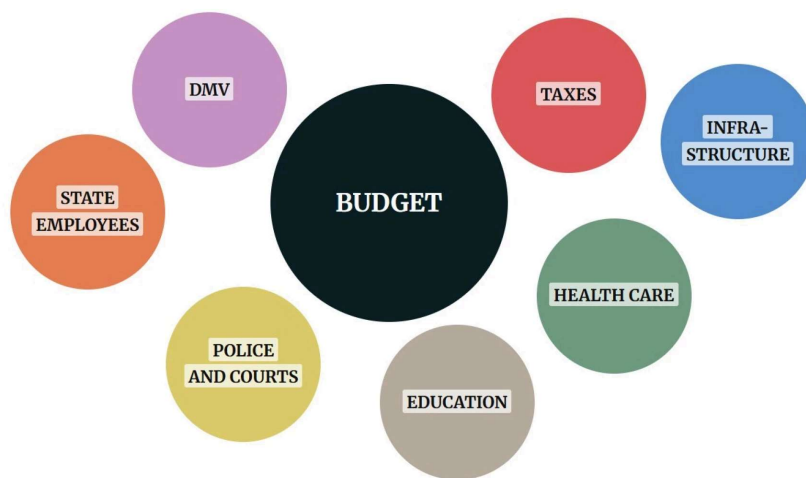


North Carolina still doesn't have a budget. Here's how that affects everyday life.

WHQR | By [Will Michaels, NC Local](#)

Published March 9, 2026 at 3:34 PM EDT



Courtesy NC Local

North Carolina is more than eight months into the current fiscal year without an enacted state budget, the only state in the country in that position.

Budget

“But folks may not fully appreciate that when the General Assembly returns to session next month, it will have been more than two and a half years since the state last passed a comprehensive budget,” Governor Josh Stein said in a press conference Monday to call for action on the budget.

Republicans in the legislature are in the middle of a prolonged stalemate, largely because of disagreements about tax rates.

The state continues operating without a budget because of a law that allows for ongoing spending at last year's levels. But that approach freezes key decisions about a wide range of policies, and leaves state employees like teachers without raises or cost-of-living adjustments they may have expected.

State employees

More than 70,000 state employees — including teachers, correctional officers, social workers and others — are still getting paid, but did not get the raises they would have received if lawmakers passed a budget.

Teachers and some other state employees got step raises based on their experience if they qualified for them, but some have resorted to drastic measures to pay their bills, [as WUNC reported](#).

Read more on teachers, from WUNC: [With rising healthcare costs and no raise, this NC teacher's family sells scrap metal and plasma](#)

Read more on health and human services employees, from ABC 11: [NCDHHS employees set to demand higher pay from lawmakers](#)

Education

Local school systems have to deal with only modest budget increases, even as enrollment increases significantly in many districts. Without a state budget, some districts like Wake County are making cuts to deal with the uncertainty, [WRAL reported](#),

The lack of a budget has also been linked to closures of some child care facilities. This fall, more child care programs closed than opened in North Carolina for the first time in years, [WUNC reported](#).

Health care

In October, the state Department of Health and Human Services cut reimbursement rates for health care providers who see patients with Medicaid, citing a massive budget shortfall.

However, lawmakers are bracing for deep cuts to Medicaid at the federal level. President Trump's "One Big Beautiful Bill" slashes about \$50 billion from the program in North Carolina over the next 10 years, according to NCDHHS.

Meanwhile, [NC Health News reported](#) that nonprofits that distribute food are not getting additional funding, which can force them to reduce staff.

Taxes

The main sticking point continues to be [scheduled tax cuts](#). North Carolina's income tax rate is expected to fall from 4.5% for 2025 to 4.25% for 2026, and eventually as low as 2.49% if the state meets certain revenue targets.

Senate leaders want to accelerate the timeline for those cuts. House Republicans are concerned about locking in future cuts, especially as federal funding for programs like Medicaid becomes less certain.

Infrastructure

As [NC Local has reported](#), projects that depend on fresh legislative approval can not move forward without action from lawmakers. That includes school construction grants, water and sewer upgrades, and community college capital projects.

Without a state budget, cities and counties can not break ground or even finalize contracts for some projects, meaning they need to delay road repairs or infrastructure expansions that they expected to move forward this fiscal year.

DMV

In November, leaders with the North Carolina Division of Motor Vehicles unveiled a five-year plan aimed at cutting average wait times to 15 minutes by 2030. Wait times at the DMV were notoriously long, .

But without a budget, future staffing increases and raises for DMV workers remain uncertain. For driver's license examiners, that could mean heavier workloads and more frustration from waiting customers.

Law enforcement officers are among those who have not gotten raises because of the budget stalemate. State lawmakers passed the [Back the Blue Pay Act](#) to give them pay boosts, but the bill stalled last fall amid disagreements over the larger budget.

Meanwhile, state budgets often include funding for the court system, including money for more prosecutors, public defenders, court staff and technology upgrades. Courts and law enforcement agencies are operating largely at the previous year's funding levels while caseloads keep growing. More than [1.2 million cases](#) are pending in NC Courts as of March 4.

FAQ

Why doesn't the state have a budget yet?

Because Republicans hold a majority of seats in the House and a supermajority in the Senate, they direct budget negotiations. As NC Local has previously reported, [North Carolina's budget process](#) calls for a two-year spending plan to pass before July first in odd-numbered years. In 2025, Republican lawmakers in each chamber failed to agree on issues like tax cuts, how much to pay teachers, and funding for state programs like Medicaid. They missed the deadline.

What have lawmakers done instead?

The House and Senate have held nearly empty sessions roughly once a month in which no debate happens and no votes are taken. In place of a comprehensive two-year spending plan, lawmakers have approved targeted bills often referred to as "mini budgets." They allow lawmakers to override parts of the law that simply call for last year's spending levels when there is consensus on a limited issue. For example, the mini budgets provided raises for some - but not all - state employees, as [NC Newsline reported](#). Others set aside [more money for Helene recovery](#) in western North Carolina.

Who is pushing for a budget?

Calls to finish the budget are coming from both sides of the aisle. The conservative [John Locke Foundation publicly urged](#) lawmakers to pass a full budget, arguing that prolonged uncertainty harms businesses and state employees.

“North Carolinians do not care about intraparty rivalries or procedural excuses,” wrote Joseph Harris, fiscal policy analyst at the Locke Foundation. “They care about whether the government performs its most basic functions.”

Members of the North Carolina Council of State, a bipartisan group of North Carolina’s top elected officials, [also called on lawmakers](#) to pass what they emphasized as an overdue budget.

How does this affect me?

State law keeps the government operating at previous spending levels if there’s no budget in place. State agencies can spend this year what they spent last year. But with continuously rising costs for everything from health care to education, past spending is not enough to cover some expenses. It also makes it difficult for state agencies to recruit new employees if they can not offer higher wages or pay adjustments.

What’s next?

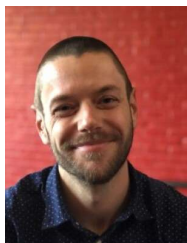
There are no new deadlines that would force lawmakers to reach an agreement. North Carolina’s continuation law allows agencies to operate at last year’s levels indefinitely. Republican leaders in the House and Senate have said they do not expect to make a deal before this year’s short session starts on April 21.

This [article](#) first appeared on [NCLocal](#) and is republished here under a [Creative Commons Attribution-NonCommercial 4.0 International License](#).

Tags

[Local](#)

[Latest news](#)



Will Michaels, NC Local

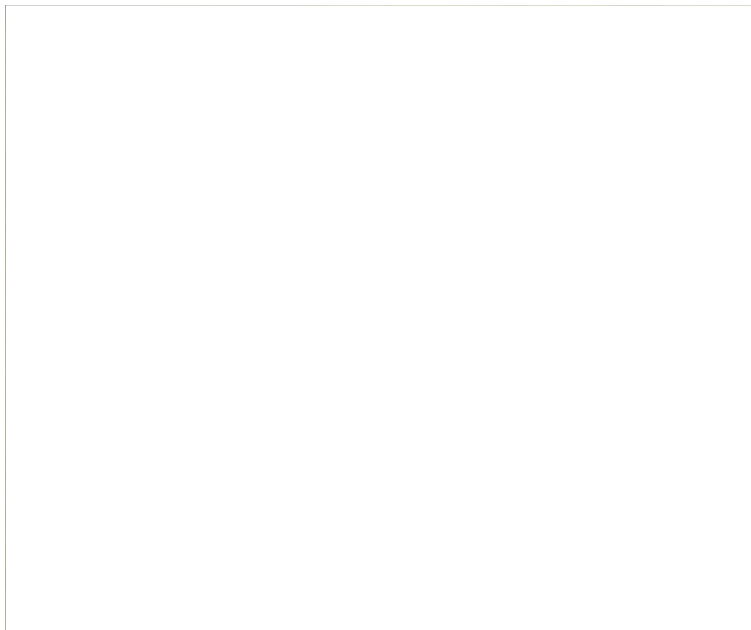
Will Michaels comes to NC Local from the Triangle’s NPR station, WUNC, where he spent 15 years as a reporter, producer, and on-air host. During his time at WUNC, Will covered a wide range of stories, including local government issues, science

WHQR

All Things Considered

experience shaped his approach to storytelling: report thoroughly, write concisely and let people speak for themselves. Will graduated from UNC-Chapel Hill and is a proud Tar Heel sports fan. He lives in Durham with his wife and daughter. When he isn't writing, he's usually umpiring Little League baseball games, tinkering with his 1988 Corvette or occupied by the joyful chaos of parenting a toddler.

[See stories by Will Michaels, NC Local](#)



Stay Connected

WHQR

All Things Considered

© 2026 254 North Front Street, Suite 300, Wilmington, NC 28401 | 910.343.1640

[Contact Us](#)

[WHQR on Facebook](#)

[WHQR on X](#)

[FCC Public Inspection Files](#)

