

**STATE HUMAN RESOURCES COMMISSION MEETING  
VIA WEBEX**

**MEETING MINUTES – April 14, 2022**

**Members Present:**

Members present on the Webex for the meeting were: Chair Commissioner Dekhasta Becton Rozier and Commissioner Andrea Allard, Commissioner Ross Beamon, Commissioner Doug Boyette, Commissioner April Page, and Commissioner Tracy Webb.

**Other Attendees**

Other attendees present: Barbara Gibson, Director, Glenda Farrell, Chief Deputy, and Twanetta Lytle Alston, Deputy Director, Office of State Human Resources; Blake Thomas, General Counsel, and Lockhart Taylor, Director of Governmental Affairs, Legal, Commission and Policy Division, Office of State Human Resources; Denise Mazza, State Human Resources Commission Administrator, Office of State Human Resources; Nancy Astrike, Susan Beasley, Andrea Clinkscales, Lorence Crossett, Dominick D’Erasmus, Scarlette Gardner, Joe Gilroy, James Harris, Joel Jordan, Stephanie McFadden, Christina Martin, Randy Mizelle, ArPittman, Kristen Siemek, Susan Staton, Vanessa Voight of the Office of State Human Resources; Keita Cannon, HR Director, NC Auditor’s Office; Andrea Porterfield, HR Director, NC Department of Commerce; Shakeyia Hazell, HR Director, NC Community College System Karen Gerald, HR Director, NC Department of Health and Human Services; Michael Dail, HR Director, Assistant Secretary Charlene Shabazz, NC Department of Public Safety; Debra Thomas, HR Director, NC Office of the Treasurer; and Joe Marro, HR Director, NC Secretary of State Office; and David Kopsch, Mercer.

**Opening**

The Commission convened its open meeting at 9:02 a.m. via Webex Teleconference. The State Human Resources Commission (SHRC) last convened on March 3, 2022. Pursuant to North Carolina General Statute Chapter 138A and the North Carolina Ethics Act, Chair Rozier asked all Commissioners if there were any conflicts of interest or potential conflicts of interest with respect to any matters coming before the Commission. No conflicts were presented.

There were no additions or corrections to the agenda for the April 14, 2022 meeting.

**CONSENT AGENDA ITEMS**

**Approval of the Minutes for the March 3, 2022 State Human Resources Commission Meeting.**

The Chair presented the draft minutes for the March 3, 2022 State Human Resources Commission. There being no further discussion or questions, the Chair called for a motion to recommend approval of these minutes as provided.

Motion: Commissioner Beamon made a motion to recommend approval of the March 3, meeting minutes.

Second: Commissioner Allard seconded the motion.

A roll call vote was held and all attending members of the Commission recommended approval of the Minutes for the March 3, 2022 State Human Resource Commission Meeting as provided. Motion carried.

**Exceptions Granted under 25 NCAC 01A .0104 Variances**

Deputy Director Twanetta Lytle Alston reported that there were 3 new exceptions granted by Director Gibson under 25 NCAC 01A .0104 since the March 3, 2022 State Human Resources Meeting.

**Total Rewards/ Classification and Compensation: 2022 Annual Compensation & Benefits Report**

Total Rewards/Classification and Compensation Consultant Vanessa Voight presented an update on 2022 Annual Compensation & Benefits Report pursuant to section 126-7.3 of the North Carolina General Statutes which requires OSHR to submit a compensation and benefits report annually. This document guides the Governor and the General Assembly in making funding appropriations for State employees' salary increases and salary structure adjustments and, also, addresses current economic and labor market conditions, setting the stage for strategic planning to address them. The report was due to the legislature on May 1, 2022 so, traditionally, OSHR, only provides an outline of what it intends to present in the 2022 Compensation & Benefits Report. OSHR will provide the filed report to the Commission at the next meeting on July 14, 2022.

**Diversity and Workforce Services: 2021 Draft Settlement Report**

Diversity and Workforce Services Manager Nancy Astrike presented the overview of the annual Settlement Report for year 2021 to the Commission. The head of each State agency or institution under the State Human Resources Act are required to report costs of settlements to OSHR which OSHR subsequently reviews and compiles them into this report that OSHR then presents to the SHRC before it is eventually forward to the Legislative Commission on Governmental Operations. The summary provided reported data collected from January 1<sup>st</sup> and

included the number and total costs of settlements in 2021 for State agencies and the university system. Overall, for the two entities combined, there was a 5% increase in the number of settlements, but a 69% decrease in the total costs. Astrike noted that in 2020, there were 2 very high-cost settlements which did not occur in 2021.

### **Business Session Public Comment**

#### **Public Comment**

There were no public comments.

#### **State Human Resources Director's Report**

Director Barbara Gibson greeted the Commissioners and informed them that this meeting represented a new chapter in the State's ongoing efforts to support agencies in recognizing and rewarding the exceptional work of State employees. She noted that the exceptionalism of State employees does not go unnoticed by other competing employers, especially those with the ability to pay competitively at current labor market rates. Combined with the Great Resignation – she stated that the State is experiencing losses consistent with the national trend in which millions of workers have left jobs. These workers have left for a variety of reasons, including retirement, a desire for more flexible work, and a desire for higher salaries by taking advantage of the strong candidate's market. This loss of talent from state rosters cannot be ignored or wished away.

Director Gibson noted that the COVID Pandemic and the Great Resignation have roiled labor markets in a way rarely seen in the history of the country - with changes to workforces in the public and private sector that have spurred high turnover, unfilled vacancies, and low retention rates that all sectors of the State, and country, are now experiencing. Now more than ever, the State faces a critical need to have a fully developed, market-driven compensation system to enhance the State's ability to attract, recruit, retain, and motivate talent. The Statewide Classification and Compensation study which provides greater flexibility and better tools to attract and keep great employees to provide the programs and services North Carolinians need and expect.

Director Gibson then gratefully recognized the members of the Executive Steering Committee, who provided guidance throughout this process:

- Secretaries Eric Boyette, Eddie Buffaloe, Pamela Cashwell, Ronald Penny and James Weaver;
- State Budget Director Charlie Perusse;
- State Controller Linda Combs;
- Chief Deputy Commissioner David Smith of Agriculture;
- Dr. Cardra Burns from DHHS; and
- Deputy Chief of Staff Noelle Talley from the Governor's Office.

Additionally, she thanked Agency HR Directors and University partners who were intensely committed to this undertaking – not only to benefit their employees, but to advance the system for all State employees. Director Gibson explained that the results reflect expert direction from Mercer, our longtime partner and a global leader in market-based human resources consulting, and from ISG (Information Services Group), a leading global technology and research firm that excels in data-driven change management. She also commended the OSHR team, which dedicated enormous time and effort to this task to ensure the system is comprehensive and market-driven, as well as nimble to address current and future workforce needs.

The new system took a close look at pay ranges – especially but not exclusively for high-demand positions and job families – and noted where they were no longer in sync with the realities of our very competitive labor market. As a result, it was discovered that some of our employees are below the new minimum compensation for their pay grade. With employing agencies lacking salary adjustment funds and the right tools to address related concerns, too many valued coworkers have become former State employees. That is a trend that OSHR is striving to reverse. OSHR will work closely with the Office of State Budget and Management to document the need to bring impacted employees to the new minimum and to reach out to members of the Legislature whose understanding of this issue is paramount to providing necessary funding. In addition, as with any modern HR enterprise, the director noted that OSHR also recognizes the importance of retention bonuses and asked the SHRC to support it in order to provide agencies with a much needed tool when they are at risk of losing key talent.

Director Gibson then referenced is support the Gallup (\* <https://www.gallup.com/workplace/247391/fixable-problem-costs-businessestrillion.aspx#:~:text=The%20cost%20of%20replacing%20an,to%20%242.6%20million%20per%20year>) which reported that the cost of replacing an individual employee can range from one-half to two times the employee's annual which, for a 100-person organization that provides an average salary of \$50,000, would mean turnover and replacement costs could range from around \$660,000 to \$2.6 million per year. Applying that to the State of North Carolina which employs nearly 77,000 people across our agencies and universities, with an average salary of about \$55,000, reflects a potential cost savings of being proactive in retaining key talent. (February 2022: <https://oshr.nc.gov/work-nc/employee-statistics>)

Director Gibson noted that OSHR will continue to advocate for funding to replace the outdated HR/payroll system as a critical need for the State of North Carolina to acquire a robust Human Capital Management system, to link all our systems to provide reliable, real-time data for complex decision-making. She stated that OSHR continues to actively engage with agency and university partners in leveraging creative approaches for recruitment and retention and have pulled together a Recruitment and Retention Task Force comprised of HR leaders from the agencies and universities to explore ways to better position all agencies and universities to respond to the impacts of the Great Resignation. These efforts have already been instrumental in providing feedback on the expanded Sign-on and Retention Bonus policy which OSHR would present at this meeting and deep discussions about other ways to combat high vacancy rates and turnover. To both attract and retain talented employees, OSHR jointly messaged with agencies

the various benefits of working for the State, including the federal Student Loan Forgiveness Program. This is an opportunity exclusive to government workers and employees of not-for-profit organizations who have faithfully paid down their loan for 120 months but still have a balance. OSHR also promoted OSHR's first-ever State of North Carolina Virtual Entry-Level Career Fair, in partnership with the Volcker Alliance, which supports our Ed2NC initiative. Additionally, OSHR participated in a third, national Employment First and providing competitive, integrated employment opportunities across State government. Director Gibson closed her remarks by expressing her gratitude to Governor Cooper for taping a video message to greet each participant and encourage them to join our workforce.

**Total Rewards/Salary Administration: Update to Statewide Classification and Compensation System**

Total Rewards/Salary Administration Director Andrea Clinkscales presented an update to the Statewide Classification and Compensation System via introduction of Mercer Senior Principal David Kopsch. This segment presented the revised and enhanced Statewide Classification and Compensation System. This new system is based a detailed review of recent labor market data conducted by OSHR and its consultant Mercer. Mercer has examined each of the State's pay plans and has made modifications based on industry standards and best practices. The revised and enhanced pay plans are aligned to benchmark job classifications and support greater opportunities for growth.

David Kopsch, Senior Principal of Mercer, summarized the labor market study and the changes to the classification & compensation system. Then, Clinkscales presented the revised and enhanced pay plans, along with the job assignments for each respective pay plan. Deputy Director Twanetta Lytle Alston reminded the Commissioners that no salaries will be reduced as a result of the new system and that those salaries above the maximum are scheduled to get the full maximum legislative increase on July 1. Currently, agencies don't have adequate funding to recruit, retain, address equity and compression as well as recognize additional duties and responsibilities. Based on the competitive labor market study conducted by Mercer and OSHR, some jobs will be assigned to a grade with a higher minimum salary, resulting in some employees projected to be paid less than the minimum of the new market-driven salary range. No positions' salaries will change automatically as a result of the new system. Any funding changes must come through the budget process.

Commissioner Beamon thanked OSHR for the presentation before asking about the pay grade and assigned duties for Correctional Officers in one of the 5 new Pay Plans - new Sworn Law Enforcement Pay Plan - as compared to that of a Court Reporter or a Photographer or a Housekeeping Manager who are making more while the Correction Officer goes into the prison system putting their life on the line every single day. He noted that that while these numbers may align with regional and national numbers, he felt that North Carolina should be a leader for worker such as these, with other states following behind us.

Kopsch responded to Commissioner Beamon stating that each Pay Plan is determined by what the market is paying for that classification. He explained the review process - positions first being compared to a similar job in the survey market and then to what is being paid in the market for that position which is slotted to the closes to the midpoint in the Pay Plan – and that this process was applied to all the position offered in all of the Pay Plans. He stated that the overall series is then calibrated - reviewed and how it compares to other similar nature of work and pay scales.

Commissioner Beamon replied to Kopsch that while that information was helpful and he understood the decision is based on the market, when looking at the numbers for the correctional position as a whole, he felt the numbers were a little low and that the State could do better for positions of employment that put their lives on the line every day and that it might be more appropriately addressed by taking his concerns to the legislature.

In closing, Clinkscales added that in the last budget bill – SB105 – the General Assembly did establish a step plan for correctional officers I, II and III which provides a rate of pay for these positions in accordance with the step plan and that those numbers are higher than the range on the new Sworn Law Enforcement Officer Pay Plan provided in the new system.

Chair: There being no further discussion or questions, the Chair called for the Commission to recommend approval of the update to the Statewide Classification and Compensation System, revised Pay Plans and Job Assignments for each Pay Plan.

Motion: Commissioner Webb so moved.

Second: Commissioner Page seconded the motion.

A roll call vote was held and all attending members of the Commission recommended approval of the update to the Statewide Classification and Compensation System, revised Pay Plans and Job Assignments for each Pay Plan.

Motion carried

**Total Rewards: New Pay Administration Policy**

Total Rewards/Salary Administration Director Andrea Clinkscales presented the new Pay Administration Policy to the Commission as the foundation for the phased implementation of the revised Statewide Compensation and Classification System. Noting it is the philosophy of North Carolina to appropriately and equitably compensate its employees to encourage excellence and performance and to maintain the labor market competitiveness necessary to recruit, retain, motivate and develop a competent workforce to accomplish the new OSHR Pay Administration Policy, Clinkscales stated that this Policy emphasizes the importance of pay administration and

establishes a framework for managing compensation in a fair and consistent manner through its outline of a step-by-step process for setting pay.

Chair: There being no further discussion or questions, the Chair called for the Commission to recommend approval of the new Pay Administration Policy.

Motion: Commissioner Beamon so moved.

Second: Commissioner Webb seconded the motion.

A roll call vote was held and all attending members of the Commission recommended approval of the new Pay Administration Policy.

Motion carried

**Legal, Commission, & Policy: Changes to Other Pay Policies as a Result of the New Pay Administration Policy**

General Counsel Blake Thomas presented changes to other pay related policies to align with the new Pay Administration Policy and Pay Plans. The revisions ensure the provisions of each will be determined by the new Pay Administration Policy, rather than under procedures for particular kinds of salary actions. The specific policies and how they are affected included the following:

- Revisions to the Foreign Service Employee Compensation Policy;
- Revisions to the General Pay Policy, including renaming it as the General Payment Policy;
- Revisions to the Horizontal Transfer Policy;
- Revisions to the In-Range Adjustment Policy;
- Revisions to the New Appointment Policy;
- Revisions to the Promotion Policy;
- Revisions to the Reallocation Policy;
- Withdrawal of the Salary Administration – Definition of Terms Policy;
- Withdrawal of the Salary Range Revision Policy;
- Withdrawal of the Special Salary Adjustments - Retention Policy; and
- Withdrawal of the Retention Salary Adjustment Policy.

Chair: There being no further discussion or questions, the Chair called for the Commission to recommend approval of the proposed revisions and withdrawal to other pay policies as a result of the New Pay Administration Policy.

Motion: Commissioner Webb so moved.

Second: Commissioner Allard seconded the motion.

A roll call vote was held and all attending members of the Commission recommended approval of the proposed revisions and withdrawal to other pay policies as a result of the New Pay Administration Policy.

Motion carried

**Total Rewards: Updates and Expansion to Existing Sign-On Bonus Policy**

Chief Deputy Glenda Farrell presented proposed updates to the existing Sign-On Bonus Policy to expand that policy to include retention bonuses. Along with providing this new authority, the Policy adjusts the method by which agencies can show the need for the bonus providing for it to be used in 4 specific situations, streamlining paperwork and allows the process to be completed faster in response to recruitment and retention needs. This expanded policy provides agencies and universities with the ability to offer retention bonuses that mirror the existing Sign-On Policy. A draft of this Policy was vetted through an agency and university taskforce and has been discussed with agency HR Directors who have agreed that this is an important tool to help them with recruitment and retention as discussed in Director Gibson's Director Report.

Commissioner Webb asked Farrell to give an example of current State agencies that are giving sign-on bonuses and if bonuses are a set amount of money each time, and whether an employee can receive a sign-on bonus and a retention bonus?

Farrell offered DPS and DHHS' use of sign-on bonuses in the recruitment of charge nurses, registered nurses, LPNs, etc. as examples of sign-on bonus use. She stated that those bonuses were set amounts of money each time, and that this Policy requires that an employee receiving a sign-on bonus must have worked 24 months before they can become eligible for a retention bonus.

Commissioner Beamon asked, as it relates to retention bonuses, once that bonus has been received, is there a minimal amount of employment time that that employee has to stay on and if it is a discretionary amount to be paid?

Farrell confirmed there is a set amount of time – the bare minimum is 90-days up to 18 months - as stated in the current policy and that payments are broken out over those periods and by amount. The amount offered by the agency is dependent on the market value.

Chair: There being no further discussion or questions, the Chair called for the Commission to recommend approval of updates to the existing Sign-On Bonus Policy with its expansion to include retention bonuses and renaming the policy the Sign-On and Retention Bonus Policy.

Motion: Commissioner Beamon so moved.



Second: Commissioner Allard seconded the motion.

A roll call vote was held and all attending members of the Commission recommended approval of the updates to the existing Sign-On Bonus Policy and its expansion to include retention bonuses and renaming the policy the Sign-On and Retention Bonus Policy.

Motion carried

**Diversity and Workforce Services: Chatham County: Petition for Substantial Equivalency**

Local Government Manager Dominick D’Erasmus presented the Chatham County Petition for Substantial Equivalency. Per N.C.G.S. § 126-11(b), Chatham County is requesting substantial equivalency in two program areas: Recruitment, Selection, Advancement; and Classification/Compensation. D’Erasmus confirmed that Chatham had met the requirements to be Substantial Equivalent in these areas and recommended its approval.

Chair: There being no further discussion or questions, the Chair called for the Commission to recommend approval of Chatham County’s petition for substantial equivalency in two program areas: Recruitment, Selection, Advancement; and Classification/Compensation.

Motion: Commissioner Allard so moved.

Second: Commissioner Beamon seconded the motion

A roll call vote was held and all attending members of the Commission recommended approval of Chatham County’s petition for substantial equivalency in two program areas: Recruitment, Selection, Advancement; and Classification/Compensation

Motion carried

**Diversity and Workforce Services: Revised Local Class Spec for Public Health Nurse I and II**

Local Government Manager Dominick D’Erasmus presented revised local class specs for Public Health Nurse I and II. The proposal updated the Public Health Nurse I and II classification specifications used by local county health departments to modernize minimum education and experience requirements to expand recruitment and retention efforts. These classifications are part of the local government classification plan and are not found outside local health departments. These specs have been recommended and approved by major stakeholder groups and will not impact higher level PHN roles (PHN III and above).

Chair: There being no further discussion or questions, the Chair called for the Commission to recommend approval of these revisions to the local class specs for Public Health Nurse I and II.

Motion: Commissioner Webb so moved.

Second: Commissioner Page seconded the motion.

A roll call vote was held and all attending members of the Commission recommended approval of the revisions to the local class specs for Public Health Nurse I and II.

Motion carried.

**Classification and Compensation: 16 Revised Classification Specs. For Statewide Compensation Plan**

Total Rewards: Classification and Compensation Consultant Vanessa Voight presented 16 revised Classification Specs. for Statewide Compensation Plan. Submission of these class specs requires approval to be entered into the new Statewide Compensation Plan or requires edits from prior approvals. They include the following:

(Law Enforcement & Public Safety)

- Police Officer I
- Wildlife Law Enforcement Officer I
- Wildlife Law Enforcement Officer II
- Wildlife Law Enforcement Officer III
- Wildlife Law Enforcement Supervisor I
- Wildlife Law Enforcement Supervisor II
- Wildlife Law Enforcement Manager I
- Wildlife Law Enforcement Assistant Director
- Wildlife Law Enforcement Director

(Financial and Business Management job family)

- State Controller Financial Specialist I

(Operations and Trades)

- Forest Fire Equipment Operator
- Transportation Worker I
- Transportation Worker II
- Transportation Worker III
- Transportation Worker IV

(Agricultural Environmental Scientific)

- Agricultural Technician II

## Minutes of the April 14, 2022 State Human Resources Commission Meeting

### Summary of Changes Proposed:

Law Enforcement & Public Safety: On behalf of Wildlife Resources Commission, OSHR is requesting revision to 8 Wildlife Law Enforcement specs to revise E&E to remove barriers to entry and address agency recruitment concerns. On behalf of DPS, OSHR is requesting revision to the Police Officer I E&E to allow for certification within one year of hire. Both series are receiving clarifying footnotes about the duty and KSA expectations for incumbents who are not yet certified.

Financial and Business Management: OSHR is requesting to update the E&E for the State Controller Financial Specialist I spec to better align with the rest of the series.

Operations and Trades job family: OSHR is requesting revision to 4 Transportation Worker series specs and the 1 Forest Fire Equipment Operator specs to address changes in CDL regulations.

Agricultural Environmental Scientific: OSHR is requesting for the Agricultural Technician II spec to improve recruitment and career path.

Commissioner Allard asked if the revisions to the Transportation Worker specs were to improve the pool of applicants so they can get the CDL so they can get it through on the job training and getting them a longer time period to obtain it?

Voight stated that was her understanding for the revisions.

Chair: There being no further discussion or questions, the Chair called for the Commission to recommend approval of the presented 16 revised Classification Specs. for Statewide Compensation Plan.

Motion: Commissioner Webb so moved.

Second: Commissioner Page seconded the motion.

A roll call vote was held and all attending members of the Commission recommended approval of the presented 16 revised Classification Specs. for Statewide Compensation Plan.

Motion carried.

### Adjournment

There being no further discussion or questions, the Chair called for a motion to adjourn.

Motion: Commissioner Beamon so moved.

Second: Commissioner Allard seconded the motion.

## Minutes of the April 14, 2022 State Human Resources Commission Meeting

A roll call vote was held and all attending members of the Commission agreed to adjourn the April 14, 2022 SHRC meeting.

Motion carried.

The Commission adjourned at 10:22 a.m.

### **Executive Session**

The State Human Resources Commission did not have an executive session at its April 14, 2022 meeting.

### **Minutes submitted by:**

Denise H. Mazza,

State Human Resources Commission Administrator