



LEGISLATIVE *Update*

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

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N.C. House begins budget deliberations

With both the governor's and Senate's proposed spending plans in hand, state representatives begin their own debate.

After releasing its proposed 2014-15 spending plan late last Wednesday night, the Senate wasted no time approving it on a largely party line vote shortly after midnight Saturday. One Democrat, Sen. Gene McLaurin of Rockingham, joined the Republicans in passing the \$21.2 billion measure.

All eyes on House in budget dance

Upon receiving the Senate's budget proposal, the chairmen and vice chairmen of the House Appropriations Committee spent the weekend and into Monday in their own budget discussions. Then, in contrast to the Senate, they convened the appropriations subcommittees to begin work on their proposals. That work has continued throughout the week.

Rep. Nelson Dollar, chairman of the House Appropriations Committee, says he expects the subcommittees to take up their portions of the budget on Tuesday and Wednesday, with full House expected to take its first vote on Thursday.

In the meantime, SEANC lobbyists and members are continuing to stay in close contact with their representatives, urging them to value North Carolina's vital public services and the people who provide them – advocating that they provide state employees with a \$1,500 raise to base salary and retirees with a 2 percent cost-of-living adjustment.

To that end, SEANC Executive Director Dana Cope appeared Monday night on [Time Warner Cable's TWC-News program Capital Tonight on Channel 14](#) to discuss the Senate budget.

During that interview he explained that both the Senate and Gov. Pat McCrory were playing a "smoke and mirrors game" with the employee pay raise proposal – calling it \$1,000 when it's really only an \$809 increase to base salary with the other \$191 coming from the state's required retirement and tax contributions.

He also noted that the Senate's budget includes a number of moves toward privatization. It calls for the privatization of DOT preconstruction and paving activities. It also opens the door for the privatization of prison maintenance, despite [a report by the state Department of Public Safety](#) late last month saying continued privatization would be costly and dangerous. And finally, on Thursday, according to the [Associated Press](#), a key senator has admitted the Senate's Medicaid plan is a likely first step toward eventual privatization.

Cope explained that while state employees and retirees are concerned about their pay raises, they are "most concerned with the quality of public service degrading" because of the continued unwillingness of the General Assembly to "take care of the public resources."

"At the end of the day," Cope said, a budget is "where you put your priorities. I would hope they would value public services."

Senate budget adversely impacts State Health Plan

SEANC also is advocating against a provision in the Senate budget that would hurt the State Health Plan and all its members.

Buried in the budget proposal is a provision that would allow the University of North Carolina System to establish its own health insurance plan for non-permanent adjunct faculty/teaching and grad assistants, separate from that covering other part-time employees in other state agencies and public schools.

The concern is that this would weaken the SHP by offering an alternative to who are often younger/healthier members. There also is a concern that this provision opens the door for all UNC System employees to be moved to a separate health plan, leaving only its retirees in the SHP, creating an older, more vulnerable and more expensive population for the rest of the SHP members.

SEANC, along with the SHP Board of Trustees and other groups, is working to explain to state representatives why this proposal is harmful to state employees and retirees.

Dueling pension transparency bills

House members have filed two competing bills focused on increasing transparency in the North Carolina Teachers' and State Employees' Retirement System – House Bill 1237 and House Bill 1209.

However, only one of those bills actually would achieve the goal of full transparency.

That bill, House Bill 1237, was advocated for by SEANC and has 31 sponsors, including primary sponsors Reps. Mitchell Setzer, Tim Moore, Linda Johnson and Tim Moffitt. It would require that the state treasurer make all fees related to TSERS part of the public record, regardless of whether it is paid directly or indirectly by the state.

The opposing bill, House Bill 1209, is simply window dressing that covers up the need for true transparency, which is why it has received the support of State Treasurer Janet Cowell and Wall Street. While it calls for a third-party audit of the retirement system every four years, the bill guarantees continued secrecy by allowing any information considered a “trade secret” – the same term Cowell is currently using to hide hundreds of millions of dollars in fees – to remain closed to the public for 10 years after the termination of an investment vehicle. This time limit ensures that not only could those losses not be legally recovered because of certain statutes of limitation, but that it would be unlikely for those responsible to be held accountable. In summary, this bill does nothing to increase transparency in the pension system, but instead just reinforces already existing abuses of taxpayer dollars by shielding hidden fees.

Both bills are currently in the House Committee on State Personnel, where SEANC of course is advocating for House Bill 1237 and complete transparency of the pension system.

Read the full bills here – [HB 1237](#) & [HB 1209](#).

Anti-spiking bill another smokescreen to reform

SEANC lobbyists were on hand at Wednesday’s House State Personnel Committee meeting as House Bill 1195 received a unanimous favorable report and was sent to the House Appropriations Committee.

Part of the bill is meant to address “spiking” problems by setting a cap on the pension state employees making \$100,000 or more per year would receive at the amount they paid in, plus interest.

Another part affects SEANC members more directly, returning the vesting period for state employees and teachers to five years rather than the current 10-year model. It also allows state employees to collect their contributions if they leave state service before being vested.

While SEANC does not oppose the bill, it does nothing to address the real problems facing the state retirement system – namely hundreds of millions of dollars in fees paid to Wall Street managers and billions of dollars stashed in accounts with no transparency. The projected savings from this bill is around \$3 million annually. The system could save at least \$300 million by renegotiating their fees alone.

Read the full bill here – [HB 1195](#). For more information, see the stories in the [News & Observer](#) and the [Carolina Journal](#).

Bill to end vision discounts passes

Despite the protests by SEANC’s health care lobbyist Chuck Stone and other consumer advocates, the House approved this week Senate Bill 477. It will now go to conference committee where differences between the Senate and House versions will be ironed out.

The bill, titled “No Set Fees/Noncovered Vision Services,” prohibits insurers and health plans from limiting or fixing the fees that an optometrist can charge patients for services or products not covered under the patient’s insurance plan or the insurer’s contract with the optometrist.

Speaking in committee last month, Stone explained that this bill would hurt not only the millions of private insurance consumers in North Carolina, but also the 667,000 State Health Plan members who rely on those discounts to afford their vision care.

Read the full bill here – [SB 477](#). For more information, see the story on [WRAL](#).

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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