

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 341*

Short Title: GPAC/Compensation and Benefits Evaluations.

(Public)

Sponsors: (by request) Representatives H. Hunter, Blue, Diamont, Hensley, G. Miller, Nesbitt, and Robinson.

Referred to: Public Employees.

February 25, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE GOVERNMENT PERFORMANCE AUDIT COMMITTEE WITH REGARDS TO COMPENSATION AND BENEFITS PROVIDED BY THE STATE.-3

The General Assembly of North Carolina enacts:

Section 1. Article 1 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-11.1. Comprehensive compensation and benefit program evaluation.

(a) On or before the fifteenth day of December of each year, the Director shall have conducted a comprehensive compensation and benefit program evaluation for all full-time, part-time, and temporary employees supported by funds appropriated by the State, either through direct appropriations to State departments, agencies, boards, and commissions for salary and benefit purposes, or through appropriations to State departments, agencies, boards, and commissions for State aid to political subdivisions of the State. This comprehensive evaluation shall include, but not be limited to, a review of:

- (1) Benefit programs offered by other states and employers within the Southeast region;
- (2) Employer costs associated with benefit programs provided;
- (3) Benefit levels provided by the programs (i.e. life insurance equal to two times annual compensation); and
- (4) Compensation program and respective salary levels.

1 (b) This evaluation should include health, retirement, payment for time not
2 worked (i.e. vacations, holidays, sick leave, etc.), and salary levels. This evaluation
3 should provide the information needed for the State to determine whether its total
4 benefit package is competitive in relation to programs offered, benefit levels provided,
5 and costs associated with providing employee benefits.

6 (c) The annual evaluation provides the necessary information to determine a
7 Total Benefits Index. This index will enable the State to review its total compensation
8 and benefit package in relation to compensation and benefit programs offered,
9 compensation and benefit levels provided, and costs associated with providing
10 employee pay and benefits by employers of similar scope and size as the State.

11 (d) The indexing assigns a numeric value to the standardized middle of the
12 market values for competitive compensation and benefit programs. The State can then
13 review its own total compensation and benefit program and determine its similar
14 standardized value. In this way, the State can measure incremental differences on a
15 quantifiable basis between its own and the market's programs."

16 Sec. 2. The Director of the Budget shall retain a consultant to conduct a
17 study of the administration of the flexible compensation programs available to eligible
18 officers and employees of State departments, agencies, and institutions, local school
19 administrative units, the constituent institutions of the North Carolina Community
20 College System, and The University of North Carolina under sections 125, 129, and
21 related sections of the Internal Revenue Code of 1986, as amended. The study shall
22 determine the most cost-effective manner of administering the programs and the most
23 cost-effective method of maximizing savings to the State and its officers and
24 employees. The consultant shall be selected through a competitive procurement
25 process.

26 Sec. 3. The Director of the Budget shall report the results of the flexible
27 compensation program study to the General Assembly on or before May 1, 1993.
28 Copies of the report shall be transmitted to the Speaker of the House of Representatives,
29 to the President Pro Tempore of the Senate, and to the Fiscal Research Division.

30 Sec. 4. This act is effective upon ratification.