

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL DRH30085-MKa-40A

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

Sponsors: Representatives Hardister, Hurley, Pickett, and Terry (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE EFFICIENCY AND FLEXIBILITY TO THE UNIVERSITY OF
3 NORTH CAROLINA TO ADDRESS BUDGETARY AND OTHER IMPACTS OF
4 COVID-19 THROUGH TEMPORARY SALARY REDUCTIONS, EARLY
5 RETIREMENT INCENTIVES, REDUCTION IN FORCE APPROVAL AUTHORITY,
6 COVID-19 LEAVE FLEXIBILITY, AND TO PROVIDE STATE HEALTH PLAN
7 PREMIUM PAYMENTS FOR CERTAIN EMPLOYEES PLACED ON EMERGENCY
8 TEMPORARY FURLOUGHS, EXPAND CARRYFORWARD AUTHORITY, AND TO
9 MODIFY APPLICATION OF STUDENT INTEREST CHARGES ON PAST DUE
10 ACCOUNTS.

11 The General Assembly of North Carolina enacts:

12
13 **PART I. AUTHORITY FOR TEMPORARY SALARY REDUCTIONS AND FLEXIBLE**
14 **LEAVE**

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

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

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



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salary consistent with the requirements of this section. Flexible leave provided to an employee shall comply with the following:

- a. Flexible leave shall be accounted for separately from other leave accruals 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 flexible leave.
- b. Flexible leave shall have no cash value and is not eligible for cash in. If not used prior to the time of separation or retirement, flexible leave cannot be paid out and is lost.
- c. 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 amount of flexible leave awarded in this subdivision that was 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 the amount of flexible leave awarded in this subdivision that was used by the employee during the year.
- d. The amount of flexible leave awarded pursuant to this subdivision that carries forward to each following year shall equal the flexible leave awarded pursuant to this subdivision remaining on December 31 of each year plus the amount of flexible leave awarded pursuant to this subdivision that was deducted from vacation leave in excess of 30 days for the calculation of sick leave.
- e. No employee may be required to take the flexible leave awarded by this subdivision.

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

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

SECTION 1.(d) The authority granted to the President of The University of North Carolina pursuant to subsection (a) of this section expires December 31, 2022.

PART II. EARLY RETIREMENT INCENTIVE PROGRAM FOR UNC

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

- (1) To participate in the program, an employee must be eligible for early or full service retirement if participating in the Teachers' and State Employees' Retirement System of North Carolina (TSERS) or must be at least age 55 and vested in the Optional Retirement Program (ORP).
- (2) Employees approved for the early retirement incentive program may receive a severance payment of not less than one month of an employee's annual base salary and not greater than six months of the annual base salary, based on

criteria to be established by the President and on availability of funds. This severance payment shall be exempt from payroll deductions for retirement contributions and shall not be considered compensation for the purposes of the supplemental plans administered by the Supplemental Retirement Board of Trustees established in G.S. 135-96.

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

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

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

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

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

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

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

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

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

PART IV. PROVIDE TEMPORARY EXCEPTION TO LEAVE RULES FOR STATE EMPLOYEES

SECTION 4.(a) Employees of The University of North Carolina who are subject to the North Carolina Human Resources Act may use accrued sick, vacation, and bonus leave for any coronavirus disease 2019 (COVID-19) related absences, including child care or inability to telework. This section does not apply to leave options related to (i) terminal leave payouts for transfers, separations, or reductions in force, (ii) terminal use of leave prior to retirement, or (iii) unpaid time due to placement on a temporary emergency furlough.

SECTION 4.(b) This section expires December 31, 2021.

PART V. PROVIDE STATE HEALTH PLAN PREMIUM PAYMENTS FOR CERTAIN EMPLOYEES PLACED ON EMERGENCY TEMPORARY FURLOUGHS

SECTION 5. The Board of Governors of The University of North Carolina may allocate non-State funds to pay the employee portion of the monthly premiums for participation in the State Health Plan for Teachers and State Employees that would have been paid if (i) the participating employee is currently on an emergency temporary furlough and (ii) the emergency temporary furlough places the employee below half-time employment for a calendar month. The Board of Governors shall not provide for more than 12 months of employee premiums for employees on furlough between June 1, 2020, and December 31, 2021. The employee shall not be required to repay The University of North Carolina for any monthly premiums paid in accordance with this section.

PART VI. AMEND CARRYFORWARD AUTHORITY TO ALLOW FOR ONE-TIME EXPENDITURES

SECTION 6. G.S. 116-30.3 reads as rewritten:

"§ 116-30.3. Reversions.

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

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

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

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

- (b) Repealed by Session Laws 1998-212, s. 11(b).
- (c) Repealed by Session Laws 1998-212, s. 11(a).
- (d) Repealed by Session Laws 1998-212, s. 11(b).
- (e) Repealed by Session Laws 2014-100, s. 11.17(a), effective July 1, 2014.
- (f) Funds carried forward pursuant to subsection (a) of this section ~~shall be used for projects that are eligible to receive funds under G.S. 143C-8-13(a). Expenditures may be used for one-time expenditures; provided, however, expenditures~~ authorized by this subsection shall not impose additional financial obligations on the State and shall not be used to support positions."

PART VII. RETROACTIVELY EXTEND WAIVER OF INTEREST CHARGES ON PAST-DUE ACCOUNTS

SECTION 7. Section 2.28 of S.L. 2020-3 reads as rewritten:

1 **"SECTION 2.28.** Notwithstanding G.S. 147-86.23, a constituent institution of The
2 University of North Carolina shall not accrue or charge any interest to a past-due account
3 receivable held by a student between March 13, 2020, and ~~September 15, 2020~~December 31,
4 2021."

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6 **PART VIII. EFFECTIVE DATE**

7 **SECTION 8.** This act is effective when it becomes law.