



Office of State Human Resources

ROY COOPER  
Governor

BARBARA GIBSON  
Director, State Human Resources

## MEMORANDUM

TO: University Human Resources Directors  
University 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 (SHRA) or exempt from (EHRA) 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.

Section 35.9. (b) states that “the Board of Governors of the University of North Carolina may provide EHRA employees a salary increase pursuant to the policies adopted by the Board.” This means that the Board of Governors has discretion in allocating compensation increase funding for EHRA 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 schedule for Career Banded 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 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.

## 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 LI is based on salaries as of June 30, 2017; therefore, it should be processed before any other personnel action, such as a promotion or reallocation, with the same July 1, 2017 effective date or a later effective date. The budgeted salary of positions vacant on July 1, 2017 will remain the same. They will not receive the \$1,000 increase.

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 require approval from the Office of State Human Resources.

## 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 about budget revisions or fiscal data, contact your OSBM Analyst at 919-807-4700

BG/CP/LC:dwm