

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009  
SESSION LAW 2009-451  
SENATE BILL 202**

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

**ESTABLISH SEVERANCE EXPENDITURE RESERVE**

**SECTION 6.6F.(a)** There is established in the Office of State Budget and Management a General Fund reserve budget code for the purpose of funding severance-related obligations to State employees subject to the State Personnel Act, and employees exempt from the State Personnel Act, who are separated from service due to a reduction-in-force action.

Severance-related expenditures from this reserve shall include obligations to fund:

- (1) A State employee's severance salary continuation with an age adjustment factor as authorized by G.S. 126-8.5 including employer-related contributions for social security, and
- (2) Noncontributory health premiums for up to 12 months as authorized by G.S. 135-45.2(a)(8) for employees of employing units as defined by G.S. 135-45.1(12).

**SECTION 6.6F.(b)** The Director of the Budget shall allocate funds appropriated in Section 2.1 of this act to the Severance Expenditure Reserve to public agencies to fund severance-related obligations incurred by the agencies as a result of reduction-in-force actions that cause State-supported public employees to be terminated from public employment. Funds appropriated to the Severance Expenditure Reserve shall be expended in their entirety before funds appropriated to a public agency for State-supported personal services expenditures may be used to fund any severance-related obligations. For the purposes of this subsection, the term 'public employee' means an employee of a State agency, department, or institution; The University of North Carolina; the North Carolina Community College System Office; or a local school administrative unit.