

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

**JOSH STEIN
GOVERNOR**

September 17, 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,

We are now nearly three months into the fiscal year and one of only two states in the nation that has not passed a comprehensive budget that will govern this fiscal year. The people of North Carolina expect and deserve better. I urge you to do the hard work and send me a fiscally responsible budget I can sign.

In the absence of a comprehensive budget, the following items cannot wait and demand your attention in your September session.

1. Medicaid Rebase Funding

OSBM's and DHHS's actuaries and economists strongly indicate that an additional \$319 million is needed to fully fund the Medicaid rebase. We understand that General Assembly staff believe the amount needed is closer to \$190 million. I am willing to compromise at \$190 million with a commitment to reevaluate in January where expenditures are trending six months into the fiscal year. At that point in time, we can work together to determine if the funding is sufficient, additional funding is needed, or provider cuts will need to be implemented.

2. Public Safety (see Attachment 1)

As I proposed in my March budget, I am again requesting \$195 million for public safety initiatives that will provide critical funding to defend North Carolina communities from

school-and 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. Our people must be and must feel safe in their communities.

3. Teacher and State Employee Pay Raises (see Attachment 2)


I'm requesting that you fund my teacher and state employee pay recommendations - providing teachers with an average 5.9% increase, restoring master's pay, and giving other school personnel a 3% increase (\$451.6 million request). State employees would be provided with a 2% raise (\$226.5 million request).

I remain mindful that our current tax structure provides for less recurring revenue in the second year of the biennium than in the first. We must pursue a tax structure that is fiscally responsible and prepares for the tremendous growth our state is experiencing and the quality of services our residents deserve.

In support of disaster recovery, our focus remains intently on the mountains and recovering from Helene. Just this week, I have requested \$13.5 billion from the federal government for Helene needs, including for small businesses. However, our western NC businesses cannot afford to miss another peak tourism season. I'm imploring you again to act with urgency to provide needed relief to the backbone of the western NC economy – our small businesses. Finally, I urge you to fund the \$26.75 million needed for Chantal recovery that I have sent under separate cover.

Thank you for your partnership as we work to keep North Carolina strong.

Sincerely,

A handwritten signature in cursive script that reads "Josh Stein".

Josh Stein

Governor

Attachment 1

Keeping North Carolinians Safe

Recommendation

Provides \$194.1 million in FY 2025-26 and \$209.6 million in FY 2026-27 to defend North Carolina communities against school- and community-based violence and combat the fentanyl and opioid crisis. Funds support school safety measures, salary increases, bonuses, and communications for public safety personnel, resources to reduce overdoses and stop the spread of fentanyl, violence prevention initiatives, body cameras for state law enforcement officers (LEOs), and capacity to deliver justice for crime victims.

Table 1: Allocation of Funds for Protecting North Carolinians

<i>Protecting Students and Teachers in Schools</i>	Agency	FY 2025-26		FY 2026-27	
School Resource Officers	DPI	\$63,000,000	R	\$93,000,000	R
School Safety Grants	SBI	\$10,000,000	NR		
Behavioral Threat Assessment Unit Social Workers	SBI	\$232,316	R	\$232,316	R
		\$26,968	NR		
	Subtotal	\$73,259,284		\$93,232,316	
<i>Supporting Our Public Personnel</i>					
Correctional Officer Salary Investment	DAC	\$33,545,000	R	\$33,545,000	R
VIPER Network Sustainment and Radios	DPS, SBI	\$20,000,000	R	\$20,000,000	R
Funds for Staff on Pay Plans	Various	\$16,835,000	R	\$16,835,000	R
Bonuses for New and Relocating Officers	DOJ	\$15,500,000	R	\$15,500,000	R
NC National Guard Referral, Extension Bonuses	DPS	\$1,500,000	R	\$1,500,000	R
	Subtotal	\$87,380,000		\$87,380,000	
<i>Preventing and Combating Fentanyl, Other Drugs, and Crime</i>					
Medication for Opioid Use Disorder	DAC	\$10,100,000	R	\$10,100,000	R
Co-Responder Team Rural Expansion	DHHS	\$8,700,000	R	\$8,700,000	R
NC Secure All Firearms Effectively Campaign	DPS	\$2,261,442	R	\$2,261,442	R
Fentanyl Control Unit	SBI	\$972,481	R	\$972,481	R
		\$362,843	NR		
Fentanyl Control Prosecutors	DOJ	\$505,753	R	\$505,753	R
Governor's Crime Commission Violence Prevention Grants	DPS	\$250,000	R	\$250,000	R
Sexual Assault Cold Case Unit	SBI	\$240,634	R	\$240,634	R
		\$26,968	NR		
	Subtotal	\$23,420,121		\$23,030,310	
<i>Distributing Body Cameras</i>					
State Highway Patrol Troopers	DPS	\$766,650	R	\$766,650	R
		\$3,900,000	NR		
Probation and Parole Officers	DAC	\$3,272,785	R	\$3,272,785	R
DNCR LEOs	DNCR	\$1,050,499	R	\$1,050,499	R
All Other Field-Based LEOs	Various	\$849,708	R	\$849,708	R
		\$242,304	NR		
	Subtotal	\$10,081,946		\$5,939,642	
Totals for Recurring and Nonrecurring		\$179,582,268	R	\$209,582,268	R
		\$14,559,083	NR		
Grand Total		\$194,141,351		\$209,582,268	

Recommendation Detail

Protecting Students and Teachers in Schools

Schools should be safe environments that enable children to learn and grow. However, acts of crime and violence in schools are up 9.3% from the 2021-22 school year to 2023-24, including an 80.8% increase in bomb threats and hoaxes.¹ The Governor's Recommended Budget supports funding at the Department of Public Instruction (DPI) for school resource officers (SROs) at elementary and middle schools and for their initial and continuing training. The State Bureau of Investigation (SBI) will receive funding for school safety grants to strengthen security with equipment including cameras, exterior locks and fences, and metal detectors. The Center for Safer Schools at SBI will administer these grants to local districts. SBI will also add two social workers to its Behavioral Threat Assessment Unit to develop individualized management and mitigation plans for cases, which reduce the risk of violence. Since 54% of the unit's cases involve juveniles, this work will also improve school safety.

Supporting Our Public Personnel

State and local public safety agencies face challenges recruiting and retaining officers, including both sworn LEOs and certified public safety officers, to keep people safe. Correctional officers (COs) have a vacancy rate of almost 38%, with some facilities experiencing vacancy rates over 60%. From 2014 to 2024, the State Highway Patrol (SHP) saw Trooper applications decline 75%. Under Governor Stein's plan, COs and youth counselors will receive a 6.5% salary increase to make their compensation more competitive, increasing starting pay to over \$40,000. Other public safety personnel on legislative pay plans, including SHP Troopers, probation and parole officers, and juvenile court counselors, will receive a 3% salary increase. The Governor's Recommended Budget also establishes bonuses for NC National Guard referrals or extensions and for newly hired Basic Law Enforcement Training (BLET) graduates and out-of-state BLET-certified transfers who dedicate themselves to protecting their fellow North Carolinians.

First responders must be able to communicate with other state and local agencies during disasters. This proposal also provides stable funding for the Voice Interoperability Plan for Emergency Responders (VIPER), which will enable over 200,000 first responders across the state to communicate on a secure radio network, even if phone signals fail as they did immediately after Hurricane Helene.

Preventing and Combating Fentanyl, Other Drugs, and Crime

On average, six North Carolinians died every day from fentanyl overdose between October 2023 to September 2024.² In addition, 20-30% of people in state prisons suffer from opioid use disorder. A new Fentanyl Control Unit of prosecutors in the Department of Justice and drug agents and financial investigators in SBI will provide more resources and help local law enforcement to stop the flow of narcotics, investigate these cases, and enhance community safety. The Department of Adult Correction (DAC) will receive funds to expand the use of medication to treat opioid use disorder to all correctional institutions following the success of regional pilot programs.

In 2023, there were also 2,800 reported sexual assault cases in North Carolina.³ SBI currently has no staff dedicated to unresolved sexual assault cases. The Governor's Recommended Budget provides SBI

¹ NC Department of Public Instruction, [2023-2024 Consolidated Data Report](#).

² NC Department of Health and Human Services, [Fentanyl-Positive Deaths, North Carolina Office of the Chief Medical Examiner \(OCME\) Toxicology Data: Sep 2024](#).

³ NC State Bureau of Investigation, [2023-Annual-Summary.aspx](#).

funding for sexual assault cold case positions to assist and train local law enforcement to pursue these investigations and bring criminals to justice.

Firearm fatalities was the leading cause of death for children and teens in North Carolina in 2022, and the overall rate of firearm fatalities throughout the state increased 39% from 2013 to 2022.⁴ Funding provided to the Division of Juvenile Justice and Delinquency Prevention within DPS will continue the critical statewide Secure all Firearms Effectively (NC SAFE) campaign. NC SAFE distributes gun locks and safes and provides violence prevention education and programming statewide. Additionally, a competitive grant program through the Governor's Crime Commission and an expansion of state funded co-response teams in 50 rural counties will supply violence prevention and behavioral health crisis response services to local communities.

Distributing Body Cameras

Body cameras have many benefits. They provide crucial evidence in investigations by more accurately documenting interactions and improve preparedness by using situation-based training modeled after officers' previous encounters. A Police Executive Research Forum survey in 2013 found that 94% of responding law enforcement agencies nationwide incorporate body camera footage in their training and administrative reviews.⁵ Upfront purchasing costs and recurring storage costs have prevented all agencies from getting them for their officers. Governor Stein's Recommended Budget includes investments in the following agencies and divisions to ensure all field-based state agency LEOs have body cameras:

- Administrative Office of the Courts;
- Department of Adult Correction;
- Department of Agriculture and Consumer Services;
- Department of Environmental Quality;
- Department of Insurance and the NC Insurance Commission;
- Department of Natural and Cultural Resources;
- Department of Revenue;
- Department of the Secretary of State;
- Department of Transportation;
- NC General Assembly; and
- Alcohol Law Enforcement, State Capitol Police, and State Highway Patrol.

Expected Impact

This proposal will increase public safety in North Carolina, reducing crimes and the resulting harm by:

- Decreasing officer vacancy rates and therefore reducing costs, like CO overtime pay.
- Placing 330 new SROs in elementary and middle schools and providing SRO training on the social and cognitive development of elementary and middle school children, behavioral health, and trauma-informed practices in schools.
- Reducing fentanyl use and overdoses throughout the state.
- Increasing closed sexual assault cold cases and trauma-informed justice for victims.
- Providing more than 3,300 officers with body cameras, enhancing accountability, transparency, and public trust.
- Decreasing firearm violence in communities.

⁴ Johns Hopkins University, [State Data: North Carolina | Center for Gun Violence Solutions](#)

⁵ Police Executive Research Forum, [Implementing a Body-Worn Camera Program: Recommendations and Lessons Learned](#).

Recognizing Teachers and the State’s Talent

Recommendation

This investment supports K-12 education by providing teachers with an average 5.9% increase, restoring masters pay, and giving other school personnel a 3% increase in FY 2025-26. Additionally, this investment will provide state employees with a 2% increase, ensuring the state can attract and retain a quality workforce by addressing employee loss of purchasing power and creating a competitive marketplace for labor. The details of these investments are as follows:

Table 1: Allocation of Funds to Support State Employees and K-12 Educators for FY 2025-26

<i>Supporting, Recruiting, and Retaining Educators</i>	Recurring
Teacher and Instructional Support Salaries	\$366,600,000
Master’s Pay	\$10,000,000
School-Based Administrator Salaries	\$18,021,000
Non-Certified and Central Office Staff	\$56,955,000
Sub Total	\$451,576,000
<hr/>	
<i>Valuing State Employees</i>	
Most State-supported Employee Salary Increases	\$226,528,000
Grand Total	\$678,104,000

Recommendation Detail

Supporting, Recruiting, and Retaining Educators

Teachers outweigh all other classroom factors in determining how well students perform. For North Carolina to attract and retain excellent teachers, the state must pay them more. Almost 9 of every 10 school-aged children in North Carolina attend public school, yet the state ranks 48th in K-12 funding, spending \$4,900 less per student than the national average.¹ Teacher attrition recently increased to 11.5% per year.² The state ranks 40th nationally in beginning teacher pay, and 10th out of the 12 Southeastern states, with North Carolina teachers earning over 25% less than similar college graduates who chose different careers.³

This investment updates the teacher salary schedule to increase average pay by 5.9% in the first year of the biennium. This recommendation restores master’s degree salary supplements for educators who have or obtain a master’s degree in the subject they teach. Other school personnel like school administrators and state-funded non-certified and central office personnel within public schools will receive a 3% increase. These investments support educational excellence for our state’s children by helping schools recruit and retain excellent educators.

Valuing State Employees

North Carolina state government faces a very competitive job market, leading to high turnover and difficulty finding qualified candidates. A major challenge to hiring and retaining the state’s workforce is

¹ [Education Law Center](#). “Making the Grade 2024”. Ranked list includes all 50 states and Washington, DC.

² [NC DPI](#). 2022-23 State of the Teaching Profession in North Carolina

³ [Education Policy Institute](#). “Teacher Pay Rises in 2023 – but Not Enough to Shrink Pay Gap with Other College Graduates”

low wages. The state also has more employees reaching retirement age than ever before, further increasing the need to attract a younger workforce into government service.

- In December 2024 the average statewide vacancy rate was 20%. While down from a peak of 23.4% in December 2022, the vacancy rate is still higher than the pre-pandemic level of 12.7% in December 2019.
- The hiring rate, which describes the number of monthly hires as a percentage of total employment, for state and local government employment was 1.7% in December 2024; the private sector hiring rate was 3.7%.⁴

The Governor's recommendation increases employee purchasing power by giving a 2% across-the-board raise for state employees. The increases will go to employees of state agencies, the University of North Carolina (UNC) system, state-funded local community college employees.

Expected Impact

This recommendation addresses the multifaceted problem of recruitment and retention of personnel in public education and state government, investing in public education and helping deliver safe, effective, and efficient programs and services to North Carolinians. The proposed changes will support the state's workforce by offering compensation increases. Expected impacts include:

- Increasing pay for over 80,000 existing teachers by an average of 5.9% in the first year of the biennium. The recommended FY 2025-26 teacher salary schedule is in Table 2 below.
- Restoring 10% master's pay supplements for over 1,000 teachers whose advanced degrees are in the subjects they teach.
- Providing over 320,000 employees with a 2% recurring compensation increase in FY 2025-26, helping to keep talent, recruit new applicants, and address declining purchasing power.

⁴ [Bureau of Labor Statistics](#)

Table 2: Annual Statewide Teacher Salary Schedule Comparison

Years of Exp.	Current FY 2024-25	Recommended FY 2025-26
0	41,000	44,500
1	41,750	45,300
2	42,500	46,100
3	43,250	46,900
4	44,000	47,700
5	44,750	48,500
6	45,720	49,300
7	46,630	50,100
8	47,530	50,900
9	48,440	51,700
10	49,350	52,500
11	50,250	53,300
12	51,160	54,100
13	52,060	54,900
14	52,970	55,700
15-24	53,880	55,880
25+	55,950	57,950