

Distribution of LI & Benefits Reserves

Job Aid FY 2024-25

1) Overview of the Legislative Salary & Benefits Increases Process

S.L. 2023-134 appropriated funds for increased benefit costs and provided legislatively mandated salary increases (LI) for eligible state employees for both the first and second year of the biennium.

S.L. 2023-134 certified LI and benefit appropriations into the following statewide NCFS agency reserve accounts:

Certification: Statewide NCFS Accounts:

57204000 Reserve - Legislative Increase Compensation Reserve (LI)

57206000 Reserve - Retirement System Contributions

57208000 Reserve - State Health Plan Contributions

After FY 2024-25 certification is completed and the FY 2024-25 budget is loaded in NCFS, agencies submit a series of type-11 budget revisions to distribute these reserve funds to the appropriate salary and benefits accounts. This series of budget revisions **must be submitted and approved in the following order:**

Revision #1 – Budgets Legislative Compensation Increases (**recurring**)

Revision #2 – Budgets the recurring adjustment to Retirement Contributions (**recurring**)

Revision #3 – Budgets the adjustments to State Health Plan Contributions (**recurring**)

Revision #4 – Returns excess reserves to Salary Adjustment Reserve (**recurring**)

Revision #5 (optional) – Realignment between reserve accounts to offset deficits (**recurring**)

Revision #6 (optional) – Requests funds from Salary Adjustment Reserve to offset deficits (**recurring**)

Revision #7 (optional) – Requests funds from Pay Plan Reserve to offset deficits (**recurring**)

Please see the step-by-step guide in section 4 for details on how to complete each of these revisions.

2) Key Dates

- Agencies should finish initial distribution and realignment of LI and benefit accounts by **Friday October 4th, 2024**. (revisions #1-3, 5 from above)
- Excess LI and benefit reserves must be returned via revision to OSBM budget code 19004 by **Friday October 4th, 2024**. (revision #4 from above)
- Any agency LI and benefit shortages that require a request from budget code 19004 should be requested by **Friday October 11th, 2024**. (revision #6 from above)
- Agencies must submit estimates for their Pay Plan Reserve requests by **October 18th, 2025**, and submit the corresponding revision for their request on **January 1st, 2025** (revision #7 from above)

3) General Guidance and Reminders

- State agencies must use the calculation methods prescribed in this job aid.
- All revisions should have an effective date of 7/1/2024.
- LI must be **budgeted by position with a position tab entry for each**. The Excel processing template and 'Upload & Process' feature in the Position's tab should be used for bulk changes to positions.
- These reserves are **only available for positions partially or fully supported by the General Funds in that proportion**. Note this is inclusive of positions indirectly supported by General Funds (e.g. DIT optimized positions). Agencies are responsible for budgeting the requisite requirements and receipts for partially or fully receipt-supported positions. **Increases for receipt-supported positions should be budgeted on separate budget revisions.**
- Agency reserves may not be used to offset pre-existing deficits.

For example: If an agency has a deficit in its retirement account that predates the compensation increases outlined in S.L. 2023-134, it cannot use these reserves to cover that deficit.
- With OSBM approval, agencies may realign excess reserve funds from one reserve account to offset shortfalls in other reserve accounts.

For example: If an agency has insufficient LI reserves to support the required compensation increases, it may realign excess funds from the other reserve accounts (State Health Plan Contributions, Retirement System Contributions) to cover this deficit.
- Agency reserves may not be used to fund LIs for temporary positions paid out of 51310000 accounts.
- Agency reserves must be depleted before requesting funds from the Salary Adjustments Reserve (Budget Code 19004).

4) How to complete Budget Revisions to Distribute Reserve Funds

Please submit budget revisions in the following order:

Revision #1: Legislative Compensation Increases (57204000)

Calculate the LI amount based on **filled positions as of June 30, 2024**, including those on leave of absence and leave without pay. LI is budgeted for the employee not the position, so vacant positions are not included in this calculation.

This revision should include associated recurring benefits (Social Security and recurring retirement rates from the **previous fiscal year, FY 2023-24**) and may include the incremental increase in longevity for relevant positions.

Salary, longevity, social security, and retirement amounts will be budgeted for FY 2024-25.

Please note: The Social Security and retirement contribution rates used for this revision are those from the previous fiscal year, **not the new rates outlined in S.L. 2023-134**

for **FY2024-25**. Revision 2 budgets the recurring increase to contributions.

Process

Run the B0061 Legislative Increase Detail report in BEACON/Fiori Business Objects. Select the relevant 'Organizational Unit', select '2024' as the LI Effective Year, and select 'U-Updated' as the LI Version.

Run the *NC Budget to Actual (701) Certified Report (RPTBE006)* in NCFS for the June 2024 period. The YTD Actuals for account 51460000, funding source 1000 will be used to determine an agency's incremental change in longevity.

After running these reports, determine the LI amounts by using the calculations below:

Calculation

LI: Current General Fund Supported Salary x 3%

Incremental Change in Longevity: (6/30/24 Actual Longevity payments x 3%) = Allowable incremental change in longevity

Social Security: (LI + incremental change in longevity) x 7.65%

Retirement: (LI + incremental change in longevity) x **FY2023-24 recurring retirement rate** (see below)

FY 2023-24 Recurring Retirement Rates

TSERS	23.82%
LEO	28.82%
CJRS	39.98%
ORP	13.83%
LRS	25.75%

Revision #2: Retirement Contribution Adjustment (57206000)

Note that vacant positions are included for retirement contribution rate adjustments because the increase is based on the position, not the employee. The table below shows the recurring retirement rates for FY23-2024 along with the recurring increase in the contribution rates for FY2024-25.

A	B	C	E
System	FY 2023-24 Recurring Rate	FY2024-25 Recurring Change	FY 2024-25 Recurring Rate
TSERS	23.82%	0.22%	24.04%
LEO	28.82%	0.22%	29.04%
CJRS	39.98%	4.01%	43.99%
ORP	13.83%	0.13%	13.96%
LRS	25.75%	3.24%	28.99%

Note: Columns B and C are used in revision calculations, column E is for informational purposes only

Process

Run the *NC Budget to Actual (701) Certified Report (RPTBE006)* in NCFS after the LI revision has posted to obtain the certified budget amounts for appropriations-supported salary and longevity.

Relevant salary and longevity accounts include:

- 511XXXXX accounts with a 1000 funding source
- 512XXXXX accounts with a 1000 funding source
- 51460000 with a 1000 funding source

Determine the increase in recurring retirement using the certified salary and longevity amounts and the recurring change to the retirement rate outlined in column C from the table above.

The calculated increase must be budgeted in FY 2024-25.

Calculation

Recurring retirement: (certified budget for salary + longevity) x FY 2024-25 recurring change

Revision #3: State Health Plan Contributions (57208000)

Increases to health plan contributions include vacant positions since they are based off position, not employee.

Calculate State Health Plan changes by subtracting the FY 2023-24 contribution rate from

the FY 2024-25 rate, then multiply by the total number of General Fund supported FTE, both filled and vacant.

State Health Plan contribution amounts will be budgeted for FY 2024-25.

Calculation

State Health Plan Contribution: (\$8,095 - \$7,557) or **\$538** x total FTE count

Revision #4: Returning excess funds to Salary Adjustment Reserve

Agencies will return any excess LI and benefit reserves to the **Salary Adjustment Reserve, Statewide Budget Code 19004**.

Amounts returned to the Salary Adjustment Reserve will be budgeted for FY2024-25.

Revision #5: Realignment between reserve accounts (OPTIONAL)

With OSBM approval, agencies may use excess funds from one agency reserve account to offset deficits in another agency reserve account. The exact amounts in this realignment revision will be based on excess reserves available and the deficit amounts.

Please note: The deficits eligible to be covered by these reserve funds must be a result of the mandatory compensation and benefits increases. Agencies cannot use reserve funds to cover existing deficits.

Please note that recurring funds must be used for recurring shortfalls and non-recurring funds for non-recurring shortfalls.

Amounts realigned between reserve accounts will be budgeted for FY 2024-25.

Revision #6: Requesting funds from Salary Adjustment Reserve (OPTIONAL)

If there are still deficits after the realignment revision, agencies may request funds required to cover the deficit from the **Salary Adjustment Reserve, Statewide Budget Code 19004**.

Amounts requested from the Salary Adjustment Reserve will be budgeted for FY 2024-25.

Revision #7: Requesting funds from Pay Plan Reserve (OPTIONAL)

Per GS 143C-4-9(a), funds in the Pay Plan Reserve are available to agencies for statutory or scheduled salaries and benefits expenses where the appropriation is insufficient.

If applicable, **on January 1, 2025**, an agency should submit:

1. A detailed description of the pay plan design, including the salary or salary

range at each step within the pay plan and the criteria for movement between steps of the pay plan.

2. Proof to OSBM that the agency has exhausted or is projected to exhaust funds appropriated for statutory or scheduled salary and benefit expenses.

For information on how to determine the amount of funds needed from the Pay Plan Reserve, please review the [Calculating Pay Plan Reserve Requests job aid](#).

If approved by OSBM, the agency will submit a type-11 revision to request funds from the Pay Plan Reserve, Budget Code 19060.