

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 708

Short Title: Furlough of State Employees. (Public)

Sponsors: Representatives Rapp, Glazier, Dickson (Primary Sponsors); Goforth, Insko, and Lucas.

Referred to: State Government/State Personnel, if favorable, Appropriations.

March 23, 2009

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE GOVERNOR, THE LEGISLATIVE SERVICES COMMISSION, AND THE CHIEF JUSTICE TO ORDER THE MANDATORY FURLOUGH OF EMPLOYEES IN ORDER TO EFFECT NECESSARY ECONOMIES IN STATE EXPENDITURES WHEN IT IS DETERMINED THAT A SIGNIFICANT BUDGET DEFICIT WILL OCCUR.

The General Assembly of North Carolina enacts:

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

"§ 126-8.6. Furlough of State employees.

(a) For purposes of this section, the following definitions apply:

(1) "Agency" means any department, division, council, board, commission, or office in the executive branch of the government of this State, including departments of the Council of State, the Governor's Office, and The University of North Carolina and its constituent institutions. No elected officer of the Council of State shall be subject to furlough.

(2) "Essential positions" means those positions deemed by the agency head to be necessary to perform the critical functions of the agency, to protect the health or safety of the employees, clients, or patients of the agency, or to protect the general public.

(3) "Furlough" means a temporary mandatory period of leave from employment without pay up to a maximum of 20 days per fiscal year.

(4) "Nonessential positions" means those positions in an agency not designated as essential positions by the agency head.

(b) In accordance with Section 5(3) of Article III of the North Carolina Constitution, when the Governor determines that a significant budget deficit will occur for a fiscal period, the Governor, as a last resort, may effect necessary economies in State expenditures by ordering a furlough of State employees. Prior to ordering a furlough of employees, the Governor shall determine that a furlough program is reasonable and necessary to meet the important public purpose of balancing the budget. The Governor shall consult with each agency head to determine whether to implement a furlough for the entire agency or within a designated department, division, or program of the agency. The Governor, in consultation with the agency head, may establish a salary threshold below which employees will not be furloughed. In no event shall any employee earning thirty thousand dollars (\$30,000) or less be subject to furlough.



1 (c) Notwithstanding any law to the contrary, a furloughed employee who is a member
2 of any of the retirement plans administered by the Retirement Systems Division of the
3 Department of the State Treasurer shall be considered in active service during any period of
4 furlough and shall be entitled to the same benefits to which the employee was entitled on the
5 workday immediately preceding the furlough. During a furlough period, the employer shall pay
6 both employee and employer contributions to the Retirement Systems Division on behalf of the
7 furloughed employee as though the employee were in active service.

8 (d) Notwithstanding any law to the contrary, a furloughed employee who is a member
9 of the State Health Plan for Teachers and State Employees shall be considered eligible for
10 coverage under the Plan on the same basis as on the workday immediately preceding the
11 furlough. The employer shall pay contributions on behalf of the furloughed employee as though
12 the employee were in active service.

13 (e) The State Personnel Commission shall adopt all rules necessary for the
14 implementation of this section, including scheduling of furloughs, the amount of notice that
15 must be given to an employee prior to the effective date of a period of furlough, whether
16 furloughs may be taken in increments of full days, the continued accrual of annual and sick
17 leave, and any other issues related to the implementation of this section. Agencies with
18 employees not subject to the State Personnel Act shall adopt rules that mirror, as closely as
19 practicable, the rules of the State Personnel Commission. To the extent possible, agencies shall
20 ensure that all furloughed employees are subject to the same rules. The Office of State
21 Personnel shall provide technical assistance to agency heads in developing a plan for
22 implementation of a furlough program."

23 **SECTION 2.** G.S. 120-32 is amended by adding a new subdivision to read:

24 "(14) Order the furlough of legislative employees, if it determines that a
25 significant budget deficit will occur and that, as a last resort, furloughs are
26 necessary to effect economies in State expenditures. Legislative employees
27 who are furloughed pursuant to this subdivision shall be entitled to the
28 benefits provided to State employees by G.S. 126-8.6(c) and
29 G.S. 126-8.6(d). For purposes of this subdivision, the term furlough has the
30 same meaning as set forth in G.S. 126-8.6(a)(3)."

31 **SECTION 3.** G.S. 7A-343 is amended by adding a new subdivision to read:

32 "(11) Upon a determination by the Chief Justice that a significant budget deficit
33 will occur and that, as a last resort, the furlough of judicial employees is
34 necessary to effect economies in State expenditures, the Director shall
35 implement a furlough program for employees of the Judicial Department.
36 Judicial employees who are furloughed pursuant to this subdivision shall be
37 entitled to the benefits provided to State employees by G.S. 126-8.6(c) and
38 G.S. 126-8.6(d). For purposes of this subdivision, the term furlough has the
39 same meaning as set forth in G.S. 126-8.6(a)(3)."

40 **SECTION 4.** This act is effective when it becomes law.