



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**



Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

August 7, 2024

To: Senator Phil Berger
President Pro Tempore

Representative Tim Moore
Speaker of the House

Brian Matteson
Director, Fiscal Research Division

Sec. 39.25 of S.L. 2023-134 requires a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division detailing how State Agencies and Universities used appropriations for Legislatively mandated salary and benefits changes. The Office of State Budget and Management is granted flexibility to use excess funds appropriated to support General Fund positions salary and benefit increases to meet shortfalls at other agencies for the same purpose. After adjusting for those shortfalls, the Office is required to credit funds to the Pay Plan Reserve to meet any need for employees that fall under a Statutory Pay Plan.

This report provides the following legislatively mandated requirements:

- The total amount of funds that the agency received for legislatively mandated salary increases and employee benefits.
- The total amount of funds transferred from the agency to other State agencies pursuant to subsection of this section.
- The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.
- The amount of funds credited to the Pay Plan Reserve

The Legislature appropriated the following amounts to each State Agency and University System for the Salary and Benefits:

- Increase in salary of 4.0% for positions filled as of June 30, 2023 and related payroll taxes and retirement benefits.
- Increase in State Health Plan Contributions of \$160 per position
- Changes in Retirement Contributions as follows:

A	B	C	D	E	F
System	FY 2022-23 Recurring Rate	FY2023-24 Recurring Rate	FY 2023-24 Total Rate (R+NR)	FY 2023-24 Recurring Change	FY 2023-24 Non-recurring Change
TSERS	22.94%	23.82%	25.02%	0.88%	1.20%
LEO	27.94%	28.82%	30.02%	0.88%	1.20%
CJRS	43.63%	39.98%	42.42%	-3.65%	2.44%
ORP	13.56%	13.96%	14.09%	0.40%	0.13%
LRS	28.67%	25.75%	27.79%	-2.92%	2.04%

Agencies are required to distribute all available funding appropriated to the salary, retirement, benefits, and related payroll taxes before making a request for additional funds. Agencies that have too much funding are required to return appropriations to the Salary Adjustment Fund. Agencies then request funds from the Salary Adjustment Fund to cover any shortages. The remaining funds are transferred to the Pay Plan Reserve.

The Salary Adjustment Fund began the year with \$723,069 in availability. This is due to a transfer from North Carolina State University. An analysis by the Campus determined that there were additional unallocated benefits from the distribution of FY 2022-23 appropriations and returned them to the Salary Adjustment Fund prior to distribution of FY 2023-24 funds.

The General Assembly appropriated \$145.6 million the Retiree Supplement Reserve, a General Fund reserve, to the State Agencies to support a one-time cost of living supplement to retirees. The amount of funds from the reserve was insufficient to meet the required retiree contribution. An additional \$5.3 million in nonrecurring transfers from the Salary Adjustment Fund were needed to meet the required contributions. Only the recurring availability for FY 2024 was transferred to the Pay Plan Reserve so as not to leave a negative budget within the Salary Adjustment Fund.

The Salary Adjustment Fund began the year with \$723,069 in funding available, due to the return of funds identified above. After the allocation of reserves appropriated to State Agencies and Campuses, \$48.5 million in funds were returned the Salary Adjustment Fund. An additional \$5.3 million was required by State Agencies and Campuses to satisfy the non-recurring retiree contribution. The amount of transfer to the Pay Plan Reserve after these adjustments was \$43.9 million. The table below provides additional detail:

	FY 2024 Movement of Funds
Starting Balance	\$723,069
Recurring Transfers	48,477,475
Non-Recurring Transfers	(5,329,118)
Ending Balance	\$43,871,426

Pay-Plan Reserve: Six agencies required funds from the Pay Plan Reserve to meet statutory pay plans. The transfers were as follows:

Agency	Pay Plan	FY 2024 Movement of Funds
Salary Adjustment Fund Transfer		\$43,871,426
Administrative Office of the Courts	Deputy and Assistant Clerks of Superior Court	(1,628,848)
Department of Adult Correction	Correctional Officers and Probation Parole Officers	(5,092,479)
Department of Health and Human Services	State Agency Teachers	(57,728)
Department of Public Instruction	State Agency Teachers	(198,675)
State Bureau of Investigation	Agent Step Increases	(162,519)
Department of Public Safety	Juvenile Justice Youth Court Councilors	(2,422,287)
Ending Balance		\$34,361,005

If you have any questions please contact Mark Bondo, Assistant State Budget Officer – Budget Execution at mark.bondo@osbm.nc.gov or 984-236-0684.

Certified Salary and Benefit Reserves, and Transfers

Agency	Budget Code	Legislative Increase		Recurring Retirement		Non-Recurring Retirement		Health Plan		Recurring	Non Recurring
		LI Certified	Revision Amount	Retirement Recurring Certified	Revision Amount	Retirement Non-Recurring Certified	Revision Amount	Health Certified	Revision Amount	Return/Need	Return/Need
Agriculture, Natural, and Economic Resources											
Department of Agriculture and Consumer Services	13700	3,870,322	3,460,877	653,066	653,066	890,544	923,453	213,279	213,279	409,445	(32,909)
Department of Labor	13800	769,934	757,755	131,054	131,054	178,710	189,280	34,373	34,373	12,179	(10,570)
Department of Environmental Quality	14300	1,963,433	1,844,898	329,760	382,668.00	449,673	530,430	93,509	96,174	62,962	(80,757)
Wildlife Resources Commission	14350	471,819	442,077	76,797	85,911	104,724	117,152	21,552	24,112	18,068	(12,428)
Department of Commerce	14600	387,178	381,257	65,226	65,226	88945	98,380	17,752	17,752	5,921	(9,435)
Department of Natural and Cultural Resources	14800	4,536,337	4,145,782	760,270	760,270	1,036,732	1,128,319	277,122	277,122	390,555.00	(91,587)
Education											
Public Instruction-Agency	13510	2,716,927	2,085,404	419,433	457,668	571,954	624,084	115,036	121,980	586,344.00	(52,130)
DPI - Public Schools	13510	261,603,331	260,222,845	61,299,244	62,309,186	83,490,040	85,786,191	24,435,457	24,806,001	-	(2,296,151)
University of North Carolina	16011	139,371,162	118,057,265	17,737,016	18,740,076	18,473,925	19,529,873	5,569,488	5,743,741	20,136,584.00	(1,055,948)
Community College System	16800	847,419	783,870	142,761	152,485	194,675	207,091	28,827	29,350	53,302.00	(12,416)
NCCCS – Colleges	16800	51,721,821	51,432,416	8,713,378	9,141,313	11,881,879	12,465,428	2,683,792	2,719,726	(174,464.00)	(465,920)
General Government											
General Assembly	11000	2,577,781	2,577,781	400,459	400,459	619,928	619,928	144,498	144,498	-	-
Office of the Governor	13000	186,544	184,290	32,965	34,560	44,953	47,127	6,886	6,886	659.00	(2,174)
Office of State Budget and Management	13005	322,954	312,693	54,407	127,663	74,191	77,957	10,592	10,592	(62,995.00)	(3,766)
Department of Military and Veterans Affairs	13050	237,943	200,873	40,085	42,091	54,662	57,396	13,864	13,864	35,064.00	(2,734)
Office of the Lieutenant Governor	13100	34,726	35,229	7,154	7,565	9,756	10,316	1,440	1,440	(914.00)	(560)
Department of Secretary of State	13200	546,006	498,567	93,113	98,691	126,972	134,573	28,504	28,984	41,381.00	(7,601)
Office of the State Auditor	13300	559,721	439,799	95,598	98,889	130,361	134,843	18,400	18,560	116,471.00	(4,482)
Department of State Treasurer	13410	-	-	-	-	-	-	-	-	-	-
Department of Insurance	13900	1,534,633	1,355,137	258,944	259,715	353,105	\$354,148	64,934	67,154	176,505.00	(1,043)
Department of Insurance - Industrial Commission	13902	-	-	-	-	61,378	-	-	-	-	-
Department of Administration	14100	1,118,849	1,008,969	188,488	197,847	257,029	270,034	53,045	52,977	100,589.00	(13,005)
Office of State Human Resources	14111	290,564	286,135	48,950	54,715	66,750	74,611	9,768	10,192	(1,760.00)	(7,861)
Office of the State Controller	14160	849,829	809,464	143,167	151,598	195,228	206,724	29,638	29,632	31,940.00	(11,496)
Department of Information Technology	14660	754,831	847,938	127,164	163,814	173,405	223,381	21,040	26,950	(135,667.00)	(49,976)
Department of Revenue	14700	2,907,415	2,633,484	489,456	502,058	667,440	684,628	132,269	131,122	262,476.00	(17,188)
State Board of Elections	18025	266,059	245,466	44,822	44,729	61,121	60,993	9,936	10,080	20,542.00	-
Office of Administrative Hearings	18210	224,988	194,817	37,903	38,798	51,686	52,905	8,526	9,406	28,396.00	(1,219)
Health and Human Services											
Central Management and Support	14410	2,570,868	2,201,135	433,104	458,800	590,597	625,647	102,259	104,914	341,382.00	(35,050)
Aging and Adult Services	14411	122,109	107,541	20,571	22,034	28,052	30,044	5,460	5,479	13,086.00	(1,992)
Child Development and Early Education	14420	75,610	95,162	12,738	18,655	17,370	25,439	4,047	4,991	(26,413.00)	(8,069)
Public Health	14430	1,374,866	1,106,251	231,618	246,548	315,843	336,195	57,927	61,091	250,521.00	(20,352)
Child and Family Well-Being	14435	826,118	711,525	139,173	148,014	189,781	204,305	41,242	43,063	103,931.00	(14,524)
Social Services	14440	522,391	448,067	88,005	100,534	120,007	137,087	25,907	26,895	60,807.00	(17,080)
Health Benefits	14445	761,415	848,829	128,273	157,579	174,917	214,877	30,534	38,725	(124,911.00)	(39,960)
Services for the Blind/Deaf/Hard of Hearing	14450	153,754	111,948	25,138	27,555	34,279	37,574	8,445	8,435	39,399.00	(3,295)
Mental Hlth/Dev. Disabl./Subs. Abuse Serv.	14460	11,991,788	8,554,242	2,009,714	2,086,269	2,740,520	2,845,317	672,838	665,851	3,367,978.00	(104,797)
Health Service Regulation	14470	890,033	769,288	149,940	171,948	204,464	234,470	39,656	41,609	96,784.00	(30,006)
Vocational Rehabilitation Services	14480	651,894	516,327	109,822	117,605	149,757	160,375	38,739	38,757	127,766.00	(10,618)
Justice and Public Safety											
Administrative Office of the Courts	12000	40,180,968	38,349,492	54,246	2,185,420	6,231,564	6,175,441	1,025,716	1,036,196	(310,178.00)	-

Certified Salary and Benefit Reserves, and Transfers

Agency	Budget Code	Legislative Increase		Recurring Retirement		Non-Recurring Retirement		Health Plan		Recurring	Non Recurring
		LI Certified	Revision Amount	Retirement Recurring Certified	Revision Amount	Retirement Non-Recurring Certified	Revision Amount	Health Certified	Revision Amount	Return/Need	Return/Need
Indigent Defense Services	12001	5,065,508	5,957,164	255,024	286,100	626,528	704,541	93,600	95,840	(924,972.00)	(78,013)
Department of Justice	13600	1,992,458	1,776,195	336,042	381,579	458,240	483,327	87,117	88,333	169,510.00	(25,087)
Department of Public Safety	14550	14,341,856	7,550,039	2,671,117	2,828,390	3,642,432	3,856,900	788,198	781,988	6,640,754.00	(214,468)
Department of Adult Correction	15010	60,004,810	43,194,932	8,472,576	8,826,390	11,553,513	12,035,964	3,110,192	3,027,808	16,538,448.00	(482,451)
Grand Total	Grand Total	622,198,972	567,543,225	107,527,781	113,165,535	147,387,630	152,716,748	40,175,404	40,715,922	48,477,475	(5,329,118)