



# LEGISLATIVE *Update*

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

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## **N.C. House budget includes higher pay raise, COLA & bonus paid leave**

### ***Spending plan now heads to conference committee to hash out differences between two chambers***

The N.C. House passed its version of a 2014-15 spending plan this morning. The budget will now go to conference committee to work out differences between the House and Senate versions. Despite threats by the Senate to leave town without a budget, House Speaker Thom Tillis says he expects the General Assembly to finish its process by the end of next week, at which point the bill will head to Gov. Pat McCrory for his consideration.

### **House plan provides for better salary and COLA increases**

After a much more open and deliberate process than the N.C. Senate, the House approved its \$21.1 billion budget proposal, which does more for state employees and retirees than either the Senate's or governor's versions.

The House spending plan calls for a true \$1,000 increase in base salary for employees, as well as five days of paid leave, which were unanimously approved by the House Appropriations Committee on Wednesday after Rep. Nelson Dollar submitted an amendment at the urging of SEANC's lobbyists. The House budget also calls for a 1.44 percent cost-of-living-adjustment for retirees.

Both the spending plans put forward by the Senate and McCrory called for a \$1,000 increase to salary and benefits. That came out to a \$809 increase to salary with the balance coming from those benefits the state is required to pay such as retirement and taxes. For retirees, the Senate plan included only a 0.8 percent COLA.

But even though the House budget comes closer to SEANC's pay raise and COLA priorities, that doesn't mean it was all good news for public services and public employees.

Items in the House budget of concern for state employees:

- Takes \$22 million in savings from the State Health Plan offered up by State Treasurer Janet Cowell that we think is in an effort to get in legislators' good graces, instead of using that money to put back into the health plan to lower costs for state employees and retirees.
- Allows the Department of Public Safety to expand private maintenance contracts to additional facilities even though [a recent report by the department itself](#) shows that public employees provide a much better, more effective and efficient service to the state.
- Transfers the State Bureau of Investigation from the Department of Justice to the Department of Public Safety.
- Eliminates a prison regional office and the female command and distributes the prisons into four remaining regional offices. Consolidates management of Tillery and Caledonia correctional institutions in Halifax County. Closes Fountain Correctional Center for Women (CCW) and North Piedmont CCW and converts Eastern Correctional Institution in Greene County to a female minimum-custody facility.
- Authorizes the Department of Transportation to further privatize preconstruction efforts.
- Removes all misdemeanants from State prison. The misdemeanants will shift to county jails with convictions on or after October 1, 2014, and DWI offenders will shift on or after January 1, 2015.

Other items in the House budget positive for state employees:

- Continues to fund the Wright School, a facility in Durham that provides mental health treatment to children age 6-12 with serious emotional and behavioral disorders. The school's funding was cut in the Senate budget.
- Provides funding for nine positions to enhance oversight of child welfare services in local county departments of social services.
- Provides a full experience-based step salary increase for eligible State Highway Patrol troopers, assistant and deputy clerks for court, and magistrates. Those not eligible would receive a \$1,000 pay increase. It also increases starting pay for magistrates.
- Establishes a new Western Crime Lab, adding 10 positions
- Restores funding for family court positions.

Overall, while SEANC does see the House version as a step in the right direction, there is still much room for improvement. SEANC's team of lobbyists will be at the N.C. General Assembly each day until the final gavel – and hopes the Senate will as well – to ensure these vital public services and the people who provide them have a voice in this budget debate.

## **SEANC saves CDSAs for now**

With four Child Developmental Service Agencies once again slated for closure in both the Senate and House budgets, SEANC lobbyists worked with Rep. Jean Farmer Butterfield to introduce an amendment in the House Appropriations Committee to preserve the funding for those agencies.

As originally slated in the budget proposal, four CDSAs would have been closed and private companies likely contracted to provide those services.

The amendment saving the CDSAs, for now, directs the N.C. Department of Health and Human Services Division of Public Health to explore all options to reach spending cuts mandated in the budget and to not target vital services for children with special needs and the people who provide them.

Thank you to the House Appropriations Committee for voting to keep these vital public services for infants and children in need. Keeping these agencies open, saving these jobs and ensuring families of special needs children can receive the critical care they require has long been a SEANC priority.

However, because this does differ with the Senate plan, it will be one of the many issues on table during the conference committee next week.

CDSAs play an important role in North Carolina's public health by making sure children with developmental disabilities and their families receive the services they need, including physical, occupational and speech therapies. [Click here to learn more.](#)

## **Pension bill duel continues**

The battle between the dueling pension bills filed in the House continues. Neither was up for vote this week, but movement by the House Committee on State Personnel is expected soon.

Only one, however, actually achieves the goal of full transparency.

[House Bill 1237](#), which was crafted with SEANC's help, would require the state treasurer to make public all investment fees related to the North Carolina Teachers' and State Employees' Retirement System, regardless of whether they are paid directly or indirectly by the state. It's that simple. If you believe that taxpayers and the state employees and retirees who have paid into the pension system have a right to know where their money is and who has it, then this is the only bill that makes that information public.



***Rep. Jean Farmer-Butterfield stands with SEANC lobbyist Chuck Stone during the House Appropriations Committee meeting Wednesday. Farmer-Butterfield sponsored an amendment that saved the CDSAs for now.***

The other, [House Bill 1209](#), which is advocated by Cowell, would keep those investment fees secret even after the contract ends. Additionally, instead of identifying and banning placement agents, this bill seeks to legitimize them and ask them to register as lobbyists. And by allowing the state and its money managers to keep so-called “trade secrets” out of the public eye for any amount of time, it makes it nearly impossible for North Carolina retirees to hold anybody accountable and recoup their money if, and when, any problems occurred.

It is the same old story from Cowell. If these so-called public records – from [Carousel Capital Partners](#) and [Halifax Capital Partners](#) – are any indication of what openness means to her, her actions do not match her words. Despite its pretty window dressing, this bill does nothing change what’s going on inside the treasurer’s office when it comes to the pension fund – hundreds of millions in hidden fees being paid to money managers with no accountability for where the money is going or who is receiving it.

### **Joint legislative panel asks state auditor to investigate DHHS**

As the N.C. Department of Health and Human Services looks for ways to meet the cuts mandated in the General Assembly’s budgeting process, the joint Legislative Program Evaluation Oversight Committee was calling the department to task for its improper use of single-source contracts.

The concern was a finding by the legislature’s Program Evaluation Division that only 10 of the 143 single-source contracts at DHHS since 2010 had gone through the appropriate review process. Under state law, all large single-source contracts must be reviewed by the Office of State Budget and Management.

Exempted from that review requirement are contracts for “personal professional services,” which account for 21 of those 143 single-source contracts. However the definition of what is considered a “personal professional service” is very much open to interpretation, and as noted in [a WRAL report on the meeting](#), DHHS Secretary Aldona Wos has handed out several very generous such contracts. Among those are one for \$312,000 to former Republican state auditor Les Merritt and one for \$310,000 to Joe Hauk, a vice president at a company owned by her husband, as well as others totaling millions of dollars – contracts that also have been questioned by the joint Legislative Health and Human Services Oversight Committee.

Because of those concerns and based on the recommendation of the PED, the oversight committee voted Monday to ask state Auditor Beth Wood to investigate DHHS’ compliance with state laws regarding non-competitive contracts.

It is an action that SEANC supports and perhaps if DHHS would stop its practice of giving such questionable, no-bid contracts, it would have more funds available for the vital public services that state taxpayers rely on and public employees provide. SEANC says no thanks to these types of sweetheart contracts and so should DHHS.

## Members! Make Your Action Plan Now!

Members interested in securing a meaningful pay raise and a retiree COLA, as well as advocating for public services are invited and encouraged to [sign up for a Monday-night lobbying session](#) with SEANC's professional lobbyists, who will guide you through the halls of the General Assembly and work with you to make sure that your message is heard.

If you cannot personally advocate for yourself at the General Assembly, please make your voice heard by emailing or calling your legislator. Not sure who your legislator is? [Find out here.](#)

Please know if legislators do not hear directly from state employees and retirees, they will believe you are satisfied with whatever the current legislative proposal is regarding your pay raise and retiree COLA. This is a team effort!

Finally, if you hear that your job is in jeopardy due to potential legislative action, please contact [SEANC's Legislative Affairs team](#) as soon as possible. The earlier we know of potential concerns in your workplace, the quicker we can help you.

To follow what's happening in the General Assembly this year and what SEANC is doing to protect state employees and retirees and taxpayer dollars, [subscribe to the SEANC Scoop](#) and read our weekly [Legislative Update](#). [Also, be sure to sign up for our email alerts.](#)

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