



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*
Kristin Walker, State Budget Director *Kristin Walker*
Nels Roseland, State Controller *Nels C. Roseland*

DATE: September 29, 2023

SUBJECT: **2023 Legislative Increase (LI) Instructions – HR-Payroll Action Processing**

House Bill 259 (the 2023 Appropriations Act) includes a salary increase, effective July 1, 2023, for most State employees subject to or exempt from the State Human Resources Act (the State HR Act). The salaries for eligible employees shall be increased by four percent (4%) unless otherwise specified below. See § 39.1.(a) of the Appropriations Act. A pro-rata rate applies for part-time employees. See § 39.1.(c).

University of North Carolina

Section 39.14 states the Board of Governors of the University of North Carolina shall provide employees subject to the State HR Act, employees exempt from the State HR Act, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase, in the amount of four percent (4%) effective July 1, 2023.

Experience Based Salary Schedules

The Appropriations Act identifies certain employees in specific classifications to be compensated according to salary schedules. These employees do not receive the 4% legislative increase but instead receive an increase as specified in the Appropriations Act See § 39.15.(a) through 39.18.(c).

Section 39.15.(a) establishes a Correctional Officer salary schedule effective July 1, 2023, for state employees serving as correctional officers in the Department of Adult Corrections. Correctional Officers shall be compensated at a specific pay rate, based on a salary schedule, determined according to the duration of the employee's correctional officer work experience as outlined in Section 39.15.(b).

Section 39.15.(a1) adds employees serving in the Department of Public Safety, Division of Juvenile Justice, and Delinquency Prevention, shall be compensated at a specific pay rate set based on a salary schedule determined according to the duration of the employee's work experience, as follows:

1. Youth Counselor Technicians shall be paid under the Correctional Officer I salary schedule.
2. Youth Services Behavioral Specialists shall be paid under the Correctional Officer II salary schedule.
3. Youth Counselors shall be paid under the Correctional Officer III salary schedule.

If an employee covered by 39.15.(a) or 39.15.(a1) will not receive a salary increase during a fiscal year because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative increase (4%). See § 39.15.(c).

Section 39.16.(a) sets the experience-based salary schedule for Law Enforcement Officers of the State Bureau of Investigation and Alcohol Law Enforcement effective July 1, 2023. Law Enforcement Officers shall be compensated based on the officer's respective work experience as defined in Section 39.16.(b).

Section 39.16.(c)(1) and (2) establishes that in the 2023-2024 fiscal year, effective July 1, 2023, employees of the State Bureau of Investigation who are not compensated on the experience-based salary schedule pursuant to 39.16.(a) or 39.16.(b) and are employed in positions within salary grades SW 05-10 shall receive a salary increase in the amount of eight percent (8%), while employees in positions within salary grades SW 11-12 shall receive a salary increase in the amount of seven percent (7%).

Section 39.16.(d)(1) and (2) establishes that in the 2023-2024 fiscal year, effective July 1, 2023, employees of Alcohol Law Enforcement who are not compensated on the experience-based salary schedule pursuant to 39.16.(a) or 39.16.(b) and are employed in positions within salary grades SW 05-09 shall receive a salary increase in the amount of eight percent (8%), while employees in positions within salary grades SW 10-12 shall receive a salary increase in the amount of seven percent (7%).

Section 39.17.(a) sets the experience-based salary schedule for Law Enforcement Officers of the State Highway Patrol effective July 1, 2023. Law enforcement officers shall be compensated based on the officer's respective work experience as defined in Section 39.17.(b).

Section 39.17.(c) and (d) establishes that in the 2023-2024 fiscal year, effective July 1, 2023, employees of the State Highway Patrol who are not compensated on the experience-based salary schedule pursuant to 39.17.(a) or 39.17.(b) and are employed in positions within salary grades HP01 through HP05 shall receive a salary increase in the amount of eleven percent (11%), while employees in positions within salary grades HP06 through HP011 shall receive a salary increase in the amount of seven percent (7%).

Section 39.18.(a) establishes a Probation and Parole Officer salary schedule effective July 1, 2023. Probation and Parole Officers shall be compensated pursuant to the experience-based salary schedule based on the officer's respective work experience as outlined in Section 39.18.(b).

- Section 39.18.(a1) adds that employees serving as Juvenile Court Counselors in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, shall be compensated under the Probation and Parole Officer salary schedule.

If an employee covered by 39.18.(a) or 39.18.(a1) will not receive a salary increase during a fiscal year because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative increase (4%). See § 39.18.(c).

Agencies should date salary adjustment actions, to move an employee paid on experience-based salary schedule up a step, on that schedule (e.g. an employee with a July 1 anniversary date) with a July 2, 2023 effective date; these actions will not receive funding from the LI reserve but may be eligible for funds from the Pay Plan Reserve.

Current Salary Schedules

The current salary ranges, which were implemented effective June 1, 2023, for all Graded Pay Plans will remain the same.

Other Employees Under Salary Schedules

In addition to the categories discussed above, several additional types of employees do not receive the 4% 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 the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education. See § 39.1.(b). The Appropriations Act also includes statutory salary increases for members of Council of State and certain Executive Branch Officials. See § 39.4.(a)- 39.5.(b).

Temporary Employees

Because temporary employees are not employed in State-funded positions, they are not automatically entitled to the 4% legislative increase. Agencies may increase temporary employees' salaries at their discretion if funds are available. All increases given at the discretion of the agency should be processed with a 7/2/23 effective date and will not receive funding from the LI reserve.

Salary to which the 4% Legislative Increase Is Applied

The Appropriations Act specifies that the 4% legislative increase will be on "annual salary in the 2023-2024 fiscal year." See § 39.1.(a), which reads, "Effective July 1, 2023, ... a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State funded position on June 30, 2023, is awarded: A legislative salary increase in the amount of four percent (4%) of annual salary in the 2023-2024 fiscal year."

Section 39.1.(d) indicates that eligible State-funded employees are granted the full legislative increase even if the employee's salary after applying the legislative increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

Application of the Legislative Increase to Employees Who Separated from Service on or After July 1, 2023

Section 39.22.(a) of the Appropriations Act provides that the Act's legislative salary increases, including the 4% legislative increase discussed in this memo, "shall be paid effective on July 1, 2023, and do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to June 30, 2023." Therefore, the legislative increase will be applied retroactively as of July 1, 2023. This includes applying the legislative increase to employees who are now separated from service but were in pay status on July 1, 2023. Like current employees, these recently separated employees should receive payment for the retroactive effect of the pay increase.

Labor Market Adjustment Salary Reserve

The 2023 Appropriations Act creates a Labor Market Adjustment Salary Reserve that is available to most state agencies. The funds in the Labor Market Adjustment Salary Reserve shall be used by agencies “to award salary Adjustments to identified employees.” See § 39.2(a). Use of the Labor Market Adjustment Salary Reserve is subject to specific requirements listed in the act. See § 39.2.(a)(1)-(5).

Use of the Labor Market Adjustment Salary Reserve must be reported to OSHR by December 15, 2023 using a uniform reporting mechanism that OSHR will develop. OSHR must submit the combined agency responses to the General Assembly by January 15, 2024. See § 39.2.(d).

To avoid a delay in distributing this memo about the Legislative Increase, a separate memo will be distributed about use of the Labor Market Adjustment Salary Reserve. The Labor Market Adjustment Salary Reserve memo, which will be distributed mid-to-late October will include the uniform reporting mechanism that agencies must use. In general, OSHR expects to follow the same information-gathering and reporting procedures that were used for the Labor Market Adjustment Salary Reserve in the 2022 Appropriations Act.

Processing of Legislative Increase (LI) Actions

The Integrated HR-Payroll System will be unavailable from 8 p.m. October 2, 2023, through 6 a.m. October 4, 2023, for processing the LI. The LI will be applied to employee records in the Integrated HR-Payroll System on October 3, 2023.

Temporary appointments will not receive the LI via the mass load as it is based on the availability of funds. These actions, if applicable, will need to be processed by the agency by working with the OM/PA Operations team at BEST Shared Services (BSS).

Longevity

Longevity payments will automatically calculate to reflect the LI.

2023 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. 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 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 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 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 2023 LI Operational Procedures for Personnel and Organizational Management Actions in the Integrated HR Payroll System

- Reminder: After the LI program processes the 4% based on the June 30, 2023, salary, that dollar amount will be added to every salary-impacting action in the system with a 7/1/2023 date or later. (Refer to the [Job Aid for specific examples](#).)
- The LI program inserts the action and therefore the agency does not need to do anything additional for employees who are on LOA.
- There are no special instructions for employees that separate after July 1, 2023. Any payments will be recalculated based on the new July 1, 2023, salary.
- Agencies should use BOBJ Report B0017 Last Salary Action Excluding LI to monitor their salary impacting actions dated July 1, 2023, or later.

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 BEST Shared Services OM/PA Team at best@osc.nc.gov or 919-707-0707.
- For questions about budget revisions or fiscal data, contact your OSBM Analyst at 984-236-0600.

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