



**STATE OF NORTH CAROLINA
OFFICE OF STATE PERSONNEL
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Raleigh, North Carolina 27699-1331**

BEVERLY EAVES PERDUE
GOVERNOR

ANN G. COBB, DEPUTY DIRECTOR
INTERIM STATE PERSONNEL DIRECTOR

MEMORANDUM

TO: University HR Directors
University Chief Fiscal Officers

FROM: Ann G. Cobb, Interim State Personnel Director *agc*
Andy Willis, State Budget Officer *Andy Willis*

DATE: July 10, 2012

RE: **2012 Legislative Increase (LI) and Other Salary Increases**

The 2012 General Assembly has ratified HB 950, which provides an across-the-board salary increase, effective July 1, 2012, for permanent full-time and part-time employees who are subject to and exempt from the State Personnel Act. The salaries in effect June 30, 2012, for all full-time and part-time employees shall be increased by 1.2%. Permanent full-time employees who work a 9, 10, or 11-month work schedule will receive the 1.2% legislative increase.

Eligibility

Employees with permanent, probationary, trainee and time-limited appointments are eligible. Based on availability of funds, employees with temporary appointments or permanent hourly employees may be granted a comparable salary adjustment.

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

The increase does not apply to employees separated from State service prior to July 1, 2012 or to employees hired effective July 1, 2012 or later.

Eligibility for the legislative increase is based on available funding. The Budget Bill provides the funding for employees whose positions are funded from the General Fund or Highway Fund. 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 on the proportion that

the salary is paid from those funds. These employees may receive the full increase if funds are provided proportionally from other sources such as federal funds, trust funds, gifts, foundations, receipts or other self-supporting activities. Employees in positions that are 100% funded from non-General Funds or non-Highway Funds, may be granted comparable legislative increase salary adjustments if funding is made available by the University. Vacant positions are ineligible for the legislative increase unless the budgeted salary is below the new minimum. If the vacant position is budgeted more than 1.2% below the new minimum, the university must identify the additional funds to bring the vacant position to the new minimum. OSBM will issue a separate memorandum that outlines instructions for receiving funds from the statewide reserve for employees whose salaries are paid from General Fund appropriation.

New Salary Schedules

The new Career Banded salary schedule is attached. All rates have been adjusted by 1.2% over the previous schedule.

Processing Personnel Actions

The legislative increase is based on salaries as of June 30, 2012; therefore, the 1.2% legislative increase should be processed before any other personnel action such as a promotion or reallocation with the same July 1, 2012 effective date or a later effective date.

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

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 do require Office of State Personnel approval.

Longevity

Longevity payments for July should be calculated to reflect the legislative increase, and should be included in the employees' July paychecks.

Cumulative Salary Increases in Excess of 10%

Effective July 1, 2012, you will no longer need prior approval from the Board of Governors for cumulative salary increases in excess of 10%. If you have any salary actions in excess of 10% that have an effective date prior to July 1, 2012, you will still need to forward those actions to the Board of Governors for approval. Please be reminded effective July 1, 2012, you will need prior approval from the Office of State Personnel for any salary increase of 20% or more. You also need prior approval from the Office of State Personnel for any salary action occurring in a position for which your university does not have delegated classification/salary administration authority or any salary action which results in an exception to Office of State Personnel salary administration policies.

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Salary Increase Monitoring

Effective July 1, 2012, the Budget Bill no longer restricts the types of salary increases awarded to State employees; however, it still includes a requirement that the Office of State Budget and Management and the Office of State Personnel jointly monitor and report salary increases awarded by State agencies and universities. We will continue to submit quarterly reports for the 2012-2013 fiscal year to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division.

Contacts

If you have questions concerning the eligibility requirements of the Legislative Increase, please contact your assigned OSP HR Consultant in the Recruitment, Selection and Salary Administration Section at 919-807-4800. Questions about budget revisions or fiscal data should be directed to the Office of State Budget and Management at 919-807-4700.

AGC/AW:sgh
Attachment