

**§ 126-5. Employees subject to Chapter; exemptions. [Effective until January 1, 2023]**

- (a) The provisions of this Chapter shall apply to:
  - (1) All State employees not herein exempt, and
  - (2) All employees of the following local entities:
    - a. Area mental health, developmental disabilities, and substance abuse authorities, except as otherwise provided in Chapter 122C of the General Statutes.
    - b. Local social services departments.
    - c. County health departments and district health departments.
    - d. Local emergency management agencies that receive federal grant-in-aid funds.

An employee of a consolidated county human services agency created pursuant to G.S. 153A-77(b) is not considered an employee of an entity listed in this subdivision.

- (3) County employees not included under subdivision (2) of this subsection as the several boards of county commissioners may from time to time determine.
- (b) As used in this section:
  - (1) "Exempt position" means an exempt managerial position or an exempt policymaking position.
  - (2) "Exempt managerial position" means a position delegated with significant managerial or programmatic responsibility that is essential to the successful operation of a State department, agency, or division, so that the application of G.S. 126-35 to an employee in the position would cause undue disruption to the operations of the agency, department, institution, or division.
  - (3) "Exempt policymaking position" means a position delegated with the authority to impose the final decision as to a settled course of action to be followed within a department, agency, or division, so that a loyalty to the Governor or other elected department head in their respective offices is reasonably necessary to implement the policies of their offices. The term shall not include personnel professionals.
  - (4) "Personnel professional" means any employee in a State department, agency, institution, or division whose primary job duties involve administrative personnel and human resources functions for that State department, agency, institution, or division.

(c) Except as to the policies, rules, and plans established by the Commission pursuant to G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), and 126-7, and except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

- (1) A State employee who is not a career State employee as defined by this Chapter.
- (2) One confidential assistant and two confidential secretaries for each elected or appointed department head and one confidential secretary for each chief deputy or chief administrative assistant.
- (3) Employees in exempt policymaking positions designated pursuant to G.S. 126-5(d).
- (4) The chief deputy or chief administrative assistant to the head of each State department who is designated either by statute or by the department head to act for and perform all of the duties of such department head during his absence or incapacity.

(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

- (1) Constitutional officers of the State.
- (2) Officers and employees of the Judicial Department.
- (2a) Deputy commissioners appointed pursuant to G.S. 97-79.
- (3) Officers and employees of the General Assembly.
- (4) Members of boards, committees, commissions, councils, and advisory councils compensated on a per diem basis.
- (5) Officials or employees whose salaries are fixed by the General Assembly, or by the Governor, or by the Governor and Council of State, or by the Governor subject to the approval of the Council of State.
- (6) Employees of the Office of the Governor that the Governor, at any time, in the Governor's discretion, exempts from the application of the provisions of this Chapter by means of a letter to the Director of the Office of State Human Resources designating these employees.
- (7) Employees of the Office of the Lieutenant Governor, that the Lieutenant Governor, at any time, in the Lieutenant Governor's discretion, exempts from the application of the provisions of this Chapter by means of a letter to the Director of the Office of State Human Resources designating these employees.
- (8) Instructional and research staff, finance professionals, business office professionals, auditor professionals, information technology professionals, physicians, and dentists of The University of North Carolina, including the faculty of the North Carolina School of Science and Mathematics.
- (8a) Employees of a regional school established pursuant to Part 10 of Article 16 of Chapter 115C of the General Statutes.
- (9) Employees whose salaries are fixed under the authority vested in the Board of Governors of The University of North Carolina by the provisions of G.S. 116-11(4), 116-11(5), and 116-14.
- (9a) Employees of the North Carolina Cooperative Extension Service of North Carolina State University who are employed in county operations and who are not exempt pursuant to subdivision (8) or (9) of this subsection.
- (10) Repealed by Session Laws 1991, c. 84, s. 1.
- (11) Repealed by Session Laws 2006-66, s. 9.11(z), effective July 1, 2007.
- (12), (13) Repealed by Session Laws 2001-474, s. 15, effective November 29, 2001.
- (14) Employees of the North Carolina State Ports Authority.
- (15) Employees of the North Carolina Global TransPark Authority.
- (16) The executive director and one associate director of the North Carolina Center for Nursing established under Article 9F of Chapter 90 of the General Statutes.
- (17) Repealed by Session Laws 2004-129, s. 37, effective July 1, 2004.
- (18) Employees of the Tobacco Trust Fund Commission established in Article 75 of Chapter 143 of the General Statutes.
- (19) Employees of the Health and Wellness Trust Fund Commission established in Article 21 of Chapter 130A of the General Statutes.
- (20) Repealed by Session Laws 2008-134, s. 73(d), effective July 28, 2008.
- (21) Repealed by Session Laws 2019-32, s. 1(b), effective July 1, 2019.
- (22) Employees of the North Carolina Turnpike Authority.
- (23) The Executive Administrator of the State Health Plan for Teachers and State Employees.
- (24) Employees of the State Health Plan for Teachers and State Employees as designated by law or by the Executive Administrator of the Plan.
- (25) The North Carolina State Lottery Director and employees of the North Carolina State Lottery.

- (26) Repealed by Session Laws 2011-145, s. 7.31(c), as added by Session Laws 2011-391, s. 17, and by Session Laws 2011-266, s. 1.37(c), effective July 1, 2011.
  - (27) The Chief Administrative Law Judge of the Office of Administrative Hearings and five employees of the Office of Administrative Hearings as designated by the Chief Administrative Law Judge.
  - (28) The Executive Director and the Assistant Director of the U.S.S. North Carolina Battleship Commission.
  - (29) The Executive Director, Deputy Director, all other directors, assistant and associate directors, and center fellows of the North Carolina Center for the Advancement of Teaching.
  - (30) Employees of the Department of Commerce employed in the Rural Economic Development Division.
  - (30a) Repealed by Session Laws 2018-5, s. 15.5(e), effective July 1, 2018.
  - (31) Repealed by Session Laws 2021-180, s. 9B.4(c), effective July 1, 2021.
  - (32) Employees of the North Carolina Health Information Exchange Authority.
  - (33) Employees of the Division of Health Benefits of the Department of Health and Human Services.
  - (34) Repealed by Session Laws 2021-180, s. 9F.19(a), effective December 18, 2021.
  - (35) The Associate Superintendent of Early Education who serves as chief academic officer of early education.
  - (36) Employees of the Outdoor Heritage Advisory Council.
  - (37) Employees of the Division of State Operated Healthcare Facilities of the Department of Health and Human Services who are (i) health care professionals licensed under Chapter 90 or Chapter 90B of the General Statutes or (ii) engineers responsible for maintenance or buildings operations at one of the health care facilities operated by the Secretary of the Department of Health and Human Services under G.S. 122C-181.
  - (38) The Executive Director of the North Carolina Boxing and Combat Sports Commission created pursuant to G.S. 143-652.2.
- (c2) The provisions of this Chapter shall not apply to:
- (1) Public school superintendents, principals, teachers, and other public school employees.
  - (2) Recodified as G.S. 126-5(c)(4) by Session Laws 1985 (Regular Session, 1986), c. 1014, s. 41.
  - (3) Employees of community colleges whose salaries are fixed in accordance with the provisions of G.S. 115D-5 and G.S. 115D-20, and employees of the Community Colleges System Office whose salaries are fixed by the State Board of Community Colleges in accordance with the provisions of G.S. 115D-3.
  - (4) Employees of the Office of Proprietary Schools whose salaries are fixed by the State Board of Proprietary Schools in accordance with the provisions of G.S. 115D-89.2.
  - (5) Officers, employees, and members of the governing board of a North Carolina nonprofit corporation with which the Department of Commerce has contracted pursuant to the authority granted in G.S. 143B-431.01.
- (c3) Except as to the policies, rules, and plans established by the Commission pursuant to G.S. 126-4(5) and the provisions of Article 6 of this Chapter, the provisions of this Chapter shall not apply to: Teaching and related educational classes of employees of the Division of Adult

Correction and Juvenile Justice of the Department of Public Safety, the Department of Health and Human Services, and any other State department, agency or institution, whose salaries shall be set in the same manner as set for corresponding public school employees in accordance with Chapter 115C of the General Statutes.

(c4) Repealed by Session Laws 1993, c. 321, s. 145(b).

(c5) Notwithstanding any other provision of this Chapter, Article 14 of this Chapter shall apply to all State employees, public school employees, and community college employees.

(c6) Article 15 of this Chapter shall apply to all State employees, public school employees, and community college employees.

(c7) Except as to the policies, rules, and plans established by the Commission pursuant to G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), 126-7, 126-14.3, and except as to the provisions of G.S. 126-14.2, G.S. 126-34.1(a)(2), and Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to exempt managerial positions.

(c8) Except as to the provisions of Articles 5, 6, 7, and 14 of this Chapter, the provisions of this Chapter shall not apply to:

- (1) Employees of the University of North Carolina Health Care System.
- (2) Employees of the University of North Carolina Hospitals at Chapel Hill, as may be provided pursuant to G.S. 116-37(a)(4).
- (3) Employees of the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill as may be provided pursuant to G.S. 116-37(a)(4).
- (4) Employees of the Medical Faculty Practice Plan, a division of the School of Medicine of East Carolina University.

(c9) Notwithstanding any other provision of this section, the provisions of Article 16 of this Chapter shall apply to all exempt and nonexempt State employees in the executive, legislative, and judicial branches unless provided otherwise by Article 16 of this Chapter. The provisions of Article 16 of this Chapter shall not apply to employees described in subdivisions (2) and (3) of subsection (a) of this section.

(c10) Notwithstanding any other provision of this section, the provisions of G.S. 126-8.5 shall apply to all exempt and nonexempt State employees in the executive, legislative, and judicial branch unless provided otherwise by G.S. 126-8.5. The provisions of G.S. 126-8.5 shall not apply to employees described in subdivisions (2) and (3) of subsection (a) of this section.

(c11) The following are exempt from: (i) the classification and compensation rules established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4); (ii) G.S. 126-4(5) only as it applies to hours and days of work, vacation, and sick leave; (iii) G.S. 126-4(6) only as it applies to promotion and transfer; (iv) G.S. 126-4(10) only as it applies to the prohibition of the establishment of incentive pay programs; and (v) Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1:

- (1) The Office of the Commissioner of Banks and its employees; and
- (2) The following employees of the Department of Natural and Cultural Resources:
  - a. Director and Associate Directors of the North Carolina Museum of History.
  - b. Program Chiefs and Curators.
  - c. Regional History Museum Administrators and Curators.
  - d. North Carolina Symphony.
  - e. Director, Associate Directors, and Curators of Tryon Palace.
  - f. Director, Associate Directors, and Curators of Transportation Museum.
  - g. Director and Associate Directors of the North Carolina Arts Council.

h. Director, Assistant Directors, and Curators of the Division of State Historic Sites.

- (3) Employees of the Department of Information Technology (DIT), and employees in all agencies, departments, and institutions with similar classifications as DIT employees, who voluntarily relinquish annual longevity payments, relinquish any claim to longevity pay, voluntarily relinquish any claim to career status or eligibility for career status as approved by the State Chief Information Officer and the Director of the Office of State Human Resources (OSHR).

(c12) Except as to G.S. 126-13, 126-14, 126-14.1, and the provisions of Articles 6, 7, 14, 15, and 16 of this Chapter, the provisions of this Chapter shall not apply to employees of the Department of State Treasurer possessing specialized skills or knowledge necessary for the proper administration of investment programs and compensated pursuant to G.S. 147-69.3(i2).

(c13) Except as to G.S. 126-13, 126-14, 126-14.1, and the provisions of Articles 6, 7, 14, 15, and 16 of this Chapter, the provisions of this Chapter shall not apply to employees of the Department of State Treasurer possessing specialized skills or knowledge necessary for the proper administration of the Supplemental Retirement Plans and compensated pursuant to G.S. 135-91(c).

(c14) Notwithstanding any provision of this Chapter to the contrary, each Council of State agency shall have the sole authority to set the salary of its exempt policymaking and exempt managerial positions within the minimum rates, and the maximum rates plus ten percent (10%), established by the State Human Resources Commission under G.S. 126-4(2).

(c15) Notwithstanding any provision of this Chapter to the contrary, the State Chief Information Officer (State CIO) is authorized to do the following:

- (1) Classify or reclassify positions in the Department of Information Technology (DIT) according to the classification system established by the State Human Resources Commission (SHRC) as long as the employee meets the minimum requirements of the classification.
- (2) Set salaries for DIT employees within the salary ranges for the respective position classification established by the SHRC.

(c16) Except as to the provisions of Articles 6, 7, and 8 of this Chapter, the provisions of this Chapter shall not apply to commissioned police officer positions of the University of North Carolina. Employees in positions covered by this exception shall be eligible for all employment and retirement benefits provided to State law enforcement officers subject to this Chapter.

- (d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this Chapter, which is known as the North Carolina Human Resources Act, the Governor may designate a total of 425 exempt positions throughout the following departments and offices:
- a. Department of Administration.
  - b. Department of Commerce.
  - c. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012, and by Session Laws 2012-142, s. 25.2E(a), effective January 1, 2013.
  - d. Department of Public Safety.
  - e. Department of Natural and Cultural Resources.
  - f. Department of Health and Human Services.
  - g. Department of Environmental Quality.
  - h. Department of Revenue.
  - i. Department of Transportation.
  - j. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012, and by Session Laws 2012-142, s. 25.2E(a), effective January 1, 2013.

- k. Department of Information Technology.
  - l., m. Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 7, effective December 19, 2016.
  - n. Department of Military and Veterans Affairs.
- (2) Exempt Positions in Council of State Departments and Offices. – The Secretary of State, the Auditor, the Treasurer, the Attorney General, the Superintendent of Public Instruction, the Commissioner of Agriculture, the Commissioner of Insurance, and the Labor Commissioner may designate exempt positions. The number of exempt policymaking positions in each department headed by an elected department head listed above in this sub-subdivision shall be limited to 25 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions shall be limited to 25 positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt policymaking positions designated by the Superintendent of Public Instruction shall be limited to 70 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions designated by the Superintendent of Public Instruction shall be limited to 70 exempt managerial positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater.
- (2a) Designation of Additional Positions. – The Governor or elected department head may request that additional positions be designated as exempt. The request shall be made by sending a list of exempt positions that exceed the limit imposed by this subsection to the Speaker of the North Carolina House of Representatives and the President of the North Carolina Senate. A copy of the list also shall be sent to the Director of the Office of State Human Resources. The General Assembly may authorize all, or part of, the additional positions to be designated as exempt positions. If the General Assembly is in session when the list is submitted and does not act within 30 days after the list is submitted, the list shall be deemed approved by the General Assembly, and the positions shall be designated as exempt positions. If the General Assembly is not in session when the list is submitted, the 30-day period shall not begin to run until the next date that the General Assembly convenes or reconvenes, other than for a special session called for a specific purpose not involving the approval of the list of additional positions to be designated as exempt positions; the policymaking positions shall not be designated as exempt during the interim.
- (2b) Designation of Liaison Positions. – Liaisons to the Collaboration for Prosperity Zones set out in G.S. 143B-28.1 for the Departments of Commerce, Environmental Quality, and Transportation are designated as exempt.
- (2c) Repealed by Session Laws 2017-6, s. 1, effective May 1, 2017.
- (3) Letter. – These positions shall be designated in a letter to the Director of the Office of State Human Resources, the Speaker of the House of Representatives, and the President of the Senate by July 1 of the year in which the oath of office is administered to each Governor unless the provisions of subsection (d)(4) apply.
- (4) Vacancies. – In the event of a vacancy in the Office of Governor or in the office of a member of the Council of State, the person who succeeds to or is

appointed or elected to fill the unexpired term shall make such designations in a letter to the Director of the Office of State Human Resources, the Speaker of the House of Representatives, and the President of the Senate within 180 days after the oath of office is administered to that person.

- (5) Creation, Transfer, or Reorganization. – The Governor or elected department head may designate as exempt a position that is created or transferred to a different department, or is located in a department in which reorganization has occurred, after October 1 of the year in which the oath of office is administered to the Governor. The designation must be made in a letter to the Director of the Office of State Human Resources, the Speaker of the North Carolina House of Representatives, and the President of the North Carolina Senate within 180 days after such position is created, transferred, or in which reorganization has occurred.
  - (6) Reversal. – Subsequent to the designation of a position as an exempt position as hereinabove provided, the status of the position may be reversed and made subject to the provisions of this Chapter by the Governor or by an elected department head in a letter to the Director of the Office of State Human Resources, the Speaker of the North Carolina House of Representatives, and the President of the North Carolina Senate.
  - (7) Except for deputy commissioners appointed pursuant to G.S. 97-79 and as otherwise specifically provided by this section, no employee, by whatever title, whose primary duties include the power to conduct hearings, take evidence, and enter a decision based on findings of fact and conclusions of law based on statutes and legal precedents shall be designated as exempt. This subdivision shall apply beginning July 1, 1985, and no list submitted after that date shall designate as exempt any employee described in this subdivision.
- (e) **(Repealed for State employees hired on or after August 21, 2013)** An exempt employee may be transferred, demoted, or separated from his or her position by the department head authorized to designate the exempt position except as follows:
- (1) When an employee who has the minimum service requirements described in G.S. 126-1.1 but less than 10 years of cumulative service in subject positions prior to placement in an exempt position is removed from an exempt position, for reasons other than just cause, the employee shall have priority to any position that becomes available for which the employee is qualified, according to rules and regulations regulating and defining priority as promulgated by the State Human Resources Commission.
  - (2) When an employee who has 10 years or more cumulative service, including the immediately preceding 12 months, in subject positions prior to placement in an exempt position is removed from an exempt position, for reasons other than just cause, the employee shall be reassigned to a subject position within the same department or agency, or if necessary within another agency, at the same grade and salary, including all across-the-board increases since placement in the position designated as exempt, as his or her most recent subject position.
  - (3) When a career State employee as defined by G.S. 126-1.1 who has more than two but less than 10 years or more of cumulative service in a subject position moves from one exempt position covered by this subsection to another position covered by this subsection without a break in service and that employee is later removed from the last exempt position, for reasons other than just cause, the employee shall have priority to any position that becomes

- available for which the employee is qualified, according to the rules regulating and defining priority as adopted by the State Human Resources Commission.
- (4) When a career State employee as defined by G.S. 126-1.1 who has 10 years or more of cumulative service moves from one exempt position covered by this subsection to another position covered by this subsection without a break in service and that employee is later removed from the last exempt position, for reasons other than just cause, the employee shall be reassigned to a subject position within the same department or agency, or if necessary, within another department or agency. The employee shall be paid at the same grade and salary as the employee's most recent subject position, including all across-the-board legislative increases awarded since the employee's placement in the position that was designated as exempt.

(f) **(Repealed for State employees hired on or after August 21, 2013)** A department head is authorized to use existing budgeted positions within his department in order to carry out the provisions of subsection (e) of this section. If it is necessary to meet the requirements of subsection (e) of this section, a department head may use salary reserve funds authorized for his department.

(g) No employee shall be placed in an exempt position without 10 working days prior written notification that such position is so designated. A person applying for a position that is designated as exempt must be notified in writing at the time he makes the application that the position is designated as exempt.

(h) In case of dispute as to whether an employee is subject to the provisions of this Chapter, the dispute shall be resolved as provided in Article 3 of Chapter 150B. (1965, c. 640, s. 2; 1967, c. 24, s. 20; cc. 1038, 1143; 1969, c. 982; 1971, c. 1025, s. 2; 1973, c. 476, s. 143; 1975, c. 667, ss. 8, 9; 1977, c. 866, ss. 2-5; 1979, 2nd Sess., c. 1137, s. 40; 1983, c. 717, s. 41; c. 867, s. 2; 1985, c. 589, s. 38; c. 617, s. 1; c. 757, s. 206(c); 1985 (Reg. Sess., 1986), c. 955, s. 43; c. 1014, ss. 41, 235; c. 1022, s. 9; 1987, c. 320, s. 4; c. 395, s. 1; c. 809, s. 1; c. 850, s. 19; 1987 (Reg. Sess., 1988), c. 1064, s. 3; 1989, c. 168, s. 9; c. 236, s. 3; c. 484; c. 727, s. 218(85); c. 751, s. 7(13); 1991, c. 65, s. 2; c. 84, ss. 1, 2; c. 354, s. 3; c. 749, s. 4; 1991 (Reg. Sess., 1992), c. 879, s. 5; c. 959, s. 85; 1993, c. 145, s. 1; c. 321, s. 145(b); c. 553, ss. 39, 40; 1993 (Reg. Sess., 1994), c. 777, s. 4(g); 1995, c. 141, ss. 3, 5; c. 393, s. 1; 1995 (Reg. Sess., 1996), c. 690, s. 15; 1997-443, ss. 11A.118(a), 11A.119(a), 22.2(b); 1997-520, s. 3; 1998-212, s. 11.8(b); 1999-84, s. 21; 1999-253, s. 1; 1999-434, s. 25; 2000-137, s. 4(nn); 2000-147, s. 4; 2000-148, s. 3; 2001-92, s. 2; 2001-424, s. 32.16(a); 2001-474, s. 15; 2001-487, ss. 21(d), 30(a), (b); 2002-126, s. 28.4; 2002-133, s. 4; 2004-124, s. 31.27(b); 2004-129, s. 37; 2005-276, s. 29.34(b); 2005-344, s. 9; 2006-66, ss. 9.11(y), (z), 9.17(e), 18.2(e); 2006-204, s. 2; 2006-221, s. 20; 2006-259, s. 49; 2006-264, s. 11; 2007-117, s. 3(b); 2007-195, s. 1; 2007-323, s. 28.22A(o); 2007-345, s. 12; 2007-484, s. 9(c); 2008-134, s. 73(d); 2009-451, ss. 9.13(f), 27.31(c); 2011-145, ss. 7.31(c), 19.1(g), (h), (l); 2011-241, s. 5; 2011-266, s. 1.37(c); 2011-391, s. 17; 2012-83, s. 7; 2012-142, ss. 8.9A(c), 25.2E(a); 2012-151, s. 11(a); 2013-360, s. 15.10(d); 2013-382, ss. 4.1, 4.3, 4.4, 4.5, 9.1(c); 2013-410, s. 47.2(b); 2014-18, s. 1.4; 2014-100, ss. 7.17(a), 15.16(b), 33.2(b), 35.11(a); 2014-115, s. 55.3(a); 2015-164, s. 9(b); 2015-241, ss. 7A.4(k), 12A.3(b), 12A.5(e), 14.30(s), (u), 24.1(v); 2015-245, s. 20; 2015-268, s. 7.3(a); 2016-94, s. 15.10(b); 2016-126, 4th Ex. Sess., ss. 7, 8; 2017-6, s. 1; 2017-57, ss. 7.23I(b), 35.18C; 2017-186, s. 2(sssss); 2018-5, ss. 15.5(e), 35.19; 2018-84, s. 8(b); 2019-32, s. 1(b); 2019-200, s. 13; 2020-56, s. 7; 2020-78, s. 9.1; 2021-80, s. 1; 2021-180, ss. 9B.4(c), 9F.19(a), 19A.7(e), 21.2(b).)

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- (a) The provisions of this Chapter shall apply to:
- (1) All State employees not herein exempt, and



- (2) All employees of the following local entities:
  - a. Area mental health, developmental disabilities, and substance abuse authorities, except as otherwise provided in Chapter 122C of the General Statutes.
  - b. Local social services departments.
  - c. County health departments and district health departments.
  - d. Local emergency management agencies that receive federal grant-in-aid funds.

An employee of a consolidated county human services agency created pursuant to G.S. 153A-77(b) is not considered an employee of an entity listed in this subdivision.

- (3) County employees not included under subdivision (2) of this subsection as the several boards of county commissioners may from time to time determine.

(b) As used in this section:

- (1) "Exempt position" means an exempt managerial position or an exempt policymaking position.
- (2) "Exempt managerial position" means a position delegated with significant managerial or programmatic responsibility that is essential to the successful operation of a State department, agency, or division, so that the application of G.S. 126-35 to an employee in the position would cause undue disruption to the operations of the agency, department, institution, or division.
- (3) "Exempt policymaking position" means a position delegated with the authority to impose the final decision as to a settled course of action to be followed within a department, agency, or division, so that a loyalty to the Governor or other elected department head in their respective offices is reasonably necessary to implement the policies of their offices. The term shall not include personnel professionals.
- (4) "Personnel professional" means any employee in a State department, agency, institution, or division whose primary job duties involve administrative personnel and human resources functions for that State department, agency, institution, or division.

(c) Except as to the policies, rules, and plans established by the Commission pursuant to G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), and 126-7, and except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

- (1) A State employee who is not a career State employee as defined by this Chapter.
- (2) One confidential assistant and two confidential secretaries for each elected or appointed department head and one confidential secretary for each chief deputy or chief administrative assistant.
- (3) Employees in exempt policymaking positions designated pursuant to G.S. 126-5(d).
- (4) The chief deputy or chief administrative assistant to the head of each State department who is designated either by statute or by the department head to act for and perform all of the duties of such department head during his absence or incapacity.

(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

- (1) Constitutional officers of the State.
- (2) Officers and employees of the Judicial Department.
- (2a) Deputy commissioners appointed pursuant to G.S. 97-79.

- (3) Officers and employees of the General Assembly.
- (4) Members of boards, committees, commissions, councils, and advisory councils compensated on a per diem basis.
- (5) Officials or employees whose salaries are fixed by the General Assembly, or by the Governor, or by the Governor and Council of State, or by the Governor subject to the approval of the Council of State.
- (6) Employees of the Office of the Governor that the Governor, at any time, in the Governor's discretion, exempts from the application of the provisions of this Chapter by means of a letter to the Director of the Office of State Human Resources designating these employees.
- (7) Employees of the Office of the Lieutenant Governor, that the Lieutenant Governor, at any time, in the Lieutenant Governor's discretion, exempts from the application of the provisions of this Chapter by means of a letter to the Director of the Office of State Human Resources designating these employees.
- (8) Instructional and research staff, finance professionals, business office professionals, auditor professionals, information technology professionals, physicians, and dentists of The University of North Carolina, including the faculty of the North Carolina School of Science and Mathematics.
- (8a) Employees of a regional school established pursuant to Part 10 of Article 16 of Chapter 115C of the General Statutes.
- (9) Employees whose salaries are fixed under the authority vested in the Board of Governors of The University of North Carolina by the provisions of G.S. 116-11(4), 116-11(5), and 116-14.
- (9a) Employees of the North Carolina Cooperative Extension Service of North Carolina State University who are employed in county operations and who are not exempt pursuant to subdivision (8) or (9) of this subsection.
- (10) Repealed by Session Laws 1991, c. 84, s. 1.
- (11) Repealed by Session Laws 2006-66, s. 9.11(z), effective July 1, 2007.
- (12), (13) Repealed by Session Laws 2001-474, s. 15, effective November 29, 2001.
- (14) Employees of the North Carolina State Ports Authority.
- (15) Employees of the North Carolina Global TransPark Authority.
- (16) The executive director and one associate director of the North Carolina Center for Nursing established under Article 9F of Chapter 90 of the General Statutes.
- (17) Repealed by Session Laws 2004-129, s. 37, effective July 1, 2004.
- (18) Employees of the Tobacco Trust Fund Commission established in Article 75 of Chapter 143 of the General Statutes.
- (19) Employees of the Health and Wellness Trust Fund Commission established in Article 21 of Chapter 130A of the General Statutes.
- (20) Repealed by Session Laws 2008-134, s. 73(d), effective July 28, 2008.
- (21) Repealed by Session Laws 2019-32, s. 1(b), effective July 1, 2019.
- (22) Employees of the North Carolina Turnpike Authority.
- (23) The Executive Administrator of the State Health Plan for Teachers and State Employees.
- (24) Employees of the State Health Plan for Teachers and State Employees as designated by law or by the Executive Administrator of the Plan.
- (25) The North Carolina State Lottery Director and employees of the North Carolina State Lottery.
- (26) Repealed by Session Laws 2011-145, s. 7.31(c), as added by Session Laws 2011-391, s. 17, and by Session Laws 2011-266, s. 1.37(c), effective July 1, 2011.

- (27) The Chief Administrative Law Judge of the Office of Administrative Hearings and five employees of the Office of Administrative Hearings as designated by the Chief Administrative Law Judge.
  - (28) The Executive Director and the Assistant Director of the U.S.S. North Carolina Battleship Commission.
  - (29) The Executive Director, Deputy Director, all other directors, assistant and associate directors, and center fellows of the North Carolina Center for the Advancement of Teaching.
  - (30) Employees of the Department of Commerce employed in the Rural Economic Development Division.
  - (30a) Repealed by Session Laws 2018-5, s. 15.5(e), effective July 1, 2018.
  - (31) Repealed by Session Laws 2021-180, s. 9B.4(c), effective July 1, 2021.
  - (32) Employees of the North Carolina Health Information Exchange Authority.
  - (33) Employees of the Division of Health Benefits of the Department of Health and Human Services.
  - (34) Repealed by Session Laws 2021-180, s. 9F.19(a), effective December 18, 2021.
  - (35) The Associate Superintendent of Early Education who serves as chief academic officer of early education.
  - (36) Employees of the Outdoor Heritage Advisory Council.
  - (37) Employees of the Division of State Operated Healthcare Facilities of the Department of Health and Human Services who are (i) health care professionals licensed under Chapter 90 or Chapter 90B of the General Statutes or (ii) engineers responsible for maintenance or buildings operations at one of the health care facilities operated by the Secretary of the Department of Health and Human Services under G.S. 122C-181.
  - (38) The Executive Director of the North Carolina Boxing and Combat Sports Commission created pursuant to G.S. 143-652.2.
- (c2) The provisions of this Chapter shall not apply to:
- (1) Public school superintendents, principals, teachers, and other public school employees.
  - (2) Recodified as G.S. 126-5(c)(4) by Session Laws 1985 (Regular Session, 1986), c. 1014, s. 41.
  - (3) Employees of community colleges whose salaries are fixed in accordance with the provisions of G.S. 115D-5 and G.S. 115D-20, and employees of the Community Colleges System Office whose salaries are fixed by the State Board of Community Colleges in accordance with the provisions of G.S. 115D-3.
  - (4) Employees of the Office of Proprietary Schools whose salaries are fixed by the State Board of Proprietary Schools in accordance with the provisions of G.S. 115D-89.2.
  - (5) Officers, employees, and members of the governing board of a North Carolina nonprofit corporation with which the Department of Commerce has contracted pursuant to the authority granted in G.S. 143B-431.01.
- (c3) Except as to the policies, rules, and plans established by the Commission pursuant to G.S. 126-4(5) and the provisions of Article 6 of this Chapter, the provisions of this Chapter shall not apply to: Teaching and related educational classes of employees of the Division of Juvenile Justice of the Department of Public Safety, the Department of Health and Human Services, and any other State department, agency or institution, whose salaries shall be set in the same manner

as set for corresponding public school employees in accordance with Chapter 115C of the General Statutes.

(c4) Repealed by Session Laws 1993, c. 321, s. 145(b).

(c5) Notwithstanding any other provision of this Chapter, Article 14 of this Chapter shall apply to all State employees, public school employees, and community college employees.

(c6) Article 15 of this Chapter shall apply to all State employees, public school employees, and community college employees.

(c7) Except as to the policies, rules, and plans established by the Commission pursuant to G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), 126-7, 126-14.3, and except as to the provisions of G.S. 126-14.2, G.S. 126-34.1(a)(2), and Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to exempt managerial positions.

(c8) Except as to the provisions of Articles 5, 6, 7, and 14 of this Chapter, the provisions of this Chapter shall not apply to:

- (1) Employees of the University of North Carolina Health Care System.
- (2) Employees of the University of North Carolina Hospitals at Chapel Hill, as may be provided pursuant to G.S. 116-37(a)(4).
- (3) Employees of the clinical patient care programs of the School of Medicine of the University of North Carolina at Chapel Hill as may be provided pursuant to G.S. 116-37(a)(4).
- (4) Employees of the Medical Faculty Practice Plan, a division of the School of Medicine of East Carolina University.

(c9) Notwithstanding any other provision of this section, the provisions of Article 16 of this Chapter shall apply to all exempt and nonexempt State employees in the executive, legislative, and judicial branches unless provided otherwise by Article 16 of this Chapter. The provisions of Article 16 of this Chapter shall not apply to employees described in subdivisions (2) and (3) of subsection (a) of this section.

(c10) Notwithstanding any other provision of this section, the provisions of G.S. 126-8.5 shall apply to all exempt and nonexempt State employees in the executive, legislative, and judicial branch unless provided otherwise by G.S. 126-8.5. The provisions of G.S. 126-8.5 shall not apply to employees described in subdivisions (2) and (3) of subsection (a) of this section.

(c11) The following are exempt from: (i) the classification and compensation rules established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4); (ii) G.S. 126-4(5) only as it applies to hours and days of work, vacation, and sick leave; (iii) G.S. 126-4(6) only as it applies to promotion and transfer; (iv) G.S. 126-4(10) only as it applies to the prohibition of the establishment of incentive pay programs; and (v) Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1:

- (1) The Office of the Commissioner of Banks and its employees; and
- (2) The following employees of the Department of Natural and Cultural Resources:
  - a. Director and Associate Directors of the North Carolina Museum of History.
  - b. Program Chiefs and Curators.
  - c. Regional History Museum Administrators and Curators.
  - d. North Carolina Symphony.
  - e. Director, Associate Directors, and Curators of Tryon Palace.
  - f. Director, Associate Directors, and Curators of Transportation Museum.
  - g. Director and Associate Directors of the North Carolina Arts Council.
  - h. Director, Assistant Directors, and Curators of the Division of State Historic Sites.

- (3) Employees of the Department of Information Technology (DIT), and employees in all agencies, departments, and institutions with similar classifications as DIT employees, who voluntarily relinquish annual longevity payments, relinquish any claim to longevity pay, voluntarily relinquish any claim to career status or eligibility for career status as approved by the State Chief Information Officer and the Director of the Office of State Human Resources (OSHR).

(c12) Except as to G.S. 126-13, 126-14, 126-14.1, and the provisions of Articles 6, 7, 14, 15, and 16 of this Chapter, the provisions of this Chapter shall not apply to employees of the Department of State Treasurer possessing specialized skills or knowledge necessary for the proper administration of investment programs and compensated pursuant to G.S. 147-69.3(i2).

(c13) Except as to G.S. 126-13, 126-14, 126-14.1, and the provisions of Articles 6, 7, 14, 15, and 16 of this Chapter, the provisions of this Chapter shall not apply to employees of the Department of State Treasurer possessing specialized skills or knowledge necessary for the proper administration of the Supplemental Retirement Plans and compensated pursuant to G.S. 135-91(c).

(c14) Notwithstanding any provision of this Chapter to the contrary, each Council of State agency shall have the sole authority to set the salary of its exempt policymaking and exempt managerial positions within the minimum rates, and the maximum rates plus ten percent (10%), established by the State Human Resources Commission under G.S. 126-4(2).

(c15) Notwithstanding any provision of this Chapter to the contrary, the State Chief Information Officer (State CIO) is authorized to do the following:

- (1) Classify or reclassify positions in the Department of Information Technology (DIT) according to the classification system established by the State Human Resources Commission (SHRC) as long as the employee meets the minimum requirements of the classification.
- (2) Set salaries for DIT employees within the salary ranges for the respective position classification established by the SHRC.

(c16) Except as to the provisions of Articles 6, 7, and 8 of this Chapter, the provisions of this Chapter shall not apply to commissioned police officer positions of the University of North Carolina. Employees in positions covered by this exception shall be eligible for all employment and retirement benefits provided to State law enforcement officers subject to this Chapter.

- (d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this Chapter, which is known as the North Carolina Human Resources Act, the Governor may designate a total of 425 exempt positions throughout the following departments and offices:
  - a. Department of Administration.
  - b. Department of Commerce.
  - c. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012, and by Session Laws 2012-142, s. 25.2E(a), effective January 1, 2013.
  - d. Department of Public Safety.
  - e. Department of Natural and Cultural Resources.
  - f. Department of Health and Human Services.
  - g. Department of Environmental Quality.
  - h. Department of Revenue.
  - i. Department of Transportation.
  - j. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012, and by Session Laws 2012-142, s. 25.2E(a), effective January 1, 2013.
  - k. Department of Information Technology.

- l., m. Repealed by Session Laws 2016-126, 4th Ex. Sess., s. 7, effective December 19, 2016.
  - n. Department of Military and Veterans Affairs.
  - o. Department of Adult Correction.
- (2) Exempt Positions in Council of State Departments and Offices. – The Secretary of State, the Auditor, the Treasurer, the Attorney General, the Superintendent of Public Instruction, the Commissioner of Agriculture, the Commissioner of Insurance, and the Labor Commissioner may designate exempt positions. The number of exempt policymaking positions in each department headed by an elected department head listed above in this sub-subdivision shall be limited to 25 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions shall be limited to 25 positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt policymaking positions designated by the Superintendent of Public Instruction shall be limited to 70 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions designated by the Superintendent of Public Instruction shall be limited to 70 exempt managerial positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater.
- (2a) Designation of Additional Positions. – The Governor or elected department head may request that additional positions be designated as exempt. The request shall be made by sending a list of exempt positions that exceed the limit imposed by this subsection to the Speaker of the North Carolina House of Representatives and the President of the North Carolina Senate. A copy of the list also shall be sent to the Director of the Office of State Human Resources. The General Assembly may authorize all, or part of, the additional positions to be designated as exempt positions. If the General Assembly is in session when the list is submitted and does not act within 30 days after the list is submitted, the list shall be deemed approved by the General Assembly, and the positions shall be designated as exempt positions. If the General Assembly is not in session when the list is submitted, the 30-day period shall not begin to run until the next date that the General Assembly convenes or reconvenes, other than for a special session called for a specific purpose not involving the approval of the list of additional positions to be designated as exempt positions; the policymaking positions shall not be designated as exempt during the interim.
- (2b) Designation of Liaison Positions. – Liaisons to the Collaboration for Prosperity Zones set out in G.S. 143B-28.1 for the Departments of Commerce, Environmental Quality, and Transportation are designated as exempt.
- (2c) Repealed by Session Laws 2017-6, s. 1, effective May 1, 2017.
- (3) Letter. – These positions shall be designated in a letter to the Director of the Office of State Human Resources, the Speaker of the House of Representatives, and the President of the Senate by July 1 of the year in which the oath of office is administered to each Governor unless the provisions of subsection (d)(4) apply.
- (4) Vacancies. – In the event of a vacancy in the Office of Governor or in the office of a member of the Council of State, the person who succeeds to or is

appointed or elected to fill the unexpired term shall make such designations in a letter to the Director of the Office of State Human Resources, the Speaker of the House of Representatives, and the President of the Senate within 180 days after the oath of office is administered to that person.

- (5) Creation, Transfer, or Reorganization. – The Governor or elected department head may designate as exempt a position that is created or transferred to a different department, or is located in a department in which reorganization has occurred, after October 1 of the year in which the oath of office is administered to the Governor. The designation must be made in a letter to the Director of the Office of State Human Resources, the Speaker of the North Carolina House of Representatives, and the President of the North Carolina Senate within 180 days after such position is created, transferred, or in which reorganization has occurred.
  - (6) Reversal. – Subsequent to the designation of a position as an exempt position as hereinabove provided, the status of the position may be reversed and made subject to the provisions of this Chapter by the Governor or by an elected department head in a letter to the Director of the Office of State Human Resources, the Speaker of the North Carolina House of Representatives, and the President of the North Carolina Senate.
  - (7) Except for deputy commissioners appointed pursuant to G.S. 97-79 and as otherwise specifically provided by this section, no employee, by whatever title, whose primary duties include the power to conduct hearings, take evidence, and enter a decision based on findings of fact and conclusions of law based on statutes and legal precedents shall be designated as exempt. This subdivision shall apply beginning July 1, 1985, and no list submitted after that date shall designate as exempt any employee described in this subdivision.
- (e) **(Repealed for State employees hired on or after August 21, 2013)** An exempt employee may be transferred, demoted, or separated from his or her position by the department head authorized to designate the exempt position except as follows:
- (1) When an employee who has the minimum service requirements described in G.S. 126-1.1 but less than 10 years of cumulative service in subject positions prior to placement in an exempt position is removed from an exempt position, for reasons other than just cause, the employee shall have priority to any position that becomes available for which the employee is qualified, according to rules and regulations regulating and defining priority as promulgated by the State Human Resources Commission.
  - (2) When an employee who has 10 years or more cumulative service, including the immediately preceding 12 months, in subject positions prior to placement in an exempt position is removed from an exempt position, for reasons other than just cause, the employee shall be reassigned to a subject position within the same department or agency, or if necessary within another agency, at the same grade and salary, including all across-the-board increases since placement in the position designated as exempt, as his or her most recent subject position.
  - (3) When a career State employee as defined by G.S. 126-1.1 who has more than two but less than 10 years or more of cumulative service in a subject position moves from one exempt position covered by this subsection to another position covered by this subsection without a break in service and that employee is later removed from the last exempt position, for reasons other than just cause, the employee shall have priority to any position that becomes

- available for which the employee is qualified, according to the rules regulating and defining priority as adopted by the State Human Resources Commission.
- (4) When a career State employee as defined by G.S. 126-1.1 who has 10 years or more of cumulative service moves from one exempt position covered by this subsection to another position covered by this subsection without a break in service and that employee is later removed from the last exempt position, for reasons other than just cause, the employee shall be reassigned to a subject position within the same department or agency, or if necessary, within another department or agency. The employee shall be paid at the same grade and salary as the employee's most recent subject position, including all across-the-board legislative increases awarded since the employee's placement in the position that was designated as exempt.

(f) **(Repealed for State employees hired on or after August 21, 2013)** A department head is authorized to use existing budgeted positions within his department in order to carry out the provisions of subsection (e) of this section. If it is necessary to meet the requirements of subsection (e) of this section, a department head may use salary reserve funds authorized for his department.

(g) No employee shall be placed in an exempt position without 10 working days prior written notification that such position is so designated. A person applying for a position that is designated as exempt must be notified in writing at the time he makes the application that the position is designated as exempt.

(h) In case of dispute as to whether an employee is subject to the provisions of this Chapter, the dispute shall be resolved as provided in Article 3 of Chapter 150B. (1965, c. 640, s. 2; 1967, c. 24, s. 20; cc. 1038, 1143; 1969, c. 982; 1971, c. 1025, s. 2; 1973, c. 476, s. 143; 1975, c. 667, ss. 8, 9; 1977, c. 866, ss. 2-5; 1979, 2nd Sess., c. 1137, s. 40; 1983, c. 717, s. 41; c. 867, s. 2; 1985, c. 589, s. 38; c. 617, s. 1; c. 757, s. 206(c); 1985 (Reg. Sess., 1986), c. 955, s. 43; c. 1014, ss. 41, 235; c. 1022, s. 9; 1987, c. 320, s. 4; c. 395, s. 1; c. 809, s. 1; c. 850, s. 19; 1987 (Reg. Sess., 1988), c. 1064, s. 3; 1989, c. 168, s. 9; c. 236, s. 3; c. 484; c. 727, s. 218(85); c. 751, s. 7(13); 1991, c. 65, s. 2; c. 84, ss. 1, 2; c. 354, s. 3; c. 749, s. 4; 1991 (Reg. Sess., 1992), c. 879, s. 5; c. 959, s. 85; 1993, c. 145, s. 1; c. 321, s. 145(b); c. 553, ss. 39, 40; 1993 (Reg. Sess., 1994), c. 777, s. 4(g); 1995, c. 141, ss. 3, 5; c. 393, s. 1; 1995 (Reg. Sess., 1996), c. 690, s. 15; 1997-443, ss. 11A.118(a), 11A.119(a), 22.2(b); 1997-520, s. 3; 1998-212, s. 11.8(b); 1999-84, s. 21; 1999-253, s. 1; 1999-434, s. 25; 2000-137, s. 4(nn); 2000-147, s. 4; 2000-148, s. 3; 2001-92, s. 2; 2001-424, s. 32.16(a); 2001-474, s. 15; 2001-487, ss. 21(d), 30(a), (b); 2002-126, s. 28.4; 2002-133, s. 4; 2004-124, s. 31.27(b); 2004-129, s. 37; 2005-276, s. 29.34(b); 2005-344, s. 9; 2006-66, ss. 9.11(y), (z), 9.17(e), 18.2(e); 2006-204, s. 2; 2006-221, s. 20; 2006-259, s. 49; 2006-264, s. 11; 2007-117, s. 3(b); 2007-195, s. 1; 2007-323, s. 28.22A(o); 2007-345, s. 12; 2007-484, s. 9(c); 2008-134, s. 73(d); 2009-451, ss. 9.13(f), 27.31(c); 2011-145, ss. 7.31(c), 19.1(g), (h), (l); 2011-241, s. 5; 2011-266, s. 1.37(c); 2011-391, s. 17; 2012-83, s. 7; 2012-142, ss. 8.9A(c), 25.2E(a); 2012-151, s. 11(a); 2013-360, s. 15.10(d); 2013-382, ss. 4.1, 4.3, 4.4, 4.5, 9.1(c); 2013-410, s. 47.2(b); 2014-18, s. 1.4; 2014-100, ss. 7.17(a), 15.16(b), 33.2(b), 35.11(a); 2014-115, s. 55.3(a); 2015-164, s. 9(b); 2015-241, ss. 7A.4(k), 12A.3(b), 12A.5(e), 14.30(s), (u), 24.1(v); 2015-245, s. 20; 2015-268, s. 7.3(a); 2016-94, s. 15.10(b); 2016-126, 4th Ex. Sess., ss. 7, 8; 2017-6, s. 1; 2017-57, ss. 7.23I(b), 35.18C; 2017-186, s. 2(sssss); 2018-5, ss. 15.5(e), 35.19; 2018-84, s. 8(b); 2019-32, s. 1(b); 2019-200, s. 13; 2020-56, s. 7; 2020-78, s. 9.1; 2021-80, s. 1; 2021-180, ss. 9B.4(c), 9F.19(a), 19A.7(e), 19C.9(f), (y), 21.2(b).)