

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE BILL 751

Short Title: Centralize Benefits Under OSP. (Public)

Sponsors: Representatives Crawford and Holliman (Primary Sponsors).

Referred to: State Personnel.

March 17, 2005

1 A BILL TO BE ENTITLED
2 AN ACT PROVIDING FOR THE CENTRALIZATION OF STATE EMPLOYEE
3 BENEFITS UNDER THE OFFICE OF STATE PERSONNEL.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 2 of Chapter 126 of the General Statutes is amended by
6 adding a new section to read:

7 "**§ 126-7.3. Flexible benefits program centralized under Office of State Personnel.**

8 (a) Consistent with G.S. 143-34.1 and G.S. 116-17.2, the Office of State
9 Personnel shall provide eligible officers and employees of State agencies, departments,
10 and institutions, and The University of North Carolina, with a program of dependent
11 care assistance, as available under section 129 and related sections of the Internal
12 Revenue Code of 1986, as amended. The Office of State Personnel shall coordinate the
13 annual agreements entered into between State agencies, departments, and institutions,
14 and The University of North Carolina, and the employees who elect to participate in the
15 program to provide for a reduction in salary. With the approval of the Director of the
16 Budget, savings in the employer's share of contributions under the Federal Insurance
17 Contributions Act on account of the reduction in salary may be used to pay some or all
18 of the administrative expenses of the program. The Office of State Personnel may
19 contract with a third party to administer the terms and conditions of a program of
20 dependent care assistance. If the Office of State Personnel selects a contractor, it may do
21 so only after a thorough and competitive procurement process.

22 (b) Consistent with G.S. 143-34.1 and G.S. 116-17.2, and notwithstanding any
23 other provisions of law relating to the salaries of officers and employees of State
24 agencies, departments, and institutions, and The University of North Carolina, the
25 Office of State Personnel shall provide a plan of flexible compensation to eligible
26 officers and employees for benefits available under section 125 and related sections of
27 the Internal Revenue Code of 1986 as amended. In providing a plan of flexible
28 compensation, the Office of State Personnel shall coordinate the annual agreements
29 entered into between employees and State agencies, departments, and institutions, and

1 The University of North Carolina. With the approval of the Director of the Budget,
2 savings in the employer's share of contributions under the Federal Insurance
3 Contributions Act on account of the reduction in salary may be used to pay some or all
4 of the administrative expenses of the program. The Office of State Personnel may
5 contract with a third party to administer the terms and conditions of a plan of flexible
6 compensation as provided by this section. If the Office of State Personnel selects a
7 contractor, it may do so only after a thorough and competitive procurement process.

8 (c) The Office of State Personnel shall coordinate the establishment of a
9 centralized supplemental benefits committee to offer benefit options on a statewide
10 basis to State agencies, departments, and institutions, and The University of North
11 Carolina. The committee shall review plan options, prepare requests for proposals, and
12 select plan providers only upon a thorough and completely competitive procurement
13 process. Terms of contracts shall follow Purchase and Contract guidelines in Article 23
14 of Chapter 143 of the General Statutes. State agencies, departments, and institutions,
15 and The University of North Carolina may elect to offer certain benefit options as
16 provided under G.S. 58-31-60.

17 The Centralized Supplemental Benefits Committee shall be composed of
18 representatives from State agencies, departments, and institutions, and The University
19 of North Carolina. The Director of the Office of State Personnel shall appoint
20 committee members. Members shall serve three-year terms on a rotating basis as
21 established by the initial appointment."

22 **SECTION 2.** G.S. 126-5 is amended by adding a new subsection to read:

23 "(c9) G.S. 126-7.3 shall apply to all State employees, including employees in the
24 executive, judicial, and legislative branches and employees of The University of North
25 Carolina and its constituent institutions."

26 **SECTION 3.** This act becomes effective July 1, 2005.