



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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Hurry up and wait. Budget, pension secrecy bills stall

House leaders introduce alternative spending plan as conference committee remains apart; Senate committee declines to vote on pension secrecy bill

The General Assembly's budget conference committee continues to meet, but has yet to come to an agreement about how to pay for priorities such as state employee pay increases and retiree cost-of-living adjustments.

In the meantime, the legislature has continued to take up other bills and matters important to state employees, most notably an alternative budget approved by the House and the pension secrecy bill.

Budget stalled; McCrory enters conversation; House approves alternative

With the budget stalled in conference committee as lawmakers continue debate issues such as Medicaid funding and lottery receipts, SEANC lobbyists are continuing to remind them of the need to take care of state employees and retirees who have not had a meaningful raise in six years. SEANC is advocating for at least the \$1,000 base salary increase and five days paid bonus leave for employees and 1.44 percent COLA for retirees that were included in the House proposal.

In the meantime, [the House Appropriations Committee on Wednesday approved a new "mini budget"](#) that does provide for the \$1,000 pay increase, five days leave and 1.44 percent COLA, but does little else, leaving much of the rest of the original two-year budget passed in 2013 in place. The bill, [which also carries the governor's support](#), was then passed unanimously by the House on Thursday.

Rep. Nelson Dollar, the House Appropriations Committee chairman, was careful to say that this was not a compromise bill, but rather represented the House's most important priorities in the coming fiscal year. He did say, though, that he believes it could help spur the conference committee toward finishing its budget agreement.

However, there has been some talk of lawmakers adjourning without passing a new budget for the 2014-15 fiscal year, and instead making only very minor adjustments to the two-year spending plan approved during the long session. If this approach is taken, though, [according to the Fayetteville](#)

[Observer](#), those minor adjustments could include a pay raise for teachers, with no mention of state employees and retirees. Obviously that would be unacceptable to SEANC.

Similarly, [Gov. Pat McCrory announced earlier this week](#) before the House's mini budget that he is ordering state agencies to begin planning their budgets for the least amount proposed by either the House or Senate. That, too, would mean no pay raises for state employees or retirees, and in some areas such as the departments of public safety and health and human services, would likely mean job cuts. This option also is unacceptable to SEANC, not only because it hurts vital public services and the people providing them, but it's also unnecessary as the state can continue to operate on the current two-year budget.

But, just as lawmakers are correct in asserting that they don't actually need to pass a new budget, it is equally true that they don't need to rush to adjourn by Jun 30. The General Assembly has often stayed and approved new budgets well after the start of the fiscal year on July 1 and could do so again this year. And as long as the General Assembly is in session, SEANC will be working every day to remind lawmakers of the need to value vital public services and the people who provide them. You can help, too. [Just contact your legislator and let them you expect better.](#)

Pension bill stalls in Senate committee

The Senate Pension & Retirement and Aging Committee met Wednesday and began to discuss [Senate Bill 878](#), the sister bill to [House Bill 1209](#), which was sent from the House State Personnel Committee to the House Appropriations Committee with a favorable recommendation.

However, Chairman Tom Apodoca (R-Henderson) adjourned without taking a vote after SEANC's Legislative Affairs Director Ardis Watkins and Sen. Shirley Randleman (R-Wilkes) both spoke out.

Watkins told lawmakers that if they approved this bill, which is being pushed by Treasurer Janet Cowell, then the taxpayers would lose and legislators would ultimately be to blame if and when there is ever a problem with the retirement system.



SEANC lobbyists Mitch Leonard, left, and Chuck Stone, right, talk with Sen. Shirley Randleman (R-Wilkes) about the need for increased pension transparency.

“This bill would give a bad, anti-taxpayer policy a legislative seal of approval,” she said. “This bill gives the public nothing more than they have in terms of transparency and no recourse if the state loses employer and taxpayer money.”

[Randleman also spoke up for transparency](#), noting that as a member of the Teachers’ and State Employees’ Retirement System, she had asked for information in 2009 regarding the pension fund’s real estate holdings, and has yet to receive any response.

[Click here to see the full discussion.](#)

The problem is that both bills enshrine secrecy and prevent accountability.

Senate Bill 878 would ensure that these contracts are kept out of visibility by the public and taxpayers for 10 years after they expire.

House Bill 1209 was amended in committee to reduce that time frame to five years, but in practical terms, that is no better for taxpayers as these contracts last, on average, 12 to 15 years and the statute of limitations on securities fraud is only two years – beginning in most cases, the day the contract is signed.

If passed, these bills would mean that an entire generation of public employees and taxpayers would be kept from knowing what is going on with their money in a fund four times greater than the annual state budget. They also would mean that public employees and taxpayers would have no way to hold anybody accountable – elected officials or money managers – in the case of any crimes or other mismanagement.

Already, the known fees paid by the state retirement system have increased 40 percent, and SEANC estimates the hidden fees – [many of them associated with the ‘inherently less transparent’ alternative investments that make up 21.5 percent of the pension fund](#) – have increased at least that much, especially as [50 percent of the alternative investments investigated by the U.S. Securities and Exchange Commission have been found to be overcharging fees.](#)

Even worse, we know that at least \$1 billion of North Carolina’s pension fund is invested with Credit Suisse, which has admitted to stealing more than \$2 billion from the federal government. [Furthermore, the federal Department of Labor says it doesn’t trust Credit Suisse to manage pension funds.](#) But yet North Carolina has secret agreements with this admitted tax evader?

That is unacceptable. It not right that the public funds with which state employees are paid is public record, yet the public funds with which Wall Street money managers in New York City are paid are not.

That is the message that SEANC will continue to carry to lawmakers are our lobbyists fight for transparency of your retirement dollars. SEANC members can add their voice to the fight as well, by [contacting their legislators](#) and telling them it’s time to put the “public” back in “public pension.”

Members! Make Your Action Plan Now!

Are you interested in securing a meaningful pay raise and a retiree COLA, as well as advocating for public services? Then make your voice heard by emailing or calling your legislators. 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 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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