

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

FILED SENATE
May 2, 2024
S.B. 805
PRINCIPAL CLERK

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SENATE BILL DRS55060-LRap-134E

Short Title: Make State Employment Great Again.

(Public)

Sponsors: Senator Smith (Primary Sponsor).

Referred to:

A BILL TO BE ENTITLED

AN ACT AWARDING TO STATE EMPLOYEES A FIVE PERCENT APPRECIATION PAY INCREASE IN THE 2024-2025 AND 2025-2026 FISCAL YEARS AND A ONE-TIME FIVE THOUSAND DOLLAR BONUS IN THE 2024-2025 FISCAL YEAR AND PROVIDING A TWO PERCENT COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Title. – This act shall be known and may be cited as the Make State Employment Great Again Act.

SECTION 1.(b) Definition. – For the purposes of this act, "State employee" means a full-time or part-time permanent employee employed in a State agency, department, or institution of the legislative, judicial, or executive branches of State government (including The University of North Carolina System and the North Carolina Community Colleges System) employed on June 30, 2024, through June 30, 2025. The term does not include employees of (i) local boards of education, (ii) local community colleges, or (iii) schools operated by the Departments of Health and Human Services, Public Safety, or Adult Correction, or by the State Board of Education who are paid based on the Teacher Salary Schedule.

SECTION 2.(a) Appreciation Increases/Reserve. – There is established in the General Fund the Reserve for Appreciation Increases (Appreciation Reserve) in recognition of the valuable contributions made by State employees. The Appreciation Reserve shall fund the following in two Phases over the next two fiscal years:

- (1) A one-time bonus in the amount of five thousand dollars (\$5,000) shall be awarded to each State employee in Phase I, in appreciation for their continued commitment and efforts, effective July 4, 2024.
- (2) A moderate and equitable five percent (5%) across-the-board pay raise for State employees. This legislative salary adjustment acknowledges the dedication and hard work of our State-employee workforce, effective on July 4, 2024, for Phase I and on July 4, 2025, for Phase II.

Appreciation Increases are in addition to any salary adjustment otherwise allowed or provided by law. Salaries and pay schedules set by the General Assembly or by statute shall be adjusted by the Office of State Budget and Management or by the employing unit, as appropriate, to reflect the Phase I and Phase II increases awarded by this section. A State employee shall receive an Appreciation Increase notwithstanding whether after applying the increase the employee's salary is above the State Human Resources Commission's maximum of the salary



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1 range. Part-time State employees shall receive Appreciation Increases on a prorated and equitable
2 basis.

3 **SECTION 2.(b)** Appropriations. – Effective July 1, 2024, there is appropriated to
4 the Appreciation Reserve the sum of seven hundred sixty-six million eight hundred seventy-eight
5 thousand three hundred thirty-one dollars (\$766,878,331) in recurring funds for the 2024-2025
6 fiscal year and the sum of four hundred forty-three million sixty-nine thousand six hundred eighty
7 dollars (\$443,069,680) in nonrecurring funds for the 2024-2025 fiscal year, to be funded as
8 follows:

- 9 (1) The State Controller shall transfer to the Appreciation Reserve from the
10 unappropriated balance remaining in the General Fund for the 2024-2025
11 fiscal year the sum of two hundred twenty-one million five hundred three
12 dollars (\$221,000,503).
- 13 (2) The State Controller shall transfer to the Appreciation Reserve, for the
14 2024-2025 fiscal year, the sum of:
 - 15 a. One hundred twenty-five million dollars (\$125,000,000) from the
16 Savings Reserve.
 - 17 b. Eight hundred sixty-three million nine hundred forty-seven thousand
18 five hundred eight dollars (\$863,947,508) from the State Capital and
19 Infrastructure Fund.

20 Funds in the Appreciation Reserve are not subject to G.S. 143C-1-2(b) and will
21 remain available for Phase II payments in the 2025-2026 fiscal year. The Appreciation Reserve
22 shall be eliminated when the funds are fully expended.

23 **SECTION 3.(a)** G.S. 135-5 is amended by adding a new subsection to read:

24 "(aaaa) Effective July 4, 2024, the retirement allowance payable to, or on account of,
25 beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent
26 (2%) of the allowance payable on June 1, 2023, in accordance with subsection (o) of this section.
27 Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose
28 retirement commenced after July 1, 2023, but before June 30, 2024, is increased by a prorated
29 amount of two percent (2%), as determined by the Board of Trustees based upon the number of
30 months that a retirement allowance was paid between July 1, 2023, and June 30, 2024."

31 **SECTION 3.(b)** G.S. 135-65 is amended by adding a new subsection to read:

32 "(jj) Effective July 4, 2024, the retirement allowance payable to, or on account of,
33 beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent
34 (2%) of the allowance payable on June 1, 2023. Effective July 4, 2024, the retirement allowance
35 payable to, or on account of, beneficiaries whose retirement commenced after July 1, 2023, but
36 before June 30, 2024, is increased by a prorated amount of two percent (2%), as determined by
37 the Board of Trustees based upon the number of months that a retirement allowance was paid
38 between July 1, 2023, and June 30, 2024."

39 **SECTION 3.(c)** G.S. 120-4.22A is amended by adding a new subsection to read:

40 "(ff) In accordance with subsection (a) of this section, effective July 4, 2024, the retirement
41 allowance payable to, or on account of, beneficiaries whose retirement commenced on or before
42 January 1, 2024, is increased by two percent (2%) of the allowance payable on June 1, 2024.
43 Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose
44 retirement commenced after January 1, 2024, but before June 30, 2024, is increased by a prorated
45 amount of two percent (2%), as determined by the Board of Trustees based upon the number of
46 months that a retirement allowance was paid between January 1, 2024, and June 30, 2024."

47 **SECTION 3.(d)** Effective July 1, 2024, there is appropriated from the General Fund
48 to the Reserve for Retiree Cost-of-Living Adjustments the sum of one hundred million dollars
49 (\$100,000,000) in recurring funds for the 2024-2025 fiscal year to implement this section.

50 **SECTION 4.** Except as otherwise provided, this act becomes effective July 1, 2024.