

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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HOUSE BILL 495\*  
Committee Substitute Favorable 4/22/15  
Committee Substitute #2 Favorable 4/29/15  
Fourth Edition Engrossed 4/29/15  
Senate Pensions & Retirement and Aging Committee Substitute Adopted 5/27/15

Short Title: OSHR Modernization/Technical Changes.

(Public)

Sponsors:

Referred to:

April 2, 2015

1 A BILL TO BE ENTITLED  
2 AN ACT ENHANCING THE EFFECTIVENESS AND EFFICIENCY OF STATE  
3 GOVERNMENT BY MODERNIZING THE STATE'S SYSTEM OF HUMAN  
4 RESOURCES MANAGEMENT.

5 The General Assembly of North Carolina enacts:

6  
7 **PART I. CAREER STATE EMPLOYEES**

8 **SECTION 1.** G.S. 126-1.1(a) reads as rewritten:

9 "(a) For the purposes of this Chapter, unless the context clearly indicates otherwise,  
10 "career State employee" means a State employee or an employee of a local entity who is  
11 covered by this Chapter pursuant to G.S. 126-5(a)(2) who:

- 12 (1) Is in a permanent ~~position~~, position with a permanent appointment, and  
13 (2) Has been continuously employed by the State of North Carolina or a local  
14 entity as provided in G.S. 126-5(a)(2) in a position subject to the North  
15 Carolina Human Resources Act for the immediate ~~24~~12 preceding months."  
16

17 **PART II. STATE HUMAN RESOURCES COMMISSION CHANGES**

18 **SECTION 2.** G.S. 126-4 reads as rewritten:

19 **"§ 126-4. Powers and duties of State Human Resources Commission.**

20 Subject to the approval of the Governor, the State Human Resources Commission shall  
21 establish policies and rules governing each of the following:

- 22 ...  
23 (10) Programs of employee assistance, productivity incentives, equal opportunity,  
24 safety and health as required by Part 1 of Article 63 of Chapter 143 of the  
25 General Statutes, and such other programs and procedures as may be  
26 necessary to promote efficiency of administration and provide for a fair and  
27 modern system of personnel administration. ~~This subdivision may not be  
28 construed to authorize the establishment of an incentive pay program.~~

29 ...."

30  
31 **PART IV. OTHER MODERNIZING AND CONFORMING CHANGES**

32 **SECTION 4.** G.S. 126-6.2(a) reads as rewritten:



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1       "(a) Beginning January 1, 1998, and ~~quarterly~~annually thereafter, the head of each State  
2 agency, department, or institution employing State employees subject to the North Carolina  
3 Human Resources Act shall report to the Office of State Human Resources on the following:

4           (1) The costs associated with the defense or settlement of administrative  
5 grievances and lawsuits filed by current or former State employees and  
6 applicants for State employment, including the costs of settlements,  
7 attorneys' fees, litigation expenses, damages, or awards incurred by the  
8 respective State agencies, departments, and institutions. The report shall  
9 include an explanation of the fiscal impact of these costs upon the operations  
10 of the State agency, department, or institution.

11          (2) Any other human resources functions or actions as may be requested by the  
12 Director of the Office of State Human Resources in order for the Office to  
13 evaluate the efficiency, productivity, and compliance of a State agency,  
14 department, or institution with policies, including, but not limited to, the  
15 compensation of State employees, voluntary shared-leave programs, equal  
16 employment opportunity plans and programs, and work options programs."

## 17 18 **PART V. ORGANIZATIONAL AND EMPLOYEE POLICY CHANGES**

19       **SECTION 5.1.** G.S. 126-7.1 reads as rewritten:

20       "**§ 126-7.1. Posting requirement; State employees receive priority consideration;**  
21       **reduction-in-force; Work First ~~hiring~~ hiring; reorganization through**  
22       **reduction.**

23       (a) All vacancies for which any State agency, department, or institution openly recruit  
24 shall be posted in a place readily accessible to employees within at least the following:

25           (1) The personnel office of the agency, department, or institution having the  
26 vacancy; and

27           (2) The particular work unit of the agency, department, or institution having the  
28 vacancy.

29 If the decision is made, initially or at any time while the vacancy remains open, to receive  
30 applicants from outside the recruiting agency, department, or institution, the vacancy shall also  
31 be listed on a website maintained by the Office of State Human Resources for the purpose of  
32 informing current State employees and the public of such vacancy. The State agency,  
33 department, or institution may not receive approval from the Office of State Human Resources  
34 to fill a job vacancy if the agency, department, or institution cannot prove to the satisfaction of  
35 the Office of State Human Resources that it complied with these posting requirements. The  
36 agency, department, or institution which hires any person in violation of these posting  
37 requirements shall pay such person when employment is discontinued as a result of such  
38 violation for the work performed during the period of time between his initial employment and  
39 separation.

40       (b) State employees to be affected by a reduction in force shall be notified of the  
41 reduction in force as soon as practicable, and in any event, no less than 30 days prior to the  
42 effective date of the reduction in force.

43       (c) The State Human Resources Commission shall adopt rules ~~to provide that and~~  
44 policies governing the priority and salary rights of State employees separated from State  
45 employment as the result of reductions in force who accept a position in State government to  
46 provide that the employee shall be paid a salary no higher than the maximum of the salary  
47 grade of the position accepted.

48       (d) Subsection (a) of this section does not apply to vacancies which must be filled  
49 immediately to prevent work stoppage or the protection of the public health, safety, or security.

50       (e) If a State employee subject to this section:

1 (1) Applies for another position of State employment that would constitute a  
2 promotion; and  
3 (2) Has substantially equal qualifications as an applicant who is not a State  
4 employee;  
5 then the State employee shall receive priority consideration over the applicant who is not a  
6 State employee. This priority consideration shall not apply when the only applicants considered  
7 for the vacancy are current State employees.

8 (f) If a State employee who has been separated due to reduction in force or who has  
9 been given notice of imminent separation due to reduction in force:

10 (1) Applies for another position of State employment equal to or lower in salary  
11 grade than the position held by the employee at the time of notification or  
12 separation; and

13 (2) Has substantially equal qualifications as any other applicant;  
14 then within all State agencies, the State employee who has been notified of or separated due to  
15 a reduction in force shall receive priority consideration over all other applicants. This priority  
16 shall remain in effect for a period of 12 months from the date the employee receives  
17 notification of separation by reduction in force. State employees separated due to reduction in  
18 force shall receive higher priority than other applicants with employment or reemployment  
19 priorities, except that the reemployment priority created by G.S. 126-5(e)(1) shall be  
20 considered as equal.

21 (f1) If a State employee who has been separated due to reduction in force or who has  
22 been given notice of imminent separation due to reduction in force accepts or rejects an offer  
23 for a position of State employment that is equal to or higher than the position held or equal to  
24 or higher than the salary earned by the employee at the time of separation or notification, then  
25 the employee's acceptance or rejection of that offer shall satisfy and terminate the one-time,  
26 12-month priority granted by subsection (f) of this section.

27 (f2) If a State employee who has been separated due to reduction in force or who has  
28 been given notice of imminent separation due to reduction in force and who applies for a  
29 position equal to or higher than the position held by the employee at the time of separation or  
30 notification, but declines an interview for the position for which the employee applied, then the  
31 employee's rejection of an offer of the interview for the position shall satisfy and terminate the  
32 one-time, 12-month priority granted by subsection (f) of this section. The State Human  
33 Resources Commission shall adopt a policy to carry out this subsection.

34 (g) "Qualifications" within the meaning of subsection (e) of this section shall consist of:

35 (1) Training or education;  
36 (2) Years of experience; and  
37 (3) Other skills, knowledge, and abilities that bear a reasonable functional  
38 relationship to the abilities and skills required in the job vacancy applied for.

39 (h) Each State agency, department, and institution is encouraged to hire into State  
40 government employment qualified applicants who are current or former Work First Program  
41 participants.

42 (i) Each State agency, department, institution, university, community college, and local  
43 education agency shall verify, in accordance with the Basic Pilot Program administered by the  
44 United States Department of Homeland Security pursuant to 8 U.S.C. § 1101, et seq, each  
45 individual's legal status or authorization to work in the United States after hiring the individual  
46 as an employee to work in the United States.

47 (j) A department or office listed in G.S. 126-5(d)(1) or (2) may reorganize and  
48 restructure its positions through a voluntary separation process, in accordance with a policy  
49 approved by the State Human Resources Commission and subject to funding and approval by  
50 the Office of State Budget and Management."

51 **SECTION 5.2.** G.S. 126-8.1(c) reads as rewritten:

1       "(c) ~~The Department of Administration~~ Office of State Human Resources may adopt  
2 such rules and regulations as are reasonable and necessary to carry out the provisions of this  
3 section, with the approval of the Governor."

4               **SECTION 5.3.** G.S. 126-14.2 reads as rewritten:

5       "**§ 126-14.2. Political hirings limited.**

6       (a) It is the policy of this State that State departments, agencies, and institutions select  
7 ~~from the pool of~~ the most qualified persons for State government employment based upon  
8 job-related qualifications of applicants for employment using fair and valid selection criteria.

9       (b) All State departments, agencies, and institutions shall select from the pool of ~~the~~  
10 ~~most~~ qualified persons for State government employment without regard to political affiliation  
11 or political influence. For the purposes of this section, ~~the "most qualified"~~ "qualified persons"  
12 shall mean each of the State employees or applicants for initial State employment who:

- 13               (1) Have timely applied for a position in State government;
- 14               (2) Have the essential qualifications for that position; and
- 15               (3) Are determined to be substantially more qualified as compared to other  
16 applicants for the position, after applying fair and valid job selection criteria,  
17 in accordance with G.S. 126-5(e), G.S. 126-7.1, Articles 6 and 13 of this  
18 Chapter, and State personnel policies approved by the State Human  
19 Resources Commission.

20       (c) It is a violation of this section if:

- 21               (1) The complaining State employee or applicant for initial State employment  
22 timely applied for the State government position in question;
- 23               (2) The complaining State employee or applicant for initial State employment  
24 was not hired into the position;
- 25               (3) The complaining State employee or applicant for initial State employment  
26 was among ~~the most~~ qualified persons applying for the position as defined in  
27 this Chapter;
- 28               (4) The successful applicant for the position was not among ~~the most~~ qualified  
29 persons applying for the position; and
- 30               (5) The hiring decision was based upon political affiliation or political  
31 influence.

32       (d) The provisions of this section shall not apply to positions exempt from this Chapter,  
33 except that this section does apply to exempt managerial positions as defined by  
34 G.S. 126-5(b)(2)."

35               **SECTION 5.4.** G.S. 126-23(a) reads as rewritten:

36       "(a) Each department, agency, institution, commission and bureau of the State shall  
37 maintain a record of each of its employees, showing the following information with respect to  
38 each such employee:

- 39               (1) Name.
- 40               ~~(2) Age.~~
- 41               (3) Date of original employment or appointment to State service.
- 42               (4) The terms of any contract by which the employee is employed whether  
43 written or oral, past and current, to the extent that the agency has the written  
44 contract or a record of the oral contract in its possession.
- 45               (5) Current position.
- 46               (6) Title.
- 47               (7) Current salary.
- 48               (8) Date and amount of each increase or decrease in salary with that department,  
49 agency, institution, commission, or bureau.

- 1 (9) Date and type of each promotion, demotion, transfer, suspension, separation,  
2 or other change in position classification with that department, agency,  
3 institution, commission, or bureau.
- 4 (10) Date and general description of the reasons for each promotion with that  
5 department, agency, institution, commission, or bureau.
- 6 (11) Date and type of each dismissal, suspension, or demotion for disciplinary  
7 reasons taken by the department, agency, institution, commission, or bureau.  
8 If the disciplinary action was a dismissal, a copy of the written notice of the  
9 final decision of the head of the department setting forth the specific acts or  
10 omissions that are the basis of the dismissal.
- 11 (12) The office or station to which the employee is currently assigned."

12 **SECTION 5.5.** G.S. 126-24 reads as rewritten:

13 **"§ 126-24. Confidential information in personnel files; access to such information.**

14 All other information contained in a personnel file is confidential and shall not be open for  
15 inspection and examination except to the following persons:

- 16 (1) The employee, applicant for employment, former employee, or his properly  
17 authorized agent, who may examine his own personnel file in its entirety  
18 except for (i) letters of reference solicited prior to employment, or (ii)  
19 information concerning a medical disability, mental or physical, that a  
20 prudent physician would not divulge to a patient. An employee's medical  
21 record may be disclosed to a licensed physician designated in writing by the  
22 employee;
- 23 (2) The supervisor of the employee;
- 24 (2a) A potential State or local government supervisor, during the interview  
25 process, only with regard to performance management documents;
- 26 (3) Members of the General Assembly who may inspect and examine personnel  
27 records under the authority of G.S. 120-19;
- 28 (4) A party by authority of a proper court order may inspect and examine a  
29 particular confidential portion of a State employee's personnel file; and
- 30 (5) An official of an agency of the federal government, State government or any  
31 political subdivision thereof. Such an official may inspect any personnel  
32 records when such inspection is deemed by the department head of the  
33 employee whose record is to be inspected or, in the case of an applicant for  
34 employment or a former employee, by the department head of the agency in  
35 which the record is maintained as necessary and essential to the pursuance of  
36 a proper function of said agency; provided, however, that such information  
37 shall not be divulged for purposes of assisting in a criminal prosecution, nor  
38 for purposes of assisting in a tax investigation.

39 Notwithstanding any other provision of this Chapter, any department head may, in his  
40 discretion, inform any person or corporation of any promotion, demotion, suspension,  
41 reinstatement, transfer, separation, dismissal, employment or nonemployment of any applicant,  
42 employee or former employee employed by or assigned to his department or whose personnel  
43 file is maintained in his department and the reasons therefor and may allow the personnel file of  
44 such person or any portion thereof to be inspected and examined by any person or corporation  
45 when such department head shall determine that the release of such information or the  
46 inspection and examination of such file or portion thereof is essential to maintaining the  
47 integrity of such department or to maintaining the level or quality of services provided by such  
48 department; provided that prior to releasing such information or making such file or portion  
49 thereof available as provided herein, such department head shall prepare a memorandum setting  
50 forth the circumstances which the department head deems to require such disclosure and the

1 information to be disclosed. The memorandum shall be retained in the files of said department  
2 head and shall be a public record."  
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4 **PART VI. EFFECTIVE DATE**

5 **SECTION 6.** Part V of this act becomes effective October 1, 2015, and applies to  
6 employees separated on or after that date. The remainder of this act is effective when it  
7 becomes law.