# State and Federal Legislative Update

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## Board of County Commissioners Meeting

October 7, 2025

MECKLENBURG COUNTY
North Carolina

# Agenda

- Government Shutdown
  - Overview
  - Spending
  - Staffing Impact
- State Legislative Update
  - Overview
  - Key Provisions
- Q & A

# Government Shutdown

Overview

Spending

Staffing Impact

# Overview

- Final Continuing Resolution (CR) vote in the Senate before shutdown was 55-45.
  - The main point of contention is surrounding extension of the Affordable Care Act (ACA) enhanced premium tax credit (PTC).
- House remains at recess and Senate is expected to vote on the House-passed CR daily.
  - No agreement has been reached but negotiations in Senate are ongoing.
  - No votes over the weekend given the lack of progress with negotiations.
- Yesterday the Senate voted and once again rejected Democratic and Republican proposals to fund the government and end the shutdown.

# Spending

- Mandatory Spending Programs
  - Funding will continue independent of the annual appropriations process.
  - Benefits are expected to continue, though reduced staff at agencies once funding is depleted may lead to processing delays or prioritization of continuations/renewals as opposed to new applications.
  - E.g. Medicare, Medicaid, Social Security, Social Security, Supplemental Nutrition Assistance Program (SNAP) and Veterans Affairs (VA)

- Discretionary Spending Programs
  - Continuation is dependent on how funding is appropriated for the program.
  - E.g. Community Development Block Grants (CDBG), Head Start, Low Income Home Energy Assistance Program (LIHEAP) and the Supplemental Nutrition Program for Women, Infants, and Children (WIC)

# Supplemental Nutrition Program for Women, Infants, and Children (WIC)

- The WIC program is not yet funded for FY 2026 due to the federal shutdown
- Available funding is that previously draw down prior to September 30th.
- NC WIC program has funding to maintain WIC operations, including food benefits through October 15th.
- The state received additional funding for WIC from the Department of Agriculture (USDA) and are expecting that funding will extend beyond the original 2-week projection. We do not have an updated timeline.
- The average WIC participation for Federal fiscal year 2025 based on Q3 was 26,134 per month.
- The County is not able to fund the program in the event of a pause in benefits.

# Staffing Impact

- Non-essential roles
  - Employees furloughed without pay until shutdown concludes
- Essential roles continue without pay
  - Transportation Security Administration
  - Customs and Border Protection
  - Passport Renewal Services
  - National Park System
  - Internal Revenue Service/Federal Housing Administration (mortgage-related functions)
  - United States Postal Service (self-funded)
- County employees have not been impacted by previous furloughs, and we do not anticipate an impact in this instance.

# State Legislative Update

HB307 Iryna's Law

HB562 Healthcare Investment Act

SB403 Additional Medicaid Funds and Requirements

# HB307 Iryna's Law

**Overview**

On September 22nd, following the murder of Iryna Zarutska on the light rail, the Senate amended a bill that had been previously passed by the House prior to the crossover deadline. They subsequently sent the bill to the House for concurrence, and the bill was signed into law by Governor Stein on October 3rd.

**Key Provisions**

- amends various procedures for involuntary commitment
- modifies pretrial release guidelines for certain offenses
- eliminates ‘written promise to appear’ as a condition of pretrial release
- provides funding for 10 additional full-time assistant district attorneys and 5 full-time legal assistants in Mecklenburg County

# Involuntary Commitment (IVC)

Required examination to determine grounds for IVC

- any person charged with a violent offense and subject to an IVC within the last three years

  OR

- any person charged with any offense who a judge or magistrate believes may be a danger to themselves or others

# Pretrial Release

- Unsecured bond or placement in custody of a designated person or organization agreeing to supervise for defendants not charged with a violent offense.
- Secured bond or house arrest and electronic monitoring under the following circumstances.
  - such release will not reasonably assure the appearance,
  - release will pose a danger of injury to any person,
  - release is likely to result in destruction of evidence, induce perjury, or intimidation of potential witnesses
  - conviction of three (3) or more offenses, each of which is a Class 1 misdemeanor or higher offense, within the previous ten (10) years

# Pretrial Release

- Limited number of monitors and secured bonds are a surety to appear in court but not necessarily ensuring public safety.
- Lack of written promise to appear and the inability to post bond results in increased jail populations, more referrals to pretrial release programs and more unsecured bonds.
- 1,510 inmates in the Mecklenburg County jail at 95.5% functional capacity.
- Current percentage deemed at capacity due to the ratio of inmates to staff.

# Additional DA and Assistant Positions

- $1.6M in recurring funds and $37,520 in nonrecurring funds from the general fund for 10 full-time assistant district attorney (DA) positions
- $433,000 in recurring funds and $20,990 in nonrecurring funds from the general fund for five full-time legal assistant positions.
- Senator Overcash supported the request and ensured it was included in the bill.

# HB562 Healthcare Investment Act

**Overview**

This is the House version of the bill. The Proposed Committee Substitute (PCS) from the Senate includes funding for the UNC Children's Hospital. The Senate sent the bill back to the House for concurrence, but the House will not agree to the bill if it provides funding for the Children's Hospital.

**Key Provisions**

- appropriates $690M from the General Fund for the Medicaid rebase for each year of the fiscal biennium
- appropriates $49.2M in recurring funds for Medicaid administration for each year of this fiscal biennium
- appropriates $34.4M from the ARPA Temporary Savings Fund for Medicaid administration for the 2025-2026 fiscal year
- fully funds the previously authorized UNC Children's Hospital and NC Cares Health Clinics

# SB403 Additional Medicaid Funds and Requirements

**Overview**

This is the Senate version of the bill. The Proposed Committee Substitute (PCS) from the House is a “clean Medicaid rebase bill” and does not provide funding for the UNC Children’s Hospital or NC Cares Health Clinics.

**Key Provisions**

- appropriates $690M from General Fund for the Medicaid rebase for each year of the fiscal biennium
- appropriates $38,562,645 in recurring funds for Medicaid administration for each year of this fiscal biennium
- appropriates $45,437,355 from the General Fund in nonrecurring funds for FY 25-26
- appropriates $11,437,355 in nonrecurring funds for FY 26-27 for Medicaid administration

# Medicaid Rebase

- House & Senate are at an impasse over funding for Children's Hospital.
- $319 million shortfall in the Medicaid program would be reduced with funding from the NC General Assembly.
- Reductions now necessary to ensure the program remains within funding levels from the NC General Assembly.
- Cuts went into effect October 1st and apply to specific procedure codes.
- Affected services and reduction percentages will be listed in the fee schedules published in the DHHS Covered Codes and Fee Schedules portal.
- Providers may see reimbursements reduced by 3 percent to 8 percent.
- Staff has not identified County impact requiring action toward the budget.
- Some, including nursing homes, acute care hospitals and psychiatric residential treatment facilities, may see rates reduced by 10 percent.
- If funding is quickly appropriated, DHHS will reverse provider rate reductions and provide prompt notification of adjustments on the fee schedules.

# Next Steps

- Monitor impact of the federal shutdown.
- Engage with the General Assembly through long and short session.
- Follow Medicaid funding cuts and County impact.
- Monitor priority state legislation and pending overrides.
- Track state agency decisions and updates.

# Q & A

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