






## MEMORANDUM

TO: Agency HR Directors  
Agency Chief Fiscal Officers

FROM: Neal Alexander  
State Human Resources Director 

Andrew Heath  
State Budget Director 

Dr. Linda Combs  
State Controller 

DATE: July 15, 2016

RE: **2016 Legislative Increase (LI) Instructions – OSC HR/Payroll System (BEACON)**

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%).

### Eligibility

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

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.

### Current Salary Schedules

The current annual salary schedules for graded, career banded and medical will not be updated, due to the upcoming Statewide Compensation System Implementation. The Legislative Increase (LI) will be applied to the position and employee records the weekend of July 15, 2016. The BEACON system will be unavailable from 5:00 p.m. on July 15, 2016 through 6:00 a.m. July 18, 2016 for processing the LI.

The updated Education Salary Schedule is in the process of being updated. Salary increases will need to be handled individually for teachers in the BEACON system.



## Legislative Increase Report

The LI Report is available via BI report B0061: Legislative Increase. Instructions for using this BI report will be available July 18, 2016 on the Office of the State Controller's (OSC) Training web-site (<http://www.osc.nc.gov/training/osctd/help/index.html>) under the BI Reporting/Job Aids section in the document entitled "BI Job Aid Legislative Increase Reports".

This LI report accounts for all positions, even those not eligible for the LI. You can easily filter out the non-eligible positions using the BI filtering functionality described in the [Job Aid](#).

- The budgeted level of the position and salary of the employee are shown separately.
- Employees on Leave of Absence (LOA) are shown, but only the budgeted level of the position will increase on July 1, 2016. These employees will receive Legislative Increases when they are reinstated. If an employee exhausted leave on July 1<sup>st</sup> while on LOA, you will need to process the LI via PA PCR (Personnel Change Request). See attached job aid *Leave of Absence Rules\_ Processing Legislative Increases* for guidance.

The LI was applied as defined in HB 1030 after review by the Office of State Human Resources (OSHR) and the Office of State Budget and Management (OSBM); the results are reflected in the LI report. It is the responsibility of agency staff to review and validate the report. Any errors that appear on the report should be corrected as follows:

- Employee salary corrections are made via PA PCR "Salary Adjustment" Action, with Reason Code "Legislative Increase". The PA PCR will flow via workflow to the Agency Funding Approver for processing any necessary corrections to the Budgeted level of the position.
- Budgeted salaries of vacant positions will not be changed at this time.
- For processing the Legislative Increase for employees being reinstated, it is necessary to process the "Salary Adjustment – Legislative Increase" action as a separate PCR after processing the Reinstatement.
- The LI report has two versions, Original and Updated. The Original version is the official Legislative Increase report which has been provided to OSBM and OSHR. The Updated version may be used by the agency in assisting with tracking the necessary updates that are made as a result of the validation process.

## 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 State Budget Officer 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. OSBM will issue a separate memorandum for guidance on budget adjustments.

## Processing Personnel Action Forms

As of July 18, 2016, you will be able to process all PCRs with an effective date of July 1, 2016 or later. BEST will be holding its normal HR/Payroll conference call/webinar on Tuesday, July 19, 2016 at 10:00 a.m. that will reiterate LI processing. July actions involving a salary exception will not need to be re-submitted to OSHR for approval prior to initiating a new PCR. Agencies may increase salary exception approval amounts by one and one-half percent (1.5%) without OSHR approval, however comments must indicate the original approval amount and the revised amount explaining that the revision is based on the 2016 Legislative Increase.

### Operational procedures for action requests with effective dates prior to 7/1/16:

- **Actions with effective dates over 60 days old or replacement/revision/deletion:**  
BEST **deletes** 7/1/16 Legislative Increase. BEST processes the retroactive action or replacement/revision/deletion, and instructs the agency to re-work the Legislative Increase, if applicable, via a new PCR.
- **New Action with effective date within 60 days:**  
BEST deletes 7/1/16 Legislative Increase. BEST instructs agency to process the requested action. Agency is responsible for re-working the Legislative Increase, if applicable, via a new PCR.

#### REMINDER

*If an action being inserted prior to 7/1/16 is a Leave of Absence (LOA) and the employee is eligible for the Legislative Increase—yet remains on LOA as of 7/1/16—then a **separate** 7/1/16 LOA PCR must be processed to keep the employee on LOA.*

*Additionally, an **approved** PCR is required for BEST to process the retroaction active or revision/replacement.*

## Longevity

Longevity payments for July will automatically calculate to reflect the LI.

## Bonus

OSHR and OSBM will be sending out guidance on the nonrecurring across-the-board and merit-based bonuses via separate memo(s).

#### CONTACTS

- For questions concerning the eligibility requirements of the Legislative Increase, contact Davita Morant at [davita.morant@nc.gov](mailto:davita.morant@nc.gov) or 919-807-4894.
- For questions concerning the transaction processing of the LI or associated LI reports, [contact](#) your designated BEST HR Representative.
- For questions about budget revisions or fiscal data, contact your OSBM Analyst at 919-807-4700

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