



2017-2018 General Assembly

SENATE BILL 257: Appropriations Act of 2017, Sec. 35.21: Study State Employee Total Compensation/Reduce Long-Term Unfunded Health Care Liabilities

Committee:	Date: September 14, 2017
Introduced by:	Prepared by: Tawanda N. Foster
Analysis of: Sec. 35.21 of S.L. 2017-57	Staff Attorney

OVERVIEW: Section 35.21 of S.L. 2017-57 creates a study committee to study state employee total compensation and makes changes to reduce long-term unfunded health care liabilities.

The provisions establishing the committee and its membership became effective July 1, 2017. The provisions relating to retiree eligibility become effective January 1, 2021.

BILL ANALYSIS:

SECTION 35.21.(a) establishes the State Employee Total Compensation Committee (Committee) to study the total compensation of State employees. Total compensation includes cash compensation and the value of health care, retirement, leave, and other flexible benefits. This section also provides the Committee must do the following:

- (1) Assess the strength of the total compensation of State employees with regards to recruitment and retention of State employees, including a specific evaluation of the retirement benefits available under the Teachers' and State Employees' Retirement System.
- (2) Compare the total compensation of State employees with the total compensation provided to other states' employees, as well as large North Carolina employers that may recruit employees with similar skills.
- (3) Evaluate the current financial condition and the sustainability of the State pension system.
- (4) By February 1, 2019, submit a report to the General Assembly containing the information considered under subdivisions (1) through (3) of this subsection and any findings and recommendations, including any suggested legislation, to the General Assembly.

SECTION 35.21.(b) sets forth the membership of the committee to include nine members as follows:

- (1) The State Treasurer, who shall serve as chair of the Committee.
- (2) The Executive Administrator of the State Health Plan.
- (3) The Director of the Office of State Budget and Management.
- (4) The Director of Office of State Human Resources.
- (5) One member appointed by the Board of Governors of the University of North Carolina.
- (6) One member appointed by the State Board of Education.

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- (7) One member appointed by the State Board of Community Colleges.
- (8) One member appointed by the President Pro Tempore of the Senate.
- (9) One member appointed by the Speaker of the House of Representatives.

Members serve at the pleasure of the appointing officer and continue to serve until a successor is appointed. Vacancies on the Committee shall be filled by the same appointing authority making the initial appointment. The Committee shall meet upon the joint call of the chair. A quorum of the Committee is five members. The Office of the State Treasurer shall provide support to the Committee. Members of the Committee shall receive subsistence and travel expenses at the rates provided in current law.

SECTION 35.21.(c) amends the definition of "retired employee (retiree)" in the general definitions for the State Health Plan to include retired teachers, state employees, and members of the General Assembly who (i) are receiving monthly retirement benefits from the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System, or the Optional Retirement Programs and (ii) earned contributory retirement service in one of these retirement systems prior to January 1, 2021, and did not withdraw that service, so long as the retiree is enrolled.

SECTION 35.21.(d) makes conforming changes to the categories of eligibility for the State Health Plan to apply the amended definition of "retired employee (retiree)."

SECTION 35.21.(e) Subsections (c) and (d) of this section become effective January 1, 2021.

EFFECTIVE DATE: Subsections (a) and (b) of this section became effective July 1, 2017. Subsections (c) and (d) of this section become effective January 1, 2021.