

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

Charles Perusse, State Budget Director

Barbara J. Gibson
Charles Perusse

Date: September 20, 2017

Re: Salary Adjustment Fund FY 2017-18

Section 35.14(a) of Session Law 2017-57 allocates \$5,000,000 for the Salary Adjustment Fund (SAF). The Salary Adjustment Fund is established to make funding available for salary increases in the executive, judicial, and legislative branches for specified purposes only as authorized in this section. Thus, \$3,252,000 has been allocated to state agencies. Please see the attached spreadsheet to find your agency's General Fund allocation. To the extent possible, salary adjustment funds were allocated on a pro rata basis of each agency's appropriated salary base compared with other participating agencies; adjustments were made to ensure each agency receives at least \$20,000.

	Allocations (Including Benefits)
Indigent Defense Services	\$50,000
Administrative Office of the Courts	\$450,000
UNC System	\$1,100,000
Legislative	\$75,000
Lt. Governor	\$73,000
State Agencies	\$3,252,000
Total	\$5,000,000

The following parameters are established to appropriately identify and address qualifying business critical needs for these funds:

- The effective date is retroactive to 1 August 2017 and paid in October 2017 payroll--*if processed by the recommended timeline*. Late processing will move the effective date accordingly (see the table below).
- The adjustment is based on the current salary/classification with an effective date of August 1, 2017 or date of promotion/hire at this salary (if later than August 1st). This will adjust accordingly for later implementation.

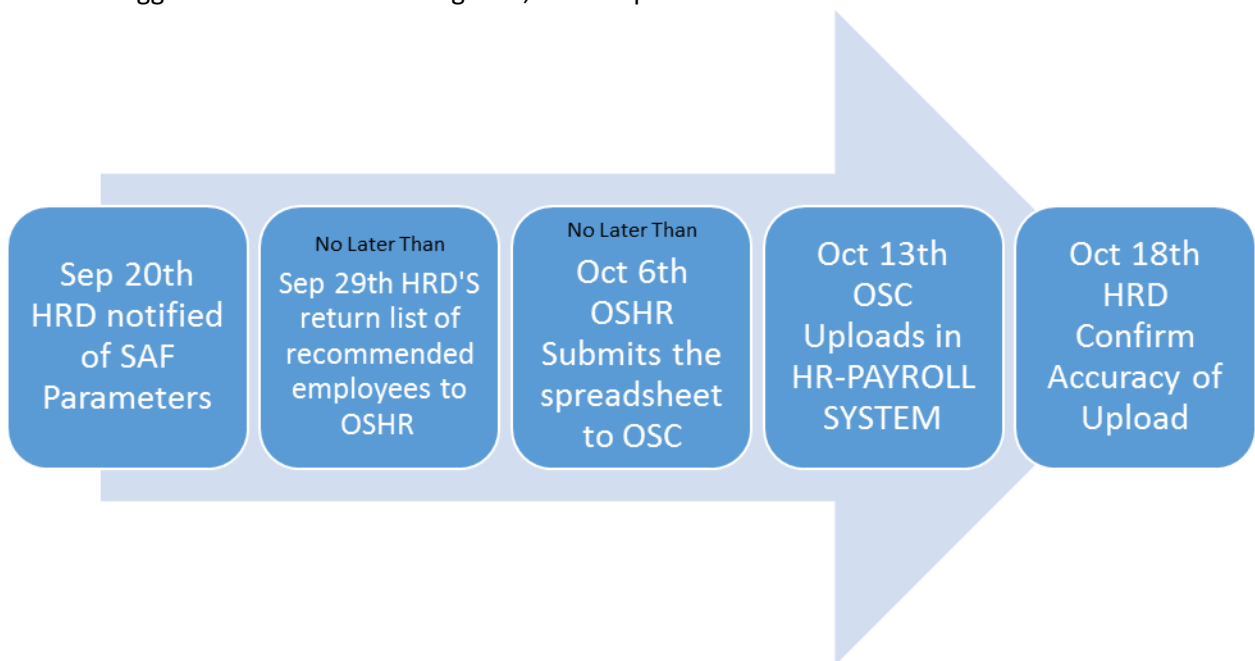
- Eligible employees must be below midpoint and the salary after the increase must not exceed the midpoint of the range (or the market/reference rate for the appropriate career-banded level Contributing/Journey/Advanced).
- Eligible employees must have a performance evaluation of meets or exceeds expectations and no active disciplinary actions.
- SAF is based on employees being employed and in an eligible position effective October 1, 2017 SAF for retroactive to August 1, 2017. For later processing, the date must change accordingly.

Additionally, to award an increase to eligible employees, state agencies and universities must consider business critical factors of:

- Turnover, retention, market relatively and equity.
- The increase shall be up to 5% or \$4,000 *whichever is less*.
- The increase may not create an inequity.
- Review and analyze the disparate impact and confirm this increase will not disproportionately affect any protected classes of employees

Agencies must identify the eligible employees, document the justification for the recommendation and report to OSHR by **September 29, 2017 (for an August 1, 2017 effective date) using the attached spreadsheet.**

Here's a suggested timeline for an August 1, 2017 implementation:



Agencies who are unable to follow the above timeline, may award the SAF later, however, the effective date will be adjusted accordingly. The table below outlines the effective date options.

Payroll	Effective Date of SAF
October Payroll	1 August 2017
November Payroll	1 September 2017
December Payroll	1 October 2017

In the event, an agency does not expend the allocated funding (or does not have eligible employees), the monies will revert to the SAF pool.

Funding Sources

In accordance with Section 35.11 of S.L. 2017-57, any eligible employee whose salary is paid partially from the General Fund or Highway Fund and partially from other sources shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund. Any eligible employee whose annual salary is paid fully from sources other than the General Fund or Highway Fund shall receive any salary adjustment from the source of funds that pays for the employee's salary. The Director of the Budget is authorized to increase expenditures of receipts from these sources by the amount necessary to provide salary adjustments to receipt-supported personnel in the certified budget.

Requesting Appropriation for State-Funded Personnel

By October 31, 2017, agencies should submit a type-11 recurring budget revision requesting their salary adjustment allocation from the following statewide budget code:

- 19004 – Salary Adjustment Reserve

Please note that your allocation also includes the associated matching employer retirement and social security contribution.