

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE DRH10643-RO-10 (02/27)

Short Title: Furlough of State Employees. (Public)

Sponsors: Representatives Rapp and Glazier (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE GOVERNOR, THE LEGISLATIVE SERVICES  
3 COMMISSION, AND THE CHIEF JUSTICE TO ORDER THE MANDATORY  
4 FURLOUGH OF EMPLOYEES IN ORDER TO EFFECT NECESSARY ECONOMIES  
5 IN STATE EXPENDITURES WHEN IT IS DETERMINED THAT A SIGNIFICANT  
6 BUDGET DEFICIT WILL OCCUR.

7 The General Assembly of North Carolina enacts:

8 SECTION 1. Article 2 of Chapter 126 of the General Statutes is amended by  
9 adding a new section to read:

10 **"§ 126-8.6. Furlough of State employees.**

11 (a) For purposes of this section, the following definitions apply:

12 (1) "Agency" means any department, division, council, board, commission, or  
13 office in the executive branch of the government of this State, including  
14 departments of the Council of State, the Governor's Office, and The  
15 University of North Carolina and its constituent institutions. No elected  
16 officer of the Council of State shall be subject to furlough.

17 (2) "Essential positions" means those positions deemed by the agency head to be  
18 necessary to perform the critical functions of the agency, to protect the  
19 health or safety of the employees, clients, or patients of the agency, or to  
20 protect the general public.

21 (3) "Furlough" means a temporary mandatory period of leave from employment  
22 without pay up to a maximum of 20 days per fiscal year.

23 (4) "Nonessential positions" means those positions in an agency not designated  
24 as essential positions by the agency head.

25 (b) In accordance with Section 5(3) of Article III of the North Carolina Constitution,  
26 when the Governor determines that a significant budget deficit will occur for a fiscal period, the  
27 Governor, as a last resort, may effect necessary economies in State expenditures by ordering a  
28 furlough of State employees. Prior to ordering a furlough of employees, the Governor shall  
29 determine that a furlough program is reasonable and necessary to meet the important public  
30 purpose of balancing the budget. The Governor shall consult with each agency head to  
31 determine whether to implement a furlough for the entire agency or within a designated  
32 department, division, or program of the agency. The Governor, in consultation with the agency  
33 head, may establish a salary threshold below which employees will not be furloughed. In no  
34 event shall any employee earning thirty thousand dollars (\$30,000) or less be subject to  
35 furlough.



1       (c) Notwithstanding any law to the contrary, a furloughed employee who is a member  
2 of any of the retirement plans administered by the Retirement Systems Division of the  
3 Department of the State Treasurer shall be considered in active service during any period of  
4 furlough and shall be entitled to the same benefits to which the employee was entitled on the  
5 workday immediately preceding the furlough. During a furlough period, the employer shall pay  
6 both employee and employer contributions to the Retirement Systems Division on behalf of the  
7 furloughed employee as though the employee were in active service.

8       (d) Notwithstanding any law to the contrary, a furloughed employee who is a member  
9 of the State Health Plan for Teachers and State Employees shall be considered eligible for  
10 coverage under the Plan on the same basis as on the workday immediately preceding the  
11 furlough. The employer shall pay contributions on behalf of the furloughed employee as though  
12 the employee were in active service.

13       (e) The State Personnel Commission shall adopt all rules necessary for the  
14 implementation of this section, including scheduling of furloughs, the amount of notice that  
15 must be given to an employee prior to the effective date of a period of furlough, whether  
16 furloughs may be taken in increments of full days, the continued accrual of annual and sick  
17 leave, and any other issues related to the implementation of this section. Agencies with  
18 employees not subject to the State Personnel Act shall adopt rules that mirror, as closely as  
19 practicable, the rules of the State Personnel Commission. To the extent possible, agencies shall  
20 ensure that all furloughed employees are subject to the same rules. The Office of State  
21 Personnel shall provide technical assistance to agency heads in developing a plan for  
22 implementation of a furlough program."

23       **SECTION 2.** G.S. 120-32 is amended by adding a new subdivision to read:

24       "(14) Order the furlough of legislative employees, if it determines that a  
25 significant budget deficit will occur and that, as a last resort, furloughs are  
26 necessary to effect economies in State expenditures. Legislative employees  
27 who are furloughed pursuant to this subdivision shall be entitled to the  
28 benefits provided to State employees by G.S. 126-8.6(c) and  
29 G.S. 126-8.6(d). For purposes of this subdivision, the term furlough has the  
30 same meaning as set forth in G.S. 126-8.6(a)(3)."

31       **SECTION 3.** G.S. 7A-343 is amended by adding a new subdivision to read:

32       "(11) Upon a determination by the Chief Justice that a significant budget deficit  
33 will occur and that, as a last resort, the furlough of judicial employees is  
34 necessary to effect economies in State expenditures, the Director shall  
35 implement a furlough program for employees of the Judicial Department.  
36 Judicial employees who are furloughed pursuant to this subdivision shall be  
37 entitled to the benefits provided to State employees by G.S. 126-8.6(c) and  
38 G.S. 126-8.6(d). For purposes of this subdivision, the term furlough has the  
39 same meaning as set forth in G.S. 126-8.6(a)(3)."

40       **SECTION 4.** This act is effective when it becomes law.