

## Building A Strong Workforce

### Recommendation

Provides \$138.2 million in FY 2025-26 and \$117.7 million in FY 2026-27 to build a talented workforce and create pathways leading to high-demand, high-wage jobs. Funds will support access to industry-valued workforce credentials for North Carolinians, including apprenticeships, work-based learning programs, training for health care professionals, and assistance for people returning from incarceration.

The recommendation also addresses the need for more robust unemployment benefits by increasing both the maximum weekly benefit and extending the time laid-off workers have to find new employment before exhausting their benefits. A one-time tax credit for employer contributions will support businesses facing recent increases in costs and those recovering from Hurricane Helene.

**Table 1: Allocation of Funds to Build a Strong Workforce**

<i>Credentials</i>	<i>Agency</i>	<i>FY 2025-26</i>		<i>FY 2026-27</i>	
Propel NC	NCCCS	\$40,291,805	R	\$40,291,805	R
Free Community College for High Demand Skills Training	NCCCS	\$34,491,330	R	\$34,491,330	R
Workforce Monitoring and Evaluation Capacity	DOC	\$300,000	R	\$300,000	R
NCcareers.org Information System	DOC	\$1,500,000	NR		
Growing the Health Care Workforce	NCICU	\$10,000,000	NR		
<b>Subtotal</b>		<b>\$86,583,135</b>		<b>\$75,083,135</b>	
<b><i>Apprenticeships</i></b>					
Whole System Apprenticeships Model	DPI, NCCCS, DOC	\$400,000	R	\$400,000	R
Work-Based Learning Grants for Small Businesses and Farmers	DOC	\$2,500,000	NR	\$2,500,000	NR
NC Career Launch	DOC	\$4,000,000	NR		
Aviation Fellows Program	DOT	\$200,000	R	\$200,000	R
Apprenticeship Reserve	OSBM	\$5,000,000	R	\$5,000,000	R
<b>Subtotal</b>		<b>\$12,100,000</b>		<b>\$8,100,000</b>	
<b><i>Workforce Development</i></b>					
Basic Law Enforcement Training (BLET) Criminal Justice Coordinator I	DPS	\$294,526	R	\$294,526	R
BLET Program Coordinator	DPS	\$105,161	R	\$105,161	R
Criminal Justice/Sheriffs' Training Standards Positions	DOJ	\$561,409	R	\$561,409	R
Direct Support Professional Development	DHHS-CMS	\$5,000,000	NR		
Vocational Rehabilitation Workforce	DHHS-DEIPD, DSB	\$26,996,396	R	\$26,996,396	R
NC Area Health Education Center Nursing Workforce Expansion	UNC	\$1,000,000	R	\$1,000,000	R
<b>Subtotal</b>		<b>\$33,957,492</b>		<b>\$28,957,492</b>	
<b><i>Reentry</i></b>					
Post-Secondary College Funding	DAC	\$2,500,000	R	\$2,500,000	R
Local Reentry Council Statewide Expansion	DAC	\$3,100,000	R	\$3,100,000	R
<b>Subtotal</b>		<b>\$5,600,000</b>		<b>\$5,600,000</b>	
<b>Totals for Recurring and Nonrecurring</b>		<b>\$115,240,627</b>	<b>R</b>	<b>\$115,240,627</b>	<b>R</b>
		<b>\$23,000,000</b>	<b>NR</b>	<b>2,500,000</b>	<b>NR</b>
<b>Grand Total</b>		<b>\$138,240,627</b>		<b>\$117,740,627</b>	

<i>Unemployment Insurance Enhancements</i>	<b>FY 2025-26</b>		<b>FY 2026-27</b>	
Unemployment Insurance Benefit Changes	\$82,000,000	R	\$88,000,000	R
Credit for Unemployment Insurance Taxes	\$110,000,000	NR		
<b>Unemployment Total</b>	<b>\$192,000,000</b>		<b>\$88,000,000</b>	

## Recommendation Detail

### Credentials

In 2019, North Carolina set a goal for a total of 2 million North Carolinians to have an industry-valued credential or postsecondary degree by 2030. The state has made strong progress toward this goal; 1.66 million North Carolinians currently have a degree or credential. However, North Carolina is still projected to fall short of the goal by 55,000 people.<sup>1</sup>

Governor Stein’s Recommended Budget expands access to workforce training and resources that will lead to a degree or credential aligned with the state’s high-demand sectors. The North Carolina Community College System (NCCCS) will begin implementing a new labor-market driven funding model to better prepare and connect students with high-demand, high-wage jobs. Additionally, the Governor recommends making community college tuition free for students pursuing non-credit, short-term workforce credentials in high-demand fields. Funding for the North Carolina Independent Colleges and Universities (NCICU) will help educate more health care professionals to address critical health care workforce shortages across the state. The budget will also modernize North Carolina’s career information system at the Department of Commerce (DOC) to help users explore occupations, receive help with resumes, and attain the necessary credentials to pursue their career aspirations.

### Apprenticeships

Apprenticeship programs are critical to develop a skilled workforce for high-demand industries across North Carolina, such as construction, health care, and manufacturing. As of January 2025, North Carolina’s state apprenticeship agency, ApprenticeshipNC, had more than 9,600 active registered apprenticeships and over 900 registered pre-apprenticeships. More than 3,500 employers and 15,000 apprentices have benefited from on-the-job training, pre-apprenticeships, or apprenticeships.<sup>2</sup>

The Governor’s Recommended Budget includes further investments in apprenticeships and on-the-job training opportunities to connect North Carolinians to high-demand jobs. The budget narrows the skills gaps in the state’s most critical workforce sectors by expanding apprenticeship programs and fellowships at NCCCS, Department of Public Instruction (DPI), DOC, and Department of Transportation (DOT), while also helping small businesses, including our state’s farmers, recruit and retain talent. The budget also funds at least 50 new apprenticeships across state government by investing \$5 million, recurring, into an apprenticeship reserve at the Office of State Budget and Management (OSBM). OSBM will work collaboratively with the Office of State Human Resources (OSHR) and state agencies on establishing apprenticeships throughout state government.

NC Career Launch (NCCL) will establish a rural youth apprenticeship program across five regions based on the successful Surry-Yadkin Works model developed by Surry and Yadkin Counties. The Department of Commerce will administer the \$4 million investment in this program in conjunction with the NC Business Committee for Education (NCBCE) and local stakeholders to develop and scale high-quality

<sup>1</sup> myFutureNC, [North Carolina’s 2025 State of Educational Attainment Report](#).

<sup>2</sup> ApprenticeshipNC, [2023-2024 ApprenticeshipNC Annual Report](#).

registered pre-apprenticeships for high school students. This innovative system will create career pathways in high-demand industries, while providing support systems and information for employers, school districts, and students. After two years, local communities will be expected to take responsibility for the continued funding of these programs for school districts. With this funding NCCL will increase registered pre-apprenticeship enrollment and pre-apprenticeship completions serving 1,000 participants and provide student support services, including a \$500 success stipend upon completion of the program. NCCL will also expand employer support, technical assistance, and professional development to provide comprehensive training for career counselors, CTE instructors, and administrators.

### Workforce Development

North Carolina faces significant labor market needs in high-demand sectors, especially health care. From nurses to direct care professionals, there are growing health care workforce opportunities across the state. There will be an estimated shortage of 12,500 registered nurses and 5,000 licensed practical nurses in North Carolina by 2033.<sup>3</sup> The direct care workforce also faces a shortage. According to a 2022 projection by PHI, an organization focused on building a strong direct care workforce, North Carolina is estimated to have 207,100 direct care job openings by 2032.<sup>4</sup>

To address these crucial workforce shortages, this budget creates retention programs for Direct Support Professionals (DSP) at the Department of Health and Human Services (DHHS). The funds will allow the department to offer scholarships, paid apprenticeships, and related training programs to strengthen the DSP workforce. This budget also funds the expansion of the nursing workforce by creating new training sites at the North Carolina Area Health Education Centers (AHEC), recruiting more nursing instructors, and developing educational pathways for nurses to increase their skills. Furthermore, funding for the Department of Public Safety (DPS) and Department of Justice (DOJ) will meet the state's growing public safety needs by adding more instructors to train and certify law enforcement officers.

The state must also stabilize its vocational rehabilitation workforce. This will help ensure individuals with intellectual and developmental disabilities (I/DD), especially those who participate in the Transitions to Community Living, Inclusion Works, and Individual Placement and Support initiatives, receive critical services to meet their employment and independent-living goals. The average vacancy rate for the vocational rehabilitation workforce across the state is approximately 22%, while the vacancy rate in some rural counties is nearly 40%. To address this vacancy rate for vocational rehabilitation counselors and other direct-service professionals and to sustain community provider rates, the Division of Employment and Independence for People with Disabilities (DEIPD) and the Division of Services for the Blind (DSB) will utilize approximately \$5.7 million to leverage an additional \$21 million in federal grant funds. The divisions will use these funds to increase salaries by approximately 18% and stabilize community provider rates.

### Reentry

The U.S. Department of Justice has reported that people who participate in education programs while incarcerated are 43% less likely to return to prison.<sup>5</sup> The Department of Adult Correction (DAC) will receive funds to increase the number of incarcerated people who complete higher educational degree programs. This budget supports services at DAC for justice-involved people as they return to their communities, and it provides funds to DHHS to ensure justice-involved people can receive health care

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<sup>3</sup> [Investing in North Carolina's Caregiving Workforce.](#)

<sup>4</sup> Direct Care Workforce State Index: North Carolina. [Link](#)

<sup>5</sup> U.S. Department of Justice. "Prison Reform: Reducing Recidivism by Strengthening the Federal Bureau of Prisons." [Link](#)

prior to their release. Together, these efforts will reduce recidivism by assisting with housing, health care, and other basic needs while supporting employment, which will set the person leaving incarceration and their community up for success.

### Unemployment Insurance

North Carolina's strong recovery from the COVID-19 recession enabled the state's Unemployment Insurance (UI) Trust Fund to reach a record high balance of more than \$4.8 billion in December 2024. Despite this financial strength, North Carolina's UI system lags most states in supporting laid-off workers. The state's average weekly benefit of \$302 ranks 42<sup>nd</sup> nationally, and the maximum weekly benefit of \$350 has remained unchanged since 2013. As a result, UI benefits now replace only one-third of wages for the average laid-off worker, down from approximately half in 2013. Most other states' UI benefits replace 45-55% of pre-layoff wages. Additionally, North Carolina provides the shortest benefit duration in the nation at just 12 weeks. Thirty-eight states provide at least 26 weeks of benefits.<sup>6</sup> North Carolina's short benefit duration results in 56% of laid-off North Carolina workers exhausting their benefits before finding new employment, compared to only 38% nationally.<sup>7</sup>

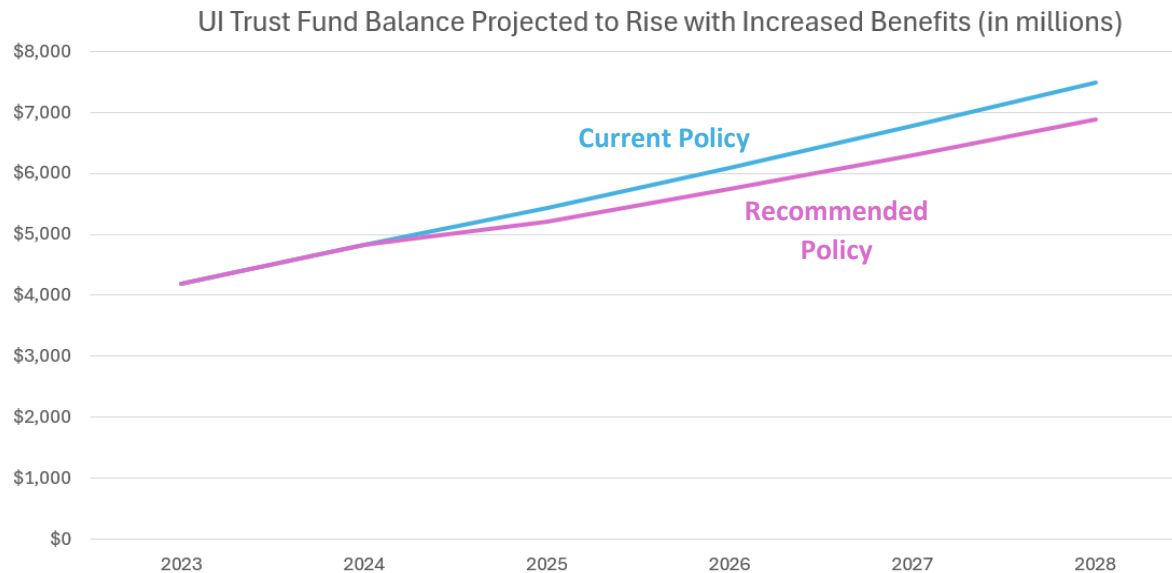
The Governor's recommended changes would adapt unemployment insurance benefits to better support laid-off workers and maintain consumer spending in areas hit by widespread layoffs. The maximum weekly benefit would increase from \$350 to \$470 for new claims filed on or after July 1, 2025, with annual inflation adjustments thereafter. The recommendation extends the maximum benefit duration from 12 weeks to 16 weeks when unemployment is low and from 20 weeks to 26 weeks during times of high unemployment.

The recommendation also provides businesses with a one-time credit equal to their employer UI contributions due January 31, 2025, providing support to businesses managing recent and anticipated increases in production costs and those in western North Carolina recovering from Hurricane Helene. Even with enhanced benefits and a tax credit for businesses, the UI Trust Fund would continue to rise (see chart below).

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<sup>6</sup> Center on Budget and Policy Priorities, "How Many Weeks of Unemployment Compensation Are Available?", updated February 2025. [Link](#)

<sup>7</sup> U.S. Department of Labor. "Unemployment Insurance Data Dashboard." 2025. [Link](#)



### Expected Impact

This proposal will narrow the state’s skills gaps, address critical workforce shortages, and build a talented workforce to support North Carolina’s growing economy. Expected impacts include:

- Increasing apprenticeship programs across the state to meet high-demand workforce needs.
- Supporting small businesses and farmers with grants to recruit talent and provide on-the-job training.
- Expanding the nursing and direct care professional workforce to meet critical shortages.
- Expanding the vocational rehabilitation workforce and improving employment outcomes for people with disabilities by enabling them to obtain the employment and independent services they need.
- Strengthening the state’s public safety workforce through enhanced training and certifications.
- Equipping North Carolinians with postsecondary degrees and credentials for high-demand, high-wage jobs.
- Offering free community college tuition to North Carolinians pursuing non-credit, short-term workforce credentials.
- Reducing recidivism for previously incarcerated people by increasing educational opportunities.
- Providing job seekers with more financial security and allowing them time to find positions that better match their skills and offer higher wages.<sup>8</sup>
- Helping local and regional economies stay afloat in times of widespread layoffs, keeping many families out of poverty and supporting local businesses by sustaining consumer spending.<sup>9</sup>
- Continuing to grow the UI Trust Fund in a growing economy while ensuring a sufficient financial cushion to sustain benefit payments without depleting the trust fund even if the state were to face a recession as severe as the Great Recession.

<sup>8</sup> Jason Faberman and Ali Haider Ismail. “How Do Unemployment Benefits Relate to Job Search Behavior?” Chicago Fed. June 2020. [Link](#)

<sup>9</sup> William J. Congdon and Wayne Vroman. “Extending Unemployment Insurance Benefits in Recessions: Lessons from the Great Recession.” Urban Institute. February 2021. [Link](#)