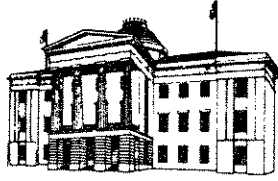


State of North Carolina



MICHAEL F. EASLEY
GOVERNOR

EXECUTIVE ORDER NO. 86 STATEWIDE FLEXIBLE BENEFITS PROGRAM

WHEREAS, State employees are an important resource to State government; and

WHEREAS, the State needs to provide a uniform competitive compensation package that includes an up-to-date benefits program in order to maintain its competitive edge with businesses and other states in its region; and

WHEREAS, the State needs to provide the same tax-advantaged benefits to all State employees, regardless of the agency, department, or university where they work; and

WHEREAS, the reasonable cost of administering an efficiently designed flexible benefits program could be recovered by the savings associated with such a program;

NOW, THEREFORE, by the power vested in me as Governor by the Constitution and laws of the State of North Carolina, **IT IS ORDERED**:

Section 1. Policy.

A statewide employee flexible benefits coordination effort is hereby formalized for the purpose of administering these benefits to employees and to promote the development and maintenance of a competitive compensation package for all State employees.

Section 2. Administration.

There is created within the Office of State Personnel a Statewide Employee Flexible Benefits Program (SEFBP). The State Personnel Director shall be responsible for central flexible

benefits coordination for all State employees. The administration of the statewide flexible benefits plan shall become the responsibility of SEFBP. This program shall begin the process of assessing the flexible benefits plan design, administrative procedures, administrative capabilities, and communications needs for the implementation of a comprehensive statewide flexible benefits plan. These responsibilities include, but are not limited to the following:

- a. implementing the Statewide Flexible Benefits Plan;
- b. administering contracts for supplemental insurance carriers and third party administrators for spending accounts and premium conversion plans participating in the SEFBP;
- c. coordinating administration of spending accounts;
- d. coordinating enrollment and communication efforts concerning the SEFBP and other benefit programs;
- e. coordinating the Statewide Flexible Benefits Advisory Committee; and
- f. speaking on behalf of State government flexible benefits in the Legislature.

Section 3. Statewide Flexible Benefits Advisory Committee.

There is hereby established a Statewide Flexible Benefits Advisory Committee (FBAC) for the purpose of assisting the State in developing and maintaining an effective flexible benefits plan for State employees. The FBAC shall make recommendations to the State Personnel Director concerning the administration of the Flexible Benefits Plan and the components of the flexible benefits package for State employees.

Section 4. Duties of the FBAC.

The FBAC shall be responsible for the following:

- a. assisting the SEFBP in developing administrative functions;
- b. reviewing existing flexible benefit programs in State government;
- c. recommending pre-tax benefits to be included in the SEFBP;
- d. assisting in reviewing contracts and administering spending accounts; and

- e. undertaking other functions as necessary.

Section 5. Membership.

The membership of the FBAC shall consist of 14 members and three ex-officio members.

Members shall be appointed to a three-year staggered term. Members are as follows:

- a. a representative from the State Controller's Office;
- b. a representative from the State Treasurer's Office;
- c. a representative from the State Budget Office;
- d. a representative from the Attorney General's Office;
- e. a representative from the State Health Benefits Office;
- f. a representative from the Administrative Office of the Courts;
- g. a representative from the Department of Environment and Natural Resources;
- h. a representative from the University of North Carolina System;
- i. a representative from the State Employees Association;
- j. a representative from the Department of Health and Human Services;
- k. a representative from the Department of Transportation
- l. a representative from the Department of Correction; and
- m. two representatives of the private sector.

One representative each from the Department of Public Instruction and the Community College System shall serve as voting members. The SEFBP Manager shall serve as a voting ex officio member and provide support staff as required.

The Director of the Office of State Personnel shall appoint a Chair from among the membership for a one-year term.

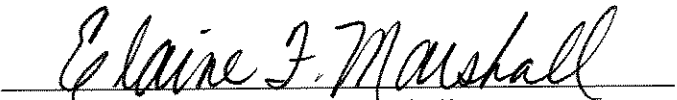
This Executive Order is effective immediately and shall remain in effect until rescinded by the Governor.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of North Carolina at the Capitol in Raleigh, this the 7th day of September 2005.



Michael F. Easley
Governor

ATTEST:



Elaine F. Marshall
Secretary of State

