

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE BILL 799  
Committee Substitute Favorable 5/18/05

Short Title: Lapsed Salaries/EEO.

(Public)

Sponsors:

Referred to:

March 21, 2005

A BILL TO BE ENTITLED

AN ACT AUTHORIZING THE USE OF LAPSED SALARY FUNDS TO ACHIEVE  
EQUAL EMPLOYMENT OPPORTUNITY AND ENCOURAGE SOUND  
MANAGEMENT PRACTICES.

The General Assembly of North Carolina enacts:

**SECTION 1.** Article 6 of Chapter 126 of the General Statutes is amended by  
adding a new section to read:

**"§ 126-16.2. Use of certain State funds for equal employment opportunity.**

(a) Notwithstanding G.S. 143-23(a2) or any other provision of law, State agencies, departments, institutions, and The University of North Carolina may allocate up to ten percent (10%) of lapsed salary funds for bonuses and other career development needs related to achieving the goal of equal employment opportunity as stated in this section and to encourage sound management practices and equal opportunity employment. The Office of State Budget and Management shall authorize use of these funds from the allocation of salaries.

(b) The bonuses authorized by this section shall be used for salary adjustments to reward managers and supervisors who support and exhibit positive government strategic outcomes, including:

(1) Achieving equal employment opportunity goals.

(2) Practicing fair and equitable salary administration for all demographic groups.

(3) Attending annual equal employment opportunity and human resources annual continuing education programs.

(4) Participating in departmental mentoring programs.

(5) Implementing career development plans for all employees.

(6) Promoting the State's historically underutilized business initiatives."

**SECTION 2.** Article 6 of Chapter 126 of the General Statutes is amended by  
adding a new section to read:

**"§ 126-16.3. Reporting.**

1        State agencies, departments, institutions, and The University of North Carolina shall  
2 report on the utilization of lapsed salary funds in accordance with the provisions of  
3 G.S. 126-16.2 in their respective equal employment opportunity reports to the Office of  
4 State Personnel. The Office of State Personnel shall incorporate the respective reports  
5 into its semiannual report to the Joint Legislative Commission on Governmental  
6 Operations."

7            **SECTION 3.** G.S. 143-23(a2) reads as rewritten:

8        "(a2) Funds appropriated for salaries and wages are also subject to the limitation  
9 that they may only be used for:

10        (1) Salaries and wages or for premium pay, overtime pay, longevity,  
11        unemployment compensation, workers' compensation, temporary  
12        wages, moving expenses of employees, payment of accumulated  
13        annual leave, certain awards to employees, tort claims, and employer's  
14        social security, retirement, and hospitalization payments;

15        (2) Contracted personal services if (i) the contract is for temporary  
16        services or special project services, (ii) the term of the contract does  
17        not extend beyond the fiscal year, (iii) the contract does not impose  
18        obligations on the State after the end of the fiscal year; and (iv) the  
19        total of all overexpenditures for contracted personal services approved  
20        in a program for a fiscal year does not exceed the greater of five  
21        hundred thousand dollars (\$500,000) or ten percent (10%) of the  
22        lapsed salary funds in the program for the fiscal year; and

23        (3) Uses for which overexpenditures are permitted by subdivision (2) of  
24        subsection (a1) of this section but the Director of the Budget shall  
25        include such use and the reason for it in his quarterly report to the Joint  
26        Legislative Commission on Governmental Operations.

27        Lapsed salary funds shall not be used for new permanent employee positions or to  
28        raise the salary of existing ~~employees~~ employees, except that the funds may be used for  
29 equal employment opportunity purposes as provided by G.S. 126-16.2."

30            **SECTION 4.** This act becomes effective June 30, 2005.