Article 2.

Oversight of the State Human Resources System.

§ 126A-2-1. State Human Resources Commission.

(a) There is established the State Human Resources Commission.

(b) The Commission shall consist of nine members, appointed as follows:

(1) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives who shall be an attorney licensed to practice law in North Carolina.

(2) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate who shall be an attorney licensed to practice law in North Carolina.

(3) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives who shall be from private business or industry and who shall have a working knowledge of, or practical experience in, human resources management.

(4) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate who shall be from private business or industry and who shall have a working knowledge of, or practical experience in, human resources management.

(5) One member who is a veteran of the Armed Forces of the United States appointed by the Governor upon the nomination of the Veterans' Affairs Commission and who is a State employee subject to this Chapter serving in a nonexempt supervisory position. The member may not be a human resources professional.

(6) One member appointed by the Governor who is a State employee subject to this Chapter serving in a nonexempt nonsupervisory position. The member may not be a human resources professional. The Governor shall consider nominations submitted by the State Employees Association of North Carolina.

(7) One member appointed by the Governor upon the recommendation of the North Carolina Association of County Commissioners who is a local government employee subject to this Chapter serving in a supervisory position. The member may not be a human resources professional.

(8) One member appointed by the Governor upon the recommendation of the North Carolina Association of County Commissioners who is a local government employee subject to this Chapter serving in a nonsupervisory position. The member may not be a human resources professional.

(9) One member of the public at large appointed by the Governor.

(c) Each member of the Commission shall be appointed for a term of four years. Members of the Commission may serve no more than two consecutive terms. Appointments by the General Assembly shall be made in accordance with G.S. 120-121, and vacancies in those appointments shall be filled in accordance with G.S. 120-122. Vacancies in appointments made by the Governor occurring prior to the expiration of a term shall be filled by appointment for the unexpired term.

(d) No member of the Commission may vote on a matter where there would be a conflict of interest. The appointing authority may at any time remove any Commission member for cause.

(e) Members of the Commission who are State or local government employees subject to this Chapter shall be entitled to administrative leave without loss of pay for all periods of time required to conduct the business of the Commission.

(f) Five members of the Commission shall constitute a quorum.

(g) The Governor shall designate one member of the Commission as chair.

(h) The Commission shall meet quarterly and at other times at the call of the chair. (2026-40, s. 1.)

§ 126A-2-2. Office of State Human Resources.

(a) There is established the Office of State Human Resources which shall be placed for organizational purposes within the Office of the Governor. Notwithstanding Chapter 143A of the General Statutes, OSHR shall exercise all of its statutory powers in this Chapter under the administration and supervision of a Director appointed by and serving at the pleasure of the Governor. The Governor shall fix the salary of the Director.

(b) OSHR has the following duties, in addition to any other duties specified in this Chapter:

(1) Providing policy development for the Commission and implementing and administering all policies established by the Commission.

(2) Providing training in personnel management to agencies, including train-the-trainer programs upon agency request when sufficient staff and expertise exist to provide the training within the agency.

(3) Providing technical assistance to agencies in the management of personnel programs and activities.

(4) Negotiating decentralization agreements with agencies where it is cost effective to include delegation of authority for certain classification and corresponding salary administration actions and other personnel programs specified in the agreements.

(5) Administering centralized programs and providing services as approved by the Commission that have not been transferred to agencies, or when an agency's authority has been rescinded for noncompliance.

(6) Approving personnel actions involving classification and compensation where the approval authority has not been transferred to agencies, or when an agency's authority has been rescinded for noncompliance.

(7) Maintaining a database of all relevant and necessary information on employees and positions within agencies in the State's human resources system. OSHR shall ensure compliance with all applicable laws in developing the technology that supports the human resources system. The Director may authorize an agency to operate its own human resources system technology in accordance with policies on human resources systems technology established by OSHR.

(8) Developing policies to measure the level of agency compliance with established Commission policies when authority has been delegated to an agency for classification, salary administration, performance management, development, evaluation, and other decentralized programs.

(9) Determining through routine monitoring and periodic review whether agencies are in compliance with established Commission policies.

(10) Implementing corrective actions in cases of agency noncompliance.

(11) Providing services requested by the legislative branch under G.S. 120-36.31(6) and judicial branch under G.S. 7A-337(b).

(c) OSHR may charge fees for any of the following:

(1) Costs for participation in services OSHR is statutorily required to provide that are receipt-supported, including training.

(2) Administrative costs associated with administering the JoinNC Program in accordance with Article 11 of this Chapter.

(3) Costs of training and consultation services requested by a unit of local government. (2026-40, s. 1.)

§ 126A-2-3. Commission policies.

(a) Subject to the approval of the Governor, the Commission shall establish policies, including adopting rules as provided in Chapter 150B of the General Statutes, as necessary to effectuate the authority granted under this Chapter in order to administer an effective modern human resources system, including policies related to the following:

(1) Classification, in accordance with Article 3 of this Chapter.

(2) Compensation, in accordance with Article 4 of this Chapter.

(3) Hiring, in accordance with Article 5 of this Chapter.

(4) Onboarding, in accordance with Article 6 of this Chapter.

(5) Benefits and terms of employment, in accordance with Article 7 of this Chapter.

(6) Grievances and just cause, in accordance with Article 8 of this Chapter.

(7) Separation, in accordance with Article 9 of this Chapter.

(8) Political activity, in accordance with Article 10 of this Chapter.

(9) Temporary employment, in accordance with Article 11 of this Chapter.

(10) Local governments, in accordance with Article 12 of this Chapter.

(11) Workers' compensation, in accordance with Article 13 of this Chapter.

(12) Whistleblower protections, in accordance with Article 14 of this Chapter.

(13) Equal employment opportunity, in accordance with Article 15 of this Chapter.

(14) Privacy of personnel records, in accordance with Article 16 of this Chapter.

(b) Policies established by the Commission shall not limit the power of any Council of State or Cabinet agency head, in the agency head's discretion when he or she has determined it is in the agency's best interests, to transfer, demote, or separate an employee who is not a career employee.

(c) The Director may in his or her discretion grant exceptions or variances from Commission policies. (2026-40, s. 1.)

§ 126A-2-4. Decentralization agreements.

(a) Decentralization agreements with executive branch agencies shall require a person designated by the agency to be accountable to the Director for the compliance of all personnel actions taken pursuant to the delegated authority of the agency. The agreement shall specify the required policies for agency personnel administration.

(b) The Director shall take appropriate corrective actions, including adjusting employee salaries and changing classifications that are not in compliance with policy, and suspend decentralization agreements when agencies are not in compliance with personnel administration policies. (2026-40, s. 1.)

§ 126A-2-5. State of the State workforce report and survey.

(a) OSHR shall annually report by January 15 on the state of the State employee workforce and statewide human resources programs to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on General Government, the Fiscal Research Division, and the Appropriations Committees of the House of Representatives and the Senate. The report shall include the following:

(1) A comparison of employee compensation rates and benefits compared to national trends, including at least the following:
   a. An overview of economic conditions and labor market trends.
   b. An analysis of the competitiveness of State salaries and benefits.
   c. A review of recruitment and retention efforts and results.
   d. The results of the annual compensation surveys conducted pursuant to subsection (b) of this section.

(2) The safety, health, and workers' compensation activities of agencies in compliance with Article 13 of this Chapter and the fines levied against agencies pursuant to Article 16 of Chapter 95 of the General Statutes.

(3) The costs associated with the defense or settlement of administrative grievances and lawsuits filed by current or former employees and applicants for employment with an executive branch agency.

(4) Agency compliance with JoinNC policies, including the following:
   a. The number and type of exceptions made by the Director.
   b. A list of agencies with invoices more than 60 days overdue.
   c. A list of agencies with temporary employees who exceeded 11 months of consecutive employment, including the number of employees who exceeded 11 months of consecutive employment and the average number of days employees exceeded this limit.

(b) OSHR shall conduct annual compensation surveys to guide the Governor and the General Assembly in making decisions regarding the compensation of employees. (2026-40, s. 1.)