



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

2020 LEGISLATIVE PROPOSALS UNIVERSITY HUMAN RESOURCES

SUMMARY OF PRIORITY PROPOSALS

1. Exempt Commissioned Officers / Public Safety Positions from Most Provisions of NC HR Act

Exempts commissioned officers and public safety positions from NC HR Act (EHRA non-faculty) to allow for better hiring and compensation practices. Retains coverage under Article 8 of NCGS 126, which provides disciplinary due process and grievance rights aligned with SHRA employees. *[Legislation unnecessary if legislation to exempt University employees from G.S. 126 (#4 below) is passed.]*

2. Modify Optional Retirement Program

a. Make Optional Retirement Program the Default Election for University Employees

Makes the optional retirement program the default enrollment for university employees newly hired on or after January 1, 2021 rather than default to the Teachers' and State Employees' Retirement System (TSERS). An exception is made for employees who have previous creditable service in TSERS or who are currently participating in TSERS and may wish to continue with that program. This also changes the name of the Optional Retirement Program to the University Retirement Program.

b. Authorize UNC BOG to Set Employer Contribution Rates for the Optional Retirement Program

Provides the UNC Board of Governors the authority to set the employer contribution rate for the Optional Retirement Program to be more competitive with programs offered by higher education institutions. The amount shall be no less than the participant's rate, shall be no greater than 8.5% of the participant's compensation, and shall not increase more than 0.5% per fiscal year.

c. Modify Contributions to Optional Retirement Program

Statute sets a mandatory employee contribution of 6% to the retirement program. This authorizes the Board of Governors to keep at least 5% of the employee contribution to the University Retirement Program, but also offer employees three options for using up the remaining percentage (up to 1%): (1) place it in an annuity or other retirement savings program provided by the University; (2) have it paid to the employee as direct compensation (i.e., not go to retirement); or (3) keep the full member contribution to the University Retirement Program. This option is not available to employees participating in TSERS.

3. Modify University Benefits Programs

a. Expand Flexible Compensation Programs

Allows the University to provide health care reimbursement program, health care savings program; and retiree health care savings program (under IRC 105h) to employees. The University does not have the legislative authority to provide these programs currently. The retiree savings program in particular would advantage new employees as of January 1, 2021 who will be ineligible for retirement health care benefits.

b. Establish a Single University Employee Insurance Committee

Provides efficiency and consistency by establishing one University system-wide Employee Insurance Committee rather than the current model that requires each constituent institution to have its own Committee. Centralization will also allow the University to leverage its size and expertise to offer competitive and high quality insurance programs.

c. Authorize University to Create Self-Insurance Trusts

Allows the University to bypass the NC Association of Insurance Agents (NCAIA) authority and processes and independently to develop insurance programs for the University (e.g., student health insurance).

4. Exempt University Employees from NC Human Resources Act

Exempts all University employees from the NC Human Resources Act; policy would be governed by UNC BOG. Allows for more effective and efficient alignment and management of University EHRA/SHRA policy; retains due process rights for wage-hour non-exempt (hourly) SHRA employees and legacy SHRA salaried employees.