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Public Employment

The 2004 session of the General Assembly saw few significant changes to North Carolina law affecting state and local government employees. State employees and retirees received modest salary and income allowance increases. Local government retirees, however, did not receive a cost-of-living increase in their retirement income allowances.

State Employees

Salary and Retirement Benefit Increases

Pursuant to the appropriations act, S.L. 2004-124 (H 1414), the Governor's annual salary will increase 2.5 percent to \$121,391, while the annual salaries of the Council of State members will increase to \$107,136. The salaries of appointed state department heads will increase to \$104,672. Other executive branch and judicial branch officials also received salary increases.

The General Assembly increased by the greater of \$1,000 or 2.5 percent the annual salaries of most other state employees, including employees of the judicial branch, General Assembly, University of North Carolina, and Community College System, as well as all SPA state employees. In addition the appropriations act provided a 1.7 percent cost-of-living retirement allowance increase for retirees in the Teachers' and State Employees' Retirement System (TSERS), the Judicial Retirement System (JRS), and the Legislative Retirement System (LRS). It also adjusted the employer contribution rates for the various state retirement programs.

S.L. 2004-147 (H 1624) amended G.S. 135-5(1) to raise the contributory death benefit for retired members of TSERS, JRS, and LRS from \$6,000 to \$9,000 for retired members dying on or after July 1, 2004.

State Disability Income Plan

S.L. 2004-78 (H 354) amends G.S. 135-101(6), 135-105(a), and 135-106(a) to provide that state employees become eligible for Disability Income Plan of North Carolina benefits when they are unable to perform the duties of their own jobs or those of any occupation or employment commensurate with the education, training, or experience of other employees living within the same commuting distance (or, for school personnel, the same school administrative unit) in which the employee can be expected to earn not less than 65 percent of his or her pre-disability earnings.

This reverses the 2003 amendment to the Disability Income Plan, which had required participating employees to take any available state job if they were no longer able to perform their usual occupations.

Local Government Retirement

Although the General Assembly did not give Local Government Retirement System (LGERS) members a cost-of-living retirement allowance increase this year, it did increase benefits for local government employees and retirees in other ways. First, S.L. 2004-137 (S 1312) amends G.S. 143B-426.24 to allow local government employees, as well as employees of community colleges, to participate in any “457” deferred compensation plans offered by the state. S.L. 2004-135 (H 1513) increases the maximum death benefit payable from LGERS to be equivalent to an employee’s annual salary, but not less than \$25,000 nor more than \$50,000. Finally, S.L. 2004-147 amends G.S. 135-5(1) to raise the contributory death benefit for retired members of LGERS from \$6,000 to \$9,000 for retired members dying on or after July 1, 2004.

S.L. 2004-124 (the appropriations act) increases the monthly benefit for members of the Firemen’s and Rescue Squad Workers’ Pension Fund to \$161 per month. It also amends G.S. 143-166.2(d) to clarify that the Law Enforcement Officers’, Firemen’s, Rescue Squad Workers’, and Civil Air Patrol Members’ Death Benefits Act includes within its coverage North Carolina Department of Correction probation and parole officers. S.L. 2004-199 (S 1225), the technical corrections act, amends Article 85 of G.S. Chapter 58 to clarify that the North Carolina Firemen’s Association may include county fire marshals and that the North Carolina Firemen’s Relief Fund may also benefit county fire marshals and their survivors.

Local Government Employees Health Insurance

S.L. 2004-124 amends the eligibility requirements for the North Carolina Teachers’ and State Employees’ Comprehensive Major Medical Plan for the period July 1, 2004, through June 30, 2006, to allow Bladen, Cherokee, Rutherford, Washington, and Wilkes counties to participate in the State Health Plan. Employees of these counties would participate in the plan on the same basis as state employees.

State and Local Government Employee Study Commissions

This year’s studies act, S.L. 2004-161 (S 1152), authorizes the Legislative Research Commission to study pay equity, job sharing, state reemployment of retirees, postretirement earnings of state employees, and optional graduated twenty-five-year retirement plans for local governments. The commission must report its findings and any recommended legislation to the 2005 session of the General Assembly. The studies act also directs the Speaker of the House of Representatives and the President Pro Tempore of the Senate to designate an appropriate committee to study the state personnel statutes. The commission is to report its findings and any recommended legislation to the 2006 session of the 2005 General Assembly.

Other Employment Legislation

Civil No-Contact Orders

S.L. 2004-165 (S 916) adds new Article 23 to G.S. Chapter 95. Pursuant to new Article 23, an employer may file an action for a civil no-contact order in district court on behalf of an employee

who has suffered from unlawful conduct at the employer's workplace by an outside individual. Although the employer does not need the affected employee's permission to seek the no-contact order, the employer must consult with the employee to determine whether the employee's participation in the process may raise safety issues. An employer may not discipline an employee who refuses to cooperate with the request for the no-contact order. An employer also may not take adverse action against an employee who of his or her own accord takes a reasonable amount of time off from work to obtain a civil no-contact order.

Workplace Discrimination against Domestic Violence Victims

S.L. 2004-186 adds new Section 50B-5.5 to the General Statutes prohibiting employers from taking any adverse employment action against an employee because the employee took a reasonable amount of time off from work while seeking judicial relief from domestic violence. An employee taking time off to seek such relief must follow the employer's usual time-off policies except when an emergency prevents the employee from doing so.

Public School Employees

The General Assembly's 2004 legislation affecting public school employees is discussed in Chapter 8, "Elementary and Secondary Education."

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