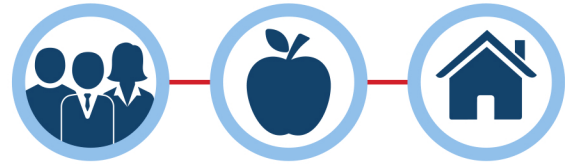
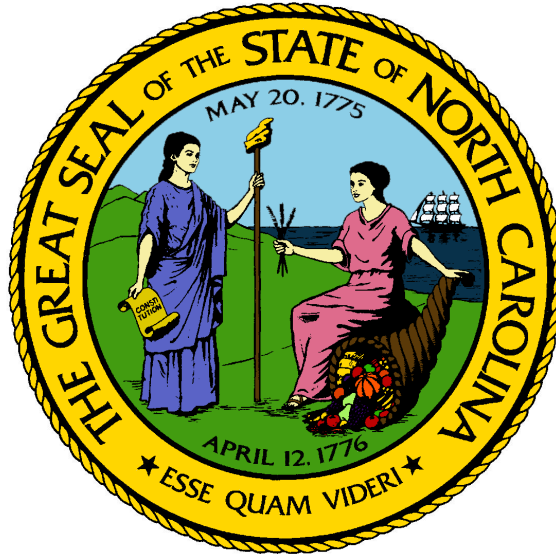


**GOVERNOR ROY COOPER'S  
RECOMMENDED BUDGET  
2017-2019**

**Common Ground Solutions**  
*for* **NORTH CAROLINA**



# GOVERNOR ROY COOPER'S RECOMMENDED BUDGET 2017-2019



**OFFICE OF STATE BUDGET AND MANAGEMENT**  
OFFICE OF THE GOVERNOR  
RALEIGH, NORTH CAROLINA

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OSBM.NC.GOV

**MARCH 2017**

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Questions about Governor Roy Cooper's Recommended Budget 2017-19 or requests for further information may be directed to the Office of State Budget and Management, 20320 Mail Service Center, Raleigh, NC 27699-0320, or telephone (919) 807-4700. The document may also be downloaded from the Office of State Budget and Management's website at [osbm.nc.gov](http://osbm.nc.gov).

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# Introduction

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## **Governor's recommended budget for the state**

The purpose of this document is to summarize Governor Cooper's recommended state budget for the two fiscal years of the 2017-19 biennium. This publication includes recommendations for expenditures from the General Fund, Highway Fund, and Highway Trust Fund. Recommended expenditures for capital improvements and for reserves, debt service, and other adjustments are also included.

## **Governor's letter and highlights**

Governor Cooper's priorities are listed in his transmittal letter, followed by a brief description of key recommendations on a "Highlights" page.

## **Revenue and budget summary**

A summary of General Fund recommendations by department/budget code for the entire state budget appears in two tables: "Governor's Recommended General Fund Appropriation, FY 2017-18" and "Governor's Recommended General Fund Appropriation, FY 2018-19." Estimates of fund availability, an economic forecast, and demographic analysis are also included in this section.

## **Budget recommendations**

The budget recommendations portion of this document meets the requirement of the State Budget Act to distinguish between continuation requirements (i.e., the base budget) and recommended adjustments to the base budget. Brief explanations of recommended adjustments to the budget are provided in sections that correspond to the following government functions: Education; General Government; Health and Human Services; Justice and Public Safety; Natural and Economic Resources; and Transportation.

Budget adjustments for a given department/agency appear in the appropriate section (for example, the University of North Carolina appears in the Education section, the Department of Revenue ap-

pears in the General Government section, and so forth). A department/agency presentation begins with a summary table, showing a base budget, adjustments to the base, and the total of requirements, receipts, appropriation, and positions for the department/agency. Next is an explanation of each adjustment for a given department/agency, along with a listing of the recurring and nonrecurring requirements, receipts, net appropriation, and positions for the proposed change.

Adjustments are arranged with compensation changes first, followed by changes grouped by priority. Reductions are recommended decreases to the base budget, while expansions are new programs or expansions of existing programs.

The Transportation section summarizes recommended revenue and expenditures for the Highway Fund and the Highway Trust Fund in addition to the typical presentation of adjustments.

The Capital Improvements section and Reserves and Other Adjustments section display information in a manner similar to the presentation of adjustments as described above.

## **Appendix**

Tables in the appendix summarize various components of the state budget, including a series of tables that show the total state budget by function, department, and source of funds for each year of the biennium. Documents contained in the appendix in previous years can be found on the OSBM website.

## **Line item details**

Line item base budget details for all budget codes and their component funds are available in PDF format on the website of the Office of State Budget and Management (OSBM), [osbm.nc.gov](http://osbm.nc.gov).



### *Protecting the most vulnerable and helping people live healthy, productive lives*

#### **Healthier North Carolinians and Healthier Economy with Medicaid Expansion**

Recommends Medicaid expansion to cover 624,000 additional individuals and secure North Carolina's share of federal resources to inject over \$4.4 billion in direct spending into the state.

#### **Investments in Early Learning**

Expands funding and eliminates the waitlist for NC Pre-K so that by July 1, 2018 an estimated additional 4,668 at-risk four-year olds will receive high quality pre-kindergarten classes. Invests \$15 million in Smart Start to provide support and flexibility to all 100 counties to improve early childhood educational outcomes and better prepare children for school. Also funds an additional 2,000 slots for children from low-income working families to receive subsidized, high quality child care services and increases the Child Care Subsidy market rate in selected counties.

#### **Helping Senior Citizens at Home**

Supports low-income, elderly citizens by investing in the Home and Community Care Block Grant to help an estimated 1,500 citizens in all 100 counties receive in-home aide, transportation and meals.

#### **Fighting Opioid Addiction**

Directs more than \$12 million in community mental health funding to address the opioid crisis. Prescription drug abuse is one of the leading causes of accidental death in North Carolina, and treatment is part of the solution. Invests in the Controlled Substances Reporting System. In addition to this funding, the JPS section provides \$2 million for the Governor's Crime Commission to provide grants to local law enforcement efforts.

#### **Helping Disabled People Live, Work and Learn in Their Home Communities**

Invests \$1 million to makes a robust supply of state of the art adaptive equipment and assistive technologies available to disabled citizens to enable them to live, work and be educated in their communities.

#### **Improving Children's and Families' Lives**

Restores and increases funding to the Nurse-Family Partnership to serve women from late pregnancy until the child turns two years old. Provides permanent funds to implement the child welfare program improvement plan to improve outcomes for children and families. Develops and implements the child welfare case management system in NC FAST to better track and serve children in the child welfare system. Provides foster care payments to support growth in the number of children placed in a licensed foster home.

#### **Supporting Individuals with Mental Illness**

Continues investments under the U.S. Department of Justice Transitions to Community Living Initiative settlement to ensure people with mental illness can live in their communities in the least restrictive setting.

**Recommended Change Budget for Division of Central Management and Support (14410)**

Year 1 FY 2017-18	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 179,580,970	\$ 39,433,408	\$ 146,916,459	\$ 186,349,867	\$ 365,930,837	103.8%
Receipts	\$ 82,249,138	\$ 18,411,917	\$ 132,214,308	\$ 150,626,225	\$ 232,875,363	183.1%
Net Appropriation	\$ 97,331,832	\$ 21,021,491	\$ 14,702,151	\$ 35,723,642	\$ 133,055,474	36.7%
Positions (FTE)	835.750	49.000	0.000	49.000	884.750	5.9%

Year 2 FY 2018-19	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 179,580,970	\$ 59,203,012	\$ 101,407,360	\$ 160,610,372	\$ 340,191,342	89.4%
Receipts	\$ 82,249,138	\$ 20,270,708	\$ 89,971,019	\$ 110,241,727	\$ 192,490,865	134.0%
Net Appropriation	\$ 97,331,832	\$ 38,932,304	\$ 11,436,341	\$ 50,368,645	\$ 147,700,477	51.7%
Positions (FTE)	835.750	71.000	0.000	71.000	906.750	8.5%

	FY 2017-18		FY 2018-19	
	Recurring Changes	Nonrecurring Changes	Recurring Changes	Nonrecurring Changes
<b>1 - Compensation Increase for State Employees</b>				
Provides funds for a 2% recurring salary increase or an \$800 recurring salary increase, whichever is greater, and a \$500 nonrecurring bonus for permanent full-time State employees. This represents the amount needed for the Department of Health and Human Services.	Req \$ 6,854,405	\$ 3,264,016	\$ 6,854,405	\$ -
	Rec \$ -	\$ -	\$ -	\$ -
	App \$ 6,854,405	\$ 3,264,016	\$ 6,854,405	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>2 - Compensation Increase - State Agency Teachers</b>				
Supports experience-based step increases and salary increases associated with the changes to the salary schedule for State agency teachers and school-based administrators. This represents the amount needed for the Department of Health and Human Services.	Req \$ 137,873	\$ -	\$ 275,747	\$ -
	Rec \$ -	\$ -	\$ -	\$ -
	App \$ 137,873	\$ -	\$ 275,747	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>3 - State Retirement Contributions</b>				
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees. This represents the amount needed for the Department of Health and Human Services.	Req \$ 330,912	\$ 1,985,469	\$ 2,135,884	\$ -
	Rec \$ -	\$ -	\$ -	\$ -
	App \$ 330,912	\$ 1,985,469	\$ 2,135,884	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>4 - State Health Plan</b>				
Provides additional funding to continue health benefit coverage for enrolled active and retired employees supported by the General Fund for the 2017-19 biennium. This represents the amount needed for the Department of Health and Human Services.	Req \$ 2,021,820	\$ -	\$ 4,043,640	\$ -
	Rec \$ -	\$ -	\$ -	\$ -
	App \$ 2,021,820	\$ -	\$ 4,043,640	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>5 - US DOJ Settlement/Transition to Community Living</b>				
Continues the phased-in implementation of the Transitions to Community Living Initiative to ensure compliance with the DOJ settlement. This funding expands the number of individuals transitioning into housing slots, increases the number of referrals to supported employment, and serves more individuals in Assertive Community Treatment (ACT). This funding also establishes two positions to support the efforts to enroll more individuals covered under the settlement agreement into these services. (This is funded through the targeted reinvestment of community services funding in the base budget.)	Req \$ 8,889,875	\$ -	\$ 17,036,022	\$ -
	Rec \$ -	\$ -	\$ -	\$ -
	App \$ 8,889,875	\$ -	\$ 17,036,022	\$ -
	FTE 2.000	0.000	2.000	0.000

#### 6 - Child Welfare Case Management through NC FAST

Develops the child welfare case management system in NC FAST, which will provide the State and counties an increased ability to track children in the child welfare system, as well as assist in providing and maintaining services for these children.

Req	\$	-	\$ 137,400,000	\$	-	\$ 98,600,000
Rec	\$	-	\$ 128,500,000	\$	-	\$ 87,491,000
App	\$	-	\$ 8,900,000	\$	-	\$ 11,109,000
FTE		4.000	0.000		4.000	0.000

#### 7 - NC FAST Operations and Maintenance

Funds operations and maintenance, additional technical assistance, and provider help desk staff to support new NC FAST functionality, which will help resolve technical issues currently being experienced in many counties.

Req	\$	12,400,000	\$	-	\$ 22,700,000	\$	-
Rec	\$	10,500,000	\$	-	\$ 15,000,000	\$	-
App	\$	1,900,000	\$	-	\$ 7,700,000	\$	-
FTE		32.000		0.000	54.000		0.000

#### 8 - Controlled Substance Reporting System (CSRS) Replacement Project Operations and Maintenance

Modernizes, develops, and maintains the CSRS database in order to improve the security, functionality and interface capabilities of the system. This will improve access to and utilization of CSRS and allow CSRS to be integrated as a clinical tool to research excessive or criminal drug dispensing activity, including opioids.

Req	\$	464,400	\$	-	\$ 464,400	\$	-
Rec	\$	-	\$	-	\$	-	-
App	\$	464,400	\$	-	\$ 464,400	\$	-
FTE		4.000		0.000	4.000		0.000

#### 9 - Social Security Number Removal Initiative

Improves security and protects against identity theft by modifying department IT systems to process recipient benefit cards with identifying beneficiary numbers instead of Social Security Numbers. This initiative will also ensure compliance with recent federal mandates.

Req	\$	-	\$ 2,500,000	\$	-	\$	-
Rec	\$	-	\$ 2,250,000	\$	-	\$	-
App	\$	-	\$ 250,000	\$	-	\$	-
FTE		0.000	0.000		0.000		0.000

#### 10 - DHHS IT Applications Expansion

Establishes six FTEs and provides resources to replace outdated technology and enhance critical systems, including the system that collects and distributes approximately \$800 million in child support payments and the system that links HIV-diagnosed individuals to care.

Req	\$	733,201	\$	339,974	\$	733,201	\$	367,690
Rec	\$	310,995	\$	37,308	\$	310,995	\$	40,349
App	\$	422,206	\$	302,666	\$	422,206	\$	327,341
FTE		6.000		0.000		6.000		0.000

#### 11 - 100% Receipt-Supported IT Projects

Budgets the receipts that will fully support the development and operations and maintenance of certain IT projects within the department. These projects include transitioning the Women, Infants, and Children (WIC) program from a paper-based system to an Electronic Benefit Transfer system; the web-based county reimbursement system in DSS; and a case management system for the Division of Vocational Rehabilitation and the Divisions of Services for the Blind/Deaf/Hard of Hearing to assist disabled individuals to gain employment and live independently.

Req	\$	7,600,922	\$	-	\$ 4,959,713	\$	-
Rec	\$	7,600,922	\$	-	\$ 4,959,713	\$	-
App	\$	-	\$	-	\$	-	-
FTE		1.000		0.000	1.000		0.000

#### 12 - MMIS Reprourement

Enhances the NCTracks system and procures a take-over vendor for the NC DHHS Medicaid Management Information System (MMIS) and the Reporting and Analytics contract. This must be accomplished in order to obtain CMS certification and receive federal match funding. This effort will also assist the department in the delivery and quality of care management, as well as improving reporting and analytics.

Req	\$	-	\$ 1,427,000	\$	-	\$ 2,439,670
Rec	\$	-	\$ 1,427,000	\$	-	\$ 2,439,670
App	\$	-	\$	-	\$	-
FTE		0.000	0.000		0.000	0.000

<b>Total Change to Requirements</b>	<b>\$</b>	<b>39,433,408</b>	<b>\$</b>	<b>146,916,459</b>	<b>\$</b>	<b>59,203,012</b>	<b>\$</b>	<b>101,407,360</b>
<b>Total Change to Receipts</b>	<b>\$</b>	<b>18,411,917</b>	<b>\$</b>	<b>132,214,308</b>	<b>\$</b>	<b>20,270,708</b>	<b>\$</b>	<b>89,971,019</b>
<b>Total Change to Net Appropriation</b>	<b>\$</b>	<b>21,021,491</b>	<b>\$</b>	<b>14,702,151</b>	<b>\$</b>	<b>38,932,304</b>	<b>\$</b>	<b>11,436,341</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>		<b>49.000</b>		<b>0.000</b>		<b>71.000</b>		<b>0.000</b>

<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	<b>\$</b>	<b>35,723,642</b>	<b>\$</b>	<b>50,368,645</b>
<b>Recommended Total FTE Changes</b>		<b>49.000</b>		<b>71.000</b>

**Recommended Change Budget for Division of Aging and Adult Services (14411)**

Year 1 FY 2017-18	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 105,801,579	\$ 6,400,000	\$ -	\$ 6,400,000	\$ 112,201,579	6.0%
Receipts	\$ 61,716,284	\$ 400,000	\$ -	\$ 400,000	\$ 62,116,284	0.6%
Net Appropriation	\$ 44,085,295	\$ 6,000,000	\$ -	\$ 6,000,000	\$ 50,085,295	13.6%
Positions (FTE)	76.000	0.000	0.000	0.000	76.000	0.0%

Year 2 FY 2018-19	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 105,530,108	\$ 6,400,000	\$ -	\$ 6,400,000	\$ 111,930,108	6.1%
Receipts	\$ 61,444,813	\$ 400,000	\$ -	\$ 400,000	\$ 61,844,813	0.7%
Net Appropriation	\$ 44,085,295	\$ 6,000,000	\$ -	\$ 6,000,000	\$ 50,085,295	13.6%
Positions (FTE)	76.000	0.000	0.000	0.000	76.000	0.0%

	FY 2017-18		FY 2018-19	
	Recurring Changes	Nonrecurring Changes	Recurring Changes	Nonrecurring Changes
<b>1 - Support the Health and Independence of Older Adults</b>				
Supports aging and adult services by investing \$4 million in the Home and Community Care Block Grant. This expansion permanently restores a \$969,549 reduction by the General Assembly in 2014-15, and invests more than \$3 million in providing in-home aide, transportation and meals to older, low-income residents in all 100 counties across the state. The expansion would reduce the number of people waiting for services.	Req \$ 4,400,000	\$ -	\$ 4,400,000	\$ -
	Rec \$ 400,000	\$ -	\$ 400,000	\$ -
	App \$ 4,000,000	\$ -	\$ 4,000,000	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>2 - Invest in Key Rental Assistance</b>				
Continues the investment in adults with health and safety needs by increasing funding for Key Rental Assistance. Key Rental Assistance, a partnership between the Division of Aging and Adult Services and the NC Housing Finance Agency, makes affordable rental housing accessible to low-income households headed by disabled adults. The program provides properties an operating subsidy for eligible tenants. This is funded through the targeted reinvestment of community services funding in the base budget.	Req \$ 2,000,000	\$ -	\$ 2,000,000	\$ -
	Rec \$ -	\$ -	\$ -	\$ -
	App \$ 2,000,000	\$ -	\$ 2,000,000	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>Total Change to Requirements</b>	\$ 6,400,000	\$ -	\$ 6,400,000	\$ -
<b>Total Change to Receipts</b>	\$ 400,000	\$ -	\$ 400,000	\$ -
<b>Total Change to Net Appropriation</b>	\$ 6,000,000	\$ -	\$ 6,000,000	\$ -
<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>	\$ 6,000,000		\$ 6,000,000	
<b>Recommended Total FTE Changes</b>	0.000		0.000	

**Recommended Change Budget for Division of Child Development and Early Education (14420)**

Year 1 FY 2017-18	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 690,322,380	\$ 40,817,133	\$ -	\$ 40,817,133	\$ 731,139,513	5.9%
Receipts	\$ 424,878,570	\$ 19,817,133	\$ -	\$ 19,817,133	\$ 444,695,703	4.7%
Net Appropriation	\$ 265,443,810	\$ 21,000,000	\$ -	\$ 21,000,000	\$ 286,443,810	7.9%
Positions (FTE)	316.000	11.000	0.000	11.000	327.000	3.5%

Year 2 FY 2018-19	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 690,322,380	\$ 57,217,133	\$ -	\$ 57,217,133	\$ 747,539,513	8.3%
Receipts	\$ 424,878,570	\$ 30,017,133	\$ -	\$ 30,017,133	\$ 454,895,703	7.1%
Net Appropriation	\$ 265,443,810	\$ 27,200,000	\$ -	\$ 27,200,000	\$ 292,643,810	10.2%
Positions (FTE)	316.000	11.000	0.000	11.000	327.000	3.5%

	FY 2017-18		FY 2018-19	
	Recurring Changes	Nonrecurring Changes	Recurring Changes	Nonrecurring Changes

**1 - NC Pre-K Waitlist Elimination**

Eliminates the current NC Pre-K waitlist by serving an estimated 4,668 at-risk four-year olds in high quality pre-kindergarten classes. This increases the total number of children served from 27,019 in FY 2016-17 to an estimated 29,315 in FY 2017-18 and an estimated 31,687 in FY 2018-19—the highest number of children served since 2008. NC Pre-K has a track record of significantly improving educational outcomes for children.

Req	\$ 12,000,000	\$ -	\$ 24,400,000	\$ -
Rec	\$ 6,000,000	\$ -	\$ 12,200,000	\$ -
App	\$ 6,000,000	\$ -	\$ 12,200,000	\$ -
FTE	0.000	0.000	0.000	0.000

**2 - Invest in Smart Start for Children**

Increases the State's investment in Smart Start by over 10%. This will provide increased support and flexibility at the local level to all 100 counties in an effort to improve early childhood educational outcomes and better prepare children for school. This will be the first State-funded increase to Smart Start since 2008.

Req	\$ 15,000,000	\$ -	\$ 15,000,000	\$ -
Rec	\$ -	\$ -	\$ -	\$ -
App	\$ 15,000,000	\$ -	\$ 15,000,000	\$ -
FTE	0.000	0.000	0.000	0.000

**3 - Child Care Subsidies for Working Families**

Provides an additional 2,000 slots for child care subsidy payments for children from low-income working families. Subsidy payments allow these families to receive high quality child care services so that parents can go to work, attempt to find work, or receive job training. In addition, this funding increases the Child Care Subsidy market rate by 25% of the most recent market rate survey in an effort to address child care capacity in selected counties.

Req	\$ 13,000,000	\$ -	\$ 17,000,000	\$ -
Rec	\$ 13,000,000	\$ -	\$ 17,000,000	\$ -
App	\$ -	\$ -	\$ -	\$ -
FTE	0.000	0.000	0.000	0.000

**4 - Improve Child Care Quality in NC**

Establishes 11 new FTEs dedicated to enhancing child care quality in North Carolina and will be 100% supported by the Child Care and Development Fund (CCDF) block grant. The reauthorization of CCDF requires an increasing proportion of funds be used towards child care quality initiatives and activities. These positions include one FTE to oversee infant-toddler quality projects, one FTE to assist the division in implementing new CCDF requirements, two FTEs to ensure program compliance and prevent fraud, and seven FTEs that will support a high quality early childhood workforce through licensing, professional development, and educational assessments.

Req	\$ 817,133	\$ -	\$ 817,133	\$ -
Rec	\$ 817,133	\$ -	\$ 817,133	\$ -
App	\$ -	\$ -	\$ -	\$ -
FTE	11.000	0.000	11.000	0.000

<b>Total Change to Requirements</b>	<b>\$ 40,817,133</b>	<b>\$ -</b>	<b>\$ 57,217,133</b>	<b>\$ -</b>
<b>Total Change to Receipts</b>	<b>\$ 19,817,133</b>	<b>\$ -</b>	<b>\$ 30,017,133</b>	<b>\$ -</b>
<b>Total Change to Net Appropriation</b>	<b>\$ 21,000,000</b>	<b>\$ -</b>	<b>\$ 27,200,000</b>	<b>\$ -</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>	<b>11.000</b>	<b>0.000</b>	<b>11.000</b>	<b>0.000</b>

<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	<b>\$ 21,000,000</b>	<b>\$ 27,200,000</b>
<b>Recommended Total FTE Changes</b>	<b>11.000</b>	<b>11.000</b>



### Recommended Change Budget for Division of Public Health (14430)

Year 1 FY 2017-18	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 869,485,765	\$ 4,585,147	\$ 1,172,027	\$ 5,757,174	\$ 875,242,939	0.7%
Receipts	\$ 722,778,748	\$ (306,335)	\$ (827,973)	\$ (1,134,308)	\$ 721,644,440	(0.2%)
Net Appropriation	\$ 146,707,017	\$ 4,891,482	\$ 2,000,000	\$ 6,891,482	\$ 153,598,499	4.7%
Positions (FTE)	1,906.260	49.000	0.000	49.000	1,955.260	2.6%

Year 2 FY 2018-19	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 869,493,651	\$ 8,780,838	\$ 2,276,113	\$ 11,056,951	\$ 880,550,602	1.3%
Receipts	\$ 722,780,196	\$ (190,955)	\$ 280,073	\$ 89,118	\$ 722,869,314	0.0%
Net Appropriation	\$ 146,713,455	\$ 8,971,793	\$ 1,996,040	\$ 10,967,833	\$ 157,681,288	7.5%
Positions (FTE)	1,906.260	91.000	0.000	91.000	1,997.260	4.8%

	FY 2017-18		FY 2018-19	
	Recurring Changes	Nonrecurring Changes	Recurring Changes	Nonrecurring Changes
<b>1 - Children's Developmental Services Agencies</b>				
Supports children and families by investing in the Children's Developmental Services Agencies (CDSA). The 16 regional CDSAs, which serve children who have developmental disabilities between the ages of 0 to 3, require additional staff in order to comply with federal mandates. Current staff maintain high caseloads that impede their ability to complete evaluations and assessments and initiate services within the required timelines. The request would fund clinical personnel and service coordinators.	Req \$ 2,541,482	\$ -	\$ 6,397,430	\$ -
	Rec \$ -	\$ -	\$ -	\$ -
	App \$ 2,541,482	\$ -	\$ 6,397,430	\$ -
	FTE 43.000	0.000	85.000	0.000
<b>2 - Nurse-Family Partnership</b>				
Continues the investment in maternal and child health by restoring and increasing funding to the Nurse-Family Partnership. The program partners low-income, first-time mothers with registered nurses who provide in-home support and referrals to services. The program serves women from late pregnancy until the child turns two years old.	Req \$ 600,000	\$ -	\$ 600,000	\$ -
	Rec \$ -	\$ -	\$ -	\$ -
	App \$ 600,000	\$ -	\$ 600,000	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>3 - Smoking Cessation</b>				
Continues the state's efforts to reduce infant mortality by investing in QuitlineNC and the You Quit Two Quit program. QuitlineNC offers a phone-based coaching program that pregnant and postpartum women can use to avoid tobacco use during and after childbirth. The You Quit Two Quit program trains clinical providers to treat tobacco use in pregnant and postpartum women.	Req \$ 1,000,000	\$ -	\$ 1,000,000	\$ -
	Rec \$ 250,000	\$ -	\$ 250,000	\$ -
	App \$ 750,000	\$ -	\$ 750,000	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>4 - Electronic Death Records System</b>				
Funds implementation of an automated Electronic Death Records System in the Vital Records Office. The office processes approximately 83,000 death records each year, and uses a paper-based system to store and track records.	Req \$ -	\$ 1,058,827	\$ 224,363	\$ 2,276,113
	Rec \$ -	\$ 1,058,827	\$ -	\$ 280,073
	App \$ -	\$ -	\$ 224,363	\$ 1,996,040
	FTE 0.000	0.000	0.000	0.000
<b>5 - Correct Structural Receipt Deficit</b>				
Fills structural gaps in the State Laboratory of Public Health budget. This recommendation reduces receipts and provides an offsetting increase in net appropriations.	Req \$ -	\$ -	\$ -	\$ -
	Rec \$ (1,000,000)	\$ (2,000,000)	\$ (1,000,000)	\$ -
	App \$ 1,000,000	\$ 2,000,000	\$ 1,000,000	\$ -
	FTE 0.000	0.000	0.000	0.000

**6 - Implement Federal Elevated Blood Lead Standard**

Continues the state's investment in Public Health by aligning the state's elevated blood lead level with the federal standard and funding six full-time staff to handle the increased workload. The new standard would result in an estimated fourfold increase in annual environmental service investigations.

Req	\$	443,665	\$	113,200	\$	559,045	\$	-
Rec	\$	443,665	\$	113,200	\$	559,045	\$	-
App	\$	-	\$	-	\$	-	\$	-
FTE		6.000		0.000		6.000		0.000
<hr/>								
Total Change to Requirements	\$	4,585,147	\$	1,172,027	\$	8,780,838	\$	2,276,113
Total Change to Receipts	\$	(306,335)	\$	(827,973)	\$	(190,955)	\$	280,073
Total Change to Net Appropriation	\$	4,891,482	\$	2,000,000	\$	8,971,793	\$	1,996,040
Total Change to Full-Time Equivalent (FTE)		49.000		0.000		91.000		0.000
<hr/>								
Recommended Net Appropriation Changes (Recurring + Nonrecurring)	\$	6,891,482			\$	10,967,833		
Recommended Total FTE Changes		49.000				91.000		

**Recommended Change Budget for Division of Social Services (14440)**

Year 1 FY 2017-18	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 1,852,637,400	\$ 19,856,107	\$ 2,292,279	\$ 22,148,386	\$ 1,874,785,786	1.2%
Receipts	\$ 1,666,042,347	\$ 10,404,210	\$ 1,144,057	\$ 11,548,267	\$ 1,677,590,614	0.7%
Net Appropriation	\$ 186,595,053	\$ 9,451,897	\$ 1,148,222	\$ 10,600,119	\$ 197,195,172	5.7%
Positions (FTE)	427.000	1.000	0.000	1.000	428.000	0.2%

Year 2 FY 2018-19	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 1,852,637,400	\$ 27,701,740	\$ 1,721,441	\$ 29,423,181	\$ 1,882,060,581	1.6%
Receipts	\$ 1,666,042,347	\$ 15,322,460	\$ 859,157	\$ 16,181,617	\$ 1,682,223,964	1.0%
Net Appropriation	\$ 186,595,053	\$ 12,379,280	\$ 862,284	\$ 13,241,564	\$ 199,836,617	7.1%
Positions (FTE)	427.000	1.000	0.000	1.000	428.000	0.2%

	FY 2017-18		FY 2018-19	
	Recurring Changes	Nonrecurring Changes	Recurring Changes	Nonrecurring Changes

**1 - Child Welfare Program Improvements**

Continues funding to implement the child welfare program improvement plan for children and families. This continues the efforts started in 2016 to provide intensive in-home services to families, and professional development for local social services' child welfare staff. The funding allows for further measures to improve outcomes for children and families whose circumstances place them in the social services system of support.

Req	\$ 10,791,491	\$	\$ 11,641,491	\$	-	
Rec	\$ 2,061,045	\$	-	\$ 2,164,274	\$	-
App	\$ 8,730,446	\$	-	\$ 9,477,217	\$	-
FTE	0.000	0.000	0.000	0.000	0.000	

**2 - Child Welfare Business Process Re-engineering**

Implements the NC FAST Child Services to support a more modern and effective delivery of child welfare services at the county level.

Req	\$ -	\$ 2,292,279	\$	-	\$ 1,721,441
Rec	\$ -	\$ 1,144,057	\$	-	\$ 859,157
App	\$ -	\$ 1,148,222	\$	-	\$ 862,284
FTE	0.000	0.000	0.000	0.000	0.000

**3 - Foster Care- Enrollment**

Increases funding for foster care payments to support growth and increased demand for children needing placements in a licensed foster home.

Req	\$ 5,376,635	\$	-	\$ 12,372,268	\$	-
Rec	\$ 5,105,732	\$	-	\$ 9,920,753	\$	-
App	\$ 270,903	\$	-	\$ 2,451,515	\$	-
FTE	0.000	0.000	0.000	0.000	0.000	

**4 - Adult Protective Services and Guardianship**

Improves the safety of adults who are elderly or disabled and who are subject to abuse, neglect, and exploitation. County Departments of Social Services receive thousands of reports annually and must evaluate and, when needed, provide adult protective services (APS). Additional funding will provide aid to counties to hire social workers needed to reduce APS caseloads and thereby increase quality of service. In addition, there is an increasing need for public legal guardians, who are required when an adult is deemed by the courts to be incapable/incompetent. Funds are provided to increase capacity to provide guardians through local entities. Finally, an additional position for the Division of Aging is proposed to improve and implement expanded adult services.

Req	\$ 4,600,000	\$	-	\$ 4,600,000	\$	-
Rec	\$ 4,600,000	\$	-	\$ 4,600,000	\$	-
App	\$ -	\$	-	\$ -	\$	-
FTE	1.000	0.000	1.000	0.000	0.000	

**5 - State County Special Assistance Payments**

Provides a cash supplement to help low-income, elderly, or disabled individuals remain in their homes or live in licensed adult care homes through the State County Special Assistance program. This program is shared at a 50% participation rate between the state and county. Increased funding is needed to ensure this living assistance benefit is available based upon anticipated enrollment and payments.

Req	\$ 3,449,956	\$	-	\$ 3,449,956	\$	-
Rec	\$ 1,724,978	\$	-	\$ 1,724,978	\$	-
App	\$ 1,724,978	\$	-	\$ 1,724,978	\$	-
FTE	0.000	0.000	0.000	0.000	0.000	

**6 - Non-Emergency Medical Transportation Funding Realignment**

Re-aligns the budget for non-emergency medical transportation services that are provided by the county Departments of Social Services to Medicaid clients, and which are reimbursed by Medicaid. This is a technical budget realignment to move this funding from the state Division of Social Services to the state Division of Medical Assistance. This does not represent any change in services to the public.

Req	\$	(4,361,975)	\$	-	\$	(4,361,975)	\$	-
Rec	\$	(3,087,545)	\$	-	\$	(3,087,545)	\$	-
App	\$	(1,274,430)	\$	-	\$	(1,274,430)	\$	-
FTE		0.000		0.000		0.000		0.000

<b>Total Change to Requirements</b>	\$	<b>19,856,107</b>	\$	<b>2,292,279</b>	\$	<b>27,701,740</b>	\$	<b>1,721,441</b>
<b>Total Change to Receipts</b>	\$	<b>10,404,210</b>	\$	<b>1,144,057</b>	\$	<b>15,322,460</b>	\$	<b>859,157</b>
<b>Total Change to Net Appropriation</b>	\$	<b>9,451,897</b>	\$	<b>1,148,222</b>	\$	<b>12,379,280</b>	\$	<b>862,284</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>10,600,119</b>	\$	<b>13,241,564</b>
<b>Recommended Total FTE Changes</b>		<b>1.000</b>		<b>1.000</b>

**Recommended Change Budget for Division of Medical Assistance (14445)**

Year 1 FY 2017-18	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 14,253,706,179	\$ 1,553,208,799	\$ 6,208,404	\$ 1,559,417,203	\$ 15,813,123,382	10.9%
Receipts	\$ 10,568,910,124	\$ 1,504,114,025	\$ 4,656,303	\$ 1,508,770,328	\$ 12,077,680,452	14.3%
Net Appropriation	\$ 3,684,796,055	\$ 49,094,774	\$ 1,552,101	\$ 50,646,875	\$ 3,735,442,930	1.4%
Positions (FTE)	416.510	0.000	0.000	0.000	416.510	0.0%

Year 2 FY 2018-19	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 14,253,706,349	\$ 4,927,778,712	\$ 8,945,366	\$ 4,936,724,078	\$ 19,190,430,427	34.6%
Receipts	\$ 10,568,910,209	\$ 4,754,519,831	\$ 6,709,025	\$ 4,761,228,856	\$ 15,330,139,065	45.0%
Net Appropriation	\$ 3,684,796,140	\$ 173,258,881	\$ 2,236,341	\$ 175,495,222	\$ 3,860,291,362	4.8%
Positions (FTE)	416.510	0.000	0.000	0.000	416.510	0.0%

	FY 2017-18		FY 2018-19	
	Recurring Changes	Nonrecurring Changes	Recurring Changes	Nonrecurring Changes
<b>1 - Medicaid Expansion</b>				
Expands Medicaid eligibility to cover 624,000 additional individuals and secure our share of federal resources that will inject over \$4.4 billion in direct spending into our state. This expansion will create jobs, bolster our hospitals, save some rural hospitals from closing and stabilize private insurance markets. No existing general fund tax dollars are needed to support the expansion. Instead, the non-federal share of expansion costs is provided through provider contributions that fall well under federal limits.	Req \$1,424,310,995	\$ -	\$4,426,818,060	\$ -
	Rec \$1,424,310,995	\$ -	\$4,426,818,060	\$ -
	App \$ -	\$ -	\$ -	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>2 - Medicaid Rebase</b>				
Provides funds for changes to enrollment, utilization, costs, rates, and services associated with the Medicaid program. This recommendation reflects the amount of change from the base budget to fund the current Medicaid program in the upcoming biennium.	Req \$ (10,551,542)	\$ -	\$ 313,659,387	\$ -
	Rec \$ (14,312,876)	\$ -	\$ 201,067,386	\$ -
	App \$ 3,761,334	\$ -	\$ 112,592,001	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>3 - Graduate Medical Education Payments</b>				
Restores funding for Graduate Medical Education Payments paid to teaching hospitals in support of the cost of training North Carolina medical residents.	Req \$ 92,109,303	\$ -	\$ 92,621,179	\$ -
	Rec \$ 62,109,303	\$ -	\$ 62,621,179	\$ -
	App \$ 30,000,000	\$ -	\$ 30,000,000	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>4 - Expand DD Innovations Waiver Slots</b>				
Fully funds an additional 1,000 North Carolina Innovations Waiver slots, effective January 1, 2018, to reduce the waitlist for this program for individuals with Intellectual/Developmental Disabilities. (This is funded through the targeted reinvestment of community services funding in the base budget.)	Req \$ 31,903,180	\$ -	\$ 63,806,360	\$ -
	Rec \$ 21,569,740	\$ -	\$ 43,139,480	\$ -
	App \$ 10,333,440	\$ -	\$ 20,666,880	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>5 - Extend DD Innovations Waiver to Lower-Acuity Individuals</b>				
Fully funds an additional 1,000 North Carolina Innovations Waiver slots, effective January 1, 2018, to be designed for individuals that do not need the full range or intensity of services offered under the current waiver, but who will benefit from service at their specific level of need. (This is funded through the targeted reinvestment of community services funding in the base budget.)	Req \$ 15,436,863	\$ -	\$ 30,873,726	\$ -
	Rec \$ 10,436,863	\$ -	\$ 20,873,726	\$ -
	App \$ 5,000,000	\$ -	\$ 10,000,000	\$ -
	FTE 0.000	0.000	0.000	0.000

**6 - NCTracks Change Requests and Enhancements**

Provides funding for programming the NCTracks claims payment system to support critical rate changes, prior approval controls, improved claims processing and related changes.

Req	\$	-	\$	6,208,404	\$	-	\$	8,945,366
Rec	\$	-	\$	4,656,303	\$	-	\$	6,709,025
App	\$	-	\$	1,552,101	\$	-	\$	2,236,341
FTE		0.000		0.000		0.000		0.000
<hr/>								
<b>Total Change to Requirements</b>		<b>\$1,553,208,799</b>	<b>\$</b>	<b>6,208,404</b>	<b>\$</b>	<b>4,927,778,712</b>	<b>\$</b>	<b>8,945,366</b>
<b>Total Change to Receipts</b>		<b>\$1,504,114,025</b>	<b>\$</b>	<b>4,656,303</b>	<b>\$</b>	<b>4,754,519,831</b>	<b>\$</b>	<b>6,709,025</b>
<b>Total Change to Net Appropriation</b>		<b>\$ 49,094,774</b>	<b>\$</b>	<b>1,552,101</b>	<b>\$</b>	<b>173,258,881</b>	<b>\$</b>	<b>2,236,341</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>
<hr/>								
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	<b>\$</b>	<b>50,646,875</b>			<b>\$</b>	<b>175,495,222</b>		
<b>Recommended Total FTE Changes</b>		<b>0.000</b>				<b>0.000</b>		

**Recommended Change Budget for NC Health Choice (14446)**

Year 1 FY 2017-18	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 184,098,555	\$ 10,889,227	\$ -	\$ 10,889,227	\$ 194,987,782	5.9%
Receipts	\$ 140,651,619	\$ 53,877,883	\$ -	\$ 53,877,883	\$ 194,529,502	38.3%
Net Appropriation	\$ 43,446,936	\$ (42,988,656)	\$ -	\$ (42,988,656)	\$ 458,280	(98.9%)
Positions (FTE)	2.000	0.000	0.000	0.000	2.000	0.0%

Year 2 FY 2018-19	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 184,098,555	\$ 22,431,638	\$ -	\$ 22,431,638	\$ 206,530,193	12.2%
Receipts	\$ 140,651,619	\$ 65,483,649	\$ -	\$ 65,483,649	\$ 206,135,268	46.6%
Net Appropriation	\$ 43,446,936	\$ (43,052,011)	\$ -	\$ (43,052,011)	\$ 394,925	(99.1%)
Positions (FTE)	2.000	0.000	0.000	0.000	2.000	0.0%

	FY 2017-18		FY 2018-19	
	Recurring Changes	Nonrecurring Changes	Recurring Changes	Nonrecurring Changes
<b>1 - Health Choice Rebase</b>				
Adjusts the budget for Health Choice, the Children's Health Insurance program, for the amount of funding needed in addition to the base budget to support the program through the upcoming biennium. Federal matching funds are increasing compared to the base budget and will decrease the need for state appropriations.	Req \$ 10,889,227	\$ -	\$ 22,431,638	\$ -
	Rec \$ 53,877,883	\$ -	\$ 65,483,649	\$ -
	App \$ (42,988,656)	\$ -	\$ (43,052,011)	\$ -
	FTE 0.000	0.000	0.000	0.000
<b>Total Change to Requirements</b>	<b>\$ 10,889,227</b>	<b>\$ -</b>	<b>\$ 22,431,638</b>	<b>\$ -</b>
<b>Total Change to Receipts</b>	<b>\$ 53,877,883</b>	<b>\$ -</b>	<b>\$ 65,483,649</b>	<b>\$ -</b>
<b>Total Change to Net Appropriation</b>	<b>\$ (42,988,656)</b>	<b>\$ -</b>	<b>\$ (43,052,011)</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>\$ (42,988,656)</b>		<b>\$ (43,052,011)</b>	
<b>Recommended Total FTE Changes</b>	<b>0.000</b>		<b>0.000</b>	

**Recommended Change Budget for Division of Health Benefits (14447)**

<b>Year 1 FY 2017-18</b>	<b>Recommended Base Budget</b>	<b>Net Recurring</b>	<b>Net Nonrecurring</b>	<b>Recommended Change</b>	<b>Recommended Budget</b>	<b>% Δ from Base Budget</b>
Requirements	\$ 9,671,582	\$ -	\$ -	\$ -	\$ 9,671,582	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 9,671,582	\$ -	\$ -	\$ -	\$ 9,671,582	0.0%
Positions (FTE)	28.000	0.000	0.000	0.000	28.000	0.0%

<b>Year 2 FY 2018-19</b>	<b>Recommended Base Budget</b>	<b>Net Recurring</b>	<b>Net Nonrecurring</b>	<b>Recommended Change</b>	<b>Recommended Budget</b>	<b>% Δ from Base Budget</b>
Requirements	\$ 9,671,582	\$ -	\$ -	\$ -	\$ 9,671,582	0.0%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Appropriation	\$ 9,671,582	\$ -	\$ -	\$ -	\$ 9,671,582	0.0%
Positions (FTE)	28.000	0.000	0.000	0.000	28.000	0.0%



**Recommended Change Budget for Divisions of Services for the Blind, Deaf, and Hard of Hearing (14450)**

<b>Year 1 FY 2017-18</b>	<b>Recommended Base Budget</b>	<b>Net Recurring</b>	<b>Net Nonrecurring</b>	<b>Recommended Change</b>	<b>Recommended Budget</b>	<b>% Δ from Base Budget</b>
Requirements	\$ 44,560,621	\$ -	\$ -	\$ -	\$ 44,560,621	0.0%
Receipts	\$ 36,227,168	\$ -	\$ -	\$ -	\$ 36,227,168	0.0%
Net Appropriation	\$ 8,333,453	\$ -	\$ -	\$ -	\$ 8,333,453	0.0%
Positions (FTE)	332.090	0.000	0.000	0.000	332.090	0.0%

<b>Year 2 FY 2018-19</b>	<b>Recommended Base Budget</b>	<b>Net Recurring</b>	<b>Net Nonrecurring</b>	<b>Recommended Change</b>	<b>Recommended Budget</b>	<b>% Δ from Base Budget</b>
Requirements	\$ 44,560,621	\$ -	\$ -	\$ -	\$ 44,560,621	0.0%
Receipts	\$ 36,227,168	\$ -	\$ -	\$ -	\$ 36,227,168	0.0%
Net Appropriation	\$ 8,333,453	\$ -	\$ -	\$ -	\$ 8,333,453	0.0%
Positions (FTE)	332.090	0.000	0.000	0.000	332.090	0.0%

**Recommended Change Budget for Division of Mental Health/Developmental Disabilities/Substance Abuse Services (14460)**

Year 1 FY 2017-18	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 1,487,463,766	\$ (26,053,660)	\$ 4,747,914	\$ (21,305,746)	\$ 1,466,158,020	(1.4%)
Receipts	\$ 755,811,078	\$ (4,367,656)	\$ -	\$ (4,367,656)	\$ 751,443,422	(0.6%)
Net Appropriation	\$ 731,652,688	\$ (21,686,004)	\$ 4,747,914	\$ (16,938,090)	\$ 714,714,598	(2.3%)
Positions (FTE)	11,201.300	17.000	0.000	17.000	11,218.300	0.2%

Year 2 FY 2018-19	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 1,486,234,730	\$ (42,983,608)	\$ 3,500,000	\$ (39,483,608)	\$ 1,446,751,122	(2.7%)
Receipts	\$ 754,582,042	\$ (4,122,831)	\$ -	\$ (4,122,831)	\$ 750,459,211	(0.5%)
Net Appropriation	\$ 731,652,688	\$ (38,860,777)	\$ 3,500,000	\$ (35,360,777)	\$ 696,291,911	(4.8%)
Positions (FTE)	11,201.300	17.000	0.000	17.000	11,218.300	0.2%

	FY 2017-18		FY 2018-19	
	Recurring Changes	Nonrecurring Changes	Recurring Changes	Nonrecurring Changes

**1 - Targeted Reinvestment of Community Services Funding**

The base budget increases community services funding by \$152.8 million on a recurring basis. Of these funds, \$105.8 million in FY 2017-18 and \$83.4 million in FY 2018-19 will be allocated to the Local Management Entities (LME)/Managed Care Organizations (MCO) to meet the service needs of their catchment areas. The remaining balances, \$47.0 million in FY 2017-18 and \$69.4 million in FY 2018-19, will remain in the community service system, but targeted re-investments to address emerging service needs including the use of opioids, residential-based comprehensive substance abuse treatment and supports, for dually diagnosed children (I/DD and MI), and local in-patient bed capacity. Other targeted investments include support for innovation waiver slots and housing and supported employment pursuant to the settlement with the US Department of Justice.

Req	\$ (47,060,941)	\$ -	\$ (69,355,892)	\$ -
Rec	\$ -	\$ -	\$ -	\$ -
App	\$ (47,060,941)	\$ -	\$ (69,355,892)	\$ -
FTE	0.000	0.000	0.000	0.000

**2 - Opioid Package: Mental Health Services**

Funds increased availability and accessibility of community based services to treat opioid-related drug abuse and overdoses. Funding will serve approximately 2,500 individuals through medication-assisted treatment and intensive individual and group therapy programs. In addition, \$500,000 is recommended for TROSA, Inc., a structured residential program that offers comprehensive treatment and other support services, including vocational training and education. (This is funded through the targeted reinvestment of community services funding in the base budget.)

Req	\$ 10,869,498	\$ 1,221,000	\$ 10,869,498	\$ -
Rec	\$ -	\$ -	\$ -	\$ -
App	\$ 10,869,498	\$ 1,221,000	\$ 10,869,498	\$ -
FTE	3.000	0.000	3.000	0.000

**3 - Disability Rights of North Carolina Settlement - Specialty Treatment and Assessments**

Funds the department's settlement agreement with Disability Rights NC. The agreement will build system capacity to better serve children with a dual diagnosis of intellectual/ developmentally disabled (I/DD) and behavioral health needs. The request will fund comprehensive assessments and services, to include home health care, rehabilitative and personal care services, and an outpatient clinic at the Murdoch Center. (This is funded through the targeted reinvestment of community services funding in the base budget.)

Req	\$ 6,220,214	\$ 26,914	\$ 6,283,492	\$ -
Rec	\$ -	\$ -	\$ -	\$ -
App	\$ 6,220,214	\$ 26,914	\$ 6,283,492	\$ -
FTE	12.000	0.000	12.000	0.000

#### 4 - Staffing to Implement and Maintain Controlled Substances Reporting System (CSRS)

Provides much needed staff capacity to analyze data and reporting to better serve law enforcement and health providers to reduce criminal drug activity, adding support to the Controlled Substances Reporting System, which collects data regarding the prescribing and dispensing of controlled substances. The system improves patient care and safety by making available patient prescription history available to doctors, pharmacists, regulatory boards, and law enforcement agencies.

Req	\$	175,000	\$	-	\$	175,000	\$	-
Rec	\$	-	\$	-	\$	-	\$	-
App	\$	175,000	\$	-	\$	175,000	\$	-
FTE		2.000		0.000		2.000		0.000

#### 5 - Local, In-Patient Three-Way Crisis Beds

Continues key investment in community-based crisis services: local in-patient beds that enable clients to access services in their home community and a more appropriate treatment setting than hospital emergency departments. The request maintains funding at the 2016-17 level. (This is funded through the targeted reinvestment of community services funding in the base budget.)

Req	\$	2,500,000	\$	-	\$	2,500,000	\$	-
Rec	\$	-	\$	-	\$	-	\$	-
App	\$	2,500,000	\$	-	\$	2,500,000	\$	-
FTE		0.000		0.000		0.000		0.000

#### 6 - Indigent Care and Operational Support in State Facilities

Adjusts receipts to reflect increasing utilization of state-supported psychiatric hospitals by indigent clients. Of the 3,000 clients served by this mental health safety net in FY 2015-16, approximately 52% were indigent. Inflationary increases are also requested for accounts essential to the operation of facilities and patient care support, including utilities, food, and drugs.

Req	\$	1,242,569	\$	-	\$	1,544,294	\$	-
Rec	\$	(4,367,656)	\$	-	\$	(4,122,831)	\$	-
App	\$	5,610,225	\$	-	\$	5,667,125	\$	-
FTE		0.000		0.000		0.000		0.000

#### 7 - New Broughton Hospital Infrastructure

Due to design changes, continued use of the current hospital for staff offices, and costs associated with changing technology and construction delays, additional one-time funding is needed to equip the new hospital. Funding over the course of the biennium will support information technology and telecommunications, medical equipment, and furnishings.

Req	\$	-	\$	3,500,000	\$	-	\$	3,500,000
Rec	\$	-	\$	-	\$	-	\$	-
App	\$	-	\$	3,500,000	\$	-	\$	3,500,000
FTE		0.000		0.000		0.000		0.000

#### 8 - New Broughton Hospital Staffing

Funds a reserve of \$5 million to begin the transition to the new Broughton Hospital. This will enable the Department to hire critical core infrastructure systems support, business and technology applications analysts, and other difficult to recruit direct care staff. The Department of Health and Human Services and Office of State Budget and Management will update the General Assembly in May 2017 regarding the construction schedule and resources needed to operationalize the hospital.

Req	\$	-	\$	-	\$	5,000,000	\$	-
Rec	\$	-	\$	-	\$	-	\$	-
App	\$	-	\$	-	\$	5,000,000	\$	-
FTE		0.000		0.000		0.000		0.000

<b>Total Change to Requirements</b>	\$	(26,053,660)	\$	4,747,914	\$	(42,983,608)	\$	3,500,000
<b>Total Change to Receipts</b>	\$	(4,367,656)	\$	-	\$	(4,122,831)	\$	-
<b>Total Change to Net Appropriation</b>	\$	(21,686,004)	\$	4,747,914	\$	(38,860,777)	\$	3,500,000
<b>Total Change to Full-Time Equivalent (FTE)</b>		17.000		0.000		17.000		0.000
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	\$	(16,938,090)			\$	(35,360,777)		
<b>Recommended Total FTE Changes</b>		17.000				17.000		

**Recommended Change Budget for Division of Health Service Regulation (14470)**

Year 1 FY 2017-18	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 68,617,712	\$ 1,406,295	\$ 309,778	\$ 1,716,073	\$ 70,333,785	2.5%
Receipts	\$ 51,171,185	\$ 541,609	\$ 14,290	\$ 555,899	\$ 51,727,084	1.1%
Net Appropriation	\$ 17,446,527	\$ 864,686	\$ 295,488	\$ 1,160,174	\$ 18,606,701	6.6%
Positions (FTE)	569.500	14.000	0.000	14.000	583.500	2.5%

Year 2 FY 2018-19	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 68,617,712	\$ 6,151,217	\$ 661,784	\$ 6,813,001	\$ 75,430,713	9.9%
Receipts	\$ 51,171,185	\$ 1,269,363	\$ 14,290	\$ 1,283,653	\$ 52,454,838	2.5%
Net Appropriation	\$ 17,446,527	\$ 4,881,854	\$ 647,494	\$ 5,529,348	\$ 22,975,875	31.7%
Positions (FTE)	569.500	28.000	0.000	28.000	597.500	4.9%

		FY 2017-18		FY 2018-19	
		Recurring Changes	Nonrecurring Changes	Recurring Changes	Nonrecurring Changes

**1 - Statutory Requirements for Inspections for Adult Care and Acute Care**

Promotes the safety and well-being of citizens by increasing staff to inspect health care and facilities and adult and family care homes. By statute, the division's Acute Care Section is to inspect more than 1,300 health care facilities every three years. The Adult Care Section is to inspect more than 1,200 adult and family care homes annually. Last year, the Acute Care Section and Adult Care Section completed approximately 50% and 70% respectively of their statutorily required inspections. To meet the statutory requirements, the department is requesting additional staff.

Req	\$ 1,238,295	\$ 34,650	\$ 2,424,135	\$ 34,650
Rec	\$ 493,536	\$ 14,290	\$ 964,802	\$ 14,290
App	\$ 744,759	\$ 20,360	\$ 1,459,333	\$ 20,360
FTE	14.000	0.000	28.000	0.000

**2 - Automated Background Check Management System**

Leverages state and federal funding to support hosting, operating and maintaining the new automated background check management system. This will improve patient care and safety in long-term care facilities

Req	\$ 168,000	\$ -	\$ 180,000	\$ -
Rec	\$ 48,073	\$ -	\$ 51,507	\$ -
App	\$ 119,927	\$ -	\$ 128,493	\$ -
FTE	0.000	0.000	0.000	0.000

**3 - Health Services Regulation Enterprise Solution**

Develops and provides the operations and maintenance of a new web-based system that will greatly improve regulatory and public services. The division's health care personnel registry and regulatory licensure system is no longer supported by the vendor.

Req	\$ -	\$ 275,128	\$ 3,547,082	\$ 627,134
Rec	\$ -	\$ -	\$ 253,054	\$ -
App	\$ -	\$ 275,128	\$ 3,294,028	\$ 627,134
FTE	0.000	0.000	0.000	0.000

<b>Total Change to Requirements</b>	<b>\$ 1,406,295</b>	<b>\$ 309,778</b>	<b>\$ 6,151,217</b>	<b>\$ 661,784</b>
<b>Total Change to Receipts</b>	<b>\$ 541,609</b>	<b>\$ 14,290</b>	<b>\$ 1,269,363</b>	<b>\$ 14,290</b>
<b>Total Change to Net Appropriation</b>	<b>\$ 864,686</b>	<b>\$ 295,488</b>	<b>\$ 4,881,854</b>	<b>\$ 647,494</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>	<b>14.000</b>	<b>0.000</b>	<b>28.000</b>	<b>0.000</b>

<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	<b>\$ 1,160,174</b>	<b>\$ 5,529,348</b>
<b>Recommended Total FTE Changes</b>	<b>14.000</b>	<b>28.000</b>

**Recommended Change Budget for Division of Vocational Rehabilitation Services (14480)**

Year 1 FY 2017-18	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 144,601,997	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 145,601,997	0.7%
Receipts	\$ 106,199,843	\$ -	\$ -	\$ -	\$ 106,199,843	0.0%
Net Appropriation	\$ 38,402,154	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 39,402,154	2.6%
Positions (FTE)	985.250	5.000	0.000	5.000	990.250	0.5%

Year 2 FY 2018-19	Recommended Base Budget	Net Recurring	Net Nonrecurring	Recommended Change	Recommended Budget	% Δ from Base Budget
Requirements	\$ 144,652,560	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 145,652,560	0.7%
Receipts	\$ 106,232,993	\$ -	\$ -	\$ -	\$ 106,232,993	0.0%
Net Appropriation	\$ 38,419,567	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 39,419,567	2.6%
Positions (FTE)	985.250	5.000	0.000	5.000	990.250	0.5%

	FY 2017-18		FY 2018-19	
	Recurring Changes	Nonrecurring Changes	Recurring Changes	Nonrecurring Changes
<b>1 - Assistive Technologies</b>				
Invests state funding to make a robust supply of state-of-the-art adaptive equipment and assistive technologies available to disabled citizens to enable them to live, work and be educated in their communities. Three positions are proposed to connect people in need of assistive technologies to state programs or, if more appropriate, to alternative community resources where they can be served. Two speech language pathologist positions are funded to better meet service needs of individuals living in the far eastern and western parts of the state.				
Req	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Rec	\$ -	\$ -	\$ -	\$ -
App	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
FTE	5.000	0.000	5.000	0.000
<b>Total Change to Requirements</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>
<b>Total Change to Receipts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Change to Net Appropriation</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>
<b>Total Change to Full-Time Equivalent (FTE)</b>	<b>5.000</b>	<b>0.000</b>	<b>5.000</b>	<b>0.000</b>
<b>Recommended Net Appropriation Changes (Recurring + Nonrecurring)</b>	<b>\$ 1,000,000</b>		<b>\$ 1,000,000</b>	
<b>Recommended Total FTE Changes</b>	<b>5.000</b>		<b>5.000</b>	