

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**SENATE BILL 42  
Appropriations/Base Budget Committee Substitute Adopted 6/26/01**

Short Title: Continuing Budget Authority.

(Public)

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Sponsors:

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Referred to:

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February 5, 2001

A BILL TO BE ENTITLED

1  
2 AN ACT TO AUTHORIZE THE DIRECTOR OF THE BUDGET TO CONTINUE  
3 EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE LEVEL  
4 IN EFFECT ON JUNE 30, 2001, AND TO EXTEND EXPIRING PROVISIONS  
5 OF LAW.

6 The General Assembly of North Carolina enacts:

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

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

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

26       The appropriations and the authorizations to allocate and spend funds, which  
27 are set out in this section, shall remain in effect until the Current Operations and Capital  
28 Improvements Appropriations Act of 2001 becomes law, at which time that act shall  
29 become effective and shall govern appropriations and expenditures. When the Current

1 Operations and Capital Improvements Appropriations Act of 2001 becomes law, the  
2 Director of the Budget shall adjust allocations to give effect to that act from July 1,  
3 2001.

4 Except as otherwise provided by this act, the limitations and directions for the  
5 2000-2001 fiscal year in S.L. 1999-237 and in S.L. 2000-67 remain in effect. Session  
6 laws that applied to appropriations to particular agencies or for particular purposes  
7 apply to the funds appropriated and authorized for expenditure under this section.

8

## 9 **BLOCK GRANT PROVISIONS**

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

13

## 14 **EMPLOYEE SALARIES**

15 **SECTION 3.** The salary schedules and specific salaries established for the  
16 2000-2001 fiscal year by or under S.L. 2000-67 for offices and positions shall remain in  
17 effect until the effective date of the Current Operations and Capital Improvements  
18 Appropriations Act of 2001.

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

22

## 23 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

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

37

38 The State's employer contribution rates budgeted for retirement and related  
39 benefits as percentage of covered salaries for the 2001-2002 fiscal year and the  
40 2002-2003 fiscal year are (i) four and thirty-five hundredths percent (4.35%) - Teachers  
41 and State Employees; (ii) nine and thirty-five hundredths percent (9.35%) - State Law  
42 Enforcement Officers; (iii) nine and seventy-one hundredths percent (9.71%) -  
43 University Employees' Optional Retirement System; (iv) fifteen and sixty-one  
hundredths percent (15.61%) - Consolidated Judicial Retirement System; and (v)

1 twenty-five and fifty-five hundredths percent (25.55%) - Legislative Retirement  
2 System. Each of the foregoing contribution rates includes two and thirty-five  
3 hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers  
4 and State Employees, State Law Enforcement Officers, and for the University  
5 Employees' Optional Retirement Program includes fifty-two hundredths percent  
6 (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees  
7 and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the  
8 Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent  
9 (5%) for Supplemental Retirement Income.

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

## 21 DISBURSEMENTS TO NONPROFITS

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

23 "**§ 143-26. Director to have discretion as to manner of paying annual**  
24 **appropriations.**

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

29 (b) Except as otherwise provided by law, an annual appropriation of one hundred  
30 thousand dollars (\$100,000) or less to or for the use of a nonprofit corporation shall be  
31 paid in a single annual payment. An annual appropriation of more than one hundred  
32 thousand dollars (\$100,000) to or for the use of a nonprofit corporation shall be paid in  
33 quarterly or monthly installments, in the discretion of the Director of the Budget."

## 35 FUNDS SHALL NOT REVERT

36 SECTION 6.(a) If the provisions of either Senate Bill 1005, 3rd edition,  
37 Senate Bill 1005, as it passes the House of Representatives, or both, direct that funds  
38 shall not revert, the funds shall not revert on June 30, 2001. Unless these funds are  
39 encumbered on or before June 30, 2001, these funds shall not be expended after June  
40 30, 2001, except as provided by a statute that becomes effective after June 30, 2001.

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

## 43 STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30

1           **SECTION 7.(a)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the  
2 2000-2001 fiscal year only, funds shall not be reserved to the Repairs and Renovations  
3 Reserve Account, and the State Controller shall not transfer funds from the unreserved  
4 credit balance to the Repairs and Renovations Reserve Account on June 30, 2001.

5           **SECTION 7.(b)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the  
6 2000-2001 fiscal year only, funds shall not be reserved to the Savings Reserve Account,  
7 and the State Controller shall not transfer funds from the unreserved credit balance to  
8 the Savings Reserve Account on June 30, 2001.

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

10  
11 **EFFECTIVE DATE**

12           **SECTION 8.** Except as otherwise provided, this act becomes effective July  
13 1, 2001. This act expires July 16, 2001.