



# LEGISLATIVE Update

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

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## Leaders tout \$400 million surplus publicly, downplay it privately

This week leaders from both the House and Senate and Gov. McCrory praised the announcement of a [\\$400 million revenue surplus](#) as proof that their tax changes had strengthened the economy.

But just as the news broke on Wednesday, Executive Director Mitch Leonard and others from SEANC were meeting with the four full chairpersons of the House Appropriations Committee – the people in charge of writing the House budget proposal. The message received by SEANC in that meeting was “don’t get your hopes up” that the surplus will go to much needed raises for state employees and cost-of-living adjustments for retirees.


The Senate is already pushing a cut in corporate taxes that would wipe out half of that surplus. Gov. McCrory and some in the Senate want to use it to replenish reserves. A Medicaid shortfall could top more than \$200 million again this year as well. Senior groups are asking for the return of medical deductions.

Needless to say, there are a lot of outstretched hands wanting a piece of the surplus.

Keep in mind that 2015 is not an election year, and as we know all too well, politicians like the good press that goes along with raises in an election year. It could be the case that they hope to hold on to the surplus in order to give a larger raise in 2016. Also, plans are in the works for a market-based pay plan for all state employees to be funded in next year’s budget.

The truth is, though, if the state’s economy is on the rebound, the only group that is not feeling this economic boom is state employees and retirees, whose pay continues to fall below market standards across the board.

State salaries have not kept up with the Consumer Price Index for the last five years and have actually resulted in a reduction of real wages when compared to the cost of everything else. Simply put, your salary doesn’t buy nearly as much as it did a few years ago.

 Salary and Retirement System Increase History

Year	Active Salary Increase	CPI <sup>†</sup> Yearly Average	Total Net Pay Loss	Retiree COLA	Total Net COLA Loss
2014	\$1,000 + 40 hours	1.6%	.74%	1.0%	-.6%
2013	40 hours	1.9%	-1.9%	0	-1.9%
2012	1.2%	2.1%	-0.9%	1.0%	-1.1%
2011	0	3.2%	-3.2%	0	-3.2%
2010	0	1.6%	-1.6%	0	-1.6%
<b>Total</b>	<b>3.5%*</b>	<b>10.4%</b>	<b>-6.9%</b>	<b>2.0%</b>	<b>-8.4%</b>

\*Based on Average salary of \$42,700  
†Costs of Goods and Services

But you know that already. Some in the legislature obviously don't.

SEANC will continue to point this out as we get our first insight into what House leaders are hoping to do with the surplus when the House budget proposal is released. House Speaker Tim Moore said this week he expects it to be released by May 18 and hopes to vote on it by May 21, leaving little room for debate.

### **NC GEAR recommendations get a bad review**

A 70-page report released by Gov. Pat McCrory's office on his N.C. GEAR initiative got a cold reception in a Joint Legislative Program Evaluation Oversight Committee meeting Tuesday.

The initiative, which is meant to look for inefficiencies and save money in state government, hasn't gone far enough according to the committee's chairmen. Rep. Craig Horn was [quoted in the News & Observer saying](#), "We all expected some major recommendations, something we could sink our teeth into."

McCrory's administration said the initiative was more about looking at the "fundamentals" of state government than a total makeover. The report included 18 recommendations on everything from vehicle use and rental to occupational licensing.

### **Senate bill would limit state employee political activity**

SEANC is watching [Senate Bill 480](#), which would significantly restrict participation in political activity by state employees and provide stiff penalties if lines are crossed.

Originally, the bill was written to affect only school employees, but was amended to include sections defining inappropriate political activity for all state employees. Among the changes is a redefinition of "equipment" to include both telephone lines and email addresses, meaning a simple email sent to a legislator could be defined as inappropriate and subject the worker to serious repercussions including possible dismissal.

The bill made the crossover deadline and is currently in the House Rules Committee for further consideration.

### **Contact your legislators**

Now is the time for you to [contact your lawmakers](#). Make your voice heard on the need for all state employees to receive a pay raise and all retirees to receive a cost-of-living increase. We need all hands on deck. Help your legislators put a face to state employees, SEANC and their constituents. Not sure who your legislators are? [Click here](#). Curious whether they were endorsed by EMPAC? [Click here](#). Want to make note of all of SEANC's legislative priorities before talking to them? [Click here](#).

SEANC staff can also help you schedule meetings with your lawmakers and make sure you have the most up-to-date information possible about SEANC's legislative priorities, so you can have a good and productive conversation. All you have to do is let us know you're coming. Just email [tbooe@seanc.org](mailto:tbooe@seanc.org) or call 800-222-2758 or 919-810-0272.

Can't make it to Raleigh? No problem. You can call, write or email your legislators – or even schedule your own time to meet with them in your hometown. Again, you can find your lawmakers and their contact information [here](#).