Supporting North Carolina's Hardworking Teachers & State Employees

The Governor's Recommended Budget recognizes the importance of teachers and state employees, investing over nearly $1.4 billion in FY 2021-22 and over $1.9 billion in FY 2022-23 to improve pay, provide bonuses, implement a new pay plan, and continue benefits for state employees and state-funded local employees, such as teachers and principals, and to provide the most substantial cost-of-living adjustment and bonuses for state government retirees in more than a decade.

Public School Employees

The Governor's Recommended Budget puts education first and emphasizes respect for the teaching profession with substantial improvements in pay for teachers, school-based administrators, and non-certified personnel such as teaching assistants, school nutrition employees, and bus drivers. Unlike state employees, educators went without a raise the past two years. In response, the total investment in Public School personnel exceeds $532.5 million in FY 2021-22 and $760.8 million in FY 2022-23. Highlights include:

- Increasing teacher pay by more than 10% by investing $268.9 million in FY 2021-22 and $439.3 million in FY 2022-23.
- Providing teachers, principals and all public school personnel a one-time bonus of $2,000 *this year*, and additional one-time bonuses of $1,000 bonuses in each year of the biennium for a total of $4,000.
- Reducing salary plateaus in recognition of the important contributions of veteran teachers.
- Restoring Master's pay and eliminating the requirement that teachers pay for their own substitutes when they take leave.
- Investing $8 million in FY 2021-22 and $13.1 million in FY 2022-23 to increase pay for assistant principals, whose salaries are tied to the teacher salary schedule,
- Increasing the principal salary schedule by more than 10% by investing $12.5 million in FY 2021-22 and $25.6 million in FY 2022-23 for principals and holding principals harmless to reductions in average daily membership and changes in school growth for the biennium.
- Increasing the salaries of all other public school personnel by more than 7.5% over the biennium by investing $75.6 million in FY 2021-22 and $115.3 million in FY 2022-23.
- Implementing a $15/hour minimum wage for all non-certified personnel.

State Agency, State-funded Local Community College Employees and Retirees

The compensation and benefits package recognizes that many employees received no legislatively mandated increase in the 2019-2021 biennium. The recommended compensation package therefore provides differing increases for state employees.

- Increases salaries by 2.5% in each year of the biennium for most state employees for a more than 5% increase over the biennium.
- Increases salaries by 5% in FY 2021-22 and 2.5% in FY 2022-23 for university, and state-funded local community college employees for a more than 7.5% increase over the biennum.
- Provides a $1,000 bonus in each year of the biennium for these employees and an additional $2,000 bonus to be paid *this year,* FY 2020-21, for university and state-funded local community college employees.
- Funds a 2% recurring increase in FY 2021-22 and 2% bonuses in each year of the biennium for the state's 215,000-plus retirees; these are the largest adjustments for retirees in over a decade.

In addition to the increases described above, the Governor's Recommended Budget invests in the state's public safety personnel as follows:

- Implements a pay plan for certified employees of the Division of Adult Correction and Juvenile Justice, appropriating $16.1 million in FY 2021-22 and $31.7 million in FY 2022-23 and reallocating the $15 million recurring appropriated in S.L. 2018-5 for custody-based pay differentials for this purpose. The plan addresses compression and creates a career progression for all certified employees and establishes a 7-year step plan for certified Adult Correction employees, including Correction and Probation and Parole Officers.
- Establishes a pay plan for the State Capitol Police.

Recognizing the need to address retention, equity, and compression, the Governor's Recommended Budget expends $58.7 million on reserves for salary adjustments. These funds will allow agencies to target hard-to-staff, high-turnover positions, compression, salaries below market rates, gender and racial inequity, and other identified salary needs.

Active and Retired Employee Benefits

The Governor's Recommended Budget also includes investments to strengthen and maintain state benefits, including:

- 5 days of special annual leave for active employees.
- $109 million in recurring funds to continue to fully fund the state's retirement systems.
- $64.5 million in FY 2021-22 and $131.5 million in FY 2022-23 to support the state health plan for active employees and $33.8 million in FY 2021-22 and $68.9 million in FY 2022-23 to support retiree medical expenses.
- $150 million nonrecurring to lower the state's liability related to post-employment benefits.