

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 799

Short Title: Lapsed Salaries/EEO. (Public)

Sponsors: Representatives Adams; B. Allen, Faison, Farmer-Butterfield, Jones, McAllister, Parmon, Wainwright, and Womble.

Referred to: State Personnel.

March 21, 2005

A BILL TO BE ENTITLED

AN ACT AUTHORIZING THE USE OF LAPSED SALARY FUNDS TO ACHIEVE
EQUAL EMPLOYMENT OPPORTUNITY AND ENCOURAGE SOUND
MANAGEMENT PRACTICES.

The General Assembly of North Carolina enacts:

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

"§ 126-16.2. Use of certain State funds for equal employment opportunity.

(a) Notwithstanding G.S. 143-23(a2) or any other provision of law, State agencies, departments, and institutions, and The University of North Carolina may allocate up to ten percent (10%) of lapsed salary funds for bonuses and other career development needs to encourage sound management practices and equal opportunity employment. The Office of State Budget and Management shall authorize use of these funds from the allocation of salaries.

(b) The bonuses authorized by this section shall be used for salary adjustments to reward managers and supervisors who support and exhibit positive government strategic outcomes, including:

(1) Achieving equal employment opportunity goals.

(2) Practicing fair and equitable salary administration for all demographic groups.

(3) Attending annual equal employment opportunity and human resources annual continuing education programs.

(4) Participating in departmental mentoring programs.

(5) Implementing career development plans for all employees."

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

"§ 126-16.3. Reporting.

1 State agencies, departments, and institutions and The University of North Carolina
2 shall report on the utilization of lapsed salary funds in accordance with the provisions of
3 G.S. 126-16.2 in their respective equal employment opportunity reports to the Office of
4 State Personnel. The Office of State Personnel shall incorporate the respective reports
5 into its semiannual report to the Joint Legislative Commission on Governmental
6 Operations."

7 **SECTION 3.** G.S. 143-23(a2) reads as rewritten:

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

- 10 (1) Salaries and wages or for premium pay, overtime pay, longevity,
11 unemployment compensation, workers' compensation, temporary
12 wages, moving expenses of employees, payment of accumulated
13 annual leave, certain awards to employees, tort claims, and employer's
14 social security, retirement, and hospitalization payments;
- 15 (2) Contracted personal services if (i) the contract is for temporary
16 services or special project services, (ii) the term of the contract does
17 not extend beyond the fiscal year, (iii) the contract does not impose
18 obligations on the State after the end of the fiscal year; and (iv) the
19 total of all overexpenditures for contracted personal services approved
20 in a program for a fiscal year does not exceed the greater of five
21 hundred thousand dollars (\$500,000) or ten percent (10%) of the
22 lapsed salary funds in the program for the fiscal year; and
- 23 (3) Uses for which overexpenditures are permitted by subdivision (2) of
24 subsection (a1) of this section but the Director of the Budget shall
25 include such use and the reason for it in his quarterly report to the Joint
26 Legislative Commission on Governmental Operations.

27 Lapsed salary funds shall not be used for new permanent employee positions or to
28 raise the salary of existing ~~employees~~ employees, except that the funds may be used for
29 equal employment opportunity purposes as provided by G.S. 126-16.2."

30 **SECTION 4.** This act becomes effective June 30, 2005.