



North Carolina  
**Retired  
Governmental  
Employees'**  
Association



**LEGISLATIVE  
— REPORT —**

## **Legislative Update #19-17 May 30, 2019**

### **The Budget Process Continues**

The North Carolina Senate is expected to have a final vote on its budget early next week, subsequently returning the budget to the North Carolina House. A Conference Committee will then be appointed with members from both chambers charged to “iron out” final appropriations and make needed adjustments for the final budget. As Medicaid expansion remains a top priority for Gov. Roy Cooper, many believe he will veto the budget for its lack of Medicaid funding.

### **Senate Budget Hurtful to Retirees**

The Senate took its turn at shaping the state’s next fiscal year—an effort with harmful consequences for retirees. Right now, there is *neither* a cost of living adjustment nor a one-time bonus in the Senate budget. Despite that revenues are in a surplus, Senate leadership made what can only be described as a hurtful choice by ignoring retirees. To date, there remains nearly \$743,000,000 in unallocated funds in the current senate budget.

The Senate leaders defended their hurtful decisions by saying that they “support” retirees by funding \$1.1 billion in retiree health care costs and contributing \$1.2 billion to the retirement system itself. The system currently has roughly \$96 billion in assets and is the 26<sup>th</sup> largest pension in the world. The state pays more than \$500 million a month in pension benefits to retirees – totaling to more than \$6 billion a year.

A COLA for retirees would only be a tiny fraction of these contributions – a 1 percent COLA would cost the state \$43,000,000 over 12 years – and would amount to less than two tenths of a percent (.18%) of the annual State budget.

### **Philosophy versus Recovery**

Senate leadership has always been vocal that it has a “philosophical” issue with funding cost of living adjustments. What isn’t included in this thinking is that retirees are impacted by the Great Recession and the financial havoc the recession wreaked has not been completely recovered or

reversed. Because of this, the values of retirees' pensions continue to drop.

**Stay Tuned!!**

Richard Rogers  
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