

**STATE HUMAN RESOURCES COMMISSION MEETING
LEARNING AND DEVELOPMENT CENTER, COMMISSION CONFERENCE ROOM
101 WEST PEACE STREET - RALEIGH, NORTH CAROLINA**

MEETING MINUTES – AUGUST 6, 2015

Members Present

Members present for the meeting were Chair Susan Manning, Commissioner Martin Falls, Commissioner Virgie DeVane-Hayes, Commissioner Kelly Sizemore, and Commissioner Phil Strach.

Other Attendees

Other attendees present were C. Neal Alexander, Jr., Director, Office of State Human Resources; Paula Woodhouse, Deputy Director, Office of State Human Resources; Jessica Middlebrooks, General Counsel to Office of State Human Resources; Shari Howard, Rules and Policy Coordinator, Office of State Human Resources; and LaShanda Langley, State Human Resources Commission Administrator, Office of State Human Resources.

Opening

The State Human Resources Commission (SHRC) met on August 6, 2015. Pursuant to North Carolina General Statutes §138A and the North Carolina Ethics Act, Chair Susan Manning asked all Commissioners if there were any conflicts of interest or potential conflicts of interest with respect to any matters coming before the Commission. There were no conflicts of interest or potential conflicts of interest noted by any Commissioner. The Commission convened its open meeting at 9:05am in the Learning and Development Center Commission Conference Room.

Business Session

Adjustments to Agenda

No changes were made to the agenda and the meeting proceeded to the next agenda item.

CONSENT AGENDA ITEMS

1. Approval of Minutes for the June 4, 2015 State Human Resources Commission Meeting
(Commission Action: Motion to Approve Minutes)

2. Approval of OSHR Settlement Costs Report
(Commission Action: Motion to Approve Report)

Motion: Commissioner DeVane-Hayes made a motion to approve the consent agenda items.

Seconded: Commissioner Strach seconded the motion.

The motion carried.

Public Comment

No one signed up for Public Comment.

State Human Resources Director Report

Director Neal Alexander thanked the State Human Resources Commission for their dedication and service to the citizens of North Carolina. Director Alexander stated that the SHRC has about three more contested cases that will be heard for a final decision once the case records are received from the Office of Administrative Hearings (OAH). Director Alexander gave a brief update on House Bill 495 - OSHR Modernization/Technical Changes. Key points within House Bill 845 that OSHR is focusing on are changing career status from 24 months to 12 months. Due to some agencies having training programs that last 12 months and then the employee in the field for 12 months, language is being put in the house bill to accommodate agencies that would still need the 24 month career status requirement. RTR has been suggested to keep as an on-going program without a sunset date. Clarification on the wording of policy will be explained in Section E that states how the SHRC will take action on policy approvals. Also, employees that are RIF (Reduction in Force) will lose their priority rights if they accept an interview and do not show up for the interview for the position they have applied for. Director Alexander explained changes that are requested with NeoGov selection and recruitment. The request has been to eliminate the "most qualified applicant pool" so that hiring managers can review all applicants and have a better selection of applicants to choose the most qualified applicant for a position. Also, a request for managers/supervisors to have access to a state employee's most current performance management review has been included in the recommendations as well. Miscellaneous policy updates have also been included in House Bill 495 along with recommendations for Workers Compensation. Director Alexander reviewed the Salaries & Benefits: A Comparison of the Proposed House & Senate Budgets handout with the commissioners. Items that were compared in the handout were salaries relating to State & State-funded local employees, educators, and school-based administrators (SBAs), Workers' Compensation (WC), State Health Plan, Retiree Medical, and Retirement. The Senate is more aligned with OSHR recommendations because it provides funding for the implementation of the Compensation Project. Director Alexander stated that OSHR does not recommend the legislative increase due to other salary adjustments that are planned within the Compensation Project. Director Alexander stated that OSHR agrees with the Senate recommendation of Workers Compensation costs. The Senate budget recommendations for workers compensation budgets workers comp at the average of actual workers comp expenditures for FY 2012-13, 2013-14. It also establishes a \$5 million nonrecurring reserve to settle existing workers comp claims, budget a \$10 million reserve savings beginning in FY 2016-17, consolidates workers comp administration into OSHR, and direct DOA to reclassify 3 vacant positions to support workers comp. Director Alexander explained that currently workers comp costs are paid out of lapse salary funds, and OSHR wants to have a separate line item created so that we can track workers comp costs within the agencies. The house has recommended creating a Joint Legislative Workers Comp Study Committee to make recommendations on workers comp administration and policies. Director Alexander stated that having a Joint Legislative Workers Comp Study Committee would slow up the implementation of the Senate Workers Comp recommendations for at least a year. Director Alexander stated that accident reports involving employees have declined. He also explained how employees can report hazards online and employees are very engaged in making their work environments safer. Director Alexander also reviewed the Budget Comparison within the House and Senate which included the total increase in expenditures on

salary & benefit-related items. Director Alexander stated that the State Health Plan (SHP) was having issues with the current benefits enrollment, so the SHP decided to move from using Benefit Focus to using Aon. There have now been issues with Aon transferring data into the new system. SHP gave Aon a letter of notice with certain requirements that had to be met by the deadline. Since Aon did not meet those requirements, a letter of termination was sent to Aon and now the SHP plans on going back to using Benefit Focus. Director Alexander stated OSHR is advocating for the use of Aon since they have a better system for what the SHP is trying to do. Enrollment dates have been pushed back to accommodate deadlines for open enrollment with the State Health Plan and Flex benefits. Chair Manning asked if it is possible to split the contact between Aon and Benefit Focus. Director Alexander said that is one of the recommendations that we are currently looking at and more conversation will be had on this issue. Director Alexander also gave an update on OSHR organizational changes. Some positions are still pending and cannot be announced at this time. OSHR does have a new Class and Comp Manager that will begin employment in August. OSHR is still working thru the offers for the Diversity and Inclusion Director. The Employee Relations Manager position has been filled, but OSHR is still currently working through internal details before the announcement is made about that position.

Classification and Compensation - Proposed General Structure for Class & Comp Project Update

Christopher Clemmons, HR Partner, reviewed the proposed general salary structure. A Statewide Compensation System Study was endorsed through the Appropriations Act of 2013 to address the consolidation of the State's current two primary systems (graded and banded) and establish a unified, market-responsive system for state agencies. The Office of State Human Resources -- in conjunction with state agencies and with the guidance of a project consultant -- has been involved for the past two years in planning, designing and developing the new system. The salary structure proposed will accommodate new classification concepts that will be brought for approval within the next few months to the SHRC in October and December. OSHR is also developing several occupational-specific structures (Information Technology, Physicians, Attorneys and Executives) but the vast majority of state jobs will be included in this proposed general structure. The new system will be based on market data rather than legislative increases. Chair Manning asked how will salary rates be established to keep employees' salaries competitive with the market. Mr. Clemmons stated that the classification and compensation section of OSHR is now drafting policies to address that issue which will come to the Commission for approval in February 2016. The recommendation to the General Assembly is to have market driven increases rather than legislative increases to keep salaries competitive with the current market rate. Mr. Clemmons also stated that the State will continue to use job change, promotions, and salary inequities as a basis for salary adjustments as well as performance salary adjustments in years to come.

Class & Comp Information Technology Study

Chris Clemmons, HR Partner, requested approval for the Class and Comp Information Technology Study. Section 7.17(a) of the Appropriations Act of 2014 mandated revisions to the State Human Resources Act (GS 126-5(c11)) which allowed employees of the Office of Information Technology Services as well as state agency employees in similar classifications to be exempt from certain provisions of the SHRA. This action prompted a review of the statewide IT Classification and Compensation structure based on the anticipated changes in culture and management of these functions. The classifications listed below are for the new Classification and Compensation System for the Information Technology occupational job family. These classifications are established in a new 14 grade pay structure specific to Information

Technology. Old classification concepts will not be automatically cross-walked into the new classifications. Positions at the Office of Information Technology Services will be studied individually and moved into the new classifications. At a later time, these new classifications will be implemented in other agencies, likely along with implementation of the Statewide Compensation System Project. It is requested that these new IT classifications be effective September, 2015.

Motion: Commissioner Strach made a motion to approve the Class Concepts and approve the Information Technology Salary Structure

Seconded: Commissioner DeVane-Hayes seconded the motion.

The motion carried.

Class & Comp “Obsolete” Classification to Abolish

Chris Clemmons, HR Partner, requested approval to abolish graded classifications that are no longer being used.

Motion: Commissioner Falls made a motion to approve the abolishment of graded classifications as they are no longer being used.

Seconded: Commissioner Strach seconded the motion.

The motion carried.

Periodic Review and Expiration of Existing Rules - Subchapter 01D – Compensation

Shari Howard, OSHR Rules and Policy Coordinator, requested approval of the final classification determination for the Periodic Review and Expiration of Existing Rules of Subchapter 01D – Compensation. In compliance with G.S. 150B-21.3A, the State Human Resources Commission (SHRC) conducted a review of the agency’s existing rules according to a schedule set by the Office of Administrative Hearings, Rules Division. On April 2, 2015 the SHRC approved the initial determination of classification for all rules in Subchapter 01D.

The report for the initial classification determination was posted for public comment on the SHRC website and the Office of Administrative Hearings (OAH) website from April 27 through June 25, 2015. The OSHR Rules and Policy Coordinator did not receive any written or oral comments related to the initial determination of classification for the Subchapter 01D rules. As a result, the Office of State Human Resources is recommending no changes to the initial determination of classification for rules in Subchapter 01D. The report will be forwarded to the OAH-Rules Review Commission for review at its October 15, 2015 meeting.

Motion: Commissioner DeVane-Hayes made a motion to approve the final classification determination for the Periodic Review and Expiration of Existing Rules of Subchapter 01D – Compensation

Seconded: Commissioner Falls seconded the motion.

The motion carried.

Periodic Review and Expiration of Existing Rules - Subchapter 01D – Compensation

Shari Howard, OSHR Rules and Policy Coordinator, requested approval of the initial classification determination for the Periodic Review and Expiration of Existing Rules of Subchapter 01F – Position Analysis. In compliance with G.S. 150B-21.3A, the State Human Resources Commission (SHRC) shall conduct a review of the agency’s existing rules according to a schedule set by the Office of Administrative Hearings, Rules Division. Rules in Subchapter 01F – Position Analysis are scheduled to be presented to the RRC at the April 2016 meeting. In order to meet that deadline, the SHRC must begin the review process to allow adequate time (minimum of 60 calendar days) for the public comments period as required by 26 NCAC 05 .0206. The first step of the review process is to conduct an analysis of each existing rule in Subchapter 01F and make an initial determination of necessary with substantive public interest, Necessary without substantive public interest, or Unnecessary.

Staff at the Office of State Human Resources has reviewed the existing rules in Subchapter 01F and has made the recommendations for the initial determination of classification.

Motion: Commissioner Strach made a motion to approve the initial classification determination for the Periodic Review and Expiration of Existing Rules of Subchapter 01F – Position Analysis.

Seconded: Commissioner DeVane-Hayes seconded the motion.

The motion carried.

Adjournment

Chair Manning asked if there were any other business items to be heard during the business session. There being no additional items on the agenda, Chair Manning asked for a motion to adjourn the business session.

Motion: Commissioner Strach made a motion to adjourn the business session.

The motion was made and carried.

Executive Session

The State Human Resources Commission did not have an executive session at its August 6, 2015 meeting.

Minutes submitted by:

LaShanda Langley, State Human Resources Commission Administrator