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DAVE Act: Long-Term Vacancies & Lapsed Salary Report

Jan. 6, 2026



Long-Term State Vacancies and Their Lapsed Salaries

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January 5, 2026

Background

- DAVE Act (Session Law 2025-89) created Division of Accountability, Value & Efficiency
 - Purpose: Assess need for State agencies & vacant positions
- Agency Requirements:
 - Explain use of public funds to execute powers and duties under law
 - List positions vacant \geq 6 months, as of Aug. 6, 2025.
- OSA Obligation: Report findings to General Assembly
- Lapsed Salary Defined: Unspent salary & benefits during vacancy
 - Use: One-time, non-recurring expenses only
 - Restrictions: Cannot fund new permanent positions or increase salaries



Objective

The objective of this audit was to analyze long-term vacancies and associated lapsed salaries across State agencies. Specifically, this audit:

1. Identified all positions vacant ≥ 6 months as of Aug. 6, 2025, including total count, vacancy duration, and whether posted with applications received.
2. Identified lapsed salary from long-term vacancies, including annual amount and total since original vacancy date.
3. Identified the reasons, according to each State agency, for the length of their long-term vacancies.
4. Provided recommendations to improve transparency and accuracy of vacancy and lapsed salary reporting, and to identify positions for possible elimination based on long-term vacancy analysis.



Scope

Positions:

- Any position vacant from February 6, 2025 to August 6, 2025 either according to OSHR data or reported by the State agency

Auditees:

- 46 State agencies (Departments, Offices, Boards, and Commissions)
 - 37 State agencies had at least 1 long-term vacancy
 - 21 State agencies had 15 or more long-term vacancies
- UNC System Universities and NC Community Colleges submitted information to OSA but will be included in a future report.

UNC Health System not included in this report



Methodology

1. Requested detailed vacancy data from agencies (duties, dates, postings, recruitment info, explanations, plans to abolish).
2. Reconciled submissions with OSHR records; followed up for missing or unclear responses.
3. Analyzed and standardized vacancy data; flagged anomalies; obtained context through agency follow-ups.
4. Collected lapsed salary data from BOBJ system; reviewed agency use of funds; benchmarked high-need positions using BLS and regional comparisons.
5. Conducted interviews and reviewed laws, regulations, and policies to inform recommendations.



Key Findings

- **Long-term vacancies make up 11% of the State workforce:**
14,366 positions were vacant as of July 31, 2025, and 8,845 of those have been vacant ≥ 6 months, out of 79,813 total positions.
- **13% of long-term vacancies have been filled between August 6 and October 1.**
- **9% of long-term vacancies were planned for elimination between August 6 and October 1.**



Key Findings (continued)

- **Low compensation was the most common reason given for long-term vacancies according to State agencies.**
- **Example: Uncompetitive pay for correctional officers, nursing assistants, registered nurses, licensed practical nurses, and youth counselors contributes to long-term vacancies in DAC, DHHS, and DPS.** Salaries are below regional averages, making it a challenge to recruit and retain talent despite ongoing efforts.
- **Slow administrative processes were the second most common reason given for long-term vacancies.** Agencies cited delays in posting or completing hiring steps, often due to reclassifying positions into new job or salary ranges, transferring roles to different divisions or locations, and lengthy HR procedures or other administrative lags.



Findings

- **10% of long-term vacancies were due to funding uncertainties or funding cuts according to State agencies.**
- **22% of long-term vacancies were never posted by State agencies.** State agencies have not posted 1,914 of 8,845 (22%) long-term vacancies, signaling a lack of intent to fill these positions and, in some cases, the State agencies' intent to generate lapsed salary.
- **9% of long-term vacancies are purposefully vacant.** State agencies admitted to purposefully keeping 774 of 8,845 (9%) long-term vacancies vacant, largely to generate lapsed salary to cover operational expenses and other costs.
- **10% of long-term vacancies were not explained by State agencies.**



Recommendations

- **State agency budgets should be prepared to reflect the actual expenditures necessary to provide services and fulfill responsibilities to North Carolina.** When positions remain unfilled, agencies should evaluate them for reclassification or abolishment, adjust salaries where necessary, and budget for temporary workers or overtime as appropriate. Any remaining lapsed salary funds should be used as permitted by law and reported in future budget requests to ensure transparency, accountability, and accurate expenditure alignment.
- **Lapsed salary tracking and reporting needs improvement.** Most agencies only track fund transfers, not actual expenditures, making it difficult for the executive branch to evaluate fund management and limiting the legislature's ability to ensure appropriations are used as intended.



Recommendations

- **North Carolina salaries should be competitive with surrounding states.** For positions with high vacancy rates and repeated failed recruitment efforts, agencies should evaluate comparable roles in neighboring states to determine: (1) the optimal number of positions, (2) labor market elasticity, and (3) an appropriate target salary.
- **Reduce administrative delays by increasing accountability and streamlining workflows.** Agencies should identify bottlenecks such as prolonged reclassifications, position transfers, and inefficient HR steps through process mapping and timeline benchmarking. Implement structured timelines, assign clear accountability, and use automation or centralized approvals to accelerate hiring.



Recommendations

- **Improve tracking and oversight of hiring and vacancies.** Effective management requires clear documentation standards, centralized tracking systems, structured timelines, and regular analysis of vacancy data to identify patterns and operational impacts.
- **Eliminate positions that meet defined criteria.** While lapsed salaries help fund essential operations, certain long-term vacant positions should be considered for elimination based on clear criteria. State agencies must also review whether appropriations should be adjusted after eliminating these positions. The following recommendations reflect the number of positions within the 8,845 long-term vacancies that satisfy the applicable criteria for elimination.



Potential Cost-Savings

Federal funds have been removed the from dollar amounts listed below.

- **Eliminate positions agencies have no apparent intent to fill.**
 - Positions: 746 State Funds: \$32,135,705
- **Eliminate positions vacant for five years or more.**
 - Positions: 213 State Funds: \$9,219,579
- **Eliminate positions vacant for three years or more.**
 - Positions: 1,377 State Funds: \$65,204,194
- **Eliminate positions vacant for two years or more.**
 - Positions: 2,945 State Funds: \$137,426,650



Potential Cost-Savings

- **Eliminate positions never posted and unexplained.**
 - Positions: 95 State Funds: \$4,929,002
- **Eliminate positions with funding concerns that were never posted.**
 - Positions: 351 State Funds: \$13,508,386
- **Eliminate positions never posted and slowed by administrative processes.**
 - Positions: 27 State Funds: \$1,322,009



Potential Cost-Savings

- **Eliminate positions vacant for one year or more with no applicants.**
 - Positions: 477 State Funds: \$25,222,392
- **Eliminate unexplained positions.**
 - Positions: 888 State Funds: \$47,964,176
- **Eliminate positions vacant for one year or more.**
 - Positions: 5,275 State Funds: \$250,061,218





DAVE Act Timeline Through 2026

- August 6, 2025 DAVE Act Becomes Law
- October 1, 2025 State Agency Responses Due
- December 30, 2025 Dashboard Released
- January 6, 2026 Presentation at the General Assembly
- January 2026 Lapsed Salary Report to be Published
- Spring 2026 Universities and Community Colleges Reports Published
- Summer 2026 Additional DAVE Act Dashboard Update

