



# LEGISLATIVE *Update*

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

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June 7, 2013

## **SEANC Members Urge Senate to Keep Politics Out of Public Services**

*House SPA rewrite is a bad version of "The Apprentice"*

This Monday evening, SEANC members will be on hand to lobby Senate lawmakers and urge them to keep politics out of public service by opposing the N.C. House version of the State Personnel Act rewrite, HB 834. SEANC strongly opposes this bill that would transform the government workforce from a public service focus into a political workforce ripe for patronage, cronyism and nepotism.

As reported last week in [The Legislative Update](#), SEANC opposes the bill because it makes grievance hearings political and it makes all state employees essentially at-will and subject to replacement by political appointees.

*Yes, you read that correctly—the entire state workforce would be subject to the political whim of the day and all employees would become at-will! Didn't like what the employee ate for breakfast. You're fired. Manager wants to hire political donor, his neighbor or great uncle to replace a qualified engineer. You're fired.*

State government would be turned into a bad version of "The Apprentice," with each manager serving as Donald Trump. That may be fine for reality TV, but not for real public services and the people who provide them.

HB 834 would remove state employees' right to appeal firings to an independent forum at the OAH. Instead employees would appeal to the State Personnel Commission, made up of political appointees of the governor and legislative leaders. The SPC is not an independent forum; it is a commission that places political appointees in the position of judging the merit of an employee's grievance from another political appointee.

You might be surprised to learn that not only do state employees oppose this change, but so do seven commissioners of the SPC, who wrote a [Letter to the Editor of the News & Observer](#) "urging the legislature to abandon HB 834 or change it to address these major problems."

Specifically, SPC members disagree with the rewrite's proponents' assertion that the new process would be quicker to hear state employees' grievances. They believe it would actually make the process longer, stating, "The bill creates a confusing review process that only lengthens the time it takes to conclude a grievance or dismissal case."

The SPC members further noted that new political appointees don't have to have law degrees and that their decisions could be upheld "even if the overwhelming body of evidence demonstrates that the decision is legally or factually wrong."

SEANC members [please let us know you're coming](#) Monday night! You'll be glad you did. It's time to stand up for your rights, for public services and the people who provide them in North Carolina!

## **Risky alternative retirement funding bill passed House Personnel Committee**

On Wednesday, SEANC Legislative Director Ardis Watkins spoke out in the House Personnel Committee against SB 558, a bill to expand State Treasurer Janet Cowell's authority to invest 40 percent of \$81 billion Teachers' and State Employees' Retirement System fund in alternative investments, including hedge funds, traditional alternatives, credit, real estate and inflation markets.

Watkins said, "This is the third time that the cap on alternatives has been proposed. If it's so great why are we going down on our funding ratio [from 112 percent (2000) to 95 percent funding (2012)]? This is a risky, losing strategy that moves us in the wrong direction."

Rep. John Blust (R-Guilford), an attorney and accountant, also cautioned lawmakers against the bill.

SEANC is opposed to SB 558 for the following reasons:

- It's unnecessary
  - SB 558 is not needed. Treasurer Janet Cowell has authority to invest 34% in alternative investments and currently uses only 20%. So what is the necessity to expand this authority to 40%?
- It's a losing strategy
  - Since the expanded use of alternatives, retirement system has dropped from 112.8% (2000) to 95.4% funding (2012).
- It's expensive
  - The cost of alternative investments outweighs the payout. Management fees, trading expenses, deal costs and carried interest generally mean 35% or more of investment gains disappear from alternative investments.
- It's risky
  - The big winners in alternative investments are money managers. They share with the retirement system when investments gain, but never share in a loss. The retirement system and its members absorb the entire loss.

SEANC urges a "no" vote on the SB 558 as it moves forward.

## **House Appropriations Subcommittees Rolling Out Information This Morning**

This morning the House Appropriations Subcommittees began rolling out their budget recommendations.

This week DHHS Oral Health section employees turned out in force to lobby lawmakers with SEANC lobbyists to keep their public service available in the House budget and lawmakers listened by restoring their jobs. DHHS provides dental hygienists that go into rural schools and protect the dental health of this state's most vulnerable citizens: poor and impoverished children. The hygienists provide dental sealants to children, many of whom have never been to a dentist before and provide a much needed service.



Of great concern to SEANC are the continued recommendations to close public safety facilities including Duplin, Robeson, Wayne, Western Youth, North Piedmont Correctional Center for Women. Johnson Correctional Institutional would also be converted to a minimum custody facility in the subcommittee budget. The bill also proposes closing Lenoir, Richmond and Buncombe Youth Development facilities. The State Highway Patrol communications team would lose 30 jobs as well.

The House Appropriations Subcommittees will meet at 1 p.m. this afternoon to hear amendments to the bills and SEANC lobbyists are on the ground in the General Assembly to work on support for public services and the SEANC members who provide them.

No information regarding state employee benefits have been released this morning and will not be released today.

The full House is scheduled to vote on this bill Tuesday. We'll have a special update early next week with more details.

SEANC strongly encourages employees who are affected by potential job cuts to contact the Legislative Affairs staff and come to Raleigh to advocate on behalf of the public service that you provide to the state. We are pleased to schedule appointments and accompany you on these vital visits to your legislators.

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*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](mailto:awatkins@seanc.org).*