

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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**HOUSE BILL 426
Committee Substitute Favorable 8/27/19
Committee Substitute #2 Favorable 8/27/19**

Short Title: Educators' Pay Increases/Retiree Supplements.

(Public)

Sponsors:

Referred to:

March 25, 2019

A BILL TO BE ENTITLED

1 AN ACT CONSISTENT WITH THE PROVISIONS OF THE CONFERENCE COMMITTEE
2 SUBSTITUTE AND COMMITTEE REPORT FOR HOUSE BILL 966 OF THE 2019
3 REGULAR SESSION (1) APPROPRIATING FUNDS TO AWARD LEGISLATIVELY
4 MANDATED SALARY INCREASES IN EACH YEAR OF THE 2019-2021 FISCAL
5 BIENNIUM TO EMPLOYEES OF THE UNIVERSITY OF NORTH CAROLINA AT A
6 FUNDING LEVEL SUPPORTING A ONE-HALF OF ONE PERCENT INCREASE AND
7 TO EMPLOYEES OF THE COMMUNITY COLLEGE SYSTEM AT A FUNDING LEVEL
8 SUPPORTING A ONE PERCENT INCREASE PURSUANT TO POLICIES ADOPTED
9 BY THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA
10 AND THE STATE BOARD OF COMMUNITY COLLEGES, RESPECTIVELY, AND
11 ALSO APPROPRIATING FUNDS FOR FACULTY RETENTION AT THE UNIVERSITY
12 OF NORTH CAROLINA IN THE AMOUNT OF SIX MILLION DOLLARS FOR THE
13 2019-2020 FISCAL YEAR AND ELEVEN MILLION FOUR HUNDRED
14 THIRTY-THREE THOUSAND FOUR HUNDRED THIRTEEN DOLLARS FOR THE
15 2020-2021 FISCAL YEAR, (2) APPROPRIATING FUNDS FOR THE 2019-2020 FISCAL
16 YEAR TO PROVIDE A ONE PERCENT SALARY INCREASE FOR NONCERTIFIED
17 PUBLIC SCHOOL EMPLOYEES OR A PRORATED AMOUNT AS APPROPRIATE
18 AND EXPRESSING THE INTENTION OF THE GENERAL ASSEMBLY TO
19 APPROPRIATE FUNDS FOR THE 2020-2021 FISCAL YEAR TO PROVIDE A ONE
20 PERCENT SALARY INCREASE FOR NONCERTIFIED PUBLIC SCHOOL
21 EMPLOYEES OR A PRORATED AMOUNT AS APPROPRIATE, (3) REQUIRING THE
22 DEPARTMENT OF PUBLIC INSTRUCTION TO STUDY AND REPORT TO THE
23 GENERAL ASSEMBLY ON SCHOOL PSYCHOLOGIST AND SCHOOL COUNSELOR
24 POSITIONS, (4) SETTING THE EMPLOYER CONTRIBUTION RATES FOR
25 RETIREMENT AND RELATED BENEFITS, (5) PROVIDING TWO ONE-TIME
26 COST-OF-LIVING SUPPLEMENTS THAT ARE BOTH IN THE AMOUNT OF
27 ONE-HALF OF ONE PERCENT OF A BENEFICIARY'S ANNUAL RETIREMENT
28 ALLOWANCE, (6) APPROPRIATING FUNDS TO IMPLEMENT CONNER'S LAW,
29 AND (7) AMENDING SPECIAL INSURANCE BENEFITS OFFERINGS.

30 The General Assembly of North Carolina enacts:
31
32

APPROPRIATIONS

33 **SECTION 1.1.(a)** There is appropriated from the General Fund for the 2019-2021
34 fiscal biennium the sum of sixty-six million one hundred eighty-two thousand seventy-eight
35



dollars (\$66,182,078) for the 2019-2020 fiscal year and the sum of one hundred fourteen million four hundred thirty-four thousand two hundred sixty-three dollars (\$114,434,263) for the 2020-2021 fiscal year for the costs associated with implementing the salary and benefits provisions of this act, except those as provided by Section 6.1 of this act. These sums are allocated as follows:

Entity	2019-2020 Recurring	2019-2020 Nonrecurring	2020-2021 Recurring	2020-2021 Nonrecurring
Community College System Office	\$12,400,000	\$1,540,483	\$24,800,000	\$1,540,483
Department of Public Instruction	\$15,418,772	\$10,264,676	\$30,837,544	\$10,264,676
The University of North Carolina	\$21,000,000	\$1,941,512	\$41,433,413	\$1,941,512
DHHS – Aging and Adult Services	\$0	\$3,121	\$0	\$3,121
DHHS – Central Management and Support	\$0	\$63,639	\$0	\$63,639
DHHS – Child Development and Early Education	\$0	\$2,435	\$0	\$2,435
DHHS – Health Benefits (Medicaid/Health Choice)	\$0	\$22,587	\$0	\$22,587
DHHS – Health Service Regulation	\$0	\$23,996	\$0	\$23,996
DHHS – Mental Health/Dev.Disabl./Subs. Abuse Serv.	\$0	\$315,699	\$0	\$315,699
DHHS – Public Health	\$0	\$56,446	\$0	\$56,446
DHHS – Services for the Blind/Deaf/Hard of Hearing	\$0	\$4,035	\$0	\$4,035
DHHS – Social Services	\$0	\$12,313	\$0	\$12,313
DHHS – Vocational Rehab. Services	\$0	\$17,644	\$0	\$17,644
Dept. of Agriculture and Consumer Services	\$0	\$100,409	\$0	\$100,409
Dept. of Commerce	\$0	\$10,175	\$0	\$10,175
Dept. of Env. Quality	\$0	\$43,628	\$0	\$43,628
Dept. of Labor	\$0	\$19,161	\$0	\$19,161
Dept. of Natural and Cultural Resources	\$0	\$115,402	\$0	\$115,402
Wildlife Resources Comm. Administrative Office	\$0	\$11,347	\$0	\$11,347
of the Courts	\$0	\$666,506	\$0	\$666,506
Indigent Defense Services	\$0	\$66,165	\$0	\$66,165
Department of Justice	\$0	\$49,793	\$0	\$49,793
Dept. of Public Safety	\$0	\$1,683,684	\$0	\$1,683,684
Dept. of Administration	\$0	\$34,709	\$0	\$34,709
Office of Admin. Hearings	\$0	\$5,841	\$0	\$5,841
Auditor	\$0	\$15,197	\$0	\$15,197
Office of Budget and Management	\$0	\$7,161	\$0	\$7,161
Controller	\$0	\$18,400	\$0	\$18,400
Board of Elections	\$0	\$7,620	\$0	\$7,620

1	General Assembly	\$0	\$74,420	\$0	\$74,420
2	Office of the Governor	\$0	\$5,006	\$0	\$5,006
3	Dept. of Insurance	\$0	\$41,420	\$0	\$41,420
4	Industrial Commission	\$0	\$5,331	\$0	\$5,331
5	Office of the Lt. Governor	\$0	\$924	\$0	\$924
6	Dept. of Military and Veteran				
7	Affairs	\$0	\$5,915	\$0	\$5,915
8	Department of Revenue	\$0	\$77,639	\$0	\$77,639
9	Secretary of State	\$0	\$13,299	\$0	\$13,299
10	Treasurer	\$0	\$1,359	\$0	\$1,359
11	Treasurer – Additional				
12	Retirement Systems	\$0	\$0	\$0	\$0
13	Dept. of Information				
14	Technology	\$0	\$14,209	\$0	\$14,209

15
16 **SECTION 1.1.(b)** There is appropriated from the Highway Fund to the Department
17 of Transportation for the costs associated with implementing the provisions of this act the sum
18 of five hundred thirty thousand six hundred sixty-nine dollars (\$530,669) in nonrecurring funds
19 for the 2019-2020 fiscal year and the sum of five hundred thirty thousand six hundred sixty-nine
20 dollars (\$530,669) in nonrecurring funds for the 2020-2021 fiscal year.

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

25 TRANSFERS

26 **SECTION 1.2.** There is transferred from the Department of Insurance to the General
27 Fund the sum of forty-one thousand four hundred twenty dollars (\$41,420) for the 2019-2020
28 fiscal year and the sum of forty-one thousand four hundred twenty dollars (\$41,420) for the
29 2020-2021 fiscal year.

30 **SECTION 1.3.** There is transferred from the Office of the State Treasurer to the
31 General Fund the sum of one thousand three hundred fifty-nine dollars (\$1,359) for the
32 2019-2020 fiscal year and the sum of one thousand three hundred fifty-nine dollars (\$1,359) for
33 the 2020-2021 fiscal year.

34 NONCERTIFIED PERSONNEL SALARIES

35
36 **SECTION 2.1.(a)** For the 2019-2020 fiscal year, beginning July 1, 2019, the annual
37 salary for noncertified public school employees whose salaries are supported from State funds
38 shall be increased as follows:

- 39 (1) For permanent, full-time employees on a 12-month contract, by one percent
40 (1%).
41
42 (2) For the following employees, by a prorated and equitable amount based on the
43 amount specified in subdivision (1) of this subsection:
44 a. Permanent, full-time employees on a contract for fewer than 12
45 months.
46 b. Permanent, part-time employees.
47 c. Temporary and permanent hourly employees.

48 **SECTION 2.1.(b)** It is the intent of the General Assembly to increase the annual
49 salary for noncertified public school employees whose salaries are supported from State funds in
50 the 2020-2021 fiscal year, beginning July 1, 2020, as follows:

- 1 (1) For permanent, full-time employees on a 12-month contract, by one percent
- 2 (1%).
- 3 (2) For the following employees, by a prorated and equitable amount based on the
- 4 amount specified in subdivision (1) of this subsection:
- 5 a. Permanent, full-time employees on a contract for fewer than 12
- 6 months.
- 7 b. Permanent, part-time employees.
- 8 c. Temporary and permanent hourly employees.
- 9

SCHOOL PSYCHOLOGIST AND SCHOOL COUNSELOR POSITION STUDY

11 **SECTION 2.2.(a)** The Department of Public Instruction shall study and report on
 12 school psychologist and school counselor positions. The study and report shall include a review
 13 of at least the following information:

- 14 (1) The number of school psychologist and school counselor positions in the State
- 15 and in each local school administrative unit.
- 16 (2) The allocation of school psychologists and school counselors in each local
- 17 school administrative unit among schools within those units.
- 18 (3) The methodology each local school administrative unit uses to determine the
- 19 allocation of school psychologists and school counselors within the unit.
- 20 (4) The density of school psychologists and school counselors in each geographic
- 21 region of the State.
- 22 (5) The number, percentage, and average salary of school psychologist and school
- 23 counselor positions funded with State dollars and funded with non-State
- 24 dollars.
- 25 (6) The extent to which local school administrative units provide school
- 26 psychologists and school counselors with local salary supplements and the
- 27 amounts of those salary supplements.
- 28 (7) Job descriptions posted for school psychologist and school counselor
- 29 positions as compared to actual duties of school counselors.

30 **SECTION 2.2.(b)** As part of its study, the Department shall promulgate a survey to
 31 local school administrative units no later than October 1, 2019, on any topics identified in
 32 subsection (a) of this section that can be answered by a local school administrative unit. Local
 33 school administrative units shall respond to the survey by December 31, 2019. The Department
 34 shall consolidate the information reported by the local school administrative units, provide
 35 context and analysis, as necessary, and report the results of its study to the Joint Legislative
 36 Education Oversight Committee and the Fiscal Research Division no later than March 1, 2020.

COMMUNITY COLLEGES

39 **SECTION 3.1.(a)** For the 2019-2021 fiscal biennium, the community college boards
 40 of trustees may provide personnel a salary increase pursuant to the policies adopted by the State
 41 Board of Community Colleges. Funds for compensation increases may be used for any one or
 42 more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment
 43 bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to policies
 44 adopted by the State Board of Community Colleges. The State Board of Community Colleges
 45 shall report to the General Assembly and the Fiscal Research Division on the use of these funds
 46 by no later than March 1, 2020, and March 1, 2021.

47 **SECTION 3.1.(b)** Effective July 1, 2019, the minimum salaries for nine-month,
 48 full-time curriculum community college faculty for the 2019-2021 fiscal biennium are as follows:

<u>Education Level</u>	<u>Minimum Salary</u>
Vocational Diploma/Certificate or Less	\$37,581
Associate Degree or Equivalent	38,103

1	Bachelor's Degree	40,371
2	Master's Degree or Education Specialist	42,382
3	Doctoral Degree	45,282

4 No full-time faculty member shall earn less than the minimum salary for his or her
5 education level.

6 The pro rata hourly rate of the minimum salary for each education level shall be used
7 to determine the minimum salary for part-time faculty members.

8 9 UNIVERSITY OF NORTH CAROLINA SYSTEM

10 **SECTION 3.2.** For the 2019-2021 fiscal biennium, the Board of Governors of The
11 University of North Carolina may provide employees with salary increases pursuant to the
12 policies adopted by the Board. Funds for compensation increases may be used for any one or
13 more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment
14 bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those
15 policies. The Board of Governors of The University of North Carolina shall report to the General
16 Assembly and the Fiscal Research Division on the compensation increases awarded by no later
17 than March 1, 2020, and March 1, 2021.

18 19 ALL STATE-SUPPORTED PERSONNEL

20 **SECTION 3.3.(a)** The legislative salary increases provided by this act in each year
21 of the 2019-2021 fiscal biennium do not apply to persons separated from service due to
22 resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to
23 June 30, 2019, for the 2019-2020 fiscal year or June 30, 2020, for the 2020-2021 fiscal year. For
24 the 2019-2021 fiscal biennium, payroll checks issued to employees after July 1, 2019, and July
25 1, 2020, respectively, that represent payment of services provided prior to July 1 of each year
26 shall not be eligible for salary increases provided for in this act.

27 **SECTION 3.3.(b)** This section applies to all employees paid from State funds,
28 whether or not subject to or exempt from the North Carolina Human Resources Act, including
29 employees of public schools, community colleges, and The University of North Carolina.

30 31 SPECIAL ANNUAL LEAVE

32 **SECTION 3.4.(a)** A person shall have a one-time additional five days of annual
33 leave credited on July 1, 2019, if the employee on July 1, 2019, is:

- 34 (1) A full-time permanent employee of The University of North Carolina eligible
35 to earn annual leave, or
- 36 (2) A full-time permanent employee of a local community college eligible to earn
37 annual leave.

38 **SECTION 3.4.(b)** The additional leave granted in this section shall be accounted for
39 separately in the same manner as the leave provided by Section 35.26 of S.L. 2018-5 and shall
40 remain available during the length of the employee's employment, notwithstanding any other
41 limitation on the total number of days of annual leave that may be carried forward. Part-time
42 permanent employees shall receive a pro rata amount of the five days awarded by this section.

43 **SECTION 3.4.(c)** The additional leave awarded under this section has no cash value
44 and is not eligible for cash in. If not used prior to the time of separation or retirement, the bonus
45 leave cannot be paid out and is lost.

46 **SECTION 3.4.(d)** Notwithstanding any provision of G.S. 126-8 to the contrary, any
47 vacation leave remaining on December 31 of each year in excess of 30 days shall be reduced by
48 the number of days awarded in this section that were actually used by the employee during the
49 year, such that the calculation of vacation leave days that would convert to sick leave shall reflect
50 a deduction of those days of special annual leave awarded in this section that were used by the
51 employee during the year.

1 **SECTION 3.4.(e)** The number of days awarded by this section that carry forward to
2 each following year shall equal the number of days awarded in this section remaining on
3 December 31 of each year plus the number of days awarded in this section that were deducted
4 from vacation leave in excess of 30 days for the calculation of sick leave.

5 **SECTION 3.4.(f)** No employee may be required to take the additional leave awarded
6 by this section.

7 8 **REPORT ON USE OF LAPSED SALARY FUNDS**

9 **SECTION 3.5.** Until otherwise provided by the General Assembly, the Office of
10 State Budget and Management (OSBM) in conjunction with State agencies, as defined in
11 G.S. 143C-1-1(d)(24), shall report on the use of lapsed salary funds at the end of each fiscal year.
12 State agencies shall report to the OSBM on the use of lapsed salary, including all of the following:

- 13 (1) The total amount of accrued lapsed salary funds by funding source.
- 14 (2) The total number of full-time equivalent positions comprising the lapsed
15 salary funds.
- 16 (3) The total expenditure of lapsed salaries by purpose.
- 17 (4) The legal authorization to expend lapsed salary funds.

18 The OSBM shall report by October 1 of each year on the use of lapsed salary funds
19 to the Joint Legislative Oversight Committees on Health and Human Services; Education; Justice
20 and Public Safety; Transportation; Information Technology; General Government; and
21 Agriculture and Natural and Economic Resources and the Fiscal Research Division.

22 23 **ADMINISTRATIVE OFFICE OF THE COURTS COMPENSATION STUDY**

24 **SECTION 3.6.(a)** The Administrative Office of the Courts shall study the
25 compensation of administrators, coordinators, and judicial assistants in all district and superior
26 courts. At a minimum, the study shall evaluate the following in regard to these positions:

- 27 (1) Salaries and total compensation compared to employees with similar work
28 requirements in State government and in neighboring states.
- 29 (2) Staffing levels and workload requirements compared to neighboring states.
- 30 (3) Education and experience requirements compared to neighboring states.
- 31 (4) The process for setting salaries and how salary adjustments are made.

32 **SECTION 3.6.(b)** The Administrative Office of the Courts shall report its findings
33 to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research
34 Division no later than March 1, 2020.

35 36 **SALARY-RELATED CONTRIBUTIONS**

37 **SECTION 4.1.(a)** Effective for the 2019-2021 fiscal biennium, required employer
38 salary-related contributions for employees whose salaries are paid from department, office,
39 institution, or agency receipts shall be paid from the same source as the source of the employee's
40 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in
41 part from department, office, institution, or agency receipts, required employer salary-related
42 contributions may be paid from the General Fund or Highway Fund only to the extent of the
43 proportionate part paid from the General Fund or Highway Fund in support of the salary of the
44 employee and the remainder of the employer's requirements shall be paid from the source that
45 supplies the remainder of the employee's salary. The requirements of this section as to source of
46 payment are also applicable to payments on behalf of the employee for hospital medical benefits,
47 longevity pay, unemployment compensation, accumulated leave, workers' compensation,
48 severance pay, separation allowances, and applicable disability income benefits.

49 **SECTION 4.1.(b)** Effective July 1, 2019, the State's employer contribution rates
50 budgeted for retirement and related benefits as a percentage of covered salaries for the 2019-2020
51 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the

1 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
 2 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
 3 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
7 Retirement	12.14%	12.14%	6.84%	33.57%	22.07%
8 Disability	0.14%	0.14%	0.14%	0.00%	0.00%
9 Death	0.16%	0.16%	0.00%	0.00%	0.00%
10 Retiree Health	6.27%	6.27%	6.27%	6.27%	6.27%
11 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

12
 13 **Total Contribution**
 14 **Rate** 18.71% 23.71% 13.25% 39.84% 28.34%

15
 16 **Portion of Rate That**
 17 **Is Nonrecurring** 0.16% 0.16% 0.00% 0.31% 0.33%

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

20 **SECTION 4.1.(c)** Effective July 1, 2020, the State's employer contribution rates
 21 budgeted for retirement and related benefits as a percentage of covered salaries for the 2020-2021
 22 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
 23 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
 24 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
 25 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
29 Retirement	12.14%	12.14%	6.84%	33.57%	22.07%
30 Disability	0.14%	0.14%	0.14%	0.00%	0.00%
31 Death	0.16%	0.16%	0.00%	0.00%	0.00%
32 Retiree Health	6.27%	6.27%	6.27%	6.27%	6.27%
33 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

34
 35 **Total Contribution**
 36 **Rate** 18.71% 23.71% 13.25% 39.84% 28.34%

37
 38 **Portion of Rate That**
 39 **Is Nonrecurring** 0.16% 0.16% 0.00% 0.31% 0.33%

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

42 **SECTION 4.1.(d)** If House Bill 226, Regular Session, becomes law, then
 43 subsections (b) and (c) of Section 2.17 of that act are repealed.

44 **SECTION 4.1.(e)** If House Bill 226, Regular Session, becomes law, then subsection
 45 (b) of this section reads as rewritten:

46 "**SECTION 4.1.(b)** Effective July 1, 2019, the State's employer contribution rates budgeted
 47 for retirement and related benefits as a percentage of covered salaries for the 2019-2020 fiscal
 48 year for teachers and State employees, State law enforcement officers (LEOs), the University
 49 and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial
 50 Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers	State	ORPs	CJRS	LRS
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1		and State LEOs					
2		Employees					
3	Retirement	12.14% <u>13.13%</u>	12.14% <u>13.13%</u>	6.84%		33.57% <u>33.91%</u>	
4		22.07% <u>26.79%</u>					
5	Disability	0.14% <u>0.10%</u>	0.14% <u>0.10%</u>	0.14% <u>0.10%</u>	0.00%	0.00%	0.00%
6	Death	0.16%	0.16%	0.00%	0.00%	0.00%	0.00%
7	Retiree Health	6.27% <u>6.47%</u>	6.27% <u>6.47%</u>	6.27% <u>6.47%</u>	6.27% <u>6.47%</u>	6.27% <u>6.47%</u>	6.27% <u>6.47%</u>
8	NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%	0.00%
9							
10	Total Contribution						
11	Rate	18.71% <u>19.86%</u>	23.71% <u>24.86%</u>	13.25% <u>13.41%</u>	39.84% <u>40.38%</u>	28.34% <u>33.26%</u>	

12							
13	Portion of Rate That						
14	Is Nonrecurring	0.16%	0.16%	0.00%	0.31%	0.33%	

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

17 **SECTION 4.1.(f)** If House Bill 226 becomes law, then subsection (c) of this section
 18 reads as rewritten:

19 "**SECTION 4.1.(c)** Effective July 1, 2020, the State's employer contribution rates budgeted
 20 for retirement and related benefits as a percentage of covered salaries for the 2020-2021 fiscal
 21 year for teachers and State employees, State law enforcement officers (LEOs), the University
 22 and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial
 23 Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

24		Teachers	State	ORPs	CJRS	LRS	
25		and State	LEOs				
26		Employees					
27	Retirement	12.14% <u>14.52%</u>	12.14% <u>14.52%</u>	6.84%		33.57% <u>36.31%</u>	
28		22.07% <u>29.33%</u>					
29	Disability	0.14% <u>0.10%</u>	0.14% <u>0.10%</u>	0.14% <u>0.10%</u>	0.00%	0.00%	
30	Death	0.16%	0.16%	0.00%	0.00%	0.00%	
31	Retiree Health	6.27% <u>6.82%</u>	6.27% <u>6.82%</u>	6.27% <u>6.82%</u>	6.27% <u>6.82%</u>	6.27% <u>6.82%</u>	
32	NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%	

33						
34	Total Contribution					
35	Rate	18.71% <u>21.60%</u>	23.71% <u>26.60%</u>	13.25% <u>13.76%</u>	39.84% <u>43.13%</u>	
36		28.34% <u>36.15%</u>				

37						
38	Portion of Rate That					
39	Is Nonrecurring	0.16%	0.16%	0.00%	0.31%	0.33%

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

42
 43 **PROVIDE ONE-TIME COST OF LIVING SUPPLEMENTS FOR RETIREES OF THE**
 44 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**
 45 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**
 46 **RETIREMENT SYSTEM**

47 **SECTION 4.2.(a)** G.S. 135-5 is amended by adding new subsections to read:
 48 "(xxx) On or before October 31, 2019, a one-time cost-of-living supplement payment shall
 49 be made to or on account of beneficiaries who are living as of September 1, 2019, and whose
 50 retirement commenced on or before September 1, 2019. The payment shall be one-half of one
 51 percent (0.50%) of the beneficiary's annual retirement allowance payable as of September 1,

1 2019, and shall not be prorated for date of retirement commencement. If the beneficiary dies
2 before the payment is made, then the payment shall be payable to the member's legal
3 representative. No beneficiary shall be deemed to have acquired a vested right to any future
4 supplemental payments.

5 (yyy) After September 1, 2020, but on or before October 31, 2020, a one-time cost-of-living
6 supplement payment shall be made to or on account of beneficiaries who are living as of
7 September 1, 2020, and whose retirement commenced on or before September 1, 2020. The
8 payment shall be one-half of one percent (0.50%) of the beneficiary's annual retirement
9 allowance payable as of September 1, 2020, and shall not be prorated for date of retirement
10 commencement. If the beneficiary dies before the payment is made, then the payment shall be
11 payable to the member's legal representative. No beneficiary shall be deemed to have acquired a
12 vested right to any future supplemental payments."

13 **SECTION 4.2.(b)** G.S. 135-65 is amended by adding new subsections to read:

14 "(ii) On or before October 31, 2019, a one-time cost-of-living supplement payment shall
15 be made to or on account of beneficiaries who are living as of September 1, 2019, and whose
16 retirement commenced on or before September 1, 2019. The payment shall be one-half of one
17 percent (0.50%) of the beneficiary's annual retirement allowance payable as of September 1,
18 2019, and shall not be prorated for date of retirement commencement. If the beneficiary dies
19 before the payment is made, then the payment shall be payable to the member's legal
20 representative. No beneficiary shall be deemed to have acquired a vested right to any future
21 supplemental payments.

22 (jj) After September 1, 2020, but on or before October 31, 2020, a one-time cost-of-living
23 supplement payment shall be made to or on account of beneficiaries who are living as of
24 September 1, 2020, and whose retirement commenced on or before September 1, 2020. The
25 payment shall be one-half of one percent (0.50%) of the beneficiary's annual retirement
26 allowance payable as of September 1, 2020, and shall not be prorated for date of retirement
27 commencement. If the beneficiary dies before the payment is made, then the payment shall be
28 payable to the member's legal representative. No beneficiary shall be deemed to have acquired a
29 vested right to any future supplemental payments."

30 **SECTION 4.2.(c)** G.S. 120-4.22A is amended by adding new subsections to read:

31 "(cc) In accordance with subsection (a) of this section, on or before October 31, 2019, a
32 one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who
33 are living as of September 1, 2019, and whose retirement commenced on or before September 1,
34 2019. The payment shall be one-half of one percent (0.50%) of the beneficiary's annual
35 retirement allowance payable as of September 1, 2019, and shall not be prorated for date of
36 retirement commencement. If the beneficiary dies before the payment is made, then the payment
37 shall be payable to the member's legal representative. No beneficiary shall be deemed to have
38 acquired a vested right to any future supplemental payments.

39 (dd) In accordance with subsection (a) of this section, after September 1, 2020, but on or
40 before October 31, 2020, a one-time cost-of-living supplement payment shall be made to or on
41 account of beneficiaries who are living as of September 1, 2020, and whose retirement
42 commenced on or before September 1, 2020. The payment shall be one-half of one percent
43 (0.50%) of the beneficiary's annual retirement allowance payable as of September 1, 2020, and
44 shall not be prorated for date of retirement commencement. If the beneficiary dies before the
45 payment is made, then the payment shall be payable to the member's legal representative. No
46 beneficiary shall be deemed to have acquired a vested right to any future supplemental
47 payments."

48 **SECTION 4.2.(d)** Notwithstanding any other provision of law to the contrary, in
49 order to administer the one-time cost-of-living supplement for retirees provided for in
50 subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department
51 of State Treasurer may increase receipts from the retirement assets of the corresponding

1 retirement system or pay costs associated with the administration of the payment directly from
2 the retirement assets.

3
4 **AMEND SPECIAL INSURANCE BENEFITS PLAN OFFERINGS**

5 **SECTION 5.1.** G.S. 143-166.60(d)(1) is repealed.

6
7 **UNC FACULTY RETENTION**

8 **SECTION 5.2.** Of the funds appropriated to The University of North Carolina, six
9 million dollars (\$6,000,000) in fiscal year 2019-2020 and eleven million four hundred
10 thirty-three thousand four hundred thirteen dollars (\$11,433,413) in fiscal year 2020-2021 shall
11 be used for recruitment and retention of key faculty personnel.

12
13 **IMPLEMENT CONNER'S LAW**

14 **SECTION 6.1.** If House Bill 283, 2019 Regular Session, becomes law, then there is
15 appropriated from the General Fund to the Department of State Treasurer the sum of seven
16 hundred thousand dollars (\$700,000) in nonrecurring funds for the 2019-2020 fiscal year, the
17 sum of three hundred thousand dollars (\$300,000) in recurring funds for the 2019-2020 fiscal
18 year, and the sum of three hundred thousand dollars (\$300,000) in recurring funds for the
19 2020-2021 fiscal year to pay benefits provided under House Bill 283, 2019 Regular Session.

20
21 **STATE BUDGET ACT APPLICABILITY**

22 **SECTION 7.1.** If any provision of this act and G.S. 143C-5-4 are in conflict, the
23 provisions of this act shall prevail. The appropriations and the authorizations to allocate and
24 spend funds which are set out in this act shall remain in effect until the Current Operations
25 Appropriations Act for the applicable fiscal year becomes law, at which time that act shall
26 become effective and shall govern appropriations and expenditures. When the Current
27 Operations Appropriations Act for that fiscal year becomes law, the Director of the Budget shall
28 adjust allotments to give effect to that act from July 1 of the fiscal year.

29
30 **EFFECTIVE DATE**

31 **SECTION 8.1.** Except as otherwise provided, this act becomes effective July 1,
32 2019.