



This Bill Analysis reflects the contents of the bill as it was presented in committee.

HOUSE BILL 602: UNC Legislative Priorities/HR/Reports.

2021-2022 General Assembly

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| Committee: | Senate Education/Higher Education. | If Date: | June 16, 2021 |
| | favorable, re-refer to Rules and Operations of the Senate | | |
| Introduced by: | Reps. Hardister, Pickett, Arp, K. Smith | Prepared by: | Drupti Chauhan* |
| Analysis of: | Third Edition | | Committee Counsel |

OVERVIEW: House Bill 602 would do the following:

- Exempt finance, business office, and auditor professionals of The University of North Carolina (UNC) from most provisions of the North Carolina Human Resources Act (NCHRA)
- Consolidate and eliminate certain reports
- Make changes for in-State tuition for veterans to comply with federal law
- Codify reporting requirements for capital projects
- Add the Morganton campus of the School of Science and Mathematics to properties under the jurisdiction of a joint security force for Department of Health and Human Services properties in Burke County.

PART I: EXEMPT UNC FINANCE PROFESSIONALS, BUSINESS OFFICE PROFESSIONALS, AND AUDITOR PROFESSIONALS FROM MOST PROVISIONS OF THE NORTH CAROLINA HUMAN RESOURCES ACT

CURRENT LAW: The NCHRA (Chapter 126 of the General Statutes) creates a system of personnel administration for all State employees not expressly exempted from the act, as well as certain local employees.

G.S. 126-5(c1)(8) and (9) exempt certain UNC employees from the NCHRA, except with regards to Article 6 ("Equal Employment and Compensation Opportunity; Assisting in Obtaining State Employment") and Article 7 ("The Privacy of State Employee Personnel Records"). Examples of UNC employees exempted from much of the NCHRA by these provisions include: UNC instructional and research staff, as well as chancellors, vice-chancellors, senior academic and administrative officers, and persons have permanent tenure at constituent institutions.

G.S. 126-5(c16) exempts commissioned police officer positions of UNC from the NCHRA, except with regards to Article 6 ("Equal Employment and Compensation Opportunity; Assisting in Obtaining State Employment"), Article 7 ("The Privacy of State Employee Personnel Records"), and Article 8 ("Employee Appeals of Grievances and Disciplinary Action").

BILL ANALYSIS: Section 1 would exempt finance professionals, business office professionals, and auditor professionals of UNC from the NCHRA, except with regards to Article 6 ("Equal Employment and Compensation Opportunity; Assisting in Obtaining State Employment") and Article 7 ("The Privacy of State Employee Personnel Records").

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PART II: UNC REPORT MODIFICATIONS/ELIMINATIONS

Eliminate reporting of primary care plans and modify primary care graduates data certification date

CURRENT LAW: G.S. 143-613 requires Bowman Gray School of Medicine (Wake Forest), Duke University School of Medicine, University of North Carolina at Chapel Hill School of Medicine, East Carolina University School of Medicine, and State-operated health professional schools to develop plans on increasing the percentage of graduates who enter residencies, clinical programs, and careers in primary care. Updated plans must be sent to the Joint Legislative Education Oversight Committee (JLEOC) every two years.

Additionally, the UNC Board of Governors must annually monitor private and State-operated medical schools, and State-operated health professional schools for progress towards increasing the number and proportion of graduates entering primary care. The Board of Governors must annually certify data on graduates, along with their residencies, clinical training programs, and subsequent careers by November 15.

BILL ANALYSIS: Sec. 2.1 would eliminate the primary care plan reporting requirements for Bowman Gray School of Medicine, Duke University School of Medicine, University of North Carolina at Chapel Hill School of Medicine, East Carolina University School of Medicine, and State-operated health professional schools. The annual progress certification requirement would remain in place, but the deadline would change from November 15 to April 15, beginning April 2022.

Exempt UNC from report on government fees

CURRENT LAW: G.S. 143C-9-4 requires the Office of State Budget and Management (OSBM) to report biennially on fees charged by each State department, bureau, division, board, commission, institution, and agency during the previous two fiscal years.

G.S. 116-11(9b) requires the UNC Board of Governors to submit an annual report on the actions and adjustments necessary to its budgetary policies, regulations, and standards resulting from the Current Operations Appropriations Act for the administration and operation of UNC and the distribution of State and federal funds to constituent institutions.

BILL ANALYSIS: Sec. 2.2 would exempt UNC from the OSBM report on fees, but information on mandatory student fee revenue, student auxiliary revenue, and sales revenue would be required to be included in the annual report required by G.S. 116-11(9b).

Modify report on research collaborations on military behavioral health

CURRENT LAW: Sec. 10 of S.L. 2011-185 requires the UNC System Office to work with various entities to collaborate on research to address the behavioral health problems and challenges facing military personnel, veterans, and their families. Sec. 10.(d) requires the UNC System Office to report annually on its findings to the Joint Legislative Health Care Oversight Committee and the House of Representatives and Senate Appropriations Subcommittees on Health and Human Services.

BILL ANALYSIS: Sec. 2.3 would modify the report on research collaborations on military behavioral health to only be submitted to the House Homeland Security, Military, and Veterans Affairs Committee.

Educator preparation, recruitment, and effectiveness report consolidation

CURRENT LAW: G.S. 116-74.21 requires the UNC Board of Governors to report to JLEOC annually on the supply and demand of school administrators to determine the number of school administrators to be trained each year.

G.S. 116-41.30 establishes the Future Teachers of North Carolina program, which is a selective, application-based symposium for high school juniors and seniors, offering a challenging introduction to teaching as a profession. G.S. 116-41.32 requires the UNC System Office to report annually on information related to the Future Teachers of North Carolina symposium.

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Sec. 9.7(c) of S.L. 2008-107, as amended by Sec. 9.3 of S.L. 2010-31, requires UNC and the North Carolina Community College System (NCCCS) to annually report to several entities on the implementation of the UNC-NCCCS 2+2 E-Learning Initiative. A 2+2 program is where a student attends two years of community college and then transfers to a four-year college or university for the remaining two years.

G.S. 116-11(12d) requires the Board of Governors to annually provide by April 15 a comprehensive annual report on teacher education and recruitment efforts at UNC, including 2+2 initiatives, distance education programs focuses on teacher education, and professional development programs for teachers and school administrators.

BILL ANALYSIS: Sec. 2.4 would repeal UNC's role in the reporting requirements related to the following programs:

- School administrator supply and demand
- The Future Teachers of North Carolina symposium
- UNC-NCCCS 2+2 E-Learning Initiative

Instead, this section would modify the comprehensive annual report on teacher education efforts at UNC to cover educator preparation, including initiatives to improve educator quality, student success measures, and strategic research and related efforts. Instead of being due by April 15, the report would be due October 15 of each year.

Eliminate consultation with Gov Ops on debt for golf courses and transient accommodation facilities

CURRENT LAW: G.S. 66-58(h) requires the following entities to consult with and provide information to the Joint Legislative Commission on Governmental Operations (Gov Ops) before issuing debt or executing a contract for a golf course or for any transient accommodations facility, including a hotel or motel:

- UNC and its constituent institutions.
- The Centennial Campus of North Carolina State University.
- The Horace Williams Campus of the University of North Carolina at Chapel Hill.
- A Millennial Campus of a constituent institution.
- Any corporation or other legal entity created or directly controlled by an using land owned by UNC.

BILL ANALYSIS: Sec. 2.5 would repeal the Gov Ops consultation requirement in G.S. 66-58(h).

Eliminate report on UNC System President's Strategic Initiative Reserve funds for special projects

BILL ANALYSIS: Sec. 2.6 would prohibit The UNC System Office from being required to submit an annual report to JLEOC on the use of funds from The University of North Carolina President's Strategic Initiative Reserve. However, this information must be available upon request to the Fiscal Research Division of the General Assembly.

Eliminate UNC enrollment growth projection report

CURRENT LAW: G.S. 116-30.7 requires the UNC System Office to submit by December 15 of each even-numbered year a projection for the total student enrollment in UNC that is anticipated for the next biennium.

BILL ANALYSIS: Sec. 2.7 would repeal the enrollment growth projection report required by G.S. 116-30.7.

Eliminate report on defaults on projects without performance bonds

CURRENT LAW: Under G.S. 44A-26, State departments, State agencies, and UNC and its constituent institutions must require a performance and payment bond if the total amount of a construction contract awarded for any one project exceeds \$500,000.

Sec. 1.2 of S.L. 2010-148 requires the Department of Transportation, UNC and its constituent institutions, and the Department of Administration to monitor projects that are let without a performance or payment bond to

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determine the number of defaults on those projects, the cost to complete each defaulted project, and each project's contract price. The agencies must report on this information to Gov Ops by March 1 each year.

BILL ANALYSIS: Sec. 2.8 would remove UNC's duty to report to Gov Ops on projects that are let without a performance or payment bond under Sec. 1.2 of S.L. 2010-148.

Require UNC to adopt rules for reporting on certain contracts under a public-private partnership

CURRENT LAW: G.S. 143-133.1 requires governmental entities to report to the Department of Administration on certain public-private partnerships no later than 12 months from the date the governmental entity takes beneficial occupancy of the project.

BILL ANALYSIS: Sec. 2.9 would authorize the Board of Governors to adopt its own rules to implement the public-private partnership reporting requirements. The rules must include that constituent institutions must report on the required information to the Board of Governors on an annual basis.

PART III: IN-STATE TUITION/VETERANS/FEDERAL LAW COMPLIANCE

CURRENT LAW: In order to remain an approved course of education for students receiving federal educational assistance benefits, 38 U.S.C. § 3679 requires institutions of higher education to charge in-State tuition to covered individuals who are living in the state, regardless of legal residency status. The definition of covered individual in 38 U.S.C. § 3679(c) includes individuals who are entitled to assistance under Chapter 30 (Montgomery G.I. Bill), Chapter 31 (Vocational Rehabilitation and Employment), or Chapter 33 (Post-9/11 GI Bill).

Prior to 2021, federal law only required veterans to be entitled to in-State tuition in the three years following discharge. In 2021, the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (Public Law 116-315) eliminated the three-year limitation, requiring states to offer in-State tuition to qualifying veterans regardless of the time from discharge.

To the extent required by 38 U.S.C. § 3679, North Carolina law (G.S. 116-143.3A) waives the 12-month residency requirement for in-State tuition for any veteran, dependent of a veteran, or other qualifying individual who is admitted to an institution of higher education and meets the following criteria:

- The individual's abode is in North Carolina.
- The individual provides a letter of intent to establish residence in North Carolina.
- The individual meets the definition of a "covered individual" under 38 U.S.C. § 3679(c).

After three years following discharge, an individual receiving in-State tuition because of G.S. 116-143.3A will continue to be eligible for in-State tuition as long as the individual is continuously enrolled in the institution of higher education.

BILL ANALYSIS: Sec. 3 would eliminate the requirement that individuals would only be eligible for in-State tuition after three years from discharge if they remained continuously enrolled in the institution of higher education. Therefore, covered veterans would be eligible for in-State tuition even after three years from discharge without being continuously enrolled.

PART IV: CODIFY CAPITAL PROJECT REPORTING REQUIREMENTS

CURRENT LAW: G.S. 143C-1-1(d)(5) defines a capital improvement as "a term that includes real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations over one hundred thousand dollars (\$100,000) in value."

BILL ANALYSIS: Sec. 4 would require each State agency to submit a quarterly report to OSBM on the status of agency capital projects that meet the following criteria:

- They are capital improvements as defined by G.S. 143C-1-1.

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- They are funded in whole or in part with State funds, including receipts, non-General Fund sources, or statutorily or constitutionally authorized indebtedness of any kind.
- They are not complete.
- They are authorized by the General Assembly for a total project cost of at least \$10 million.

By October 1 and April 1 of each year, the following reports would be required to be submitted to the Joint Legislative Oversight Committee on Capital Improvement and the Fiscal Research Division:

- OSBM would be required to report on the status of capital projects funded from the State Capital and Infrastructure Fund or other State funds.
- Each State agency would be required to report on the status of agency capital projects funded from non-State funds.

Additionally, the State Construction Office would be required to submit by April 1 each year to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division a report that includes the following:

- The status of the Facilities Condition Assessment Program (FCAP).
- The status of plan review, approval, and permitting for each State capital improvement project and community college capital improvement project over which the Office exercises plan review, approval, and permitting authority.

PART IVA: PROVIDE SECURITY FOR THE MORGANTON CAMPUS OF THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS

CURRENT LAW: G.S. 122C-430 authorizes the creation of a joint security force for certain Department of Health and Human Services properties in Burke County, including Broughton Hospital, Western Regional Vocational Rehabilitation Facility, J. Iverson Riddle Developmental Center, and the surrounding grounds and land adjacent to Broughton Hospital.

BILL ANALYSIS: Sec. 4A would add the Morganton campus of the North Carolina School of Science and Mathematics to the properties under the jurisdiction of the joint security force.

EFFECTIVE DATE: The bill would be effective when it becomes law. Section 4 applies to capital projects authorized before, on, or after that date.

**Brian Gwyn and Kara McCraw, Committee Counsel, substantially contributed to this summary.*