2026-2027 State Fiscal Year Budget Highlights Pertaining to Aging

Senate Bill 257 (Bill Text and Committee Report)

After a year without a state budget, legislators released a draft on Tuesday, June 30, 2026. The budget directs how over $34 billion will be spent during fiscal year 2026-2027. The last comprehensive state budget was passed in September 2023 and directed spending for two years. Legislators voted on the budget, allowing no amendments and no committee hearings, on Wednesday and Thursday and sent it to the Governor for his action. We will provide an update when we learn more.

Below are details of specific budget provisions related to aging, including both funding and policy changes. There may be additional items, but they were not discernable from descriptions provided in the budget. The Committee Report details the agreement in spending made with House and Senate leadership assigned to work out the difference in both chamber's budget proposals last year. Numbers in parathesis note where items can be found in the Committee Report. Those with page numbers listed are also Special Provisions included in the bill text.

State Employees and Retirees

The budget provides retirees with a one-time cost of living increase of 2.5% for retirees of the teacher and state employees' retirement system. Payments are directed to be made as close to October 15, 2026 as possible. (B 4 and Page 545, Section 41.26)

Additionally, the budget provides funds for an across the board salary increase of 3% for most state employees. Funds are also provided for a $1,750 one-time bonus for most state employees earning $65,000 or less and a $1,000 one-time bonus for most state employees earning more than $65,000. (B 4)

North Carolina Senior Games, Inc.

$500,000 in nonrecurring funds is provided to North Carolina Senior Games, Inc., a nonprofit that provides statewide, year-round health and wellness events and programs for adults 50 years of age and older. (C 4)

Home and Community Care Block Grant

Funds to the Home and Community Care Block Grant (HCCBG) are reduced by roughly 1%.

As stated in the report, this decrease is due to underspending in four out of the last five fiscal years by over $400,000. The revised net appropriation for HCCBG is approximately $37.2 million. (C 6)

Transitions to Community Living Initiative
Funds are provided for the Transitions to Community Living Initiative (TCLI) to ensure compliance with the 2012 U.S. Department of Justice Settlement. Funds will be used for increased costs for existing housing slots as well as tenancy support, supported employment, and wraparound mental health services. The revised net appropriation for TCLI across all DHHS divisions is $97.5 million in FY 2026-27. (C 14)

SNAP Funding
The budget provides funds to offset the loss of federal receipts due to changes to the administrative cost-sharing requirements for the Supplemental Nutrition Assistance Program (SNAP) resulting from federal policy implemented last summer, H.R. 1. Effective October 1, 2026, the nonfederal share of administrative costs will increase from 50% to 75%. (C 14, C 22)

It also provides funds for approximately thirty new staff that will provide assistance to SNAP including a deputy director and staff to provide on-site support for the implementation of operational improvements in an effort to reduce the State's SNAP payment error rate (PER) in response to program changes under H.R. 1. (C 22-23)

Medicaid Rebase
Adjusts Medicaid funding for projected changes in enrollment, enrollment mix, service, and capitation costs, and federal match rates. $200 million in nonrecurring funds from the Medicaid Contingency Reserve will be used to support the non-federal share of Medicaid costs. (C 45)

Rate Increase: Personal Care Services
$70,800,000 is appropriated to the Division of Health Benefits to provide a rate increase for personal care services provided to Medicaid beneficiaries through Medicaid Direct, Community Alternatives Program for Children (CAP/C), Community Alternatives Program for Disabled Adults (CAP/DA), and Community Alternatives Program Choice (CAP/CO). The Committee Report details that these funds are expected to support an increase from $23.84 per hour of billed service to $30.00 per hour. (C 45 and Page 270, Section 9E.15)

Increase Wages of Direct Care Workers/Innovations Waiver
Provides funds to increase the wages of direct care workers who provide services for individuals on the State's Innovations Waiver. $21,300,000 in recurring funds are provided for this. (C 46 and Page 269, Section 9E.14)

Healthy Opportunities Pilot

Provides $25,111,607 in nonrecurring funds for the Healthy Opportunities Pilot program (HOP). HOP was suspended last summer due to lack of funding. This program connects rural Medicaid enrollees to community resources that address non-medical needs, including access to food, housing, and transportation. (C 46)

Program Integrity Positions under the North Carolina Division of Health Benefits

Provides funds for up to twelve full time staff in the Office of Compliance and Program Integrity to support Medicaid waste and abuse detection efforts. Additional funds are provided for fraud, waste, and abuse prevention and payment recovery efforts in Medicaid through the Government Data Analytics Center (GDAC). (C 48)

Adult Care Home Licensure Program

Provides $651,804 in recurring funds for the Division of Health Services Regulation's Adult Care Licensure Program. This is an increase in federal Social Services Block Grant funding. (C 59)

Access Dental Care

Provides $300,000 in nonrecurring funds to Access Dental Care to provide mobile, onsite comprehensive dental care to individuals with intellectual and developmental disabilities, the elderly, and other special needs patients across North Carolina. (C 89)

Medicaid Waste and Abuse

Provides the State Auditor’s office with $2,500,000 in nonrecurring funds to investigate Medicaid waste and abuse and submit a report on the findings is directed to be submitted by February 28, 2027. (F 18)

Hospital Refund Cap Change

Adjusts the sales tax refund amount allowed to a nonprofit hospital or hospital authority and its affiliates by treating them as one entity for purposes of applying the statutory refund cap. (K 3)

Budget and Management: Special Appropriations

While these are a few items related to aging services; there may be others not listed below. This is one-time money for 2026-2027 fiscal year.

- Charters of Freedom
  $300,000 is provided to Foundation Forward, Inc., for Charters of Freedom settings in each of the operating State Veterans Homes. (F 29)

- Councils of Government
  $3,900,000 is provided to the NC Association of Regional Councils of Government (NCARCOG) to support the 16 regional councils. (F 30)
- Still Us Foundation
  Provides $1,000,000 to Still Us Foundation, a nonprofit in Moore County dedicated to dementia care. (F 33)
- Catawba County Council on Aging
  Provides $250,000 to Catawba County Council on Aging, Inc. to purchase, construct, or renovate a new facility. (F 41)
- City of King - Senior Center
  Provides $100,000 to the City of King for programs offered by the King Senior Center. (F 44)
- Coats Senior Center
  Provides $65,000 to Harnett County for the maintenance, expansion, and renovation needs of Coats Senior Center. (F 46)
- Deaf and Blind Pathways Foundation, Inc. - Hurricane Helene
  Provides $250,000 to Deaf and Blind Pathways Foundation, Inc. to build a resilience hub for the deaf and/or blind community in response to service gaps identified during Hurricane Helene. (F 49)
- I-CARE, Community Outreach Development, Inc.
  $100,000 provided to I-CARE, Community Outreach Development, Inc., a nonprofit whose services include home repair and winterization projects for seniors. (F 59)
- Senior Resources of Guilford
  $50,000 directed to Senior Resources of Guilford for the Meals on Wheels of High Point program. (F 73)
- The Life Center of Davidson County, Inc.
  Provides $25,000 to the Life Center of Davidson County for elderly and disabled persons day care services. (F 76)

Military and Veteran Affairs

$30,000 in recurring funds is allocated for a Veterans Services Officers (VSO) position in Jones County. (F 162)

Two provisions are related to the Veterans Cemeteries Trust:

- Cemeteries Positions: Provides $400,000 in recurring funds for four additional maintenance personnel at the State Veterans Cemeteries. (F 165)
- Cemeteries Operation and Maintenance: Provides $350,000 in recurring funds for operations and maintenance at the State Veterans Cemeteries. (F 165)

Fayetteville Veteran's Home
Provides $10 million in nonrecurring funds for a replacement to the Fayetteville Veterans Home. The funding will be repaid from the Veterans Homes Trust Fund, as described in a related provision. The total amount authorized for the project is $40 million. (H 2)

Special Provisions (Bill Text Document)

Savings Reserve/Rainy Day Fund
$450 million is appropriated; bringing the Savings Reserve total to over $4.2 billion as reported by several news outlets. (Page 10)

Hurricane Helene Funds
An estimated $700 million in Hurricane Helene funding is allocated. Of this, $450 million is appropriated to unlock federal funding matching. (Page 60)

Adult Protective Services: Social Services Block Grant
The Social Services Block Grant is mentioned throughout the budget in various locations including using $893,041 of grant funds to increase the number of Adult Protective Services workers. These funds are exempt from a policy (10A NCAC 71R .020) that requires a local match of 25%. (Page 323). However, we want to note that it does not appear that this Block Grant is getting additional new money.

Medicaid Skilled Nursing Facility Cost Containment Pilot
The budget bill directs the Division of Health Benefits to implement a cost containment pilot program to set annual growth limit for Skilled Nursing Facility (SNF) state expenditures. The pilot, which will involve stakeholders, will run for five years beginning January 1, 2028 and ending December 31, 2032. The purpose of the pilot is to provide cost certainty while providing predictability to SNFs and maintaining access for North Carolinians who need SNF services. (More details are provided on page 270)

Elimination of Certified Public Accountant Requirement for Adult Care Home Cost Reports
This provision removes the requirement for adult care homes to use a certified public accountant or an independent accountant to satisfy cost reporting requirements unless the Department determines that an adult care home has submitted a grossly inaccurate report. (Page 279)

Streamlining of Inspection Process for Adult Care Homes
Included in the budget is language from Senate Bill 863 (Streamline Adult Care Home Inspections) which stipulates that if an adult care home has passed an inspection conducted by the Adult Care Licensure Section of the NC Division of Health Service

Benefits within three months of a substantially similar inspection, these can be deemed as passed (within certain provisions outlined in the bill). It does NOT apply to any complaint investigation, monitoring visits, investigation of abuse, neglect, resident harm, exploitation, or other provisions related to resident safety and rights. (Page 280)

Low-Income Home Energy Assistance Block Grant
Consistent with previous budgets, this money is to be used for Energy Assistance Payments with a special focus on households with older adults or persons with disabilities. (Page 324)

Articles related to the budget

- NC House and Senate vote for budget, with support and dissent from both parties, The News&Observer, 7/02/26
- GOP-authored NC budget proposal faces final round of voting, WRAL, 7/02/26
- NC's first full budget since 2023 reflects transformed health policy landscape, NC Health News, 7/01/26
- NC lawmakers unveil long-awaited state budget with tax cuts, raises for state employees, WRAL, 6/30/26
- Long-delayed NC budget released with raises, Helen funding, ferry tolls, and more, WUNC, 6/30/26
- The fine print: NC's $34B budget includes DEI cuts, ferry tolls, AI, prison funds and more, NC Newsline, 6/30/26

Attached to this document is a list of additional special provisions that may be of interest to those working in the aging community.

Additional Special Provisions Potentially of Interest to Aging Advocates in Conference Committee Substitute for Senate Bill 257

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