

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 1995**

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SENATE BILL 145

Short Title: State Employee Incentive Program. (Public)

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Sponsors: Senators McDaniel; Foxx, Carrington, Horton, McKoy, Clark, Carpenter, and Ledbetter.

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Referred to: Pensions and Retirement/ Insurance/State Personnel.

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February 7, 1995

1                   A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH A STATE EMPLOYEE INCENTIVE PROGRAM.  
3 The General Assembly of North Carolina enacts:  
4                   Section 1. Chapter 143 of the General Statutes is amended by adding a new  
5 Article to read:

**"ARTICLE 3F.**  
**"STATE EMPLOYEE INCENTIVE PROGRAM.**

**"§ 143-64.60. Short title.**

This Article shall be known as the 'State Employee Incentive Program'.

**"§ 143-64.61. Legislative intent.**

(a) The General Assembly recognizes that while the safeguards provided by other provisions of this Chapter are needed to insure the integrity of the purchasing and contracting process for all State agencies and other public organizations, significant savings can be realized by allowing the end users of various supplies and equipment to determine their specific needs and to purchase the supplies and equipment to meet those specific needs from local suppliers and other sources that may or may not have been determined through competitive bidding procedures and contracts. To the extent that the program created pursuant to this Article conflicts with other statutes, this Article shall prevail.

1       (b) The General Assembly recognizes that to motivate State employees to realize  
2 these savings in purchasing supplies and equipment, a program should be established  
3 under which the employees would share in a percentage of the monetary savings realized  
4 over purchases made employing procedures found in other Parts of this Chapter.

5       (c) The General Assembly recognizes that an incentive program that provides for  
6 monetary incentives for State employees must be carefully established, operated, and  
7 monitored to guarantee that the program contains safeguards to insure the program's  
8 integrity, to provide fairness in awarding the incentives, and to prevent any abuses.

9 "**§ 143-64.62. Secretary of Administration to create incentive program.**

10      The Secretary of Administration shall issue rules creating a State employees incentive  
11 program which shall provide for productivity incentive awards in the form of unit  
12 incentive pay to the smallest feasible functional unit for savings in the purchasing of  
13 goods and services.

14 "**§ 143-64.63. Unit incentive pay.**

15      (a) Pursuant to rules issued by the Secretary, an incentive committee shall be  
16 created which shall certify the savings on which unit incentives will be paid resulting  
17 from unit savings in the purchasing of supplies or equipment. The payments shall be  
18 made from the savings of funds already appropriated to the unit for the purchase of goods  
19 or services. The membership of the committee shall be persons determined by the  
20 Secretary of Administration as competent and capable to impartially carry out the  
21 requirements of this section.

22      (b) To qualify for unit incentive pay to its employees, a unit of State government  
23 shall demonstrate to the satisfaction of the committee that the unit has met the following  
24 criteria in its operations during the calendar year ending on August 31:

- 25           (1) The unit has realized a savings in the purchase of supplies or equipment  
26 over what identical supplies or equipment would have cost if purchased  
27 under State contract;
- 28           (2) There has not been:
  - 29             a. A lowering of the level or quality of the service rendered or the  
30 supplies or equipment to be purchased; or
  - 31             b. A delay or acceleration of the purchase of the supplies or  
32 equipment into a particular calendar year for the purpose of  
33 qualifying for the incentive award; or
  - 34             c. A shift of the purchase of the supplies or equipment to or from  
35 another agency for the purpose of qualifying for the incentive  
36 award; or
  - 37             d. Any other practice, event, or device which the committee decides  
38 has caused a distortion which misrepresents that a savings has  
39 been realized or the size of the savings; and
- 40           (3) Adequate funds remain in the unit's budget to pay the incentive award.

41      (c) As soon after August 31 as possible, the committee shall certify to the  
42 Secretary of Administration the actual savings realized by the unit during the preceding

1    calendar year. The committee shall notify the unit of the savings approved by the  
2    committee.

3    (d)    The unit shall have 10 days to appeal the decision of the committee to the  
4    Secretary of Administration, who shall render a final decision on the appeal within 10  
5    days.

6    (e)    When a final decision has been issued on the certified actual savings realized  
7    by a particular unit, an amount equal to twenty-five percent (25%) of the certified actual  
8    savings shall be divided equally among the employees of the unit on a per capita basis  
9    and added to the last paycheck issued to those employees during the month of December.

10    (f)    The balance of the certified actual savings shall revert to the General Fund."

11    Sec. 2. This act is effective upon ratification.