



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT


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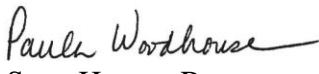
ANDREW T. HEATH
STATE BUDGET DIRECTOR

September 28, 2016

MEMORANDUM

TO: The Honorable Senator Phil Berger, President Pro Tempore, NC Senate
The Honorable Representative Tim Moore, Speaker, NC House of Representatives
Co-Chairmen of the Joint Legislative Commission on Governmental Operations

FROM: Andrew T. Heath 
State Budget Director

Paula Woodhouse 
Interim Director of State Human Resources

SUBJECT: Salary Increase Monitoring Report for Third and Fourth Quarters 2015-2016

Section 30.11.(a) of Session Law 2015-241 requires the Office of State Budget & Management (OSBM) and the Office of State Human Resources (OSHR) to submit a semiannual report to the Joint Legislative Commission on Governmental Operations on nonlegislative salary increases in State agencies, departments, and institutions, including authorities, boards, and commissions; the judicial branch; and The University of North Carolina and its constituent institutions.

For agencies reporting through the BEACON HR/Payroll system, these reports must include (i) a breakdown by action type (including, but not limited to, promotion, reallocation, career progression, salary adjustment, and any similar actions increasing employee pay) of the number and annual amount of those increases and (ii) a breakdown by action reason (including in-range higher level, acting pay, trainee adjustment, and other similar action reasons) of the number and annual amount of those action types coded as salary adjustment. For the University of North Carolina and its constituent institutions, the reports must include a breakdown of the number and annual amount of those increases categorized by the University as promotions, changes in job duties or responsibilities, Distinguished Professorships, retention pay, career progression, and any other similar actions increasing employee pay.

The following report covers the period of January through June 2016 and includes two attachments:

1. *Salary Increases for BEACON Agencies*: Salary increase actions entered into the BEACON HR/Payroll System during the semiannual period.
2. *Salary Increases for UNC System*: Salary increase actions reported by the UNC System for the semiannual period.

Analysis – State Agencies

From January 1 – June 30, 2016, there were 38,112 salary increases out of 79,801 employees¹ from all funding sources in State agencies. These increases account for a total salary increase of \$87.4 million (all fund sources). Salary increase data was obtained from the BEACON HR/Payroll system, including action type and reason for each increase.

Table 1 below lists the action types, number of salary increases, and dollar amounts:

Table 1 - Salary Increases for State Agencies		
<i>Action Type</i>	<i># of Actions</i>	<i>Salary Increase</i>
Promotion	1,951	\$11,453,308
Reinstatement	235	\$1,457,408
Non-Beacon to Beacon	18	\$779,448
Transfer	595	\$3,832,896
Appointment Change*	203	\$432,352
Reallocation	13,361	\$19,917,781
Salary Adjustment	21,253	\$47,389,564
Range Revision	0	\$0
Career Progression Adjustment	496	\$2,126,134
Band Revision	0	\$0
Totals	38,112	\$87,390,891

*An appointment change example: a probationary employee becoming permanent.

There were eight findings, including seven increases in excess of 20% that were not approved by OSBM or OSHR and 1 action that was coded incorrectly. OSHR is following up with the agencies as appropriate for retroactive review and corrective action.

Analysis – UNC System

There were 5,250 salary increases out of 62,194 employees² from all funding sources in the UNC System from January 1 – June 30, 2016. These increases account for a total salary increase of \$25.1 million (all fund sources). There were approximately 4,819 EHRA non-faculty and SHRA increases (\$21.4 million) and 431 EHRA faculty increases (\$3.7 million).

¹ Employee count as of December 2015, excluding UNC System, community college campus, and public school personnel.

² Employee count as of December 2015.

Table 2 below lists the reasons for the salary, dollar amounts, and number of actions. For further information, contact John Sparrow in OSBM at john.sparrow@osbm.nc.gov or Davita Morant in OSHR at davita.morant@nc.gov.

Table 2 - Salary Increases for UNC System				
Action Type <i>EHRA Non-Faculty & SHRA</i>	Salary Increase General Fund	Salary Increase Non-General Fund	Total Salary Increase	Number of Actions
Promotion - Higher-Level Class	\$621,929	\$270,152	\$892,081	98
Promotion - Competitive Selection	\$4,423,805	\$1,314,189	\$5,737,994	629
Increased Duties/Responsibilities	\$2,575,900	\$1,933,187	\$4,509,088	838
Increased Duties/Responsibilities**	\$588,822	\$309,236	\$898,057	168
Retention (from all fund sources)	\$175,704	\$264,411	\$440,115	37
Career Progression	\$1,218,859	\$1,174,073	\$2,392,932	869
Faculty Recruiting and Retention Fund	\$32,750	\$0	\$32,750	4
All Other	\$3,613,106	\$2,918,586	\$6,531,692	2,176
Total	\$13,250,875	\$8,183,834	\$21,434,709	4,819
<i>EHRA Faculty</i>				
Promotion - Higher-Level Class	\$294,737	(\$39,573)	\$255,164	11
Promotion - Competitive Selection	\$313,635	\$127,090	\$440,725	16
Increased Duties/Responsibilities	\$652,357	\$215,313	\$867,671	152
Increased Duties/Responsibilities**	\$0	\$0	\$0	0
Retention (from all fund sources)	\$232,523	\$152,316	\$384,838	41
Career Progression	\$0	\$0	\$0	0
Distinguished Professors Endowment Fund	\$10,000	\$10,875	\$20,875	2
Faculty Recruiting and Retention Fund	\$295,723	\$28,750	\$324,473	31
All Other	\$521,663	\$856,430	\$1,378,093	178
Total	\$2,320,638	\$1,351,201	\$3,671,839	431
Grand Total	\$15,571,513	\$9,535,035	\$25,106,548	5,250

** Temporary increases in job duties or responsibilities; salaries will revert when temporary duties cease.