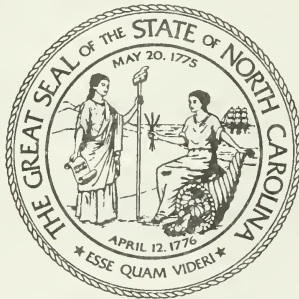


LEGISLATIVE
RESEARCH COMMISSION

STATE PERSONNEL SYSTEM,
WELLNESS PROGRAM FOR STATE
EMPLOYEES, AND VETERANS
PREFERENCE IN STATE EMPLOYMENT



REPORT TO THE
1989 GENERAL ASSEMBLY
OF NORTH CAROLINA
1989 SESSION

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STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING

RALEIGH 27611



December 14, 1988

TO THE MEMBERS OF THE 1989 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits to you for your consideration its final report on State personnel. The report was prepared by the Legislative Research Commission's Committee on the State Personnel System, Wellness Program for State Employees, and Veterans Preference in State Employment pursuant to Sections 2.1(5), 2.1(35), and 2.3 of Chapter 873 of the 1987 Session Laws.

Respectfully submitted,

Liston B. Ramsey
Liston B. Ramsey

J. J. (Monk) Harrington
J. J. (Monk) Harrington

Cochairmen
Legislative Research Commission

1987-1988

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PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is a general purpose study group. The Commission is co-chaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

At the direction of the 1987 General Assembly, the Legislative Research Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Co-chairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Co-chairs, one from each house of the General Assembly, were designated for each committee.

The study of the State Personnel System, Wellness Program for State Employees, and Veterans Preference in State Employment was authorized by Sections 2.1(5), 2.1(35), and 2.3 of Chapter 873 of the 1987 Session Laws. That act states that the Commission may consider H.J.R. 247, S.J.R. 178, S.J.R. 357, and H.B. 1133 in determining the nature, scope and aspects of the study. The relevant portions of Chapter 873 and H.J.R. 247, S.J.R. 178, S.J.R. 357, and House Bill 1133 are included in Appendix A. The Legislative Research Commission grouped this study in its State Personnel and Modern Family area under the direction of Representative Aaron E. Fussell. The Committee was chaired by Senator Wanda Hunt and Representative Peggy

Staney. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

BACKGROUND

During this century the North Carolina State Government's personnel system has undergone a transformation. In the early 1900's State agencies employed only the most basic personnel management practices. State employees were hired and fired at will without regard to a uniform system for these activities. Individual agencies acted independently. Great changes occurred throughout the course of the following eight decades. For a detailed account of the evolution of the State's personnel system refer to the Legislative Research Commission's Report to the 1987 General Assembly of North Carolina on State Personnel available through the Legislative Library.

A major change occurred in 1949 with the ratification of the State Personnel Act of 1949. This act created a State Personnel Department as a separate entity, under the supervision of a director, and created the State Personnel Council (now the State Personnel Commission). The 1965 State Personnel Act established a unified personnel system and granted the State Personnel Commission a set of powers and duties. Today the powers and duties of the State Personnel Commission encompass the maintenance of a classification system, a compensation plan, and a recruitment program; the determination of vacation and leave policies; the establishment of policies and rules regarding appointment, promotion, transfer, demotion, suspension, separation, evaluation of employee performance, and the investigation of employee complaints.

Chapter 126 of the General Statutes applies to all State employees not specifically excluded under G.S. 126-5, as well as to employees of local social service and area mental health, mental retardation, and substance abuse authorities; employees

of public health departments; and local civil defense agencies that receive federal funds. G.S. 126-5(a) mandates which State employees are subject to Chapter 126 of the General Statutes. G.S. 126-5(c), (c1), (c2), and (c3) mandate which State employees are not subject to Chapter 126.

All State employees can participate in a wellness program, the State WISE (Wellness Improvement for State Employees) Program. The State WISE Program was organized by a group of State employees in September, 1985. In March, 1986 a full-time director for the State WISE Program was hired. The Program has operated without the aid of any direct funding from the General Assembly. In the three years since its inception, the WISE Program has offered three regional Health Fairs cosponsored by private vendors, and coordinated agency-based State employee wellness activities throughout the State.

The Center for Disease Control estimates that lifestyle factors contribute 51% to the leading causes of death. Although it is difficult to document, research tends to show that efficiency and productivity increase as employees improve their physical and mental health. The goal of the WISE program is to provide quality education and prevention services to all employees of State Government. Also, the WISE Program operates in an effort to lower health care costs by promoting positive lifestyles among agencies and universities through the coordinated effort of State employees.

Veterans have received preference in appointments and promotions in State employment since 1939. G.S. 128-15 established a veterans preference for all State employees, not just those employees subject to Chapter 126. Representative Cunningham introduced H.B. 1133 during the 1987 Session to strengthen the preference to veterans in State government. H.B. 1133 came up for consideration by the 1987 Session of the General Assembly (1988 Regular Session) after this Committee

had received testimony regarding this issue, but before the Committee was authorized to report under Section 2.6 of Chapter 873 of the 1987 Session Laws. The 1987 Session of the General Assembly (1988 Regular Session) enacted H. B. 1133, Chapter 1064 of the 1987 Session Laws, to strengthen the preference to be accorded veterans in State employment. Appendix E is Chapter 1064 of the 1987 Session Laws.

The first legislative study of the State personnel system since 1965 was authorized under Chapter 790 of the 1985 Session Laws. The 1987 General Assembly authorized three studies that pertain to State employees: the continuation of the 1985 study of the State Personnel System, a study of a wellness program for State employees, and a study of the advisability of strengthening the preference to be accorded veterans in State employment. (See Appendix B for the legislation authorizing these studies.) These three studies were merged into one for consideration by the members of this Committee. The continued study of the State Personnel System focuses on the provisions of Chapter 126 and the State employees within the purview of Chapter 126. The studies of a wellness program for State employees and veterans preference in State employment pertain to all employees employed by the State, including those State employees who are expressly excluded from the provisions of Chapter 126. There are presently 70,000 State employees subject to Chapter 126 of the General Statutes, and 15,000 to 20,000 State employees who do not come within the purview of Chapter 126.

COMMITTEE PROCEEDINGS

The Committee met seven times on the following dates: November 20, 1987; January 13, 1988; February 16, 1988; April 13, 1988; October 5, 1988; November 10, 1988; and November 22, 1988.

The charge of the Committee was broad in scope. Three different studies authorized by Chapter 873 of the 1987 Session Laws were merged into one for study by this Committee. They are: the State Personnel System, the Study of a Wellness Program for State Employees, and the Study of Veterans Preference in State Employment. Appendix A is the legislation authorizing these studies. Appendix B lists the members of the Committee. Appendix C lists the persons who appeared before the Committee. Appendix D lists the persons who were sent written notice of the Committee's meetings.

November 20, 1988

At the first meeting, the Committee reviewed the charge of the Committee. The Committee focused on the issue of veterans preference and the advisability of strengthening the preference to be accorded veterans in State employment. Mr. John Oshoa and Mr. E. T. Townsend, both representatives of veterans groups, spoke strongly in favor of strengthening veterans preference and the use of a point system to quantify the preference, as was provided in the original version of H. B. 1133. The version of H.B. 1133 that was to be considered the following summer, the 1987 Session of the General Assembly (1988 Regular Session), did away with a point system. (See Appendix A for the version of H.B. 1133 that was up for consideration by the 1987 Session of the General Assembly (1988 Regular Session).)

Mr. G. C. Davis, Assistant Director, Office of State Personnel, informed the Committee of a new Office of State Personnel policy that was put into effect August 1987 that closely follows the provisions of the current version of H. B. 1133, with one exception - the policy did not provide a preference that extended to promotions. The second version of H. B. 1133, a committee substitute (see Appendix A), differed from the original H. B. 1133. The second version provided a veterans preference for only those State employees who are subject to Chapter 126 of the General Statutes.

Mr. Mike Gaddis, Office of State Personnel, explained to the Committee the interaction of the various priorities in State employment, some of which are priorities that are extended by Office of State Personnel policy, others are legislative priorities such as the veterans preference. A legislative priority takes precedence over a priority by policy.

January 13, 1988

Most of the second meeting was devoted to an overview of the State Personnel System as presented by the Office of State Personnel. Mr. G. C. Davis gave a slide presentation on the pay system and fringe benefits for State employees subject to Chapter 126 of the General Statutes. Mr. Davis explained to the Committee that since 1979 the pay system has become cumbersome due to the addition of steps within each paygrade. The pay system has evolved into one that is very difficult to administer.

Mr. Davis described the three sources of funds that support the administration of the pay plan:

- (1) Legislative across the board increases,
- (2) Merit pay, and
- (3) Salary Adjustment Fund increases.

The Salary Adjustment Fund is a reserve fund that is not distributed to State agencies unless they do not have the money for salary increases for a given occupation when there is an inflationary market for that occupation.

The Office of State Personnel voiced its support for S. B. 605, an act to create a pay policy for State employment under Chapter 126 of the General Statutes and to revise the merit pay system.

Mr. Drake Maynard, Agency Legal Specialist, explained the State employee grievance procedure. A significant change occurred in 1986 with the transfer of authority to conduct hearings from the State Personnel Commission to the Office of Administrative Hearings (OAH). Grievances can be heard by OAH after a grievance goes through the process of departmental or university review. Appeals from OAH can be taken to superior court; there are currently approximately 20-35 cases on appeal at superior court. Usually an employee who appeals to OAH is represented by an attorney for that appeal.

Mr. George Misoyianis, Director of the State WISE Program, related the history of the State WISE Program. This program was organized in the fall of 1985 by a group of State employees. A Director was hired in March, 1986. The State WISE Program now has an advisory board that meets bi-monthly.

Fifty-five Wellness Coordinators from State agencies and universities throughout the State serve to bring wellness activities to all State employees who wish to participate. The goal of the WISE Program is to provide quality education and prevention services to all employees of State government, including retirees. Research tends to show that efficiency and productivity increase as employees improve their physical and mental health. Healthier employees have lower absenteeism rates, better outlooks on their jobs, and better safety records. The Center for Disease Control

estimates that lifestyle factors contribute 51% to the leading causes of death. The WISE Program operates in an effort to lower health care costs in the long term.

Some of the accomplishments of the State WISE Program to date are:

(1) Coordination of agency-based employee wellness activities through the State WISE Office.

(2) Training and activities approved through the State Modules Committee. A module is a self-contained learning unit with specific objectives and learning experiences for positive health behavior change.

(3) Two successful regional Festivals or Health Fairs displaying healthful living suggestions and sponsored by private vendors.

(4) Development of WISE Program guidelines and development of standards for physical activity, which take safety into consideration.

Mr. Durward (Butch) Gunnells, Executive Director, State Employees Association of North Carolina (SEANC) commented on various issues before this Committee. SEANC takes no official position regarding veterans preference and the construction of a physical fitness facility in Raleigh for State employees. However, SEANC endorses the concept of an independent study of the State classification system and most strongly favors the establishment of a performance based system of compensation with job performance evaluation. He urged the adoption of a pay plan that combines across-the-board and performance based components.

Mr. Dale Roberts and Mr. Steve Carver of the American Legion were introduced by Representative Cunningham. Both men offered support of H. B. 1133 in its original form.

February 16, 1988

The entire meeting dealt with the subject of employee wellness programs.

Dr. O. Dale Williams, Ph.D., Director of the U.N.C. Center for Health Promotion Disease Prevention and member of the State WISE Program Advisory Board, addressed wellness issues in North Carolina. Heart disease, cancer, and injuries are the major health threats in this State. North Carolina is in the "heart disease belt;" cancer mortality rates are higher than the national average. The death rate in North Carolina is among the highest in the nation. Concrete evidence indicates the detrimental effect on longevity and morbidity of some major lifestyle factors: diet, physical exercise, and smoking.

Ms. Sally Herndon-Malek, M.P.H., Program Supervisor for Health Promotion and Disease Prevention, Department of Human Resources, presented information regarding employee health promotion programs. Lifestyle factors contribute to premature death. Consequently, there is a growing interest in worksite health promotion. The employer, employee, and the public health can benefit from health promotion.

Dr. Bruce Dalton, M.D., M.P.H., Director of Health and Safety at Northern Telecom, discussed Northern Telecom's in-house wellness program. He stated that the positive influence that jobsite wellness programs have on employee recruitment and retention is now well accepted. He warned against justifying a wellness program for employees on the basis of cost-benefit analysis. Success is measured by employee participation. Northern Telecom stresses safety education as much as nutrition, weight management, and stress management.

Ms. Bobbie Staton, Director of the Rex Hospital Wellness Program, provided a somewhat different perspective. She advised against starting a wellness program to save money. Wellness is partly educational and partly emotional. It attempts to reach the 50% of the population that will participate in lifestyle changes or exercise programs only if it is convenient or with some urging.

Mr. David DeVries, Executive Administrator, State of N. C. Teachers' and State Employees' Major Medical Plan, told the Committee that no immediate reduction in health care cost would result from a wellness program. Historically health plans such as the State health plan have focused on acute health care, not preventive health care. HMO's focus on preventive health care. Mr. DeVries urged that more time in the future be spent on preventive health care in health plans for employees.

April 13, 1988

Three issues were addressed at this meeting: employee wellness programs, the State pay system, and cafeteria style benefits.

Mr. Malek returned with specific data regarding causes of death in North Carolina that had been requested at the last meeting.

Ms. Michele Bergeron, Johnson & Johnson Health Management, gave a slide presentation regarding the employee worksite wellness programs that Johnson & Johnson can provide to employers. An employer can enter into a contract with Johnson & Johnson Health Management, and Johnson & Johnson Health Management will design and implement a wellness program for its employees.

Mr. Ronnie Condrey, Personnel Officer, Department of Insurance, and Sam Connally, Associate Personnel Director, UNC Wilmington, both spoke in favor of a pay system that has the capacity to reward outstanding performance.

Specifically, Mr. Condrey recommended:

- (1) Giving the Office of State Personnel the authority to develop a full-fledged performance review system that ties performance to pay, and committing funding to implement this program;
- (2) Committing the first 5% of moneys that might be awarded in

1988-89 in an across-the board increase to an in-range salary adjustment, making the awards so that current employees can move up within their salary range (42% of those employees are fixed at steps 1, 2 and 3);

- (3) Setting aside the first 5% of salaries in both 1988 and 1989 to give agencies the flexibility to deal with the inequity that had arisen since merit pay was suspended six years ago;
- (4) Working with the Office of State Personnel to set up some mechanism that will answer concerns about how this system is being implemented in State government.

Mr. G. C. Davis stated that merit pay could be administered in a better manner today than it was in 1982 when it was suspended. A performance review procedure has been established and was put in place four or five years ago.

The remainder of the meeting was spent discussing cafeteria style benefits. Ms. Margaret Hayden, Assistant State Superintendent for Legislative Services, Department of Public Instruction, sponsored a bill to study cafeteria style benefits in 1984 when she served as a member of the House.

A cafeteria style benefits program offers an employee the opportunity to choose his benefits from a list of benefits that are available through his employer, a so-called benefit "menu." After selecting which benefits are most desirable given the employee's particular personal circumstances, the employee's share of the benefit cost is deducted from the employee's wages prior to the withholding of income taxes. The benefits to the employee are:

- (1) Choice of benefits most suitable to the employees lifestyle, and

(2) Increased disposable income.

NCNB Corporation offers its 15,000 employees a cafeteria style plan that is administered in-house. Catawba County developed its own cafeteria style plan for county employees soon after the passage of Section 125 of the Tax Reform Act of 1986, which allows the use of pre-tax dollars for the employee's contribution for certain benefits. The Committee was urged to consider a cafeteria plan for nurses at Memorial Hospital in light of the current nursing shortage.

Mr. Edwin Barnes, Deputy State Treasurer and Director of the Retirement Systems Division, reminded the Committee that North Carolina provides State employees the rudiments of a flexible benefits program pursuant to Section 125 now. The employee's contribution for family medical coverage is paid with pre-tax dollars. Further, cafeteria style plans have the advantage of allowing for expanded benefits without the need for additional appropriations.

October 5, 1988

The Cochairmen informed the Committee that H.B. 1133 regarding veterans preference in State employment had been enacted during the summer, Chapter 1064 of the 1987 Session Laws. (See Appendix E.) Also, an independent study had been authorized to specifically address the merit pay issue, Section 27 of Chapter 1086 of the 1987 Session Laws. Consequently, the Committee agreed these two issues need no longer be addressed.

Except for a brief update on the State WISE Program, cafeteria style benefits held the attention of the Committee at this first meeting following the adjournment of the 1987 Session of the General Assembly (1988 Regular Session).

Mr. George Misoyianis reported on the third annual Health Fair for Central North Carolina State employees conducted in Raleigh. Over 2,000 persons received

health screenings at a cost of \$5.00 per participant. State employee nurses and doctors volunteered their time. Forty-two percent of those who were screened for cholesterol had an elevated cholesterol level. One person had a cholesterol reading in excess of 350. Another person was found to have cancer in the early stages.

State employees are requesting stress management programs. Mr. Misoyianis restated his desire to reach the entire population of State employees, and not just those in the Raleigh area. He expressed difficulty in obtaining adequate training space. Mr. Misoyianis emphasized that State employees are to participate in the Program on their own time. He recommended that the Office of State Personnel adopt a policy regarding the use of flextime to clear up any misunderstanding regarding this subject.

Five school systems in North Carolina currently offer cafeteria plans to their employees. More are expected to follow suit. BB&T conducted a study which indicated that public school employees want a flexible benefits program. The Personnel Commission for Public School Employees has recommended to the State Board of Education that a full feasibility study, including a detailed cost-benefit analysis, should be conducted for public school employees. The Commission is of the opinion that a standard plan for all school systems is preferable to a county by county plan and that comprehensive, attractive benefits would help recruit and retain qualified employees.

VISTA Management, a leader in cafeteria plan administration specializing in plans for the public sector, conducted a slide presentation in cafeteria style benefits programs. A careful balance between benefit selection limitations and freedom of choice is necessary to minimize adverse selection. Cash options make adverse selection problems worse and should be avoided. The advantage of a cafeteria plan to the employer comes from decreased social security withholdings. The employer is not assessed social security withholdings for salary reduction contributions for benefits.

October 20, 1988

Mr. George Misoyianis, Director of the State WISE Program, asked for the Committee's support in the Program's efforts to expand services for current State employees in hard to reach areas and for retirees.

The majority of presentations to the Committee addressed the State classification system and the problems that are created in the classification system by the suspension of merit pay. The Committee agreed that it was impossible to study the classification system without raising the issue of merit pay.

The problem as seen by an independent observer (Mr. John Brinkhous, Director of Compensation at Duke University), by a State employees' advocate (Mr. Butch Gunnells of SEANC), and by someone within State government (Mr. G. C. Davis of the Office of State Personnel), is essentially the same: the classification system has been misused in an effort to circumvent the suspension of merit pay. In order to recognize the superlative performance of an employee, the employer has reclassified the employee's position to one that is of a higher paygrade. Later on, when a different person is hired into that job he is hired into the higher classification and higher salary. Such misuse of the classification system thereby introduces a permanent change to the classification system. All subsequent employees for that position will receive a higher salary than is merited for the qualifications and duties of that job. This is cost ineffective and eventually leads to a misclassified system. It is more cost effective to reward outstanding performance when it occurs in the form of merit pay.

Mr. G. C. Davis, Office of State Personnel, explained that the State uses a "position classification" method to arrive at the State classification system. Duties and responsibilities are analyzed and classes determined according to the types of work and

the levels within each type of work. The greatest misconception is to equate classification with pay. Classification is not pay; it is a basis for determining pay. The greatest need for change in the State Personnel System is in the pay system. It is difficult to administer.

Mr. Brinkhous observed that salary ranges in the State plan are too wide. This could be remedied by fixing a mid-point that represents what the State wants to pay, compared with the market, and then by defining a maximum salary for the pay range. The minimum should represent the salary needed to hire someone of minimum qualifications for the position. Lack of in-range movement is another problem in the State pay system. An employee who does not progress through the salary range is likely to leave State employment.

Sam Byrd, Senior Fiscal Analyst for the General Assembly, urged caution in proposing a cafeteria style benefits plan for State employees. He informed the Committee that an additional \$65,000,000 will be needed in 1989-90 and an additional \$100,000,000 will be needed in 1990-91 to pay for the State of N.C. Teachers' and State Employees' Major Medical Plan with no cuts in benefits due to the increased cost of these benefits. In addition, the State will need to spend \$10,000,000 to comply with the Medicare Catastrophic Coverage Act. The increased benefits through Medicare will reduce the cost of medical benefits to some State employees. The State is required to pay an amount equal to that savings to the State retirees. Further, HMO's cost the State \$7,000,000 the first year they were in effect and \$18,000,000 last year.

Other reasons cited to instill caution regarding proposing a cafeteria style for State employees were:

- (1) Adverse selection, which increases the cost of benefits.
- (2) Loss of Social Security benefits to the employee (since benefits relate to employer and employee contributions).

- (3) Possible decrease in the allowable benefits under Section 125 (expected in 1989).
- (4) No application to retirees.

Lastly, by 1990 the State will be required to finance the projected cost of retiree health care on a prefunded basis. There are 61,000 State retirees. This will cost the State an additional \$25,000,000 per year.

The Committee received the results of a survey conducted by staff at the request of the Committee, to determine whether other states are offering their State employees cafeteria style benefits plans. A similar survey was conducted in March, 1986. In March, 1986 only two states offered state employees a cafeteria plan; two more provided for the use of pre-tax dollars for employee contributions to benefits. As of October, 1988, seventeen states offered cafeteria plans and an additional sixteen provided for the use of pre-tax dollars for employee contributions. The survey is Appendix F.

November 22, 1988

The Committee reviewed and adopted, as amended, the report to be recommended for transmittal to the 1989 General Assembly. The recommendations follow. See Appendices G and H for recommended Legislative Proposals.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION #1: THE NORTH CAROLINA GENERAL ASSEMBLY SHOULD CONTINUE AS AN ONGOING STUDY THE STUDY OF THE STATE PERSONNEL SYSTEM. (See Legislative Proposal #1, Appendix G.)

Findings: The Committee finds a definite need to study on an ongoing basis the State Personnel System as well as the entire range of personnel problems of State employees. Three studies authorized by Chapter 873 of the 1987 Session Laws were merged into one for consideration by this Committee. A fourth study regarding a State personnel issue was authorized during the course of this Committee's deliberations, the Merit Pay Study, as authorized by Section 27 of Chapter 1086 of the 1987 Session Laws. This is an indication of the number of issues that arise regarding State employees that merit study by the General Assembly. An ongoing committee should be authorized to address the complex and continuing issues regarding the approximately 70,000 State employees subject to Chapter 126 and the 15,000 to 20,000 State employees who are not subject to Chapter 126.

The charge of an ongoing committee should be broad. An ongoing committee should have the flexibility to consider long range issues, as well as the shorter range issues, which might vary from one biennium to the next. Specifically, an ongoing committee needs to conduct further study of the State pay system and the State classification system. Further study of cafeteria style benefits is also clearly indicated.

RECOMMENDATION #2: THE NORTH CAROLINA GENERAL ASSEMBLY SHOULD ENDORSE THE STATE W.I.S.E. (WELLNESS IMPROVEMENT FOR STATE EMPLOYEES) PROGRAM AND SHOULD SPECIFICALLY SUPPORT:

- (1) FUNDING TO SUPPORT THE STATE W.I.S.E. PROGRAM;**
- (2) EVALUATION OF THE STATE W.I.S.E. PROGRAM BY THE OFFICE OF STATE PERSONNEL;**
- (3) ADDITIONAL TRAINING SPACE;**
- (4) FITNESS CENTERS FOR STATE EMPLOYEES;**
- (5) EXPANSION OF LIFESTYLE CHANGE AND HEALTH PROMOTION PROGRAMS FOR STATE EMPLOYEES; AND**
- (6) USE OF FLEXTIME FOR PARTICIPATION IN THE STATE W.I.S.E. PROGRAM.**

THE GENERAL ASSEMBLY SHOULD APPROPRIATE \$71,730 FOR THE 1989-90 FISCAL YEAR AND \$104,904 FOR THE 1990-91 FISCAL YEAR TO SUPPORT THE STATE W.I.S.E. PROGRAM. (See Legislative Proposal #2, Appendix H.)

Findings: The Committee finds that the current in house wellness program for State employees, the State WISE Program, needs legislative endorsement and support. In the three years since its inception the State WISE Program has conducted three regional Health Fairs and developed and implemented Wellness activities' programs for State employees throughout the State. This work has been accomplished with a small staff and no direct funding from the General Assembly.

The State WISE Program has expanded through the volunteer efforts of State employees, the sponsorship of businesses, and the use of State facilities. State employees have expressed interest in having more lifestyle change and health promotion

programs. Legislative endorsement would help the State WISE Program expand its wellness activities further. Evaluation of the State WISE Program is desirable to ascertain the Program's direct benefit to the State.

It is widely held that employee wellness programs increase employee productivity, decrease absenteeism, and lower the long range cost of health care. The Committee finds that the State WISE Program promotes the health of State employees and benefits the State.

RECOMMENDATION #3: THE GENERAL ASSEMBLY SHOULD ENDORSE THE CONCEPT OF AN OBJECTIVE MERIT PAY SYSTEM FOR STATE EMPLOYEES, AND THE APPROPRIATION COMMITTEES OF THE HOUSE AND THE SENATE AND THE SUBSTANTIVE STANDING COMMITTEES DEALING WITH STATE PERSONNEL ISSUES SHOULD WORK TOWARD DESIGNING AND FUNDING AN OBJECTIVE MERIT PAY SYSTEM FOR STATE EMPLOYEES.

Findings: This Committee endorses the concept of an objective merit pay system for State employees. A separate study was authorized during the course of this Committee's deliberations to specifically address the issue of merit pay, the Merit Pay Study, as authorized by Section 27 of Chapter 1086 of the 1987 Session Laws. However, the study of the classification and pay systems was a part of the charge of this Committee. A study of the classification system cannot take place without consideration of merit pay.

The Committee finds that employers have misused the classification system in an attempt to reward an employee's exceptional performance. Such misuse

introduces permanent change to the classification system and is cost ineffective. Implementation of an objective merit pay system would alleviate some of the problems in the State pay system and the State classification system.

This Committee recommends the implementation of an objective merit pay system, as distinguished from the reinstatement of the previous merit pay system in State government. The Committee also finds that the reward of outstanding performance is desirable and will serve to retain valuable employees in State employment.

RECOMMENDATION #4: THE GENERAL ASSEMBLY SHOULD TAKE NO FURTHER ACTION AT THIS TIME REGARDING VETERANS PREFERENCE IN STATE EMPLOYMENT.

Findings: H. B. 1133, a bill to strengthen veterans preference in State employment, was considered by the 1987 Session of the General Assembly (1988 Regular Session) and ratified, Chapter 1064 of the 1987 Session Laws. This Committee finds no need to consider this issue further at this time. Appendix E is Chapter 1064 of the 1987 Session Laws.

APPENDIX A

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION
RATIFIED BILL

CHAPTER 873
HOUSE BILL 1

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMITTEES AND COMMISSIONS, TO MAKE APPROPRIATIONS THEREFOR, AND TO AMEND STATUTORY LAW.

The General Assembly of North Carolina enacts:

PART I. TITLE

Section 1. This act shall be known as "The Study Commissions and Committees Act of 1987."

...

PART II.-----LEGISLATIVE RESEARCH COMMISSION

Sec. 2.1. The Legislative Research Commission may study the topics listed below. Listed with each topic is the 1987 bill or resolution that originally proposed the issue or study and the name of the sponsor. The Commission may consider the original bill or resolution in determining the nature, scope and aspects of the study. The topics are:

...

- (5) Continuation of Study of State Personnel System (H.J.R. 247-Stamey; S.J.R. 178-Hunt, W.).

...

- (35) Wellness Program for State Employees (S.J.R. 357-Sherron).

...

Sec. 2.3. Veterans Preference in State Employment (H.B. 1133 Cunningham). The Legislative Research Commission may study the advisability of strengthening the preference to be accorded veterans in State employment.

. . .

Sec. 2.6. Reporting Dates. For each of the topics the Legislative Research Commission decides to study under this act or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation to the 1989 General Assembly.

Sec. 2.7. Bills and Resolution References. The listing of the original bill or resolution in this Part is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

. . .

-----EFFECTIVE DATE

Sec. 31. This act is effective on July 1, 1987.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

H

1

HOUSE JOINT RESOLUTION 247*

Sponsors: Representatives Stamey; Fussell, Blue, Wiser, Holroyd, Fletcher,
Freeman, Justus, Buchanan.

Referred to: Rules and Operation of the House.

March 18, 1987

1 A JOINT RESOLUTION TO CONTINUE THE WORK OF THE LEGISLATIVE
2 RESEARCH COMMISSION'S COMMITTEE ON STATE PERSONNEL.

3 Whereas, the current State Personnel System was established in 1965; and

4 Whereas, there has not been a comprehensive study of the personnel
5 system since 1965; and

6 Whereas, it is the policy of North Carolina, as set forth in G.S. 126-1, to
7 provide a personnel system that applies the best methods that have evolved in
8 government and industry; and

9 Whereas, there have been significant changes in the area of personnel
10 since 1965; and

11 Whereas, the Legislative Research Commission's Committee on State
12 Personnel as begun under Chapter 790 of the 1985 Session should be an ongoing
13 study and should continue to examine the entire range of personnel problems and
14 needs of State employees;

15 Now, therefore, be it resolved by the House of Representatives, the Senate
16 concurring:

17 Section 1. The Legislative Research Commission as structured by G.S.
18 120-30.10, **et seq.**, may continue the study of the State personnel system, including but
19 not limited to:

1
2
3 (1) the structure and function of the personnel commission and of
4 personnel operations;

5 (2) the classification system of employees;

6 (3) the salary and benefit system;

7 (4) personnel policies, including those relating to the areas of hiring,
8 training, promotion, and tenure; and

9 (5) the procedure for grievances and appeals.

10 The Commission may report its findings and recommendations including
11 recommendations for needed legislation to the 1989 General Assembly.

12 Sec. 2. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

S

1

SENATE JOINT RESOLUTION 178*

Sponsors: Senators Staton; Hunt of Moore, Johnson of Wake.

Referred to: Rules and Operation of the Senate.

March 18, 1987

1 A JOINT RESOLUTION TO CONTINUE THE WORK OF THE LEGISLATIVE
2 RESEARCH COMMISSION'S COMMITTEE ON STATE PERSONNEL.

3 Whereas, the current State Personnel System was established in 1965; and

4 Whereas, there has not been a comprehensive study of the personnel
5 system since 1965; and

6 Whereas, it is the policy of North Carolina, as set forth in G.S. 126-1, to
7 provide a personnel system that applies the best methods that have evolved in
8 government and industry; and

9 Whereas, there have been significant changes in the area of personnel
10 since 1965; and

11 Whereas, the Legislative Research Commission's Committee on State
12 Personnel as begun under Chapter 790 of the 1985 Session should be an ongoing
13 study and should continue to examine the entire range of personnel problems and
14 needs of State employees;

15 Now, therefore, be it resolved by the Senate, the House of Representatives
16 concurring:

17 Section 1. The Legislative Research Commission as structured by G.S.
18 120-30.10, **et seq.**, may continue the study of the State personnel system, including but
19 not limited to:

1 (1) the structure and function of the personnel commission and of
2 personnel operations;

3 (2) the classification system of employees;

4 (3) the salary and benefit system;

5 (4) personnel policies, including those relating to the areas of hiring,
6 training, promotion, and tenure; and

7 (5) the procedure for grievances and appeals.

8 The Commission may report its findings and recommendations including
9 recommendations for needed legislation to the 1989 General Assembly.

10 Sec. 2. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

S

1

SENATE JOINT RESOLUTION 357

Sponsors: Senator Sherron.

Referred to: Rules and Operation of the Senate.

April 10, 1987

1 A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH
2 COMMISSION TO STUDY THE FEASIBILITY OF A WELLNESS PROGRAM
3 FOR STATE EMPLOYEES, INCLUDING A PHYSICAL FITNESS FACILITY.

4 Whereas, one-third of annual deaths in North Carolina are premature
5 adult deaths occurring to persons of working age between 18 and 64; and

6 Whereas, it is estimated that more than fifty percent (50%) of mortality is
7 related to causes that are preventable; and

8 Whereas, healthy, physically fit employees take fewer sick days and are
9 more productive; and

10 Whereas, employees who engage in a physical fitness program are less
11 likely to succumb to a chronic disease that is associated with a sedentary lifestyle; and

12 Whereas, a wellness program that includes a physical fitness facility is an
13 employee benefit that is likely to attract and retain employees; and

14 Whereas, a wellness program focuses on health promotion and education;
15 and

16 Whereas, a wellness program educates the individual in ways to reduce
17 the likelihood of developing a chronic disease that is induced by improper diet, lack
18 of stress management and exercise, and other aspects of an unhealthy lifestyle; and

19 Whereas, the State is likely to benefit economically and otherwise by
20 offering a wellness program that includes a physical fitness facility;

1 Now, therefore, be it resolved by the Senate, the House of Representatives
2 concurring:

3 Section 1. The Legislative Research Commission may study the
4 feasibility of a wellness program for State employees. The Commission may consider
5 building a physical fitness facility or the possibility of converting a presently existing
6 structure such as the Murphy School Building at 443 North Person Street, Raleigh, to
7 a physical fitness facility in the downtown Raleigh area. The Commission may
8 develop a schedule of the functional needs of such a facility sufficient to present to an
9 architect for the purpose of arriving at a cost estimate of building or converting such
10 a structure. The Commission may investigate the equipment needs of a physical
11 fitness facility and the staffing needs of a wellness program. The Commission may
12 survey other states and private industry as a means of gathering such information.
13 The Commission may investigate the fiscal needs required to operate a wellness
14 program for State employees that includes a physical fitness facility for State
15 employees employed in the Raleigh area.

16 Sec. 2. The Commission may report to the 1989 Session of the General
17 Assembly.

18 Sec. 3. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

H

2

HOUSE BILL 1133

Senate Committee Substitute Adopted 7/20/87

Short Title: Veteran's Preference for State Jobs.

(Public)

Sponsors:

Referred to: State Personnel.

May 4, 1987

1 A BILL TO BE ENTITLED

2 AN ACT TO STRENGTHEN THE PREFERENCE TO BE ACCORDED
3 VETERANS FOR STATE EMPLOYMENT WHEN THE STATE
4 EMPLOYMENT IS WITHIN THE PURVIEW OF CHAPTER 126 OF THE
5 GENERAL STATUTES.

6 The General Assembly of North Carolina enacts:

7 Section 1. Chapter 126 of the General Statutes is amended by adding a
8 new Article after Article 12 to read:

9 "Article 13.

10 "Veteran's Preference.

11 "**§ 126-80. Declaration of policy.**--It shall be the policy of the State of North
12 Carolina that, in appreciation for their service to this State and this country in time
13 of war, and in recognition of the time and advantage lost toward the pursuit of a
14 civilian career, veterans shall be granted preference in employment with every State
15 department, agency, and institution when the position of employment is subject to the
16 provisions of this Chapter.

17 "**§ 126-81. Definitions.**--As used in this Article:

18 (1) 'A period of war' includes World War I (April 16, 1917, through November
19 11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean

1 Conflict (June 27, 1950, through January 31, 1955), the period of time between
2 January 31, 1955, and the end of the hostilities in Viet Nam (May 7, 1975), or any
3 other campaign, expedition, or engagement for which a campaign badge or medal is
4 authorized by the United States Department of Defense.

5 (2) 'Veteran' means a person who served in the Armed Forces of the United
6 States on active duty, for reasons other than training, and has been discharged under
7 other than dishonorable conditions.

8 (3) 'Eligible veteran' means:

- 9 a. a veteran who served during a period of war; or
- 10 b. the spouse of a disabled veteran; or
- 11 c. the surviving spouse or dependent of a veteran who died on active
12 duty during a period of war either directly or indirectly as the
13 result of such service; or
- 14 d. a veteran who suffered a service-connected disability during
15 peacetime; or
- 16 e. the spouse of a veteran described in subdivision d. of this
17 subsection; or
- 18 f. the surviving spouse or dependent of a person who served in the
19 Armed Forces of the United States on active duty, for reasons
20 other than training, who died for service-related reasons during
21 peacetime.

22 "**§ 126-82. State Personnel Commission to provide for preference.**--(a) The State
23 Personnel Commission shall provide that in evaluating the qualifications of an eligible
24 veteran against minimum education and experience requirements, credit shall be
25 given for all military service training or schooling and experience that bears a
26 reasonable functional relationship to the knowledge, skills, and abilities required in
27 the position applied for.

28 (b) The State Personnel Commission shall provide that if an eligible veteran has
29 met the minimum education and experience requirements for the position, after
30 receiving experience credit under subsection (a) of this section, he shall receive
31 additional experience credit for related and unrelated military service beyond that
32 needed to qualify, up to a maximum of four years.

33 "**§ 126-84. Evaluation of applicants.**--The State Personnel Commission shall
34 develop a system where, if no numerically scored examination is used in determining
35 the relative ranking of applicants, alternate methods of veteran's preference are

1 provided for in the evaluation of applicants in a manner which assures acceptable
2 progress toward the targets for the level of veteran's employment within State
3 government, which shall be established under G.S. 126-89(b). Such preference shall
4 be provided to each eligible veteran.

5 **"§ 126-85. Preference in initial selection.--**An eligible veteran shall receive a
6 preference rating of 10 points to be applied to his examination where numerically
7 scored examinations are used in determining the relative ranking of applicants, after
8 such examinations are scaled to allow for a possible 100 points for each applicant.

9 **"§ 126-86. Preference regarding reduction in force and promotion.--**The State
10 Personnel Commission may provide that in reduction in force situations, and
11 promotions, where seniority or years of service is one of the considerations of
12 retention or promotion, the eligible veteran shall be accorded credit toward State
13 service for military service.

14 **"§ 126-87. Appeal to Personnel Commission.--**Any eligible veteran who has reason
15 to believe that he did not receive a veteran's preference in accordance with the
16 provisions of this Article or rules adopted under it may appeal directly to the State
17 Personnel Commission.

18 **"§ 126-88. Misconduct by employer or hiring authority.--**The willful failure of any
19 employer or hiring authority to comply with the provisions of this Article or rules
20 adopted under it constitutes misconduct, within the meaning of the State Personnel
21 Manual, that warrants a first written warning.

22 **"§ 126-89. Veterans' Preference Coordinator.--**(a) There shall be established a
23 management position of Veterans' Preference Coordinator, who shall be a veteran as
24 defined in G.S. 126-81, which shall be situated within the Office of State Personnel
25 under the supervision of the State Personnel Director, who shall provide necessary
26 clerical and logistical support for the implementation of this Article throughout State
27 government. The coordinator shall have the authority to require implementation
28 within all of State government covered by this Article, and shall develop a program
29 of activities which shall include, but not be limited to:

30 (1) Training of managers and personnel officers, inclusion of the
31 Veterans' Preference requirements in all agency policy manuals
32 and employee handbooks, and preparation of posters and literature
33 to describe this Article;

34 (2) Serving as the liaison between veterans organizations, the
35 Employment Security Commission, the Office of State Personnel,
36 and other State departments as concerns this Article;

- 1 (3) Development of veterans referral sources;
2 (4) Counseling of State employees or applicants who are eligible
3 veterans; and
4 (5) Development of statistics and reports to depict veteran status in
5 State government and the progress of the program authorized by
6 this Article.

7 (b) The State Personnel Commission, upon the recommendation of the Veterans'
8 Preference Coordinator shall set targets for the level of employment of veterans
9 within State government covered by this Article, and shall monitor and review
10 compliance with these guidelines. The Veterans' Preference Coordinator shall report
11 to the Joint Legislative Commission of Governmental Operations no later than
12 December 31, 1987, on those goals, and shall report by June 30 and December 31 of
13 each year thereafter on progress in attaining those goals and compliance with those
14 guidelines.

15 "§ 126-90. **Exceptions.**-(a) Notwithstanding G.S. 126-5, and notwithstanding
16 provisions in that section that only certain Articles of this Chapter apply to some
17 employees, this Article applies to all persons covered by this Chapter except those
18 exempted by G.S. 126-5(c)(2), G.S. 126-5(c)(3), G.S. 126-5(c)(4), G.S. 126-5(c1), G.S.
19 126-5(c2), or G.S. 126-5(c3), but this Article does not apply to those persons covered
20 by G.S. 126-5(a)(2).

21 (b) Notwithstanding subsection (a) of this section, agencies responsible for filling of
22 positions exempted by that subsection are strongly encouraged to follow the
23 declaration of policy of G.S. 126-80."

24 Sec. 2. G.S. 128-15 reads as rewritten:

25 "**§ 128-15. Employment preference for veterans and their wives or widows. spouses**
26 **or surviving spouses.**-(a) Hereafter, in all competitive examinations of applicants for
27 positions with this State or any of its departments, institutions or agencies, a
28 preference rating of 10 points shall be awarded to all the citizens of the State who
29 served the State or the United States honorably in either the army, navy, marine
30 corps, nurses' corps, air corps, air force, or any of the armed services in time of war,
31 including the Korean war or conflict and including all citizens of the State who
32 served in any of the armed services at any time between January 31, 1955, and the
33 end of hostilities in Vietnam in which the United States is involved.

34 All the departments, or institutions of the State, or their agencies, shall give
35 preference in appointments and promotional appointments to qualified veteran

1 applicants as enumerated in this section in filling vacant positions in construction or
2 maintenance of public buildings and grounds, construction of highways or any other
3 employment under the supervision of the State or its departments, institutions, or
4 agencies; provided, that the provisions of this section shall apply to the widows
5 surviving spouses of such veterans and to the wives spouses of disabled veterans. No
6 State department, officer, institution or agency of the State shall bar or prohibit any
7 veteran or person named in this section from employment because of age if such
8 veteran or person is otherwise qualified.

9 In all competitive promotional examinations a preference rating of one point for
10 each year, or greater fraction thereof, of service in time of war, including the Korean
11 conflict, and including service in any of the armed forces at any time between
12 January 31, 1955, and the end of hostilities in Vietnam in which the United States is
13 involved, shall be awarded in all departments of this State, institutions or agencies, to
14 the veterans or persons named in this section; provided, that such points shall not
15 exceed a total of five points.

16 (b) This section applies only to positions in State departments, institutions, and
17 agencies to which Article 13 of Chapter 126 of the General Statutes does not apply
18 because of G.S. 126-90."

19 Sec. 3. G.S. 126-5(a), as amended by Chapter 320, Session Laws of 1987,
20 reads as rewritten:

21 "(a) The provisions of this Chapter shall apply to:

- 22 (1) all State employees not herein exempt, and
23 (2) to employees of area mental health, mental retardation, substance
24 abuse authorities, and to employees of local social services
25 departments, public health departments, and local emergency
26 management agencies that receive federal grant-in-aid funds; and
27 the provisions of this Chapter may apply to such other county
28 employees as the several boards of county commissioners may from
29 time to time determine."

30 Sec. 4. There is appropriated from the General Fund to the Office of
31 State Personnel for the 1987-88 fiscal year the sum of seventy-nine thousand seven
32 hundred fifty-eight dollars (\$79,758) and for the 1988-89 fiscal year the sum of
33 seventy-four thousand nine hundred seventy-six dollars (\$74,976) to implement this
34 act."

35 Sec. 5. Section 4 of this act shall become effective July 1, 1987. Sections
36 1 through 3 of this act shall become effective October 1, 1987.

APPENDIX B

MEMBERSHIP OF LRC COMMITTEE ON STATE PERSONNEL SYSTEM, WELLNESS PROGRAM FOR STATE EMPLOYEES, AND VETERANS PREFERENCE IN STATE EMPLOYMENT

Pres. Pro Tem's Appointments

Sen. Wanda H. Hunt, Cochair
Post Office Box 1335
Pinehurst, NC 28374
(919) 295-3794

Sen. Helen R. Marvin
119 Ridge Lane
Gastonia, NC 28054
(704) 864-2757

Sen. Kenneth C. Royall, Jr.
Post Office Box 8766
Durham, NC 27707
(919) 489-9191

Sen. J. K. Sherron, Jr.
4208 Six Forks Road
Suite 302
Raleigh, NC 27609
(919) 781-8721

Sen. William W. Staton
Post Office Box 1320
Sanford, NC 27330
(919) 775-5616

Speaker's Appointments

Rep. Margaret Stamey, Cochair
6201 Arnold Road
Raleigh, NC 27607
(919) 851-0495

Rep. J. Fred Bowman
814 N. Graham-Hopedale Road
Burlington, NC 27215
(919) 228-7521

Rep. W. Pete Cunningham
3121 Valleywood Place
Charlotte, NC 28216
(704) 394-0919

Rep. Ann Q. Duncan
Post Office Box 11113
Winston-Salem, NC 27116
(919) 924-9024

Rep. John L. Tart
Route 1, Box 125 A
Goldsboro, NC 27530
(919) 934-0200

Staff:

Ms. Susan Iddings
Legislative Services Office
(919) 733-6660

Mr. Sam Byrd
Legislative Services Office
(919) 733-4910

Mr. Stanley Moore
Legislative Services Office
(919) 733-4910

Clerk: Ms. Lillie Pearce
(919) 733-5853 (O)
(919) 876-3484 (H)

LRC Member: Rep. Aaron E. Fussell

APPENDIX C

LIST OF PERSONS APPEARING BEFORE THE COMMITTEE

- Mr. Richard V. Lee, Director, Office of State Personnel
- Mr. G. C. Davis, Assistant Director, Office of State Personnel
- Mr. Drake Maynard, Agency Legal Specialist, Office of State Personnel
- Mr. George Misoyianis, Director, State WISE Program, Office of State Personnel
- Mr. John Oshoa, Legislative Officer, Onslow Veterans Council
- Mr. E. T. Townsend, Commander, North Carolina Veterans Council
- Mr. Durward (Butch) Gunnells, Executive Director, State Employees Association of North Carolina
- Dr. O. Dale Williams, Ph.D., Director, UNC Center for Health Promotion and Disease Prevention
- Ms. Sally Herndon-Malek, M.P.H., Program Director, Health Promotion and Disease Prevention, Department of Human Resources
- Dr. Bruce A. Dalton, M.D., M.P.H., Director Health and Safety, Northern Telecom Incorporated Integrated Network Systems
- Ms. Bobbie Staten, Director, Rex Hospital Wellness Center
- Mr. David DeVries, Executive Administrator, State of N. C. Teachers' and State Employees' Comprehensive Major Medical Plan
- Mr. Don Cummings, Personnel Director, Department of Human Resources
- Ms. Susan Stamper, R.N., M.S.N., Wellness Coordinator, Appalachian State University
- Ms. Sandy Tyndall, State WISE Program, Office of State Personnel
- Ms. Michelle Bergeron, Regional Sales Manager, Johnson & Johnson Health Management
- Mr. Ronnie Condrey, Personnel Office, Department of Insurance
- Mr. Sam Connally, Assoc. Personnel Director, UNC Wilmington
- Ms. Margaret Hayden, Asst. State Superintendent for Legislative Services, Department of Public Instruction

Ms. Judy Clark, Vice President NCNB Corp. Personnel

Ms. Lillie Holmes, Personnel Director, Catawba County

Mr. Edwin Barnes, Deputy State Treasurer and Director of Retirement Systems
Division, Department of State Treasurer

Mr. William D. Petasnick, Director of Operations, N. C. Memorial Hospital

Mr. Eric Munson, Executive Director, N. C. Memorial Hospital

Ms. Janet Wilson, Chairman, Personnel Commission for Public School Employees

Mr. Pat McNeill, BB&T

Ms. Suzanne Gavis, BB&T

Mr. Thomas J. Cavanaugh, Gabriel, Roeder, Smith & Company, North Port, New
York

Mr. Jim Geigor, VISTA Management Co., Tallahassee, Florida

Mr. John Brinkhous, Director of Compensation, Duke University

APPENDIX D

PERSONS WHO WERE MAILED NOTICE OF THE COMMITTEE'S MEETINGS

Mr. G.C. Davis, Asst. Dtr.
Office of State Personnel
16 W. Jones Street
Raleigh, NC 27611
(919) 733-7108
Administration Building

Rep. Nick Jeralds
Chairman Comm. on Military & Veterans Affairs
319 Jasper St.
Fayetteville, NC 28301
(919) 488-3542

Mr. Chris G. Hoke, Attorney
Office of Legal Assistance
NC Division of Health Services
Box 2091
Raleigh, NC 27602
(919) 733-3131
Cooper Building

Ms. Celeste B. Dean
Research Associate
Governor's Advocacy Council
on Children & Youth
121 W. Jones St.
Raleigh, NC
(919) 733-9296
Elks Building

NC Division of Veterans Affairs
Mr. Charles Beddingfield, Asst. Sec.
227 E. Edenton St.
Raleigh, NC 27601
(919) 733-3851
Heart of Raleigh Motel

Veterans Affairs of NC
District Veterans Service Office
Mr. Romie Eason, Service Officer
317 W. Jones St.
Raleigh, NC 27603
(919) 733-7042

American Legion
Department Headquarters
Ms. Vickie Stancil/Mr. Keith Sink
PO Box 26657
Raleigh, NC 27611

Veterans of Foreign Wars
State Headquarters
Mr. Cleve Cox
917 New Bern Avenue
Raleigh, NC 27611
(919) 828-5058

Disabled American Veterans of NC
Mr. Jim Gibson
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Raleigh, NC 27611
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Mr. R.D. McMillan
UNC Administration
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Senator Thomas F. Taft
Chairman Comm. on State Personnel
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State Employees Association of NC
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Mr. David Devries
Executive Adm.
State of NC Comprehensive Major
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Mr. Sam Johnson
Attorney at Law
PO Box 1776
Raleigh, NC 27602

Mr. Amos Mitchell
AMVETS
3910 Montreat Court
Raleigh, NC 27609

Mr. Tommy Townsend
Commander, NC Veterans Council
PO Box 3928
Wilmington, NC 28406

Mr. Ron Condrey
Personnel Officer
NC Department of Insurance
Dobbs Building

Mr. William C. Deal, Jr.
Asst. Sec. for Adm.
DOT
Highway Building

Mr. Philip K. Powell
Personnel Office
Department of Agriculture
Agriculture Building

Mr. Paul Lawler
PO Box 990
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Ms. Dianne Martin
NC Equity
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Raleigh, NC 27605
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Mr. Jack H. Gunnells
University Personnel Director
101 Battle Hall
Chapel Hill, NC 27599-2040
(919) 962-3897

Dr. Georjean Stoodt
Chief, Adult Services Section
Division Health Services
DHR
(919) 733-7081
St. Mary's St. Building

Mr. Jack Stone
UNC
Employment Division
University Personnel Dept.
Chapel Hill, NC 27599-1040

Ms. Michelle Bergeron
c/o Wallace Anderson
2915 Roxburgh Drive
Raswell, GA 30076

Mr. Glenn L. Cobb
Director Office of Boards, Commissions
and Legislative Affairs
NC DHR
Room 437
733-2175
Albemarle Building

Ms. Jennifer Martin
Assistant Director
Office of Legal Affairs
Room 480
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J. Thurston Arledge
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Tryon, NC 28782
(704) 859-5533

Sally Herndon Malek
Adult Health Services, DHR
1330 St. Mary's St.

Mr. John Oshoa
Leg. Officer
Onslow Veterans Council
304 Holly Lane
Swansboro, NC 28584

Ivan V. Hill
Personnel Administrator
Administrative Office of the Courts
PO Box 2448
Raleigh, NC 27602
733-3308
Justice Building

APPENDIX E

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION
RATIFIED BILL

CHAPTER 1064
HOUSE BILL 1133

AN ACT TO STRENGTHEN THE PREFERENCE TO BE ACCORDED VETERANS FOR
STATE EMPLOYMENT.

The General Assembly of North Carolina enacts:

Section 1. Chapter 126 of the General Statutes is amended by adding a new Article after Article 12 to read:

"Article 13.

"Veteran's Preference.

"§ 126-80. Declaration of policy.--It shall be the policy of the State of North Carolina that, in appreciation for their service to this State and this country during a period of war, and in recognition of the time and advantage lost toward the pursuit of a civilian career, veterans shall be granted preference in employment for positions subject to the provisions of this Chapter with every State department, agency, and institution.

"§ 126-81. Definitions.--As used in this Article:

(1) 'A period of war' includes World War I (April 16, 1917, through November 11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955, and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.

(2) 'Veteran' means a person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.

(3) 'Eligible veteran' means:

- a. A veteran who served during a period of war; or
- b. The spouse of a disabled veteran; or
- c. The surviving spouse or dependent of a veteran who dies on active duty during a period of war either directly or indirectly as a result of such service; or
- d. A veteran who suffered a service-connected disability during peacetime; or
- e. The spouse of a veteran described in subdivision d. of this subsection; or

- f. The surviving spouse or dependent of a person who served in the Armed Forces of the United States on active duty, for reasons other than training, who died for service-related reasons during peacetime.

"§ 126-82. State Personnel Commission to provide for preference.--(a) The State Personnel Commission shall provide that in evaluating the qualifications of an eligible veteran against the minimum requirements for obtaining a position, credit shall be given for all military service training or schooling and experience that bears a reasonable and functional relationship to the knowledge, skills, and abilities required for the position.

(b) The State Personnel Commission shall provide that if an eligible veteran has met the minimum requirements for the position, after receiving experience credit under subsection (a) of this section, he shall receive experience credit as determined by the Commission for additional related and unrelated military service.

(c) The State Personnel Commission may provide that in reduction in force situations where seniority or years of service is one of the considerations for retention, an eligible veteran shall be accorded credit for military service.

(d) Any eligible veteran who has reason to believe that he or she did not receive a veteran's preference in accordance with the provisions of this Article or rules adopted under it may appeal directly to the State Personnel Commission.

(e) The willful failure of any employee subject to the provisions of Article 8 of this Chapter to comply with the provisions of this Article or rules adopted under it constitutes personal misconduct in accordance with the provisions and promulgated rules of this Chapter, including those for suspension, demotion, or dismissal.

"§ 126-83. Exceptions.--Notwithstanding G.S. 126-5, and notwithstanding provisions in that section that only certain Articles of this Chapter apply to some employees, this Article applies to all persons covered by this Chapter except those exempted by G.S. 126-5(c) (2), G.S. 126-5(c)(3), G.S. 126-5(c)(4), G.S. 126-5(c1), G.S. 126-5(c2), or G.S. 126-5(c3), but this Article does not apply to those persons covered by G.S. 126-5(a)(2)."

Sec. 2. G.S. 128-15 reads as rewritten:

"§ 128-15. Employment preference for veterans and their spouses or surviving spouses.--(a) It shall be the policy of the State of North Carolina that, in appreciation for their service to this State and this country during a period of war, and in recognition of the time and advantage lost toward the pursuit of a civilian career, veterans shall be granted preference in employment with every State department, agency, and institution.

(b) As used in this section:

- (1) 'A period of war' includes World War I (April 16, 1917, through November 11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955,

and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.

- (2) 'Veteran' means a person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.
- (3) 'Eligible veteran' means:
- a. A veteran who served during a period of war; or
 - b. The spouse of a disabled veteran ; or
 - c. The surviving spouse or dependent of a veteran who dies on active duty during a period of war either directly or indirectly as the result of such service; or
 - d. A veteran who suffered a disabling injury for service-related reasons during peacetime; or
 - e. The spouse of a veteran described in subdivision d. of this subsection; or
 - f. The surviving spouse or dependent of a person who served in the Armed Forces of the United States on active duty, for reasons other than training, who dies for service-related reasons during peacetime.

(c) Hereafter, in all evaluations of applicants for positions with this State or any of its departments, institutions or agencies, a preference shall be awarded to all eligible veterans who are citizens of the State and who served the State or the United States honorably in either the army, navy, marine corps, nurses' corps, air corps, air force, coast guard, or any of the armed services during a period of war.

(d) The provisions of this section shall be subject to the provisions of Article 1 of Chapter 165 of the General Statutes, and Parts 13 and 19 of Article 9 of Chapter 143B of the General Statutes."

Sec. 3. G.S. 126-5(a) reads as rewritten:

"(a) The provisions of this Chapter shall apply to:

- (1) All State employees not herein exempt, and
- (2) To all employees of area mental health, mental retardation, substance abuse authorities, and to employees of local social services departments, public health departments, and local emergency management agencies that receive federal grant-in-aid funds; and the provision of this Chapter may apply to such other county employees as the several boards of county commissioners may from time to time determine."

Sec. 4. G.S. 128-15.1 is repealed.

Sec. 5. This act shall become effective October 1, 1988.

In the General Assembly read three times and ratified this the 7th day of July, 1988.

Robert B. Jordan III
President of the Senate

Liston B. Ramsey
Speaker of the House of Representatives

APPENDIX F

<u>Tax Free State</u>	<u>Cafeteria Benefits</u>	<u>Style Benefits</u>	<u>Benefits Notes</u>	<u>Wellness Program</u>	<u>Wellness Notes</u>
Alabama	No	No	Cafeteria benefits under study	No	
Alaska	-	Yes	Full cafe plan eff. 2/90	No	
Arizona	No	No			
Arkansas	No	No		No	
California	Yes	-	"Flex plan" available to a manager or supervisor whose spouse's medical insurance covers him/her	No	Under study
Colorado	-	Yes	To become effective 1/89		
Connecticut	No	No		No	
Delaware	Yes	Yes	Both plans available only to Educ. Systems	No	
Florida	Yes	Yes	Converting from flexible plan to cafe plan by 1989	No	On job site physical exams
Georgia	-	Yes		Yes	In early stages
Hawaii	Yes	-		No	
Idaho	No	No	Legislative study recommended against	No	Statewide (Began 1984)

	Yes	Not Statewide	Yes	Now only some State Agencies have returned
Illinois	-		Yes	
Indiana	No	Beginning to consider	Yes	Pilot program only
Iowa	No	Program plan to begin 1989	No	(Optional course offered)
Kansas	Yes		Yes	
Kentucky	Yes		Yes	Only available on State capitol
Louisiana	Yes		No	
Maine	No		Yes	
Maryland	-		Yes	Recently expanded
Massachusetts	Yes	Limited to dependent care benefit	Yes	Limited to smoking cessation program (Most HMO's include wellness component)
Michigan	Yes	care plan to become effective early 1989	Yes	
Minnesota	Yes		Yes	Expanding to Statewide program

Mississippi	-	Yes	Not Statewide at this point since 7/88 each agency has option	No
Missouri	-	Yes	Effective 7/88	No
Montana	Yes	-		Yes
Nebraska	Yes	-	To become effective 1/89	Yes
Nevada	Yes	-	Limited to deferred compensation benefit plan	Yes
New Hampshire	No	No	Currently considering going to cafe plan	No
New Jersey	Yes	-		No
New Mexico	Yes			Yes
New York	-	Yes	To become eff. 1/89 - only health insurance options available at present; hope to increase benefits available	Yes
North Carolina	Yes	-		Yes

At present limited to smoking cessation; hope to expand

Pilot program

	Yes	-	No	Yes	No	Ended program 7/87 due to cost
North Dakota	Yes	-	No	-	No	
Ohio	Yes	-	No	-	Yes	
Oklahoma	No	No	2 universities have flexible benefits considering going Statewide	-	No	
Oregon	Yes	Yes	Converting to full cafe plan by 11/89	-	No	
Pennsylvania	No	No	Flexible benefits are offered thru union contracts	-	No	Only agency by agency
Rhode Island	Yes	-	To free benefits limited to deferred comp. effective 1/89	-	No	
South Carolina	-	Yes	Effective 1/89	-	Yes	
South Dakota	-	Yes	Effective approx. 1/89	-	Yes	
Tennessee	-	Yes		-	No	
Texas	-	Yes	Effective 9/1/88	-	No	Only agency by agency
Utah	No	No	Plan to implement cafe plan by 1990	-	Yes	Can use 30 min. extra for lunch 3 times/week

Vermont	No	No	Yes	To be expanded in 1990
Virginia	No	No	Yes	
Washington	No	No	Yes	
West Virginia	No	No	Yes	In initial stages
Wisconsin	-	Yes	No	
Wyoming	No	No	No	Under consideration

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

D

HOUSE JOINT RESOLUTION 89W-LD-16
(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Sponsors:

Referred to:

1 A JOINT RESOLUTION TO CONTINUE AS AN ONGOING STUDY THE STUDY OF
2 THE STATE PERSONNEL SYSTEM.

3 Whereas, the current State Personnel System was
4 established in 1965; and

5 Whereas, it is the policy of North Carolina, as set
6 forth in G.S. 126-1, to provide a personnel system that applies
7 the best methods that have evolved in government and industry;
8 and

9 Whereas, there have been significant changes in the area
10 of personnel since 1965; and

11 Whereas, there was no comprehensive study of the
12 personnel system until 1985; and

13 Whereas, the Legislative Research Commission's Committee
14 on State Personnel as begun under Chapter 790 of the 1985 Session
15 and continued under Chapter 873 of the 1987 Session should be an
16 ongoing study and should continue to examine the entire range of
17 personnel problems and needs of State employees;

18 Now, therefore, be it resolved by the House of Representatives,
19 the Senate concurring:

20 Section 1. The Legislative Research Commission, as
21 structured by Article 6B of Chapter 120 of the General Statutes,

1 may continue as an ongoing study the study of the State Personnel
2 System, as well as the entire range of personnel problems of
3 State employees.

4 Sec. 2. The Commission shall report its findings and
5 recommendations, including recommendations for needed
6 legislation, to the 1991 General Assembly and may submit an
7 interim report to the 1989 General Assembly (1990 Regular
8 Session).

9 Sec. 3. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

D

89-LDQ-023

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: State WISE Program Funds.

(Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

1
2 AN ACT TO APPROPRIATE FUNDS TO SUPPORT THE STATE W.I.S.E.
3 (WELLNESS IMPROVEMENT FOR STATE EMPLOYEES) PROGRAM.

4 The General Assembly of North Carolina enacts:

5 Section 1. There is appropriated from the General Fund
6 to the Office of State Personnel, Department of Administration,
7 the sum of seventy-one thousand seven hundred thirty dollars
8 (\$71,730) for the 1989-90 fiscal year and the sum of one hundred
9 four thousand nine hundred four dollars (\$104,904) for the
10 1990-91 fiscal year to support the State WISE (Wellness
11 Improvement for State Employees) Program.

12 Sec. 2. This act shall become effective July 1, 1989.

