



State Employees Association of North Carolina • www.seanc.org

# LEGISLATIVE *Update*

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## Retiree health care a hot topic ahead of budget conference

A week later, details of the Senate's radical budget plan still dominate the talk in Raleigh.

As expected, the House voted unanimously Monday not to concur with the Senate, setting up what will likely be a budget war that will stretch through the summer.

Also this week, state media finally took note of a provision tucked away in the Senate's budget that cuts retiree health care benefits for anyone hired after Jan. 1, 2016.

Luckily for state employees, the media turned to an expert on the State Health Plan – our own Director of Operations Chuck Stone. He set the record straight on exactly what the provision would mean for the state, [telling the News & Observer](#), "Once you take that away, what incentive is there to work for the state? We are in a rush to have the worst State Health Plan coverage in the United States of America."

As Stone pointed out, this provision is a problem mostly because of its effect on recruitment and retention. [State government wages have been stagnant for years](#), but good benefits have always been able to draw talented workers. The promise of health care at retirement is a major factor for many prospective workers.

The interviews also gave Stone a chance to point out several other bad provisions in both the House and Senate, as well as pointing out major problems in the health plan in general. For instance, the plan provides no help to workers who want to cover their dependents and spouses. The state has always used the retirement benefit as a response to calls for dependent coverage. Now with this provision, even that benefit would disappear.

Both budgets call for the spending of reserves rather than adding funds to pay for the employer contribution next year – reserves that have been built up on the backs of state employees because of premium increases and surcharges. [Stone told N.C. Policy Watch](#), "Premium surcharges and other expenses associated with the State Health Plan have occurred, resulting in a cost shift to members of more than \$1,300 on average per state employee – active or retired – each year."

No one is immediately affected by the change. No current workers would lose their benefits. Only future employees who would be willing to work for less if it meant good health care for their families and retirement security.

All of this, coupled with wages that haven't kept up with the price of goods and services in the last decade, puts us at a severe disadvantage in recruiting the best and brightest to work on our roads, in our prisons, hospitals, universities and public schools.

We expect conferees to be named from both the House and Senate next week to start work on the budget compromise.

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.

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.

### **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](#).