



# LEGISLATIVE *Update*

State Employees Association of North Carolina • www.seanc.org  
P.O. Drawer 27727 • Raleigh, NC 27611 • 888-732-6242/919-833-1616 (Press 1)

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## **Five of Top 10 Policy Platform Objectives achieved so far**

### ***Governor signs budget, approving pay raises, vacation days and COLA.***

Gov. Pat McCrory signed the budget adjustment bill passed by the General Assembly on Thursday, giving official approval to pay raises and vacation days for state employees and a cost-of-living adjustment for retirees.

But gaining the COLA for retirees and the largest overall compensation increase for most state employees since 2007-2008 weren't the only priorities that SEANC and its members had during this session. As the General Assembly's leadership tries to decide whether it will come back – and if it does, what legislation it will discuss – on Aug. 14 and then again in November, we look back at how well state employees and retirees have fared so far.

Each year SEANC advocates for legislative policies as determined by SEANC members during the annual convention held each September. As of Aug. 6, SEANC had achieved five of the Top 10 Policy Platform Objectives and numerous other items important to public services and the people who provide them.

#### **Pay**

- ***Won Five Bonus Vacation Days*** — Governor Pat McCrory and the Senate's proposed budgets contained no bonus vacation days and an \$809 pay raise for state employees. SEANC lobbyists worked with lead House budget writer Rep. Nelson Dollar (R-Wake) to secure five bonus vacation days in addition to an increase in base pay. These five days have no expiration and can be carried over from year to year.
- ***Secured \$1,000 Pay Raise*** — After months of SEANC advocacy and lengthy negotiations, the compromise budget included \$1,000 pay raise for most state employees. This represents a 2.7-percent increase for a state worker making the median salary of \$37,000. Add to that the five bonus vacation days, and many state employees will see a total compensation increase of 4.7 percent – the largest such increase since 2007-2008. The impact is even more pronounced for an early career correctional officer or Department of Transportation worker making \$25,000. For these employees, the pay increase is a 4-percent raise, with a

total compensation increase of 6 percent. State Highway Patrol troopers, magistrates and clerks of court received a one-step pay increase.

- *Maintained Longevity Pay* — State employees maintained their longevity pay in addition to their pay raise.
- *Secured a 1-percent Cost-of-Living Adjustment for retirees* — After the Senate’s budget proposal included just an 0.8-percent increase, SEANC worked with the lawmakers to increase the COLA.

## Jobs

- *Preserved Children’s Developmental Services Agencies* — This year SEANC was able to halt consolidation of the Department of Health and Human Services Children’s Developmental Services Agencies contained in the Senate and the original House Budget. These CDSAs provide toddlers who have developmental delays with occupational, speech and physical therapy, among other services, and have been under attack for months. SEANC worked with Rep. Jean Farmer-Butterfield (D-Wilson) who sponsored an amendment which eliminated the requirement to close four Southeastern CDSA Regional offices and allows DHHS to consider alternative means to achieve required budget cuts. 
- *Saved Family Court Jobs* — SEANC successfully advocated for funding in the House budget to restore family court services after members contacted the association for assistance.

## Retirement System

- *Fully Funded Retirement System* — For the fourth year in a row, SEANC helped secure full funding for the Teachers’ and State Employees’ Retirement System. This year the state contributed 9.15%. 
- *Maintained Defined Benefit Retirement Plan* — In order to maintain a self-supporting and sustainable retirement system, SEANC hired expert forensic investigator Ted Siedle to examine transparency and governance concerns with TSERS and to determine how much plan members paid in investment fees. This report by Siedle estimated investment fees paid by the retirement system at an astounding \$1 billion. The report sparked a flurry of legislation about transparency necessary to maintain a defined benefit plan. 
- *First Independent Audit of TSERS* — SEANC’s forensic report pointed out that the \$87 billion retirement system had never been audited. Lawmakers took notice and included an item in the budget requiring the State Auditor to hire an independent auditor to conduct the first-ever audit of TSERS for 2016.

- *Denied Treasurer Pension Secrecy Bill* — Wall Street and state Treasurer Janet Cowell pushed for HB1209 - a bill that would have kept contracts secret for at least five years after they end. Most of these contracts are a minimum of 10 years, meaning secrecy for at least 15 years. Not only would it be unlikely to hold politicians accountable through the elections process, but the statute of limitations in most cases would have expired, preventing any legal recourse. HB1209 passed the House State Personnel Committee but never made it to the House floor. A companion bill in the Senate, S878, was heard in the Senate Pensions and Retirement committee but was pulled before a vote after SEANC spoke against the bill as “anti-taxpayer” and Sen. Shirley Randleman (R-Wilkes) noted that she had asked for investment information herself from the Treasurer’s Office years ago and still had not received it.
- *Return to Five-Year Pension Vesting* — A bill was signed into law that moves the time frame for vesting in the retirement system from 10 years to five years for all employees hired on or after Aug. 1, 2011. This measure takes effect on Jan. 1, 2015.

## Health Care

- *No State Health Plan Premium Increases for the PPO 80/20* — The State Health Plan’s finances were healthy in large part because of the wellness surcharges paid by members, as recommended by the Treasurer’s office. SEANC was the only group to speak out against premiums for the PPO 80/20 plan during State Health Plan board meetings. The good news is that there will be no premium increases in 2015. Unfortunately \$22 million in surplus funds from the State Health Plan were used for pay raises at the suggestion of state Treasurer Janet Cowell rather than decreasing premiums. SEANC believes that State Health Plan surpluses should be used to benefit State Health Plan members.
- *Continued State Health Plan Premium-Free Option* — The PPO Basic 70/30 Plan continues to be a premium-free health care option with no benefit reductions.
- *Autism treatment covered in the State Health Plan* — Effective Jan. 1, 2015 the State Health Plan will begin to cover Applied Behavioral Analysis therapy for dependent children of State Health Plan members diagnosed with an Autism Spectrum Disorder. This was a two-year advocacy effort with Autism Speaks, and SEANC spoke out on behalf of these children and their families before the State Health Plan Board of Trustees and the General Assembly.
- *Defeated separate UNC health plan* — Buried in the Senate’s budget proposal was 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 graduate assistants, separate from that covering other part-time employees in other state agencies and public schools. This would have weakened the State Health Plan by opening the door for all UNC System employees to be moved to a separate health plan.

## Worker Rights Maintained

- *Due Process Rights Maintained* — SEANC worked with Rep. Tim Moore (R-Cleveland) and House Speaker Thom Tillis' staff to take out an entire section of a bill that would have adversely impacted state employee due process under the State Human Resources Act. The removed section likely would have made substantive changes to State Human Resources system. The changes would have affected the powers of the State Human Resources Commission, rules about how exempt employees may be transferred, demoted or separated from their positions and rules about how employees may challenge material in their files. The concern was that without an appropriate amount of time to review the changes, state employees could have been harmed.
- *Unfair Grievance Proposal Defeated* — Gov. Pat McCrory attempted in his budget to take away the right of state employees to have employment cases heard by an impartial Administrative Law Judge and instead have those cases heard by Office of State Human Resources political appointees. SEANC successfully fought to keep this language out of the final budget despite repeated attempts to do so.



## SEANC Operations

- SEANC worked to ensure that no legislation was filed that would remove SEANC's ability to deduct dues from the North Carolina state payroll system.



## Members! Make Your Action Plan Now!

Even though the state budget has been approved and several legislative victories won, it's important that you stay involved. Your legislators need constant reminding of the need to value vital public services and the people who provide them. Not sure who your legislators are? [Find out here.](#)

Please know if legislators do not hear directly from state employees and retirees, they will believe you are satisfied with what they did this year in terms of employee pay raises and the retiree COLA, and while we are appreciative, we know they can do better next year.

Finally, if at any point you hear 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 and what SEANC is doing to protect state employees and retirees and taxpayer dollars both during and outside of the legislative session, [subscribe to the SEANC Scoop](#) and read our weekly [Legislative Update](#). [Also, be sure to sign up for our email alerts.](#)

You can also sign up for special Member Action Alert text messages. Just type the word **SEANC** into the body of a text and send it to the number **787753**.

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