RGEA NORTH CAROLINA RETIRED GOVERNMENT EMPLOYEES ASSOCIATION

News from Jones Street

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

June 29, 2026

After More Than 1,000 Days, North Carolina Finally Has a Budget

After more than 1,000 days, North Carolina has a comprehensive state budget that will fund state government through June 30, 2027. Reaching this agreement was difficult, as legislative leaders worked to find consensus on taxes, education funding, pay raises for teachers and state employees, and benefits for state retirees.

Throughout the short session, we shared that the House and Senate began negotiations from very different positions. The House budget acknowledged the financial pressures facing state retirees by including a bonus, while the Senate's original proposal offered no additional benefit at all. During negotiations, House leaders remained committed to protecting retirees and fought to keep that provision in place. Their persistence ensured that the 2.5% one-time bonus ($132M) remained in the final conference budget.

While we appreciate this outcome, RGEA's long-term mission has not changed. Our goal is to secure true, permanent Cost-of-Living Adjustments (COLAs) rather than relying on one-time bonuses. Bonuses provide short-term help, but they do not restore the purchasing power retirees lose year after year. That is why RGEA will continue advocating for permanent benefit improvements whenever financially possible.

Unfortunately, the numbers behind COLAs have become increasingly challenging. With approximately 250,000 retirees in TSERS, the cost of providing just a 1% permanent COLA is now about $600 million dollars. For this reason, neither legislative chamber nor the Governor included a permanent COLA in their budget proposals.

We also know many of our Local Government Employee Retirement System (LGERS) members are asking why the state budget does not include anything for local government retirees. The answer is simple: the state budget does not fund local government salaries or their retirement plan. Local governments fund LGERS through local taxes. COLAs and bonuses for LGERS retirees are determined by the pension fund's investment performance. When the fund exceeds its long-term earnings targets, Trustees are allowed by law to award post-retirement benefit supplements.

Because of this distinction, RGEA's strategy for LGERS has focused on strengthening the pension system itself. The most significant improvement comes from House Bill 506, the State Investment Modernization Act, which replaced North Carolina's outdated sole-fiduciary investment structure with a modern Investment Authority Board. This reform is already showing results: the retirement system ended calendar year 2025 with an investment return of approximately 13% and is tracking comparatively strongly in 2026. Strong investment performance is what creates future COLA opportunities for both LGERS and TSERS, making HB 506 one of the most important retiree reforms in many years. A pension plan that meets and exceeds its targets delivers COLAs the same way good soil delivers abundance from the land.

RGEA also worked closely with Treasurer Brad Briner's administration and numerous stakeholder organizations to develop the Employer Contribution Rate Stabilization Policy (ECRSP). While the name may not sound exciting, the policy is another important step toward making future COLAs more attainable. It provides greater flexibility in awarding COLAs while keeping employer contribution rates stable. Like the investment modernization reforms, this work was never about immediate headlines; it was about building a stronger foundation for retirement systems that can support meaningful benefit improvements well into the future.

So yes, after 1,000 days, North Carolina finally has a budget. We gratefully acknowledge our RGEA members who participated in RGEA's advocacy day, wrote letters, and responded to calls to action. We also acknowledge the legislators who championed state retirees and understood their constituents' needs throughout this arduous marathon of a state budget process.

At the same time, we want to make it clear that RGEA's work is far from finished. Whether advocating for permanent COLAs, improving pension investment performance, or strengthening the policies that support both TSERS and LGERS retirees, RGEA remains committed to ensuring that those retired from public service in North Carolina continue to have a strong voice on Jones Street and beyond.

June 26, 2026

Overrides Move Forward. Budget Stands Still

As June winds down, one thing has become increasingly clear: North Carolina still doesn't have a state budget.

When lawmakers returned to Raleigh this week, much of the attention centered on a series of veto override votes. Republicans successfully overrode several of Governor Josh Stein's vetoes on legislation dealing with immigration, diversity, equity and inclusion policies, and other issues after a few key Democratic members were absent from the House floor. The votes represented a significant political victory for legislative Republicans and a frustrating setback for Governor Stein.

For state retirees, however, the biggest headline remains what didn't happen.

There is still no budget agreement.

Throughout the short session there has been optimism that House and Senate leaders were making progress. More recently, the hope around Jones Street was that lawmakers could complete negotiations before the Fourth of July holiday. While discussions continue behind the scenes, that timeline now appears increasingly unlikely. The latest expectation circulating around the Legislative Building points toward the week of July 13 as the most realistic target for final budget action.

That matters because the budget is much more than a spending document. It determines funding for state government operations, employee compensation, and, most importantly for our members, when state retirees will receive any additional benefit improvements this year.

As we've discussed over the past several weeks, House and Senate leaders have reportedly reached agreement on many of the major budget items, including a proposed 2.5% one-time bonus for state retirees. With approximately 250,000 retirees in the State Retirement System, that provision is expected to cost roughly $140 million, making it one of the larger individual appropriations in the budget.

For our local government retirees, it is important to remember that the state budget does not determine LGERS COLAs or bonuses. Those benefit improvements are tied to the financial strength and investment performance of the retirement system. For more than a decade, North Carolina's pension investment returns have lagged many of their peers around the country. Under Treasurer Brad Briner's leadership, however, significant changes are now underway, including implementation of the 2025 State Investment Modernization Act (HB 506), legislation that RGEA publicly supported. While these reforms will take time to fully mature, stronger long-term investment performance should improve the financial position of the retirement system and create more opportunities to advocate for future COLAs and benefit improvements for LGERS retirees.

The General Assembly has demonstrated this week that when there are enough votes, action can happen quickly. The challenge now is finding common ground on the issue that affects every North Carolinian: completing a state budget.

We'll continue monitoring negotiations closely and keep you informed as budget discussions develop. While the calendar continues to move forward, our advocacy remains unchanged. North Carolina's retired public servants deserve certainty, and we remain committed to ensuring your voice is heard as budget negotiations enter what we hope will be their final stretch.

June 19, 2026

One Thousand Days Later

This week marked a milestone that few lawmakers are likely to celebrate.

North Carolina has now gone approximately 1,000 days since the last comprehensive state budget became law.

For most people, that number may seem hard to believe. After all, lawmakers pass mini-budgets and other spending bills throughout the year. But the state's last full budget was approved in September 2023. Since then, disagreements over tax policy, State Employee raises, and State Retiree compensation have left North Carolina operating without a comprehensive budget agreement.

The good news is that the finish line finally "appears" to be in sight.

Budget negotiations have now entered their final phase, with House Speaker Destin Hall and Senate President Pro Tempore Phil Berger meeting directly to resolve the remaining differences between the House and Senate plans. Both leaders have indicated progress is being made, and Berger recently said having a budget ready by the end of June remains achievable.

The delay has largely been the result of disagreements within the Republican majority itself. Last year, House leaders pushed for higher raises for teachers and state employees, and a pension supplement for state retirees, while Senate leaders prioritized additional tax reductions. That impasse kept a full budget from moving forward throughout 2025. Last month, however, legislative leaders announced they had reached agreement on these major issues, clearing the way for final negotiations.

For state retirees, the budget remains the most closely watched issue of the legislative session. While some budget details remain unresolved, one important provision appears to have survived the major House and Senate negotiations. RGEA worked throughout the budget process to ensure that the proposed 2.5% one-time pension supplement for state retirees from the House's original budget remained part of the final agreement reached between House and Senate leaders. RGEA would like to thank the House leadership for standing strong during these negotiations. Many details of the final budget remain unresolved, including funding for various state projects and priorities. However, preserving the State Retiree bonus through the most significant phase of negotiations was a crucial step forward.

After nearly three years of delays, lawmakers are once again saying the finish line is near. North Carolina citizens have heard that before. Big question is, will the legislature finally deliver?

June 12, 2026

Last week, the State Health Plan Board of Trustees met to address one of the most significant financial challenges facing the plan in recent years. With less than 24 hours' notice to the public, the Board approved changes to the Medicare Advantage plans that will increase out of pocket costs for many retired state employees beginning in 2027. The changes were presented as part of a broader effort to address rising healthcare costs and strengthen the long-term financial stability of the State Health Plan. While Board members acknowledged that these decisions were difficult, the vote will have a direct and lasting impact on thousands of retirees who depend on the plan for their healthcare coverage.

The rising cost of healthcare is a challenge affecting families across the country, and even State Treasurer Brad Briner acknowledged that "no one wants any increase in out-of-pocket costs" and that the decision was not a pleasant one.

RGEA appreciates the open door policy and willingness to engage stakeholders that this administration has demonstrated. However, communication alone does not lessen the financial burden that many retirees will now be forced to shoulder. We felt it was important to go on record because the people affected by this decision deserve to have their voices heard.

"We are deeply concerned that substantial cost increases for Medicare Advantage participants would place a disproportionate burden on a population that has very limited ability to absorb these additional costs."

Unlike active employees, retirees generally do not have the opportunity to offset rising expenses through promotions, salary increases, or additional years of employment. As RGEA shared with the Board, "They live on fixed incomes that most everybody in this room knows have experienced little to no permanent growth for more than a decade," said Jackson Cozort.

For many retirees, this is not simply another increase in a household bill. It comes after years of inflation, years without a recurring Cost of Living Adjustment, and years of being asked to do more with less. Asking retired teachers, correctional officers, law enforcement officers, and countless other public servants to absorb another significant increase in healthcare costs without meaningful pension growth is deeply troubling.

RGEA will continue working with the Treasurer's Office, lawmakers, and the State Health Plan to seek solutions, but we cannot remain silent when additional costs are placed on retirees who have already spent years carrying the burden of inflation. The men and women who dedicated their lives to serving North Carolina deserve better.