

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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SENATE DRS35309-LH-186 (3/12)

Short Title: State Budget Act/Technical Correction. (Public)

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Sponsors: Senator Hagan.

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CORRECTIONS IN THE STATE BUDGET ACT.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 116-14(b1) reads as rewritten:

"(b1) (**Effective July 1, 2007**) The President shall receive General Fund appropriations made by the General Assembly for continuing operations of The University of North Carolina that are administered by the President and the President's staff complement established pursuant to G.S. 116-14(b) in the form of a single sum to ~~Budget Code 16011~~ Budget Code 16010 of The University of North Carolina in the manner and under the conditions prescribed by G.S. 116-30.2. The President, with respect to the foregoing appropriations, shall have the same duties and responsibilities that are prescribed by G.S. 116-30.2 for the Chancellor of a special responsibility constituent institution. The President may establish procedures for transferring funds from ~~Budget Code 16011~~ Budget Code 16010 to the constituent institutions for nonrecurring expenditures. The President may identify funds for capital improvement projects from ~~Budget Code 16011~~, Budget Code 16010, and the capital improvement projects may be established following the procedures set out in G.S. 143C-8-8 and G.S. 143C-8-9."

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

"Article 16.

"Flexible Compensation Plan.

**"§ 126-95. Flexible compensation plan.**

(a) The Governor may provide eligible officers and employees of State departments, institutions, and agencies not covered by the provisions of G.S. 116-17.2 a program of dependent care assistance as available under section 129 and related sections of the Internal Revenue Code of 1986, as amended. The Governor may authorize State

1 departments, institutions, and agencies to enter into annual agreements with employees  
2 who elect to participate in the program to provide for a reduction in salary. With the  
3 approval of the Governor, savings in the employer's share of contributions under the  
4 Federal Insurance Contributions Act on account of the reduction in salary may be used  
5 to pay some or all of the administrative expenses of the program. Should the Governor  
6 decide to contract with a third party to administer the terms and conditions of a program  
7 of dependent care assistance, the Governor may select a contractor only upon a  
8 thorough and completely competitive procurement process.

9 (b) Notwithstanding any other provisions of law relating to the salaries of  
10 officers and employees of departments, institutions, and agencies of State government,  
11 the Governor may provide a plan of flexible compensation to eligible officers and  
12 employees of State departments, institutions, and agencies not covered by the provisions  
13 of G.S. 116-17.2 for benefits available under section 125 and related sections of the  
14 Internal Revenue Code of 1986 as amended. This plan shall not replace, substitute for,  
15 or duplicate any benefits provided to employees and officers under Article 1A of  
16 Chapter 120 of the General Statutes and Articles 1, 3, 4, and 6 of Chapter 135 of the  
17 General Statutes. The plan may, however, include offerings for products and benefits  
18 that are supplemental or additional to these statutory benefits. In providing a plan of  
19 flexible compensation, the Governor may authorize State departments, institutions, and  
20 agencies to enter into agreements with their employees for reductions in the salaries of  
21 employees electing to participate in the plan of flexible compensation provided by this  
22 section. With the approval of the Governor, savings in the employer's share of  
23 contributions under the Federal Insurance Contributions Act on account of the reduction  
24 in salary may be used to pay some or all of the administrative expenses of the program.  
25 Should the Governor decide to contract with a third party to administer the terms and  
26 conditions of a plan of flexible compensation as provided by this section, it may select  
27 such a contractor only upon a thorough and completely advertised competitive  
28 procurement process."

29 **SECTION 3.** G.S. 126-5 is amended by adding a new subsection to read:

30 "(c9) Notwithstanding any other provision of this Chapter, Article 16 shall apply to  
31 all State employees unless provided otherwise by Article 16 of this Chapter."

32 **SECTION 4.** Article 6 of Chapter 143C of the General Statutes is amended  
33 by adding a new section to read:

34 **§ 143C-6-10. Flexible compensation plan.**

35 Notwithstanding any other provision of law, the Director may establish a program of  
36 dependent care assistance and a flexible compensation plan for eligible officers and  
37 employees of State agencies as provided in G.S. 126-95. With the approval of the  
38 Director, savings in the employer's share of contributions under the Federal Insurance  
39 Contributions Act on account of the reduction in salary may also be used as provided by  
40 G.S. 126-95."

41 **SECTION 5.** G.S. 143C-8-10(a) reads as rewritten:

42 "(a) Project Reserve Account. —~~The Project Reserve Account is created as a~~  
43 ~~reserve account within the Capital Project Fund. There is established a Project Reserve~~  
44 ~~Account.~~ When a construction contract is entered for a capital improvement project for

1 which the General Assembly has enacted an appropriation, the appropriation is  
2 encumbered for the project's costs of real property acquisition, planning, design, site  
3 development, construction, contingencies, and other related costs. If the amount  
4 appropriated for the project exceeds the amount encumbered, the excess shall be  
5 credited to the Project Reserve Account, unless otherwise required by law. The Director  
6 may authorize funds in the Account to be used for any of the following:

- 7 (1) An emergency repair and renovation project at a State facility.
- 8 (2) The award of a project contract when bids for the contract exceed the  
9 amount appropriated for it if the project was designed within the scope  
10 intended by the appropriation and if the Director finds that all means to  
11 award the contract within the appropriation were reasonably attempted.
- 12 (3) A reversion to the principal fund from which revenue was appropriated  
13 for a project when the amount encumbered for the project is less than  
14 the amount appropriated."

15 **SECTION 6.** This act becomes effective July 1, 2007.