



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

2021-2022 General Assembly

Committee:		Date:	January 28, 2022
Introduced by:		Prepared by:	Drupti Chauhan Staff Attorney
Analysis of:	S.L. 2021-80		

OVERVIEW: *S.L. 2021-80 does the following:*

- *Exempts finance, business office, and auditor professionals of The University of North Carolina (UNC) from most provisions of the North Carolina Human Resources Act (NCHRA).*
- *Consolidates and eliminates certain reports.*
- *Codifies reporting requirements for capital projects.*
- *Gives the Board of Governors of UNC temporary authority to implement an early retirement incentive program.*
- *Provides statutory authority for the President of UNC to approve a reduction in force without approval of any other State agency.*
- *Provides 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: EXEMPTS UNC FINANCE PROFESSIONALS, BUSINESS OFFICE PROFESSIONALS, AND AUDITOR PROFESSIONALS FROM MOST PROVISIONS OF THE NORTH CAROLINA HUMAN RESOURCES ACT

BILL ANALYSIS: Finance professionals, business office professionals, and auditor professionals of UNC are exempted from the North Carolina Human Resources Act, 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

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

BILL ANALYSIS: 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 are eliminated. The annual progress certification requirement remains in place, but the deadline moves from November 15 to April 15, beginning April 2022.

UNC exempt from report on government fees

BILL ANALYSIS: UNC is exempted from the Office of State Budget and Management report on fees, but information on mandatory student fee revenue, student auxiliary revenue, and sales revenue is required to be included in the annual report required by G.S. 116-11(9b).

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Report on research collaborations on military behavioral health repealed

BILL ANALYSIS: The report on research collaborations on military behavioral health is repealed.

Educator preparation, recruitment, and effectiveness report consolidation

BILL ANALYSIS: UNC's role is repealed 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

The comprehensive annual report on teacher education efforts at UNC is modified to include 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 is due October 15 of each year.

Elimination of consultation with Governmental Operations on debt for golf courses and transient accommodation facilities

BILL ANALYSIS: The requirement for 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 is repealed:

- 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.

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

BILL ANALYSIS: The UNC System Office cannot be 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.

Elimination of UNC enrollment growth projection report

BILL ANALYSIS: The requirement that the UNC System Office submit a projection for the total student enrollment in UNC that is anticipated for the next biennium is repealed.

Elimination of report on defaults on projects without performance bonds

BILL ANALYSIS: 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 is repealed.

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

BILL ANALYSIS: The Board of Governors is authorized 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: CODIFICATION OF CAPITAL PROJECT REPORTING REQUIREMENTS

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BILL ANALYSIS: each State agency must 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 must be submitted to the Joint Legislative Oversight Committee on Capital Improvement and the Fiscal Research Division:

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

Additionally, the State Construction Office must 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: The Board of Governors of UNC may authorize an early retirement incentive program until December 31, 2022. The UNC System Office must 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.
- 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

BILL ANALYSIS: The President of UNC, and the chancellor of a constitution institution if authority is delegated by the President, is given 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 includes reorganization and payment of severance with non-State funds. The President or chancellor must annually

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submit to OSHR information to on all approved RIFs, reorganizations, and severance payments. State funds used for a severance using this authority are still subject to any required preapproval by OSBM.

PART VII: PROVISION OF STATE HEALTH PLAN PREMIUM PAYMENTS FOR CERTAIN EMPLOYEES PLACED ON EMERGENCY TEMPORARY FURLOUGHS

BILL ANALYSIS: the Board of Governors of UNC is authorized 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 cannot provide more than 12 months of employee premium payments for employees on furlough between June 1, 2020, and December 31, 2021. Additionally, the employees cannot be required to repay any of these premiums.

EFFECTIVE DATE: This act became effective July 8, 2021. The section on capital project reporting applies to capital projects authorized before, on, or after that date.

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