



**MEMORANDUM**

TO: Matthew S. Brody, Vice President Human Resources

FROM: Neal Alexander, State Human Resources Director

Andrew Heath, State Budget Director

Dr. Linda Combs, State Controller

DATE: July 20, 2016

RE: **2016 Legislative Increase (LI) Instructions and Other Salary Increases**

The 2016 General Assembly has ratified and Governor Pat McCrory has signed into law HB 1030 (2016 Appropriations Act), which provides a salary increase, effective July 1, 2016, for all eligible State employees subject to or exempt from the State Human Resources Act. The salaries in effect June 30, 2016, for eligible employees shall be increased by one and one-half percent (1.5%). A pro-rata amount applies for permanent part-time employees.

**Eligibility**

Employees with permanent (full-time/part-time), probationary, and time-limited appointments are eligible, including those permanent full-time employees who work a 9, 10, or 11-month work schedule, as well as those in banded classes.

The increase does not apply to employees separated from state service prior to July 1, 2016 or to employees hired effective July 1, 2016 or later.

Employees are eligible for the increase without consideration of performance ratings or disciplinary actions.

Employees on approved leave of absence without pay should receive the legislative increase upon reinstatement, if they meet the eligibility requirements.

**Current Salary Schedules**

The current career banded salary schedule will not be updated by the LI.

**Funding Sources/Preparation of Budget Revisions**

In accordance with Section 36.14. (b) of HB 1030, any eligible employee whose annual salary is paid partially from the General Fund or Highway Fund and partially from other sources shall receive a salary increase from the General or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund. Additionally, any eligible employee whose annual salary is paid fully from sources other than the General Fund or Highway Fund shall receive a salary increase. The Director of the Budget is authorized to increase expenditures of receipts from these sources by the amount necessary to provide the legislative increase to receipt-supported personnel in the certified budget.

Budget adjustments must be made for the 2016-2017 fiscal year to provide sufficient funds by budget subhead to pay the salary increases and state matching retirement and social security contributions. Funds from appropriations are not allowed to be used to provide salary increases or state matching retirement and social security contributions for persons employed under special funds or operations supported from receipts. The Office of State Budget and Management (OSBM) will issue a separate memorandum for guidance on budget adjustments.

### **Processing Personnel Action Forms**

The LI is based on salaries as of June 30, 2016; therefore, it should be processed before any other personnel action such as a promotion or reallocation with the same July 1, 2016 effective date or a later effective date.

Once the legislative increase is awarded, any retroactive personnel action impacting salary or funding will require a revised legislative increase action. Please be reminded that personnel actions with a retroactive effective date require approval from the Office of State Human Resources.

In the event a previous 7/1/2016 personnel action has already been implemented through payroll then the 1.5% LI will be calculated on the 6/30/2016 base salary and added as a flat amount to the already processed personnel action (not to be compounded).

### **Longevity**

Longevity payments for July should be calculated to reflect the LI and should be available in the employee's July paychecks.

In the event the longevity payment has already been paid for the month of July then the additional 1.5% will be paid as a separate payment in the next available paycheck.

### **Communication**

Please distribute, as appropriate, to all the campus Chief Human Resources Officers and Chief Financial Officers.

#### **CONTACTS**

- For questions concerning the eligibility requirements of the Legislative Increase, please contact Jessica Moore at [jlmoore@northcarolina.edu](mailto:jlmoore@northcarolina.edu) or 919-843-9100.
- For questions about budget revisions or fiscal data should be directed to Lindsay McCollum at [klmccollum@northcarolina.edu](mailto:klmccollum@northcarolina.edu) or your OSBM Budget Analyst.