

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 1119

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

Sponsors: Senators Hagan; Dalton and Garrou.

Referred to: Appropriations/Base Budget.

March 22, 2007

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 departments, institutions, and agencies to enter into annual agreements with employees who elect to participate in the program to provide for a reduction in salary. With the

1 approval of the Governor, savings in the employer's share of contributions under the
2 Federal Insurance Contributions Act on account of the reduction in salary may be used
3 to pay some or all of the administrative expenses of the program. Should the Governor
4 decide to contract with a third party to administer the terms and conditions of a program
5 of dependent care assistance, the Governor may select a contractor only upon a
6 thorough and completely competitive procurement process.

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

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

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

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

32 "**§ 143C-6-10. Flexible compensation plan.**

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

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

40 "(a) Project Reserve Account. — ~~The Project Reserve Account is created as a~~
41 ~~reserve account within the Capital Project Fund. There is established a Project Reserve~~
42 Account. When a construction contract is entered for a capital improvement project for
43 which the General Assembly has enacted an appropriation, the appropriation is
44 encumbered for the project's costs of real property acquisition, planning, design, site

1 development, construction, contingencies, and other related costs. If the amount
2 appropriated for the project exceeds the amount encumbered, the excess shall be
3 credited to the Project Reserve Account, unless otherwise required by law. The Director
4 may authorize funds in the Account to be used for any of the following:

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

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