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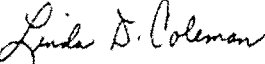
BEVERLY EAVES PERDUE  
GOVERNOR


LINDA D. COLEMAN  
STATE PERSONNEL DIRECTOR

July 1, 2011

**Memorandum**

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

From: Linda D. Coleman   
State Personnel Director

Andy Willis   
State Budget Director

Subject: 2011-2013 Appropriations for Salaries

The General Assembly has enacted House Bill 200, Session Law 2011-145 (Budget Bill) as amended by House Bill 22 (Session Law 2011-391), which makes appropriations for 2011-2013. The Budget Bill does not include funding for legislative increases or legislative bonuses. As directed in Section 29.8(a) of House Bill 200, the annual pay of all State employees for the 2011-2013 biennium shall remain unchanged from that authorized on June 30, 2011, or the last date in pay status during the 2010-2011 fiscal year, if earlier, except that an increase may be allowed under the following special circumstances:

- (1) For all State employees regardless of funding source, and for employees of the North Carolina Community College System and local school boards who are paid from State funds, salaries may be increased for reallocations or 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, none of which are subject to the salary freeze otherwise provided by this Part. All other salary increases are prohibited.
- (1a) For employees of the North Carolina Community College System, notwithstanding subdivision (1) of this subsection, salaries may be increased if the increase is funded from local funding sources.
- (2) For The University of North Carolina, (i) faculty using funds from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer research supported by that fund and (ii) faculty, nonfaculty, and other employee adjustments, including retention adjustments, funded from non-State funding sources.

- (3) For employees of the judicial branch, for local supplementation as authorized by G.S. 7A-300.1.

In addition, cumulative salary adjustments allowed as an exception to the freeze for the 2011-2012 fiscal year, may not exceed ten percent (10%) of the annual salary unless the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, the local board of education, or other authorized body as appropriate.

State agencies should forward their requests for exception to the 10% salary limit to their assigned OSP Salary Administration Consultant. OSP staff will review the request to determine if it meets salary administration and budget salary freeze guidelines before sending it to OSBM for a final decision.

Universities should forward their requests for exceptions to the 10% salary limit to UNC-General Administration. UNC-GA will send specific instructions to the campuses on the exception process. If the university does not have delegation of authority for salary administration or the salary increase represents an exception to policy, then the university should forward the salary increase request to OSP for salary administration approval prior to sending the request to UNC-GA for the 10% limit exception approval.

The salary freeze applies to all State employees regardless of appointment type and includes State officials and persons in exempt positions as well as temporary and permanent hourly State employees. The salary freeze also applies to employees who work a nine-, ten-, or eleven-month work year schedule.

The Budget Bill also includes a requirement that the Office of State Budget and Management and the Office of State Personnel shall monitor jointly the compliance of agencies and universities with the salary freeze provisions of Section 29.8 of S.L. 2011-145. Quarterly reports will be forwarded to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division. The reports will include a list of all salary increases including type of action (i.e. promotion, reallocation, in-range, etc.), the amount of the increase and the annual salary. The report shall also include a summary of actions taken with respect to unauthorized salary increases.

Attached is a list of frequently asked questions related to the salary freeze to assist you with making salary decisions. If you have any questions about the information outlined in this memorandum, please contact your assigned OSP Salary Administration Consultant at 807-4800 or your assigned State Budget Analyst at 807-4700.

cc: David McCoy, State Controller

Attachments