



# HOUSE BILL 317: UNC Omnibus.

2023-2024 General Assembly

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|-----------------------|--|---------------------|----------------|
| <b>Committee:</b>     | House Rules, Calendar, and Operations of the House | <b>Date:</b>        | May 2, 2023    |
| <b>Introduced by:</b> | Reps. Hardister, Pickett, Blackwell, Hawkins       | <b>Prepared by:</b> | Brian Gwyn*    |
| <b>Analysis of:</b>   | First Edition                                      |                     | Staff Attorney |

**OVERVIEW:** *House Bill 317 makes various changes to the laws concerning The University of North Carolina.*

### **PART I: NC A&T and North Carolina Cooperative Extension Service**

**CURRENT LAW:** State employees are subject to the provisions of North Carolina Human Resources Act (Human Resources Act) unless they are specifically exempted from it or from particular provisions of the Act. Employees of the North Carolina Cooperative Extension Service (Extension Service) of North Carolina State University (NCSU) who are employed by county operations are exempt from the Human Resources Act except for the provisions concerning equal employment and compensation (Article 6 of the Human Resources Act) and privacy of personnel records (Article 7 of the Human Resources Act). The Board of Trustees of NCSU adopts policies to govern the employment of the Extension Service employees employed in county operations.

Counties can support the Extension Service by appropriating revenues not otherwise limited as to use by the law.

**BILL ANALYSIS:** This Part would add employees of North Carolina Agricultural and Technical State University (NC A&T) Cooperative Extension Service who are employed in county operations to the exemption from the Human Resources Act in the same manner as the NCSU Extension Service employees. This Part would further allow the Board of Trustees of NC A&T to adopt policies to govern the employment of these employees.

### **PART II: NCSSM and Distinguished Professors Endowment Trust Fund**

**CURRENT LAW:** The Distinguished Professors Endowment Trust Fund (Trust Fund) provides each State university the opportunity to receive and match challenge grants to create endowments for selected distinguished professors to occupy chairs within a university. The associated foundations that serve the universities can solicit and receive gifts from private sources to provide for matching funds to the Trust Fund challenge grants for the endowments. The Trust Fund is maintained by the Board of Governors of The University of North Carolina (UNC BOG) and appropriated to the campuses as directed in the statutes. The current law also sets out different allocations to different classes of constituent institutions such as focused growth institutions and special needs institutions.

**BILL ANALYSIS:** This Part would make technical changes to the Trust Fund statutes and add the North Carolina School of Science and Mathematics to the list of "special needs institutions" and thereby make it eligible for grants from the Trust Fund if it can raise funds through private sources and match the grants as directed by the statutes. For example, for one \$500,000 challenge grant, the special needs institution must raise \$500,000 from private sources.

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## **PART III: Exempting Fair Labor Standards Act Exempt Employees from the State Human Resources Act**

**CURRENT LAW:** State employees are subject to the provisions of the Human Resources Act unless they are specifically exempted from it or from particular provisions. Instructional and research staff, finance professionals, business office professionals, auditor professionals, information technology professionals, physicians, dentists, and faculty of the North Carolina School of Science and Mathematics employed by The University of North Carolina are exempt from the Human Resources Act except for the provisions concerning equal employment and compensation (Article 6 of the Human Resources Act) and privacy of personnel records (Article 7 of the Human Resources Act).

A "career State employee" is a State employee who is in a permanent position with a permanent appointment and has been continuously employed for the immediate 12 preceding months. However, employees hired by a State agency, department, or university in a sworn law enforcement position or forensic scientist position who must complete a formal training program before assuming their duties with the hiring agency, department, or university can become career State employees only after being employed for 24 continuous months.

The Fair Labor Standards Act (FLSA) is a federal law which establishes, among other things, minimum wage and overtime pay eligibility for employees that hold positions determined to be covered under the FLSA. The largest exceptions to FLSA apply to those considered to be professional, administrative and executive employees.

**BILL ANALYSIS:** Part III of the bill would exempt the following employees of The University of North Carolina from the Human Resources Act: (i) pilots and (ii) all other employees who are exempt from the FLSA. The UNC BOG would be given the authority to establish the positions that would be exempt from the Act without further review or approval by any other State agency.

Employees of the UNC BOG who are exempt from the FLSA and have attained career status before July 1, 2023, would have the option of one of the following:

- Continuing employment with career State employee status if the employee remains in the position the employee occupied on June 30, 2023; OR
- Waiving career State employee status and continuing employment as a State employee exempt from the Human Resources Act.

Each affected employee must be provided with a written explanation of the impact of an election to waive career State employee status. The employee's election to waive career State employee status must be acknowledged through the employee's written or electronic signature.

**EFFECTIVE DATE:** The bill would become effective when it becomes law. Part III of the bill becomes effective July 1, 2023.

*\*Drupti Chauhan, Staff Attorney with the Legislative Analysis Division, substantially contributed to this summary.*