

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

SESSION LAW 1998-153
SENATE BILL 879

AN ACT TO (I) ENACT TEACHER SALARY SCHEDULES, SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULES, AND SCHOOL CENTRAL OFFICE SALARY RANGES, (II) GRANT SALARY INCREASES OF THREE PERCENT FOR OTHER PUBLIC SCHOOL EMPLOYEES AND FOR MOST STATE EMPLOYEES, (III) PROVIDE BONUSES OF ONE PERCENT FOR OTHER PUBLIC SCHOOL EMPLOYEES AND FOR MOST STATE EMPLOYEES, (IV) MODIFY THE COMPUTATION OF YEARS OF SERVICE FOR TEACHER ASSISTANTS, (V) GRANT COST-OF-LIVING INCREASES OF TWO AND ONE-HALF PERCENT TO MOST RETIREES FROM STATE-ADMINISTERED RETIREMENT SYSTEMS, (VI) SET EMPLOYER CONTRIBUTION RATES FOR THE STATE-ADMINISTERED RETIREMENT SYSTEMS, (VII) PROVIDE FOR A SALARY ADJUSTMENT FUND, AND (VIII) APPROPRIATE FUNDS FOR THESE PURPOSES.

The General Assembly of North Carolina enacts:

TEACHER SALARY SCHEDULES

Section 1. (a) Effective for the 1998-99 school year, the Director of the Budget may transfer from the Reserve for Compensation Increase for the 1998-99 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one percent (1%) of base salary for 10 to 14 years of State service, one and one-half percent (1.5%) of base salary for 15 to 19 years of State service, two percent (2%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 1998, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education and the Superintendent of Public Instruction. The longevity payment shall be paid in a lump sum once a year.

(b)(1) For the 1998-99 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

1998-99 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	2,310	N/A
1	2,352	N/A
2	2,395	N/A
3	2,551	2,857
4	2,678	2,999
5	2,779	3,112
6	2,826	3,165
7	2,874	3,218
8	2,923	3,273
9	2,972	3,328
10	3,021	3,383
11	3,071	3,439
12	3,123	3,497
13	3,176	3,557
14	3,230	3,617
15	3,285	3,679
16	3,341	3,741
17	3,398	3,805
18	3,456	3,870
19	3,516	3,937
20	3,577	4,006
21	3,640	4,076
22	3,703	4,147
23	3,767	4,219
24	3,832	4,291
25	3,899	4,366
26	3,968	4,444
27	4,038	4,522
28	4,109	4,602
29+	4,182	4,683

1998-99 Monthly Salary Schedule
"G" Teachers

Years of Experience	"G" Teachers	NBPTS Certification
0	2,454	N/A
1	2,499	N/A
2	2,545	N/A

3	2,710	3,035
4	2,845	3,186
5	2,953	3,307
6	3,003	3,363
7	3,054	3,420
8	3,106	3,478
9	3,158	3,536
10	3,210	3,595
11	3,263	3,654
12	3,318	3,716
13	3,375	3,780
14	3,432	3,843
15	3,490	3,908
16	3,550	3,976
17	3,610	4,043
18	3,672	4,112
19	3,736	4,184
20	3,801	4,257
21	3,868	4,332
22	3,934	4,406
23	4,002	4,482
24	4,072	4,560
25	4,143	4,640
26	4,216	4,721
27	4,290	4,804
28	4,366	4,889
29+	4,443	4,976

- (2) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G" teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G" teachers.

(c) Effective for the 1998-99 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "G" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified psychologists.

(d) Effective for the 1998-99 school year, speech pathologists who are certified as speech pathologists at the masters degree level and audiologists who are certified as audiologists at the masters degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for speech pathologists and audiologists. Speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for speech pathologists and audiologists.

(e) The State Board of Education shall study the current salary schedules for nurses and other allied health professionals. The State Board shall report to the Joint Legislative Education Oversight Committee prior to December 15, 1998, on the results of its study and on any recommended modifications to the current salary schedules.

SCHOOL-BASED ADMINISTRATOR SALARIES

Section 2. (a) Funds appropriated to the Reserve for Compensation Increase shall be used for the implementation of the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

(b) The salary schedule for school-based administrators shall apply only to principals and assistant principals. The salary schedule for the 1998-99 fiscal year, commencing July 1, 1998, is as follows:

Step	Assistant Principals			Base	Principal I	
	Base	Base + 1%	Base + 2%		Base + 1%	Base + 2%
4	\$2,873	\$2,902	\$2,930	—	—	—
5	2,983	3,013	3,043	—	—	—
6	3,033	3,063	3,094	—	—	—
7	3,085	3,116	3,147	—	—	—
8	3,137	3,168	3,200	\$3,137	\$3,168	\$3,200
9	3,190	3,222	3,254	3,190	3,222	3,254
10	3,242	3,274	3,307	3,242	3,274	3,307

11	3,296	3,329	3,362	3,296	3,329	3,362
12	3,351	3,385	3,418	3,351	3,385	3,418
13	3,409	3,443	3,477	3,409	3,443	3,477
14	3,466	3,501	3,535	3,466	3,501	3,535
15	3,525	3,560	3,596	3,525	3,560	3,596
16	3,586	3,622	3,658	3,586	3,622	3,658
17	3,646	3,682	3,719	3,646	3,682	3,719
18	3,709	3,746	3,783	3,709	3,746	3,783
19	3,773	3,811	3,848	3,773	3,811	3,848
20	3,839	3,877	3,916	3,839	3,877	3,916
21	3,907	3,946	3,985	3,907	3,946	3,985
22	3,973	4,013	4,052	3,973	4,013	4,052
23	4,042	4,082	4,123	4,042	4,082	4,123
24	4,113	4,154	4,195	4,113	4,154	4,195
25	4,184	4,226	4,268	4,184	4,226	4,268
26	4,258	4,301	4,343	4,258	4,301	4,343
27	4,333	4,376	4,420	4,333	4,376	4,420
28	4,410	4,454	4,498	4,410	4,454	4,498
29	4,487	4,532	4,577	4,487	4,532	4,577
30	4,577	4,623	4,669	4,577	4,623	4,669
31	4,669	4,716	4,762	4,669	4,716	4,762
32	—	—	—	4,762	4,810	4,857

Step	Base	Principal II		Base	Principal III	
		Base + 1%	Base + 2%		Base + 1%	Base + 2%
4	—	—	—	—	—	—
5	—	—	—	—	—	—
6	—	—	—	—	—	—
7	—	—	—	—	—	—
8	—	—	—	—	—	—
9	—	—	—	—	—	—
10	\$3,296	\$3,329	\$3,362	—	—	—
11	3,351	3,385	3,418	—	—	—
12	3,409	3,443	3,477	\$3,466	\$3,501	\$3,535
13	3,466	3,501	3,535	3,525	3,560	3,596
14	3,525	3,560	3,596	3,586	3,622	3,658
15	3,586	3,622	3,658	3,646	3,682	3,719
16	3,646	3,682	3,719	3,709	3,746	3,783
17	3,709	3,746	3,783	3,773	3,811	3,848
18	3,773	3,811	3,848	3,839	3,877	3,916
19	3,839	3,877	3,916	3,907	3,946	3,985
20	3,907	3,946	3,985	3,973	4,013	4,052

21	3,973	4,013	4,052	4,042	4,082	4,123
22	4,042	4,082	4,123	4,113	4,154	4,195
23	4,113	4,154	4,195	4,184	4,226	4,268
24	4,184	4,226	4,268	4,258	4,301	4,343
25	4,258	4,301	4,343	4,333	4,376	4,420
26	4,333	4,376	4,420	4,410	4,454	4,498
27	4,410	4,454	4,498	4,487	4,532	4,577
28	4,487	4,532	4,577	4,577	4,623	4,669
29	4,577	4,623	4,669	4,669	4,716	4,762
30	4,669	4,716	4,762	4,762	4,810	4,857
31	4,762	4,810	4,857	4,857	4,906	4,954
32	4,857	4,906	4,954	4,954	5,004	5,053
33	4,954	5,004	5,053	5,053	5,104	5,154
34	5,053	5,104	5,154	5,154	5,206	5,257
35	—	—	—	5,257	5,310	5,362
36	—	—	—	5,362	5,416	5,469

Step	Principal IV			Principal V		
	Base	Base + 1%	Base + 2%	Base	Base + 1%	Base + 2%
4	—	—	—	—	—	—
5	—	—	—	—	—	—
6	—	—	—	—	—	—
7	—	—	—	—	—	—
8	—	—	—	—	—	—
9	—	—	—	—	—	—
10	—	—	—	—	—	—
11	—	—	—	—	—	—
12	—	—	—	—	—	—
13	\$3,586	\$3,622	\$3,658	—	—	—
14	3,646	3,682	3,719	\$3,709	\$3,746	\$3,783
15	3,709	3,746	3,783	3,773	3,811	3,848
16	3,773	3,811	3,848	3,839	3,877	3,916
17	3,839	3,877	3,916	3,907	3,946	3,985
18	3,907	3,946	3,985	3,973	4,013	4,052
19	3,973	4,013	4,052	4,042	4,082	4,123
20	4,042	4,082	4,123	4,113	4,154	4,195
21	4,113	4,154	4,195	4,184	4,226	4,268
22	4,184	4,226	4,268	4,258	4,301	4,343
23	4,258	4,301	4,343	4,333	4,376	4,420
24	4,333	4,376	4,420	4,410	4,454	4,498
25	4,410	4,454	4,498	4,487	4,532	4,577
26	4,487	4,532	4,577	4,577	4,623	4,669

27	4,577	4,623	4,669	4,669	4,716	4,762
28	4,669	4,716	4,762	4,762	4,810	4,857
29	4,762	4,810	4,857	4,857	4,906	4,954
30	4,857	4,906	4,954	4,954	5,004	5,053
31	4,954	5,004	5,053	5,053	5,104	5,154
32	5,053	5,104	5,154	5,154	5,206	5,257
33	5,154	5,206	5,257	5,257	5,310	5,362
34	5,257	5,310	5,362	5,362	5,416	5,469
35	5,362	5,416	5,469	5,469	5,524	5,578
36	5,469	5,524	5,578	5,578	5,634	5,690
37	5,578	5,634	5,690	5,689	5,746	5,803
38	—	—	—	5,803	5,861	5,919
39	—	—	—	—	—	—
40	—	—	—	—	—	—
41	—	—	—	—	—	—

Step	Principal VI			Principal VII		
	Base	Base + 1%	Base + 2%	Base	Base + 1%	Base + 2%
4	—	—	—	—	—	—
5	—	—	—	—	—	—
6	—	—	—	—	—	—
7	—	—	—	—	—	—
8	—	—	—	—	—	—
9	—	—	—	—	—	—
10	—	—	—	—	—	—
11	—	—	—	—	—	—
12	—	—	—	—	—	—
13	—	—	—	—	—	—
14	—	—	—	—	—	—
15	—	—	—	—	—	—
16	\$3,907	\$3,946	\$3,985	—	—	—
17	3,973	4,013	4,052	\$4,113	\$4,154	\$4,195
18	4,042	4,082	4,123	4,184	4,226	4,268
19	4,113	4,154	4,195	4,258	4,301	4,343
20	4,184	4,226	4,268	4,333	4,376	4,420
21	4,258	4,301	4,343	4,410	4,454	4,498
22	4,333	4,376	4,420	4,487	4,532	4,577
23	4,410	4,454	4,498	4,577	4,623	4,669
24	4,487	4,532	4,577	4,669	4,716	4,762
25	4,577	4,623	4,669	4,762	4,810	4,857
26	4,669	4,716	4,762	4,857	4,906	4,954
27	4,762	4,810	4,857	4,954	5,004	5,053

28	4,857	4,906	4,954	5,053	5,104	5,154
29	4,954	5,004	5,053	5,154	5,206	5,257
30	5,053	5,104	5,154	5,257	5,310	5,362
31	5,154	5,206	5,257	5,362	5,416	5,469
32	5,257	5,310	5,362	5,469	5,524	5,578
33	5,362	5,416	5,469	5,578	5,634	5,690
34	5,469	5,524	5,578	5,689	5,746	5,803
35	5,578	5,634	5,690	5,803	5,861	5,919
36	5,689	5,746	5,803	5,920	5,979	6,038
37	5,803	5,861	5,919	6,038	6,098	6,159
38	5,920	5,979	6,038	6,159	6,221	6,282
39	6,038	6,098	6,159	6,282	6,345	6,408
40	6,159	6,221	6,282	6,407	6,471	6,535
41	—	—	—	6,536	6,601	6,667

Step	Principal VIII		
	Base	Base + 1%	Base + 2%
4	—	—	—
5	—	—	—
6	—	—	—
7	—	—	—
8	—	—	—
9	—	—	—
10	—	—	—
11	—	—	—
12	—	—	—
13	—	—	—
14	—	—	—
15	—	—	—
16	—	—	—
17	—	—	—
18	\$4,258	\$4,301	\$4,343
19	4,333	4,376	4,420
20	4,410	4,454	4,498
21	4,487	4,532	4,577
22	4,577	4,623	4,669
23	4,669	4,716	4,762
24	4,762	4,810	4,857
25	4,857	4,906	4,954
26	4,954	5,004	5,053
27	5,053	5,104	5,154
28	5,154	5,206	5,257

29	5,257	5,310	5,362
30	5,362	5,416	5,469
31	5,469	5,524	5,578
32	5,578	5,634	5,690
33	5,689	5,746	5,803
34	5,803	5,861	5,919
35	5,920	5,979	6,038
36	6,038	6,098	6,159
37	6,159	6,221	6,282
38	6,282	6,345	6,408
39	6,407	6,471	6,535
40	6,536	6,601	6,667
41	6,667	6,734	6,800

(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal.

(e) For the 1998-99 fiscal year, a principal or assistant principal shall be placed on the appropriate step plus one percent (1%) if:

- (1) The employee's school met or exceeded the projected levels of improvement in student performance for the 1997-98 fiscal year, in accordance with the ABCs of Public Education Program; or

- (2) The local board of education found in 1997-98 that the employee's school met objectively measurable goals set by the local board of education for maintaining a safe and orderly school.

The principal or assistant principal shall be placed on the appropriate step plus two percent (2%) if the conditions set out in both subdivisions (1) and (2) are satisfied.

(f) For the 1998-99 fiscal year, a principal or assistant principal shall receive a lump-sum payment of:

- (1) One percent (1%) of his or her State-paid salary if the employee's school meets or exceeds the projected levels of improvement in student performance for the 1998-99 fiscal year, in accordance with the ABCs of Public Education Program; or
- (2) One percent (1%) of his or her State-paid salary if the local board of education finds that the employee's school has met the goals of the local plan for maintaining a safe and orderly school.

The principal or assistant principal shall receive a lump-sum payment of two percent (2%) if the conditions set out in both subdivisions (1) and (2) are satisfied.

The lump sum shall be paid as determined by guidelines adopted by the State Board. Placement on the salary schedule in the following year shall be based upon these increases.

(g) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

(h) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit: Provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-93 fiscal year received because of that requirement shall not be reduced because of this subsection for subsequent fiscal years that the superintendent is employed by that local school administrative unit so long as the superintendent is entitled to at least that amount of additional State-paid salary under the rules in effect for the 1992-93 fiscal year.

(i) Longevity pay for principals and assistant principals shall be as provided for State employees.

- (j)(1) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.
- (2) If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

This subdivision applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subdivision for one calendar year following the date of the merger.

(k) Participants in an approved full-time masters in school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. Certification of eligible full-time interns shall be supplied to the Department of Public Instruction by the Principal's Fellow Program or a school of education where the intern participates in a full-time masters in school administration.

GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES

Section 3. (a) G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred seven thousand one hundred thirty-two dollars (\$107,132)~~ one hundred ten thousand three hundred forty-six dollars (\$110,346) annually, payable monthly."

(b) Section 33(b) of Chapter 443 of the 1997 Session Laws reads as rewritten:

"(b) The annual salaries for the members of the Council of State, payable monthly, for the ~~1997-98 and 1998-99 fiscal years, year,~~ beginning July 1, 1997, July 1, 1998, are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$94,552 <u>\$97,388</u>
Attorney General	94,552 <u>97,388</u>
Secretary of State	94,552 <u>97,388</u>
State Treasurer	94,552 <u>97,388</u>
State Auditor	94,552 <u>97,388</u>
Superintendent of Public Instruction	94,552 <u>97,388</u>
Agriculture Commissioner	94,552 <u>97,388</u>
Insurance Commissioner	94,552 <u>97,388</u>
Labor Commissioner	94,552. <u>97,388."</u>

NONELECTED DEPARTMENT HEADS/SALARY INCREASES

Section 4. Section 33.1 of Chapter 443 of the 1997 Session Laws reads as rewritten:

"Section 33.1. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the ~~1997-98 and 1998-99 fiscal years, year,~~ beginning July 1, 1997, July 1, 1998, are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
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Secretary of Administration	\$92,378	<u>\$95,149</u>
Secretary of Correction	92,378	<u>95,149</u>
Secretary of Cultural Resources	92,378	<u>95,149</u>
Secretary of Commerce	92,378	<u>95,149</u>
Secretary of Environment, Health, <u>Environment</u> and Natural Resources	92,378	<u>95,149</u>
Secretary of <u>Health and Human Resources</u> <u>Services</u>	92,378	<u>95,149</u>
Secretary of Revenue	92,378	<u>95,149</u>
Secretary of Transportation	92,378	<u>95,149</u>
Secretary of Crime Control and Public Safety	92,378	<u>95,149</u> ."

CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES

Section 5. Section 33.2 of Chapter 443 of the 1997 Session Laws reads as rewritten:

"Section 33.2. The annual salaries, payable monthly, for the ~~1997-98 and 1998-99~~
~~fiscal years, year, beginning July 1, 1997, July 1, 1998,~~ for the following executive
branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>	
Chairman, Alcoholic Beverage Control Commission	\$ 84,080	<u>\$86,602</u>
State Controller	117,669	<u>121,199</u>
Commissioner of Motor Vehicles	84,080	<u>86,602</u>
Commissioner of Banks	94,552	<u>97,389</u>
Chairman, Employment Security Commission	117,520	<u>121,046</u>
State Personnel Director	92,378	<u>95,149</u>
Chairman, Parole Commission	76,775	<u>79,078</u>
Members of the Parole Commission	70,881	<u>73,008</u>
Chairman of the Utilities Commission	95,592	<u>98,460</u>
Commissioners of the Utilities Commission	94,552	<u>97,388</u>
Executive Director, Agency for Public Telecommunications	70,881	<u>73,008</u>
General Manager, Ports Railway Commission	64,005	<u>65,925</u>
Director, Museum of Art	86,155	<u>88,739</u>
Executive Director, Wildlife Resources Commission	72,569	<u>74,746</u>
Executive Director, North Carolina Housing Finance Agency	104,057	<u>107,179</u>
Executive Director, North Carolina Agricultural Finance Authority	81,839	<u>84,294</u>
Director, Office of Administrative Hearings	83,141	<u>"</u> .

JUDICIAL BRANCH OFFICIALS/SALARY INCREASES

Section 6. (a) Section 33.7 of Chapter 443 of the 1997 Session Laws reads as rewritten:

"Section 33.7. (a) The annual salaries, payable monthly, for specified judicial branch officials for the ~~1997-98 and 1998-99 fiscal years, year,~~ beginning ~~July 1, 1997,~~ July 1, 1998, are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$107,132 <u>\$110,346</u>
Associate Justice, Supreme Court	104,333 <u>107,463</u>
Chief Judge, Court of Appeals	101,724 <u>104,776</u>
Judge, Court of Appeals	99,986 <u>102,985</u>
Judge, Senior Regular Resident Superior Court	97,269 <u>100,187</u>
Judge, Superior Court	94,552 <u>97,388</u>
Chief Judge, District Court	85,857 <u>88,433</u>
Judge, District Court	83,141 <u>85,635</u>
District Attorney	87,596 <u>90,224</u>
Administrative Officer of the Courts	97,269 <u>100,187</u>
Assistant Administrative Officer of the Courts	81,684 <u>84,134</u>
Public Defender	87,596. <u>90,224.</u>

~~(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed fifty-three thousand eight hundred eighty-three dollars (\$53,883) and the minimum salary of any assistant district attorney or assistant public defender is at least twenty-seven thousand five hundred nine dollars (\$27,509), effective July 1, 1997.~~

~~(c) The salaries in effect for the 1996-97 fiscal year on June 30, 1997, for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by four percent (4%), commencing July 1, 1997.~~

~~(d) The salaries in effect on June 30, 1997, June 30, 1998, for all permanent, part-time employees of the Judicial Department shall be increased on and after July 1, 1997, by pro rata amounts of four percent (4%)."~~

(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed fifty-five thousand five hundred dollars (\$55,500) and the minimum salary of any assistant district attorney or assistant public defender is at least twenty-eight thousand three hundred thirty-four dollars (\$28,334), effective July 1, 1998.

(c) The salaries in effect for the 1997-98 fiscal year on June 30, 1998, for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Act, shall be increased by three percent (3%), commencing July 1, 1998.

(d) The salaries in effect on June 30, 1998, for all permanent, part-time employees of the Judicial Department shall be increased on and after July 1, 1998, by pro rata amounts of three percent (3%).

CLERKS OF SUPERIOR COURT/SALARY INCREASES

Section 7. G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary	
Less than 100,000	\$62,676	<u>\$64,556</u>
100,000 to 149,999	70,403	<u>72,515</u>
150,000 to 249,999	78,130	<u>80,474</u>
250,000 and above	85,857.	<u>88,433.</u>

The salary schedule in this subsection is intended to represent the following percentage of the salary of a chief district court judge:

Population	Annual Salary
Less than 100,000	73%
100,000 to 149,999	82%
150,000 to 249,999	91%
250,000 and above	100%.

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT/SALARY INCREASES

Section 8. (a) Effective July 1, 1998, those State employees whose salaries are determined by G.S. 7A-102 shall receive across-the-board salary increases in the amount of three percent (3%) in addition to step increases associated with their respective pay plans.

(b) G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper		Annual Salary	
Minimum		\$23,420	<u>\$24,122</u>
Maximum		41,466	<u>42,710</u>

Deputy Clerks		Annual Salary	
Minimum		\$18,724	<u>\$19,286</u>
Maximum		31,940.	<u>32,899.</u> "

MAGISTRATES/SALARY INCREASES

Section 9. Effective July 1, 1998, magistrates shall receive salary increases in the amount of three percent (3%), except that any person entitled to a step increase pursuant to G.S. 7A-171.1 for the 1998-99 fiscal year shall not receive the three percent increase provided by this section.

GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES

Section 10. G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~fifty-nine thousand eight hundred sixty-one dollars (\$59,861)~~ sixty-one thousand six hundred fifty-seven dollars (\$61,657) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANT-AT-ARMS AND READING CLERKS/SALARY INCREASES

Section 11. G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~two hundred fifty-eight dollars (\$258.00)~~ two hundred sixty-six (\$266.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

LEGISLATIVE EMPLOYEES/SALARY INCREASES

Section 12. The Legislative Administrative Officer shall increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 1997-98 by three percent (3%). Nothing in this act limits any of the provisions of G.S. 120-32.

COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

Section 13. The Director of the Budget shall transfer from the Reserve for Salary Increases created in this act for fiscal year 1998-99 funds to the Department of Community Colleges necessary to provide an average annual salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 1998, for all permanent full-time community college institutional personnel supported by State funds. The State Board of Community Colleges shall establish guidelines for providing their salary increases to community college institutional personnel to include consideration of increases based on performance. Salary funds shall be used to provide an average annual salary increase of three percent (3%) to all full-time employees and part-time employees on a pro rata basis.

UNIVERSITY OF NORTH CAROLINA SYSTEM - EPA SALARY INCREASES

Section 14. (a) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increase created in this act for fiscal year 1998-99 to provide an annual average salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 1998, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Governors, or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and shall not be used for any purpose other than for salary increases and necessary employer contributions provided by this section. The Board of Governors shall include consideration of increases based on performance in its adoption of rules for the allocation of funds for salary increases.

(b) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Salary Increases created in this act for fiscal year 1998-99 to provide an annual average salary increase comparable to that provided in this act for public school teachers, including funds for the employer's retirement and social security contributions, commencing July 1, 1998, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Trustees of the North Carolina School of Science and Mathematics and shall not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SCHOOL CENTRAL OFFICE SALARIES

Section 15. (a) The following monthly salary ranges apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 1998-99 fiscal year, beginning July 1, 1998:

- | | | |
|-----|---------------------------|-------------------|
| (1) | School Administrator I: | \$2,846 - \$4,857 |
| (2) | School Administrator II: | \$3,021 - \$5,155 |
| (3) | School Administrator III: | \$3,206 - \$5,471 |
| (4) | School Administrator IV: | \$3,335 - \$5,692 |
| (5) | School Administrator V: | \$3,469 - \$5,923 |
| (6) | School Administrator VI: | \$3,681 - \$6,286 |
| (7) | School Administrator VII: | \$3,830 - \$6,540 |

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 1998.

(b) The following monthly salary ranges apply to public school superintendents for the 1998-99 fiscal year, beginning July 1, 1998:

- | | | |
|-----|--|-------------------|
| (1) | Superintendent I (Up to 2,500 ADM): | \$4,065 - \$6,941 |
| (2) | Superintendent II (2,501 - 5,000 ADM): | \$4,315 - \$7,364 |
| (3) | Superintendent III (5,001 - 10,000 ADM): | \$4,578 - \$7,815 |
| (4) | Superintendent IV (10,001 - 25,000 ADM): | \$4,859 - \$8,293 |
| (5) | Superintendent V (Over 25,000 ADM): | \$5,157 - \$8,801 |

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

Notwithstanding the provisions of this subsection, a local board of education may pay an amount in excess of the applicable range to a superintendent who is entitled to receive the higher amount under Section 2 of this act.

(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees.

(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this section.

(e) The State Board shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

(f) The Director of the Budget shall transfer from the Reserve for Salary Increases created in this act for fiscal year 1998-99, beginning July 1, 1998, funds necessary to provide an average annual salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 1998, for all permanent full-time personnel paid from the Central Office Allotment. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing their salary increases to these personnel.

NONCERTIFIED PERSONNEL SALARY FUNDS/TEACHER ASSISTANT SALARY FUNDS

Section 16. (a) The Director of the Budget may transfer from the Reserve for Compensation Increase created in this act for fiscal year 1998-99, commencing July 1, 1998, funds necessary to provide a salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 1998, for all noncertified public school employees whose salaries are supported from the State's General Fund. Local boards of education shall increase the rates of pay for all such employees who were employed during fiscal year 1997-98 and who continue their employment for fiscal year 1998-99 by at least three percent (3%), commencing July 1, 1998. These funds shall not be used for any purpose other than for the salary increases and necessary employer contributions provided by this section.

The Director of the Budget may transfer from the Reserve for Compensation Increase created in this act for fiscal year 1998-99, beginning July 1, 1998, funds necessary to provide the salary increases for noncertified public school employees whose salaries are supported from the State's General Fund in accordance with the provisions of this section.

The State Board of Education may enact or create salary ranges for noncertified personnel to support increases of three percent (3%) for the 1998-99 fiscal year.

(b) G.S. 115C-12(16)b. reads as rewritten:

"b. Salary schedules for the following public school support personnel shall be adopted by the State Board of Education: school finance officer, office support personnel, teacher assistants, maintenance supervisors, custodial personnel, and transportation personnel. The Board shall classify these support positions in terms of uniform pay grades included in the salary schedule of the State Personnel Commission.

By the end of the third payroll period of the 1995-96 fiscal year, local boards of education shall place State-allotted office support personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the State Board of Education so

that the average salary paid is the State-allotted amount for the category. In placing employees on the salary schedule, the local board shall consider the education, training, and experience of each ~~employee.~~ employee, including experience in other local school administrative units. It is the intent of the General Assembly that a local school administrative unit not fail to employ an employee who was employed for the prior school year in order to implement the provisions of this sub-subdivision. A local board of education is in compliance with this sub-subdivision if the average salary paid is at least ninety-five percent (95%) of the State-allotted amount for the category at the end of the third payroll period of the 1995-96 fiscal year, and at least ninety-eight percent (98%) of the State-allotted amount for the category at the end of the third payroll period of each subsequent fiscal year. The Department of Public Instruction shall provide technical assistance to local school administrative units regarding the implementation of this sub-subdivision."

(c) Subsection (b) of this section applies beginning with the 1999-2000 school year.

COMPENSATION BONUS/STATE EMPLOYEES/SCHOOL PERSONNEL

Section 17. (a) Any person:

- (1) Whose salary is set by or under this Act, other than Sections 1, 2, 3, 4, 5, 6(a), 7, 18(a); and 18(c), 18(d), 18(e), except that the exclusion of those under 18(c), 18(d), and 18(e) only applies to those whose salaries are set by the State Personnel Act; and
- (2) Who was, on July 1, 1998, a permanent officer or permanent employee shall receive not later than October of 1998 a compensation bonus of one percent (1%), except that:
 - a. The compensation bonus for persons subject to Section 13 of this act shall be an average of one percent (1%) per year and shall be allocated in accordance with guidelines adopted by the State Board of Community Colleges;
 - b. The compensation bonus for persons subject to Section 14 of this act shall be an average of one percent (1%) per year and shall be allocated to individuals according to the rules adopted by the Board of Governors, or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate; and
 - c. The guidelines and rules adopted under sub-subdivisions a. and b. of this subdivision may cover employees of those institutions whose first day of employment for the 1998-99 academic year came after July 1, 1998.

- (a1) Any person:
 - (1) Who did not receive a compensation bonus under subsection (a) of this section; and
 - (2) Who was employed on the first day of the 1998-99 school year as a permanent public school employee whose salary is set by or under Sections 13 through 16 of this act shall receive in the fourth payroll period of the 1998-99 school year a compensation bonus of one percent (1%) of the annual salary for that position.
- (b) The annual salary on which the percentage compensation bonus is based is the annual salary in effect during the pay period in which the bonus is paid.
- (c) The Director of the Budget shall transfer from the Reserve for Compensation Bonus provided by this act sufficient funds to implement this section.

MOST STATE EMPLOYEES/SALARY INCREASES

Section 18. (a) The salaries in effect June 30, 1998, of all permanent full-time State employees whose salaries are set in accordance with the State Personnel Act, and who are paid from the General Fund or the Highway Fund shall be increased, on or after July 1, 1998, unless otherwise provided by this act, pursuant to the Comprehensive Compensation System set forth in G.S. 126-7 and rules adopted by the State Personnel Commission, as follows:

- (1) Career growth recognition awards in the amount of two percent (2%);
- (2) A cost-of-living adjustment in the amount of one percent (1%); and
- (3) A performance bonus in the amount of one percent (1%).

Notwithstanding G.S. 126-7(4a), any permanent full-time State employee whose salary is set in accordance with the State Personnel Act and whose salary is at the top of the salary range or within two percent (2%) of the top of the salary range shall receive a one-time bonus of two percent (2%) less the career growth recognition award the employee receives. The employee shall receive the career growth bonus at the time the employee is eligible for the career growth recognition award, but not earlier than July 1, 1998.

(a1) It is the intent of the General Assembly that the annual career growth recognition award in the amount of two percent (2%) provided by G.S. 126-7(c)(4a) shall be part of the continuation budget for each fiscal year of the 1999-2001 biennium.

(b) Except as otherwise provided in this act, salaries in effect June 30, 1998, for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by three percent (3%), commencing July 1, 1998.

(c) The salaries in effect June 30, 1998, for all permanent part-time State employees shall be increased on and after July 1, 1998, by pro rata amounts of the salary increases provided for permanent full-time employees covered under subsection (a) of this section.

(d) The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to

allow a salary increase on and after July 1, 1998, in accordance with subsections (a), (b), or (c) of this section, including funds for the employer's retirement and social security contributions, of the permanent full-time and part-time employees of the agency.

(e) Within regular Executive Budget Act procedures as limited by this act, all State agencies and departments may increase on an equitable basis the rate of pay of temporary and permanent hourly State employees, subject to availability of funds in the particular agency or department, by pro rata amounts the salary increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 1998.

(f) No State employee or officer shall receive a merit increment during the 1998-99 fiscal year except as otherwise provided by this act.

ALL STATE-SUPPORTED PERSONNEL

Section 19. (a) Salaries and related benefits for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

(b) The granting of the salary increases under this act does not affect the status of eligibility for salary increments for which employees may be eligible unless otherwise required by this act.

(c) The salary increases provided in this act are to be effective July 1, 1998, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, whose last workday is prior to July 1, 1998, or to employees involved in final written disciplinary procedures. The employee shall receive the increase on a current basis when the final written disciplinary procedure is resolved.

Payroll checks issued to employees after July 1, 1998, which represent payment of services provided prior to July 1, 1998, shall not be eligible for salary increases provided for in this act. This subsection shall apply to all employees, subject to or exempt from the State Personnel Act, paid from State funds, including public schools, community colleges, and The University of North Carolina.

(d) The Director of the Budget shall transfer from the Reserve for Compensation Increase in this act for fiscal year 1998-99 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

(e) The Director of the Budget shall transfer from the Reserve for Compensation Increase in this act for fiscal year 1998-99 one million four hundred thousand dollars (\$1,400,000) to The University of North Carolina Board of Governors for allocation to the Agricultural Research and Cooperative Extension budget codes of North Carolina State University in order to provide sufficient operating support for those programs.

(f) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

SALARY ADJUSTMENT FUND

Section 20. Any remaining appropriations for legislative salary increases not required for that purpose may be used to supplement the Salary Adjustment Fund. These funds shall first be used to provide reclassifications of those positions already approved by the Office of State Personnel. The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations prior to the allocation of these funds.

RETIREE COLAS AND FORMULA INCREASE

Section 21. (a) G.S. 135-5 is amended by adding a new subsection to read:

"(eee) From and after July 1, 1998, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1997, shall be increased by two and one-half percent (2.5%) of the allowance payable on June 1, 1998, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1998, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1997, but before June 30, 1998, shall be increased by a prorated amount of two and one-half percent (2.5%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1997, and June 30, 1998."

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

"(s) From and after July 1, 1998, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1997, shall be increased by two and one-half percent (2.5%) of the allowance payable on June 1, 1998. Furthermore, from and after July 1, 1998, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1997, but before June 30, 1998, shall be increased by a prorated amount of two and one-half percent (2.5%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1997, and June 30, 1998."

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

"(m) In accordance with subsection (a) of this section, from and after July 1, 1998, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 1998, shall be increased by two and one-half percent (2.5%) of the allowance payable on June 1, 1998. Furthermore, from and after July 1, 1998, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 1998, but before June 30, 1998, shall be increased by a prorated amount of two and one-half percent (2.5%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 1998, and June 30, 1998."

(d) G.S. 128-27 is amended by adding a new subsection to read:

"(uu) From and after July 1, 1998, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1997, shall be increased

by two and one-half percent (2.5%) of the allowance payable on June 1, 1998, in accordance with subsection (k) of this section. Furthermore, from and after July 1, 1998, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1997, but before June 30, 1998, shall be increased by a prorated amount of two and one-half percent (2.5%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1997, and June 30, 1998."

(e) G.S. 128-27(b16) reads as rewritten:

"(b16) Service Retirement Allowance of Member Retiring on or after July 1, ~~1997~~, 1997, but before July 1, 1998. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 1997, but before July 1, 1998, a member shall receive the following service retirement allowance:

- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-six hundredths percent (1.76%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:
 1. The service retirement allowance payable under G.S. 128-27(b16)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or
 2. The service retirement allowance as computed under G.S. 128-27(b16)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years

of creditable service, the allowance shall be equal to one and seventy-six hundredths percent (1.76%) of average final compensation, multiplied by the number of years of creditable service.

- b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b16)(2)a. but shall be reduced by one-quarter of one percent ($\frac{1}{4}$ of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.
- c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:
 - 1. The service retirement allowance as computed under G.S. 128-27(b16)(2)a. but reduced by the sum of five-twelfths of one percent ($\frac{5}{12}$ of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent ($\frac{1}{4}$ of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
 - 2. The service retirement allowance as computed under G.S. 128-27(b16)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
 - 3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b16)(2)b.
- d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

(f) G.S. 128-27 is amended by adding a new subsection to read:

"(b17) Service Retirement Allowance of Member Retiring on or After July 1, 1998.
– Upon retirement from service in accordance with subsection (a) or (a1) above, on or
after July 1, 1998, a member shall receive the following service retirement allowance:

- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-seven hundredths percent (1.77%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:
 - 1. The service retirement allowance payable under G.S. 128-27(b17)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or
 - 2. The service retirement allowance as computed under G.S. 128-27(b17)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-seven hundredths percent (1.77%) of average final compensation, multiplied by the number of years of creditable service.
 - b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b17)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

- c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:
1. The service retirement allowance as computed under G.S. 128-27(b17)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
 2. The service retirement allowance as computed under G.S. 128-27(b17)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
 3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b17)(2)b.
- d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

(g) G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all three of the following conditions apply:

- (1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or
b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b16)(1)b.~~ G.S. 128-27(b17)(1)b. or ~~G.S. 128-27(b16)(2)c.,~~ G.S. 128-27(b17)(2)c., notwithstanding the requirement of obtaining age 50.
- (2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.

- (3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase."

- (h) G.S. 128-27 is amended by adding a new subsection to read:

"(vv) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1998. – From and after July 1, 1998, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 1998, shall be increased by six-tenths of one percent (0.6%) of the allowance payable on June 1, 1998. This allowance shall be calculated on the allowance payable and in effect on June 30, 1998, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 1997 General Assembly."

- (i) This section becomes effective July 1, 1998.

EMPLOYER CONTRIBUTION RATES

Section 22. (a) Section 33.23(c) of S.L. 1997-443 reads as rewritten:

"(c) Effective July 1, 1998, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 1998-99 fiscal year are (i) ~~ten and eighty-three hundredths percent (10.83%)~~ ten and one-tenth percent (10.10%) - Teachers and State Employees; (ii) ~~fifteen and eighty-three hundredths percent (15.83%)~~ fifteen and one-tenth percent (15.10%) - State Law Enforcement Officers; (iii) nine and thirty-six hundredths percent (9.36%) - University Employees' Optional Retirement Program; (iv) ~~twenty-two and sixty-five hundredths percent (22.65%)~~ eighteen and ninety-seven hundredths percent (18.97%) - Consolidated Judicial Retirement System; and (v) twenty-four and fifty-eight hundredths percent (24.58%) - Legislative Retirement System. Each of the foregoing contribution rates includes two percent (2%) for hospital and medical benefits. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The rates for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program include fifty-two hundredths percent (0.52%) for the Disability Income Plan."

(b) The change provided by subsection (a) of this section is for the 1998-99 fiscal year only. It is the intent of the General Assembly that the rates provided by Section 33.23(c) of S.L. 1997-443 shall apply for the 1999-2001 biennium.

(c) Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employees' salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department,

office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income and disability salary continuation benefits.

CURRENT OPERATIONS/GENERAL FUND

Section 23. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the fiscal year ending June 30, 1999, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 1998-99 fiscal year.

<u>Current Operations - General Fund</u>	<u>1998-99</u>
Reserve for Compensation Increase	343,271,828
Reserve for 1% Compensation Bonus	43,171,138
Retirement Rate Adjustment	
Teachers and State Employees Retirement System	(42,909,070)
Consolidated Judicial Retirement System	(1,472,800)
TOTAL	\$342,061,096

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

Section 24. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the fiscal year ending June 30, 1999, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Fund appropriations for the 1998-99 fiscal year.

<u>Current Operations - Highway Fund</u>	<u>1998-99</u>
Reserve for Compensation Increase	12,000,000
Reserve for 1% Compensation Bonus	4,000,000
Retirement Rate Adjustment	
Teachers and State Employees Retirement System	(3,612,248)
TOTAL	\$12,387,752

SPECIAL FUNDS, FEDERAL FUNDS, AND DEPARTMENTAL RECEIPTS/AUTHORIZATION FOR EXPENDITURES

Section 25. There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to implement the provisions of this act. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute, and shall be expended at the level authorized by the General Assembly.

EFFECTIVE DATE

Section 26. Except as otherwise provided, this act becomes effective July 1, 1998.

In the General Assembly read three times and ratified this the 24th day of September, 1998.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ Harold J. Brubaker
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor

Approved 3:30 p.m. this 24th day of September, 1998