

News from Jones Street

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

December 19, 2025

The Forgotten Promise of 1941: Why the General Assembly Still Owes Retirees

Amid the shadows of the Great Depression and on the eve of World War II, North Carolina lawmakers responded to the urgent needs of their citizens. Seeing the deepening poverty faced by older North Carolinians—including those who had spent their lives serving their communities—they created the Local Governmental Employees' Retirement System in 1939 and the Teachers' and State Employees' Retirement System in 1941. These systems were not born from surplus wealth, but from a recognition that the state owed its public servants security and dignity in retirement. That promise became the bedrock for every pension check, every cost-of-living adjustment, and every benefit we continue to defend today.

Eight decades later, this same Legislature, designed by our 1776 Constitution to intentionally hold the most power in state government, is struggling to fulfill its core responsibility: passing a full state budget. North Carolina remains the only state in the country without a finalized budget for the 2025–27 biennium, relying on an outdated budget as the impasse drags into 2026. Even with unified one-party control in both the House and Senate, even with all the tools and votes necessary to pass a full budget, internal disputes have stalled raises for state employees and teachers, bonuses or COLAs for state retirees, and meaningful relief for those on fixed incomes navigating rising costs.

Not passing a state budget also impacts local governments that are needlessly facing stalled projects, school staffing and salary pressures, Medicaid and public-health instability, planning uncertainty, and potential cost shifting from the state to local budgets, all driven by this indecisiveness on a state budget.

On a bright note, amid the ongoing gridlock and legislative chaos, the State Treasurer's department has delivered strong investment returns for both LGERS and TSERS through 2025, clocking in around 11% year-to-date and growing assets to \$139 billion. These gains will go a long way toward putting the three-year investment return average above 6.5%—the threshold needed to legally approve a COLA for both TSERS and LGERS based solely on investment performance. These gains could create a pathway for COLAs for both retiree systems despite the legislative dysfunction.

All this being said, here is the truth our members deserve to carry into the holidays: the lawmakers of 1941 could have turned away from those pleas for retirement security. They didn't. It is time our current legislators do the same.

December 12, 2025

The Long Shadow of 1776: Why NC's Government Still Works the Way It Does

As we wrap up the year as the only state in the country where the Legislature could not produce a finalized state budget, it's worth remembering that North Carolina's political structure didn't arrive here by accident. From the moment our first constitution was adopted in 1776, the General Assembly was intentionally built to be the most powerful branch of state government.

Still wary of colonial governors, early lawmakers designed a system where the Legislature chose the governor, appointed judges, filled executive offices, and controlled nearly all state functions. The Legislature was the center of gravity.

By 1835, that imbalance had gone too far. Population growth and western expansion created pressure to modernize the system. The constitutional reforms that year were major: for the first time, North Carolinians elected their governor directly, and legislative representation was updated to reflect the state’s changing population.

Those reforms didn’t erase the Legislature’s dominance, but they did attempt to create a more balanced government. And yet, nearly 190 years later, the imprint of that original Legislature-dominant structure remains.

Despite single-party control of both chambers, despite holding all the tools the founders placed in their hands, the Legislature has still been unable to deliver one of its most basic responsibilities: passing a state budget. Even with the Governor’s veto power limited, and even with complete same party control, disputes between the House and Senate over tax cuts, employee and teacher raises, and retiree COLAs and bonuses have created a complete impasse.

For retirees, this history is not just a civics lesson. It explains why, when the Legislature stalls, everything stalls. There is no backup system. There is no alternative route. North Carolina’s founders built a Legislature-first government, and in years like this one, we see exactly what that means.

As we head into the new year without a budget and without the relief retirees desperately need, RGEA will continue pushing lawmakers to act. Because with all the power the Legislature holds, failing to use it isn’t just a historical irony. It has real consequences for the people of this state.

If you missed RGEA’s “2025 State and Local Legislative Year-End Recap” webinar this past Wednesday, December 10, the full recording is now available on our YouTube channel. RGEA Executive Director Tim O’Connell and I discuss how these consequences shaped 2025.

December 5, 2025

All remained quiet for yet another week down on Jones Street. The Legislature originally scheduled two joint oversight committee meetings, but it appears that those were cancelled and rescheduled for this upcoming week. As far as budget negotiations go, this passing week marks 150 days since a state budget was officially due. From everything we are hearing from the leadership in both the House and the Senate, the Legislature does not plan on doing any other comprehensive budget work until after the primary election in early 2026, and more realistically not until the short session officially cranks back up in May. Considering that we are already in December, it is all but certain that North Carolina will end the calendar year being the only state in the country to not pass a comprehensive budget.

Don’t miss our upcoming webinar on December 10—2025 State and Local Legislative Year-End Recap—where RGEA Executive Director Tim O’Connell and I will walk through the major developments from this year’s legislative session that affect both TSERS and LGERS. Among the issues we’ll highlight are:

The Lake Case	House Bill 506
Cryptocurrency legislation	Behind-the-scenes insights on local government issues and key research
Budget timelines and negotiations	State Health Plan updates*

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