



LEGISLATIVE *Update*

State Employees Association of North Carolina • www.seanc.org
P.O. Drawer 27727 • Raleigh, NC 27611 • 800-222-2758/919-833-6436

April 19, 2013

House Retirement Bill is a No Go for SEANC ***No board vote, no state employee input, no thanks Treasurer Cowell***

With filing deadlines passing in the N.C. House and N.C. Senate, activity heated up in state government this week, but nothing like what happened in Boston and in Texas. Before we get to the Legislative Update, SEANC would like to thank all of the public employees who this week represent the best of public service. We'd like to take a moment to recognize the public employees who ran towards disaster as others ran from it, the public employees who stayed up nights searching for dangerous criminals and terrorists so that others could sleep safely and we'd like to extend our sympathies to the first responders who died in the Texas explosion.

It's time to give public employees their due, a little respect for an honest day's work and their service to the community. So we salute and honor the public employees that work every day in dangerous conditions to help people and provide our country with vital services.

House Bill 381

On Thursday, SEANC Lobbyist Mitch Leonard alerted members of the Retirement Systems' Board of Trustees' of the curious case of House Bill 381, a bill that deals with the Teachers' and State Employees' Retirement System that was filed recently on behalf of State Treasurer Janet Cowell without following the proper channels of consultation with the trustees.

SEANC and other associations strongly opposed the treasurer's plans to add a minimum retirement age to the system. The various groups were promised they and the trustees would be alerted before any legislation was drafted concerning the retirement system.

That did not happen. Instead, SEANC was forced to file a public records request to find out Cowell's rationale behind the legislation, which no longer contains the minimum age requirement but still has several aspects SEANC finds troubling. SEANC still did not receive all the information it asked for from the treasurer.

"We repeatedly questioned whether you as a board would be involved in this process. The response we received was that the treasurer had not made that decision yet," Leonard said. "As you know, that process had already begun and was in process in some degree in early March."



SEANC Lobbyist Mitch Leonard (standing) speaks to the Retirement Systems Board of Trustees on SEANC's opposition to House Bill 381 on Thursday.

House Bill 381 includes some items that SEANC agrees with, including anti-spiking measures, which would prevent state employees from inflating pensions artificially in the last few years of service. But Leonard said the bill was “akin to using a 12-pound sledgehammer to kill a gnat.”

SEANC feels that the anti-spiking parts of the bill are overreaching, with penalties that far-outweigh the problem. The treasurer’s office is solving a problem that really doesn’t exist at this time.

“It’s very costly proposition,” he said. “It’s going to add staff. It comes with its own liabilities. We don’t oppose it. We just want to see enough information that the costs justify the means.”

And, Leonard pointed out, SEANC has always fought for the return to five-year vesting. But that’s not enough to support the overreaching bill that would dramatically change the retirement system. SEANC’s main objection is with the expansion of the optional retirement system already in place at the University of North Carolina System to all state employees.

Essentially, the bill would create an entirely new retirement system under a defined-contribution model, which would likely be under the total control of the state treasurer. It would also undermine the current TSERS system because members of the new plan would not be contributing to TSERS, leading to a likelihood of cost-of-living adjustments for members of the traditional retirement system.

“I can simply say that, as much as SEANC would like to see a 5-year vesting, we can’t support this bill,” Leonard told the board. “Our members will not let us do that, and we will exercise everything we can and all of our efforts to make sure that this bill does not move.”

Cope Meets with Secretary of Administration

SEANC Executive Director Dana Cope continues to meet with agency leaders. This week he met with Department of Administration Secretary Bill Daughtridge about several issues important to employees in his agency as well as state employees’ general concerns. In the upcoming week, he is scheduled to meet with Department of Transportation Secretary Tony Tata.

Medicaid Privatization

SEANC Lobbyist Chuck Stone attended a Joint Appropriations Subcommittee on Health and Human Services meeting on Thursday morning, where DHHS Secretary Aldona Wos’ presentation seemed short on details on plans to privatize parts of Medicaid administration.

Several legislators were skeptical of Gov. Pat McCrory’s plan, questioning the necessity for such a dramatic overhaul. For more on the meeting, [check out this story in The News & Observer](#).

The SEANC Legislative Update is published when the N.C. General Assembly is in session by SEANC’s Legislative Affairs Department. For more information, contact Legislative Affairs Director Ardis Watkins at awatkins@seanc.org.