

- 1. How should we handle employees who terminated after July 1st? Will their prior employer be required to pay any portion that happened during that employment period?**

LSI-eligible employees who separate after June 30, 2023, but prior to the payroll implementation of the mandatory 4% LSI are due a pro-rated retroactive LSI payment. (The first version of the guidance memo accidentally stated “before” rather than “after” July 1st.) Constituent institutions should deliver this pro-rated amount in a lump sum payment as part of the employee’s final paycheck unless some other lump sum payment option is determined.

The current employer is responsible for paying the full LSI for which the employee is eligible. If you’re having any difficulty in obtaining prior salary history from another state agency or UNC institution, please contact Keith Dupuis, who can partner with OSHR or other institutions as needed for research.

- 2. What if the employee has already been terminated in our system? Will we need to reactivate them to make a final payment?**

Yes, based on guidance from OSHR, the legislative increase will be applied retroactively as of July 1, 2023. This includes applying the legislative increase to employees who are separated from service but were in pay status on July 1, 2023. Like current employees, these recently separated employees should receive payment for the retroactive effect of the pay increase.

- 3. Regarding terminated employees receiving the LSI, does it matter whether they were terminated with or without cause OR whether they were voluntarily or involuntarily separated?**

The LSI rules apply to all terminated employees, regardless of the reason for separation.

- 4. Is LSI eligibility based on a performance rating of at least "meets expectations"? What about employees facing disciplinary action?**

LSI eligibility this year is not based on performance ratings, and does include active employees facing disciplinary action.

- 5. If someone was in a benefits-earning appointment through 7/31, and has since changed to a temporary, non-benefits-earning appointment, are they eligible for the increase for the month of July?**

Yes, they would be entitled to July retroactive pay.

- 6. The memo addresses how to handle SHRA transfers with an effective date of July 1st or earlier but doesn't address how EHRA transfers with the same effective dates should be handled. Is it safe to assume EHRA should be handled the same way?**

Yes, EHRA new hires who come from eligible UNC institutions or state agencies should be treated the same as SHRA transfers.

- 7. Does transfer eligibility include employees coming from community colleges, teachers under DPI, or county employees?**

No, these are not included under transfer eligibility.

- 8. Could you clarify the language around permanent/benefits eligible faculty staff and temporary faculty/staff?**

All benefits eligible employees shall receive the Legislative Salary Increase (LSI) -- a 4% across-the-board mandatory base salary increase calculated against the June 30, 2023, base salary with a July 1, 2023, effective date. This does not include temporary SHRA or EHRA employees; but institutions do have discretion in offering wage increases to temporary employees using available funds.

- 9. With the Continuing Resolution (CR) lifted, are we allowed to make actions that were paused due to the CR effective retroactively?**

In cases where the salary action was approved pending the end of the CR, and in which the employee has been operating under new or enhanced duties, you may make the action retroactive as appropriate.

- 10. Instead of offering a salary increase to temporary staff, could we offer a bonus based on our own eligibility requirements? Also, can we include temporary employees who may have worked a substantial part of last year but were not working as of June 30?**

No, we don't have the authority to offer temporary employees bonuses. Institutions can use their discretion in granting increases for temporary employees. We recommend that the increases be administered with fairness and consistency.

- 11. Can you clarify whether employees on leave – paid or unpaid – are eligible?**

Employees currently on disability or who are on a leave of absence (paid or unpaid) are eligible for the mandatory legislative increase upon their return if they satisfy all other criteria as set forth in the ARP instructions. Institutions are not required to process payments for employees on leave without pay until the employee returns, and those payments are to be made on a current basis, not retroactive. Since employees on leave with pay are active in

payroll and must be paid both the LSI and its retroactive component, we recommend that you process those actions now or in an upcoming payroll cycle as well.

12. Will the retroactive portion also be paid in October, or do we have time to calculate and finalize that?

Institutions have the latitude to pay just the base retro lump sum payment (i.e., 4% of the June 30 salary since July 1) in the upcoming payroll and then, in a later payroll, catch up other LSI-related salary details (such as the impact on longevity, vacation payouts, overtime, special pay, etc.).

13. Do we also have flexibility to handle the retroactive payment for terminated employees in upcoming payroll? In some cases, these employees may have already received their last check, or it may take extra work to confirm the calculations.

Institutions should make their best effort to pay employees (current and terminated) as needed in October, but we acknowledge that some complex situations may require an additional payroll cycle to complete.

14. How do we handle the LSI for an employee who received a salary increase after June 30, 2023?

The 4% LSI, as calculated using the June 30 salary, can be added on top of any salary increase that happened subsequent to June 30 *at the institution's discretion*. We understand that some institutions may have been offered a new role or salary that already incorporates fair market pay, rendering an LSI potentially redundant. Please be consistent in your approach.

15. Is there an obligation to recalculate and prorate additional longevity payments for employees who separated/retired after July 1st but prior to processing the LSI?

Yes, longevity payments are to be recalculated and prorated to reflect the legislative salary increase.

16. Should differential payments that are based on base salary (e.g., shift differential, holiday premium pay, etc.) be included in the retro payment, like longevity?

Yes, they should be included in the retro process as well.

17. If an individual entered Phased retirement in September 2023, are they eligible for the LSI based on their June 30, 2023, salary? What if we didn't begin our Phased Retirements this fiscal year until August 1 or later?

Faculty members who entered the Phased Retirement Program on July 1, 2023, or after are not eligible to receive the legislative salary increase.

18. Are there any special provisions for nursing faculty this year?

A separate memorandum will be sent relative to this provision.

19. We have situations where a highly compensated dean will retreat to faculty on July 1, which means the June 30 dean salary is very high compared to the ongoing faculty role. The same logic applies to any demotion that occurred since June 30. Do they still get the LSI calculated on their prior role?

While institutions have the latitude to decide whether to apply the LSI to long-running secondary appointments, they should *not* calculate the LSI based on the secondary appointment if the employee is retreating to their original role this year with its attending base salary. For instance, in situations where a dean is retreating to a base faculty position on June 30, they should have the LSI calculated from the faculty salary they return to on July 1, not the supplemental salary earned while dean.

20. What is the expectation regarding athletic coaches with contracts that include annual salary increases? Should they also receive the LSI?

Unless the coaching contract has specific stipulations on how to handle coinciding annual performance increases and legislative salary increases for a particular coach or athletic director, the LSI should be awarded as it is with all SHRA and EHRA employees.