



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

2021-2022 General Assembly

<b>Committee:</b>	Senate Rules and Operations of the Senate	<b>Date:</b>	June 21, 2021
<b>Introduced by:</b>	Reps. Hardister, Pickett, Arp, K. Smith	<b>Prepared by:</b>	Drupti Chauhan
<b>Analysis of:</b>	Fourth 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.*
- *Codify reporting requirements for capital projects.*
- *Give the Board of Governors of UNC temporary authority to implement an early retirement incentive program.*
- *Provide statutory authority for the President of UNC to approve a reduction in force without approval of any other State agency.*
- *Provide temporary authority for the Board of Governors of UNC to use non-State funds to provide State Health Plan premium payments for certain employees placed on emergency temporary furloughs.*

## **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").

## **PART II: UNC REPORT MODIFICATIONS/ELIMINATIONS**

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

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**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).

## **Repeal 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 repeal the report on research collaborations on military behavioral health.

## **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.

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.

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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 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.

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## **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 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.
- 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 V: EARLY RETIREMENT INCENTIVE PROGRAM FOR UNC**

**BILL ANALYSIS:** Section 5 would allow the Board of Governors of UNC to authorize an early retirement incentive program until December 31, 2022. The UNC System Office would be required to develop policies and regulations for the program, including the following, at a minimum:

- To participate, an employee must be either (i) eligible for early or full service retirement, if participating in the Teachers' and State Employees' Retirement System of North Carolina (TSERS) or (ii) at least age 55 and vested, if participating in the Optional Retirement Program (ORP).
- Severance payments must be between one month and six months of an employee's annual base salary.
- If an employee does not qualify for the full employer premium contribution for retiree health coverage, then the constituent institution may provide the employee the amount equivalent to 12 months of the full employer contribution.

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- The program can apply to employees both subject to and exempt from Human Resources Act, but not to employees who receive disability or workers' compensation benefits.

If an early retirement incentive program is implemented, the UNC System Office must report on the program by October 1, 2021 and December 1, 2022.

## **PART VI: HUMAN RESOURCES POLICY FLEXIBILITY/REORGANIZATIONS FOR UNC SYSTEM EMPLOYEES SUBJECT TO THE NORTH CAROLINA HUMAN RESOURCES ACT**

**CURRENT LAW:** G.S. 126-4(7a) directs the State Human Resources Commission (Commission) to establish policies and rules governing the separation of employees covered by the North Carolina Human Resources Act. The Commission has adopted a reduction-in-force (RIF) policy that authorizes an agency or university to separate an employee whenever it is necessary due to:

- Shortage or loss of funds
- Shortage or loss of work
- Abolishment of a position
- Other material changes in position duties or organization

Additionally, the RIF policy requires the agency head, department head, university chancellor, or their designee to seek approval from the Office of State Human Resources (OSHR) at least one week prior to notifying employees of RIF actions.

If a RIF will accomplish economies in the State Budget, G.S. 126-8.5 requires the Office of State Budget and Management (OSBM), through the Director of the Budget, to pay either a discontinued service retirement allowance or severance wages to affected State employees, provided reemployment is not available. The Director of the Budget must consider the recommendation of the department head involved and any recommendation of the Director of the OSHR when considering whether this requirement applies.

**BILL ANALYSIS:** Section 6 would provide the President of UNC, and the chancellor of a constitution institution if authority is delegated by the President, with statutory authority to approve a RIF for positions subject to the North Carolina Human Resources Act without further approval by any other State agency. This authority would include reorganization and payment of severance with non-State funds. The President or chancellor would be required to annually submit to OSHR information to on all approved RIFs, reorganizations, and severance payments. State funds used for a severance using this authority would still be subject to any required preapproval by OSBM.

## **PART VII: PROVIDE STATE HEALTH PLAN PREMIUM PAYMENTS FOR CERTAIN EMPLOYEES PLACED ON EMERGENCY TEMPORARY FURLOUGHS**

**BILL ANALYSIS:** Section 7 would authorize the Board of Governors of UNC to use non-State funds to pay the employee portion of the monthly premiums for participation in the State Health Plan for Teachers and State Employees if the employee meets the following criteria: (i) currently on an emergency temporary furlough and (ii) the emergency temporary furlough puts the employee below half-time employment for a calendar month.

The Board of Governors could not provide more than 12 months of employee premium payments for employees on furlough between June 1, 2020, and December 31, 2021. Additionally, the employees could not be required to repay any of these premiums.

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

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