

Social Services

FY 2026-27 County Budget Retreat

February 26, 2025



Changes in Federal and State Support

Department of Social Services



Food and Nutrition

- Reimbursement Changes
- Program Changes
- Cost Share Implementation

Medicaid

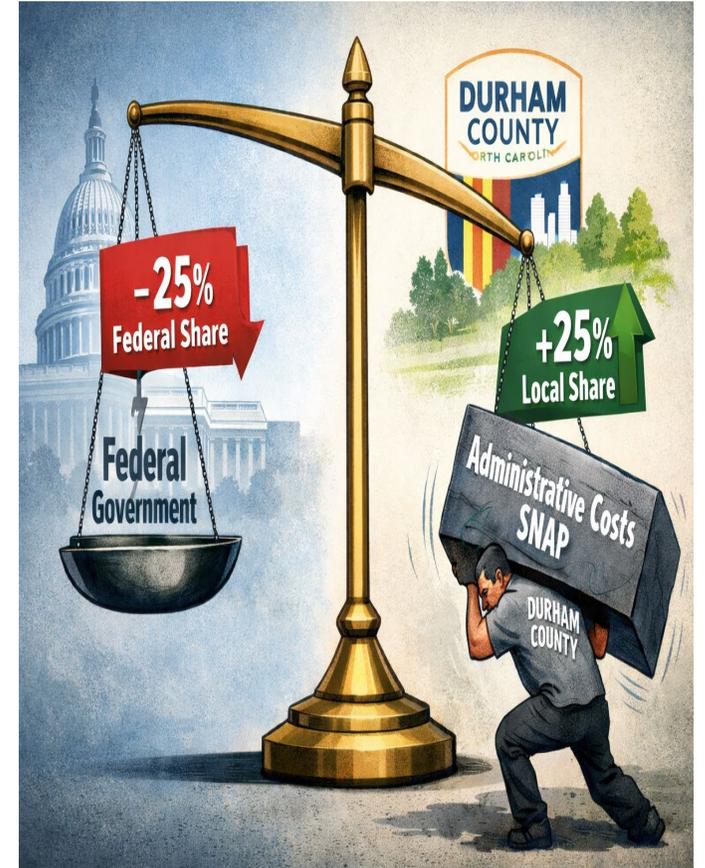
- Program Changes
- Reimbursement
- Funding

Budget Estimates/Narrative

Supplemental Nutrition Assistance Program (SNAP) Changes

H.R.1 Significant Changes to Administrative Cost

- Federal reimbursement for SNAP administrative costs will decrease from 50% to approximately 25%.
- Cost Share: 25% Federal 75% County
- Effective October 1, 2026
- For Durham County, based on current cost this is \approx \$2,000,000 decrease in reimbursement for FY27



Supplemental Nutrition Assistance Program (SNAP) Changes cont.

H.R.1 Significant Changes to Work Requirements & Non-Citizen Eligibility

- Work Requirements - Effective December 1, 2025
- Several exemptions were eliminated from the Able-Bodied Adults Without Dependents (ABAWD) Work Rules Food and Nutrition – ABAWDs
- Non-Citizen Eligibility Changes now limited to three qualifying groups– Effective February 1, 2026 (*Lawful Permanent Residents, Cuban & Haitian Entrants, Citizens of Freely Associated States*)

Supplemental Nutrition Assistance Program (SNAP) Changes cont.

How the Changes will impact Durham County

- Potential loss or reduction of benefits for eligible citizens
- Increased food insecurity among Durham County residents impacted by federal changes.
- Adverse effects on physical health, overall well-being, and mental health, potentially resulting in higher healthcare utilization and associated medical cost.
- Increased workload and administrative demands on County staff.

Supplemental Nutrition Assistance Program (SNAP) Changes that will impact FY 28

H.R.1 (Section 10106) Change that will impact cost in FY 28

Starting October 2027, states are required to pay portion of benefit costs each year based on SNAP payment error rates, as follows:

- No cost share if error rate <6% (8 states met this in 2024)
- 5% if error rates between 6% to 8%
- 10% if error rates between 8% to 10%
- 15% if error rates over 10%

Durham County's SNAP Payment Error Rate is 1.21%; however, federal compliance is assessed at the state level. North Carolina's current statewide error rate is 7.01%, reflecting improvement from 10.21% in 2024.

Supplemental Nutrition Assistance Program (SNAP) Changes that will impact FY 28

Example of Financial Impact:

Benefit Cost for FY25 -
\$77,240,790

| Error Rate | Cost Share | County Share |
|------------|------------|---------------|
| <6% | 0 | 0 |
| 6-8% | 5% | \$ 3,862,040 |
| 8-10% | 10% | \$ 7,724,079 |
| >10% | 15% | \$ 11,586,119 |

Benefit Cost for Current Year
(7 months) - \$41,296,973

| Error Rate | Cost Share | County Share |
|------------|------------|--------------|
| <6% | 0 | 0 |
| 6-8% | 5% | \$ 2,064,849 |
| 8-10% | 10% | \$ 4,129,697 |
| >10% | 15% | \$ 6,194,546 |

H.R. 1 and Changes to Medicaid*

Key NC DHHS H.R. 1 Changes to Medicaid:

- **Immigrant Eligibility Restrictions (Effective Oct. 1, 2026)**: Limits eligibility to lawful permanent residents, specific Cuban/Haitian entrants, and COFA migrants, excluding many previous humanitarian groups.
- **Work/Community Requirements (Effective Jan. 1, 2027)**: Able-bodied adults (19–64) on expansion must work, volunteer, or attend school for at least 80 hours/month to maintain benefits.
- **Eligibility Redeterminations (Effective December 31, 2026)**: Frequency increases from annual to every six months for certain beneficiaries. (Medicaid Expansion population) This would increase the workload for staff

**This list is not all-inclusive*

Medicaid Changes cont.

- Durham will continue to receive additional Revenue for Medicaid Expansion. ≈\$704,472 for FY26
- Division of Health Benefits (DHB) is working with the General Assembly to provide funds for counties to support the implementation of these eligibility changes effective October 2026.
- IRS Publication 1075 requires both local and federal criminal background checks for all employees and contractors who have access to Federal Tax Information (FTI). Implementation guidance for Medicaid will be issued by December 31, 2026

Medicaid Expansion

KEEP IN MIND

- **There has been pressure for NC to reconsider Medicaid expansion**

Expansion was passed w/ 90% cost supported by Fed Gov't and 10% covered through tax on hospitals. The H.R. 1 cuts that source of revenue by almost half by 2032.

- **Loss of Medicaid Expansion could result in increased cost to citizen if they were to enroll in the Affordable Care Act.**
- **Citizens who lose coverage would then apply for Medicaid that would result in an influx of application for staff.**
- **Medicaid expansion is associated with 422 fewer CPS cases/100,000 children under age 6 (statewide)**

Sources: NC DHHS; NC Health News, Positive Childhood Alliance

FY Budget Estimates

<https://www.ncdhhs.gov/divisions/social-services/county-staff-information/budget-information/dss-budget-estimates>

**G.S. 108A-88 - Determination of State/County Financial Participation
County Budget Estimates - State Fiscal Year 2026-2027
Issued February 13, 2026**

| Durham County | ESTIMATED RESOURCES | | | | ESTIMATED PERCENT | | |
|---|---------------------|-----------|---------|---------|-------------------|---------|---------|
| | Total | Federal | State | County | Federal | State | County |
| A. Division of Social Services | | | | | | | |
| NC CORELS | 4,307 | 0 | 0 | 4,307 | 0.00% | 0.00% | 100.00% |
| Total Cost For | | | | | | | |
| <i>Note that the totals may be off due to rounding.</i> | 4,307 | 0 | 0 | 4,307 | 0.00% | 0.00% | 100.00% |
| 1. Public Assistance Programs | | | | | | | |
| A. Division of Social Services | | | | | | | |
| 01 Work First Family Assistance - Electing Cash | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% |
| 02 Title IV-B Adoption Assistance Payments | 209,658 | 0 | 157,243 | 52,415 | 0.00% | 75.00% | 25.00% |
| 03 Title IV-B Adoption Vendor Payments | 226,238 | 0 | 169,679 | 56,559 | 0.00% | 75.00% | 25.00% |
| 04 State Adoption Assistance Payments | 61,900 | 0 | 61,900 | 0 | 0.00% | 100.00% | 0.00% |
| 05 Title IV-E Adoption Assistance Payments | 2,987,818 | 1,920,420 | 533,699 | 533,699 | 64.27% | 17.86% | 17.86% |
| 06 Title IV-E Non-Recuring Adoption Expense Pymts | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% |
| 07 Title IV-E Foster Care - Standard Board Rate | 757,773 | 487,059 | 135,357 | 135,357 | 64.28% | 17.86% | 17.86% |
| 08 Title IV-E Foster Care Maximization | 388,715 | 197,349 | 92,295 | 99,071 | 50.77% | 23.74% | 25.49% |
| 09 Title IV-E Guardianship Assistance Payments | 37,787 | 24,288 | 6,750 | 6,749 | 64.28% | 17.86% | 17.86% |
| 10 State Guardianship Assistance Payments | 59,526 | 0 | 29,763 | 29,763 | 0.00% | 50.00% | 50.00% |
| 11 Title IV-E Extended Foster Care | 239,063 | 153,658 | 85,405 | 0 | 64.28% | 35.72% | 0.00% |
| 12 State Extended Foster Care | 75,709 | 0 | 75,709 | 0 | 0.00% | 100.00% | 0.00% |
| 13 State Foster Care Benefits Program | 424,752 | 0 | 212,376 | 212,376 | 0.00% | 50.00% | 50.00% |
| 14 State Kinship Care Program | 115,327 | 0 | 57,664 | 57,663 | 0.00% | 50.00% | 50.00% |
| 15 Title IV-E Prevention Services Grant Program | 2,000 | 1,000 | 0 | 1,000 | 50.00% | 0.00% | 50.00% |
| 16 Low Income Energy Assistance Payments - Checks | 1,466,298 | 1,466,298 | 0 | 0 | 100.00% | 0.00% | 0.00% |
| 17 Crisis Intervention Program | 1,165,467 | 1,165,467 | 0 | 0 | 100.00% | 0.00% | 0.00% |
| 18 Duke Progress Energy - Share the Light Fund | 11,777 | 0 | 11,777 | 0 | 0.00% | 100.00% | 0.00% |
| 19 Wake Electric Membership Corp – Roundup Program | 4,902 | 0 | 4,902 | 0 | 0.00% | 100.00% | 0.00% |



State Budget Estimate Narrative

- Highlights up coming changes and reminders
- Includes a Brief Program Description for each Funding Source
- Capped or Uncapped
- Reimbursement Percent
- Are funds Recurring

Program Name: 05 Title IV-E Adoption Assistance Payments

Service Name: Adoption Services

Brief Program Description:

IV-E Adoption Assistance, authorized by Title IV-E of the Social Security Act, provides federal financial participation adoption assistance benefits to children with special needs meeting Title IV-E eligibility requirements. Local social service agencies are responsible for determining Title IV-E eligibility for children, managing adoption assistance cases, and conducting annual verification of continued eligibility. Reasonable, but unsuccessful efforts to place the child with a suitable adoptive family without providing adoption assistance, unless such efforts would not be in the best interest of the child, must be documented. Adoption assistance begins, for eligible children, the month after the final order of adoption. Payments cannot be more than the foster care board rate.

Adoption assistance benefits terminate at age 18 except for young adults who were adopted at 16 or 17 years of age who continue to meet the requirements connected to extended foster care. Those young adults continue to be eligible for adoption assistance benefits until they turn 21.

Please see the Adoption Assistance Manual at the web address below for additional information on eligibility.

Funding for Title IV-E Adoption Assistance is Federal, State, and County.

Capped Allocation: Yes No

Percent Reimbursement: Federal 67.71% State 16.145% County 16.145%

Citation: P.L. 96-272; P.L. 99-514; P.L. 103-382; P.L. 106-395; P.L. 105-89; P.L. 103-382; P.L. 106-169; P.L. 109-171

NC General Statute Reference: N.C.G.S. 108A-49

Related web link for this program: https://policies.ncdhhs.gov/wp-content/uploads/Appendix-3-6-Adoption-Assistance-Funding_7-2024.pdf

Funds recurring into future years: Yes No (If "no", give brief explanation):

Brief reason for projected increase/decrease in program costs:
As of July 1, 2024, all children are eligible based on age, which will increase program costs.

Any Questions?

- **Feel free to contact us at the email below if questions arise.**

Margaret Faircloth, Assistant Director: Finance
mmfaircloth@dconc.gov

Maggie Clapp, Social Services Director mclapp@dconc.gov