



Office of State Human Resources

ROY COOPER  
Governor

BARBARA GIBSON  
Director, State Human Resources

## MEMORANDUM

TO: Agency Human Resources Directors  
Agency Chief Fiscal Officers

FROM: Barbara Gibson, State Human Resources Director *Barbara F. Gibson*  
Charles Perusse, State Budget Director *Charles Perusse*  
Dr. Linda Combs, State Controller *Linda Combs*

DATE: July 11, 2017

SUBJECT: **2017 Legislative Increase (LI) Instructions – HR/Payroll Action Processing**

Session Law 2017-57 (the 2017 Appropriations Act) includes a salary increase, effective July 1, 2017, for most State employees subject to or exempt from the State Human Resources Act. The salaries in effect as of June 30, 2017, for eligible employees, shall be increased by one thousand dollars (\$1,000). A pro-rata percentage applies for permanent part-time employees.

### 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, 2017 or to employees hired effective July 1, 2017 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 (including T-Grade), Career Banded, Pilot Banded, Information Technology, Skill Based Pay and Medical will be updated by adjusting the maximum of the salary schedules by 1.5% to reflect the previously funded FY 2016-2017 LI and then increase by one thousand dollars (\$1,000) to reflect the FY 2017-2018 LI, effective July 1, 2017. The Minimum will remain unchanged, and the Midpoint Reference Rates will be adjusted to reflect the actual midpoint. We are currently working on the updated Education Salary Schedule. Salary increases will need to be handled individually for teachers in the HR/Payroll system.

## Legislative Increase Report

Beginning July 17, 2017, two reports will be available for use in the **Legislative Increase** folder in OSC's **Business Objects** Platform. They are:

- **B0063: LI Position Summary** – This summary report contains two views, detailed below.
  - *LI Position Summary Report* provides a summary of budget information for all positions (vacant and filled) for the organizational unit(s) selected. It displays a summary of Legislative Increases applied to the employee and budgeted salaries, if applicable by fund, totaled by business area, along with a grand total at the bottom of the report.
  - *LI Vacant Position Summary Report* lists only the vacant positions for the organizational unit(s) selected. It displays the prior budgeted salary, budgeted salary increase, if applicable, current budgeted salary and job minimum and maximum pay. A grand total is displayed at the bottom of the report.
- **B0061 Legislative Increase Detail** – This detail report displays Legislative Increase (LI) information for the organizational unit(s) and LI effective year selected. The report lists the prior budget and employee salaries, the amount of the employee and budgeted salary increases, the current employee and position salaries, and the job minimum and maximum pay. The report totals are on the employee current salary for the organizational unit(s) selected.

Report description documents containing instructions and details about how to run these reports are located in the **Help/Report Descriptions** folder in the Business Objects platform or on the Office of the State Controller's (OSC)-web-site at: [https://www.osc.nc.gov/state-agency-resources/training/training\\_help\\_documents?field\\_job\\_aids\\_type\\_tid=437&combine=&=Apply](https://www.osc.nc.gov/state-agency-resources/training/training_help_documents?field_job_aids_type_tid=437&combine=&=Apply).

These LI reports account for all positions, even those not eligible for the LI. You can easily filter out the non-eligible positions using the filtering capability of the Web Intelligence tool.

- The budgeted level of the position and salary of the employee are shown separately.
- Employees on Leave of Absence (LOA), Leave Without Pay (LWOP) are shown even though these employees will only receive Legislative Increases if and when they are reinstated. See attached job aid, titled *Leave of Absence Rules\_ Processing Legislative Increases*, for guidance.
- Employees on LOA with Pay will receive the LI if and only if they have leave recorded through July 3, 2017. These employees will automatically be placed back on LOA effective July 1, 2017.

The LI was applied based on rules approved by the Office of State Human Resources (OSHR) and the Office of State Budget and Management (OSBM), and 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 (FA) for approval. The FA should also process any necessary corrections to the Budgeted level of the employee's position using code 112 on IT9018. If the employee salary and budgeted salary are different the automated program will update the position to match the employee salary with code 111.
- The budgeted salary of positions vacant on July 1, 2017 will remain the same. They will not receive the \$1,000 increase. For processing the Legislative Increase for employees being reinstated from LOA, 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. 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 35.11. (a) of S.L. 2017-57, 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 2017-2018 fiscal biennium 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**

The Legislative Increase will be applied to employee records the weekend of July 14, 2017. The HR/Payroll system will be unavailable from 5 p.m. on July 14, 2017 through 6 a.m. July 17, 2017 for processing the LI.

As of July 17, 2017, you will be able to process all PCRs with an effective date of July 1, 2017 or later. BEST will be holding its normal HR/Payroll conference call/webinar on Tuesday, July 18, 2017 at 10 a.m., which 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 thousand dollars (\$1,000) without OSHR approval; however, comments must indicate the original approval amount and the revised amount explaining that the revision is based on the 2017 Legislative Increase.

### **Operational procedures for action requests with effective dates prior to July 1, 2017:**

- **Actions with effective dates over 60 days old or replacement/revision/deletion:**  
BEST **deletes** July 1, 2017 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 PA PCR.
- **New Action with effective date within 60 days:**  
BEST deletes July 1, 2017 Legislative Increase. BEST instructs agency to process the requested action. Agency is responsible for re-working the Legislative Increase, if applicable, via a new PA PCR.

### **Longevity**

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

## 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

BG/CP/LC:dwm