

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019**

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**HOUSE BILL 426  
PROPOSED COMMITTEE SUBSTITUTE H426-PCS40516-LRa-2**

Short Title: Educators' Pay Increases/Retiree Supplements.

(Public)

Sponsors:

Referred to:

March 25, 2019

A BILL TO BE ENTITLED

AN ACT APPROPRIATING FUNDS TO AWARD LEGISLATIVELY MANDATED SALARY INCREASES TO EMPLOYEES OF THE UNIVERSITY OF NORTH CAROLINA, COMMUNITY COLLEGE SYSTEM, AND PUBLIC SCHOOLS; APPROPRIATING FUNDS TO PROVIDE ONE-TIME COST OF LIVING SUPPLEMENTS FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM; APPROPRIATING FUNDS TO IMPLEMENT CONNER'S LAW; AND MAKING OTHER HUMAN RESOURCES CHANGES.

The General Assembly of North Carolina enacts:

**APPROPRIATIONS**

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

<b>Entity</b>	<b>2019-2020 Recurring</b>	<b>2019-2020 Nonrecurring</b>	<b>2020-2021 Recurring</b>	<b>2020-2021 Nonrecurring</b>
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



1	DHHS – Health Service				
2	Regulation	\$0	\$23,996	\$0	\$23,996
3	DHHS – Mental Health/Dev.Disabl./				
4	Subs. Abuse Serv.	\$0	\$315,699	\$0	\$315,699
5	DHHS – Public Health	\$0	\$56,446	\$0	\$56,446
6	DHHS – Services for the Blind/Deaf/				
7	Hard of Hearing	\$0	\$4,035	\$0	\$4,035
8	DHHS – Social Services	\$0	\$12,313	\$0	\$12,313
9	DHHS – Vocational Rehab.				
10	Services	\$0	\$17,644	\$0	\$17,644
11	Dept. of Agriculture and				
12	Consumer Services	\$0	\$100,409	\$0	\$100,409
13	Dept. of Commerce	\$0	\$10,175	\$0	\$10,175
14	Dept. of Env. Quality	\$0	\$43,628	\$0	\$43,628
15	Dept. of Labor	\$0	\$19,161	\$0	\$19,161
16	Dept. of Natural and				
17	Cultural Resources	\$0	\$115,402	\$0	\$115,402
18	Wildlife Resources Comm.	\$0	\$11,347	\$0	\$11,347
19	Administrative Office				
20	of the Courts	\$0	\$666,506	\$0	\$666,506
21	Indigent Defense Services	\$0	\$66,165	\$0	\$66,165
22	Department of Justice	\$0	\$49,793	\$0	\$49,793
23	Dept. of Public Safety	\$0	\$1,683,684	\$0	\$1,683,684
24	Dept. of Administration	\$0	\$34,709	\$0	\$34,709
25	Office of Admin. Hearings	\$0	\$5,841	\$0	\$5,841
26	Auditor	\$0	\$15,197	\$0	\$15,197
27	Office of Budget and				
28	Management	\$0	\$7,161	\$0	\$7,161
29	Controller	\$0	\$18,400	\$0	\$18,400
30	Board of Elections	\$0	\$7,620	\$0	\$7,620
31	General Assembly	\$0	\$74,420	\$0	\$74,420
32	Office of the Governor	\$0	\$5,006	\$0	\$5,006
33	Dept. of Insurance	\$0	\$41,420	\$0	\$41,420
34	Industrial Commission	\$0	\$5,331	\$0	\$5,331
35	Office of the Lt. Governor	\$0	\$924	\$0	\$924
36	Dept. of Military and Veteran				
37	Affairs	\$0	\$5,915	\$0	\$5,915
38	Department of Revenue	\$0	\$77,639	\$0	\$77,639
39	Secretary of State	\$0	\$13,299	\$0	\$13,299
40	Treasurer	\$0	\$1,359	\$0	\$1,359
41	Treasurer – Additional				
42	Retirement Systems	\$0	\$0	\$0	\$0
43	Dept. of Information				
44	Technology	\$0	\$14,209	\$0	\$14,209

45  
46           **SECTION 1.1.(b)** There is appropriated from the Highway Fund to the Department  
47 of Transportation for the costs associated with implementing the provisions of this act the sum  
48 of five hundred thirty thousand six hundred sixty-nine dollars (\$530,669) in nonrecurring funds  
49 for the 2019-2020 fiscal year and the sum of five hundred thirty thousand six hundred sixty-nine  
50 dollars (\$530,669) in nonrecurring funds for the 2020-2021 fiscal year.

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

## 5 6 **TRANSFERS**

7           **SECTION 1.2.** There is transferred from the Department of Insurance to the General  
8 Fund the sum of forty-one thousand four hundred twenty dollars (\$41,420) for the 2019-2020  
9 fiscal year and the sum of forty-one thousand four hundred twenty dollars (\$41,420) for the  
10 2020-2021 fiscal year.

11           **SECTION 1.3.** There is transferred from the Office of the State Treasurer to the  
12 General Fund the sum of one thousand three hundred fifty-nine dollars (\$1,359) for the  
13 2019-2020 fiscal year and the sum of one thousand three hundred fifty-nine dollars (\$1,359) for  
14 the 2020-2021 fiscal year.

## 15 16 **NONCERTIFIED PERSONNEL SALARIES**

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

- 20           (1) For permanent, full-time employees on a 12-month contract, by one percent  
21           (1%).  
22           (2) For the following employees, by a prorated and equitable amount based on the  
23           amount specified in subdivision (1) of this subsection:  
24           a. Permanent, full-time employees on a contract for fewer than 12  
25           months.  
26           b. Permanent, part-time employees.  
27           c. Temporary and permanent hourly employees.

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

- 31           (1) For permanent, full-time employees on a 12-month contract, by one percent  
32           (1%).  
33           (2) For the following employees, by a prorated and equitable amount based on the  
34           amount specified in subdivision (1) of this subsection:  
35           a. Permanent, full-time employees on a contract for fewer than 12  
36           months.  
37           b. Permanent, part-time employees.  
38           c. Temporary and permanent hourly employees.

## 39 40 **SCHOOL PSYCHOLOGIST AND SCHOOL COUNSELOR POSITION STUDY**

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

- 44           (1) The number of school psychologist and school counselor positions in the State  
45           and in each local school administrative unit.  
46           (2) The allocation of school psychologists and school counselors in each local  
47           school administrative unit among schools within those units.  
48           (3) The methodology each local school administrative unit uses to determine the  
49           allocation of school psychologists and school counselors within the unit.  
50           (4) The density of school psychologists and school counselors in each geographic  
51           region of the State.

- 1 (5) The number, percentage, and average salary of school psychologist and school  
 2 counselor positions funded with State dollars and funded with non-State  
 3 dollars.  
 4 (6) The extent to which local school administrative units provide school  
 5 psychologists and school counselors with local salary supplements and the  
 6 amounts of those salary supplements.  
 7 (7) Job descriptions posted for school psychologist and school counselor  
 8 positions as compared to actual duties of school counselors.

9 **SECTION 2.2.(b)** As part of its study, the Department shall promulgate a survey to  
 10 local school administrative units no later than October 1, 2019, on any topics identified in  
 11 subsection (a) of this section that can be answered by a local school administrative unit. Local  
 12 school administrative units shall respond to the survey by December 31, 2019. The Department  
 13 shall consolidate the information reported by the local school administrative units, provide  
 14 context and analysis, as necessary, and report the results of its study to the Joint Legislative  
 15 Education Oversight Committee and the Fiscal Research Division no later than March 1, 2020.  
 16

### 17 COMMUNITY COLLEGES

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

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

28 <u>Education Level</u>	29 <u>Minimum Salary</u>
30 Vocational Diploma/Certificate or Less	31 \$37,581
32 Associate Degree or Equivalent	33 38,103
34 Bachelor's Degree	35 40,371
36 Master's Degree or Education Specialist	37 42,382
38 Doctoral Degree	39 45,282

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

42 The pro rata hourly rate of the minimum salary for each education level shall be used  
 43 to determine the minimum salary for part-time faculty members.  
 44

### 45 UNIVERSITY OF NORTH CAROLINA SYSTEM

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

### 52 ALL STATE-SUPPORTED PERSONNEL

53 **SECTION 3.3.(a)** The legislative salary increases provided by this act in each year  
 54 of the 2019-2021 fiscal biennium do not apply to persons separated from service due to

1 resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to  
2 June 30, 2019, for the 2019-2020 fiscal year or June 30, 2020, for the 2020-2021 fiscal year. For  
3 the 2019-2021 fiscal biennium, payroll checks issued to employees after July 1, 2019, and July  
4 1, 2020, respectively, that represent payment of services provided prior to July 1 of each year  
5 shall not be eligible for salary increases provided for in this act.

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

### 9 10 **SPECIAL ANNUAL LEAVE**

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

- 13 (1) A full-time permanent employee of The University of North Carolina eligible  
14 to earn annual leave, or
- 15 (2) A full-time permanent employee of a local community college eligible to earn  
16 annual leave.

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

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

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

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

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

### 37 38 **REPORT ON USE OF LAPSED SALARY FUNDS**

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

- 43 (1) The total amount of accrued lapsed salary funds by funding source.
- 44 (2) The total number of full-time equivalent positions comprising the lapsed  
45 salary funds.
- 46 (3) The total expenditure of lapsed salaries by purpose.
- 47 (4) The legal authorization to expend lapsed salary funds.

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

**ADMINISTRATIVE OFFICE OF THE COURTS COMPENSATION STUDY**

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

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

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

**SALARY-RELATED CONTRIBUTIONS**

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

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

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
Retirement	12.14%	12.14%	6.84%	33.57%	22.07%
Disability	0.14%	0.14%	0.14%	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	6.27%	6.27%	6.27%	6.27%	6.27%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
<b>Total Contribution Rate</b>	<b>18.71%</b>	<b>23.71%</b>	<b>13.25%</b>	<b>39.84%</b>	<b>28.34%</b>
<b>Portion of Rate That Is Nonrecurring</b>	<b>0.16%</b>	<b>0.16%</b>	<b>0.00%</b>	<b>0.31%</b>	<b>0.33%</b>

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

**SECTION 4.1.(c)** Effective July 1, 2020, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2020-2021

fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	12.14%	12.14%	6.84%	33.57%	22.07%
Disability	0.14%	0.14%	0.14%	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	6.27%	6.27%	6.27%	6.27%	6.27%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
<b>Total Contribution Rate</b>	<b>18.71%</b>	<b>23.71%</b>	<b>13.25%</b>	<b>39.84%</b>	<b>28.34%</b>

<b>Portion of Rate That Is Nonrecurring</b>	0.16%	0.16%	0.00%	0.31%	0.33%
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The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

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

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

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

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	<del>12.14%</del> <u>13.13%</u> <del>12.14%</del> <u>13.13%</u>	<del>12.14%</del> <u>13.13%</u>	6.84%	<del>33.57%</del> <u>33.91%</u>	
	<del>22.07%</del> <u>26.79%</u>				
Disability	<del>0.14%</del> <u>0.10%</u>	<del>0.14%</del> <u>0.10%</u>	<del>0.14%</del> <u>0.10%</u>	0.00%	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	<del>6.27%</del> <u>6.47%</u>	<del>6.27%</del> <u>6.47%</u>	<del>6.27%</del> <u>6.47%</u>	<del>6.27%</del> <u>6.47%</u>	<del>6.27%</del> <u>6.47%</u>
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
<b>Total Contribution Rate</b>	<del>18.71%</del> <u>19.86%</u>	<del>23.71%</del> <u>24.86%</u>	<del>13.25%</del> <u>13.41%</u>	<del>39.84%</del> <u>40.38%</u>	<del>28.34%</del> <u>33.26%</u>

<b>Portion of Rate That Is Nonrecurring</b>	0.16%	0.16%	0.00%	0.31%	0.33%
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The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement."

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

**"SECTION 4.1.(c)** Effective July 1, 2020, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2020-2021 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University

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

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	<u>12.14%</u> <u>22.07%</u>	<u>14.52%</u> <u>29.33%</u>	<u>12.14%</u> <u>14.52%</u>	6.84%	<u>33.57%</u> <u>36.31%</u>
Disability	<u>0.14%</u>	<u>0.10%</u>	<u>0.14%</u>	<u>0.10%</u>	0.00%
Death	0.16%	0.16%	0.00%	0.00%	0.00%
Retiree Health	<u>6.27%</u>	<u>6.82%</u>	<u>6.27%</u>	<u>6.82%</u>	<u>6.27%</u>
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
<b>Total Contribution Rate</b>	<u>18.71%</u> <u>28.34%</u>	<u>21.60%</u> <u>36.15%</u>	<u>23.71%</u> <u>26.60%</u>	<u>13.25%</u> <u>13.76%</u>	<u>39.84%</u> <u>43.13%</u>

**Portion of Rate That Is Nonrecurring**

Teachers and State Employees	0.16%	0.16%	0.00%	0.31%	0.33%
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The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement."

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

**SECTION 4.2.(a)** G.S. 135-5 is amended by adding new subsections to read:

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

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

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

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



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

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

10        "(cc) In accordance with subsection (a) of this section, on or before October 31, 2019, a  
11 one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who  
12 are living as of September 1, 2019, and whose retirement commenced on or before September 1,  
13 2019. The payment shall be one-half of one percent (0.50%) of the beneficiary's annual  
14 retirement allowance payable as of September 1, 2019, and shall not be prorated for date of  
15 retirement commencement. If the beneficiary dies before the payment is made, then the payment  
16 shall be payable to the member's legal representative. No beneficiary shall be deemed to have  
17 acquired a vested right to any future supplemental payments.

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

27        **SECTION 4.2.(d)** Notwithstanding any other provision of law to the contrary, in  
28 order to administer the one-time cost-of-living supplement for retirees provided for in  
29 subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department  
30 of State Treasurer may increase receipts from the retirement assets of the corresponding  
31 retirement system or pay costs associated with the administration of the payment directly from  
32 the retirement assets.

## 33 **AMEND SPECIAL INSURANCE BENEFITS PLAN OFFERINGS**

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

## 35 **UNC FACULTY RETENTION**

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

## 40 **IMPLEMENT CONNER'S LAW**

41        **SECTION 6.1.** If House Bill 283, 2019 Regular Session, becomes law, then there is  
42 appropriated from the General Fund to the Department of State Treasurer the sum of seven  
43 hundred thousand dollars (\$700,000) in nonrecurring funds for the 2019-2020 fiscal year, the  
44 sum of three hundred thousand dollars (\$300,000) in recurring funds for the 2019-2020 fiscal  
45 year, and the sum of three hundred thousand dollars (\$300,000) in recurring funds for the  
46 2020-2021 fiscal year to pay benefits provided under House Bill 283, 2019 Regular Session.

## 47 **STATE BUDGET ACT APPLICABILITY**

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

8  
9 **EFFECTIVE DATE**

10           **SECTION 8.1.** Except as otherwise provided, this act becomes effective July 1,  
11 2019.