

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

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**HOUSE BILL 243
Committee Substitute Favorable 3/18/21**

Short Title: UNC Legislative Priorities/COVID-19 Impacts.

(Public)

Sponsors:

Referred to:

March 10, 2021

A BILL TO BE ENTITLED

AN ACT TO PROVIDE EFFICIENCY AND FLEXIBILITY TO THE UNIVERSITY OF NORTH CAROLINA TO ADDRESS BUDGETARY AND OTHER IMPACTS OF COVID-19 THROUGH TEMPORARY SALARY REDUCTIONS, EARLY RETIREMENT INCENTIVES, REDUCTION IN FORCE APPROVAL AUTHORITY, AUTHORITY TO PROVIDE STATE HEALTH PLAN PREMIUM PAYMENTS FOR CERTAIN EMPLOYEES PLACED ON EMERGENCY TEMPORARY FURLOUGHS, AND EXPANDED CARRYFORWARD AUTHORITY.

The General Assembly of North Carolina enacts:

PART I. AUTHORITY FOR TEMPORARY SALARY REDUCTIONS AND FLEXIBLE LEAVE

SECTION 1.(a) The President of The University of North Carolina shall have the authority to implement a temporary salary reduction for employees, or delegate that authority to a chancellor of a constituent institution, to offset budget reductions or other reductions in revenue at a constituent institution. For the purposes of this section, a "salary reduction" means a temporary reduction in the annual compensation of an employee of The University of North Carolina that is ordered by the President of The University of North Carolina, or by a chancellor when delegated, and is not in connection with a reassignment, demotion, or other disciplinary action of an employee. A salary reduction shall either be implemented across-the-board to affect an entire constituent institution or major subdivision of a constituent institution, such as a specific department or school of an institution.

SECTION 1.(b) In implementing a salary reduction authorized by this section, the following shall apply:

- (1) A salary reduction shall not result in an annual salary for any employee of less than forty-five thousand dollars (\$45,000).
- (2) In no event shall a salary reduction be greater than twenty percent (20%) of an employee's annual base salary within any 12-month period.
- (3) Paid leave shall not be used to offset all or any portion of a salary reduction that includes a corresponding reduction to an employee's regularly scheduled hours.
- (4) A temporary reduction in an employee's salary may, at the discretion of the chancellor of a constituent institution, be accompanied by the granting of "flexible leave" to affected employees in an amount equivalent to the forfeited salary consistent with the requirements of this section. Flexible leave provided to an employee shall comply with the following:



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- 1 a. Flexible leave shall be accounted for separately from other leave
2 accruals and shall remain available during the length of the employee's
3 employment, notwithstanding any other limitation on the total number
4 of days of annual leave that may be carried forward. Part-time
5 permanent employees shall receive a pro rata amount of flexible leave.
6 b. Flexible leave shall have no cash value and is not eligible for cash in.
7 If not used prior to the time of separation or retirement, flexible leave
8 cannot be paid out and is lost.
9 c. Notwithstanding any provision of G.S. 126-8 to the contrary, any
10 vacation leave remaining on December 31 of each year in excess of 30
11 days shall be reduced by the amount of flexible leave awarded in this
12 subdivision that was actually used by the employee during the year
13 such that the calculation of vacation leave days that would convert to
14 sick leave shall reflect a deduction of the amount of flexible leave
15 awarded in this subdivision that was used by the employee during the
16 year.
17 d. The amount of flexible leave awarded pursuant to this subdivision that
18 carries forward to each following year shall equal the flexible leave
19 awarded pursuant to this subdivision remaining on December 31 of
20 each year plus the amount of flexible leave awarded pursuant to this
21 subdivision that was deducted from vacation leave in excess of 30 days
22 for the calculation of sick leave.
23 e. No employee may be required to take the flexible leave awarded by
24 this subdivision.

25 **SECTION 1.(c)** The President shall report quarterly to the Department of the State
26 Treasurer, the Director of the Office of State Human Resources, the Director of the Budget, and
27 the Fiscal Research Division of the General Assembly on any reduction in salary that occurred
28 in the prior quarter with at least the following:

- 29 (1) The specifics of the reduction in salary and the dates of the reduction in salary.
30 (2) The positions affected, including the applicable reduction in salary.
31 (3) Information on the offset of the budget reduction or reduction in revenue
32 accomplished with the salary reduction.

33 **SECTION 1.(d)** The authority granted to the President of The University of North
34 Carolina pursuant to subsection (a) of this section expires December 31, 2022.
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36 **PART II. EARLY RETIREMENT INCENTIVE PROGRAM FOR UNC**

37 **SECTION 2.(a)** The Board of Governors of The University of North Carolina may
38 authorize the adoption of an early retirement incentive program to provide long-term cost-savings
39 to The University of North Carolina and improved operational efficiencies for The University of
40 North Carolina to remain in effect until December 31, 2022. The University of North Carolina
41 System Office shall develop policies and regulations for the early retirement incentive program
42 that shall provide, at a minimum, the following:

- 43 (1) To participate in the program, an employee must be eligible for early or full
44 service retirement if participating in the Teachers' and State Employees'
45 Retirement System of North Carolina (TSERS) or must be at least age 55 and
46 vested in the Optional Retirement Program (ORP).
47 (2) Employees approved for the early retirement incentive program may receive
48 a severance payment of not less than one month of an employee's annual base
49 salary and not greater than six months of the annual base salary, based on
50 criteria to be established by the President and on availability of funds. This
51 severance payment shall be exempt from payroll deductions for retirement

1 contributions and shall not be considered compensation for the purposes of
2 the supplemental plans administered by the Supplemental Retirement Board
3 of Trustees established in G.S. 135-96.

4 (3) If an employee who is approved for the early retirement incentive does not
5 qualify for the full employer premium contribution for retiree health coverage
6 provided under TSERS or ORP, then the constituent institution may, at its
7 option, provide the employee an amount equivalent to 12 months of the full
8 employer contribution to the employee health insurance premium.

9 (4) The program may be provided to employees both subject to and exempt from
10 the North Carolina Human Resources Act. The program shall not be made
11 available to employees receiving disability or workers' compensation benefits.

12 **SECTION 2.(b)** By October 1, 2021, and December 1, 2022, if an early retirement
13 incentive program is implemented under this section at The University of North Carolina, The
14 University of North Carolina System Office shall report to the Department of the State Treasurer
15 and the Fiscal Research Division of the General Assembly on implementation of the early
16 retirement incentive program, including the number of employees participating by each
17 constituent institution and total amount paid out by the program.

18 **SECTION 2.(c)** This section expires December 31, 2022.

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20 **PART III. HUMAN RESOURCES POLICY FLEXIBILITY/REORGANIZATIONS FOR**
21 **UNC SYSTEM EMPLOYEES SUBJECT TO THE NORTH CAROLINA HUMAN**
22 **RESOURCES ACT**

23 **SECTION 3.** G.S. 116-14 is amended by adding a new subsection to read:

24 "(b3) The President shall have the authority to approve a reduction in force for positions
25 subject to the North Carolina Human Resources Act in accordance with the reduction in force
26 policies of the Office of State Human Resources without further approval by any other State
27 agency. The President may delegate this authority to approve a reduction in force to a chancellor
28 of a constituent institution. The authority to approve a reduction in force may include
29 reorganization and payment of severance with non-State funds. The President and any chancellor
30 of a constituent institution who approves a reduction in force pursuant to this section shall comply
31 with the following:

32 (1) Submit an annual informational report to the Office of State Human Resources
33 on all approved reductions in force, reorganizations, and severance payments
34 for employees who are subject to the North Carolina Human Resources Act
35 under this section.

36 (2) If State funds are used for payment of severance in connection with a
37 reduction in force under this section, the payment of the severance shall be
38 subject to any required preapproval by the Office of State Budget and
39 Management."

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41 **PART IV. PROVIDE STATE HEALTH PLAN PREMIUM PAYMENTS FOR CERTAIN**
42 **EMPLOYEES PLACED ON EMERGENCY TEMPORARY FURLOUGHS**

43 **SECTION 4.** The Board of Governors of The University of North Carolina may
44 allocate non-State funds to pay the employee portion of the monthly premiums for participation
45 in the State Health Plan for Teachers and State Employees that would have been paid if (i) the
46 participating employee is currently on an emergency temporary furlough and (ii) the emergency
47 temporary furlough places the employee below half-time employment for a calendar month. The
48 Board of Governors shall not provide for more than 12 months of employee premiums for
49 employees on furlough between June 1, 2020, and December 31, 2021. The employee shall not
50 be required to repay The University of North Carolina for any monthly premiums paid in
51 accordance with this section.

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2 **PART V. AMEND CARRYFORWARD AUTHORITY TO ALLOW FOR ONE-TIME**
3 **EXPENDITURES**

4 **SECTION 5.** G.S. 116-30.3 reads as rewritten:

5 **"§ 116-30.3. Reversions.**

6 (a) Of the General Fund current operations appropriations credit balance remaining at the
7 end of each fiscal year in each of the budget codes listed in this subsection, any amount of the
8 General Fund appropriation for that budget code for that fiscal year (i) may be carried forward
9 to the next fiscal year in that budget code, (ii) is appropriated in that budget code, and (iii) may
10 be used for the ~~purpose~~ purposes set out in subsection (f) of this section. However, the amount
11 carried forward in each budget code under this subsection shall not exceed five percent (5.0%)
12 of the General Fund appropriation in that budget code. The Director of the Budget, under the
13 authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit
14 balance remaining in each budget code.

15 The budget codes that may carry forward a General Fund current operations appropriations
16 credit balance remaining at the end of each fiscal year pursuant to this section are the budget
17 codes for each of the following:

- 18 (1) Each special responsibility constituent institution.
- 19 (2) The Area Health Education Centers of the University of North Carolina at
20 Chapel Hill.
- 21 (3) University of North Carolina System Office Budget Code 16010.

22 ~~Each budget code in subdivisions (1) through (3) of this subsection may retain a carryforward~~
23 ~~amount of up to two and one half percent (2.5%). One half of any amounts carried forward~~
24 ~~exceeding two and one half percent (2.5%) shall be distributed to The University of North~~
25 ~~Carolina System Office, to be disbursed to the constituent institutions at the discretion of the~~
26 ~~Board of Governors, with the remaining amount being retained in that budget code.~~

27 (b) Repealed by Session Laws 1998-212, s. 11(b).

28 (c) Repealed by Session Laws 1998-212, s. 11(a).

29 (d) Repealed by Session Laws 1998-212, s. 11(b).

30 (e) Repealed by Session Laws 2014-100, s. 11.17(a), effective July 1, 2014.

31 (f) Funds carried forward pursuant to subsection (a) of this section ~~shall be used for~~
32 ~~projects that are eligible to receive funds under G.S. 143C-8-13(a). Expenditures may be used~~
33 for one-time expenditures; provided, however, expenditures authorized by this subsection shall
34 not impose additional financial obligations on the State and shall not be used to support
35 positions."
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37 **PART VI. EFFECTIVE DATE**

38 **SECTION 6.** This act is effective when it becomes law.