



LEGISLATIVE *Update*

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July 1, 2011

2011 N.C. General Assembly Session-in-Review

The following is a review of the recently-concluded legislative session as it pertains to state employee issues. After months of hard work and dedication by both SEANC lobbyists and member advocates, five of SEANC's Top Ten Policy Platform Objectives were accomplished this session. They are outlined below along with a summary of what happened in this session as it relates to your work as a state employee or retiree.

SEANC will continue to fight for state employee and retiree rights and benefits. Legislators are coming back to Raleigh on July 21 for the special session on redistricting and to consider other matters such as recent vetoes issued by Gov. Beverly Perdue. SEANC lobbyists will be there advocating on your behalf.

Pay

While other states have been looking at furloughs and wage reductions, money has been set aside in the next fiscal year's budget (2012-2013) for state employees' merit pay increases. SEANC will seek to increase the amount available for these salary increases in the next legislative session.

State Health Plan

After years of work, SEANC was successfully able to shepherd legislation through to have governance of the State Health Plan (SHP) moved out from the control of the General Assembly to the Treasurer's office. It has long been SEANC members' position that the SHP needed to be moved to a government agency in order to receive appropriate oversight and end the constant cost-shifting to state employees and retirees. Moving the SHP away from the General Assembly was [SEANC's No. 1 Policy Platform objective](#).

The new SHP governance includes a working board of trustees (with four seats comprised of active or retired state employees) that would allow SEANC to have a strong voice at the table when decisions are being made about the future of the plan.

The SHP contract with Blue Cross and Blue Shield of North Carolina was released as public record during this session when it became clear that the legislation seeking to move governance of the SHP to the treasurer's office would call for the contract to be opened in order to realize potential savings. (This ended with [SB 323](#), but the battle began on [SB 265](#).)

The new SHP will have a premium of \$21.50 per month for active employees who opt for the Standard 80/20 plan. For Medicare-eligible retirees, the Standard 80/20 plan will have a premium of \$10 per month. The movement toward SHP premiums was set in motion when Gov. Perdue included a premium for the Standard 80/20 plan in her budget. SEANC opposed the premium in all legislative committee meetings, but supported the governance changes. As the premium goes, the damage had been done in the governor's budget and was irreversible.

For the Basic 70/30 plan, active state employees will have a premium of \$10.81 per month, but no premium will be charged for retirees. Administrators for the SHP told the House and Senate late this session that the costs associated with the plan were less than originally forecasted and that the plan had some reserve money. In order to use this reserve money wisely, the General Assembly passed a bill allowing the treasurer to use those funds in order to keep the Basic 70/30 plan premium-free for state employees if she chooses to do so. SEANC will push hard for the treasurer to give this option to state employees. A premium-free option is [SEANC's No. 3 policy platform objective](#).

Retirement

The State Employees' Retirement System was fully funded by the legislature for the first time in years. The governor's budget did not fully fund the system so SEANC worked directly with legislative leadership and secured full funding. The amortization rate for the system was also changed from 9 to 12 years.

Job Cuts

While it is too soon to know exactly how many jobs will be cut as a result of the budget, early indications from the state budget office show that at least 527 general state employees lost their jobs, not including public education.

This is a fraction of the 10,000 jobs that Perdue called for to be cut in her budget, none of which were in public education. The governor estimated at that time that at least 3,000 of these jobs would be filled. While SEANC lobbied for no state job cuts, the final state budget was a great improvement on what the governor initially proposed.

Personnel Files

Once again, the issue of opening state employee personnel files reared its head during this session. SEANC fought back legislation proposing to open the details of state employees' work records to the public, including exposing performance evaluations. SEANC has taken the position that such legislation would be a violation of employees' constitutional rights. SEANC lobbyists were encouraged that House and Senate leadership responded to these concerns and the bills ([SB 344](#) Government Transparency Act and [HB 685](#) Government Transparency Act) did not move this session. Protection of these rights is [SEANC's No. 6 policy platform objective](#).

Privatization

[HB 335](#) would have privatized ALL prison maintenance workers, resulting in job loss and deterioration of services already being provided by state workers at the same cost or at a lower cost than outside contractors. Three prisons have contracts with private vendors for maintenance and as the time to renew the contracts drew close, legislation to allow bids on all prison maintenance became an issue. Corrections employees turned out on several different occasions during this session to lobby legislators against the proposal, showing a strong and unified SEANC presence.

At the end of the day, SEANC prevailed on the prison maintenance issue. The three prisons with private prison maintenance can remain private, but HB 335's language was rolled into [HB 773](#) – a bill directing a study to compare the costs of private prison maintenance against state-provided maintenance. This bill also dictated that no further privatization can occur while the issue is being studied. This stopped what would have otherwise been legislation leading to mass prison maintenance privatization.

Information Technology Services (ITS) was also a target for privatization the month before session started when Gov. Perdue announced her plans to privatize all of the state's IT services. From then on it was a battle for SEANC to save these positions. The final budget does include language regarding ITS but the governor's plan to bid out these state jobs was not included. Opposing privatization was [SEANC's No. 4 policy platform objective](#).

State Personnel Act

University employees who are subject to the State Personnel Act (SPA) faced the loss of those protections when [SB 575](#) was filed. The bill would have removed SPA protections from 23,000 university employees. SEANC worked with Senate leadership to ensure that these vital protections were not lost. SEANC has fought this issue almost every year with one agency or another, but SB 575 would have been the largest single removal of SPA employees.

This bill had implications far beyond the university system. If this volume of employees were removed from the SPA, other agencies would begin pushing to have their employees removed from SPA protections as well. Protecting state employee SPA rights was [SEANC's No. 2 policy platform objective](#).

Corporate Welfare

SEANC came out swinging at the beginning of session fighting against corporate welfare. [SB 13](#) would have moved funding from such slush funds as [Golden LEAF](#) and the [One North Carolina fund](#) and used the money in a more efficient manner toward the state budget deficit. The money in these funds is bonus cash for corporations who set up shop in North Carolina. Diverting monies from these slush funds back toward the general budget was on the list of member suggestions in SEANC's ["Take Pride in Carolina"](#) report. The bill passed both chambers of the General Assembly but was vetoed by Perdue.

On another corporate giveaway front, Perdue's budget included a reduction in the corporate income tax while state government was slashed. It is good news that the House and Senate did not include this corporate giveaway in their final budget.