

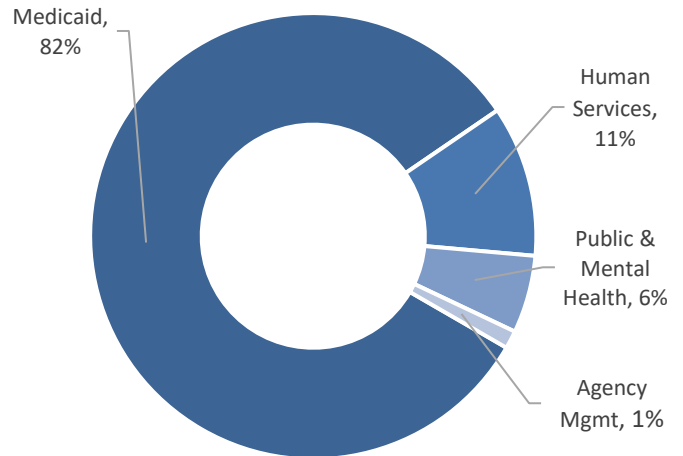
Mission

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.

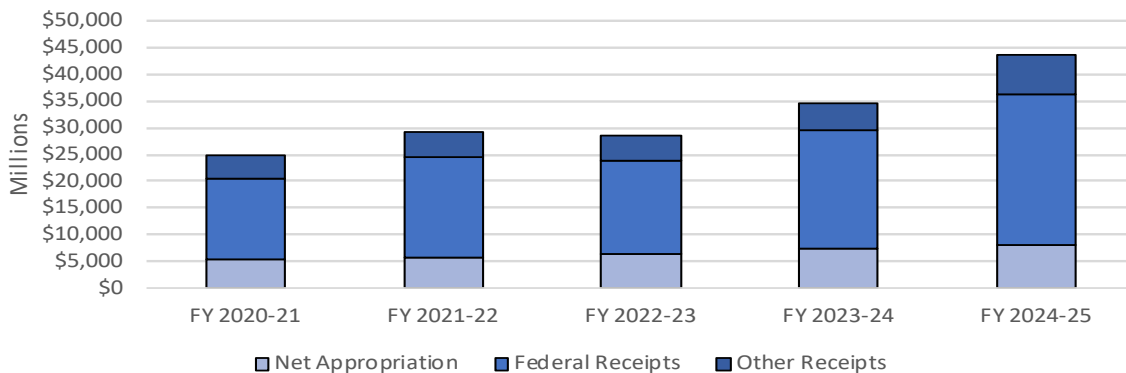
FY 2024-25 Actual Expenditures



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		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		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		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		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		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		(7.200)		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		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		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)		0.000

Total Change to Requirements	\$	20,059,000	\$	12,856	\$	71,080,092	\$	12,856
Total Change to Receipts	\$	-	\$	-	\$	-	\$	-
Total Change to Net Appropriations	\$	20,059,000	\$	12,856	\$	71,080,092	\$	12,856
Total Change to Full-Time Equivalent (FTE)		0.000		0.000		(0.900)		0.000

Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		20,071,856	\$		71,092,948		(0.900)
Total Change to Full-Time Equivalent (FTE)			0.000					(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 \$
Total Change to Receipts	\$	-	\$	- \$
Total Change to Net Appropriations	\$	559,000	\$	120,759 \$
Total Change to Full-Time Equivalent (FTE)		0.000		0.000 19.200
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$		\$	679,759 \$
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
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	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	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	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	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	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	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	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	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	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)	0.000
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	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	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	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	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

\$ 10,794,372 \$ 96,470

\$ 7,880,072 \$ -

\$ 2,914,300 \$ 96,470

(5.400) 0.000

3,010,770

(5.400)

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