

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

LSI-eligible employees who separate from the state system – meaning employees who did not transfer to another campus or state agency -- after June 30, 2024, but prior to the payroll implementation of the mandatory 3% LSI are due a pro-rated LSI payment. 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.

For employees who transfer to an institution from another campus or state agency, you, as the current employer, are 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. Are lab school employees eligible for LSIs?**

While some lab schools do take advantage of DPI salary ranges rather than system-wide or campus-based ranges, the state-mandated LSI should be applied to all UNC laboratory school employees as it would with all other university EHRA employees. The institution may consider a higher allocation if the DPI schedule encourages it, for instance, but any amount above and beyond the LSI would (1) fall under any current pre-approval rules, (2) would not be an LSI, and must be arranged through another source of funding, (3) should be argued under a valid reason, such as market or equity, and (4) wouldn't be retroactive to July 1. Please contact Keith Dupuis with any questions. Unless future LSIs prohibit this approach, this will become our consistent response on handling future LSIs for Lab School employees.

**3. Are community college transfers eligible for LSIs?**

There are different types of Community College transfers and hires: they may come from the NC Community College System Office, for instance, which is subject to the State HR Act, or from an actual NC Community College campus, where the employees are exempt. Each type of transfer or hire comes with unique LSI rules, and we strongly encourage institutions to examine each instance on a case-by-case basis. That said, if there's been no break in service, we ask that you consider all transfers or hires from the Community College system or campuses as eligible for all LSI payments. However, if your institution took a potential LSI into consideration when setting the salary for a transfer from the Community College system or campuses, and that consideration was applied across your institution consistently and fairly, then it's the institution's decision as to whether any further LSI award is due in whole or part.

**4. Does transfer eligibility include teachers under DPI (working outside the UNC System) or county employees?**

No, these are not included under transfer eligibility.

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

Yes, you should apply the legislative increase to employees who are separated from service but were in pay status on July 1, 2024.

- 6. 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.

- 7. 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.

- 8. The memo addresses how to handle SHRA transfers with an effective date of July 1<sup>st</sup> or later 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.

- 9. 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 3% across-the-board mandatory base salary increase calculated against the June 30, 2024, base salary with a July 1, 2024, 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.

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

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

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

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

**12. 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.

**13. 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.

**14. How do we handle the LSI for an employee who received a salary increase after June 30, 2024?**

The 3% 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. 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.

**16. 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.