

News from Jones Street

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

November 21, 2025

Last week, the General Assembly refused to comply with Governor Stein's order to return to address the Medicaid funding shortfall. Although it was already highly unlikely that the legislature would complete a budget, the decision not to convene by the legislative majority leaders further solidifies their decision not to complete a comprehensive budget in 2025. The Legislature has scheduled two legislative oversight committee meetings that deal with DHHS and Medicaid for the week of December 8th, but those oversight committee meetings will most likely just look at agency reports, and it is unlikely any legislation will come out of these meetings that deal with the Medicaid shortfall, the budget, or otherwise.

As far as LGERS (local government retiree) bonuses and COLAs are concerned, Treasurer Briner continues to report very positive investment gains from this year's pension investments. These investment returns must average 6.5% over a designated "smoothing" period for the LGERS board to recommend a COLA for local government retirees. The pension fund is still hurting from 2022's negative 10% investment return, which ranked North Carolina last among public pensions nationwide. In a press release posted earlier this week by Treasurer Brad Briner, it was shared that returns are around 11% for this calendar year. In earlier public statements, the Treasurer indicated that a COLA in 2027 may be possible based on earnings for local government retirees.

To update on the Lake case, the State's motion to decertify the Lake Case as a class action lawsuit is still pending before the state Supreme Court. Although this case had been certified as a class action years before, a seemingly retaliatory law enacted in 2017 makes a Judge's decision on any motion to decertify a class action automatically appealable to the state Supreme Court. The State, in a last-ditch effort to derail the case, made this motion to decertify the Lake Case as a class action lawsuit, hoping that the change in the political makeup of the Supreme Court would allow it to decertify the case as a class action lawsuit. If the Supreme Court sides with the state on this motion, the already 14-year-old case would have to start all over from the beginning, even though every court in the state has already ruled in favor of the State Retirees.

November 14, 2025

The Republican leadership of both the House and the Senate has rejected Governor Stein's call for them to come back into session to address a shortfall in Medicaid funding due to the inability of the legislature to pass a comprehensive budget. Although it is completely within the Governor's constitutional right to call the legislature back into session, the Republican leadership claims that the funding of the Medicaid shortfall does not meet the "extraordinary occasion" standard set forth in the North Carolina constitution and therefore plans to disobey his order and wait until 2026 to address the Medicaid shortfall and any other budget issues.

Medicaid, which provides health insurance for nearly one in three North Carolinians, is hundreds of millions of dollars short as Republican lawmakers have failed to pass a new state budget or any of several standalone Medicaid funding bills that have also been proposed. North Carolina is the only state in the country without a budget. As a result, the state has begun cutting back on what it pays doctors, hospitals, and health clinics for their work treating patients on Medicaid. Most are facing 3%

cuts, while some more specialty providers are facing cuts up to 12%. If the cuts continue, they could eventually lead to health providers declining to take on new Medicaid patients, going out of business, or both.

So, there we have it. With the legislature refusing to return for what appears to be the rest of the year, North Carolina is almost certain to be the only state in the entire country to enter the new 2026 calendar year without a budget. Nationally, North Carolina is frequently cited as one of the most heavily gerrymandered states in the nation, so this coming election will see the fewest competitive legislative districts in recent memory. Still, 2026 is an election year, so it will be interesting to see if the legislature's lack of a budget, which means no teacher raises, no state employee raises, and no bonuses or COLAs for state retirees will have any impact on the upcoming 2026 legislative elections.

November 7, 2025

Jones Street remained quiet again this week, with both the House and Senate still adjourned. Today marks 130 days since the budget was officially due, yet no agreement appears imminent between the two chambers. However, something is prompting them to return to the General Assembly. Governor Stein has invoked his authority to reconvene the General Assembly in Raleigh on November 17 to address Medicaid funding. This marks the first time in seven years that the Legislature has been called back into session. Medicaid, often regarded as a program for providing healthcare to children from low-income families, also serves a population of older adults. A reduction in Medicaid funding could impact seniors who rely on it to pay a portion of their nursing home care, utilize it to cover in-home services, or qualify to use it for co-pays on their Medicare. Before adjourning in October, the House passed HB 491 and SB 405. Both aimed at providing additional Medicaid funding. These bills followed the same fate as SB 599, which included a 3% TSERS retiree bonus, with Senate leadership ruling that these bills were procedurally "bills out of order" and declining to consider them. While no comprehensive budget work is expected when lawmakers return on the 17th, it remains to be seen whether the Senate will yield to pressure from the House and the Governor or continue to deflect action through the procedural route they have been taking in recent months.