STATE OF NORTH CAROLINA
OFFICE OF STATE HUMAN RESOURCES

JOSH STEIN
GOVERNOR

STACI MEYER
DIRECTOR

July 24, 2026

TO: Agency Human Resources Directors
Agency Chief Fiscal Officers

FROM: Staci Meyer, State Human Resources Director Staci Meyer
Kristin Walker, State Budget Director Kristin Walker
Nels Roseland, State Controller Nels C. Roseland

RE: **2026 Legislative Increase (LI) Instructions – HR-Payroll Action Processing**

S.L. 2026-41 (S257), the 2026 Appropriations Act, as amended by S.L. 2026-42 (H56), 2026 Budget Technical Corrections, includes a salary increase, effective July 1, 2026, for most State employees subject to or exempt from the State Human Resources Act (SHRA). The salaries for eligible employees shall be increased by three percent (3%) unless otherwise specified. See § 41.1.(b). Part-time employees shall receive the increases on a prorated basis. See § 41.1.(c).

The Act includes a bonus for eligible employees of one thousand seven hundred fifty dollars ($1,750) awarded to employees who have annual salaries of sixty-five thousand dollars ($65,000) or less on June 30, 2026; or a bonus of one thousand dollars ($1,000) awarded to employees who have an annual salary greater than sixty-five thousand dollars ($65,000) on June 30, 2026. See § 41.2.(a). A pro-rata amount applies for permanent part-time employees. See § 41.2.(b). The bonus is payable as close as it is practical to October 15, 2026.

University of North Carolina

Section 41.14 states that the Board of Governors of the University of North Carolina shall provide employees subject to or exempt from the SHRA, with an across-the-board salary increase, in the amount of three percent (3%) effective July 1, 2026.

Department of Adult Correction

Correctional Officers

Section 41.15(a) establishes the legislatively determined salary schedules for Correctional Officers at the Department of Adult Correction effective July 1, 2026. These employees do not receive the 3% LI; instead, they receive an increase based on the relevant annual salary schedule, determined according to the employee's correctional officer classification and work experience.

If the employee's salary exceeds the scheduled salary level, they will then receive a three percent (3%) increase. See § 41.15.(a), 41.15. (b) and 41.15. (c).

Probation and Parole Officers

Section 41.18(b) establishes the legislatively determined salary schedule for Probation and Parole Officers at the Department of Adult Correction, effective July 1, 2026. These employees do not receive the 3% legislative increase; instead, they receive an increase based on the annual salary schedule, determined according to employee's work experience. If the employee's salary exceeds the scheduled salary level, they will then receive an increase of three percent (3%). See § 41.18.(a), 41.18.(b), and 41.18.(c).

Department of Public Safety

Youth Counselor Technicians, Youth Services Behavioral Specialists, and Youth Counselors

Section 41.15(a1) sets the legislatively determined salary schedule for Youth Counselor Technicians, Youth Services Behavioral Specialists, and Youth Counselors at the Department of Public Safety, effective July 1, 2026. These employees do not receive the 3% legislative increase; instead, they receive an increase based on the annual salary schedule, determined according to the employee's work experience. If the employee's salary exceeds the scheduled salary level, they will then receive an increase of three percent (3%). See § 41.15.(a1), 41.15. (b), and 41.15.(c).

Juvenile Court Counselors

Section 41.18.(b) establishes the legislatively determined salary schedule for Juvenile Court Counselors at the Department of Public Safety, effective July 1, 2026. These employees do not receive the 3% legislative increase, instead they receive an increase based on the annual salary schedule, determined according to the employee's work experience. If the employee's salary exceeds the scheduled salary level, they will then receive an increase of three percent (3%). See § 41.18.(a1), 41.18.(b), and 41.18.(c).

Alcohol Law Enforcement

Section 41.17.(a) sets the legislatively determined salary schedule for Law Enforcement Officers of Alcohol Law Enforcement, effective July 1, 2026. These employees do not receive the 3% legislative increase; instead, they receive an increase based on the annual salary schedule, determined according to the employee's work experience. If the employee's salary exceeds the scheduled salary level, they will then receive an increase of three percent (3%). See § 41.17.(a), 41.17.(b), and 41.17.(c).

Sworn law enforcement employees of Alcohol Law Enforcement who are not compensated according to the salary schedule, shall receive a salary increase in the amount of thirteen percent (13%). See S.L. 2026-42, § 41.17.(b1).

State Highway Patrol

Section 41.16.(b) establishes a legislatively determined salary schedule for Law Enforcement Officers of the State Highway Patrol, effective July 1, 2026. These employees do not receive the

3% legislative increase; instead, they receive an increase based on the annual salary schedule, determined according to the employee's work experience. If the employee's salary exceeds the scheduled salary level, they will then receive an increase of three percent (3%). See § 41.16.(a), 41.16.(b) and 41.16.(c)

State Bureau of Investigation

Section 41.17.(b) establishes a legislatively determined salary schedule for Law Enforcement Officers of the State Bureau of Investigation, effective July 1, 2026. These employees do not receive the 3% legislative increase; instead, they receive an increase based on the annual salary schedule, determined according to the employee's work experience, If the employee's salary exceeds the scheduled salary level, they will then receive an increase of three percent (3%). See § 41.17.(a), 41.17.(b), and 41.17.(c).

Sworn law enforcement employees of the State Bureau of Investigation who are not compensated according to the salary schedule, shall receive a salary increase in the amount of thirteen percent (13%). See S.L. 2026-42, § 41.17.(b1)

Current Salary Ranges

The current salary ranges, which were implemented effective February 1, 2026, for all Graded Pay Plans are unchanged.

Other Employees Under Salary Schedules

In addition to the categories discussed above, several additional types of employees do not receive the 3% legislative increase: employees of local boards of education, clerks of superior court compensated under G.S. 7A-101, and employees paid based on the Teacher Salary Schedule at DHHS, DPS, DPI, the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, the North Carolina School of Science and Mathematics or the University of North Carolina School of the Arts. See § 41.19.

Eligibility for Legislative Increase

To be eligible for the legislative increase, employees must have been employed on **June 30, 2026.** See § 41.1.(a), 41.22.(a)

Eligibility for State-Funded Permanent Employee Bonus

To be eligible for the bonus, employees must have been employed on **June 30, 2026.** Employees whose salaries are set in Section 7A.1 or 7A.10 (state agency teachers) are not eligible. See §41.2.(a)

Effect of Being at Maximum of Salary Range

Employees at the maximum of the salary range receive the full 3% LI. See § 41.1.(d), 41.1.(e)

Temporary Employees –

Because temporary employees are not employed in State-funded positions, they are not automatically entitled to the 3% legislative increase. See § 41.1(a). Agencies may increase temporary employees' salaries in their discretion if funds are available. All increases given at the discretion of the agency should be processed with a July 2, 2026, effective date and will not receive funding from the LI reserve.

For temporaries employed through Temporary Solutions, Temporary Solutions will process hourly rate increases only at the request of the Agency HR Director or their designee, unless the Agency HRD authorizes Divisions to submit these requests individually.

If the Agency HRD delegates this authority, the agency must notify Temporary Solutions Manager, Joe Gilroy (joseph.gilroy@nc.gov), and Assistant Manager, Heather Garrett (heather.garrett@nc.gov), of this authorization. Agencies should contact Joe or Heather if they need a report of active Temporary Solutions temporaries and their current hourly rates to assist with budget planning. This information is also available in Fiori under Business Objects, *B0086: Supplemental Staff Estimated Assignment End Date*.

For temporaries directly employed by a state agency, agencies are responsible for processing any hourly rate adjustment actions. Agencies requesting mass processing of temporary employee hourly rate adjustments should coordinate with the OM/PA Operations team at BEST Shared Services (BSS).

Temporary appointments will not receive the LI via the mass load as it is based on the availability of funds.

Salary to which the 3% Legislative Increase Is Applied

Unless otherwise expressly provided, the annual salaries in effect for the eligible employee on June 30, 2026, shall be legislatively increased as provided by this Act. See § 41.21

July Payroll 2026 Salary Impacting Personnel Actions

To facilitate implementation of the statewide Legislative Increase and legislatively mandated salary schedules, agencies should postpone discretionary salary-impacting personnel actions with effective dates of July 1, 2026, or later until Legislative Increase processing has completed.

Examples include, but are not limited to:

- Salary adjustments
- Market adjustments
- Compression adjustments
- Equity adjustments
- Salary reserve actions
- Other discretionary salary increases

The following actions should continue to be processed as needed:

- New hires
- Separations

- Leave of Absence actions
- Payroll-critical corrections

Additional guidance will be provided after Legislative Increase processing has been completed.

Processing of Legislative Increase Actions

The HR/Payroll system will be unavailable from 6 p.m. July 31, 2026, through 6 a.m. August 3, 2026, for processing the LI.

State employees will see the Legislative Increase reflected in their **August 2026 paycheck** with a retroactive increase back to July 1, 2026.

Pay dates:

Biweekly Employees: 8/14/26
Monthly Employees: 8/31/26

State-Funded Employee Bonus

Pay dates for bonuses: (for most state employees*)

Biweekly Employees: 9/25/26
Monthly Employees: 9/30/26

*State agency teachers (as defined in the bill), will receive their bonus on 10/30/26.

Longevity

Longevity payments will automatically calculate to reflect the LI.

2026 Legislative Increase Reports

LI salary and budget information will be available using the reports listed below. Both reports are in the **Legislative Increase** folder of the Office of State Controller's (OSC) **Business Objects** Platform.

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 LIs applied to the employee and budgeted salaries, if applicable by the 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 increases (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 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 employees' current salary for the organizational unit(s) selected.

Report description documents containing instructions and details about how to generate these reports are located in the **Help/Report Descriptions** folder in the Business Objects platform or on OSC website: NC OSC: Help Documents.

Post 2026 LI Operational Procedures for Personnel and Organizational Management Actions

- Please refer to the Post 7/1/26 LI Action Processing Instructions document for important reminders and instructions on processing actions after implementation of the 2026 LI.
- If you have a Leave of Absence (LOA) or Reinstatement from LOA effective prior to 7/1/2026, put in a ticket and BEST will insert the LOA. Please remember that agencies should not attempt to insert any action.
- If you have a new or revised salary-impacting action (any action that creates IT0008, Basic Pay) effective prior to 7/1/2026, submit a ticket and BEST will delete the 7/1/2026 LI and the agency will be responsible for creating and working the new LI action.
- When processing an additional 7/1/26 salary-impacting action, only a single salary amount will be displayed for 7/1/26 in PA20. If a breakdown of salary amounts per action is needed, please refer to the B0061 report instructions regarding pulling an Original vs. Updated LI version of the report.
- Agencies are responsible for creating and working the 7/1/2026 LI for any New Hire or Reinstatement/Return to work effective prior to 7/1/2026.
- BEST will not process any mass salary adjustments with effective dates prior to 7/1/2026. Any request must have prior OSC OM/PA approval and final spreadsheets must be submitted no later than 8/17/26 to ensure they are processed for August payroll.

CONTACTS

- For questions concerning the eligibility requirements of the Legislative Increase, contact Lorence Crossett at lorence.crossett@nc.gov or 984-236-0852.
- For questions concerning the transaction processing of the LI or associated LI reports, please submit a ticket to the OM/PA Team at best@ncosc.gov or 919-707-0707.
- For questions about budget revisions or fiscal data, contact your OSBM Analyst at 984-236-0600.