



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT



JOSH STEIN
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

April 20, 2026

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker *Kristin Walker*

SUBJECT: Notification of Grant Award – Government Efficiency Grant Award

Pursuant to GS 143C-5-4(b)(9), the Office of State Budget and Management (OSBM) submits the attached Notification of Grant Award – Government Efficiency Grant – from the North Carolina Department of Health and Human Services (DHHS) for consultation with the Joint Legislative Commission on Governmental Operations.

The Government Efficiency Grant was allocated to states to support administrative costs associated with implementing Medicaid Community Engagement (CE) requirements and certain other eligibility system requirements.

Grant Details:

- Authority: Section 71119(e)(1)(A), Working Families Tax Cut (WFTC) Legislation of 2025 (PL 119-21)
- Purpose: To support:
 - Administrative costs associated with implementing Medicaid Community Engagement (CE) requirements
 - Certain eligibility system requirements
- Budget Period Award: \$5,979,392
 - \$1,960,784 awarded 12/16/2025 and \$4,018,608 awarded 3/11/2026
- Budget Period: October 1, 2025 – September 30, 2026

If you have questions or concerns, please contact Jennifer Neisner by email at Jennifer.Neisner@osbm.nc.gov.

Thank you.

CC: Chairs, Senate Committee on Appropriations/Base Budget
Chairs, House Appropriations Committee
Fiscal Research Division

30 Purpose of grant or amendment

The purpose of this grant is for the State to establish systems necessary to implement the provisions of Section 71119 or certain other sections of Public Law 119021 (Working Families Tax Cuts (WFTC)) that pertain to conducting eligibility determinations or redetermination. The grant provides Federal funding for administrative costs supporting implementation of Medicaid Community Engagement requirements and other necessary system requirements.

31 Comments

Return completed form as email attachment and indicate in message that proper agency sign-offs have been obtained. Contact your OSBM budget analyst if you have questions.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Laketha M. Miller
Controller
North Carolina Dept. of Human Resources
Mail Service Center 2019
616 Oberlin Road
Raleigh, NC 27605

SEE FUNDING RESTRICTION ATTACHMENT

Dear Sir or Madam:

The grant award listed below have been approved for Federal funding for allowable Medicaid expenditures incurred by your State during the period October 1, 2025 through September 30, 2026. This authority is provided for fiscal year (FY) 2026 and is available until expended for your state to establish systems necessary to carry out the provisions of Section 71119 or certain other sections of the Working Families Tax Cut (WFTC) Legislation of 2025 that pertain to conducting eligibility determinations or redeterminations.

Government Efficiency Grant

\$1,960,784

The above-listed grant award provides Federal funds for expenditures made for certain State expenditures related to administrative costs in support of implementing the State Medicaid Community Engagement (CE) requirements and certain other necessary eligibility system requirements. Computation of this grant award is shown on the enclosed statement. This is the first of two grant awards authorized under section 71119(e) of the WFTC legislation for the state implementation of section 71119 and certain other sections of the WFTC legislation that pertain to conducting eligibility determinations or redeterminations. The amount of this grant award is authorized under section 71119(e)(1)(B) to each state in accordance with section 71119(e)(3)(B). The amount authorized under section 71119(e)(1)(A) of the WFTC legislation will be issued later in FY 2026 in accordance with section 71119(e)(2) and (e)(3)(A).

With the acceptance of these awards, you agree to be responsible for limiting the drawing of Federal funds to minimize Federal cash on hand in accordance with policies established at 31 CFR Part 205 and the procedures established at 2 CFR Part 200. You also agree to submit timely Form CMS-64 quarterly expenditure reports as required. The quarterly expenditure reports are subject to financial oversight and detailed financial management reviews. Withdrawals of federal funds are not to exceed the individual programmatic grant awards shown above. You are also required to provide effective control over accountability for all Federal funds as stated in the regulations at 2 CFR Part 200. Failure to adhere to the above requirements may cause the unobligated portion of your letter-of-credit to be revoked.

These grant award funds may only be used for administrative costs directly associated with establishing systems necessary to carry out the CE requirements of section 71119 and certain other sections of the WFTC that pertain to conducting eligibility determinations or redeterminations. These funds may be used in full for these efforts and are not subject to the enhanced match funding protocol for design, development, and installation of Medicaid enterprise systems. If States need additional funding, they may request enhanced match funds in accordance with 42 CFR Part 433 Subpart C - Mechanized Claims Processing and Information Retrieval Systems for 45 CFR Part 95 Subpart F - Automatic Data Processing Equipment and Services-Conditions for FFP. In accordance with 42 CFR 433.51(c), the State cannot use these funds to finance the nonfederal share of Medicaid expenditures. Costs for which these funds may be used to include, but are not limited to:

System Development and Integration: Design, development, and enhancement of interoperable Medicaid Enterprise System (MES) components that support eligibility determination, tracking, and reporting for community engagement activities; implementation of system interoperability and data-sharing capabilities between Medicaid, workforce, and other state systems (e.g. Supplemental Nutritional Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Adoption and Foster Care Analysis and Reporting System (AFCARS) etc.) consistent with the System of Systems model.

Operational and Professional Services: Business process reengineering to align eligibility and reporting workflows with CE requirements; data migration, system testing, and quality assurance activities to ensure reliable operation and compliance; ongoing operational support for data collection, performance monitoring, and reporting functions.

Implementation Support and Training. Project management, organizational change management (OCM), and stakeholder training related to CE implementation; and development of training materials and resources to support workforce readiness and program alignment.

By applying for or accepting federal funds from HHS, you agree that the CMS Standard Grant and Cooperative Agreement Terms and Conditions (<https://www.cms.gov/files/document/standard-terms-conditions-october-1-2025-v2.pdf>) are incorporated by reference and are a condition of receiving this grant award.

Any questions you may have in connection with the grant award should be referred to the appropriate Centers for Medicare and Medicaid Services financial contact for your State. Payment under this award will be made by the Department of Health and Human Services, Payment Management System administered by the Division of Payment Management (DPM), Program Support Center. Inquiries regarding payment should be directed to:

Director, Division of Payment Management
Post Office Box 6021
Rockville, Maryland 20852-0605

Telephone Number 1-877-614-5533

Please transmit a copy of this grant award document to the State official authorized to request funds from the Division of Payment Management.

Sincerely yours,

Director
Division of Financial Operations

Enclosures 6
FORM CMS-L 151(7-90)

FUNDING RESTRICTIONS

**THIS GRANT AWARD IS FOR ELIGIBLE PROGRAM COSTS FOR THE QUARTER
BEGINNING OCTOBER 1, 2025 INCLUDING PRIOR QUARTER ADJUSTMENTS
FUNDING UNDER THIS GRANT AWARD MAY NOT BE DRAWN OR PAID
UNTIL OCTOBER 1, 2025.**

STATE:	<u>North Carolina</u>			
FISCAL YEAR	<u>2 0 2 6</u>			
QUARTER	1ST <input checked="" type="checkbox"/>	2ND <input type="checkbox"/>	3RD <input type="checkbox"/>	4TH <input type="checkbox"/>

COMPUTATION OF AMOUNTS FOR MEDICAL ASSISTANCE
GRANTS UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

ADMINISTRATION
GOVERNMENT EFFICIENCY GRANTS
MEDICAID - WFTC Legislation Public Law 119-21 Sec. 71119(e)

1. ADJUSTMENTS FOR QUARTER ENDED	\$	
ACTUAL FEDERAL SHARE OF EXPENDITURES.....		_____
ESTIMATED FEDERAL SHARE OF EXPENDITURES PREVIOUSLY FUNDED....		_____
DIFFERENCE.....		_____
NET ADJUSTMENTS APPLICABLE TO PRIOR PERIODS.....		_____
COLLECTIONS.....		_____
OTHER.....		_____
TOTAL ADJUSTMENTS.....		_____
2. ESTIMATED FEDERAL SHARE OF EXPENDITURES BEGINNING OCTOBER 1, 2025 ENDING SEPTEMBER 30, 2026	A.	<u>1,960,784</u>
3. NET AMOUNT TO BE CERTIFIED.....	\$	<u>1,960,784</u>
TOTAL AMOUNT TO BE CERTIFIED.....	B.	<u><u>1,960,784</u></u>

DATE APPROVED 12/16/2025

COMPUTATION PREPARED BY: _____

INTERNAL TRANSMITTAL NO. 26-WFTC-01

COMPUTATION REVIEWED BY: _____

FOOTNOTES

STATE: North Carolina

QUARTER/FISCAL YEAR: FIRST/2026

Public Law 119–21 SECTION 71119(e) of WFTC Legislation
GOVERNMENT EFFICIENCY GRANTS

- A. \$1,960,784 represents Government Efficiency Grant funding provided due to the Working Families Tax Cut (WFTC) Legislation of 2025 (MEDICAID). This is provided for your state expenditures related to administrative costs in support of implementing the State's Medicaid Community Engagement (CE) requirements and certain other necessary eligibility system requirements. See attachment 1.
- B. In accordance with Section 71119(e) of the WFTC legislation, this grant represents the Federal funding provided for State implementation of Section 71119 and other sections of the WFTC legislation that pertains to conducting eligibility determinations or redeterminations. The amount of this grant award is authorized under section 71119(e)(1)(B) to each state in accordance with section 71119(e)(3)(B).

A separate PMS subaccount has been established for you to draw these funds that is WFTCL26 and the CFDA number is 93.778.

Refer any questions you have on the above to your Branch Office contact.

The funding authorized by this grant award is paid subject to any future financial management review or audit.

CALCULATION OF INITIAL AWARD

STATE: North Carolina

QUARTER/FISCAL YEAR: FIRST/2026

ADMINISTRATION
GOVERNMENT EFFICIENCY GRANTS
WFTC Legislation, Sec. 71119(e)

Secretary's Estimate of Funding
Need for the Quarter

\$ 1,960,784

Less:

XXXXXXXXXXXXXXXXXXXX

Adjusted funding for the quarter

\$ 1,960,784

Estimate previously funded for
the quarter

0

Net Amount of Funding

\$ 1,960,784

GRANT AWARD CHECK LIST FOR WFTC Legislation

Section 71119(e) of the Working Families Tax Cut (WFTC) Legislation

Initial

Supplemental

STATE: North Carolina

QUARTER/FISCAL YEAR: FIRST/2026

VERIFY THE FOLLOWING ITEMS WHEN APPLICABLE .

**The Grant Analyst Preparer & The Grant Analyst Reviewer Perform Each of the Steps Listed Here
Before Signing Where Indicated Below**

WFTCL Calculation Sheet

State name, quarter/fiscal year and the type of grant award.
Award amount will not exceed approved amount.

Accounting Sheet

EIN, CANs, DOCs and State code.
WFTC legislation amounts against the WFTC legislation Estimate Sheets.
State name, quarter/fiscal year.

Computation Sheet

State name, fiscal year and the quarter.
Item #2 shows correct quarter.
WFTC legislation totals.
Signatures.

Footnote Page

Each lettered item listed on the Computation Sheet is footnoted.
State name and quarter/fiscal year.

Grant Award Letter

State name, funding period and WFTC legislation amounts.
The funding restriction statement with correct date included for initial grant award.
WFTC legislation totals on the letter against the Estimate, Accounting and Computation Sheets.

I verify that, as applicable, I have performed all of the steps above.

GRANT AWARD PREPARED BY Signature & Date:

I verify that, to the best of my knowledge, all the above steps were performed.

GRANT AWARD REVIEWED BY Signature & Date:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Laketha M. Miller
Controller
North Carolina Dept. of Human Resources
Mail Service Center 2019
616 Oberlin Road
Raleigh, NC 27605

Dear Sir or Madam:
Supplemental

The grant award listed below has been approved for Federal funding for allowable Medicaid expenditures incurred by your State during the period October 1, 2025 through September 30, 2026. This authority is provided for fiscal year (FY) 2026 and is available until expended for your state to establish systems necessary to carry out the provisions of Section 71119 or certain other sections of Public Law 119021, which the Centers for Medicare and Medicaid Services refers to as of the Working Families Tax Cuts (WFTC) legislation that pertain to conducting eligibility determinations or redeterminations.

Government Efficiency Grant

\$4,018,608

The above listed grant awards provide Federal funds for expenditures made for certain State expenditures related to administrative costs in support of implementing the State Medicaid Community Engagement (CE) requirements and certain other necessary eligibility system requirements. This is the second of two grant awards authorized under section 71119(e) of WFTC legislation for the state implementation of section 71119 and certain other sections of the WFTC legislation that pertain to conducting eligibility determinations or redeterminations. The amount of this grant award is authorized under section 71119(e)(1)(A), in accordance with section 71119(e)(2) and (e)(3)(A).

With the acceptance of these awards, you agree to be responsible for limiting the drawing of Federal funds to minimize Federal cash on hand in accordance with policies established at 31 CFR Part 205, and the procedures established at 2 CFR Part 200. You also agree to submit timely Form CMS-64 quarterly expenditure reports as required. The quarterly expenditure reports are subject to financial oversight and detailed financial management reviews. Withdrawals of federal funds are not to exceed the individual programmatic grant awards shown above. You are also required to provide effective control over accountability for all Federal funds as stated in the regulations at 2 CFR Part 200. Failure to adhere to the above requirements may cause the unobligated portion of your letter-of-credit to be revoked.

These grant award funds may only be used for administrative costs directly associated with establishing systems necessary to carry out the CE requirements of section 71119 and certain other sections of the WFTC that pertain to conducting eligibility determinations or redeterminations. These funds may be used in full for these efforts and are not subject to the enhanced match funding protocol for design, development, and installation of Medicaid enterprise systems. If States need additional funding, they may request enhanced match funds in accordance with 42 CFR Part 433 Subpart C - Mechanized Claims Processing and Information Retrieval Systems for 45 CFR Part 95 Subpart F - Automatic Data Processing Equipment and Services-Conditions for FFP. In accordance with 42 CFR 433.51(c), the State cannot use these funds to finance the nonfederal share of Medicaid expenditures. Costs for which these funds may be used to include, but are not limited to:

System Development and Integration: Design, development, and enhancement of interoperable Medicaid Enterprise System (MES) components that support eligibility determination, tracking, and reporting for community engagement activities; implementation of system interoperability and data-sharing capabilities between Medicaid, workforce, and other state systems (e.g. Supplemental Nutritional Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Adoption and Foster Care Analysis and Reporting System (AFCARS) etc.) consistent with the System of Systems model.

Operational and Professional Services. Business process reengineering to align eligibility and reporting workflows with CE requirements; data migration, system testing, and quality assurance activities to ensure reliable operation and compliance; Ongoing operational support for data collection, performance monitoring, and reporting functions.

Implementation Support and Training. Project management, organizational change management (OCM), and stakeholder training related to CE implementation; and development of training materials and resources to support workforce readiness and program alignment.

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Post Office Box 6021
Rockville, Maryland 20852-0605

Telephone Number 1-877-614-5533

Please transmit a copy of this grant award document to the State official authorized to request funds from the Division of Payment Management.

Sincerely yours,

Director
Division of Financial Operations

Enclosures 5
FORM CMS-L 151(7-90)

STATE:	<u>North Carolina</u>			
FISCAL YEAR	<u>2 0 2 6</u>			
QUARTER	1ST <input type="checkbox"/>	2ND <input checked="" type="checkbox"/>	3RD <input type="checkbox"/>	4TH <input type="checkbox"/>

COMPUTATION OF AMOUNTS FOR MEDICAL ASSISTANCE
GRANTS UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

ADMINISTRATION
GOVERNMENT EFFICIENCY GRANTS
MEDICAID - WFTC Legislation Public Law 119-21 Sec. 71119(e)

1. ADJUSTMENTS FOR
QUARTER ENDED

\$

ACTUAL FEDERAL SHARE OF
EXPENDITURES.....

ESTIMATED FEDERAL SHARE OF
EXPENDITURES PREVIOUSLY FUNDED....

DIFFERENCE.....
NET ADJUSTMENTS APPLICABLE TO
PRIOR PERIODS.....

COLLECTIONS.....

OTHER.....

TOTAL ADJUSTMENTS.....

2. ESTIMATED FEDERAL SHARE OF
EXPENDITURES BEGINNING **OCTOBER 1, 2025**
ENDING **SEPTEMBER 30, 2026**

A. 4,018,608

3. NET AMOUNT TO BE CERTIFIED.....

\$ 4,018,608

TOTAL AMOUNT TO BE CERTIFIED.....

B. 4,018,608

DATE APPROVED 3/11/2026

COMPUTATION PREPARED BY: _____

INTERNAL TRANSMITTAL NO. #26-WFTC-02

COMPUTATION REVIEWED BY: _____

FOOTNOTES

STATE: North Carolina

QUARTER/FISCAL YEAR: SECOND/2026

Public Law 119–21 SECTION 71119(e) of WFTC Legislation
GOVERNMENT EFFICIENCY GRANTS

A. The estimate of expenditures for the FY **2026** has been changed from \$1,960,784 to \$5,979,392 for the Government Efficiency Grant funding provided due to the Working Families Tax Cut (WFTC) Legislation of 2025 (MEDICAID). This is provided for your state expenditures related to administrative costs in support of implementing the State's Medicaid Community Engagement (CE) requirements and certain other necessary eligibility system requirements. See attachment 1.

B. In accordance with Section 71119(e) of the WFTC legislation, this grant represents the Federal funding provided for State implementation of Section 71119 and other sections of the WFTC legislation that pertains to conducting eligibility determinations or redeterminations. The amount of this grant award is authorized under **section 71119(e)(1)(A)** to each state in accordance with **section 71119(e)(2) and (e)(3)(A)**.

A separate PMS subaccount has been established for you to draw these funds that is **WFTCL26** and the CFDA number is 93.778.

Refer any questions you have on the above to your Branch Office contact.

The funding authorized by this grant award is paid subject to any future financial management review or audit.

CALCULATION OF SUPPLEMENTAL AWARD

STATE: North Carolina

QUARTER/FISCAL YEAR: SECOND/2026

ADMINISTRATION
GOVERNMENT EFFICIENCY GRANTS
WFTC Legislation, Sec. 71119(e)

Secretary's Estimate of Funding
Need for the Quarter

\$ 5,979,392

Less:

XXXXXXXXXXXXXXXXXXXX

Adjusted funding for the quarter

\$ 5,979,392

Estimate previously funded for
the quarter

1,960,784

Net Amount of Funding

\$ 4,018,608

GRANT AWARD CHECK LIST FOR WFTC Legislation

Section 71119(e) of the Working Families Tax Cut (WFTC) Legislation

Initial

Supplemental

STATE: North Carolina

QUARTER/FISCAL YEAR: SECOND/2026

VERIFY THE FOLLOWING ITEMS WHEN APPLICABLE .

**The Grant Analyst Preparer & The Grant Analyst Reviewer Perform Each of the Steps Listed Here
Before Signing Where Indicated Below**

WFTCL Calculation Sheet

State name, quarter/fiscal year and the type of grant award.

Award amount will not exceed approved amount.

Accounting Sheet

EIN, CANs, DOCs and State code.

WFTC legislation amounts against the WFTC legislation Estimate Sheets.

State name, quarter/fiscal year.

Computation Sheet

State name, fiscal year and the quarter.

Item #2 shows correct quarter.

WFTC legislation totals.

Signatures.

Footnote Page

Each lettered item listed on the Computation Sheet is footnoted.

State name and quarter/fiscal year.

Grant Award Letter

State name, funding period and WFTC legislation amounts.

The funding restriction statement with correct date included for initial grant award.

WFTC legislation totals on the letter against the Estimate, Accounting and Computation Sheets.

I verify that, as applicable, I have performed all of the steps above.

GRANT AWARD PREPARED BY Signature & Date:

I verify that, to the best of my knowledge, all the above steps were performed.

GRANT AWARD REVIEWED BY Signature & Date: