



**STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR**

**JOSH STEIN
GOVERNOR**

October 14, 2025

The North Carolina Senate
The Honorable Phil Berger, President Pro Tempore
The Honorable Sydney Batch, Minority Leader

The North Carolina House of Representatives
The Honorable Destin Hall, Speaker
The Honorable Robert Reives, Minority Leader

Dear Mr. Speaker, Mr. President, Leaders, Members of the General Assembly and fellow North Carolinians,

I am extremely disappointed that you will be focused on an unnecessary redistricting effort when you begin your next legislative session on October 20. Redistricting our already gerrymandered state is an especially cynical power grab, given there are several other critical issues that require your attention this month. After all, what is more important to the people of our state than their safety and their health?

We've recently had two prominent, tragic reminders of just how important it is that we do everything in our power to keep people safe, prevent violence, and get treatment for people with serious mental illness. House Bill 307 is a step forward. But, as I said when I signed the bill into law, it didn't go far enough.

As I proposed in my March budget, I am again requesting \$195 million for public safety initiatives to defend North Carolina communities from community-based violence and combat the fentanyl and opioid crisis. This funding would provide law enforcement with additional pay increases and recruitment and retention bonuses. We count on law enforcement for our safety. We need to put our money where our mouths are to help address staffing shortages and put more cops on the beat.

The burden of public safety should not fall on law enforcement alone. After all, very little crime is just a crime issue. Both people who committed these horrific acts of violence were suffering from serious mental illness. If our mental health system fails to serve people when they need it, then we are failing to properly care for the well-being and safety of North Carolinians. We need to make sure that our mental health system and criminal justice system are working as collaboratively as possible to get people treatment and prevent the worst public safety and public health outcomes.

I truly believe we can come together to make our state safer and stronger. I appreciate your looking at longer-term issues by charging the North Carolina Collaboratory to study mental health and the justice system. My administration is eager to work with you on long-term concerns with involuntary commitment and other issues. In addition, an easy, preliminary measure you can take today to keep us from falling backwards is to reverse the cuts you made to our mental health system in Session Law 2025-89: the \$18.5M recurring cut to single-stream funding (flexible funding for the state behavioral health system), the \$15.6M recurring cut to three-way bed funding (for community psychiatric inpatient and crisis beds), and \$10M recurring cut to Mental Health Task Force funding. Restoring these investments will allow our state to strengthen our mental health system and do more to keep people healthy.

Additionally, we have a critical need for an appropriation in recurring funding to increase starting pay for Healthcare Technicians (HCTs) at state-operated hospitals from \$17/hour to \$20/hour. This more competitive starting pay would enable NCDHHS to address chronic vacancies and bring into service 350 of the state's 900 psychiatric beds that are currently vacant because we do not have enough staff due to low pay.

I will also reiterate how important it is for the health and safety of our people that you fully fund Medicaid while you are back in session. Medicaid is the nation's largest payer for mental health and substance use disorder services. It helps people with mental health conditions see a therapist and afford their prescriptions. On October 1 of this year, NCDHHS followed the law as prescribed by the General Assembly to keep the NC Medicaid program within budget. NCDHHS did not make this decision lightly, and we know that nobody – my administration, legislators, health care providers, and especially not the North Carolina families affected – wanted these cuts to happen.

However, after a three-month delay from July 1 to October 1, without requisite funding, the cuts had to go into effect. Further delay without additional appropriations would have left providers facing substantially larger draconian cuts later in the fiscal year and Medicaid recipients losing access to critical services. Unlike past years, we do not have the backstop of more money coming from the federal government. The state does not have a credit card for Medicaid; in fact, state law requires the program to operate within the budget the legislature appropriates and mandates the Department to take necessary budget corrective actions to keep the program within that budget.¹

¹[North Carolina General Statute 108A-54\(e\)](#).

The need for additional funding is without dispute. Both the House and Senate agreed during the September session that the Medicaid program requires additional funds and even agreed on the amount needed. Unfortunately, the chambers allowed ancillary matters to get in the way of a deal. The time is now to set those matters aside and produce a clean bill.

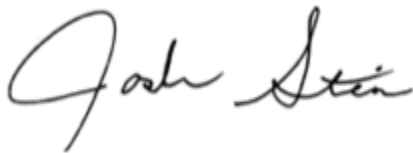
This month, the General Assembly has the opportunity to look forward and reverse these devastating cuts. There are at least three options to avoid or delay the cuts, which I list below in order of preference:

- 1.) Fully fund NC Medicaid at the \$319 million level NCDHHS's economists and actuaries estimate is required.
- 2.) Appropriate the \$190 million that both chambers agreed on in September enabling NCDHHS to delay the cuts until at least January 1. We can come back together at the end of the calendar year to evaluate where spending is tracking.
- 3.) Utilize non-recurring funds from the \$500 million Medicaid Contingency Reserve to fill the funding gap and reverse the cuts. Of course, appropriating these funds spends one-time money, making next year's Medicaid requirements even larger.

Given our shared commitment to do everything in our power to protect the people of our state, and in light of recent events in Charlotte and Southport, we know that supporting our mental and behavioral health system is a key priority. We must fully fund Medicaid, which is a major payor of mental health services in our state.

Over the years, we have worked together – Democrats and Republicans – to solve tough issues. I am confident that we can address these issues in a manner that honors our sacred responsibility to the people we serve.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Stein". The signature is fluid and cursive, with the first name "Josh" and last name "Stein" clearly distinguishable.

Josh Stein
Governor