

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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HOUSE BILL 383*
Committee Substitute Favorable 3/30/11
Senate Appropriations/Base Budget Committee Substitute Adopted 4/13/11

Short Title: Extend UI Benefits/Continuing Resolution. (Public)

Sponsors:

Referred to:

March 17, 2011

1 A BILL TO BE ENTITLED
2 AN ACT TO PROTECT UNEMPLOYMENT BENEFITS AND PREVENT ANY
3 SHUTDOWN OF STATE GOVERNMENT.

4 The General Assembly of North Carolina enacts:

5
6 **EXTEND UNEMPLOYMENT INSURANCE BENEFITS**

7 **SECTION 1.(a)** G.S. 96-12.01(a1)(4)c. is amended by adding a new
8 sub-subsubdivision to read:

9 "3. This section applies as provided under the Tax Relief,
10 Unemployment Insurance Reauthorization, and Job Creation
11 Act of 2010 (P.L. 111-312) as it existed on December 17,
12 2010, and is applicable to compensation for weeks of
13 unemployment beginning after December 17, 2010, and
14 ending on or before December 31, 2011, provided that:

15 I. The average rate of (i) insured unemployment, not
16 seasonally adjusted, equaled or exceeded one hundred
17 twenty percent (120%) of the average of such rates for
18 the corresponding 13-week period ending in all of the
19 preceding three calendar years and equaled or
20 exceeded five percent (5%) or (ii) total
21 unemployment, seasonally adjusted, as determined by
22 the United States Secretary of Labor, for the period
23 consisting of the most recent three months for which
24 data for all states are published before the close of the
25 week equals or exceeds six and one-half percent
26 (6.5%); and

27 II. The average rate of total unemployment in this State,
28 seasonally adjusted, as determined by the United
29 States Secretary of Labor, for the three-month period
30 referred to in this subsection, equals or exceeds one
31 hundred ten percent (110%) of the average for any of
32 the corresponding three-month periods ending in the
33 three preceding calendar years."

34 **SECTION 1.(b)** G.S. 96-12.01(a1)(4)e. reads as rewritten:

35 "(4) There is an "on indicator" for this State for a week if the Commission
36 determines, in accordance with the regulations of the United States Secretary



1 of Labor, that for the period consisting of such week and the immediate
2 preceding 12 weeks, the rate of insured unemployment (not seasonally
3 adjusted) under this Chapter:

4 ...

5 e. Total extended benefit amount.

6 1. The total extended benefit amount payment to any eligible
7 individual with respect to the applicable benefit year shall be
8 the least of the following amounts:

9 I. Fifty percent (50%) of the total amount of regular
10 benefits which were payable to the individual under
11 this Chapter in the individual's applicable benefit year;
12 or

13 II. Thirteen times the individual's weekly benefit amount
14 that was payable to the individual under this Chapter
15 for a week of total unemployment in the applicable
16 benefit year.

17 2. I. Effective with respect to weeks beginning in a high
18 unemployment period, sub-subdivision e.1. of this
19 subdivision shall be applied by substituting:

20 A. "Eighty percent (80%)" for "fifty percent
21 (50%)" in sub-subdivision e.1.I., and

22 B. "Twenty" for "thirteen" in sub-subdivision
23 e.1.II.

24 II. For purposes of sub-subdivision 2.I., the term "high
25 unemployment period" means any period during
26 which an extended benefit period would be in effect if
27 sub-subdivision c. of this subdivision were applied by
28 substituting "eight percent (8%)" for six and one-half
29 percent (6.5%)".

30 3. This subdivision applies as provided under the Tax Relief,
31 Unemployment Insurance Reauthorization, and Job Creation
32 Act of 2010 (P.L. 111-312) as it existed on December 17,
33 2010, and is applicable to compensation for weeks of
34 unemployment beginning after December 17, 2010, and
35 ending on or before December 31, 2011, provided that:

36 I. The average rate of total unemployment, seasonally
37 adjusted, as determined by the United States Secretary
38 of Labor, for the period consisting of the most recent
39 three months for which data for all states are
40 published before the close of the week equals or
41 exceeds eight percent (8%); and

42 II. The average rate of total unemployment in this State,
43 seasonally adjusted, as determined by the United
44 States Secretary of Labor, for the three-month period
45 referred to in this subdivision equals or exceeds one
46 hundred ten percent (110%) of the average for any of
47 the corresponding three-month periods ending in the
48 three preceding calendar years."

49 **SECTION 1.(c)** The intent of this section is to allow extended benefits to be paid
50 as provided under the Federal Tax Relief, Unemployment Insurance Reauthorization, and Job
51 Creation Act of 2010 so long as the payment of the benefits does not hinder the State's ability to

1 reduce the debt it owes the federal government to pay unemployment benefits. It is not the
2 intent of this section to pay for the extended benefits with contributions paid by employers
3 under Chapter 96 of the North Carolina General Statutes or with contributions paid by
4 employers under the federal payroll tax that would otherwise be used to pay down the amount
5 borrowed from the federal government by the State to pay unemployment benefits. Nothing in
6 this section obligates the State to pay extended benefits provided by this section with
7 contributions payable under Chapter 96 of the General Statutes or with any other State funds.
8 This section is null and void if the payment of the benefits would divert federal payroll tax
9 revenue payable by North Carolina employers that would otherwise be used to pay down the
10 amount borrowed from the federal government by the State to pay unemployment benefits.

11 **SECTION 1.(d)** This section is effective when it becomes law and expires January
12 1, 2012.

13 14 **AUTHORITY TO CONTINUE EXPENDITURES AT 87% OF THE 2011-2012 LEVEL** 15 **OF THE GOVERNOR'S RECOMMENDED BASE BUDGET**

16 **SECTION 2.(a)** The Director of the Budget may continue to allocate funds for
17 expenditure for current operations by State departments at a level not to exceed eighty-seven
18 percent (87%) of the amount in the Recommended Base Budget for the 2011-2012 fiscal year
19 as specified in the Governor's Recommended Budget for the 2011-2013 fiscal biennium,
20 excluding the amounts set out for debt service requirements in that document; and funds are
21 hereby appropriated for this purpose. To achieve these reductions:

- 22 (1) The Director of the Budget shall continue funding for State departments in
23 the same proportions as recommended in the Recommended Base Budget for
24 the 2011-2012 fiscal year as specified in the Governor's Recommended
25 Budget for the 2011-2013 fiscal biennium.
26 (2) The Director of the Budget shall not use overrealized receipts, cash balances,
27 or other funds to offset expenditures.

28 **SECTION 2.(b)** The legislative and judicial branches shall manage cuts in their
29 respective budgets.

30 **SECTION 2.(c)** Except as otherwise provided by this act, the limitations and
31 directions for the 2010-2011 fiscal year in S.L. 2009-451, as amended, and in S.L. 2010-31, as
32 amended, that applied to appropriations to particular agencies or for particular purposes apply
33 to the funds appropriated and authorized for expenditure under this section.

34 **SECTION 2.(d)** The appropriations and the authorizations to allocate and spend
35 funds which are set out in this act shall remain in effect until the Current Operations and
36 Capital Improvements Appropriations Act of 2011 becomes law, at which time that act shall
37 become effective and shall govern appropriations and expenditures. When the Current
38 Operations and Capital Improvements Appropriations Act of 2011 becomes law, the Director
39 of the Budget shall adjust allocations to give effect to that act from July 1, 2011.

40 41 **EMPLOYEE SALARIES**

42 **SECTION 3.** The salary schedules and specific salaries established for the
43 2009-2011 fiscal biennium by or under S.L. 2009-451 and in effect on June 30, 2011, or the
44 last day in pay status during the 2010-2011 fiscal year if earlier, for offices and positions,
45 including positions in the UNC Health Care System, shall remain in effect and shall not be
46 increased regardless of funding source of the increase or regardless of the exceptions
47 established in Section 26.1A of S.L. 2009-451, as amended by S.L. 2009-575, Section 21; S.L.
48 2010-31, Section 29.7(c); and S.L. 2010-123, Section 9.2 until the date the Current Operations
49 and Capital Improvements Appropriations Act of 2011 becomes law.

1 State employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 shall not move
 2 up on salary schedules or receive automatic increases, including automatic step increases, until
 3 authorized by the General Assembly.

4 Public school employees paid on the teacher salary schedule or the school-based
 5 administrator salary schedule and other employees shall not move up on salary schedules or
 6 receive automatic step increases, annual, performance, merit, or other increments until
 7 authorized by the General Assembly.

8 Nothing in this section prohibits a salary reduction when authorized by the Director
 9 of the Budget or other authorized official.

10
 11 **SALARY-RELATED CONTRIBUTIONS**

12 **SECTION 4.(a)** If Senate Bill 265, 2011 Regular Session, becomes law, then
 13 Section 1.8(b) of that act reads as rewritten:

14 "**SECTION 1.8.(b)** Effective July 1, 2011, the State's employer contribution rates
 15 budgeted for retirement and related benefits as percentage of covered salaries for the 2011-2012
 16 fiscal year are:(i) ~~ten and sixty-one hundredths percent (10.61%)~~ thirteen and sixty-two
 17 hundredths percent (13.62%) – Teachers and State Employees; (ii) ~~fifteen and sixty-one~~
 18 ~~hundredths percent (15.61%)~~eighteen and sixty-two hundredths percent (18.62%) – State Law
 19 Enforcement Officers; (iii) twelve and thirty-six hundredths percent (12.36%) – University
 20 Employees' Optional Retirement System; (iv) twelve and thirty-six hundredths percent
 21 (12.36%) – Community College Optional Retirement Program; (v) ~~twenty and eleven~~
 22 ~~hundredths percent (20.11%)~~thirty-one and fifty-four hundredths percent (31.54%) –
 23 Consolidated Judicial Retirement System; and (vi) five and zero hundredths percent (5.00%) –
 24 Legislative Retirement System. Each of the foregoing contribution rates includes five and zero
 25 hundredths percent (5.00%) for hospital and medical benefits. The rate for Teachers and State
 26 Employees, State Law Enforcement Officers, Community College Optional Retirement
 27 Program, and for the University Employees' Optional Retirement Program includes fifty-two
 28 hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State
 29 Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%)
 30 for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent
 31 (5%) for Supplemental Retirement Income."

32 **SECTION 4.(b)** Appropriations from the General Fund of the State for the
 33 maintenance and operation of State departments and for other purposes as enumerated are made
 34 for the fiscal year ending June 30, 2012, according to the following schedule:

35

Current Operations – General Fund	2011-2012
36	
37	
38 Department of State Treasurer	
39 Retirement for Fire and Rescue Squad Workers	5,800,000
40	
41 Retirement for National Guard Pension Fund	263,000
42	

43 **RESERVES, ADJUSTMENTS, AND DEBT SERVICE**

44

45 Reserve for Teachers' and	
46 State Employees' Retirement System Contributions	297,400,000
47	
48 Reserve for Judicial Retirement System Contributions	7,900,000
49	

1 **SECTION 4.(c)** Appropriations from the State Highway Fund for the maintenance
2 and operation of the Department of Transportation and for other purposes as enumerated are
3 made for the fiscal year ending June 30, 2012, according to the following schedule:

4
5 **Current Operations – Highway Fund** **2011-2012**

6
7 Reserve for Teachers' and
8 State Employees' Retirement System Contributions 13,600,000

9
10 **STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30**

11 **SECTION 5.(a)** Notwithstanding G.S. 143C-4-3, for the 2010-2011 fiscal year
12 only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the
13 State Controller shall not transfer funds from the unreserved credit balance to the Repairs and
14 Renovations Reserve Account on June 30, 2011.

15 **SECTION 5.(b)** Notwithstanding G.S. 143C-4-2, for the 2010-2011 fiscal year
16 only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall
17 not transfer funds from the unreserved credit balance to the Savings Reserve Account on June
18 30, 2011.

19 **SECTION 5.(c)** This section becomes effective June 30, 2011.

20
21 **AUTHORIZATION TO ADDRESS MEDICAID LIABILITIES INCURRED IN THE**
22 **2009-2010 FISCAL YEAR**

23 **SECTION 6.** Notwithstanding Chapter 143C of the General Statutes, of the funds
24 in the unreserved credit balance on June 30, 2010, up to the sum of one hundred twenty-five
25 million dollars (\$125,000,000) may be used to address Medicaid liabilities incurred in the
26 2009-2010 fiscal year, and funds are hereby appropriated for this purpose. The Director of the
27 Budget shall report on the implementation of this section to the chairs of the Senate and House
28 of Representatives Appropriations Committees and the Fiscal Research Division by October 1,
29 2011.

30
31 **DEFER REPAYMENT OF GLOBAL TRANSPARK DEBT**

32 **SECTION 7.** G.S. 147-69.2(b)(11), as amended by Section 7 of S.L. 2005-144,
33 Section 2 of S.L. 2005-201, Section 28.17 of S.L. 2005-276, Section 27.7 of S.L. 2007-323,
34 and Section 25.2 of S.L. 2009-451, reads as rewritten:

35 "(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated
36 in subsection (a) of this section in excess of the amount required to meet the current needs and
37 demands on such funds, selecting from among the following:

- 38 ...
- 39 (11) With respect to assets of the Escheat Fund, obligations of the North Carolina
40 Global TransPark Authority authorized by G.S. 63A-4(a)(22), not to exceed
41 twenty-five million dollars (\$25,000,000), that have a final maturity not later
42 than October 1, ~~2011~~, 2012. The obligations shall bear interest at the rate set
43 by the State Treasurer. No commitment to purchase obligations may be
44 made pursuant to this subdivision after September 1, 1993, and no
45 obligations may be purchased after September 1, 1994. In the event of a loss
46 to the Escheat Fund by reason of an investment made pursuant to this
47 subdivision, it is the intention of the General Assembly to hold the Escheat
48 Fund harmless from the loss by appropriating to the Escheat Fund funds
49 equivalent to the loss.

50 If any part of the property owned by the North Carolina Global
51 TransPark Authority now or in the future is divested, proceeds of the

1 divestment shall be used to fulfill any unmet obligations on an investment
2 made pursuant to this subdivision."
3

4 **CERTAIN FUNDS SHALL NOT REVERT**

5 **SECTION 8.(a)** If the provisions of S.L. 2009-451, as amended, or S.L. 2010-31,
6 as amended, direct that funds appropriated for a purpose shall not revert on June 30, 2010,
7 funds appropriated for that purpose for the 2010-2011 fiscal year shall not revert on June 30,
8 2011.

9 **SECTION 8.(b)** This section becomes effective June 30, 2011.
10

11 **FUNDS FOR ENROLLMENT INCREASES**

12 **SECTION 9.** Funds appropriated in this act may be used to fund increases in
13 average daily membership in public schools and increases in enrollment in the North Carolina
14 Community College System, The University of North Carolina, and private colleges and
15 universities.
16

17 **FUNDS FOR DEBT SERVICE REQUIREMENTS**

18 **SECTION 10.** Funds appropriated in this act shall be used to fully fund State debt
19 service requirements.
20

21 **FUNDS FOR THE STATE HEALTH PLAN**

22 **SECTION 11.** If Senate Bill 265, 2011 Regular Session, becomes law, then funds
23 appropriated in that act shall be used only for the purposes set out in that act.
24

25 **SAVINGS RESERVE ACCOUNT**

26 **SECTION 12.** G.S. 143C-4-2(b) prohibits the Director of the Budget from using
27 funds in the Savings Reserve Account unless the use has been approved by an act of the
28 General Assembly. The Director of the Budget shall not use such funds for any purpose.
29

30 **EFFECTIVE DATE**

31 **SECTION 13.** Except as otherwise provided, this act becomes effective July 1,
32 2011, and expires the earlier of June 30, 2012, at 11:59 P.M. or the date the Current Operations
33 and Capital Improvements Appropriations Act of 2011 becomes law.