GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

SESSION LAW 2001-250
SENATE BILL 42

AN ACT TO AUTHORIZE THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE LEVEL IN EFFECT ON JUNE 30, 2001, AND TO EXTEND EXPIRING PROVISIONS OF LAW.

The General Assembly of North Carolina enacts:

SECTION 1. The Director of the Budget may continue to allocate funds for expenditure for current operations by State departments, institutions, and agencies at a level not to exceed the level of the recurring baseline budget submitted to the General Assembly by the Director of the Budget on March 12, 2001, in the document "The North Carolina State Budget, Summary of Recommendations for 2001-2003". The Director of the Budget shall not allocate funds for any of the purposes set out in the budget reductions contained in Senate Bill 1005, 3rd edition, and Senate Bill 1005, as it passes the House of Representatives, that are not in controversy.

Vacant positions subject to the proposed budget reductions in either Senate Bill 1005, 3rd edition, or Senate Bill 1005, as it passes the House of Representatives, shall not be filled. State employees in positions funded with nonrecurring funds for the 2000-2001 fiscal year shall be given notice of termination as required by law.

To the extent necessary to implement this authorization, there are appropriated from the appropriate State funds and cash balances, federal receipts, and departmental receipts for the 2001-2002 fiscal year funds necessary to carry out this section.

The appropriations and the authorizations to allocate and spend funds, which are set out in this section, shall remain in effect until the Current Operations and Capital Improvements Appropriations Act of 2001 becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations and Capital Improvements Appropriations Act of 2001 becomes law, the Director of the Budget shall adjust allocations to give effect to that act from July 1, 2001.

Except as otherwise provided by this act, the limitations and directions for the 2000-2001 fiscal year in S.L. 1999-237 and in S.L. 2000-67 remain in effect. Session laws that applied to appropriations to particular agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this section.

BLOCK GRANT PROVISIONS

SECTION 2. The Director of the Budget shall continue to allocate federal block grant funds at the levels provided in Sections 5 and 5.1 of S.L. 2000-67 and as otherwise provided by law.

EMPLOYEE SALARIES

SECTION 3. The salary schedules and specific salaries established for the 2000-2001 fiscal year by or under S.L. 2000-67 for offices and positions shall remain in effect until the effective date of the Current Operations and Capital Improvements Appropriations Act of 2001.

Teachers and other employees shall not move up on these salary schedules or receive automatic, annual, performance, merit, or other increments until authorized by the General Assembly.

SALARY-RELATED CONTRIBUTIONS/EMPLOYERS

SECTION 4. Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employees' salaries. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

The State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the 2001-2002 fiscal year and the 2002-2003 fiscal year are (i) four and thirty-five hundredths percent (4.35%) - Teachers and State Employees; (ii) nine and thirty-five hundredths percent (9.35%) - State Law Enforcement Officers; (iii) nine and seventy-one hundredths percent (9.71%) - University Employees' Optional Retirement System; (iv) fifteen and sixty-one hundredths percent (15.61%) - Consolidated Judicial Retirement System; and (v) twenty-five and fifty-five hundredths percent (25.55%) - Legislative Retirement System. Each of the foregoing contribution rates includes two and thirty-five hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income.

The State's employer contribution rates established by this section are effective only until this section expires. They are subject to revision in the Current Operations and Capital Improvements Appropriations Act of 2001. If the Current Operations and Capital Improvements Appropriations Act of 2001 modifies these rates, the Director of the Budget shall further modify the rates set in that act for the remainder of the 2001-2002 fiscal year so as to compensate for the different amount contributed between July 1, 2001, and the date the Current Operations and Capital Improvements Appropriations Act of 2001 becomes law, so that the effective rates for the entire year reflect the rates set in the Current Operations and Capital Improvements Appropriations Act of 2001.

DISBURSEMENTS TO NONPROFITS

SECTION 5. G.S. 143-26 reads as rewritten:

"**§ 143-26. Director to have discretion as to manner of paying annual appropriations.**

(a) ~~Unless otherwise provided,~~ Except as provided in subsection (b) of this section or as otherwise provided by law, it shall be discretionary with the Director of the Budget whether any annual appropriation shall be paid in monthly, quarterly or semiannual installments or in a single payment.

(b) Except as otherwise provided by law, an annual appropriation of one hundred thousand dollars ($100,000) or less to or for the use of a nonprofit corporation shall be

paid in a single annual payment. An annual appropriation of more than one hundred thousand dollars ($100,000) to or for the use of a nonprofit corporation shall be paid in quarterly or monthly installments, in the discretion of the Director of the Budget."

FUNDS SHALL NOT REVERT

SECTION 6.(a) If the provisions of either Senate Bill 1005, 3rd edition, Senate Bill 1005, as it passes the House of Representatives, or both, direct that funds shall not revert, the funds shall not revert on June 30, 2001. Unless these funds are encumbered on or before June 30, 2001, these funds shall not be expended after June 30, 2001, except as provided by a statute that becomes effective after June 30, 2001.

SECTION 6.(b) This section becomes effective June 30, 2001.

STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30

SECTION 7.(a) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2000-2001 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2001.

SECTION 7.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 2000-2001 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2001.

SECTION 7.(c) This section becomes effective June 30, 2001.

EFFECTIVE DATE

SECTION 8. Except as otherwise provided, this act becomes effective July 1, 2001. This act expires July 16, 2001.

In the General Assembly read three times and ratified this the 28th day of June, 2001.

s/ Beverly E. Perdue
President of the Senate

s/ James B. Black
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 10:24 a.m. this 29th day of June, 2001