



# State of North Carolina

## Office of the State Controller

LINDA COMBS  
STATE CONTROLLER

March 23, 2016

VIA U.S. Mail & Electronic Mail

Rachelle Johnson  
Executive Director  
North Carolina Association of Educators  
700 South Salisbury Street  
Raleigh, NC 27601

Dear Director Johnson:

I am responding to your letter regarding payroll deductions for state employees who are members of the North Carolina Association of Educators (NCAE). The Office of the State Controller, (OSC), through the BEACON Payroll System, currently processes employee-directed payroll deductions for 36 state employees who are members of NCAE and work within State agencies. OSC does not process payroll for local boards of education.

The legislation that governs these types of deductions is G.S. § 143B-426.40A(g):

*Payroll Deduction for Payments to Certain Employees' Associations Allowed. - An employee of the State or any of its political subdivisions, institutions, departments, bureaus, agencies or commissions, or any of its local boards of education or community colleges, who is a member of a domiciled employees' association that has at least 2,000 members, 500 of whom are employees of the State, a political subdivision of the State, or public school employees, may authorize, in writing, the periodic deduction each payroll period from the employee's salary or wages a designated lump sum to be paid to the employees' association. A political subdivision may also allow periodic deductions for a domiciled employees' association that does not otherwise meet the minimum membership requirements set forth in this paragraph. The total membership count and the State, political subdivision of the State, or public school employee membership count of a domiciled employees' association that has at least 2,000 members, 500 of whom are employees of the State, a political subdivision of the State, or public school employees, shall be verified and certified annually by the State Auditor.*

*An employee of any local board of education who is a member of a domiciled employees' association that has at least 40,000 members, the majority of whom are public school teachers, may authorize in writing the periodic deduction each payroll period from the employee's salary or wages a designated lump sum or sums to be paid for dues and voluntary contributions for the employees' association. The total membership count and the public school teacher membership count of a domiciled employees' association that has at least*

*40,000 members, the majority of whom are public school teachers, shall be verified and certified annually by the State Auditor.*

*An authorization under this subsection shall remain in effect until revoked by the employee. A plan of payroll deductions pursuant to this subsection for employees of the State and other association members shall become void if the employees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit. This subsection does not apply to county or municipal governments or any local governmental unit, except for local boards of education.*

In striving to comply with the legislative intent of the above referenced legislation, the OSC sought additional clarification from the General Assembly. Specifically, we sought to clarify if 2,000 members is the correct threshold membership count that OSC should use in order to determine if NCAE members who are employees of the state and paid through the BEACON Payroll System are authorized to receive payroll deductions.

OSC pursued this clarification because, as you noted, there are two references in G.S. § 143B-426.40A(g) for Certain Employee Associations. One of these references cites threshold membership counts of at least 2,000 members and the other references cite threshold membership counts of at least 40,000 members within the same (g) section.

It has been determined that the applicable threshold membership count that OSC should use as the correct threshold membership count for OSC BEACON payroll purposes is apparently 2,000 members.

The State Auditor's Report of Membership Count for the year ended December 31, 2014 (the latest Auditor report of membership counts) verified that 9,452 NCAE members were receiving payroll deductions through various payroll systems across the state. Only 36 of those 9,452 NCAE members are state employees that fall under the State's BEACON Payroll System. The total number (9,452) of NCAE members on payroll deduction, as verified by the State Auditor, appears to satisfy the statutory threshold of 2,000 members for OSC payroll purposes.

Therefore, my office will continue to process payroll deductions for state employees who are members of NCAE, work within State agencies, and are paid through the BEACON Payroll System.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,



Linda Combs