



**STATE OF NORTH CAROLINA
OFFICE OF STATE PERSONNEL
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BEVERLY EAVES PERDUE
GOVERNOR

LINDA D. COLEMAN
STATE PERSONNEL DIRECTOR

July 6, 2010

Memorandum

To: Agency Heads/Chancellors
Agency/University Finance Officers
Agency/University Human Resources Directors

From: Linda D. Coleman *Linda D. Coleman*
State Personnel Director

Charles E. Perusse *Charles E. Perusse*
State Budget Director

Subject: 2010-2011 Appropriations for Salaries

The General Assembly has enacted Senate Bill 897, Session Law 2010-31 (Budget Bill), which makes adjustments to the budget for 2010-2011. The Budget Bill does not include funding for legislative increases or legislative bonuses. In addition, the Budget Bill continues the freeze on employee salaries except:

- (1) As provided for by Section 29.20A of S.L. 2005-276.
- (2) For Community College faculty as otherwise provided in Section 8.1 of Session Law 2009-451.
- (3) For University of North Carolina faculty as otherwise provided by the Faculty Recruiting and Retention Fund or the Distinguished Professors Endowment Fund
- (3a) For Judicial Department employees for local supplements as authorized under G.S. 7A-300.1.
- (4) Salaries may be increased for reallocations or promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or any other adjustment related to an increase in job duties or responsibilities, none of which are subject to the salary freeze otherwise provided by this subsection. All other salary increases are prohibited.

Increases for equity or labor market, such as range revisions or retention adjustments, are not allowed since there is no documented increase in job duties or responsibilities with these types of actions.

Trainee adjustments are allowed since the State Personnel Policy requires that an evaluation be done on the employee to document progress before the trainee adjustment is awarded; therefore, a supervisor should be able to document an increase in demonstrated competencies

which would allow them to increase work responsibilities as the employee progresses through the established trainee period.

While the Budget Bill allows salary increases related to an increase in duties and responsibilities such as a reallocation or promotion, please be reminded that the Office of State Budget and Management has strongly encouraged agencies to restrict salary adjustments to the maximum extent possible. All compensation adjustments, as allowed in the Budget Bill, must be pre-approved by the Agency Head. Agency Heads should notify their program managers of these salary restrictions and implement or continue internal approval processes to ensure compliance. All agency personnel actions for salary increases must include a statement in the comments section of the personnel forms that the salary increase has been approved by the Agency Head.

The Budget Bill also includes a requirement that the Office of State Budget and Management and the Office of State Personnel shall monitor jointly the compliance of agencies and universities with the salary freeze provisions of Section 26.1A of S.L. 2009-451. Beginning September 1, 2010, quarterly reports will be forwarded to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division. The reports will include a list of all salary increases including type of action (i.e. promotion, reallocation, in-range, etc.), the amount of the increase and the annual salary. The report shall also include a summary of actions taken with respect to unauthorized salary increases. Additional information regarding the monitoring report and process will be forthcoming.

If you have any questions about the information outlined in this memorandum, please contact Shari Howard at 807-4881 or Bill Stockard at 807-4700.

cc: David McCoy, State Controller
Shari Howard, OSP
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