



State of North Carolina

Office of the State Controller

LINDA COMBS
STATE CONTROLLER

March 23, 2016

VIA U.S. Mail & Electronic Mail

Senator Ralph E. Hise, Jr.
North Carolina General Assembly
State Legislative Building, Room 1026
116 W. Jones Street
Raleigh, NC 27601-2808

Dear Senator Hise:

First of all, I want to thank you and members of the General Assembly staff for your assistance in working with our office to clarify specific provisions of the General Statutes permitting employee-directed payroll deductions for the benefit of employee associations meeting certain membership thresholds.

The Office of the State Controller's follow-up work on this matter was undertaken as a result of information contained in the State Auditor's report, *Employee Associations – Report of Membership Count (For the Year Ended December 31, 2014)* which was released in December, 2015.

As you know, 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.

In striving to comply with the legislative intent of statutes governing payroll deductions, *Payroll Deduction for Payments to Certain Employees' Associations Allowed* G.S. § 143B-426.40A(g), the OSC sought additional clarification from your office and General Assembly staff. 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 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 see the attached letter to Rachelle Johnson, Executive Director, North Carolina Association of Educators.

Thank you and your staff for your time and attention to this matter. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Linda Combs".

Linda Combs

Attached---Letter to Rachelle Johnson, Executive Director, North Carolina Association of Educators