



**STATE OF NORTH CAROLINA
OFFICE OF STATE PERSONNEL
1331 MAIL SERVICE CENTER
116 WEST JONES STREET
RALEIGH, NC 27699-1331**

**BEVERLY EAVES PERDUE
GOVERNOR**

**LINDA D. COLEMAN
STATE PERSONNEL DIRECTOR**

August 26, 2009

Memorandum

To: Agency Heads/Chancellors
Agency/University Chief Financial Officers
Agency/University Human Resources Directors

From: Linda D. Coleman *LDC*
State Personnel Director

Charles E. Perusse *Charles E. Perusse*
State Budget Director

Subject: 2009-2011 Appropriations for Salaries

The General Assembly has enacted Senate Bill 202, Session Law 2009-451 (Budget Bill), which makes appropriations for 2009-2011. The Budget Bill does not include funding for legislative increases or legislative bonuses. As directed in Section 26.1A of Senate Bill 202, State employee salaries in effect on June 30, 2009, or the last date in pay status during the 2008-2009 fiscal year, if earlier, shall remain in effect and shall not increase for the 2009-2010 and 2010-2011 fiscal years except as follows:

- (1) As provided for by Section 29.20A of Session Law 2005-276.
- (2) For Community College faculty as otherwise provided in Section 8.1 of Session Law 2009-451.
- (3) Salaries may be increased for reallocations, promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or any other adjustment related to an increase in job duties or responsibilities. All other salary increases are prohibited.

Increases for equity or labor market, such as range revision adjustments, are not allowed since there is no documented change in job duties or responsibilities with these types of actions.

Trainee adjustments are allowed since the State Personnel Policy requires that an evaluation be done on the employee to document progress before the trainee adjustment is awarded; therefore, a supervisor should be able to document an increase in demonstrated competencies which would allow them to increase work responsibilities as the employee progresses through the established trainee period.

While the Budget Bill allows salary increases related to an increase in job duties and responsibilities such as a reallocation or promotion, please be reminded that the Office of State Budget and Management has strongly encouraged agencies to restrict salary adjustments to the maximum extent possible. All compensation adjustments, as allowed in the Budget Bill, must be pre-approved by the Agency Head. Agency Heads should notify their program managers of these salary restrictions and implement internal approval processes to ensure compliance. All agency personnel actions for salary increases must include a statement in the comments section of personnel forms that the salary increase has been approved by the Agency Head.

The Budget Bill also includes a provision that extends the RIF re-employment priority for an additional 12 months for the 2009-2011 fiscal biennium. Additional information regarding reduction-in-force implementation will be forthcoming from the Office of State Personnel (OSP).

If you have any questions about the information outlined in this memorandum, please contact your OSP HR Partner at (919) 807- 4800.

Cc: David McCoy, State Controller