

2017

**HOUSE
STATE PERSONNEL**

MINUTES

**HOUSE COMMITTEE ON STATE PERSONNEL
2017-2018 SESSION**

<u>MEMBER</u>	<u>ASSISTANT</u>	<u>PHONE</u>	<u>OFFICE</u>	<u>SEAT</u>
Harry Warren, Chair	Cristy Yates	919.733.5784	611	56
Larry Bell, Vice-Chair	Carolyn Edwards	919.733.5863	510	21
Cynthia Ball	James Whalan	919.733.5860	1319	118
MaryAnn Black	Chandler Spaulding	919.733.5872	501	107
Deb Butler	Ruth Merkle	919.733.5754	1424	82
Jeff Collins	Wes Householder	919.733.5802	1106	31
Josh Dobson	Julie Ryan	919.733.5862	301N	114
Jeffrey Elmore	Linda Stevenson	919.733.5935	306A3	63
John Faircloth	Becky Bauerband	919.733.5877	613	28
Carl Ford	Olivia Clapp	919.733.5881	608	64
Pat Hurley	Deborah Holder	919.733.5865	532	10
Donny Lambeth	Pan Briles	919.733.5747	303	65
Pat McElraft	Nancy Fox	919.733.6275	634	9
Mickey Michaux	Anita Wilder	919.715.2528	1227	11
Chris Millis	John Ganem	919.715.9664	633	32
Sarah Stevens	Lisa Brown	919.715.1883	419	7
Rena Turner	Barbara Gaiser	919.733.5661	606	52
Shelly Willingham	Johnna Smith	919.715.3024	513	96



STATE PERSONNEL COMMITTEE
2017 – 2018 Session

House Standing Committee

- Meets: Upon Call
- Meeting notices via e-mail

Members

Chairman Rep. Warren

Vice Chairman Rep. L. Bell

Members

Rep. Ball
Rep. Black
Rep. Butler
Rep. Collins
Rep. Dobson
Rep. Elmore
Rep. Faircloth
Rep. Ford
Rep. Hurley
Rep. Lambeth
Rep. McElraft
Rep. Michaux
Rep. Millis
Rep. Stevens
Rep. R. Turner
Rep. Willingham



HOUSE COMMITTEE ON STATE PERSONNEL
2017-2018 SESSION

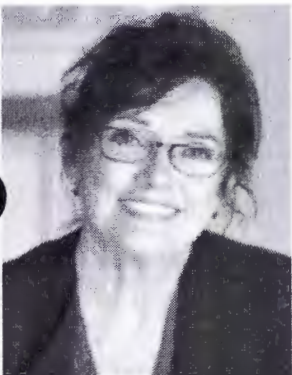
Cristy Yates, Clerk



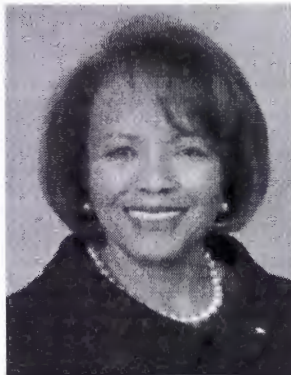
Rep. Harry Warren, Chair



Rep. Larry Bell, Vice-Chair



Rep. Cynthia Ball



Rep. MaryAnn Black



Rep. Deb Butler



Rep. Jeff Collins



Rep. Josh Dobson



Rep. Jeffrey Elmore



Rep. John Faircloth



Rep. Carl Ford





Rep. Pat Hurley



Rep. Donny Lambeth



Rep. Pat McElraft



Rep. Mickey Michaux



Rep. Chris Millis



Rep. Sarah Stevens



Rep. Rena Turner



Rep. Shelly Willingham





[illegible]



**House Committee on State Personnel
Wednesday, April 5, 2017 at 1:00 PM
Room 425 of the Legislative Office Building**

MINUTES

The House Committee on State Personnel met at 1:00 PM on April 5, 2017 in Room 425 of the Legislative Office Building. Representatives Ball, L. Bell, Black, Butler, Dobson, Ford, Hurley, Michaux, Stevens, R. Turner, Warren, and Willingham attended.

Representative Harry Warren, Chair, presided and welcomed everyone to the meeting. He introduced the Pages and the Sergeant-at-Arms.

The following bills were considered:

HB 120 - National Guard Can Purchase From CE. (Representatives McNeill, Warren, Grange, Goodman)

Rep. McNeill was recognized to present the bill. There was no discussion on the bill. Rep. Butler made a motion for a favorable report. Chairman Warren opened the floor for a vote and the motion passed.

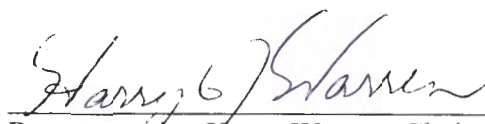
HB 409 - State Agencies/Adjust Hiring Practices. (Representatives R. Turner, Hardister, Grange, Pierce)

Rep. Rena Turner was recognized to present the bill. Rep. Grange provided an explanation of the bill. Chairman Warren opened the floor for questions. The following people were recognized for questions.

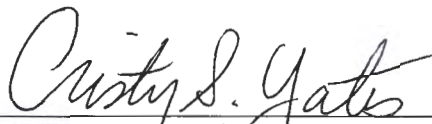
Casy House of Healing Transitions
Monica Washington of Healing Transitions
Tessie Castillo of NC Harm Reduction Coalition
Kaye Ward – Interfaith Prison Ministry for Women
Karen Brown – DPS/Correction Enterprises
Ames Simmons – Equality NC

Rep. Black made a motion for a favorable report. Chairman Warren opened the floor for a vote and the motion passed.

The meeting adjourned at 1.34 p.m.



Representative Harry Warren, Chair
Presiding



Cristy Yates, Committee Clerk



**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on State Personnel** will meet as follows:

DAY & DATE: Wednesday, April 5, 2017

TIME: 1:00 PM

LOCATION: 425 LOB

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 120	National Guard Can Purchase From CE.	Representative McNeill Representative Warren Representative Grange Representative Goodman
HB 334	Families' Stabilization Act.	Representative Cunningham Representative Fisher Representative Black Representative Butler
HB 409	State Agencies/Adjust Hiring Practices.	Representative R. Turner Representative Hardister Representative Grange Representative Pierce
HB 428	Probation/Parole Officers Retirement.	Representative McNeill Representative Faircloth Representative Hurley Representative Goodman

Respectfully,

Representative Harry Warren, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 10:55 AM on Tuesday, April 04, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Cristy Yates (Committee Assistant)



Cristy Yates (Rep. Harry Warren)

From: Sherrie Burnette (Rep. Carla Cunningham)
Sent: Tuesday, April 04, 2017 05:04 PM
To: Rep. Harry Warren; Cristy Yates (Rep. Harry Warren)
Cc: 'carlacunningham2012@gmail.com'; Rep. Carla Cunningham
Subject: Request to pull HB 334 from State Personnel to be heard at next meeting.

Importance: High

Rep. Warren,

I am sending this email on behalf of Rep. Cunningham. Rep. Cunningham is requesting that HB 334 – Families' Stabilization Act, be pulled from State Personnel on Wednesday, April 5, 2017 and be rescheduled for your next State Personnel meeting.

Thank you for honoring my request at a short notice.

Sherrie L. Burnette, Legislative Assistant
Office of Representative Carla D. Cunningham
District 106 – Mecklenburg County
West Jones Street
Room 1109 Legislative Building
Raleigh, North Carolina 27601
919-733-5807 - Office
919-754-3122 - Fax
Cunninghamla@ncleg.net
Carla.Cunningham@ncleg.net





Corrected #1: Remove HB334

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on State Personnel** will meet as follows:

DAY & DATE: Wednesday, April 5, 2017

TIME: 1:00 PM

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The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 120	National Guard Can Purchase From CE.	Representative McNeill Representative Warren Representative Grange Representative Goodman
HB 409	State Agencies/Adjust Hiring Practices.	Representative R. Turner Representative Hardister Representative Grange Representative Pierce
HB 428	Probation/Parole Officers Retirement.	Representative McNeill Representative Faircloth Representative Hurley Representative Goodman

Respectfully,

Representative Harry Warren, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 8:19 AM on Wednesday, April 05, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Cristy Yates (Committee Assistant)



Corrected #2: Remove HB428

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on State Personnel** will meet as follows:

DAY & DATE: Wednesday, April 5, 2017

TIME: 1:00 PM

LOCATION: 425 LOB

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
HB 120	National Guard Can Purchase From CE.	Representative McNeill Representative Warren Representative Grange Representative Goodman
HB 409	State Agencies/Adjust Hiring Practices.	Representative R. Turner Representative Hardister Representative Grange Representative Pierce

Respectfully,

Representative Harry Warren, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 9:34 AM on Wednesday, April 05, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Cristy Yates (Committee Assistant)



**House Committee on State Personnel
Wednesday, April 5, 2017, 1:00 PM
425 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

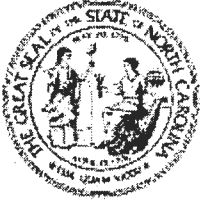
Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 120	National Guard Can Purchase From CE.	Representative McNeill Representative Warren Representative Grange Representative Goodman
HB 409	State Agencies/Adjust Hiring Practices.	Representative R. Turner Representative Hardister Representative Grange Representative Pierce

Adjournment





HOUSE BILL 120: National Guard Can Purchase From CE.

2017-2018 General Assembly

Committee:	House State Personnel	Date:	April 4, 2017
Introduced by:	Reps. McNeill, Warren, Grange, Goodman	Prepared by:	Tawanda N. Foster
Analysis of:	First Edition		Committee Counsel

OVERVIEW: *House Bill 120 adds National Guard members, employees, and retirees to the list of individuals eligible to purchase from Correction Enterprises.*

CURRENT LAW: The Section of Correction Enterprises of the Division of Adult Correction is a division of the Department of Public Safety statutorily authorized to develop and operate industrial, agricultural, and service enterprises that employ incarcerated offenders to provide them with meaningful work experiences and rehabilitative opportunities. The Section offers a wide variety of services and products to non-profit organizations; city, county, state, and federal agencies; contractors working on state funded projects within the State; and state or local government employees and retirees of the State.

G.S. 148-132 specifies the entities that may purchase products and services produced by Correction Enterprises.

BILL ANALYSIS: This bill adds National Guard members, employees, and retirees to the list of persons who may purchase products and services from Correction Enterprises.

- These persons would be verified through federal or State issued identification, or proof of retirement status.
- Purchases may not exceed \$2,500 per calendar year.
- Purchases may not be resold.

EFFECTIVE DATE: This bill would become effective when it becomes law.

Saren Cochran-Brown
Director



H 120 - S M T V - 14 E 1 - V - 2

Legislative Analysis
Division
919-733-2578



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 120

Short Title: National Guard Can Purchase From CE. (Public)

Sponsors: Representatives McNeill, Warren, Grange, and Goodman (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State Personnel

February 20, 2017

A BILL TO BE ENTITLED

AN ACT TO ADD NATIONAL GUARD MEMBERS, EMPLOYEES, AND RETIREES TO
THE LIST OF INDIVIDUALS ELIGIBLE TO PURCHASE FROM CORRECTION
ENTERPRISES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 148-132 reads as rewritten:

"§ 148-132. Distribution of products and services.

The Section of Correction Enterprises of the Division of Adult Correction is empowered and
authorized to market and sell products and services produced by Correction Enterprises to any of
the following entities:

- (1) Any public agency or institution owned, managed, or controlled by the State.
- (2) Any county, city, or town in this State.
- (3) Any federal, state, or local public agency or institution in any other state of the
union.
- (4) An entity or organization that has tax-exempt status pursuant to section
501(c)(3) of the Internal Revenue Code. Products purchased by an entity
pursuant to this subdivision may not be resold.
- (5) Any current employee or retiree of the State of North ~~Carolina~~Carolina,
member, employee, or retiree of the North Carolina National Guard, or of a unit
of local government of this State, verified through federal or State-issued
identification, or through proof of retirement status, but purchases by a State
employee or retiree, National Guard member, employee, or retiree, or local
governmental employee or retiree may not exceed two thousand five hundred
dollars (\$2,500) during any calendar year. Products purchased by State
employees or retirees, National Guard members, employees or retirees, and
local governmental employees and retirees under this section may not be resold.
- (6) Private contractors when the goods purchased will be used to perform work
under a contract with a public agency."

SECTION 2. This act is effective when it becomes law.





Date: 4-5-17

Bill Number H 120

PCS No

Motion to be before the committee by _____

Representative McNeill explained the bill.

Discussion on the Bill YES or NO

Representative Butler motioned for:

☒ Favorable Report

☐ Adoption

☐ Unfavorable Report

☐ Unfavorable to original bill,
fav to PCS

☐ No vote

Amendments: _____

Serial referral to: _____

Speakers:

Handouts:





HOUSE BILL 409: State Agencies/Adjust Hiring Practices.

2017-2018 General Assembly

Committee:	House State Personnel. If favorable, re-refer to Judiciary III	Date:	April 4, 2017
Introduced by:	Reps. R. Turner, Hardister, Grange, Pierce	Prepared by:	Tawanda N. Foster
Analysis of:	First Edition		Committee Counsel

OVERVIEW: *House Bill 409 directs state agencies to adjust employment practices to reduce barriers to employment for individuals with a criminal history.*

CURRENT LAW: Chapter 126 codifies the North Carolina Human Resources Act. In particular, Article 6 of Chapter 126 provides equal employment and compensation opportunity provisions and provisions related to obtaining state employment.

The bill also amends G.S. 126-34.02 and G.S. 126-5. G.S. 126-34.02 sets forth the grounds for grievances and the grievance appeal process. G.S. 126-5 defines the employees for whom this Chapter is applicable, as well as any exemptions from the provisions in this Chapter.

BILL ANALYSIS:

Section 1 adds a new section to Article 6 of Chapter 126 to require state agencies to adjust employment practices to reduce barriers to employment for individuals with a criminal history. The bill excludes the following agencies or positions: (1) a public employer that is required by State or federal law to conduct a criminal history inquiry as a preliminary qualification to be considered for public employment; (2) a position that includes law enforcement or public safety; (3) a position that involves direct interaction with minors or the elderly.

This bill requires an applicant not be asked to disclose information regarding their criminal record or history, including on any employment application, until the applicant (1) has signed the appropriate waiver authorizing release, (2) is being considered for a specific position, and (3) has received an interview.

If a background check has been lawfully completed and a criminal history exists the State agency must consider the following before offering or denying employment:

1. The nature and gravity of the offense.
2. The length of time that has elapsed since the offense occurred.
3. The age of the person at the time of the conviction.
4. Whether the offense is reasonably related to the duties and responsibilities of the employment sought by the applicant.

Saren Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

House Bill 409

Page 2

5. Any information pertaining to the degree of rehabilitation that may have taken place in the applicant.

Further, a record of arrest that did not result in a conviction cannot be the basis for disqualification from public employment. Grievances for violations of this section may be alleged under G.S. 126-34.01 and G.S. 126-34.02.

The Office of State Human Resources (OSHR) is required to collect data regarding positions statutorily required to perform background checks, conduct reviews to determine compliance, and submit reports to the General Assembly and make data available to the public as required by law.

Section 2 provides a grievance related to an applicant or employee's criminal history arising out of this section may be heard as a contested case after the agency grievance procedure and the OSHR review.

Section 3 provides this section will apply to all State employees and applicants for State employment, except as specifically excluded in Section 1.

EFFECTIVE DATE: This bill would become effective when it becomes law and apply to positions posted for State employment after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 409

Short Title: State Agencies/Adjust Hiring Practices. (Public)

Sponsors: Representatives R. Turner, Hardister, Grange, and Pierce (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State Personnel, if favorable, Judiciary III

March 21, 2017

A BILL TO BE ENTITLED
AN ACT DIRECTING STATE AGENCIES TO ADJUST EMPLOYMENT PRACTICES TO
REDUCE BARRIERS TO EMPLOYMENT FOR INDIVIDUALS WITH A CRIMINAL
HISTORY.

The General Assembly of North Carolina enacts:

SECTION 1. Article 6 of Chapter 126 of the General Statutes is amended by
adding a new section to read:

"§ 126-20. State agency hiring practices; criminal histories.

(a) Definitions. – The following definitions apply in this section:

(1) Applicant. – Any individual considered for, or who requests to be considered for, employment with the State or any current State employee considered for, or who requests to be considered for, another position in State employment.

(2) Criminal History. – A State or federal conviction of a crime, whether a misdemeanor or felony, that bears upon an applicant's fitness for public employment. The term includes a record of arrests that have not resulted in a conviction and those that have resulted in a favorable disposition such as a dismissal or a verdict of not guilty.

(3) Inquiry. – Any direct or indirect conduct intended to gather information, using any mode of communication.

(b) Findings and Purpose. – The General Assembly finds that the ability to procure meaningful employment is essential to reinstating good citizenship for individuals who have a criminal record. The General Assembly declares that the State encourages the successful reintegration of people with a criminal history and recognizes that reducing barriers to employment for persons with a criminal history is a matter of statewide concern. The purpose of this section is to implement hiring practices that will increase employment opportunities and will reduce recidivism and improve community stability.

(c) Scope. – This section applies to all State agencies and positions in State government employment, except that this section does not apply to any of the following:

(1) A public employer that is required by State or federal law to conduct a criminal history inquiry as a preliminary qualification to be considered for public employment.

(2) A position that includes law enforcement or public safety.

(3) A position that involves direct interaction with minors or the elderly.



* H 4 0 9 - V - 1 *

1 (d) Applicant Criminal History. – An applicant shall not be asked to disclose, orally or
2 in writing, information concerning the applicant's criminal record or history, including any
3 inquiry on any employment application, until the applicant (i) has signed the appropriate waiver
4 authorizing release, (ii) is being considered for a specific position, and (iii) has received an
5 interview.

6 (e) Considerations. – If a background check has been lawfully completed and a criminal
7 history exists, the following criteria shall be considered by the State agency before either
8 proffering or denying an offer of employment:

9 (1) The nature and gravity of the offense.

10 (2) The length of time that has elapsed since the offense occurred.

11 (3) The age of the person at the time of the conviction.

12 (4) Whether the offense is reasonably related to the duties and responsibilities of
13 the employment sought by the applicant.

14 (5) Any information pertaining to the degree of rehabilitation that may have
15 taken place in the applicant.

16 The State agency must inform the applicant of the potential adverse employment decision
17 based on the background check report prior to a final decision and must provide the applicant
18 an opportunity to demonstrate that the applicant was not correctly identified in the background
19 check report or that the report is otherwise inaccurate.

20 (f) Record of Arrest. – A record of arrest that did not result in conviction shall not be
21 the basis for disqualification from public employment.

22 (g) Violations of This Section. – A grievance concerning an alleged violation of this
23 section may be brought by an applicant under G.S. 126-34.01 and G.S. 126-34.02.

24 (h) Data Collection. – The Office of State Human Resources shall do the following:

25 (1) Record and log the positions that are statutorily required to conduct
26 background checks prior to a conditional offer of employment.

27 (2) Conduct quarterly reviews to determine compliance with this Article and
28 make a report on all such reviews to the General Assembly annually.

29 (3) Collect, and make available to the public, data on:

30 a. The number of applicants for public employment with criminal
31 histories given conditional offers of employment.

32 b. The number of applicants for public employment with criminal
33 histories who are subsequently employed.

34 c. The retention rate of public employees with criminal histories.

35 (i) Non-State Employers. – The General Assembly encourages comparable hiring
36 practices among local governments and private employers operating in the State."

37 SECTION 2. G.S. 126-34.02(b) is amended by adding a new subdivision to read:

38 "(b) The following issues may be heard as contested cases after completion of the
39 agency grievance procedure and the Office of State Human Resources review:

40 ...

41 (6) Criminal History. – A grievance arising under G.S. 126-20 that is related to
42 an applicant's or State employee's criminal history."

43 SECTION 3. G.S. 126-5 is amended by adding a new subsection to read:

44 "(c14) Notwithstanding any other provision of this Chapter, the provisions of G.S. 126-20
45 apply to all State employees and applicants for State employment, except as specifically
46 excluded by that section."

47 SECTION 4. This act is effective when it becomes law and applies to positions
48 posted for State employment on or after that date.

Date: 4-5-17

Bill Number H409

PCS No

Motion to be before the committee by _____

Representative Rena Turner & Rep. Grange explained the bill.

Discussion on the Bill YES or NO

Representative Black motioned for:

☒ Favorable Report

☐ Adoption

☐ Unfavorable Report

☐ Unfavorable to original bill,
fav to PCS

☐ No vote

Amendments: _____

Serial referral to: Judiciary III

Speakers: Casy House, Monica Washington, Tessie Castillo, Kaye Ward, Karen Brown, Ames

Handouts: Simmons



**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

**STATE PERSONNEL COMMITTEE REPORT
Representative Harry Warren, Chair**

FAVORABLE

HB 120

National Guard Can Purchase From CE.

Draft Number:	None
Serial Referral:	None
Recommended Referral:	None
Long Title Amended:	No
Floor Manager:	McNeill

FAVORABLE AND RE-REFERRED

HB 409

State Agencies/Adjust Hiring Practices.

Draft Number:	None
Serial Referral:	JUDICIARY III
Recommended Referral:	None
Long Title Amended:	No
Floor Manager:	R. Turner

TOTAL REPORTED: 2



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House Pages Assignments Wednesday, April 05, 2017

Committee	Room	Time	Staff	Comments	Member
Judiciary III	421	1:00 PM	Noah Ellington		Rep. Speaker Tim Moore
			Mary Margaret West		Rep. George Cleveland
			Chloe Worner		Rep. Harry Warren
State Personnel	425	1:00 PM	Caroline Byars Zina Hockaday		Rep. John Bradford
			Lizette Duarte		Rep. Sam Watford
			Madison Gunter		Rep. Mike Clampitt



Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on State Personnel

DATE: 4/5/2017 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: Malachi McCullough, Jr
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____



VISITOR REGISTRATION SHEET

HOUSE COMMITTEE ON STATE PERSONNEL

Name of Committee

4/5/17

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Andy Brandon

NC DPS

Colin Campbell

N+J

Jenni Edwards

Healing Transitions

Rennis Tripp

Healing TRANSITIONS

Akeem Clark

NCCU

Cristian Diaz

NCCU.

AMES SIMMONS

EQUALITY NC

Flint Benson

SEA NC

Will Ruy-ten

NCHFA

Susanna Davis

OSTOR

Bill Rowe

NC Justice Center



VISITOR REGISTRATION SHEET

HOUSE COMMITTEE ON STATE PERSONNEL

Name of Committee

4/5/17

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Jenny McDonald	N/A
LAURA MARTIN	StepUp Ministry, 1701 Obedin Road, Raleigh
Tessie Castillo	NC Harm Reduction Coalition
Coby Crandall	N/A
Karen Brown	DPS-Correction Enterprises
Casy House	Healing Transitions
Monica Washington	Healing Transitions
Kay Ward	Interfaith Prison Ministry for Women
Sara M. Spillers	528 N. Bloodworth St, Raleigh 27604
Karen Kranbuehl	SAY IT Solutions 4600 Gunston Raleigh NC



**House Committee on State Personnel
Wednesday, April 19, 2017 at 2:00 PM
Room 423 of the Legislative Office Building**

MINUTES

The House Committee on State Personnel met at 2:00 PM on April 19, 2017 in Room 423 of the Legislative Office Building. Representatives L. Bell, Butler, Collins, Dobson, Faircloth, Hurley, Michaux, Stevens, Warren, and Willingham attended.

Representative Harry Warren, Chair, presided and welcomed everyone to the meeting and introduced the Sergeant-at-Arms.

The following bills were considered:

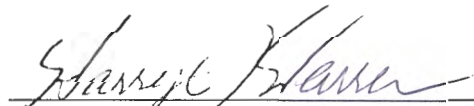
HB 299 - State Health Plan Administrative Changes.-AB (Representatives Dobson, Corbin, Clampitt, and Henson)

Rep. Dobson was recognized to present the bill. Rep. Stevens posed a question to David Vanderweide of Fiscal Research. Rep. Michaux posed a question to Mona Moon, Executive Director of the NC State Health Plan. Reps. Hurley and Butler posed questions and Rep. Dobson answered and Ms. Moon provided an explanation. Rep. Collins made a motion for a favorable report. Chairman Warren opened the floor for a vote and the motion passed.

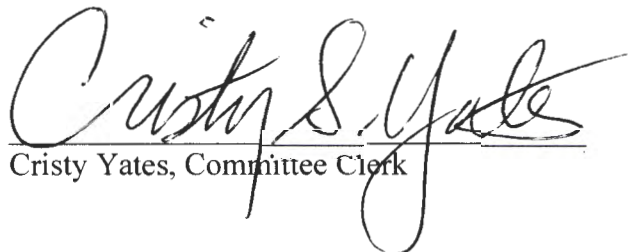
HB 428 – Probation/Parole Officers Retirement. (Representatives McNeill, Faircloth, Hurley, and Goodman)

Rep. McNeill was recognized to explain the PCS. The PCS was heard without objection by the members. Rep. Stevens posed a question and David Vanderweide of Fiscal Research answered. Reps. Faircloth and Collins made comments on his answer. Sam Watts of the NC Department of State Treasurer made a statement. Rep. Collins followed-up and David Vanderweide made a final comment. Rep. Faircloth made a motion for an Unfavorable to original bill, favorable to PCS. Chairman Warren opened the floor for a vote and the motion passed. Serial referral to Pensions and Retirement.

The meeting adjourned at 2:19 p.m.



Representative Harry Warren, Chair
Presiding



Cristy Yates, Committee Clerk



**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on State Personnel** will meet as follows:

DAY & DATE: Wednesday, April 19, 2017

TIME: 2:00 PM

LOCATION: 423 LOB

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>HB 299</u>	State Health Plan Administrative Changes.-AB	Representative Dobson Representative Corbin Representative Clampitt Representative Henson
<u>HB 428</u>	Probation/Parole Officers Retirement.	Representative McNeill Representative Faircloth Representative Hurley Representative Goodman

Respectfully,

Representative Harry Warren, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 10:25 AM on Wednesday, April 12, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Cristy Yates (Committee Assistant)



**House Committee on State Personnel
Wednesday, April 19, 2017, 2:00 PM
423 Legislative Office Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages

Bills

BILL NO.	SHORT TITLE	SPONSOR
HB 299	State Health Plan Administrative Changes.-AB	Representative Dobson Representative Corbin Representative Clampitt Representative Henson
HB 428	Probation/Parole Officers Retirement.	Representative McNeill Representative Faircloth Representative Hurley Representative Goodman

Adjournment





HOUSE BILL 299: State Health Plan Administrative Changes.

2017-2018 General Assembly

Committee:	House State Personnel	Date:	April 17, 2017
Introduced by:	Reps. Dobson, Corbin, Clampitt, Henson	Prepared by:	Theresa Matula
Analysis of:	First Edition		Committee Staff

House Bill 299 would make administrative changes to statutes governing the North Carolina State Health Plan for Teachers and State Employees (Plan) that: 1) allow revocation of coverage for misrepresentations made by covered individuals regarding eligibility or enrollment; 2) pertain to the premium split between the State and certain General Assembly retirees; 3) provide coverage to children newly born to existing covered employees; 4) prioritize the order in which excess funds in the Public Employee Health Benefit Fund are used; 5) grant powers to the Board of Trustees and State Treasurer pertaining to the unfunded actuarial liability; and 6) provide members of the Board of Trustees with immunity from civil liability for most actions taken in their official capacity.

[As introduced, this bill was identical to S218, as introduced by Sens. Krawiec, Pate, and Hise, which is currently in Senate Appropriations on Pensions, Compensation and Benefits.]

CURRENT LAW: Where appropriate, the current law has been provided in italics below.

BILL ANALYSIS:

Section 1 would amend the statutes [G.S. 135-48.44(a)(6)] to clarify that an individual would lose coverage under the plan on the last day of the month the individual is found to have made a false representation of a material fact regarding eligibility or enrollment information.

Currently, individuals lose coverage only if they make false representations of material facts in a claim for reimbursement.

Section 2 would amend the law [G.S. 135-48.40(c)(2)] to provide that a retiree's premium for one-half contributory coverage is half of the employer contribution established by the General Assembly plus the employee contribution, clarifying that individual retirees must pay the balance of the total premiums not paid by the State unless prohibited by law. The section also amends the law [G.S. 135-48.40(c)(2)] to define "total premium" as the sum of the Plan's employer contribution rate and the employee or retiree's contribution rate.

Current law does not include the "unless prohibited by law" exception to the premium split or define the term "total premium."

Section 3 would amend the law [G.S. 135-48.42(a)] pertaining to enrollment to clarify that children born to covered employees will be covered from birth as long as the participants notify the Plan within 30 days of birth and pay premiums retroactive to the first day of the month in which the child was born.

Section 4 would amend the statutes [G.S. 135-48.5(a)], creating two health benefit trust funds, the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund, to clarify the order for using funds

Karen Cochrane-Brown
Director



Legislative Analysis
Division
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House Bill 299

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in the Public Employee Health Benefit Fund that are in excess of the amount needed to pay benefit and administrative costs. The excess funds shall be used in the following order:

- First, to establish a reserve for incurred but unrepresented claims.
- Second, to be set aside to reduce the Plan's unfunded actuarial accrued liability for post-employment retiree health benefits. Any amount set aside must be approved by the Board of Trustees and limited to no more than 50% of the excess funds in the Public Employee Health Benefit Fund after establishing a reserve for incurred but unrepresented claims.
- Third, to reduce the premiums required by the Plan.
- Fourth, to improve the Plan as provided by the State Treasurer, subject to approval by the Board of Trustees.

Currently there is no provision to use the excess funds to be set aside to reduce unfunded actuarial accrued liability for post-employment retiree health benefits, and the General Assembly, not the State Treasurer, has the authority to use funds to improve the Plan

Section 5 would amend the law [G.S. 135-48.22], pertaining to the powers and duties of the trustees, to include the ability to approve set-asides to reduce the State's unfunded actuarial accrued liability for post-employment retiree health benefits in the powers delegated to the Board of Trustees.

Section 6 would amend the law [G.S.135-48.30(a)], outlining the powers and duties of the State Treasurer to provide that the State Treasurer the power to set aside funds from the Plan to reduce the Plan's unfunded actuarial accrued liability for post-employment retiree health benefits.

Section 7 would amend the law [G.S. 135-48.20] establishing the Board of Trustees to add a new subsection making individual members of the Board of Trustees immune from civil liability for actions taken in their official capacity except when:

- The member was not acting within the scope of the member's duties.
- The member was not acting in good faith.
- The member committed gross negligence or willful or wonton misconduct.
- The member derived an improper personal financial benefit from a transaction.
- The member incurred liability from the operation of a motor vehicle.

EFFECTIVE DATE: Section 3 would become effective October 1, 2017, and apply to children born to covered employees on or after that date. The remainder of bill would become effective when it becomes law.

** Jason Moran-Bates substantially contributed to this summary.*

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Actuarial Note Health Benefits

BILL NUMBER: House Bill 299 (First Edition)
SHORT TITLE: State Health Plan Administrative Changes.-AB
SPONSOR(S): Representatives Dobson, Corbin, Clampitt, and Henson

SYSTEM OR PROGRAM AFFECTED: State Health Plan for Teachers and State Employees (Plan).

FUNDS AFFECTED: State General Fund, State Highway Fund, other State employer receipts; premium payments for dependents of active employees and retired employees of State agencies and universities, local public schools and local community colleges; premium payments for coverages selected by eligible former employees; premium payments for coverages selected by firefighters, rescue squad workers, members of the National Guard, and certain authorized local governments.

BILL SUMMARY:

Section 1: Amends G.S. 135-48.44(a) to allow the Plan to terminate coverage when an individual knowingly and willfully provides false information during the enrollment process. Currently, the Plan can terminate coverage when an individual provides false information related to a claim.

Section 2: Amends G.S. 135-48.40(c)(2) to clarify that the retiree's premium for one-half contributory coverage is half of the employer contribution established by the General Assembly plus the employee contribution.

Section 3: Amends G.S. 135-48.42(a) to require members to enroll newborns they wish to cover within 30 days of birth. Currently, additional children born to a member who has elected employee-child or family coverage are automatically covered.

Sections 4-6: Allow the State Treasurer, subject to approval by the Board of Trustees, to set aside up to 50% of any unencumbered balance to reduce the State's unfunded accrued liability for retiree medical benefits.

Section 7: Provides limited civil immunity to members of the Board of Trustees.

EFFECTIVE DATE: Section 3 becomes effective October 1, 2017 and applies to children born on or after that date. The remainder of the bill is effective when it becomes law.

ESTIMATED IMPACT ON STATE:

The Segal Company, the actuary for the Plan, estimates that the bill will have negligible financial impact on the Plan. However, The Segal Company notes that if funds are set aside under Sections 4-6, then they may need to be reimbursed through higher premium contributions in future years. This is because the funds would most likely be set aside in a trust specifically designed to pay premiums on behalf of retirees, rather than for the broader purpose of paying claims for services to all Plan members.

Hartman & Associates, the actuary for the General Assembly, also estimates that Sections 1-3 and 7 will not have a material impact on the Plan. Hartman & Associates notes that it is likely that any amount set aside under Sections 4-6 would increase the magnitude of future premium increases or benefit reductions, although we do not know the likelihood or amount of any transfers that may be made.

ASSUMPTIONS AND METHODOLOGY: The actuarial analyses used by each respective consulting actuary are on file with the Fiscal Research Division. Copies of each respective consulting actuary's analysis, including assumptions, are also attached to the original copy of this Legislative Actuarial note.

Summary Information and Data about the Plan

The Plan administers health benefit coverage for active employees from employing units of State agencies and departments, universities, local public schools, and local community colleges. Eligible retired employees of authorized employing units may also access health benefit coverage under the Plan. Eligible dependents of active and retired employees are authorized to participate in the Plan provided they meet certain requirements. Employees and retired employees of selected local governments and charter schools may also participate in the Plan under certain conditions. Members of fire, rescue squads, and the National Guard may also obtain coverage under the Plan provided they meet certain eligibility criteria.

The State finances the Plan on a self-funded basis and administers benefit coverage under a Preferred Provider Option (PPO) arrangement, with the exception of many Medicare-eligible retirees who are in fully-insured Medicare Advantage plans. The Plan's receipts are derived through premium contributions, investment earnings and other receipts. Premiums for health benefit coverage are paid by (1) employing agencies for active employees, (2) the Retiree Health Benefit Fund for retired employees, and (3) employees and retirees who participate in a plan with a non-zero premium or who elect dependent coverage. Benefit and premium changes are typically effective at January 1. The Plan's PPO benefit design includes three alternative benefit levels listed below:

- 1) The "Traditional" 70/30 plan that offers higher out-of-pocket requirements in return for lower employee and retiree premiums and only one wellness activity,
- 2) The "Enhanced" 80/20 plan that offers lower out-of-pocket requirements with higher employee and retiree premiums, which can be lowered by completing three wellness activities, and
- 3) The Consumer-Directed Health Plan (CDHP) that applies deductibles and co-insurance to all services and offers lower employee and retiree premiums if one completes wellness activities

Medicare-eligible retirees are offered three alternative plans:

- 1) The "Traditional" 70/30 plan as coverage secondary to Medicare for medical services plus a pharmacy benefit plan,
- 2) "Base" Medicare Advantage Prescription Drug Plan (MA-PDP) from United Healthcare, that is actuarially equivalent to the "Enhanced" 80/20 Plan and applies in-network out-of-pocket requirements at out-of-network providers
- 3) "Enhanced" MA-PDP, identical to the "Base" MA-PDP, except with lower co-pays and higher retiree premiums

The following tables provide a summary of the most common monthly premium rates for the Plan in 2017:

Active Employees and Non-Medicare Retirees (if Fully Subsidized)

	Employer Share	Employee/Retiree Share	
		Complete All Wellness Activities *	Complete No Wellness Activities
Traditional 70/30 Plan	\$479.48	\$0.00	\$40.00
Enhanced 80/20 Plan	\$479.48	\$15.04	\$105.04
Consumer-Directed Health Plan (85/15)	\$479.48	\$0.00	\$80.00

* Members receive credits for each activity. We have shown all or none for simplicity.

Medicare Retirees (if Fully Subsidized)

Medicare Advantage Plans

	Employer Share	Employee/Retiree Share
MA-PDP Base Plan	\$372.56	\$0.00
MA-PDP Enhanced Plan	\$372.56	\$64.00

Alternate Plan

	Employer Share	Employee/Retiree Share
Traditional 70/30 Plan	\$372.56	\$0.00

Dependents (paid by employee/retiree in addition to premiums above)

	All Dependents are Non-Medicare			One or More Medicare Dependents		
	Traditional 70/30	Enhanced 80/20	CDHP 85/15	MA-PDP Base	MA-PDP Enhanced	Traditional 70/30
Employee/Retiree + Children	\$218.14	\$290.14	\$196.32	\$124.80	\$188.80	\$155.20
Employee/Retiree + Spouse	\$562.10	\$668.48	\$505.90	\$124.80	\$188.80	\$408.08
Employee/Retiree + Family	\$598.70	\$708.72	\$538.82	\$249.60	\$377.60	\$444.66

The employer share of premiums for retirees is paid from the Retiree Health Benefit Fund. During FY 2016-17, employers contribute 5.81% of active employee payroll into the Fund. Total contributions for the year are projected to be approximately \$950 million.

Financial Condition

Projected Results for CY 2017 and CY 2018 – The following summarizes projected financial results for 2017 and 2018, based on financial experience through September 2016. The projection assumes a 7.0% annual claims growth trend for medical claims, an 8.5% trend for pharmacy claims, benefit provisions and member-paid premiums as currently adopted by the Board, and 3.5% premium increases in 2018.

	(\$ millions)	
	Projected CY 2017	Projected CY 2018
Beginning Cash Balance	\$945.7	\$834.1
Receipts:		
Net Premium Collections	\$3,264.8	\$3,369.6
Medicare Subsidies	\$16.5	\$16.6
Investment Earnings	\$7.2	\$6.2
Total	\$3,288.5	\$3,392.4
Disbursements:		
Net Medical Claim Payment Expenses	\$2,271.9	\$2,374.3
Net Pharmacy Claim Payment Expenses	\$706.9	\$787.2
Medicare Advantage Premiums	\$192.6	\$255.4
Administration and Claims-Processing Expenses	\$228.7	\$219.6
Total	\$3,400.1	\$3,636.5
Net Operating Income (Loss)	(\$111.6)	(\$244.1)

Of the premiums paid in CY 2017, an estimated \$2.1 billion is derived from General Fund sources and an estimated \$0.1 billion is derived from Highway Fund sources.

Other Information

Additional assumptions include Medicare benefit “carve-outs,” cost containment strategies including prior approval for certain medical services, utilization of the "Blue Options" provider network, case and disease management for selected medical conditions, mental health case management, coordination of benefits with other payers, a prescription drug benefit manager with manufacturer rebates from formularies, fraud detection, and other authorized actions by the State Treasurer, Executive Administrator, and Board of Trustees to manage the Plan to maintain and improve the Plan's operation and financial condition where possible. Medical claim costs are expected to increase at a rate of 7.0% annually and pharmacy claim costs are expected to increase at a rate of 8.5% annually according to assumptions adopted by the Board of Trustees. The active population is projected to decline by 1% per year and the retired population is projected to increase by 1% per year.

Enrollment as of January 1, 2017

I. No. of Participants	Traditional 70/30	Enhanced 80/20	Consumer Directed	Medicare Advantage	Total	Percent of Total
<u>Actives</u>						
Employees	125,378	163,187	21,119	-	309,684	43.3%
Dependents	75,032	73,137	21,903	-	170,072	23.8%
Sub-total	200,410	236,324	43,022	-	479,756	67.1%
<u>Retired</u>						
Employees	59,349	25,367	1,671	111,890	198,277	27.7%
Dependents	8,029	4,182	903	9,447	22,561	3.2%
Sub-total	67,378	29,549	2,574	121,337	220,838	30.9%
<u>Other</u>						
Employees	2,618	5,921	980	-	9,519	1.3%
Dependents	1,522	2,368	767	-	4,657	0.7%
Sub-total	4,140	8,289	1,747	-	14,176	2.0%
<u>Total</u>						
Employees	187,345	194,475	23,770	111,890	517,480	72.4%
Dependents	84,583	79,687	23,573	9,447	197,290	27.6%
Grand Total	271,928	274,162	47,343	121,337	714,770	100%
Percent of Total	38.0%	38.4%	6.6%	17.0%	100.0%	
II. Enrollment by Contract	Traditional	Enhanced	CDHP	MA	Total	
Employee Only	144,962	154,308	12,663	102,443	414,376	
Employee Child(ren)	25,805	26,363	5,739	179	58,086	
Employee Spouse	6,105	5,106	1,533	9,268	22,012	
Employee Family	10,473	8,698	3,835		23,006	
Total	187,345	194,475	23,770	111,890	517,480	
Percent Enrollment by Contract	Traditional	Enhanced	CDHP	MA	Total	
Employee Only	77.4%	79.3%	53.3%	91.6%	80.1%	
Employee Child(ren)	13.8%	13.6%	24.1%	0.2%	11.2%	
Employee Spouse	3.3%	2.6%	6.4%	8.3%	4.3%	
Employee Family	5.6%	4.5%	16.1%	0.0%	4.4%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	
III. Enrollment by Sex	Traditional	Enhanced	CDHP	MA	Total	
Female	159,441	178,330	26,685	80,445	444,901	
Male	112,487	95,832	20,658	40,892	269,869	
Total	271,928	274,162	47,343	121,337	714,770	
Percent Enrollment by Sex	Traditional	Enhanced	CDHP	MA	Total	
Female	58.6%	65.0%	56.4%	66.3%	62.2%	
Male	41.4%	35.0%	43.6%	33.7%	37.8%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	

IV. Enrollment by Age	Traditional	Enhanced	CDHP	MA	Total
25 & Under	73,899	70,290	18,777	3	162,969
26 to 45	68,332	76,095	13,837	228	158,492
46 to 55	46,137	56,424	8,217	873	111,651
56 to 65	47,542	66,377	6,204	11,420	131,543
66 & Over	36,018	4,976	308	108,813	150,115
Total	271,928	274,162	47,343	121,337	714,770

Percent Enrollment by Age	Traditional	Enhanced	CDHP	MA	Total
25 & Under	27.2%	25.6%	39.7%	0.0%	22.8%
26 to 45	25.1%	27.8%	29.2%	0.2%	22.2%
46 to 55	17.0%	20.6%	17.4%	0.7%	15.6%
56 to 65	17.5%	24.2%	13.1%	9.4%	18.4%
66 & Over	13.2%	1.8%	0.7%	89.7%	21.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

V. Retiree Enrollment by Category	Employee	Dependents	Total
Non-Medicare Eligible	48,342	11,835	60,177
Medicare Eligible in Traditional 70/30	38,045	1,279	39,324
Medicare Eligible in Base Medicare Advantage Plans	93,707	6,871	100,578
Medicare Eligible in Enhanced Medicare Advantage Plans	18,183	2,576	20,759
Total	198,277	22,561	220,838

Percent Enrollment by Category (Retiree)	Employee	Dependents	Total
Non-Medicare Eligible	24.4%	52.5%	27.2%
Medicare Eligible in Traditional 70/30	19.2%	5.7%	17.8%
Medicare Eligible in Base Medicare Advantage Plans	47.3%	30.5%	45.5%
Medicare Eligible in Enhanced Medicare Advantage Plans	9.2%	11.4%	9.4%
Total	100.0%	100.0%	100.0%

VI. Enrollment By Major Employer Groups	Employees	Dependents	Total
State Agencies	68,024	32,792	100,816
UNC System	52,910	34,217	87,127
Local Public Schools	168,892	91,264	260,156
Charter Schools (88 entities)	4,111	2,688	6,799
Local Community Colleges	15,747	9,111	24,858
Other			
Local Governments (91 entities)	8,882	4,128	13,010
COBRA	637	529	1,166
Sub-total	319,203	174,729	493,932
Retirement System *	198,277	22,561	220,838
Total	517,480	197,290	714,770

Percent Enrollment by Major Employer Groups	Employees	Dependents	Total
State Agencies	13.1%	16.6%	14.1%
UNC System	10.2%	17.3%	12.2%
Local Public Schools	32.6%	46.3%	36.4%
Charter Schools	0.8%	1.4%	1.0%
Local Community Colleges	3.0%	4.6%	3.5%
Other			
Local Governments	1.7%	2.1%	1.8%
COBRA	0.1%	0.3%	0.2%
Sub-total	61.7%	88.6%	69.1%
Retirement System	38.3%	11.4%	30.9%
Total	100.0%	100.0%	100.0%

* Includes 6 employees and 6 dependents covered as firefighters, rescue squad workers, or National Guard members

SOURCES OF DATA:

The Segal Company; baseline financial projections updated through Q3 CY2016 with 3.52% employer and employee premium increase in 2018, no further increases in wellness premiums/credits; dated January 24, 2017. Filename "CY16 Q3 - New Baseline - S1 - No Credit Increase in 2018+.pdf"

-Actuarial Note, Hartman & Associates, "House Bill 299/Senate Bill 218: An Act Make Clarifying and Administrative Changes to the Laws Relating to the State Health Plan for Teachers and State Employees", March 14, 2017, original of which is on file in the General Assembly's Fiscal Research Division.

-Actuarial Note, The Segal Company, House Bill 299, "State Health Plan Administrative Changes-AB", March 27, 2017, original of which is on file with the State Health Plan for Teachers and State Employees and the General Assembly's Fiscal Research Division.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: David Vanderweide

APPROVED BY:

Mark Trogon, Director
Fiscal Research Division



DATE: April 10, 2017

Signed Copy Located in the NCGA Principal Clerk's Offices



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2017

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HOUSE BILL 299*

Short Title: State Health Plan Administrative Changes.-AB (Public)

Sponsors: Representatives Dobson, Corbin, Clappitt, and Henson (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Insurance, if favorable, State Personnel

March 13, 2017

A BILL TO BE ENTITLED

AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO THE LAWS
RELATING TO THE NORTH CAROLINA STATE HEALTH PLAN FOR TEACHERS
AND STATE EMPLOYEES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-48.44(a) reads as rewritten:

"§ 135-48.44. Cessation of coverage.

(a) Coverage under this Plan of an employee and his or her surviving spouse or eligible dependent children or of a retired employee and his or her surviving spouse or eligible dependent children shall cease on the earliest of the following dates:

...

(6) The last day of the month in which a covered individual is found to have knowingly and willfully made or caused to be made a false statement or false representation of a material fact regarding eligibility or enrollment information or in a claim for reimbursement of medical services under the Plan. The State Treasurer may make an exception to the provisions of this subdivision when persons subject to this subdivision have had a cessation of coverage for a period of five years and have made a full and complete restitution to the Plan for all fraudulent claim amounts. Nothing in this subdivision shall be construed to obligate the State Treasurer to make an exception as allowed for under this subdivision.

...."

SECTION 2. G.S. 135-48.40(c)(2) reads as rewritten:

"(2) Employees and members of the General Assembly with 10 but less than 20 years of retirement service credit provided the employees were first hired on or after October 1, 2006, and the members first took office on or after February 1, 2007. For such future retirees, the State shall pay fifty percent (50%) of the Plan's total employer premiums. Individual retirees shall pay the balance of the total premiums not paid by the State. State unless prohibited by law. The total premium is the sum of the Plan's total employer premium contribution rate plus the employee or retiree's contribution for individual and dependent coverage."

SECTION 3.(a) G.S. 135-48.42(a) reads as rewritten:

"(a) Except as otherwise required by applicable federal law, new employees must be given the opportunity to enroll or decline enrollment for themselves and their dependents within 30 days from the date of employment or from first becoming eligible on a partially contributory or other



1 contributory basis. Coverage may become effective on the first day of the month following date of
2 entry on payroll or on the first day of the following month. New employees age 19 and older not
3 enrolling themselves and their dependents age 19 and older within 30 days, or not adding
4 dependents when first eligible as provided herein may enroll during annual enrollment, but may be
5 subject to a 12-month waiting period for preexisting health conditions, except for employees who
6 elect to change their coverage in accordance with rules established by the State Treasurer for
7 optional or alternative plans available under the Plan. Children born to covered employees ~~having~~
8 ~~coverage type (2) or (3), as outlined in G.S. 135-48.43(d) shall be automatically covered at the~~
9 ~~time of birth without any waiting period for preexisting health conditions. Children born to~~
10 ~~covered employees having coverage type (1) shall be automatically covered at birth without any~~
11 ~~waiting period for preexisting health conditions so long as the claims processor-Plan receives~~
12 ~~notification within 30 days of the date of birth that the employee desires to change from coverage~~
13 ~~(1) to coverage type (2) or (3), provided that birth and the employee pays any additional premium~~
14 ~~required by the coverage type selected retroactive to the first day of the month in which the child~~
15 ~~was born."~~

16 **SECTION 3.(b)** This section becomes effective October 1, 2017, and applies to
17 children born to covered employees on or after that date.

18 **SECTION 4.** G.S. 135-48.5(a) reads as rewritten:

19 "(a) There are hereby established two health benefit trust funds, to be known as the Public
20 Employee Health Benefit Fund and the Health Benefit Reserve Fund for the payment of hospital
21 and medical benefits. As used in this section, the term "health benefit trust funds" refers to the
22 fund type described under G.S. 143C-1-3(a)(10).

23 All premiums, fees, charges, rebates, refunds or any other receipts including, but not limited
24 to, earnings on investments, occurring or arising in connection with health benefits programs
25 established by this Article, shall be deposited into the Public Employee Health Benefit Fund.
26 Disbursements from the Fund shall include any and all amounts required to pay the benefits and
27 administrative costs of such programs as may be determined by the Executive Administrator and
28 Board of Trustees.

29 Any unencumbered balance in excess of prepaid premiums or charges in the Public Employee
30 Health Benefit Fund at the end of each fiscal year shall be used first, in the following order:

- 31 (1) First, to provide an actuarially determined Health Benefit Reserve Fund for
32 incurred but unrepresented ~~claims, second, claims.~~
- 33 (2) Second, up to fifty percent (50%) of any unencumbered balance remaining after
34 providing for incurred but unrepresented claims may be set aside by the State
35 Treasurer, subject to approval by the Board of Trustees, to reduce the State's
36 unfunded actuarial accrued liability for post-employment retiree health benefits.
- 37 (3) Third, to reduce the premiums required in providing the benefits of the health
38 benefits programs, and third programs.
- 39 (4) Fourth, to improve the plan, as may be provided by the ~~General Assembly.~~State
40 Treasurer, subject to approval by the Board of Trustees.

41 The balance in the Health Benefits Reserve Fund may be transferred from time to time to the
42 Public Employee Health Benefit Fund to provide for any deficiency occurring therein. The Public
43 Employee Health Benefit Fund and the Health Benefit Reserve Fund shall be deposited with the
44 State Treasurer and invested as provided in G.S. 147-69.2 and 147-69.3."

45 **SECTION 5.** G.S. 135-48.22 is amended by adding a new subdivision to read:

46 "(7) Approve set-asides to reduce the State's unfunded actuarial accrued liability for
47 post-employment retiree health benefits as provided in G.S. 135-48.5(a) and
48 G.S. 135-48.30(a)(18)."

49 **SECTION 6.** G.S. 135-48.30(a) is amended by adding a new subdivision to read:

50 "(18) Set aside funds from the Public Employee Health Benefit Fund to reduce the
51 State unfunded actuarial accrued liability for post-employment retiree health

benefits as provided in G.S. 135-48.5(a), subject to approval by the Board of Trustees."

SECTION 7. G.S. 135-48.20 is amended by adding a new subsection to read:

"(n) Immunity. – Except to the extent provided under Article 31A of Chapter 143 of the General Statutes and to the extent of insurance coverage purchased pursuant to G.S. 58-32-15, a person serving on the Board of Trustees shall be immune individually from civil liability for monetary damages for any act, or failure to act, arising out of that service, except where any of the following apply:

(1) The person was not acting within the scope of that person's official duties.

(2) The person was not acting in good faith.

(3) The person committed gross negligence or willful or wanton misconduct that resulted in damages or injury.

(4) The person derived an improper personal financial benefit, either directly or indirectly, from the transaction.

(5) The person incurred the liability from the operation of a motor vehicle."

SECTION 8. This act is effective when it becomes law.



Date: 4-19-17

Bill Number H299

PCS No

Motion to be before the committee by _____

Representative Dobson explained the bill.

Discussion on the Bill YES or NO

Representative Collins motioned for:

☒ Favorable Report

☐ Adoption

☐ Unfavorable Report

☐ Unfavorable to original bill,
fav to PCS

☐ No vote

Amendments: _____

Serial referral to: _____

Speakers:

Handouts:



**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

**STATE PERSONNEL COMMITTEE REPORT
Representative Harry Warren, Chair**

FAVORABLE

HB 299

State Health Plan Administrative Changes.-AB

Draft Number:	None
Serial Referral:	None
Recommended Referral:	None
Long Title Amended:	No
Floor Manager:	Dobson

TOTAL REPORTED: 1



★ C M R 2 2 8 - V - 1 ★





HOUSE BILL 428: Probation/Parole Officers Retirement.

2017-2018 General Assembly

Committee:	House State Personnel. If favorable, re-refer to Pensions and Retirement	Date:	April 19, 2017
Introduced by:	Reps. McNeill, Faircloth, Hurley, Goodman	Prepared by:	Jeremy Ray
Analysis of:	PCS to First Edition H428-CSBH-2		Committee Counsel

SUMMARY: *The proposed committee substitute for House Bill 428 (PCS) amends the Teachers' and State Employees' Retirement System (TSERS) definition of "Law Enforcement Officer" to also mean a "probation/parole officer" which increases or enhances the benefits for probation/parole officers.*

BILL ANALYSIS: The PCS amends the definition section of the Teachers' and State Employees' Retirement System (TSERS) statutes to provide a definition of "Probation/Parole Officer."

A "probation/parole officer" is defined as a full-time paid employee of the Division of Adult Correction of the Department of Public Safety whose duties include supervising, evaluating, or otherwise instructing offenders who have been placed on probation, parole, post-release supervision, or have been assigned to any other community-based program operated by the Division of Adult Correction.

The PCS amends the definition of "law enforcement officer" to include probation/parole officers as defined in G.S. 135-1 with respect to service rendered on or after July 1, 2017.

By defining probation/parole officers as "law enforcement officers," the PCS provides or enhances the following benefits:

- Service Retirement (Unreduced Benefits) at age 55 with 5 years creditable service versus age 65 with 5 years creditable service or age 60 with 25 years creditable service.
- Early Retirement (Reduced Benefits) at age 50 with 15 years creditable service versus age 50 with 20 years creditable service or age 60 with 5 years creditable service.
- Provides a Separation Allowance
- Provides a Separate Insurance Benefits Plan
- Survivor's Alternate Benefit with 20 years, regardless of age, or age 50 with 15 years, or age 55 with 5 years, or 15 years of creditable service if killed in line of duty versus 20 years regardless of age, or age 60 with 5 years

The PCS also expands "creditable service" to include service for which credit is allowed under the retirement system earned as a probation/parole officer; which would allow probation/parole officer service prior to July 1, 2017 to count toward the requirement that fifty percent (50%) of an employee's career be as a law enforcement officer.

EFFECTIVE DATE: This PCS would become effective July 1, 2017, and apply to persons retiring on or after that date.

Theresa Matula, Legislative Analyst, substantially contributed to this summary.

uren Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578



GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

Legislative Retirement Note

BILL NUMBER: Proposed Committee Substitute to House Bill 428
(H428-CSBH-2 [v.2])

SHORT TITLE: Probation/Parole Officers Retirement.

SPONSOR(S): Representatives McNeill, Faircloth, Hurley, and Goodman

FUNDS AFFECTED: State General Fund, State Highway Fund, other State employer receipts

SYSTEM OR PROGRAM AFFECTED: Teachers' and State Employees' Retirement System (TSERS), Separate Insurance Benefits Plan (SIBP), and special separation allowance

BILL SUMMARY: The proposed legislation defines a probation/parole officer for retirement benefit purposes and changes the definition of law-enforcement officer in G.S. 135-1(11c) to include probation/parole officers with respect to service rendered on or after July 1, 2017. Changing the definition of law-enforcement officer has the following impacts in other areas of the General Statutes:

- G.S. 135-5(b19) says "A member who is a law enforcement officer" will be eligible for unreduced retirement at age 55 with 5 years of service as a law-enforcement officer or reduced retirement at age 50 with 15 years of service as a law-enforcement officer. Because G.S. 135-5 is in the same chapter as G.S. 135-1(11c), changing the definition of law-enforcement officer extends those retirement age provisions to probation/parole officers.
- G.S. 143-166.41(a) says that the separation allowance is available to "every sworn law-enforcement officer as defined by G.S. 135-1(11c)...". By changing the definition in G.S. 135-1(11c), this section causes probation/parole officers to start earning service toward the separation allowance. While only service on or after July 1, 2017 counts toward the requirement to have 5 years of law enforcement service immediately prior to retirement, probation/parole officer service prior to July 1, 2017 will count toward the requirement that half of an employee's career be as a law enforcement officer.
- G.S. 143-166.60 says that the SIBP is established for "all law enforcement officers, as defined in G.S. 135-1(11c)..." By changing the definition in G.S. 135-1(11c), the bill makes probation/parole officers eligible for the SIBP.

The bill does not change the definition of law enforcement officer in G.S. 143-166.30(a)(4). That is the definition that applies to the NC 401(k) Plan. Thus, the bill does not extend the law-enforcement 401(k) benefits to probation/parole officers.

Because the bill only changes the definition of law-enforcement officer with respect to service rendered on or after July 1, 2017, most probation/parole officers would have to work for at least five more years to be eligible to retire at a different age or receive the separation allowance.

EFFECTIVE DATE: July 1, 2017

ESTIMATED IMPACT ON STATE:

Both Conduent, the actuary for the Retirement System, and Hartman & Associates, the actuary for the General Assembly, estimate that the change to the TSERS retirement ages will result in an increase in the actuarially determined employer contribution of 0.02% of payroll, or \$2.0 million from the General Fund. Both actuaries estimate an increase in the SIBP liability of \$0.2 million, which would not eliminate the surplus in the SIBP. Conduent also estimates negligible decreases in the contributions and/or liability for the Disability Income Plan and Death Benefit Plan due to the expected change in retirement patterns.

The actuaries estimated the following cash flow impact due to the additional separation allowances:

Year	Buck Consultants	Hartman & Associates
FY 2017-18	\$0	\$0
FY 2018-19	\$0	\$0
FY 2019-20	\$0	\$0
FY 2020-21	\$0	\$0
FY 2021-22	\$0	\$0
FY 2022-23	\$142,000	\$182,663
FY 2023-24	\$463,000	\$514,066
FY 2024-25	\$821,000	\$855,506
FY 2025-26	\$1,221,000	\$1,199,239
FY 2026-27	\$1,632,000	\$1,577,257

Conduent estimates that the actuarial accrued liability for the additional separation allowance payments is approximately \$14 million. This liability was calculated at a discount rate of 3.20%, which is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2015.

Both actuaries used data provided by the Department of Public Safety showing 1,784 active probation/parole officers with a total annual payroll of \$73 million as of March 2017.

ASSUMPTIONS AND METHODOLOGY:

The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 2015 actuarial valuations. Significant membership and financial statistics, assumptions, and methods are shown in the following tables:

Membership Statistics (as of 12/31/2015 unless otherwise noted, M = millions)		
	TSERS	SIBP
Active Members		
Count	305,291	24,170
General Fund Compensation	\$10,185M	\$190M
Valuation Compensation (Total)	\$13,897M	\$1,213M
Average Age	45	39
Average Service	10.7	11.4
Inactive Members		
Count	143,214	N/A
Retired Members		
Count	201,522	N/A
Annual Benefits	\$4,202M	\$0.7M paid out
Average Age	71	N/A
New Retirees During 2016	11,100	N/A

Financial Statistics (as of 12/31/2015 unless otherwise noted, M = millions)		
	TSERS	SIBP
Accrued Liability (AL)	\$71,522M	\$33M (total liability)
Actuarial Value of Assets (AVA)	\$66,169M	\$53M
Market Value of Assets (MVA)	\$62,669M	\$53M
Unfunded Accrued Liability (AL - AVA)	\$5,353M	(\$19M)
Funded Status (AVA / AL)	93%	159%
Required Employer Contribution for FY 2017-18 (as % of pay)	10.33%	0%
Salary Increase Assumption (includes 3.50% inflation and productivity)	3.50% - 8.10%	N/A
Assumed Rate of Investment Return	7.25%	3.75%
Cost Method	Entry Age Normal	N/A
Amortization	12 year, closed, flat dollar	N/A
Demographic assumptions based on 2010-2014 experience, RP-2014 mortality, and projection of future mortality improvement with scale MP-2015		

Benefit Provisions		
	TSERS	SIBP
Formula	1.82% x Service x 4 Year Avg Pay	\$5,000 for actives; \$4,000 for retirees; \$2,100 additional for line-of-duty deaths
Unreduced retirement age/service	Any/30; 60/25; 65 (55 for LEO)/5	Retirees must have 20 or more years of service to qualify
Employee contribution (as % of pay)	6%	None

Further detailed information concerning these assumptions and methods is shown in the actuary's report, which is available upon request from David Vanderweide.

SOURCES OF DATA:

Conduent, "Probation/Parole Officers Retirement – House Bill 428 – Proposed Committee Substitute H428-CSBH-2 [v.2]", April 11, 2017, original of which is on file in the General Assembly's Fiscal Research Division.

Hartman & Associates, LLC, "House Bill 428 Proposed Committee Substitute H428-CSBH-2 [v.2]: An Act to Enhance the Benefits of Probation/Parole Officers Who Are Members of the TSERS", April 6, 2017, original of which is on file in the General Assembly's Fiscal Research Division.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION: (919) 733-4910.

The above information is provided in accordance with North Carolina General Statute 120-114 and applicable rules of the North Carolina Senate and House of Representatives.

PREPARED BY: David Vanderweide



APPROVED BY:



Mark Trogon, Director
Fiscal Research Division

DATE: April 11, 2017

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

D

HOUSE BILL 428
PROPOSED COMMITTEE SUBSTITUTE H428-CSBH-2 [v.2]

03/30/2017 10:19:08 AM

Short Title: Probation/Parole Officers Retirement.

(Public)

Sponsors: Representatives McNeill, Faircloth, Hurley, and Goodman (Primary Sponsors).

Referred to:

March 23, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO ENHANCE THE BENEFITS OF PROBATION/PAROLE OFFICERS WHO
3 ARE MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT
4 SYSTEM.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 135-1 reads as rewritten:

7 "§ 135-1. Definitions.

8 The following words and phrases as used in this Chapter, unless a different meaning is
9 plainly required by the context, shall have the following meanings:

10 ...
11 (11c) "Law-Enforcement Officer" means a full-time paid employee of an employer
12 who is actively serving in a position with assigned primary duties and
13 responsibilities for prevention and detection of crime or the general
14 enforcement of the criminal laws of the State of North Carolina or serving
15 civil processes, and who possesses the power of arrest by virtue of an oath
16 administered under the authority of the State. "Law-Enforcement Officer"
17 also means a probation/parole officer as defined in this section with respect
18 to any service rendered on or after July 1, 2017.

19 ...
20 (17a) "Probation/Parole Officer" shall mean a full-time paid employee of the
21 Division of Adult Correction of the Department of Public Safety whose
22 duties include supervising, evaluating, or otherwise instructing offenders
23 who have been placed on probation, parole, post-release supervision, or have
24 been assigned to any other community-based program operated by the
25 Division of Adult Correction.

26"

27 SECTION 2. G.S. 143-166.41(b) reads as rewritten:

28 "(b) As used in this section, "creditable service" means the service for which credit is
29 allowed under the retirement system of which the officer is a member, provided that at least
30 fifty percent (50%) of the service is as a law enforcement officer as herein ~~defined~~ defined or as
31 a probation/parole officer as defined in G.S. 135-1(17a)."

32 SECTION 3. This act becomes effective July 1, 2017, and applies to persons
33 retiring on or after that date.





GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 428

Short Title: Probation/Parole Officers Retirement. (Public)

Sponsors: Representatives McNeill, Faircloth, Hurley, and Goodman (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State Personnel, if favorable, Pensions and Retirement

March 23, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO ENHANCE THE BENEFITS OF PROBATION/PAROLE OFFICERS WHO
3 ARE MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT
4 SYSTEM.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 135-1 reads as rewritten:

7 "§ 135-1. Definitions.

8 The following words and phrases as used in this Chapter, unless a different meaning is
9 plainly required by the context, shall have the following meanings:

10 ...
11 (11c) "Law-Enforcement Officer" means a full-time paid employee of an employer
12 who is actively serving in a position with assigned primary duties and
13 responsibilities for prevention and detection of crime or the general
14 enforcement of the criminal laws of the State of North Carolina or serving
15 civil processes, and who possesses the power of arrest by virtue of an oath
16 administered under the authority of the State. "Law-Enforcement Officer"
17 also means a probation/parole officer as defined in this section with respect
18 to any service rendered on or after July 1, 2017.

19 ...
20 (17a) "Probation/Parole Officer" shall mean a full-time paid employee of the
21 Division of Adult Correction of the Department of Public Safety whose
22 duties include supervising, evaluating, or otherwise instructing offenders
23 who have been placed on probation, parole, post-release supervision, or have
24 been assigned to any other community-based program operated by the
25 Division of Adult Correction.

26"

27 SECTION 2. This act becomes effective July 1, 2017, and applies to persons
28 retiring on or after that date.





Date: 4-19-17

Bill Number H 428

PCS Yes

Motion to be before the committee by _____

Representative McNeill explained the bill.

Discussion on the Bill YES or NO

Representative Faircloth motioned for:

_____ Favorable Report

_____ Adoption

_____ Unfavorable Report

☒ Unfavorable to original bill,
fav to PCS

_____ No vote

Amendments: _____

Serial referral to: Pensions & Retirement

Speakers:

Handouts:



**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

**STATE PERSONNEL COMMITTEE REPORT
Representative Harry Warren, Chair**

FAVORABLE COM SUB , UNFAVORABLE ORIGINAL BILL AND RE-REFERRED

HB 428

Probation/Parole Officers Retirement.

Draft Number: H428-PCS10295-BH-2

Serial Referral: **PENSIONS AND RETIREMENT**

Recommended Referral: None

Long Title Amended: No

Floor Manager: McNeill

TOTAL REPORTED: 1



* C M R 2 5 9 - V - 1 *



Committee Sergeants at Arms

Name of Committee: House Committee on State Personnel

Date: 4/19/17

Room: 423

House Sgt-At-Arms:

1. Jonas Cherry
2. Rey Cooke
3. Dean Marshbourne



VISITOR REGISTRATION SHEET

House Comm on State Personnel

4-19-17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

SAM WATTS	NC DSH
Edgar Serrano	NC DSH
Mump Moon	NC SHP
James Whalen	Rep. Ball
Flint Benson	SEANC
Richard Bostic	NC SRA
Susanna Davis	OSHR



VISITOR REGISTRATION SHEET

House Comm on State Personnel

4-19-17

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

LAURA PURYEAR

NWC

Sett Palmer

NCR

Tonya Horton

TSS

Frank Gray

NCRCA

Doug Lassiter

NKSTA



**House Committee on State Personnel
Wednesday, April 26, 2017 at 12:00 PM
Room 1228/1327 of the Legislative Building**

MINUTES

The House Committee on State Personnel met at 12:00 PM on April 26, 2017 in Room 1228/1327 of the Legislative Building. Representatives L. Bell, Black, Butler, Collins, Ford, Hurley, Michaux, R. Turner, Warren, and Willingham attended.

Representative Harry Warren, Chair, presided and welcomed everyone to the meeting. He introduced the Pages and the Sergeant-at-Arms.

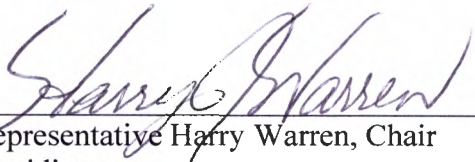
The following bill were considered:

HB 744 – State Emps./Amend Salary Continuation (Representatives McNeill and R. Turner)

Rep. McNeill was recognized to present the bill. Rep. Collins was recognized for a question on the bill. Rep. McNeill answered his question and Rep. Collins asked a follow-up question which Theresa Stephenson, Assistant General Counsel at NC DPS, answered.

Chairman Warren opened the floor for questions. He then recognized Rep. Ford who moved to amend the bill. Rep. Collins moved that the amendment be rolled into a PCS, and give a favorable report to the PCS, unfavorable to the original bill. Chairman Warren opened the floor for a vote and the motion passed.

The meeting adjourned at 12:06 p.m.



Representative Harry Warren, Chair
Presiding



Cristy Yates, Committee Clerk



**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2017-2018 SESSION**

You are hereby notified that the **House Committee on State Personnel** will meet as follows:

DAY & DATE: Wednesday, April 26, 2017
TIME: 12:00 PM
LOCATION: 1228/1327 LB

The following bills will be considered:

BILL NO.	SHORT TITLE	SPONSOR
<u>HB 744</u>	State Emps./Amend Salary Continuation.	Representative McNeill Representative R. Turner

Respectfully,

Representative Harry Warren, Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 10:24 AM on Monday, April 24, 2017.

____ Principal Clerk
____ Reading Clerk – House Chamber

Cristy Yates (Committee Assistant)



**House Committee on State Personnel
Wednesday, April 26, 2017, 12:00 PM
1228/1327 Legislative Building**

AGENDA

Welcome and Opening Remarks

Introduction of Pages & Sergeant-At-Arms

Bills

BILL NO. SHORT TITLE

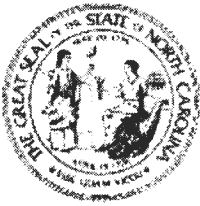
SPONSOR

HB 744 State Emps./Amend Salary
Continuation.

Representative McNeill
Representative R. Turner

Adjournment





HOUSE BILL 744: State Emps./Amend Salary Continuation.

2017-2018 General Assembly

Committee: House State Personnel
Introduced by: Reps. McNeill, R. Turner
Analysis of: First Edition

Date: April 24, 2017
Prepared by: Theresa Matula
Committee Staff

OVERVIEW: *House Bill 744 would facilitate the return to work of law enforcement officers hurt on the job by providing that a duty is properly assigned if it complies with the authorized treating physician's restrictions. The bill would cease or reduce salary continuation payments upon the assignment of the employee to duties properly assigned or when the employee returns to work for the same or a different employer.*

CURRENT LAW: The Salary Continuation Plan under Article 12B of Chapter 143 provides that an eligible law enforcement officer may continue to receive the employee's salary notwithstanding that the employee is unable to perform the duties required for that position. To be eligible for the salary continuation, the employee must have become incapacitated as the result of an injury arising from the employee's official duties. The employee may continue to receive the salary continuation benefit for two years. If the employee remains incapacitated for more than two years, the employee is subject to the provisions of the workers compensation laws.

The salary continuation ceases once the employee resumes regularly scheduled duties, retirement, resignation, or death, whichever occurs first.

BILL ANALYSIS: House Bill 744 would stop or reduce salary continuation benefits for eligible officers upon the assignment of the employee to duties that comply with the treating physician's restrictions or upon the employee's return to work for the same or a different employer. The bill also provides that a duty is properly assigned if the duty complies with the authorized treating physician's restrictions.

The changes in the bill would facilitate incapacitated law enforcement officers returning to work in some capacity, and it would reduce the State's liability to make salary continuation payments otherwise payable. The bill would not affect workers compensation payments, which only come into use for an incapacity lasting more than two years.

EFFECTIVE DATE: The bill would become effective when it becomes law, and apply to State employees incapacitated on or after that date.

**Cindy Avrette, staff to the House Committee on State and Local Government II, substantially contributed to this summary.*

Aren Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H

1

HOUSE BILL 744

Short Title: State Emps./Amend Salary Continuation. (Public)

Sponsors: Representatives McNeill and R. Turner (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State and Local Government II, if favorable, State Personnel

April 13, 2017

A BILL TO BE ENTITLED
AN ACT AMENDING THE SALARY CONTINUATION BENEFITS OF STATE
EMPLOYEES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-166.14 reads as rewritten:

"§ 143-166.14. **Payment of salary notwithstanding incapacity; Workers' Compensation
Act applicable after two years; duration of payment.**

The salary of any eligible person shall be paid as long as the person's employment in that position continues, notwithstanding the person's total or partial incapacity to perform any duties to which the person may be lawfully assigned, if that incapacity is the result of an injury or injuries resulting from or arising out of an episode of violence, resistance, or due to other special hazards that occur while the eligible person is performing official duties, except if that incapacity continues for more than two years from its inception, the person shall, during the further continuance of that incapacity, be subject to the provisions of Chapter 97 of the General Statutes pertaining to workers' compensation. The time period for which an eligible person receives benefits pursuant to this section shall be deducted from the eligible person's total eligibility for benefits pursuant to G.S. 97-29 and G.S. 97-30. For purposes of this section, the term "salary" shall be defined as the total base pay of the person reflected on the person's salary statement and shall not include overtime pay, shift differential pay, holiday pay, or other additional earnings to which the person may have been entitled prior to such incapacity. Salary paid to an eligible person pursuant to this Article shall cease upon the resumption of the person's regularly assigned ~~duties, duties; assignment of duties which comply with the treating physician's restrictions; or~~ retirement, resignation, or death, whichever first ~~occurs, occurs;~~ provided that salary payments will be ceased or may be equitably reduced when the employee has returned to work for the same or a different employer. except that A temporary return to duty shall not prohibit payment of salary for a subsequent period of incapacity which can be shown to be directly related to the original injury."

SECTION 2. G.S. 143-166.19 reads as rewritten:

"§ 143-166.19. **Determination of cause and extent of incapacity; hearing before Industrial Commission; appeal; effect of refusal to perform duties.**

Upon the filing of the report, the secretary or other head of the department or, in the case of the General Assembly, the Legislative Services Officer, shall determine the cause of the incapacity and to what extent the claimant may be assigned to other than the claimant's normal duties. The finding of the secretary or other head of the department shall determine the right of the claimant to benefits under this Article. Notice of the finding shall be filed with the North



1 Carolina Industrial Commission. The finding of the secretary or other department head shall be
2 final unless the claimant, within 30 days of receipt of the notice, files a request for a hearing
3 with the North Carolina Industrial Commission using a form required by the Commission.
4 Upon the filing of a request, the North Carolina Industrial Commission shall proceed to hear
5 the matter in accordance with its regularly established procedure for hearing claims filed under
6 the Worker's Compensation Act, and shall report its findings to the secretary or other head of
7 the department. From the decision of the North Carolina Industrial Commission, an appeal shall
8 lie as in other matters heard and determined by the Commission. Any person who refuses to
9 perform any duties to which the person may be properly assigned as a result of the finding of
10 the secretary, other head of the department or of the North Carolina Industrial Commission
11 shall be entitled to no benefits pursuant to this Article as long as the refusal continues. A duty is
12 properly assigned if the duty complies with the authorized treating physician's restrictions. Any
13 eligible person whose salary continuation benefits are terminated by the secretary or other head
14 of the department shall be immediately entitled to benefits under G.S. 97-29 or G.S. 97-30.
15 Such benefits under G.S. 97-29 or G.S. 97-30 shall only be suspended or terminated by the
16 employer pursuant to G.S. 97-18.1."

17 **SECTION 3.** This act is effective when it becomes law and applies to State
18 employees incapacitated on or after that date.

Date: 4-26-17

Bill Number H744

PCS No

Motion to be before the committee by _____

Representative M^{rs} Neill explained the bill.

Discussion on the Bill YES or NO

Representative Collins motioned for:

_____ Favorable Report

_____ Adoption

_____ Unfavorable Report

☒ Unfavorable to original bill,
fav to PCS

_____ No vote

Amendments: Yes

Serial referral to: _____

Speakers:

Handouts:





NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 744

H744-ASH-13 [v.1]

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

Page 1 of 1

Amends Title [NO]
First Edition

Date 4-26, 2017

Representative Ford

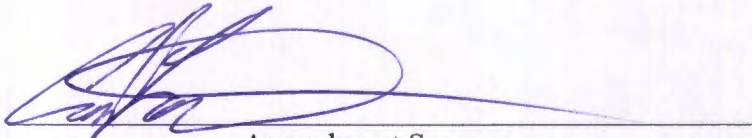
1 moves to amend the bill on page 1, line 23, by rewriting the line to read:

2
3 "physician's or physician assistant's restrictions; or retirement, resignation, or death, whichever
4 first occurs, occurs;" ;

5
6 and on page 2 line 12 by rewriting the line to read:

7
8 "properly assigned if the duty complies with the authorized treating physician's or physician
9 assistant's restrictions. Any".

10
11
SIGNED


Amendment Sponsor

SIGNED

Committee Chair if Senate Committee Amendment

ADOPTED



FAILED

TABLED



* H 7 4 4 - A S H - 1 3 - V - 1 *

**NORTH CAROLINA GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES**

**STATE PERSONNEL COMMITTEE REPORT
Representative Harry Warren, Chair**

FAVORABLE COM SUB , UNFAVORABLE ORIGINAL BILL

HB 744

State Emps./Amend Salary Continuation.

Draft Number:	H744-PCS40562-SH-20
Serial Referral:	None
Recommended Referral:	None
Long Title Amended:	No
Floor Manager:	McNeill

TOTAL REPORTED: 1



* C M R 3 8 0 - V - 1 *



**House Pages
Assignments
Wednesday, April 26, 2017
Session: 2:00 PM**

Committee	Room	Time	Staff	Comments	Member
Judiciary IV	1228/1327	1:00 PM	Alyssa Scott		Rep. Jimmy Dixon
			Marko Stefanovic		Speaker Tim Moore
Rules, Calendar, and Operations of the House	544	10:00 AM	Christopher Barber		Rep. Donna White
			Zaccary Grierson		Rep. John Szoka
Education - Community Colleges	423	11:00 AM	Angel Wagner		Rep. Donna White
			Jordan Goode		Rep. Terry Garrison
Health	643	11:00 AM	Duncan Mills		Rep. Brian Turner
			Arran Walton		Speaker Tim Moore
Judiciary III	421	12:00 PM	Claire Morris- Benedict		Rep. Mickey Michaux, Jr.
			Marko Stefanovic		Speaker Tim Moore
State Personnel	1228/1327	12:00 PM	Jessica Lanier		Rep. George Graham
			Alyssa Scott		Rep. Jimmy Dixon
Energy and Public Utilities	643	1:00 PM	Angel Wagner		Rep. Donna White
			Jordan Goode		Rep. Terry Garrison
Judiciary I	415	1:00 PM 12:00 PM	Christopher Barber		Rep. Donna White
			Zaccary Grierson		Rep. John Szoka



Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on State Personnel

DATE: 4/26/2017

Room: 1228/1327 LB

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: Malachi McCullough, Jr.
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____



Guest Speaker Signup

Committee _____ Date _____

1. Theresa B. Stephenson NC DPS Asst. Gen. Counsel

2. _____

3. _____

4. _____

5. _____

6. _____

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8. _____

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10. _____

11. _____

12. _____



VISITOR REGISTRATION SHEET

HOUSE COMMITTEE ON STATE PERSONNEL

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Starnes	OJT
Audrey Brandon	NC DPE
Theresa Stephens	NC DPS ^{Asst.} Counsel
Heather Ann-Belding	Hillsborough, NC
Patience Vanderbush	Durham Voter
Donna Kaye	Durham voter
Nan Frieckman	Durham voter
Patty Conlough	Orange County voter
Emily Brewer	Orange County voter
SUSAN HARRISON	NCDTSEA



VISITOR REGISTRATION SHEET

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NAME

FIRM OR AGENCY AND ADDRESS

Susanna Davis	OSHR
Sarah Wolfe	MWC
Kiki McKinney	Moms Demand Action
Cherie Boozing-Dutton	204 Cedar Wylnd Dr. Apex 27502
Allison Dattke	MOM'S DEMAND ACTION
Deborah Fulghieri	MDA 27517
Scarlette Gardner	OSHR

