



State Employees Association of North Carolina • [www.seanc.org](http://www.seanc.org)

# LEGISLATIVE *Update*

*June 19, 2015*

## **House votes not to concur on HB495; Senate passes radical budget**

SEANC scored a resounding victory on Wednesday when House members stood firmly in support of the integrity of the State Human Resources Act and voted 115-0 when Rep. Jeff Collins (R-Nash), the bill's sponsor, made a motion not to concur with the Senate's version of House Bill 495.

The bill cedes authority from the General Assembly to the State Human Resources Commission, allowing it to create policies with the effect of law with regard to priority and salary rights of separated employees.

Writing the laws on these rights and restrictions of employees has been and should remain the job of the General Assembly. The power given to the Commission by this language is far too broad and exceeds reasonable limits for agency or commission power over taxpayers.

The State Human Resources Commission is not a truly independent commission. The Office of State Human Resources' website describes the Commission as adopting policies and practices "with the approval of the Governor." The agency and thus the Commission belong to the governor's office and answer to him, not the legislature. Ceding this power grants excessive powers to the Commission that should be reserved for the General Assembly. This bill is the antithesis of the regulatory reform efforts taken by the General Assembly in recent years.

SEANC lobbyists have spoken with conference committee members and anticipate that the harmful provision will be removed.

Protecting state workers from this provision became even more important this week with the passage of the Senate's budget on Thursday, which includes language that grants department heads the authority to "reclassify or eliminate" any administrative positions as they see fit.

Without SEANC fighting H495, the State Human Resources Commission, and effectively the Governor, could make a policy stating that a certain group of employees no longer had RIF rights. Then the department could "reclassify or eliminate" those positions and the state employees affected would have no priority when applying for another job in state government.

"At the end of the day, this is what we are here for," said SEANC Executive Director Mitch Leonard. "We appreciate the House's leadership on this matter and representatives' willingness to work with us. Pay,

health care and retirement are very important to us, but protecting the rights of the workers is paramount. Without a job, the rest doesn't matter.”

Of course, that's not the only radical part of the Senate budget...

### **Senate passes extreme budget without across-the-board raises or COLAs**

The N.C. Senate released its budget proposal on Tuesday. If you'll recall, the House passed a proposal that reflected a concern for the services provided by state employees, giving a 2-percent raise and 40 hours of bonus leave to active employees and a 2-percent cost-of-living adjustment to retirees, while fully funding the State Health Plan and the retirement system.

The Senate's out-of-touch plan looks a lot like the Governor's proposal. Despite touting a \$400 million surplus, the plan includes no across-the-board raises for active employees and no cost-of-living adjustments for retirees, even though investment gains would pay for one without adding to the bottom line.

Beyond the lack of across-the-board raises, some of the most troubling aspects of the budget concern the State Health Plan. The Senate appropriated \$0 for the State Health Plan and allows the plan to spend down reserves, which were accumulated by cost-shifting to state employees and retirees through premiums, premium surcharges, higher deductibles, higher co-pays and reduced benefits.

To stay within the budget, the plan would be forced to reduce benefits and increase premiums, deductibles and co-pays despite Board of Trustees proposals for a very conservative funding request.

Essentially, rather than giving state employees a pay increase, the Senate budget actually cuts overall compensation because of State Health Plan changes.

The authority to provide retirees with the alternative of cash payments vs. the current plan options is solely to allow the creation of a private health benefit exchange which would have to provide reduced benefits to meet budget requirements. It also eliminates retiree health care coverage for all employees hired on or after January 1, 2016.

The Senate's plan also cuts funding for more than 13,000 teacher assistants over the next two years.

Needless to say, it's a bad budget for state employees. The Senate wasted little time in passing it, though, with the final vote on Thursday.

Now the real budget dance starts. With three plans on the table – one each from the House, Senate and the Governor – we are surely in for a long debate. June 30 is usually considered the goal date for a budget, with the fiscal year starting on July 1. It doesn't always happen that way, though. Last year's budget wasn't fully passed until Aug. 7.

Given the vast differences between this year's plan, we may be in for a long process.

SEANC will be advocating for at least the House's proposal, which includes a 2-percent raise and 40 hours of bonus leave for state employees as well as a 2-percent cost-of-living adjustment for retirees. It's literally the least they can do.

Getting this state back in the black after the recession has largely been paid for on the backs of state employees. Without a meaningful raise, [state salaries have lagged behind the Consumer Price Index](#) by 6.9 percent over the last five years – meaning your salary buys less now than it did then. Effectively, that's a salary decrease.

And the state has suffered because of that. Turnover has skyrocketed, with more and more state employees turning to private sector jobs where they will receive real appreciation, and larger paychecks, for their work.

### **Contact your legislators**

Now is the time for you to [contact your lawmakers](#). Make your voice heard on the need for all state employees to receive a pay raise and all retirees to receive a cost-of-living increase. We need all hands on deck. Help your legislators put a face to state employees, SEANC and their constituents. Not sure who your legislators are? [Click here](#). Curious whether they were endorsed by EMPAC? [Click here](#). Want to make note of all of SEANC's legislative priorities before talking to them? [Click here](#).

SEANC staff can also help you schedule meetings with your lawmakers and make sure you have the most up-to-date information possible about SEANC's legislative priorities, so you can have a good and productive conversation. All you have to do is let us know you're coming. Just email [tbooe@seanc.org](mailto:tbooe@seanc.org) or call 800-222-2758.

Can't make it to Raleigh? No problem. You can call, write or email your legislators – or even schedule your own time to meet with them in your hometown. Again, you can find your lawmakers and their contact information [here](#).