



# LEGISLATIVE *Update*

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

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## House Budget and State Health Plan Reform Part II

The biggest event at the legislature this week was the release Tuesday of the [House budget \(HB 200\)](#) and its consideration in the House Appropriations committee on Wednesday. Over 105 amendments were submitted and debated over eight hours as the committee considered state spending for the upcoming year. As expected, there are spending cuts across every area of state government and education.

Gov. Beverly Perdue's budget, released two months ago, cut 10,000 state positions. At that time the governor's office indicated that only 3,000 of these jobs were filled.

The House budget released this week does not appear to cut general state government as much as Perdue proposed. This is in large part because the House made cuts to education as well, rather than focusing primarily on public services provided by state employees.

SEANC is thrilled to see that the House budget writers completely funded the retirement system. This is the first time in 10 years that the system will receive an appropriate employer contribution. In addition, while the House budget authorizes furloughs in public education, community colleges and the university system, it does not grant furlough authority to state agencies.

The merging of agencies called for in Perdue's budget appears in the House budget as well. The departments of Juvenile Justice and Delinquency Prevention, Corrections and Crime Control and Public Safety will be consolidated into one – the Department of Public Safety. The Employment Security Commission will be merged into the Department of Commerce as proposed in the governor's budget.

As SEANC requested, the budget calls for a study of the state employee pay plan. The study will be complete in two phases and will be reported to the General Assembly in the 2012 short session. The House will be voting on their budget this coming week.

## State Health Plan Update

Today we are waiting for the governor to make up her mind on the new compromise [State Health Plan reform bill \(SB 323\)](#) which passed the Senate yesterday and is now waiting for action in the House.

It costs the state \$10 million each month that the governor and legislature delay resolution for the SHP. The longer it takes the governor to make up her mind about a health plan, the more it puts state employees and retirees at risk. SEANC hopes to see some agreement on a SHP bill when session resumes on Monday.

Points of interest in SB 323:

- premium-free option in the 70/30 Plan for all retirees
- lower premium for active employees in the 70/30 Plan (\$10.81 per month)
- lower premium for Medicare-eligible retirees in the 80/20 Plan (\$10 per month)
- generic prescriptions are \$12 (up from \$10)
- branded drugs with no generic option are \$40 (up from \$35)
- non-preferred branded drugs are \$64 (up from \$55)
- abolishing the SHP's punitive tobacco and BMI penalties