

Salary – Legislative Increase - FAQ

This is a general guidance/FAQ document related to the standard application of the State Salary and Benefit increases (LI) passed annually in the budget bills as well as general information on how to apply those increases retroactively should the budget become law after July 1st annually.

You may always refer to the most recent budget bill legislation for specific guidance.

The intent of the any retroactive salary payment is to make employees whole as if we had the budget information on July 1st annually.

Some basic assumptions:

- Salary schedules are increased/implemented according to the new state salary increase based on the effective date per legislation. That is usually July 1st in most normal years.
- It is also assumed that the PSU is implementing the salary schedules in the month that the budget bill becomes law, if possible. However, the district has latitude in how they implement based on their own operational capacity and processes.
- We are using the term “retroactive” to describe the money owed to an employee to make them whole based on their expected annual salary as of the effective date of the legislative increase at the time it is ratified.
- Retirement rates go into effect immediately when the budget bill becomes law and are also retroactive per legislation. The Retirement Division is under the Office of the State Treasurer. They issue a retirement monitor newsletter that typically provides their instructions for implementing any retirement rate adjustments.
 - Typically, correcting any July checks need to be completed in October, any August checks in November and any September checks in December to correct those checks. The State Treasurer has a 90-day window in which pay adjustments can be made without penalty.
 - If you have questions/concerns you may contact the retirement office at 919-814-4590 or oeer@nctreasurer.com.
 - For FY 2023-2024 these newsletters are relevant: You can also refer to the newsletter below that references what to do with a late budget in future years as well.
[Retirement Monitor - Special Edition: Contribution Rates TSERS, CJRS & LRS 2023 | My NC Retirement](#)

[Retirement Monitor - September 2023 | My NC Retirement](#)
- Hospitalization rates go into effect on the Calendar year, not the fiscal year. Those new monthly rates will be published by the State Health plan area in the State Treasurer’s office. The new rates are typically entered in December to take effect in January. They typically publish the monthly rates in November or early December.

Clear communication and realistic expectations for your staff are critical for a smooth application of any state related salary and benefit increases.

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Charter Schools and LAB Schools:

Charter schools and LAB Schools are not subject to these same salary and benefit implementation requirements as are the Local Education Agencies.

However, **Charter and Lab Schools who participate in the TSERS (State Retirement System) and/or the State Health Plan, need to be aware of those requirements.** Please review those items on page 1 under the Basic Assumptions section.

This FAQ and guidance document may be helpful for you, as you look to implement either the state salary and benefit increases or your own salary and benefit increases.

Should a Charter or Lab School have any specific questions they can contact our Salary Support personnel via the salary@dpi.nc.gov email and we will be happy to assist.

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Frequently asked questions:

1. What are the basic requirements to be eligible for the legislated salary increase?

All **state funded** employees are eligible for the increase provided they were employed on June 30th of the prior year and did not have a break in state service.

State funded teachers and other staff paid on a state salary schedule are to be placed on that scale as of the effective date under the law.

If staff are split funded or paid from other funding sources, (federal, local, etc.) they are still required to be placed on those state salary schedules, and those funding sources are expected to support the appropriate schedules.

Just keep this thought: The intent of the any retroactive salary payment is to make employees whole as if we had the budget information on July 1st annually.

2. If an employee has an effective retirement day between July 1st and when the budget became law are they eligible? If we have already paid out their annual leave, etc. do we have to recalculate all of that?

Yes, staff with an effective retirement date between the July 1st and the implementation of the budget are eligible for the any **retroactive salary payments** up to their date of separation.

3. Is an employee who resigned or transferred to another district between July 1st and when the budget became law eligible for the retroactive pay adjustment and who pays?

Yes, staff with an effective resignation date between the July 1st and the implementation of the budget are eligible for the **retroactive salary payment** up to their date of separation. The PSU for which they were employed at that time (between July 1st and date of separation) should provide the retroactive pay adjustment.

4. If a teacher resigns in September do they get the full retroactive pay adjustment for their August check?

Yes, they are eligible for the retroactive pay adjustment for the days they worked for your school district. It is assumed you have already adjusted their final pay with your district for the days that may have been prepaid in August when they left your service, as is the normal practice, so they would not be overpaid.

The district for which the employee worked is responsible for any retroactive pay due their employees during that July 1st to budget becoming law time frame.

5. Are locally funded and federally funded personnel eligible to be paid from state funds?

State funded employees are to receive the increase through state funds. Other funding sources will need to be used to provide the increase to employees not paid from state funds should the PSUs determine they are matching that salary increase. It is customary practice that federally paid staff match the state salary associated with their position. The Local Board of Education must determine their local salary schedules and supporting funding.

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6. ***Are personnel who were employed after July 1st but before the budget became law and the new scales were implemented eligible for the retroactive salary payment?***

Certified staff are placed on the certified scale effective their date of employment.

Yes, provided they meet the criteria set above. They receive the pro-rate share of the retroactive salary payment if their salary scale has been adjusted for the legislative increases.

Just keep this thought: The intent of the any retroactive salary payment is to make employees whole as if we had the budget information on July 1st annually.

7. ***Are employees on leave without pay eligible for the retroactive salary payment?***

No, Employees on leave without pay will be placed on the scale as of the effective date under the law when they return to state service and are back in pay status.

8. ***What if the employee is on sick leave or some other extended absence?***

Yes, provided they are in pay status, they receive the retroactive salary payment.

9. ***Are part time employees eligible?***

Yes, part time employees are eligible for the retroactive salary payment and should receive this payment on a prorated and equitable basis based on their updated salary schedule.

10. ***Are substitutes eligible?***

No, substitutes would not be eligible unless employed in a permanent position with the LEA (such as a full-time substitute position) and they meet the other requirements above. In a general sense a substitute is a daily employee and not considered a permanent employee, as they terminate their assignment daily or weekly.

11. ***If longevity payments were made between July 1st and when new scales were implemented do those payments need to have the legislative salary increase applied and be part of retroactive salary payment process?***

Yes, **any state paid compensation related to an employees' annual rate of pay** may be considered in the retroactive salary payment process if that compensation was originally subject to retirement. Unless exempt from longevity in legislation (teachers, principals, etc.) total state salary includes the longevity salary for TSERS.

Typically, a school district can rely upon local interpretation related to how the salary increase could be applied towards locally designated salary differentials, overtime, supplements, etc. The Local Board of Education should have policies and procedures related to these scales and supplemental payments that consider how any state legislative increases will be applied.

Bonuses and similar payments **not subject to retirement are not** considered eligible for the legislative salary increase.

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12. If an employee receives a local supplement based on a percentage of their base salary does that need to be adjusted to account for the new legislative salary increases retroactively to July 1, 2021?

The local salary supplement and supporting schedules are governed by your local board of education. See the answer in #12 above related to executive/local interpretation.

13. Is overtime pay part of the retroactive salary payment?

Please see the see the answer in #12 above related to executive/local interpretation.

14. Are there tax implications related to the retroactive salary payment?

NCDPI is not the cognizant agent related to taxing implications for an individual. This will be considered compensation in the current calendar year for the employee.

Salary related payments are subject to all normal taxes (state, federal, local, etc.).

15. When should the retroactive salary payment be paid?

It is suggested that the district adhere to any State Retirement office deadlines. The district should also be cognizant of calendar year requirements related to impacts for their employees W2's and federal tax implications as well.

16. When should we process the certified teacher "bump"?

The "bump" is the process to move staff to the new experience step and typically refers to the certified staff years of experience step. DPI typically processes the state Licensure-Salary System "bump" by the end of July. After which, PSUs are notified, and DPI publishes those certified staff who are not eligible for the experience "bump."

The PSU may implement the bump at anytime that makes best processing sense for them.

17. Where should the expenditures be posted?

These are normal salary payments unless legislation notes otherwise, as such the normal pay codes for the employees would be used.

18. If the employee is split funded between State and local (or federal), is the retroactive salary payment also split funded.

Yes, if the employer is applying the legislative salary increase to all employees regardless of funding source, then the employees' retroactive salary payment should be split funded to align with the percentage employed by each funding source accordingly for the period of July 1 the implementation of the new salary schedules.

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The following FAQs and guidance is related to items that are specific to the current year legislation and budget bill ratified as SL2023-134 (HB259). We will continue to update this section as we receive additional questions.

1. Was there a change to the minimum wage of \$15 per hour?

There was no change to the legislated state minimum wage of \$15 per hour that applies to all full-time state employees.

2. How do we apply the extra funding for bus driver pay? Do they get 4% or 6%?

The budget bill does provide extra funding for bus driver pay; however, it states that it provides “an average” of an additional 2% funding.

The formula for distributing those funds will be presented to the State Board of Education at the November meeting and distributed after that is approved. It will be determined by the local districts how best to apply the allotted funds and how much of an additional increase may be afforded dependent on the local pay scales and funding that is received.

The funding is to be an annual recurring salary increase, subject to TSERS, for all bus drivers.

3. May we provide the bus drivers with the extra funds as a stipend or annual salary payment?

The funding is intended to be an annual recurring salary increase, subject to TSERS, for the bus drivers. There is not stipulation or requirement that it be provided as part of the hourly wage. We would leave that to the local boards of education to best determine for their staff the best and most equitable way to distribute those funds to their drivers on an annual recurring basis. It is meant for all, so these are not to be tied to performance related criteria.

4. Are we going to get additional funds in ESSER PRC 206 to adjust the hold-harmless for the principals by the 4% salary increase?

No, there are no additional funds that may be provided in the ESSER PRC 206 to provide for a new State salary increase. Those funds were secured to hold the principals harmless for the growth score and placement due to the pandemic. Those federal funds would not be eligible to provide additional funds for a new state salary increase. The districts may determine how best to use other funding sources that could be applicable and as may be needed.

5. Are there any changes to how nurses or others are to be treated?

No, there were no changes to how staff are to be placed on the various salary schedules from prior year.