

# News from Jones Street

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

## September 26, 2025

Although the Legislature met this week it appears that the House and the Senate are no closer to a final budget agreement. Keep in mind, the disagreement between the Chambers is not a Democrat vs Republican issue, both the House and the Senate hold large Republican majorities. The key differences are still that the House would prefer larger State Employee and Teacher Raises, as well as a 3% bonus over two years for TSERS retirees. The Senate's version of the budget supported smaller raises and no bonus at all for TSERS retirees. The Senate would also like to see a larger tax cut package where the House advocates for smaller tax cuts.

Local Government Retirees' (LGERS) bonuses and COLA's do not come from the State Budget. They come from the State Pension's investment returns that are invested by the State Treasurer. By Statute, for LGERS to receive a COLA, the investment returns must average 6.5% over a three-year period. Unfortunately, the State's investment returns over the last decade have rarely hit this mark. Something needed to change. That is why this year RGEA teamed up with the new Treasurer to pass HB 506 – 2025 State Investment Modernization Act which changes the State's investment model from a "Sole Fiduciary" Model to an appointed investment authority board full of highly qualified investors; and we are already seeing fantastic results. If the investment returns keep tracking as they are now, not only should we easily clear the 6.5% necessary to legally allocate COLAs to local retirees, we could possibly even close as high as 10% or more which would have a fantastic impact on the three-year average needed to make yearly COLA's for both TSERS and LGERS a reality.

## September 19, 2025

The legislature plans on briefly coming back into session early next week but from everything we are hearing from both the House and the Senate leadership, they are no closer to an agreement on a final budget. The main sticking points continue to be the tax package, teacher and state employee raises, and a bonus for state retirees. Here is an article explaining these disagreements in more detail: [wral.com/story/why-hasn-t-nc-approved-raises-for-teachers-and-state-employees-gop-stalemate-over-taxes/22135018/](https://www.wral.com/story/why-hasn-t-nc-approved-raises-for-teachers-and-state-employees-gop-stalemate-over-taxes/22135018/)

Although they do have a few committee meetings scheduled, mostly dealing with government efficiency and additional Hurricane Helene relief, it would appear that they do not intend on taking up any of the controversial budget items. Although it is doubtful they will be taking up these budget items, RGEA still needs your help! On Monday we will be issuing a Call-to-Action asking our State Retirees to e-mail your legislators to:

- Remind them that we are still here and in need.
- Urge them to pass a comprehensive budget that contains a pension supplement to deal with rising inflation consistent with the House's version of the budget.

Be on the lookout for this Call-to-Action early Monday morning either through your e-mail or Facebook.

## September 12, 2025

I. Beverly Lake, et al. v. State Health Plan for Teachers and State Employees, now in its 13th year of litigation, began with

the General Assembly's 2011 decision to reduce retiree health benefits. The case has climbed through the legal system for more than a decade, including one stop at the U.S. Supreme Court, where a petition for a writ of certiorari filed by the State was denied. When a writ of certiorari is denied, the lower court's ruling stands; in this instance, the North Carolina Supreme Court's decision remains in effect—a win for State retirees, affirming that the promised health care coverage is a protected benefit.

The State, represented by private counsel since 2023 and no longer by the Attorney General, most recently filed a motion to decertify the case as a class action lawsuit. This motion was denied by the trial court. Under a 2017 change in state law (2017 HB 239), such a denial provides an appeal of right directly to the Supreme Court from a trial court decision regarding class action certification. For reference, the court certified the Lake Case class in 2016. Given the size of the class—over 200,000 members—the outcome of this case remains critical for state retirees still awaiting its full resolution.

You can learn more about the Lake Case, including its timeline, on the official website: [lakeclasscase.com/class-information/](https://lakeclasscase.com/class-information/).

As always, RGEA will continue to keep you informed about the Lake Case and other matters important to you.

## September 5, 2025

As we close out another week on Jones Street, the budget process in Raleigh remains firmly stuck in neutral. The General Assembly was supposed to meet last week to continue budget negotiations, but that never materialized, and lawmakers were even advised by the leadership not to travel to Raleigh. The House and Senate continue to be locked in disagreement over key issues, including how much to increase teacher and state employee pay, the structure of the state's tax package, and whether retirees in the Teachers' and State Employees' Retirement System (TSERS) should receive a desperately needed bonus to combat inflation. The House budget has advocated for larger raises and a retiree bonus, while the Senate has pushed for smaller increases and no bonus for retirees at all. With neither side willing to give ground, it now looks like serious negotiations will not resume until later in September, leaving retirees, state employees, and taxpayers waiting for clarity.

As the summer winds down, RGEA remains committed to monitoring every development, whether it comes from the General Assembly or the Treasurer's office, and to advocating for policies that protect and strengthen the benefits you earned through years of service. While the legislature remains deadlocked, we are keeping your voices front and center, reminding lawmakers that retirees cannot be left behind in the budget process.

The next milestone for local government retirees is the October 30 LGERS Trustee Meeting. This meeting typically entails the sharing of the actuarial forecast that will inform the Trustee's decision on awarding any additional post-retirement supplements at their January meeting. The agenda for this meeting and collateral materials will be publicly shared a week before the meeting, and we will include them in a future News from Jones Street. As always, RGEA staff and board members will present at this meeting.

We are often asked who makes up the Governor's nominees for these eight LGERS Trustee seats, which are subject to confirmation by the General Assembly. By statute, the Governor's pool of nominees must reflect participation from:

- An active or retired county commissioner
- A mayor or members of municipal governing boards
- A county or city manager
- A active local government employee (non-exempt under FLSA)
- A retired local government employee (non-exempt under FLSA)
- A law enforcement officer employed by participating local governments

Each Trustee serves a four-year term, with terms staggered so that two of these seats turn over every year. All gubernatorial appointments (the one public seat and the eight local government seats) require confirmation by both chambers of the General Assembly.

- Trustees may be reappointed for successive terms; there is no statutory term limit.
- Vacancies are filled in the same manner as the original appointment and only for the remainder of the unexpired term.

Thank you, as always, for your continued support and advocacy.