

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

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**HOUSE BILL 602
Committee Substitute Favorable 4/22/21
Committee Substitute #2 Favorable 4/28/21
Senate Education/Higher Education Committee Substitute Adopted 6/16/21**

Short Title: UNC Legislative Priorities/HR/Reports.

(Public)

Sponsors:

Referred to:

April 20, 2021

A BILL TO BE ENTITLED

AN ACT TO MAKE CHANGES TO THE LAWS GOVERNING THE UNIVERSITY OF NORTH CAROLINA TO EXEMPT FINANCE, BUSINESS OFFICE, AND AUDITOR PROFESSIONALS FROM MOST PROVISIONS OF THE NORTH CAROLINA HUMAN RESOURCES ACT; TO CONSOLIDATE AND ELIMINATE CERTAIN REPORTS; TO CODIFY CAPITAL PROJECT REPORTING REQUIREMENTS; AND TO PROVIDE THE UNIVERSITY OF NORTH CAROLINA FLEXIBILITY TO ADDRESS BUDGETARY AND OTHER IMPACTS OF COVID-19 THROUGH EARLY RETIREMENT INCENTIVES, REDUCTION IN FORCE APPROVAL AUTHORITY, AND AUTHORITY TO PROVIDE STATE HEALTH PLAN PREMIUM PAYMENTS FOR CERTAIN EMPLOYEES PLACED ON EMERGENCY TEMPORARY FURLOUGHS.

The General Assembly of North Carolina enacts:

PART I. EXEMPT UNC FINANCE PROFESSIONALS, BUSINESS OFFICE PROFESSIONALS, AND AUDITOR PROFESSIONALS FROM MOST PROVISIONS OF THE NORTH CAROLINA HUMAN RESOURCES ACT

SECTION 1. G.S. 126-5(c1) reads as rewritten:

"(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

...

(8) Instructional and research staff, finance professionals, business office professionals, auditor professionals, information technology professionals, physicians, and dentists of The University of North Carolina, including the faculty of the North Carolina School of Science and Mathematics.

...."

PART II. UNC REPORT MODIFICATIONS/ELIMINATIONS

ELIMINATE REPORT ON MEDICAL SCHOOL PLANS FOR RESIDENTS ENTERING PRIMARY CARE DISCIPLINES/MODIFY DATE OF GRADUATE REPORT

SECTION 2.1. G.S. 143-613 reads as rewritten:

"§ 143-613. Medical education; primary care physicians and other providers.



(a) In recognition of North Carolina's need for primary care physicians, Bowman Gray School of Medicine and Duke University School of Medicine shall each prepare a plan with the goal of encouraging North Carolina residents to enter the primary care disciplines of general internal medicine, general pediatrics, family medicine, obstetrics/gynecology, and combined medicine/pediatrics and to strive to have at least fifty percent (50%) of North Carolina residents graduating from each school entering these disciplines. ~~These schools of medicine shall present their plans to the Board of Governors of The University of North Carolina by April 15, 1996, and shall update and present their plans every two years thereafter. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1996, and every two years thereafter on the status of these efforts to strengthen primary health care in North Carolina.~~

(b) The Board of Governors of The University of North Carolina shall set goals for the Schools of Medicine at the University of North Carolina at Chapel Hill and the School of Medicine at East Carolina University for increasing the percentage of graduates who enter residencies and careers in primary care. A minimum goal should be at least sixty percent (60%) of graduates entering primary care disciplines. ~~Each school shall submit a plan with strategies to reach these goals of increasing the number of graduates entering primary care disciplines to the Board by April 15, 1996, and shall update and present the plans every two years thereafter. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1996, and every two years thereafter on the status of these efforts to strengthen primary health care in North Carolina.~~

Primary care shall include the disciplines of family medicine, general pediatric medicine, general internal medicine, internal medicine/pediatrics, and obstetrics/gynecology.

(b1) The Board of Governors of The University of North Carolina shall set goals for State-operated health professional schools that offer training programs for licensure or certification of physician assistants, nurse practitioners, and nurse midwives for increasing the percentage of the graduates of those programs who enter clinical programs and careers in primary care. ~~Each State-operated health professional school shall submit a plan with strategies for increasing the percentage to the Board by April 15, 1996, and shall update and present the plan every two years thereafter. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1996, and every two years thereafter on the status of these efforts to strengthen primary health care in North Carolina.~~

(c) The Board of Governors of The University of North Carolina shall further initiate whatever changes are necessary on admissions, advising, curriculum, and other policies for State-operated medical schools and State-operated health professional schools to ensure that larger proportions of students seek residencies and clinical training in primary care disciplines. The Board shall work with the Area Health Education Centers and other entities, adopting whatever policies it considers necessary to ensure that residency and clinical training programs have sufficient residency and clinical positions for graduates in these primary care specialties. As used in this subsection, health professional schools are those schools or institutions that offer training for licensure or certification of physician assistants, nurse practitioners, and nurse midwives.

(d) The progress of the private and State-operated medical schools and State-operated health professional schools towards increasing the number and proportion of graduates entering primary care shall be monitored annually by the Board of Governors of The University of North Carolina. Monitoring data shall include (i) the entry of State-supported graduates into primary care residencies and clinical training programs, and (ii) the specialty practices by a physician and each midlevel provider who were State-supported graduates as of a date five years after graduation. The Board of Governors shall certify data on graduates, their residencies and clinical training programs, and subsequent careers by ~~November~~ April 15 of each calendar year, beginning in ~~November of 2012,~~ April of 2022, to the Fiscal Research Division of the Legislative Services Office and to the Joint Legislative Education Oversight Committee.

(e) The information provided in subsection (d) of this section shall be made available to the Appropriations Committees of the General Assembly for their use in future funding decisions on medical and health professional education."

EXEMPT UNC FROM REPORT ON GOVERNMENT FEES

SECTION 2.2.(a) G.S. 143C-9-4 reads as rewritten:

"§ 143C-9-4. Biennial fee report.

(a) The Office of State Budget and Management shall prepare a report biennially on the fees charged by each State department, bureau, division, board, commission, institution, and agency during the previous two fiscal years. The report shall include the statutory or regulatory authority for each fee, the amount of the fee, when the amount of the fee was last changed, the number of times the fee was collected during the prior fiscal year, and the total receipts from the fee during the prior fiscal year.

(b) The provisions of subsection (a) of this section shall not apply to The University of North Carolina.

SECTION 2.2.(b) G.S. 116-11(9b) reads as rewritten:

"(9b) The Board of Governors shall report by February 1 of each year to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division on the actions and adjustments necessary to its budgetary policies, regulations, and standards resulting from the Current Operations Appropriations Act for the administration and operation of The University of North Carolina and the distribution of State and federal funds to constituent institutions. The report shall include at least the following information for each constituent institution:

a. Guidelines related to State salaries of University of North Carolina employees, including range, median, and mean of faculty salaries at the institution.

...

k. The total amount of mandatory student fee revenue collected by institution and fee type.

l. Any source of student auxiliary revenue that represents greater than ten percent (10%) of the overall student auxiliary revenue by institution and revenue type.

m. Any source of sales revenue that represents greater than ten percent (10%) of the overall sales revenue by institution and sales revenue type."

REPEAL REPORT ON RESEARCH COLLABORATIONS ON MILITARY BEHAVIORAL HEALTH

SECTION 2.3. Section 10(d) of S.L. 2011-185 is repealed.

EDUCATOR PREPARATION/RECRUITMENT/EFFECTIVENESS REPORT CONSOLIDATION

SECTION 2.4.(a) Report on Number of School Administrators. – G.S. 116-74.21(c) is repealed.

SECTION 2.4.(b) Future Teachers of North Carolina Report. – G.S. 116-41.32 is repealed.

SECTION 2.4.(c) UNC-NCCCS 2+2 E-Learning Initiative. – Section 9.7(c) of S.L. 2008-107, as amended by Section 9.3(c) of S.L. 2010-31, reads as rewritten:

"~~SECTION 9.7.(c)~~ The ~~University of North Carolina and~~ Community Colleges System Office shall report by April 15, 2011, and annually thereafter, to the Joint Legislative Education Oversight Committee, the State Board of Education, the Office of State Budget and Management, and the Fiscal Research Division of the General Assembly on the implementation of the UNC-NCCCS 2+2 E-Learning Initiative. This report shall include:

- (1) The courses and programs within the 2+2 E-Learning Initiative;
- (2) The total number of prospective teachers that have taken or are taking part in this initiative to date broken down by the current academic period and each of the previous academic periods since the program's inception;
- (3) The total number of teachers currently in the State's classrooms, by local school administrative unit, who have taken part in this initiative;
- (4) The change in the number of teachers available to schools since the program's inception;
- (5) The qualitative data from students, teachers, local school administrative unit personnel, university personnel, and community college personnel as to the impact of this initiative on our State's teaching pool; and
- (6) An explanation of the expenditures and collaborative programs between the North Carolina Community College System and The University of North Carolina, including recommendations for improvement."

SECTION 2.4.(d) G.S. 116-11(12d) reads as rewritten:

"(12d) The Board of Governors shall provide a comprehensive annual report on teacher education educator preparation efforts at The University of North Carolina. The report shall include information about teacher education educator preparation and recruitment, 2+2 initiatives, distance education programs focused on teacher education, and professional development programs for teachers and school administrators. initiatives to improve educator quality, student success measures, and strategic research and related efforts. The teacher education educator preparation report shall be due on April-October 15 of each year to the Joint Legislative Education Oversight ~~Committee and~~ Committee. The Board shall provide a copy of the report to the State Board of Education."

ELIMINATE CONSULTATION WITH GOV OPS ON DEBT FOR GOLF COURSES/TRANSIENT ACCOMMODATIONS FACILITIES

SECTION 2.5. G.S. 66-58(h) is repealed.

ELIMINATE REPORT ON UNC SYSTEM PRESIDENT'S STRATEGIC INITIATIVE RESERVE FUNDS FOR SPECIAL PROJECTS

SECTION 2.6. The University of North Carolina System Office shall not be required to submit an annual report to the Joint Legislative Education Oversight Committee on the use of funds from The University of North Carolina President's Strategic Initiative Reserve but shall make this information available upon request to the Fiscal Research Division of the General Assembly.

ELIMINATE UNC ENROLLMENT GROWTH PROJECTION REPORT

SECTION 2.7. G.S. 116-30.7 is repealed.

ELIMINATE REPORT ON DEFAULTS ON PROJECTS WITHOUT PERFORMANCE BONDS

SECTION 2.8. Section 1.2 of S.L. 2010-148 reads as rewritten:

"SECTION 1.2. ~~The Department of Transportation ("DOT"), The University of North Carolina and its constituent institutions ("UNC"), ("DOT") and the Department of Administration ("DOA") shall monitor all projects in those agencies and institutions that are let without a performance or payment bond to determine the number of defaults on those projects, the cost to complete each defaulted project, and each project's contract price. Beginning March 1, 2011, and annually thereafter, DOT, UNC, DOT and DOA shall report this information to the Joint Legislative Committee on Governmental Operations.~~"

REQUIRE UNC TO ADOPT RULES FOR REPORTING ON CERTAIN CONTRACTS UNDER A PUBLIC-PRIVATE PARTNERSHIP

SECTION 2.9. G.S. 143-133.1 reads as rewritten:

"§ 143-133.1. Reporting.

...

(b) ~~The~~ Except as provided in subsection (b1) of this section, the Secretary of Administration shall adopt rules to implement the provisions of this section, including the format and frequency of reporting.

(b1) The Board of Governors of The University of North Carolina shall adopt rules to implement the provisions of this section for The University of North Carolina, including the format and frequency of reporting. The rules shall include that constituent institutions of The University of North Carolina shall report the information required by subsection (a) of this section to the Board of Governors on an annual basis.

...."

PART IV. CODIFY CAPITAL PROJECT REPORTING REQUIREMENTS

SECTION 4. Article 8 of Chapter 143C of the General Statutes is amended by adding the following new section to read:

"§ 143C-8-14. Capital project reporting.

(a) Definitions. – The following definitions apply in this section:

(1) Capital project. – Any capital improvement, as that term is defined in G.S. 143C-1-1, that is (i) funded in whole or in part with State funds, including receipts, non-General Fund sources, or statutorily or constitutionally authorized indebtedness of any kind, (ii) not complete, and (iii) authorized by the General Assembly for a total project cost of at least ten million dollars (\$10,000,000).

(2) Construction phase. – The status of a particular capital project as described using the terms customarily employed in the design and construction industries.

(b) Reporting. – The following reports on capital projects are required:

(1) By October 1 and April 1 of each year, the following reports shall be submitted to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division:

a. The Office of State Budget and Management shall report on the status of capital projects funded from the State Capital and Infrastructure Fund or other State funds.

b. Each State agency shall report on the status of agency capital projects funded from non-State funds.

(2) Beginning January 1, and quarterly thereafter, each State agency shall report on the status of agency capital projects to the Office of State Budget and Management.

(c) Report Contents. – The reports required by subsection (b) of this section shall include at least the following information about every agency capital project:

- (1) The current construction phase of the project.
 - (2) The anticipated time line from the current construction phase to project completion.
 - (3) Information about expenditures that have been made in connection with the project, regardless of source of the funds expended.
 - (4) Information about the adequacy of funding to complete the project, including estimates of how final expenditures will relate to initial estimates of expenditures, and whether or not scope reductions will be necessary in order to complete the project within its budget.
 - (5) For capital projects authorized within the most recent fiscal year only, an estimate of the operating costs for the project for the first five fiscal years of its operation.
- (d) Additional Requirements. – In addition to the other reports required by this section, the State Construction Office shall submit a report on April 1 of each year to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division that contains the following:
- (1) The status of the Facilities Condition Assessment Program (FCAP), including (i) summary information about the average length of time that passes between FCAP assessments for an average State building, (ii) detailed information about when the last FCAP assessment was for each State building complex, and (iii) detailed information about the condition and repairs and renovations needs of each State building complex.
 - (2) The status of plan review, approval, and permitting for each State capital improvement project and community college capital improvement project over which the Office exercises plan review, approval, and permitting authority, including (i) summary information about the workload of the Office during the previous quarter, including information about the average length of time spent by the State Construction Office on each major function it performs that is related to capital project approval, and (ii) detailed information about the amount of time spent engaged in those functions for each project that the State Construction Office worked on during the previous quarter."

PART V. EARLY RETIREMENT INCENTIVE PROGRAM FOR UNC

SECTION 5.(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 5.(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 5.(c) This section expires December 31, 2022.

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

SECTION 6. 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 VII. PROVIDE STATE HEALTH PLAN PREMIUM PAYMENTS FOR CERTAIN EMPLOYEES PLACED ON EMERGENCY TEMPORARY FURLOUGHS

SECTION 7. 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 VIII. EFFECTIVE DATE

1 **SECTION 8.** This act is effective when it becomes law. Section 4 of this act applies
2 to capital projects authorized before, on, or after that date.