

News from Jones Street

*Your legislative updates from Jackson Cozort,
RGEA Director of Government Relations*

June 27, 2025

Well, as predicted, both the House and the Senate gaveled out Thursday, June 26th, with no budget in place... yet again. Both chambers passed some form of their own mini-budgets through their respective chambers. Although the Senate passed a mini-budget, it failed to address many significant budget factors. Among the largest was the Senate's omission of state employee raises, teacher raises, or retiree bonuses. To create this mini-budget bill, the Senate stripped the language from House Bill 125, a previously symbolic bill that would have made the Moravian star the official state star of NC. The House mini-budget (House Bill 192), however, stayed true to its original budget and included the same 2025 amount of money for teacher and state employee raises, as well as our TSERS retiree bonus. As expected, neither chamber took up the other's mini-budget, so the legislature is headed home with no budget in place and no solid plan on when either chamber will return to address this.

So what does that mean for our state?

Unlike the federal government's budget process, North Carolina does not shut down when a budget is not passed. Our state's statutes permit it to continue operating at the previous budget level, but this does not come without serious consequences. Since schools, community colleges, and public universities' funds are enrollment-based, any of these that are growing will essentially be receiving budget cuts because they are having to function with many more students to teach, but no increase in funds to assist with that. Any construction projects, road widening or DOT projects, or any infrastructure projects that would rely on 2025 appropriations will have to be halted. Teachers and state employees must start the new fiscal year with the same salaries as last year, and there is no post-retirement increase for TSERS. On Thursday, the Speaker of the House, Destin Hall, said he would be meeting with Representative Reives (the democratic minority leader) in a week or so to discuss possible dates for when the House might come back into session in the following months.

One important thing to note is that the House budget passed with the STRONGEST BIPARTISAN vote in recent memory. So, with the Republicans having a strong majority in both chambers, this is not a Democrat vs Republican issue causing the stalemate. It is a philosophical disagreement between the majority party in the House and the majority party in the Senate.

June 20, 2025

It was another week of bill after bill going through both House and Senate committees, but with little to no budget negotiations occurring. Both chambers still plan to work through the end of next week and then take a break for the entire month of July. A date for their return has not been set yet, but we may be able to provide a more concrete estimate of their expected return date next week.

A positive thing to note is that, for the six months the legislature has been in session, only seven bills have reached the Governor Josh Stein's desk—one of which was HB 506, the 2025 State Investment Modernization Act. The Governor signed

HB 506 into law last Friday after the House and the Senate unanimously approved the bill. A key component of this bill was transitioning from a sole fiduciary model, in which only one individual, the Treasurer, made the final decision on investments, to an investment authority board with five members participating in the process. As you may recall from our previous FB posts—there are now only two other states still operating with a sole fiduciary model—New York and Connecticut.

RGEA views this change for North Carolina and other components of the Investment Modernization Act as a positive step towards more consistently reaching the pension's investment return target, thereby improving the opportunity for the pensions to deliver COLAs for local and state retirees. RGEA would like to thank Treasurer Briner and his staff for including RGEA in the dialogue in the drafting of this bill, as it is a very relevant piece of legislation to our members.

On another note, RGEA would like to thank everyone who came to our conference in Wilmington this week! Despite the scorching heat, the conference was absolutely filled to capacity and was one of the best and most productive events that RGEA has hosted in recent memory. We look forward to seeing everyone again at our fall conference in the mountains in September! More details coming soon.

June 13, 2025

It was a busy week down at the legislative building as both the House and the Senate frantically try to pass as many bills as possible before both chambers go home at the end of this month. Originally, the House and the Senate expressed they would have a budget completed by the end of June, but that seems unlikely as far as the Majority budget leadership in each chamber cast different visions for North Carolina with their budgets. As a reminder, only the House budget has included a pension supplement for retirees while the Senate's budget does not. To quote Senator Ralph Hise, the Senate's lead budget negotiator, "I've never gone into a conference process feeling like we were further apart than we are at this point." Both the House and the Senate plan to take the entire month of July off and come back in August to re-start budget negotiations. Let's hope the old saying "Distance makes the heart grow fonder" rings true, because just like in 2024, if they cannot put together a final budget, teacher raises, state employee raises, retiree bonuses, and many other things might never see the light of day.

June 6, 2025

The legislature hit the ground running this week, following a one-week break after the House passed its version of the budget on May 22nd. On June 3rd, the House voted 113-0 to concur with the Senate on HB506, the 2025 State Investment Modernization Act. The primary objective of this bill, which was publicly endorsed by RGEA, was to transition the State's investment model from a sole fiduciary model to an appointed investment board. North Carolina now joins the forty-seven other states that operate with an investment board model, rather than having a single person with all decision-making power on investments. RGEA believes that this soon-to-be-appointed investment board will foster a more robust decision-making process, bringing more stability to investment decisions, increasing the likelihood of pensions meeting their targets, and making COLAs more the norm than the exception over time.

We would like to thank Treasurer Briner for teaming up with RGEA to host a fantastic webinar earlier this week, during which he discussed local and state government pensions, COLAs, and other related topics. If you missed it, the link to this week's webinar is listed below. Stay tuned for more updates as the House and the Senate begin what could be a lengthy negotiation process to finalize a budget.