



NCRGEA Government Relations Update

NCRGEA Governmental Update #20-13

June 6, 2020

The General Assembly is working to have the short session completed by the end of June. Several bills of interest moved from the House to the Senate this week.

With greatly reduced revenues for the coming fiscal year, both the House and Senate are developing and passing mini-budgets. As you recall last year's long session of the General Assembly did not produce a comprehensive budget due the Governor's veto of H 966 – 2019 Appropriations Act and the General Assembly's failure to override the veto. This was the beginning of the mini-budget process. The General Assembly passed several smaller budget bills to address critical budget needs and continued to operate on the base budget from FY 2018-2019. Considering the state will have at least a 10% (\$2.5 billion) reduction in revenue in the coming fiscal year, the mini-budget process will remain to address budget areas that require adjustments and the state will continue to operate from the base budget from FY 2018-2019.

This week the House passed [H 1218 -Salary Related Contribs/Debt Service Funds](#) which provides the required employer contribution for the state's pension plans. This bill provides the funds to keep the state's retirement system healthy and well-funded. There is also a small reduction to the contribution to the state health plan. While this is of concern, given the financial straits of the state, the state health plan has reserves to cover the lack of funds being appropriated without negatively impacting retiree health care. H 1218 provides the required funds for the state retirees' pension system and adequate funding for the State Health Plan. This is good news considering lack of revenue available to the state.

Two other retirement bills moved from the House to the Senate this week.

[S 379 – Retirement System Administrative Changes](#) This bill changes the provisions for employees and retirees to purchase creditable service to apply to their retirement. Under this bill a maximum of 5 years of creditable service may be purchased at a cost

equal to the full liability increase to the pension system. This provision becomes effective on January 1, 2022. The bill also enables the Office of the Treasure to obtain criminal histories on employees, contractors and volunteers being considered for employment or employed by the Office of State Treasurer. Other administrative changes are also included.

[S 719 – Retirement Tech./Protect./& Other Changes.](#) – This bill makes technical and administrative changes to the governance of the retirement system.

Stay Tuned!

Richard Rogers

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