

**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.

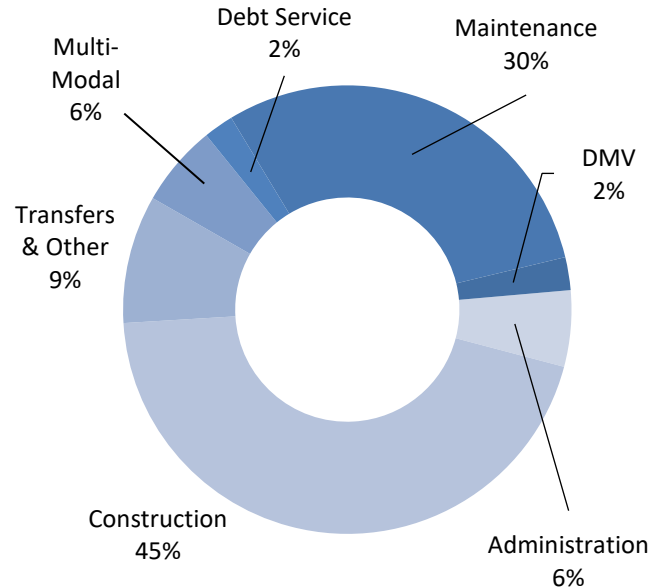
**Goals**

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.

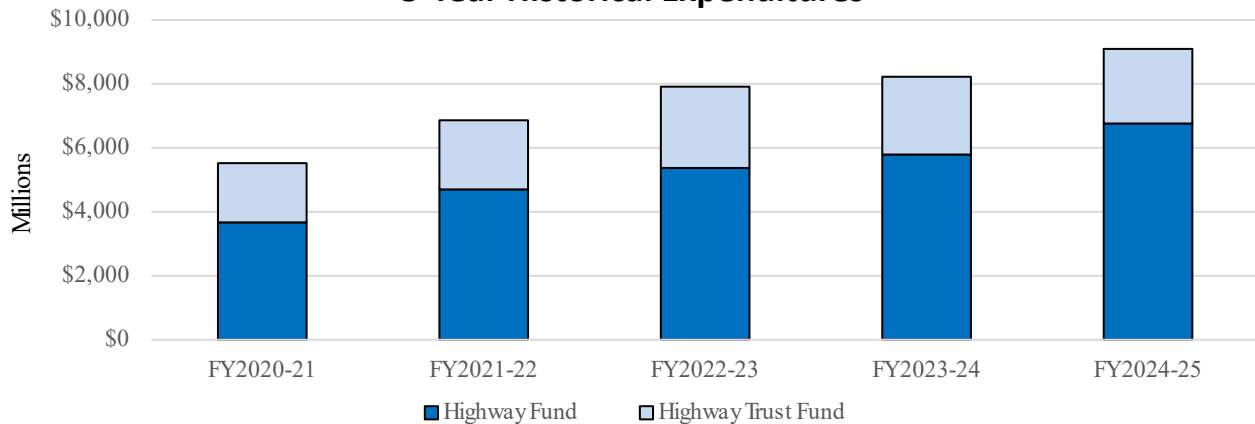
**Agency Profile**

- 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 2<sup>nd</sup> 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		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		0.000

**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		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		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		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		0.000

	R Changes	NR Changes	R Changes	NR Changes
<b>Division of Motor Vehicles</b>				
<b>12 Increased Lease Costs for Driver License Offices</b>				
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
<b>13 Compliance and Oversight Staffing</b>				
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
<b>14 Continuous Improvement and Modernization Office Staffing</b>				
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
<b>15 Automated Hearings - Operations and Maintenance</b>				
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
<b>16 DMV TRaCS Licensing Fees</b>				
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
<b>17 DMV Postage Increase</b>				
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	
<b>Capital Improvements</b>						
<b>18 High-Need Driver License Office Replacement and Expansion</b>						
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
<b>19 Highway Division 2 - Jones County Maintenance Yard</b>						
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
<b>20 Highway Division 5 - Wake County Maintenance Yard</b>						
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
<b>Rail Division</b>						
<b>21 Western North Carolina Intercity Passenger Rail Service</b>						
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
<b>22 Rail Division - Equipment Overhaul</b>						
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
<b>23 Matching Funds for Operations</b>						
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
<b>Ferry Division</b>				
<b>24 Funding for Required Dry Docks</b>				
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
<b>25 Facility and Marine Maintenance Improvements</b>				
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
<b>26 Ramp and Gantry Crane Rehabilitation and Maintenance</b>				
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
<b>27 Manns Harbor Shipyard Compressed Air System Replacement</b>				
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
<b>28 Manns Harbor Shipyard Critical Electrical Upgrades</b>				
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
<b>29 Manns Harbor Shipyard Water Infrastructure Overhaul Project</b>				
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
<b>30 Southport - Fort Fisher Dredge Material Disposal Area Cleanout</b>				
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
<b>Ferry Division</b>					
<b>31 Currituck Contract Dredge Project</b>					
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
<b>32 Motor Vessel Gov. J. B. Hunt Jr. Switchboard Replacement</b>					
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
<b>33 Manns Harbor Shipyard Stormwater Drainage System</b>					
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
<b>Aviation Division</b>					
<b>34 Admin Lease and Utilities Inflation Adjustment</b>					
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
<b>35 Aviation Fellows Program</b>					
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
<b>Highway Maintenance</b>					
<b>36 Roadside Wildflower Program</b>					
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
<b>37 Low Carbon Materials for Road Surfacing</b>					
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

<b>Total Change to Requirements</b>	\$	<b>24,899,000</b>	\$	<b>13,558,028</b>	\$	<b>118,250,533</b>	\$	<b>103,694,903</b>
<b>Total Change to Receipts</b>	\$	<b>(13,100,000)</b>	\$	<b>-</b>	\$	<b>(13,100,000)</b>	\$	<b>-</b>
<b>Total Change to Net Appropriations</b>	\$	<b>37,999,000</b>	\$	<b>13,558,028</b>	\$	<b>131,350,533</b>	\$	<b>103,694,903</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>		<b>0.000</b>		<b>0.000</b>		<b>106.000</b>		<b>0.000</b>
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	\$			<b>51,557,028</b>	\$			<b>235,045,436</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>				<b>0.000</b>				<b>106.000</b>

**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

<b>Total Change to Requirements</b>	\$ -	\$ -	\$ 122,754,000	\$ -
<b>Total Change to Receipts</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Change to Net Appropriations</b>	\$ -	\$ -	\$ 122,754,000	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	\$ -	\$ -	\$ 122,754,000	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>		<b>0.000</b>		<b>0.000</b>

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