

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

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SENATE BILL 805

Short Title: Make State Employment Great Again. (Public)

Sponsors: Senator Smith (Primary Sponsor).

Referred to: Rules and Operations of the Senate

May 6, 2024

A BILL TO BE ENTITLED
AN ACT AWARDING TO STATE EMPLOYEES A FIVE PERCENT APPRECIATION PAY
INCREASE IN THE 2024-2025 AND 2025-2026 FISCAL YEARS AND A ONE-TIME
FIVE THOUSAND DOLLAR BONUS IN THE 2024-2025 FISCAL YEAR AND
PROVIDING A TWO PERCENT COST-OF-LIVING ADJUSTMENT FOR RETIREES OF
THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE
CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE
RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Title. – This act shall be known and may be cited as the Make State
Employment Great Again Act.

SECTION 1.(b) Definition. – For the purposes of this act, "State employee" means
a full-time or part-time permanent employee employed in a State agency, department, or
institution of the legislative, judicial, or executive branches of State government (including The
University of North Carolina System and the North Carolina Community Colleges System)
employed on June 30, 2024, through June 30, 2025. The term does not include employees of (i)
local boards of education, (ii) local community colleges, or (iii) schools operated by the
Departments of Health and Human Services, Public Safety, or Adult Correction, or by the State
Board of Education who are paid based on the Teacher Salary Schedule.

SECTION 2.(a) Appreciation Increases/Reserve. – There is established in the
General Fund the Reserve for Appreciation Increases (Appreciation Reserve) in recognition of
the valuable contributions made by State employees. The Appreciation Reserve shall fund the
following in two Phases over the next two fiscal years:

- (1) A one-time bonus in the amount of five thousand dollars (\$5,000) shall be
awarded to each State employee in Phase I, in appreciation for their continued
commitment and efforts, effective July 4, 2024.
- (2) A moderate and equitable five percent (5%) across-the-board pay raise for
State employees. This legislative salary adjustment acknowledges the
dedication and hard work of our State-employee workforce, effective on July
4, 2024, for Phase I and on July 4, 2025, for Phase II.

Appreciation Increases are in addition to any salary adjustment otherwise allowed or
provided by law. Salaries and pay schedules set by the General Assembly or by statute shall be
adjusted by the Office of State Budget and Management or by the employing unit, as appropriate,
to reflect the Phase I and Phase II increases awarded by this section. A State employee shall
receive an Appreciation Increase notwithstanding whether after applying the increase the
employee's salary is above the State Human Resources Commission's maximum of the salary



range. Part-time State employees shall receive Appreciation Increases on a prorated and equitable basis.

SECTION 2.(b) Appropriations. – Effective July 1, 2024, there is appropriated to the Appreciation Reserve the sum of seven hundred sixty-six million eight hundred seventy-eight thousand three hundred thirty-one dollars (\$766,878,331) in recurring funds for the 2024-2025 fiscal year and the sum of four hundred forty-three million sixty-nine thousand six hundred eighty dollars (\$443,069,680) in nonrecurring funds for the 2024-2025 fiscal year, to be funded as follows:

- (1) The State Controller shall transfer to the Appreciation Reserve from the unappropriated balance remaining in the General Fund for the 2024-2025 fiscal year the sum of two hundred twenty-one million five hundred three dollars (\$221,000,503).
- (2) The State Controller shall transfer to the Appreciation Reserve, for the 2024-2025 fiscal year, the sum of:
 - a. One hundred twenty-five million dollars (\$125,000,000) from the Savings Reserve.
 - b. Eight hundred sixty-three million nine hundred forty-seven thousand five hundred eight dollars (\$863,947,508) from the State Capital and Infrastructure Fund.

Funds in the Appreciation Reserve are not subject to G.S. 143C-1-2(b) and will remain available for Phase II payments in the 2025-2026 fiscal year. The Appreciation Reserve shall be eliminated when the funds are fully expended.

SECTION 3.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(aaaa) Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent (2%) of the allowance payable on June 1, 2023, in accordance with subsection (o) of this section. Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced after July 1, 2023, but before June 30, 2024, is increased by a prorated amount of two percent (2%), as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2023, and June 30, 2024."

SECTION 3.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(jj) Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent (2%) of the allowance payable on June 1, 2023. Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced after July 1, 2023, but before June 30, 2024, is increased by a prorated amount of two percent (2%), as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2023, and June 30, 2024."

SECTION 3.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(ff) In accordance with subsection (a) of this section, effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced on or before January 1, 2024, is increased by two percent (2%) of the allowance payable on June 1, 2024. Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced after January 1, 2024, but before June 30, 2024, is increased by a prorated amount of two percent (2%), as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2024, and June 30, 2024."

SECTION 3.(d) Effective July 1, 2024, there is appropriated from the General Fund to the Reserve for Retiree Cost-of-Living Adjustments the sum of one hundred million dollars (\$100,000,000) in recurring funds for the 2024-2025 fiscal year to implement this section.

SECTION 4. Except as otherwise provided, this act becomes effective July 1, 2024.