

1999

**HOUSE
STATE PERSONNEL
COMMITTEE**

MINUTES

State Personnel Committee
1999/2000

Rep. Jane H. Mosley, Chair

Committee Counsel:
Karen Cochrane – Brown
Theresa Martula
Research Division

Legislative Assistant:
Gennie L. Thurlow

HOUSE COMMITTEE ON STATE PERSONNEL
1999/2000 SESSION

<u>MEMBER</u>	<u>ASSISTANT</u>	<u>PHONE</u>	<u>OFFICE</u>	<u>SEAT</u>
Jane Mosley, Chair	Gennie Thurlow	733-5781	2221 LB	16
Verla Insko, Vice Chair	Pat Baker	733-5775	1323 LB	70
Jerry Braswell	Blinda Edwards	715-3001	420 LOB	96
Ruth Easterling	Marie Horne	733-5900	631 LOB	6
Rick Eddins	Dorie Monroe	733-5800	1319 LB	74
Pryor Gibson	Bonnie Trivette	715-3007	419A LOB	108
Joe Kiser	Marilyn Holder	733-5782	1317 LB	100
Gene McCombs	Suzanne Erskine	733-5881	514 LOB	75
Pete Oldham	Delta Prince	715-3026	403 LOB	58
Wilma Sherrill	Rosa Kelley	715-4466	602 LOB	37
Russell Tucker	Surena Henderson	715-3015	417C LOB	106

Committee Counsel
Research Division

Karen Cochrane-Brown
Theresa Matula

733-2578



**North Carolina General Assembly
Legislative Services Office**

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(919) 733-2578

February 23, 1999

The Honorable Jane H. Mosley
Room 2221
State Legislative Building
Raleigh, NC 27601


Dear Representative Mosley:

I have asked Ms. Theresa Matula and Ms. Karen Cochrane-Brown, with the Research Division, to serve as staff to the House State Personnel Committee, which you chair.

Ms. Matula and Ms. Cochrane-Brown, as necessary, will attend the meetings of the House State Personnel Committee when it meets on Thursdays at 10:00 a.m. In accordance with the Committee's directions as expressed through the Chair, they will aid in analyzing proposed legislation and drafting amendments and committee substitutes. Like other staff, they will also be staffing several other committees.

My best wishes go to you and the House State Personnel Committee in its work. If I can be of any service to you or the Committee, please contact me.

Yours truly,


Terrence D. Sullivan
Director of Research

cc. The Honorable James B. Black
Ms. Theresa Matula
Ms. Karen Cochrane-Brown
Mr. George R. Hall



Rep. Jane Mosley
Chair

**1999-2000
HOUSE
MEMBERSHIP**

**STATE
PERSONNEL
COMMITTEE**



Rep. Verla Insko
Vice Chair



Rep. Jerry Braswell



Rep. Ruth Easterling



Rep. Rick Eddins



Rep. Pryor Gibson



Rep. Joe Kiser



Rep. Gene McCombs



Rep. Pete Oldham



Rep. Wilma Sherrill



Rep. Russell Tucker

NORTH CAROLINA GENERAL ASSEMBLY
COMMITTEE SUMMARY REPORT

1999-2000 Biennium		HOUSE: STATE PERSONNEL			Valid Through 26-JUL-1999	
BILL	INTRODUCER	SHORT TITLE	LATEST ACTION ON BILL	IN DATE	OUT DATE	
H 204=	INSKO	REMOVE FLEXIBLE BENEFITS SUNSET	H -RE-REF COM ON APPROP	03-08-99	03-18-99	
H 821=	HENSLEY	RELOCATE NC GOVT. COMPETITION COMM.	S -REF TO COM ON STLOCVT	04-07-99	04-15-99	
H 923=	BADDOUR	SPA COLA CHANGES	*S -REF TO COM ON APPROP	04-07-99	04-19-99	
H1103	GIBSON	STATE EMPLOYEE RECOGNITION PROGRAM	*H -RE-REF COM ON APPROP	04-15-99	06-01-99	
H1104	GIBSON	EXEMPT POSITION CLARIFICATION	R -CH. SL 99-0253	04-15-99	04-22-99	
H1305	CARPENTER J	WILDLIFE SALARY EQUITY	H -RE-REF COM ON APPROP	04-21-99	04-22-99	
H1378	WARWICK	REINSTATEMENT OF UNUSED SICK LEAVE	*H -RE-REF COM ON PENS&RET	04-29-99	06-21-99	
S 885	COOPER	STATE AUDITOR RECORDS ACCESS	R -CH. SL 99-0188	04-28-99	05-27-99	

NOTES- = AFTER BILL NUMBER SHOWS THAT BILL IS IDENTICAL, AS INTRODUCED, TO ANOTHER BILL.
* AFTER NUMBERS INDICATES THAT TEXT OF BILL WAS ALTERED BY ACTION ON THE BILL.

BOLDED LINE INDICATES BILL INDEXED AS AFFECTING APPROPRIATIONS.

1999-2000 SESSION

Ex Officio Members:

AGENDA

HOUSE COMMITTEE ON STATE PERSONNEL

**February 25, 1999
Room 544 LOB
10:00 A.M.**

OPENING REMARKS

**Representative Jane Mosley, Chair
State Personnel Committee**

INTRODUCTIONS

**Committee Members
Research Division Staff
Pages**

COMMENTS

**Mr. Carl Goodwin
Legislative Liaison for Office of State Personnel**

**Mr. Ronald G. Penny
Office of State Personnel Director**

**Darrell Arnold
Legislative Affairs Director
State Employees Association of North Carolina**

ADJOURNMENT

**MINUTES
HOUSE COMMITTEE ON
STATE PERSONNEL**

February 25, 1999

The House Committee on State Personnel met Thursday, February 25, 1999, in Room 544 of the Legislative Office Building at 10:00 a.m. The following members were present: Chair Jane Mosley; Vice Chair Verla Insko; Representatives Easterling, Eddins, Gibson, Kiser, McCombs, Oldham, Sherrill, and Tucker. Ms. Karen Cochran-Brown and Ms. Theresa Matula, Staff Counselors, were in attendance. A Visitor Registration list is attached (Attachment 1) and made part of these minutes.

The chair called the meeting to order and introduced the committee members.

Mr. Carl Goodwin, Legislative Liaison for the Office of State Personnel, was introduced by the Chair. A copy of the mission, goals, and functions of the Office of State Personnel was distributed to each committee member (Attachment 2). Mr. Goodwin turned the program over to Mr. Ronald G. Penny, Office of State Personnel Director, who introduced the Division Directors with the Office of State Personnel. A copy of Mr. Penny's presentation is attached (Attachment 3). Attachment 4 is an Office of State Personnel Information Sheet.

Representative Kiser charged the committee to look into the fact that state employees are not rated high enough in their respective departments to receive a bonus. Mr. Penny said that the process is being reviewed.


Representative Eddins commented on the occupational categories and the percentages of accidents. He would like the number one employer category listed versus the number one category pertaining to accidents.

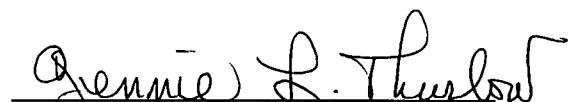
Representative Gibson requested the fiscal impact of recruitment of trained state employees to the private sector.

The Chair introduced Mr. Darrell Arnold who introduced his staff. Mr. Troy Green, Executive Director of the State Employees Association of North Carolina, expressed appreciation for the opportunity to appear before the committee.

There being no further business, the Chair adjourned the meeting at 10:55 a.m.

Respectfully submitted,


Representative Jane H. Mosley
Chair


Gennie L. Thurlow
Legislative Assistant

VISITOR REGISTRATION SHEET

STATE PERSONNEL COMMITTEE

2-25, 1999

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

[illegible]

Handout to all Committee members -

The Office of State Personnel

Mission

The Office of State Personnel serves the citizens of North Carolina by facilitating efficient and effective personnel management systems in the agencies, departments, universities and institutions of the State of North Carolina. The Mission of OSP means that this organization seeks to create systems that will:

- a) attract, retain and develop a workforce that is competent, productive, satisfied and diverse;
- b) create and maintain a working environment that treats employees, applicants and former employees in an ethical and equitable manner; and
- c) operates within the budgeting constraints of the organization.

In striving to accomplish the mission, the Office of State Personnel agrees to:

- a) Create a Partnership

OSP shall engage in a partnership with State managers and personnel directors to provide integrated, comprehensive professional systems of personnel services to management and employees.

Through ongoing collaboration, the partners will ensure that State and Local governments can attract, retain and develop a competent and committed workforce which is representative of the citizens of North Carolina.

- b) Continuously Strive for Excellence

In seeking to accomplish the mission, the Office of State Personnel shall be accessible, responsible and will continuously strive toward excellence.

OSP shall further provide information and staff support to all branches of government including the Legislative and Judicial branches.

Mission Driven & Client Centered

OSP Organization

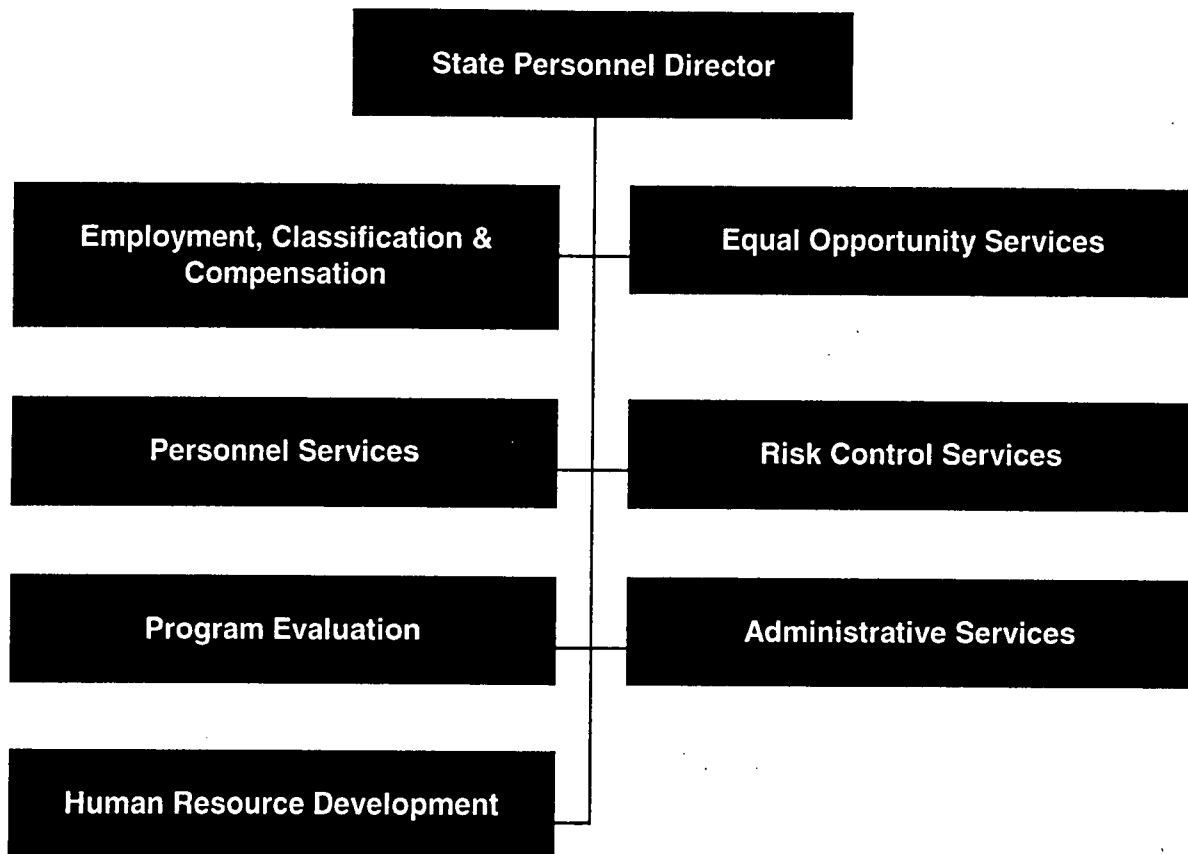


Chart 1

OSP Goals

1. To provide leadership in contemporary Human Resource (HR) practices
2. To continuously utilize current information technology to expand HR services, lower costs and increase the understanding of HR
3. To deliver quality HR services, technical assistance and consultative services at an expert level and in a timely multidisciplinary approach
4. To lead and advocate for the best HR practices in North Carolina and review HR practices in North Carolina in order to continuously improve services
5. To provide both individual professional growth and development and organizational development services and products to enhance productivity

OSP Key Functions

Automated Central Data Management

Personnel Management Information System (PMIS)

- Provide centralized records and reports for agencies and the General Assembly
- Provide on-line automated access to employee records
- Feed information to Central Payroll System for preparing payroll

Classification and Compensation

- Develop and maintain modern and fair job evaluation system (position classification)
- Evaluate HR systems for compliance with laws and encourage continuous improvement
- Monitor labor market to assure pay levels are adequate

Employee Relations

- Provide consultation on employee relations issues
- Provide counseling and information to employees with job-related problems
- Administer employment and re-employment priorities

Equal Employment Opportunity

- Develop and administer programs to enhance and promote equal opportunity for all state employees
- Review Equal Employment Opportunity (EEO) plans and programs
- Assess, evaluate and report EEO progress to General Assembly and state government

Development and Training

- Develop and monitor a job performance rating system
- Establish training management systems and program standards for effective training to facilitate statewide training plan covering managers, supervisors and employees
- Provide nationally-accredited Public Manager Program for mid-level managers, supervisory training programs, microcomputer training and pre-retirement planning training (PREPARE)
- Provide personnel professionals with curriculum based upon competencies which are critical to effective performance in the HR discipline

Employee Benefits

- Provide uniform, cost-effective and competitive benefits package to attract and maintain a qualified workforce
- Provide tax advantage on benefits where possible
- Promote a safe and healthful working environment

Allocate resources to effect a cost savings to the state

Reduce cost of state operations in areas such as temporary employment, workers' compensation, flexible benefits, unemployment insurance, etc.

Administrative Services for State Personnel Commission

Provide administrative support to SPC to enable establishing human resource policies and rules in classification, compensation, benefits, employee relations, equal opportunity, training, etc.

OSP & Agency Roles

RESPONSIBILITY		ROLE	
		OSP	AGENCY
1. Set the course goals and objectives of the NC HR System		Primarily an OSP responsibility	Provide input
2. Develop rules to support the law and good administration		Primary responsibility of OSP	Provide input
3. Develop policies, tools and training packages to assist agencies and employees to understand personnel issues		Primary responsibility of OSP	Provide input
4. Provide interpretations, consultation, and technical assistance to employees, managers and personnel officers		OSP's responsibility to provide to the agency management; OSP secondary responsibility to provide to the employees and supervisors	Primary agency responsibility to provide to supervisors and employees
5. Provide consistent and close review of exceptions to the policy		Sole responsibility of OSP	Request exceptions
6. Monitor decentralized functions and other personnel actions with standards		OSP's main responsibility to implement and evaluate	Provide information
7. Provide training for trainers and/or employees in personnel and other relevant employee/ management skills		Shared responsibilities OSP provides the broad training needed by employees in all agencies, specialized personnel training, and specialized management training	Training for matters unique to the agency
8. Administration of policy and rules to employees		Provide technical assistance	Primarily agency responsibilities most HR areas
9. Advise on issues not in violation of laws or policy but not good HR administration		Provide advice	Primarily an agency responsibility - agency can reject OSP's advice
10. Provide an automated Personnel Management Information System		Provide system development, maintenance and reports	Input Data

Statewide Totals - 1977 to 1998

Workforce Composition Comparison

OCCUPATIONAL CATEGORY	YEAR	WHITE MALES	WHITE FEMALES	BLACK MALES	BLACK FEMALES	OTHER MALES	OTHER FEMALES
Officials & Administrators	1977	78.9%	13.7%	5.0%	1.9%	0.4%	0.1%
	1998	60.6%	23.9%	9.5%	4.6%	1.0%	0.5%
Management Related	1977	71.9%	19.6%	4.3%	3.5%	0.4%	0.3%
	1998	43.5%	36.8%	6.7%	10.7%	1.2%	1.1%
Professional	1977	47.8%	38.8%	5.0%	6.8%	1.0%	0.6%
	1998	38.1%	40.8%	6.5%	11.2%	1.8%	1.7%
Technicians	1977	35.1%	32.8%	12.1%	19.2%	0.3%	0.5%
	1998	30.2%	27.4%	14.7%	25.8%	1.2%	0.8%
Administrative Support	1977	7.9%	72.9%	2.9%	15.3%	0.1%	0.9%
	1998	7.2%	62.6%	4.0%	24.4%	0.2%	1.6%
Service	1977	14.7%	20.4%	30.8%	33.4%	0.5%	0.3%
	1998	17.4%	26.6%	23.4%	30.7%	1.0%	0.9%
Law Enforcement	1977	79.2%	1.8%	16.7%	1.3%	1.0%	0.0%
	1998	54.2%	7.8%	23.3%	11.9%	2.1%	0.7%
Skilled Craft	1977	80.9%	2.2%	15.3%	1.0%	0.6%	0.0%
	1998	74.1%	3.9%	16.9%	1.1%	3.8%	0.2%
TOTAL	1977	45.8%	31.1%	11.1%	11.1%	0.5%	0.4%
	1998	41.0%	28.6%	12.9%	14.6%	1.7%	1.0%

Human Resource Legislative Issues

- **Remove Sunset on provision allowing FICA savings to be used to pay for NC FLEX administrative expenses**

In 1991 Session Laws, a provision was included which set a sunset date of December 1997, for the use of FICA savings to be used for purposes of paying for the administration of flexible compensation programs for State employees. This provision was extended in 1997 Session until December 1999.

The program provides pre-tax benefit advantages for participating employees. Since 1995, the NC Flex Program has grown from 727 employees participating, to in excess of 38,500 participants in 1999. The program currently requires no appropriation from State funds and operates from expenses paid from FICA savings to the State.

The FICA savings generated by the participants is greater than the administrative expenses, thus creating a savings to the State. In addition, the popular benefit program enhances the State's ability to recruit and maintain employees in today's competitive market.

The objective of the proposed legislation is to remove the sunset on the use of FICA savings to pay for administrative cost of the program.

- **Redefine Chapter 126 provisions in the OAH rule-making approval process**

The rationale for legislative changes to Article 2 of Chapter 150B was to reduce the impact of rule-making by State agencies on the general public and to give the public more time to review and comment on the rules before they went into effect. Problem is that it sometimes takes 15 to 24 months for the rules to be finalized in this process.

The Office of State Personnel makes rules for State employees under Chapter 126. These rules under Chapter 126 already must be approved by the State Personnel Commission. The rules involve issues dealing with personnel administration, such as leave plans, benefits, employee grievances, etc. While these issues are significant to State employees, they generally have no impact and are of no importance to the general public.

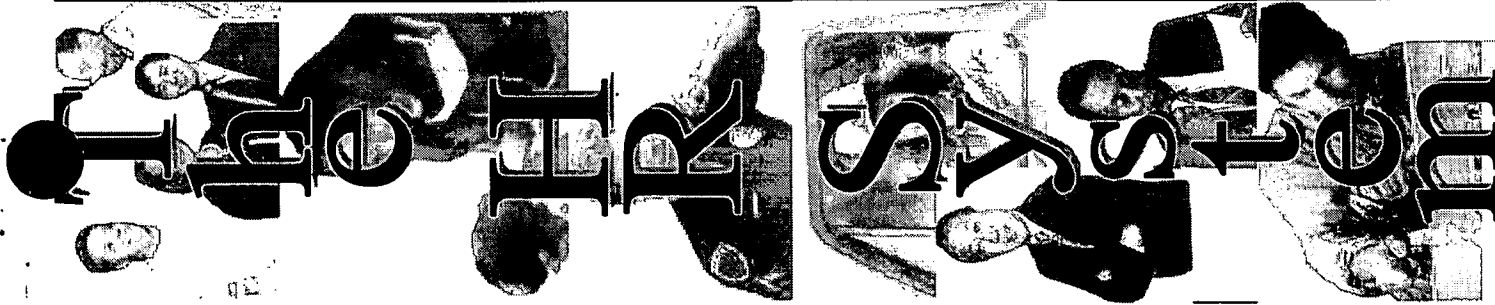
The State needs the ability to recruit and maintain employees in today's competitive and ever-changing labor market. A key component of this is the ability to make changes in rules impacting policy and law. As innovations in the private sector personnel administration and as technology changes the workplace dramatically, OSP needs the ability to make personnel administration changes quickly to meet effective human resource management needs.

Possible alternative of the proposed legislation would be to allow GS 126 rules to be effective once approved by OAH and unless an objection was raised, it would not have to go back to General Assembly for approval. Another alternative is to remove GS 126 provisions from the rule-making process under this provision as it relates to compensation, benefits and recruitment.

Other issues:

Grievance Procedures

Career Status



Mission

Attract, retain and develop a
competent, productive and diverse
workforce

Create an environment that treats
people ethically and equitably

Operates within the budget



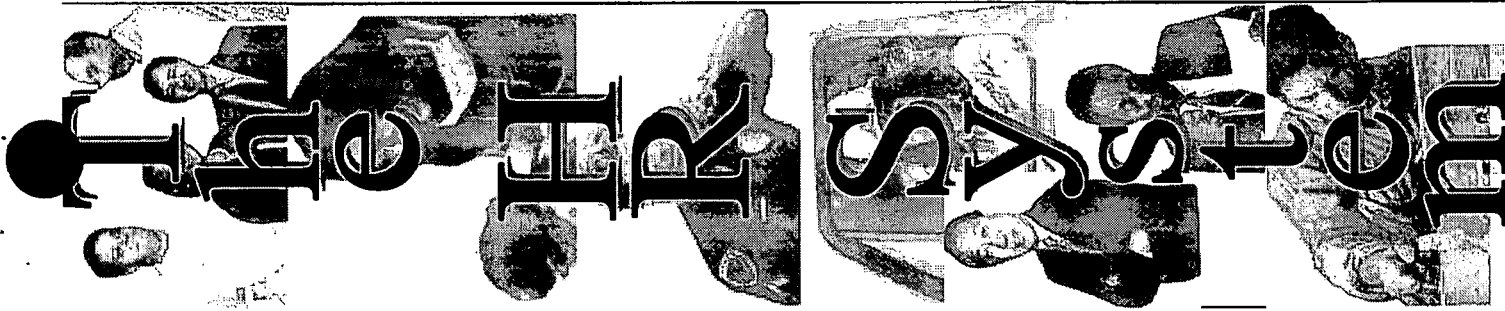
Quick Facts

SPA Employees

- 87059 State

Average

- 41 Age
- \$30,358 Salary
- 10.3 Years of Service



Quick Facts

59% of State Employees earn below the mid-point market salary

Typical

Discharge- 800

Retirements- 1773

Death in the line of duty-6

loss productivity - WC - 200



● Decentralized System

OSP's Role

- Goals and objectives of the NC HR System

- Develop rules
- Develop policies, tools and training packages



Decentralized System

OSP's Role

- Provide interpretations, consultation, and technical assistance
- Provide consistent and close review of exceptions to the policy
- Monitor decentralized functions and other personnel actions with standards

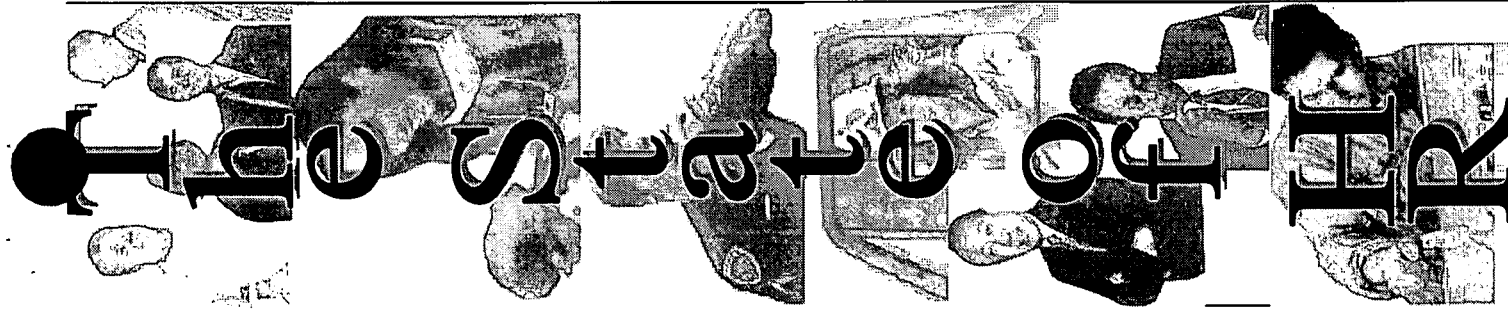


● Decentralized System

Day to day administration and advice
on policies and programs

Maintaining A centralized data base

In-putting into a centralized data base



Governing Magazine - Maxwell School Grade

B+

**Second highest Score in the
nation behind South Carolina**

“Well managed in many ways”

**Cited lack of funding employee
compensation plan**

Compensation System

Studies Compensation with
Ernest-Young

Study Accepted but not funded

Average employee is making ??%
of the market salary

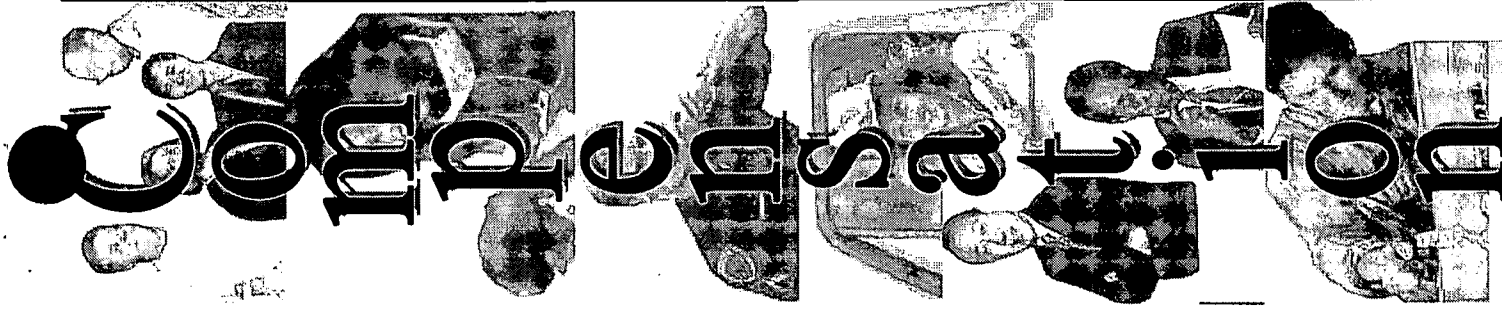


Compensation System

Historically across-the-board increased

Performance Pay 3 out of the last 10 years

Employee survey 8 Out of 10 say pay is not related to performance

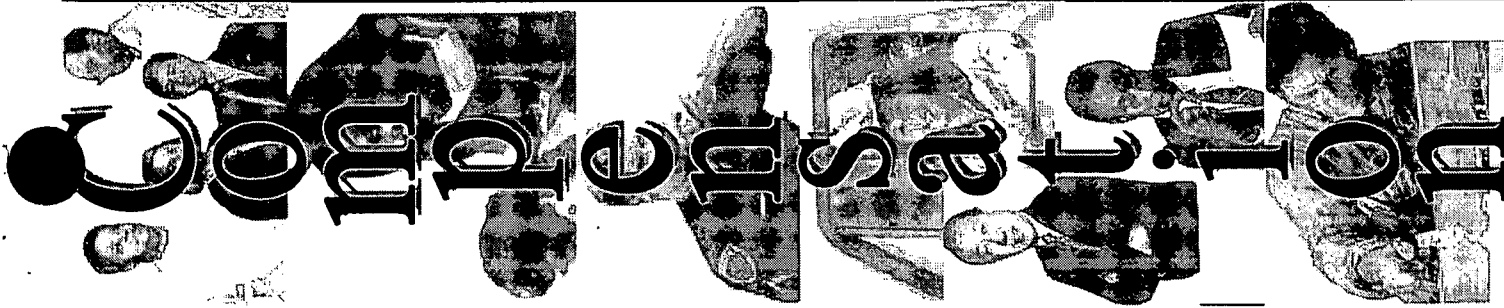


● Competitive Compensation ●

Modernize (in-range, banding, skills based pay competency based pay)

Increase in the Salary Reserve
fund allows for Salary Rate
movements

Need to consistently fund a System

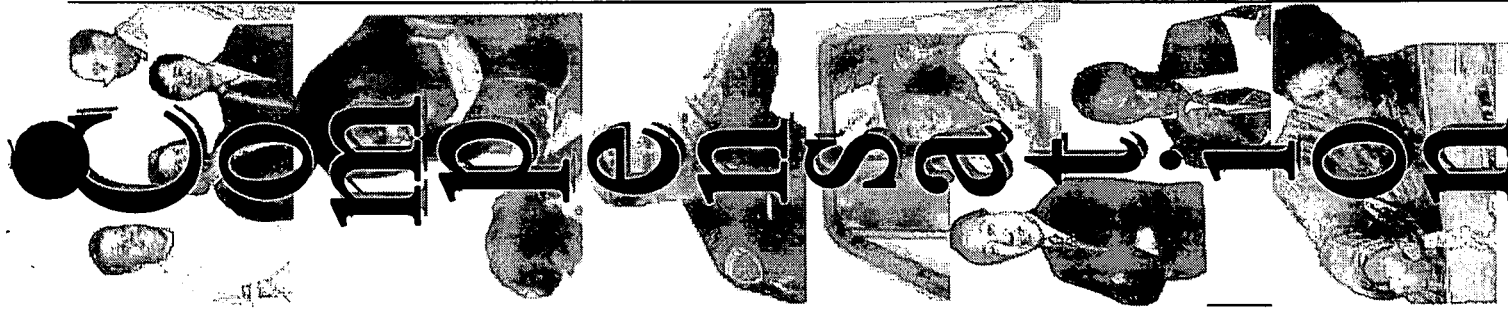


Competitive Compensation

Private sector constantly changing
must rapidly modify compensation
program

July 99 raise Final Rule in June of
2000

October 98 raise final Rule -June
2000



● **Competitive Compensation** ●

NC Flex enhances ability to
attract & retain

95

98

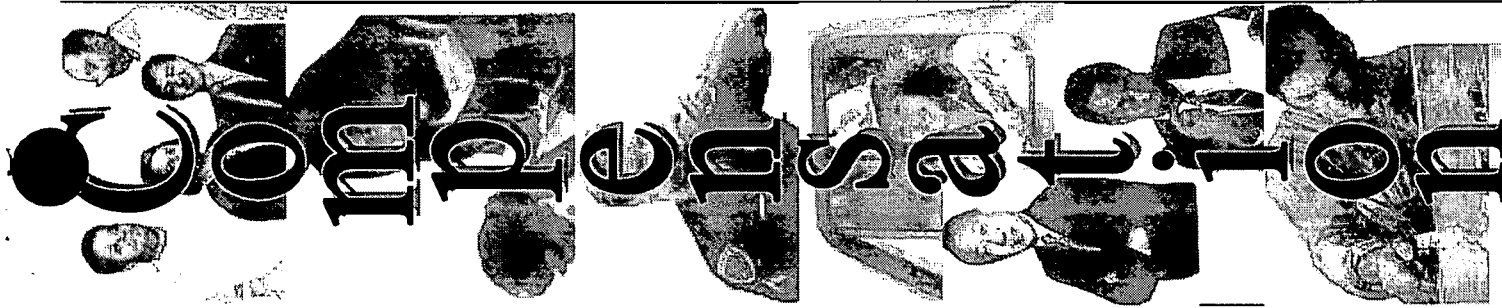
1 program

700 employees

5 programs

38,500 employees

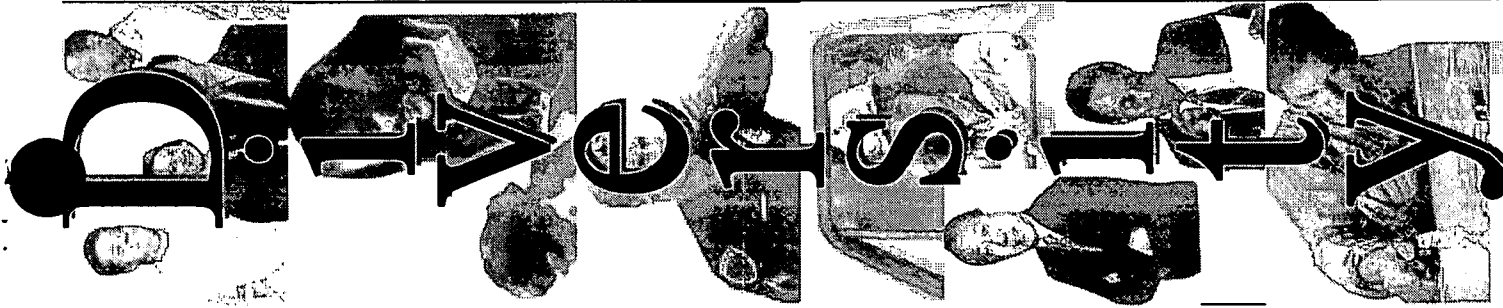
Save 1.1 million



● ● Competitive Compensation

Program run from FICA saving

Sunset provision 1999 - removal



**Large workforce
NC has changed over the years
Increase in women and
minorities
Top Executives
Professional
Management**



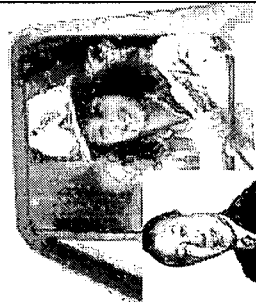
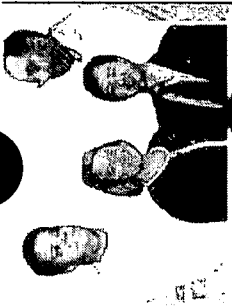
7 out of 10 employees rate issues of fairness as very important - more than pay

728 Grievances per year(<1%)

8.4/1000

Need to rapidly resolve

- Reduces cost**
- improve relations**



Information Sheet

Agency (Some of larger agencies)	Number of SPA Employees	Average Salary	Average Length of Service (Yrs.)
Transportation	13,182	\$29,949	11.9
Environment & Natural Resources	3,212	\$33,690	10.4
Correction	17,576	\$26,810	8.0
Health & Human Services	18,164	\$30,026	10.9
East Carolina University	2,244	\$27,747	9.1
North Carolina State University	3,353	\$29,113	9.1
UNC - Chapel Hill	5,744	\$31,161	9.9
Statewide Total	87,059	\$30,358	10.3

- **87,000 SPA Employees; 22,250 EPA; Total # State Employees: 109,250**

Employees by Branch of Government:

Executive 67,000	Judicial 5,600	University 32,600	UNC Hospital 3800
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- Average age of SPA State employee 41
- 59% of employees below midpoint of salary range.
- Average 6 work related deaths per year
- Average loss of productivity related to work related accidents/injuries equals approximately 200 employees out for the entire year.
- 1998 there were 12,000 separations which equates to approximately 13% employee turnover
- Typical year discharge: 800 employees
- Typical year retirements: 1770 employees

of Classes:

Classes approved by Commission	3,237
Classes Approved by Gen. Assembly	97
Total Classes	3,334

Grievance DATA:

	1996	1997	1998
# Grievances Filed	668	731	728
Grievances per 1000 employees	7.84	8.30	8.40

- **Average 710 grievances per year**
- **Average annual cost of grievances \$550,000 (does not include admin. & attorney. fees)**

AGENDA

HOUSE COMMITTEE ON STATE PERSONNEL

**March 4, 1999
Room 544 LOB
10:00 A.M.**

OPENING REMARKS

**Representative Jane Mosley, Chair
State Personnel Committee**

PRESENTATION

**ISSUES AND PRIORITIES FOR THE 1999 SESSION
STATE EMPLOYEES ASSOCIATION OF NORTH CAROLINA**

**Darrell Arnold
Legislative Affairs Director
State Employees Association of North Carolina**

ADJOURNMENT

**MINUTES
HOUSE COMMITTEE ON
STATE PERSONNEL**

March 4, 1999

The House Committee on State Personnel met Thursday, March 4, 1999, in Room 544 of the Legislative Office Building at 10:00 a.m. The following members were present: Chair Jane Mosley; Vice Chair Verla Insko; Representatives Eddins, Gibson, Kiser, McCombs, Oldham, and Tucker. Ms. Karen Cochran-Brown and Ms. Theresa Matula, Staff Counselors, were in attendance. A Visitor Registration list is attached (Attachment 1) and made part of these minutes.

The Chair called the meeting to order.

The Chair requested that Ms. Brown's response to Representative Gibson's request that the staff determine the fiscal impact of the recruitment of trained state employees by private sector employers be distributed to committee members. Ms. Brown's response is attached (Attachment 2). Representative Gibson stated that the matter should be a Legislative Research Committee study because it is going to be a lengthy study. He requested that the staff consider it as the State Personnel Committee meetings progress.

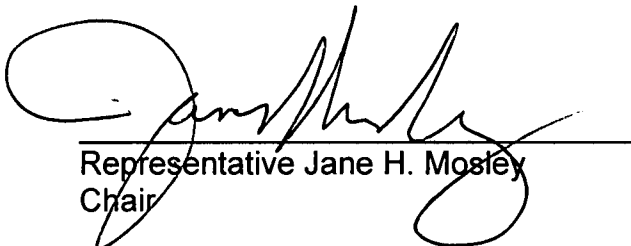
The Chair introduced Mr. Darrell Arnold. A copy of the slide presentation given by Mr. Arnold, Ms. Katherine Joyce, and Ms. Wendy Mills is attached. (See Attachment 3.)

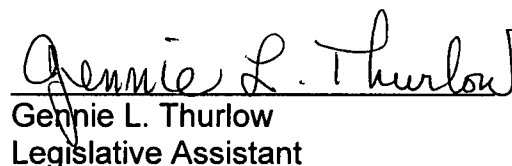
Representative Kiser solicited support for parole and probation officers to permit them to carry weapons because over half of them are not permitted to do so. Representative Kiser commented on the high cost of the health insurance for families. He also stated that state employees should get the same pay raise as teachers.

A handout from Ms. Matula on the Government Performance Project was distributed to committee member. (See Attachment 4.)

There being no further business, the Chair adjourned the meeting at 10:50 a.m.

Respectfully submitted,


Representative Jane H. Mosley
Chair


Gennie L. Thurlow
Legislative Assistant

VISITOR REGISTRATION SHEET

STATE PERSONNEL COMMITTEE

March 4, 1999

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

[illegible]

Attachment 2

Gennie Thurlow (Rep. Mosley)

From: Karen Cochrane-Brown (Research)
Sent: Tuesday, March 02, 1999 3:12 PM
To: Gennie Thurlow (Rep. Mosley)
Subject: FW: fiscal request

This is the information regarding Rep. Gibson's request. I will be glad to discuss this with Rep. Mosley, at her convenience.

-----Original Message-----

From: Tom Covington (Fiscal Research, Director)
Sent: Tuesday, March 02, 1999 2:38 PM
To: Karen Cochrane-Brown (Research)
Cc: Terry Sullivan (Research, Director); Theresa Matula (Research); @FRD General Government Team
Subject: RE: fiscal request

This request is entirely appropriate; regrettably, we do not have staff enough, full time, to commit to this effort during the Session -- all staff are committed to appropriations committee work 3-4 days per week.

One suggestion I would make is to have Mr. Penny's office determine if other states have conducted a similar study, and report to the committee those states, the study resources (in total dollar cost and people and/or consultant commitment), and appropriate language needed to conduct the study that appeared in bills from those states conducting studies, etc. Once some general parameters are determined from this research, then the committee may wish to consider recommending a special provision calling for the study, with an accompanying recommended appropriation for an outside contractor.

As it has done with similar studies, the fiscal staff would manage the preparation of the study RFP, assist with selection of a competent contractor, and follow the progress of the study, as directed by a special provision or the committee. The final report should be submitted to the committee and the relevant appropriations subcommittee overseeing personnel functions, e.g., General Government.

By way of background the Fiscal Research Division has handled these sorts of independent studies for projects in the departments of Insurance, Human Services (2 studies), DMV, and the 1992 Government Performance Audit Committee. Other states like Virginia, Mississippi, and Florida have fulltime permanent staff - in house - in separate "special studies" or "program evaluation" divisions, etc., who undertake this kind of study.

I hope this is helpful. Tom

-----Original Message-----

From: Karen Cochrane-Brown (Research)
Sent: Tuesday, March 02, 1999 10:49 AM
To: Tom Covington (Fiscal Research, Director)
Cc: Terry Sullivan (Research, Director); Theresa Matula (Research)
Subject: fiscal request

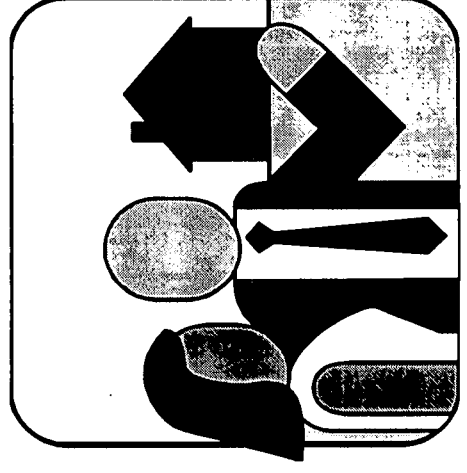
At last Thursday's meeting of the House State Personnel Committee, Rep. Prior Gibson formally requested that the staff determine the "fiscal impact of the recruitment of trained state employees by private sector employers." This request was made during a presentation by Ron Penny, Director of OSP, in which Mr. Penny stated that he had recently received a request for the names and positions of all information technology employees employed by the State, from a national headhunter. He stated that the request was made under the Freedom of Information Law and as it is public information he was obliged to give it. Inasmuch as this is not the kind of request we normally receive, I am forwarding the request to you in the hope that you or your staff can respond to Rep. Gibson's request. Thanks for your help.



and State Employees 101

Mission Statement

✓ SEANC is a professional organization dedicated to enhancing the quality of life for state employees, thereby improving the lives of all citizens.



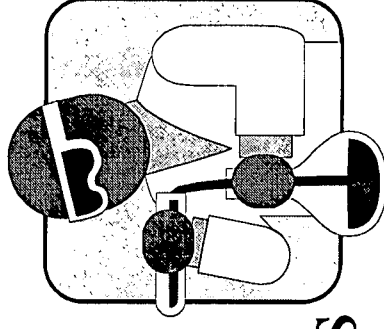
Regions and Districts



Diversity In Services



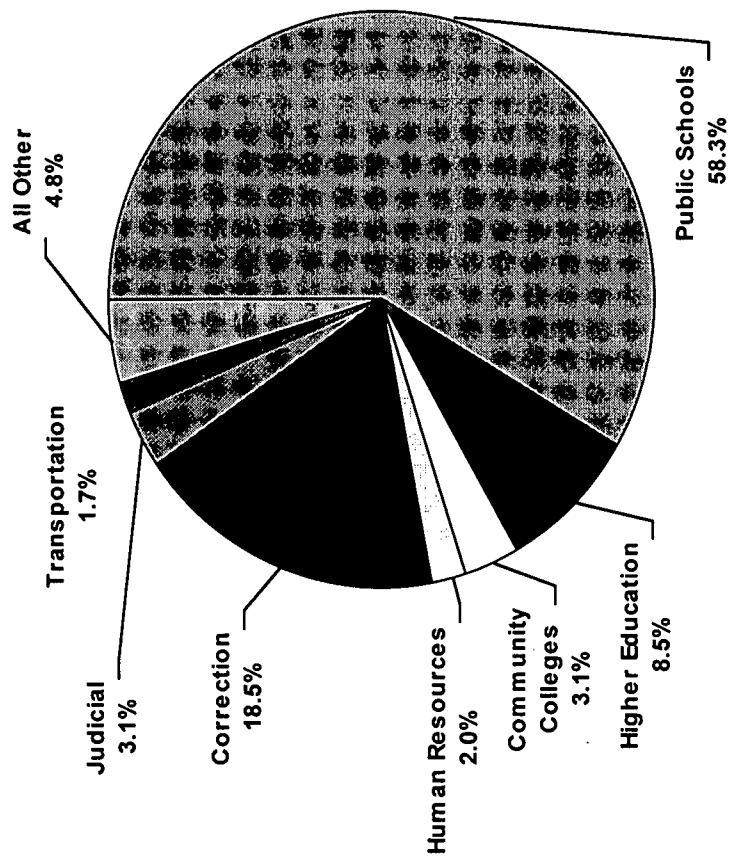
- ✓ Right-of-way agents
- ✓ Traffic pattern engineers
- ✓ Land surveyors
- ✓ Meat and poultry inspectors
- ✓ Environmental health inspectors
- ✓ Emergency management planners
- ✓ Museum curators
- ✓ Others too numerous to name



Population & Government Growth

- N.C. population grew by 24% from 1979 to 1999, while state government grew by 29%.
- State government's growth rate drops to:
 - 12%, when additional positions for public schools are excluded.
 - 5.9%, when additional positions for public schools, the judicial system and the Correction Department are excluded.

Position Growth



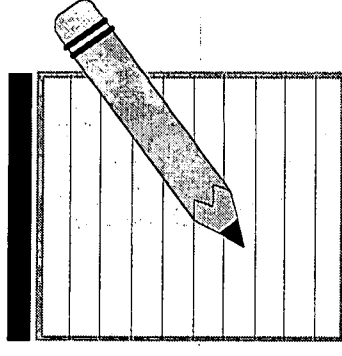
Employees Added – 1979-1999

Department	Number	Percent
Public Schools	*42,467	58.3%
Higher Education	6,229	8.5%
Community Colleges	2,258	3.1%
Human Resources	1,464	2.0%
Correction	13,475	18.5%
Judicial	2,282	3.1%
Transportation	+1,204	1.7%
All Other	3,500	4.8%
Total Additions	72,879	100%

* Includes approximately 6,700 instruction support positions reclassified in 1995-1996 position count.
 + Includes driver education teachers funded by the Highway Fund.

Source: Office of State Budget and Management

State Employee Fast Facts



- ✓ Nearly 23,000 state employees have a four-year college degree.
- ✓ The average length of service among state employees is 10.25 years.
- ✓ More than 52 percent of all state employees earn below the midpoint of their salary ranges.
- ✓ Only 10 percent of state employees earn \$45,000 or more per year.

SEANC's Top 10 Objectives

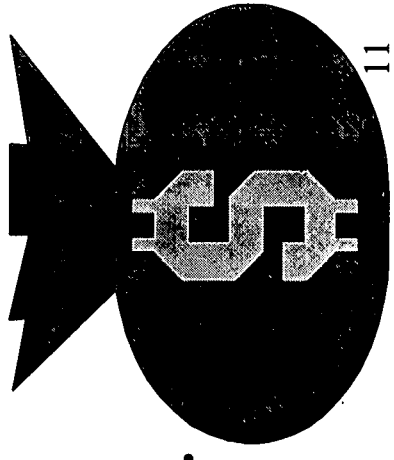
- ✓ Fully fund Comprehensive Compensation System and make statute changes.
- ✓ Continue fully paid health insurance premiums.
- ✓ Increase the retirement accrual rate to 2.0.
- ✓ Restore employer contribution to retirement system.
- ✓ Seek legislative committee on pay.

Top 10 Objectives -- Continued

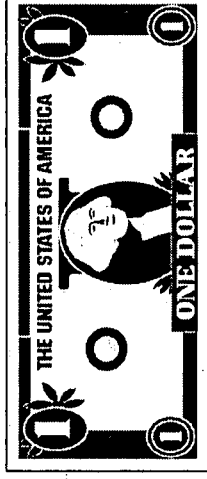
- ✓ Oppose wholesale privatization.
- ✓ Seek priority consideration for internal candidates when filling vacancies.
- ✓ Reduce early retirement penalty from 5 percent to 3.5 percent.
- ✓ Extend the salary death benefit from 180 days to one full year.
- ✓ Remove the cap on the lifetime maximum benefit of the State Health Plan.

Pay Plan Legislation Requested

- ✓ Revise the Comprehensive Compensation System to tie the COLA to current CPI.
- ✓ Revise G.S. 126-7 to prevent COLAs from being awarded to employees in the final written stage of a disciplinary procedure.
- ✓ Appoint a study committee to review pay plan and evaluations.
- ✓ Fully fund the pay plan in 1999.

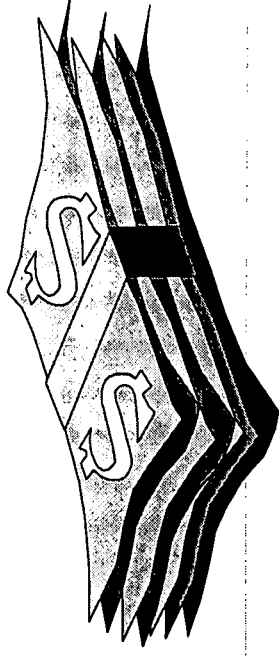


Salary Increases vs. Economic Indicators



- ✓ From 1975-76 through 1998-99, salaries for state employees increased by 110.1 percent.
- ✓ For the same period, the Consumer Price Index increased by 118.7 percent.
- ✓ For the same period, personal income growth in North Carolina increased by 203 percent.

Pay Plan Funding



✓ To fully fund the Comprehensive Compensation System for 1999-2000, the General Assembly should provide the following allocation in millions:

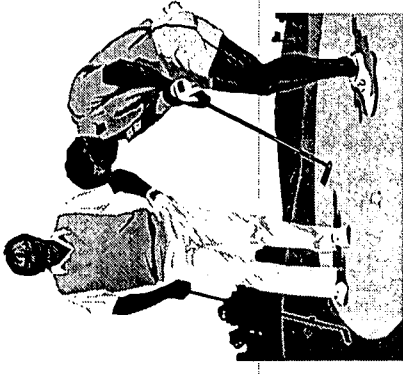
	General Fund	Highway Fund
Cost per 1% increase	\$17.98	\$4.00
Career growth 2%	\$35.96	\$8.00
COLA 1.6%	\$28.77	\$6.40
Perform. Bonus 1%	\$17.98	\$4.00
Total Cost 4.6%	\$82.71	\$18.40

State Health Plan Funding



- ✓ Fiscal analysts say a 35 percent increase or \$129 million is needed to fund the plan in 1999-2000.
- ✓ Governor's budget includes \$105 million for that year without projecting cumulative growth for second year of the biennium.
- ✓ More funding is needed to protect health benefits for state employees and teachers.

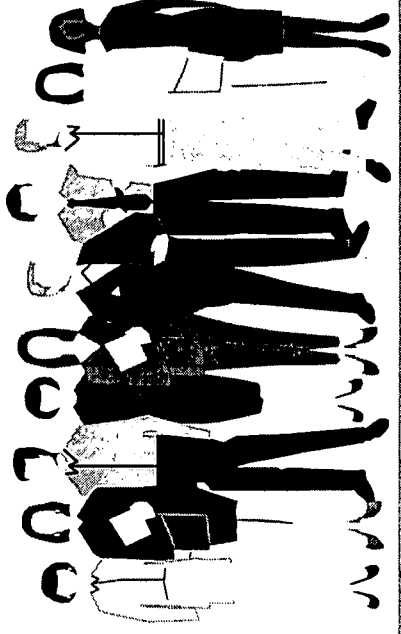
Retirement Objectives



- ✓ State employees contribute to their retirement system and help generate undistributed gains typically used for benefit enhancements.
- ✓ SEANC seeks to increase the retirement accrual rate from 1.80 to 2.0.
- ✓ SEANC seeks to restore the employer contribution rate from the current 7.42 percent to the previous 9.35 percent.

Other Objectives -- Overview

- ✓ SEANC realizes the state budget cannot accommodate every objective.
- ✓ SEANC seeks your help with legislation that addresses our objectives that will help as many state employees as possible with a minimal cost to the state.



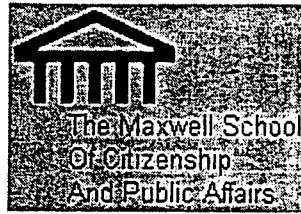
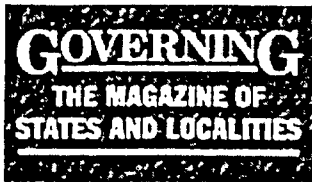
Pending Legislation for 1999

- ✓ Lift the sunset on NCFLEX benefits.
- ✓ Provide necessary medical and psychological treatment for state employees exposed to infectious conditions on the job.
- ✓ Lift exclusion on purchasing previous service rendered while pursuing a degree.
- ✓ Provide bulletproof vests for probation and parole officers.
- ✓ Oppose prescription surcharge legislation.

Legislation Needing Sponsors

- ✓ Seek drug card benefit for State Health Plan members.
- ✓ Convert State Health Plan and its HMOs to calendar-year operations.
- ✓ Seek study on early retirement option for employees under age 50.
- ✓ Request study of state-funded day care services and dependent care subsidies.

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A message from Governing's Publisher

THE GOVERNMENT PERFORMANCE PROJECT

Grading the States

A Management Report Card

BY KATHERINE BARRETT AND RICHARD GREENE

The task of fairly evaluating all 50 states in five areas of management more or less defines the word "daunting." More than once the team assigned to this project—reporters, researchers and writers at **Governing** and at Syracuse University's Maxwell School of Citizenship and Public Affairs—wished the nation had simply stopped growing at 13 colonies. But we kept on measuring, and the report you see before you is the result.

This effort, funded by a grant from the Pew Charitable Trusts, began in 1997, when groups of experts were convened to help develop reasonable criteria for assessing the way each state handles its financial management, capital management, human resources, managing-for-results efforts and information technology. The evaluation process, which started with the construction of a detailed survey instrument, was given a trial run in four states: Ohio, Kansas, Oregon and Florida. One lesson was learned very quickly: Even states that agree to be pilots get testy when confronted with a survey the size of a phone book.



The final survey—streamlined considerably—was sent to all the states in early 1998. Forty-nine of the 50 ultimately completed it. California's executive branch was the only holdout, forcing researchers to gather the relevant information about that state through a variety of alternative sources.

Governing and the Maxwell School conducted nearly a thousand interviews with sources inside and outside state governments, including budget officers, managers in personnel, information technology and public works agencies, auditors in both the legislative and executive branches, academics, legislative aides, and representatives of government research groups. Survey responses were clarified and updated; reams of new information were added; and the special circumstances that make each state unique were taken into account. Only then did the process of grading begin.

To be sure, state officials were eager to explain why their particular governments shouldn't be held accountable to the same standards as others. Sometimes it was because their population was too small. Or because it was too large. Or the area was too large. Or, in one case, because they were an island.

But for all the predictability of the protests, the vast majority of sources seemed happy to engage in these conversations. Many were proud of their work, and they wanted attention paid to it. A few even seemed pleased that we would be publicizing their shortcomings—so that their own citizens, budget writers or legislators might take note and try to do something about them. Still others were glad merely to have a conversation with someone genuinely interested in rainy day fund policies, personnel reforms, capital budgeting techniques or the details of standardized information technology.

The people we talked to were hungry for news of innovation in other states. They wanted to hear about Utah's travel office, which saves the state bundles of cash, and Tennessee's innovative means of financing information technology, and Kentucky's aggressive recruitment policies, which include sending scouts to Louisiana and Alabama to pick up potential new state employees. Despite the curiosity, many of our sources were laboring under misconceptions when it came to other states. For example, many were startled to discover that—contrary to the news reported a couple of years ago in the *Wall Street Journal*—performance measurement efforts in Oregon are alive and well.

The greatest surprise to us was the fact that many states didn't fit the common wisdom about them. Kentucky may not strike most Americans as a cutting-edge innovator, but its managerial reforms in a variety of areas earned it good grades. Wealthy Connecticut, identified by many as a leader in technology, lags in its own use of computers (and is planning to outsource the whole problem). Louisiana's government, butt of countless jokes, is a pioneer in its use of performance measurements. Wisconsin, widely considered a laboratory of administrative technique, is a state that seems less prepared than others for unforeseen economic downturns. And West Virginia, long considered a financial backwater, just earned its third Government Finance Officers Association certificate of achievement for financial reporting.

Despite our best efforts and intentions, there's little doubt that some states haven't gotten the grades they deserve—in one direction or the other. The academic and journalistic resources devoted to this project were enormous, but they were not infinite, and we would never claim that the judgments are perfect. The whole process is a mixture of science and art, and the best one can genuinely claim for the result is cautious optimism. That's the bad news. The good news is that this same exercise will be repeated for the states in two years (and for local governments next year). Improvements will be made. Lessons will be learned.

And all of us on both sides will be held accountable.

More introductory information:

[Financial Management](#)

[Capital Management](#)

[Human Resources](#)

[Managing for Results](#)

[Information Technology](#)

[Methodology](#)

[Glossary](#)

STATE REPORT CARDS:

<u>Alabama</u>	<u>Hawaii</u>	<u>Massachusetts</u>	<u>New Mexico</u>	<u>South Dakota</u>
<u>Alaska</u>	<u>Idaho</u>	<u>Michigan</u>	<u>New York</u>	<u>Tennessee</u>
<u>Arizona</u>	<u>Illinois</u>	<u>Minnesota</u>	<u>North Carolina</u>	<u>Texas</u>
<u>Arkansas</u>	<u>Indiana</u>	<u>Mississippi</u>	<u>North Dakota</u>	<u>Utah</u>
<u>California</u>	<u>Iowa</u>	<u>Missouri</u>	<u>Ohio</u>	<u>Vermont</u>
<u>Colorado</u>	<u>Kansas</u>	<u>Montana</u>	<u>Oklahoma</u>	<u>Virginia</u>
<u>Connecticut</u>	<u>Kentucky</u>	<u>Nebraska</u>	<u>Oregon</u>	<u>Washington</u>
<u>Delaware</u>	<u>Louisiana</u>	<u>Nevada</u>	<u>Pennsylvania</u>	<u>West Virginia</u>
<u>Florida</u>	<u>Maine</u>	<u>New Hampshire</u>	<u>Rhode Island</u>	<u>Wisconsin</u>
<u>Georgia</u>	<u>Maryland</u>	<u>New Jersey</u>	<u>South Carolina</u>	<u>Wyoming</u>

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THE GOVERNMENT PERFORMANCE PROJECT

Report Card: North Carolina

FINANCIAL MANAGEMENT: B

North Carolina's books are in balance, even though taxes have been cut by \$1.7 billion since 1994, teacher's salaries have been raised substantially, and most of the state's children are attending pre-school for the first time. "The governor has redirected money into his primary areas of focus and not relied on tax growth," says his deputy budget director.

However, things have been far from peaceful on the legislative front. In the past two years, battles between the Republican House (which wanted tax cuts) and the Democratic Senate (which wanted more social programs) forced late budgets and fiscal confusion despite the state's economic good fortune. This year, the budget was four months late, demoralizing state employees whose raises were delayed. In November, Democrats gained control of both chambers, so the wrangling should abate in 1999.

Outside of these political problems, North Carolina is handling its finances rather well. The state's rainy day fund is at 5.1 percent of general fund revenues. Future expenses associated with any new legislation are estimated at least five years ahead, and 20 years ahead for capital projects. Debt, cash management and financial reporting are fine.

Most agency heads are a bit stifled, however, by policies that limit their ability to move money around between appropriations, and that require that any unexpended money revert to the state at year's end.

CAPITAL MANAGEMENT: B+

The capital planning process was put into statutory form two years ago, forcing everyone in state government to take it more seriously than before. Agencies now create six-year capital plans, updated annually. Capital requests must be consistent with long-term plans. The state itself has no capital plan, but it does have broad-based strategic plans, into which agency plans are folded.

Every proposed project goes to the Office of State Construction, where cost figures are reviewed and analyzed. This same office follows projects from design through completion.

All of the state's buildings that are larger than 3,000 square feet undergo a condition assessment every three years. But the assessments are not easily accessible, so they're not particularly useful for tracking the condition of buildings.

The state does a good job at paying for maintenance, though, with a statutory reserve derived from surpluses. The reserve is around \$145 million now, and ensures that repairs don't compete for dollars with new construction.

HUMAN RESOURCES: B+



North Carolina's human resources management is terrific—in most ways. The central human resources office is conducting an inventory of all the HR systems in this decentralized state, and will soon have a catalog of every HR program. It's identifying competencies needed to carry out each job and best practices in personnel.

The state has a five-year workforce plan. It includes a forecast of manpower needs and cites strategies to attract employees to hard-to-recruit areas. North Carolina is working on a training needs assessment process for its workforce. It has a highly developed performance assessment system that signals when a worker needs more training.

The one big problem is pay. The state has a performance pay program, and performance bonuses, but they haven't been funded regularly. "Workers perceive that the state doesn't value their work," says the director of the state personnel office. Worse yet (see above), budget wrangling delayed last year's annual increases, causing yet more gnashing of teeth.

MANAGING FOR RESULTS: B-

North Carolina does planning with a cross-agency perspective. Ten policy areas have been established, with goals, objectives and measurements, and agency plans address the goals in each of those 10 areas. This has led to useful reorganizations. For example, the Division of Employment and Training was merged with the Workforce Preparedness Office to end redundancies. Unfortunately, the legislature's structure doesn't fit neatly into this one, and cross-branch cooperation hasn't been great.

This is a state that loves to measure things, and it boasts a rigorous methodology for safeguarding accuracy of data. The trouble is that with some 10,000 different measures of performance, there are just too many for anyone to get a handle on.

INFORMATION TECHNOLOGY: C

Curiously, North Carolina doesn't know exactly how much it spends on IT. That's because many agencies are run by independently elected officials, who haven't been interested in sharing information with a centralized agency or cooperating in the state's planning process.

The state is now altering its planning approach to one that encourages agencies to put together a technology "portfolio" of assets that contribute to their work.

The state's chief information officer reports to the Commerce Department. This seems odd, but it may buffer him from the political difficulties of reporting to a constitutionally weak governor.

The information available to North Carolina's accounting process is great. However, four separate systems that deal with personnel are old and unintegrated with each other or with the accounting system. Dealing with more than one system—required for something as simple as hiring someone—is an arduous task.

Large procurements in North Carolina go through a cumbersome, time-consuming process. But the state is working on procurement reform.

AVERAGE GRADE: B

GOVERNOR

James B. Hunt Jr. (Democrat, took office 1993; also served 1977-85)

LEGISLATURE

House—66 Democrats, 54 Republicans

Senate—35 Democrats, 15 Republicans

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THE GOVERNMENT PERFORMANCE PROJECT

Human Resources

50-State Average Grade: B-

The single biggest component of any state budget is payroll, and the most important element in the execution of any statewide project is a well-trained workforce, ready to make things happen. The single factor that most often forms citizens' impressions of state government—for good or ill—isn't usually the condition of the statehouse roof or the consistency of financial planning. It's the smiling (or frowning) clerk who helps renew licenses at the Department of Motor Vehicles.

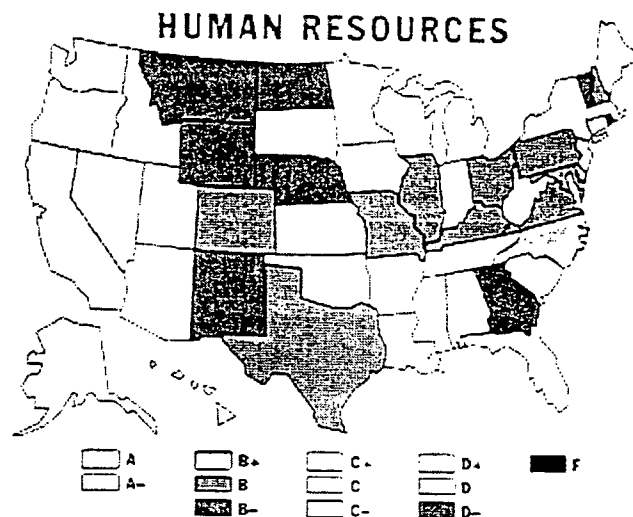
For many years, most state leaders acted as if these fundamental human resources realities didn't exist. They perpetuated personnel systems that were rigid, rule-bound and unresponsive to the ordinary citizens who came into contact with them. Now, that is beginning to change. States as diverse as Minnesota, Oklahoma and South Carolina are engaged in stem-to-stern personnel management reform. Georgia is phasing out its civil service system altogether—though the jury is still out on how well that experiment will ultimately work.

None of these efforts are easy. Personnel offices can't make major changes in state civil service codes without the legislature's support. Unions, though far more of a problem in some states than others (Rhode Island, New York, Alaska and Hawaii, to name a few), often stand in the way of tying pay or bonuses to performance, preferring seniority rules that guarantee equity but stifle efficiency. Managers are constantly battling the consequences of hasty and poorly thought-out decisions.

Alabama is an extreme example. The governor and legislature decided last year that they needed to save money by cutting the workforce, so the state offered very generous early-retirement incentives, with a one-month window of opportunity. As a result, the state suddenly lost some 2,000 employees, with no plans for making up the slack.

Even worse, the legislature didn't actually fund the early-retirement incentives, so agencies must find the cash themselves, reducing further their ability to fill positions they need.

Granted, Alabama is nobody's model of an efficiently run state. But it's not alone in short-sightedness. North Carolina, well managed in many ways, has been reluctant to fund its performance pay program or back up its promise of individual bonuses for high achievers. This year, employees had to wait months for their annual raises because the legislature hadn't completed its budget bill on time. "Morale is lousy right now," admits Ronald Penny, director of the state personnel office. "Employees have a bad taste in their mouth because of the sluggishness in giving them a



raise.”

One of the major obstacles to personnel reform in many places is the sheer absence of information needed at the statewide level. Personnel tends to be one of the most decentralized of management areas, and while it makes sense to give agencies a fair amount of control over hiring, firing and supervision of their own workers, it also makes sense for the central personnel office to know what's happening out in the field. In quite a few states, it doesn't.

California doesn't even have a centralized computer system for human resources; the agencies run their own. Connecticut has no figures on state employee turnover. Nevada officials don't have any idea how quickly its agencies can hire staff. They know it takes 34 calendar days from the time the central office is notified of a vacancy until it sends out a list of applicants; after that, all bets are off. Other states can easily find out the turnover and hiring rates in the agencies, but have little or no detailed information about employees' ages or skills.

It's no surprise, then, that the very idea of statewide workforce planning—extrapolating demographic trends among employees to make sure state government is prepared for the future—remains a far reach for many of the states. “It really hasn't been an emphasis for the state as a whole in the past,” says Joseph Lefkowski, personnel services unit manager in Connecticut. “We've gone from fiscal year to fiscal year.” Lefkowski says Connecticut is finally beginning to “look beyond the current year to see what the workforce will be.”

Florida is a particularly sad case. It had a great deal of data pertaining to its workforce, useful for many kinds of focused analysis. However, when the state decided to decentralize the personnel efforts to its agencies, much of that information went into the equivalent of a black hole. Now, the state can only hope that the individual agencies are watching out for their own futures.

The lack of workforce planning is particularly hazardous for states with an aging employee base and for those that have undergone major shifts in employee structure. In Vermont, an early-retirement program involving about 450 employees shrunk the size of the state workforce by about 6 percent, while the use of temporary employees went up. Still, even as the state launched this new retirement program, it had no clear idea which workers were most likely to leave, an obvious problem. “It was a very broad process, without precision,” says Eileen Boland, commissioner of the department of personnel. The state now has a blue-ribbon commission, set up by the legislature, to study the need for better workforce planning.

Depressed? Don't be. There is a lot of good news from the front as well, particularly when it comes to removing some of the most constrictive elements of the civil service codes and easing up the hiring process. This is particularly important because almost no state government can compete with the private sector's salary offers.

Many states have reduced their testing requirements, for example, allowing managers to consider applicants who look promising even if they do not satisfy a rigid list of prescribed credentials. Others have sought to broaden the applicant pool by administering the tests in several locations around the state.

Some have cut back on the testing requirements altogether. Wisconsin, with one of the lowest unemployment rates in the country, has taken a number of useful steps to ensure a steady flow of good workers into state government. Last spring, it got rid of limited certified lists (in which only five or 10 of the top-scoring applicants could be considered for a job). It also has arranged for walk-in testing for the 20 percent or so of vacancies still filled through written examinations. In the past, applicants had to sign up for a test about five or six weeks before it was given. The state also has begun accepting some job applications online.

Result: The time it takes to hire someone after a job posting has been cut from 70 days in 1992 to less than 40 days now, with critical positions, such as those in high-tech occupations, taking only 20 to 25 days. In rare instances, for example, at college job fairs, recruiters are authorized to offer jobs to

particularly strong applicants on the spot. "Seven years ago, by the time we finished explaining all the hoops people at a job fair had to jump through to compete for a job, they were at the next booth," says Bob Lavigna, Wisconsin's Merit Recruitment and Selection administrator.

Naturally, some states remain mired in traditional civil service intransigence. The extreme case is Rhode Island. Managers are presented only with the top six test-takers, and in some cases union contracts reduce that choice down to the three most senior bargaining-unit members. In some cases, it can take up to nine months to fill a position.

A positive trend seen from coast to coast is reduction in the number of job classifications. This, too, matters a great deal, because the greater the number of classes, the narrower the focus of the individual job titles and the less flexibility managers have to give adequate raises or to shift employees around where they are needed. West Virginia has reduced the number of its classification titles from 1,800 to about 750, Illinois from almost 1,700 to a little over 1,000. Indiana, Kentucky and Nebraska are all hard at work getting their numbers down as well.

It isn't an easy process. In the late 1980s, Ohio undertook a classification reform program. There were so many complaints from employees and unions that the state backed away, and hasn't returned to the effort since. Tennessee, which reduced its number of titles to 1,200 almost 15 years ago, has seen the number creep up again to 1,800 in the executive branch, largely because of agency demand for unique titles. New Jersey has reduced its number of classes by 1,000, but still is burdened by an astonishing 8,000 of them. The Garden State, in the understated words of one observer, is waging an "uphill battle" to achieve classification reform.

In the final analysis, all these human resource reforms are uphill battles. But any hope for managerial efficiency and productivity is dependent on winning a few.

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AGENDA

HOUSE COMMITTEE ON STATE PERSONNEL

**March 18, 1999
Room 544 LOB
10:00 AM**

OPENING REMARKS

**Representative Jane Mosley, Chair
State Personnel Committee**

BILL TO BE CONSIDER

**HB 204 Remove Flexible Benefits Sunset
Sponsor: Representative Verla Insko**

ADJOURNMENT

**MINUTES
HOUSE COMMITTEE ON
STATE PERSONNEL**

March 18, 1999

The House Committee on State Personnel met Thursday, March 18, 1999, in Room 544 of the Legislative Office Building at 10:00 a.m. The following members were present: Chair Jane Mosley; Vice Chair Verla Insko; Representatives Eddins, Gibson, Kiser, McCombs, Oldham, and Tucker. Ms. Karen Cochran-Brown and Ms. Theresa Matula, Staff Counselors, were in attendance. A Visitor Registration list is attached (Attachment 1) and made part of these minutes.

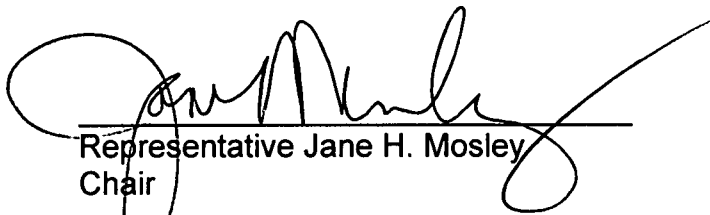
The Chair called the meeting to order.

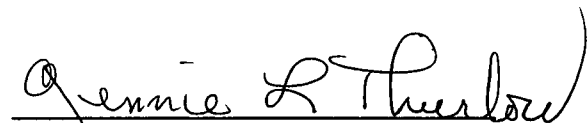
The Chair recognized Representative Insko, sponsor of House Bill 204, REMOVE FLEXIBLE BENEFITS SUNSET, who explained that the bill would eliminate the sunset on using saved employer FICA contributions to pay the administrative expenses of the flexible benefits program. Information regarding the NC Flex Program is shown in Attachment 2.

After some discussion, Representative Sherrill moved for a favorable report and the motion carried. House Bill 204 was re-referred to the Appropriations Committee.

There being no further business, the meeting adjourned at 10:40 a.m.

Respectfully submitted,


Representative Jane H. Mosley
Chair


Gennie L. Thurlow
Legislative Assistant

1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **Mosley** for the Committee on **State Personnel**.

☐ Committee Substitute for

H.B. 204 A BILL TO BE ENTITLED AN ACT TO ELIMINATE THE SUNSET ON
USING SAVED EMPLOYER FICA CONTRIBUTIONS TO PAY THE
ADMINISTRATIVE EXPENSES OF THE FLEXIBLE BENEFITS PROGRAM.

☐ With a favorable report.

☒ With a favorable report and recommendation that the bill be re-referred to the Committee on
Appropriations ☒ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the
Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title,
unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation
that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes
the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 204

Short Title: Remove Flexible Benefits Sunset.

(Public)

Sponsors: Representatives Insko; Mosley and Warwick.

Referred to: Pensions & Retirement.

March 2, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO ELIMINATE THE SUNSET ON USING SAVED EMPLOYER FICA
3 CONTRIBUTIONS TO PAY THE ADMINISTRATIVE EXPENSES OF THE
4 FLEXIBLE BENEFITS PROGRAM.

5 The General Assembly of North Carolina enacts:

6 Section 1. Section 14(i) of Chapter 1044 of the 1991 Session Laws, as
7 amended by Section 42 of Chapter 561 of the 1993 Session Laws, Section 7.28A of
8 Chapter 769 of the 1993 Session Laws, and Section 33.20 of S.L. 1997-443 reads as
9 rewritten:

10 "(i) Subsections (a) through (d) of this section are effective January 1, 1990.
11 Subsections (e) through (h) of this section are effective January 1, 1991. Subsections
12 (a) through (h) of this section shall expire December 31, 1999."

13 Section 2. This act is effective when it becomes law.

VISITOR REGISTRATION SHEET

STATE PERSONNEL COMMITTEE

March 18, 1999

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

[illegible]

Handouts
3-18-99

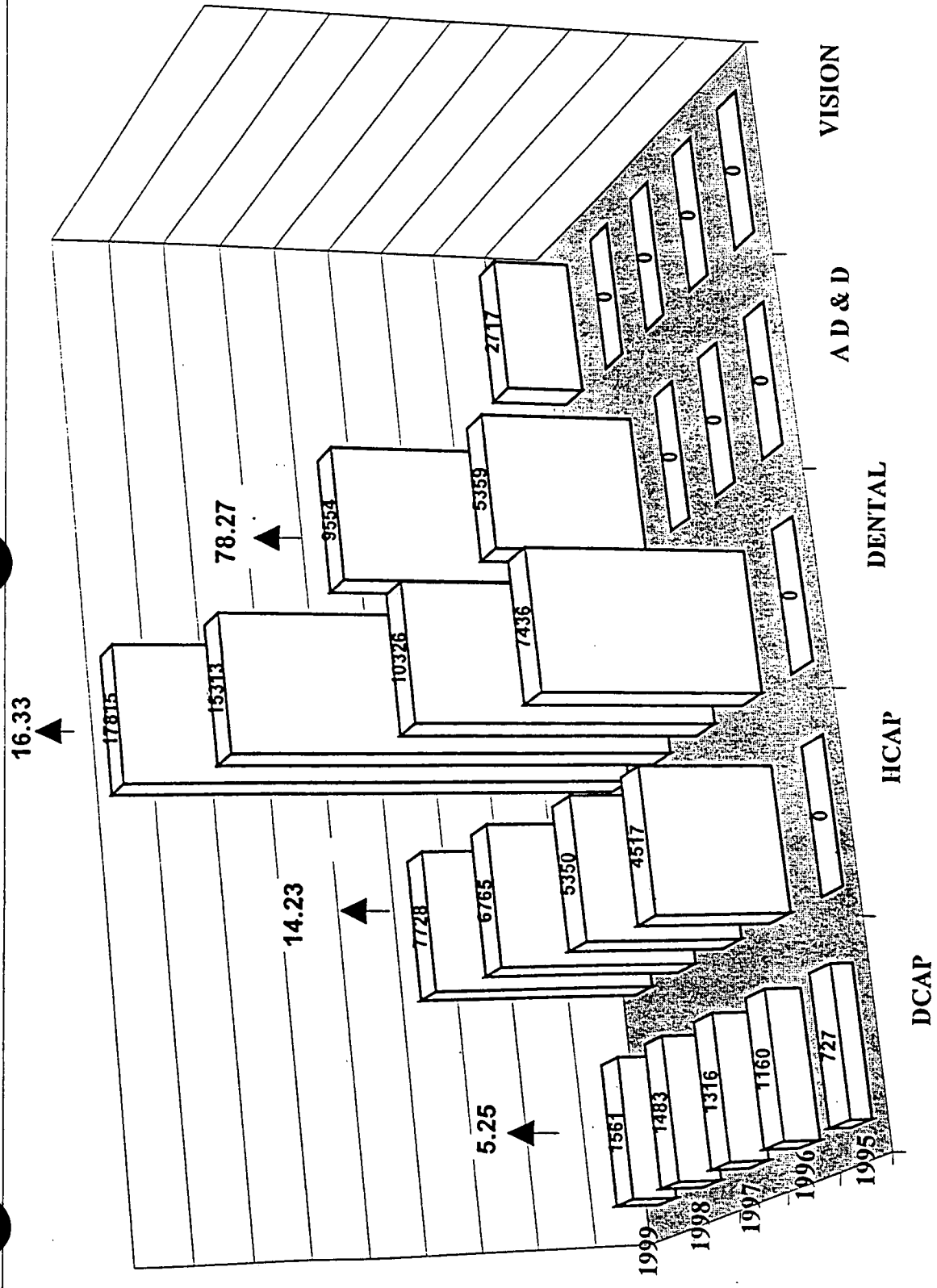
NC Flex Benefits

- Pre-tax Advantage
- Recruiting & Retention
 - Portability
 - Self-Supporting

attachment 2

NC Flex Participation

• HCSA	7,728
• DCSA	1,561
• Vision	2,717
• AD&D	9,554
• Dental	17,815
• Total	39,375



39,375 Participants

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE**

You are hereby notified that the Committee on **STATE PERSONNEL** will meet as follows:

DAY & DATE: **Thursday, April 15, 1999**

TIME: **10:00 AM**

LOCATION: **544 LOB**

The following bills will be considered (Bill # & Short Title):

HB 821 - RELOCATE NC GOV'MENT COMPETITION COMM.

HB 923 - SPA COLA CHANGES

Respectfully,

Representative Jane Mosley
Chair

I hereby certify this notice was filed by the committee assistant at the following offices at
12:00 PM on Tuesday, April 13, 1999.

____Principal Clerk
____Reading Clerk - House Chamber

Gennie Thurlow (Committee Assistant)

**MINUTES
HOUSE COMMITTEE ON
STATE PERSONNEL**

April 15, 1999

The House Committee on State Personnel met Thursday, April 15, 1999, in Room 544 of the Legislative Office Building at 10:00 a.m. The following members were present: Chair Jane Mosley; Representatives Eddins, Gibson, Kiser, McCombs, Oldham, Sherrill, and Tucker. Ms. Karen Cochrane-Brown and Ms. Theresa Matula, Staff Counselors, were in attendance. A Visitor Registration list is attached (Attachment 1) and made part of these minutes.

The Chair called the meeting to order.

The Chair recognized Representative Russell, one of the primary bill sponsors of House Bill 923, SPA COLA Changes, who offered a Proposed Committee Substitute for House Bill 923. Representative Sherrill moved to adopt the Proposed Committee Substitute for discussion. Representative from the State Employees Association of North Carolina discussed the bill.

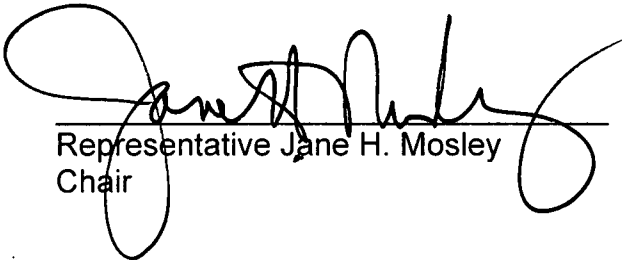
After some discussion, Representative Oldham moved to give the Proposed Committee Substitute a favorable report, and the motion carried.

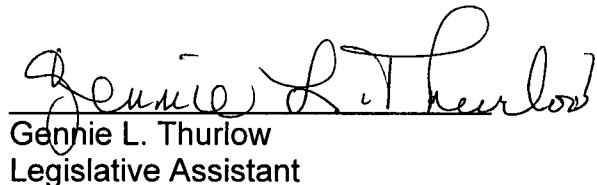
The Chair recognized Representative Hensley, the bill sponsor of House Bill 821, Relocate NC Gov'ment Competition Comm., who explained that the bill would relocate the North Carolina Government Competition Commission from the Department of Commerce to the Office of State Budget and Management. Representative Hensley stated that the Department of Commerce and Office of State Budget and Management both agreed to the transfer.

After some discussion, Representative Tucker moved for a favorable report, and the motion carried.

There being no further business, the meeting adjourned at 10:50 a.m.

Respectfully submitted,


Representative Jane H. Mosley
Chair


Gennie L. Thurlow
Legislative Assistant

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **JANE MOSLEY** for the Committee on **STATE PERSONNEL**.

- ☐ Committee Substitute for
H.B. 923 A BILL TO BE ENTITLED AN ACT AMENDING THE STATE PERSONNEL
ACT TO PROVIDE THAT COST-OF-LIVING ADJUSTMENTS ARE NOT AWARDED
TO STATE EMPLOYEES INVOLVED IN THE FINAL STAGE OF THE DISCIPLINARY
PROCEDURE AND TO PROVIDE THAT THE ADJUSTMENTS REFLECT INCREASES
IN THE CONSUMER PRICE INDEX.
- ☐ With a favorable report.
- ☐ With a favorable report and recommendation that the bill be re-referred to the Committee on
Appropriations ☐ Finance ☐ .
- ☐ With a favorable report, as amended.
- ☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the
Committee on Appropriations ☐ Finance ☐ .
- ☒ With a favorable report as to committee substitute bill (#), ☒ which changes the title,
unfavorable as to (original bill) (~~Committee Substitute Bill #~~), (~~and recommendation~~
~~that the committee substitute bill #~~) be re-referred to the Committee on .)
- ☐ With a favorable report as to House committee substitute bill (#), ☐ which changes
the title, unfavorable as to Senate committee substitute bill.
- ☐ With an unfavorable report.
- ☐ With recommendation that the House concur.
- ☐ With recommendation that the House do not concur.
- ☐ With recommendation that the House do not concur; request conferees.
- ☐ With recommendation that the House concur; committee believes bill to be material.
- ☐ With an unfavorable report, with a Minority Report attached.
- ☐ Without prejudice.
- ☐ With an indefinite postponement report.
- ☐ With an indefinite postponement report, with a Minority Report attached.
- ☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **JANE MOSLEY** for the Committee on **STATE PERSONNEL**.

☐ Committee Substitute for

H.B. 821 A BILL TO BE ENTITLED AN ACT TO RELOCATE THE NORTH CAROLINA GOVERNMENT COMPETITION COMMISSION FROM THE DEPARTMENT OF COMMERCE TO THE OFFICE OF STATE BUDGET AND MANAGEMENT.

☒ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

HOUSE BILL 923

inf

1

Short Title: SPA COLA Changes.

(Public)

Sponsors: Representatives Baddour, Jeffus, Russell, Sherrill (Primary Sponsors); Barefoot, Hurley, Mosley, and Wainwright.

Referred to: Ways and Means.

April 5, 1999

- 1 A BILL TO BE ENTITLED
2 AN ACT AMENDING THE STATE PERSONNEL ACT TO PROVIDE THAT
3 COST-OF-LIVING ADJUSTMENTS ARE NOT AWARDED TO STATE
4 EMPLOYEES INVOLVED IN THE FINAL STAGE OF THE DISCIPLINARY
5 PROCEDURE AND TO PROVIDE THAT THE ADJUSTMENTS REFLECT
6 INCREASES IN THE CONSUMER PRICE INDEX.
7 The General Assembly of North Carolina enacts:
8 Section 1. G.S. 126-7(a2) reads as rewritten:
9 "(a2) For the purpose of this section, unless the context indicates otherwise:
10 (1) 'Career growth recognition award' means an annual salary increase
11 awarded to a State employee whose final annual performance
12 appraisal indicates job performance that meets or exceeds
13 management's expectations and performance ~~requirements~~;
14 requirements.
15 (2) 'Cost-of-living adjustment' means a general salary increase given to
16 State employees ~~in response to inflation and labor market factors;~~
17 to reflect the amount of the annual percentage increase in the
18 Consumer Price Index.
19 (3) 'Performance bonus' means a salary increase that is awarded in a
20 lump sum to a State employee whose final annual performance
21 appraisal indicates job performance that exceeds management's
22 expectations and performance requirements."
23 Section 2. G.S. 126-7(c)(4b) reads as rewritten:

1 "(4b) An employee whose performance is rated at or above level two of
2 the rating scale and who ~~has not received a suspension without pay~~
3 ~~or demotion that has not been resolved~~ is not involved in the final
4 written stage of the disciplinary procedure shall receive a cost-of-
5 living increase. Other than the Commission, no agency,
6 department, or institution shall set limits or initiate written
7 disciplinary procedures for the purpose of precluding an eligible
8 employee from receiving a cost-of-living adjustment."

9 Section 3. This act is effective when it becomes law.

DRAFT

file copy

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

HOUSE BILL 923
Proposed Committee Substitute
H923-CSRO-001

ATTENTION: LINE NUMBERS MAY CHANGE AFTER ADOPTION.

Law
Karen
D
Com.
Sub
on Mon.

Short Title: SPA COLA Changes.

(Public)

Sponsors:

Referred to:

April 5, 1999

- 1 A BILL TO BE ENTITLED
2 AN ACT AMENDING THE STATE PERSONNEL ACT TO PROVIDE THAT COST-OF-
3 LIVING ADJUSTMENTS REFLECT INCREASES IN THE CONSUMER PRICE
4 INDEX.
5 The General Assembly of North Carolina enacts:
6 Section 1. G.S. 126-7(a2) reads as rewritten:
7 "(a2) For the purpose of this section, unless the context
8 indicates otherwise:
9 (1) 'Career growth recognition award' means an annual
10 salary increase awarded to a State employee whose
11 final annual performance appraisal indicates job
12 performance that meets or exceeds management's
13 expectations and performance requirements;
14 requirements.
15 (2) 'Cost-of-living adjustment' means a general salary
16 increase given to State employees in response to
17 inflation and labor market factors; to reflect the
18 amount of the annual percentage increase in the
19 Consumer Price Index.

1 (3) 'Performance bonus' means a salary increase that is
2 awarded in a lump sum to a State employee whose
3 final annual performance appraisal indicates job
4 performance that exceeds management's expectations
5 and performance requirements."
6 Section 2. This act is effective when it becomes law.



HOUSE BILL 923: SPA COLA Changes

BILL ANALYSIS

Committee: House State Personnel
Date: April 14, 1999
Version: 1st Edition

Introduced by: Reps. Baddour, Jeffus, Russell,
Sherrill
Summary by: Karen Cochran Brown
Committee Counsel

SUMMARY:

House Bill 923 amends the State Personnel Act to return the law to its pre-1998 status, making cost-of-living adjustments relate to performance by providing that an employee who is involved in the final stage of a disciplinary procedure is not eligible for the COLA. The bill also amends the definition of "cost-of-living adjustment" to require that the increase reflect the amount of the annual percentage increase in the Consumer Price Index.

CURRENT LAW:

Under current law, "cost-of-living adjustment" is defined as a general salary increase given to State employees in response to inflation and labor market factors. This definition gives the General Assembly greater flexibility to determine what amount to award state employees for this portion of the Comprehensive Compensation System.

The current law also bases the determination of which employees receive the career growth recognition award, the cost-of-living award and the performance bonus on annual performance appraisals. In the 1998 Appropriations Act, the General Assembly amended the Chapter 126 with regard to which employees are entitled to receive the COLA. Prior to 1998, the law provided that only an employee "who is not in the final written stage of the disciplinary procedure shall receive the cost-of-living adjustment". This provision was amended last year to provide that only employees who had been suspended without pay or demoted would be denied the COLA.

BILL ANALYSIS:

This bill proposed changing the definition of "cost-of-living adjustment", for purposes of the Comprehensive Compensation System, to require that any increases granted reflect the amount of the annual percentage increase in the Consumer Price Index. Nothing in the law requires the General Assembly to grant COLA's to the state's employees. However, if a COLA is granted this amendment would require that it be tied to the increase in the CPI.

Section 2 of the bill proposes to return the law to its pre-1998 status by providing that an employee who is in the final written stage of the disciplinary procedure shall not receive the COLA.

This act would become effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

HOUSE BILL 821*

1

Short Title: Relocate NC Gov'ment Competition Comm.

(Public)

Sponsors: Representative Hensley.

Referred to: Ways and Means.

April 1, 1999

A BILL TO BE ENTITLED

AN ACT TO RELOCATE THE NORTH CAROLINA GOVERNMENT
COMPETITION COMMISSION FROM THE DEPARTMENT OF COMMERCE
TO THE OFFICE OF STATE BUDGET AND MANAGEMENT.

The General Assembly of North Carolina enacts:

Section 1. G.S. 143C-3(a) reads as rewritten:

"(a) The North Carolina Government Competition Commission is created within
the ~~Department of Commerce~~ Office of State Budget and Management. The
Commission shall exercise its powers independently of the ~~Secretary of Commerce~~
State Budget Officer and shall be subject to the direction and supervision of the
~~Secretary of Commerce~~ State Budget Officer only with respect to the management
functions of coordination and reporting. The purpose of the Commission is to be the
catalyst for the use of competition to improve the delivery of State government
services, to make State government more effective and more efficient, and to reduce
the costs of government to taxpayers."

Section 2. Section 15.2C(b) of S.L. 1998-212 reads as rewritten:

"(b) Funds appropriated in this act to the ~~Department of Commerce~~ Office of
State Budget and Management for the Competitive Government Initiative shall be
used by the Department to implement this section."

Section 3. This act is effective when it becomes law.



HOUSE BILL 821: RELOCATE NC GOV COMPETITION COM.

BILL ANALYSIS

Committee: House State Personnel
Date: April 15, 1999
Version: 1st Edition

Introduced by: Representative Hensley
Summary by: Theresa Matula
Committee Staff

SUMMARY:

House Bill 821 relocates the North Carolina Government Competition Commission from the Department of Commerce to the Office of State Budget and Management.

CURRENT LAW:

Session Law 1998-212 amended the General Statutes by adding Chapter 143C North Carolina Government Competition Act of 1998. G.S. 143C-3 (a) created the North Carolina Government Competition Commission within the Department of Commerce. The Commission exercises its power independent of the Secretary of Commerce and is governed by a nine member board appointed by the Speaker of the House, President Pro-Tem of the Senate and the Governor.

In G.S. 143C-3 (b), the Statute specifies that the Commission shall:

1. Develop an institutional framework for a statewide competition initiative to encourage innovation and competition within State government.
2. Establish a system to encourage the use of feasibility studies and innovation to determine where competition could reduce government costs without adversely affecting essential services.
3. Monitor the activities, products, and services of State agencies to bring an element of competition, innovation and entrepreneurship to compete with the private sector.
4. Identify any barriers to competition in State government and recommend actions to overcome.
5. Promote acceptance of competition by State government officials and State employees.
6. Advocate, develop and accelerate implementation of a competitive program for State agencies.
7. Establish approval, planning, and reporting processes.
8. Determine the competition potential of a State program or activity, perform cost and benefit analyses, and conduct public and private competition analyses.
9. Devise evaluation criteria to be used in conducting performance reviews of any State program or activity subject to a competition recommendation.
10. Assess the short-term and long-term results of State government competition efforts.
11. Appoint, as needed, ad hoc committees relating to specific matters within the Commission's purview.

Under the current law (G.S. 143C-8), the Office of State Budget and Management is involved only to determine and report the amount of an existing appropriation that would no longer be needed by a State agency as a result of savings realized through competition.

HOUSE BILL 821

Page 2

BILL ANALYSIS:

Section 1

House Bill 821 relocates the North Carolina Government Competition Commission from the Department of Commerce to the Office of State Budget and Management. The Bill amends all references to the Department of Commerce so the Commission will exercise its powers independently of the State Budget Officer and will be subject to the direction and supervision of the State Budget Officer only with respect to the management functions of coordination and reporting.

Section 2

House Bill 821 amends Section 15.2C(b) of S.L 1998-212 so that the funds are appropriated to the Office of State Budget and Management.

Section 3

This act is effective when it becomes law.

VISITOR REGISTRATION SHEET

STATE PERSONNEL COMMITTEE

April 15, 1999

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Katherine Joyce

SEANC

Wendy Mills

SEAN C

Dariele Arnold

SEAN C

U. Pagan

N.C. Assoc of Co Comm.

John C. Bruce

N.C. State Grange

Sherry Braden

SENAC
A-211-

John W. Moore

10/10/10

Am. Park

47/5

AGENDA

STATE PERSONNEL COMMITTEE

544 LEGISLATION OFFICE BUILDING

April 22, 1999

10:00 AM

CALL TO ORDER

Representative Jane Mosley, Chair
State Personnel Committee

BILLS TO BE CONSIDER

HB 1103 STATE EMPLOYEE RECOGNITION PROGRAM (Rep. Gibson)

HB 1104 EXEMPT POSITION CLARIFICATION (Rep. Gibson)

HB 1305 Wildlife Salary Equity

ADJOURNMENT

**MINUTES
HOUSE COMMITTEE ON
STATE PERSONNEL**

April 22, 1999

The House Committee on State Personnel met Thursday, April 22, 1999, in Room 544 of the Legislative Office Building at 10:00 a.m. The following members were present: Chair Jane Mosley; Vice Chair Verla Insko; Representatives Braswell, Eddins, Gibson, Kiser, McCombs, Sherrill, and Tucker. Ms. Karen Cochrane-Brown and Ms. Theresa Matula, Staff Attorneys, were in attendance. A Visitor Registration list is attached (Attachment 1) and made part of these minutes.

The Chair called the meeting to order.

Chair Mosley explained that the first bill to be discussed would be House Bill 1305 which was not listed on the agenda. The Chair recognized Representative Carpenter, the sponsor of House Bill 1305, Wildlife Salary Equity, who explained that the bill would adjust the salaries of wildlife enforcement officers of the Wildlife Resources Commission to eliminate salary inequity with the officers of other law enforcement agencies.

The Director of the Wildlife Commission spoke and endorsed the bill. After some discussion, Representative Sherrill moved for a favorable report. The motion carried, and the bill was re-referred to the Appropriations Committee.

Representative Gibson, the sponsor of House Bill 1104, Exempt Position Clarification, was recognized and explained the bill. This bill would clarify the designation of exempt positions in state government employment.

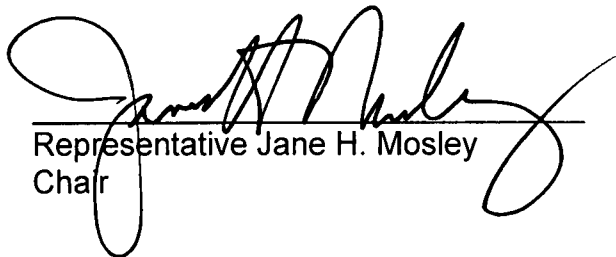
After a brief discussion, Representative Gibson moved for a favorable report, and the motion carried.

The sponsor of House Bill 1103, State Employee Recognition Program, Representative Gibson, explained that the bill would amend the executive budget act to allow a special recognition award program for state employees. Representatives from the Office of State Personnel, State Employees Association of North Carolina, and Labor Department endorsed the bill.

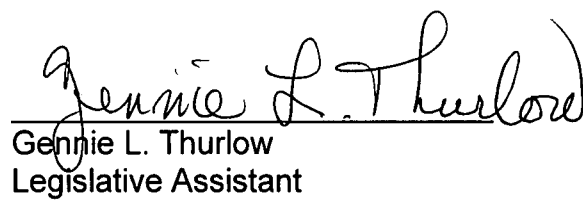
Representative Gibson asked that the bill be put in a subcommittee so that it could be studied and brought back to the full committee. Representative Gibson was appointed Chair of the subcommittee, and the members are Representatives Sherrill, Insko, Tucker, and Braswell.

There being no further business, the meeting adjourned at 10:45 a.m.

Respectfully submitted,



Representative Jane H. Mosley
Chair



Gennie L. Thurlow
Legislative Assistant

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **MOSLEY** for the Committee on **STATE PERSONNEL**.

☐ Committee Substitute for

H.B. 1305 A BILL TO BE ENTITLED AN ACT TO ADJUST THE SALARIES OF
WILDLIFE ENFORCEMENT OFFICERS OF THE WILDLIFE RESOURCES
COMMISSION TO ELIMINATE SALARY INEQUITY WITH THE OFFICERS OF
OTHER LAW ENFORCEMENT AGENCIES.

☐ With a favorable report.

☒ With a favorable report and recommendation that the bill be re-referred to the Committee on
Appropriations ☒ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the
Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title,
unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation
that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes
the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **MOSLEY** for the Committee on **STATE PERSONNEL**.

☐ Committee Substitute for

H.B. 1104 A BILL TO BE ENTITLED AN ACT CLARIFYING THE DESIGNATION OF
EXEMPT POSITIONS IN STATE GOVERNMENT EMPLOYMENT.

☒ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on
Appropriations ☐ Finance ☐ .

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the
Committee on Appropriations ☐ Finance ☐ .

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title,
unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation
that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes
the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 1305

Short Title: Wildlife Salary Equity.

(Public)

Sponsors: Representatives Carpenter; Buchanan, Culp, Davis, Edwards, Goodwin, Gulley, Melton, Mitchell, Setzer, Sexton, Smith, Walend, and G. Wilson.

Referred to: State Personnel, if favorable, Appropriations.

April 21, 1999

1 A BILL TO BE ENTITLED

2 AN ACT TO ADJUST THE SALARIES OF WILDLIFE ENFORCEMENT
3 OFFICERS OF THE WILDLIFE RESOURCES COMMISSION TO ELIMINATE
4 SALARY INEQUITY WITH THE OFFICERS OF OTHER LAW
5 ENFORCEMENT AGENCIES.

6 The General Assembly of North Carolina enacts:

7 Section 1. The Office of State Personnel shall adjust the salaries of
8 Wildlife Enforcement Officers of the Wildlife Resources Commission so that the
9 average salary of Wildlife Enforcement Officers in any salary classification level is the
10 same as the average salary of the members of the State Highway Patrol whose
11 positions are classified at the same salary classification level. The salary of a Wildlife
12 Enforcement Officer shall be individually adjusted based upon the current salary of
13 the officer, the job classification title and salary level of the position in which the
14 officer is employed, and the length of law enforcement service of the officer. No
15 officer shall receive a salary adjustment if the officer's most recent performance
16 appraisal is below satisfactory, and no officer's salary shall be raised above the
17 maximum of the range for the position in which the officer is employed.

18 Section 2. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 1104

Short Title: Exempt Position Clarification.

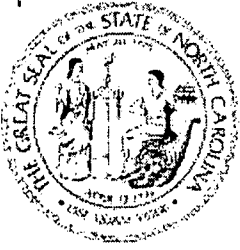
(Public)

Sponsors: Representatives Gibson; and Mosley.

Referred to: State Personnel.

April 15, 1999

1 A BILL TO BE ENTITLED
2 AN ACT CLARIFYING THE DESIGNATION OF EXEMPT POSITIONS IN
3 STATE GOVERNMENT EMPLOYMENT.
4 The General Assembly of North Carolina enacts:
5 Section 1. G.S. 126-5(d)(5) reads as rewritten:
6 "(5) Creation, Transfer, or Reorganization. -- The Governor, elected
7 department head, or State Board of Education may designate as
8 exempt a ~~polycymaking~~ position that is created or transferred to a
9 different department, or is located in a department in which
10 reorganization has occurred, after May 1 of the year in which the
11 oath of office is administered to the Governor. The designation
12 must be made in a letter to the State Personnel Director, the
13 Speaker of the North Carolina House of Representatives, and the
14 President of the North Carolina Senate within 120 days after such
15 position is created, transferred, or in which reorganization has
16 occurred."
17 Section 2. This act is effective when it becomes law.



HOUSE BILL 1104: Exempt Position Clarification

BILL ANALYSIS

Committee: House State Personnel
Date: April 22, 1999
Version: 1st Edition

Introduced by: Representative Gibson
Summary by: Theresa Matula
Committee Staff

SUMMARY:

House Bill 1104 clarifies the designation of exempt State Government positions with regard to positions that are created, transferred, or reorganized.

CURRENT LAW:

Chapter 126, of the General Statutes covers the State Personnel System, Section 5 defines those employees that are subject and those that are exempt from the Chapter. G.S. 126-5(d) specifies those positions that are exempt from the Chapter. Sub-subsection (1) outlines the exempt positions in Cabinet Departments; sub-subsection (2) outlines exempt positions in Council of State Departments and Offices; sub-subsection (3) specifies the designation shall be in a letter to the State Personnel Director, the Speaker of the House of Representative, and the President of the Senate; sub-subsection (4) covers vacancies; and sub-subsection (5) covers creation, transfer or reorganization and the designation of exempt status.

G.S. 126-5(d)(5) requires that after May 1 of the year in which the oath of office is administered to the Governor, the Governor, elected department head, or State Board of Education may designate as exempt a *policymaking* position that is created or transferred to a different department or is located in the department in which reorganization has occurred. Designation is made in a letter to the State Personnel Director, the Speaker of the North Carolina House of Representatives, and the President of the North Carolina Senate within 120 days.

BILL ANALYSIS:

House Bill 1104 eliminates the requirement that positions be "policymaking" with regard to the exempt designation under G.S. 126-5(d)(5).

Definitions under G.S. 126-5 (b)(1):

- "Exempt position" means an exempt managerial position or an exempt policymaking position.
- "Exempt managerial position" means a position delegated with significant managerial or programmatic responsibility that is essential to the successful operation of a State department, agency or division.
- "Exempt policymaking position" means a position delegated with the authority to impose the final decision as to a settled course of action to be followed within a department, agency, or division so that a loyalty to the Governor or other elected department head in their respective offices is reasonably necessary to implement the policies of their offices.

This act becomes effective when it becomes law.

(d) (1) Exempt Positions in Cabinet Department. - The Governor may designate a total of 100 exempt policymaking positions throughout the following departments:

- a. Department of Administration;
- b. Department of Commerce;
- c. Department of Correction;
- d. Department of Crime Control and Public Safety;
- e. Department of Cultural Resources;
- f. Department of Health and Human Services;
- g. Department of Environment and Natural Resources;
- h. Department of Revenue; and
- i. Department of Transportation.

The Governor may designate exempt managerial positions in a number up to one percent (1%) of the total number of full-time positions in each cabinet department listed above in this sub-subdivision, not to exceed 30 positions in each department.

(2) Exempt Positions in Council of State Departments and Offices. - The Secretary of State, the Auditor, the Treasurer, the Attorney General, the Commissioner of Agriculture, the Commissioner of Insurance, and the Labor Commissioner may designate exempt positions. The State Board of Education may designate exempt positions in the Department of Public Instruction. The number of exempt policymaking positions in each department headed by an elected department head listed above in this sub-subdivision shall be limited to 20 exempt policymaking positions or one percent (1%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions shall be limited to 20 positions or one percent (1%) of the total number of full-time positions in the department, whichever is greater.

(2a) Designation of Additional Positions. - The Governor, elected department head, or State Board of Education may request that additional positions be designated as exempt. The request shall be made by sending a list of exempt positions that exceed the limit imposed by this subsection to the Speaker of the North Carolina House of Representatives and the President of the North Carolina Senate. A copy of the list also shall be sent to the State Personnel Director. The General Assembly may authorize all, or part of, the additional positions to be designated as exempt positions. If the General Assembly is in session when the list is submitted and does not act within 30 days after the list is submitted, the list shall be deemed approved by the General Assembly, and the positions shall be designated as exempt positions. If the General Assembly is not in session when the list is submitted, the 30-day period shall not begin to run until the next date that the General Assembly convenes or reconvenes, other than for a special session called for a specific purpose not involving the approval of the list of additional positions to be designated as exempt positions; the policymaking positions shall not be designated as exempt during the interim.

(3) Letter. - These positions shall be designated in a letter to the State Personnel Director, the

Speaker of the House of Representatives, and the President of the Senate by May 1 of the year in which the oath of office is administered to each Governor unless the provisions of subsection (d)(4) apply.

(4) Vacancies. - In the event of a vacancy in the Office of Governor or in the office of a member of the Council of State, the person who succeeds to or is appointed or elected to fill the unexpired term shall make such designations in a letter to the State Personnel Director, the Speaker of the House of Representatives, and the President of the Senate within 120 days after the oath of office is administered to that person. In the event of a vacancy in the Office of Governor, the State Board of Education shall make these designations in a letter to the State Personnel Director, the Speaker of the House of Representatives, and the President of the Senate within 120 days after the oath of office is administered to the Governor.

(5) Creation, Transfer, or Reorganization. - The Governor, elected department head, or State Board of Education may designate as exempt a policymaking position that is created or transferred to a different department, or is located in a department in which reorganization has occurred, after May 1 of the year in which the oath of office is administered to the Governor. The designation must be made in a letter to the State Personnel Director, the Speaker of the North Carolina House of Representatives, and the President of the North Carolina Senate within 120 days after such position is created, transferred, or in which reorganization has occurred.

(6) Reversal. - Subsequent to the designation of a position as an exempt position as hereinabove provided, the status of the position may be reversed and made subject to the provisions of this Chapter by the Governor, by an elected department head, or by the State Board of Education in a letter to the State Personnel Director, the Speaker of the North Carolina House of Representatives, and the President of the North Carolina Senate.

(7) Hearing Officers. - Except as otherwise specifically provided by this section, no employee, by whatever title, whose primary duties include the power to conduct hearings, take evidence, and enter a decision based on findings of fact and conclusions of law based on statutes and legal precedents shall be designated as exempt. This subdivision shall apply beginning July 1, 1985, and no list submitted after that date shall designate as exempt any employee described in this subdivision.

(e) An exempt employee may be transferred, demoted, or separated from his or her position by the department head authorized to designate the exempt position except:

(1) When an employee who has the minimum service requirements described in subsection (c)(1) above but less than 10 years of cumulative service in subject positions prior to placement in an exempt position is removed from an exempt position, for reasons other than just cause, the employee shall have priority to any position that becomes available for which the employee is qualified, according to rules and regulations regulating and defining priority as promulgated by the State Personnel Commission; or

(2) When an employee who has 10 years or more cumulative service, including the immediately preceding 12 months, in subject positions prior to placement in an exempt position is removed from an exempt position, for reasons other than just cause, the employee shall be reassigned to a subject position within the same department or agency, or if necessary within another agency, and within a 35 mile radius of the exempt position, at the same grade and salary, including all across-the-board increases since placement in the position designated as exempt, as his most recent subject position.

(f) A department head is authorized to use existing budgeted positions within his department in order to carry out the provisions of subsection (e) of this section. If it is necessary to meet the requirements of subsection (e) of this section, a department head may use salary reserve funds authorized for his department.

(g) No employee shall be placed in an exempt position without 10 working days prior written notification that such position is so designated. A person applying for a position that is designated as exempt must be notified in writing at the time he makes the application that the position is designated as exempt.

(h) In case of dispute as to whether an employee is subject to the provisions of this Chapter, the dispute shall be resolved as provided in Article 3 of Chapter 150B.

(1965, c. 640, s. 2; 1967, c. 24, s. 20; cc. 1038, 1143; 1969, c. 982; 1971, c. 1025, s. 2; 1973, c. 476, s. 143; 1975, c. 667, ss. 8, 9; 1977, c. 866, ss. 2-5; 1979, 2nd Sess., c. 1137, s. 40; 1983, c. 717, s. 41; c. 867, s. 2; 1985, c. 589, s. 38; c. 617, s. 1; c. 757, s. 206(c); 1985 (Reg. Sess., 1986), c. 955, s. 43; c. 1014, ss. 41, 235; c. 1022, s. 9; 1987, c. 320, s. 4; c. 395, s. 1; c. 809, s. 1; c. 850, s. 19; 1987 (Reg. Sess., 1988), c. 1064, s. 3; 1989, c. 168, s. 9; c. 236, s. 3; c. 484; c. 727, s. 218(85); c. 751, s. 7(13); 1991, c. 65, s. 2; c. 84, ss. 1, 2; c. 354, s. 3; c. 749, s. 4; 1991 (Reg. Sess., 1992), c. 879, s. 5; c. 959, s. 85; 1993, c. 145, s. 1; c. 321, s. 145(b); c. 553, ss. 39, 40; 1993 (Reg. Sess., 1994), c. 777, s. 4(g); 1995, c. 141, ss. 3, 5; c. 393, s. 1; 1995 (Reg. Sess., 1996), c. 690, s. 15; 1997-443, ss. 11A.118(a), 11A.119(a), 22.2(b); 1997-520, s. 3; 1998-212, s. 11.8(b).)

Editor's Note. - Session Laws 1995, c. 393, s. 2, provides for the State Board of Education to designate as exempt a policymaking position located in the Department of Public Instruction.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 1103

Short Title: State Employee Recognition Program.

(Public)

Sponsors: Representatives Gibson; and Mosley.

Referred to: State Personnel.

April 15, 1999

1 A BILL TO BE ENTITLED
2 AN ACT AMENDING THE EXECUTIVE BUDGET ACT TO ALLOW A
3 SPECIAL RECOGNITION AWARD PROGRAM FOR STATE EMPLOYEES.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 143-23(a2)(1) reads as rewritten:

6 "(1) Salaries and wages or for premium pay, overtime pay, longevity,
7 unemployment compensation, workers' compensation, temporary
8 wages, moving expenses of employees, payment of accumulated
9 annual leave, certain awards to employees; employees including
10 special recognition awards specified through an employee
11 recognition program, tort claims, and employer's social security,
12 retirement, and hospitalization payments;"

13 Section 2.(a) The policies adopted by the State Personnel Commission
14 and by the Office of State Budget and Management, as appropriate, to implement the
15 State employee recognition program authorized by Section 1 of this act shall include
16 provisions for the following:

17 (1) Recognition awards may be granted for specific individual or
18 employee team efforts that are exemplary and produce long-term
19 positive results for the employing agency that are consistent with
20 the agency's mission, including contributing to the employing
21 agency's ability to improve delivery of services and to generate
22 budgetary efficiency.

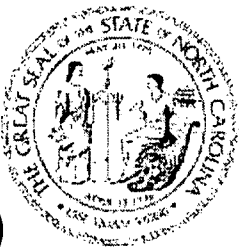
23 (2) At a minimum, the recognized employee efforts must:

- a. Be above and beyond the recognized employee's responsibilities as defined in the employee's job description;
- b. Exemplify a superior manner and level of job performance that can be held as a standard of excellence for other employees with similar job descriptions; or
- c. Substantially enhance the performance of other employees' job duties as specified in the respective job descriptions.

Section 2.(b) Beginning March 1, 2000, and annually thereafter, the State Personnel Commission and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on implementation of the State employee recognition program. The report shall include:

- (1) The number of nominations made and awards given.
- (2) The nature of the awards given.
- (3) The names, job descriptions, and salary grades of the employees receiving the awards, along with an explanation of the basis upon which each award was made.

Section 3. This act becomes effective July 1, 1999.



HOUSE BILL 1103: State Employee Recognition Program

BILL ANALYSIS

Committee: House State Personnel
Date: April 21, 1999
Version: 1st Edition

Introduced by: Representative Gibson
Summary by: Theresa Matula
Committee Staff

SUMMARY:

House Bill 1103 amends the Executive Budget Act to allow funds appropriated for salaries and wages to be used for certain awards, including special recognition awards specified through an employee recognition program.

CURRENT LAW:

Chapter 143, Article 1 covers the Executive Budget Act. Chapter 143, Section 23 concerns appropriations made for the maintenance of various departments, institutions and other spending agencies of the State and transfers between objects or line items. Subsection (a2) concerns the limitation on uses of funds appropriated for salaries and wages.

BILL ANALYSIS:

House Bill 1103 expands the language in G.S. 143-23(a2)(1) allowing funds appropriated for salaries and wages be used for *certain awards to employees including special recognition awards specified through an employee recognition program*. Previously the language allowed funds appropriated for salaries and wages to be used for *certain awards to employees*.

This act becomes effective July 1, 1999.

VISITOR REGISTRATION SHEET

STATE PERSONNEL COMMITTEE

April 22, 1999
Date

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Roni Penny	OSP
Carl Goodwin	OSP
Patrick McCoy	OSP
Evelyn Shawhorne	UNC-CH
Lavonda VanBenthuysen	OSP
Frank Lewis	SO.S
Dan G.	NCDC
Becky Brown	NCDOJ
Dorothy Spencer	Tactical Political Counselor
Janice Reener	NCACC
Wendy Mills	SEANC
Dan Arnold	SEANC
Gay Brown	NC Wildlife
Roger Hedrick	NC Wildlife
RB Hamilton	Wildlife
Ken Howell	Gov's Office
Ed Regan	N.C. Assoc. of Co. Comm
Smackham	EGHS
Altobbs	NCHMA
Tom Baldwin	NCHBA

AGENDA

STATE PERSONNEL COMMITTEE

544 LEGISLATION OFFICE BUILDING

May 13, 1999

10:00 AM

CALL TO ORDER

**Representative Jane Mosley, Chair
State Personnel Committee**

BILLS TO BE CONSIDER

HB 1378 State Employee Sick Leave - Representative Warwick

ADJOURNMENT

**MINUTES
HOUSE COMMITTEE ON
STATE PERSONNEL**

May 13, 1999

The House Committee on State Personnel met Thursday, May 13, 1999, in Room 544 of the Legislative Office Building at 10:00 a.m. The following members were present: Chair Jane Mosley; Vice Chair Verla Insko; Representatives Eddins, Kiser, McCombs, Sherrill, and Tucker. Ms. Karen Cochrane-Brown and Ms. Theresa Matula, Staff Counselors, were in attendance. A Visitor Registration list is attached (Attachment 1) and made part of these minutes.

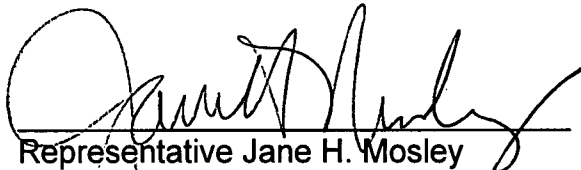
Chair Mosley called the meeting to order.


The Chair recognized Representative Warwick, the sponsor of House Bill 1378, State Employee Sick Leave. Chair Mosley explained that the committee would not be taking a vote on House Bill 1378. Representative Warwick stated that he felt some technical questions concerning House Bill 1378 needed to be answered. He asked that the bill be displaced so that it could be more thoroughly reviewed.

Chair Mosley stated that House Bill 1378 is displaced.

There being no further business, the meeting adjourned at 10:15 a.m.

Respectfully submitted,


Representative Jane H. Mosley
Chair


Gennie L. Thurlow
Legislative Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 1378

Short Title: State Employee Sick Leave.

(Public)

Sponsors: Representatives Warwick; Barefoot, Smith, Cox, and Mosley.

Referred to: State Personnel, if favorable, Appropriations.

April 29, 1999

- 1 A BILL TO BE ENTITLED
2 AN ACT RELATING TO THE REINSTATEMENT OF STATE EMPLOYEE SICK
3 LEAVE.
4 The General Assembly of North Carolina enacts:
5 Section 1. Article 3 of Chapter 126 of the General Statutes is amended
6 by adding a new section to read:
7 "§ 126-8.3. Reinstatement of sick leave.
8 (a) Sick leave for State employees shall be reinstated whenever a State employee
9 returns from authorized leave without pay or within 10 years after any type of
10 separation.
11 (b) Sick leave shall be reinstated when a State employee returns to State
12 employment within 10 years after separating from employment in a local government
13 position covered under the State Personnel Act or from employment at a public
14 school, a community college, or a technical institute."
15 Section 2. This act is effective when it becomes law.

VISITOR REGISTRATION SHEET

STATE PERSONNEL COMMITTEE

May 13, 1999
Date

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

[illegible]

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE**

You are hereby notified that the Committee on **STATE PERSONNEL** will meet as follows:

DAY & DATE: **Thursday, May 27, 1999**

TIME: **10:00 AM**

LOCATION: **544 LOB**

The following bills will be considered (Bill # & Short Title):

HB 1103 – STATE EMPLOYEE RECOGNITION PROGRAM (Representative Gibson)

SB 885 – STATE AUDITOR RECORDS ACCESS (Senator Cooper)

Respectfully,

Representative Jane Mosley
Chair

I hereby certify this notice was filed by the committee assistant at the following offices at **3:30 PM** on **Tuesday, May 25, 1999**.

____ Principal Clerk
____ Reading Clerk - House Chamber

Gennie Thurlow (Committee Assistant)

**MINUTES
HOUSE COMMITTEE ON
STATE PERSONNEL**

May 27, 1999

The House Committee on State Personnel met Thursday, May 27, 1999, in Room 544 of the Legislative Office Building at 10:00 a.m. The following members were present: Chair Jane Mosley; Representatives Eddins, Gibson, Kiser, McCombs, and Tucker. Ms. Karen Cochran-Brown and Ms. Theresa Matula, Staff Counselors, were in attendance. A Visitor Registration list is attached and made part of these minutes.

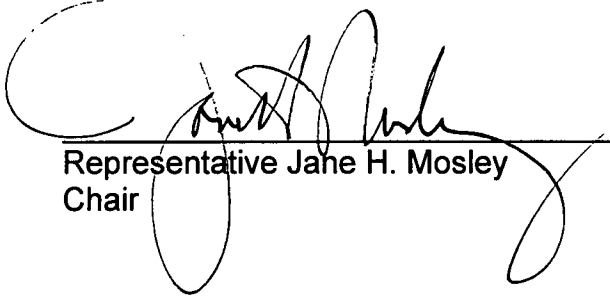
Chair Mosley called the meeting to order.

The Chair recognized Mr. Joseph Lee, Legislative Counsel for Senator Roy Cooper, the sponsor of Senate Bill 885, State Auditor Records Access. Mr. Lee explained the bill. After remarks and comments from the Legislative Liaison for the Office of State Personnel and the Legislative Affairs Director of the State Employees Association of North Carolina, Representative Tucker moved that Senate Bill 885 be given a favorable report. The motion carried.

Chair Mosley recognized Representative Gibson, the sponsor of House Bill 1103, State Employee Recognition Program. Representative Gibson offered a committee substitute for House Bill 1103. Comments were made by the Legislative Liaison for the Office of State Personnel and the Legislative Affairs Director of the State Employees Association of North Carolina. Questions from committee members were answered. Representative Eddins made a motion that House Bill 1103 be given a favorable report as to committee substitute which changed the title, unfavorable as to original bill, and recommendation that the committee substitute be re-referred to the Committee on Appropriations. The motion carried.

There being no further business, the meeting adjourned at 10:25 a.m.

Respectfully submitted,



Representative Jane H. Mosley
Chair



Gennie L. Thurlow
Legislative Assistant

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **MOSLEY** for the Committee on **STATE PERSONNEL**.

☐ Committee Substitute for
S.B. 885 A BILL TO BE ENTITLED AN ACT CLARIFYING THE AUTHORITY OF
THE STATE AUDITOR TO EXAMINE STATE EMPLOYEE PERSONNEL RECORDS.

- ☒ With a favorable report.
- ☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐.
- ☐ With a favorable report, as amended.
- ☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐.
- ☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)
- ☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.
- ☐ With an unfavorable report.
- ☐ With recommendation that the House concur.
- ☐ With recommendation that the House do not concur.
- ☐ With recommendation that the House do not concur; request conferees.
- ☐ With recommendation that the House concur; committee believes bill to be material.
- ☐ With an unfavorable report, with a Minority Report attached.
- ☐ Without prejudice.
- ☐ With an indefinite postponement report.
- ☐ With an indefinite postponement report, with a Minority Report attached.
- ☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **MOSLEY** for the Committee on **STATE PERSONNEL**.

☐ Committee Substitute for

H.B. 1103 A BILL TO BE ENTITLED AN ACT AMENDING THE EXECUTIVE BUDGET ACT TO ALLOW A SPECIAL RECOGNITION AWARD PROGRAM FOR STATE EMPLOYEES.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill (~~#~~), ☒ which changes the title, unfavorable as to (original bill) (~~Committee-Substitute-Bill #~~), (and recommendation that the committee substitute bill ~~#~~) be re-referred to the Committee on *appropriations.*)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

S

1

SENATE BILL 885

Short Title: State Auditor Records Access.

(Public)

Sponsors: Senators Cooper; and Martin of Guilford.

Referred to: Judiciary I.

April 13, 1999

1 A BILL TO BE ENTITLED
2 N ACT CLARIFYING THE AUTHORITY OF THE STATE AUDITOR TO
3 EXAMINE STATE EMPLOYEE PERSONNEL RECORDS.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 147-64.7(a) reads as rewritten:

6 "(a) Access to Persons and Records. --

7 (1) The Auditor and his authorized representatives shall have ready
8 access to persons and may examine and copy all books, records,
9 reports, vouchers, correspondence, files, personnel files,
10 investments, and any other documentation of any State agency.
11 The review of State tax returns shall be limited to matters of
12 official business and the Auditor's report shall not violate the
13 confidentiality provisions of tax laws.

14 (2) The Auditor and his duly authorized representatives shall have
15 such access to persons, records, papers, reports, vouchers,
16 correspondence, books, and any other documentation which is in
17 the possession of any individual, private corporation, institution,
18 association, board, or other organization which pertain to:

19 a. Amounts received pursuant to a grant or contract from the
20 federal government, the State, or its political subdivisions.

21 b. Amounts received, disbursed, or otherwise handled on
22 behalf of the federal government or the State. In order to
23 determine that payments to providers of social and medical
24 services are legal and proper, the providers of such services

will give the Auditor, or his authorized representatives, access to the records of recipients who receive such services.

(3) The Auditor shall, for the purpose of examination and audit authorized by this act, have the authority, and will be provided ready access, to examine and inspect all property, equipment, and facilities in the possession of any State agency or any individual, private corporation, institution, association, board, or other organization which were furnished or otherwise provided through grant, contract, or any other type of funding by the State of North Carolina, or the federal government.

(4) All contracts or grants entered into by State agencies or political subdivisions shall include, as a necessary part, a clause providing access as intended by this section.

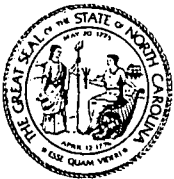
(5) The Auditor and his authorized agents are authorized to examine all books and accounts of any individual, firm, or corporation only insofar as they relate to transactions with any agency of the State."

Section 2. G.S. 147-64.6(d) reads as rewritten:

"(d) Reports and Work Papers. -- The Auditor shall maintain for 10 years a complete file of all audit reports and reports of other examinations, investigations, surveys, and reviews issued under his authority. Audit work papers and other evidence and related supportive material directly pertaining to the work of his office shall be retained according to an agreement between the Auditor and State Archives. To promote intergovernmental cooperation and avoid unnecessary duplication of audit effort, and notwithstanding the provisions of G.S. 126-24, pertinent work papers and other supportive material related to issued audit reports may be, at the discretion of the Auditor and unless otherwise prohibited by law, made available for inspection by duly authorized representatives of the State and federal government who desire access to and inspection of such records in connection with some matter officially before ~~them~~. them, including criminal investigations.

Except as provided above, or upon subpoena issued by a duly authorized court or court official, audit work papers shall be kept confidential."

Section 3. This act is effective when it becomes law.



BILL ANALYSIS

SENATE BILL 885: State Auditor Records Access.

Committee: House JIII
Date: May 13, 1999
Version: 1st Edition

Introduced by: Senator Cooper
Summary by: Karen Cochrane Brown
Committee Counsel, and
O. Walker Reagan, Senate JI Committee Counsel

SUMMARY: *Senate Bill 885 would permit access by the State Auditor to the personnel files of State employees in connection with the Auditor's audit responsibilities and despite the confidentiality of these personnel records, authorizes the State Auditor to allow other State and federal agencies to inspect these records in connection with matters before those agencies, including criminal investigations.*

CURRENT LAW: The State Auditor does not have express authority to have access to State employees personnel records, but G.S. 126-24 does allow the head of the department where the records are kept to permit inspection of these records by officials of the State, federal or local governments when the department head determines that the inspection is "necessary and essential to the pursuance of a proper function of the agency". Current law permits the Auditor to share audit information with officials of other agencies, but personnel information is not allowed to be used for criminal or tax investigations.

BILL ANALYSIS: Section 1 of the bill adds personnel files of State agencies to the list of records the State Auditor is authorized to examine and copy.

Section 2 amends the authority of the State Auditor to share audit files with other State and federal officials, including personnel files, notwithstanding G.S. 126-24 (copy attached) which governs the confidentiality of these records, if the records are to be used by the other agency for some matter officially before them, which could include a criminal investigation.

EFFECTIVE DATE: The bill becomes effective when it becomes law.

§ 126-24. Confidential information in personnel files; access to such information.

All other information contained in a personnel file is confidential and shall not be open for inspection and examination except to the following persons:

- (1) The employee, applicant for employment, former employee, or his properly authorized agent, who may examine his own personnel file in its entirety except for (i) letters of reference solicited prior to employment, or (ii) information concerning a medical disability, mental or

physical, that a prudent physician would not divulge to a patient. An employee's medical record may be disclosed to a licensed physician designated in writing by the employee;

- (2) The supervisor of the employee;
- (3) Members of the General Assembly who may inspect and examine personnel records under the authority of G.S. 120-19;
- (4) A party by authority of a proper court order may inspect and examine a particular confidential portion of a State employee's personnel file; and
- (5) An official of an agency of the federal government, State government or any political subdivision thereof. Such an official may inspect any personnel records when such inspection is deemed by the department head of the employee whose record is to be inspected or, in the case of an applicant for employment or a former employee, by the department head of the agency in which the record is maintained as necessary and essential to the pursuance of a proper function of said agency; provided, however, that such information shall not be divulged for purposes of assisting in a criminal prosecution, nor for purposes of assisting in a tax investigation.

Notwithstanding any other provision of this Chapter, any department head may, in his discretion, inform any person or corporation of any promotion, demotion, suspension, reinstatement, transfer, separation, dismissal, employment or nonemployment of any applicant, employee or former employee employed by or assigned to his department or whose personnel file is maintained in his department and the reasons therefor and may allow the personnel file of such person or any portion thereof to be inspected and examined by any person or corporation when such department head shall determine that the release of such information or the inspection and examination of such file or portion thereof is essential to maintaining the integrity of such department or to maintaining the level or quality of services provided by such department; provided that prior to releasing such information or making such file or portion thereof available as provided herein, such department head shall prepare a memorandum setting forth the circumstances which the department head deems to require such disclosure and the information to be disclosed. The memorandum shall be retained in the files of said department head and shall be a public record.

(1975, c. 257, s. 1; 1977, c. 866, s. 10; 1977, 2nd Sess., c. 1207.)

S885-SMRU-001

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

D

HOUSE BILL 1103
Proposed Committee Substitute H1103-PCS3431-SH

Short Title: State Emp. Recognition & Bonus Programs.

(Public)

Sponsors:

Referred to:

April 15, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW THE ESTABLISHMENT OF AN EMPLOYEE
3 RECOGNITION AWARD PROGRAM FOR STATE EMPLOYEES AND TO
4 AMEND THE STATE EMPLOYEE INCENTIVE BONUS PROGRAM.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 143-23(a2)(1) reads as rewritten:

7 "(a2) Funds appropriated for salaries and wages are also subject to the limitation
8 that they may only be used for:

9 (1) Salaries and wages or for premium pay, overtime pay, longevity,
10 unemployment compensation, workers' compensation, temporary
11 wages, moving expenses of employees, payment of accumulated
12 annual leave, certain awards to ~~employees~~, employees including
13 employee recognition awards specified through an employee
14 recognition program, tort claims, and employer's social security,
15 retirement, and hospitalization payments;"

16 Section 2. G.S. 126-4(8) reads as rewritten:

17 "§ 126-4. Powers and duties of State Personnel Commission.

18 Subject to the approval of the Governor, the State Personnel Commission shall
19 establish policies and rules governing each of the following:

20 ...

21 (8) A program of meritorious service ~~awards~~, awards and employee
22 recognition awards. These awards are limited to noncash items.

The Commission shall adopt policies to ensure awards programs are established and properly managed statewide."

Section 3.(a) The policies adopted by the State Personnel Commission to implement the State employee recognition program authorized by Sections 1 and 2 of this act shall include provisions for the following:

(1) Recognition awards may be granted for specific individual or employee team efforts that are exemplary and produce long-term positive results for the employing agency that are consistent with the agency's mission, including contributing to the employing agency's ability to improve delivery of services and to generate budgetary efficiency.

(2) The recognized employee(s) efforts must:

- a. Be above and beyond the recognized employee's responsibilities as defined in the employee's job description; or
- b. Exemplify a superior manner and level of job performance that can be held as a standard of excellence for other employees with similar job descriptions; or
- c. Substantially enhance the performance of other employees' job duties as specified in the respective job descriptions.

(3) A State employee or team of State employees may be eligible to receive both an employee recognition program award or awards, pursuant to G.S. 143-23(a2)(1) and G.S. 126-4(8), and an incentive bonus or bonuses under the State Employee Incentive Bonus Program, pursuant to Article 36A of Chapter 143 of the General Statutes, for the same suggestion.

(4) The purchase of awards is dependent upon availability of agency funds. Funds available for recognition incentives shall not exceed one-fourth of one percent (.25%) of the agency's allocated salary fund. The cost of any individual recognition award shall not exceed one-fourth of one percent (.25%) of the average salary of a State employee subject to Chapter 126 of the General Statutes.

Section 3.(b) Beginning March 1, 2000, and annually thereafter, the State Personnel Commission and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the implementation of the State employee recognition program. The report shall include:

- (1) The number of nominations made and awards given.
- (2) The nature of the awards given.
- (3) The names, job titles, and salary grades of the employees receiving the awards, along with an explanation of the basis upon which each award was made.

Section 4. G.S. 143-345.21 reads as rewritten:

"§ 143-345.21. State employee incentive bonus.

1 (a) A State employee or team of State employees may receive an incentive bonus
2 or bonuses in reward for suggestions or innovations resulting in monetary savings to
3 the State, increased revenues to the State, or improved quality of services delivered to
4 the public.

5 (a1) A State employee or team of State employees may be eligible to receive both
6 an employee recognition program award or awards, pursuant to G.S. 143-23(a2)(1)
7 and G.S. 126-4(8), and an incentive bonus or bonuses under the State Employee
8 Incentive Bonus Program, pursuant to Article 36A of this Chapter, for the same
9 suggestion.

10 (b) In addition to any bonuses paid directly to individual State employees, a
11 portion of the cost-savings associated with any savings realized from permanent
12 efficiencies implemented pursuant to this Article may be contributed to a reserve
13 fund for State employee performance bonuses. Funds for State employee incentive
14 bonuses shall only come from savings including reversions above the baseline
15 reversion of the employing State department, agency, or institution.

16 (c) Savings generated by suggestions and innovations shall be determined at the
17 end of the fiscal year in which the suggestion or innovation is implemented. Any
18 savings are to be calculated using the actual expenditures for a program, activity, or
19 service compared to the budgeted amount for the same, if an amount has been
20 budgeted for the program, activity, or service. The savings calculation shall include
21 the amount of any reversions in excess of the baseline reversion. The savings or
22 revenue increases realized from any suggestion or innovation implemented for less
23 than one full fiscal year shall be annualized. Any savings realized through the State
24 Employee Incentive Bonus Program shall be weighed against continued service to the
25 public.

26 (d) If a suggestion or innovation affects a program, activity, or service for which
27 no separate budgeted amount has been made, the State Coordinator, in conjunction
28 with the agency evaluator for that suggestion or innovation, shall determine the
29 budgetary impact of the suggestion or innovation."

30 Section 5. G.S. 143-345.20(2) reads as rewritten:

31 "(2) Employing unit. -- Any of the following:

- 32 a. The principal Council of State office or department
33 enumerated in G.S. 143A-11 for which a State employee
34 works.
- 35 b. The principal State department enumerated in G.S. 143B-6
36 for which a State employee works.
- 37 c. The constituent institution of The University of North
38 Carolina or the General Administration of The University of
39 North Carolina for which a State employee works.
- 40 d. The local school administrative unit for which a State
41 employee works.
- 42 e. The board, commission, or agency and its staff for which a
43 State employee works, if that agency is not organizationally

1 housed in any of the other offices, departments, or
2 institutions listed in this subdivision.

3 f. The responsible cost center of the suggester and all
4 employees assigned to the responsible cost center."

5 Section 6. G.S. 143-345.22(a) reads as rewritten:

6 **"§ 143-345.22. Allocation of incentive bonus funds; nonmonetary recognition.**

7 (a) If a State employee's suggestion or innovation results in a monetary savings or
8 increased revenue to the State, the funds saved or increased shall be distributed
9 according to the following scale:

10 (1) Twenty percent (20%) of the annualized savings or increased
11 revenues, up to a maximum of twenty thousand dollars (\$20,000)
12 for any one State employee, to constitute gainsharing. If a team of
13 State employees is the suggester, the bonus provided in this
14 subdivision shall be divided equally among the team members,
15 except that no team member may receive in excess of twenty
16 thousand dollars (\$20,000), nor may the team receive an aggregate
17 amount in excess of one hundred thousand dollars (\$100,000).

18 (2) Thirty percent (30%) to a performance bonus reserve for all
19 current employees of the employing unit of the suggester, to be
20 distributed according to G.S. 126-7, the Comprehensive
21 Compensation System for State employees, or according to the
22 performance bonus compensation system in which the suggester's
23 employing unit participates.

24 (2a) Three percent (3%) to the Department of Administration for the
25 administration and management of the State Employee Incentive
26 Bonus Program.

27 (3) The remainder to the General Fund for nonrecurring budget
28 items."

29 Section 7. G.S. 143-345.23 reads as rewritten:

30 **"§ 143-345.23. Suggestion and review process; role of agency coordinator and agency**
31 **evaluator.**

32 (a) The process for a State employee or team of State employees to submit a cost-
33 saving or revenue-increasing proposal shall begin by the employee or team of
34 employees submitting the suggestion or innovation to an agency coordinator
35 designated by the State department, agency, or institution impacted by the suggestion
36 or innovation. The agency coordinator, in conjunction with an agency evaluator, shall
37 review the suggestion or innovation for submission to the Review Committee
38 established in G.S. 143-345.14.

39 (b) The duties of the agency coordinator shall include:

40 (1) Serving as an information source and maintaining sufficient forms
41 necessary to submit suggestions.

42 (2) Responsibility for presenting, in conjunction with the agency
43 evaluator, the plan of implementation for a suggestion or
44 innovation to the Agency Review Committee.

1 (3) Working in conjunction with the agency evaluator designated by
2 the State Coordinator for a particular suggestion or innovation.
3 An agency may have more than one coordinator if required to provide sufficient
4 services to State employees.

5 (c) The duties of an agency evaluator shall include:

- 6 (1) Reviewing the feasibility and effectiveness of cost-saving or
7 revenue-increasing measures suggested by State employees.
8 (2) Being knowledgeable of the subject program, activity, or service.
9 (3) Determining, in conjunction with the agency fiscal officer, the
10 budgetary impact of a suggestion or innovation.
11 (4) Judging impartially both the positive and negative effects of a
12 suggestion or innovation on the current functions of the subject
13 program, activity, or service.

14 The specific assignments of the agency evaluator shall be determined by the agency
15 coordinator.

16 (d) The State Coordinator shall be responsible for general oversight and
17 coordination of the State Employee Incentive Bonus Program. The State Coordinator
18 shall be a State employee working in the Department of Administration."

19 Section 8. This act becomes effective July 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 1103

Short Title: State Employee Recognition Program.

(Public)

Sponsors: Representatives Gibson; and Mosley.

Referred to: State Personnel.

April 15, 1999

1 A BILL TO BE ENTITLED
2 AN ACT AMENDING THE EXECUTIVE BUDGET ACT TO ALLOW A
3 SPECIAL RECOGNITION AWARD PROGRAM FOR STATE EMPLOYEES.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 143-23(a2)(1) reads as rewritten:

6 "(1) Salaries and wages or for premium pay, overtime pay, longevity,
7 unemployment compensation, workers' compensation, temporary
8 wages, moving expenses of employees, payment of accumulated
9 annual leave, certain awards to ~~employees~~, employees including
10 special recognition awards specified through an employee
11 recognition program, tort claims, and employer's social security,
12 retirement, and hospitalization payments;"

13 Section 2.(a) The policies adopted by the State Personnel Commission
14 and by the Office of State Budget and Management, as appropriate, to implement the
15 State employee recognition program authorized by Section 1 of this act shall include
16 provisions for the following:

17 (1) Recognition awards may be granted for specific individual or
18 employee team efforts that are exemplary and produce long-term
19 positive results for the employing agency that are consistent with
20 the agency's mission, including contributing to the employing
21 agency's ability to improve delivery of services and to generate
22 budgetary efficiency.

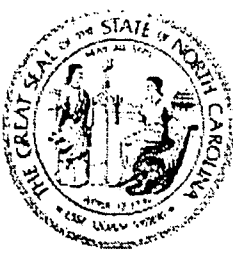
23 (2) At a minimum, the recognized employee efforts must:

- a. Be above and beyond the recognized employee's responsibilities as defined in the employee's job description;
- b. Exemplify a superior manner and level of job performance that can be held as a standard of excellence for other employees with similar job descriptions; or
- c. Substantially enhance the performance of other employees' job duties as specified in the respective job descriptions.

Section 2.(b) Beginning March 1, 2000, and annually thereafter, the State Personnel Commission and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on implementation of the State employee recognition program. The report shall include:

- (1) The number of nominations made and awards given.
- (2) The nature of the awards given.
- (3) The names, job descriptions, and salary grades of the employees receiving the awards, along with an explanation of the basis upon which each award was made.

Section 3. This act becomes effective July 1, 1999.



HOUSE BILL 1103: State Employee Recognition Programs

BILL ANALYSIS

Committee: House State Personnel
Date: May 26, 1999
Version: H1103-PCSSH-003

Introduced by: Representative Gibson
Summary by: Theresa Matula
Committee Staff

SUMMARY: *The Proposed Committee Substitute (H1103-PCSSH-003) for House Bill 1103 allows the establishment of an employee recognition award program for State employees and makes amendments to the State Employee Incentive Bonus Program.*

BILL ANALYSIS:

Employee Recognition Award Program

Section 1. amends G. S. Chapter 143, Article 1, which covers the Executive Budget Act. Chapter 143, Section 23 concerns appropriations made for the maintenance of various departments, institutions and other spending agencies of the State and transfers between objects or line items. The Proposed Committee Substitute (H1103-PCSSH-003) for House Bill 1103 expands the language in G.S. 143-23(a2)(1) *allowing funds appropriated for salaries and wages be used for certain awards to employees including employee recognition awards specified through an employee recognition program.* Previously the language allowed funds appropriated for salaries and wages to be used for certain awards to employees.

Section 2. G.S. 126-4 outlines the powers and duties of the State Personnel Commission. This section is amended to give the State Personnel Commission authority to adopt policies to ensure that the meritorious service and employee recognition awards programs are established and properly managed statewide. This section specifies that the *employee recognition awards be limited to non-cash items.*

Section 3. (a) outlines provisions to be used by the State Personnel Commission regarding implementation of the State employee recognition program. These provisions include the following:

- Recognition awards may be granted for specific individual or employee team efforts that are exemplary, produce long-term results, improve delivery of services or generate budgetary efficiency.
- Employee(s) efforts must be above the normal responsibilities, exemplify a superior manner and level of job performance, or substantially enhance the performance of others.
- An employee may be eligible to receive both an employee recognition award and an incentive bonus for a suggestion.
- The purchase of awards is dependent upon availability of funds and shall not exceed .25% of the agency's allocated salary fund. *The cost of any individual recognition shall not exceed .25% of the average salary of a state employee.*

Section 3. (b) establishes reporting requirements for the State Personnel Commission and the Office of State Budget and Management to the Joint Legislative Commission on Governmental Operations.

HOUSE BILL 1103

— Page 2

Section 4. amends the State employee incentive bonus program language in Chapter 143 to allow an employee to receive both an employee recognition award and an incentive bonus for a suggestion. This language also appears in Section 3. (a) of the PCS.

State Employee Incentive Bonus Program

Section 5. amends the definitions section of the incentive bonus program to specify that the employing unit may also be defined as the responsible cost center of the person making the suggestion and all employees assigned to the responsible cost center. "Responsible cost center" is a budgetary term. This amendment allows an additional way to define an employing unit for the purposes of receiving benefits under the incentive bonus program.

Section 6. amends the allocation of incentive bonus funds section of Article 36A to *allow three percent (3%) of the savings* resulting from the State employee's suggestion to go to the Department of Administration. This money will *be used for the administration and management of the State Employee Incentive Bonus Program.*

Section 7. makes a technical amendment for clarification purposes.

Section 8. makes the bill effective July 1, 1999.

VISITOR REGISTRATION SHEET

STATE PERSONNEL COMMITTEE

Name of Committee

May 27, 1999
Date

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

A. R. Varnum

SEANC

Danell Arnold

SEAN C

John H. Brown

DDA - SEIBP

Hal ATKieson

DOA - State Employee Incentive Bonus Program

Paul Goodwin

05A

Shirley MacPherson

Rep. Gibson GA

Rab Hillman

OS A

Vickey Young

USA

Troy Green

SEAN C

AGENDA

STATE PERSONNEL COMMITTEE

544 LEGISLATION OFFICE BUILDING

June 17, 1999

10:00 AM

CALL TO ORDER

**Representative Verla Insko, Vice Chair
State Personnel Committee**

BILL TO BE CONSIDER

HB 1378 – STATE EMPLOYEE SICK LEAVE (Representative Warwick)

ADJOURNMENT

**MINUTES
HOUSE COMMITTEE ON
STATE PERSONNEL**

June 17, 1999

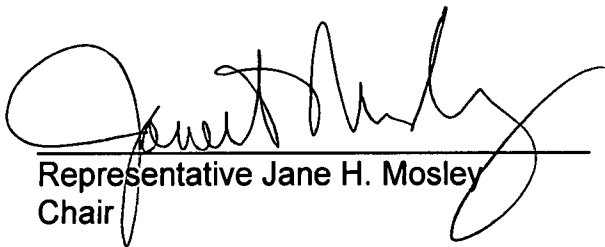
The House Committee on State Personnel met Thursday, June 17, 1999, in Room 544 of the Legislative Office Building at 10:00 a.m. The following members were present: Chair Jane Mosley; Vice Chair Verla Insko; Representatives Eddins, Gibson, Kiser, McCombs, Oldham, Sherrill, and Tucker. Ms. Karen Cochrane-Brown and Ms. Theresa Matula, Staff Counselors, were in attendance. A Visitor Registration list is attached and made part of these minutes.

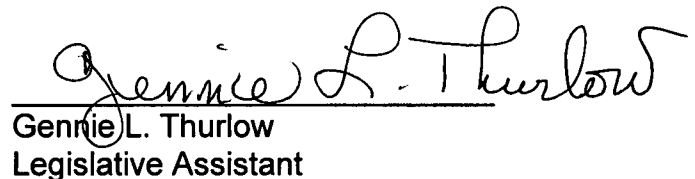
Vice Chair Insko presided and called the meeting to order.

The Vice Chair recognized Representative Warwick, the sponsor of House Bill 1378, State Employee Sick Leave. Representative Warwick explained the committee substitute for House Bill 1328. He stated that the North Carolina Association of Educators, State Employees Association of North Carolina, Department of Community Colleges, State Board of Education, Department Public Instruction, and Retirement Systems Division are all in agreement with the committee substitute for House Bill 1378. After some discussion, Representative McCombs made a motion that House Bill 1378 be given a favorable report as to committee substitute which changes the title, unfavorable as to original bill, and recommendation that the committee substitute be re-referred to the Committee on Pensions and Retirement. The motion carried.

There being no further business, the meeting adjourned at 10:45 a.m.

Respectfully submitted,


Representative Jane H. Mosley
Chair


Gennie L. Thurlow
Legislative Assistant

**1999 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES**

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **MOSLEY** for the Committee on **STATE PERSONNEL**.

☐ Committee Substitute for
H.B. 1378 A BILL TO BE ENTITLED AN ACT RELATING TO THE REINSTATEMENT
OF STATE EMPLOYEE SICK LEAVE.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on
Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the
Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill (~~#~~), ☒ which changes the title,
unfavorable as to (original bill) (~~Committee Substitute Bill #~~), (and recommendation
that the committee substitute bill ~~#~~) be re-referred to the Committee on *Pensions and Retirement*.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes
the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

1

HOUSE BILL 1378

Short Title: State Employee Sick Leave.

(Public)

Sponsors: Representatives Warwick; Barefoot, Smith, Cox, and Mosley.

Referred to: State Personnel, if favorable, Appropriations.

April 29, 1999

- 1 A BILL TO BE ENTITLED
2 AN ACT RELATING TO THE REINSTATEMENT OF STATE EMPLOYEE SICK
3 LEAVE.
4 The General Assembly of North Carolina enacts:
5 Section 1. Article 3 of Chapter 126 of the General Statutes is amended
6 by adding a new section to read:
7 "§ 126-8.3. Reinstatement of sick leave.
8 (a) Sick leave for State employees shall be reinstated whenever a State employee
9 returns from authorized leave without pay or within 10 years after any type of
10 separation.
11 (b) Sick leave shall be reinstated when a State employee returns to State
12 employment within 10 years after separating from employment in a local government
13 position covered under the State Personnel Act or from employment at a public
14 school, a community college, or a technical institute."
15 Section 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H

D

HOUSE BILL 1378
Proposed Committee Substitute H1378-PCS4270-SH

Short Title: Reinstatement of Unused Sick Leave.

(Public)

Sponsors:

Referred to:

April 29, 1999

- 1 A BILL TO BE ENTITLED
2 AN ACT RELATING TO THE REINSTATEMENT OF UNUSED SICK LEAVE
3 FOR STATE EMPLOYEES, PUBLIC SCHOOL EMPLOYEES, AND
4 COMMUNITY COLLEGE EMPLOYEES.
5 The General Assembly of North Carolina enacts:
6 Section 1. Article 2 of Chapter 126 of the General Statutes is amended
7 by adding a new section to read:
8 "§ 126-8.4. Reinstatement of unused sick leave.
9 (a) Unused sick leave shall be reinstated provided the former State employee
10 returns to employment at a State agency within 10 years of the date of separation.
11 Documentation of the unused sick leave balance as of the date of separation shall be
12 provided by the former employer at the request of the employing State agency. In
13 the event that the former employer cannot document the sick leave balance as of the
14 date of separation, the State agency may accept documentation of the unused sick
15 leave balance provided by the former employer to the former employee as of the date
16 of separation.
17 (b) Unused sick leave shall be reinstated at a State agency when the employee was
18 previously employed at a State institution, community college, or public school
19 system, provided the former employee returns to employment at a State agency
20 within 10 years of the date of separation. Documentation of the unused sick leave
21 balance as of the date of separation shall be provided by the former employer at the
22 request of the employing State agency. In the event that the former employer cannot
23 document the sick leave balance as of the date of separation, the State agency may

1 accept documentation of the unused sick leave balance provided by the former
2 employer to the former employee as of the date of separation.

3 (c) Unused sick leave shall be reinstated at a State agency when the employee was
4 previously employed in a position covered by the State Personnel Act in county
5 agencies of mental health, public health, social services, or emergency management,
6 provided the employee is employed at a State agency within 10 years of the date of
7 separation. Documentation of the unused sick leave balance as of the date of
8 separation shall be provided by the former employer at the request of the employing
9 State agency. In the event that the former employer cannot document the sick leave
10 balance as of the date of separation, the State agency may accept documentation of
11 the unused sick leave balance provided by the former employer to the former
12 employee as of the date of separation.

13 (d) The total amount of unused sick leave reinstated at a State agency may not
14 exceed the amount that would have been earned under the current State employee
15 sick leave earnings rate."

16 Section 2. Article 23 of Chapter 115C of the General Statutes is
17 amended by adding a new section to read:

18 **"§ 115C-336.1. Reinstatement of unused sick leave.**

19 (a) Unused sick leave shall be reinstated by a local board of education provided a
20 former public school employee returns to employment with a public school system
21 within 10 years of the date of separation. Documentation of the unused sick leave
22 balance as of the date of separation shall be provided by the former employer at the
23 request of the local board of education. In the event that the former employer
24 cannot document the sick leave balance as of the date of separation, the local board
25 of education may accept documentation of the unused sick leave balance provided by
26 the former employer to the former employee as of the date of separation.

27 (b) Unused sick leave shall be reinstated by a local board of education when the
28 employee was previously employed by a State agency, institution, or community
29 college, provided the employee is employed by the local board of education within 10
30 years of the date of separation. Documentation of the unused sick leave balance as of
31 the date of separation shall be provided by the former employer at the request of the
32 local board of education. In the event that the former employer cannot document
33 the sick leave balance as of the date of separation, the local board of education may
34 accept documentation of the unused sick leave balance provided by the former
35 employer to the former employee as of the date of separation.

36 (c) Unused sick leave shall be reinstated by a local board of education when the
37 employee was previously employed in a position covered by the State Personnel Act
38 in county agencies of mental health, public health, social services, or emergency
39 management, provided the employee is employed by the local board of education
40 within 10 years of the date of separation. Documentation of the unused sick leave
41 balance as of the date of separation shall be provided by the former employer at the
42 request of the local board of education. In the event that the former employer
43 cannot document the sick leave balance as of the date of separation, the local board

1 of education may accept documentation of the unused sick leave balance provided by
2 the former employer to the former employee as of the date of separation.

3 (d) The total amount of unused sick leave reinstated by a local board of education
4 may not exceed the amount that would have been earned under the current public
5 school employee sick leave earnings rate."

6 Section 3. Article 2 of Chapter 115D of the General Statutes is amended
7 by adding a new section to read:

8 **"§ 115D-22.1. Reinstatement of unused sick leave.**

9 (a) Unused sick leave may be reinstated by a community college board of trustees
10 provided a former community college employee returns to employment with a
11 community college within 10 years of the date of separation, and if the receiving
12 board is willing to accept the leave. Documentation of the unused sick leave balance
13 as of the date of separation shall be provided by the former employer at the request
14 of the board of trustees. In the event that the former employer cannot document
15 the sick leave balance as of the date of separation, the board of trustees may accept
16 documentation of the unused sick leave balance provided by the former employer to
17 the former employee as of the date of separation.

18 (b) Unused sick leave may be reinstated by a community college board of trustees
19 when the employee was previously employed by a State agency, institution, or public
20 school system, provided the employee is employed by the board of trustees within 10
21 years of the date of separation, and if the receiving board is willing to accept the
22 leave. Documentation of the unused sick leave balance as of the date of separation
23 shall be provided by the former employer at the request of the board of trustees. In
24 the event that the former employer cannot document the sick leave balance as of the
25 date of separation, the board of trustees may accept documentation of the unused sick
26 leave balance provided by the former employer to the former employee as of the date
27 of separation.

28 (c) Unused sick leave may be reinstated by a community college board of trustees
29 when the employee was previously employed in a position covered by the State
30 Personnel Act in county agencies of mental health, public health, social services, or
31 emergency management, provided the employee is employed by the board of trustees
32 within 10 years of the date of separation, and if the receiving board is willing to
33 accept the leave. Documentation of the unused sick leave balance as of the date of
34 separation shall be provided by the former employer at the request of the board of
35 trustees. In the event that the former employer cannot document the sick leave
36 balance as of the date of separation, the board of trustees may accept documentation
37 of the unused sick leave balance provided by the former employer to the former
38 employee as of the date of separation.

39 (d) The total amount of unused sick leave reinstated by a community college
40 board of trustees may not exceed the amount that would have been earned under the
41 current community college employee sick leave earnings rate."

42 Section 4. This act becomes effective July 1, 1999.



BILL ANALYSIS

HOUSE BILL 1378: STATE EMPLOYEE SICK LEAVE

Committee: House State Personnel
Date: June 17, 1999
Version: H1378-PCSSH-004
for the 1st Edition

Introduced by: Representative Warwick
Summary by: Theresa Matula
Committee Staff

SUMMARY:

The Proposed Committee Substitute (H1378-PCSSH-004) changes the title of the original bill to Reinstatement of Unused Sick Leave. This PCS requires the reinstatement of unused sick leave balances for State employees and public school employees returning to employment within ten years, the policies now allow five years. For Community Colleges, this PCS allows for reinstatement if approved by the community college board of trustees.

CURRENT LAW:

Currently there is no law covering the reinstatement of sick leave. The State Personnel Commission and the State Board of Education have policies in place that allow reinstatement of sick leave within five years for State employees and public school employees. There is no consistent policy concerning sick leave reinstatement for community college employees.

BILL ANALYSIS:

Section 1 of the PCS adds a new section to Article 2 of Chapter 126 of the General Statutes regarding the reinstatement of unused sick leave for **State employees** subject the Chapter. The former employer at the request of the employing State agency shall provide documentation of the unused sick leave balance as of the date of separation. In the event that the former employer cannot document the sick leave balances as of the date of separation, the State agency may accept documentation of the unused sick leave balance provided by the former employee as of the date of separation. Subsections (a) – (c) address specific groups of former employees seeking reinstatement. The requirements for each group are equivalent.

Subsection (a) requires that unused sick leave be reinstated provided a *former State employee* returns to employment at a State agency within 10 years of the date of separation.

Subsection (b) requires that unused sick leave be reinstated at a State agency when the *employee was previously employed at a State institution, community college, or public school system*, provided the former employee returns to employment at a State agency within 10 years of the date of separation.

Subsection (c) requires that unused sick leave be reinstated at a State agency when the *employee was previously employed in a position covered by the State Personnel Act in county agencies of mental health, public health, social services or emergency management*, provided the employee is employed at the State agency within 10 years of the date of separation.

Subsection (d) states that the total amount of unused sick leave reinstated at a state agency may not exceed the amount that would have been earned under the current State employee sick leave earnings rate.

Section 2 of the PCS adds a new section to Article 23 of Chapter 115C of the General Statutes regarding the reinstatement of unused sick leave for **employees of a local board of education**. The documentation requirements are the same as outlined above for State employees. Subsections (a) – (c) address specific groups of former employees seeking reinstatement. The requirements for each group are equivalent.

Subsection (a) requires that unused sick leave be reinstated by a local board of education provided the *former public school employee* returns to employment with a public school system within 10 years.

Subsection (b) requires that unused sick leave be reinstated by a local board of education when the *employee was previously employed by a State agency, institution or community college* and provided the employee is employed by the local board of education within 10 years.

Subsection (c) requires that unused sick leave be reinstated by a local board of education when the *employee was previously employed in a position covered by the State Personnel Act in county agencies of mental health, public health, social services or emergency management* and provided the employee is employed by the local board of education within 10 years.

Subsection (d) states that the total amount of unused sick leave reinstated at a public school system may not exceed the amount that would have been earned under the current public school employee sick leave earnings rate.

Section 3 adds a new section to Article 2 of Chapter 115D of the General Statutes regarding the reinstatement of unused sick leave for **employees of a community college board of trustees**. The documentation requirements are the same as outlined above for State employees and public school employees. Subsections (a) – (c) address specific groups of former employees seeking reinstatement. The requirements for each group are equivalent. However, the language in this Section is permissive and does not require the individual community colleges to reinstate sick leave under any circumstances.

Subsection (a) *allows* unused sick leave be reinstated by a community college board of trustees provided the *former community college employee* returns to employment within 10 years.

Subsection (b) *allows* unused sick leave be reinstated by a community college board of trustees when the *employee was previously employed by a State agency, institution or community college* and provided the employee is employed within 10 years.

Subsection (c) *allows* unused sick leave be reinstated by community college board of trustees when the *employee was previously employed in a position covered by the State Personnel Act in county agencies of mental health, public health, social services or emergency management* and provided the employee is employed within 10 years.

Subsection (d) states that the total amount of unused sick leave reinstated at a community college may not exceed the amount that would have been earned under the current community college employee sick leave earnings rate.

Section 4 states that this act is effective July 1, 1999.

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: Committee Substitute for House Bill 1378

SHORT TITLE: Reinstatement of Unused Sick Leave

SPONSOR(S): Representative Warwick

SYSTEM OR PROGRAM AFFECTED: Teachers' and State Employees' Retirement System

FUNDS AFFECTED: General Fund, Highway Fund and Receipt Funds

BILL SUMMARY: Under present regulation, any sick leave standing to the employee's credit at the time of termination is reinstated if the employee is rehired within five years. This bill will allow any employee of the State, university, school systems or community colleges to reinstate any sick leave if they return to service within ten years.

EFFECTIVE DATE: July 1, 1999

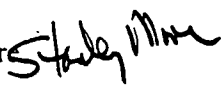
ESTIMATED IMPACT ON STATE: Both actuaries agree that in some cases, a member's creditable service would be increased because of extending the time frame for the reinstatement of sick leave. Also, any member retiring within ten years of termination of employment could have any sick leave added to the creditable service; therefore, increasing the retirement benefit. No data is available as to the number of employees this would affect; but both actuaries agree, however, that the cost would be negligible.


ASSUMPTIONS AND METHODOLOGY: Teacher's & State Employees' Retirement System: The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 1997 actuarial valuation of the fund. The data included 271,128 active members with an annual payroll of \$7.374 billion and 92,236 retired members in receipt of annual pensions totaling \$1.231 billion. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) salary increase rate of 6.25%, (c) the George B. Buck Mortality Tables for deaths in service and after retirement and (d) rates of separation from active service based on System experience. The actuarial cost method used was the entry age normal method with open-end unfunded accrued liability and an frozen unfunded liquidation period of nine years. Detailed information concerning these assumptions and methods is shown in the actuary's report, which is available upon request from Stanley Moore.

SOURCES OF DATA: System Actuary - Buck Consultants
General Assembly Actuary - Hartman & Associates, LLC

FISCAL RESEARCH DIVISION: The above information is provided in accordance with North Carolina General Statute 120-114 and applicable Rules of the North Carolina Senate and House of Representatives.

(919) 733-4910

PREPARED BY: Stanley Moore 

APPROVED BY: Tom Covington 

DATE: Wednesday, June 16, 1999

BUCK CONSULTANTS

200 Galleria Parkway, N.W. Suite 1200
Atlanta, Georgia 30339-5945

June 14, 1999

Mr. Jack Pruitt
Deputy Treasurer and Director
Retirement Systems Division
Department of State Treasurer
325 North Salisbury Street
Raleigh, North Carolina 27603-1385

Proposed Committee Substitute House Bill 1378

Dear Mr. Pruitt:

We have received your letter of June 9 regarding Proposed Committee Substitute House Bill 1378 which affects the Teachers' and State Employees' Retirement System.

The proposed committee substitute appears to allow unused sick leave to be reinstated for State employees, public school employees and community college employees who return to employment within ten (10) years from the date when they previously separated from employment with a State agency or department, public school or community college. This legislation appears to expand the current rules, which allow for the reinstatement of sick leave in the event that an employee returns to employment within five (5) years from the date when they previously separated from employment.

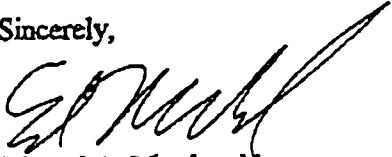
This proposed committee substitute potentially impacts the Teachers' and State Employees' Retirement System in two ways. Employees who have previously separated from employment for a period greater than five (5) years cannot at this time recover sick leave that was earned during the previous period of employment. Therefore, under this proposed committee substitute, a greater number of individuals who return to employment will be eligible to have sick leave reinstated. This may result in additional creditable service being allowed at the time the employee ultimately retires. In addition, members of the Teachers' and State Employees' Retirement System who commence retirement within five (5) years from the date when they previously separated from employment with a particular employer are allowed to increase their creditable service for retirement benefit calculation purposes as a result of unused sick leave from their previous period of employment. Under the provisions of the proposed committee substitute, this period would be expanded from five (5) years to ten (10) years. Therefore, a greater number of individuals who receive vested retirement benefits will be eligible to have sick leave reinstated.

Mr. Jack Pruitt
June 14, 1999
Page 2

We have no data regarding the amount of sick leave that would be recovered under the provisions of this bill. However, we believe the cost of this legislation would be negligible.

If you have any questions, please do not hesitate to contact us.

Sincerely,

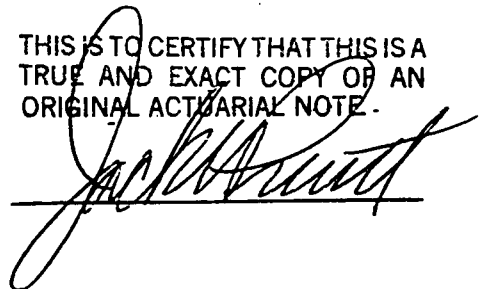


Edward A. Macdonald
Principal and Consulting Actuary

EAM:al

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THIS IS TO CERTIFY THAT THIS IS A
TRUE AND EXACT COPY OF AN
ORIGINAL ACTUARIAL NOTE.



BUCK
CONSULTANTS

HARTMAN & ASSOCIATES, LLC

ACTUARIAL CONSULTING

MARK V. HARTMAN, FSA, MAAA, MCA, EA

Phone: (336) 731-4038

Fax: (336) 731-2583

668 Link Road
Lexington, NC 27295

June 15, 1999

Mr. Stanley Moore
Fiscal Research Division
North Carolina General Assembly
300 N. Salisbury Street
Raleigh, NC 27603-5925

Re: Committee Substitute to House Bill 1378: An Act Relating to
the Reinstatement of Unused Sick Leave

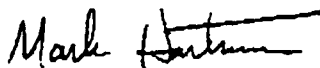
Dear Mr. Moore:

The committee substitute to this bill amends Chapter 126, Chapter 115C, and Chapter 115D of the General Statutes by adding G.S. 126-8.3, 115C-336.1, and 115D-22.1 regarding reinstatement of unused sick leave. Under current practices, sick leave is reinstated for a state employee who elects retirement within five years of separation from employment. This bill would provide for reinstatement of unused sick leave whenever a state employee, public school employee, or community college employee returns to employment within ten years of the date of separation. This act is effective July 1, 1999.

The effect of this bill would be an increase in service credits upon retirement to employees who have separated from service and returned within ten years. You have indicated that you do not have data indicating the number of employees who have separated from service or data to determine the probabilities of being rehired. However, this is expected to be a small number of employees. Given the low number of employees expected to be affected by this bill and the small increase in benefit produced, the overall financial impact of this bill is expected to be negligible.

If you have any questions, let me know.

Sincerely,



Mark V. Hartman, FSA, MAAA, MCA, EA
Consulting Actuary

MVH/jj

ACTUARIAL NOTE
True & Exact Copy of Original
Certified By Stanley Moore Date 6-16-99
Legislative Fiscal Research

VISITOR REGISTRATION SHEET

State Personnel
Name of Committee

Date June 17, 1999

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

[illegible]