

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

**HOUSE BILL 226
RATIFIED BILL**

AN ACT APPROPRIATING FUNDS FOR THE 2019-2021 FISCAL BIENNIUM TO AWARD
PUBLIC EMPLOYEE BENEFITS INCREASES AND LEGISLATIVELY MANDATED
SALARY INCREASES TO STATE EMPLOYEES.

The General Assembly of North Carolina enacts:

PART I. APPROPRIATIONS

APPROPRIATIONS

SECTION 1.1.(a) There is appropriated from the General Fund for the 2019-2021 fiscal biennium the sum of two hundred thirty-nine million two hundred twenty thousand five hundred fifty-four dollars (\$239,220,554) for the 2019-2020 fiscal year and the sum of five hundred seventy-two million seven hundred five thousand one hundred fifty-seven dollars (\$572,705,157) for the 2020-2021 fiscal year for the costs associated with implementing the provisions of this act. These sums are allocated as follows:

Entity	2019-2020 Recurring	2020-2021 Recurring
Community College System Office	\$16,012,936	\$39,903,149
Department of Public Instruction	\$112,355,491	\$281,835,841
The University of North Carolina	\$24,567,465	\$62,404,755
DHHS – Aging and Adult Services	\$94,416	\$204,340
DHHS – Central Management and Support	\$1,911,835	\$4,130,571
DHHS – Child Development and Early Education	\$74,872	\$162,667
DHHS – Health Benefits (Medicaid/ Health Choice)	\$678,654	\$1,466,308
DHHS – Health Service Regulation	\$724,446	\$1,567,069
DHHS – Mental Health/Dev. Disabl./ Subs. Abuse Serv.	\$9,702,345	\$21,076,437
DHHS – Public Health	\$1,707,704	\$3,695,842
DHHS – Services for the Blind/Deaf/ Hard of Hearing	\$124,013	\$269,418
DHHS – Social Services	\$373,675	\$809,319
DHHS – Vocational Rehab. Services	\$544,673	\$1,184,488



Dept. of Agriculture and Consumer Services	\$3,091,976	\$6,719,330
Dept. of Commerce	\$309,933	\$671,863
Dept. of Env. Quality	\$1,327,378	\$2,874,732
Dept. of Labor	\$580,655	\$1,257,174
Dept. of Natural and Cultural Resources	\$3,590,816	\$7,815,524
Wildlife Resources Comm. Administrative Office of the Courts	\$348,866	\$755,149
Indigent Defense Services	\$18,183,923	\$38,936,638
Department of Justice	\$1,843,045	\$4,025,991
Dept. of Public Safety	\$1,505,346	\$3,254,595
Dept. of Administration	\$27,139,378	\$63,493,429
Office of Admin. Hearings Auditor	\$1,051,120	\$2,275,394
Office of Budget and Management	\$174,663	\$376,940
Controller	\$451,011	\$971,507
Board of Elections	\$212,098	\$456,649
General Assembly	\$764,167	\$1,399,586
Office of the Governor	\$229,640	\$496,529
Dept. of Insurance	\$2,241,969	\$4,755,001
Industrial Commission	\$149,789	\$323,306
Office of the Lt. Governor	\$1,249,541	\$2,700,421
Dept. of Military and Veteran Affairs	\$160,138	\$345,826
Department of Revenue	\$27,358	\$58,905
Secretary of State	\$182,596	\$397,091
Treasurer	\$2,353,736	\$5,095,390
Treasurer – Additional Retirement Systems	\$409,136	\$888,495
Dept. of Information Technology	\$41,913	\$91,132
	\$2,309,782	\$2,659,782

SECTION 1.1.(b) There is appropriated from the Highway Fund to the Department of Transportation for the costs associated with implementing the provisions of this act the sum of nine million eight hundred five thousand thirty-five dollars (\$9,805,035) in recurring funds for the 2019-2020 fiscal year and the sum of twenty-two million three hundred twenty-seven thousand five hundred thirty-three dollars (\$22,327,533) in recurring funds for the 2020-2021 fiscal year.

SECTION 1.1.(c) State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated for each year of the 2019-2021 fiscal biennium, as agency receipts up to the amounts needed to implement the legislatively mandated salary increases and employee benefit increases provided in this act for each year of the 2019-2021 fiscal biennium.

PART II. TRANSFERS

TRANSFERS

SECTION 2.1. There is transferred from the Department of Insurance to the General Fund the sum of one million two hundred forty-nine thousand five hundred forty-one dollars

(\$1,249,541) for the 2019-2020 fiscal year and the sum of two million seven hundred thousand four hundred twenty-one dollars (\$2,700,421) for the 2020-2021 fiscal year.

SECTION 2.2. There is transferred from the Office of the State Treasurer to the General Fund the sum of forty-one thousand nine hundred thirteen dollars (\$41,913) for the 2019-2020 fiscal year and the sum of ninety-one thousand one hundred thirty-two dollars (\$91,132) for the 2020-2021 fiscal year.

PART III. SALARY AND BENEFITS INCREASES

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES/EFFECTIVE JULY 1, 2019, AND JULY 1, 2020

SECTION 3.1.(a) Effective July 1, 2019, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2019, is awarded:

- (1) A legislative salary increase in the amount of two and one-half percent (2.5%) of annual salary in the 2019-2020 fiscal year.
- (2) Any salary adjustment otherwise allowed or provided by law.

SECTION 3.1.(a1) Effective July 1, 2020, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2020, is awarded:

- (1) A legislative salary increase in the amount of two and one-half percent (2.5%) of annual salary in the 2020-2021 fiscal year.
- (2) Any salary adjustment otherwise allowed or provided by law.

SECTION 3.1.(b) For the 2019-2021 fiscal biennium, the following persons are not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this section:

- (1) Employees of local boards of education.
- (2) Local community college employees.
- (3) Employees of The University of North Carolina.
- (4) Clerks of superior court compensated under G.S. 7A-101.
- (5) Correctional employees to which House Bill 609, 2019 Regular Session, applies.
- (6) Law enforcement officers to which either House Bill 126 or House Bill 777, 2019 Regular Session, applies.
- (7) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid based on the Teacher Salary Schedule.

SECTION 3.1.(c) Part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

SECTION 3.1.(d) No eligible State-funded employee shall be prohibited from receiving the full salary increases provided in this section solely because the employee's salary after applying the legislative increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

GOVERNOR AND COUNCIL OF STATE

SECTION 3.2.(a) Effective July 1, 2019, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred forty seven thousand two hundred eighty seven dollars (\$147,287)~~ one hundred fifty thousand nine hundred sixty-nine dollars (\$150,969) annually, payable monthly."

SECTION 3.2.(a1) Effective July 1, 2020, G.S. 147-11(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred fifty thousand nine hundred sixty-nine dollars (\$150,969)~~ one hundred fifty-four thousand seven hundred forty-three dollars (\$154,743) annually, payable monthly."

SECTION 3.2.(b) Effective July 1, 2019, the annual salaries for members of the Council of State, payable monthly, are set as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$133,365
Attorney General	133,365
Secretary of State	133,365
State Treasurer	133,365
State Auditor	133,365
Superintendent of Public Instruction	133,365
Agriculture Commissioner	133,365
Insurance Commissioner	133,365
Labor Commissioner	133,365

SECTION 3.2.(b1) Effective July 1, 2020, the annual salaries for members of the Council of State, payable monthly, are set as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$136,699
Attorney General	136,699
Secretary of State	136,699
State Treasurer	136,699
State Auditor	136,699
Superintendent of Public Instruction	136,699
Agriculture Commissioner	136,699
Insurance Commissioner	136,699
Labor Commissioner	136,699

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 3.3.(a) Effective July 1, 2019, the annual salaries, payable monthly, for the following executive branch officials for the 2019-2020 fiscal year are as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$119,758
State Controller	166,758
Commissioner of Banks	134,410
Chair, Board of Review, Division of Employment Security	131,842
Members, Board of Review, Division of Employment Security	130,230
Chairman, Parole Commission	131,842
Full-Time Members of the Parole Commission	121,900
Chairman, Utilities Commission	149,451
Members of the Utilities Commission	134,410
Executive Director, North Carolina Agricultural Finance Authority	116,625

SECTION 3.3.(a1) Effective July 1, 2020, the annual salaries, payable monthly, for the following executive branch officials for the 2020-2021 fiscal year are as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
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Chairman, Alcoholic Beverage Control Commission	\$122,752
State Controller	170,927
Commissioner of Banks	137,770
Chair, Board of Review, Division of Employment Security	135,138
Members, Board of Review, Division of Employment Security	133,486
Chairman, Parole Commission	135,138
Full-Time Members of the Parole Commission	124,948
Chairman, Utilities Commission	153,187
Members of the Utilities Commission	137,770
Executive Director, North Carolina Agricultural Finance Authority	119,541

JUDICIAL BRANCH

SECTION 3.4.(a) Effective July 1, 2019, the annual salaries, payable monthly, for the following judicial branch officials for the 2019-2020 fiscal year are as follows:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$156,915
Associate Justice, Supreme Court	152,843
Chief Judge, Court of Appeals	150,425
Judge, Court of Appeals	146,521
Judge, Senior Regular Resident Superior Court	142,568
Judge, Superior Court	138,617
Chief Judge, District Court	125,973
Judge, District Court	122,020
Chief Administrative Law Judge	123,066
District Attorney	134,048
Assistant Administrative Officer of the Courts	129,086
Public Defender	134,048
Director of Indigent Defense Services	138,158

SECTION 3.4.(a1) Effective July 1, 2020, the annual salaries, payable monthly, for the following judicial branch officials for the 2020-2021 fiscal year are as follows:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$160,838
Associate Justice, Supreme Court	156,664
Chief Judge, Court of Appeals	154,186
Judge, Court of Appeals	150,184
Judge, Senior Regular Resident Superior Court	146,132
Judge, Superior Court	142,082
Chief Judge, District Court	129,122
Judge, District Court	125,071
Chief Administrative Law Judge	126,143
District Attorney	137,399
Assistant Administrative Officer of the Courts	132,313
Public Defender	137,399
Director of Indigent Defense Services	141,612

SECTION 3.4.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public

defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2019-2020 fiscal year, do not exceed eighty thousand five hundred seventy-nine dollars (\$80,579) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-three thousand two hundred forty-eight dollars (\$43,248), effective July 1, 2019.

SECTION 3.4.(b1) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2020-2021 fiscal year, do not exceed eighty-two thousand five hundred ninety-three dollars (\$82,593) and the minimum salary of any assistant district attorney or assistant public defender is at least forty-four thousand three hundred twenty-nine dollars (\$44,329), effective July 1, 2020.

ASSISTANT DISTRICT ATTORNEYS' SALARY ADJUSTMENTS

SECTION 3.4A. Of the funds available to the Administrative Office of the Courts, the sum of eight hundred thousand dollars (\$800,000) is provided to increase the budgeted annual salary to seventy thousand dollars (\$70,000) for each new Assistant District Attorney position created in S.L. 2017-57.

CLERKS OF SUPERIOR COURT

SECTION 3.5.(a) Effective July 1, 2019, G.S. 7A-101 reads as rewritten:

"§ 7A-101. Compensation.

(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the ~~population of the county as determined in subsection (a1) of this section, number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula,~~ according to the following schedule:

Population	Annual Salary
Less than 100,000	\$90,972
100,000 to 149,999	101,831
150,000 to 249,999	112,690
250,000 and above	123,554
<u>Assistants and Deputies</u>	<u>Annual Salary</u>
<u>0-19</u>	<u>\$95,000</u>
<u>20-29</u>	<u>105,000</u>
<u>30-49</u>	<u>115,000</u>
<u>50-99</u>	<u>125,000</u>
<u>100 and above</u>	<u>127,500.</u>

~~When a county changes from one population group to another, If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes,~~ the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for ~~the that new population group, number,~~ except that the salary of an incumbent clerk shall not be decreased by any change in ~~population group that number~~ during ~~his the clerk's~~ continuance in office.

(a1) ~~For purposes of subsection (a) of this section, the population of a county for any fiscal year shall be the population for the beginning of that fiscal year as reported by the Office of State Budget and Management to the Administrative Office of the Courts prior to the beginning of that fiscal year.~~

(b) The clerk shall receive no fees or commission by virtue of ~~his the clerk's~~ office. The salary set forth in this section is the clerk's sole official ~~compensation, but if, on June 30, 1975,~~

the salary of a particular clerk, by reason of previous but no longer authorized merit increments, is higher than that set forth in the table, that higher salary shall not be reduced during his continuance in office compensation.

(c) In lieu of merit and other increment raises paid to regular State employees, a clerk of superior court shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the clerk's annual salary payable monthly after five years of service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of service, nineteen and two-tenths percent (19.2%) after 20 years of service, and twenty-four percent (24%) after 25 years of service. Service shall mean service in the elective position of clerk of superior court, as an assistant clerk of court and as a supervisor of clerks of superior court with the Administrative Office of the Courts and shall not include service as a deputy or acting clerk. Service shall also mean service as a justice, judge, or magistrate of the General Court of Justice or as a district attorney."

SECTION 3.5.(b) Effective July 1, 2020, G.S. 7A-101(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	\$95,000 <u>\$97,375</u>
20-29	105,000 <u>107,625</u>
30-49	115,000 <u>117,875</u>
50-99	125,000 <u>128,125</u>
100 and above	127,500 <u>130,688.</u>

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

SECTION 3.6.(a) Effective July 1, 2019, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$34,780
Maximum	61,162 <u>62,691</u>

Deputy Clerks	Annual Salary
Minimum	\$31,200
Maximum	48,034 <u>49,235.</u>

SECTION 3.6.(a1) Effective July 1, 2020, G.S. 7A-102(c1), as amended by subsection (a) of this section, reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$34,780
Maximum	62,691 <u>64,258</u>

Deputy Clerks	Annual Salary
Minimum	\$31,200

Maximum 49,235-50,466."

MAGISTRATES

SECTION 3.7.(a) Effective July 1, 2019, G.S. 7A-171.1(a)(1) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary	
	Minimum	Maximum
Entry Rate	\$38,620	\$39,586
Step 1	\$40,309	\$42,508
Step 2	\$43,297	\$45,660
Step 3	\$46,459	\$48,997
Step 4	\$50,248	\$52,997
Step 5	\$54,814	\$57,814
Step 6	\$59,929	\$63,212."

SECTION 3.7.(a1) Effective July 1, 2020, G.S. 7A-171.1(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary	
	Minimum	Maximum
Entry Rate	\$39,586	\$40,576
Step 1	\$42,508	\$43,571
Step 2	\$45,660	\$46,802
Step 3	\$48,997	\$50,222
Step 4	\$52,997	\$54,322
Step 5	\$57,814	\$59,259
Step 6	\$63,212."	\$64,792."

LEGISLATIVE EMPLOYEES

SECTION 3.8.(a) Effective July 1, 2019, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2019, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 3.8.(a1) Effective July 1, 2020, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2020, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 3.8.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 3.9.(a) Effective July 1, 2019, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred eleven one hundred seven dollars (\$111,107)~~, one hundred thirteen thousand eight hundred eighty-five dollars (\$113,885), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SECTION 3.9.(a1) Effective July 1, 2020, G.S. 120-37(c), as amended by subsection (a) of this section, reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred thirteen thousand eight hundred eighty five dollars (\$113,885)~~, one hundred sixteen thousand seven hundred thirty-two dollars (\$116,732), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 3.10.(a) Effective July 1, 2019, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four hundred thirty eight dollars (\$438.00)~~ four hundred forty-nine dollars (\$449.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

SECTION 3.10.(a1) Effective July 1, 2020, G.S. 120-37(b), as amended by subsection (a) of this section, reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~four hundred forty nine dollars (\$449.00)~~ four hundred sixty dollars (\$460.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their

homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

MOST STATE EMPLOYEES

SECTION 3.11. Unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2019, and June 30, 2020, shall be legislatively increased as provided by Section 3.1 of this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

ALL STATE-SUPPORTED PERSONNEL

SECTION 3.12.(a) The legislative salary increases provided by this act in each year of the 2019-2021 fiscal biennium do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2019, for the 2019-2020 fiscal year or June 30, 2020, for the 2020-2021 fiscal year. For the 2019-2021 fiscal biennium, payroll checks issued to employees after July 1, 2019, and July 1, 2020, respectively, that represent payment of services provided prior to July 1 of each year shall not be eligible for salary increases provided for in this act.

SECTION 3.12.(b) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES

SECTION 3.13.(a) The appropriations set forth in Part I of this act are for appropriations for legislatively mandated salary increases and employee benefits. The Office of State Budget and Management shall ensure that those funds are used only for the purposes of legislatively mandated salary increases and employee benefits.

SECTION 3.13.(b) If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases and employee benefits.

SECTION 3.13.(c) Funds appropriated for legislatively mandated salary and employee benefit increases may not be used to adjust the budgeted salaries of vacant positions, to provide salary increases in excess of those required by the General Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's respective salary range.

SECTION 3.13.(d) Any funds appropriated for legislatively mandated salary and benefits increases in excess of the amounts required to implement the increases shall be credited to the Pay Plan Reserve.

SECTION 3.13.(e) No later than May 1, 2020, for the 2019-2020 fiscal year, and subsequently May 1, 2021, for the 2020-2021 fiscal year, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the expenditure of funds for legislatively mandated salary increases and employee benefits. This report shall include at least the following information for each State agency for each year of the biennium:

- (1) The total amount of funds that the agency received for legislatively mandated salary increases and employee benefits.
- (2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
- (3) The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.
- (4) The amount of funds credited to the Pay Plan Reserve.

SPECIAL ANNUAL LEAVE

SECTION 3.14.(a) A State employee shall have a one-time additional five days of annual leave credited on July 1, 2019, if the employee is:

- (1) A full-time permanent State employee eligible to earn annual leave;
- (2) Not an employee of The University of North Carolina; and
- (3) Not an employee to which any of the following bills of the 2019 Regular Session applies: House Bill 609, House Bill 126, or House Bill 777.

SECTION 3.14.(b) The additional leave granted in this section shall be accounted for separately in the same manner as the leave provided by Section 35.26 of S.L. 2018-5 and shall remain available during the length of the employee's employment, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees shall receive a pro rata amount of the five days awarded by this section.

SECTION 3.14.(c) The additional leave awarded under this section has no cash value and is not eligible for cash in. If not used prior to the time of separation or retirement, the bonus leave cannot be paid out and is lost.

SECTION 3.14.(d) Notwithstanding any provision of G.S. 126-8 to the contrary, any vacation leave remaining on December 31 of each year in excess of 30 days shall be reduced by the number of days awarded in this section that were actually used by the employee during the year, such that the calculation of vacation leave days that would convert to sick leave shall reflect a deduction of those days of special annual leave awarded in this section that were used by the employee during the year.

SECTION 3.14.(e) The number of days awarded by this section that carry forward to each following year shall equal the number of days awarded in this section remaining on December 31 of each year plus the number of days awarded in this section that were deducted from vacation leave in excess of 30 days for the calculation of sick leave.

SECTION 3.14.(f) No employee may be required to take the additional leave awarded by this section.

SALARY-RELATED CONTRIBUTIONS

SECTION 3.15.(a) Effective for the 2019-2021 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

SECTION 3.15.(b) Effective July 1, 2019, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2019-2020 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	12.97%	12.97%	6.84%	33.60%	26.46%
Disability	0.10%	0.10%	0.10%	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	6.47%	6.47%	6.47%	6.47%	6.47%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	19.70%	24.70%	13.41%	40.07%	32.93%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 3.15.(c) Effective July 1, 2020, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2020-2021 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	14.36%	14.36%	6.84%	36.00%	29.00%
Disability	0.10%	0.10%	0.10%	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	6.82%	6.82%	6.82%	6.82%	6.82%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	21.44%	26.44%	13.76%	42.82%	35.82%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 3.15.(d) Effective July 1, 2019, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2019-2020 fiscal year to the State Health Plan for Teachers and State Employees are (i) for Medicare-eligible employees and retirees, four thousand nine hundred dollars (\$4,900) and (ii) for non-Medicare-eligible employees and retirees, six thousand three hundred six dollars (\$6,306).

SECTION 3.15.(e) Effective July 1, 2020, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2020-2021 fiscal year to the State Health Plan for Teachers and State Employees are (i) for Medicare-eligible employees and retirees, five thousand one hundred sixty-five dollars (\$5,165)

and (ii) for non-Medicare-eligible employees and retirees, six thousand six hundred forty-seven dollars (\$6,647).

SECTION 3.15.(f) The total State contribution to the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund shall be eighteen million six hundred fifty-two thousand two hundred eight dollars (\$18,652,208) in fiscal year 2019-2020 and nineteen million two thousand two hundred eight dollars (\$19,002,208) in fiscal year 2020-2021.

SECTION 3.15.(g) The total State contribution to the North Carolina National Guard Pension Fund shall be eleven million thirty-one thousand seven hundred fifteen dollars (\$11,031,715) in fiscal year 2019-2020 and eleven million thirty-one thousand seven hundred fifteen dollars (\$11,031,715) in fiscal year 2020-2021.

OSC/SAP-SKILLED EMPLOYEES SALARY ADJUSTMENTS

SECTION 3.16. From the funds allocated to the Office of State Controller, the sum of two hundred fifteen thousand dollars (\$215,000) shall be used to adjust the salaries of SAP-skilled employees closer to eighty-five percent (85%) of the midpoint of average market pay rates.

SHORT-TERM DISABILITY BENEFITS

SECTION 3.17. Of the funds appropriated in Part I of this act, five one-hundredths percent (0.05%) of the estimated General Fund payroll for each entity shall be used to pay short-term disability benefits as required under G.S. 135-105(d1).

PART IV. MISCELLANEOUS

STATE BUDGET ACT APPLICABILITY

SECTION 4.1. If any provision of this act and G.S. 143C-5-4 are in conflict, the provisions of this act shall prevail. The appropriations and the authorizations to allocate and spend funds which are set out in this act shall remain in effect until the Current Operations Appropriations Act for the applicable fiscal year becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations Appropriations Act for that fiscal year becomes law, the Director of the Budget shall adjust allotments to give effect to that act from July 1 of the fiscal year.

EFFECTIVE DATE

2019. **SECTION 4.2.** Except as otherwise provided, this act becomes effective July 1,
2019. In the General Assembly read three times and ratified this the 28th day of August,

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

Roy Cooper
Governor

Approved _____m. this _____ day of _____, 2019