Article 7.

Benefits, Terms, and Conditions of Employment.

Part 1. Paid Parental Leave and Bereavement Leave.

§ 126A-7-1. Benefits for all positions, not including temporary positions.

The Commission shall establish policies on paid parental leave and bereavement leave. (2026-40, s. 1.)

§ 126A-7-2. Paid parental leave.

(a) Definitions. – The following definitions apply in this section:

(1) Child. – A newborn biological child or a newly placed adopted, foster, or otherwise legally placed child under the age of 18 whose parent is an employee eligible for leave under subsection (b) of this section.

(2) Reserved for future codification purposes.

(3) Parent. – Includes a parent by adoption, foster care, or another legal placement.

(4) Qualifying event. – When an employee becomes a parent to a child.

(b) Any eligible full-time employee subject to this section may take up to 12 weeks of paid leave after a qualifying event.

(c) The Commission shall establish policies that provide for the following:

(1) A part-time employee subject to this section shall be able to take a prorated amount of paid leave, not to exceed 12 weeks, after a qualifying event.

(2) A period of minimum service before an employee becomes eligible for paid leave under this section that credits employees for aggregate service in an executive branch agency, public school, or community college.

(3) A maximum number of uses of paid parental leave within a 12-month period.

(4) Available leave amounts following a miscarriage or death of a child during birth.

(d) The paid parental leave authorized by this section is available without exhaustion of the employee's sick and vacation leave and is awarded in addition to shared leave under G.S. 126A-7-20 or other leave authorized by federal or State law. Paid parental leave has no cash value upon separation from employment and shall not be used in the calculation of an employee's retirement benefits.

(e) Local boards of education and boards of trustees of community colleges shall adopt policies substantially equivalent to those adopted by the Commission. (2026-40, s. 1.)

Part 2. Benefits, Terms, and Conditions.

§ 126A-7-10. Benefits, terms, and conditions of employment.

(a) The Commission shall establish policies on benefits, terms, and conditions of employment for positions subject to this Article, including the following:

(1) Establishing hours and days of work, vacation leave, sick leave, and other types of leave, and holidays, in accordance with G.S. 126A-7-11 and G.S. 126A-7-12.

(2) Cooperating with the State Board of Education, the Department of Public Instruction, The University of North Carolina, the Community Colleges System Office, and other appropriate resources in developing programs in management and supervisory skills, performance evaluation, specialized employee skills,

accident prevention, equal employment opportunity awareness, and customer service.

(3) Maintaining an accredited Certified Public Manager program.

(4) Maintaining a program of meritorious service awards and recognition of employees, public personnel management, and management excellence and authorizing agencies to provide bonuses to employees who receive these awards.

(5) Establishing programs of employee assistance, productivity incentives, and equal opportunity.

(6) Maintaining safety and health programs required by Article 13 of this Chapter.

(7) Providing financial assistance for employee development and employee discounts for services.

(8) Allowing flexible work options for employees, including programs of telework or remote work, job-sharing, alternate work schedules, and permanent part-time positions.

(9) Promoting efficiency of administration and providing a fair and modern human resources system. (2026-40, s. 1.)

§ 126A-7-11. Paid State holidays.

(a) The legal public holidays established by the Commission as paid holidays for employees shall include Martin Luther King Jr.'s Birthday and Veterans Day. The Commission shall not establish more than 13 paid holidays per year. Three paid holidays shall be given for Christmas.

(b) The University of North Carolina and its constituent institutions may adopt alternative dates to recognize the legal public holidays. (2026-40, s. 1.)

§ 126A-7-12. Minimum leave granted to employees.

The Commission shall establish a graduated scale for the amount of vacation leave granted to each full-time employee subject to this Article. The scale shall allow the equivalent rate of at least 120 hours of vacation leave per calendar year, prorated monthly, cumulative to at least 240 hours. On December 31 of each year, any employee who has vacation leave in excess of the allowed accumulation shall have that leave converted to sick leave. The rate of sick leave for employees shall be at least 80 hours per calendar year, cumulative from year to year. (2026-40, s. 1.)

§ 126A-7-13. Transferred leave from legislative and judicial branch employment.

When an individual transfers employment from a legislative or judicial branch position to an executive branch position, the individual shall receive credit for the vacation and sick leave accrued with the legislative or judicial branch if the employee is entitled to vacation and sick leave in the executive branch position. (2026-40, s. 1.)

Part 3. Voluntary Shared Leave.

§ 126A-7-20. Voluntary shared leave.

(a) The Commission shall adopt policies to allow any employee to share leave voluntarily with another employee who is an immediate family member or a coworker's immediate family member, whether or not the employees are employed by the same agency.

(b) The Commission shall adopt policies in cooperation with the State Board of Community Colleges and the State Board of Education to allow for employees to share leave voluntarily with an immediate family member or coworker's immediate family member who is employed by a community college or local board of education.

(c) The Commission shall adopt policies to allow an employee to donate sick leave to a non-family member employee. (2026-40, s. 1.)

Part 4. Flexible Compensation Plan.

§ 126A-7-30. Flexible compensation plan.

(a) The Director may provide eligible officers and employees a program of dependent care assistance as available under section 129 and related sections of the Internal Revenue Code of 1986, as amended. The Director may authorize agencies employing eligible officers and employees to enter into annual agreements with employees who elect to participate in the program to provide for a reduction in salary. With the approval of the Director, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. If the Director decides to contract with a third party to administer the terms and conditions of a program of dependent care assistance, the Director may select a contractor only upon a thorough and completely competitive procurement process.

(b) Notwithstanding any other provisions of law relating to the salaries of eligible officers and employees, the Director may provide a plan of flexible compensation to eligible officers and employees for benefits available under section 125 and related sections of the Internal Revenue Code of 1986, as amended. This plan shall not replace, substitute for, or duplicate any benefits provided to employees and officers under Article 1A of Chapter 120 of the General Statutes or Articles 1, 3B, 4, and 6 of Chapter 135 of the General Statutes. The plan may, however, include offerings for products and benefits that are supplemental or additional to these statutory benefits. If a plan of flexible compensation is offered, then a TRICARE supplement shall be offered.

(c) In providing a plan of flexible compensation, the Director may authorize agencies employing eligible officers and employees to enter into agreements with their employees for reductions in the salaries of employees electing to participate in the plan of flexible compensation provided by this Part.

(d) With the approval of the Director, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. Should the Director decide to contract with a third party to administer the terms and conditions of a plan of flexible compensation as provided by this section, it may select such a contractor only upon a thorough and completely advertised competitive procurement process.

(e) As used in this section, the term "eligible officers and employees" means any officer or employee authorized to participate in the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System, and the State Health Plan. (2026-40, s. 1.)