

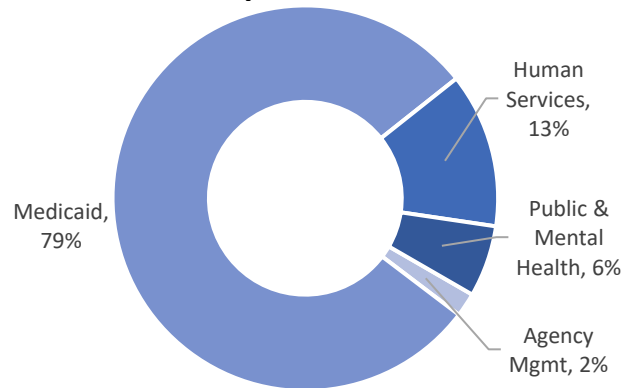
**Mission**

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, inclusive workforce that supports early learning, health, and wellness across North Carolina. This includes investigating opportunities to build workforce pipelines, forge career pathways, and promote inclusive employment strategies to support a workforce that is ready for our next challenge and is reflective of our communities.
5. Achieve operational excellence by enabling efficient, effective, and innovative processes and services.

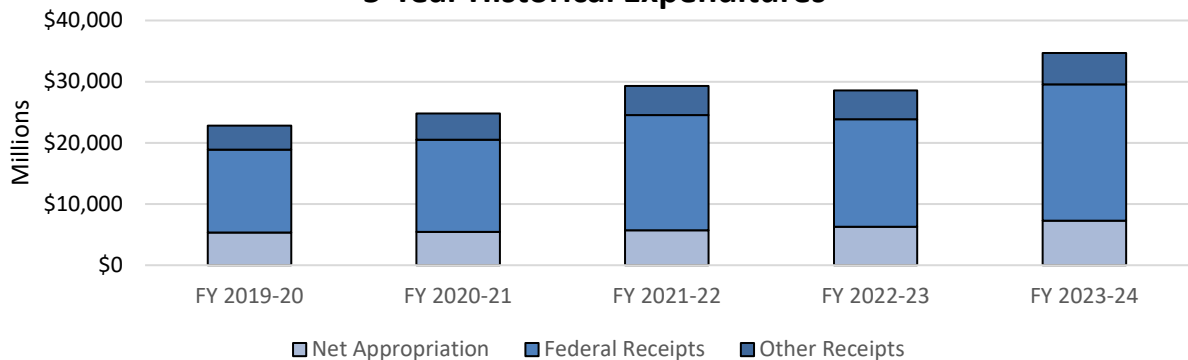
**FY 2023-24 Actual Expenditures**



**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**



**DHHS - Central Management and Support (14410)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 386,789,352	\$ 42,371,145	\$ 22,465,660	\$ 64,836,805	\$ 451,626,157	16.8%
Receipts	\$ 171,031,163	\$ 2,264,035	\$ 13,662,501	\$ 15,926,536	\$ 186,957,699	9.3%
Net Appropriation	\$ 215,758,189	\$ 40,107,110	\$ 8,803,159	\$ 48,910,269	\$ 264,668,458	22.7%
Positions (FTE)	1,025.500	1.000	-	1.000	1,026.500	0.1%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 386,842,525	\$ 65,799,892	\$ 10,498,001	\$ 76,297,893	\$ 463,140,418	19.7%
Receipts	\$ 171,067,199	\$ 728,479	\$ 10,498,001	\$ 11,226,480	\$ 182,293,679	6.6%
Net Appropriation	\$ 215,775,326	\$ 65,071,413	\$ -	\$ 65,071,413	\$ 280,846,739	30.2%
Positions (FTE)	1,025.500	1.000	-	1.000	1,026.500	0.1%

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

**Reserve for Salaries and Benefits**

**1 Compensation Increase Reserve**

Increases all state-funded employee salaries by 2%.

Req \$	1,383,000	\$ -	\$ 1,383,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	1,383,000	\$ -	\$ 1,383,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ 1,051,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 1,051,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**3 Labor Market Retention and Adjustment Reserve**

Addresses retention and other labor market needs by providing a reserve equal to 2% of General Fund net appropriation-supported payroll. Agencies may use these funds to address turnover, equity, and compression and to adjust salaries to better compete for and retain talent. A 2024 evaluation found that, among state agencies, 90% of previous LMAR recipients are still employed with their LMAR-awarding agency compared to 76% of non-recipients.

Req \$	10,404,000	\$ -	\$ 10,404,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	10,404,000	\$ -	\$ 10,404,000	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	174,663	\$ -	\$ 358,059	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	174,663	\$ -	\$ 358,059	\$ -
FTE	0.000	0.000	0.000	0.000

**5 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 592,159	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 592,159	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**6 State Health Plan**

Provides funding for a 5% increase in employer premiums for enrolled active employees supported by the General Fund in each year of the 2025-27 fiscal biennium.

Req \$	243,616	\$ -	\$ 499,414	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	243,616	\$ -	\$ 499,414	\$ -
FTE	0.000	0.000	0.000	0.000

**7 Nurse Salary Increases**

Provides funding for an additional 1% salary increase for nurses. This increase adds to the 2% statewide compensation increase, resulting in a total 3% across-the-board increase for nurses.

Req \$	620,000	\$ -	\$ 620,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	620,000	\$ -	\$ 620,000	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes		NR Changes		R Changes		NR Changes
<b>Division-wide</b>								
<b>8 Transitions to Community Living</b>								
Increases funding for the Transitions to Community Living initiative, which supports eligible adults with serious mental illnesses as they transition from institutional to community care settings. This funding will provide additional housing, tenancy support, and wraparound mental health services, ensuring compliance with the US Department of Justice Olmstead Settlement. This item also includes funding for an Olmstead Associate Director position within the Division of Central Management to ensure budget alignment.	Req \$	22,112,954	\$	-	\$	32,112,954	\$	-
	Rec \$	3,920,830	\$	-	\$	3,920,830	\$	-
	App \$	18,192,124	\$	-	\$	28,192,124	\$	-
	FTE	1.000		0.000		1.000		0.000
<b>9 Direct Support Professional Development</b>								
Provides \$5 million to strengthen the Direct Support Professional (DSP) workforce. DSPs are skilled workers who help people with disabilities participate in their communities. Nationwide, DSP turnover rates are estimated to be more than 40%. Funding will support the creation of high school and community college courses for DSPs, offer scholarships and paid apprenticeships, and create incentive programs to improve retention rates for DSPs.	Req \$	-	\$	5,000,000	\$	-	\$	-
	Rec \$	-	\$	-	\$	-	\$	-
	App \$	-	\$	5,000,000	\$	-	\$	-
	FTE	0.000		0.000		0.000		0.000
<b>10 Electronic Health Records</b>								
Provides funding for the Division of State Operated Health Facilities to fully implement an electronic health record system at all 13 of its facilities by FY 2026-27. The transition from paper-based to electronic records will support patient care and safety by streamlining data collection, improving security, and ensuring compliance with the Health Insurance Portability and Accountability Act and the NC Health Information Exchange Authority. The division will use nonrecurring funds transferred from the IT Reserve to the division's Special Fund (24410) for system integration and training and recurring funds for operations and maintenance.	Req \$	3,019,233	\$	-	\$	7,323,936	\$	-
	Rec \$	-	\$	-	\$	-	\$	-
	App \$	3,019,233	\$	-	\$	7,323,936	\$	-
	FTE	0.000		0.000		0.000		0.000
<b>11 Partnership and Technology Hub NC</b>								
Provides funding for ongoing operations and maintenance of the new Partnership and Technology Hub for North Carolina (PATH NC) platform, as directed in Rylan's Law (S.L. 2017-41). The expected 6,500 users of this system support over 50,000 Child Protective Services assessments, resulting in 10,000 Family In-Home cases and 16,000 foster care children and young adults. This platform creates a unified system for statewide child welfare and assists child welfare staff in their efforts to promote safety, permanency, and well-being of children and families. Nonrecurring funds support the development of additional capabilities within the system and address implementation delays in western pilot counties. These funds support enhanced data collection and visualization, and the ability to collect wet signatures within the PATH NC platform.	Req \$	3,403,619	\$	2,700,000	\$	12,088,469	\$	-
	Rec \$	680,724	\$	540,000	\$	2,417,694	\$	-
	App \$	2,722,895	\$	2,160,000	\$	9,670,775	\$	-
	FTE	0.000		0.000		0.000		0.000
<b>12 Reduced NC FAST Receipts</b>								
Adjusts federal receipts to reflect the reduction in reimbursements generated from the transition of the child welfare information system from NC Families Accessing Services through Technology (NC FAST) to the PATH NC platform. Transitioning to PATH NC was necessary to ensure efficiency in the management of child welfare services and flexibility in dealing with complex, continuous changes to child welfare programs.	Req \$	-	\$	-	\$	-	\$	-
	Rec \$	(2,337,519)	\$	-	\$	(5,610,045)	\$	-
	App \$	2,337,519	\$	-	\$	5,610,045	\$	-
	FTE	0.000		0.000		0.000		0.000
<b>13 Information Technology Rates</b>								
Funds the expected increase in IT rate charges resulting from the FY 2025-26 approved increase in the Department of Information Technology's subscription and service delivery rates.	Req \$	1,010,060	\$	-	\$	1,010,060	\$	-
	Rec \$	-	\$	-	\$	-	\$	-
	App \$	1,010,060	\$	-	\$	1,010,060	\$	-
	FTE	0.000		0.000		0.000		0.000

**R Changes      NR Changes      R Changes      NR Changes**

**Division-wide**

**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). DHB must use the funds to expand the Healthy Opportunities Program or support the Justice-Involved Reentry Initiative as authorized in the 1115 Waiver.

Req \$	-	\$ 13,122,501	\$ -	\$ 10,498,001
Rec \$	-	\$ 13,122,501	\$ -	\$ 10,498,001
App \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	<b>\$ 42,371,145</b>	<b>\$ 22,465,660</b>	<b>\$ 65,799,892</b>	<b>\$ 10,498,001</b>
<b>Total Change to Receipts</b>	<b>\$ 2,264,035</b>	<b>\$ 13,662,501</b>	<b>\$ 728,479</b>	<b>\$ 10,498,001</b>
<b>Total Change to Net Appropriations</b>	<b>\$ 40,107,110</b>	<b>\$ 8,803,159</b>	<b>\$ 65,071,413</b>	<b>\$ -</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>	<b>1.000</b>	<b>0.000</b>	<b>1.000</b>	<b>0.000</b>
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	<b>\$</b>	<b>48,910,269</b>	<b>\$</b>	<b>65,071,413</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>		<b>1.000</b>		<b>1.000</b>

**DHHS - Central Management - Special Fund (24410)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 3,310,007	\$ -	\$ 6,700,000	\$ 6,700,000	\$ 10,010,007	202.4%
Receipts	\$ 3,310,007	\$ -	\$ 6,700,000	\$ 6,700,000	\$ 10,010,007	202.4%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	36.000	-	-	-	36.000	0.0%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 3,310,007	\$ -	\$ 4,000,000	\$ 4,000,000	\$ 7,310,007	120.8%
Receipts	\$ 3,310,007	\$ -	\$ 4,000,000	\$ 4,000,000	\$ 7,310,007	120.8%
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 Electronic Health Records**

Budgets the transfer of nonrecurring funds from the IT Reserve for electronic health records system integration.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**2 Partnership and Technology Hub NC**

Budgets the transfer of \$2.7 million nonrecurring funds from the General Fund for the development of additional capabilities of within the system and address implementation delays.

Req \$	-	\$ 2,700,000	\$ -	\$ -
Rec \$	-	\$ 2,700,000	\$ -	\$ -
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	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 \$	-	\$ 4,000,000	\$ -	\$ 4,000,000
Rec \$	-	\$ 4,000,000	\$ -	\$ 4,000,000
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	\$ -	\$ 6,700,000	\$ -	\$ 4,000,000
<b>Total Change to Receipts</b>	\$ -	\$ 6,700,000	\$ -	\$ 4,000,000
<b>Total Change to Fund Balance</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>	0.000	0.000	0.000	0.000
<b>Recommended Fund Balance Changes (Recurring + Nonrecurring)</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>		0.000		0.000

**DHHS - Aging and Adult Services (14411)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 163,808,680	\$ 86,835	\$ 108,169	\$ 195,004	\$ 164,003,684	0.1%
Receipts	\$ 111,082,482	\$ -	\$ -	\$ -	\$ 111,082,482	0.0%
Net Appropriation	\$ 52,726,198	\$ 86,835	\$ 108,169	\$ 195,004	\$ 52,921,202	0.4%
Positions (FTE)	80.000	-	-	-	80.000	0.0%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 163,808,680	\$ 109,762	\$ -	\$ 109,762	\$ 163,918,442	0.1%
Receipts	\$ 111,082,482	\$ -	\$ -	\$ -	\$ 111,082,482	0.0%
Net Appropriation	\$ 52,726,198	\$ 109,762	\$ -	\$ 109,762	\$ 52,835,960	0.2%
Positions (FTE)	80.000	-	-	-	80.000	0.0%

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

**Reserve for Salaries and Benefits**

**1 Compensation Increase Reserve**

Increases all state-funded employee salaries by 2%.

Req \$	65,000	\$ -	\$ 65,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	65,000	\$ -	\$ 65,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ 80,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 80,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**3 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	8,309	\$ -	\$ 17,033	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	8,309	\$ -	\$ 17,033	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 28,169	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 28,169	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**5 State Health Plan**

Provides funding for a 5% increase in employer premiums for enrolled active employees supported by the General Fund in each year of the 2025-27 fiscal biennium.

Req \$	13,526	\$ -	\$ 27,729	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	13,526	\$ -	\$ 27,729	\$ -
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	\$ 86,835	\$ 108,169	\$ 109,762	\$ -
<b>Total Change to Receipts</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Change to Net Appropriations</b>	\$ 86,835	\$ 108,169	\$ 109,762	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>	0.000	0.000	0.000	0.000
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	\$	195,004	\$	109,762
<b>Total Change to Full-Time Equivalent (FTE)</b>		0.000		0.000

**DHHS - Child Development and Early Education (14420)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 932,502,679	\$ 124,708,571	\$ 400,807	\$ 125,109,378	\$ 1,057,612,057	13.4%
Receipts	\$ 638,489,749	\$ 36,750,000	\$ -	\$ 36,750,000	\$ 675,239,749	5.8%
Net Appropriation	\$ 294,012,930	\$ 87,958,571	\$ 400,807	\$ 88,359,378	\$ 382,372,308	30.0%
Positions (FTE)	349.000	-	-	-	349.000	0.0%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 932,502,679	\$ 151,474,920	\$ -	\$ 151,474,920	\$ 1,083,977,599	16.2%
Receipts	\$ 638,489,749	\$ 43,150,000	\$ -	\$ 43,150,000	\$ 681,639,749	6.8%
Net Appropriation	\$ 294,012,930	\$ 108,324,920	\$ -	\$ 108,324,920	\$ 402,337,850	36.8%
Positions (FTE)	349.000	-	-	-	349.000	0.0%

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

**Reserve for Salaries and Benefits**

**1 Compensation Increase Reserve**

Increases all state-funded employee salaries by 2%.

Req \$	43,000	\$ -	\$ 43,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	43,000	\$ -	\$ 43,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ 382,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 382,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**3 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	5,548	\$ -	\$ 11,372	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	5,548	\$ -	\$ 11,372	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 18,807	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 18,807	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**5 State Health Plan**

Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2025-27 fiscal biennium.

Req \$	10,023	\$ -	\$ 20,548	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	10,023	\$ -	\$ 20,548	\$ -
FTE	0.000	0.000	0.000	0.000

**Strengthening Child Care and Early Education for Working Families**

**6 Low Income Child Care Subsidy**

Provides funds to increase child care subsidy rates for infants and toddlers, addressing the fundamental conflict between keeping tuition affordable for families but high enough to pay teachers a living wage. Nearly 8% of North Carolina's child care programs closed since February 2020, and this adjustment will help centers stay open by increasing subsidy rates in 95 counties based on the 2024 Child Care Market Rate Survey.

Req \$	87,900,000	\$ -	\$ 87,900,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	87,900,000	\$ -	\$ 87,900,000	\$ -
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**

**7 NC Pre-K Program Expansion**

Raises NC Pre-K slot reimbursement rates in all settings by 20% over the biennium, raises the administrative rate from 4% to 8%, and adds 1,000 new NC Pre-K seats. Currently, NC Pre-K serves only 53% of eligible children, below its goal of serving 75%. By providing adequate resources to recruit and retain qualified teachers at competitive salaries, and adequately supporting administration, these funds address fundamental barriers to stabilizing and expanding this nationally recognized model for early childhood education. Receipts from the NC Education Lottery offset the majority of the requirements.

Req \$	26,750,000	\$	-	\$	53,500,000	\$	-
Rec \$	26,750,000	\$	-	\$	33,150,000	\$	-
App \$	-	\$	-	\$	20,350,000	\$	-
FTE	0.000		0.000		0.000		0.000

**8 Wrap-Around Summer Child Care**

Funds grants to over 300 NC Pre-K Summer Learning Programs. The funding will provide essential child care coverage for parents, ensuring they do not miss work, and enriching learning opportunities for children in the gap summer months between Pre-K and kindergarten. Receipts from the NC Education Lottery support this item.

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

<b>Total Change to Requirements</b>	\$	<b>124,708,571</b>	\$	<b>400,807</b>	\$	<b>151,474,920</b>	\$	-
<b>Total Change to Receipts</b>	\$	<b>36,750,000</b>	\$	-	\$	<b>43,150,000</b>	\$	-
<b>Total Change to Net Appropriations</b>	\$	<b>87,958,571</b>	\$	<b>400,807</b>	\$	<b>108,324,920</b>	\$	-
<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>	\$			<b>88,359,378</b>	\$			<b>108,324,920</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>				<b>0.000</b>				<b>0.000</b>



**DHHS - Public Health (14430)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 505,158,669	\$ 1,699,500	\$ 20,679,938	\$ 22,379,438	\$ 527,538,107	4.4%
Receipts	\$ 365,995,851	\$ -	\$ 16,339,794	\$ 16,339,794	\$ 382,335,645	4.5%
Net Appropriation	\$ 139,162,818	\$ 1,699,500	\$ 4,340,144	\$ 6,039,644	\$ 145,202,462	4.3%
Positions (FTE)	1,237.535	-	-	-	1,237.535	0.0%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 505,161,041	\$ 1,950,976	\$ 13,071,835	\$ 15,022,811	\$ 520,183,852	3.0%
Receipts	\$ 365,996,216	\$ -	\$ 13,071,835	\$ 13,071,835	\$ 379,068,051	3.6%
Net Appropriation	\$ 139,164,825	\$ 1,950,976	\$ -	\$ 1,950,976	\$ 141,115,801	1.4%
Positions (FTE)	1,237.535	-	-	-	1,237.535	0.0%

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

**Reserve for Salaries and Benefits**

**1 Compensation Increase Reserve**

Increases all state-funded employee salaries by 2%.

Req \$	761,000	\$ -	\$ 761,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	761,000	\$ -	\$ 761,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	96,140	\$ -	\$ 197,087	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	96,140	\$ -	\$ 197,087	\$ -
FTE	0.000	0.000	0.000	0.000

**3 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ 1,242,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 1,242,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 325,944	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 325,944	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**5 State Health Plan**

Provides funding for a 5% increase in employer premiums for enrolled active employees supported by the General Fund in each year of the 2025-27 fiscal biennium.

Req \$	143,360	\$ -	\$ 293,889	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	143,360	\$ -	\$ 293,889	\$ -
FTE	0.000	0.000	0.000	0.000

**Office of the Chief Medical Examiner**

**6 Increase Medical Examiner Fees**

Increases the fee paid to county medical examiners in G.S. 130A-387 from \$200 to \$400 per case, improving the state's ability to recruit and retain qualified professionals to complete medical investigations and reduce delays for grieving families. The nonrecurring funds in FY 2025-26 cover the county share of the fees, ensuring counties have time to adjust to the fee increase for deaths of residents within their jurisdiction.

Req \$	699,000	\$ 1,972,200	\$ 699,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	699,000	\$ 1,972,200	\$ 699,000	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
<b>Office of the Chief Medical Examiner</b>					
<b>7 Office of the Chief Medical Examiner Strategic Plan Feasibility Study</b>					
Invests in an independent evaluation of the Office of the Chief Medical Examiner's priority recommendations in its strategic plan, such as resources required to expand the medical examiner system's capacity to meet the state's growing needs. S.L. 2023-134 required a strategic plan for improving the operation and efficiency of the State's medical examiner system to enable timely, high-quality death investigations of all appropriately identified deaths occurring in North Carolina.	Req \$	-	\$ 800,000	\$ -	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ 800,000	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000

**Division-wide**

**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 Public Health will transfer freed-up state funds resulting from the DSHP receipts to the Division of Health Benefits (DHB). DHB must use the funds to expand the Healthy Opportunities Program or support the Justice-Involved Reentry Initiative as authorized in the 1115 Waiver.

Req \$	-	\$ 16,339,794	\$ -	\$ 13,071,835
Rec \$	-	\$ 16,339,794	\$ -	\$ 13,071,835
App \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	\$ 1,699,500	\$ 20,679,938	\$ 1,950,976	\$ 13,071,835
<b>Total Change to Receipts</b>	\$ -	\$ 16,339,794	\$ -	\$ 13,071,835
<b>Total Change to Net Appropriations</b>	\$ 1,699,500	\$ 4,340,144	\$ 1,950,976	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>	0.000	0.000	0.000	0.000
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	\$	6,039,644	\$	1,950,976
<b>Total Change to Full-Time Equivalent (FTE)</b>		0.000		0.000

**DHHS Youth Electronic Nicotine Abatement Fund - Interest Bearing (24433)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 327,766	\$ 3,250,000	\$ -	\$ 3,250,000	\$ 3,577,766	991.6%
Receipts	\$ -	\$ 3,250,000	\$ -	\$ 3,250,000	\$ 3,250,000	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	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 327,766	\$ 2,750,000	\$ -	\$ 2,750,000	\$ 3,077,766	839.0%
Receipts	\$ -	\$ 2,750,000	\$ -	\$ 2,750,000	\$ 2,750,000	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. Studies show that almost 10% of teenagers reported vaping in 2022. 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 \$	3,250,000	\$ -	\$ 2,750,000	\$ -
Rec \$	3,250,000	\$ -	\$ 2,750,000	\$ -
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	\$ 3,250,000	\$ -	\$ 2,750,000	\$ -
<b>Total Change to Receipts</b>	\$ 3,250,000	\$ -	\$ 2,750,000	\$ -
<b>Total Change to Fund Balance</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>	0.000	0.000	0.000	0.000
<b>Recommended Fund Balance Changes (Recurring + Nonrecurring)</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>		0.000		0.000

**Division of Child and Family Wellbeing (14435)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 588,249,295	\$ 17,791,332	\$ 8,458,974	\$ 26,250,306	\$ 614,499,601	4.5 %
Receipts	\$ 529,776,108	\$ 9,596,774	\$ 7,396,250	\$ 16,993,024	\$ 546,769,132	3.2 %
Net Appropriation	\$ 58,473,187	\$ 8,194,558	\$ 1,062,724	\$ 9,257,282	\$ 67,730,469	15.8 %
Positions (FTE)	871.725	26.500	-	26.500	898.225	3.0 %

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 588,314,286	\$ 17,957,673	\$ 5,917,000	\$ 23,874,673	\$ 612,188,959	4.1 %
Receipts	\$ 529,776,108	\$ 9,596,774	\$ 5,917,000	\$ 15,513,774	\$ 545,289,882	2.9 %
Net Appropriation	\$ 58,538,178	\$ 8,360,899	\$ -	\$ 8,360,899	\$ 66,899,077	14.3 %
Positions (FTE)	871.725	26.500	-	26.500	898.225	3.0 %

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

**Reserve for Salaries and Benefits**

**1 Compensation Increase Reserve**

Increases all state-funded employee salaries by 2%.

Req \$	445,000	\$ -	\$ 445,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	445,000	\$ -	\$ 445,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ 872,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 872,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**3 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	56,256	\$ -	\$ 115,325	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	56,256	\$ -	\$ 115,325	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 190,724	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 190,724	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**5 State Health Plan**

Provides funding for a 5% increase in employer premiums for enrolled active employees supported by the General Fund in each year of the 2025-27 fiscal biennium.

Req \$	102,164	\$ -	\$ 209,436	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	102,164	\$ -	\$ 209,436	\$ -
FTE	0.000	0.000	0.000	0.000

**Division-wide**

**6 Summer Electronic Benefit Transfer (SUN Bucks) State Administration Match**

Provides half of the required state matching funds to cover administrative costs of the Summer Electronic Benefits Transfer Program for Children (SUN Bucks). The US Department of Agriculture requires states to cover 50% of administration costs to leverage federal benefits. DHHS is committed to finding philanthropic funding for the remainder of the state share. For eligible families, SUN Bucks offers \$40 per child per month in grocery benefits, helping prevent hunger during the summer for children who depend on school meals for daily nutrition. In summer 2024, the state drew down approximately \$130 million in grocery-buying benefits, supporting approximately 1 million students statewide.

Req \$	7,705,278	\$ -	\$ 7,705,278	\$ -
Rec \$	5,765,169	\$ -	\$ 5,765,169	\$ -
App \$	1,940,109	\$ -	\$ 1,940,109	\$ -
FTE	1.000	0.000	1.000	0.000

**R Changes          NR Changes          R Changes          NR Changes**

**Division-wide**

**7 Early Intervention Workforce Capacity**

Enables the division to establish positions to meet the growing enrollment in the Early Intervention program. The program provides community-based support to families with children up to age three with developmental delays and established medical conditions. Over the past five years, enrollment rates for currently eligible children have increased by over 10%. This enrollment increase, coupled with a decrease in the number of private providers who offer early intervention services, requires an additional investment to ensure timely access to services.

Req \$	1,819,425	\$	-	\$	1,819,425	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	1,819,425	\$	-	\$	1,819,425	\$	-
FTE	20.000		0.000		20.000		0.000

**8 Expanding Triple P to Support Families Statewide**

Provides a state match for philanthropic funds to support statewide expansion of the Positive Parenting Program (Triple P). Triple P is an evidence-based system to strengthen parenting skills and prevent child maltreatment and emotional, behavioral, and developmental problems. Research shows that Triple P slows rates of child abuse, reduces foster care placements, and decreases hospitalizations from child abuse injuries. DHHS estimates as many as 66,000 children will be served by the program's expansion. Additional staff will provide administrative support to the expansion, including data collections and analysis, contract administration and monitoring, and program support and administration of the expansion of Triple P online.

Req \$	7,663,209	\$	-	\$	7,663,209	\$	-
Rec \$	3,831,605	\$	-	\$	3,831,605	\$	-
App \$	3,831,604	\$	-	\$	3,831,604	\$	-
FTE	5.500		0.000		5.500		0.000

**9 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 Wellbeing will transfer freed-up state funds resulting from the DSHP receipts to the Division of Health Benefits (DHB). DHB must use the funds to expand the Healthy Opportunities Program or support the Justice-Involved Reentry Initiative as authorized in the 1115 Waiver.

Req \$	-	\$	7,396,250	\$	-	\$	5,917,000
Rec \$	-	\$	7,396,250	\$	-	\$	5,917,000
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

<b>Total Change to Requirements</b>	\$	<b>17,791,332</b>	\$	<b>8,458,974</b>	\$	<b>17,957,673</b>	\$	<b>5,917,000</b>
<b>Total Change to Receipts</b>	\$	<b>9,596,774</b>	\$	<b>7,396,250</b>	\$	<b>9,596,774</b>	\$	<b>5,917,000</b>
<b>Total Change to Net Appropriations</b>	\$	<b>8,194,558</b>	\$	<b>1,062,724</b>	\$	<b>8,360,899</b>	\$	<b>-</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>		<b>26.500</b>		<b>0.000</b>		<b>26.500</b>		<b>0.000</b>
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	\$			<b>9,257,282</b>	\$			<b>8,360,899</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>				<b>26.500</b>				<b>26.500</b>

**DHHS - Social Services - General (14440)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 2,233,805,158	\$ 385,153	\$ 494,330	\$ 879,483	\$ 2,234,684,641	0.0%
Receipts	\$ 1,996,907,896	\$ -	\$ -	\$ -	\$ 1,996,907,896	0.0%
Net Appropriation	\$ 236,897,262	\$ 385,153	\$ 494,330	\$ 879,483	\$ 237,776,745	0.4%
Positions (FTE)	372.000	-	-	-	372.000	0.0%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 2,233,808,071	\$ 490,313	\$ -	\$ 490,313	\$ 2,234,298,384	0.0%
Receipts	\$ 1,996,909,353	\$ -	\$ -	\$ -	\$ 1,996,909,353	0.0%
Net Appropriation	\$ 236,898,718	\$ 490,313	\$ -	\$ 490,313	\$ 237,389,031	0.2%
Positions (FTE)	372.000	-	-	-	372.000	0.0%

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

**Reserve for Salaries and Benefits**

**1 Compensation Increase Reserve**

Increases all state-funded employee salaries by 2%.

Req \$	285,000	\$ -	\$ 285,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	285,000	\$ -	\$ 285,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase.

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

**3 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	36,083	\$ -	\$ 73,969	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	36,083	\$ -	\$ 73,969	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 122,330	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 122,330	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**5 State Health Plan**

Provides funding for a 5% increase in employer premiums for enrolled active employees supported by the General Fund in each year of the 2025-27 fiscal biennium.

Req \$	64,070	\$ -	\$ 131,344	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	64,070	\$ -	\$ 131,344	\$ -
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	\$ 385,153	\$ 494,330	\$ 490,313	\$ -
<b>Total Change to Receipts</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Change to Net Appropriations</b>	\$ 385,153	\$ 494,330	\$ 490,313	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>	0.000	0.000	0.000	0.000
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	\$ -	879,483	\$ 490,313	490,313
<b>Total Change to Full-Time Equivalent (FTE)</b>	-	0.000	0.000	0.000

**DHHS - Health Benefits - General Fund (14445)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 30,796,933,536	\$ 3,307,849,963	\$ 483,738,637	\$ 3,791,588,600	\$ 34,588,522,136	12.3 %
Receipts	\$ 24,830,792,815	\$ 2,433,407,566	\$ 610,572,115	\$ 3,043,979,681	\$ 27,874,772,496	12.3 %
Net Appropriation	\$ 5,966,140,721	\$ 874,442,397	\$ (126,833,478)	\$ 747,608,919	\$ 6,713,749,640	12.5 %
Positions (FTE)	446.000	-	-	-	446.000	0.0 %

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 30,796,937,437	\$ 3,190,911,714	\$ 181,535,625	\$ 3,372,447,339	\$ 34,169,384,776	11.0 %
Receipts	\$ 24,830,792,815	\$ 2,300,883,982	\$ 122,335,625	\$ 2,423,219,607	\$ 27,254,012,422	9.8 %
Net Appropriation	\$ 5,966,144,622	\$ 890,027,732	\$ 59,200,000	\$ 949,227,732	\$ 6,915,372,354	15.9 %
Positions (FTE)	446.000	-	-	-	446.000	0.0 %

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

**Reserve for Salaries and Benefits**

**1 Compensation Increase Reserve**

Increases all state-funded employee salaries by 2%.

Req \$	429,000	\$ -	\$ 429,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	429,000	\$ -	\$ 429,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase

Req \$	-	\$ 466,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 466,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**3 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	54,255	\$ -	\$ 111,222	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	54,255	\$ -	\$ 111,222	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 183,939	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 183,939	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**5 State Health Plan**

Provides funding for a 5% increase in employer premiums for enrolled active employees supported by the General Fund in each year of the 2025-27 fiscal biennium.

Req \$	74,837	\$ -	\$ 153,416	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	74,837	\$ -	\$ 153,416	\$ -
FTE	0.000	0.000	0.000	0.000

**Division-wide**

**6 Medicaid Rebase**

Provides funds to reflect changes in the federal medical assistance percentage, as well as changes in enrollment, utilization, costs, capitation rates, and services associated with the Medicaid program for the upcoming fiscal year. The Child and Family Special Plan in managed care, which will serve as a single statewide managed care health plan for children, youth, and families served by the child welfare system, is projected to begin December 1, 2025.

Req \$	2,309,338,646	\$ -	\$ 2,309,338,646	\$ -
Rec \$	1,609,017,948	\$ -	\$ 1,609,017,948	\$ -
App \$	700,320,698	\$ -	\$ 700,320,698	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
<b>Division-wide</b>					
<b>7 Innovation Waiver and Traumatic Brain Injury Waiver Slots</b>					
Creates up to 200 Innovation Waiver slots and 75 Traumatic Brain Injury (TBI) Waiver slots, effective January 1, 2026. The additional Innovation Waiver slots will provide individualized services in the home and community for peoples who qualify for institutional level care due to intellectual or developmental disabilities (I/DD), reducing the current waitlist of 18,771 individuals. The TBI Waiver slots will enable people with TBI to access specific rehabilitative services and live as independently as possible, expanding access to the waiver services statewide.	Req \$	12,615,465	\$ -	\$ 25,230,930	\$ -
	Rec \$	8,165,991	\$ -	\$ 16,331,981	\$ -
	App \$	4,449,474	\$ -	\$ 8,898,949	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>8 Federal Qualified Health Centers and Rural Health Clinics Funding</b>					
Provides recurring funding for the state's share of a Medicaid reimbursement structure that started in 2023. The updated rate reimburses the state's more than 39 Federally Qualified Health Centers (FQHC) and approximately 90 Rural Health Clinics (RHC) at 113% of historical allowable physical and dental costs per visit and ensures full visit payment when initial claims are adjudicated, or soon after. This new structure reduces the administrative burden on FQHCs and RHCs and provides predictable reimbursements, ensuring they can continue to provide critical primary care services to underserved North Carolinians.	Req \$	14,259,259	\$ -	\$ 14,259,259	\$ -
	Rec \$	9,259,259	\$ -	\$ 9,259,259	\$ -
	App \$	5,000,000	\$ -	\$ 5,000,000	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>9 1115 Waiver - OB/GYN and Primary Care Rate Increase</b>					
Provides funds to increase primary care and obstetrician/gynecologist (OB/GYN) rates to 80% of Medicare. Data shows that primary care improves access to health care outcomes and decreased emergency department visits. Additionally, access to OB/GYN care is critical for preventative health, pre, and post-partum care. This increase ensures the state adheres to the requirements of the 1115 Waiver renewal, approved by the Centers for Medicare and Medicaid Services in December 2024 and is required for the state to draw down Designated State Health Program (DSHP) federal matching funds. DSHP allows states to draw down federal Medicaid matching funds for existing state funded health programs that serve low-income and underinsured individuals, which do not currently qualify for federal funding.	Req \$	19,846,895	\$ -	\$ 19,846,895	\$ -
	Rec \$	12,846,895	\$ -	\$ 12,846,895	\$ -
	App \$	7,000,000	\$ -	\$ 7,000,000	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>10 1115 Waiver - Justice-Involved Reentry</b>					
Enables the division 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. 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 justice-involved people reentering 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 both years of the biennium, approximately \$3 million in FY 2025-26 and \$11 million in FY 2026-27, and \$16.3 million of the nonrecurring capacity-building costs in FY 2026-27.	Req \$	9,000,000	\$ 80,000,000	\$ 32,000,000	\$ 100,000,000
	Rec \$	9,000,000	\$ 80,000,000	\$ 32,000,000	\$ 66,300,000
	App \$	-	\$ -	\$ -	\$ 33,700,000
	FTE	0.000	0.000	0.000	0.000



		R Changes	NR Changes	R Changes	NR Changes
<b>Division-wide</b>					
<b>11 Sustain Healthy Opportunities in Existing Regions</b>					
Sustains funding for the Healthy Opportunities Pilots (HOP) in the program's three existing rural regions. HOP improves health outcomes and lowers health care costs by an estimated \$85 per month per individual. HOP also connects more than 29,000 eligible people enrolled in Medicaid Managed Care programs to community resources that address non-medical needs, including access to healthy food, safe housing, and transportation. The program's initial evaluation showed that HOP participation was associated with decreased emergency department utilization and service spending for medical care compared to non-participants.	Req \$	313,106,947	\$ -	\$ 313,106,947	\$ -
	Rec \$	225,439,406	\$ -	\$ 225,439,406	\$ -
	App \$	87,667,541	\$ -	\$ 87,667,541	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>12 Plan for Healthy Opportunities Statewide Expansion</b>					
Provides funds to enable the division to build capacity for Healthy Opportunities and implement it in the western counties in which the program is not currently operational. Funds may also be used to plan the expansion of Healthy Opportunities to additional regions throughout the state. The nonrecurring portion of this item comes from state funds freed up by the DSHP federal match, \$46.0 million in FY 2025-26 and \$11.8 million in FY 2026-27.	Req \$	6,348,600	\$ 92,148,698	\$ 28,650,092	\$ 29,985,625
	Rec \$	3,174,300	\$ 92,148,698	\$ 17,363,692	\$ 29,985,625
	App \$	3,174,300	\$ -	\$ 11,286,400	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>13 Managed Care Oversight</b>					
Enables the state to sustain the Medicaid managed care model and prepare for and effectively implement the Child and Family Specialty Plan, which is a single, statewide Medicaid Managed Care health plan that will provide integrated, and coordinated health care to Medicaid-enrolled children, youth, and families served by the child welfare system. 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.	Req \$	172,402,831	\$ 81,140,000	\$ 172,402,831	\$ 51,550,000
	Rec \$	97,183,773	\$ 41,070,000	\$ 97,183,773	\$ 26,050,000
	App \$	75,219,058	\$ 40,070,000	\$ 75,219,058	\$ 25,500,000
	FTE	0.000	0.000	0.000	0.000
<b>14 Medicaid Enterprise System</b>					
Funds the division's transition from the Medicaid Managed Management Information System to the Medicaid Enterprise System (MES), as required by the Centers for Medicare and Medicaid Services. The MES is a modernized, data-driven system that manages the state's Medicaid claims, processing, and information retrieval. This funding enables the division to fully implement three technology modules and begin the procurement and implementation of three additional modules. Nonrecurring funding from the IT Reserve will be used for development and implementation. The division will use the recurring funds for operations and maintenance.	Req \$	73,399,228	\$ -	\$ 60,369,476	\$ -
	Rec \$	60,084,994	\$ -	\$ 44,167,028	\$ -
	App \$	13,314,234	\$ -	\$ 16,202,448	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>NC Health Works</b>					
<b>15 NC Health Works Services and Healthcare Access and Stabilization Program</b>					
Funds the rebased costs for the NC Health Works population authorized in S.L. 2023-7. The amount includes Medicaid managed care hospital reimbursements generated from the Healthcare Access and Stabilization Program (HASP) for the NC Health Works population.	Req \$	399,235,000	\$ -	\$ 237,274,000	\$ -
	Rec \$	399,235,000	\$ -	\$ 237,274,000	\$ -
	App \$	-	\$ -	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>16 Gross Premiums Tax-Eliminate Base Budget</b>					
Makes a technical adjustment to eliminate the recurring appropriation of the gross premiums tax offset in the base budget. The transfer will occur directly as an adjustment to revenue.	Req \$	(22,261,000)	\$ -	\$ (22,261,000)	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	(22,261,000)	\$ -	\$ (22,261,000)	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>17 American Rescue Plan Act Temporary Savings</b>					
Budgets \$262 million in savings for FY 2025-26 generated from the ARPA five percentage point Medicaid match for states that expanded Medicaid after March 11, 2021.	Req \$	-	\$ (32,900,000)	\$ -	\$ -
	Rec \$	-	\$ 229,800,000	\$ -	\$ -
	App \$	-	\$ (262,700,000)	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000

		R Changes	NR Changes	R Changes	NR Changes
<b>NC Health Works</b>					
<b>18 Transfer of Temporary Savings from Expansion Incentive</b>					
Budgets the anticipated remaining balance from the ARPA Temporary Savings Fund to the Division of Health Benefits after all other appropriated transfers have been made.	Req \$	-	\$ 262,700,000	\$ -	\$ -
	Rec \$	-	\$ -	\$ -	\$ -
	App \$	-	\$ 262,700,000	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>19 Transfer Balance from the American Rescue Plan Act Temporary Savings Fund</b>					
Budgets the anticipated remaining balance from the ARPA Temporary Savings Fund to the Division of Health Benefits after all other appropriated transfers have been made.	Req \$	-	\$ -	\$ -	\$ -
	Rec \$	-	\$ 167,553,417	\$ -	\$ -
	App \$	-	\$ (167,553,417)	\$ -	\$ -
	FTE	0.000	0.000	0.000	0.000
<b>Total Change to Requirements</b>		\$ 3,307,849,963	\$ 483,738,637	\$ 3,190,911,714	\$ 181,535,625
<b>Total Change to Receipts</b>		\$ 2,433,407,566	\$ 610,572,115	\$ 2,300,883,982	\$ 122,335,625
<b>Total Change to Net Appropriations</b>		\$ 874,442,397	\$ (126,833,478)	\$ 890,027,732	\$ 59,200,000
<b>Total Change to Full-Time Equivalent (FTE)</b>		0.000	0.000	0.000	0.000
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	\$		747,608,919	\$	949,227,732
<b>Total Change to Full-Time Equivalent (FTE)</b>			0.000		0.000

**DHHS - Health Benefits - Special Fund (24445)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base 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%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 166,907,457	\$ -	\$ 39,398,919	\$ 39,398,919	\$ 206,306,376	23.6%
Receipts	\$ 166,380,841	\$ -	\$ 39,398,919	\$ 39,398,919	\$ 205,779,760	23.7%
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

**Designated State Health Programs**

**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 the Division of Health Benefits 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. DHB must invest funds to expand Healthy Opportunities or support the Justice-Involved Reentry Initiative as authorized in the 1115 Waiver.

Req \$	-	\$ 49,248,649	\$ -	\$ 39,398,919
Rec \$	-	\$ 49,248,649	\$ -	\$ 39,398,919
CFB \$	-	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	\$ -	\$ 49,248,649	\$ -	\$ 39,398,919
<b>Total Change to Receipts</b>	\$ -	\$ 49,248,649	\$ -	\$ 39,398,919
<b>Total Change to Fund Balance</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>	0.000	0.000	0.000	0.000

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

**Health Advancement Receipts (24448)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 1,342,070,000	\$ (5,478,000)	\$ -	\$ (5,478,000)	\$ 1,336,592,000	(0.4) %
Receipts	\$ 1,327,799,000	\$ 90,339,000	\$ -	\$ 90,339,000	\$ 1,418,138,000	6.8 %
Chg in Fund Balance	\$ (14,271,000)	\$ 95,817,000	\$ -	\$ 95,817,000	\$ 81,546,000	(671.4) %
Positions (FTE)	-	-	-	-	-	0.0 %

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 1,342,070,000	\$ (21,675,000)	\$ -	\$ (21,675,000)	\$ 1,320,395,000	(1.6) %
Receipts	\$ 1,327,799,000	\$ 85,630,000	\$ -	\$ 85,630,000	\$ 1,413,429,000	6.4 %
Chg in Fund Balance	\$ (14,271,000)	\$ 107,305,000	\$ -	\$ 107,305,000	\$ 93,034,000	(751.9) %
Positions (FTE)	-	-	-	-	-	0.0 %

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

**NC Health Works**

**1 Transfer for NC Health Works Services and HASP**

Transfers funds to the Division of Health Benefits (DHB) 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 \$	(5,478,000)	\$ -	\$ (21,675,000)	\$ -
Rec \$	-	\$ -	\$ -	\$ -
CFB \$	5,478,000	\$ -	\$ 21,675,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 Gross Premiums Tax Offset Technical Adjustment**

Eliminates the recurring appropriation of the gross premiums tax offset in the base budget. The transfer will occur directly as an adjustment to revenue.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	(22,261,000)	\$ -	\$ (22,261,000)	\$ -
CFB \$	(22,261,000)	\$ -	\$ (22,261,000)	\$ -
FTE	0.000	0.000	0.000	0.000

**3 Health Advancement Assessment Hospital Receipts**

Budgets hospital receipts from the Health Advancement Assessments structure established in SL 2023-7.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	105,544,000	\$ -	\$ 99,056,000	\$ -
CFB \$	105,544,000	\$ -	\$ 99,056,000	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Transfer for NC Health Works Healthy Opportunities**

Transfers funds to DHB to pay for Healthy Opportunities for the NC Health Works Medicaid population.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	7,056,000	\$ -	\$ 8,835,000	\$ -
CFB \$	7,056,000	\$ -	\$ 8,835,000	\$ -
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	\$ (5,478,000)	\$ -	\$ (21,675,000)	\$ -
<b>Total Change to Receipts</b>	\$ 90,339,000	\$ -	\$ 85,630,000	\$ -
<b>Total Change to Fund Balance</b>	\$ 95,817,000	\$ -	\$ 107,305,000	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>	0.000	0.000	0.000	0.000
<b>Recommended Fund Balance Changes (Recurring + Nonrecurring)</b>	\$	95,817,000	\$	107,305,000
<b>Total Change to Full-Time Equivalent (FTE)</b>		0.000		0.000

**ARPA Temporary Savings (24449)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ -	\$ -	\$ 376,053,417	\$ 376,053,417	\$ 376,053,417	0.0%
Receipts	\$ -	\$ -	\$ 262,700,000	\$ 262,700,000	\$ 262,700,000	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ (113,353,417)	\$ (113,353,417)	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

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

**ARPA TSF**

**1 Savings from Expansion Incentive**

Deposits the additional General Fund savings generated by the ARPA expansion incentive for FY 2025-26.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ 262,700,000	\$ -	\$ -
CFB \$	-	\$ 262,700,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**2 UNC – Children’s Hospital**

Transfers funds to the State Capital Infrastructure Funds (SCIF) for funding to the UNC Board of Governors (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	0.000

**3 UNC-NC Care Health Clinics**

Transfers funds to the SCIF to provide funds to the UNC BOG for the construction of 3 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	0.000

**4 Transfer Remaining ARPA TSF Balance**

Transfers the anticipated remaining balance from the ARPA Temporary Savings Fund to the Division of Health Benefits after all other appropriated transfers have been made.

Req \$	-	\$ 167,553,417	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
CFB \$	-	\$ (167,553,417)	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	\$ -	\$ 376,053,417	\$ -	\$ -
<b>Total Change to Receipts</b>	\$ -	\$ 262,700,000	\$ -	\$ -
<b>Total Change to Fund Balance</b>	\$ -	\$ (113,353,417)	\$ -	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Recommended Fund Balance Changes (Recurring + Nonrecurring)</b>	\$	<b>(113,353,417)</b>	\$	-
<b>Total Change to Full-Time Equivalent (FTE)</b>		<b>0.000</b>		<b>0.000</b>

**DHHS - Services for the Blind/Deaf/Hard of Hearing (14450)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 47,418,257	\$ 4,793,169	\$ 373,679	\$ 5,166,848	\$ 52,585,105	10.9%
Receipts	\$ 37,993,401	\$ 3,676,959	\$ -	\$ 3,676,959	\$ 41,670,360	9.7%
Net Appropriation	\$ 9,424,856	\$ 1,116,210	\$ 373,679	\$ 1,489,889	\$ 10,914,745	15.8%
Positions (FTE)	339.500	-	-	-	339.500	0.0%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 47,427,172	\$ 4,833,769	\$ -	\$ 4,833,769	\$ 52,260,941	10.2%
Receipts	\$ 38,001,826	\$ 3,676,959	\$ -	\$ 3,676,959	\$ 41,678,785	9.7%
Net Appropriation	\$ 9,425,346	\$ 1,156,810	\$ -	\$ 1,156,810	\$ 10,582,156	12.3%
Positions (FTE)	339.500	-	-	-	339.500	0.0%

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

**Reserve for Salaries and Benefits**

**1 Compensation Increase Reserve**

Increases all state-funded employee salaries by 2%.

Req \$	81,000	\$ -	\$ 81,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	81,000	\$ -	\$ 81,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ 339,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 339,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**3 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	10,229	\$ -	\$ 20,969	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	10,229	\$ -	\$ 20,969	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 34,679	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 34,679	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**5 State Health Plan**

Provides funding for a 5% increase in employer premiums for enrolled active employees supported by the General Fund in each year of the 2025-27 fiscal biennium.

Req \$	20,819	\$ -	\$ 42,679	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	20,819	\$ -	\$ 42,679	\$ -
FTE	0.000	0.000	0.000	0.000

**6 State Agency Teachers**

Funds a salary increase for State agency teachers in accordance with the statewide teacher salary schedules.

Req \$	9,000	\$ -	\$ 17,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	9,000	\$ -	\$ 17,000	\$ -
FTE	0.000	0.000	0.000	0.000

**R Changes      NR Changes      R Changes      NR Changes**

**Division-wide**

**7 Strengthen the 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 across the Division of Employment and Independence for People with Disabilities (DEIPD) and the Division of Services for the Blind (DSB) is 23%, while the vacancy rate in some rural counties is nearly 40%. This investment will ensure that the more than 21,000 individuals with disabilities currently receiving employment services and new applicants can access services and supports 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. This grant provides total federal funding of \$21 million across the DEIPD and the DSB.

Req \$	4,672,121	\$	-	\$	4,672,121	\$	-
Rec \$	3,676,959	\$	-	\$	3,676,959	\$	-
App \$	995,162	\$	-	\$	995,162	\$	-
FTE	0.000		0.000		0.000		0.000

<b>Total Change to Requirements</b>	\$	<b>4,793,169</b>	\$	<b>373,679</b>	\$	<b>4,833,769</b>	\$	-
<b>Total Change to Receipts</b>	\$	<b>3,676,959</b>	\$	-	\$	<b>3,676,959</b>	\$	-
<b>Total Change to Net Appropriations</b>	\$	<b>1,116,210</b>	\$	<b>373,679</b>	\$	<b>1,156,810</b>	\$	-
<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>	\$			<b>1,489,889</b>	\$			<b>1,156,810</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>				<b>0.000</b>				<b>0.000</b>

**DHHS - Mental Health/Developmental Disabilities/Substance Use Services (14460)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 1,836,974,082	\$ 17,312,194	\$ 27,907,741	\$ 45,219,935	\$ 1,882,194,017	2.5 %
Receipts	\$ 994,893,697	\$ -	\$ 14,390,105	\$ 14,390,105	\$ 1,009,283,802	1.4 %
Net Appropriation	\$ 842,080,385	\$ 17,312,194	\$ 13,517,636	\$ 30,829,830	\$ 872,910,215	3.7 %
Positions (FTE)	10,685.644	-	-	-	10,685.644	0.0 %

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 1,836,974,082	\$ 19,820,709	\$ 11,912,084	\$ 31,732,793	\$ 1,868,706,875	1.7 %
Receipts	\$ 994,893,697	\$ -	\$ 11,912,084	\$ 11,912,084	\$ 1,006,805,781	1.2 %
Net Appropriation	\$ 842,080,385	\$ 19,820,709	\$ -	\$ 19,820,709	\$ 861,901,094	2.4 %
Positions (FTE)	10,685.644	-	-	-	10,685.644	0.0 %

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

**Reserve for Salaries and Benefits**

**1 Compensation Increase Reserve**

Increases all state-funded employee salaries by 2%.

Req \$	6,184,000	\$ -	\$ 6,184,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	6,184,000	\$ -	\$ 6,184,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ 10,871,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 10,871,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**3 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	780,647	\$ -	\$ 1,600,332	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	780,647	\$ -	\$ 1,600,332	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 2,646,636	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 2,646,636	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**5 State Health Plan**

Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2025-27 fiscal biennium.

Req \$	1,545,547	\$ -	\$ 3,168,377	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	1,545,547	\$ -	\$ 3,168,377	\$ -
FTE	0.000	0.000	0.000	0.000

**6 State Agency Teachers**

Funds a salary increase for State agency teachers in accordance with the statewide teacher salary schedules.

Req \$	102,000	\$ -	\$ 168,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	102,000	\$ -	\$ 168,000	\$ -
FTE	0.000	0.000	0.000	0.000



**R Changes      NR Changes      R Changes      NR Changes**

**Division-wide**

**7 Expand State Funded Co-Response Teams**

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. These teams are in addition to the three co-response teams the Division of Mental Health is currently funding with Bipartisan Safer Communities Act grant funding, and one team the division is funding through the Mental Health Block Grant.

Req \$	8,700,000	\$	-	\$	8,700,000	\$	-
Rec \$	-	\$	-	\$	-	\$	-
App \$	8,700,000	\$	-	\$	8,700,000	\$	-
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 Mental Health, Developmental Disabilities, and Substance Use Services, will transfer freed-up state funds resulting from the DSHP receipts to the Division of Health Benefits (DHB). DHB must use the funds to expand the Healthy Opportunities Program or support the Justice-Involved Reentry Initiative as authorized in the 1115 Waiver.

Req \$	-	\$	12,390,105	\$	-	\$	9,912,084
Rec \$	-	\$	12,390,105	\$	-	\$	9,912,084
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

**9 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 \$	-	\$	2,000,000	\$	-	\$	2,000,000
Rec \$	-	\$	2,000,000	\$	-	\$	2,000,000
App \$	-	\$	-	\$	-	\$	-
FTE	0.000		0.000		0.000		0.000

<b>Total Change to Requirements</b>	\$	<b>17,312,194</b>	\$	<b>27,907,741</b>	\$	<b>19,820,709</b>	\$	<b>11,912,084</b>
<b>Total Change to Receipts</b>	\$	<b>-</b>	\$	<b>14,390,105</b>	\$	<b>-</b>	\$	<b>11,912,084</b>
<b>Total Change to Net Appropriations</b>	\$	<b>17,312,194</b>	\$	<b>13,517,636</b>	\$	<b>19,820,709</b>	\$	<b>-</b>
<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>	\$		\$	<b>30,829,830</b>	\$		\$	<b>19,820,709</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>				<b>0.000</b>				<b>0.000</b>

**Opioid Abatement Fund (24491)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Receipts	\$ -	\$ -	\$ 60,822,049	\$ 60,822,049	\$ 60,822,049	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ 60,822,049	\$ 60,822,049	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Receipts	\$ -	\$ -	\$ 13,511,210	\$ 13,511,210	\$ 13,511,210	0.0%
Chg in Fund Balance	\$ -	\$ -	\$ 13,511,210	\$ 13,511,210	\$ -	0.0%
Positions (FTE)	-	-	-	-	-	0.0%

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

**Uncategorized**

**1 Opioid Abatement Funds**

Budgets funds from the multi-state opioid settlements to the Division of Mental Health to be allocated within the allowable uses of the Opioid Abatement Fund. Allowable uses include overdose prevention and response, purchase of naloxone, and improved opioid treatment access. NC's overdose epidemic data shows that in 2023, an estimated 4,442 died of an overdose, a slight increase from 2022. These funds will ensure the division can address the misuse of and addiction to prescriptions and illicit opioids statewide, saving lives.

Req \$	-	\$ -	\$ -	\$ -
Rec \$	-	\$ 60,822,049	\$ -	\$ 13,511,210
CFB \$	-	\$ 60,822,049	\$ -	\$ 13,511,210
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	\$ -	\$ -	\$ -	\$ -
<b>Total Change to Receipts</b>	\$ -	\$ 60,822,049	\$ -	\$ 13,511,210
<b>Total Change to Fund Balance</b>	\$ -	\$ 60,822,049	\$ -	\$ 13,511,210
<b>Total Change to Full-Time Equivalent (FTE)</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Recommended Fund Balance Changes (Recurring + Nonrecurring)</b>	\$	<b>60,822,049</b>	\$	<b>13,511,210</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>		<b>0.000</b>		<b>0.000</b>

**DHHS - Health Services Regulation (14470)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 83,682,067	\$ 1,968,015	\$ 1,394,846	\$ 3,362,861	\$ 87,044,928	4.0%
Receipts	\$ 57,834,172	\$ 300,112	\$ -	\$ 300,112	\$ 58,134,284	0.5%
Net Appropriation	\$ 25,847,895	\$ 1,667,903	\$ 1,394,846	\$ 3,062,749	\$ 28,910,644	11.8%
Positions (FTE)	585.500	9.000	-	9.000	594.500	1.5%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 83,689,613	\$ 2,136,272	\$ -	\$ 2,136,272	\$ 85,825,885	2.6%
Receipts	\$ 57,841,718	\$ 300,112	\$ -	\$ 300,112	\$ 58,141,830	0.5%
Net Appropriation	\$ 25,847,895	\$ 1,836,160	\$ -	\$ 1,836,160	\$ 27,684,055	7.1%
Positions (FTE)	585.500	9.000	-	9.000	594.500	1.5%

	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%.

Req \$	488,000	\$ -	\$ 488,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	488,000	\$ -	\$ 488,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ 586,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 586,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**3 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	61,601	\$ -	\$ 126,282	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	61,601	\$ -	\$ 126,282	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 208,846	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 208,846	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**5 State Health Plan**

Provides funding for a 5% increase in employer premiums for enrolled active employees supported by the General Fund in each year of the 2025-27 fiscal biennium.

Req \$	98,644	\$ -	\$ 202,220	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	98,644	\$ -	\$ 202,220	\$ -
FTE	0.000	0.000	0.000	0.000

**Division-wide**

**6 Healthcare Regulation and Licensing Workforce Capacity Improvements**

Creates positions to increase the division's capacity to adhere to federal and state regulations to investigate complaints, eliminate backlogs of health care facility inspections in acute care and adult care facilities and nursing homes, and process expedited licensure applications for residential mental health facilities. These positions are critical to address the more than 5,000 facility reported incidents in adult care, acute care, nursing home and mental health facilities, many of which are overdue for inspection.

Req \$	1,319,770	\$ -	\$ 1,319,770	\$ -
Rec \$	300,112	\$ -	\$ 300,112	\$ -
App \$	1,019,658	\$ -	\$ 1,019,658	\$ -
FTE	9.000	0.000	9.000	0.000

**R Changes      NR Changes      R Changes      NR Changes**

**Division-wide**

**7 Healthcare Facility Regulation and Licensing Program Evaluation**

Funds an independent evaluation of the division's capacity to address sustained inspection and investigation backlogs, staffing shortages, and compliance challenges highlighted in the 2024 State Auditor's report. This evaluation will analyze workforce needs, operational processes, and regulatory requirements to develop a data-driven strategy for meeting state and federal investigative timeframes while increasing efficiency. Findings will inform future budget and policy decisions to strengthen oversight and accountability in health care facility regulation.

Req \$	-	\$ 600,000	\$ -	\$ -
Rec \$	-	-	-	-
App \$	-	\$ 600,000	-	-
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	\$ 1,968,015	\$ 1,394,846	\$ 2,136,272	\$ -
<b>Total Change to Receipts</b>	\$ 300,112	\$ -	\$ 300,112	\$ -
<b>Total Change to Net Appropriations</b>	\$ 1,667,903	\$ 1,394,846	\$ 1,836,160	\$ -
<b>Total Change to Full-Time Equivalent (FTE)</b>	9.000	0.000	9.000	0.000
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	\$	3,062,749	\$	1,836,160
<b>Total Change to Full-Time Equivalent (FTE)</b>		9.000		9.000

**DHHS - Employment and Independence for People with Disabilities (14480)**

Year 1 FY 2025-26	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 190,289,974	\$ 22,820,166	\$ 1,157,313	\$ 23,977,479	\$ 214,267,453	12.6%
Receipts	\$ 146,712,229	\$ 17,569,204	\$ -	\$ 17,569,204	\$ 164,281,433	12.0%
Net Appropriation	\$ 43,577,745	\$ 5,250,962	\$ 1,157,313	\$ 6,408,275	\$ 49,986,020	14.7%
Positions (FTE)	978.000	-	-	-	978.000	0.0%

Year 2 FY 2026-27	Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Chg from Base Budget
Requirements	\$ 190,326,361	\$ 22,968,102	\$ -	\$ 22,968,102	\$ 213,294,463	12.1%
Receipts	\$ 146,737,025	\$ 17,569,204	\$ -	\$ 17,569,204	\$ 164,306,229	12.0%
Net Appropriation	\$ 43,589,336	\$ 5,398,898	\$ -	\$ 5,398,898	\$ 48,988,234	12.4%
Positions (FTE)	978.000	-	-	-	978.000	0.0%

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

**Reserve for Salaries and Benefits**

**1 Compensation Increase Reserve**

Increases all state-funded employee salaries by 2%.

Req \$	355,000	\$ -	\$ 355,000	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	355,000	\$ -	\$ 355,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 State Employee Bonus**

Provides a \$1,000 bonus for all General Fund state employees regardless of funding source. This bonus is in addition to the recurring salary increase.

Req \$	-	\$ 1,005,000	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 1,005,000	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**3 Retirement and Retiree Health Contributions**

Increases funding for the State's General Fund contribution for members of its retirement systems to reflect required rate changes for employee benefit programs, including the retirement systems and retiree medical premiums. The contribution rates for all systems remain higher than the rates system actuaries recommend.

Req \$	44,926	\$ -	\$ 92,099	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	44,926	\$ -	\$ 92,099	\$ -
FTE	0.000	0.000	0.000	0.000

**4 Retiree Cost-of-Living Adjustment**

Provides a one-time retiree supplement of 2% for the over 250,000 retired members of the state's retirement systems and survivors of deceased members.

Req \$	-	\$ 152,313	\$ -	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	-	\$ 152,313	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**5 State Health Plan**

Provides additional funding to continue health benefit coverage for enrolled active employees supported by the General Fund for the 2025-27 fiscal biennium.

Req \$	95,965	\$ -	\$ 196,728	\$ -
Rec \$	-	\$ -	\$ -	\$ -
App \$	95,965	\$ -	\$ 196,728	\$ -
FTE	0.000	0.000	0.000	0.000

		R Changes		NR Changes		R Changes		NR Changes
<b>Division-wide</b>								
<b>6 Strengthen the Vocational Rehabilitation Workforce</b>								
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 across the Division of Employment and Independence for People with Disabilities (DEIPD), and the Division of Services for the Blind (DSB) is 23%, while the vacancy rate in some rural counties is nearly 40%. This investment will ensure that the more than 21,000 individuals with disabilities currently receiving employment services and new applicants can access services and supports 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. This grant provides total federal funding of \$21 million across the DEIPD and DSB.	Req \$	22,324,275	\$	-	\$	22,324,275	\$	-
	Rec \$	17,569,204	\$	-	\$	17,569,204	\$	-
	App \$	4,755,071	\$	-	\$	4,755,071	\$	-
	FTE	0.000		0.000		0.000		0.000
<b>Total Change to Requirements</b>	\$	<b>22,820,166</b>	\$	<b>1,157,313</b>	\$	<b>22,968,102</b>	\$	<b>-</b>
<b>Total Change to Receipts</b>	\$	<b>17,569,204</b>	\$	<b>-</b>	\$	<b>17,569,204</b>	\$	<b>-</b>
<b>Total Change to Net Appropriations</b>	\$	<b>5,250,962</b>	\$	<b>1,157,313</b>	\$	<b>5,398,898</b>	\$	<b>-</b>
<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>	\$			<b>6,408,275</b>	\$			<b>5,398,898</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>				<b>0.000</b>				<b>0.000</b>