

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

SESSION LAW 2026-40
SENATE BILL 1041

AN ACT TO MODERNIZE AND SIMPLIFY THE STATE HUMAN RESOURCES SYSTEM.

The General Assembly of North Carolina enacts:

PART I. MODERNIZED STATE HUMAN RESOURCES

SECTION 1. The General Statutes are amended by adding a new Chapter to read:

"Chapter 126A.

"North Carolina Human Resources Act.

"Article 1.

"State Human Resources System.

"Part 1. Goals, Definitions.

"§ 126A-1. Purpose of Chapter.

(a) It is the intent and purpose of this Chapter to establish a decentralized human resources system, where appropriate, without additional cost to the State, under the direction of the Governor, based on modern principles of personnel administration, that applies the best methods evolved through government and industry. It is also the purpose of this Chapter to apply the human resources system to the employees of the executive branch and to local employees paid entirely or in part from federal funds, except to the extent that local governing boards are authorized by this Chapter to establish local rules, local pay plans, and local personnel systems. Agency heads shall be responsible and accountable for execution of Commission policies and rules for their employees.

(b) To ensure that State government continuously serves the best interests of the people of North Carolina, the human resources system established by this Chapter shall be governed by the following core principles:

- (1) Public service employment should be based on equal opportunity and free of discrimination on any basis prohibited by federal or State law.
- (2) The value of public service should be bolstered by fair compensation and benefits, stable career paths, employment protections, opportunities for engagement and development, and an ability to make a positive impact for the people of North Carolina.
- (3) Accountability to the public and within agencies should be maintained by establishing clear roles, measurable goals, and transparent reporting to ensure compliance with law and policy.

"§ 126A-2. Definitions.

- (1) Agency. – An executive branch agency or a local agency.
- (2) Agency head. – The head of an agency, such as a member of the Council of State, a cabinet Secretary, the President of The University of North Carolina, or an executive director of a commission.
- (3) Cabinet agency. – An executive branch agency that is under the control of the Governor.
- (4) Career employee. – An employee in a career appointment as provided in Part 2 of this Article.



- (5) Commission. – The State Human Resources Commission.
- (6) Council of State agency. – An executive branch agency under the control of a member of the Council of State.
- (7) Director. – The Director of the Office of State Human Resources.
- (8) Employee. – An individual hired to carry out assigned tasks in return for payment operating under the guidance and supervision of an employing agency. This term does not include independent contractors.
- (9) Employing agency. – The agency that hired an employee and has the power to separate the employee from a position.
- (10) Executive branch agency. – Any department, commission, division, board, bureau, council, or institution of the State within the executive branch of government, including The University of North Carolina.
- (11) Exempt managerial employee. – An employee designated as an exempt managerial position as provided in Part 3 of this Article.
- (12) Exempt policymaking employee. – An employee designated as an exempt policymaking position as provided in Part 3 of this Article.
- (13) Experiential program. – A program for both employment and educational or training purposes, such as a registered apprenticeship, informal apprenticeship, fellowship, or other work-based learning program.
- (14) Local agency. – One of the following:
 - a. Area mental health, developmental disabilities, and substance abuse authorities, except as otherwise provided in Chapter 122C of the General Statutes. A consolidated county human services agency created pursuant to G.S. 153A-77(b) is not considered a local agency under this subdivision.
 - b. Local social services departments.
 - c. County health departments and district health departments.
 - d. Local emergency management agencies that receive federal grant-in-aid funds.
- (15) Local employee. – An employee of a local agency and any other county employee as designated by a board of county commissioners.
- (16) OSHR. – The Office of State Human Resources.
- (17) Personnel professional. – Any employee whose primary job duties involve administrative personnel and human resources functions.
- (18) Policy. – A policy, rule, standard, practice, procedure, criteria, or regulation established by the Commission, subject to the approval of the Governor.
- (19) Qualifications. – Training, education, years of experience, or other skills, knowledge, and abilities that bear a reasonable functional relationship to the abilities and skills required in the position.
- (20) State employee. – An employee of an executive branch agency, including The University of North Carolina.
- (21) Supervisor. – A position that has other employees directly report to it.
- (22) Temporary employee. – An employee classified as a temporary employee as provided in Part 2 of this Article.
- (23) The University of North Carolina. – As defined in G.S. 116-1. A constituent institution of The University of North Carolina has only the authority delegated to it by the Board of Governors or the University of North Carolina System Office.

"Part 2. Appointment Types.

"§ 126A-10. Appointment types.

- (a) All employees are assigned a position with a designated appointment type.

- (1) A position is the unique duties and responsibilities of a job to which a person is assigned.
 - (2) An appointment type defines the terms and expected duration of employment, benefits eligibility, and the applicability of this Chapter to the position.
- (b) Appointment types are as follows:
- (1) Permanent. – An appointment to a permanent position established and expected to continue indefinitely. All permanent employees are designated as one of the following subcategories:
 - a. Career appointment. – Assigned to an employee who has been continuously employed for the time period provided in G.S. 126A-10.1.
 - b. Probationary appointment. – Assigned to an employee who has not been continuously employed long enough to become a career employee under G.S. 126A-10.1.
 - c. Permanent experiential appointment. – Assigned to an employee in an experiential program who has not been continuously employed long enough to become a career employee under G.S. 126A-10.1.
 - (2) Non-permanent. – An appointment to a position for a finite period of time. All non-permanent employees are designated as one of the following subcategories:
 - a. Temporary appointment. – Assigned to an employee employed for a period typically not to exceed 11 months.
 - b. Time-limited appointment. – Assigned to an employee employed in a position that has a limited period not to exceed three years.
 - c. Non-permanent experiential appointment. – Assigned to an employee in an experiential program for a limited period of time.
 - (3) Exempt. – An appointment to a position designated by statute as exempt as defined in G.S. 126A-15. An exempt appointment may be made to a permanent or time-limited position.
- (c) An employee who moves from a non-permanent or exempt appointment to a permanent appointment shall have a probationary appointment for at least 12 months.
- (d) The following exceptions apply:
- (1) When a time-limited appointment exceeds three years, the employee shall be designated as having a permanent appointment and, notwithstanding subsection (c) of this section, shall not be required to have a probationary appointment.
 - (2) A time-limited appointment may be made to a permanent position only when that position is vacant due to the incumbent's leave of absence and the replacement employee's services will be needed for a period of one year or less.
 - (3) A career employee who is assigned a position that is designated as exempt under G.S. 126A-15(1)a., 126A-15(2), and 126A-15(3) may, once that employee is no longer in the designated exempt position, be reassigned as a career employee with no probationary period if the employee remains continuously employed by the State.
- (e) Except for career and probationary appointments, the appointment types in this section do not apply to local employees.

"§ 126A-10.1. Qualification as career employee.

- (a) An employee in a probationary appointment shall be assigned a career appointment as follows:

- (1) An employee who successfully completes 12 months of employment in a probationary appointment shall be assigned a career appointment except as provided in subdivisions (2) and (3) of this subsection. The employee shall be assigned a career appointment unless there is a supervisory extension of the probationary period or separation based on performance or conduct prior to the completion of the 12 months of employment.
- (2) If the employee's supervisor determines an additional six-month period is needed to assess whether the employee's performance in the probationary appointment is successful or needs improvement, the employee who successfully completes a total of 18 months of probationary appointment shall be assigned a career appointment.
- (3) An employee hired in a sworn law enforcement position or forensic scientist position who is required to complete a formal training program prior to assuming law enforcement or forensic scientist duties with the employing agency shall be assigned a career appointment only after being employed by the agency for 24 continuous months in a probationary appointment. An employee who has a career appointment retains that appointment if the employee transfers from a position that does not require completion of a formal training program into a position under this subdivision that does require a formal training program, even if the employee has worked for the agency for fewer than 24 continuous months.

(b) An employee in a permanent experiential appointment shall be assigned a career appointment as follows:

- (1) For experiential programs of 12 months or longer, an employee who successfully completes an experiential program in a permanent experiential appointment shall be assigned a career appointment. The employee shall be assigned a career appointment unless there is a separation based on performance or conduct prior to the completion of the experiential program.
- (2) For experiential programs of less than 12 months, an employee who successfully completes the experiential program shall be assigned a probationary appointment and shall receive a career appointment as provided in subsection (a) of this section.

(c) When an employee transfers employment between two local agencies, or between an executive branch agency and a local agency, that employee resets the period of consecutive service required in subsection (a) of this section.

(d) Employees of The University of North Carolina who are exempt from the minimum wage and overtime compensation provisions of the Fair Labor Standards Act and who attained career status before September 1, 2023, have the option of either (i) continuing employment with a career employee appointment if the employee remains in the position the employee occupied on August 31, 2023, or (ii) waiving the career employee appointment and continuing employment as a statutorily exempt employee, as defined in Part 3 of this Article. The University shall provide each affected employee with a written explanation of the impact of an election to waive the career employee appointment. An employee's election to waive the career employee appointment must be acknowledged either through the employee's written or electronic signature within 60 days of receiving the written explanation.

"Part 3. Application of the North Carolina Human Resources Act.

"§ 126A-15. Definitions.

For the purposes of this Part, the terms used in Part 2 of this Article and the following definitions apply:

- (1) Designated employees of policymakers. – Any of the following who have been designated as exempt by the agency head and provided written notice:

- a. For each agency, three confidential assistants for each agency head and one confidential assistant for each chief deputy or chief administrative assistant.
- b. The chief deputy or chief administrative assistant to the head of each agency.
- (2) Exempt managerial employee. – A position designated under G.S. 126A-15.4.
- (3) Exempt policymaking employee. – A position designated under G.S. 126A-15.4.
- (4) Exempt wardens. – Wardens of State adult correctional facilities that have been designated as exempt by the agency head and provided written notice. Exempt wardens shall be public servants under G.S. 138A-3(70) and shall file Statements of Economic Interest under G.S. 138A-22.
- (5) Limited exemption employees. – Any of the following:
 - a. The Office of the Commissioner of Banks and its employees.
 - b. The following employees of the Department of Natural and Cultural Resources:
 - 1. Director and Associate Directors of the North Carolina Museum of History.
 - 2. Program Chiefs and Curators.
 - 3. Regional History Museum Administrators and Curators.
 - 4. Employees assigned to assist the North Carolina Symphony Society, Incorporated.
 - 5. Director, Associate Directors, and Curators of Tryon Palace.
 - 6. Director, Associate Directors, and Curators of the Transportation Museum.
 - 7. Director and Associate Directors of the North Carolina Arts Council.
 - 8. Director, Assistant Directors, and Curators of the Division of State Historic Sites.
 - c. Employees of the Department of Information Technology (DIT), and employees in all agencies, departments, and institutions with similar classifications as DIT employees, who voluntarily relinquish annual longevity payments, relinquish any claim to longevity pay, or voluntarily relinquish any claim to career status or eligibility for career status as approved by the State Chief Information Officer and the Director of OSHR.
 - d. Employees of the Utilities Commission and the Commission's Public Staff.
- (6) Specialized Treasurer's Office employees. – All of the following:
 - a. Employees of the Department of State Treasurer possessing specialized skills or knowledge necessary for the proper administration of investment programs and compensated pursuant to G.S. 147-65.2(b).
 - b. Employees of the Department of State Treasurer possessing specialized skills or knowledge necessary for the proper administration of the Supplemental Retirement Plans and compensated pursuant to G.S. 135-91(c2).
- (7) State employees compensated as teachers. – Teaching and related educational classes of employees of the Division of Juvenile Justice of the Department of Public Safety, the Department of Health and Human Services, and any other

- agency whose salaries are set in the same manner as for corresponding public school employees in accordance with Chapter 115C of the General Statutes.
- (8) Statutorily exempt employees. – Any of the following:
- a. Constitutional officers of the executive branch of the State.
 - b. Deputy commissioners appointed pursuant to G.S. 97-79.
 - c. Members of executive branch boards, committees, commissions, councils, and advisory councils compensated on a per diem basis.
 - d. Officials or employees whose salaries are fixed by the General Assembly, except for those employees on a legislatively established salary schedule not otherwise exempted by this Chapter, or by the Governor, or by the Governor and Council of State, or by the Governor subject to the approval of the Council of State.
 - e. Employees of the Office of the Governor that the Governor, at any time, in the Governor's discretion, exempts from the application of this Chapter by means of a letter to the Director designating these employees.
 - f. Employees of the Office of the Lieutenant Governor, that the Lieutenant Governor, at any time, in the Lieutenant Governor's discretion, exempts from the application of this Chapter by means of a letter to the Director designating these employees.
 - g. Employees of The University of North Carolina who are exempt from the minimum wage and overtime compensation provisions of the Fair Labor Standards Act, instructional and research staff, student-oriented professionals, finance professionals, business office professionals, auditor professionals, information technology professionals, physicians, dentists, pilots, and the faculty of the North Carolina School of Science and Mathematics, and all temporary employees. The Board of Governors of The University of North Carolina shall have the authority to establish positions under this subdivision to be exempt from this Chapter without further review or approval by any other agency.
 - h. Employees of a regional school established pursuant to Part 10 of Article 16 of Chapter 115C of the General Statutes.
 - i. Employees of a school for the deaf or blind governed by Article 9C of Chapter 115C of the General Statutes hired on or after July 1, 2024.
 - j. Employees whose salaries are fixed under the authority vested in the Board of Governors of The University of North Carolina by the provisions of G.S. 116-11(4), 116-11(5), and 116-14.
 - k. Employees of the North Carolina Cooperative Extension Service of North Carolina State University and North Carolina Agricultural and Technical State University who are employed in county operations and who are not exempt pursuant to sub-subdivision g. or j. of this subdivision.
 - l. Employees of the North Carolina State Ports Authority.
 - m. Employees of the North Carolina Global TransPark Authority.
 - n. The executive director and one associate director of the North Carolina Center for Nursing established under Article 9F of Chapter 90 of the General Statutes.
 - o. Employees of the Tobacco Trust Fund Commission established in Article 75 of Chapter 143 of the General Statutes.
 - p. Employees of the North Carolina Turnpike Authority.

- q. The Executive Administrator of the State Health Plan for Teachers and State Employees and employees of the State Health Plan for Teachers and State Employees as designated by law or by the Executive Administrator of the Plan.
 - r. The North Carolina State Lottery Director and employees of the North Carolina State Lottery.
 - s. The Chief Administrative Law Judge of the Office of Administrative Hearings and five employees of the Office of Administrative Hearings as designated by the Chief Administrative Law Judge.
 - t. The Executive Director and the Assistant Director of the U.S.S. North Carolina Battleship Commission.
 - u. The Executive Director, Deputy Director, all other directors, assistant and associate directors, and Center fellows of the North Carolina Center for the Advancement of Teaching.
 - v. Employees of the Department of Commerce employed in the Rural Economic Development Division.
 - w. Employees of the North Carolina Health Information Exchange Authority.
 - x. Employees of the Division of Health Benefits of the Department of Health and Human Services.
 - y. The Associate Superintendent of Early Education of the Department of Public Instruction who serves as chief academic officer of early education.
 - z. Employees of the North Carolina Youth Outdoor Engagement Commission.
 - aa. Employees of the Division of State Operated Healthcare Facilities of the Department of Health and Human Services who are (i) health care professionals licensed under Chapter 90 or Chapter 90B of the General Statutes or (ii) engineers responsible for maintenance or buildings operations at one of the health care facilities operated by the Secretary of the Department of Health and Human Services under G.S. 122C-181.
 - bb. The Executive Director of the North Carolina Boxing and Combat Sports Commission created pursuant to G.S. 143-652.2.
 - cc. No more than 10 employees of the State Bureau of Investigation designated by the Director of the State Bureau of Investigation.
 - dd. No more than 17 employees of the State Highway Patrol as designated by the Commander of the State Highway Patrol.
 - ee. The Chief Investment Officer of the North Carolina Investment Authority and employees of the North Carolina Investment Authority who possess specialized skills or knowledge necessary for the proper administration of investment programs and who are employed in a position designated by the Chief Investment Officer as exempt in accordance with G.S. 147-72.1.
 - ff. Liaisons to the Collaboration for Prosperity Zones set out in G.S. 143B-28.1 for the Departments of Commerce, Environmental Quality, and Transportation.
- (9) University health employees. – Any of the following:
- a. Employees of the University of North Carolina Health Care System.
 - b. Employees of the University of North Carolina Hospitals at Chapel Hill.

- c. Employees of the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill.
 - d. Employees of the Medical Faculty Practice Plan, a division of the School of Medicine of East Carolina University.
 - e. Employees of UNC-CH Dental School Clinical Operations, a division of the Adams School of Dentistry at the University of North Carolina at Chapel Hill.
 - f. Employees of ECU Dental School Clinical Operations, a division of the School of Dental Medicine at East Carolina University.
- (10) University police officers. – Commissioned police officer positions of The University of North Carolina. Employees in these positions are eligible for all employment and retirement benefits provided to State law enforcement officers subject to this Chapter.

"§ 126A-15.1. Application of this Chapter.

(a) Except as otherwise provided, this Chapter applies to all executive branch employees and local employees.

(b) This Chapter does not apply to the following:

- (1) Public school superintendents, principals, teachers, and other public school employees, except for G.S. 126A-71 and Article 14 of this Chapter.
- (2) Employees of community colleges whose salaries are fixed in accordance with G.S. 115D-6.1 and G.S. 115D-20 and employees of the Community Colleges System Office whose salaries are fixed by the State Board of Community Colleges in accordance with G.S. 115D-3, except for G.S. 126A-71, 126A-103, and 126A-104 and Article 14 of this Chapter.
- (3) Employees of the Office of Proprietary Schools whose salaries are fixed by the State Board of Proprietary Schools in accordance with G.S. 115D-89.2.
- (4) Officers, employees, and members of the governing board of a North Carolina nonprofit corporation with which the Department of Commerce has contracted pursuant to the authority granted in G.S. 143B-431.01.
- (5) Constitutional officers, officials, and employees of the Judicial Department.
- (6) Constitutional officers, officials, and employees of the General Assembly.

"§ 126A-15.2. Exemptions from this Chapter.

(a) Probationary employees are exempt from the following:

- (1) All of Article 8 of this Chapter, except for G.S. 126A-84(c)(1) and (2).
- (2) G.S. 126A-91.

(b) Permanent experiential employees are exempt from the following:

- (1) Article 3 of this Chapter.
- (2) Article 4 of this Chapter, except for G.S. 126A-42.
- (3) All of Article 8 of this Chapter, except for G.S. 126A-84(c)(1) and (2).
- (4) G.S. 126A-91.

(c) Non-permanent experiential employees are exempt from the following:

- (1) Article 3 of this Chapter.
- (2) Article 4 of this Chapter, except for G.S. 126A-42.
- (3) All of Article 8 of this Chapter, except for G.S. 126A-84(c)(1) and (2).
- (4) Article 9 of this Chapter.

(d) Temporary employees are exempt from the following:

- (1) Article 3 of this Chapter.
- (2) Article 4 of this Chapter, except for G.S. 126A-42.
- (3) Article 5 of this Chapter, except for G.S. 126A-52.
- (4) Part 2 of Article 6 of this Chapter.
- (5) Article 7 of this Chapter.

- (6) Article 8 of this Chapter.
- (7) Article 9 of this Chapter.
- (e) Time-limited appointments are exempt from the following:
 - (1) All of Article 8 of this Chapter, except for G.S. 126A-84(c)(1) and (2).
 - (2) Article 9 of this Chapter.
- (f) Employees in a position with an experience-based salary schedule established in the Current Operations Appropriations Act, as defined in G.S. 143C-1-1, are exempt from Article 4 of this Chapter.
- (g) Limited exception employees are exempt from the following:
 - (1) Article 3 of this Chapter.
 - (2) Article 4 of this Chapter, except for G.S. 126A-42.
 - (3) G.S. 126A-50(a)(4) and policies adopted pursuant to that subdivision.
 - (4) G.S. 126A-72(a)(1), covering hours and days of work, vacation, and sick leave.
 - (5) Part 3 of Article 7 of this Chapter.
- (h) Specialized Treasurer's Office employees are exempt from the following:
 - (1) Article 3 of this Chapter.
 - (2) Article 4 of this Chapter.
 - (3) Article 5 of this Chapter, except for G.S. 126A-57.3.
 - (4) Part 2 of Article 6 of this Chapter.
 - (5) Parts 2 and 3 of Article 7 of this Chapter.
 - (6) Article 8 of this Chapter.
- (i) Exempt policymaking employees and designated employees of policymakers are exempt from the following:
 - (1) Article 5 of this Chapter, except for G.S. 126A-52 and G.S. 126A-57.2.
 - (2) Part 2 of Article 6 of this Chapter.
 - (3) Article 8 of this Chapter.
 - (4) G.S. 126A-92(b).
 - (5) G.S. 126A-93.
 - (6) Article 10 of this Chapter.
- (j) Exempt managerial employees and exempt wardens are exempt from the following:
 - (1) Part 2 of Article 5 of this Chapter.
 - (2) All of Article 8 of this Chapter, except for G.S. 126A-84(c)(1) and (2).
 - (3) G.S. 126A-92(b).
 - (4) G.S. 126A-93.
 - (5) Article 10 of this Chapter.
- (k) Statutorily exempt employees are exempt from the following:
 - (1) Article 3 of this Chapter.
 - (2) Article 4 of this Chapter, except for G.S. 126A-42.
 - (3) Article 5 of this Chapter, except for G.S. 126A-52.
 - (4) Part 2 of Article 6 of this Chapter.
 - (5) Parts 2 and 3 of Article 7 of this Chapter.
 - (6) Article 8 of this Chapter.
 - (7) Article 9 of this Chapter, except for G.S. 126A-94.
 - (8) Article 10 of this Chapter.
- (l) State employees compensated as teachers are exempt from the following:
 - (1) Article 3 of this Chapter.
 - (2) Article 4 of this Chapter, except for G.S. 126A-42.
 - (3) Article 5 of this Chapter, except for G.S. 126A-52.
 - (4) Part 2 of Article 6 of this Chapter.
 - (5) Part 1 of Article 7 of this Chapter, except as to G.S. 126A-71.

- (6) Article 8 of this Chapter.
- (7) Article 9 of this Chapter, except for G.S. 126A-94.
- (8) Article 10 of this Chapter.
- (m) University health employees are exempt from the following:
 - (1) Article 3 of this Chapter.
 - (2) Article 4 of this Chapter, except for G.S. 126A-42.
 - (3) Article 5 of this Chapter, except for G.S. 126A-52 and G.S. 126A-57.3.
 - (4) Part 2 of Article 6 of this Chapter.
 - (5) Parts 2, 3, and 4 of Article 7 of this Chapter.
 - (6) Article 8 of this Chapter.
 - (7) Article 9 of this Chapter, except for G.S. 126A-94.
- (n) University police employees are exempt from the following:
 - (1) Article 3 of this Chapter.
 - (2) Article 4 of this Chapter, except for G.S. 126A-42.
 - (3) Article 5 of this Chapter, except for G.S. 126A-52 and G.S. 126A-57.3.
 - (4) Part 2 of Article 6 of this Chapter.
 - (5) Parts 2, 3, and 4 of Article 7 of this Chapter.
 - (7) Article 9 of this Chapter, except for G.S. 126A-94.
 - (8) Article 10 of this Chapter.
- (o) Local employees are exempt from the following:
 - (1) G.S. 126A-57.3.
 - (2) Parts 1, 2, and 3 of Article 7 of this Chapter.
 - (3) G.S. 126A-94.
 - (4) Article 13 of this Chapter.

"§ 126A-15.3. Additional exemptions for experiential programs.

Notwithstanding G.S. 126A-15.2, for good cause or based on requirements of an experiential program set by the federal government or an external funding source, the Director may make an experiential program exempt from additional Articles or sections of this Chapter.

"§ 126A-15.4. Process for designating exempt managerial and policy positions.

(a) Exempt Managerial Position. – An exempt managerial position is a position delegated with significant managerial or programmatic responsibility that is essential to the successful operation of an agency, so that the application of G.S. 126A-81 to an employee in the position would cause undue disruption to the operations of the agency.

(b) Exempt Policymaking Position. – An exempt policymaking position is a position delegated with the authority to impose the final decision as to a settled course of action to be followed within an agency, so that loyalty to the Governor or member of the Council of State in their respective offices is reasonably necessary to implement the policies of their offices. The term does not include personnel professionals.

(c) Exempt Policymaking and Exempt Managerial Positions in Cabinet Departments. – Subject to this Chapter, the Governor may designate a total of 425 exempt policymaking and exempt managerial positions throughout the following departments and offices:

- (1) Department of Administration.
- (2) Department of Commerce.
- (3) Department of Public Safety.
- (4) Department of Natural and Cultural Resources.
- (5) Department of Health and Human Services.
- (6) Department of Environmental Quality.
- (7) Department of Revenue.
- (8) Department of Transportation.
- (9) Department of Information Technology.
- (10) Department of Military and Veterans Affairs.

- (11) Department of Adult Correction.
- (12) Office of State Human Resources.
- (13) Office of State Budget and Management.

(d) Exempt Policymaking and Exempt Managerial Positions in Council of State Departments and Offices. – The following officials may designate up to 25 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater, and 25 exempt managerial positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater, except as described below:

- (1) The Secretary of State.
- (2) The Auditor.
- (3) The Treasurer.
- (4) The Attorney General.
- (5) The Commissioner of Agriculture.
- (6) The Commissioner of Insurance.
- (7) The Commissioner of Labor. – Notwithstanding the designation limits of this subsection, the Commissioner shall designate three additional full-time equivalent attorney positions as exempt policymaking positions.
- (8) The Superintendent of Public Instruction. – Notwithstanding the designation limits of this subsection, the Superintendent may designate up to 70 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater, and up to 70 exempt managerial positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater.

(e) Exempt Policymaking and Exempt Managerial Positions in the Office of the State Controller and the State Board of Elections. –

- (1) The State Controller. – The total number of exempt positions, policymaking and managerial, is limited to 10.
- (2) The Executive Director of the State Board of Elections. – The total number of exempt positions is limited to the following seven positions: Agency Human Relations Director II, Agency General Counsel II, Assistant General Counsel II, Public Information Manager, Legislative Affairs Manager, Internal Auditor, and Administrative Officer III.

(f) Designation of Additional Positions. – The Governor or member of the Council of State may request that additional positions be designated as exempt. The request shall be made by sending a list of exempt policymaking and exempt managerial positions that exceed the limit imposed by this subsection to the Speaker of the North Carolina House of Representatives and the President Pro Tempore of the North Carolina Senate. A copy of the list also shall be sent to the Director. The General Assembly may authorize all, or part of, the additional positions to be designated as exempt policymaking and exempt managerial positions.

- (1) If the General Assembly is in session when the list is submitted and does not act within 30 days after the list is submitted, the list is deemed approved by the General Assembly, and the positions shall be designated as exempt positions.
- (2) If the General Assembly is not in session, the list shall be submitted to the Joint Legislative Commission on Governmental Operations, and if the Commission does not meet within 90 days of submission, the list is deemed approved pursuant to G.S. 120-76.1(b), and the positions shall be designated as exempt.

(g) Letter. – Exempt policymaking and exempt managerial positions shall be designated in a letter to the Director, the Speaker of the House of Representatives, and the President Pro

Tempore of the Senate by July 1 of the year in which the oath of office is administered to each Governor unless subsection (h) of this section applies.

(h) Vacancies. – In the event of a vacancy in the Office of the Governor, the office of a member of the Council of State, the Office of the State Controller, or the Executive Director of the State Board of Elections, the person who succeeds to or is appointed or elected to fill the unexpired term shall make designations in a letter to the Director, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate within 180 days after the oath of office is administered to that person.

(i) Creation, Transfer, or Reorganization. – The Governor or member of the Council of State may designate as exempt a position that is created or transferred to a different department, or is located in a department in which reorganization has occurred, after July 1 of the year in which the oath of office is administered to the Governor. The designation shall be made in a letter to the Director, the Speaker of the North Carolina House of Representatives, and the President Pro Tempore of the North Carolina Senate within 180 days after the position is created, transferred, or in which reorganization has occurred.

(j) Reversal. – Subsequent to the designation of a position as an exempt policymaking or exempt managerial position, the status of the position may be reversed and made subject to this Chapter by the Governor or by a member of the Council of State in a letter to the Director, the Speaker of the North Carolina House of Representatives, and the President Pro Tempore of the North Carolina Senate.

(k) No Designation for Certain Positions. – Except for deputy commissioners appointed pursuant to G.S. 97-79 and as otherwise specifically provided by this section, no employee, by whatever title, whose primary duties include the power to conduct hearings, take evidence, and enter a decision based on findings of fact and conclusions of law based on statutes and legal precedents, shall be designated as exempt.

"§ 126A-15.5. Notice of being exempt from this Chapter; disputes about whether employees are subject to this Chapter.

(a) No employee shall be placed in an exempt policymaking or exempt managerial position without 10 working days' prior written notification of the position's designation. A person applying for a position that is designated as exempt policymaking or exempt managerial shall be notified in writing at the time the person makes the application that the position is designated as exempt.

(b) Where a statute specifies a process for a position that is inconsistent with the process established in this Chapter, the position is exempt from this Chapter to that extent.

(c) In case of a dispute as to whether an employee is subject to this Chapter, the dispute shall be resolved as provided in Article 3 of Chapter 150B of the General Statutes.

"§ 126A-15.6. Agencies to adopt policies for exempt employees.

When a statute makes a position exempt from this Chapter regarding any subject, an agency shall address that subject by either adopting its own policy or the Commission policy.

"Article 2.

"Oversight of the State Human Resources System.

"§ 126A-20. State Human Resources Commission.

(a) There is established the State Human Resources Commission.

(b) The Commission shall consist of nine members, appointed as follows:

(1) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives who shall be an attorney licensed to practice law in North Carolina.

(2) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate who shall be an attorney licensed to practice law in North Carolina.

- (3) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives who shall be from private business or industry and who shall have a working knowledge of, or practical experience in, human resources management.
- (4) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate who shall be from private business or industry and who shall have a working knowledge of, or practical experience in, human resources management.
- (5) One member who is a veteran of the Armed Forces of the United States appointed by the Governor upon the nomination of the Veterans' Affairs Commission and who is a State employee subject to this Chapter serving in a nonexempt supervisory position. The member may not be a human resources professional.
- (6) One member appointed by the Governor who is a State employee subject to this Chapter serving in a nonexempt nonsupervisory position. The member may not be a human resources professional. The Governor shall consider nominations submitted by the State Employees Association of North Carolina.
- (7) One member appointed by the Governor upon the recommendation of the North Carolina Association of County Commissioners who is a local government employee subject to this Chapter serving in a supervisory position. The member may not be a human resources professional.
- (8) One member appointed by the Governor upon the recommendation of the North Carolina Association of County Commissioners who is a local government employee subject to this Chapter serving in a nonsupervisory position. The member may not be a human resources professional.
- (9) One member of the public at large appointed by the Governor.

(c) Each member of the Commission shall be appointed for a term of four years. Members of the Commission may serve no more than two consecutive terms. Appointments by the General Assembly shall be made in accordance with G.S. 120-121, and vacancies in those appointments shall be filled in accordance with G.S. 120-122. Vacancies in appointments made by the Governor occurring prior to the expiration of a term shall be filled by appointment for the unexpired term.

(d) No member of the Commission may vote on a matter where there would be a conflict of interest. The appointing authority may at any time remove any Commission member for cause.

(e) Members of the Commission who are State or local government employees subject to this Chapter shall be entitled to administrative leave without loss of pay for all periods of time required to conduct the business of the Commission.

(f) Five members of the Commission shall constitute a quorum.

(g) The Governor shall designate one member of the Commission as chair.

(h) The Commission shall meet quarterly and at other times at the call of the chair.

"§ 126A-21. Office of State Human Resources.

(a) There is established the Office of State Human Resources which shall be placed for organizational purposes within the Office of the Governor. Notwithstanding Chapter 143A of the General Statutes, OSHR shall exercise all of its statutory powers in this Chapter under the administration and supervision of a Director appointed by and serving at the pleasure of the Governor. The Governor shall fix the salary of the Director.

(b) OSHR has the following duties, in addition to any other duties specified in this Chapter:

- (1) Providing policy development for the Commission and implementing and administering all policies established by the Commission.

- (2) Providing training in personnel management to agencies, including train-the-trainer programs upon agency request when sufficient staff and expertise exist to provide the training within the agency.
 - (3) Providing technical assistance to agencies in the management of personnel programs and activities.
 - (4) Negotiating decentralization agreements with agencies where it is cost effective to include delegation of authority for certain classification and corresponding salary administration actions and other personnel programs specified in the agreements.
 - (5) Administering centralized programs and providing services as approved by the Commission that have not been transferred to agencies, or when an agency's authority has been rescinded for noncompliance.
 - (6) Approving personnel actions involving classification and compensation where the approval authority has not been transferred to agencies, or when an agency's authority has been rescinded for noncompliance.
 - (7) Maintaining a database of all relevant and necessary information on employees and positions within agencies in the State's human resources system. OSHR shall ensure compliance with all applicable laws in developing the technology that supports the human resources system. The Director may authorize an agency to operate its own human resources system technology in accordance with policies on human resources systems technology established by OSHR.
 - (8) Developing policies to measure the level of agency compliance with established Commission policies when authority has been delegated to an agency for classification, salary administration, performance management, development, evaluation, and other decentralized programs.
 - (9) Determining through routine monitoring and periodic review whether agencies are in compliance with established Commission policies.
 - (10) Implementing corrective actions in cases of agency noncompliance.
 - (11) Providing services requested by the legislative branch under G.S. 120-36.31(6) and judicial branch under G.S. 7A-339(b).
- (c) OSHR may charge fees for any of the following:
- (1) Costs for participation in services OSHR is statutorily required to provide that are receipt-supported, including training.
 - (2) Administrative costs associated with administering the JoinNC Program in accordance with Article 11 of this Chapter.
 - (3) Costs of training and consultation services requested by a unit of local government.

"§ 126A-22. Commission policies.

(a) Subject to the approval of the Governor, the Commission shall establish policies, including adopting rules as provided in Chapter 150B of the General Statutes, as necessary to effectuate the authority granted under this Chapter in order to administer an effective modern human resources system, including policies related to the following:

- (1) Classification, in accordance with Article 3 of this Chapter.
- (2) Compensation, in accordance with Article 4 of this Chapter.
- (3) Hiring, in accordance with Article 5 of this Chapter.
- (4) Onboarding, in accordance with Article 6 of this Chapter.
- (5) Benefits and terms of employment, in accordance with Article 7 of this Chapter.
- (6) Grievances and just cause, in accordance with Article 8 of this Chapter.
- (7) Separation, in accordance with Article 9 of this Chapter.

- (8) Political activity, in accordance with Article 10 of this Chapter.
- (9) Temporary employment, in accordance with Article 11 of this Chapter.
- (10) Local governments, in accordance with Article 12 of this Chapter.
- (11) Workers' compensation, in accordance with Article 13 of this Chapter.
- (12) Whistleblower protections, in accordance with Article 14 of this Chapter.
- (13) Equal employment opportunity, in accordance with Article 15 of this Chapter.
- (14) Privacy of personnel records, in accordance with Article 16 of this Chapter.

(b) Policies established by the Commission shall not limit the power of any Council of State or Cabinet agency head, in the agency head's discretion when he or she has determined it is in the agency's best interests, to transfer, demote, or separate an employee who is not a career employee.

(c) The Director may in his or her discretion grant exceptions or variances from Commission policies.

"§ 126A-23. Decentralization agreements.

(a) Decentralization agreements with executive branch agencies shall require a person designated by the agency to be accountable to the Director for the compliance of all personnel actions taken pursuant to the delegated authority of the agency. The agreement shall specify the required policies for agency personnel administration.

(b) The Director shall take appropriate corrective actions, including adjusting employee salaries and changing classifications that are not in compliance with policy, and suspend decentralization agreements when agencies are not in compliance with personnel administration policies.

"§ 126A-24. State of the State workforce report and survey.

(a) OSHR shall annually report by January 15 on the state of the State employee workforce and statewide human resources programs to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on General Government, the Fiscal Research Division, and the Appropriations Committees of the House of Representatives and the Senate. The report shall include the following:

- (1) A comparison of employee compensation rates and benefits compared to national trends, including at least the following:
 - a. An overview of economic conditions and labor market trends.
 - b. An analysis of the competitiveness of State salaries and benefits.
 - c. A review of recruitment and retention efforts and results.
 - d. The results of the annual compensation surveys conducted pursuant to subsection (b) of this section.
- (2) The safety, health, and workers' compensation activities of agencies in compliance with Article 13 of this Chapter and the fines levied against agencies pursuant to Article 16 of Chapter 95 of the General Statutes.
- (3) The costs associated with the defense or settlement of administrative grievances and lawsuits filed by current or former employees and applicants for employment with an executive branch agency.
- (4) Agency compliance with JoinNC policies, including the following:
 - a. The number and type of exceptions made by the Director.
 - b. A list of agencies with invoices more than 60 days overdue.
 - c. A list of agencies with temporary employees who exceeded 11 months of consecutive employment, including the number of employees who exceeded 11 months of consecutive employment and the average number of days employees exceeded this limit.

(b) OSHR shall conduct annual compensation surveys to guide the Governor and the General Assembly in making decisions regarding the compensation of employees.

"Article 3.

"Classification and Minimum Qualifications.

"§ 126A-30. Classification system and minimum qualifications.

(a) The Commission shall establish policies on classification and minimum qualifications of positions subject to this Article and Part 2 of Article 1 of this Chapter, including the following:

- (1) Position classification plans that provide for the classification and reclassification or other grouping of positions subject to this Article and Part 2 of Article 1 of this Chapter according to the duties and responsibilities of the positions.
- (2) For each group of positions, reasonable minimum qualifications related to the work to be performed.
- (3) The process of position classification and reclassification.
- (4) Procedures for hiring employees on the basis of specific demonstrated competencies rather than years of experience or education.

(b) The Commission shall prepare a classification system that organizes agency positions into a classification based on the position duties and responsibilities. Classifications may be grouped, subdivided, ranked, or otherwise organized in a manner the Commission deems appropriate. The system shall set minimum qualifications for classifications or other groupings of positions.

(c) The Commission shall develop a procedure for the periodic review of the classification system and policies, including revisions to classifications and establishment of new classifications.

"§ 126A-31. Reducing barriers to State employment.

The Commission shall do all of the following:

- (1) Regularly assess the minimum qualifications for each position in an agency. The Commission shall review the necessary educational, experimental, and training requirements for each position.
- (2) Determine when practical experience and training, such as military service, an apprenticeship, or a trade school education instead of a bachelor's degree is the appropriate qualification for a position.
- (3) Identify jobs for which the minimum qualifications could be reduced from their present level.
- (4) To the extent practicable, remove requirements for a bachelor's degree from position descriptions when the degree is not necessary for the position.

"§ 126A-32. Agency flexibility for classification.

(a) When a job classification exists solely within one agency, the agency may modify the classification after consultation with OSHR. The agency shall report any modification made to a classification to OSHR.

(b) Agencies may classify or reclassify positions in accordance with the Commission classification system established by G.S. 126A-30 when employees in the position meet the minimum qualifications for the classification.

(c) Nothing in this section limits the Commission or Director's ability to enforce corrective actions against an agency modifying classifications beyond the scope of the flexibility provided in this section.

"Article 4.

"Compensation.

"§ 126A-40. Compensation system.

(a) The Commission shall establish policies on compensation for positions subject to this Article, including the following:

- (1) The setting of compensation, including salary ranges, salaries, longevity pay, performance pay, and bonuses. These policies shall address temporary and

permanent pay adjustments and one-time bonuses, awards, and other compensation.

(2) A compensation system.

(b) The Commission shall establish compensation policies under subsection (a) of this section that (i) make State government a competitive and attractive employment option for recruitment and retention, (ii) provide substantially similar compensation levels for positions with substantially similar work, and (iii) recognize and reward performance.

"§ 126A-41. Agency flexibility for compensation.

(a) Each agency shall set employee salaries for positions subject to this Article in accordance with the compensation system established by the Commission in accordance with G.S. 126A-40. Each agency may set an employee's salary at any point within the salary range for the position classification established by the Commission.

(b) Each agency with an exempt policymaking position or an exempt managerial position may set the salary for that position within the salary range established by the Commission plus ten percent (10%).

(c) Nothing in this section limits the Commission or Director's ability to enforce corrective actions against an agency setting compensation beyond the scope of the flexibility provided in this section.

"§ 126A-42. Minimum salary.

The Commission shall set the minimum for all salary ranges in the compensation system established in accordance with G.S. 126A-40 to at least thirty-one thousand two hundred dollars (\$31,200). This minimum salary applies to full-time employees who are not placed on leave without pay during the year. This minimum salary does not apply to State-funded local employees.

"Article 5.

"Recruitment and Hiring.

"Part 1. General Provisions.

"§ 126A-50. Recruitment and hiring.

(a) The Commission shall establish policies on recruitment and hiring for positions subject to this Article, including the following:

(1) The posting of positions.

(2) Job applications.

(3) Recruitment programs designed to promote public employment, communicate current hiring activities within agencies, and attract a sufficient flow of internal and external applicants.

(4) How to determine the relative fitness of applicants for the respective positions.

(5) The appointment, promotion, transfer, redeployment, demotion, and suspension of employees.

(6) The implementation of the redeployment requirements for employees hired before August 21, 2013, as required by G.S. 126A-57.2.

(b) The Commission shall establish recruitment and hiring policies under subsection (a) of this section that (i) assure recruitment, selection, and hiring procedures are similar across agencies, (ii) encourage open and fair competition for positions and the hiring of a diverse workforce, and (iii) otherwise implement the State's policy of nonpolitical hiring practices in accordance with this Chapter. The Commission shall ensure that the policies address the training necessary for supervisors, management personnel, and personnel professionals to implement the policies.

"§ 126A-51. Posting positions.

(a) Each agency shall publicly post and accept applications in a fair and open competition to hire for any permanent or time-limited positions subject to this Article, unless the agency head determines, based on business needs and in accordance with Commission policy, that the agency

will not openly recruit for the vacancy. Any vacancy for which an agency is openly recruiting shall be posted on a website maintained by OSHR.

(b) Each State agency may determine whether a vacancy is open only to applicants within the agency or currently employed by another State agency. Each local agency may determine whether a vacancy is open only to applicants within the agency. These vacancies shall be marked as internal when posted to the website maintained by OSHR.

(c) Each position post shall include a closing date unless the agency approves a continuous position.

"§ 126A-52. Private personnel service.

(a) An agency may retain a private personnel service to assist in finding candidates for a position, subject to the limitations of this section.

(b) No person, firm, or corporation shall collect, accept, or receive any compensation, consideration, or thing of value for obtaining on behalf of any other person, or aiding or assisting any other person in obtaining, employment with an agency, except as provided in subsection (c) of this section.

(c) Any business that has been licensed for more than one year by the Department of Labor as a private personnel service may collect regular and customary fees for services rendered pursuant to a written contract when the fees are paid by someone other than the agency. Any private personnel service collecting fees under this section shall make a monthly report to the Department of Labor listing the name of the private personnel service collecting fees and the person for whom a job was found, the nature and purpose of the job obtained, and the amount of the fee collected.

(d) A violation of this section shall constitute a Class 1 misdemeanor.

"§ 126A-53. Increasing efficiency of application process.

(a) OSHR shall streamline the application process for agency positions by enabling applicants to upload resumes or website profiles. An applicant is responsible for ensuring that all information required for initial screening appears correctly in the completed application after importing his or her resume or profile.

(b) Any additional information not typically found on resumes and not needed for initial screening, such as references or answers to supplemental questions, may be collected by agencies later in the selection process, including during an interview.

"§ 126A-54. Hiring from pool of most qualified candidates.

(a) Agencies shall select an applicant to hire for a position from the pool of the most qualified candidates using fair and valid selection criteria. A qualified candidate is a person who timely applied for the position and meets the minimum qualifications for the position classification. Any additional knowledge, skills, and abilities listed in the posting for the position beyond the minimum qualifications are management preferences.

(b) When selecting qualified candidates pursuant to subsection (a) of this section, an agency may use skills-based hiring to determine whether a person meets the minimum qualifications based on demonstrated competencies, instead of solely based on education, experience, or credentials. An agency may use an assessment process that tests whether the applicant demonstrates sufficient competency or skill level in a technical discipline, behavioral skills, or other relevant competencies necessary to perform the work for the position classification. Agencies using an assessment process shall ensure that it is fair and reasonably related to predicting success in the position.

(c) Notwithstanding subsection (a) of this section, agencies may offer experiential programs to candidates not meeting the minimum qualifications for the position classification. An agency may identify positions appropriate for a permanent or non-permanent experiential appointment and hire an applicant who is expected to meet the minimum qualifications for the position classification following a fixed time period of employment and education or training that occurs while employed, not to exceed four years. Employees hired into experiential

appointments may be selected for the position regardless of whether there are qualified candidates in the applicant pool. An experiential appointment hiring is exempt from the hiring priorities identified in G.S. 126A-57.

"§ 126A-55. Political hiring limited.

(a) Each agency shall select from the pool of the most qualified candidates as required by G.S. 126A-54, without regard to political affiliation or political influence.

(b) It is a violation of this section if all of the following are met:

- (1) The complaining applicant timely applied for the position.
- (2) The complaining applicant was not hired into the position.
- (3) The complaining applicant was among the most qualified candidates applying for the position as compared to other applicants for the position using fair and valid selection criteria.
- (4) The successful applicant for the position was not among the most qualified candidates for the position.
- (5) The hiring decision was based upon political affiliation or political influence.

"§ 126A-56. Hiring candidate from most qualified pool in previous posting.

(a) An agency may directly hire into a vacant position without posting if all of the following are met:

- (1) The agency has previously posted for recruitment, in accordance with G.S. 126A-51, a position that has the same classification or a comparable classification to the vacant position.
- (2) The person to be hired applied to the previous vacancy.
- (3) The agency determined the person to be among the most qualified candidates for the previous vacancy in accordance with G.S. 126A-54, but did not hire the person.
- (4) The person to be hired meets the minimum qualifications for the position classification of the vacancy and will have a salary set within the vacant position's salary range.

(b) A hiring under this section is not subject to the other requirements of this Article.

"§ 126A-56.1. Non-permanent to permanent hiring.

(a) An agency may directly hire an employee serving in a non-permanent position into a vacant permanent position if all of the following are met:

- (1) The employee was employed directly by the agency or through JoinNC in the non-permanent appointment.
- (2) The employee has worked for a minimum of three months in a substantially similar role, excluding any mandatory breaks required under G.S. 126A-111, with satisfactory performance.
- (3) The employee meets the minimum qualifications for the position classification and the employee's salary is set within the vacant position's salary range.
- (4) The hiring manager and the hiring manager's supervisor approve the hiring.

(b) The Director may waive the requirements of subdivisions (3) and (4) of subsection (a) of this section in his or her discretion.

(c) A hiring under this section is not subject to the other requirements of this Article.

"§ 126A-56.2. Lateral transfers.

Notwithstanding the posting requirements of G.S. 126A-51, based on its business or operational needs, an agency may transfer an existing employee into a vacant position with the same classification at an equal or higher salary at the agency with the consent of the employee. Employees in supervisory positions may be transferred pursuant to this section only if the employee is not a career employee or the transfer is to another supervisory position.

"§ 126A-56.3. Consider applications for vacancies in the same or similar classification.

(a) Each agency may offer qualified candidates the option to have their applications considered for future positions at other agencies within the same classification or comparable classification.

(b) OSHR may maintain a pool of qualified applicants for vacancies in particular classifications that are accessible for agencies to use for recruitment and hiring.

"§ 126A-57. Order of hiring priority.

The following is the order of hiring priority for any position subject to this Article:

- (1) The career employee promotional priority under G.S. 126A-57.1.
- (2) At equal priority, the following:
 - a. The reduction-in-force priority under G.S. 126A-93.
 - b. The reemployment rights for certain exempt policymaking or exempt managerial employees under G.S. 126A-57.2.
- (3) The preference for veterans, National Guard members, and spouses of active-duty troops under G.S. 126A-57.3.

"§ 126A-57.1. Career employee promotional priority.

If a career employee in a position subject to this Article meets all of the following, the employee shall receive priority consideration over an applicant who is not a career employee:

- (1) The career employee applies for a position at an agency that would constitute a promotion.
- (2) The career employee has substantially equal qualifications to any applicant who is not a career employee.

"§ 126A-57.2. Reemployment rights for employees hired before August 21, 2013.

(a) An exempt policymaking or exempt managerial employee may be transferred, demoted, or separated from his or her position by the agency head authorized to designate the exempt position except as follows:

- (1) When an employee who has the minimum service requirements to be a career employee but less than 10 years of cumulative service in subject positions prior to placement in an exempt policymaking or exempt managerial position is removed from an exempt policymaking or exempt managerial position, for reasons other than just cause, the employee shall have priority to any position that becomes available for which the employee is qualified, according to policies regulating and defining priority established by the Commission.
- (2) When an employee who has 10 years or more cumulative service, including the immediately preceding 12 months, in subject positions prior to placement in an exempt policymaking or exempt managerial position is removed from an exempt policymaking or exempt managerial position, for reasons other than just cause, the employee shall be reassigned to a subject position within the same agency, or if necessary within another agency, at the same grade and salary, including all across-the-board increases since placement in the position designated as exempt, as his or her most recent subject position.
- (3) When a career employee who has more than two but less than 10 years of cumulative service in a subject position moves from one exempt policymaking or exempt managerial position covered by this subsection to another exempt policymaking or exempt managerial position covered by this subsection without a break in service and that employee is later removed from the last exempt policymaking or exempt managerial position, for reasons other than just cause, the employee shall have priority to any position that becomes available for which the employee is qualified, according to the policies regulating and defining priority as established by the Commission.
- (4) When a career employee who has 10 years or more of cumulative service moves from one exempt policymaking or exempt managerial position covered

by this subsection to another exempt policymaking or exempt managerial covered by this subsection without a break in service and that employee is later removed from the last exempt policymaking or exempt managerial position, for reasons other than just cause, the employee shall be reassigned to a subject position within the same agency, or if necessary, within another agency. The employee shall be paid at the same grade and salary as the employee's most recent subject position, including all across-the-board legislative increases awarded since the employee's placement in the position that was designated as exempt.

(b) An agency head is authorized to use existing budgeted positions within his or her agency to carry out the provisions of subsection (a) of this section. If it is necessary to meet the requirements of subsection (a) of this section, an agency head may use salary reserve funds authorized for his or her agency.

"§ 126A-57.3. Preference for veterans, National Guard members, and spouses of active-duty troops.

(a) It shall be the policy of the State of North Carolina that, in appreciation for their service to this State and this country, and in recognition of the time and advantage lost toward the pursuit of a civilian career, veterans, eligible members of the National Guard, and other eligible persons under this section shall be granted preference in employment for positions subject to the provisions of G.S. 126A-51 with every agency.

(b) Definitions. – The following definitions apply in this section:

(1) Eligible member of the National Guard. – Any of the following:

- a. A resident of North Carolina who is a current member in good standing of either the North Carolina Army National Guard or the North Carolina Air National Guard.
- b. A resident of North Carolina who is a former member of either the North Carolina Army National Guard or the North Carolina Air National Guard, whose discharge is under honorable conditions with a minimum of six years of creditable service.
- c. The surviving spouse or dependent of a member of the North Carolina Army National Guard or the North Carolina Air National Guard.

(2) Eligible person. – Any of the following:

- a. A veteran.
- b. The spouse of a disabled veteran.
- c. The surviving spouse or dependent of a deceased veteran.
- d. An eligible member of the National Guard.
- e. The spouse of a service member who is serving in the Armed Forces of the United States on active duty.

(3) Veteran. – A person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.

(c) The Commission shall establish a policy to provide for a veteran and National Guard preference. The policy shall include a provision that any eligible person who has reason to believe that he or she did not receive a veteran's preference in accordance with the provisions of this section or policies adopted under it may appeal that denial as provided by G.S. 126A-83 and G.S. 126A-84.

(d) G.S. 128-15 shall apply to those persons exempted from coverage of this section but shall not apply to any person covered by this section.

"Part 2. Interchange of Governmental Employees.

"§ 126A-58. Interchange of governmental employees.

- (a) Short Title. – This section shall be known and may be cited as the "North Carolina Interchange of Governmental Employees Act."
- (b) Definitions. – The following definitions apply in this section:
- (1) Assigned employee. – An employee of a sending agency who is assigned or detailed to a receiving agency as part of the employee's regular duties with the sending agency.
 - (2) Employee on leave. – An employee on leave of absence without pay from a sending agency who becomes an employee of a receiving agency while on leave from the sending agency.
 - (3) Receiving agency. – Any division, department, agency, instrumentality, authority, or political subdivision of the federal government or of a state or local government which, under this section, receives an employee of another governmental division, department, agency, instrumentality, authority, or political subdivision of the federal government or of a state or local government.
 - (4) Sending agency. – Any division, department, agency, instrumentality, authority, or political subdivision of the federal government or of a state or local government which, under this section, sends any employee thereof to another governmental division, department, agency, instrumentality, authority, or political subdivision of the federal government or of a state or local government.
- (c) Authority to Interchange Employees. – The authority for the interchange of employees is as follows:
- (1) Any division, department, agency, instrumentality, authority, or political subdivision of the State of North Carolina may participate in a program of interchange of employees with divisions, departments, agencies, instrumentalities, authorities, or political subdivisions of the federal government, of another state, or of this State, as a sending agency or a receiving agency.
 - (2) The period of individual assignment, detail, or leave of absence under an interchange program shall not exceed two years.
 - (3) The temporary assignment of the employee may be terminated by mutual agreement between the sending agency and the receiving agency.
 - (4) Elected officials may not participate in a program of interchange.
- (d) Status of Employees of Sending Agency. – The status of employees of a sending agency is governed as follows:
- (1) Employees of a sending agency participating in an exchange of personnel authorized by subsection (c) of this section may be considered during such participation to be either assigned employees or employees on leave.
 - (2) Assigned employees shall be entitled to the same salary and employment benefits to which they would be entitled as employees of the sending agency and shall remain employees of the sending agency for all purposes unless otherwise provided in this section or in a written agreement between the sending agency and the receiving agency.
 - (3) Employees on leave shall have the same rights, benefits and obligations as other State or local employees subject to this Chapter who are granted leaves of absence, unless otherwise provided in this section, or in a written agreement between the sending agency and the receiving agency.
 - (4) Employees of a sending agency of this State participating in an exchange of personnel authorized by subsection (c) of this section, whether considered assigned employees or employees on leave, shall have the same rights,

benefits and obligations to participate in and receive benefits, including death benefits, from any retirement system of which they are members as employees of the sending agency if the receiving agency agrees to and makes the employer contributions and deducts from the salary of the employee the employee contributions for continued membership in that retirement system, whether they are members of the Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, the Law Enforcement Officers' Benefit and Retirement Fund, or any other Retirement System established by the State for public employees. If the employee remains entitled to death benefits resulting from his or her death during the period of the exchange, where duplicate benefits would otherwise be payable on account of disability or death, the employee or his or her estate shall elect, within one year of the date of disability or death, which benefits to receive.

(e) Travel Expenses of Employees from this State. – A sending agency in this State shall not pay the travel expenses of its assigned or on leave employees and shall not pay the travel expenses of such employees incurred in the course of performing work for the receiving agency. expenses shall be borne by the receiving agency.

(f) Status of Employees of Other Governments. – The status of employees of other governments is governed as follows:

(1) When a division, department, agency, instrumentality, authority, or political subdivision of the State of North Carolina acts as a receiving agency, assigned employees of the sending agency remain the employees of the sending agency and continue to receive the employment benefits of the sending agency unless otherwise specified in a written agreement between the sending agency and the receiving agency.

(2) When a division, department, agency, instrumentality, authority, or political subdivision of this State acts as a receiving agency, employees on leave from the sending agency will receive appointments as employees with the receiving agency and will be entitled to the same employment benefits as other employees of the receiving agency unless otherwise specified in a written agreement between the sending agency and the receiving agency. Such appointments may be made without regard to any rules or regulations of the receiving agency regarding the selection of employees; but applicable rules of the North Carolina Human Resources Act shall apply to the assigned employees.

(g) Travel Expenses of Employees of Other Governments. – A receiving agency in the State of North Carolina may, in accordance with its travel regulations and travel regulations by law, pay the travel expenses incurred in the course of an assigned employee's duties or incurred in the course of the duties of an employee on leave with the receiving agency on the same basis as the travel expenses of regular employees are paid.

(h) Administration. – The Commission and any State division, department, agency, instrumentality, authority, or political subdivision participating in an interchange of employees program may promulgate rules or regulations necessary for the administration of such program, so long as such rules or regulations do not conflict with the provisions of this section or any other provision of law.

"Article 6.

"Verification and Onboarding.

"Part 1. Verification of Eligibility to Work and Application Materials.

"§ 126A-60. Onboarding of all positions.

The Commission shall establish policies on onboarding, including the following:

(1) Confirmation of a person's eligibility to work in the United States.

(2) Verification of a person's credentials and employment history.

"§ 126A-61. E-Verify.

(a) Each agency, community college, and public school unit as defined in G.S. 115C-5 shall verify, in accordance with the E-Verify Program administered by the United States Department of Homeland Security pursuant to 8 U.S.C. § 1101, et seq., each individual's legal status or authorization to work in the United States after hiring the individual as an employee to work in the United States.

(b) OSHR may operate a centralized program to electronically offer E-Verify access to executive branch agencies.

"§ 126A-62. Fraudulent disclosure or concealment on application.

(a) Any employee who knowingly and willfully (i) discloses false or misleading information, (ii) conceals dishonorable military service, or (iii) conceals prior employment history or other requested information significantly related to job responsibilities on an application or any document supplementing an application may be subject to disciplinary action, including immediate dismissal from employment. An employing agency shall dismiss an employee who discloses false or misleading information to meet the minimum qualifications for the position classification. Applications and any screen allowing an applicant to attach supplemental materials shall include a statement informing applicants of the consequences of fraudulent disclosure or concealment.

(b) Each agency shall verify the credentials and the accuracy of application materials of each new employee within 90 days of employment. Failure to verify the application does not bar disciplinary action taken under subsection (a) of this section.

"Part 2. Verification and Onboarding Procedures.

"§ 126A-63. Onboarding.

The Commission shall adopt policies on onboarding for positions subject to this Part, including the following:

(1) Employee onboarding.

(2) Reference checks.

"Article 7.

"Benefits, Terms, and Conditions of Employment.

"Part 1. Paid Parental Leave and Bereavement Leave.

"§ 126A-70. Benefits for all positions, not including temporary positions.

The Commission shall establish policies on paid parental leave and bereavement leave.

"§ 126A-71. Paid parental leave.

(a) Definitions. – The following definitions apply in this section:

(1) Child. – A newborn biological child or a newly placed adopted, foster, or otherwise legally placed child under the age of 18 whose parent is an employee eligible for leave under subsection (b) of this section.

(2) Reserved for future codification purposes.

(3) Parent. – Includes a parent by adoption, foster care, or another legal placement.

(4) Qualifying event. – When an employee becomes a parent to a child.

(b) Any eligible full-time employee subject to this section may take up to 12 weeks of paid leave after a qualifying event.

(c) The Commission shall establish policies that provide for the following:

(1) A part-time employee subject to this section shall be able to take a prorated amount of paid leave, not to exceed 12 weeks, after a qualifying event.

(2) A period of minimum service before an employee becomes eligible for paid leave under this section that credits employees for aggregate service in an executive branch agency, public school, or community college.

- (3) A maximum number of uses of paid parental leave within a 12-month period.
- (4) Available leave amounts following a miscarriage or death of a child during birth.

(d) The paid parental leave authorized by this section is available without exhaustion of the employee's sick and vacation leave and is awarded in addition to shared leave under G.S. 126A-75 or other leave authorized by federal or State law. Paid parental leave has no cash value upon separation from employment and shall not be used in the calculation of an employee's retirement benefits.

(e) Local boards of education and boards of trustees of community colleges shall adopt policies substantially equivalent to those adopted by the Commission.

"Part 2. Benefits, Terms, and Conditions.

"§ 126A-72. Benefits, terms, and conditions of employment.

(a) The Commission shall establish policies on benefits, terms, and conditions of employment for positions subject to this Article, including the following:

- (1) Establishing hours and days of work, vacation leave, sick leave, and other types of leave, and holidays, in accordance with G.S. 126A-73 and G.S. 126A-74.
- (2) Cooperating with the State Board of Education, the Department of Public Instruction, The University of North Carolina, the Community Colleges System Office, and other appropriate resources in developing programs in management and supervisory skills, performance evaluation, specialized employee skills, accident prevention, equal employment opportunity awareness, and customer service.
- (3) Maintaining an accredited Certified Public Manager program.
- (4) Maintaining a program of meritorious service awards and recognition of employees, public personnel management, and management excellence and authorizing agencies to provide bonuses to employees who receive these awards.
- (5) Establishing programs of employee assistance, productivity incentives, and equal opportunity.
- (6) Maintaining safety and health programs required by Article 13 of this Chapter.
- (7) Providing financial assistance for employee development and employee discounts for services.
- (8) Allowing flexible work options for employees, including programs of telework or remote work, job-sharing, alternate work schedules, and permanent part-time positions.
- (9) Promoting efficiency of administration and providing a fair and modern human resources system.

"§ 126A-73. Paid State holidays.

(a) The legal public holidays established by the Commission as paid holidays for employees shall include Martin Luther King Jr.'s Birthday and Veterans Day. The Commission shall not establish more than 13 paid holidays per year. Three paid holidays shall be given for Christmas.

(b) The University of North Carolina and its constituent institutions may adopt alternative dates to recognize the legal public holidays.

"§ 126A-74. Minimum leave granted to employees.

The Commission shall establish a graduated scale for the amount of vacation leave granted to each full-time employee subject to this Article. The scale shall allow the equivalent rate of at least 120 hours of vacation leave per calendar year, prorated monthly, cumulative to at least 240 hours. On December 31 of each year, any employee who has vacation leave in excess of the

allowed accumulation shall have that leave converted to sick leave. The rate of sick leave for employees shall be at least 80 hours per calendar year, cumulative from year to year.

"§ 126A-74.1. Transferred leave from legislative and judicial branch employment.

When an individual transfers employment from a legislative or judicial branch position to an executive branch position, the individual shall receive credit for the vacation and sick leave accrued with the legislative or judicial branch if the employee is entitled to vacation and sick leave in the executive branch position.

"Part 3. Voluntary Shared Leave.

"§ 126A-75. Voluntary shared leave.

(a) The Commission shall adopt policies to allow any employee to share leave voluntarily with another employee who is an immediate family member or a coworker's immediate family member, whether or not the employees are employed by the same agency.

(b) The Commission shall adopt policies in cooperation with the State Board of Community Colleges and the State Board of Education to allow for employees to share leave voluntarily with an immediate family member or coworker's immediate family member who is employed by a community college or local board of education.

(c) The Commission shall adopt policies to allow an employee to donate sick leave to a non-family member employee.

"Part 4. Flexible Compensation Plan.

"§ 126A-76. Flexible compensation plan.

(a) The Director may provide eligible officers and employees a program of dependent care assistance as available under section 129 and related sections of the Internal Revenue Code of 1986, as amended. The Director may authorize agencies employing eligible officers and employees to enter into annual agreements with employees who elect to participate in the program to provide for a reduction in salary. With the approval of the Director, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. If the Director decides to contract with a third party to administer the terms and conditions of a program of dependent care assistance, the Director may select a contractor only upon a thorough and completely competitive procurement process.

(b) Notwithstanding any other provisions of law relating to the salaries of eligible officers and employees, the Director may provide a plan of flexible compensation to eligible officers and employees for benefits available under section 125 and related sections of the Internal Revenue Code of 1986, as amended. This plan shall not replace, substitute for, or duplicate any benefits provided to employees and officers under Article 1A of Chapter 120 of the General Statutes or Articles 1, 3B, 4, and 6 of Chapter 135 of the General Statutes. The plan may, however, include offerings for products and benefits that are supplemental or additional to these statutory benefits. If a plan of flexible compensation is offered, then a TRICARE supplement shall be offered.

(c) In providing a plan of flexible compensation, the Director may authorize agencies employing eligible officers and employees to enter into agreements with their employees for reductions in the salaries of employees electing to participate in the plan of flexible compensation provided by this Part.

(d) With the approval of the Director, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. Should the Director decide to contract with a third party to administer the terms and conditions of a plan of flexible compensation as provided by this section, it may select such a contractor only upon a thorough and completely advertised competitive procurement process.

(e) As used in this section, the term "eligible officers and employees" means any officer or employee authorized to participate in the Teachers' and State Employees' Retirement System.

the Consolidated Judicial Retirement System, the Legislative Retirement System, and the State Health Plan.

"Article 8.

"Just Cause, Disciplinary Actions, and Grievances.

"§ 126A-80. Just cause, disciplinary actions, and grievances.

The Commission shall establish policies on just cause, disciplinary actions, and grievances, including the following:

- (1) The definition of just cause.
- (2) The investigation of complaints and the issuing of binding corrective orders or other appropriate action concerning employment, promotion, demotion, transfer, discharge, reinstatement, and any other issue defined as a contested case issue under G.S. 126A-84(c).
- (3) The assessment of reasonable attorneys' fees and witnesses' fees against the agency involved in the grievance.
- (4) An alternative dispute resolution procedure.
- (5) The disciplinary demotion, suspension, or dismissal of employees and the disciplinary process.
- (6) The grievance process.
- (7) Review and approval of settlements, including authorization for agencies to enter into settlement agreements for remedies other than back pay, front pay, other omitted benefits, and attorneys' fees.

"§ 126A-81. Disciplinary actions.

(a) No career employee subject to this Article shall be dismissed, suspended, or demoted for disciplinary reasons, except for just cause.

(b) In determining whether just cause exists for dismissal, suspension, or demotion for unacceptable personal conduct, an employing agency shall consider all of the following factors:

- (1) The severity of the conduct.
- (2) The subject matter of the conduct and whether it was job-related.
- (3) The actual harm or risk of potential harm resulting from the conduct, including harm to the agency's operations, efficiency, mission, reputation, or public trust.
- (4) The employee's work history.
- (5) Discipline imposed in past cases of similar violations. An agency may modify its disciplinary standard when it determines that past precedent is no longer appropriate and the modification is grounded in articulable reasoning and applied fairly and consistently to current and prospective cases.

(c) The employing agency shall exercise reasonable discretion in identifying which of the factors outlined in subsection (b) of this section are most relevant given the facts presented and how to weigh the various factors to determine appropriate discipline. No discipline shall fail solely for failing to consider one of the factors in subsection (b) of this section if just cause was present.

(d) In determining whether just cause exists for dismissal, suspension, or demotion for issues of job performance, the employing agency shall employ the following standards:

- (1) Unsatisfactory job performance. – The employing agency shall assess whether the employee fails to satisfactorily perform job requirements as specified in the job description, work plan, or as directed by management.
- (2) Grossly inefficient job performance. – The employing agency shall assess whether the employee's failure to satisfactorily perform job requirements results in harm or the potential for harm, including death, serious bodily injury, or loss of or damage to State property or funds that result in a serious impact on the State or work unit.

(e) In cases where an employing agency has decided to take disciplinary action, the employee shall be given written notice before the action is taken that explains the specific acts or omissions that are the reasons for the disciplinary action. The written notice shall also explain the employee's appeal rights. The employee may appeal to the agency head through the agency grievance procedure for a final agency decision within 15 days of receiving the notice. If the employee appeal involves an allegation of discrimination, retaliation, or harassment, the employee shall file an equal employment opportunity inquiry within 15 days of receiving the notice before appealing through the agency grievance procedure. The employee will have 15 days following the closure of the equal employment opportunity inquiry to appeal through the agency grievance procedure for a final agency decision.

(f) Notwithstanding subsection (e) of this section, an employee may be suspended without warning for causes relating to personal conduct detrimental to State service to avoid undue disruption of work or to protect the safety of persons or property or for other serious reasons.

(g) If the employee is not satisfied with the final agency decision or is unable, within a reasonable period of time, to obtain a final agency decision, the employee may appeal to the Office of Administrative Hearings. This appeal shall be filed within 30 days of receiving of notice of the final agency decision.

(h) In accordance with G.S. 150B-34(a), the administrative law judge shall decide the case based upon the preponderance of the evidence, giving due regard to the demonstrated knowledge and expertise of the agency with respect to facts and inferences within the specialized knowledge of the agency.

"§ 126A-82. Temporary redeployment of employees after criminal charges filed.

If criminal charges are filed against an employee, the employing agency may redeploy that employee, without just cause and without the agreement of the employee, to a different position or different set of job duties. The employee's salary shall not be decreased as a result of the redeployment, and this redeployment shall end if the charges against the employee are dismissed or the employee is acquitted of those charges. Nothing in this section prevents the employing agency from taking disciplinary action against the employee if there is just cause.

"§ 126A-83. Grievance; resolution.

(a) Any employee having a grievance arising out of or due to his or her employment shall first discuss the grievance with the employee's supervisor, unless the grievance is with the supervisor. Then the employee shall follow the agency grievance procedure. The proposed final agency decision shall not be issued or become final until reviewed and approved by OSHR.

(b) Any applicant having a grievance arising out of or due to his or her hiring shall follow the agency grievance procedure. The proposed final agency decision shall not be issued or become final until reviewed and approved by OSHR.

(c) The agency grievance procedure and OSHR review shall be completed within 120 days from the date the grievance is filed. If an employee or applicant files multiple grievances within the same calendar month, the grievances shall be merged and the 120-day time line under this section resets. The Office of Administrative Hearings may issue gatekeeping orders to prevent abuse of the grievance process.

(d) Local agencies shall establish grievance procedures consistent with this Article that do not require approval of a final agency decision by OSHR. Local employees shall follow local agency grievance procedures.

"§ 126A-84. Grievance appeal process.

(a) Once a final agency decision has been issued in accordance with G.S. 126A-83, an applicant, employee, or former employee may file a contested case in the Office of Administrative Hearings under Article 3 of Chapter 150B of the General Statutes. The contested case must be filed within 30 days of receipt of the final agency decision. Except for cases of extraordinary cause shown, the Office of Administrative Hearings shall hear and issue a final

decision in accordance with G.S. 150B-34 within 180 days from the commencement of the case. In deciding cases under this section, the Office of Administrative Hearings may grant the following relief:

- (1) Reinstatement of the employee to the position from which the employee has been removed.
- (2) Ordering the employment, promotion, transfer, or salary adjustment of any individual to whom it has been wrongfully denied.
- (3) Directing other suitable action to correct the abuse which may include the requirement of payment for any loss of salary that has resulted from the improper action of the agency.

(b) An aggrieved party in a contested case under this section shall be entitled to judicial review of a final decision by appeal to the Court of Appeals as provided in G.S. 7A-29(a). The appeal shall be taken within 30 days of receipt of the written notice of final decision. A notice of appeal shall be filed with the Office of Administrative Hearings and served on all parties to the contested case hearing.

(c) The following issues may be heard as contested cases after completion of the agency grievance procedure and the OSHR review:

- (1) Discrimination or harassment. – An applicant for employment, an employee, or former employee may allege discrimination or harassment based on race, religion, color, national origin, sex, age, disability, genetic information, or political affiliation if the employee believes that he or she has been discriminated against in his or her application for employment or in the terms and conditions of the employee's employment, or in the termination of his or her employment.
- (2) Retaliation. – An applicant for employment, an employee, or former employee may allege retaliation for protesting discrimination based on race, religion, color, national origin, sex, age, disability, political affiliation, or genetic information if the employee believes that he or she has been retaliated against in his or her application for employment, in the terms and conditions of the employee's employment, or in the termination of the employee's employment.
- (3) Just cause for dismissal, demotion, or suspension. – A career employee may allege that he or she was dismissed, demoted, or suspended for disciplinary reasons without just cause. A dismissal, demotion, or suspension not imposed for disciplinary reasons shall not be considered a disciplinary action within the meaning of this section. However, in contested cases conducted pursuant to this section, an employee may appeal an involuntary nondisciplinary separation due to an employee's unavailability in the same fashion as if it were a disciplinary action, but the agency shall only have the burden to prove that the employee was unavailable.
- (4) Veteran's and National Guard preference. – An applicant for employment or an employee may allege that he or she was denied veteran's preference or National Guard preference in violation of the law.
- (5) Failure to post or give priority consideration. – An applicant for employment or an employee may allege that he or she was denied hiring or promotion because a position was not posted in accordance with this Chapter, or a career State employee may allege that he or she was denied a promotion as a result of a failure to give priority consideration for promotion as required by G.S. 126A-57.1 or a career employee may allege that he or she was denied hiring as a result of the failure to give him or her a reduction-in-force priority.
- (6) Whistleblower. – A whistleblower grievance as provided in Article 14 of this Chapter.

(d) Any issue for which an appeal to the Office of Administrative Hearings has not been specifically authorized by this section shall not be grounds for a contested case hearing.

(e) In contested cases conducted pursuant to this section, the burden of showing that a career employee was discharged, demoted, or suspended for just cause rests with the employing agency. In all other contested cases, the burden of proof rests with the employee or applicant.

(f) The Office of Administrative Hearings may award attorneys' fees to an employee where reinstatement or back pay is ordered or where an employee prevails in a whistleblower grievance. The remedies provided in this subsection in a whistleblower appeal shall be the same as those provided in G.S. 126A-143.

(g) The Office of Administrative Hearings shall report to OSHR and the Joint Legislative Administrative Procedure Oversight Committee on the number of cases filed under this section and on the number of days between filing and closing of each case. The report shall be submitted on May 1 and November 1 of each year.

"§ 126A-85. Alternative dispute resolution.

(a) The Commission may adopt policies on alternative dispute resolution procedures for the resolution of matters constituting grounds for a grievance under this Article.

(b) The Commission may adopt policies on alternative dispute resolution procedures for matters not constituting grounds for a grievance under this Article that cannot be heard by the Office of Administrative Hearings as a contested case.

"§ 126A-86. Judicial review of fee awards.

A decision of the Office of Administrative Hearings on whether to assess reasonable witnesses' fees or a reasonable attorneys' fee shall be subject to judicial review in accordance with G.S. 126A-84(b). The reviewing court may reverse or modify the decision of the Office of Administrative Hearings if the decision is unreasonable or the award is inadequate. An employee who obtains a reversal or modification of the Office of Administrative Hearings' decision in an appeal under this section shall be entitled to recover court costs and a reasonable attorneys' fee for representation in connection with the appeal.

"Article 9.

"Separation, Offboarding, and Reductions in Force.

"§ 126A-90. Separation of employees.

The Commission shall establish policies on separation for positions subject to this Article, including the following:

- (1) The separation of employees.
- (2) Voluntary separation incentives.
- (3) Furloughs of employees by placing them on temporary leave without pay in response to a loss of funding.
- (4) Reductions in force.

"§ 126A-91. Voluntary separation incentives.

An agency may reorganize and restructure its positions through a voluntary separation process that provides incentives to separate in accordance with Commission policy and subject to approval by the Office of State Budget and Management.

"§ 126A-92. Reductions in force.

(a) Usage. – Agencies may use a reduction in force to reorganize its positions to better accomplish its functions or respond to a lack of work or shortage of funds. Agencies may use a reduction in force without a loss of funds and without eliminating any of the positions affected by the reduction in force.

(b) Notification. – Agencies shall notify employees to be affected by a reduction in force as soon as practicable and at least 30 days before the effective date of the reduction in force.

"§ 126A-93. Reductions in force priority policy.

The Commission shall adopt policies governing the priority and salary rights of employees separated as a result of reduction in force. The policies shall provide that a separated employee

who accepts a position in an agency shall not be paid a salary higher than the maximum of the salary range of the position accepted, except as provided in G.S. 126A-41.

"§ 126A-94. Discontinued service retirement allowance and severance wages for certain employees.

(a) When the closing of an agency or a reduction in force will accomplish economies in the State Budget, the employees who were separated from employment as a result of the closure or reduction in force shall receive from the last employing agency either a discontinued service retirement allowance or severance wages if reemployment is not available. As used in this section, "economies in the State Budget" means economies resulting from elimination of a job and its responsibilities or from a lack of funds to support the job. The agency head shall determine whether to pay a discontinued service retirement allowance or severance wages, after the opportunity for consultation with the Director of the Office of State Budget and Management and OSHR. Severance wages shall not be paid to an employee who chooses a discontinued service retirement. Severance wages shall not be subject to employer or employee retirement contributions. Severance wages shall be paid according to the policies established by the Commission.

(b) Notwithstanding any other provisions of the State's retirement laws, any employee (i) who is a member of the Teachers' and State Employees' Retirement System or the Law Enforcement Officers' Retirement System and (ii) whose job is involuntarily terminated as a result of economies in the State Budget may be entitled to a discontinued service retirement allowance, subject to the approval of the employing agency and the availability of agency funds. An unreduced discontinued service retirement allowance, not otherwise allowed, may be approved for employees with 20 or more years of creditable retirement service who are at least 55 years of age, or a discontinued service retirement allowance, not otherwise allowed, may be approved for employees with 20 or more years of creditable retirement service who are at least 50 years of age, reduced by one-fourth of one percent (1/4 of 1%) for each month that retirement precedes the employee's fifty-fifth birthday. In cases where a discontinued service retirement allowance is approved, the employing agency shall make a lump sum payment to the Administrator of the State Retirement Systems equal to the actuarial present value of the additional liabilities imposed upon the System, to be determined by the System's consulting actuary, as a result of the discontinued service retirement, plus an administrative fee to be determined by the Administrator, plus an amount to be deposited in the Retiree Health Benefit Fund. The amount to be deposited in the Retiree Health Benefit Fund shall be calculated by multiplying the number of years between the employee's date of discontinued service retirement and the employee's earliest unreduced retirement date under G.S. 135-5 by the most recent employer contribution rate to the Retiree Health Benefit Fund and then, if the employee is or would be eligible for retiree medical coverage under the State Health Plan for Teachers and State Employees, multiplying that figure by the salary used in the discontinued salary retirement calculation.

(c) The salary used to determine severance wages under this section is the last annual salary except that if the employee was promoted within the previous 12 months, the last annual salary is the annual salary prior to the promotion. If the annual salary prior to the promotion is used, it shall be adjusted to account for any across-the-board legislative salary increases. Excluded from any calculation are any benefits such as overtime pay, shift pay, holiday premium, or longevity pay. The salary used to determine the discontinued retirement allowance under this section is the same as the average final compensation under G.S. 135-1(5).

(d) Any employee separated from an agency and paid severance wages under this section shall not be employed under a contractual arrangement by any agency, other than the constituent institutions of The University of North Carolina and the community colleges, until the end of the time period through which the employee is receiving severance. This subsection does not affect any reduction in force rights that the employee may have under this Article.

"Article 10.

"Inappropriate Political Activity.

"§ 126A-100. Appropriate political activity of employees.

(a) Each employee retains all the rights and obligations of citizenship provided in the Constitution and laws of the State and the Constitution and laws of the United States. Employees subject to this Article shall not do any of the following:

- (1) Take any active part in managing a campaign, campaign for political office, or otherwise engage in political activity while on duty or within any period of time during which he or she is expected to perform services for which he or she receives compensation from the State.
- (2) Otherwise use the authority of their position, or utilize State funds, supplies, or vehicles to secure support for or oppose any candidate, party, or issue in an election involving candidates for office or party nominations, or affect the results thereof.

(b) No agency head or other employee exercising supervisory authority shall make, issue, or enforce any rule or policy the effect of which is to interfere with the right of any employee as an individual to engage in political activity while not on duty or at times during which he or she is not performing services for which he or she receives compensation from the State. An employee who is or may be expected to perform his or her duties on a 24 hour per day basis shall not be prevented from engaging in political activity except during regularly scheduled working hours or at other times when actually performing the duties of office. The willful violation of this section shall be a Class 1 misdemeanor.

"§ 126A-101. Promise or threat to obtain political contribution or support.

(a) It is unlawful for an employee or a person appointed to State office, other than elective office or office on a board, commission, committee, or council whose function is advisory only, whether or not subject to this Article, to coerce (i) an employee in a position subject to this Article or (ii) an applicant for a position subject to this Article to support or contribute to a political candidate, political committee as defined in G.S. 163-278.6, or political party, or to change the party designation of the individual's voter registration by threatening that change in employment status, discipline, or preferential personnel treatment will occur.

(b) It is unlawful for a public servant as defined in G.S. 138A-3(70)a. to coerce a person as described in G.S. 138A-32(d)(1), (2), or (3) to support or contribute to a political candidate, a political committee as defined in G.S. 163-278.6, or a political party by threatening discipline or promising preferential treatment with regard to that person's business with the individual's State office or that person's activities regulated by the individual's State office.

(c) Any person violating this section shall be guilty of a Class 2 misdemeanor.

(d) An employee subject to this Article who without probable cause falsely accuses an employee or a person appointed to State office of violating this section shall be subject to discipline or change in employment status in accordance with the provisions of G.S. 126A-81 and may be subject to criminal penalties for perjury or civil liability for libel, slander, or malicious prosecution.

"§ 126A-102. Threat to obtain political contribution or support.

(a) It is unlawful for any person to coerce (i) an employee subject to this Article or (ii) an applicant for a position subject to this Article to support or contribute to a political candidate, political committee as defined in G.S. 163-278.6, or political party, or to change the party designation of his or her voter registration by explicitly threatening that change in employment status, discipline, or preferential personnel treatment will occur.

(b) Any person violating this section shall be guilty of a Class 2 misdemeanor.

(c) An employee subject to this Article who without probable cause falsely accuses a person of violating this section shall be subject to discipline or change in employment status in

accordance with the provisions of G.S. 126A-81 and may be subject to criminal penalties for perjury or civil liability for libel, slander, or malicious prosecution.

"§ 126A-103. Compelled speech prohibited.

(a) Each agency shall refrain from soliciting or requiring an applicant for employment to do any of the following:

- (1) Endorse or opine about beliefs, affiliations, ideals, or principles regarding matters of contemporary political debate or social action as a condition of employment.
- (2) Describe the applicant's actions in support of, or in opposition to, the beliefs, affiliations, ideals, or principles regarding matters of contemporary political debate or social action as a condition of employment.

(b) Nothing in subsection (a) of this section shall infringe on the ability of an applicant for employment to voluntarily opine or speak regarding any matter, including matters of contemporary political debate or social action.

(c) No application for employment shall inquire into matters prohibited as compelled speech under subsection (a) of this section.

(d) Nothing in this section shall be construed to:

- (1) Prohibit discussion with or questions to an applicant regarding the content of the applicant's resume, curriculum vitae, or other written work or oral remarks.
- (2) Affect the ability of the employing agency to comply with applicable federal or State law, including employment oaths, appointment affidavits, and licensure and certification requirements.
- (3) Apply to speech protected by the First Amendment of the U.S. Constitution.

"§ 126A-104. Ensuring dignity and nondiscrimination in State government workplaces.

(a) The General Assembly finds that Article I, Section 1 of the Constitution of this State recognizes the equality and rights of all persons. Therefore, it is the intent of the General Assembly that employees respect the dignity of others, acknowledge the right of others to express differing opinions and the right to freedom of speech and association, and that agencies employ training methods and procedures to further that intent.

(b) Agencies shall not compel employees to affirm or profess belief in any of the following concepts in the workplace or as part of any employee training program:

- (1) One race or sex is inherently superior to another race or sex.
- (2) An individual, solely by virtue of his or her race or sex, is inherently racist, sexist, or oppressive.
- (3) An individual should be discriminated against or receive adverse treatment solely or partly because of his or her race or sex.
- (4) An individual's moral character is necessarily determined by his or her race or sex.
- (5) An individual, solely by virtue of his or her race or sex, bears responsibility for actions committed in the past by other members of the same race or sex.
- (6) Any individual, solely by virtue of his or her race or sex, should feel discomfort, guilt, anguish, or any other form of psychological distress.
- (7) A meritocracy is inherently racist or sexist.
- (8) The United States was created by members of a particular race or sex for the purpose of oppressing members of another race or sex.
- (9) The United States government should be violently overthrown.
- (10) Particular character traits, values, moral or ethical codes, privileges, or beliefs should be ascribed to a race or sex or to an individual because of the individual's race or sex.
- (11) The rule of law does not exist but instead is a series of power relationships and struggles among racial or other groups.

- (12) All Americans are not created equal and are not endowed by their Creator with certain unalienable rights, including life, liberty, and the pursuit of happiness.
- (13) Governments should deny to any person within the government's jurisdiction the equal protection of the law.

(c) Nothing in this section prevents a private contractor who provides training to employees from responding to questions that are raised by participants in the training and which pertain to the concepts in subsection (b) of this section. However, the private contractor must make it clear that the employing agency does not endorse those concepts.

(d) This section does not apply to speech protected by the First Amendment of the U.S. Constitution.

"§ 126A-105. Disciplinary action for violation of Article.

Failure to comply with this Article is grounds for disciplinary action which, in case of deliberate or repeated violation, may include dismissal or removal from office.

"Article 11.

"Temporary Employees.

"§ 126A-110. Temporary employment.

The Commission shall establish polices on temporary employment for positions subject to this Article, including the following:

- (1) The implementation of the JoinNC Program under G.S. 126A-111 in a consistent manner.
- (2) Temporary employment.
- (3) Fees for use of the JoinNC Program.

"§ 126A-111. Use of JoinNC Program.

(a) All Cabinet agencies that utilize temporary employees shall employ them through the JoinNC Program administered by OSHR, except as provided in subsection (e) of this section.

(b) Council of State agencies, constituent institutions of The University of North Carolina, local agencies, and consolidated agencies as defined in G.S. 153A-77(b) may use the JoinNC Program in accordance with this section.

(c) Temporary employees shall not be employed for longer than 11 consecutive months, unless an exception is granted under subsection (f) of this section. After 11 consecutive months of employment, a temporary employee is eligible for reinstatement on the job assignment after the employee is separated for at least 31 consecutive calendar days. It is the responsibility of participating agencies to provide a separation request or notification of a 31-day separation to OSHR before the temporary employee exceeds 11 consecutive months of employment, unless an exception under subsection (f) of this section applies. Failure to provide a timely separation request to OSHR may limit an agency's future access to temporary employees.

(d) OSHR may prohibit any agency or entity, except the North Carolina National Guard, from acquiring new temporary employees if the agency or entity has an invoice owed to JoinNC that is (i) more than 90 days overdue and (ii) exceeds two hundred thousand dollars (\$200,000). If an agency or entity is prohibited, the prohibition shall continue until all overdue invoices are paid.

(e) Notwithstanding the requirement of subsection (a) of this section, Cabinet agencies may employ temporary employees outside of the JoinNC Program in the following circumstances:

- (1) The temporary employees are performing work that is information technology-related.
- (2) The Department of Transportation, Ferry Division, is employing temporary employees when there is an established need for peak-season hires or when the work requires a specific skillset beyond the scope of a temporary employee.

- (3) The Director in his or her discretion creates an exception when all of the following conditions are met:
- a. The JoinNC Program cannot meet the agency's employment needs for the temporary position's classification.
 - b. Failure to recruit for the positions will cause severe harm to the agency's ability to provide services to the public.

(f) Notwithstanding the limitations of subsection (c) of this section, a temporary employee may be employed for longer than 11 consecutive months in the following circumstances:

- (1) The temporary employee is a full-time student, a retired employee, an offender, an intern, or an extern. The following definitions apply to this subdivision:
- a. Extern. – A student who, regardless of the number of credit hours enrolled, is employed as part of a written agreement between the agency and an academic institution through which the student is paid and earns course credit.
 - b. Full-time student. – A student considered to be a full-time student by his or her institution of higher education.
 - c. Intern. – A student who, regardless of the number of credit hours enrolled, works to gain occupational experience for a period of at least one academic semester.
 - d. Offender. – An individual in the custody of the Department of Adult Correction participating in a work release program.
 - e. Retired employee. – An individual drawing retirement benefits who has signed a statement that he or she is not available for or seeking permanent employment with an agency.

- (2) The Director in his or her discretion creates an exception when all of the following conditions are met:
- a. The exception is in the best interests of the State because removing the temporary employee from the assignment will cause severe harm to the agency's ability to provide vital services to the public.
 - b. The exception will not result in extending the length of temporary employment beyond 22 months from the employee's initial hire date.

(g) The North Carolina National Guard may request exceptions as provided in subsection (f) of this section by the Director who shall not deny the exception. Requests for exceptions shall be in writing, contain a justification of why the exception is necessary, and be kept on file in the JoinNC Program office.

(h) To the extent practicable, the Director or his or her designee shall advise agencies of alternative position classification options prior to approving any exceptions under subsection (e) or (f) of this section.

(i) OSHR shall monitor the employment of all temporary employees placed through JoinNC and directly employed by Cabinet agencies and Council of State agencies. When an employee has exceeded 11 consecutive months of employment, OSHR shall initiate separation from any applicable human resources and payroll systems no more than two weeks past the 11-month limit, unless an exception under subsection (f) of this section applies. OSHR shall provide written notice to employing agencies at intervals of 90, 60, and 30 days prior to a temporary employee reaching 11 consecutive months of employment.

"§ 126A-112. JoinNC Program assistance with recruiting.

The JoinNC Program may assist with recruiting employees for agencies, including for permanent positions, using funds generated from the Program.

"Article 12.

"Local Discretion over Local Government Employees.

"§ 126A-120. Local government policies.

(a) When a local government adopts policies governing annual leave, sick leave, hours of work, holidays, and the administration of the pay plan for county local government employees generally and the county local government rules and regulations are filed with the Director, those county rules will supersede the policies established by the Commission as to the county employees otherwise subject to the provisions of this Chapter.

(b) County employees otherwise subject to the provisions of this Chapter shall not be paid a salary less than the minimum nor more than the maximum of the applicable salary range adopted by the board of county commissioners. A board of county commissioners may adjust the salary ranges applicable to employees who are otherwise subject to the provisions of this Chapter, in order to cause the level of pay to conform to local financial ability and fiscal policy. The Commission shall establish policies to ensure that significant relationships within the schedule of salary ranges are maintained.

(c) When two or more counties are combined into a district for the performance of an activity whose employees are subject to the provisions of this Chapter, the boards of county commissioners of the counties may jointly exercise the authority granted in subsections (a) and (b) of this section.

(d) When a municipality is performing an activity by or through employees who are subject to the provisions of this Chapter, the governing body of the municipality may exercise the authority granted in subsections (a) and (b) of this section.

"§ 126A-121. Human resources services to local governmental units.

(a) The Director may make the services and facilities of OSHR available to units of local government. These may include, without limitation:

- (1) Providing State training programs to local governments.
- (2) Providing customized training programs.
- (3) Responding to questions regarding personnel laws.
- (4) Posting jobs that are subject to this Chapter on OSHR's hiring platform.
- (5) Collecting and distributing salary information from all county human services agencies, including consolidated counties as defined by G.S. 153A-77.

(b) Notwithstanding the provisions of G.S. 126A-161, 126A-163, 153A-98, and 160A-168:

- (1) When a local agency indicates that it will permanently appoint a person who does not meet the minimum qualifications for the classification of a position subject to this Chapter, except for trainee and work-against appointments, OSHR may contact any relevant members of the board supervising that local agency, the county manager and commissioners, and the Department of Health and Human Services. The message may identify the particular qualifications that the proposed appointee would need to meet to have the minimum qualifications of the class specification.
- (2) When a local agency requests that OSHR make the final determination as to whether the employee or applicant meets the minimum qualifications, OSHR may share the relevant portions of the personnel file of a specific employee or applicant with the Deputy Director of the Public Health or Social Services Division of the Department of Health and Human Services, or similar State departmental staff, to assist in determining qualification status.

"§ 126A-122. Local human resources system.

(a) The board of county commissioners of any county may establish and maintain a human resources system for all employees of the county subject to its jurisdiction. This system and any substantial changes to the system are subject to the approval of the Commission. The Commission shall approve a system that is substantially equivalent to the human resources

system established under this Chapter for employees of local departments of social services, local health departments, area mental health programs, and local emergency management programs. If approved by the Commission, the employees covered by the county system shall be exempt from all provisions of this Chapter except Article 15.

(b) With approval of each of the boards of commissioners of the county or counties which comprise the area mental health authority, the area mental health authority may establish and maintain a human resources system for all employees of the area mental health authority. This system and any substantial changes to the system are subject to the approval of the Commission. The Commission shall approve a system that is substantially equivalent to the human resources system established under this Chapter for employees of area mental health authorities. If approved by the Commission, the employees covered by the area mental health authority system shall be exempt from all provisions of this Chapter except Article 15.

(c) A board of county commissioners may petition the Commission to determine whether any portion of its human resources system meets the requirements in subsection (a) of this section. Upon such determination, county employees shall be exempt from the provisions of this Chapter relating to the approved portions of the county human resources system.

(d) The board of an area mental health authority, with the approval of each of the boards of commissioners of the county or counties which comprise the area mental health authority, may petition the Commission to determine whether any portion of its human resources system meets the requirements in subsection (b) of this section. Upon such determination, area mental health authority employees shall be exempt from the provisions of this Chapter relating to the approved portions of the area mental health authority human resources system except as provided in G.S. 122C-121.

(e) OSHR shall monitor at least annually county or area mental health authority human resources systems approved under this section to ensure compliance.

(f) To define "substantially equivalent," the Commission shall implement the federal merit system standards, which include recruitment and selection of employees, position classification, pay administration, training, and employee relations.

"§ 126A-123. Bonuses for local government.

Local agencies are authorized to offer bonuses to employees subject to this Chapter. These bonuses shall be consistent with the corresponding bonus policies for executive branch agency employees.

"Article 13.

"Employee Workplace Requirements Program for Safety, Health, and Workers' Compensation.

"§ 126A-131. Program goals.

OSHR shall establish a written program for executive branch agencies for employee workplace environmental, health, and safety, and workers' compensation. The program shall promote safe and healthful working conditions, be based on clearly stated goals and objectives, and provide managers and employees with an understanding of the State's concern for protecting employees from job-related injuries and health impairment; preventing accidents and fires; planning for emergencies and emergency medical procedures; identifying and controlling physical, chemical, biological, and radiological hazards in the workplace; communicating potential hazards to employees; and assuring adequate housekeeping and sanitation.

"§ 126A-132. Program requirements.

The written program required under this Article shall describe, at a minimum, the following:

- (1) The methods to be used to identify, analyze, and control new or existing hazards, conditions, and operations.
- (2) How managers, supervisors, and employees are responsible for implementing the program, controlling accident-related expenditures, and how continued participation of management and employees will be established, measured, and maintained.

- (3) How the plan will be communicated to all affected employees so that they are informed of work-related physical, chemical, biological, or radiological hazards, and controls necessary to prevent injury or illness.
- (4) How managers, supervisors, and employees will receive training in avoidance of job-related injuries and health impairment.
- (5) How workplace accidents will be reported and investigated and how corrective actions will be implemented.
- (6) How safe work practices and rules will be communicated and enforced.
- (7) The safety and health training program that will be made available to employees.
- (8) How employees can make complaints concerning safety and health problems without fear of retaliation.
- (9) How employees will receive medical attention following a work-related injury or illness.

"§ 126A-133. Model program; technical assistance; reports.

- (a) Model Program. – OSHR shall do the following:
 - (1) Maintain a model program of safety and health requirements to guide executive branch agencies in the development of their individual programs and in complying with the provisions of G.S. 95-148 and this Article.
 - (2) Establish guidelines for the creation and operation of executive branch agency environmental, health and safety committees.
 - (3) Adopt policies that govern the administration of the workers' compensation program and monitor compliance with Chapter 97 of the General Statutes.
 - (4) Establish guidelines for the delegation of certain administrative functions as necessary for the administration of the workers' compensation program to executive branch agencies, as defined in this section.
- (b) Technical Assistance. – OSHR shall do the following:
 - (1) Provide consultative and technical services, including environmental, health, and safety training to assist executive branch agencies in establishing and administering their workplace environmental, health, and safety programs and to address specific technical problems through risk management and mitigation.
 - (2) Monitor compliance with this Article.

"§ 126A-134. Executive branch agency safety and health committees.

OSHR shall create, pursuant to guidelines adopted under subsection (a) of G.S. 126A-133, committees to perform workplace inspections, review injury and illness records, make advisory recommendations to the agency's managers, and perform other functions determined by OSHR to be necessary for the effective implementation of this Article.

"Article 14.

"Protection for Reporting Improper Government Activities.

"§ 126A-140. Statement of policy.

- (a) It is the policy of the State that employees shall have a duty to report verbally or in writing to their supervisor, agency head, or other appropriate authority, evidence of activity by an agency or an employee constituting any of the following:
 - (1) A violation of State or federal law, rule, or regulation.
 - (2) Fraud.
 - (3) Misappropriation of State resources.
 - (4) Substantial and specific danger to the public health and safety.
 - (5) Gross mismanagement, a gross waste of monies, or gross abuse of authority.
- (b) Further, it is the policy of this State that employees be free of intimidation or harassment when reporting to public bodies about matters of public concern, including offering

testimony to or testifying before appropriate legislative panels, or providing statements or testimony to agents and employees of legislative panels duly appointed by the President Pro Tempore of the Senate or the Speaker of the House of Representatives designated to conduct inquiries on behalf of a legislative panel.

"§ 126A-141. Protection from retaliation.

(a) Agency heads and other employees exercising supervisory authority shall not discharge, threaten, or otherwise discriminate against an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment because of any of the following:

- (1) The employee, or a person acting on behalf of the employee, reports or is about to report, verbally or in writing, any activity described in G.S. 126A-140, unless the employee knows or has reason to believe that the report is inaccurate.
- (2) The employee has refused to carry out a directive that in fact constitutes a violation of State or federal law, rule, or regulation or poses a substantial and specific danger to the public health and safety.

(b) Employees shall not retaliate against another employee because of any of the following:

- (1) The employee, or a person acting on behalf of the employee, reports or is about to report, verbally or in writing, any activity described in G.S. 126A-140.
- (2) The employee has refused to carry out a directive that may constitute a violation of State or federal law, rule, or regulation, or poses a substantial and specific danger to the public health and safety.

(c) The protections of this Article apply to employees who report any activity described in G.S. 126A-140 to the State Auditor as authorized by G.S. 147-64.6B, to the Joint Legislative Commission on Governmental Operations as authorized by G.S. 120-75.1, or to a legislative committee as required by G.S. 120-19.

"§ 126A-142. Civil actions for injunctive relief or other remedies.

(a) Any employee injured by a violation of G.S. 126A-141 who is not subject to Article 8 of this Chapter may maintain an action in superior court against the person or agency who committed the alleged violation within one year after the occurrence.

(b) Any claim arising under Article 21 of Chapter 95 of the General Statutes may be maintained pursuant to the provisions of that Article only and may be redressed only by the remedies and relief available under that Article.

"§ 126A-143. Remedies.

(a) A court, in rendering a judgment in an action brought pursuant to this Article, may order any one or more of the following:

- (1) An injunction.
- (2) Damages.
- (3) Reinstatement of the employee.
- (4) Payment of back wages.
- (5) Full reinstatement of fringe benefits and seniority rights.
- (6) Payment of costs.
- (7) Reasonable attorneys' fees.
- (8) Any combination of the subdivisions in this subsection.

(b) If an application for a permanent injunction is granted, the employee shall be awarded costs and reasonable attorneys' fees.

(c) If in an action for damages the court finds that the employee was injured by a willful violation of G.S. 126A-141, the court shall award as damages three times the amount of actual

damages plus costs and reasonable attorneys' fees against the individual or individuals found to be in violation of G.S. 126A-140.

"§ 126A-144. Notice of employee protections and obligations.

Employing agencies shall post notice in accordance with G.S. 95-9 or use other appropriate means to keep employees informed of their protections and obligations under this Article.

"§ 126A-145. Communications with members of the General Assembly.

An employee's right to speak to a member of the General Assembly at the member's request shall not be directly or indirectly limited by the employee's supervisor or by any policy of the employing agency.

"Article 15.

"Equal Employment and Compensation Opportunity.

"§ 126A-150. Equal opportunity for employment and compensation by executive branch agencies and local political subdivisions.

All executive branch agencies and all local political subdivisions of the State shall give equal opportunity for employment and compensation, without regard to race, religion, color, national origin, sex, age, disability, or genetic information to all persons otherwise qualified.

"§ 126A-151. Equal employment opportunity training.

Each executive branch agency shall enroll each newly appointed supervisor or manager within one year of appointment in the Equal Employment Opportunity training offered or approved by OSHR.

"§ 126A-152. Retaliation by executive branch agencies and local political subdivisions.

No agency or local political subdivision of the State shall retaliate against an employee for protesting alleged violations of G.S. 126A-150.

"§ 126A-153. Equal employment opportunity plans; reports; maintenance of services.

(a) Each member of the Council of State under G.S. 143A-11, each of the principal departments enumerated in G.S. 143B-6, and The University of North Carolina shall develop and submit to the Director for review and approval on or before March 1 annually an Equal Employment Opportunity plan which shall include goals and programs that provide positive measures to assure equitable and fair representation of North Carolina's citizens.

(b) The Director shall provide services of Equal Employment Opportunity technical assistance, training, oversight, monitoring, evaluation, support programs, and reporting to assure that the State government's workforce is diverse at all occupational levels. These services shall be provided by qualified personnel.

"Article 16.

"The Privacy of Employee Personnel Records.

"§ 126A-160. Policies.

The Commission shall establish policies on personnel records of positions subject to this Article.

"§ 126A-161. Personnel files not subject to inspection under G.S. 132-6.

(a) Except as provided in G.S. 126A-162, 126A-162.1, and 126A-163, personnel files of employees shall not be subject to inspection and examination under G.S. 132-6.

(b) The following definitions apply in this Article:

(1) Reserved for future codification purposes.

(2) Employee. – A current employee, former employee, or applicant for employment at an agency.

(3) Personnel file. – Any employment-related or personal information gathered by an employing agency or by OSHR. Employment-related information contained in a personnel file includes information related to an individual's application, selection, promotion, demotion, transfer, leave, salary, contract for employment, benefits, suspension, performance evaluation, disciplinary actions, and termination. Personal information contained in a personnel file

includes an individual's home address, social security number, medical history, personal financial data, marital status, dependents, and beneficiaries.

(4) Record. – The personnel information that each employing agency is required to maintain in accordance with G.S. 126A-162.

(c) Personnel files of former employees who have been separated from agency employment for 10 or more years may be open to inspection and examination, except for papers and documents relating to demotions and to disciplinary actions resulting in the dismissal of the former employee. Retirement files maintained by the Retirement Systems Division of the Department of State Treasurer shall be made public pursuant to G.S. 128-33.1 and G.S. 135-6.1.
"§ 126A-162. Certain records to be kept by agencies open to inspection.

(a) Each employing agency shall maintain a record with the following information for each of its employees:

- (1) Name.
- (2) Date of original employment or appointment to agency service.
- (3) The terms of any contract by which the employee is employed whether written or oral, past and current, to the extent that the agency has such record in its possession.
- (4) Current position.
- (5) Title.
- (6) Current salary.
- (7) Date and amount of each increase or decrease in salary with that agency.
- (8) Date and type of each promotion, demotion, transfer, suspension, separation, or other change in position classification with that agency.
- (9) Date and general description of the reasons for each promotion with that agency.
- (10) Date and type of each dismissal, suspension, or demotion for disciplinary reasons taken by the agency. If the disciplinary action was a dismissal, a copy of the written notice of the final decision of the agency head setting forth the specific acts or omissions that are the basis of the dismissal.
- (11) The office or station to which the employee is currently assigned.

(b) For the purposes of this section, the term "salary" includes pay, benefits, incentives, bonuses, and deferred and all other forms of compensation paid by the employing entity.

(c) Subject only to Commission policies on safekeeping of the records, every person having custody of records shall permit them to be inspected, examined, and copied by any person during regular business hours. Except as provided in G.S. 126A-162.1, any person who is denied access to a record shall have the right to compel compliance with the provisions of this section by application to a court of competent jurisdiction for a writ of mandamus or other appropriate relief.

"§ 126A-162.1. Certain restrictions on access to records.

(a) Notwithstanding G.S. 126A-162, persons in the custody of or under the supervision of the Division of Institutions of the Department of Adult Correction and persons in the custody of local confinement facilities are not entitled to access the records made public under G.S. 126A-162 and are prohibited from obtaining those records, absent a court order authorizing access, custody, or possession of the records.

(b) An attorney investigating allegations of unlawful misconduct or abuse by a Department of Adult Correction, Division of Institutions, employee shall be provided, upon request, the following information about the employee: (i) his or her name, (ii) his or her current or former position within the Division, and (iii) his or her dates of employment. The attorney shall not give the offender copies of records or official documents absent a court order authorizing access, custody, or possession.

"§ 126A-163. Confidential information in personnel files.

(a) All other information contained in a personnel file is confidential and shall not be open for inspection and examination, except to the following persons:

- (1) The employee or his or her properly authorized agent, who may examine his or her own personnel file in its entirety except for (i) letter of references solicited prior to employment or (ii) information concerning a medical disability, mental or physical, that a prudent physician would not divulge to a patient. An employee's medical record may be disclosed to a licensed physician designated in writing by the employee.
- (2) The supervisor and indirect supervisors of the employee.
- (3) A potential agency supervisor during the interview process, only with regard to performance management documents or to prevent application fraud.
- (4) Members of the General Assembly who may inspect and examine personnel records under the authority of G.S. 120-19.
- (5) A party by authority of a proper court order may inspect and examine a particular confidential portion of an employee's personnel file. In this subdivision, "court order" includes a lawfully issued subpoena or discovery request so long as the parties have moved for the court to issue a protective order regarding the confidential personnel file information. A party may lawfully delay producing requested confidential personnel file documents until the court has ruled on that party's motion for protective order regarding those documents.
- (6) An official of an agency of the federal government, State government, or any political subdivision thereof. The official may inspect any personnel records when the inspection is deemed by the agency head as necessary and essential to the proper function of the agency or to protect the safety of another person. This information shall not be divulged for purposes of assisting in a criminal prosecution or for purposes of assisting in a tax investigation.
- (7) Staff performing human resources functions at the employing agency or OSHR.
- (8) Persons accessing a personnel file under G.S. 17C-10.2 or G.S. 17E-7.1.
- (9) A grievant's, during a grievance hearing held by the employing agency, personnel file information may be provided to the grievant to the extent necessary to adjudicate the grievance. If the agency provides confidential personnel file information of a person other than the grievant, the grievant shall keep that information confidential.
- (10) An employing agency subject to this Article conducting a quasi-judicial hearing or a party to that quasi-judicial hearing may have access to relevant material in personnel files and may introduce copies of that material or information based on that material as evidence in the hearing, either (i) upon consent of the employee, former employee, or applicant for employment or (ii) upon subpoena properly issued by the agency either upon request of a party or on its own motion. Nothing in this Chapter shall impose liability on any agent or officer of the State for compliance with this provision.

(b) Notwithstanding any other provision of this Article, an agency head may, in his or her discretion, disclose to a person any promotion, demotion, suspension, reinstatement, transfer, separation, dismissal, employment, or nonemployment of any employee and the reasons for the action. An agency head may also permit any person to inspect or examine the personnel file, or any portion of the file, of an employee when he or she determines that disclosure is essential to maintaining the integrity of the agency or the level or quality of services it provides. Before releasing any information or making any file available under this subsection, the agency head shall prepare a memorandum stating the circumstances requiring disclosure and identifying the

information to be disclosed. The memorandum shall be retained in agency files and shall be a public record.

"§ 126A-164. Remedies of employee objecting to material in file.

(a) An employee who objects to material in the employee's personnel file because he or she considers it inaccurate or misleading may do any of the following:

- (1) Place in his or her file a written statement relating to the material considered inaccurate or misleading.
- (2) Seek the removal of such material from the file in accordance with a grievance procedure under G.S. 126A-85(b).

(b) If the agency determines that material in the employee's personnel file is inaccurate or misleading, the agency shall remove or amend the inaccurate material to ensure that the file is accurate.

(c) Nothing in this section shall be construed to permit an employee to appeal the contents of a performance appraisal or written disciplinary action.

"§ 126A-165. Penalty for permitting access to confidential file by unauthorized person.

Any public official or employee who knowingly and willfully permits any person not specifically authorized by G.S. 126A-163 to have access, custody, or possession of any portion of a personnel file designated as confidential by this Article shall be guilty of a Class 3 misdemeanor and upon conviction shall only be fined in the discretion of the court but not in excess of five hundred dollars (\$500.00).

"§ 126A-166. Penalty for accessing confidential file without authority.

Any person not specifically authorized by G.S. 126A-163 to have access to a personnel file designated as confidential by this Article who knowingly and willfully examines in its official filing place or removes or copies any portion of a confidential personnel file shall be guilty of a Class 3 misdemeanor and upon conviction shall only be fined in the discretion of the court but not in excess of five hundred dollars (\$500.00)."

PART II. LEGISLATIVE HUMAN RESOURCES

SECTION 2.(a) G.S. 120-32 reads as rewritten:

"§ 120-32. Commission duties.

The Legislative Services Commission is authorized to:

- ~~(1) Determine the number, titles, classification, functions, compensation, and other conditions of employment of the joint legislative service employees of the General Assembly, including but not limited to the following departments:~~
 - ~~a. Legislative Services Officer and personnel.~~
 - ~~b. Electronic document writing system.~~
 - ~~c. Proofreaders.~~
 - ~~d. Legislative printing.~~
 - ~~e. Enrolling clerk and personnel.~~
 - ~~f. Library.~~
 - ~~g. Research and bill drafting.~~
 - ~~h. Printed bills.~~
 - ~~i. Disbursing and supply.~~

~~The provisions of G.S. 135-3(a)(8)c. do not apply to temporary employees of the General Assembly with respect to compensation earned while a temporary employee of the General Assembly.~~ Establish human resources policies for the legislative branch, as provided in Article 7E of this Chapter.

- ~~(2) Determine the classification and compensation of employees of the respective houses other than staff-elected officers; however, the hiring of employees of each house and their duties shall be prescribed by the rules and administrative regulations of the respective house;~~

- (2a) ~~Obtain a criminal history record check of a prospective employee, volunteer, or contractor of the General Assembly and lobbyists and liaison personnel registered under Chapter 120C of the General Statutes. The criminal history record check shall be conducted by the State Bureau of Investigation as provided in G.S. 143B-973. G.S.143B-1209.55. The criminal history report shall be provided to the Legislative Services Officer and is not a public record under Chapter 132 of the General Statutes.~~

...."

SECTION 2.(b) G.S. 120-32.5 is repealed.

SECTION 2.(c) Chapter 120 of the General Statutes is amended by adding a new

Article to read:

"Article 7E.

"Legislative Human Resources.

"Part 1. Legislative Services Commission Policies.

"§ 120-36.30. Primary source of law.

In recognition of the separation of powers required by the Constitution of this State, all human resources policies and all matters of employment within the legislative branch are the exclusive jurisdiction of the General Assembly. When in conflict, policies established by the Legislative Services Commission for legislative employees shall supersede all State laws to the contrary.

"§ 120-36.31. Policies.

The Legislative Services Commission is authorized to:

- (1) Determine the number, titles, classification, functions, compensation, and all other conditions of employment of the joint legislative services employees of the General Assembly. The provisions of G.S. 135-3(a)(8)c. do not apply to temporary employees of the General Assembly with respect to compensation earned while a temporary employee of the General Assembly.
- (2) Determine the classification and compensation of employees of the respective houses other than staff-elected officers. The hiring of employees of each house and their duties shall be prescribed by the rules and administrative regulations of the respective house.
- (3) Obtain a criminal history record check of a prospective employee, volunteer, or contractor of the General Assembly and lobbyists and liaison personnel registered under Chapter 120C of the General Statutes. Upon request, the State Bureau of Investigation shall conduct the criminal history record check as provided in G.S. 143B-1209.55. The criminal history report shall be provided to the Legislative Services Officer and is not a public record under Chapter 132 of the General Statutes.
- (4) Confirm an individual's legal status or authorization to work in the United States after hiring the individual as an employee, in accordance with the E-Verify Program administered by the United States Department of Homeland Security pursuant to 8 U.S.C. § 1101, et seq.
- (5) Establish all personnel policies that govern legislative branch employees, including vacation leave, sick leave, parental leave, and all other types of leave benefits and holidays for legislative branch officers and employees. When an individual transfers employment from an executive or judicial branch position to a position in the legislative branch, the leave policies shall credit any vacation and sick leave accrued with the transferring branch if the employee is entitled to vacation and sick leave in the legislative branch position.
- (6) Request that the Office of State Human Resources provide the following programs, benefits, or assistance. Upon request, the Office of State Human Resources shall coordinate:

- a. Flexible compensation benefits for legislative branch employees as provided in G.S. 126A-76.
- b. Safety, health, and workers' compensation programs for legislative branch employees.
- c. Recruitment assistance for legislative branch positions.
- d. Training for legislative branch employees.
- e. Any other programs, benefits, or assistance requested by the Legislative Services Commission.

"§ 120-36.32. Equal employment opportunities.

The General Assembly shall give equal opportunity for employment and compensation, without regard to race, religion, color, national origin, sex, age, disability, or genetic information to all persons otherwise qualified, and shall not retaliate against an employee for protesting alleged violations of this section.

"Part 2. Employee Personnel Records.

"§ 120-36.40. Privacy of employee personnel records.

(a) The following definitions apply in this Part:

- (1) Employee. – A current employee, former employee, or applicant for employment.
- (2) Legislative branch employer. – The office within the legislative branch that hired an employee and has the power to separate the employee from a position. If the legislative branch employer was a legislator who no longer holds office, the Legislative Services Commission shall be deemed the legislative branch employer.
- (3) Personnel file. – Any employment-related or personal information gathered by the legislature. Employment-related information contained in a personnel file includes information related to an individual's application, selection, promotion, demotion, transfer, leave, salary, contract for employment, benefits, suspension, performance evaluation, disciplinary actions, and termination. Personal information contained in a personnel file includes an individual's home address, social security number, medical history, personal financial data, marital status, dependents, and beneficiaries.
- (4) Record. – The personnel information that is maintained in accordance with G.S. 120-36.41.

(b) The Legislative Services Commission shall establish policies on personnel records of positions subject to this Part.

(c) Except as otherwise provided in this Part, personnel files of employees are not administrative records and shall not be subject to inspection and examination under G.S. 132-6. Personnel files of former employees who have been separated from employment for 10 or more years may be open to inspection and examination, except for papers and documents relating to demotions and to disciplinary actions resulting in the dismissal of the former employee.

"§ 120-36.41. Certain records to be kept by legislature open to inspection.

(a) The legislature shall maintain a record with the following information for each of its employees:

- (1) Name.
- (2) Date of original employment or appointment to service.
- (3) The terms of any contract by which the employee is employed whether written or oral, past and current, to the extent that the legislature has such record in its possession.
- (4) Current position.
- (5) Title.
- (6) Current salary.

- (7) Date and amount of each increase or decrease in salary with the legislature.
- (8) Date and type of each promotion, demotion, transfer, suspension, separation, or other change in position classification with the legislature.
- (9) Date and general description of the reasons for each promotion with the legislature.
- (10) The office or station to which the employee is currently assigned.

(b) The Legislative Services Commission shall establish a policy on inspection of the records made public under subsection (a) of this section.

(c) Persons in the custody of or under the supervision of the Division of Institutions of the Department of Adult Correction and persons in the custody of local confinement facilities are not entitled to access the records made public under subsection (a) of this section and are prohibited from obtaining those records.

"§ 120-36.42. Confidential information in personnel files.

(a) Other than information made public by G.S. 120-36.41, all other information contained in a personnel file is confidential and shall not be open for inspection and examination, except to the following persons:

- (1) The employee or his or her properly authorized agent, who may examine his or her own personnel file in its entirety except for (i) letter of references solicited prior to employment or (ii) information concerning a medical disability, mental or physical, that a prudent physician would not divulge to a patient. An employee's medical record may be disclosed to a licensed physician designated in writing by the employee.
- (2) The supervisor and indirect supervisors of the employee.
- (3) A potential supervisor during the interview process, only with regard to performance management documents or to prevent application fraud.
- (4) Members of the General Assembly who may inspect and examine personnel records under the authority of G.S. 120-19.
- (5) A party by authority of a proper court order may inspect and examine a particular confidential portion of an employee's personnel file. In this subdivision, "court order" includes a lawfully issued subpoena or discovery request so long as the parties have moved for the court to issue a protective order regarding the confidential personnel file information. A party may lawfully delay producing requested confidential personnel file documents until the court has ruled on that party's motion for protective order regarding those documents.
- (6) An official of an agency of the federal government, State government, or any political subdivision. The official may inspect any personnel records when the inspection is deemed by the legislative branch employer as necessary and essential to the proper function of the legislature or to protect the safety of another person. This information shall not be divulged for purposes of assisting in a criminal prosecution or for purposes of assisting in a tax investigation.
- (7) Staff performing human resources functions at the legislature.
- (8) Persons accessing a personnel file under G.S. 17C-10.2 or G.S. 17E-7.1.

(b) Notwithstanding any other provision of this Part, the legislative branch employer may, in its discretion, disclose to a person any promotion, demotion, suspension, reinstatement, transfer, separation, dismissal, employment, or nonemployment of any employee and the reasons for the action. The legislative branch employer may also permit any person to inspect or examine the personnel file, or any portion of the file, of an employee when it determines that disclosure is essential to maintaining the integrity of the legislature or the level or quality of services it provides. Before releasing any information or making any file available under this subsection,

the legislative branch employer shall prepare a memorandum stating the circumstances requiring disclosure and identifying the information to be disclosed. The memorandum shall be retained in legislative files and shall be a public record.

"§ 120-36.43. Remedies of employee objecting to material in file.

(a) An employee who objects to material in the employee's personnel file because he or she considers it inaccurate or misleading may place in his or her file a written statement relating to the material considered inaccurate or misleading.

(b) If the legislative branch employer determines that material in the employee's personnel file is inaccurate or misleading, the legislative branch employer shall remove or amend the inaccurate material to ensure that the file is accurate.

(c) Nothing in this section shall be construed to permit an employee to appeal the contents of a performance appraisal or written disciplinary action.

"§ 120-36.44. Penalty for permitting access to confidential file by unauthorized person.

Any public official or employee who knowingly and willfully permits any person not specifically authorized by this Part to have access, custody, or possession of any portion of a personnel file designated as confidential by this Part shall be guilty of a Class 3 misdemeanor and upon conviction shall only be fined in the discretion of the court but not in excess of five hundred dollars (\$500.00).

"§ 120-36.45. Penalty for accessing confidential file without authority.

Any person not specifically authorized by this Part to have access to a personnel file designated as confidential by this Part who knowingly and willfully examines in its official filing place, or removes or copies any portion of a confidential personnel file, shall be guilty of a Class 3 misdemeanor and upon conviction shall only be fined in the discretion of the court but not in excess of five hundred dollars (\$500.00)."

PART III. JUDICIAL HUMAN RESOURCES SYSTEM

SECTION 3. Chapter 7A of the General Statutes is amended by adding a new Article to read:

"Article 28E.

"Judicial Human Resources System.

"Part 1. Policies.

"§ 7A-339. Judicial Human Resources System.

(a) The Director of the Administrative Office of the Courts is authorized to establish policies to:

- (1) Confirm an individual's legal status or authorization to work in the United States after hiring the individual as an employee, in accordance with the E-Verify Program administered by the United States Department of Homeland Security pursuant to 8 U.S.C. § 1101, et seq.
- (2) Establish vacation leave, sick leave, parental leave, and other types of leave benefits and holidays for judicial branch officers and employees. When an individual transfers employment from an executive or legislative branch position to a position in the judicial branch, the leave policies shall credit any vacation and sick leave accrued with the transferring branch if the employee is entitled to vacation and sick leave in the judicial branch position.

(b) At the Director's request, the Office of State Human Resources shall coordinate to:

- (1) Offer flexible compensation benefits for judicial branch employees as provided in G.S. 126A-76.
- (2) Offer safety, health, and workers' compensation programs for judicial branch employees.
- (3) Provide recruitment assistance for judicial branch positions.
- (4) Provide training to judicial branch employees.

- (5) Secure temporary employees for the judicial branch.
- (6) Provide a performance management system for the judicial branch.

"§ 7A-339.05. Equal employment opportunity.

The judicial branch shall give equal opportunity for employment and compensation, without regard to race, religion, color, national origin, sex, age, disability, or genetic information to all persons otherwise qualified, and shall not retaliate against an employee for protesting alleged violations of this section.

"§ 7A-339.10. Ensuring dignity and nondiscrimination in workplaces.

(a) The General Assembly finds that Article I, Section 1 of the Constitution of this State recognizes the equality and rights of all persons. Therefore, it is the intent of the General Assembly that employees respect the dignity of others, acknowledge the right of others to express differing opinions and the right to freedom of speech and association, and that the judicial branch employ training methods and procedures to further that intent.

(b) The judicial branch shall not compel employees to affirm or profess belief in any of the following concepts in the workplace or as part of any employee training program:

- (1) One race or sex is inherently superior to another race or sex.
- (2) An individual, solely by virtue of his or her race or sex, is inherently racist, sexist, or oppressive.
- (3) An individual should be discriminated against or receive adverse treatment solely or partly because of his or her race or sex.
- (4) An individual's moral character is necessarily determined by his or her race or sex.
- (5) An individual, solely by virtue of his or her race or sex, bears responsibility for actions committed in the past by other members of the same race or sex.
- (6) Any individual, solely by virtue of his or her race or sex, should feel discomfort, guilt, anguish, or any other form of psychological distress.
- (7) A meritocracy is inherently racist or sexist.
- (8) The United States was created by members of a particular race or sex for the purpose of oppressing members of another race or sex.
- (9) The United States government should be violently overthrown.
- (10) Particular character traits, values, moral or ethical codes, privileges, or beliefs should be ascribed to a race or sex or to an individual because of the individual's race or sex.
- (11) The rule of law does not exist but instead is a series of power relationships and struggles among racial or other groups.
- (12) All Americans are not created equal and are not endowed by their Creator with certain unalienable rights, including life, liberty, and the pursuit of happiness.
- (13) Governments should deny to any person within the government's jurisdiction the equal protection of the law.

(c) Nothing in this section prevents a private contractor who provides training to employees from responding to questions that are raised by participants in the training and which pertain to the concepts in subsection (b) of this section. However, the private contractor must make it clear that the employer does not endorse those concepts.

(d) This section does not apply to speech protected by the First Amendment of the U.S. Constitution.

"Part 2. Protection for Reporting Improper Government Activities.

"§ 7A-339.15. Duty to report improper government activities.

(a) It is the policy of the State that employees shall have a duty to report verbally or in writing to their supervisor or other appropriate authority evidence of activity in the judicial branch or an employee constituting any of the following:

- (1) A violation of State or federal law, rule, or regulation.

- (2) Fraud.
- (3) Misappropriation of State resources.
- (4) Substantial and specific danger to the public health and safety.
- (5) Gross mismanagement, a gross waste of monies, or gross abuse of authority.

(b) Further, it is the policy of this State that employees be free of intimidation or harassment when reporting to public bodies about matters of public concern, including offering testimony to or testifying before appropriate legislative panels, or providing statements or testimony to agents and employees of legislative panels duly appointed by the President Pro Tempore of the Senate or the Speaker of the House of Representatives designated to conduct inquiries on behalf of a legislative panel.

(c) Officers of the judicial branch and employees exercising supervisory authority shall not discharge, threaten, or otherwise discriminate against an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment because of any of the following:

- (1) The employee, or a person acting on behalf of the employee, reports or is about to report, verbally or in writing, any activity described in subsection (a) of this section, unless the employee knows or has reason to believe that the report is inaccurate.
- (2) The employee has refused to carry out a directive that in fact constitutes a violation of State or federal law, rule, or regulation or poses a substantial and specific danger to the public health and safety.

(d) Employees shall not retaliate against another employee because of any of the following:

- (1) The employee, or a person acting on behalf of the employee, reports or is about to report, verbally or in writing, any activity described in subsection (a) of this section.
- (2) The employee has refused to carry out a directive that may constitute a violation of State or federal law, rule, or regulation or poses a substantial and specific danger to the public health and safety.

(e) The protections of this Part apply to employees who report any activity described in subsection (a) of this section to the State Auditor as authorized by G.S. 147-64.6B, to the Joint Legislative Commission on Governmental Operations as authorized by G.S. 120-75.1, or to a legislative committee as required by G.S. 120-19.

(f) Any employee injured by a violation of this section may maintain an action in superior court against the person or employer who committed the alleged violation within one year after the occurrence. Any claim arising under Article 21 of Chapter 95 of the General Statutes may be maintained pursuant to the provisions of that Article only and may be redressed only by the remedies and relief available under that Article.

(g) A court, in rendering a judgment in an action brought pursuant to this section, may order any one or more of the following:

- (1) An injunction.
- (2) Damages.
- (3) Reinstatement of the employee.
- (4) Payment of back wages.
- (5) Full reinstatement of fringe benefits and seniority rights.
- (6) Payment of costs.
- (7) Reasonable attorneys' fees.
- (8) Any combination of the subdivisions in this subsection.

(h) If an application for a permanent injunction is granted, the employee shall be awarded costs and reasonable attorneys' fees.

(i) If in an action for damages the court finds that the employee was injured by a willful violation of this section, the court shall award as damages three times the amount of actual damages plus costs and reasonable attorneys' fees against the individual or individuals found to be in violation of this section.

(j) The judicial branch shall post notice in accordance with G.S. 95-9 or use other appropriate means to keep employees informed of their protections and obligations under this Part.

(k) An employee's right to speak to a member of the General Assembly at the member's request shall not be directly or indirectly limited by the employee's supervisor or by any policy of the judicial branch.

"Part 3. Employee Personnel Records.

"§ 7A-339.20. Privacy of employee personnel records.

(a) The following definitions apply in this Part:

- (1) Employee. – A current judicial branch employee, former judicial branch employee, or applicant for employment with the judicial branch.
- (2) Judicial branch employer. – The office within the judicial branch that hired an employee and has the power to separate the employee from a position. For elected officials, the judicial branch employer is the office to which the individual was elected. For magistrates, the judicial branch employer is the office of the chief district court judge for the judicial district that includes the magistrate's county of appointment.
- (3) Personnel file. – Any employment-related or personal information gathered by the judicial branch. Employment-related information contained in a personnel file includes information related to an individual's application, selection, promotion, demotion, transfer, leave, salary, contract for employment, benefits, suspension, performance evaluation, disciplinary actions, and termination. Personal information contained in a personnel file includes an individual's home address, social security number, medical history, personal financial data, marital status, dependents, and beneficiaries.
- (4) Record. – The personnel information that is maintained in accordance with G.S. 7A-339.25.

(b) Except as otherwise provided in this Part, personnel files of employees shall not be subject to inspection and examination under G.S. 132-6. Personnel files of former employees who have been separated from employment for 10 or more years may be open to inspection and examination, except for papers and documents relating to demotions and to disciplinary actions resulting in the dismissal of the former employee.

"§ 7A-339.25. Certain records to be kept open to inspection.

(a) The Administrative Office of the Courts shall maintain a record with the following information for each judicial branch employee:

- (1) Name.
- (2) Date of original employment or appointment to service.
- (3) The terms of any contract by which the employee is employed whether written or oral, past and current, to the extent that the judicial branch has such record in its possession.
- (4) Current position.
- (5) Title.
- (6) Current salary.
- (7) Date and amount of each increase or decrease in salary with the judicial branch.
- (8) Date and type of each promotion, demotion, transfer, suspension, separation, or other change in position classification with the judicial branch.

- (9) Date and general description of the reasons for each promotion with the judicial branch.
- (10) Date and type of each dismissal, suspension, or demotion for disciplinary reasons taken by the judicial branch. If the disciplinary action was a dismissal, a copy of the written notice of the final decision setting forth the specific acts or omissions that are the basis of the dismissal.
- (11) The office or station to which the employee is currently assigned.

(b) For the purposes of this section, the term "salary" includes pay, benefits, incentives, bonuses, and deferred and all other forms of compensation paid by the judicial branch.

(c) The Administrative Office of the Courts shall permit records made public by this section to be inspected, examined, and copied by any person during regular business hours. Except as provided in G.S. 7A-339.30, any person who is denied access to a record shall have the right to compel compliance with the provisions of this section by application to a court of competent jurisdiction for a writ of mandamus or other appropriate relief.

"§ 7A-339.30. Certain restrictions on access to records.

The Administrative Office of the Courts is not required to provide persons in the custody of or under the supervision of the Division of Institutions of the Department of Adult Correction and persons in the custody of local confinement facilities access to the records made public under G.S. 7A-339.25, absent a court order authorizing access, custody, or possession of the records.

"§ 7A-339.35. Confidential information in personnel files.

(a) Other than information made public by G.S. 7A-339.25, all other information contained in a personnel file is confidential and shall not be open for inspection and examination, except to the following persons:

- (1) The employee or his or her properly authorized agent, who may examine his or her own personnel file in its entirety except for (i) letter of references solicited prior to employment or (ii) information concerning a medical disability, mental or physical, that a prudent physician would not divulge to a patient. An employee's medical record may be disclosed to a licensed physician designated in writing by the employee.
- (2) The supervisor and indirect supervisors of the employee.
- (3) A potential supervisor during the interview process, only with regard to performance management documents or to prevent application fraud.
- (4) Members of the General Assembly who may inspect and examine personnel records under the authority of G.S. 120-19.
- (5) A party by authority of a proper court order may inspect and examine a particular confidential portion of an employee's personnel file. In this subdivision, "court order" includes a lawfully issued subpoena or discovery request so long as the parties have moved for the court to issue a protective order regarding the confidential personnel file information. A party may lawfully delay producing requested confidential personnel file documents until the court has ruled on that party's motion for protective order regarding those documents.
- (6) An official of an agency of the federal government, State government, or any political subdivision thereof. Such an official may inspect any personnel records when the inspection is deemed by the judicial branch employer as necessary and essential to the proper function of the judicial branch or to protect the safety of another person. This information shall not be divulged for purposes of assisting in a criminal prosecution or for purposes of assisting in a tax investigation.

(7) Staff performing human resources functions for the judicial branch, including staff at the Office of State Human Resources, only to the extent necessary to maintain human resources data on behalf of the judicial branch.

(8) Persons accessing a personnel file under G.S. 17C-10.2 or G.S. 17E-7.1.

(b) Notwithstanding any other provision of this Article, the judicial branch employer may, in its discretion, disclose to a person any promotion, demotion, suspension, reinstatement, transfer, separation, dismissal, employment, or nonemployment of any employee and the reasons for the action. The judicial branch employer may also permit any person to inspect or examine the personnel file, or any portion of the file, of an employee when it determines that disclosure is essential to maintaining the integrity of the judicial branch employer or the level or quality of services it provides. Before releasing any information or making any file available under this subsection, the judicial branch employer shall prepare a memorandum stating the circumstances requiring disclosure and identifying the information to be disclosed. The memorandum shall be retained in the judicial branch employer's files and shall be a public record.

"§ 7A-339.40. Remedies of employee objecting to material in file.

(a) An employee who objects to material in the employee's personnel file because he or she considers it inaccurate or misleading may place in his or her file a written statement relating to the material considered inaccurate or misleading.

(b) If the judicial branch employer determines that material in the employee's personnel file is inaccurate or misleading, the judicial branch employer shall remove or amend the inaccurate material to ensure that the file is accurate.

(c) Nothing in this section shall be construed to permit an employee to appeal the contents of a performance appraisal or written disciplinary action.

"§ 7A-339.45. Penalty for permitting access to confidential file by unauthorized person.

Any public official or employee who knowingly and willfully permits any person not specifically authorized by this Part to have access, custody, or possession of any portion of a personnel file designated as confidential by this Part shall be guilty of a Class 3 misdemeanor and upon conviction shall only be fined in the discretion of the court but not in excess of five hundred dollars (\$500.00).

"§ 7A-339.50. Penalty for accessing confidential file without authority.

Any person not specifically authorized by this Part to have access to a personnel file designated as confidential by this Part who knowingly and willfully examines in its official filing place, or removes or copies any portion of a confidential personnel file, shall be guilty of a Class 3 misdemeanor and upon conviction shall only be fined in the discretion of the court but not in excess of five hundred dollars (\$500.00)."

PART IV. CONFORMING CHANGES

SECTION 4.1. G.S. 1-54(9) reads as rewritten:

"(9) As provided in Article 14 of ~~Chapter 126~~ Chapter 126A of the General Statutes, entitled "Protection for Reporting Improper Government Activities"."

SECTION 4.2. G.S. 7A-29(a) reads as rewritten:

"(a) From any final order or decision of the North Carolina Utilities Commission not governed by subsection (b) of this section, the Department of Health and Human Services under G.S. 131E-188(b), the North Carolina Industrial Commission, the North Carolina State Bar under G.S. 84-28, the Property Tax Commission under G.S. 105-290 and G.S. 105-342, the Commissioner of Insurance under G.S. 58-2-80, the State Board of Elections under G.S. 163-127.6, the Office of Administrative Hearings under ~~G.S. 126-34.02~~, G.S. 126A-84, or the Secretary of Environmental Quality under G.S. 104E-6.2 or G.S. 130A-293, appeal as of right lies directly to the Court of Appeals."

SECTION 4.3. G.S. 7A-146(13) reads as rewritten:

"(13) Investigating written complaints against magistrates. The chief district judge may, in writing, delegate authority to an appointed chief magistrate to make preliminary investigations into written complaints against magistrates and to make a written report of their preliminary findings to the chief district judge. However, the delegation shall not authorize the chief magistrate to make written findings of misconduct or take any disciplinary action. Upon investigation and written findings of misconduct in violation of the Rules of Conduct for Magistrates, a chief district court judge may discipline a magistrate in accordance with the Rules of Conduct for Magistrates. Written complaints received by the chief district court judge and records of investigations into those complaints are to be treated as personnel records under ~~Article 7 of Chapter 126~~ Article 16 of Chapter 126A of the General Statutes. Notwithstanding ~~Article 7 of Chapter 126~~ Article 16 of Chapter 126A of the General Statutes, once a letter of caution, written reprimand, or suspension has been issued by the chief district court judge, the written complaint, and the record of the chief district court judge's action on that complaint, including any investigatory records, are no longer confidential personnel records."

SECTION 4.4. G.S. 7A-754 reads as rewritten:

"§ 7A-754. Qualifications; standards of conduct; removal.

Only persons duly authorized to practice law in the General Court of Justice shall be eligible for appointment as the Director and chief administrative law judge or as an administrative law judge in the Office of Administrative Hearings. The Chief Administrative Law Judge and the administrative law judges shall comply with the Model Code of Judicial Conduct for State Administrative Law Judges, as adopted by the National Conference of Administrative Law Judges, Judicial Division, American Bar Association, (revised August 1998), as amended from time to time, except that the provisions of this section shall control as to the private practice of law in lieu of Canon 4G, and ~~G.S. 126-13~~ G.S. 126A-100 shall control as to political activity in lieu of Canon 5. Failure to comply with the applicable provisions of the Model Code may constitute just cause for disciplinary action under ~~Chapter 126~~ Chapter 126A of the General Statutes and grounds for removal from office. Neither the chief administrative law judge nor any administrative law judge may engage in the private practice of law as defined in G.S. 84-2.1 while in office; violation of this provision shall constitute just cause for disciplinary action under ~~Chapter 126~~ Chapter 126A of the General Statutes and shall be grounds for removal from office. Each administrative law judge shall take the oaths required by Chapter 11 of the General Statutes. An administrative law judge may be removed from office by the Director of the Office of Administrative Hearings for just cause, as that term is used in ~~G.S. 126-35~~ G.S. 126A-81 and this section."

SECTION 4.5. G.S. 7A-759 reads as rewritten:

"§ 7A-759. Role as deferral agency.

(a) The Office of Administrative Hearings is designated to serve as the State's deferral agency for cases deferred by the Equal Employment Opportunity Commission to the Office of Administrative Hearings as provided in Section 706 of the Civil Rights Act of 1964, 42 U.S.C. § 2000e-5, the Age Discrimination in Employment Act, 29 U.S.C. § 621 et seq., and the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq. for charges filed by State or local government employees covered under ~~Chapter 126~~ Chapter 126A of the General Statutes and shall have all of the powers and authority necessary to function as a deferral agency.

(b) The Chief Administrative Law Judge is authorized and directed to contract with the Equal Employment Opportunity Commission for the Office of Administrative Hearings to serve as a deferral agency and to establish and maintain a Civil Rights Division in the Office of Administrative Hearings to carry out the functions of a deferral agency.

(b1) As provided in the contract between the Office of Administrative Hearings and the Equal Employment Opportunity Commission, a deferred charge for purposes of 42 U.S.C. § 2000e-5(c) or (d) is a charge that is filed by a State or local government employee covered under ~~Chapter 126~~ Chapter 126A of the General Statutes and alleges an unlawful employment practice prohibited under that Chapter or any other State law. A deferred charge may be filed with either agency.

The date a deferred charge is filed with either agency is considered to be a commencement of proceedings under State law for purposes of 42 U.S.C. § 2000e-5(c) or (d). The filing of a deferred charge automatically tolls the time limit under ~~G.S. 126-7.2, 126-35, 126-38, G.S. 126A-81 and 150B-23(f)~~ G.S. 150B-23(f) and any other State law that sets a time limit for filing a contested case under Article 3 of Chapter 150B of the General Statutes alleging an unlawful employment practice. These time limits are tolled until the completion of the investigation and of any informal methods of resolution pursued pursuant to subsection (d) of this section.

...."

SECTION 4.6. G.S. 7A-760 reads as rewritten:

"§ 7A-760. Number and status of employees; staff assignments.

(a) The number of administrative law judges of the Office of Administrative Hearings shall be established by the General Assembly. For matters related to Office of Administrative Hearings staff, the Chief Administrative Law Judge shall have the same powers as those granted to the head of a principal State department in G.S. 143B-10(c).

(a1) The Chief Administrative Law Judge and five employees of the Office of Administrative Hearings as designated by the Chief Administrative Law Judge are exempt from provisions of the North Carolina Human Resources Act as provided by ~~G.S. 126-5(e1)(27)~~ G.S. 126A-15. All other employees of the Office of Administrative Hearings are subject to the North Carolina Human Resources Act.

(b) The Chief Administrative Law Judge shall appoint a Codifier of Rules to serve in the Office of Administrative Hearings. No person shall be appointed or designated the Codifier of Rules except as provided in this section. The salary of the Codifier of Rules shall be ninety percent (90%) of the salary of the Chief Administrative Law Judge. In lieu of merit and other increment raises, the Codifier of Rules shall receive longevity pay on the same basis as is provided to employees who are subject to the North Carolina Human Resources Act."

SECTION 4.7. G.S. 18C-113(c) reads as rewritten:

"(c) Personnel records of the Commission are subject to ~~Article 7 of Chapter 126~~ Article 16 of Chapter 126A of the General Statutes."

SECTION 4.8. G.S. 18C-120 reads as rewritten:

"§ 18C-120. Selection of the Director; powers and duties.

(a) The Commission shall select a Director to operate and administer the Lottery and to serve as the Secretary of the Commission. Except as to the provisions of ~~Articles 6 and 7 of Chapter 126~~ Articles 15 and 16 of Chapter 126A of the General Statutes, the Director shall be exempt from the North Carolina Human Resources Act.

(b) The Director shall have the following powers and duties, under the supervision of the Commission:

...

(3) To set the salaries of all Commission employees, subject to the approval of the Commission. Except for the provisions of ~~Articles 6 and 7 of Chapter 126~~ Articles 15 and 16 of Chapter 126A of the General Statutes, all employees of the Commission shall be exempt from the North Carolina Human Resources Act.

...."

SECTION 4.9. G.S. 53C-2-3 reads as rewritten:

"§ 53C-2-3. The Office of the Commissioner of Banks.

...

(c) Except as otherwise provided in this Chapter, the OCOB and its employees are exempt from portions of the North Carolina Human Resources Act as provided in G.S. 126A-15.2, including the classification and compensation rules policies established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4); G.S. 126-4(5) only as it applies to for classification, compensation, hours and days of work, vacation, vacation and sick leave; G.S. 126-4(6) only as it applies to leave, promotion and transfer; G.S. 126-4(10) only as it applies to the transfer, and prohibition of the establishment of incentive pay programs; and Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1. programs. The salary of the Commissioner shall be fixed by the General Assembly.

(d) The Attorney General shall assign an attorney from the Department of Justice to work full time with the Commission. The attorney shall be subject to all provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes relating to the State Human Resources system. The Commission shall fully reimburse the Department of Justice for the compensation, secretarial support, equipment, supplies, records, and other property to support the attorney."

SECTION 4.10. G.S. 62-12 reads as rewritten:

"§ 62-12. Organization of Commission; adoption of rules and regulations therefor.

To facilitate the work of the Commission and for administrative purposes, the chairman of the Commission, with the consent and approval of the Commission, may organize the work of the Commission in several hearing divisions and operating departments and may designate a member of the Commission as the head of any division or divisions and assign to members of the Commission various duties in connection therewith. Subject to the provisions of the North Carolina Human Resources Act (~~Article 2 of Chapter 143 of the General Statutes~~), Act, the Commission shall prepare and adopt rules and regulations governing the personnel, departments or divisions and all internal affairs and business of the Commission."

SECTION 4.11. G.S. 62-14 reads as rewritten:

"§ 62-14. Commission staff; structure and function.

(a) The Commission is authorized and empowered to employ hearing examiners; court reporters; a chief clerk and deputy clerk; a commission attorney and assistant commission attorney; transportation and pipeline safety inspectors; and such other professional, administrative, technical, and clerical personnel as the Commission may determine to be necessary in the proper discharge of the Commission's duty and responsibility as provided by law. The chairman shall organize and direct the work of the Commission staff.

(b) The salaries and compensation of all such personnel shall be fixed in the manner provided by law for fixing and regulating salaries and compensation by other State agencies, except that the Commission and its employees are exempt from ~~the classification and compensation rules portions of the North Carolina Human Resources Act as provided in G.S. 126A-15.2, including policies established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4); G.S. 126-4(5) only as it applies to for classification, compensation, hours and days of work, vacation, vacation and sick leave; G.S. 126-4(6) only as it applies to leave, promotion and transfer; G.S. 126-4(10) only as it applies to the transfer, and prohibition of the establishment of incentive pay programs; and Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1. programs.~~

(c) The chairman, within allowed budgetary limits and as allowed by law, shall authorize and approve travel, subsistence and related expenses of such personnel, incurred while traveling on official business."

SECTION 4.12. G.S. 62-15(c) reads as rewritten:

"(c) Except for the executive director, the salaries and compensation of all such personnel shall be fixed in the manner provided by law for fixing and regulating salaries and compensation by other State agencies, except that the Public Staff and its employees are exempt from the

~~classification and compensation rules portions of the North Carolina Human Resources Act as provided in G.S. 126A-15.2, including policies established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4); G.S. 126-4(5) only as it applies to for classification, compensation, hours and days of work, vacation, vacation and sick leave; G.S. 126-4(6) only as it applies to leave, promotion and transfer; G.S. 126-4(10) only as it applies to the transfer, and prohibition of the establishment of incentive pay programs; and Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1, programs."~~

SECTION 4.13. G.S. 63A-24(b) reads as rewritten:

"(b) Notwithstanding ~~G.S. 126-5(e1)(15)~~, G.S. 126A-15.2, the Secretary of Transportation may designate employees of the Authority as subject to ~~Chapter 126~~ Chapter 126A of the General Statutes."

SECTION 4.14. G.S. 74-24.19(a) reads as rewritten:

"(a) The Commissioner shall appoint a Director to assist him or her in administering the provisions of this Article and, through the Director, shall have authority to appoint, subject to ~~Chapter 126~~ Chapter 126A of the General Statutes of North Carolina, such officers, engineers, inspectors, and employees as he or she deems requisite for the administration of this Article; and to prescribe powers, duties, and responsibilities of all officers, engineers, inspectors, and employees engaged in the administration of this Article."

SECTION 4.15. G.S. 90-270.51(f) reads as rewritten:

"(f) The Board may employ, subject to the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes, attorneys, experts, and other employees as necessary to perform its duties."

SECTION 4.16. G.S. 90-333(h) reads as rewritten:

"(h) The Board may employ, subject to the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes, the necessary personnel for the performance of its functions, and fix their compensation within the limits of funds available to the Board."

SECTION 4.17. G.S. 90B-5(e) reads as rewritten:

"(e) The Board may employ, subject to the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes, the necessary personnel for the performance of its functions, and fix their compensation within the limits of funds available to the Board."

SECTION 4.18. G.S. 95-127(3) reads as rewritten:

"(3) Classified service. – A position included in the State Merit System of ~~Personnel Administration~~ Human Resources subject to the laws, rules and regulations of the ~~State Personnel Board~~ State Human Resources Commission as administered by the ~~State Personnel~~ Director of the Office of State Human Resources and as set forth in ~~Chapter 126~~ Chapter 126A of the General Statutes."

SECTION 4.19. G.S. 97-77(b) reads as rewritten:

"(b) One member, to be designated by the Governor, shall act as chairman.

The chairman shall be the chief judicial officer and the chief executive officer of the Industrial Commission; such authority shall be exercised pursuant to the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes and the rules and policies of the State Human Resources Commission. Notwithstanding the provisions of this Chapter, the chairman shall have such authority as is necessary to direct and oversee the Commission. The chairman may delegate any duties and responsibilities as may be necessary to ensure the proper management of the Industrial Commission. Notwithstanding the provisions of this Chapter, Chapter 143A, and Chapter 143B of the General Statutes, the chairman may hire or fire personnel and transfer personnel within the Industrial Commission.

The Governor may designate one vice-chairman from the remaining commissioners."

SECTION 4.20. G.S. 99A-2(e) reads as rewritten:

"(e) Nothing in this section shall be construed to diminish the protections provided to employees under Article 21 of Chapter 95 or Article 14 of ~~Chapter 126~~ Chapter 126A of the General Statutes, nor may any party who is covered by these Articles be liable under this section."

SECTION 4.21. G.S. 114-4 reads as rewritten:

"§ 114-4. Assistants; compensation; assignments.

The Attorney General shall be allowed to appoint from among his or her staff such number of assistant attorneys general as he or she shall deem advisable, and each of such assistant attorneys general shall be subject to all of the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes relating to the State Human Resources system. Two assistant attorneys general shall be assigned to the State Department of Revenue. The other assistant attorneys general shall perform such duties as may be assigned by the Attorney General: ~~Provided, however, the General.~~ The provisions of this section shall not be construed as preventing the Attorney General from assigning additional duties to the assistant attorneys general assigned to the State Department of Revenue."

SECTION 4.22. G.S. 114-4.2B reads as rewritten:

"§ 114-4.2B. Employment of attorney for University of North Carolina Hospitals at Chapel Hill.

The Attorney General is hereby authorized to employ an attorney to be assigned by him full time to the University of North Carolina Hospitals at Chapel Hill. Such attorney shall be subject to all the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes, relating to the State Human Resources system. Such attorney shall also perform additional duties as may be assigned to him by the Attorney General.

The attorney employed by the Attorney General under provisions of this section shall be paid from the funds of the University of North Carolina Hospitals at Chapel Hill."

SECTION 4.23. G.S. 114-4.2C reads as rewritten:

"§ 114-4.2C. Employment of attorney for the Real Estate Commission.

The Attorney General is hereby authorized to employ an attorney and assign him full time to the North Carolina Real Estate Commission. Such attorney shall be subject to all the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes relating to the State Human Resources system. Such attorney shall also perform such additional duties as may be assigned to him by the Attorney General.

The North Carolina Real Estate Commission shall fully reimburse the North Carolina Department of Justice for the compensation of such attorney employed under the provisions of this section."

SECTION 4.24. G.S. 115C-21(a)(1) reads as rewritten:

"(1) To organize and establish a Department of Public Instruction which shall include divisions and departments for supervision and administration of the public school system, to administer the funds appropriated for the operation of the Department of Public Instruction, in accordance with all needed rules and regulations adopted by the State Board of Education, and to enter into contracts for the operations of the Department of Public Instruction. All appointments of administrative and supervisory personnel to the staff of the Department of Public Instruction and the State Board of Education, except for certain personnel appointed by the State Board of Education as provided in G.S. 115C-11(j), shall be under the control and management of the Superintendent of Public Instruction who may terminate these appointments in conformity with ~~Chapter 126~~ Chapter 126A of the General Statutes, the North Carolina Human Resources Act."

SECTION 4.25. G.S. 115C-64.28(b) reads as rewritten:

"(b) The Associate Superintendent shall be appointed by the Superintendent of Public Instruction at a salary established by the Superintendent of Public Instruction within the funds

appropriated for that purpose. The Associate Superintendent may be removed from the position by the Superintendent of Public Instruction. The Associate Superintendent shall be exempt from the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes, except for ~~Articles 6 and 7~~ of ~~Chapter 126~~ Articles 15 and 16 of Chapter 126A of the General Statutes.

All other staff shall be appointed, supervised, and directed by the Associate Superintendent and shall be subject to the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes. Except for the Associate Superintendent, salaries and compensation of all staff personnel shall be fixed in the manner provided by law for fixing and regulating salaries and compensation by other State agencies."

SECTION 4.26. G.S. 115C-218.90(a)(6) reads as rewritten:

"(6) A board of directors may (i) provide paid parental leave consistent with the requirements of ~~G.S. 126-8.6~~ G.S. 126A-71 or (ii) require, as a condition of a contract with an education management organization or charter management organization to employ and provide teachers, that paid parental leave be provided to those teachers consistent with the requirements of ~~G.S. 126-8.6~~ G.S. 126A-71. If the board provides paid parental leave to its employees or requires paid parental leave be provided by contract, it shall be eligible to receive funds as provided in G.S. 115C-336.1(b). If the board does not provide paid parental leave, it shall provide written notice to individuals upon offering employment. The notice shall state that employment with the charter school will not count toward any minimum period of service established pursuant to ~~G.S. 126-8.6(e1)~~ G.S. 126A-71."

SECTION 4.27. G.S. 115C-238.68 reads as rewritten:

"§ 115C-238.68. Employees.

The board of directors shall appoint all certified and noncertified staff.

- ...
- (7) Exemptions. – Employees of the board of directors shall be exempt from ~~Chapter 126~~ Chapter 126A of the General Statutes, except ~~Articles 6 and 7~~ Articles 15 and 16.
- (8) Paid parental leave. – Teachers employed by the board of directors shall be eligible for paid parental leave as provided in ~~G.S. 126-8.6~~ G.S. 126A-71. The board of directors shall be eligible to receive funds as provided in G.S. 115C-336.1(b)."

SECTION 4.28. G.S. 115C-268.1(g) reads as rewritten:

"(g) Personnel. – The Commission may employ, subject to ~~Chapter 126~~ Chapter 126A of the General Statutes, the necessary personnel for the performance of its functions and fix compensation within the limits of funds available to the Commission."

SECTION 4.29. G.S. 115C-302.1(j) reads as rewritten:

"(j) Parental Leave. – In addition to paid parental leave authorized by ~~G.S. 126-8.6~~ G.S. 126A-71, a teacher may use annual leave, personal leave, or leave without pay to care for a newborn child or for a child placed with the teacher for adoption or foster care. A teacher may also use up to 30 days of sick leave to care for a child placed with the teacher for adoption. The leave may be for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the teacher and local board of education agree otherwise."

SECTION 4.30. G.S. 115C-336.1 reads as rewritten:

"§ 115C-336.1. Parental leave.

(a) In addition to paid parental leave authorized by ~~G.S. 126-8.6~~ G.S. 126A-71, a school employee may use annual leave or leave without pay to care for a newborn child or for a child placed with the employee for adoption or foster care. A school employee may also use up to 30 days of sick leave to care for a child placed with the employee for adoption. The leave may be

for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the school employee and the local board of education agree otherwise.

(b) To the extent funds are made available for this purpose, the Department of Public Instruction shall administer funds to public school units for the payment of substitute teachers for any public school unit teacher using paid parental leave as provided in ~~G.S. 126-8.6.~~G.S. 126A-71."

SECTION 4.31. G.S. 115C-407.61(a)(6) reads as rewritten:

"(6) Agree to adopt procedures for its operations that are comparable to those of Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Superintendent. The procedures may provide for the confidentiality of personnel files comparable to ~~Article 7 of Chapter 126~~ Article 16 of Chapter 126A of the General Statutes."

SECTION 4.32. G.S. 115D-3(a3) reads as rewritten:

"(a3) The President shall be assisted by such professional staff members as may be deemed necessary to carry out the provisions of this Chapter, who shall be elected by the State Board on nomination of the President. The compensation of the staff members elected by the Board shall be fixed by the State Board of Community Colleges, upon recommendation of the President of the Community Colleges System, from funds provided in the Current Operations Appropriations Act. These staff members shall include such officers as may be deemed desirable by the President and State Board. Provision shall be made for persons of high competence and strong professional experience in such areas as academic affairs, public service programs, business and financial affairs, institutional studies and long-range planning, student affairs, research, legal affairs, health affairs and institutional development, and for State and federal programs administered by the State Board. In addition, the President shall be assisted by such other employees as may be needed to carry out the provisions of this Chapter, who shall be subject to the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes. The staff complement shall be established by the State Board on recommendation of the President to insure that there are persons on the staff who have the professional competence and experience to carry out the duties assigned and to insure that there are persons on the staff who are familiar with the problems and capabilities of all of the principal types of institutions represented in the system."

SECTION 4.33. G.S. 116-14(b) reads as rewritten:

"(b) The President shall be assisted by such professional staff members as may be deemed necessary to carry out the provisions of this Article, who shall be elected by the Board on nomination of the President. The Board shall fix the compensation of the staff members it elects. These staff members shall include a senior vice-president and such other vice-presidents and officers as may be deemed desirable. Provision shall be made for persons of high competence and strong professional experience in such areas as academic affairs, public service programs, business and financial affairs, institutional studies and long-range planning, student affairs, research, legal affairs, health affairs and institutional development, and for State and federal programs administered by the Board. In addition, the President shall be assisted by such other employees as may be needed to carry out the provisions of this Article, who shall be subject to the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes. The staff complement shall be established by the Board on recommendation of the President to insure that there are persons on the staff who have the professional competence and experience to carry out the duties assigned and to insure that there are persons on the staff who are familiar with the problems and capabilities of all of the principal types of institutions represented in the system. Subject to approval by the Board, the President may establish and abolish employment positions within the staff complement authorized by this subsection in the manner of and under the conditions prescribed by G.S. 116-30.4 for special responsibility constituent institutions."

SECTION 4.34. G.S. 116-30.4 reads as rewritten:

"§ 116-30.4. Position management.

The Chancellor of a special responsibility constituent institution, when he finds that to do so would help to maintain and advance the programs and services of the institution, may establish and abolish positions, acting in accordance with:

- (1) State personnel policies and procedures if these positions are subject to the North Carolina Human Resources Act and if the institution is operating under the terms of a Performance Agreement or a Decentralization Agreement authorized under ~~Chapter 126~~ Chapter 126A of the General Statutes; or
- (2) Policies and procedures of the Board of Governors if these positions are exempt from the North Carolina Human Resources Act.

The results achieved by establishing and abolishing positions pursuant to the conditions set forth in subdivision (1) of this section shall be subject to postauditing by the Office of State Human Resources. Implementation of personnel actions shall be subject to the availability of funds within the institution's current budget to fund the full annualized costs of these actions."

SECTION 4.35. G.S. 116-33.2 reads as rewritten:

"§ 116-33.2. Cooperative Extension Service employees.

The Board of Trustees of North Carolina State University shall adopt personnel policies governing the employment of the employees of the North Carolina Cooperative Extension Service who are exempted from certain provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes pursuant to ~~G.S. 126-5(e1)(9a)~~ G.S. 126A-15.2."

SECTION 4.36. G.S. 116-37.3(b) reads as rewritten:

"(b) Personnel. – Employees of UNC-CH Dental School Clinical Operations shall be deemed to be employees of the State and shall be subject to all relevant provisions of State law ~~relevant thereto; provided, however, that except as to the provisions of Articles 5, 6, 7, and 14 of Chapter 126 of the General law.~~ Except as provided in Part 3 of Article 1 of Chapter 126A of the General Statutes-Statutes, the North Carolina Human Resources Act shall not apply to employees of UNC-CH Dental School Clinical Operations, and the policies and procedures governing the terms and conditions of employment of such employees shall be adopted by the Board of Trustees of the University of North Carolina at Chapel Hill; provided, that with Hill. With respect to such employees as may be members of the faculty of the University of North Carolina at Chapel Hill, no such policies and procedures may be inconsistent with policies established by, or adopted pursuant to delegation from, the Board of Governors of The University of North Carolina. ~~Such~~ These policies and procedures shall be implemented on behalf of UNC-CH Dental School Clinical Operations by a personnel office maintained by the University of North Carolina at Chapel Hill. The following provisions apply:

- (1) The board of trustees shall fix or approve the schedules of pay, expense allowances, and other compensation, and adopt position classification plans for employees of UNC-CH Dental School Clinical Operations.
- (2) The board of trustees may adopt or provide for rules and regulations concerning, but not limited to, annual leave, sick leave, special leave with full pay, or with partial pay supplementing workers' compensation payments for employees injured in accidents arising out of and in the course of employment, working conditions, service awards, and incentive award programs, grounds for dismissal, demotion, or discipline, other personnel policies, and any other measures that promote the hiring and retention of capable, diligent, and effective career employees. However, an employee who ~~has achieved~~ was appointed as a career State employee status employee, as defined by ~~G.S. 126-1.1~~ G.S. 126A-2, by June 30, 2022, shall not have his or her compensation reduced as a result of this subdivision. Further, an employee who ~~has achieved~~ was appointed as a career State employee status employee, as defined by ~~G.S. 126-1.1~~ G.S. 126A-2, by June 30, 2022, shall be subject to the rules regarding discipline or discharge that were effective on June 30,

2022, and shall not be subject to the rules regarding discipline or discharge adopted after June 30, 2022.

- (3) The board of trustees may prescribe the office hours, workdays, and holidays to be observed by the various offices and departments of UNC-CH Dental School Clinical Operations.
- (4) The board of trustees may establish boards, committees, or councils to conduct hearings upon the appeal of employees who have been suspended, demoted, otherwise disciplined, or discharged, to hear employee grievances, or to undertake any other duties relating to personnel administration that the board of trustees may direct.

The board of trustees shall submit all initial classification and pay plans, and other rules and regulations adopted pursuant to subdivisions (1) through (4) of this subsection, to the Office of State Human Resources for review upon adoption by the board. Any subsequent changes to these plans, rules, and policies adopted by the board shall be submitted to the Office of State Human Resources for review. Any comments by the Office of State Human Resources shall be submitted to the Chancellor of the University of North Carolina at Chapel Hill and the President of The University of North Carolina."

SECTION 4.37. G.S. 116-239.10 reads as rewritten:

"§ 116-239.10. Employees.

The chancellor shall appoint all licensed and nonlicensed staff in accordance with the following:

- ...
- (8) Exemptions. – Employees of the constituent institution shall be exempt from ~~Chapter 126~~ Chapter 126A of the General Statutes, except ~~Articles 6 and 7~~ Articles 15 and 16.
 - (9) Paid parental leave. – Teachers employed by the board of the constituent institution shall be eligible for paid parental leave as provided in ~~G.S. 126-8.6~~ G.S. 126A-71. The constituent institution shall be eligible to receive funds as provided in G.S. 115C-336.1(b)."

SECTION 4.38. G.S. 116-350.30(a) reads as rewritten:

"(a) Employment Authority. – The System may employ a workforce to conduct its operations. Employees who are employed directly by the System, and not by a System affiliate, are State employees whose terms and conditions of employment, including benefit plans and programs, are determined by the Board. ~~Only Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, Except as provided in Part 3 of Article 1 of Chapter 126A of the General Statutes, the State North Carolina Human Resources Act, Act shall not apply to these State employees.~~ The Board of the System may authorize the System to employ the faculty and staff of the University of North Carolina School of Medicine as well as other health affairs schools and components of the University of North Carolina at Chapel Hill subject to the provisions of this subsection, provided that any employees who are faculty members shall remain subject to the faculty policies of the University of North Carolina at Chapel Hill, as established or adopted pursuant to delegation from the Board of Governors of The University of North Carolina. A State employee employed by the System immediately prior to January 1, 2024, has the right to (i) continued State employment if the employee remains in the employee's current role or position, unless terminated in accordance with the terms of employment that existed immediately prior to January 1, 2024, subject to all relevant provisions of State and federal law and (ii) continued participation in the State Teachers' and State Employees' Retirement System if the employee was enrolled in the Retirement System immediately prior to January 1, 2024, and maintains State employee status."

SECTION 4.39. G.S. 116-360.5(2) is repealed.

SECTION 4.40. G.S. 116-360.15(b) reads as rewritten:

"(b) Certain Career State Employees. – Notwithstanding subsection (a) of this section, all of the following applies:

- (1) For employees of the Medical Faculty Practice Plan. – The compensation of a State employee who ~~achieved~~ was appointed as a career State employee status employee, as defined by G.S. 126A-2, by October 31, 1998, shall not be reduced as a result of this section and that employee shall (i) remain subject to the rules regarding discipline or discharge that were effective on October 31, 1998, and (ii) not be subject to the rules regarding discipline or discharge adopted after that date.
- (2) For employees of the ECU Dental School Clinical Operations. – The compensation of a State employee who ~~achieved~~ was appointed as a career State employee status employee, as defined by G.S. 126A-2, by June 30, 2022, shall not be reduced as a result of this section and that employee shall (i) remain subject to the rules regarding discipline or discharge that were effective on June 30, 2022, and (ii) not be subject to the rules regarding discipline or discharge adopted after that date."

SECTION 4.41. G.S. 120-86.1 reads as rewritten:

"§ 120-86.1. Personnel-related action unethical.

It shall be unethical for a legislator to take, promise, or threaten any legislative action, as defined in G.S. 120C-100(9), for the purpose of influencing or in retaliation for any action regarding State employee hirings, promotions, grievances, or disciplinary actions subject to ~~Chapter 126~~ Chapter 126A of the General Statutes."

SECTION 4.42. G.S. 122C-112.1(b)(6) reads as rewritten:

- "(6) Notwithstanding ~~G.S. 126-18,~~ G.S. 126A-52, authorize funds for contracting with a person, firm, or corporation for aid or assistance in locating, recruiting, or arranging employment of health care professionals in any facility listed in G.S. 122C-181."

SECTION 4.43. G.S. 122C-121(a1) reads as rewritten:

"(a1) The area board shall establish the area director's salary under ~~Article 3 of Chapter 126~~ Article 12 of Chapter 126A of the General Statutes. Notwithstanding ~~G.S. 126-9(b),~~ G.S. 126A-120, an area director may be paid a salary that is in excess of the salary ranges established by the State Human Resources Commission. Any salary that is higher than the maximum of the applicable salary range shall be supported by documentation of comparable salaries in comparable operations within the region and shall also include the specific amount the board proposes to pay the director. The area board shall not authorize any salary adjustment that is above the normal allowable salary range without obtaining prior approval from the Director of the Office of State Human Resources."

SECTION 4.44. G.S. 122C-154 reads as rewritten:

"§ 122C-154. Personnel.

Employees under the direct supervision of the area director are employees of the area authority. For the purpose of personnel administration, ~~Chapter 126~~ Chapter 126A of the General Statutes applies unless otherwise provided in this Article. Notwithstanding ~~G.S. 126-9(b),~~ G.S. 126A-120, an employee of an area authority may be paid a salary that is in excess of the salary ranges established by the State Human Resources Commission. Any salary that is higher than the maximum of the applicable salary range shall be supported by documentation of comparable salaries in comparable operations within the region and shall also include the specific amount the board proposes to pay the employee. The area board shall not authorize any salary adjustment that is above the normal allowable salary range without obtaining prior approval from the Director of the Office of State Human Resources."

SECTION 4.45. G.S. 122C-156(a) reads as rewritten:

"(a) The area authority shall establish a salary plan which shall set the salaries for employees of the area authority. The salary plan shall be in compliance with ~~Chapter 126~~ Chapter 126A of the General Statutes. In a multi-county area, the salary plan shall not exceed the highest paying salary plan of any county in that area. In a single-county area, the salary plan shall not exceed the county's salary plan. The salary plan limitations set forth in this section may be exceeded only if the area authority and the board or boards of county commissioners, as the case may be, jointly agree to exceed these limitations."

SECTION 4.46. G.S. 122C-191(b) reads as rewritten:

"(b) Each area authority and State facility shall comply with the rules of the Commission regarding quality assurance activities, including: program evaluation; utilization and peer review; and staff qualifications, privileging, supervision, education, and training. These rules may not nullify compliance otherwise required by ~~Chapter 126~~ Chapter 126A of the General Statutes."

SECTION 4.47. G.S. 122C-270(f) reads as rewritten:

"(f) The Attorney General may employ four attorneys, one to be assigned by him full-time to each of the State facilities for the mentally ill, to represent the State's interest at commitment hearings, rehearings and supplemental hearings held under this Article at the State facilities for respondents admitted to those facilities pursuant to Part 3, 4, 7, or 8 of this Article or G.S. 15A-1321 and to provide liaison and consultation services concerning these matters. These attorneys are subject to ~~Chapter 126~~ Chapter 126A of the General Statutes and shall also perform additional duties as may be assigned by the Attorney General. The attorney employed by the Attorney General in accordance with G.S. 114-4.2B shall represent the State's interest at commitment hearings, rehearings and supplemental hearings held for respondents admitted to the University of North Carolina Hospitals at Chapel Hill pursuant to Part 3, 4, 7, or 8 of this Article or G.S. 15A-1321."

SECTION 4.48. G.S. 128-15(d) reads as rewritten:

"(d) The provisions of this section shall be subject to the provisions of Article 1 of Chapter 165 of the General Statutes, ~~G.S. 126-83, Statutes and Parts 13 and 19 of Article 9 of Chapter 143B of the General Statutes.~~ Exempt policymaking employees and designated employees of policymakers, statutorily exempt employees, State employees compensated as teachers, as defined in Chapter 126A of the General Statutes, employees of the legislative and judicial branches, and employees covered by G.S. 126A-15.1(b) are subject to this statute."

SECTION 4.49. G.S. 128-24(6) reads as rewritten:

"(6) Employees of a sending agency participating in an intergovernmental exchange of personnel under the provisions of ~~Article 10 of Chapter 126~~ Part 2 of Article 5 of Chapter 126A of the General Statutes shall remain members entitled to all benefits of the Retirement System provided that the requirements of ~~Article 10 of Chapter 126~~ Part 2 of Article 5 of Chapter 126A of the General Statutes are met. A member may retain membership status while serving as an assigned employee or employee on leave under the provisions of ~~Article 10 of Chapter 126~~ Part 2 of Article 5 of Chapter 126A of the General Statutes for purposes of receiving the death benefit and, if applicable, benefits under the Death Benefit Plan regardless of whether the member and the member's employer are contributing to the member's account during the exchange period, except that no duplicate benefits shall be paid."

SECTION 4.50. G.S. 128-33.1(a) reads as rewritten:

"(a) The following definitions apply in this section:

- (1) Employment-related information. – As defined in ~~G.S. 126-22(b)(3)~~ G.S. 126A-161.
- (2) Personal information. – As defined in ~~G.S. 126-22(b)(3)~~ G.S. 126A-161.

- (3) Retirement file. – Any employment-related, retirement-related, or personal information of members in a State-administered retirement plan gathered by the Retirement Systems Division of the Department of State Treasurer.
- (4) Retirement-related information. – Information including membership and service details, benefit payment information, and other information the Retirement Systems Division of the Department of State Treasurer deems necessary to administer a retirement plan."

SECTION 4.51. G.S. 130A-41(b)(12) reads as rewritten:

"(12) To employ and dismiss employees of the local health department in accordance with ~~Chapter 126~~ Chapter 126A of the General Statutes; and"

SECTION 4.52. G.S. 130A-45.12 reads as rewritten:

"§ 130A-45.12. Personnel.

Employees under the supervision of the public health authority director are employees of the public health authority and shall be exempt from ~~Chapter 126~~ Chapter 126A of the General Statutes, unless otherwise provided in this Part."

SECTION 4.53. G.S. 132-1.4A(b) reads as rewritten:

"(b) Public Record and Personnel Record Classification. – Recordings are not public records as defined by G.S. 132-1. Recordings are not personnel records as defined in ~~Part 7 of Chapter 126~~ Article 16 of Chapter 126A of the General Statutes, G.S. 160A-168, or G.S. 153A-98."

SECTION 4.54. G.S. 135-3(c) reads as rewritten:

"(c) Members who are participating in an intergovernmental exchange of personnel under the provisions of ~~Article 10 of Chapter 126~~ Part 2 of Article 5 of Chapter 126A of the General Statutes may retain their membership status and receive all benefits provided by this Chapter during the period of the exchange provided the requirements of ~~Article 10 of Chapter 126~~ Part 2 of Article 5 of Chapter 126A of the General Statutes are met. A member participating in an intergovernmental exchange of personnel under ~~Article 10 of Chapter 126~~ Part 2 of Article 5 of Chapter 126A of the General Statutes shall, notwithstanding whether the member and the member's employer are making contributions to the member's account during the exchange period, be entitled to the death benefit and, if applicable, benefits under the Death Benefit Plan under Article 8 of this Chapter, if the member otherwise qualifies under the provisions of this Article, except that no duplicate benefits shall be paid."

SECTION 4.55. G.S. 135-5.1(a)(3) reads as rewritten:

"(3) Nonfaculty instructional and research staff who are exempt from the North Carolina Human Resources Act, as defined by the provisions of ~~G.S. 126-5(e1)(8)~~, Part 3 of Article 1 of Chapter 126A of the General Statutes, and the faculty of the North Carolina School of Science and Mathematics."

SECTION 4.56. G.S. 135-6.1(a) reads as rewritten:

"(a) The following definitions apply in this section:

- (1) Employment-related information. – As defined in ~~G.S. 126-22(b)(3)~~ G.S. 126A-161.
- (2) Personal information. – As defined in ~~G.S. 126-22(b)(3)~~ G.S. 126A-161.
- (3) Retirement file. – Any employment-related, retirement-related, or personal information of members in a State-administered retirement plan gathered by the Retirement Systems Division of the Department of State Treasurer.
- (4) Retirement-related information. – Information including membership and service details, benefit payment information, and other information the Retirement Systems Division of the Department of State Treasurer deems necessary to administer a retirement plan."

SECTION 4.57. G.S. 135-48.23 reads as rewritten:

"§ 135-48.23. Executive Administrator.

(a) The Plan shall have an Executive Administrator. The Executive Administrator position is exempt from the provisions of ~~Chapter 126~~ Chapter 126A of the General Statutes as provided in ~~G.S. 126-5(e1)~~ G.S. 126A-15.2.

...."

SECTION 4.58. G.S. 136-4 reads as rewritten:

"§ 136-4. Chief Engineer.

There shall be a Chief Engineer, who shall be a career official and who shall be the administrative officer of the Department of Transportation for highway matters. For purposes of this section, the term "highway matters" includes planning, design, construction, maintenance, operations, procurements, agreements, delivery methods, standards, and specifications for current and future State-maintained roads. The Chief Engineer shall be appointed by the Secretary of Transportation and he or she may be removed at any time by the Secretary of Transportation. He or she shall be paid a salary to be set in accordance with ~~Chapter 126~~ Chapter 126A of the General Statutes, the North Carolina Human Resources Act. The Chief Engineer shall have such powers and perform such duties as the Secretary of Transportation shall prescribe."

SECTION 4.59. G.S. 138A-3(70) reads as rewritten:

"(70) Public servants. – All of the following:

...

e. Confidential assistants and secretaries as defined in ~~G.S. 126-5(e)(2)~~, G.S. 126A-15, to individuals designated under sub-subdivision a., c., or d. of this subdivision.

f. Employees in exempt positions designated in accordance with ~~G.S. 126-5(d)(1), (2), or (2a)~~ G.S. 126A-15.4 and confidential secretaries to these individuals.

...."

SECTION 4.60. G.S. 138A-12 reads as rewritten:

"§ 138A-12. Inquiries by the Commission.

...

(c) Institution of Proceedings. – On its own motion, in response to a signed and sworn, under oath or affirmation, complaint of any registered voter filed with the Commission, or upon the written request of any public servant or those responsible for the hiring, appointing, or supervising of a public servant, the Commission shall conduct an inquiry into any of the following:

- (1) The application or alleged violation of this Chapter.
- (2) For legislators, the application or alleged violations of Part 1 of Article 14 of Chapter 120 of the General Statutes.
- (3) An alleged violation of the criminal law by a covered person in the performance of that individual's official duties.
- (4) An alleged violation of ~~G.S. 126-14~~ G.S. 126A-101.

Upon receipt of a referral under G.S. 147-64.6B or a report under G.S. 147-64.6(c)(19), the Commission may conduct an inquiry under this section on its own motion. Allegations of violations of the Code of Judicial Conduct shall be referred to the Judicial Standards Commission without investigation.

...

(e) Complaint. –

- (1) A sworn complaint filed under this Chapter shall state the name, address, and telephone number of the individual filing the complaint, the name and job title or appointive position of the covered person or legislative employee against whom the complaint is filed, and a concise statement of the nature of the complaint and specific facts indicating that a violation of this Chapter or

Chapter 120 of the General Statutes or ~~G.S. 126-14~~ G.S. 126A-101 or the criminal law in the performance of that individual's official duties has occurred, the date the alleged violation occurred, and either (i) that the contents of the complaint are within the knowledge of the individual verifying the complaint, or (ii) the basis upon which the individual verifying the complaint believes the allegations to be true.

...."

SECTION 4.61. G.S. 143-202.4 reads as rewritten:

"§ 143-202.4. Roanoke Island Festival Park staff.

The Association shall serve as a search committee to seek out, interview, and recommend to the Secretary of Natural and Cultural Resources an Executive Director of Roanoke Island Festival Park. All Festival Park staff shall be considered employees of the Department of Natural and Cultural Resources and shall be paid from the Historic Roanoke Island Fund as provided in G.S. 143-202.3. Except as otherwise provided in this section, or ~~G.S. 126-5, Part 3 of Article 1 of Chapter 126A of the General Statutes,~~ these employees shall retain the same designations under the North Carolina Human Resources Act, ~~Chapter 126~~ Chapter 126A of the General Statutes, as they had prior to the transfer."

SECTION 4.62. G.S. 143-300.35(a) reads as rewritten:

"(a) The sovereign immunity of the State is waived for the limited purpose of allowing State employees, except for those in exempt policy-making positions designated pursuant to ~~G.S. 126-5(d), G.S. 126A-15.4,~~ to maintain lawsuits in State and federal courts and obtain and satisfy judgments against the State or any of its departments, institutions, or agencies under:

- (1) The Fair Labor Standards Act, 29 U.S.C. § 201, et seq.
- (2) The Age Discrimination in Employment Act, 29 U.S.C. § 621, et seq.
- (3) The Family and Medical Leave Act, 29 U.S.C. § 2601, et seq.
- (4) The Americans with Disabilities Act, 42 U.S.C. § 12101, et seq."

SECTION 4.63. G.S. 143-554(a) reads as rewritten:

"(a) Any employee or former employee of an employing entity within the meaning of G.S. 143-552(1)a whose employment is terminated pursuant to the provisions of this Part shall be given the opportunity to appeal the employment termination to the State Human Resources Commission according to the normal appeal and hearing procedures provided by ~~Chapter 126~~ Chapter 126A of the General Statutes and the State Human Resources Commission rules adopted pursuant to the authority of that Chapter; however, nothing herein shall be construed to give the right to termination reviews to anyone exempt from that right under ~~G.S. 126-5, Part 3 of Article 1 of Chapter 126A of the General Statutes.~~"

SECTION 4.64. Article 63 of Chapter 143 of the General Statutes is repealed.

SECTION 4.65. G.S. 143-652.2(f) reads as rewritten:

"(f) Staff Assistance. – The Commission shall hire a person to serve as Executive Director of the Commission. If necessary, the Executive Director may train and contract with independent contractors for the purpose of regulating and monitoring events, issuing licenses, collecting fees, and enforcing rules of the Commission. The Executive Director may initiate and review criminal background checks on persons requesting to work as independent contractors for the Commission or persons applying to be licensed by the Commission. The Commission may also hire additional staff. The Executive Director is exempt from provisions of the North Carolina Human Resources Act as provided by ~~G.S. 126-5, G.S. 126A-15.2.~~ All other staff of the Commission are subject to the North Carolina Human Resources Act."

SECTION 4.66. G.S. 143-728(e) reads as rewritten:

"(e) Benefits. – An officer, employee, or member of a governing board of NCInnovation is not a State employee, is not covered by ~~Chapter 126~~ Chapter 126A of the General Statutes, and is not entitled to State-funded employee benefits, including membership in the Teachers' and

State Employees' Retirement System and the State Health Plan for Teachers and State Employees."

SECTION 4.67. G.S. 143-747(a1) reads as rewritten:

"(a1) The Council shall hire an Executive Director as selected by a majority of the Council. The Executive Director shall serve at the will of the Council and be exempt from the provisions of the North Carolina Human Resources Act under ~~Chapter 126~~ Chapter 126A of the General Statutes."

SECTION 4.68. G.S. 143B-53.2(c) reads as rewritten:

"(c) The exemptions to ~~Chapter 126~~ Chapter 126A of the General Statutes authorized by ~~G.S. 126-5(e11)~~ G.S. 126A-15.2 for the employees of the Department of Natural and Cultural Resources listed in that ~~subsection~~ section shall be used to develop organizational classification and compensation innovations that will result in the enhanced efficiency of operations. The Office of State Human Resources shall assist the Secretary of Natural and Cultural Resources in the development and implementation of an organizational structure and human resources programs that make the most appropriate use of the exemptions, including (i) a system of job categories or descriptions tailored to the agency's needs; (ii) policies regarding paid time off for agency personnel and the voluntary sharing of such time off; and (iii) a system of uniform performance assessments for agency personnel tailored to the agency's needs. The Secretary of Natural and Cultural Resources may, under the supervision of the Office of State Human Resources, develop and implement organizational classification and compensation innovations having the potential to benefit all State agencies."

SECTION 4.69. G.S. 143B-168.12(a)(2) reads as rewritten:

"(2) The North Carolina Partnership and the local partnerships shall agree to adopt procedures for its operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department. The procedures may provide for the confidentiality of personnel files comparable to ~~Article 7~~ Article 16 of ~~Chapter 126~~ Chapter 126A of the General Statutes."

SECTION 4.70. G.S. 143B-168.14(a)(2) reads as rewritten:

"(2) Each local partnership shall agree to adopt procedures for its operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department. The procedures may provide for the confidentiality of personnel files comparable to ~~Article 7 of Chapter 126~~ Article 16 of Chapter 126A of the General Statutes."

SECTION 4.71. G.S. 143B-216.70(b) reads as rewritten:

"(b) Under the direction of the Secretary of Health and Human Services, the Director of the Office of Policy and Planning shall have the authority to direct Divisions, offices, and programs within the Department to conduct periodic reviews of policies, plans, and rules and shall advise the Secretary when it is determined to be appropriate or necessary to modify, amend, and repeal departmental policies, plans, and rules. All policy and management positions within the Office of Policy and Planning are exempt positions ~~as that term is defined in G.S. 126-5~~ as provided in Part 3 of Article 1 of Chapter 126A of the General Statutes."

SECTION 4.72. G.S. 143B-216.80(b)(1) reads as rewritten:

"(1) Employees of the Division of Health Benefits shall not be subject to the North Carolina Human Resources Act, except as provided in ~~G.S. 126-5(e1)(33)~~ G.S. 126A-15.2."

SECTION 4.73. G.S. 143B-394.2(a) reads as rewritten:

"(a) The office of Coordinator of Services for Victims of Sexual Assault is hereby created in the Department of Administration. The office shall be under the direction and supervision of a full-time salaried State employee who shall be designated as the State Coordinator. The State Coordinator shall be appointed by the Secretary of the Department of Administration and shall receive a salary commensurate with State government pay schedules for the duties of this office, or such salary to be set by the State Human Resources Commission pursuant to ~~G.S. 126-4~~, Article 4 of Chapter 126A of the General Statutes. Necessary travel allowance or reimbursement for expenses shall be authorized for the State Coordinator in accordance with G.S. 138-6. Sufficient clerical staff shall be provided under the direction of the Secretary of the Department of Administration."

SECTION 4.74. G.S. 143B-431.01(j) reads as rewritten:

"(j) Benefits. – An officer, employee, or member of a governing board of a North Carolina nonprofit corporation with which the Department contracts pursuant to this section is not a State employee, is not covered by ~~Chapter 126~~ Chapter 126A of the General Statutes, and is not entitled to State-funded employee benefits, including membership in the Teachers' and State Employees' Retirement System and the State Health Plan for Teachers and State Employees."

SECTION 4.75. G.S. 143B-1209.11(f) reads as rewritten:

"(f) The Bureau may provide a criminal record check to the schools within the Department of Health and Human Services of a person who is employed, applies for employment, or applies to be selected as a volunteer, if the employee or applicant consents to the record check. The Department of Health and Human Services shall keep all information pursuant to this subsection confidential, as provided in ~~Article 7~~ Article 16 of Chapter 126 Chapter 126A of the General Statutes."

SECTION 4.76. G.S. 143B-1212 reads as rewritten:

"§ 143B-1212. Personnel of the Department of Military and Veterans Affairs.

Notwithstanding G.S. 114-2.3, the Secretary of Military and Veterans Affairs shall have the power to appoint all employees, including consultants and legal counsel, necessary to carry out the powers and duties of the office. These employees shall be subject to the North Carolina Human Resources Act, except that employees in positions designated as exempt under ~~G.S. 126-5(d)(1)~~ G.S. 126A-15.4 are not subject to the Act, in accordance with the provisions of that section."

SECTION 4.77. G.S. 143B-1322(b) reads as rewritten:

"(b) Departmental Personnel. – The State CIO may appoint one or more deputy State CIOs, each of whom shall be under the direct supervision of the State CIO. The salaries of the deputy State CIOs shall be set by the State CIO. The State CIO and the Deputy State CIOs are exempt from the North Carolina Human Resources Act. Subject to the approval of the Governor and limitations of ~~the G.S. 126-5~~, Part 3 of Article 1 of Chapter 126A of the General Statutes, the State CIO may appoint or designate additional managerial and policy making positions, including, but not limited to, the Department's chief financial officer and general counsel, each of whom shall be exempt from the North Carolina Human Resources Act."

SECTION 4.78. G.S. 143C-6-10 reads as rewritten:

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

Notwithstanding any other provision of law, the Director may establish a program of dependent care assistance and a flexible compensation plan for eligible officers and employees of State agencies as provided in ~~G.S. 126-95~~ G.S. 126A-76. With the approval of the Director, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may also be used as provided by ~~G.S. 126-95~~ G.S. 126A-76."

SECTION 4.79. G.S. 147-64.6(d) reads as rewritten:

"(d) Reports and Work Papers. – The Auditor shall maintain for 10 years a complete file of all audit reports and reports of other examinations, investigations, surveys, and reviews issued

under the Auditor's authority. Audit work papers and other evidence and related supportive material directly pertaining to the work of the Auditor's office shall be retained according to an agreement between the Auditor and State Archives. To promote intergovernmental cooperation and avoid unnecessary duplication of audit effort, and notwithstanding the provisions of ~~G.S. 126-24~~, G.S. 126A-163, pertinent work papers and other supportive material related to an audit or investigation made pursuant to this section may be, at the discretion of the Auditor and unless otherwise prohibited by law, made available for inspection by duly authorized representatives of the State and federal government who desire access to and inspection of the records in connection with some matter officially before them, including criminal investigations.

Except as provided in this section, or upon an order issued in Wake County Superior Court upon 10 days' notice and hearing finding that access is necessary to a proper administration of justice, audit work papers and related supportive material are confidential, including any interpretations, advisory opinions, or other information or materials furnished to or by the State Ethics Commission under this section."

SECTION 4.80. G.S. 147-65.2 reads as rewritten:

"**§ 147-65.2. Salary of State Treasurer and certain Department employees.**

(a) State Treasurer. – The salary of the State Treasurer shall be as established in the Current Operations Appropriations Act. In addition to the salary set by the General Assembly in the Current Operations Appropriations Act, longevity pay shall be paid on the same basis as is provided to employees of the State who are subject to the North Carolina Human Resources Act.

(b) Certain Departmental Employees. – The State Treasurer is authorized to establish, consistent with the duties of the State Treasurer as prescribed by law, market-oriented compensation plans, including salaries and performance-related bonuses, for employees possessing specialized skills or knowledge necessary for the proper administration of investment programs. In accordance with ~~G.S. 126-5(e12)~~, G.S. 126A-15.2, these employees are exempt from the classification and compensation rules established by the Office of State Human Resources. The design and administration of those compensation plans shall be based on compensation studies conducted by a nationally recognized firm specializing in public fund investment compensation. The compensation and other associated employee benefits shall be apportioned and paid equitably among the funds and programs utilizing the services of these employees in a manner prescribed by the State Treasurer. The Treasurer shall report the salaries and bonuses paid to the Joint Legislative Oversight Committee on General Government annually."

SECTION 4.81. G.S. 147-72.1(c) reads as rewritten:

"(c) Employment of Staff. – The Chief Investment Officer shall employ staff necessary to assist the CIO and the Board of Directors in carrying out duties and responsibilities under this Article or as prescribed in any other law. Unless otherwise provided by law, Investment Authority employees shall serve at the pleasure of the CIO and any vacancies in these positions may be filled by the CIO. The CIO may designate managerial, professional, and policy-making positions as exempt from the North Carolina Human Resources Act, in accordance with ~~G.S. 126-5(e1)~~, G.S. 126A-15.2. Compensation of employees is set by the CIO within the limits set by the compensation plan approved by the Board of Directors under G.S. 147-71.2."

SECTION 4.82. G.S. 148-118.8(a) reads as rewritten:

"(a) The Grievance Resolution Board, in consultation with the Secretary of the Department of Adult Correction, shall provide the Governor with at least three nominees, and the Governor shall appoint an Executive Director from those nominees. The Grievance Resolution Board shall appoint grievance examiners. The Executive Director shall manage the staff and perform such other functions as are assigned to the Director by the Grievance Resolution Board. The Executive Director shall serve at the pleasure of the Governor. The grievance examiners shall serve at the pleasure of the Grievance Resolution Board. The grievance examiners shall be subject to ~~Article 2 of Chapter 126~~ Articles 4 and 7 of Chapter 126A of the

North Carolina General Statutes for purposes of salary and leave. Support staff, equipment, and facilities for the Board shall be provided by the Department of Adult Correction."

SECTION 4.83. G.S. 150B-23(a) reads as rewritten:

"(a) A contested case shall be commenced by paying a fee in an amount established in G.S. 150B-23.2 and by filing a petition with the Office of Administrative Hearings and, except as provided in Article 3A of this Chapter, shall be conducted by that Office. The party that files the petition shall serve a copy of the petition on all other parties and, if the dispute concerns a license, the person that holds the license. A party that files a petition shall file a certificate of service together with the petition. A petition shall be signed by a party, an attorney representing a party, or other representative of the party as may specifically be authorized by law, and, if filed by a party other than an agency, shall state facts tending to establish that the agency named as the respondent has deprived the petitioner of property, has ordered the petitioner to pay a fine or civil penalty, or has otherwise substantially prejudiced the petitioner's rights and that the agency did any of the following:

- (1) Exceeded its authority or jurisdiction.
- (2) Acted erroneously.
- (3) Failed to use proper procedure.
- (4) Acted arbitrarily or capriciously.
- (5) Failed to act as required by law or rule.

The parties in a contested case shall be given an opportunity for a hearing without undue delay. Any person aggrieved may commence a contested case under this section.

A local government employee, applicant for employment, or former employee to whom ~~Chapter 126~~ Chapter 126A of the General Statutes applies may commence a contested case under this Article in the same manner as any other petitioner. The case shall be conducted in the same manner as other contested cases under this Article.

A business entity may represent itself using a nonattorney representative who is one or more of the following of the business entity: (i) officer, (ii) manager or member-manager, if the business entity is a limited liability company, (iii) employee whose income is reported on IRS Form W-2, if the business entity authorizes the representation in writing, or (iv) owner of the business entity, if the business entity authorizes the representation in writing and if the owner's interest in the business entity is at least twenty-five percent (25%). Authority for and prior notice of nonattorney representation shall be made in writing, under penalty of perjury, to the Office on a form provided by the Office."

SECTION 4.84. G.S. 150B-25.1(c) reads as rewritten:

"(c) The burden of showing by a preponderance of the evidence that a career State employee subject to ~~Chapter 126~~ Chapter 126A of the General Statutes was discharged, suspended, or demoted for just cause rests with the agency employer."

SECTION 4.85. G.S. 150B-33(b)(11) reads as rewritten:

"(11) Order the assessment of reasonable attorneys' fees and witnesses' fees against the State agency involved in contested cases decided under this Article where the administrative law judge finds that the State agency named as respondent has substantially prejudiced the petitioner's rights and has acted arbitrarily or capriciously or under ~~Chapter 126~~ Chapter 126A of the General Statutes where the administrative law judge finds discrimination, harassment, or orders reinstatement or back pay."

SECTION 4.86. G.S. 153A-92(b)(5) reads as rewritten:

"(5) The board of commissioners shall fix the salaries, allowances and other compensation of county employees subject to the North Carolina Human Resources Act according to the procedures set forth in ~~Chapter 126~~ Chapter 126A of the General Statutes. The board may make these employees subject

to a county position classification plan only as provided in ~~Chapter 126~~Chapter 126A of the General Statutes."

SECTION 4.87. G.S. 153A-439(b) reads as rewritten:

"(b) The policies adopted by the Board of Trustees of North Carolina State University and North Carolina Agricultural and Technical State University, respectively, for the employees of the North Carolina Cooperative Extension Service shall govern the employment of employees exempted from certain provisions of ~~Chapter 126~~Chapter 126A of the General Statutes pursuant to ~~G.S. 126-5(e1)(9a)~~Part 3 of Article 1 of Chapter 126A of the General Statutes. The policies adopted by the University of North Carolina Board of Governors and the employing constituent institution shall govern the employment of employees of the North Carolina Cooperative Extension Service exempted from certain provisions of ~~Chapter 126~~Chapter 126A of the General Statutes pursuant to ~~G.S. 126-5(e1)(8)~~Part 3 of Article 1 of Chapter 126A of the General Statutes."

SECTION 4.88. G.S. 168A-10.1 reads as rewritten:

"§ 168A-10.1. Dispute resolution in public services discrimination cases.

The North Carolina Office on the Americans with Disabilities Act shall adopt rules to provide a consistent and comprehensive mechanism for accommodating requests regarding accessibility to public services, and shall adopt dispute resolution procedures to govern responsiveness to those requests. This section does not authorize the North Carolina Office on the Americans with Disabilities Act to adopt rules or procedures that apply to the resolution of matters constituting grounds for a contested case under ~~Chapter 126~~Chapter 126A of the General Statutes."

SECTION 4.89. G.S. 169-13(b) reads as rewritten:

"(b) The Executive Director shall serve at the pleasure of the Council, with the position being exempt from ~~Chapter 126~~Chapter 126A of the General Statutes, the State Human Resources Act."

SECTION 4.90. Chapter 126 of the General Statutes is repealed.

PART V. CLARIFYING AND TRANSITION PROVISIONS

CLARIFICATIONS REGARDING GRIEVANCES/STATUS OF CERTAIN EMPLOYEES/OTHER MATTERS

SECTION 5.1.(a) The provisions of Chapter 126 of the General Statutes that exist on September 30, 2026, shall continue to govern all of the following:

- (1) Any contested case pending before the State Human Resources Commission or the Office of Administrative Hearings on the effective date of this act, including any judicial review of such a case pending in the General Court of Justice.
- (2) Any grievance, disciplinary action, or appeal initiated under Chapter 126 of the General Statutes prior to the effective date of this act that is not finally resolved as of that date.
- (3) Any claim for back pay, reinstatement, or other relief arising from employment actions that occurred prior to the effective date of this act.
- (4) Any right to career State employee status vested under G.S. 126-1.1 prior to the effective date of this act.
- (5) Any cause of action arising under Chapter 126 of the General Statutes that accrued prior to the effective date of this act regardless of when the suit or administrative action is initiated.

SECTION 5.1.(b) The following provisions apply only to employees hired on or after October 1, 2026:

- (1) G.S. 126A-10.1(a)(2), as enacted by this act.
- (2) G.S. 126A-15.2(e), as enacted by this act.

SECTION 5.1.(c) Employees designated under G.S. 126-5 on or before September 30, 2026, shall be designated as the following under Part 3 of Article 1 of Chapter 126A of the General Statutes, as enacted by this act, effective October 1, 2026:

- (1) Employees designated as confidential assistants or confidential secretaries are automatically redesignated as designated employees of policymakers.
- (2) Employees designated as exempt wardens are automatically redesignated as exempt wardens.
- (3) Employees designated as exempt policymaking employees are automatically redesignated as exempt policymaking employees.
- (4) Employees designated as exempt managerial employees are automatically redesignated as exempt managerial employees.

SYSTEMATIC REVIEW OF RULES

SECTION 5.2.(a) If a provision of Chapter 126A of the General Statutes conflicts with an existing rule in Title 25, Chapter 01 of the North Carolina Administrative Code, the provisions of Chapter 126A of the General Statutes, as enacted by this act, shall control. This subsection does not repeal any rule by operation of this act.

SECTION 5.2.(b) The State Human Resources Commission shall review rules in Title 25, Chapter 01 of the North Carolina Administrative Code pursuant to G.S. 150B-21.5 and repeal any rules it determines to be unnecessary after enactment of this act.

EFFECT ON AGREEMENTS AND PENDING LITIGATION

SECTION 5.3.(a) All decentralization agreements, delegation agreements, and memoranda of understanding between the Office of State Human Resources and any agency, department, or institution in effect on September 30, 2026, shall remain in effect until modified or terminated in accordance with the terms of those agreements or memoranda or superseded by agreements executed under the authority of Chapter 126A of the General Statutes, as enacted by this act.

SECTION 5.3.(b) No action or proceeding brought by or against the State Human Resources Commission or the Office of State Human Resources, or against the State of North Carolina concerning either the State Human Resources Commission or the Office of State Human Resources, that is pending on October 1, 2026, shall be abated, suspended, or otherwise affected by the enactment of this act. Any such action or proceeding shall be prosecuted or defended under the law applicable at the time the action or proceeding was initiated, provided that nothing in this subsection shall preclude any party from citing provisions for persuasive guidance where the language of Chapter 126A of the General Statutes, as enacted by this act, and Chapter 126 of the General Statutes as it exists on September 30, 2026, is identical or substantially identical.

CLASSIFICATION AND COMPENSATION ASSESSMENT

SECTION 5.4.(a) The Office of State Human Resources shall assess the State's classification and compensation system and identify opportunities for improvement, consulting with agencies and outside experts, as needed. By October 1, 2027, the Office of State Human Resources shall report its findings and recommendations to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House Appropriations Committee, the Joint Legislative Commission on Governmental Operations pursuant to G.S. 120-36.7, and the Fiscal Research Division.

SECTION 5.4.(b) By March 1, 2027, and annually thereafter, each executive branch agency shall report the following information to the Office of State Human Resources, upon request:

- (1) The five job classifications most difficult to recruit and retain during the prior fiscal year.

- (2) Actions taken to address those challenges, including requests for reclassification, pay adjustments, or other flexibilities from the Office of State Human Resources.
- (3) Whether existing classification or compensation policies constrained the agency's ability to address those challenges, and if so, how.

SECTION 5.4.(c) The Office of State Human Resources shall incorporate trends and recommended legislative actions from this assessment into the annual State of the State workforce report required by G.S. 126A-24.

SECTION 5.4.(d) Following the initial assessment and review of agency data, the Office of State Human Resources shall contemplate executing a pilot on classification and compensation recommendations in one or more executive branch agencies that volunteer to participate. The purpose of the pilot is to test modifications to classification and compensation practices, including alternative job titling, revised qualification standards, or adjusted pay-setting flexibility, that the Office of State Human Resources determines are likely to improve recruitment, retention, or time-to-hire outcomes.

DEVELOP IMPROVED WORKFORCE ACCOUNTABILITY SYSTEM

SECTION 5.5. By December 1, 2026, the Office of State Human Resources shall submit to the State Human Resources Commission and the Governor a revised disciplinary policy containing an improved process for managing State employee performance and conduct. The State Human Resources Commission, subject to the approval of the Governor, shall adopt a revised Disciplinary Action Policy by April 1, 2027.

STATE OF THE STATE WORKFORCE REPORT

SECTION 5.6. The Office of State Human Resources shall submit the first State of the State workforce report required by G.S. 126A-24, as enacted by this act, by January 15, 2027.

SHERIFFS' OFFICE CHANGES

SECTION 5.6A. G.S. 153A-103 reads as rewritten:

"§ 153A-103. Number of employees in offices of sheriff and register of deeds.

(a) Subject to the limitations set forth below, the board of commissioners may fix the number of salaried employees in the offices of the sheriff and the register of deeds. In exercising the authority granted by this section, the board of commissioners is subject to the following limitations:

- (1) Each sheriff and register of deeds elected by the people has the exclusive right to hire, discharge, and supervise the employees in his office. However, the board of commissioners must approve the appointment by such an officer of a relative by blood or marriage of nearer kinship than first cousin or of a person who has been convicted of a crime involving moral turpitude.
- (2) Each sheriff and register of deeds elected by the people is entitled to at least two deputies who shall be reasonably compensated by the county, provided that the register of deeds justifies to the Board of County Commissioners the necessity of the second deputy. Each deputy so appointed shall serve at the pleasure of the appointing officer.
- (3) In addition to the number of salaried employees fixed by the board of commissioners, each sheriff is entitled to the number of school resource officers required to satisfy any agreements entered into under G.S. 162-26.5(b).

(b) Notwithstanding the foregoing provisions of subsection (a) of this section, approval of the board of commissioners is not required for the reappointment or continued employment of

a near relative of a sheriff or register of deeds who was not related to the appointing officer at the time of initial appointment.

(c) The board of commissioners shall not designate employees of the sheriff's office as subject to the State Human Resources Act under Chapter 126A of the General Statutes."

CONFORMING CHANGES TO PENDING LEGISLATION

SECTION 5.7.(a) If House Bill 1214, 2025 Regular Session, becomes law, G.S. 64-25(4), as amended by House Bill 1214, 2025 Regular Session, reads as rewritten:

"(4) Employer. – Any person, business entity, or other organization that transacts business in this State and that employs 25 or more employees in this State. The term also includes any entity required to participate in E-Verify pursuant to any of the following:

- a. State and local entities pursuant to ~~G.S. 126-7.1(i)~~G.S. 126A-61.
- b. Counties pursuant to G.S. 153A-99.1.
- c. Municipalities pursuant to G.S. 160A-169.1."

SECTION 5.7.(b) If House Bill 1214, 2025 Regular Session, becomes law, Section 1(j) of House Bill 1214, 2025 Regular Session, is repealed.

SECTION 5.7.(c) If House Bill 1214, 2025 Regular Session, becomes law, G.S. 126A-61(a), as enacted by this act, reads as rewritten:

"(a) Each agency, community college, and public school unit as defined in G.S. 115C-5 shall (i) verify, in accordance with the E-Verify Program administered by the United States Department of Homeland Security pursuant to 8 U.S.C. § 1101, et seq., each individual's legal status or authorization to work in the United States after hiring the individual as an employee to work in the United States; and (ii) comply with Article 2 of Chapter 64 of the General Statutes."

SECTION 5.7.(d) If House Bill 1214, 2025 Regular Session, becomes law, Section 3(a) of House Bill 1214, 2025 Regular Session, reads as rewritten:

"**SECTION 3.(a)** There is appropriated from the General Fund to the Department of Labor the sum of ninety thousand dollars (\$90,000) in recurring funds for the 2026-2027 fiscal year for one full-time equivalent position to assist in the enforcement of this act. This position shall be designated as an exempt policymaking position of the Commissioner of Labor, ~~not subject to the limitations under G.S. 126-5(d)(2).~~Labor in accordance with G.S. 126A-15.4(d)(7)."

SECTION 5.7.(e) If House Bill 1214, 2025 Regular Session, becomes law, G.S. 126A-15.4(d)(7), as enacted by this act, reads as rewritten:

"(7) The Commissioner of Labor. – Notwithstanding the designation limits of this subsection, the Commissioner shall designate (i) three additional full-time equivalent attorney positions and (ii) one additional official primarily responsible for ensuring compliance with Article 2 of Chapter 64 of the General Statutes as exempt policymaking positions."

SECTION 5.8.(a) If House Bill 171, 2025 Regular Session, becomes law, then G.S. 126-14.7, as enacted by that act, is recodified as G.S. 126A-104.5.

SECTION 5.8.(b) If House Bill 171, 2025 Regular Session, becomes law, then G.S. 126A-15.2, as enacted by Section 1 of this act, is amended by adding the following subsections to read:

"(p) The University of North Carolina employees are exempt from G.S. 126A-104.5.

(q) Community College System Office employees are exempt from G.S. 126A-104.5."

SECTION 5.9.(a) If Senate Bill 257, 2025 Regular Session, becomes law, then the Revisor of Statutes shall replace the phrase "G.S. 135-6.1" with the phrase "G.S. 135-13.1" in G.S. 126A-161, as enacted by this act.

SECTION 5.9.(b) If Senate Bill 257, 2025 Regular Session, becomes law, then the Revisor of Statutes shall replace the phrase "Chapter 126" with the phrase "Chapter 126A" in G.S. 115C-229.45(7), as enacted by Senate Bill 257, 2025 Regular Session.

SECTION 5.9.(c) If Senate Bill 257, 2025 Regular Session, becomes law, then the Revisor of Statutes shall replace the phrase "Articles 6 and 7" with the phrase "Articles 15 and 16" in G.S. 115C-229.45(7), as enacted by Senate Bill 257, 2025 Regular Session.

SECTION 5.9.(d) If Senate Bill 257, 2025 Regular Session, becomes law, then the Revisor of Statutes shall replace the phrase "G.S. 126-8.6" with the phrase "G.S. 126A-71" in G.S. 115C-229.45, as enacted by Senate Bill 257, 2025 Regular Session.

SECTION 5.9.(e) If Senate Bill 257, 2025 Regular Session, becomes law, then the Revisor of Statutes shall replace the phrase "Part 10 of Article 16" with the phrase "Article 15A" in G.S. 126A-15(8)h., as enacted by this act.

SECTION 5.9.(f) If Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 126A-15(8), as enacted by this act, is amended by adding a new sub-subdivision to read:

"gg. Employees of the Utilities Commission who work under the direction of the Commission as provided by G.S. 62-14."

SECTION 5.9.(g) If Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 126A-15(5)d., as enacted by this act, reads as rewritten:

"d. ~~Employees of the Utilities Commission and the Commission's Public Staff.~~"

SECTION 5.9.(h) If Senate Bill 257, 2025 Regular Session, becomes law, then the Revisor of Statutes shall replace the phrase "G.S. 126-5(c1)(43)" with the phrase "G.S. 126A-15(8)gg." in G.S. 62-14(b), as amended by Senate Bill 257, 2025 Regular Session.

SECTION 5.9.(i) If Senate Bill 257, 2025 Regular Session, becomes law, then the Flood Resiliency Blueprint positions authorized by Section 12.10 of Senate Bill 257, 2025 Regular Session, are exempt from the State Human Resources Act, Chapter 126A of the General Statutes, except Articles 15 and 16 of that Chapter.

SECTION 5.9.(j) Effective January 1, 2027, if Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 126A-15(8), as enacted by this act, is amended by adding a new sub-subdivision to read:

"hh. Employees of the Building Codes and Interpretations Bureau established pursuant to Article 24 of Chapter 95 of the General Statutes."

SECTION 5.9.(k) If Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 126A-111(e), as enacted by this act, is amended by adding a new subdivision to read:

"(4) The Department of Natural and Cultural Resources is employing temporary employees in any of the following administrative divisions:

- a. Division of Parks and Recreation.
- b. Division of North Carolina Aquariums.
- c. Division of State Historic Sites.
- d. Division of State History Museums.
- e. North Carolina Museum of Art.
- f. North Carolina State Museum of Natural Sciences.
- g. North Carolina Zoological Park.
- h. Tryon Palace Commission.
- i. U.S.S. North Carolina Battleship Commission."

SECTION 5.9.(l) If Senate Bill 257, 2025 Regular Session, becomes law, then G.S. 126A-41(b), as enacted by this act, reads as rewritten:

"(b) Each agency with an exempt policymaking position or an exempt managerial position may set the salary for that position within the salary range established by the Commission plus thirty percent (30%). ~~ten percent (10%).~~"

PART VI. EFFECTIVE DATE

SECTION 6.1. This act becomes effective October 1, 2026.

In the General Assembly read three times and ratified this the 2nd day of July, 2026.

s/ Rachel Hunt
President of the Senate

s/ Destin Hall
Speaker of the House of Representatives

s/ Josh Stein
Governor

Approved 3:18 p.m. this 6th day of July, 2026