



STATE OF NORTH CAROLINA
OFFICE OF STATE PERSONNEL
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BEVERLY EAVES PERDUE
GOVERNOR

ANN G. COBB, DEPUTY DIRECTOR
INTERIM STATE PERSONNEL DIRECTOR

MEMORANDUM

TO: Agency HR Directors
Agency Chief Fiscal Officers

FROM: Ann G. Cobb, Interim State Personnel Director *AGC*
Andy Willis, State Budget Officer *Andy Willis*
David T. McCoy, State Controller *David T. McCoy*

DATE: July 10, 2012

RE: **2012 Legislative Increase (LI) and Other Salary Increases**

The 2012 General Assembly has ratified HB 950, which provides an across-the-board salary increase, effective July 1, 2012, for permanent full-time and part-time employees who are subject to and exempt from the State Personnel Act. The salaries in effect June 30, 2012, for all full-time and part-time employees shall be increased by 1.2%. Permanent full-time employees who work a 9, 10, or 11-month work schedule will receive the 1.2% legislative increase.

Eligibility

Employees with permanent, probationary, trainee and time-limited appointments are eligible. Based on availability of funds, employees with temporary appointments or permanent hourly employees may be granted a comparable salary adjustment.

Employees are eligible for the increase without consideration of performance ratings or disciplinary actions.

The increase does not apply to employees separated from State service prior to July 1, 2012 or to employees hired effective July 1, 2012 or later.

New Salary Schedules

The new annual salary schedule is attached for both the graded and the Career-banding systems. All rates in both schedules have been adjusted by the 1.2% increase.

Trainee progressions have also been adjusted by the legislative increase. Later in July, the updated trainee progression schedules, the medical and education salary schedules and the

Salary Plan Book will be available through the OSP website at http://www.osp.state.nc.us/CompWebSite/Compensation_Web_Site.html.

The updated salary schedules will be available in BEACON by July 16, 2012; the Legislative Increase will be applied to the position and employee records the weekend of July 13, 2012 with an effective date of July 1, 2012. The BEACON system will be unavailable from 5:00 pm on July 13, 2012 through 7:00 am July 16, 2012 for processing the legislative increase.

Legislative Increase Report

The Legislative Increase Report, B0061: Legislative Increase and other legislative increase reports will be available July 16, 2012. New Legislative Increase Report instructions will be available on the BEACON Help site (<http://www.osc.nc.gov/training/osctd/help/index.html>) under the BI Reports, Job Aids section in the document entitled "BI Job Aid Legislative Increase Report".

This legislative increase report accounts for all positions, even those not eligible for the legislative increase. You can easily exclude the ineligible positions using the BI filtering functionality described in the Job Aid.

- The budgeted level of the position and salary of the employee are shown separately.
- Vacant positions are not eligible for an legislative increase unless the budgeted salary is below the new minimum. If the vacant position is budgeted more than 1.2% below the new minimum, the agency must identify the additional funds to bring the vacant position to the new minimum.
- Temporary employees in permanent positions are shown but employees do not receive the increase. The budgeted level of these positions will increase only if it is below the new minimum.
- Employees on a Leave of Absence (LOA) without pay are shown but only the budgeted level of the position increases July 1, 2012. Employees will receive the legislative increase when reinstated.

The legislative increase will be applied based on rules approved by OSP and OSBM, and the results will be reflected in the legislative increase 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 (Personnel Change Request) "Salary Adjustment" Action, with Reason Code "Legislative Increase". The PA PCR will flow via workflow to the Agency Funding Approver for processing any necessary corrections to the Budgeted level of the position.
- Budgeted salary corrections of vacant positions to take the funding to the new minimum are made via OM PO13 transaction using Action code 112, "Legislative Increase". Agency Funding Approvers have access to process this transaction.
- For processing the Legislative Increase for employees being reinstated, it is necessary to process the "Salary Adjustment – Legislative Increase" action as a separate PCR after processing the Reinstatement.
- The legislative increase report has two versions: Original and Updated. The Original version is the official Legislative Increase report which reflects the automated legislative increase calculation made for agencies. 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. The Updated version is re-produced every week, and will reflect any changes made to the data that week.

Funding Sources/Preparation of Budget Revisions

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 on the proportion that the salary is paid from those funds. These employees may receive the increase if funds are provided proportionally from other sources such as federal funds, trust funds, gifts, foundations, receipts or other self-supporting activities. If additional receipts are not available, the State Budget Officer is authorized to allocate out of receipt-supported funds the amount necessary to grant the increase.

If filled positions are funded from sources other than the General Fund and funds are not available to grant the increase, a PA PCR ("Cancel Salary Adjustment – Cancel Legislative Increase") must be processed to cancel the increase with a note in the PCR Attachment that funds are unavailable to grant the increase. The PA PCR will flow via workflow to the Agency Funding Approver for processing any necessary corrections to the budgeted level of the position. If receipts are not available to bring vacant positions up to the new minimum and the State Budget Officer has not authorized an exception, the Agency Funding Approvers should process a PO13 transaction and use Action code 111, "Position Budgeted Salary Change" to cancel the legislative increase.

Budget adjustments must be made for the 2012-2013 fiscal year to provide sufficient funds by budget fund/account to support the salary increases and state matching retirement and social security contributions. OSBM will send a separate memorandum that outlines instructions for receiving funds from the reserve, including state matching retirement and related benefits.

Processing Personnel Action Forms

As of July 16, 2012, you will be able to process Personnel Change Requests with an effective date of July 1, 2012 or later. Actions with effective dates prior to July 1, 2012 that were not processed by the July 11, 2012 deadline will have to be processed by BEST Shared Services, since they have an earlier effective date than the legislative increase. Please submit one ticket per action. Submission of a ticket with all pertinent information is an indication that all appropriate approvals have been obtained. When the prior action is processed by BEST Shared Services, the legislative increase will be deleted. The user must then submit a PCR to reapply the legislative increase.

Longevity

Longevity payments for July will be automatically calculated to reflect the legislative increase, and the difference will be included in employees' July paychecks.

Cumulative Salary Increases in Excess of 10%

Effective July 1, 2012, you will no longer need prior approval from the Office of State Budget and Management for cumulative salary increases in excess of 10%. If you have any salary actions in excess of 10% that have an effective date prior to July 1, 2012, you will need to forward to the Office of State Personnel a written justification for the salary exception including an explanation/justification for the retroactive effective date. These retroactive requests must be approved by our office before being forwarded to OSBM for approval. Please be reminded effective July 1, 2012, you will still need prior approval from the Office of State Personnel for any salary increase of 20% or more. You also need prior approval from the Office of State Personnel for any salary action occurring in a position for which your agency does not have delegated classification/salary administration authority or any salary action which results in an exception to Office of State Personnel salary administration policies.

Salary Increase Monitoring

Effective July 1, 2012, the Budget Bill no longer restricts the types of salary increases awarded to State employees; however, it still includes a requirement that the Office of State Budget and Management and the Office of State Personnel jointly monitor and report salary increases awarded by State agencies and universities. We will continue to submit quarterly reports for the 2012-2013 fiscal year to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division.

Contacts

If you have questions concerning the eligibility requirements of the Legislative Increase, please contact your assigned OSP HR Consultant in the Recruitment, Selection and Salary Administration Section at 919-807-4800. If you have questions concerning the transaction processing of the Legislative Increase or the reports for the Legislative Increase, please contact BEST Shared Services at 919-707-0707 (local to Raleigh) or 1-866-NCBEST4(U) (1-866-622-3784) outside the Raleigh area. Questions about budget revisions or fiscal data should be directed to your OSBM Analyst at 919-807-4700.

AGC/AW/DTM:sg
Attachment