural counties across the state. Co-response teams are comprised of a police officer or first responder and a licensed behavioral health clinician. Evidence shows that co-response teams increase the likelihood of crisis de-escalation, decrease the need for use of force and arrest, and support the connection of an individual to appropriate behavioral health services in their community.	Req \$	- \$	- \$	8,700,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	8,700,000 \$
	FTE	0.000	0.000	0.000
9 Pilot to Improve the Involuntary Commitment Process				
Supports the Division of Mental Health, Developmental Disabilities, and Substance Use Disorder (DMH) in implementing a pilot to improve the involuntary commitment (IVC) process. Funds will cover the cost of enhanced data collection throughout the IVC process and the creation of a statewide data dashboard of actionable data for state and community partners. These funds also allow the division to create a new certification and training process for designated crisis responders, certifying certain responders to serve as qualified examiners and addressing the shortage of qualified commitment examiners across the state. Up to \$1 million can be used for an evaluation. This item is funded from the American Rescue Plan Act Temporary Savings Fund (ARPA TSF).	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	6,000,000 \$
	FTE	0.000	0.000	0.000
10 Authorize Receipts for Critical IT Systems Upgrade				
Authorizes the division to use Mixed Beverage Tax revenue established in GS 18B-805(b)(3) to replace outdated IT systems that support the division's substance use prevention and treatment goals. The new system will integrate existing platforms, improve processes, and enable data collection within one system to enhance the Driving While Impaired Services, Drug Education School, and the Drug Control Unit programs.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	1,200,000 \$
	FTE	0.000	0.000	0.000
11 Designated State Health Programs Federal Receipts				
Budgets additional federal receipts resulting from the Designated State Health Programs (DSHP) authority in the state's 1115 Waiver. This authority enables states to draw down federal Medicaid matching funds for existing 100% state funded health programs that serve low-income and underinsured individuals. DMH will transfer freed-up state funds resulting from the DSHP receipts to the Division of Health Benefits.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	12,390,105 \$
	FTE	0.000	0.000	0.000

	R Changes		NR Changes		R Changes		NR Changes	
Division-wide								
Total Change to Requirements	\$	18,659,346	\$	1,694,177	\$	48,963,230	\$	21,284,282
Total Change to Receipts	\$	-	\$	-	\$	-	\$	19,590,105
Total Change to Net Appropriations	\$	18,659,346	\$	1,694,177	\$	48,963,230	\$	1,694,177
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		(48.900)		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			20,353,523	\$			50,657,407
Total Change to Full-Time Equivalent (FTE)				0.000				(48.900)

DHHS - Health Services Regulation (14470)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 83,899,593	\$ 620,000	\$ 133,810	\$ 753,810	\$ 84,653,403	0.9%
Receipts	\$ 57,834,172	\$ -	\$ -	\$ -	\$ 57,834,172	0.0%
Net Appropriation	\$ 26,065,421	\$ 620,000	\$ 133,810	\$ 753,810	\$ 26,819,231	2.9%
Positions (FTE)	585.500	-	-	-	585.500	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 83,907,139	\$ 3,042,471	\$ 173,810	\$ 3,216,281	\$ 87,123,420	3.8%
Receipts	\$ 57,841,718	\$ 588,484	\$ -	\$ 588,484	\$ 58,430,202	1.0%
Net Appropriation	\$ 26,065,421	\$ 2,453,987	\$ 173,810	\$ 2,627,797	\$ 28,693,218	10.1%
Positions (FTE)	585.500	8.000	-	8.000	593.500	1.4%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	620,000	\$ -	\$ 1,240,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	620,000	\$ -	\$ 1,240,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 176,938	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 176,938	\$ -
FTE	0.000	0.000	0.000	0.000

3 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 133,810	\$ -	\$ 133,810
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 133,810	\$ -	\$ 133,810
FTE	0.000	0.000	0.000	0.000

Division-wide

4 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (167,385)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (167,385)	\$ -
FTE	0.000	0.000	(2.000)	0.000

5 Acute Care & Nursing Home Licensure Positions

Creates positions to increase the division's capacity to adhere to federal and state regulations. This investment will bolster the division's ability to investigate complaints, eliminate backlogs of health care facility inspections in acute care facilities and nursing homes, and process expedited licensure applications for residential mental health facilities. These positions are critical to addressing facility-reported incidents in state inspected and regulated facilities, many of which are overdue for inspection.

Req \$	-	\$ -	\$ 1,505,544	\$ 40,000
Rec \$	-	\$ -	\$ 301,110	\$ -
App \$	-	\$ -	\$ 1,204,434	\$ 40,000
FTE	0.000	0.000	10.000	0.000

6 Increase Construction Plan Review Fees Retained by Division

Budgets additional receipts to the Division as a result of amending the cap of the Construction Plan Review Fees retained in G.S. 131E-267.

Req \$	-	\$ -	\$ 287,374	\$ -
Rec \$	-	\$ -	\$ 287,374	\$ -
App \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes		NR Changes	
Division-wide				
Total Change to Requirements	\$	620,000	\$	133,810
Total Change to Receipts	\$	-	\$	-
Total Change to Net Appropriations	\$	620,000	\$	133,810
Total Change to Full-Time Equivalent (FTE)		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	753,810
Total Change to Full-Time Equivalent (FTE)				8.000

DHHS - Employment and Independence for People with Disabilities (14480)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 190,473,165	\$ 447,000	\$ 96,470	\$ 543,470	\$ 191,016,635	0.3%
Receipts	\$ 146,712,229	\$ -	\$ -	\$ -	\$ 146,712,229	0.0%
Net Appropriation	\$ 43,760,936	\$ 447,000	\$ 96,470	\$ 543,470	\$ 44,304,406	1.2%
Positions (FTE)	978.000	-	-	-	978.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 190,509,552	\$ 10,794,372	\$ 96,470	\$ 10,890,842	\$ 201,400,394	5.7%
Receipts	\$ 146,737,025	\$ 7,880,072	\$ -	\$ 7,880,072	\$ 154,617,097	5.4%
Net Appropriation	\$ 43,772,527	\$ 2,914,300	\$ 96,470	\$ 3,010,770	\$ 46,783,297	6.9%
Positions (FTE)	978.000	(5.400)	-	(5.400)	972.600	(0.6)%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	447,000	\$ -	\$ 894,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	447,000	\$ -	\$ 894,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 96,470	\$ -	\$ 96,470
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 96,470	\$ -	\$ 96,470
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 154,062	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 154,062	\$ -
FTE	0.000	0.000	0.000	0.000

Division-wide

4 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (266,488)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (266,488)	\$ -
FTE	0.000	0.000	(5.400)	0.000

5 Strengthen the State's Vocational Rehabilitation Workforce

Stabilizes the vocational rehabilitation workforce by increasing pay for a range of key positions by approximately 18%. The statewide average vacancy rate for the vocational rehabilitation workforce across the Division of Employment and Independence for People with Disabilities is 21%, while the vacancy rate in some rural counties is higher. This investment will ensure that more than 27,000 individuals with disabilities currently receiving employment services and new applicants can access services and support in a timely manner, allowing them to meet their employment goals. This investment provides state matching funds required to draw down additional federal Rehabilitation Services Administration grant funds.

Req \$	-	\$ -	\$ 10,012,798	\$ -
Rec \$	-	\$ -	\$ 7,880,072	\$ -
App \$	-	\$ -	\$ 2,132,726	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes		NR Changes	
Division-wide				
Total Change to Requirements	\$	447,000	\$	96,470
Total Change to Receipts	\$	-	\$	-
Total Change to Net Appropriations	\$	447,000	\$	96,470
Total Change to Full-Time Equivalent (FTE)		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	543,470
Total Change to Full-Time Equivalent (FTE)				0.000

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Mission

To protect and preserve the rights and liberties of all the people, as guaranteed by the Constitutions and laws of the United States and North Carolina, by providing a fair, independent, and accessible forum for the just, timely, and economical resolution of their legal affairs.

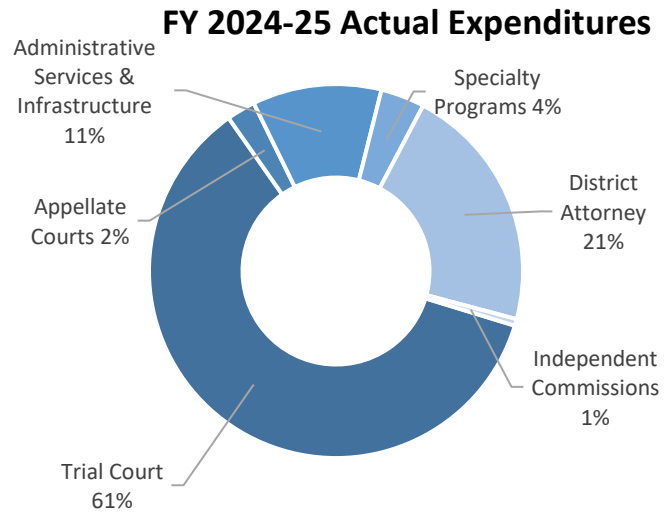
Administrative Office of the Courts assists and equips the General Court of Justice in fulfilling its constitutional mandate to timely dispense equal justice under the law.

Goals

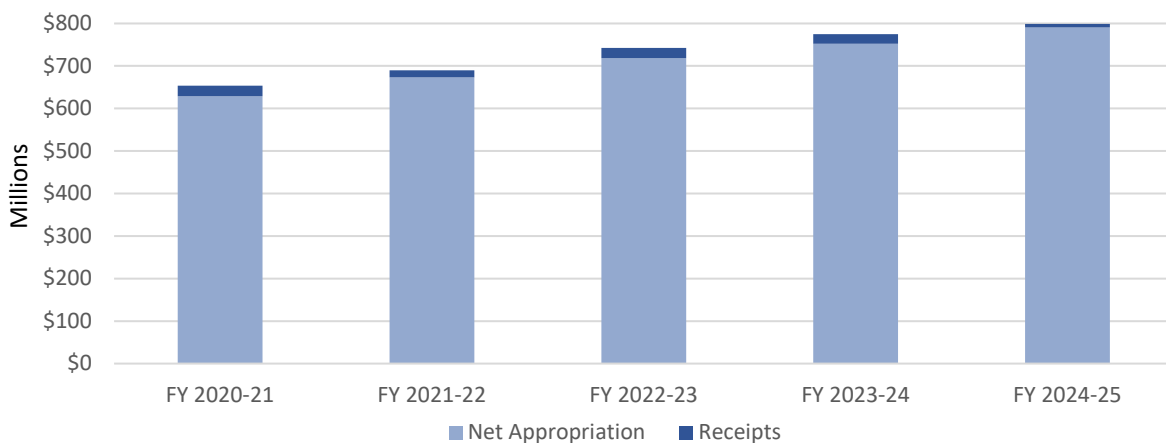
1. Strengthen fairness in the state court system.
2. Improve meaningful access to the courts for all North Carolinians.
3. Promote efficient case management that saves time and supports good stewardship of taxpayer dollars.

Agency Profile

- Employs approximately 450 NCAOC staff positions to support the needs of 556 independently elected court officials and over 7,000 total court personnel.
- Provides centralized operations and support for the field, including Human Resources, Financial Services, Training, and Technology Services.
- Budgets and authorizes expenditures, identifying staffing needs statewide, procuring and distributing equipment and supplies, prescribing uniform practices for clerks, and making recommendations for the overall improvement of the Judicial Branch.



5-Year Historical Expenditures



Charts include General Fund budget code only.

Judicial - AOC - General Fund (12000)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 815,807,439	\$ 17,865,245	\$ 4,056,158	\$ 21,921,403	\$ 837,728,842	2.7%
Receipts	\$ 13,409,807	\$ -	\$ -	\$ -	\$ 13,409,807	0.0%
Net Appropriation	\$ 802,397,632	\$ 17,865,245	\$ 4,056,158	\$ 21,921,403	\$ 824,319,035	2.7%
Positions (FTE)	6,618.450	-	-	-	6,618.450	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 803,548,929	\$ 55,209,350	\$ 19,861,035	\$ 75,070,385	\$ 878,619,314	9.3%
Receipts	\$ 1,209,807	\$ -	\$ -	\$ -	\$ 1,209,807	0.0%
Net Appropriation	\$ 802,339,122	\$ 55,209,350	\$ 19,861,035	\$ 75,070,385	\$ 877,409,507	9.4%
Positions (FTE)	6,618.450	4.000	-	4.000	6,622.450	0.1%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	17,817,000	\$ -	\$ 35,634,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	17,817,000	\$ -	\$ 35,634,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 10,976,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 10,976,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 4,971,983	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 4,971,983	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement - TSERS Members

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 3,046,713	\$ -	\$ 3,046,713
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 3,046,713	\$ -	\$ 3,046,713
FTE	0.000	0.000	0.000	0.000

5 Retiree Supplement - CJRS Members

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 1,009,445	\$ -	\$ 1,009,445
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 1,009,445	\$ -	\$ 1,009,445
FTE	0.000	0.000	0.000	0.000

6 Consolidated Judicial Retirement System Contributions

Adjusts the State's contribution for members of the Consolidated Judicial Retirement System (CJRS) supported by the General Fund to fund the actuarially determined contribution.

Req \$	-	\$ -	\$ 2,090,800	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 2,090,800	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Reserve for Salaries and Benefits					
7 Law Enforcement Officer Salary Increase					
Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.	Req \$	48,245	\$ -	\$ 72,367	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	48,245	\$ -	\$ 72,367	\$ -
	FTE	0.000	0.000	0.000	0.000
Support of Court Programs					
8 Criminal Justice Information Network Transfer					
Transfers the Criminal Justice Information Network (CJIN) from the Department of Public Safety (DPS) to AOC. CJIN promotes the sharing of criminal justice information between state and local agencies. CJIN administers the Electronic Global Positioning System Monitoring Program to enforce court-mandated "no-contact" orders for defendants accused of crimes related to stalking, sexual assault, domestic abuse, and violations of a domestic violence protective order. Funds are also included to continue this program in the 63 counties where it currently operates.	Req \$	-	\$ -	\$ 7,633,904	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 7,633,904	\$ -
	FTE	0.000	0.000	2.000	0.000
9 Guardian Ad Litem Contract Rate					
Provides funds to increase the Guardian Ad Litem (GAL) contract rate by \$10 per hour. This funding will align the GAL contract rate with the court-appointed public defender rate. This adjustment strengthens attorney recruitment and retention for the GAL Program, which struggles to attract attorneys to serve children in need of legal advocacy at current rates.	Req \$	-	\$ -	\$ 1,009,265	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 1,009,265	\$ -
	FTE	0.000	0.000	0.000	0.000
10 Certified Court Interpreter Funding					
Expands interpreter services by increasing contract rates and adding fulltime capacity to ensure meaningful access to the courts for North Carolinians with limited English proficiency. Higher contract rates make the state more competitive with neighboring jurisdictions and additional fulltime capacity strengthens dueprocess protections across the court system.	Req \$	-	\$ -	\$ 1,797,031	\$ 5,048
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 1,797,031	\$ 5,048
	FTE	0.000	0.000	2.000	0.000
Court Technology Transformation					
11 Information Technology Needs					
Updates critical information technology infrastructure by replacing outdated equipment and strengthening cybersecurity and innetwork licensing. The Administrative Office of the Courts (AOC) must meet technological needs for staff in all 100 counties. This investment will provide necessary upgrades to enable departmental operations and continuity.	Req \$	-	\$ -	\$ 2,000,000	\$ 4,823,829
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 2,000,000	\$ 4,823,829
	FTE	0.000	0.000	0.000	0.000
Total Change to Requirements	\$	17,865,245	\$ 4,056,158	\$ 55,209,350	\$ 19,861,035
Total Change to Receipts	\$	-	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$	17,865,245	\$ 4,056,158	\$ 55,209,350	\$ 19,861,035
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	4.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		21,921,403	\$	75,070,385
Total Change to Full-Time Equivalent (FTE)			0.000		4.000

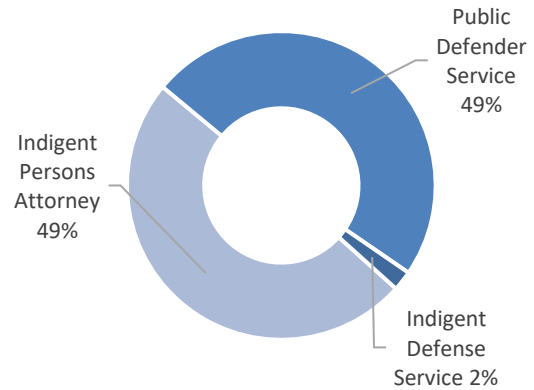
Mission

To uphold the constitutional promise of counsel for every indigent person by supporting a system of independent public defense grounded in quality, consistency, and accountability. We provide the resources, training, and policy framework public defense attorneys need to deliver effective, client-centered representation across North Carolina.

Goals

1. Continue to implement a comprehensive long-term plan for provision of quality client service in 100 counties.
2. Improve compensation and case-related support to all appointed counsel to build private assigned counsel rosters and to improve client outcomes. Balance increased efficiency of court operations with effectiveness of counsel through robust, well-informed defense bar.
3. Improve agency administrative support for and communications to public defense attorneys to help improve client outcomes and to increase efficiency of agency operations.

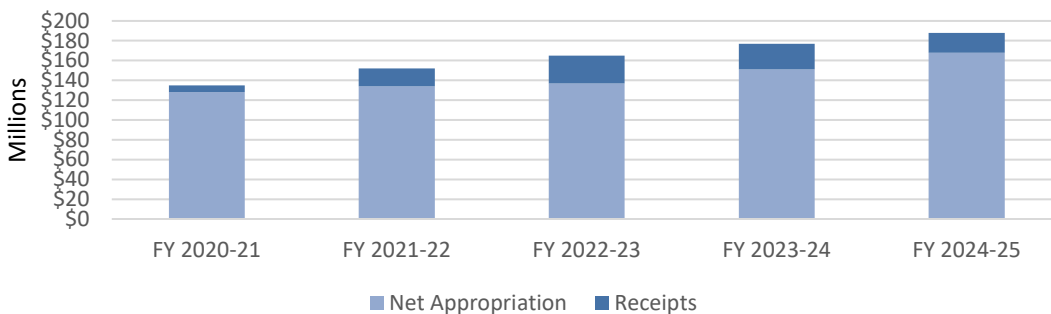
FY 2024-25 Actual Expenditures



Agency Profile

- Administers and implements policy as directed by the 13-member Indigent Defense Commission, including direct support for court-appointed counsel through resources such as Forensic Resource Counsel and Regional Defenders.
- Manages the Private Assigned Counsel Fund, which pays court-appointed attorneys to represent indigent individuals, as provisioned by a carefully monitored process to ensure speedy payment of attorney and expert fee applications.
- Administers and oversees statewide defender programs: Offices of the Appellate Defender, Capital Defender, Juvenile Defender, Parent Representation, and Special Counsel.
- Provides administrative and budget oversight for Public Defender Offices in 27 court districts.
- Develops training and qualification and performance standards to govern the provision of legal services to indigent persons.

5-Year Historical Expenditures



Charts include General Fund budget code only.

Judicial - AOC - Indigent Defense Services (12001)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 185,757,364	\$ 2,361,000	\$ 611,835	\$ 2,972,835	\$ 188,730,199	1.6%
Receipts	\$ 13,994,851	\$ -	\$ -	\$ -	\$ 13,994,851	0.0%
Net Appropriation	\$ 171,762,513	\$ 2,361,000	\$ 611,835	\$ 2,972,835	\$ 174,735,348	1.7%
Positions (FTE)	733.000	-	-	-	733.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 175,775,738	\$ 9,174,070	\$ 11,755,667	\$ 20,929,737	\$ 196,705,475	11.9%
Receipts	\$ 13,994,851	\$ -	\$ -	\$ -	\$ 13,994,851	0.0%
Net Appropriation	\$ 161,780,887	\$ 9,174,070	\$ 11,755,667	\$ 20,929,737	\$ 182,710,624	12.9%
Positions (FTE)	733.000	21.000	-	21.000	754.000	2.9%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	2,361,000	\$ -	\$ 4,722,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	2,361,000	\$ -	\$ 4,722,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 1,011,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 1,011,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 574,129	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 574,129	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement - TSERS Members

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 119,280	\$ -	\$ 119,280
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 119,280	\$ -	\$ 119,280
FTE	0.000	0.000	0.000	0.000

5 Retiree Supplement - CJRS Members

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 492,555	\$ -	\$ 492,555
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 492,555	\$ -	\$ 492,555
FTE	0.000	0.000	0.000	0.000

6 Consolidated Judicial Retirement System Contributions

Adjusts the State's contribution for members of the Consolidated Judicial Retirement System (CJRS) supported by the General Fund to fund the actuarially determined contribution.

Req \$	-	\$ -	\$ 1,020,200	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 1,020,200	\$ -
FTE	0.000	0.000	0.000	0.000

Department-wide

7 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (84,658)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (84,658)	\$ -
FTE	0.000	0.000	(1.000)	0.000

R Changes NR Changes R Changes NR Changes

Department-wide

8 Indigency Determination Pilot Project

Creates a technology-based pilot program for determining indigency status. The current manual paper process makes it difficult to verify individual details. Through this pilot, an individual's identity will be verified in real time, preventing errors in later processes. Non-recurring funding will be transferred from the IT Reserve.

Req \$	-	\$	-	\$	38,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	38,000	\$	-
FTE	0.000		0.000		0.000		0.000

Public Defender Capacity

9 Additional Staffing to Respond to Iryna's Law

Provides funds for PD and Legal Assistant positions in the Office of the Capital Defender, the Office of the Appellate Defender, and District 26 for the department to adequately respond to SL 2025-93 (Iryna's Law), which requires the resolution of all capital post-conviction motions and direct appeals within two years. This increased capacity will allow for more expedient case disposition and address an increase in demand for services.

Req \$	-	\$	-	\$	2,904,399	\$	132,832
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	2,904,399	\$	132,832
FTE	0.000		0.000		22.000		0.000

Support for Private Assigned Counsel

10 Private Assigned Counsel Funding Gap

Provides funds to cover the gap for Private Assigned Counsel (PAC) representation to reduce the current deficit and prevent depletion of the fund. This support will facilitate the timely repayment of PAC attorneys for their services and will allow indigent defendants to maintain representation. PAC attorneys remain necessary due to an increase in cases across the state and the need to address conflict cases that Public Defender (PD) offices cannot take on.

Req \$	-	\$	-	\$	-	\$	10,000,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	-	\$	10,000,000
FTE	0.000		0.000		0.000		0.000

Total Change to Requirements	\$	2,361,000	\$	611,835	\$	9,174,070	\$	11,755,667
Total Change to Receipts	\$	-	\$	-	\$	-	\$	-
Total Change to Net Appropriations	\$	2,361,000	\$	611,835	\$	9,174,070	\$	11,755,667
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		21.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		2,972,835	\$			20,929,737	
Total Change to Full-Time Equivalent (FTE)			0.000					21.000

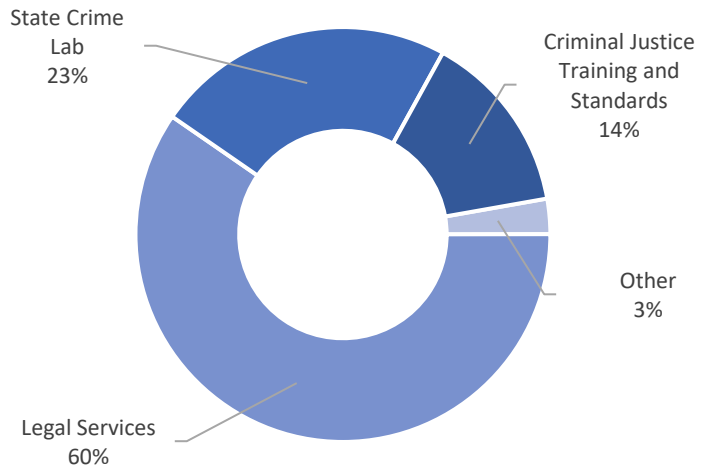
Mission

To protect the people of North Carolina through its work to prevent crime and support law enforcement, to safeguard consumers, and to defend the state, its people, and their constitutional rights.

Goals

1. Provide excellent legal counsel and defense to the state.
2. Provide local law enforcement agencies with high-value, cost-effective, and responsive officer training, licensure, and certification activities.
3. Use science to promote justice and promote public safety.
4. Safeguard consumers by upholding consumer laws, litigating deceptive practices, and educating the public
5. Fight organized crime in North Carolina.

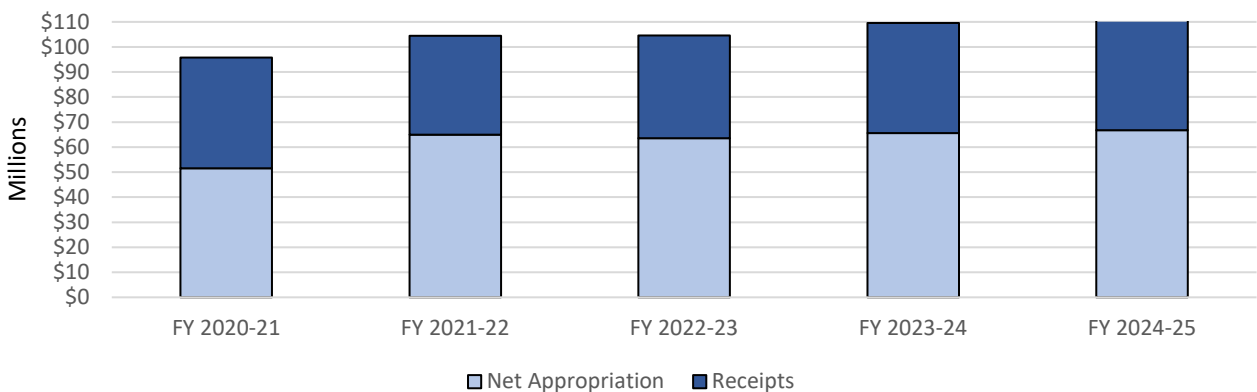
FY 2024-25 Actual Expenditures



Agency Profile

- Protects consumers by working to prevent scams, investigating and taking legal action against corporations that break the law, combating Medicaid fraud, prosecuting tax cheats, and confronting the opioid and fentanyl crisis.
- Provides legal advice and representation to state agencies.
- Prosecutes complex criminal cases and handles all criminal appeals from state trial courts.
- Works with partners to analyze evidence at the State Crime Lab to convict the guilty and exonerate the innocent.
- Supports law enforcement through the NC Justice Academy, which trains officers, and Criminal Justice Training and Standards and Sheriffs’ Standards, which certify law enforcement officers.

5-Year Historical Expenditures



Charts include General Fund budget codes only. Charts exclude pass-through transfers.

Justice - General Fund (13600)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 117,757,067	\$ 1,670,891	\$ 299,177	\$ 1,970,068	\$ 119,727,135	1.7%
Receipts	\$ 50,114,998	\$ -	\$ -	\$ -	\$ 50,114,998	0.0%
Net Appropriation	\$ 67,642,069	\$ 1,670,891	\$ 299,177	\$ 1,970,068	\$ 69,612,137	2.9%
Positions (FTE)	857.500	-	-	-	857.500	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 117,764,045	\$ 10,538,511	\$ 17,321,746	\$ 27,860,257	\$ 145,624,302	23.7%
Receipts	\$ 50,114,998	\$ (188,482)	\$ 199,133	\$ 10,651	\$ 50,125,649	0.0%
Net Appropriation	\$ 67,649,047	\$ 10,726,993	\$ 17,122,613	\$ 27,849,606	\$ 95,498,653	41.2%
Positions (FTE)	857.500	26.000	-	26.000	883.500	3.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	1,291,000	\$ -	\$ 2,582,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	1,291,000	\$ -	\$ 2,582,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 1,172,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 1,172,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 391,779	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 391,779	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 299,177	\$ -	\$ 299,177
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 299,177	\$ -	\$ 299,177
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	379,891	\$ -	\$ 569,837	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	379,891	\$ -	\$ 569,837	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Administration				
6 Operational Shortfall				
Provides funds to eliminate the remaining management flex cut balance. The Department of Justice (DOJ) will abolish or combine positions to assign \$1 million of the \$3M left. The department has deferred equipment and technology upgrades and professional development to cover this negative reserve. Additional training opportunities will allow agency attorneys to implement best and innovative practices. This support equips the agency with the tools and knowledge necessary to provide high-quality legal representation to consumers and state agencies.	Req \$	- \$	- \$	2,042,126 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	2,042,126 \$
	FTE	0.000	0.000	0.000
7 Litigation Costs - Electric Tobacconist Settlement				
Budgets funds from the Department of Health and Human Services (DHHS) for litigation costs from the State of North Carolina v. The Electric Tobacconist LLC. The allowable uses of the remaining settlement funding include educating partners and stakeholders about evidence-based approaches that help youth quit tobacco/nicotine products and prevent initiation of tobacco/nicotine products.	Req \$	- \$	- \$	40,750 \$
	Rec \$	- \$	- \$	40,750 \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
8 Litigation Costs - Beard Vape Settlement				
Budgets funds from DHHS for litigation costs from the State of North Carolina v. Beard Vape Co., LLC. The allowable uses of the remaining settlement funding include educating partners and stakeholders about evidence-based approaches that help youth quit tobacco/nicotine products and prevent initiation of tobacco/nicotine products.	Req \$	- \$	- \$	4,075 \$
	Rec \$	- \$	- \$	4,075 \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
Legal Services				
9 Legal Capacity to Implement Iryna's Law				
Establishes attorney and paralegal positions for the department to adequately respond to SL 2025-93 (Iryna's Law), which requires the resolution of all capital post-conviction motions and direct appeals within two years. DOJ has only a small team to handle new and current appeals. This increased capacity will allow for more expedient case disposition and address an increase in demand for services.	Req \$	- \$	- \$	3,690,300 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	3,690,300 \$
	FTE	0.000	0.000	22.000
10 Fentanyl Control Prosecutors				
Establishes attorney positions to create a Fentanyl Control Unit within the Special Prosecution Unit. North Carolina suffered more than 2,700 suspected overdose deaths in 2025. These special prosecutors will pursue fentanyl traffickers and sellers and support regional task forces, addressing large scale trafficking and wiretap cases. The funding will increase the safety of communities and reduce overdoses to save North Carolinians' lives.	Req \$	- \$	- \$	505,753 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	505,753 \$
	FTE	0.000	0.000	3.000
11 Medicaid Fraud Investigations				
Supports Medicaid fraud investigations by fund-shifting under-collected receipts and adding capacity to uncover and prosecute Medicaid fraud cases. DOJ has collected less than 60% of budgeted cost-of-investigation receipts for the last six years. DOJ will also establish an office in Charlotte to better collaborate with federal partners, such as the US Attorney's Office for the Western District of North Carolina. The data analyst position will use data mining to identify fraudulent billing and uncover complex Medicaid provider fraud schemes. These resources will strengthen DOJ's ability to recover misused Medicaid funds and protect patients.	Req \$	- \$	- \$	256,716 \$
	Rec \$	- \$	- \$	(188,482) \$
	App \$	- \$	- \$	445,198 \$
	FTE	0.000	0.000	1.000

	R Changes	NR Changes	R Changes	NR Changes
Legal Services				
12 Legal Case Management System				
Budgets receipts from the IT Reserve to implement a legal case management system. The Legal Division needs updated software to track case progress and manage projects. The current system does not meet industry standards for functionality, flexibility, and user interface. This funding supports an agencywide solution that benefits all attorneys. This modern system will provide attorneys with tools to better represent state agencies and assist local law enforcement in fighting crime and prosecuting cases.	Req \$	- \$	- \$	400,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	400,000 \$
	FTE	0.000	0.000	0.000
				0.000
Criminal Justice and Sheriffs' Education and Training Standards				
13 Bonuses for New Officers				
Supports bonuses for graduates of basic law enforcement training (BLET) and out-of-state transfers. Between 2,000-2,400 cadets graduate from BLET each year in North Carolina. This funding would allow state and local law enforcement agencies to provide \$5,000 sign-on bonuses to newly certified BLET graduates and \$10,000 sign-on bonuses for new out-of-state hires certified through the Criminal Justice Training Standards Division (CJTS). CJTS shall pay these bonuses upon beginning employment with the state and local agencies. These rewards will boost both state and local law enforcement recruitment to better protect communities. CJTS may use up to \$100,000 of these funds to evaluate the impact of these bonuses on BLET enrollment.	Req \$	- \$	- \$	15,500,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	15,500,000 \$
	FTE	0.000	0.000	0.000
				0.000
14 NC Justice Academy Furniture and Equipment				
Replaces furniture and equipment at both campuses of the NC Justice Academy. The West Campus needs furnishings following renovations from Hurricane Helene damage. The East Campus needs to replace moldy mattresses and furniture for its classrooms. This funding improves the training experience for public safety personnel.	Req \$	- \$	- \$	100,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	100,000 \$
	FTE	0.000	0.000	0.000
				0.000
Total Change to Requirements	\$	1,670,891	\$	299,177
Total Change to Receipts	\$	-	\$	-
Total Change to Net Appropriations	\$	1,670,891	\$	299,177
Total Change to Full-Time Equivalent (FTE)		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	1,970,068
Total Change to Full-Time Equivalent (FTE)				0.000
				27,849,606
				26.000

Justice - Special (23600)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 30,428,046	\$ -	\$ -	\$ -	\$ 30,428,046	0.0%
Receipts	\$ 20,322,301	\$ -	\$ -	\$ -	\$ 20,322,301	0.0%
Chg in Fund Balance	\$ (10,105,745)	\$ -	\$ -	\$ -	\$ (10,105,745)	0.0%
Positions (FTE)	23.000	-	-	-	23.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 36,902,535	\$ (381,019)	\$ 8,000,000	\$ 7,618,981	\$ 44,521,516	20.6%
Receipts	\$ 20,322,301	\$ (381,019)	\$ 8,000,000	\$ 7,618,981	\$ 27,941,282	37.5%
Chg in Fund Balance	\$ (16,580,234)	\$ -	\$ -	\$ -	\$ (16,580,234)	0.0%
Positions (FTE)	23.000	-	-	-	23.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Department of Justice

1 Talc Settlement Funds

Budgets funds from the Johnson and Johnson talcum powder settlement to the Ovarian Cancer Mitigation Fund within the Division of Central Management in the Department of Health and Human Services to be allocated within the allowable uses of the Talc Settlement Fund, including a statewide campaign to raise awareness of ovarian cancer, promoting early screening and treatment, and strengthening data collection. Ovarian cancer is the eighth-leading cause of cancer-related deaths among women in North Carolina, with 50% of those diagnosed surviving beyond five years. These funds will support efforts to reduce ovarian cancer incidence and mortality rates.

Req \$	-	\$ -	-	\$ -	8,000,000
Rec \$	-	\$ -	-	\$ -	8,000,000
CFB \$	-	\$ -	-	\$ -	-
FTE	0.000		0.000		0.000

2 Medicaid Fraud Investigations

Supports Medicaid fraud investigations by fund-shifting under-collected receipts. DOJ has collected less than 60% of budgeted cost-of-investigation receipts for the last six years. These resources will strengthen DOJ's ability to recover misused Medicaid funds and protect patients.

Req \$	-	\$ -	-	\$ (381,019)	\$ -
Rec \$	-	\$ -	-	\$ (381,019)	\$ -
CFB \$	-	\$ -	-	\$ -	\$ -
FTE	0.000		0.000		0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ (381,019)	\$ 8,000,000
Total Change to Receipts	\$ -	\$ -	\$ -	\$ (381,019)	\$ 8,000,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000		0.000		0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)			0.000		0.000

Mission

To ensure public safety through protection, innovation, and rehabilitation.

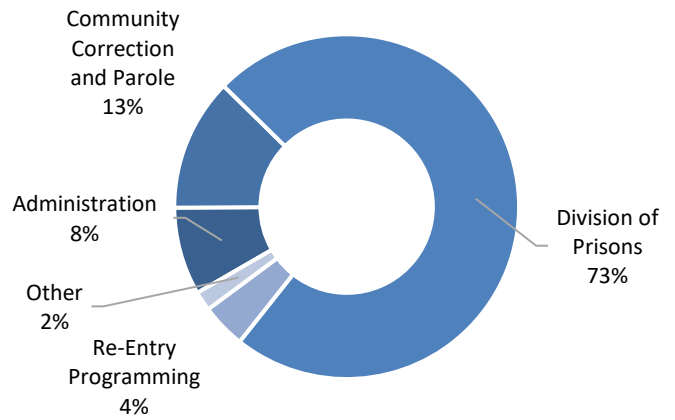
Goals

1. Grow our workforce.
2. Support our employees.
3. Strengthen safety and security.
4. Upgrade infrastructure and technology.
5. Modernize and improve our correctional healthcare system.
6. Reduce recidivism.

Agency Profile

- Manages the care and custody of approximately 32,000 people housed in 55 North Carolina Prisons.
- Protects the safety of citizens in communities throughout the state by providing viable alternatives and meaningful supervision to more than 76,000 offenders on probation, parole, or post-release supervision. The department also oversees more than 4,000 unsupervised offenders who are issued court ordered community service.
- Oversees a comprehensive array of re-entry programs and services to help justice-involved individuals reintegrate into their communities.
- Develops marketable jobs skills and opportunities for offenders in a professional and safe work environment.

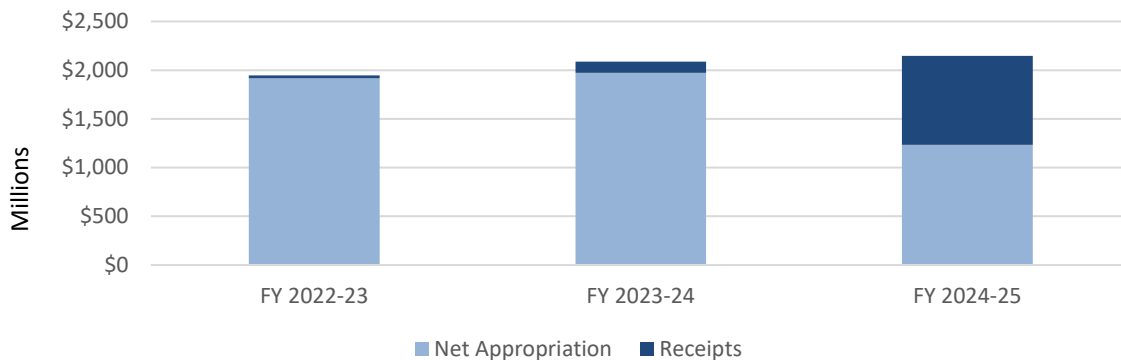
FY 2024-25 Actual Expenditures



Budget Note

The Department of Adult Correction was established on January 1, 2023; therefore, some historical figures are not available.

Historical Expenditures



Charts include General Fund budget codes only. FY 2024-25 receipts include SFRF funds.

Adult Correction - General Fund (15010)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,075,019,204	\$ 85,649,600	\$ 86,949,445	\$ 172,599,045	\$ 2,247,618,249	8.3%
Receipts	\$ 21,455,170	\$ -	\$ -	\$ -	\$ 21,455,170	0.0%
Net Appropriation	\$ 2,053,564,034	\$ 85,649,600	\$ 86,949,445	\$ 172,599,045	\$ 2,226,163,079	8.4%
Positions (FTE)	18,571.225	-	-	-	18,571.225	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,075,675,417	\$ 198,952,009	\$ 58,626,506	\$ 257,578,515	\$ 2,333,253,932	12.4%
Receipts	\$ 21,455,170	\$ -	\$ 10,100,000	\$ 10,100,000	\$ 31,555,170	47.1%
Net Appropriation	\$ 2,054,220,247	\$ 198,952,009	\$ 48,526,506	\$ 247,478,515	\$ 2,301,698,762	12.0%
Positions (FTE)	18,571.225	-	-	-	18,571.225	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	12,789,000	\$ -	\$ 25,517,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	12,789,000	\$ -	\$ 25,517,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 27,494,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 27,494,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 10,883,129	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 10,883,129	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 6,949,445	\$ -	\$ 6,949,445
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 6,949,445	\$ -	\$ 6,949,445
FTE	0.000	0.000	0.000	0.000

5 Correctional Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state correctional officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our facilities. With North Carolina now 49th nationally in corrections officer pay, improving compensation is essential to reversing staffing shortages and strengthening facility safety. It also provides targeted funding to address salary compression among supervisory ranks.

Req \$	55,035,673	\$ -	\$ 82,554,010	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	55,035,673	\$ -	\$ 82,554,010	\$ -
FTE	0.000	0.000	0.000	0.000

6 Probation and Parole Officer Salary Increase

Provides funding for a 6.5% compensation increase in the first year of the biennium and a 3.25% increase in the second year of the biennium for all probation and parole officers, for a total increase of 9.75%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our facilities and communities. It also provides targeted funding to address salary compression among supervisory ranks.

Req \$	10,972,011	\$ -	\$ 16,458,017	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	10,972,011	\$ -	\$ 16,458,017	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Reserve for Salaries and Benefits					
7 Nurse Salary Increase					
Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all nurses, for a total increase of 15%. North Carolina currently has the eighth-worst nursing shortage in the nation and is projected to rank second-worst by 2038. Strengthening the frontline workforce will enhance behavioral health care by ensuring safer, more stable treatment environments, and timely access to critical and consistent care for individuals with complex behavioral health needs.	Req \$	6,852,916	\$ -	\$ 10,279,374	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	6,852,916	\$ -	\$ 10,279,374	\$ -
	FTE	0.000		0.000	0.000
Department-wide					
8 Critical Operating Needs					
Provides nonrecurring funding to cover a large operating shortfall at the Department of Adult Correction (DAC). Last fiscal year, DAC had to push over \$80 million in invoices into the current fiscal year. In the current fiscal year, the Department has already implemented several cost-cutting measures and has started making difficult decisions about vendor payment to drive down the shortfall. While this funding is nonrecurring, the Department will need recurring funding in FY 2026-27 to address operating deficits. The department has relied heavily on lapsed salary to subsidize operating costs, but this funding source has become inadequate given rising costs and increases in the incarcerated population. DAC's incarcerated population has grown by more than 1,200 in the past year.	Req \$	-	\$ 80,000,000	\$ -	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ 80,000,000	\$ -	\$ -
	FTE	0.000		0.000	0.000
9 High Mileage Vehicle Replacement					
Establishes a replacement schedule for agency-owned vehicles with more than 175,000 miles. These replacements will provide additional safety for the department's staff and individuals in custody. Replacements include transport vans and buses, as well as trucks that are essential for the agency's operations by supporting vital engineering and construction projects throughout the state.	Req \$	-	\$ -	\$ 5,000,000	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 5,000,000	\$ -
	FTE	0.000		0.000	0.000
Division of Prisons					
10 Medical and Pharmaceutical Services					
Provides funds for medical and pharmaceutical services in correctional institutions throughout the state. With a growing and aging incarcerated population and dramatic increases in health care costs, this support enables the department to continue providing essential care to the more than 30,000 people in its custody.	Req \$	-	\$ -	\$ 40,000,000	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 40,000,000	\$ -
	FTE	0.000		0.000	0.000
11 Offender Management System Modernization					
Provides funds for phase one of modernization of the offender management system. These resources will enable the move from mainframe technology to Java. The current platform increases exposure to vulnerabilities while limiting the agency's ability to integrate with modern justice and digital service platforms. Funds for this project will be provided through the IT reserve.	Req \$	-	\$ -	\$ -	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ -	\$ -
	FTE	0.000		0.000	0.000
12 Medical Equipment Replacement					
Modernizes essential medical equipment in correctional institution health care facilities to reduce reliance on outside providers and improve operational efficiency. The department transports more than 5,000 individuals annually to emergency departments; updated equipment will establish a replacement cycle to sustain service quality and enable more onsite care, reducing the need for staff transport.	Req \$	-	\$ -	\$ 1,000,000	\$ 2,135,299
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 1,000,000	\$ 2,135,299
	FTE	0.000		0.000	0.000

R Changes NR Changes R Changes NR Changes

Division of Prisons

13 Medication for Opioid Use Disorder Program Expansion

Expands the use of medication to treat opioid use disorder to all correctional institutions following the success of regional pilot programs. The use of medication for opioid use disorder significantly reduces the risk of overdose death, and approximately 20% to 30% of incarcerated individuals in North Carolina are diagnosed with opioid use disorder. These funds will allow the department to be compliant with Americans with Disabilities Act mandates. Receipts are provided with funds from the Opioid Abatement Reserve.

Req \$	-	\$	-	\$	-	\$	10,100,000
Rec \$	-	\$	-	\$	-	\$	10,100,000
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

14 Rounds Tracking Software

Implements software to track, document, and manage staff interactions with incarcerated individuals in restrictive housing units and updates the rounds tracking process to reflect current standards and best practices. The investment in this technology will modernize the department's data tracking capabilities and improve accountability and operational oversight. The department will implement this software in all 38 medium and close custody correctional institutions. Nonrecurring receipts for the purchase and implementation of the software are provided through the Information Technology (IT) Reserve.

Req \$	-	\$	-	\$	35,005	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	35,005	\$	-
FTE	0.000		0.000		0.000		0.000

15 Food Service Equipment

Replaces end-of-life and nonrepairable food service equipment to ensure kitchens remain operational at all correctional institutions. Functional food service equipment to ensure food can be prepared and stored properly is vital to the department's operations. On average, 138 pieces of equipment statewide are expected to reach end-of-life each year. DAC provides three meals per day to the more than 30,000 incarcerated people. These funds also establish a replacement cycle for future equipment needs.

Req \$	-	\$	-	\$	1,000,000	\$	3,135,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	1,000,000	\$	3,135,000
FTE	0.000		0.000		0.000		0.000

Division of Community Supervision

16 Ballistic Vests and Body Armor

Provides funds for ballistic vests with improved technology to keep probation and parole officers (PPOs) safe while visiting residences. Staff in institutions who carry a firearm as part of their assigned duties will also receive these protective vests. Funds will also provide stab-resistant vests to correctional officers in medium and close custody facilities. These improvements are essential to maintaining the safety of the department's employees and reducing risk. This funding also establishes a replacement cycle for future equipment needs.

Req \$	-	\$	-	\$	1,000,000	\$	3,684,762
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	1,000,000	\$	3,684,762
FTE	0.000		0.000		0.000		0.000

17 Body Cameras for Probation Parole and Transport Officers

Purchases body cameras for all 2,200 probation and parole officers (PPOs). PPOs provide post-release community supervision and often travel to residences. Body cameras provide crucial evidence in investigations by more accurately documenting interactions. In addition, these funds acquire body cameras for transport officers within institutions. This support also covers the storage and transcription costs of camera footage. This approach will enhance accountability, transparency, and public trust.

Req \$	-	\$	-	\$	4,145,474	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	4,145,474	\$	-
FTE	0.000		0.000		0.000		0.000

18 Wireless Network Expansion for Body Cameras

Provides wireless network upgrades to 138 Division of Community Supervision (DCS) offices. With the increased amount of video footage due to the deployment of body cameras, additional bandwidth is required for current networks. These upgrades will ensure reliable video uploads while preserving network performance for essential DCS operations.

Req \$	-	\$	-	\$	1,080,000	\$	128,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	1,080,000	\$	128,000
FTE	0.000		0.000		0.000		0.000

		R Changes	NR Changes	R Changes	NR Changes
Reentry Programs					
19 Local Reentry Council Grants					
Establishes competitive grants for evidence-based local reentry council programming. These services support formerly incarcerated people returning to their communities and reentering the economy, and work to reduce repeat crime amongst these individuals	Req \$	-	\$ -	\$ -	\$ 5,000,000
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ -	\$ 5,000,000
	FTE	0.000	0.000	0.000	0.000
Total Change to Requirements	\$	85,649,600	\$ 86,949,445	\$ 198,952,009	\$ 58,626,506
Total Change to Receipts	\$	-	\$ -	\$ -	\$ 10,100,000
Total Change to Net Appropriations	\$	85,649,600	\$ 86,949,445	\$ 198,952,009	\$ 48,526,506
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		172,599,045	\$	247,478,515
Total Change to Full-Time Equivalent (FTE)			0.000		0.000

Mission

To safeguard and preserve the lives and property of the people of North Carolina.

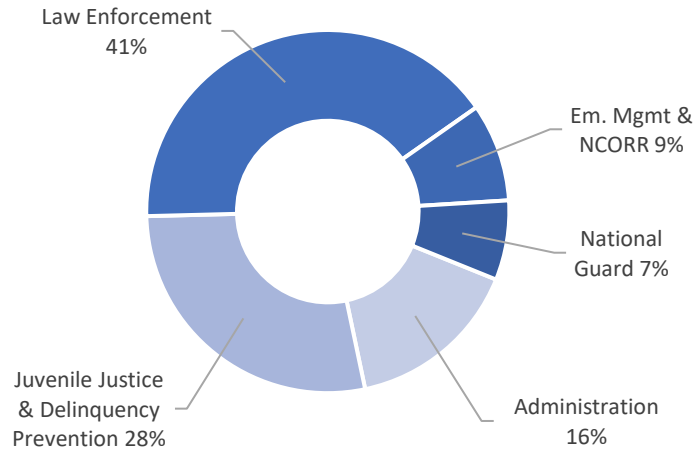
Goals

1. Make the Department of Public Safety (DPS) a career destination.
2. Foster a culture of excellent service, safety, and innovation.
3. Strengthen our comprehensive approach to public safety.

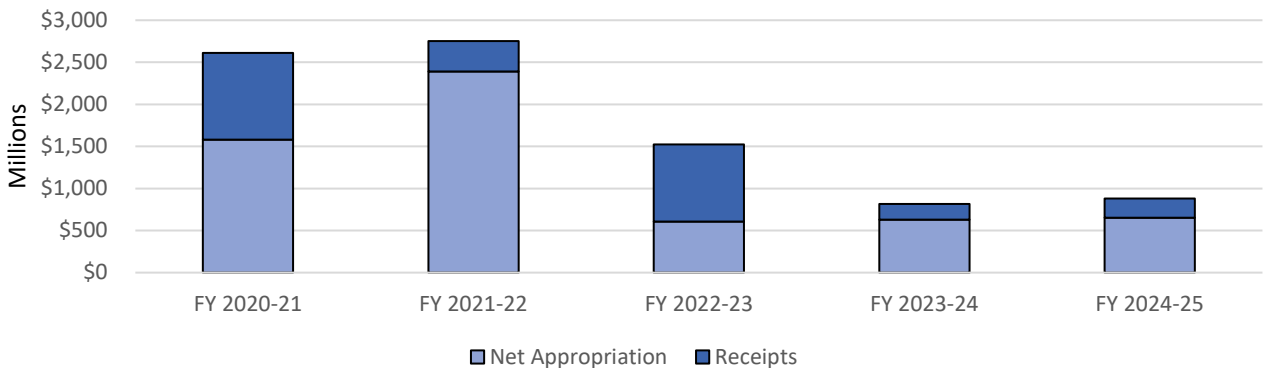
Agency Profile

- Serves as the state’s chief protector and defender of the public and is the statewide public safety and homeland security agency.
- Provides through the Division of Juvenile Justice and Delinquency Prevention care, custody, and supervision to juvenile offenders as well as interventions for court-involved youth ages 10 to 17.
- Enforces state alcoholic beverage control, lottery and tobacco laws through Alcohol Law Enforcement.
- Dedicates Emergency Management and North Carolina Office of Recovery and Resiliency personnel to plan for and recover from man-made or natural disasters.
- Deploys the North Carolina National Guard for military capabilities to support state and/or national authorities, to protect citizens’ lives and properties, and to defend the state and nation.
- Provides basic, in-service, and advanced training at the Samarqand training facility for DPS and state, local, and federal law enforcement agencies and is partnering with the Center for Safer Schools to create a comprehensive school safety training facility.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



Charts include General Fund budget codes only. SL 2021-180 created the Department of Adult Correction (DAC) as a Type I transfer effective Jan. 1, 2023. SL 2023-134 created the State Bureau of Investigation (SBI) as a Type I transfer effective Dec. 1, 2023. SL 2024-57 created the State Highway Patrol (SHP) as a Type I transfer effective July 1, 2025. Charts depict expenditures inclusive of all DAC divisions transferred under the session law through Dec. 31, 2022, inclusive of SBI through Dec. 1, 2023, and inclusive of SHP through July 1, 2025.

Public Safety - General Fund (14550)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 849,539,348	\$ 10,036,698	\$ 1,036,732	\$ 11,073,430	\$ 860,612,778	1.3 %
Receipts	\$ 194,619,487	\$ -	\$ -	\$ -	\$ 194,619,487	0.0 %
Net Appropriation	\$ 654,919,861	\$ 10,036,698	\$ 1,036,732	\$ 11,073,430	\$ 665,993,291	1.7 %
Positions (FTE)	5,208.424	-	-	-	5,208.424	0.0 %

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 844,102,569	\$ 37,797,638	\$ 14,490,589	\$ 52,288,227	\$ 896,390,796	6.2 %
Receipts	\$ 194,619,487	\$ 381,436	\$ 3,800,000	\$ 4,181,436	\$ 198,800,923	2.2 %
Net Appropriation	\$ 649,483,082	\$ 37,416,202	\$ 10,690,589	\$ 48,106,791	\$ 697,589,873	7.4 %
Positions (FTE)	5,208.424	18.200	7.000	25.200	5,233.624	0.5 %

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	2,803,000	\$ -	\$ 5,584,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	2,803,000	\$ -	\$ 5,584,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 4,398,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 4,398,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 1,538,399	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 1,538,399	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 1,036,732	\$ -	\$ 1,036,732
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 1,036,732	\$ -	\$ 1,036,732
FTE	0.000	0.000	0.000	0.000

5 Youth Counselor Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all youth counselor technicians, youth services behavioral specialists, and youth counselors, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our facilities and communities. It also provides targeted funding to address salary compression among supervisory ranks.

Req \$	2,835,254	\$ -	\$ 4,252,880	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	2,835,254	\$ -	\$ 4,252,880	\$ -
FTE	0.000	0.000	0.000	0.000

6 Juvenile Court Counselor Salary Increase

Provides funding for a 6.5% compensation increase in the first year of the biennium and a 3.25% increase in the second year of the biennium for all juvenile court counselors, for a total increase of 9.75%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our facilities and communities. It also provides targeted funding to address salary compression among supervisory ranks.

Req \$	3,058,278	\$ -	\$ 4,587,417	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	3,058,278	\$ -	\$ 4,587,417	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Reserve for Salaries and Benefits					
7 Law Enforcement Officer Salary Increase					
Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.	Req \$	1,119,272	\$ -	\$ 1,678,908	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	1,119,272	\$ -	\$ 1,678,908	\$ -
	FTE	0.000	0.000	0.000	0.000
8 Nurse Salary Increase					
Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all nurses, for a total increase of 15%. North Carolina currently has the eighth-worst nursing shortage in the nation and is projected to rank second-worst by 2038. Strengthening the frontline workforce will enhance behavioral health care by ensuring safer, more stable treatment environments, and timely access to critical and consistent care for individuals with complex behavioral health needs.	Req \$	220,894	\$ -	\$ 331,341	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	220,894	\$ -	\$ 331,341	\$ -
	FTE	0.000	0.000	0.000	0.000
Department-wide					
9 Vacant Position Reductions					
Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.	Req \$	-	\$ -	\$ (118,034)	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ (118,034)	\$ -
	FTE	0.000	0.000	(2.800)	0.000
Administration					
10 Criminal Justice Information Network Transfer					
Transfers the Criminal Justice Information Network (CJIN) from the Department of Public Safety (DPS) to the Administrative Office of the Courts. CJIN promotes the sharing of criminal justice information between state and local agencies. CJIN administers the Electronic Global Positioning System Monitoring Program to enforce court-mandated "no-contact" orders for defendants accused of crimes related to stalking, sexual assault, domestic abuse, and violations of a domestic violence protective order.	Req \$	-	\$ -	\$ (3,633,904)	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ (3,633,904)	\$ -
	FTE	0.000	0.000	(2.000)	0.000
11 Office of Violence Prevention Staff and Operations					
Fundshifts the Office of Violence Prevention (OVP) staff and operations from federal receipts to net appropriation. From 2017 to 2024, firearm related emergency room visits increased 28%. OVP works with communities and local, state, and federal partners to implement a public health approach to reduce violence and firearm misuse. This funding decreases OVP's dependence on unreliable federal grants for its two current positions and in-state travel to provide technical assistance on evaluation plans and program models.	Req \$	-	\$ -	\$ 216,332	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ 216,332	\$ -
	FTE	0.000	0.000	0.000	0.000
12 IT Shortfall					
Provides funds to cover increased IT costs. The deconsolidation with the Department of Adult Correction hurt DPS's ability to meet its IT obligations. IT expenditures have exceeded DPS's budget for the past three years. This investment addresses the structural deficit for FY 2026-27 as DPS develops its long-term IT plans as an independent agency.	Req \$	-	\$ -	\$ -	\$ 2,000,000
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ -	\$ -	\$ 2,000,000
	FTE	0.000	0.000	0.000	0.000

R Changes NR Changes R Changes NR Changes

Governor's Crime Commission

13 Violence Prevention Grants

Establishes a competitive grant program through the Governor's Crime Commission to develop and sustain local violence prevention programming. Nearly 40,000 violent crimes were reported in the state in 2024. This program would distribute at least five grants to support community efforts to identify problems, account for factors that change rates of violence, and develop and implement strategies to make communities safer.

Req \$	-	\$	-	\$	250,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	250,000	\$	-
FTE	0.000		0.000		0.000		0.000

Samarcand Training Academy

14 Law Enforcement Training Instructors and Program Coordinator

Budgets receipts from the Strategic WorkForce Training fund to administer a Basic Law Enforcement Training (BLET) program at Samarcand Training Academy. State agencies, such as the Wildlife Resources Commission (WRC) and the University of North Carolina System, train their officers at Samarcand. These positions will lead and administer the BLET program, shifting sworn agency staff back to the field. This capacity improves Samarcand's ability to prepare officers to protect North Carolinians.

Req \$	-	\$	-	\$	381,436	\$	-
Rec \$	-	\$	-	\$	381,436	\$	-
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		3.000		0.000

15 Samarcand Utilities Shortfall

Provides funds for Samarcand's utility costs. Samarcand's operational budget has not increased since 2019. Since then, numerous buildings, such as the WRC dormitory and the dining hall, have opened, tripling power costs. Sewer and water expenses have also increased. This support reduces Samarcand's reliance on lapsed salary for core expenses.

Req \$	-	\$	-	\$	150,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	150,000	\$	-
FTE	0.000		0.000		0.000		0.000

Alcohol Law Enforcement

16 Vape Shop Enforcement

Establishes new agent positions in each district to enhance capacity and investigate tobacco and vape shops. During the past 18 months, Alcohol Law Enforcement (ALE) has investigated 99 cases that involve the unlawful sale and distribution of cannabis at tobacco or vape shops without any increase in agents. This funding allows ALE to better enforce compliance against misbranded or mislabeled products that threaten young people's lives.

Req \$	-	\$	-	\$	750,755	\$	606,893
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	750,755	\$	606,893
FTE	0.000		0.000		8.000		0.000

17 Body Cameras

Provides funding for body cameras for all division law enforcement officers (LEOs) and for a position to manage those body cameras, including supporting video footage review, records requests, training, and equipment management. Body cameras create crucial evidence in investigations by more accurately documenting interactions. Footage will enable situation-based training drawing from officers' previous encounters. Currently, 111 ALE LEOs do not have body cameras. Use of body cameras enhances accountability, transparency, and public trust.

Req \$	-	\$	-	\$	295,465	\$	191,964
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	295,465	\$	191,964
FTE	0.000		0.000		1.000		0.000

Juvenile Justice

18 Medical and Behavioral Health Special Care Unit

Supports a residential crisis unit serving justice-involved youth with mental and physical health concerns at the C.A. Dillon Juvenile Detention Center in Butner. The ongoing youth behavioral health crisis and 2019 Raise the Age legislation have resulted in the need for additional capacity for youth with behavioral and physical health concerns. 97.7% of juveniles committed to a youth development center have at least 1 mental health diagnosis. This unit will allow for youth to receive necessary critical treatment within the facility, reducing the need for travel to outside medical care.

Req \$	-	\$	-	\$	3,200,000	\$	150,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	3,200,000	\$	150,000
FTE	0.000		0.000		2.000		0.000

	R Changes	NR Changes	R Changes	NR Changes
Juvenile Justice				
19 Community Based Programming				
Provides funds to sustain essential programming for justice-involved youth. Increased costs have reduced bed capacity. These funds will restore beds at the Western Area Crisis and Assessment Center and Male and Female Short Term Residential Centers and continue Functional Family Therapy services. There are over 90 youth currently on the waitlist for these programs, all of which reduce the likelihood of future juvenile offenses, providing cost savings to the state.	Req \$	- \$	- \$	4,510,679 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	4,510,679 \$
	FTE	0.000	0.000	0.000
20 Juvenile Remediation Programming				
Supports the full implementation of juvenile capacity restoration across the state. This program helps juveniles understand trial proceedings, assist in their own defense, and move forward in the justice system. Juvenile capacity restoration is statutorily required as of January 1, 2025. This investment will support a program coordinator, training for service providers, and contracts for behavioral health, education, and basic needs.	Req \$	- \$	- \$	487,413 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	487,413 \$
	FTE	0.000	0.000	1.000
21 Violence Prevention Programming				
Continues the critical community safety program NC Secure All Firearms Effectively (NC SAFE). Firearm fatalities are the leading cause of injury death for children and teens in North Carolina, and safe firearm storage is proven to reduce incidents. The NC SAFE initiative is a campaign to reduce accidental casualties through responsible firearm storage. The initiative also provides locks and safes to firearm owners, safeguarding young lives and preventing tragedies and theft. This item is funded from the American Rescue Plan Act Temporary Savings Fund (ARPA TSF).	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	1,000,000 \$
	App \$	- \$	- \$	- \$
	FTE	0.000	0.000	0.000
Emergency Management				
22 Emergency Response Personnel and Systems				
Fundshifts emergency management personnel and systems, such as the 24-Hour Watch, an information sharing hub for incident information, and WebEOC, the state's crisis management system, from federal receipts to net appropriation. The division relies on three federal grants to sustain personnel and system costs, as well as support local emergency management divisions. Increasing costs and reduced federal grants threaten foundational IT systems for emergency response and the ability of 108 division employees, who these grants partially fund, to support state hazard mitigation and recovery efforts. This fundshift will allow the division to use remaining federal funds to support local communities. This funding also supports a new position to manage the search and rescue tool and fundshifts three training positions to administer training to local emergency management divisions.	Req \$	- \$	- \$	9,513,095 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	9,513,095 \$
	FTE	0.000	0.000	1.000
23 Responder Assistance Initiative				
Increases capacity for the NC Responder Assistance Initiative (RAI) to expand mental health services to local first responders throughout the state. Public safety staff and first responders used RAI following Hurricane Helene response to address difficulties and incidents they encountered. This program will continue to provide services for current DPS and other state agency employees. The additional clinical staff enables RAI to scale its services to support acute and chronic mental health issues resulting from employment in public safety. The nonrecurring assistance for Helene first responders is funded from the ARPA TSF.	Req \$	- \$	- \$	1,202,669 \$
	Rec \$	- \$	- \$	1,000,000 \$
	App \$	- \$	- \$	1,202,669 \$
	FTE	0.000	0.000	7.000
24 Nonprofit Security Grants				
Provides grants to houses of worship and other nonprofit organizations to enhance security against potential attacks. Elevated threats in recent years have increased the need for security improvements at faith-based and nonprofit facilities. Funding supports cameras, physical hardening, and training to better protect gathering spaces, offices, and community-serving facilities.	Req \$	- \$	- \$	- \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	2,000,000 \$
	FTE	0.000	0.000	0.000

R Changes NR Changes R Changes NR Changes

NC National Guard

25 Referral and Retention Bonuses

Boosts recruitment and retention efforts with bonuses for referrals and extensions of service. NC National Guard (NCNG) new enlistments only make up 10% of its force, which cannot sustain the necessary magnitude needed to protect the state and respond to disasters. The retention rate has also dropped to a four-year attrition rate of 14.5%, which places North Carolina in the bottom 10% of states. Fewer NCNG members threaten the Guard's ability to support emergency response and federal missions. This funding will provide bonuses to NCNG members who refer new enlistments or extend their service. Other states, such as Alabama and Minnesota, have used both types of programs to help them meet their recruitment and retention goals.

Req \$	-	\$	-	\$	1,525,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	1,525,000	\$	-
FTE	0.000		0.000		0.000		0.000

26 Integrated Behavioral Health System

Continues the Integrated Behavioral Health System (IBHS), which provides mental health services to NCNG Service Members and their families. Federal funding for this program ended in March 2026. Since 2010, IBHS has delivered 50,717 clinical services and 497 life-saving interventions. This funding ensures NCNG Service Members and their loved ones still receive free and immediate psychological support, such as a 24/7 crisis helpline and critical incident response, to maintain NCNG operational readiness.

Req \$	-	\$	-	\$	1,093,787	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	1,093,787	\$	-
FTE	0.000		0.000		0.000		0.000

27 Radio Replacement

Budgets receipts from the State Highway Patrol (SHP) to replace radios that connect to the Voice Interoperability Plan for Emergency Responders (VIPER) network. NCNG relies on these radios to communicate with local and state first responders on emergency response missions. NCNG must upgrade its radios to meet the SHP requirements. This funding will provide NCNG with radios compliant with updated VIPER standards that will securely and reliably connect them to partners.

Req \$	-	\$	-	\$	-	\$	1,800,000
Rec \$	-	\$	-	\$	-	\$	1,800,000
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

Total Change to Requirements	\$	10,036,698	\$	1,036,732	\$	37,797,638	\$	14,490,589
Total Change to Receipts	\$	-	\$	-	\$	381,436	\$	3,800,000
Total Change to Net Appropriations	\$	10,036,698	\$	1,036,732	\$	37,416,202	\$	10,690,589
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		18.200		7.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			11,073,430	\$			48,106,791
Total Change to Full-Time Equivalent (FTE)				0.000				25.200

Public Safety - Disasters after July 1, 2006 (24552)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 689,335,527	\$ -	\$ -	\$ -	\$ 689,335,527	0.0%
Receipts	\$ 689,136,649	\$ -	\$ -	\$ -	\$ 689,136,649	0.0%
Chg in Fund Balance	\$ (198,878)	\$ -	\$ -	\$ -	\$ (198,878)	0.0%
Positions (FTE)	389.702	-	-	-	389.702	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 628,335,527	\$ -	\$ 50,000,000	\$ 50,000,000	\$ 678,335,527	8.0%
Receipts	\$ 628,136,649	\$ -	\$ 50,000,000	\$ 50,000,000	\$ 678,136,649	8.0%
Chg in Fund Balance	\$ (198,878)	\$ -	\$ -	\$ -	\$ (198,878)	0.0%
Positions (FTE)	389.702	-	-	-	389.702	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Emergency Management

1 Immediate Disaster Response Funding

Budgets receipts from the State Emergency Response and Disaster Relief Fund for urgent disaster response, State Emergency Response Team activations, and recovery programs for less severe disasters. State and local emergency management teams must deploy first responders and secure emergency equipment before any federal assistance programs start. Federal assistance programs also do not support storm recovery efforts below certain thresholds. This allocation ensures available resources for disaster response following future storms.

Req \$	-	\$ -	-	\$ -	50,000,000
Rec \$	-	\$ -	-	\$ -	50,000,000
CFB \$	-	\$ -	-	\$ -	-
FTE	0.000		0.000		0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ -	50,000,000
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -	50,000,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -	-
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -		\$ -		-
Total Change to Full-Time Equivalent (FTE)		0.000		0.000	0.000

Mission

To serve sheriffs, police chiefs, and district attorneys, as well as state and federal partners, by investigating crimes and providing technical assistance to increase public safety for citizens of North Carolina.

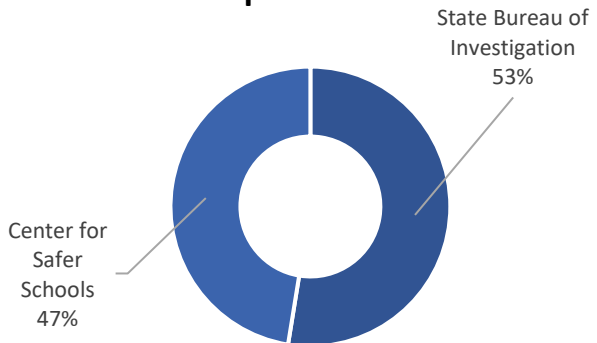
Goals

1. Support the SBI workforce.
2. Assist criminal justice partners and the public.
3. Ensure effective and efficient processes.

Agency Profile

- Conducts criminal investigations of allegations in areas of original jurisdiction: narcotics, arson, election laws, misuse of state property, environmental crimes, human trafficking, child sexual abuse in day care centers, and threats made against public officials.
- Provides support to state and local agencies related to computer crime investigations, use of force investigations, deaths in custody, crime scenes, financial crimes, missing and endangered persons, public corruption, cold cases, K9, special response team, bomb squad, and air wing.
- Serves as North Carolina's repository of information on criminal history records, fingerprint identification, expungements, sex offender registry, and concealed handgun permits.
- Manages the North Carolina Information Sharing and Analysis Center (ISAAC), the state fusion center, which develops actionable intelligence on immediate and emerging threats and shares it with federal, state, local, and tribal partners.
- Serves as a central resource for information and technical assistance on school safety across North Carolina through the Center for Safer Schools (CFSS) in collaboration with the Behavioral Threat Assessment Unit, which assesses and manages threats of mass violence.

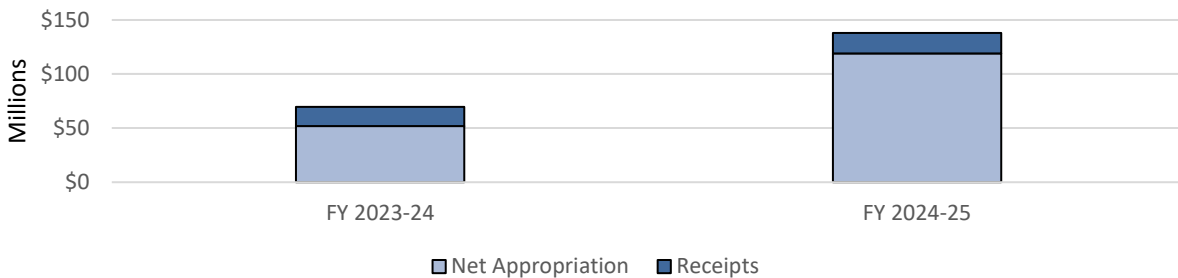
FY 2024-25 Actual Expenditures



Budget Note

The State Bureau of Investigation was established as an independent agency on December 1, 2023; therefore, some historical figures are not available.

Historical Expenditures



Charts include General Fund budget codes only. SL 2024-57 transferred CFSS to SBI as a Type I transfer effective Dec. 11, 2024. Charts depict expenditures inclusive of CFSS beginning Dec. 11, 2024.

State Bureau of Investigation General Fund (15020)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 115,356,646	\$ 5,862,045	\$ 1,447,439	\$ 7,309,484	\$ 122,666,130	6.3%
Receipts	\$ 21,167,968	\$ -	\$ -	\$ -	\$ 21,167,968	0.0%
Net Appropriation	\$ 94,188,678	\$ 5,862,045	\$ 1,447,439	\$ 7,309,484	\$ 101,498,162	7.8%
Positions (FTE)	499.000	-	-	-	499.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 113,356,646	\$ (20,496,248)	\$ 22,937,482	\$ 2,441,234	\$ 115,797,880	2.2%
Receipts	\$ 21,167,968	\$ -	\$ 20,000,000	\$ 20,000,000	\$ 41,167,968	94.5%
Net Appropriation	\$ 92,188,678	\$ (20,496,248)	\$ 2,937,482	\$ (17,558,766)	\$ 74,629,912	(19.0)%
Positions (FTE)	499.000	19.000	-	19.000	518.000	3.8%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	408,000	\$ -	\$ 816,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	408,000	\$ -	\$ 816,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 688,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 688,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 320,952	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 320,952	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 247,439	\$ -	\$ 247,439
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 247,439	\$ -	\$ 247,439
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	2,954,045	\$ -	\$ 4,431,067	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	2,954,045	\$ -	\$ 4,431,067	\$ -
FTE	0.000	0.000	0.000	0.000

Department-wide

6 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (60,000)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (60,000)	\$ -
FTE	0.000	0.000	(1.000)	0.000

R Changes NR Changes R Changes NR Changes

Department-wide

7 Overtime, Callback, and Shift Premium Pay

Compensates staff for nontraditional and extra working hours. Both sworn and civilian staff serve law enforcement officers and investigate cases beyond a regular schedule, earning additional pay for their efforts. The State Bureau of Investigation (SBI) has a 21% increase in their caseload over the prior year, requiring more time outside traditional working hours to assist law enforcement partners and investigate public safety threats. This funding enables SBI to meet its obligation to its staff who maintain operations all hours of the day and respond to calls back into work. The Critical Needs Budget also includes this item to address a FY 2025-26 shortfall.

Req \$	750,000	\$	-	\$	773,234	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	750,000	\$	-	\$	773,234	\$	-
FTE	0.000		0.000		0.000		0.000

Administration

8 Building Leases

Secures temporary leased space for the fusion center and other offices through the end of FY 2027-28. The fusion center, which compiles intelligence on threats and shares it securely with local, state, and federal partners, will need to temporarily relocate due to construction. Agency headquarters construction has forced SBI to enter these leases, creating a budget shortfall for rented office space. This funding maintains operational continuity across the bureau until the fusion center and other offices can move into their permanent building. The Critical Needs Budget also includes this item to address a FY 2025-26 shortfall.

Req \$	-	\$	345,000	\$	-	\$	1,062,953
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	345,000	\$	-	\$	1,062,953
FTE	0.000		0.000		0.000		0.000

Field Operations

9 Fentanyl Control Unit

Provides funding for eight drug agents and four financial crimes investigators to strengthen drug-related investigations and enforcement efforts across the state. SBI seized 271 pounds of fentanyl, 2,048 pounds of cocaine, 1,799 pounds of methamphetamine, and 479 firearms in the past two years. Agents must often work on other assignments due to limited capacity, so SBI needs more agents and resources to dedicate to drug investigations. The financial crimes investigators will investigate drug traffickers to follow their assets and revenue for criminal cases. This Fentanyl Control Unit will enhance SBI's ability to disrupt drug trafficking networks and protect communities.

Req \$	-	\$	-	\$	1,927,194	\$	831,218
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	1,927,194	\$	831,218
FTE	0.000		0.000		12.000		0.000

10 Lawful Intercept Record Purchases

Enables the purchase of communications records and electronic surveillance data. SBI is the only agency that can execute court-authorized requests to acquire these records to investigate the use of cell phones and third-party applications with encrypted communications in crimes. Criminals' increased use of multiple cell phones or third-party applications with encrypted communications have increased the number and costs for record requests. SBI projects lawful intercept invoices to increase 72.1% from FY 2024-25 to FY 2025-26. This funding will support both SBI and local law enforcement efforts to recover missing persons and locate violent criminals. The Critical Needs Budget also includes this item to address a FY 2025-26 shortfall.

Req \$	1,000,000	\$	-	\$	1,035,560	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	1,000,000	\$	-	\$	1,035,560	\$	-
FTE	0.000		0.000		0.000		0.000

11 Air Wing Operations

Provides funding to maintain the Air Wing Unit. SBI never received operating funds for the unit, which supports sensitive law enforcement and public safety missions such as fugitive extradition, violent criminal captures, and special response team or bomb squad deployment. SBI has observed a 133.7% increase in flight hours from 2024 to 2025. The lack of an operating budget has forced SBI to defer scheduled aircraft maintenance when lapsed salary is not available. These resources equip SBI to quickly respond to the increasing number of state and local law enforcement requests. The Critical Needs Budget also includes this item to address a FY 2025-26 shortfall.

Req \$	750,000	\$	-	\$	782,518	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	750,000	\$	-	\$	782,518	\$	-
FTE	0.000		0.000		0.000		0.000

R Changes NR Changes R Changes NR Changes

Field Operations

12 Computer Crimes Unit Staff to Address CyberTip Growth

Provides funding for new Computer Crimes Unit positions to analyze online child exploitation reports, also known as CyberTips. SBI received almost ten times more CyberTips in 2025 than in 2019. The new staff will triage CyberTips, coordinate subpoenas, and analyze cases, freeing sworn agents for proactive investigations, undercover operations, and other enforcement activities to protect children from online threats.

Req \$	-	\$	-	\$	467,469	\$	53,936
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	467,469	\$	53,936
FTE	0.000		0.000		4.000		0.000

13 Cold Case Capacity

Provides funding to continue contracted capacity for the cold case unit. SBI previously relied on a federal Bureau of Justice Assistance grant, which ended in March 2024, to fund its cold case work. SBI's 21% increase in caseload over the prior year has stretched the agency's lapsed salary, which it used to cover this cost since the end of the grant. These resources ensure SBI has the necessary staff to bring more criminals to justice. The Critical Needs Budget also includes this item to address a FY 2025-26 shortfall for contractor support.

Req \$	-	\$	855,000	\$	229,922	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	855,000	\$	229,922	\$	-
FTE	0.000		0.000		0.000		0.000

14 Real-Time Threat Alerting Platform

Budgets receipts from the IT Reserve for software that monitors open-source data, such as social media and news, for emerging threats. The fusion center relies on this capability to detect incidents early and distribute intelligence quickly to federal, state, and local law enforcement partners. SBI did not receive the federal grant that supports this platform this year. This funding will help SBI detect and respond to early indicators of violence and strengthen its prevention efforts.

Req \$	-	\$	-	\$	-	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

IT Services

15 IT Positions

Creates IT positions to support high-priority projects and applications. SBI lacks the capacity to securely manage and improve its specialized IT functions, such as the state's criminal information network, which links state and local law enforcement to the Federal Bureau of Investigation's criminal database. The additional staff will better support SBI databases for all users and enable future strategic system upgrades.

Req \$	-	\$	-	\$	779,836	\$	53,936
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	779,836	\$	53,936
FTE	0.000		0.000		4.000		0.000

16 IT Infrastructure

Invests resources to modernize and replace IT systems. New data center equipment will prevent outages during the transition to a new building. The new case management system will save agents up to eight hours each week by generating reports and leads. Crucial systems, such as criminal history and sex offender databases, require both immediate and ongoing upgrades to current technology. These improvements make the systems more secure for 30,000 law enforcement users statewide. Nonrecurring receipts will be provided through the IT Reserve.

Req \$	-	\$	-	\$	1,000,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	1,000,000	\$	-
FTE	0.000		0.000		0.000		0.000

Center for Safer Schools

17 School Resource Officer Grants Transfer

Transfers funds for School Resource Officer (SRO) Grants from SBI to the Department of Public Instruction (DPI) to distribute through a newly created School Safety Allotment. Distributing funds through DPI's existing allotment system will reduce administrative effort and help more schools participate in this program. A corresponding item in the DPI section reflects the transfer in, plus additional funds for middle school SROs.

Req \$	-	\$	-	\$	(33,000,000)	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	(33,000,000)	\$	-
FTE	0.000		0.000		0.000		0.000

R Changes NR Changes R Changes NR Changes

Center for Safer Schools

18 School Safety Grants

Provides grant funding to local education agencies (LEAs) for equipment including cameras, exterior locks and fences, weapon detection, and metal detectors. DPI reported an increase in the acts of violent crime in schools from 250 to 302 from the 2023-24 school year to 2024-25. The grants will allow LEAs to prioritize the most urgent improvements based on their district's needs. These measures will strengthen school security, protecting students, teachers, and other school staff. This item is funded from the American Rescue Plan Act Temporary Savings Fund (ARPA TSF).

Req \$	-	\$	-	\$	-	\$	20,000,000
Rec \$	-	\$	-	\$	-	\$	20,000,000
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

19 Behavioral Threat Assessment Management System

Budgets receipts from the IT Reserve to pilot a behavioral threat assessment management system. SL 2023-78 directs local education agencies (LEAs) to meet CFSS reporting requirements for local threat assessment teams. Other states, including Florida and Pennsylvania, have similar centralized reporting requirements. This case management platform would identify and monitor trends in LEA reports. This funding allows CFSS to test implementation before statewide adoption and ensure the system improves school safety.

Req \$	-	\$	-	\$	-	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

Total Change to Requirements	\$	5,862,045	\$	1,447,439	\$	(20,496,248)	\$	22,937,482
Total Change to Receipts	\$	-	\$	-	\$	-	\$	20,000,000
Total Change to Net Appropriations	\$	5,862,045	\$	1,447,439	\$	(20,496,248)	\$	2,937,482
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		19.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			7,309,484	\$			(17,558,766)
Total Change to Full-Time Equivalent (FTE)				0.000				19.000

Mission

To protect our state with integrity, loyalty, and professionalism. To excel as a national leader in public service through innovative law enforcement, strategic preparedness, and community engagement.

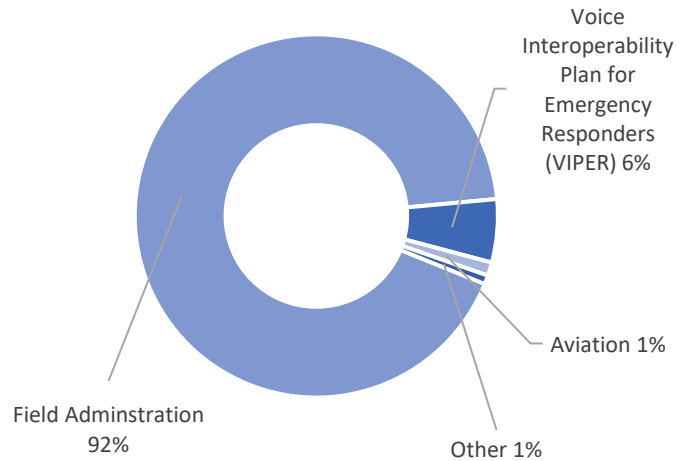
Goals

1. Make NCSHP a career destination.
2. Ensure effective and efficient operations.
3. Protect and engage with the public.
4. Make North Carolina more resilient to natural disasters.
5. Successful integration of partner agencies.

Agency Profile

- Makes the state’s highways as safe as possible.
- Guides traffic during hurricane evacuations and re-route traffic around hazardous chemical spills or other disasters.
- Manages the Voice Interoperability Plan for Emergency Responders (VIPER) network, which connects first responders and emergency services to ensure effective communication to save lives.
- Prevents auto theft, enforces rules for automobile dealerships and inspection stations, and protects citizens against different types of fraud through the Investigative Services Unit.
- Provides security for the state government complex through the State Capitol Police.

FY 2024-25 Actual Expenditures



Budget Note

The State Highway Patrol was established as an independent agency on July 1, 2025; therefore, historical figures are not available.

FY 2025-26 Certified Budget, as of December 31, 2025

Total Expenditures	\$	372,720,567
Revenue	\$	49,102,601
Net Appropriation	\$	323,617,966

Chart includes General Fund budget codes only.

North Carolina State Highway Patrol General Fund (15030)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 5,100,000	\$ 21,552,495	\$ 1,249,339	\$ 22,801,834	\$ 27,901,834	447.1%
Receipts	\$ -	\$ 1,845,000	\$ -	\$ 1,845,000	\$ 1,845,000	0.0%
Net Appropriation	\$ 5,100,000	\$ 19,707,495	\$ 1,249,339	\$ 20,956,834	\$ 26,056,834	410.9%
Positions (FTE)	26.000	-	-	-	26.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 5,100,000	\$ 60,045,432	\$ 7,629,510	\$ 67,674,942	\$ 72,774,942	1,327.0%
Receipts	\$ -	\$ 22,845,000	\$ -	\$ 22,845,000	\$ 22,845,000	0.0%
Net Appropriation	\$ 5,100,000	\$ 37,200,432	\$ 7,629,510	\$ 44,829,942	\$ 49,929,942	879.0%
Positions (FTE)	26.000	-	-	-	26.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	1,151,000	\$ -	\$ 2,302,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	1,151,000	\$ -	\$ 2,302,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 3,994,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 3,994,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 1,614,353	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 1,614,353	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 1,249,339	\$ -	\$ 1,249,339
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 1,249,339	\$ -	\$ 1,249,339
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase - Troopers

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	17,926,091	\$ -	\$ 26,889,136	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	17,926,091	\$ -	\$ 26,889,136	\$ -
FTE	0.000	0.000	0.000	0.000

6 Law Enforcement Officer Salary Increase - State Capitol Police

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	630,404	\$ -	\$ 945,606	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	630,404	\$ -	\$ 945,606	\$ -
FTE	0.000	0.000	0.000	0.000

R Changes NR Changes R Changes NR Changes

Reserve for Salaries and Benefits

7 Law Enforcement Officer Salary Increase - Investigative Services Unit

Transfers funds from the Department of Transportation for the Investigative Services Unit (formerly Division of Motor Vehicles License and Theft Bureau) for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for state law enforcement officers, for a total increase of 15%.

Strengthening compensation will help agencies compete or qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our facilities and communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	1,845,000	\$	-	\$	2,845,000	\$	-
Rec \$	1,845,000	\$	-	\$	2,845,000	\$	-
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

Field Operations

8 Body and In-Car Cameras

Provides funding for body cameras for all State Highway Patrol (SHP) newly-hired Troopers and supervisors and State Capitol Police (SCP) officers. Body cameras provide crucial evidence in investigations by more accurately documenting interactions. Footage will enable situation-based training based on officers' previous encounters. In FY 2024-25, SHP began purchasing body cameras for Troopers, but the original purchase could not cover all positions. This funding for 220 body and/or in-car cameras ensures all SHP Troopers and SCP officers have a body camera. Use of body cameras enhances accountability, transparency, and public trust.

Req \$	-	\$	-	\$	3,149,337	\$	2,386,171
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	3,149,337	\$	2,386,171
FTE	0.000		0.000		0.000		0.000

Voice Interoperability Plan for Emergency Responders

9 Voice Interoperability Plan for Emergency Responders Network Sustainment

Budgets receipts from the State Capital and Infrastructure Fund to support the operations and maintenance of the Voice Interoperability Plan for Emergency Responders (VIPER) network, included needed VIPER tower repairs. This statewide radio network enables more than 210,000 state and local first responders and other emergency response partners to communicate. NC National Guard will use \$1.8 million of these funds in FY 2026-27 to replace its VIPER radios. VIPER may use up to \$2M of these funds to establish up to ten positions. This funding and added capacity will allow VIPER to meet maintenance and user support needs on an on-going basis.

Req \$	-	\$	-	\$	20,000,000	\$	-
Rec \$	-	\$	-	\$	20,000,000	\$	-
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

Logistics and Technical Services

10 Fuel, Fuel Site Repairs, and Maintenance

Funds operational needs to maintain SHP's readiness. This funding will close budget shortfalls related to the cost of fuel, fuel site repairs, and other maintenance expenses incurred in protecting the nation's second longest road network. SHP exhausts their fuel budget by January, and its fuel sites have been in service for more than 30 years. SHP must keep positions unfilled to create lapsed salary for these foundational costs.

Req \$	-	\$	-	\$	1,800,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	1,800,000	\$	-
FTE	0.000		0.000		0.000		0.000

State Capitol Police

11 Operating Budget

Invests in SCP's operational needs. SCP is the second-largest state capitol police agency in the nation but has an operating budget of less than \$500,000. Similarly sized surrounding police departments have operating budgets about four times larger than SCP. This funding will strengthen SCP's ability to cover vehicle, computer, and radio costs, reducing reliance on lapsed salary.

Req \$	-	\$	-	\$	500,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	500,000	\$	-
FTE	0.000		0.000		0.000		0.000

	R Changes	NR Changes	R Changes	NR Changes
Total Change to Requirements	\$ 21,552,495	\$ 1,249,339	\$ 60,045,432	\$ 7,629,510
Total Change to Receipts	\$ 1,845,000	\$ -	\$ 22,845,000	\$ -
Total Change to Net Appropriations	\$ 19,707,495	\$ 1,249,339	\$ 37,200,432	\$ 7,629,510
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$	20,956,834	\$	44,829,942
Total Change to Full-Time Equivalent (FTE)		0.000		0.000

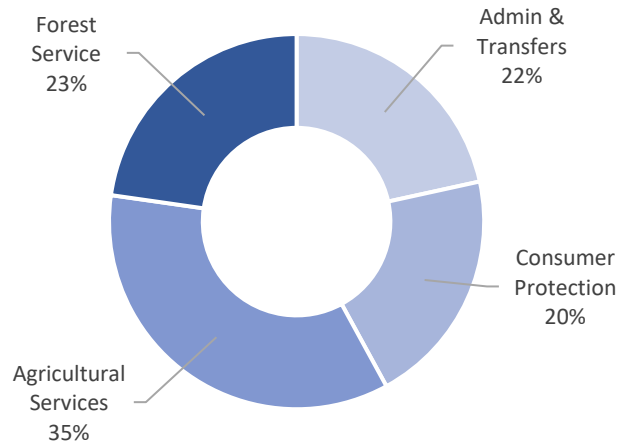
Mission

To provide services that promote and improve agriculture, agribusiness, and forests; protect consumers and businesses; and conserve farmland and natural resources for the prosperity of all North Carolinians.

Goals

1. Promote and enhance the production, marketing, and distribution of safe, healthy agricultural products and ensure sound stewardship of farmland and natural resources for North Carolinians.
2. Protect, manage, and promote forest resources for North Carolinians.
3. Protect public health, safety, and welfare; preserve environmental quality by monitoring and managing risks associated with agricultural production and marketing; and prevent fraud, deception, and unfair business practices for activities within regulatory scope.
4. Promote North Carolina agriculture and agribusiness by creating positive entertainment and educational experiences and fostering economic opportunities through the management and operation of available state facilities.
5. Provide services and support that help the Department achieve its mission and vision.

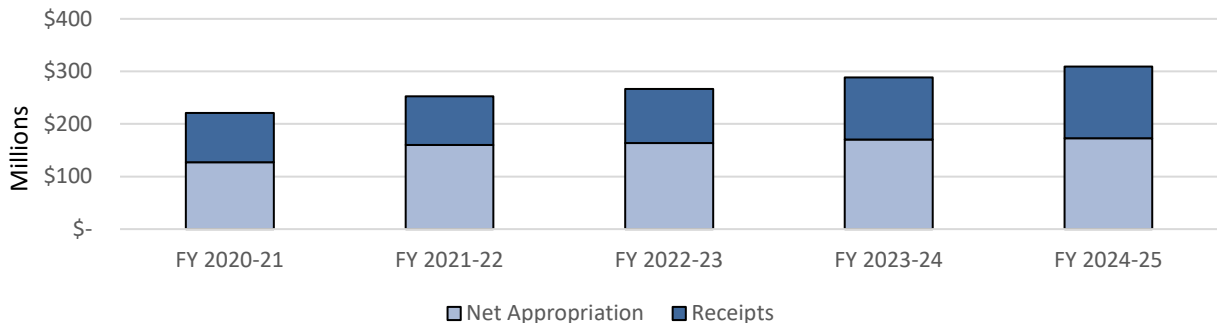
FY 2024-25 Actual Expenditures*



Agency Profile

- Markets and promotes North Carolina agriculture within the state, domestically, and abroad.
- Provides regulatory oversight for animal health, weights and measures, gas and oil inspection, food, drug and cosmetic testing, seed and fertilizer, structural pest control, and pesticides.
- Distributed 2,811,263 cases of food to schools, food banks, and other partners totaling over 75 million pounds in FY 2024-25.
- Responded to and suppressed 5,579 wildfires on 34,032 acres in the state.
- The Agricultural Development and Farmland Preservation Trust Fund has preserved over 40,000 acres of farmland and forestland across the state through conservation easements.

5-Year Historical Expenditures*



*Charts include General Fund budget code only

Agriculture and Consumer Services - General Fund (13700)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 270,201,487	\$ 2,758,841	\$ 567,612	\$ 3,326,453	\$ 273,527,940	1.2 %
Receipts	\$ 93,169,654	\$ -	\$ -	\$ -	\$ 93,169,654	0.0 %
Net Appropriation	\$ 177,031,833	\$ 2,758,841	\$ 567,612	\$ 3,326,453	\$ 180,358,286	1.9 %
Positions (FTE)	1,826.021	-	-	-	1,826.021	0.0 %

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 268,701,487	\$ 16,252,228	\$ 18,258,424	\$ 34,510,652	\$ 303,212,139	12.8 %
Receipts	\$ 93,169,654	\$ 557,519	\$ 11,860,812	\$ 12,418,331	\$ 105,587,985	13.3 %
Net Appropriation	\$ 175,531,833	\$ 15,694,709	\$ 6,397,612	\$ 22,092,321	\$ 197,624,154	12.6 %
Positions (FTE)	1,826.021	8.700	-	8.700	1,834.721	0.5 %

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	2,588,000	\$ -	\$ 5,176,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	2,588,000	\$ -	\$ 5,176,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 3,198,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 3,198,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 865,592	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 865,592	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 567,612	\$ -	\$ 567,612
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 567,612	\$ -	\$ 567,612
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	170,841	\$ -	\$ 256,262	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	170,841	\$ -	\$ 256,262	\$ -
FTE	0.000	0.000	0.000	0.000

Department-wide

6 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (56,704)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (56,704)	\$ -
FTE	0.000	0.000	(1.300)	0.000

	R Changes	NR Changes	R Changes	NR Changes
Department-wide				
7 IT and Cybersecurity Solutions				
Addresses the department's cybersecurity and IT funding shortfall. The funds offset rising costs for enterprise IT solutions that have created a recent deficit in the department's IT budget.	Req \$	- \$	- \$	764,025 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	764,025 \$
	FTE	0.000	0.000	0.000
8 Motor Fleet Rate Increase				
Provides funding to support the increase in Motor Fleet Management rates effective July 1, 2025. The department currently operates 171 motor fleet vehicles that are essential for carrying out the statewide responsibilities of the Food and Drug, Forestry, Meat and Poultry, Soil and Water, and Veterinary Divisions. Motor fleet rates had not been updated since January 1, 2018.	Req \$	- \$	- \$	350,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	350,000 \$
	FTE	0.000	0.000	0.000
North Carolina Forest Service				
9 Emergency Response Equipment Replacement				
Provides funds for new and replacement equipment for the North Carolina Forest Service (NCFS) to enable it to effectively conduct prescribed fires and contain wildfires. NCFS maintains a fleet of more than 750 wildland fire engines, bulldozers, and other wildfire suppression equipment. These funds will support the existing backlog and ongoing equipment replacement needs for aging equipment. In FY 2024-25, there were more than 5,000 wildfires statewide. These investments will reduce the likelihood of catastrophic wildfires.	Req \$	- \$	- \$	1,000,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	1,000,000 \$
	FTE	0.000	0.000	0.000
10 Emergency Response On-Call and Overtime				
Provides funds to pay NCFS staff for overtime and on-call hours required for emergency response efforts. NCFS permanent employees worked more than 165,000 hours of overtime and were on call for close to 423,000 hours related to wildfire suppression in FY 2024-25, at a cost close to \$3,970,000.	Req \$	- \$	- \$	500,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	500,000 \$
	FTE	0.000	0.000	0.000
11 Aviation Operating Costs				
Provides operational support for the NCFS aviation fleet to protect the state's forestlands. Funding supports increased expenses for the division's 23 forest management aircraft, including insurance, fuel, repairs, and fire suppression tools. Aerial support for ground firefighters is critical for faster containment of fires and protection of land and homes. In FY 2024-25, 5,579 wildfires damaged more than 34,000 acres of land across the state.	Req \$	- \$	- \$	500,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	500,000 \$
	FTE	0.000	0.000	0.000
12 NCFS Law Enforcement Supervisor				
Provides funds to add a Law Enforcement Supervisor to improve oversight and workload distribution of expanded NCFS responsibilities, including wildfire investigations, public land security, and timber theft enforcement. This position will enhance investigative response and support more efficient coordination of public safety operations on state forestlands.	Req \$	- \$	- \$	148,798 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	148,798 \$
	FTE	0.000	0.000	1.000
13 NCFS Safety Officer				
Funds a second Safety Officer to strengthen the NCFS' statewide safety program. NCFS currently has only one Safety Officer responsible for more than 650 employees across 138 offices, limiting the ability to conduct safety reviews, investigations, and training. This position will support compliance with state and federal safety regulations and enhance accident prevention efforts through increased onsite evaluations and employee engagement.	Req \$	- \$	- \$	130,827 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	130,827 \$
	FTE	0.000	0.000	1.000

R Changes NR Changes R Changes NR Changes

Farmland Preservation

14 Farmland Preservation

Invests in the Agricultural Development and Farmland Preservation Trust Fund (ADFPTF) to help preserve farmland statewide. ADFPTF has preserved 42,000 acres of agricultural and working lands since 2006, with current demand for assistance being nearly 20 times available funding. According to the American Farmland Trust, North Carolina ranks second in potential agricultural land lost and is projected to lose 1.2 million acres of farmland by 2040. With these funds, ADFPTF's recurring appropriations will be \$10 million. These funds will be transferred to Budget Code 63701.

Req \$	-	\$	-	\$	5,000,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	5,000,000	\$	-
FTE	0.000		0.000		0.000		0.000

15 Federal Partnership Projects

Provides the required match to leverage two agricultural conservation easement agreements with US Department of War and US Department of Agriculture that conserve an additional 5,000 acres of military buffer zones and 2,000 acres of working land. Agricultural conservation in military buffer zones conserves natural resources and strengthens military strategic missions. These funds will leverage more than \$16 million of federal conservation funding already awarded to the state. This budgets receipts from the Federal Infrastructure Match Reserve and transfers funding to Budget Code 63701.

Req \$	-	\$	-	\$	-	\$	11,770,750
Rec \$	-	\$	-	\$	-	\$	11,770,750
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

Food and Drug Protection

16 Food and Drug Protection Positions

Shifts funding for eight positions in the Food and Drug Protection Division from federal FDA and EPA grants to net appropriations. These positions perform critical activities to ensure food and feed safety in the state, including inspections, compliance activities, laboratory surveillance, and industry education. Federal grant support for these positions was significantly cut in the past year. State appropriated funds will maintain staff capacity, support preventive work, and protect North Carolina's food supply.

Req \$	-	\$	-	\$	670,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	670,000	\$	-
FTE	0.000		0.000		0.000		0.000

Food Distribution Division

17 Household Programs Administrator

Provides funds to add a Household Programs Administrator to manage the rapid growth in demand of USDA household feeding programs. The Commodity Supplemental Food Program has expanded from serving 1,100 seniors in one county to 15,000 seniors across 70 counties, while the Emergency Food Assistance Program food volume and product variety have increased significantly and require more ordering, monitoring, and reporting. This position is needed to maintain compliance, meet rising caseload demands, and ensure timely service to partner organizations and communities.

Req \$	-	\$	-	\$	84,288	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	84,288	\$	-
FTE	0.000		0.000		1.000		0.000

Marketing

18 Domestic Marketing and Got To Be NC

Provides funds to sustain the department's domestic marketing initiatives that connect North Carolina producers with buyers across retail, food service, and distribution channels. Inflation and rising operating costs have reduced the department's ability to maintain core marketing programs. This funding supports participation in key trade events, buyer engagement, producer education, and commodity promotion that benefit more than 80 agricultural sectors. Continued investment is essential to preserve market access and support growth in the state's agricultural industry.

Req \$	-	\$	-	\$	200,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	200,000	\$	-
FTE	0.000		0.000		0.000		0.000

R Changes NR Changes R Changes NR Changes

Soil and Water Conservation Division

19 Technical Training Staff

Invests in a position at the Division of Soil and Water Conservation to provide training to Soil and Water Conservation District (SWCD) staff and partners who support cost share programs within local districts. Approximately 43% of local SWCD staff have fewer than three years of experience. This position will address growing demand for technical training to improve statewide soil and water conservation goals.

Req \$	-	\$	-	\$	105,621	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	105,621	\$	-
FTE	0.000		0.000		1.000		0.000

Standards Division

20 Food Truck Inspection Program

Budgets receipts from the Department of Transportation's Highway Fund to establish a statewide food truck inspection program within the Standards Division. An estimated 3,700 active food trucks operating in North Carolina now require inspection of Liquid Petroleum gas containers under International Fire Code adopted by North Carolina in 2025. The funds will provide inspectors and a vehicle to perform mandated inspections to ensure compliance with safety standards.

Req \$	-	\$	-	\$	557,519	\$	90,062
Rec \$	-	\$	-	\$	557,519	\$	90,062
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		6.000		0.000

Total Change to Requirements	\$	2,758,841	\$	567,612	\$	16,252,228	\$	18,258,424
Total Change to Receipts	\$	-	\$	-	\$	557,519	\$	11,860,812
Total Change to Net Appropriations	\$	2,758,841	\$	567,612	\$	15,694,709	\$	6,397,612
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		8.700		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			3,326,453	\$			22,092,321
Total Change to Full-Time Equivalent (FTE)				0.000				8.700

Agriculture and Consumer Services - Land Preservation and Trust Investment (63701)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 5,061,995	\$ -	\$ -	\$ -	\$ 5,061,995	0.0%
Receipts	\$ 5,047,750	\$ -	\$ -	\$ -	\$ 5,047,750	0.0%
Chg in Fund Balance	\$ (14,245)	\$ -	\$ -	\$ -	\$ (14,245)	0.0%
Positions (FTE)	5.000	-	-	-	5.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 5,061,995	\$ 5,000,000	\$ 11,770,750	\$ 16,770,750	\$ 21,832,745	331.3%
Receipts	\$ 5,047,750	\$ 5,000,000	\$ 11,770,750	\$ 16,770,750	\$ 21,818,500	332.2%
Chg in Fund Balance	\$ (14,245)	\$ -	\$ -	\$ -	\$ (14,245)	0.0%
Positions (FTE)	5.000	-	-	-	5.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Farmland Preservation

1 Transfer - Farmland Preservation

Budgets the transfer from Budget Code 13700 for Farmland Preservation.	Req \$	-	\$ -	\$ 5,000,000	\$ -
	Rec \$	-	\$ -	\$ 5,000,000	\$ -
	CFB \$	-	\$ -	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000

2 Transfer - Federal Partnership Projects

Budgets the transfer from Budget Code 13700 for Federal Partnership Projects.	Req \$	-	\$ -	\$ -	\$ 11,770,750
	Rec \$	-	\$ -	\$ -	\$ 11,770,750
	CFB \$	-	\$ -	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ 5,000,000	\$ 11,770,750
Total Change to Receipts	\$ -	\$ -	\$ 5,000,000	\$ 11,770,750
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000

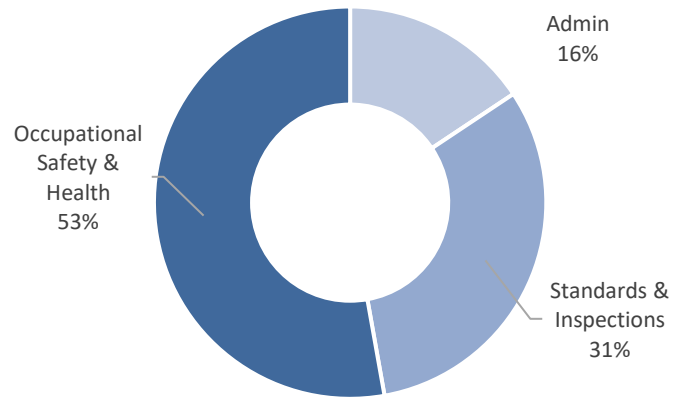
Mission

To foster a safe, healthy, fair, and productive North Carolina by providing responsive, effective, and efficient services; providing and encouraging quality education and training; administering consistently and fairly all regulatory mandates; and enhancing public confidence in the Department of Labor.

Goals

1. Protect the safety and health of North Carolina’s workforce.
2. Ensure public safety by conducting timely periodic inspections of elevators, boilers, pressure vessels, amusement devices, etc.
3. Protect employees from labor law violations by investigating allegations of wage and hour matters and retaliatory discrimination in response to protected activity.
4. Improve customer service.

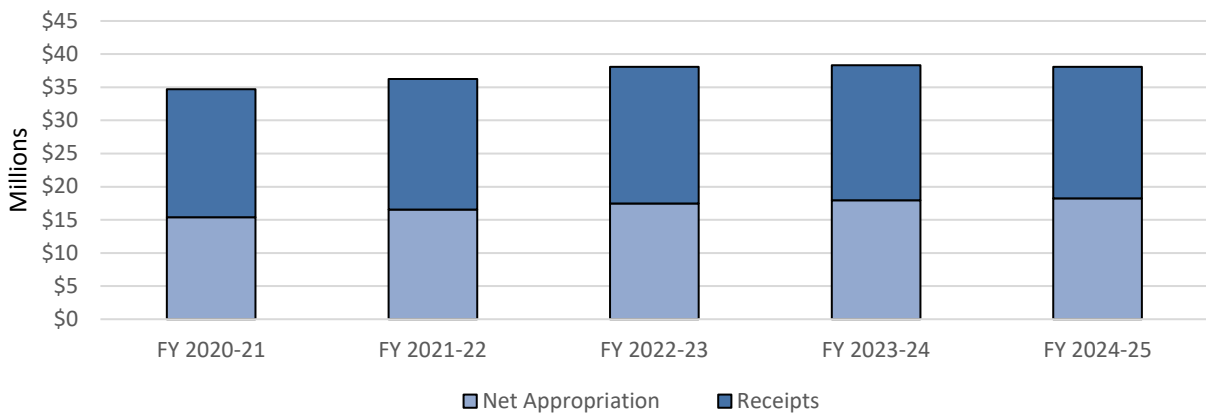
FY 2024-25 Actual Expenditures



Agency Profile

- Works to ensure the safety of employees and employers through administration of the Occupational Safety and Health (OSH) Act as well as providing education, consultation, and training opportunities.
- Sets standards and provides inspections through five bureaus: Boiler Safety; Elevator and Amusement Device; Retaliatory Employment Discrimination; Mine and Quarry; and Wage and Hour.
- Houses the Occupational Safety and Health Review Commission, which hears contested OSH cases and is an independent body within the department.

5-Year Historical Expenditures



Charts include General Fund budget code only.

Labor - General Fund (13800)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 45,742,128	\$ 559,000	\$ 120,684	\$ 679,684	\$ 46,421,812	1.5 %
Receipts	\$ 19,106,870	\$ -	\$ -	\$ -	\$ 19,106,870	0.0 %
Net Appropriation	\$ 26,635,258	\$ 559,000	\$ 120,684	\$ 679,684	\$ 27,314,942	2.6 %
Positions (FTE)	373.670	-	-	-	373.670	0.0 %

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 45,749,469	\$ 1,989,985	\$ 758,402	\$ 2,748,387	\$ 48,497,856	6.0 %
Receipts	\$ 19,106,870	\$ (180,938)	\$ -	\$ (180,938)	\$ 18,925,932	(1.0) %
Net Appropriation	\$ 26,642,599	\$ 2,170,923	\$ 758,402	\$ 2,929,325	\$ 29,571,924	11.0 %
Positions (FTE)	373.670	4.000	-	4.000	377.670	1.1 %

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	559,000	\$ -	\$ 1,118,000	\$ -
Rec \$	-	\$ -	-	\$ -
App \$	559,000	\$ -	\$ 1,118,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 548,000
Rec \$	-	\$ -	-	\$ -
App \$	-	\$ -	-	\$ 548,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 158,093	\$ -
Rec \$	-	\$ -	-	\$ -
App \$	-	\$ -	\$ 158,093	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 120,684	\$ -	\$ 120,684
Rec \$	-	\$ -	-	\$ -
App \$	-	\$ 120,684	-	\$ 120,684
FTE	0.000	0.000	0.000	0.000

Department-wide

5 Motor Fleet Rate Increase

Provides funds to cover an increase in Motor Fleet Management rates effective July 1, 2025. Rates have not been updated since January 1, 2018. Departmental staff use fleet vehicles to conduct inspections and consultative visits across the state. Federal OSH 23G receipts will support a portion of the increase.

Req \$	-	\$ -	\$ 86,940	\$ -
Rec \$	-	\$ -	\$ 19,062	\$ -
App \$	-	\$ -	\$ 67,878	\$ -
FTE	0.000	0.000	0.000	0.000

Occupational Safety and Health

6 Occupational Safety and Health Consultative Services Positions

Creates four new Health Consultant and Safety Consultant positions in the Occupational Safety and Health (OSH) Division's Consultative Services Bureau. These employees will assist employers in identifying and addressing workplace hazards. Additional staff will help reduce the current 95-day wait time for employers seeking consultations to create safer workplaces.

Req \$	-	\$ -	\$ 626,952	\$ 89,718
Rec \$	-	\$ -	-	\$ -
App \$	-	\$ -	\$ 626,952	\$ 89,718
FTE	0.000	0.000	4.000	0.000

	R Changes		NR Changes		R Changes		NR Changes	
Occupational Safety and Health								
7 Replace Federal Grant Funding with State Appropriation								
Fundshifts positions to reflect a decrease in federal grant funding for state labor consultation programs. These funds support staff in the OSH Consultative Services Bureau who assist employers with creating safer workplaces. Over the last two years, DOL has averaged 1,815 consultative visits and interventions annually.	Req \$	-	\$	-	\$	-	\$	-
	Rec \$	-	\$	-	\$	(200,000)	\$	-
	App \$	-	\$	-	\$	200,000	\$	-
	FTE	0.000		0.000		0.000		0.000
Total Change to Requirements	\$	559,000	\$	120,684	\$	1,989,985	\$	758,402
Total Change to Receipts	\$	-	\$	-	\$	(180,938)	\$	-
Total Change to Net Appropriations	\$	559,000	\$	120,684	\$	2,170,923	\$	758,402
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		4.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			679,684	\$			2,929,325
Total Change to Full-Time Equivalent (FTE)				0.000				4.000

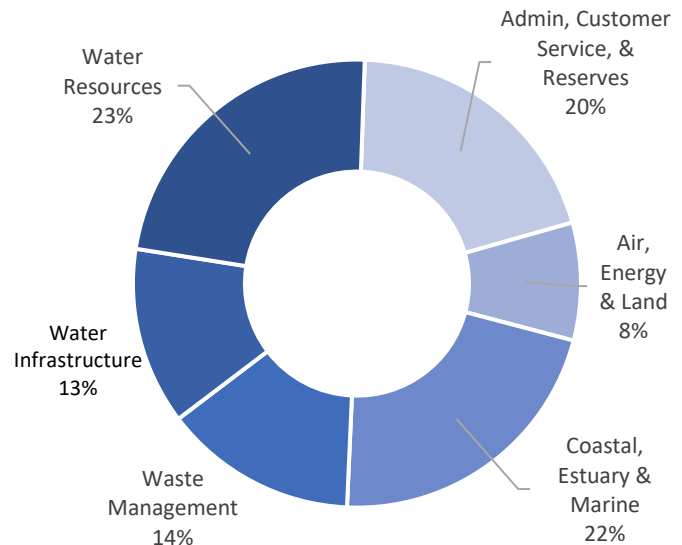
Mission

To provide science-based environmental stewardship for the health and prosperity of North Carolinians.

Goals

1. Protect public health by setting and implementing science-based standards and by providing technical, compliance, permitting and financial assistance to residents, communities, businesses, and local governments to meet or exceed requirements, prevent pollution, and improve public health.
2. Engage with policymakers, state agencies, local governments, and community leaders to support and accelerate the long-term recovery of communities devastated by Hurricane Helene and other natural disasters, and lead state efforts to strengthen communities’ resiliency to future disasters.
3. Protect North Carolina’s people and natural resources from exposure to PFAS and other forever chemicals, using transparent, collaborative, and science-based decision-making.
4. Strengthen North Carolina’s infrastructure through thoughtful and strategic investments.
5. Ensure the meaningful involvement and fair treatment of all people with respect to the development, implementation, and enforcement of environmental laws, health safeguards, and policies.
6. Modernize processes and foster innovation to enhance service efficiency, increase transparency, and strengthen partnerships to better serve all stakeholders and the public.
7. Create a work environment where employees feel valued and are empowered to be active participants in developing science-based solutions to better protect public health and the environment.

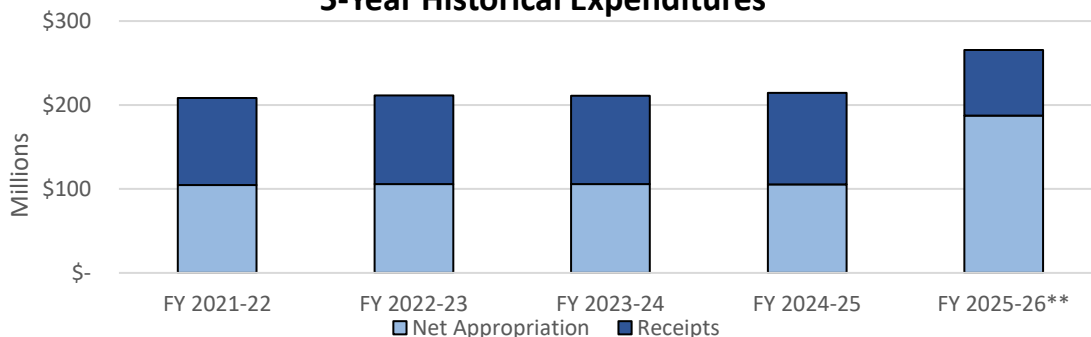
FY 2024-25 Actual Expenditures*



Agency Profile

- Protects, conserves, manages, and restores North Carolina's environmental resources through planning, permitting, education, law enforcement, and research.
- Provides grants and technical assistance to local communities to improve air, land, and water quality and support energy efficiency through natural and built infrastructure investments.

5-Year Historical Expenditures*



*Charts include General Fund budget codes only.

**FY 2025-26 excludes \$800M appropriations for water, wastewater, and stormwater infrastructure grants.

Department of Environmental Quality - General Fund (14300)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 316,857,943	\$ 1,703,589	\$ 295,633	\$ 1,999,222	\$ 318,857,165	0.6%
Receipts	\$ 208,577,988	\$ -	\$ -	\$ -	\$ 208,577,988	0.0%
Net Appropriation	\$ 108,279,955	\$ 1,703,589	\$ 295,633	\$ 1,999,222	\$ 110,279,177	1.8%
Positions (FTE)	1,169.522	-	-	-	1,169.522	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 316,172,708	\$ 14,060,134	\$ 115,153,288	\$ 129,213,422	\$ 445,386,130	40.9%
Receipts	\$ 208,581,093	\$ 4,380,000	\$ 54,710,566	\$ 59,090,566	\$ 267,671,659	28.3%
Net Appropriation	\$ 107,591,615	\$ 9,680,134	\$ 60,442,722	\$ 70,122,856	\$ 177,714,471	65.2%
Positions (FTE)	1,169.522	22.000	-	22.000	1,191.522	1.9%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	1,259,000	\$ -	\$ 2,518,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	1,259,000	\$ -	\$ 2,518,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 2,742,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 2,742,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 397,970	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 397,970	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 295,633	\$ -	\$ 295,633
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 295,633	\$ -	\$ 295,633
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	444,589	\$ -	\$ 666,884	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	444,589	\$ -	\$ 666,884	\$ -
FTE	0.000	0.000	0.000	0.000

6 Critical Positions Reserve

Provides targeted compensation adjustments for hard-to-fill DEQ positions that are under market and for positions supported by receipts or multiple fund sources. For example, Engineer I positions at DEQ average about \$63,100, more than 22% below comparable Engineer I positions across the rest of state government and almost half of the national average. Divisions that rely heavily on fees and categorical federal grants have struggled to apply legislative increases and labor market adjustments equitably across the workforce.

Req \$	-	\$ -	\$ 2,000,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 2,000,000	\$ -
FTE	0.000	0.000	0.000	0.000

R Changes NR Changes R Changes NR Changes

Department-wide

7 Permit Transformation Program Completion

Provides funding from the IT Reserve to complete the Permit Transformation Program (PTP). This is a statewide effort by the Department of Environmental Quality (DEQ) to facilitate and modernize its permitting. The PTP helps applicants apply for, track, and pay for permits, licenses, and certificates online. This enhances transparency, improves public access to permit information, and ensures consistency across DEQ's regulatory divisions. When fully implemented, PTP is expected to handle over 6,000 permit applications annually. These additional funds are needed to incorporate the last permit processes and necessary federal reporting requirements into PTP.

Req \$	-	\$	-	\$	-	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

8 PFAS – Operations and Lab Capacity

Provides funds to maintain and expand laboratory capacity for Per and Polyfluoroalkyl Substances (PFAS) testing. The Division of Waste Management and the Division of Water Resources tests public water systems, well owners, other water sources, and landfills. Funding supports new testing protocols, increased demand from enhanced standards, and required PFAS monitoring of 280 landfills across the state, protecting communities by identifying, reducing, and remediating PFAS pollution. Nonrecurring support upgrades laboratory equipment and data systems to facilitate timely, accurate analysis statewide.

Req \$	-	\$	-	\$	1,659,393	\$	2,613,925
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	1,659,393	\$	2,613,925
FTE	0.000		0.000		4.000		0.000

9 PFAS – Bernard Allen Emergency Drinking Water Fund

Supports the Bernard Allen Emergency Drinking Water Fund to assist households with private wells contaminated with PFAS and other contaminants. The fund helps residents access safe drinking water through bottled water, treatment systems, or waterline connections. Rising PFAS detections and increased program demand have increased the number of households requiring assistance. This funding also supports PFAS source identification and removal at nonpermitted sites, helping prevent ongoing contamination and protecting communities from further groundwater impacts.

Req \$	-	\$	-	\$	200,000	\$	10,000,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	200,000	\$	10,000,000
FTE	0.000		0.000		0.000		0.000

Albemarle-Pamlico National Estuary Partnership

10 Albemarle-Pamlico National Estuary Partnership Match

Budgets receipts from the Federal Infrastructure Match Reserve to leverage additional federal funds for the Albemarle-Pamlico National Estuary Partnership. This will strengthen long-term water quality, habitat, and community resilience work throughout the Albemarle Pamlico watershed.

Req \$	-	\$	-	\$	-	\$	850,000
Rec \$	-	\$	-	\$	-	\$	850,000
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

Division of Air Quality

11 Clean Air – Revenue Replacement

Budgets receipts associated with adjustments to permitting and vehicle registration fees to replace revenues lost from the elimination of emissions inspections in most counties and flat federal funding. The Division of Air Quality keeps North Carolina's air clean through permitting, monitoring, compliance, and educational activities and is over 97% receipt-supported. Declining receipts and rising costs have required the division to reduce staff and offset costs with lapsed salary. These adjustments sustain existing program operations and staffing levels without additional General Fund support.

Req \$	-	\$	-	\$	3,180,000	\$	-
Rec \$	-	\$	-	\$	3,180,000	\$	-
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

R Changes NR Changes R Changes NR Changes

Division of Coastal Management

12 Resilient Coastal Communities Program

Converts one time-limited position in the Resilient Coastal Communities Program (RCCP) to permanent to continue services for local governments in the state's 20 coastal counties. RCCP provides financial and technical assistance, including planning, engineering, and construction support, to help communities prepare for and respond to flooding, storm surge, and erosion. Nonrecurring funding will allow RCCP to expand assistance beyond the 56 communities served to date and move more shovel-ready resilience projects toward implementation. These funds will be transferred to Budget Code 24310.

Req \$	-	\$	-	\$	125,745	\$	2,000,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	125,745	\$	2,000,000
FTE	0.000		0.000		1.000		0.000

Division of Energy, Mineral, and Land Resources

13 Dam Safety Maps and Data

Funds a web-based tool to enable the department to share Dam Safety Program maps and data with dam owners and the public and to aid in creating Emergency Action Plans (EAP) and risk planning. Provides position and operating support for an additional Engineer III position to support the program. The division estimates that 750 of the 1,500 high hazard dams lack an EAP required by the NC Dam Safety Law. These funds will also allow DEQ to develop the required inundation maps for EAPs showing the area that would be impacted should a dam fail. The cost to prepare EAPs ranges from \$10,000 to \$30,000 depending on the complexity of the site. The new online tool and DEQ support will significantly reduce this cost. These funds will be transferred to Budget Code 24310.

Req \$	-	\$	-	\$	133,809	\$	1,509,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	133,809	\$	1,509,000
FTE	0.000		0.000		1.000		0.000

14 Stormwater Permitting Positions

Accelerates permit reviews by adding five Engineer II positions to the Division of Energy, Mineral, and Land Resources' Post-Construction Stormwater Program. Additional staff will reduce existing backlogs, prevent statutory approvals without review, and improve technical assistance for applicants in fast-growing coastal regions. Timely reviews support continued economic growth, strengthen environmental protections, and ensure compliance with 2023 legislative requirements for shorter permit timelines.

Req \$	-	\$	-	\$	669,041	\$	25,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	669,041	\$	25,000
FTE	0.000		0.000		5.000		0.000

Division of Marine Fisheries

15 Blue Crab Survey and Monitoring Program

Establishes a dedicated blue crab monitoring program to improve stock assessments and support North Carolina's commercial fishing industry as declining blue crab stocks continue to impact harvests. Funds one Conservation Biologist II and one Environmental Technician I, along with recurring operating resources for field sampling, analysis, and travel. Nonrecurring funds support essential equipment needed to launch species-specific surveys in priority estuarine areas.

Req \$	-	\$	-	\$	227,914	\$	381,664
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	227,914	\$	381,664
FTE	0.000		0.000		2.000		0.000

16 Body Cameras

Provides funding for body cameras for all agency law enforcement officers (LEOs). Body cameras create crucial evidence in investigations by more accurately documenting interactions. Footage will enable situation-based training based on officers' previous encounters. Currently, 58 LEOs at the department do not have body cameras. Use of body cameras enhances accountability, transparency, and public trust.

Req \$	-	\$	-	\$	70,992	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	70,992	\$	-
FTE	0.000		0.000		0.000		0.000

R Changes NR Changes R Changes NR Changes

Division of Mitigation Services

17 Statewide Flood Resiliency Blueprint and Project Implementation

Stabilizes the Flood Resiliency Blueprint's (Blueprint) core capacity by enabling the program to convert six time-limited positions to permanent. These positions will ultimately increase communities' safety and prevent future property damage by supporting basin-level planning, flood risk analysis, and community engagement needed to identify and advance high-value resilience actions. Nonrecurring funding supports data system improvements and the development and implementation of flood mitigation projects identified by communities utilizing Blueprint tools. These funds will be transferred to Budget Code 24310.

Req \$	-	\$	-	\$	748,849	\$	10,000,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	748,849	\$	10,000,000
FTE	0.000		0.000		6.000		0.000

18 Natural Infrastructure Flood Mitigation Projects

Supports the construction of natural infrastructure projects that reduce flooding in communities across the state. The department will partner with private providers to build wetlands, floodplain reconnections, and other nature-based features that store stormwater and lessen flood impacts during heavy rain events. The program expands on the successful Stoney Creek pilot by directing funds to shovel-ready project implementation that delivers measurable flood reduction benefits and enhances water quality and habitat. These funds will be transferred to Budget Code 24310.

Req \$	-	\$	-	\$	-	\$	5,000,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	-	\$	5,000,000
FTE	0.000		0.000		0.000		0.000

Division of Waste Management

19 Superfund Cleanup State Match

Budgets receipts from the Federal Infrastructure Match Reserve to meet the state's required cost share for federally led cleanup activities at Superfund National Priorities List sites. This ensures North Carolina can enter Superfund State Contracts, support EPA-directed remediation, and maintain progress on contaminated site cleanup and long-term maintenance obligations. These funds will be transferred to Budget Code 64305.

Req \$	-	\$	-	\$	-	\$	8,632,166
Rec \$	-	\$	-	\$	-	\$	8,632,166
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

Division of Water Infrastructure

20 Drinking Water State Revolving Loan and Clean Water State Revolving Loan Match

Supports the Drinking Water and Clean Water State Grant and Loan Infrastructure Investment and Jobs Act programs by using interest earnings from the Clean Water and Drinking Water Reserve to provide the required federal match for the biennium. If interest earned in FY 2026-27 is not sufficient to provide the full match, DEQ may access the Federal Match Infrastructure Reserve for any remainder to provide the full match. The 20% state match will leverage more than \$226 million in federal funds for drinking water and wastewater projects for local governments and utilities across the state. These funds will be transferred to Budget Code 64311 and Budget Code 64320.

Req \$	-	\$	-	\$	-	\$	45,228,400
Rec \$	-	\$	-	\$	-	\$	45,228,400
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

21 Local Assistance for Stormwater Infrastructure Grants

Funds Local Assistance for Stormwater Infrastructure (LASII) grants to local governments for projects to manage and improve stormwater infrastructure, which is vital to minimizing the risk of flooding during storm events. All current LASII funds have been allocated to local governments, and demand for the program continues to exceed available funding. In FY 2024-25, the department was only able to fund 5 of 28 eligible applications. These funds will be transferred to Budget Code 24327.

Req \$	-	\$	-	\$	-	\$	10,000,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	-	\$	10,000,000
FTE	0.000		0.000		0.000		0.000

R Changes NR Changes R Changes NR Changes

Division of Water Infrastructure

22 Viable Utility Reserve

Supports grants for water and wastewater systems designated as distressed by the State Water Infrastructure Authority and the Local Government Commission. Funds previously appropriated to the Viable Utility Reserve have been fully obligated, leaving no remaining resources to assist the 161 local governments designated as "distressed" and required to bring their utilities into long-term viability pursuant to GS 159G45(b). Additional funding will ensure these utilities meet statutory mandates, address infrastructure deficiencies, and maintain essential service reliability. These funds will be transferred to Budget Code 24327.

Req \$	-	\$	-	\$	-	\$	15,000,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	-	\$	15,000,000
FTE	0.000		0.000		0.000		0.000

Division of Water Resources

23 Algae Control Program

Budgets an intergovernmental transfer from the Shallow Draft Navigation Channel and Aquatic Weed Fund to establish an Algae Control Program. \$1 million will be used for grants to local governments to treat harmful algae at public access areas, boat launches, and docks. Remaining funds support operational costs and one Environmental Program Consultant to administer grants, coordinate algae treatment projects, and oversee reporting and compliance.

Req \$	-	\$	-	\$	1,200,000	\$	-
Rec \$	-	\$	-	\$	1,200,000	\$	-
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		1.000		0.000

24 Hydrologic Modeling - Swamp Waters

Establishes a Municipal Modeling Unit to improve water quality modeling and support key hydrologic updates across North Carolina. Funds two positions to oversee contractor-developed hydrologic and water quality models and to support technical review for municipal and federal wastewater permitting requirements. Nonrecurring funding supports updated basin models, enhanced swamp waters data collection, essential startup equipment, and first-year public access to hydrologic models, improving the accuracy and timeliness of water resource decisions across the state.

Req \$	-	\$	-	\$	261,537	\$	875,500
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	261,537	\$	875,500
FTE	0.000		0.000		2.000		0.000

Total Change to Requirements	\$	1,703,589	\$	295,633	\$	14,060,134	\$	115,153,288
Total Change to Receipts	\$	-	\$	-	\$	4,380,000	\$	54,710,566
Total Change to Net Appropriations	\$	1,703,589	\$	295,633	\$	9,680,134	\$	60,442,722
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		22.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			1,999,222	\$			70,122,856
Total Change to Full-Time Equivalent (FTE)				0.000				22.000

Department of Environmental Quality - Special (24300)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 303,630,299	\$ -	\$ -	\$ -	\$ 303,630,299	0.0%
Receipts	\$ 295,257,288	\$ -	\$ -	\$ -	\$ 295,257,288	0.0%
Chg in Fund Balance	\$ (8,373,011)	\$ -	\$ -	\$ -	\$ (8,373,011)	0.0%
Positions (FTE)	219.131	-	-	-	219.131	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 303,630,299	\$ -	\$ (5,000,000)	\$ (5,000,000)	\$ 298,630,299	(1.6)%
Receipts	\$ 295,257,288	\$ -	\$ -	\$ -	\$ 295,257,288	0.0%
Chg in Fund Balance	\$ (8,373,011)	\$ -	\$ 5,000,000	\$ 5,000,000	\$ (3,373,011)	(59.7)%
Positions (FTE)	219.131	-	-	-	219.131	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Transfers

1 Transfer - DNCR Dredging Shallowbag Bay

Transfers nonrecurring funds from the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund to Budget Code 14800 for the Department of Natural and Cultural Resources (DNCR) to dredge Shallowbag Bay to allow the historic ship Elizabeth II to be transported to a dry dock for repairs. The dredging will improve channel access for recreational boaters in the Manteo area. The cost-share requirements as detailed in G.S. 143-215.73F.(c) is waived for this funding to DNCR.

Req \$	-	\$ -	\$ -	\$ (5,000,000)
Rec \$	-	\$ -	\$ -	\$ -
CFB \$	-	\$ -	\$ -	\$ 5,000,000
FTE	0.000		0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ (5,000,000)
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ 5,000,000
Total Change to Full-Time Equivalent (FTE)	0.000		0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -		\$ -	\$ 5,000,000
Total Change to Full-Time Equivalent (FTE)			0.000	0.000

Department of Environmental Quality - Disaster (24310)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 419,547	\$ -	\$ -	\$ -	\$ 419,547	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chg in Fund Balance	\$ (419,547)	\$ -	\$ -	\$ -	\$ (419,547)	0.0%
Positions (FTE)	4.000	-	-	-	4.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 419,547	\$ 1,008,403	\$ 18,509,000	\$ 19,517,403	\$ 19,936,950	4,652.0%
Receipts	\$ -	\$ 1,008,403	\$ 18,509,000	\$ 19,517,403	\$ 19,517,403	0.0%
Chg in Fund Balance	\$ (419,547)	\$ -	\$ -	\$ -	\$ (419,547)	0.0%
Positions (FTE)	4.000	8.000	-	8.000	12.000	200.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Division of Coastal Management

1 Transfer - Resilient Coastal Communities Program

Budgets the transfer from Budget Code 14300 for the Resilient Coastal Communities Program.

Req \$	-	\$ -	\$ 125,745	\$ 2,000,000
Rec \$	-	\$ -	\$ 125,745	\$ 2,000,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	1.000	0.000

Division of Energy, Mineral, and Land Resources

2 Transfer - Dam Safety Maps and Data

Budgets the transfer from Budget Code 14300 for Dam Safety Maps and Data.

Req \$	-	\$ -	\$ 133,809	\$ 1,509,000
Rec \$	-	\$ -	\$ 133,809	\$ 1,509,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	1.000	0.000

Division of Mitigation Services

3 Transfer - Natural Infrastructure Flood Mitigation Projects

Budgets the transfer from Budget Code 14300 for Natural Infrastructure Flood Mitigation Projects.

Req \$	-	\$ -	\$ -	\$ 5,000,000
Rec \$	-	\$ -	\$ -	\$ 5,000,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

Division of Water Infrastructure

4 Transfer - Statewide Flood Resiliency Blueprint and Project Implementation

Budgets the transfer from Budget Code 14300 for Statewide Flood Resiliency Blueprint and Project Implementation.

Req \$	-	\$ -	\$ 748,849	\$ 10,000,000
Rec \$	-	\$ -	\$ 748,849	\$ 10,000,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	6.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ 1,008,403	\$ 18,509,000
Total Change to Receipts	\$ -	\$ -	\$ 1,008,403	\$ 18,509,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	8.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		8.000

Department of Environmental Quality - WIF Local Supplemental Grants (24327)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 12,370,609	\$ -	\$ -	\$ -	\$ 12,370,609	0.0%
Receipts	\$ 10,832,380	\$ -	\$ -	\$ -	\$ 10,832,380	0.0%
Chg in Fund Balance	\$ (1,538,229)	\$ -	\$ -	\$ -	\$ (1,538,229)	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 12,370,609	\$ -	\$ 25,000,000	\$ 25,000,000	\$ 37,370,609	202.1%
Receipts	\$ 10,832,380	\$ -	\$ 25,000,000	\$ 25,000,000	\$ 35,832,380	230.8%
Chg in Fund Balance	\$ (1,538,229)	\$ -	\$ -	\$ -	\$ (1,538,229)	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Division of Water Infrastructure

1 Transfer - Viable Utility Reserve

Budgets the transfer from Budget Code 14300 for the Viable Utility Reserve.

Req \$	-	\$ -	\$ -	\$ 15,000,000
Rec \$	-	\$ -	\$ -	\$ 15,000,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

2 Transfer - Local Assistance for Stormwater Infrastructure Grants

Budgets the transfer from Budget Code 14300 for Local Assistance for Stormwater Infrastructure Grants.

Req \$	-	\$ -	\$ -	\$ 10,000,000
Rec \$	-	\$ -	\$ -	\$ 10,000,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ 25,000,000
Total Change to Receipts	\$ -	\$ -	\$ -	\$ 25,000,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000

Department of Environmental Quality - Waste Management Cleanup (64305)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 49,353,135	\$ -	\$ -	\$ -	\$ 49,353,135	0.0%
Receipts	\$ 45,298,470	\$ -	\$ -	\$ -	\$ 45,298,470	0.0%
Chg in Fund Balance	\$ (4,054,665)	\$ -	\$ -	\$ -	\$ (4,054,665)	0.0%
Positions (FTE)	30.900	-	-	-	30.900	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 49,353,135	\$ -	\$ 8,632,166	\$ 8,632,166	\$ 57,985,301	17.5%
Receipts	\$ 45,298,470	\$ -	\$ 8,632,166	\$ 8,632,166	\$ 53,930,636	19.1%
Chg in Fund Balance	\$ (4,054,665)	\$ -	\$ -	\$ -	\$ (4,054,665)	0.0%
Positions (FTE)	30.900	-	-	-	30.900	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Division of Waste Management

1 Transfer - Superfund Cleanup State Match

Budgets the transfer from Budget Code 14300 for the Superfund Cleanup State Match.	Req \$	-	\$ -	\$ -	\$ -	\$ 8,632,166
	Rec \$	-	\$ -	\$ -	\$ -	\$ 8,632,166
	CFB \$	-	\$ -	\$ -	\$ -	\$ -
	FTE	0.000		0.000		0.000
Total Change to Requirements	\$	-	\$ -	\$ -	\$ -	\$ 8,632,166
Total Change to Receipts	\$	-	\$ -	\$ -	\$ -	\$ 8,632,166
Total Change to Fund Balance	\$	-	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$		\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)				0.000		0.000

Department of Environmental Quality - Water Pollution Revolving Loan (64311)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 130,251,783	\$ -	\$ -	\$ -	\$ 130,251,783	0.0%
Receipts	\$ 153,144,993	\$ -	\$ -	\$ -	\$ 153,144,993	0.0%
Chg in Fund Balance	\$ 22,893,210	\$ -	\$ -	\$ -	\$ 22,893,210	0.0%
Positions (FTE)	29.675	-	-	-	29.675	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 130,251,783	\$ -	\$ 17,784,000	\$ 17,784,000	\$ 148,035,783	13.6%
Receipts	\$ 153,144,993	\$ -	\$ 17,784,000	\$ 17,784,000	\$ 170,928,993	11.6%
Chg in Fund Balance	\$ 22,893,210	\$ -	\$ -	\$ -	\$ 22,893,210	0.0%
Positions (FTE)	29.675	-	-	-	29.675	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Division of Water Infrastructure

1 Transfer - Clean Water State Revolving Loan Match

Budgets the transfer from Budget Code 14300 for the Clean Water State Revolving Loan Match.	Req \$	-	\$ -	\$ -	\$ -	\$ 17,784,000
	Rec \$	-	\$ -	\$ -	\$ -	\$ 17,784,000
	CFB \$	-	\$ -	\$ -	\$ -	\$ -
	FTE	0.000		0.000		0.000
Total Change to Requirements	\$	-	\$ -	\$ -	\$ -	\$ 17,784,000
Total Change to Receipts	\$	-	\$ -	\$ -	\$ -	\$ 17,784,000
Total Change to Fund Balance	\$	-	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$			\$ -		\$ -
Total Change to Full-Time Equivalent (FTE)				0.000		0.000

Department of Environmental Quality - Drinking Water SRF (64320)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 121,796,977	\$ -	\$ -	\$ -	\$ 121,796,977	0.0%
Receipts	\$ 107,503,556	\$ -	\$ -	\$ -	\$ 107,503,556	0.0%
Chg in Fund Balance	\$ (14,293,421)	\$ -	\$ -	\$ -	\$ (14,293,421)	0.0%
Positions (FTE)	77.980	-	-	-	77.980	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 121,796,977	\$ -	\$ 27,444,400	\$ 27,444,400	\$ 149,241,377	22.5%
Receipts	\$ 107,503,556	\$ -	\$ 27,444,400	\$ 27,444,400	\$ 134,947,956	25.5%
Chg in Fund Balance	\$ (14,293,421)	\$ -	\$ -	\$ -	\$ (14,293,421)	0.0%
Positions (FTE)	77.980	-	-	-	77.980	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Division of Water Infrastructure

1 Transfer - Drinking Water State Revolving Loan Match

Budgets the transfer from Budget Code 14300 for the Drinking Water State Revolving Loan Match.

Req \$	-	\$ -	-	\$ -	-	\$ 27,444,400
Rec \$	-	\$ -	-	\$ -	-	\$ 27,444,400
CFB \$	-	\$ -	-	\$ -	-	\$ -
FTE	0.000		0.000		0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,444,400
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,444,400
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -		\$ -		\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)			0.000			0.000

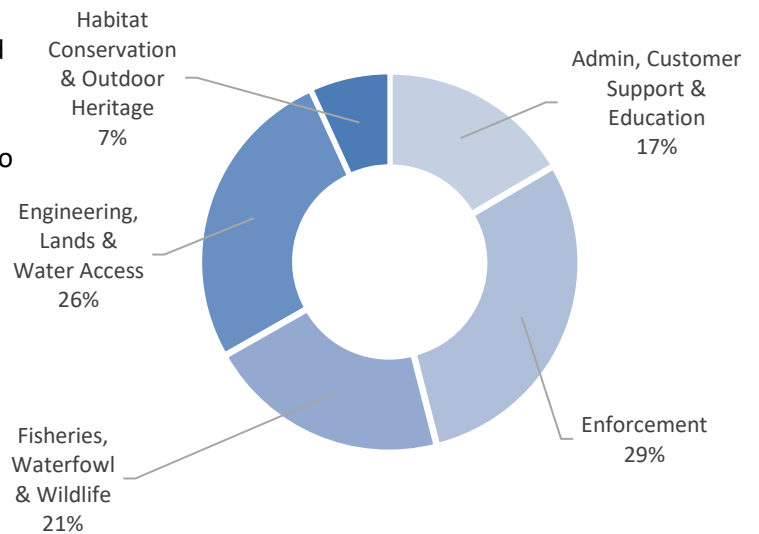
Mission

To conserve North Carolina’s wildlife resources and their habitats and provide programs and opportunities that allow hunters, anglers, boaters, and outdoor enthusiasts to enjoy wildlife-associated recreation.

Goals

1. Ensure all North Carolina citizens have the opportunity for safe and readily available participation in hunting, fishing, boating and other wildlife-related activities.
2. Expand the constituency base by providing and promoting opportunities for everyone to experience the state’s wildlife resources.
3. Conserve and enhance the abundance and diversity of North Carolina’s fish and wildlife.
4. Be recognized as a leader in sustaining working lands, conserving wildlife habitats and diversity, and maintaining the hunting and fishing heritage of North Carolina.
5. Communicate, educate, and market wildlife conservation and management.

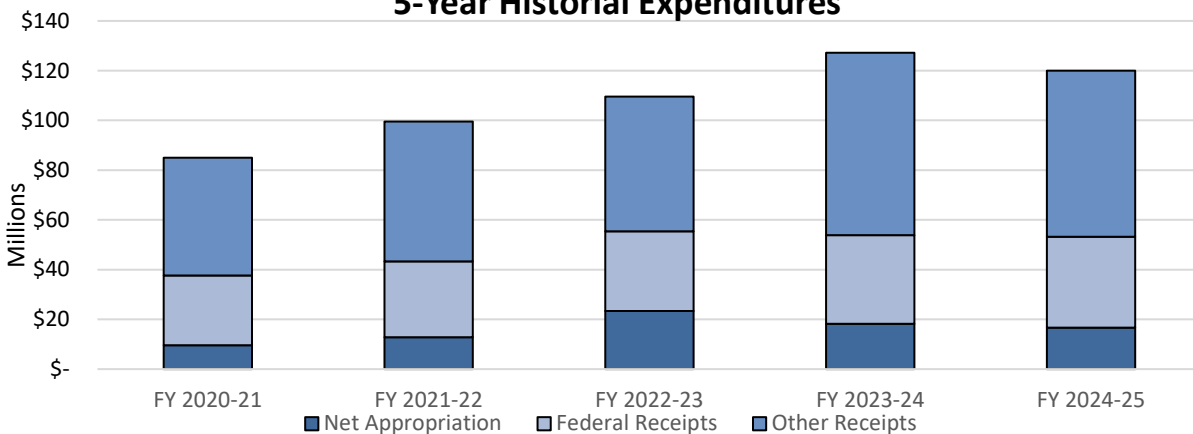
FY 2024-25 Actual Expenditures



Agency Profile

- Conserves and sustains the state’s fish and wildlife resources through research, scientific management, wise use, and public input.
- Administers and enforces North Carolina fishing, hunting, trapping, and boating laws.
- Owns and operates 73 game lands of over 549,000 acres and manages an additional 1.6 million acres through cooperative agreements for wildlife management and conservation.
- Manages over 265 boating access areas, 261 public fishing areas, nine shooting ranges and ten fish hatcheries to provide opportunity and access to the public.

5-Year Historical Expenditures



*Charts include General Fund budget code only.

Wildlife Resources Commission - General Fund (14350)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 102,187,960	\$ 1,364,835	\$ 77,889	\$ 1,442,724	\$ 103,630,684	1.4%
Receipts	\$ 85,200,340	\$ -	\$ -	\$ -	\$ 85,200,340	0.0%
Net Appropriation	\$ 16,987,620	\$ 1,364,835	\$ 77,889	\$ 1,442,724	\$ 18,430,344	8.5%
Positions (FTE)	699.000	-	-	-	699.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 102,187,960	\$ 2,165,265	\$ 1,138,889	\$ 3,304,154	\$ 105,492,114	3.2%
Receipts	\$ 85,200,340	\$ -	\$ -	\$ -	\$ 85,200,340	0.0%
Net Appropriation	\$ 16,987,620	\$ 2,165,265	\$ 1,138,889	\$ 3,304,154	\$ 20,291,774	19.4%
Positions (FTE)	699.000	-	-	-	699.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	26,000	\$ -	\$ 52,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	26,000	\$ -	\$ 52,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 1,061,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 1,061,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 105,012	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 105,012	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 77,889	\$ -	\$ 77,889
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 77,889	\$ -	\$ 77,889
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	1,338,835	\$ -	\$ 2,008,253	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	1,338,835	\$ -	\$ 2,008,253	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ 1,364,835	\$ 77,889	\$ 2,165,265	\$ 1,138,889
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$ 1,364,835	\$ 77,889	\$ 2,165,265	\$ 1,138,889
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	1,442,724	\$ -	3,304,154
Total Change to Full-Time Equivalent (FTE)		0.000		0.000

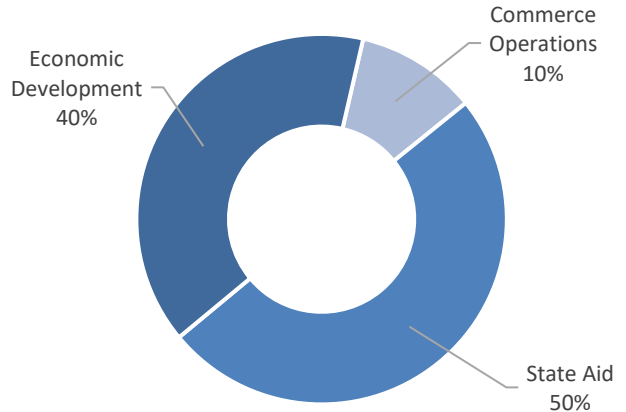
Mission

To improve the economic well-being and quality of life for all North Carolinians. To work closely with local, regional, national, and international organizations to advance economic, community and workforce development for the state.

Goals

1. Support the growth of North Carolina’s economy.
2. Increase the efficiency of the Department of Commerce’s programs and service delivery.
3. Provide high quality services to businesses, individuals, and communities.

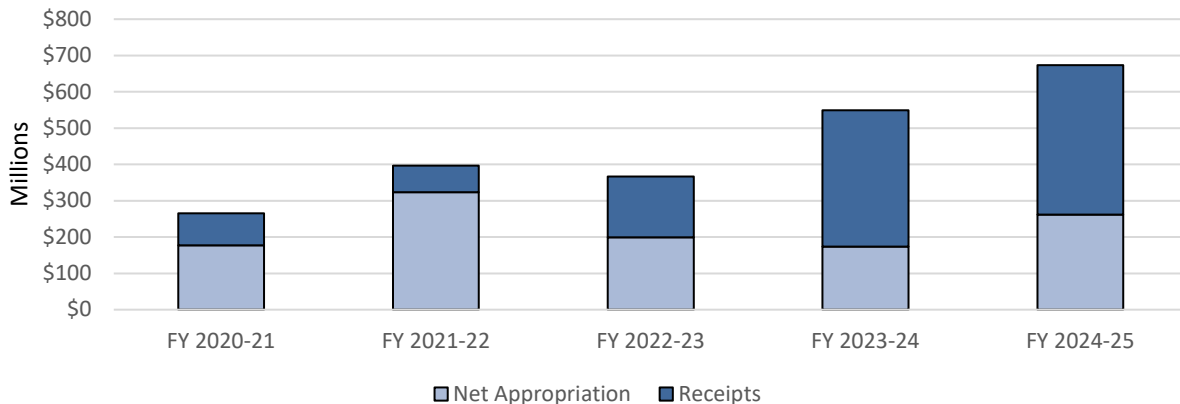
FY 2024-25 Actual Expenditures*



Agency Profile

- Comprises seven divisions: Community Revitalization, Employment Security; Labor and Economic Analysis; Finance Center; Rural Economic Development; Science, Technology and Innovation; and Workforce Solutions.
- Connects businesses with the site locations, workforce, and infrastructure needed to set themselves up for success; connects local communities with the grants and funding to attract new business and ensure future prosperity.
- Administers the state’s economic incentives program and publishes data, statistics, information, and reports for those interested in North Carolina’s economy.
- Contracts services from the Economic Development Partnership of North Carolina to market North Carolina as a business and visitor destination.

5-Year Historical Expenditures**



*Charts include General Fund budget codes only and State Fiscal Recovery Funds across three areas.

**FY 2021-22 recorded substantial investment in Economic Development projects.

Commerce - General (14600)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 78,637,491	\$ 288,000	\$ 62,312	\$ 350,312	\$ 78,987,803	0.4%
Receipts	\$ 63,272,887	\$ -	\$ -	\$ -	\$ 63,272,887	0.0%
Net Appropriation	\$ 15,364,604	\$ 288,000	\$ 62,312	\$ 350,312	\$ 15,714,916	2.3%
Positions (FTE)	179.234	-	-	-	179.234	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 78,637,491	\$ 15,921,421	\$ 13,557,312	\$ 29,478,733	\$ 108,116,224	37.5%
Receipts	\$ 63,272,887	\$ 15,144,845	\$ -	\$ 15,144,845	\$ 78,417,732	23.9%
Net Appropriation	\$ 15,364,604	\$ 776,576	\$ 13,557,312	\$ 14,333,888	\$ 29,698,492	93.3%
Positions (FTE)	179.234	110.000	-	110.000	289.234	61.4%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	288,000	\$ -	\$ 576,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	288,000	\$ -	\$ 576,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 2,495,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 2,495,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 82,154	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 82,154	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 62,312	\$ -	\$ 62,312
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 62,312	\$ -	\$ 62,312
FTE	0.000	0.000	0.000	0.000

Department-wide

5 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (106,578)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (106,578)	\$ -
FTE	0.000	0.000	(2.000)	0.000

	R Changes	NR Changes	R Changes	NR Changes
Administration				
6 NC Certified Sites Due Diligence Funding				
Provides grant funds to local governments for due diligence assessment expenses needed to certify smaller industrial sites as part of the NC Certified Sites Program in areas without Megasite or Selectsite properties. The current average cost to have a 100-acre site certified is \$100,000, which is a major barrier for local governments seeking site certification. Site certification provides businesses with greater confidence in a site's readiness for development, minimizing potential risks during construction, and reduces the site selection and development timeframe for companies. Since 2021, 14 companies relocated onto NC Certified Sites, leading to the creation of nearly 13,000 jobs and a total investment of \$11 billion in the state.	Req \$	- \$	- \$	2,000,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	2,000,000
	FTE	0.000	0.000	0.000
Rural Economic Development				
7 Southeast Crescent Regional Commission Assessment Fee				
Supports North Carolina's required annual assessment to the Southeast Crescent Regional Commission, maintaining the state's eligibility to compete for at least \$4.5 million in federal State Economic and Infrastructure Development grants. These funds support infrastructure, workforce development, and economic development projects across 69 eligible counties, including 25 of the most economically distressed counties, strengthening community development and job creation efforts in rural North Carolina. These funds will be transferred to Budget Code 24600.	Req \$	- \$	225,000 \$	-
	Rec \$	- \$	- \$	-
	App \$	- \$	225,000 \$	-
	FTE	0.000	0.000	0.000
Workforce Development				
8 NC Career Centers Support				
Budgets receipts from the Strategic WorkForce Training fund to sustain employer services delivered through 68 NCWorks Career Centers that support business recruitment, hiring, and workforce development across North Carolina. These services currently support approximately 140 state staff, connect more than 20,000 employers, and serve more than 80,000 jobseekers annually, helping businesses fill critical workforce needs and strengthen the state's labor market. Recent WIOA funding reductions have resulted in the loss of 82 positions and consolidation of centers from roughly 80 to 68, placing the greatest strain on rural and higher-unemployment regions, where NCWorks centers serve as a primary access point for employment and training services. These funds will be transferred to Budget Code 24651.	Req \$	- \$	15,000,000 \$	-
	Rec \$	- \$	15,000,000 \$	-
	App \$	- \$	- \$	-
	FTE	0.000	0.000	111.000
9 NC Career Launch				
Provides funding to the Department of Commerce to expand and scale youth apprenticeship opportunities for jobseekers that lead to Registered Pre-Apprenticeship Programs. These programs create a direct pathway to post-secondary education and careers with family-sustaining wages. This incentive will also directly support the growth of state government youth apprenticeships, creating a stronger, homegrown pipeline into publicsector careers.	Req \$	- \$	- \$	4,000,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	4,000,000
	FTE	0.000	0.000	0.000
10 Expansion of Work-Based Learning Grants				
Increases funding to the Department of Commerce's Division of Workforce Solutions to expand work-based learning grants to small businesses. These grants connect small businesses to job seekers with paid opportunities to gain work experience and develop skills, and this funding expands eligibility by increasing the employee cap from 25 to 50. Since launch, 453 businesses and over 1,120 individuals have participated, with 74% completing training and a 2025 NC Department of Commerce analysis confirming participants were more likely to find employment and earned higher wages for at least two years post-program. Approximately 5,000 students participate annually. These funds will be transferred to Budget Code 24651.	Req \$	- \$	- \$	2,500,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	2,500,000
	FTE	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Workforce Development				
11 Workforce Development Public Awareness Campaign				
Invests funds to the Department of Commerce for a marketing initiative to increase workforce development engagement among employers and jobseekers across North Carolina.	Req \$	- \$	- \$	1,000,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	1,000,000
	FTE	0.000	0.000	0.000
12 Advanced Manufacturing Apprenticeship Wage Reimbursement Pilot				
Provides up to \$5,000 to employers or group sponsors for new apprentices, with 50% of funds received at the time of registration and 50% received at time of completion. Employers and group sponsors are eligible to receive up to \$7,500 for enrolling apprentices who are currently incarcerated or were incarcerated within the past 12 months or individuals who have been unemployed for more than 90 days. These funds will be administered by the Department of Commerce with 15% of funds available for administrative support and program evaluation.	Req \$	- \$	- \$	1,500,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	1,500,000
	FTE	0.000	0.000	0.000
13 Modernized NC Career Information System				
Allocates funding from the IT Reserve to modernize NCcareers.org, a nationally recognized career exploration platform serving more than 1 million users annually. The system supports students, jobseekers, and workforce partners with tools to explore occupations, identify required credentials, conduct job searches, and prepare resumes and interviews. In the past year, the platform recorded 1 million unique users, 280,000 registered accounts, 46,000 active career development plans, and more than 11 million pageviews, reflecting rapidly growing statewide demand for career planning resources. These funds will be transferred to Budget Code 24600.	Req \$	- \$	- \$	-
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	-
	FTE	0.000	0.000	0.000
14 Workforce Pell Program Director				
Budgets receipts from the Strategic WorkForce Training fund to Establish a Workforce Pell Program Director position to implement Workforce Pell, a new federal initiative created under HR 1, 119th Congress (2025). Workforce Pell allows Pell Grants, need-based federal financial aid received by low-income students, to be used for short-term, high quality workforce training programs. The position will support program approval processes, develop required policies and reporting systems, and coordinate with education and workforce partners to expand access to approved programs. These funds will be transferred to Budget Code 24651.	Req \$	- \$	144,845 \$	-
	Rec \$	- \$	144,845 \$	-
	App \$	- \$	- \$	-
	FTE	0.000	1.000	0.000
Total Change to Requirements	\$	288,000	\$	62,312
Total Change to Receipts	\$	-	\$	-
Total Change to Net Appropriations	\$	288,000	\$	62,312
Total Change to Full-Time Equivalent (FTE)		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	350,312
Total Change to Full-Time Equivalent (FTE)				0.000
				14,333,888
				110.000

Commerce - General State Aid (14601)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 19,655,810	\$ -	\$ -	\$ -	\$ 19,655,810	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 19,655,810	\$ -	\$ -	\$ -	\$ 19,655,810	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 19,655,810	\$ -	\$ 2,500,000	\$ 2,500,000	\$ 22,155,810	12.7%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 19,655,810	\$ -	\$ 2,500,000	\$ 2,500,000	\$ 22,155,810	12.7%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Economic Development

1 Carolina Small Business Development Fund

Supports the Carolina Small Business Development Fund (CSBDF) to expand access to capital, technical assistance, and business counseling for small businesses across North Carolina, particularly in rural and underserved communities. CSBDF helps entrepreneurs start, sustain, and grow businesses by providing financing and advisory services that support job creation, local investment, and long-term economic development.

Req \$	-	\$ -	\$ -	\$ 2,500,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 2,500,000
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ 2,500,000
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$ -	\$ -	\$ -	\$ 2,500,000
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ 2,500,000
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000

Commerce - Economic Development (14602)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 158,468,245	\$ -	\$ -	\$ -	\$ 158,468,245	0.0%
Receipts	\$ 120,000	\$ -	\$ -	\$ -	\$ 120,000	0.0%
Net Appropriation	\$ 158,348,245	\$ -	\$ -	\$ -	\$ 158,348,245	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 158,468,245	\$ (5,000,000)	\$ 23,000,000	\$ 18,000,000	\$ 176,468,245	11.4%
Receipts	\$ 120,000	\$ -	\$ 10,000,000	\$ 10,000,000	\$ 10,120,000	8,333.3%
Net Appropriation	\$ 158,348,245	\$ (5,000,000)	\$ 13,000,000	\$ 8,000,000	\$ 166,348,245	5.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Economic Development

1 E-Sports Industry Grant Fund

Eliminates the recurring appropriation for the E-Sports Industry Grant Fund. The Fund was established in SL 2021-180 to provide grants to encourage multiplayer video game competitions to be held in North Carolina. The cash balance in the Fund as of March 31, 2026 is \$22.2 million.

Req \$	-	\$ -	\$ (5,000,000)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (5,000,000)	\$ -
FTE	0.000	0.000	0.000	0.000

Office of Science and Technology

2 One North Carolina Small Business Program

Increases grant funding for the One North Carolina Small Business Program. These grants support small businesses applying for the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, which provide critical funding to bridge the gap between innovation and market readiness. Grants support applicant training, reimburse application costs, and provide matching funds to SBIR or STTR recipients. These investments will help drive job creation, economic diversification, and technological advancement within the state.

Req \$	-	\$ -	\$ -	\$ 8,000,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 8,000,000
FTE	0.000	0.000	0.000	0.000

Rural Economic Development

3 Rural Transformation Grants

Invests in rural communities through additional grant funding for projects, such as downtown and neighborhood revitalization efforts, that will strengthen local economic capacity and help transform the state's most distressed communities. Addresses significant unmet demand for rural economic development support, with 141 projects requesting over \$92 million unfunded from the FY 2023-24 grant cycle.

Req \$	-	\$ -	\$ -	\$ 5,000,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 5,000,000
FTE	0.000	0.000	0.000	0.000

Tourism, Film, and Sports Development

4 NC Film Grants

Provides nonrecurring funding to fulfill existing contractual obligations for film production grants awarded by the state. Supported projects are expected to generate more than \$187 million in direct in-state spending and more than 5,700 job opportunities, strengthening North Carolina's film industry and supporting local economies while maintaining the state's credibility in recruiting future productions. These funds will be funded through the Economic Development Reserve.

Req \$	-	\$ -	\$ -	\$ 10,000,000
Rec \$	-	\$ -	\$ -	\$ 10,000,000
App \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes		NR Changes		R Changes		NR Changes	
Total Change to Requirements	\$	-	\$	-	\$	(5,000,000)	\$	23,000,000
Total Change to Receipts	\$	-	\$	-	\$	-	\$	10,000,000
Total Change to Net Appropriations	\$	-	\$	-	\$	(5,000,000)	\$	13,000,000
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			-	\$			8,000,000
Total Change to Full-Time Equivalent (FTE)				0.000				0.000

Commerce - Special (24600)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 3,927,787	\$ -	\$ -	\$ -	\$ 3,927,787	0.0%
Receipts	\$ 2,288,666	\$ -	\$ -	\$ -	\$ 2,288,666	0.0%
Chg in Fund Balance	\$ (1,639,121)	\$ -	\$ -	\$ -	\$ (1,639,121)	0.0%
Positions (FTE)	8.594	-	-	-	8.594	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 3,927,787	\$ 225,000	\$ -	\$ 225,000	\$ 4,152,787	5.7%
Receipts	\$ 2,288,666	\$ 225,000	\$ -	\$ 225,000	\$ 2,513,666	9.8%
Chg in Fund Balance	\$ (1,639,121)	\$ -	\$ -	\$ -	\$ (1,639,121)	0.0%
Positions (FTE)	8.594	-	-	-	8.594	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Rural Economic Development

1 Transfer - Southeast Crescent Regional Commission Assessment Fee

Budgets the transfer from 14600 for the Southeast Crescent Regional Commission Assessment Fee.

Req \$	-	\$ -	\$ 225,000	\$ -
Rec \$	-	\$ -	\$ 225,000	\$ -
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

Workforce Development

2 Transfer - Modernized NC Career Information System

Budgets the transfer from 14600 for the Modernized NC Career Information System.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ 225,000	\$ -
Total Change to Receipts	\$ -	\$ -	\$ 225,000	\$ -
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000

Commerce - Special - General Fund (24609)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 360,259,938	\$ -	\$ -	\$ -	\$ 360,259,938	0.0%
Receipts	\$ 358,550,454	\$ -	\$ -	\$ -	\$ 358,550,454	0.0%
Chg in Fund Balance	\$ (1,709,484)	\$ -	\$ -	\$ -	\$ (1,709,484)	0.0%
Positions (FTE)	9.693	-	-	-	9.693	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 176,159,938	\$ (5,000,000)	\$ -	\$ (5,000,000)	\$ 171,159,938	(2.8)%
Receipts	\$ 174,450,454	\$ (5,000,000)	\$ -	\$ (5,000,000)	\$ 169,450,454	(2.9)%
Chg in Fund Balance	\$ (1,709,484)	\$ -	\$ -	\$ -	\$ (1,709,484)	0.0%
Positions (FTE)	9.693	-	-	-	9.693	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Economic Development Grants

1 E-Sports Industry Grant Fund Reduction

Budgets the reduction in recurring appropriations for the E-Sport Industry Grant Fund from Budget Code 14602.

Req \$	-	\$ -	\$ (5,000,000)	\$ -
Rec \$	-	\$ -	\$ (5,000,000)	\$ -
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ (5,000,000)	\$ -
Total Change to Receipts	\$ -	\$ -	\$ (5,000,000)	\$ -
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000

Commerce - Special - Workforce Solutions (24651)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 132,703,781	\$ -	\$ -	\$ -	\$ 132,703,781	0.0%
Receipts	\$ 132,703,781	\$ -	\$ -	\$ -	\$ 132,703,781	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	791.000	-	-	-	791.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 132,703,781	\$ 15,144,845	\$ 2,500,000	\$ 17,644,845	\$ 150,348,626	13.3%
Receipts	\$ 132,703,781	\$ 15,144,845	\$ 2,500,000	\$ 17,644,845	\$ 150,348,626	13.3%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	791.000	112.000	-	112.000	903.000	14.2%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Workforce Development

1 Transfer - NC Career Centers Support

Budgets the transfer from Budget Code 14600 for NC Career Centers Support.

Req \$	-	\$ -	\$ 15,000,000	\$ -
Rec \$	-	\$ -	\$ 15,000,000	\$ -
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	111.000	0.000

2 Transfer - Expansion of Work-Based Learning Grants

Budgets the transfer from Budget Code 14600 for the Expansion of Work-Bases Learning Grants.

Req \$	-	\$ -	\$ -	\$ 2,500,000
Rec \$	-	\$ -	\$ -	\$ 2,500,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

3 Transfer - Workforce Pell Program Director

Budgets transfer from Budget Code 14600 for Workforce Pell Program Director.

Req \$	-	\$ -	\$ 144,845	\$ -
Rec \$	-	\$ -	\$ 144,845	\$ -
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	1.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ 15,144,845	\$ 2,500,000
Total Change to Receipts	\$ -	\$ -	\$ 15,144,845	\$ 2,500,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	112.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)			0.000	112.000

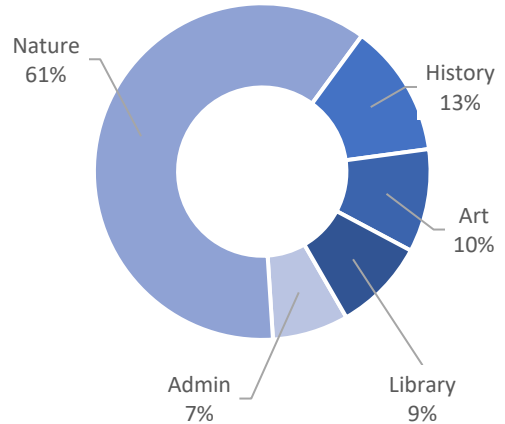
Mission

To enrich people’s lives through education and stewardship of North Carolina’s natural and cultural resources.

Goals

1. Expand and advance educational excellence and innovation throughout DNCR’s sites and programs and support workforce pathways for our fields of work.
2. Strengthen local economies by uplifting DNCR’s sites and services as community anchors.
3. Preserve, enhance, and expand access to North Carolina’s natural and cultural resources to reflect and serve all.
4. Improve operational efficiencies, collaboration, and customer service across DNCR.
5. Support western North Carolina’s recovery from Hurricane Helene and integrate climate resilience and adaptation throughout DNCR programs and operations.

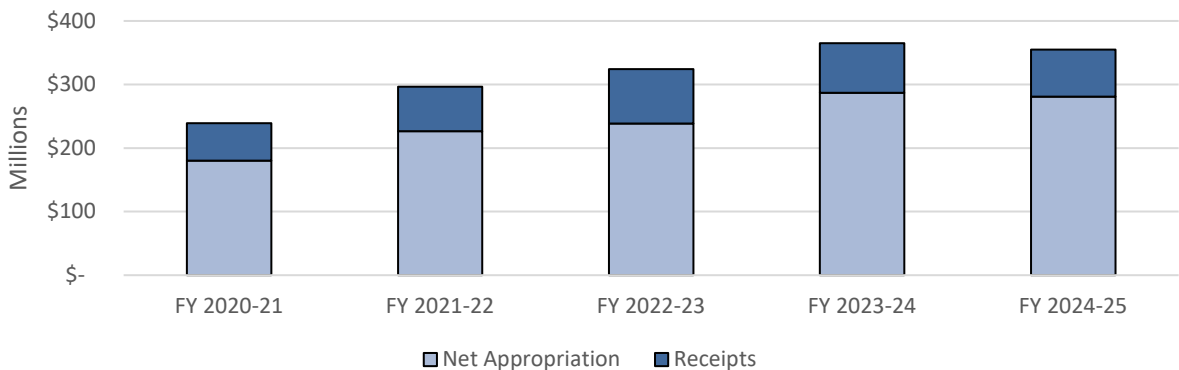
FY 2024-25 Actual Expenditures



Agency Profile

- Operates North Carolina’s state parks, aquariums, science museums, and zoo and works to preserve the state’s natural resources to provide North Carolinians the opportunity to discover them.
- Builds the capacity of all libraries in the state, runs the Library of North Carolina, and develops and supports access to traditional and online collections.
- Celebrates the history of North Carolina from pre-colonial times to the present and preserves the state’s historical treasures and artifacts.
- Supports North Carolina’s state art museums, symphony, and arts councils to give all people access to world-class art experiences and support the state’s creative economy.

5-Year Historical Expenditures*



Charts include General Fund budget codes only.

Department of Natural and Cultural Resources - General Fund (14800)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 336,271,110	\$ 5,232,193	\$ 753,252	\$ 5,985,445	\$ 342,256,555	1.8%
Receipts	\$ 56,396,562	\$ -	\$ -	\$ -	\$ 56,396,562	0.0%
Net Appropriation	\$ 279,874,548	\$ 5,232,193	\$ 753,252	\$ 5,985,445	\$ 285,859,993	2.1%
Positions (FTE)	2,112.949	-	-	-	2,112.949	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 336,336,529	\$ 40,924,469	\$ 20,618,452	\$ 61,542,921	\$ 397,879,450	18.3%
Receipts	\$ 56,396,562	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 61,396,562	8.9%
Net Appropriation	\$ 279,939,967	\$ 40,924,469	\$ 15,618,452	\$ 56,542,921	\$ 336,482,888	20.2%
Positions (FTE)	2,112.949	101.000	-	101.000	2,213.949	4.8%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	2,911,000	\$ -	\$ 5,822,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	2,911,000	\$ -	\$ 5,822,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 3,498,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 3,498,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees that the General Fund supports in FY 2026-27, for a total employer contribution of \$8,925 per employee. This proposal also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 1,196,303	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 1,196,303	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 753,252	\$ -	\$ 753,252
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 753,252	\$ -	\$ 753,252
FTE	0.000	0.000	0.000	0.000

5 Law Enforcement Officer Salary Increase

Provides funding for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for all state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	2,321,193	\$ -	\$ 3,481,790	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	2,321,193	\$ -	\$ 3,481,790	\$ -
FTE	0.000	0.000	0.000	0.000

Department-wide

6 Vacant Position Reductions

Eliminates funding for positions that have been vacant for three years or more. The department shall abolish these positions.

Req \$	-	\$ -	\$ (68,056)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (68,056)	\$ -
FTE	0.000	0.000	(1.000)	0.000

		R Changes	NR Changes	R Changes	NR Changes
Department-wide					
7 Seasonal and Temporary Employee Shortfall					
Supports peak-season staffing at sites to maintain visitor services and safety during high-demand periods. The base budget for these critical temporary staff is insufficient, and the department has long relied on lapsed salary to cover this essential seasonal workforce. Additional recurring funding is needed as vacancy rates have declined and lapsed salary has diminished.	Req \$	-	-	2,000,000	-
	Rec \$	-	-	-	-
	App \$	-	-	2,000,000	-
	FTE	0.000	0.000	0.000	0.000
8 Property Insurance					
Provides additional funds for property insurance for department-owned buildings. The department's insurance premiums have more than doubled in the past four years.	Req \$	-	-	1,301,343	-
	Rec \$	-	-	-	-
	App \$	-	-	1,301,343	-
	FTE	0.000	0.000	0.000	0.000
9 Software Subscription Shortfall					
Covers rising software costs for essential department services, including reliable internet at sites, records digitization, GIS mapping, and public access to resources. Many of these costs have been supported with lapsed salary. The department has decreased its vacancy rate from 15% to 9%, significantly reducing the amount of lapsed salary available to fund these critical needs.	Req \$	-	-	1,000,000	-
	Rec \$	-	-	-	-
	App \$	-	-	1,000,000	-
	FTE	0.000	0.000	0.000	0.000
10 Motor Fleet Rate Increases					
Provides funds to cover the increase in Motor Fleet Management rates as of July 1, 2025. Rates had not been updated since January 1, 2018. The department uses these vehicles for parks law enforcement, maintenance, and other operations.	Req \$	-	-	164,054	-
	Rec \$	-	-	-	-
	App \$	-	-	164,054	-
	FTE	0.000	0.000	0.000	0.000
11 Web Administrator					
Provides permanent funding for a Web Administrator to manage and maintain the department's public website and digital publishing tools. Currently a temporary position funded by lapsed salary, this role is the sole staff maintaining the department's public website. Making this position permanent will ensure continuity and reliable service for the 220 million annual users.	Req \$	-	-	106,903	-
	Rec \$	-	-	-	-
	App \$	-	-	106,903	-
	FTE	0.000	0.000	1.000	0.000
Administration					
12 Internal Auditor					
Funds an Internal Auditor to approach the minimum staffing level recommended by the Council of Internal Auditing. Additional audit staff will improve efficiency, effectiveness, compliance with state laws, and reduce reliance on outside contractors.	Req \$	-	-	133,764	-
	Rec \$	-	-	-	-
	App \$	-	-	133,764	-
	FTE	0.000	0.000	1.000	0.000
History					
13 Dredging Shallowbag Bay					
Funds the dredging of Shallowbag Bay to allow the historic ship Elizabeth II to be transported to a dry dock for repairs. The dredging will improve channel access for recreational boaters in the Manteo area. These funds will be transferred from the Department of Environmental Quality's Shallow Draft Dredging Fund, Budget Code 24300. The cost-share requirements as detailed in G.S. 143-215.73F.(c) is waived for this funding to DNCR.	Req \$	-	-	-	5,000,000
	Rec \$	-	-	-	5,000,000
	App \$	-	-	-	-
	FTE	0.000	0.000	0.000	0.000
14 NC Transportation Museum Operating Reserve					
Increases staffing and operating support for the North Carolina Transportation Museum (NCTM). NCTM has two structures undergoing renovation that will become operational in 2026, adding more than 39,000 square feet of visitor accessible space. The renovated Powerhouse and Car Repair Shed will be used for exhibits, events, and rail car storage and repairs. NCTM visitation has increased 30.5% in the past four years, and the additions will spur further growth with new exhibits, flexible meeting space, and expanded capacity for events.	Req \$	-	-	395,458	-
	Rec \$	-	-	-	-
	App \$	-	-	395,458	-
	FTE	0.000	0.000	3.000	0.000

R Changes NR Changes R Changes NR Changes

History

15 Archives and Records Management

Provides funding for three positions currently supported by the department's portion of the real estate transaction fee. Archives and Records Management (ARM) collects 25% from each real estate transaction fee, \$1.55 from each of the \$6.20 in fee, in its special fund. Real estate transactions have declined statewide, reducing annual ARM collections by 25% since FY 2020-21. Funding will allow the division to continue providing essential record preservation services. These funds will be transferred to Budget Code 24811.

Req \$	-	\$	-	\$	296,338	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	296,338	\$	-
FTE	0.000		0.000		0.000		0.000

16 Fort Fisher Historic Site Operating Reserve

Provides additional staff and operating funds for the new visitor center at Fort Fisher State Historic Site. In October 2024, the new 23,000 square foot visitor center replaced the 6,400 square foot facility. Additional staff and operating funds will ensure the site can operate effectively and provide a high-quality experience for more than 1 million annual visitors.

Req \$	-	\$	-	\$	172,601	\$	94,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	172,601	\$	94,000
FTE	0.000		0.000		1.000		0.000

Nature

17 State Parks Operating Shortfall

Addresses a funding shortfall in the State Parks Division to sustain operations and maintenance of the state's 42 state parks and natural areas and 3,529 miles of state trails. The division has previously relied on lapsed salary to pay for essential costs, including maintenance, motor fleet, IT, and seasonal temporary employees. The department has decreased its vacancy rate from 15% to 9%, significantly reducing the amount of lapsed salary available to fund these critical needs.

Req \$	-	\$	-	\$	12,802,419	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	12,802,419	\$	-
FTE	0.000		0.000		0.000		0.000

18 Zoo Asia Operating Reserve

Creates positions to support the new Asia complex at the North Carolina Zoo. The new 12.5-acre complex will feature new exhibits and animals, a 300-seat restaurant, and an educational exploration center. New staff will support marketing, special events, and maintenance. The Zoo estimates the complex will increase annual visits 42% and grow its economic impact to nearly \$300 million annually.

Req \$	-	\$	-	\$	7,124,438	\$	1,274,400
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	7,124,438	\$	1,274,400
FTE	0.000		0.000		69.000		0.000

19 North Carolina Parks and Recreation Trust Fund

Provides additional funds to the Parks and Recreation Trust Fund (PARTF) for grants to support projects in state parks, develop and renovate local parks, and maintain beach access. These funds will be transferred to Budget Code 24820.

Req \$	-	\$	-	\$	-	\$	5,000,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	-	\$	5,000,000
FTE	0.000		0.000		0.000		0.000

20 State Parks Operating Reserve

Establishes new positions and provides on-going and start-up operational funds for state parks, recreational areas, natural areas, and trails added or improved through Connect NC Bonds and PARTF awards. Without additional funds and sufficient staffing these sites will not be able to open. Since 2019, the state parks system has grown by nearly 18,000 acres and has had more than 430 miles of state trails designated.

Req \$	-	\$	-	\$	2,793,915	\$	1,198,800
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	2,793,915	\$	1,198,800
FTE	0.000		0.000		16.000		0.000

21 Park Ranger Body Cameras

Funds body cameras for department law enforcement officers and one position to manage the cameras and provide technical support, including video review, records request, training, and equipment management. Body cameras support investigations by improving evidence collection, support situation-based training, and enhance accountability, transparency, and public trust.

Req \$	-	\$	-	\$	1,111,964	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	1,111,964	\$	-
FTE	0.000		0.000		1.000		0.000

		R Changes		NR Changes		R Changes		NR Changes
Nature								
22 Fort Fisher Aquarium Operating Reserve								
Funds positions and operations to support the North Carolina Aquarium at Fort Fisher (NCAFF) expansion. NCAFF is anticipating a 30-month construction closure from fall 2026 to spring 2029. The facility is currently 92,000 square feet and the expansion will add more than 50,000 square feet, more than doubling the volume of water and animals housed within the aquarium. Nonrecurring funds will help offset loss of revenues from NCAFF, which also supports the state's three other aquariums and central office.	Req \$	-	\$	-	\$	1,089,235	\$	3,800,000
	Rec \$	-	\$	-	\$	-	\$	-
	App \$	-	\$	-	\$	1,089,235	\$	3,800,000
	FTE	0.000		0.000		10.000		0.000
Total Change to Requirements	\$	5,232,193	\$	753,252	\$	40,924,469	\$	20,618,452
Total Change to Receipts	\$	-	\$	-	\$	-	\$	5,000,000
Total Change to Net Appropriations	\$	5,232,193	\$	753,252	\$	40,924,469	\$	15,618,452
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		101.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			5,985,445	\$			56,542,921
Total Change to Full-Time Equivalent (FTE)				0.000				101.000

Department of Natural and Cultural Resources - Interest Earning - Special Revenue (24811)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,184,570	\$ -	\$ -	\$ -	\$ 2,184,570	0.0%
Receipts	\$ 2,184,570	\$ -	\$ -	\$ -	\$ 2,184,570	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	24.237	-	-	-	24.237	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,184,570	\$ -	\$ -	\$ -	\$ 2,184,570	0.0%
Receipts	\$ 2,184,570	\$ -	\$ -	\$ -	\$ 2,184,570	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	24.237	-	-	-	24.237	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Archives and Records Management Fund

1 Transfer - ARM Fund Receipts

Budgets the transfer from Budget Code 14800 to compensate for the reduction of real estate collections in the ARM Fund.

Req \$	-	\$ -	\$ -	\$ -	\$ -	-
Rec \$	-	\$ -	\$ -	\$ 296,338	\$ -	-
CFB \$	-	\$ -	\$ -	\$ 296,338	\$ -	-
FTE	0.000		0.000		0.000	0.000

2 ARM Fund Receipts Reduction

Budgets a reduction in receipts from the real estate transaction fee collections in the ARM Fund.

Req \$	-	\$ -	\$ -	\$ -	\$ -	-
Rec \$	-	\$ -	\$ -	\$ (296,338)	\$ -	-
CFB \$	-	\$ -	\$ -	\$ (296,338)	\$ -	-
FTE	0.000		0.000		0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -		\$ -		\$ -	-
Total Change to Full-Time Equivalent (FTE)			0.000		0.000	0.000

Department of Natural and Cultural Resources - DPR-PARTF (PARKS & RECREATION TRUST FUND) (24820)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 30,568,474	\$ -	\$ -	\$ -	\$ 30,568,474	0.0%
Receipts	\$ 30,788,325	\$ -	\$ -	\$ -	\$ 30,788,325	0.0%
Chg in Fund Balance	\$ 219,851	\$ -	\$ -	\$ -	\$ 219,851	0.0%
Positions (FTE)	3.000	-	-	-	3.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 30,568,474	\$ -	\$ -	\$ -	\$ 30,568,474	0.0%
Receipts	\$ 30,788,325	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 35,788,325	16.2%
Chg in Fund Balance	\$ 219,851	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 5,219,851	2,274.3%
Positions (FTE)	3.000	-	-	-	3.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Parks and Recreation Trust Fund

1 Transfer - Parks and Recreation Trust Fund

Budgets the transfer from Budget Code 14800 for the Parks and Recreation Trust Fund.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ 5,000,000
CFB \$	-	\$ -	\$ -	\$ 5,000,000
FTE	0.000		0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ -
Total Change to Receipts	\$ -	\$ -	\$ -	\$ 5,000,000
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ 5,000,000
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -		\$ -	\$ 5,000,000
Total Change to Full-Time Equivalent (FTE)			0.000	0.000

Mission

To connect people, products and places safely and efficiently with customer focus, accountability, and environmental sensitivity to enhance the economy and vitality of North Carolina.

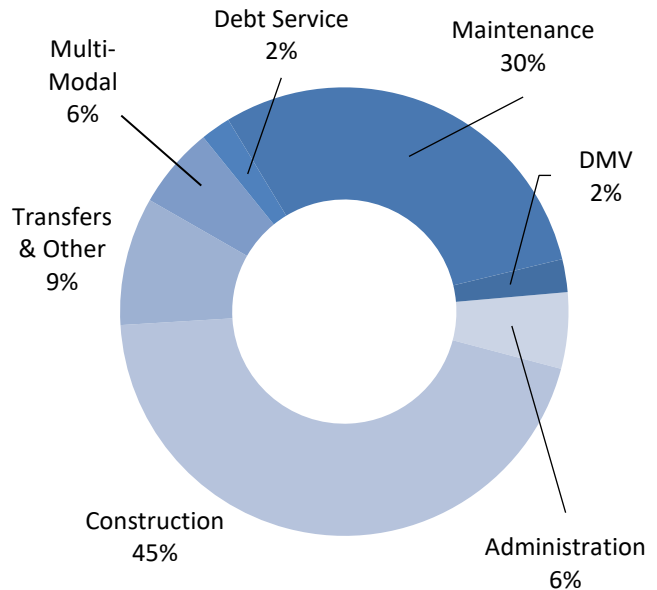
Goals

1. Recover the transportation network after emergencies.
2. Provide a safe and efficient transportation system in North Carolina.
3. Improve efficiency and effectiveness of programs, projects, and services.

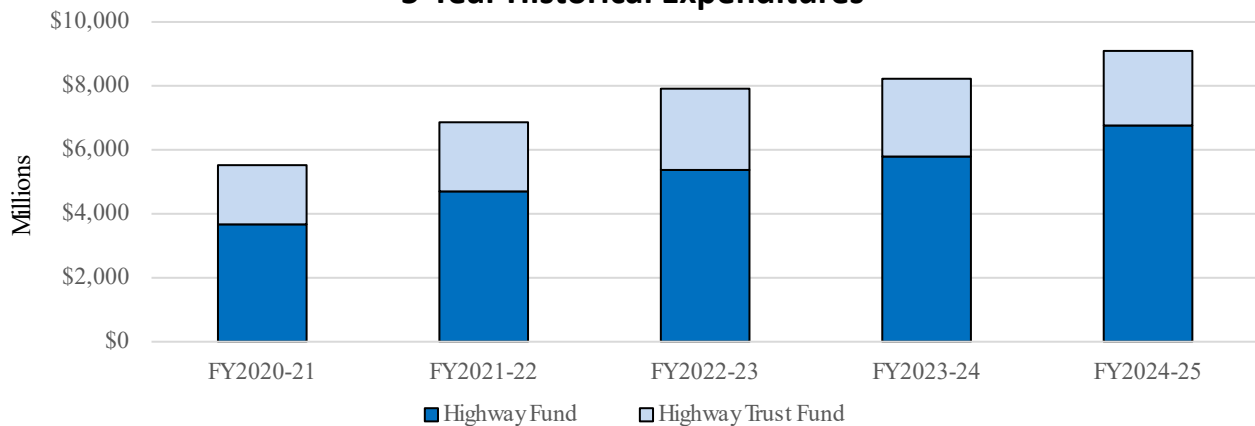
Agency Profile

- Responsible for highways and other modes of transportation in North Carolina, including programs to support rail, aviation, ferries, public transit, and bicycle and pedestrian transportation.
- Maintains one of the largest state-maintained highway systems in the nation with over 80,000 miles of roadway and more than 18,000 bridges and culverts.
- Approximately 75 million passengers and 1.3 million tons of cargo pass through state airports annually.
- Serves roughly 2 million passengers on the 2nd largest state-operated ferry system in the country.
- Provides more than 41 million passenger trips on 98 transit systems serving all 100 NC counties.

FY 2024-25 Actual Expenditures



5-Year Historical Expenditures



Charts exclude project spend funded by debt issues, including GARVEE.

Transportation - Highway Fund (84210)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 5,117,308,207	\$ 24,899,000	\$ 13,558,028	\$ 38,457,028	\$ 5,155,765,235	0.8%
Receipts	\$ 1,934,535,978	\$ (13,100,000)	\$ -	\$ (13,100,000)	\$ 1,921,435,978	(0.7)%
Net Appropriation	\$ 3,182,772,229	\$ 37,999,000	\$ 13,558,028	\$ 51,557,028	\$ 3,234,329,257	1.6%
Positions (FTE)	11,203.000	-	-	-	11,203.000	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 4,932,266,372	\$ 118,250,533	\$ 103,694,903	\$ 221,945,436	\$ 5,154,211,808	4.5%
Receipts	\$ 1,767,421,859	\$ (13,100,000)	\$ -	\$ (13,100,000)	\$ 1,754,321,859	(0.7)%
Net Appropriation	\$ 3,164,844,513	\$ 131,350,533	\$ 103,694,903	\$ 235,045,436	\$ 3,399,889,949	7.4%
Positions (FTE)	11,236.000	106.000	-	106.000	11,342.000	0.9%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Reserve for Salaries and Benefits

1 Compensation Increase Reserve

Increases all state-funded employee salaries by 2.5% in each fiscal year to help address inflationary pressures. State employees have not gotten a raise since July 1, 2024.

Req \$	23,054,000	\$ -	\$ 46,684,350	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	23,054,000	\$ -	\$ 46,684,350	\$ -
FTE	0.000	0.000	0.000	0.000

2 State Employee Bonus

Provides a \$1,000 bonus for all state employees and local education employees regardless of funding source, and an additional \$500 bonus to employees with an annual salary of less than \$75,000. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ -	\$ -	\$ 17,468,000
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ -	\$ 17,468,000
FTE	0.000	0.000	0.000	0.000

3 State Health Plan Contributions

Provides funding for a 5% increase in employer premiums for enrolled active employees supported by the General Fund in FY 2026-27, for a total employer contribution of \$8,925. Also provides funding for the State's General Fund contribution to medical rate increases for members of the State's retirement systems.

Req \$	-	\$ -	\$ 7,548,545	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 7,548,545	\$ -
FTE	0.000	0.000	0.000	0.000

4 Retiree Supplement

Provides a 2.5% one-time retiree supplement in each fiscal year for more than 258,000 retired members and survivors of deceased members.

Req \$	-	\$ 5,058,028	\$ -	\$ 5,058,028
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 5,058,028	\$ -	\$ 5,058,028
FTE	0.000	0.000	0.000	0.000

Division of Motor Vehicles

5 Division of Motor Vehicles Receipt Correction and Critical Operating Needs

Addresses a shortfall at the Division of Motor Vehicles (DMV). The 2023 Appropriations Act reduced the Highway Fund appropriation for DMV by \$24 million due to anticipated increased fee receipts related to credit card transactions. The fees have failed to come in at this level, leading to a nonrecurring shortfall of \$8.5 million, which was carried forward from FY 2024-25, and a recurring shortfall of \$13.1 million. The division does not have options to mitigate this shortfall given current pressures to improve service delivery.

Req \$	-	\$ 8,500,000	\$ -	\$ -
Rec \$	(13,100,000)	\$ -	\$ (13,100,000)	\$ -
App \$	13,100,000	\$ 8,500,000	\$ 13,100,000	\$ -
FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Division of Motor Vehicles				
6 Driver License Examiner Salary Adjustment				
Provides recurring funding to address documented equity and compensation alignment issues affecting Driver License Examiner and Program Coordinator I positions within the Division of Motor Vehicles (DMV). DMV may use these funds to increase salaries for positions that are currently below the market level. This funding will ensure frontline DMV salaries reflect job scope, complexity, and public safety responsibility. It will also support recruitment and retention, particularly in competitive labor markets and offices with high customer demand.	Req \$	- \$	- \$	5,219,538 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	5,219,538 \$
	FTE	0.000	0.000	0.000
7 Extended Weekdays and Year-Round Saturday Operations				
Provides recurring funding for 71 new positions to enable DMV to provide year-round Saturday opening at 20 high-volume offices and extend weekday hours at the 10 highest-volume offices. This will reduce appointment backlogs without requiring additional facilities or infrastructure. By strategically adding staff rather than relying on overtime, these initiatives deliver enhanced service hours, improve operational consistency, and support employee satisfaction and well-being.	Req \$	- \$	- \$	6,099,383 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	6,099,383 \$
	FTE	0.000	0.000	71.000
8 Driver License and Identification Credential Production Cost Adjustment				
Closes a \$3 million funding gap in DMV's budget for credential production costs. These costs are driven by issuance volume. Actual credential issuance has exceeded budgeted assumptions because of sustained growth in the licensed driver population and renewal activity. This request aligns the credential production budget with actual volume to ensure uninterrupted credential delivery.	Req \$	- \$	- \$	3,000,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	3,000,000 \$
	FTE	0.000	0.000	0.000
9 License Plate Funding Expansion				
Provides additional funds to meet increased demand for license plates and higher materials and production costs, which have grown by 25% and 40%, respectively. As a result, the current budget is no longer expected to meet expenditures in FY 2025-26, requiring DMV to cover the shortfall from other sources. Continued shortfalls will impair the division's ability to meet its statutory obligations.	Req \$	- \$	- \$	284,337 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	284,337 \$
	FTE	0.000	0.000	0.000
10 Funding for Newly Authorized Offices				
Provides additional recurring appropriations for operating costs for four new driver license offices authorized and funded under SL 2025-89: Garland in Sampson County; Brunswick County; Cabarrus County; and Fuquay-Varina in Wake County. Actual operating costs are higher than originally estimated. Additional funds are required to avoid a structural deficit and ensure the new offices can operate at the intended service capacity.	Req \$	- \$	- \$	760,722 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	760,722 \$
	FTE	0.000	0.000	0.000
11 High-Volume Driver License Office Security				
Funds full-time contracted security coverage at 23 high-volume driver license offices statewide. These offices experience consistently high customer volumes and elevated security risks driven by longer wait times, high-stress interactions, and service demand pressures. In 2025, there were 140 total security incidents involving customers at DMV offices across the state. Dedicated onsite security will serve as a preventive and de-escalation measure, ensuring faster response to incidents and allowing DMV staff to remain focused on uninterrupted service delivery. This will enhance safety for customers and employees while supporting stable, efficient daily operations at the division's busiest locations.	Req \$	- \$	- \$	2,500,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	2,500,000 \$
	FTE	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Division of Motor Vehicles				
12 Increased Lease Costs for Driver License Offices				
Provides funding to meet rising commercial lease costs at driver license offices statewide. DMV currently operates 44 leased facilities with total annual rent of approximately \$5.2 million, and most leases include annual escalation clauses of 3%. In addition, 20 offices are approaching lease renewal, and recent renewals indicate substantial market-driven increases, including a 61% increase at the Charlotte East office. This funding will help the division renew facilities in competitive markets while maintaining uninterrupted access to essential customer-facing services.	Req \$	- \$	- \$	402,382 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	402,382 \$
	FTE	0.000	0.000	0.000
13 Compliance and Oversight Staffing				
Provides funding for 30 positions to strengthen issuance integrity, statutory and regulatory compliance, and operational oversight at the DMV. These positions will support the full lifecycle of credential issuance and record management, including identity and eligibility verification, commercial driver license compliance, medical qualification review, auditing and fraud prevention, field supervision, system integrity, and specialized statutory programs. Each component addresses a documented capacity gap where workload, regulatory requirements, or audit expectations exceed current staffing levels. Collectively, this will ensure that DMV has the staffing necessary to issue credentials lawfully, accurately, and consistently, preserving public safety, protecting sensitive data, meeting federal and state mandates, and maintaining public trust in DMV services.	Req \$	- \$	- \$	3,000,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	3,000,000 \$
	FTE	0.000	0.000	30.000
14 Continuous Improvement and Modernization Office Staffing				
Funds five positions to establish a focused team to support implementation of the DMV's transformation strategy. As the division advances large-scale system modernization and enterprise reform initiatives, dedicated leadership capacity and expertise are essential to ensure consistent implementation and long-term sustainability. These positions will ensure timely progress on modernization initiatives, integrated implementation, effective use of data and evidence to inform business changes, and increased operational effectiveness.	Req \$	- \$	- \$	700,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	700,000 \$
	FTE	0.000	0.000	5.000
15 Automated Hearings - Operations and Maintenance				
Funds operations and maintenance for the second phase of the automated hearings solution implemented in FY 2024-25. The system will remove up to 90% of the manual work needed to perform administrative hearings by automating collections, payments, correspondence, scheduling, hearing notes recording, and waivers. This solution increases DMV efficiency and speed in conducting approximately 15,000 hearings each year, including for driver licenses, safety issues, and Ignition Interlock devices. The annualized amount for phase two is \$668,300, starting in FY 2027-28.	Req \$	- \$	- \$	224,150 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	224,150 \$
	FTE	0.000	0.000	0.000
16 DMV TRaCS Licensing Fees				
Meets increased licensing costs for TRaCS software. Law enforcement agencies use this software to submit crash reports electronically. All law enforcement agencies in the state are expected to use TRaCS by the end of 2026, as it reduces paperwork, increases report accuracy by 5%, and improves report timeliness by 10%.	Req \$	- \$	- \$	110,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	110,000 \$
	FTE	0.000	0.000	0.000
17 DMV Postage Increase				
Provides additional funding to meet increased mail and postage costs for DMV Mail Services, maintaining current service levels. The DMV mail operation provides outgoing mail services for all DMV-related correspondence, as required by statute. This includes renewal notices for titles, registrations, and licenses. USPS postage adjustments in January 2025 and July 2025 increased DMV expenditures by \$2,460,000 on an annual basis.	Req \$	- \$	- \$	2,460,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	2,460,000 \$
	FTE	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Capital Improvements				
18 High-Need Driver License Office Replacement and Expansion				
Funds the expansion or replacement of six of DMV's highest-need state-owned offices: Graham, Greensboro East, Greensboro West, Monroe, Winston-Salem North, and Winston-Salem South. Demand across these offices exceeds the capacity of the current physical footprint, requiring 20 additional service terminals that existing facilities cannot accommodate. This addition would increase systemwide capacity by more than 93,500 transactions annually – significantly reducing wait times, improving customer access to services, and allowing offices to better meet sustained demand. An additional \$9.5 million will be needed in FY 2027-28 to complete the projects.	Req \$	- \$	- \$	9,513,813
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	9,513,813
	FTE	0.000	0.000	0.000
19 Highway Division 2 - Jones County Maintenance Yard				
Provides funding to build a new maintenance yard in Jones County. The previous yard was in a flood plain and was destroyed during Hurricane Florence. Highway Division 2 employees have since been working out of a converted bus, which lacks the facilities necessary for a permanent maintenance yard. The total cost for this project is \$32.1 million and it will be completed by the end of the 2027-29 biennium.	Req \$	- \$	- \$	5,000,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	5,000,000
	FTE	0.000	0.000	0.000
20 Highway Division 5 - Wake County Maintenance Yard				
Funds the construction of a new maintenance yard in Wake County. In 2019, the current yard was transferred to the Department of Agriculture and Consumer Services (DACs) to support maintenance activities at the State Fairground, and DOT needs to vacate the property to enable DACs' plan to proceed. The total cost for this project is \$60.1 million, and it will be completed by the end of the 2027-29 biennium.	Req \$	- \$	- \$	9,100,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	9,100,000
	FTE	0.000	0.000	0.000
Rail Division				
21 Western North Carolina Intercity Passenger Rail Service				
Provides the first tranche of state match for a federal grant to establish an intercity passenger rail service in western North Carolina. The service will be between Asheville and Salisbury, where it will connect to the existing passenger rail network in North Carolina and to other states. Western North Carolina destinations are the most requested additional service among NC ByTrain customers. Expanding service to new areas of the state will improve access and tourism opportunities. A total state match of \$133 million will be required over the next four years to draw down a total of \$532 million in federal funds.	Req \$	- \$	- \$	28,000,000
	Rec \$	- \$	- \$	-
	App \$	- \$	- \$	28,000,000
	FTE	0.000	0.000	0.000
22 Rail Division - Equipment Overhaul				
Provides funding for DOT's Rail Division to complete its equipment overhaul program to ensure its rail equipment fleet is in good condition through its service life. Funds will be used to send locomotives and rail cars to refurbishment facilities for the repair and replacement of major systems, such as engines, paint and body work, and HVAC equipment. This will improve equipment reliability, improving on-time service departures and reducing delays caused by equipment failure.	Req \$	- \$	3,000,000	-
	Rec \$	- \$	- \$	-
	App \$	- \$	3,000,000	-
	FTE	0.000	0.000	0.000
23 Matching Funds for Operations				
Provides funding to support ongoing commitments including statewide safety, planning, freight and passenger programs, and track maintenance payment obligations to Class 1 railroads. Rail Division has experienced increasing and record-setting ridership every year since 2021. Annual ridership has increased 42% and service has increased from eight to ten trains per day since the last time funds were appropriated for these programs in FY 2021-22.	Req \$	- \$	2,000,000	-
	Rec \$	- \$	- \$	-
	App \$	- \$	2,000,000	-
	FTE	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Ferry Division				
24 Funding for Required Dry Docks				
Provides funds for vessel drydocks and equipment for maintenance and repairs needed to meet US Coast Guard requirements. These funds will help the Ferry Division manage higher maintenance needs resulting from the increasing age of its fleet - ten of its 22 vessels are past their 30-year expected life. The increased vessel age means the only way to keep up with the maintenance schedule is to send some vessels out to external shipyards for repair.	Req \$	- \$	- \$	4,000,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	4,000,000 \$
	FTE	0.000	0.000	0.000
25 Facility and Marine Maintenance Improvements				
Provides funding for critical asset management functions across the system's facilities and marine maintenance assets. Recurring funding strengthens the division's ability to execute routine maintenance and sustain asset reliability through a structured program of preventive maintenance, small- to medium-scale repairs, and regulatory compliance maintenance across ferry facilities. The nonrecurring funds are for four construction-ready projects that address urgent safety, regulatory, and operational deficiencies, including fire alarm installations, water supply and treatment, and visitor center structural improvements.	Req \$	- \$	- \$	2,200,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	2,200,000 \$
	FTE	0.000	0.000	0.000
26 Ramp and Gantry Crane Rehabilitation and Maintenance				
Funds a contracted rehabilitation and maintenance program for the 24 ramps and gantry cranes throughout the ferry system network to ensure safety for both employees and the public and to improve the reliability of ferry departure schedules. Of the 24 ramps and gantries, six need critical rehabilitation work, a further ten need to be addressed soon, and the remaining need regular maintenance. Providing funding on a recurring basis will ensure maintenance is performed on a timely basis, reducing safety risks and the need for emergency repairs, improving reliability and maximizing the lifespan of these assets.	Req \$	- \$	- \$	3,000,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	3,000,000 \$
	FTE	0.000	0.000	0.000
27 Manns Harbor Shipyard Compressed Air System Replacement				
Funds the replacement of a compressed air system at the Manns Harbor Shipyard, which is crucial to vessel maintenance and repairs. The current system is outdated and over 25 years old, making it hard to obtain parts or service and creating failure risks, which would have long-lasting negative impacts on ferry services.	Req \$	- \$	- \$	1,620,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	1,620,000 \$
	FTE	0.000	0.000	0.000
28 Manns Harbor Shipyard Critical Electrical Upgrades				
Provides funds to replace the electrical distribution infrastructure at Manns Harbor Shipyard. A 2024 electrical inspection rated the overall condition of this infrastructure as 'poor', with some components rated as 'serious'. This phase of work will address the most immediate threats to life and safety and the continued functionality of the shipyard. The shipyard is critical for the maintenance of 22 ferries and ten support vessels.	Req \$	- \$	- \$	5,000,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	5,000,000 \$
	FTE	0.000	0.000	0.000
29 Manns Harbor Shipyard Water Infrastructure Overhaul Project				
Addresses life and safety issues with the water infrastructure at Manns Harbor Shipyard. This project will replace an unsafe water tower and failing water treatment system, as well as fire systems that do not meet code or do not operate properly. Completing this work will also provide cost savings by reducing operating and emergency maintenance expenses and avoiding civil penalties. A further \$9 million will be needed in FY 2027-28 to complete this work.	Req \$	- \$	- \$	9,000,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	9,000,000 \$
	FTE	0.000	0.000	0.000
30 Southport - Fort Fisher Dredge Material Disposal Area Cleanout				
Provides funding to clear the Fort Fisher disposal area to ensure there is room for future dredging projects, which are vital to keeping the Fort Fisher channel and basin open. The disposal area is reaching maximum capacity for dredging materials. Clearing it out will create capacity for the next five to eight years.	Req \$	- \$	- \$	2,500,000 \$
	Rec \$	- \$	- \$	- \$
	App \$	- \$	- \$	2,500,000 \$
	FTE	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Ferry Division					
31 Currituck Contract Dredge Project					
Provides funding to dredge the Currituck ferry basin. The dredging is needed to deepen the channel to ensure vessel access, provide a tie up slip area for vessels in the time of storms or other events, and to address shoaling issues.	Req \$	- \$	- \$	- \$	1,500,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	- \$	1,500,000
	FTE	0.000	0.000	0.000	0.000
32 Motor Vessel Gov. J. B. Hunt Jr. Switchboard Replacement					
Replaces the M/V Hunt's antiquated emergency generator switchboard, for which parts are no longer available. The vessel and the original switchboards have been in operation for 41 years. If the current switchboard fails, as has happened three times in the past six years, the vessel will be out of service for up to a year while a replacement is found.	Req \$	- \$	- \$	- \$	750,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	- \$	750,000
	FTE	0.000	0.000	0.000	0.000
33 Manns Harbor Shipyard Stormwater Drainage System					
Provides funding to reroute three stormwater catch basins to an infiltration basin, preventing polluted water discharge into Pamlico Sound. Without this funding, the shipyard would exceed permit limits under National Pollutant Discharge Elimination System (NPDES) rules, resulting in fines and sanctions.	Req \$	- \$	- \$	- \$	310,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	- \$	310,000
	FTE	0.000	0.000	0.000	0.000
Aviation Division					
34 Admin Lease and Utilities Inflation Adjustment					
Provides additional funds for the Aviation Division's lease at the Raleigh-Durham Airport (RDU) and for increased utility costs. RDU has a contractual requirement with the Federal Aviation Authority to charge a fair market rent. This increase, the first since 2000, reflects that requirement. Utility costs for the building have increased by 27% since 2009, and additional funding is also needed to meet this increase.	Req \$	- \$	- \$	204,607 \$	-
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	204,607 \$	-
	FTE	0.000	0.000	0.000	0.000
35 Aviation Fellows Program					
Provides grants to North Carolina airports for two-year, paid fellowships for recent aviation science graduates. The Aviation Division will award the fellowships on a competitive basis to two students per year, for two years, and will evaluate the impact by monitoring the fellows' career progression for five years. North Carolina's airports have identified a talent pipeline gap in recruiting qualified airport professionals. The division and the North Carolina Airports Association have worked with Elizabeth City State University to refine its curriculum to both develop qualified candidates and identify practical, hands-on skills that will be developed through this two-year fellowship program.	Req \$	- \$	- \$	- \$	200,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	- \$	200,000
	FTE	0.000	0.000	0.000	0.000
Highway Maintenance					
36 Roadside Wildflower Program					
Expands the successful Roadside Wildflower Program, which has used special license plate revenues and private donations to plant 1,000 acres of native wildflowers across 609 sites throughout North Carolina. This additional funding will add a further 750 acres of plantings, bringing aesthetic, environmental and educational benefits, as well as reducing mowing and maintenance costs.	Req \$	- \$	- \$	675,000 \$	1,650,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	675,000 \$	1,650,000
	FTE	0.000	0.000	0.000	0.000
37 Low Carbon Materials for Road Surfacing					
Partially replaces a \$32 million cancelled federal grant to develop a program for the testing and implementation of low carbon concrete and asphalt paving materials. In addition to environmental benefits, using lowcarbon road surfacing materials can reduce medium and longterm road costs by improving durability and lowering future maintenance needs.	Req \$	- \$	- \$	- \$	5,000,000
	Rec \$	- \$	- \$	- \$	-
	App \$	- \$	- \$	- \$	5,000,000
	FTE	0.000	0.000	0.000	0.000

R Changes NR Changes R Changes NR Changes

Purchasing

38 Small Businesses Support Initiatives

Provides recurring funding for small business support initiatives, including assistance with strategic business plan development, identifying potential new contractors, and providing education and networking opportunities. The nonrecurring funds will be used to conduct a randomized control trial to evaluate the outcomes of different programs and improve the department's ability to engage effectively with small business contractors over time.

Req \$	-	\$	-	\$	125,000	\$	75,000
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	125,000	\$	75,000
FTE	0.000		0.000		0.000		0.000

Integrated Mobility

39 State Maintenance Assistance Program Inflation Adjustment

Increases the annual appropriation to the State Maintenance Assistance Program (SMAP), which provides grants to urban and small-urban public transportation agencies, from \$32.5 million to \$45.5 million, an increase of 41%. This reflects the results of a study conducted by NC State University's Institute for Transportation Research and Education (ITRE), which found the costs of operating a public transportation agency in North Carolina increased by 41% between 2019 and 2023. The program's appropriation has not increased since 2017.

Req \$	-	\$	-	\$	13,000,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	13,000,000	\$	-
FTE	0.000		0.000		0.000		0.000

40 Rural Operating Assistance Program Inflation Adjustment

Increases the annual appropriation to the State Rural Operating Assistance Program (ROAP), which provides grants to rural public transportation agencies, from \$18.7 million to \$26.3 million, an increase of 41%. This reflects the results of a study conducted by NC State University's Institute for Transportation Research and Education (ITRE), which found that transit costs increased by 41% between 2019 and 2023 in North Carolina. The program's appropriation has not increased since 2022.

Req \$	-	\$	-	\$	7,650,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	7,650,000	\$	-
FTE	0.000		0.000		0.000		0.000

Transfers

41 Law Enforcement Officer Salary Increase

Transfers funds to the State Highway Patrol Investigative Services Unit (formerly DMV License and Theft) for a 10% compensation increase in the first year of the biennium and a 5% increase in the second year of the biennium for state law enforcement officers, for a total increase of 15%. Strengthening compensation will help agencies compete for qualified applicants, reduce turnover, and ensure safe, effective staffing levels across our facilities and communities. With no raise since July 1, 2024, state law enforcement salaries now rank among the lowest nationally, highlighting the need to restore competitiveness.

Req \$	1,845,000	\$	-	\$	2,845,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	1,845,000	\$	-	\$	2,845,000	\$	-
FTE	0.000		0.000		0.000		0.000

42 Food Truck Inspection Program (LP Gas Safety Inspection)

Provides funding to the Department of Agriculture and Consumer Services to establish a statewide food truck inspection program within the Standards Division. An estimated 3,700 active food trucks operating in North Carolina now require inspection of Liquid Petroleum gas containers under International Fire Code adopted by North Carolina in 2025. These funds will provide inspectors and a vehicle to perform mandated inspections to ensure compliance with food truck safety standards.

Req \$	-	\$	-	\$	557,519	\$	90,062
Rec \$	-	\$	-	\$	-	\$	-
App \$	-	\$	-	\$	557,519	\$	90,062
FTE	0.000		0.000		0.000		0.000

Total Change to Requirements	\$	24,899,000	\$	13,558,028	\$	118,250,533	\$	103,694,903
Total Change to Receipts	\$	(13,100,000)	\$	-	\$	(13,100,000)	\$	-
Total Change to Net Appropriations	\$	37,999,000	\$	13,558,028	\$	131,350,533	\$	103,694,903
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		106.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$			51,557,028	\$			235,045,436
Total Change to Full-Time Equivalent (FTE)				0.000				106.000

Transportation - Highway Trust Fund (84290)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,445,746,000	\$ -	\$ -	\$ -	\$ 2,445,746,000	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 2,445,746,000	\$ -	\$ -	\$ -	\$ 2,445,746,000	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 2,445,746,000	\$ 122,754,000	\$ -	\$ 122,754,000	\$ 2,568,500,000	5.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 2,445,746,000	\$ 122,754,000	\$ -	\$ 122,754,000	\$ 2,568,500,000	5.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Highway Trust Fund

1 Strategic Transportation Investments Prioritization

Increases the budget for the Strategic Transportation Investments Prioritization (STIP) program to match the revenues available to the Highway Trust Fund. The revised total funding for Strategic Transportation Investments is \$2.30 billion in FY 2026-27.

Req \$	-	\$ -	\$ 122,383,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 122,383,000	\$ -
FTE	0.000	0.000	0.000	0.000

2 Fuel Tracking System Increased Costs

Funds increased maintenance and support costs at the Department of Revenue (DOR) for upgraded software and functionality of the Fuel Tracking System (FTS), which is used to collect more than \$2 billion in taxes annually. These updates will reduce paperwork for both taxpayers and DOR employees.

Req \$	-	\$ -	\$ 371,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ 371,000	\$ -
FTE	0.000	0.000	0.000	0.000

Total Change to Requirements	\$ -	\$ -	\$ 122,754,000	\$ -
Total Change to Receipts	\$ -	\$ -	\$ -	\$ -
Total Change to Net Appropriations	\$ -	\$ -	\$ 122,754,000	\$ -
Total Change to Full-Time Equivalent (FTE)	0.000	0.000	0.000	0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$ -	\$ -	\$ 122,754,000	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000

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State Budget and Management - State Capital and Infrastructure Fund (24001)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,632,928,985	\$ -	\$ -	\$ -	\$ 1,632,928,985	0.0%
Receipts	\$ 2,386,536,704	\$ -	\$ -	\$ -	\$ 2,386,536,704	0.0%
Chg in Fund Balance	\$ 753,607,719	\$ -	\$ -	\$ -	\$ 753,607,719	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 701,263,088	\$ 41,430,404	\$ 1,847,441,156	\$ 1,888,871,560	\$ 2,590,134,648	269.4%
Receipts	\$ 1,461,370,807	\$ -	\$ 1,130,983,142	\$ 1,130,983,142	\$ 2,592,353,949	77.4%
Chg in Fund Balance	\$ 760,107,719	\$ (41,430,404)	\$ (716,458,014)	\$ (757,888,418)	\$ 2,219,301	(99.7)%
Positions (FTE)	-	14.000	-	14.000	14.000	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

SCIF Availability

1 State Capital and Infrastructure Fund Transfer

Budgets receipts from the \$1,159,200,000 transfer, less the funding for recurring items (debt service, GREAT program, and SCIF-funded positions) in the Base Budget.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ 795,867,424
CFB \$	-	\$ -	\$ -	\$ 795,867,424
FTE	0.000	0.000	0.000	0.000

2 Unspent Funds from Prior Year

Re-purposes reversions and unused debt service payoff from FY 2025-26.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ 34,615,718
CFB \$	-	\$ -	\$ -	\$ 34,615,718
FTE	0.000	0.000	0.000	0.000

3 SCIF Interest Income

Appropriates interest earned on the SCIF fund balance. The income earned from interest in FY 2026-27 is estimated to be \$80,000,000.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ 80,000,000
CFB \$	-	\$ -	\$ -	\$ 80,000,000
FTE	0.000	0.000	0.000	0.000

Repairs and Renovations

4 Repairs and Renovations - State Agencies

Provides funding for repairs and renovations of state-owned facilities of state agencies, excluding UNC.

Req \$	-	\$ -	\$ -	\$ 300,000,000
Rec \$	-	\$ -	\$ -	\$ -
CFB \$	-	\$ -	\$ -	\$ (300,000,000)
FTE	0.000	0.000	0.000	0.000

5 Repairs and Renovations - UNC

Provides funding for repairs and renovations of state-owned university facilities.

Req \$	-	\$ -	\$ -	\$ 300,000,000
Rec \$	-	\$ -	\$ -	\$ -
CFB \$	-	\$ -	\$ -	\$ (300,000,000)
FTE	0.000	0.000	0.000	0.000

6 Public School Building Repair and Renovation Fund

Transfers funds to the Public School Building Repair and Renovation Fund to be evenly distributed among Local Education Authorities for the repairs and renovations of classroom facilities and other core infrastructure improvements. The most recent Department of Public Instruction Facility Needs Survey found \$13 billion in facility needs, including new construction, repair and renovations, and additions to existing buildings, over a five-year period.

Req \$	-	\$ -	\$ -	\$ 115,000,000
Rec \$	-	\$ -	\$ -	\$ -
CFB \$	-	\$ -	\$ -	\$ (115,000,000)
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Office of State Budget and Management					
7 Grants Management Capacity					
Provides funds for 14 additional FTE on OSBM's grants management team, including internal audit staff, accountants and grants administrators. Currently, a team of just one grant manager and four grant administrators is responsible for monitoring more than 1,500 active grants totaling more than \$3.8 billion. Additional staffing is essential to safeguard state resources, enhance compliance, and strengthen the State's ability to identify, address, and recover misused grant funds.	Req \$	-	\$ -	\$ 1,430,404	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	CFB \$	-	\$ -	\$ (1,430,404)	\$ -
	FTE	0.000		0.000	14.000
Department of Public Safety					
8 New Youth Detention Center					
Provides funding to begin site location, advanced planning, and construction of a new 48-bed facility with storage and support spaces. The total amount authorized for the project is \$40.5 million.	Req \$	-	\$ -	\$ -	\$ 10,000,000
	Rec \$	-	\$ -	\$ -	\$ -
	CFB \$	-	\$ -	\$ -	\$ (10,000,000)
	FTE	0.000		0.000	0.000
9 Richmond Juvenile Detention Center New Buildings Expansion					
Provides supplemental funding for the renovation of the Richmond Regional Juvenile Detention Center.	Req \$	-	\$ -	\$ -	\$ 3,465,755
	Rec \$	-	\$ -	\$ -	\$ -
	CFB \$	-	\$ -	\$ -	\$ (3,465,755)
	FTE	0.000		0.000	0.000
10 Cabarrus Youth Development Center Modular Office Parking					
Provides funding to develop additional overflow parking at the Cabarrus Youth Development Center.	Req \$	-	\$ -	\$ -	\$ 659,000
	Rec \$	-	\$ -	\$ -	\$ -
	CFB \$	-	\$ -	\$ -	\$ (659,000)
	FTE	0.000		0.000	0.000
11 Safer Schools – Samarcand and East Montgomery High School Supplemental					
Provides supplemental funding for the renovation of the East Montgomery County High School, which has been purchased for the Safer Schools Training program. Renovations include replacing outdated utility systems, removal of temporary trailers, removal and replacement of fencing, and renovating sidewalks and pavement across the campus.	Req \$	-	\$ -	\$ -	\$ 27,100,000
	Rec \$	-	\$ -	\$ -	\$ -
	CFB \$	-	\$ -	\$ -	\$ (27,100,000)
	FTE	0.000		0.000	0.000
12 Samarcand - Indoor Live Fire Training Building					
Provides funds to enhance law enforcement training. Funds will be used to build a specialized facility to train law enforcement officers for live fire scenarios.	Req \$	-	\$ -	\$ -	\$ 2,434,320
	Rec \$	-	\$ -	\$ -	\$ -
	CFB \$	-	\$ -	\$ -	\$ (2,434,320)
	FTE	0.000		0.000	0.000
13 Statewide Standby Generators					
Provides funding for standby power generators at National Guard facilities across the state to maintain natural disaster response operations.	Req \$	-	\$ -	\$ -	\$ 3,000,000
	Rec \$	-	\$ -	\$ -	\$ -
	CFB \$	-	\$ -	\$ -	\$ (3,000,000)
	FTE	0.000		0.000	0.000
14 National Guard Matching Funds					
Provides funds to match federal funding for construction and expansion of North Carolina National Guard projects.	Req \$	-	\$ -	\$ -	\$ 4,000,000
	Rec \$	-	\$ -	\$ -	\$ -
	CFB \$	-	\$ -	\$ -	\$ (4,000,000)
	FTE	0.000		0.000	0.000
15 Reception, Staging, Onward Movement, and Integration (RSOI) Site - Kinston					
Provides funding to renovate the Kinston National Guard Readiness Center. This site will enhance the state's capacity to respond to natural disasters and other crises across the northeastern region of the state.	Req \$	-	\$ -	\$ -	\$ 800,000
	Rec \$	-	\$ -	\$ -	\$ -
	CFB \$	-	\$ -	\$ -	\$ (800,000)
	FTE	0.000		0.000	0.000
16 Reception, Staging, Onward Movement, and Integration (RSOI) Site - Morganton					
Provides funding to expand the Morganton Readiness Center in Burke County. This site will enhance the state's capacity to respond to natural disasters and other crises across the western region of the state.	Req \$	-	\$ -	\$ -	\$ 600,000
	Rec \$	-	\$ -	\$ -	\$ -
	CFB \$	-	\$ -	\$ -	\$ (600,000)
	FTE	0.000		0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Department of Public Safety					
17 National Guard Rocky Mount Regional Readiness Center					
Provides funding for the construction of the Rocky Mount Regional Readiness Center. The total amount authorized for the project is \$8.5 million.	Req \$	- \$	- \$	- \$	6,500,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(6,500,000)
	FTE	0.000	0.000	0.000	0.000
18 National Guard Louisburg Readiness Center					
Provides the state funding match to expand all major components of the Louisburg Readiness Center. The total amount authorized for the project is \$3.7 million.	Req \$	- \$	- \$	- \$	3,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(3,000,000)
	FTE	0.000	0.000	0.000	0.000
State Highway Patrol					
19 VIPER Network Sustainment					
Provides recurring funding to support the operations and maintenance of the Voice Interoperability Plan for Emergency Responders (VIPER) network, including needed VIPER tower repairs. This statewide radio network enables more than 210,000 state and local first responders and other emergency response partners to communicate. NC National Guard will use \$1.8 million of these funds in FY2026-27 to replace its VIPER radios. VIPER may use up to \$2 million of these funds to establish up to ten positions. This funding and added capacity will allow VIPER to meet maintenance and user support needs on an on-going basis.	Req \$	- \$	- \$	20,000,000 \$	-
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	(20,000,000) \$	-
	FTE	0.000	0.000	0.000	0.000
20 State Highway Patrol Auditorium Supplemental					
Provides funding for the construction of an auditorium located at the Highway Patrol Training Academy. The total amount authorized for the project is \$63.8 million.	Req \$	- \$	- \$	- \$	28,785,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(28,785,000)
	FTE	0.000	0.000	0.000	0.000
21 Training Center Cadet Dorm 1 and Training Building Supplemental					
Provides funding for a Phase II overall master redevelopment plan for the State Highway Patrol campus and funds the first of two new mixed-use dormitories to increase enrollment and improve training efficiency for cadets. The total amount authorized for the project is \$84.1 million.	Req \$	- \$	- \$	- \$	40,766,215
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(40,766,215)
	FTE	0.000	0.000	0.000	0.000
22 Technical Services Unit (VIPER) Building Supplemental					
Provides additional funding for a new building for the technical services unit, also known as VIPER. The total amount authorized for the project is \$12.7 million.	Req \$	- \$	- \$	- \$	5,602,375
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(5,602,375)
	FTE	0.000	0.000	0.000	0.000
Department of Natural and Cultural Resources					
23 NC Museum of History Renovations and Expansion					
Provides additional funding to complete the full renovation of the interior and major building systems of the Museum. The total amount authorized for this project is \$180 million.	Req \$	- \$	- \$	- \$	30,950,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(30,950,000)
	FTE	0.000	0.000	0.000	0.000
24 NC Zoo Park New Aviary Exhibit Building					
Provides funding to construct a new Aviary Exhibit Building at the North Carolina Zoo. The total amount authorized for the project is \$60 million.	Req \$	- \$	- \$	- \$	30,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(30,000,000)
	FTE	0.000	0.000	0.000	0.000
25 Fort Fisher Aquarium Expansion and Renovations					
Provides additional funds for several new exhibits at the aquarium, including a major new tank exhibit, live animal exhibits, and interactive stations. Funds will also be utilized to update lighting and media locations, and upgrade major building systems.	Req \$	- \$	- \$	- \$	32,000,000
	Rec \$	- \$	- \$	- \$	12,000,000
	CFB \$	- \$	- \$	- \$	(20,000,000)
	FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Department of Natural and Cultural Resources					
26 Museum of Art Winston-Salem Upgrades					
Provides funds for accessibility and safety improvements at the Hanes House structure, art galleries, and surrounding grounds. Improvements will include new accessible entry and pathways, fire suppression system, and heating and air conditioning system upgrades.	Req \$	- \$	- \$	- \$	4,400,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(4,400,000)
	FTE	0.000	0.000	0.000	0.000
27 NC Zoo Modular Staff Offices (Asia Expansion)					
Provides the necessary funds to house the additional staff associated with the NC Zoo's Asia Continent expansion. Funding will provide for the construction of modular units for offices, storage, and meeting space, as well as the connection to utilities.	Req \$	- \$	- \$	- \$	1,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(1,000,000)
	FTE	0.000	0.000	0.000	0.000
28 Increase Access to State Parks					
Provides funding to enhance access at multiple state parks across the state including Bob's Creek State Natural Area, Baker's Lake State Natural Area, and Salmon Creek State Natural Area. Projects will include parking lot repairs, picnic area improvements, restroom facilities, and trail and road improvements.	Req \$	- \$	- \$	- \$	8,082,500
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(8,082,500)
	FTE	0.000	0.000	0.000	0.000
29 Maintenance Facilities at State Historic Sites and a Regional Craft Services Facility					
Provides funding that will be used to replace the metal maintenance garages at multiple historic sites across the state. Funding will also be used to construct a facility at the Charlotte Hawkins Brown State Historic Site to serve as hub for providing maintenance and materials to historic sites in Western North Carolina.	Req \$	- \$	- \$	- \$	2,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(2,000,000)
	FTE	0.000	0.000	0.000	0.000
30 Stone Mountain State Park Visitor Center					
Provides funds to create a visitor center and office space at Stone Mountain State Park. Funds will allow for the demolition of the current park office, replacing it with a facility that can serve as a regional headquarters with meeting space, retail space, and exhibit areas.	Req \$	- \$	- \$	- \$	1,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(1,000,000)
	FTE	0.000	0.000	0.000	0.000
31 NC Zoo Park Security and Safety					
Provides funds to enhance security at the North Carolina Zoo. Funds will be used to upgrade perimeter gates, implement a weapons detection system at each entrance, and add cameras and intercoms across the campus.	Req \$	- \$	- \$	- \$	5,300,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(5,300,000)
	FTE	0.000	0.000	0.000	0.000
32 African American Monument at the State Capitol					
Provides funds to complete the planning, design, and construction of the African American Monument, led by the African American Heritage Commission. The monument will be constructed on the southeast corner of the State Capitol grounds.	Req \$	- \$	- \$	- \$	5,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(5,000,000)
	FTE	0.000	0.000	0.000	0.000
Department of Agriculture and Consumer Services					
33 Raleigh State Farmers Market Improvements					
Provides funding to relocate existing operations and to create a new open-air pavilion at the Market, as well as increase access to Dix Park. The total amount authorized for the project is \$13 million.	Req \$	- \$	- \$	- \$	2,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(2,000,000)
	FTE	0.000	0.000	0.000	0.000
34 Forest Service - D-6 Headquarters Maintenance Shop Replacement					
Provides funding to construct a new shop at the Cumberland County headquarters facility, to increase office and storage space.	Req \$	- \$	- \$	- \$	4,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(4,000,000)
	FTE	0.000	0.000	0.000	0.000
35 Research Stations - New Maintenance Shop Facilities					
Provides funds to construct new maintenance shops with increased workspace and accessibility at multiple Department of Agriculture and Consumer Services research stations.	Req \$	- \$	- \$	- \$	2,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(2,000,000)
	FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Department of Agriculture and Consumer Services					
36 Research Stations - Piedmont Research Station - Bridge					
Provides funds to construct a bridge and road for extended access of cattle pastureland while removing vehicles and equipment from a public highway at the Piedmont Research Station in Salisbury.	Req \$	-	\$ -	\$ -	750,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(750,000)
	FTE	0.000	0.000	0.000	0.000
37 Research Stations - Multipurpose Facilities					
Provides funding to add necessary meeting space for daily use at research station facilities.	Req \$	-	\$ -	\$ -	2,000,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(2,000,000)
	FTE	0.000	0.000	0.000	0.000
Department of Environmental Quality					
38 Tar-Pamlico Flood Mitigation Study, Design, and Construction					
Provides state matching funds for the planning, engineering, and design of the Tar-Pamlico flood mitigation study. The plan includes elevating 35 residential structures, flood venting eight residential structures, elevating and flood venting 18 residential structures, and dry flood proofing 94 non-residential structures.	Req \$	-	\$ -	\$ -	4,000,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(4,000,000)
	FTE	0.000	0.000	0.000	0.000
39 Carolina Beach Coastal Storm Risk Management					
Provides state matching funds for coastal storm risk management at Carolina Beach.	Req \$	-	\$ -	\$ -	3,320,250
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(3,320,250)
	FTE	0.000	0.000	0.000	0.000
40 Kure Beach Coastal Storm Risk Management					
Provides the state matching funds for the beach renourishment project at Kure Beach.	Req \$	-	\$ -	\$ -	3,128,615
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(3,128,615)
	FTE	0.000	0.000	0.000	0.000
41 Wrightsville Beach Coastal Storm Risk Management					
Provides state matching funds for coastal storm risk management at Wrightsville Beach.	Req \$	-	\$ -	\$ -	1,889,462
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(1,889,462)
	FTE	0.000	0.000	0.000	0.000
42 Ocean Isle Coastal Storm Risk Management					
Provides state matching funds for coastal storm risk management at Ocean Isle.	Req \$	-	\$ -	\$ -	1,976,154
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(1,976,154)
	FTE	0.000	0.000	0.000	0.000
43 B. Everette Jordan Reservoir Water Supply					
Provides funds to meet the State's requirement to pay operation and maintenance costs at this water storage facility as part of a contract with the federal government.	Req \$	-	\$ -	\$ -	437,994
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(437,994)
	FTE	0.000	0.000	0.000	0.000
44 Holden Beach Coastal Storm Damage Reduction					
Provides matching funds for the completion of the feasibility study to re-initiate the Holden Beach Coastal Storm Damage Reduction project.	Req \$	-	\$ -	\$ -	125,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(125,000)
	FTE	0.000	0.000	0.000	0.000
45 Oak Island Coastal Storm Damage Reduction					
Provides matching funds for the Coastal Storm Damage Reduction project at Oak Island. Funds of \$400,000 are being requested to match \$400,000 in local funds and \$800,000 in federal funds.	Req \$	-	\$ -	\$ -	400,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(400,000)
	FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Department of Environmental Quality					
46 Natural Resources Conservation Service's Environmental Quality Incentives Program					
Provides funds to supplement federal funding for stream restoration projects in rural communities across western North Carolina.	Req \$	- \$	- \$	- \$	2,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(2,000,000)
	FTE	0.000	0.000	0.000	0.000
47 Water Resources Development Grant Program - State and Local Projects					
Provides funding to support water resource development projects across the state. The projects include stormwater management, stream restoration, and water-based recreation.	Req \$	- \$	- \$	- \$	3,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(3,000,000)
	FTE	0.000	0.000	0.000	0.000
State Bureau of Investigation					
48 Logistics Building Phase 2					
Provides funding to construct a new building on the Garner Road campus that would consolidate SBI Logistics and the Special Services Section. The new facility will expand functional business and office space, allow for the demolition of the current gymnasium that is beyond its useful life, and replace the current leased space.	Req \$	- \$	- \$	- \$	6,234,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(6,234,000)
	FTE	0.000	0.000	0.000	0.000
49 SBI Data Center Security Improvements					
Provides funds to improve data security at the State Bureau of investigation Data Center. Improvements will include backup generators and associated electrical infrastructure.	Req \$	- \$	- \$	- \$	472,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(472,000)
	FTE	0.000	0.000	0.000	0.000
Department of Health and Human Services					
50 O'Berry Neuro-Medical Treatment Center: ELC3 Building Systems Upgrades					
Provides funds for a major renovation of the building to upgrade patient care. Funds will be used to replace the existing floor system, upgrade all building systems, and install new windows for better energy efficiency.	Req \$	- \$	- \$	- \$	12,424,174
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(12,424,174)
	FTE	0.000	0.000	0.000	0.000
51 Walter B Jones Alcohol and Drug Abuse Treatment Center: New Medical Office Building					
Provides funds for permanent facilities at the Walter B. Jones Center to provide medical services and support.	Req \$	- \$	- \$	- \$	1,300,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(1,300,000)
	FTE	0.000	0.000	0.000	0.000
52 NC State Lab and Office of Chief Medical Examiner Facility					
Provides funds for updating and converting the Building Automation Systems (BAS) used in managing the facility's mechanical and electrical equipment.	Req \$	- \$	- \$	- \$	6,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(6,000,000)
	FTE	0.000	0.000	0.000	0.000
53 Medical Examiner's Office Expansion					
Provides funds for the expansion of the Chief Medical Examiner facility in Raleigh. The expansion would add 20,000 needed square feet of usable space to include lab space and evidence storage, as well as additional office space for pathology, toxicology, and other functions.	Req \$	- \$	- \$	- \$	13,709,446
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(13,709,446)
	FTE	0.000	0.000	0.000	0.000
54 Cherry Hospital: New Maintenance and Warehouse Facility					
Provides funds to complete the new maintenance and warehouse facility, and the relocation of all operations to the new Cherry Hospital.	Req \$	- \$	- \$	- \$	13,398,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(13,398,000)
	FTE	0.000	0.000	0.000	0.000
55 Broughton Hospital: New Maintenance Warehouse Facility Supplemental					
Provides additional funding to complete a facility consolidating maintenance shops, parts storage, offices, and warehouse space for the hospital.	Req \$	- \$	- \$	- \$	5,768,170
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(5,768,170)
	FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Department of Adult Corrections				
56 Institution Interior Life Safety, Fire Alarm, Security, Personnel, and Public Protection				
Systems	Req \$	- \$	- \$	30,000,000
Provides funding to install new fire alarm, fire systems, and upgrade other interior life safety and security systems at facilities across the department.	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(30,000,000)
	FTE	0.000	0.000	0.000
57 Roof Systems Repairs and Replacements				
Provides funding to address roofs at multiple facilities that are approaching the end of their useful life. Funding will be used to repair leaks, failing flashings, and other damage to prevent water intrusion into mechanical rooms, electrical rooms, and other interior spaces.	Req \$	- \$	- \$	10,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(10,000,000)
	FTE	0.000	0.000	0.000
58 HVAC Project Repairs and Renovations				
Provides funds for the repair, replacement, and installation of air conditioning at facilities across the department that lack adequate HVAC.	Req \$	- \$	- \$	12,480,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(12,480,000)
	FTE	0.000	0.000	0.000
Department of Military & Veterans Affairs				
59 Fayetteville State Veterans Home				
Provides planning funding for the Fayetteville State Veterans Home while additional capital funding is identified to ensure veterans receive high-quality care.	Req \$	- \$	- \$	10,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(10,000,000)
	FTE	0.000	0.000	0.000
Department of Insurance				
60 Office of State Fire Marshal Training Center				
Provides additional funding for the construction of the training center for the Office of the State Fire Marshal. The total amount authorized for this project is \$58.5 million.	Req \$	- \$	- \$	13,750,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(13,750,000)
	FTE	0.000	0.000	0.000
61 State Property Fire Insurance Fund				
Provides recurring funds to the State Property Fire Insurance Fund, to replenish the Fund following natural disaster recovery obligations, and to strengthen insurance coverage for state-owned property.	Req \$	- \$	10,000,000 \$	-
	Rec \$	- \$	- \$	-
	CFB \$	- \$	(10,000,000) \$	-
	FTE	0.000	0.000	0.000
62 Public School Insurance Fund				
Provides recurring funds to the Public School Insurance Fund to replenish the Fund following natural disaster recovery obligations, and to strengthen insurance coverage for state-owned property.	Req \$	- \$	10,000,000 \$	-
	Rec \$	- \$	- \$	-
	CFB \$	- \$	(10,000,000) \$	-
	FTE	0.000	0.000	0.000
General Assembly				
63 Education Complex				
Provides supplemental funding to renovate and upgrade the chilled water system for the downtown government complex.	Req \$	- \$	- \$	5,050,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(5,050,000)
	FTE	0.000	0.000	0.000
64 Education Campus Parking Deck				
Provides funding to the Legislative Service Office for the construction of a parking deck to serve as parking for the downtown Education Campus. The total amount authorized for the project is \$65 million.	Req \$	- \$	- \$	16,250,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(16,250,000)
	FTE	0.000	0.000	0.000
University of North Carolina (UNC)				
65 ASU - Innovation Campus				
Provides funding for the Innovation District Project at Appalachian State University.	Req \$	- \$	- \$	10,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(10,000,000)
	FTE	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
University of North Carolina (UNC)					
66 ASU - Hickory Campus					
Provides additional funding for the Phase 1 renovations to establish the ASU Hickory Campus. The total amount authorized for the project is \$50 million.	Req \$	- \$	- \$	- \$	11,350,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(11,350,000)
	FTE	0.000	0.000	0.000	0.000
67 ASU - Walker Hall - Interior Renovation					
Provides funding for capital improvements to Walker Hall at ASU. The total amount authorized for the project is \$18 million.	Req \$	- \$	- \$	- \$	11,700,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(11,700,000)
	FTE	0.000	0.000	0.000	0.000
68 ECU - Increase for Brody School of Medicine					
Provides an increase in funding for renovation and envelope repairs to the Brody School of Medicine at East Carolina University (ECU).	Req \$	- \$	- \$	- \$	85,742,720
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(85,742,720)
	FTE	0.000	0.000	0.000	0.000
69 ECU - Howel Science Building North - Comprehensive Renovation					
Provides funding for the comprehensive renovation of the North Tower of the Howell Science Building at ECU. The total amount authorized for the project is \$46 million.	Req \$	- \$	- \$	- \$	13,800,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(13,800,000)
	FTE	0.000	0.000	0.000	0.000
70 ECU - Medical Examiner Office					
Provides funding for a new regional Medical Examiner's Office at ECU. The total amount authorized for this project is \$35 million.	Req \$	- \$	- \$	- \$	8,750,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(8,750,000)
	FTE	0.000	0.000	0.000	0.000
71 ECSU - Increase for Sky Bridge					
Provides an increase in funding to complete the construction of the Sky Bridge at Elizabeth City State University (ECSU).	Req \$	- \$	- \$	- \$	5,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(5,000,000)
	FTE	0.000	0.000	0.000	0.000
72 ECSU - Infrastructure Repairs - Phase 3					
Provides planning funds for the third phase of infrastructure repairs at ECSU. The total amount authorized for this project is \$20 million.	Req \$	- \$	- \$	- \$	827,273
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(827,273)
	FTE	0.000	0.000	0.000	0.000
73 FSU - H.L. Cook Building Renovation and Addition					
Provides funding for the renovation of, and addition to, the H.L. Cook Building at Fayetteville State University (FSU). The total amount authorized for the project is \$10 million.	Req \$	- \$	- \$	- \$	5,500,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(5,500,000)
	FTE	0.000	0.000	0.000	0.000
74 NCA&T - Health and Human Sciences Building					
Provides funding for the construction of a health and human sciences building at North Carolina Agricultural and Technical State University (NCA&T). The total amount authorized for this project is \$125.5M.	Req \$	- \$	- \$	- \$	5,335,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(5,335,000)
	FTE	0.000	0.000	0.000	0.000
75 NCCU - Dent Building - Comprehensive Renovation					
Provides funding for the comprehensive renovation of the Dent Building at North Carolina Central University (NCCU). The total amount authorized for the project is \$12.1 million.	Req \$	- \$	- \$	- \$	2,000,418
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(2,000,418)
	FTE	0.000	0.000	0.000	0.000
76 NCCU - Edmonds Classroom Building - Comprehensive Renovation					
Provides funding for the comprehensive renovation of the Edmonds Classroom Building at NCCU. The total amount authorized for the project is \$19.5 million.	Req \$	- \$	- \$	- \$	650,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(650,000)
	FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
University of North Carolina (UNC)					
77 NCSU - Mann Hall - Renovation, Phase 2					
Provides funding for the second phase of renovations at Mann Hall at NC State University (NCSU). The total amount authorized for this project is \$40 million.	Req \$	- \$	- \$	- \$	10,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(10,000,000)
	FTE	0.000	0.000	0.000	0.000
78 NCSU - Polk-Hall Renovation, Phase 2					
Provides funding for the second phase of renovations at Polk Hall at NCSU. The total amount authorized for this project is \$63 million.	Req \$	- \$	- \$	- \$	18,900,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(18,900,000)
	FTE	0.000	0.000	0.000	0.000
79 NCSU - Veterinary School - Large Animal Hospital					
Provides funds to construct a large animal hospital at NCSU's Veterinary School.	Req \$	- \$	- \$	- \$	35,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(35,000,000)
	FTE	0.000	0.000	0.000	0.000
80 NCSU - Poe Hall Renovation					
Provides funds for major renovation and remediation of Poe Hall at NCSU.	Req \$	- \$	- \$	- \$	25,048,753
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(25,048,753)
	FTE	0.000	0.000	0.000	0.000
81 NCSSM - Durham Campus - Renovation of Residence Halls					
Provides funding for renovations of residence halls at the North Carolina School of Science and Math (NCSSM). The total amount authorized for the project is \$44 million.	Req \$	- \$	- \$	- \$	4,800,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(4,800,000)
	FTE	0.000	0.000	0.000	0.000
82 UNCA - Lipinsky Hall - Comprehensive Modernization					
Provides funding to complete comprehensive renovations and an addition at Lipinsky Hall at the University of North Carolina at Asheville (UNCA). The total amount authorized for the project is \$26.2 million.	Req \$	- \$	- \$	- \$	11,767,500
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(11,767,500)
	FTE	0.000	0.000	0.000	0.000
83 UNCC - Smith Hall - Comprehensive Renovation					
Provides funding for the comprehensive renovation of Smith Hall at the University of North Carolina at Charlotte (UNCC). The total amount authorized for the project is \$36 million.	Req \$	- \$	- \$	- \$	12,600,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(12,600,000)
	FTE	0.000	0.000	0.000	0.000
84 UNCG - Moore Building - Renovation					
Provides funding for the renovation of the Moore Building at the University of North Carolina at Greensboro (UNCG). The total amount authorized for this project is \$24.2 million.	Req \$	- \$	- \$	- \$	8,470,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(8,470,000)
	FTE	0.000	0.000	0.000	0.000
85 UNCP - Health Sciences Center					
Provides funding for the construction of a health science center at the University of North Carolina at Pembroke (UNCP). The total amount authorized for the project is \$91 million.	Req \$	- \$	- \$	- \$	24,400,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(24,400,000)
	FTE	0.000	0.000	0.000	0.000
86 UNCSA - Stevens Center Renovation Phase 2					
Provides funding for the second phase of the comprehensive renovation of the Stevens Center at UNC School of the Arts (UNCSA). The total amount authorized for this project is \$51 million.	Req \$	- \$	- \$	- \$	10,200,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(10,200,000)
	FTE	0.000	0.000	0.000	0.000
87 UNCW - Cameron Hall - Comprehensive Renovation and Expansion					
Provides funding for the comprehensive renovation and expansion of Cameron Hall at the University of North Carolina at Wilmington (UNCW). The total amount authorized for this project is \$44.5 million, including \$4.5 million from UNCW's trust funds.	Req \$	- \$	- \$	- \$	7,725,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(7,725,000)
	FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
University of North Carolina (UNC)					
88 UNCW - Kenan Auditorium - Comprehensive Renovation and Expansion					
Provides funding for the comprehensive renovation and expansion of Kenan Auditorium at UNCW. The total amount authorized for this project is \$24 million, including \$2.4 million from UNCW's trust funds.	Req \$	-	\$ -	\$ -	5,200,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(5,200,000)
	FTE	0.000	0.000	0.000	0.000
89 UNCW - Integrated Science & Technology Building					
Provides funding for the construction of the Integrated Science and Technology Building at UNCW.	Req \$	-	\$ -	\$ -	7,500,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(7,500,000)
	FTE	0.000	0.000	0.000	0.000
90 WCU - Replacement Engineering Building					
Provides funding for the replacement Engineering Building at Western Carolina University (WCU). The total amount authorized for this project is \$157.9 million.	Req \$	-	\$ -	\$ -	6,260,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(6,260,000)
	FTE	0.000	0.000	0.000	0.000
91 WSSU - K.R. Williams Auditorium					
Provides funding for renovations of K.R. Williams Auditorium at Winston-Salem State University (WSSU). The total amount authorized for the project is \$57 million.	Req \$	-	\$ -	\$ -	14,650,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(14,650,000)
	FTE	0.000	0.000	0.000	0.000
92 BOG - UNC Lease					
Provides continued funding to the UNC Board of Governors for the UNC System Office to continue a lease agreement for office space in the City of Raleigh.	Req \$	-	\$ -	\$ -	3,750,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(3,750,000)
	FTE	0.000	0.000	0.000	0.000
93 PBS - Public Safety Communications Upgrades					
Provides funding for public safety communications upgrades at PBS North Carolina. The total amount authorized for this project is \$49.5 million.	Req \$	-	\$ -	\$ -	17,325,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(17,325,000)
	FTE	0.000	0.000	0.000	0.000
94 Children's Hospital					
Provides funding to the UNC Board of Governors for UNC Health to construct, on behalf of the State of North Carolina, a new Children's Hospital in the Triangle area. The hospital will include a children's behavioral health hospital. Budgets receipts transferred from the ARPA Temporary Savings Fund. The Total amount authorized for the project is \$319.7 million.	Req \$	-	\$ -	\$ -	103,500,000
	Rec \$	-	\$ -	\$ -	103,500,000
	CFB \$	-	\$ -	\$ -	-
	FTE	0.000	0.000	0.000	0.000
95 NC Care Health Clinics					
Budgets receipts transferred from the ARPA Temporary Savings Fund to the UNC Board of Governors for the construction of 3 rural care centers as part of the NC Care initiative. The total amount authorized for the project is \$210 million.	Req \$	-	\$ -	\$ -	105,000,000
	Rec \$	-	\$ -	\$ -	105,000,000
	CFB \$	-	\$ -	\$ -	-
	FTE	0.000	0.000	0.000	0.000
North Carolina Independent Colleges and Universities					
96 HMSI Infrastructure					
Provides funding for major campus repairs and renovation projects at the eight historically minority-serving institutions that are members of the North Carolina Independent Colleges and Universities (NCICU).	Req \$	-	\$ -	\$ -	8,000,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(8,000,000)
	FTE	0.000	0.000	0.000	0.000
Department of Administration					
97 State Agency Lease					
Provides funding for state agencies displaced by the construction or renovation of downtown state office buildings to seek temporary leased space.	Req \$	-	\$ -	\$ -	800,000
	Rec \$	-	\$ -	\$ -	-
	CFB \$	-	\$ -	\$ -	(800,000)
	FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
Department of Administration					
98 Administration Building Planning Funds					
Provides funds for advanced planning for a potential new Administration building that could serve as Governor's Office, as well as office space, and meeting space with Cabinet and Council of State conference rooms.	Req \$	- \$	- \$	- \$	1,400,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(1,400,000)
	FTE	0.000	0.000	0.000	0.000
99 Wilmington Street Parking Deck Expansion					
Provides funding for the construction of a parking deck located adjacent to the Bath Building. The total amount authorized for the project is \$57.2 million.	Req \$	- \$	- \$	- \$	5,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(5,000,000)
	FTE	0.000	0.000	0.000	0.000
100 DOA Services Campus					
Provides funds for a phased process to move Motor Fleet Management facilities, and allows for shared services for State Surplus, Mail Service Center, and Facilities Management Division Warehouse.	Req \$	- \$	- \$	- \$	3,000,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(3,000,000)
	FTE	0.000	0.000	0.000	0.000
North Carolina School for the Deaf					
101 McCord Student Union Building Renovation					
Provides funding for major infrastructure improvements to the McCord Student Union at the North Carolina School for the Deaf. Funds will replace mechanical, electrical, and plumbing systems, and repair other structural damage.	Req \$	- \$	- \$	- \$	7,500,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(7,500,000)
	FTE	0.000	0.000	0.000	0.000
Eastern North Carolina School for the Deaf					
102 Eagles Hall Renovation					
Provides funding for major infrastructure improvements at Eagle Hall. Improvements include system replacements, ADA upgrades, roofing, and the installation of a modern security system.	Req \$	- \$	- \$	- \$	2,150,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(2,150,000)
	FTE	0.000	0.000	0.000	0.000
103 Vestal Hall and McAdams Hall Life Safety Upgrades					
Provides funding for fire alarm and other critical safety systems at the Eastern North Carolina School for the Deaf campus.	Req \$	- \$	- \$	- \$	970,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(970,000)
	FTE	0.000	0.000	0.000	0.000
Governor Morehead School					
104 Boiler Plant Replacement					
Provides funding for major upgrades to the boiler plant at the Governor Morehead School. Funds will replace existing boilers with energy efficient boilers.	Req \$	- \$	- \$	- \$	8,405,180
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(8,405,180)
	FTE	0.000	0.000	0.000	0.000
Department of Public Instruction					
105 Ocracoke Building Expansion					
Provides funding to expand the Ocracoke Campus for additional classroom, storage, and office spaces.	Req \$	- \$	- \$	- \$	1,905,882
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(1,905,882)
	FTE	0.000	0.000	0.000	0.000
106 Renovation of Cullowhee Residence Halls					
Provides funding to make improvements to the dormitories at the North Carolina Center for the Advancement of Teaching's western campus.	Req \$	- \$	- \$	- \$	250,000
	Rec \$	- \$	- \$	- \$	-
	CFB \$	- \$	- \$	- \$	(250,000)
	FTE	0.000	0.000	0.000	0.000

	R Changes	NR Changes	R Changes	NR Changes
Department of Transportation				
107 NC Global TransPark Hangar				
Provides funding for the planning and construction of an aircraft Maintenance Repair and Overhaul facility at the NC Global TransPark (GTP), contingent upon the GTP entering into an Intergovernmental Services Agreement with a United States Government Agency as directed in the related bill text provision. The total amount authorized for the project is \$350 million.	Req \$	- \$	- \$	50,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(50,000,000)
	FTE	0.000	0.000	0.000
Wildlife Resources Commission				
108 Setzer Hatchery Renovation				
Provides funding for major infrastructure improvements to the Setzer State Fish Hatchery to increase economic and fishing opportunities provided by the Wildlife Resources Commission trout program. The total amount authorized for this project is \$20 million.	Req \$	- \$	- \$	6,000,000
	Rec \$	- \$	- \$	-
	CFB \$	- \$	- \$	(6,000,000)
	FTE	0.000	0.000	0.000
Total Change to Requirements	\$	- \$	- \$	41,430,404
Total Change to Receipts	\$	- \$	- \$	1,130,983,142
Total Change to Fund Balance	\$	- \$	- \$	(41,430,404)
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	14.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$		- \$	(757,888,418)
Total Change to Full-Time Equivalent (FTE)			0.000	14.000

Statewide Reserves (19XXX)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ -	\$ (30,630,890)	\$ 112,786,852	\$ 82,155,962	\$ 82,155,962	0.0%
Receipts	\$ -	\$ -	\$ 165,667,653	\$ 165,667,653	\$ 165,667,653	0.0%
Net Appropriation	\$ -	\$ (30,630,890)	\$ (52,880,801)	\$ (83,511,691)	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Investments from Reserves

1 Building Reserves

Appropriates building reserve funds to the Department of Natural and Cultural Resources and the University of North Carolina System.

Req \$	-	\$ -	\$ (20,630,890)	\$ (7,880,801)
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ -	\$ (20,630,890)	\$ (7,880,801)
FTE	0.000	0.000	0.000	0.000

2 Information Technology Reserve

Provides funds for critical IT investments. OSBM will hold and disburse these funds as needed for the following projects:

- The Department of Information Technology for a project to modernize data storage by switching to hybrid cloud and local storage,
- The Department of Adult Correction for its OPUS system and Rounds Tracking Software,
- Eastern North Carolina's School for the Deaf for an ADA Campus Wide Emergency Visual Alert System,
- The Governor Morehead School for its network upgrade program,
- The Department of Public Instruction for the PSU school business system modernization,
- The Office of State Human Resources for Phase I enhancements to its human capital management (HCM) system,
- The Department of Revenue for DataPower and Network Files end of life replacements, datacenter hardware replacement, and replacement of the RCA desktop client,
- The State Board of Elections for its election modernization Stage III project,
- The State Bureau of Investigation for its IT infrastructure project, Behavioral Threat Assessment Management System, and Real-time Threat Alerting Platform
- The Office of Administrative Hearings for its Database Development System,
- The Department of Commerce for its Modernized NCCareer Information System,
- The Department of the Secretary of State for its hardware update program,
- The Office of Indigent Defense Services for an Indigency Determination Pilot, and
- The Department of Justice for a Legal Case Management System.

Req \$	-	\$ -	\$ -	\$ 140,667,653
Rec \$	-	\$ -	\$ -	\$ 140,667,653
App \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

3 Payroll Modernization Reserve

Provides funding from the IT Reserve to replace the state's payroll system. A Payroll Modernization Oversight Board, consisting of the State Controller, State Chief Information Officer, State Treasurer, and Directors of the Office of State Human Resources and the Office of State Budget and Management will be created to oversee the planning, procurement, and implementation of the replacement payroll system.

Req \$	-	\$ -	\$ -	\$ 25,000,000
Rec \$	-	\$ -	\$ -	\$ 25,000,000
App \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes		
Statewide							
4 Procurement Efficiencies							
Establishes a negative reserve to be filled with savings generated by implementing statewide procurement improvements that consolidate purchasing and standardize workflows across agencies. OSBM, DOA, and DIT will jointly verify statewide procurement savings, manage transfers needed to fill the negative reserve, reconcile savings throughout the fiscal year, and report quarterly on progress.	Req \$	-	\$	-	\$ (10,000,000)	\$ (20,000,000)	
	Rec \$	-	\$	-	\$	-	
	App \$	-	\$	-	\$ (10,000,000)	\$ (20,000,000)	
	FTE	0.000		0.000		0.000	
5 State Property Efficiencies							
Establishes a negative reserve to be filled with proceeds from the sale of underutilized state properties that are not essential to agency missions. The initiative reduces ongoing maintenance costs, lowers liabilities, and strengthens the State's ability to reinvest resources by aligning property holdings more closely with agency needs.	Req \$	-	\$	-	\$	\$ (25,000,000)	
	Rec \$	-	\$	-	\$	-	
	App \$	-	\$	-	\$	\$ (25,000,000)	
	FTE	0.000		0.000		0.000	
6 Contingency and Emergency Fund							
Restores funding to the Contingency and Emergency Fund, established in GS 143C-4-4. This funding was eliminated in 2017. Funds are needed to respond to emergent circumstances, such as court or Industrial Commission orders or death benefits.	Req \$	-	\$	-	\$	-	
	Rec \$	-	\$	-	\$	-	
	App \$	-	\$	-	\$	-	
	FTE	0.000		0.000		0.000	
Total Change to Requirements		\$	-	\$	-	\$ (30,630,890)	\$ 112,786,852
Total Change to Receipts		\$	-	\$	-	\$	\$ 165,667,653
Total Change to Net Appropriations		\$	-	\$	-	\$ (30,630,890)	\$ (52,880,801)
Total Change to Full-Time Equivalent (FTE)			0.000		0.000		0.000
Recommended Net Appropriation Changes (Recurring + Nonrecurring)		\$		\$	-	\$	(83,511,691)
Total Change to Full-Time Equivalent (FTE)					0.000		0.000

NC Education Lottery Proceeds (54641)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 4,559,593,111	\$ -	\$ -	\$ -	\$ 4,559,593,111	0.0%
Receipts	\$ 4,559,593,111	\$ -	\$ -	\$ -	\$ 4,559,593,111	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 4,563,433,111	\$ 56,227,388	\$ -	\$ 56,227,388	\$ 4,619,660,499	1.2%
Receipts	\$ 4,563,433,111	\$ 56,227,388	\$ -	\$ 56,227,388	\$ 4,619,660,499	1.2%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Uncategorized

1 Additional Lottery Proceeds

Increases budgeted lottery receipts consistent with the revenue forecast and increases the budgeted transfer to the Education Lottery Fund.	Req \$	-	\$ -	\$ -	\$ 56,227,388	\$ -
	Rec \$	-	\$ -	\$ -	\$ 56,227,388	\$ -
	CFB \$	-	\$ -	\$ -	\$ -	\$ -
	FTE	0.000		0.000	0.000	0.000
Total Change to Requirements	\$	-	\$ -	\$ -	\$ 56,227,388	\$ -
Total Change to Receipts	\$	-	\$ -	\$ -	\$ 56,227,388	\$ -
Total Change to Fund Balance	\$	-	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000		0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$			\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)				0.000		0.000

Governor's Office - State Budget and Management - Education Lottery Fund (23003)

Year 1 FY 2025-26	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,083,432,612	\$ -	\$ -	\$ -	\$ 1,083,432,612	0.0%
Receipts	\$ 1,083,432,612	\$ -	\$ -	\$ -	\$ 1,083,432,612	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Certified Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Certified Budget
Requirements	\$ 1,087,272,612	\$ 56,227,388	\$ -	\$ 56,227,388	\$ 1,143,500,000	5.2%
Receipts	\$ 1,087,272,612	\$ 56,227,388	\$ -	\$ 56,227,388	\$ 1,143,500,000	5.2%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

	FY 2025-26		FY 2026-27	
	R Changes	NR Changes	R Changes	NR Changes

Lottery Revenues

1 Education Lottery Fund – Additional Receipts

Budgets additional projected receipts from the State Lottery Fund.

Req \$	-	\$ -	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ 56,227,388	\$ -
CFB \$	-	\$ -	\$ -	\$ 56,227,388	\$ -
FTE	0.000		0.000		0.000

Education Investments

2 Universal School Breakfast at No Cost to Students

Transfers funds to the Department of Public Instruction to help public schools offer breakfast at no cost to all students. This will enable school cafeterias to serve almost 190,000 free school breakfasts each school day. Additional details are provided in the Department of Public Instruction section of this document.

Req \$	-	\$ -	\$ -	\$ 56,227,388	\$ -
Rec \$	-	\$ -	\$ -	\$ -	\$ -
CFB \$	-	\$ -	\$ -	\$ (56,227,388)	\$ -
FTE	0.000		0.000		0.000

Total Change to Requirements	\$ -	\$ -	\$ -	\$ 56,227,388	\$ -
Total Change to Receipts	\$ -	\$ -	\$ -	\$ 56,227,388	\$ -
Total Change to Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total Change to Full-Time Equivalent (FTE)		0.000	0.000	0.000	0.000
Recommended Fund Balance Changes (Recurring + Nonrecurring)	\$ -		\$ -		\$ -
Total Change to Full-Time Equivalent (FTE)			0.000		0.000