

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 1314
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Short Title: Flexible Benefit Plans.

(Public)

Sponsors: Representatives Fitch; Hardaway and S. Thompson.

Referred to: Public Employees.

April 12, 1989

A BILL TO BE ENTITLED

1 AN ACT TO AUTHORIZE FLEXIBLE COMPENSATION PLANS FOR STATE
2 AGENCY EMPLOYEES, UNIVERSITY EMPLOYEES, COMMUNITY
3 COLLEGE EMPLOYEES, AND PUBLIC SCHOOL EMPLOYEES.
4

5 The General Assembly of North Carolina enacts:

6 Section 1. Article 23 of Chapter 115C of the General Statutes is amended by
7 adding a new section to read:

8 "**§ 115C-341.1. Flexible Compensation Plan.**

9 Notwithstanding any other provisions of law relating to the salaries of employees of
10 local boards of education, the State Board of Education is authorized to provide a plan
11 of flexible compensation to eligible employees of local school administrative units for
12 benefits available under Section 125 and related sections of the Internal Revenue Code
13 of 1986 as amended. This plan shall not include those benefits provided to employees
14 under Articles 1, 3, and 6 of Chapter 135 of the General Statutes nor any vacation leave,
15 sick leave, or any other leave that may be carried forward from year to year by
16 employees as a form of deferred compensation. In providing a plan of flexible
17 compensation, the State Board may authorize local school administrative units to enter
18 into agreements with their employees for reductions in the salaries of employees
19 electing to participate in the plan of flexible compensation provided by this section.
20 Should the State Board decide to contract with a third party to administer the terms and
21 conditions of a plan of flexible compensation as provided by this section, it may select
22 such a contractor only upon a thorough and completely advertised competitive
23 procurement process."

1 Sec. 2. Article 2 of Chapter 115D of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 115D-25.1. Flexible Compensation Plan.**

4 Notwithstanding any other provisions of law relating to the salaries of employees of
5 community college boards of trustees, the State Board of Community Colleges is
6 authorized to provide a plan of flexible compensation to eligible employees of
7 constituent institutions for benefits available under Section 125 and related sections of
8 the Internal Revenue Code of 1986 as amended. This plan shall not include those
9 benefits provided to employees under Articles 1, 3, and 6 of Chapter 135 of the General
10 Statutes nor any vacation leave, sick leave, or any other leave that may be carried
11 forward from year to year by employees as a form of deferred compensation. In
12 providing a plan of flexible compensation, the State Board may authorize constituent
13 institutions to enter into agreements with their employees for reductions in the salaries
14 of employees electing to participate in the plan of flexible compensation provided by
15 this section. Should the State Board decide to contract with a third party to administer
16 the terms and conditions of a plan of flexible compensation as provided by this section,
17 it may select such a contractor only upon a thorough and completely advertised
18 competitive procurement process."

19 Sec. 3. Article 1 of Chapter 116 of the General Statutes is amended by
20 adding a new section to read:

21 **"§ 116-17.1. Flexible Compensation Plan.**

22 Notwithstanding any other provisions of law relating to the salaries of employees of
23 The University of North Carolina, the Board of Governors of The University of North
24 Carolina is authorized to provide a plan of flexible compensation to eligible employees
25 of constituent institutions for benefits available under Section 125 and related sections
26 of the Internal Revenue Code of 1986 as amended. This plan shall not include those
27 benefits provided to employees under Articles 1, 3, and 6 of Chapter 135 of the General
28 Statutes nor any vacation leave, sick leave, or any other leave that may be carried
29 forward from year to year by employees as a form of deferred compensation. In
30 providing a plan of flexible compensation, the Board of Governors may authorize
31 constituent institutions to enter into agreements with their employees for reductions in
32 the salaries of employees electing to participate in the plan of flexible compensation
33 provided by this section. Should the Board of Governors decide to contract with a third
34 party to administer the terms and conditions of a plan of flexible compensation as
35 provided by this section, it may select such a contractor only upon a thorough and
36 completely advertised competitive procurement process."

37 Sec. 4. G.S. 143-34.1 reads as rewritten:

38 **"§ 143-34.1. Payrolls submitted to the Director of the Budget; approval of payment**
39 **of vouchers; payment of required employer salary-related contributions**
40 **for retirement benefits, death benefits, disability salary continuation and**
41 **Social Security; support of hospital and medical insurance programs for**
42 **retired members of certain associations, organizations, boards, etc.**

43 All payrolls of all departments, institutions, and agencies of the State government
44 shall, prior to the issuance of vouchers in payment therefor, be submitted to the Director

1 of the Budget, who shall check the same against the appropriations to such departments,
2 institutions and agencies for such purposes, and if found to be within said
3 appropriations, he shall approve the same and return one to the department, institution
4 or agency submitting same and transmit one copy to the State Controller, and no
5 voucher in payment of said payroll or any item thereon shall be honored or paid except
6 and to the extent that the same has been approved by the Director of the Budget.

7 Required employer salary-related contributions for retirement benefits, death
8 benefits, disability salary continuation and Social Security for employees whose salaries
9 are paid from general fund or highway fund revenues, or from department, office,
10 institutional or agency receipts, or from non-State funds, shall be paid from the same
11 source as the source of the employees' salaries. In those instances in which an
12 employee's salary is paid in part from the general fund, or the highway fund, and in part
13 from the department, office, institutional or agency receipts, or from non-State funds,
14 the required salary-related contributions shall be paid from the general fund, or the
15 highway fund, only to the extent of the proportionate part paid from the general fund, or
16 highway fund, in support of the salary of such employee, and the remainder of the
17 employer's contribution requirements shall be paid from the same source which supplies
18 the remainder of such employee's salary. The requirements of this section as to the
19 source of payment are also applicable to payments on behalf of the employee for
20 hospital-medical insurance, longevity payments, salary increments, and legislative
21 salary increases. The State Controller shall approve the method of payment by State
22 departments, offices, institutions and agencies for employer salary-related requirements
23 of this section, and determine the applicability of the section to an employer's salary-
24 related contribution or payment in behalf of an employee.

25 Notwithstanding any other provisions of law relating to the salaries of officers and
26 employees of departments, institutions, and agencies of State government, the Director
27 of the Budget is authorized to provide a plan of flexible compensation to eligible
28 officers and employees of State departments, institutions, and agencies not covered by
29 the provisions of G.S. 116-17.1 for benefits available under Section 125 and related
30 sections of the Internal Revenue Code of 1986 as amended. This plan shall not include
31 those benefits provided to employees and officers under Article 1A of Chapter 120 of
32 the General Statutes and Articles 1, 3, 4, and 6 of Chapter 135 of the General Statutes
33 nor any vacation leave, sick leave, or any other leave that may be carried forward from
34 year to year by employees as a form of deferred compensation. In providing a plan of
35 flexible compensation, the Director of the Budget may authorize State departments,
36 institutions, and agencies to enter into agreements with their employees for reductions
37 in the salaries of employees electing to participate in the plan of flexible compensation
38 provided by this section. Should the Director of the Budget decide to contract with a
39 third party to administer the terms and conditions of a plan of flexible compensation as
40 provided by this section, it may select such a contractor only upon a thorough and
41 completely advertised competitive procurement process."

42 Sec. 5. This act shall become effective January 1, 1990.