



**STATE OF NORTH CAROLINA
OFFICE OF STATE HUMAN RESOURCES**

JOSH STEIN
GOVERNOR

STACI MEYER
DIRECTOR

July 1, 2025

To: Agency Human Resources Directors
From: Staci Meyer, Director, Office of State Human Resources *SM*
Re: Continuing Budget Authority Guidance for Fiscal Year 2025-26

As of today, the state does not have an approved budget for Fiscal Year (FY) 2025-26. As such, beginning today, July 1, 2025, the state will operate under the continuing resolutions provisions set out in [N.C.G.S. § 143C-5-4](#), which authorizes and appropriates funds to continue operations at a level not to exceed the level of recurring expenditures from the prior fiscal year. Two parts of this law are especially pertinent to human resources: G.S. § 143C-5-4(b)(4) related to vacant positions and G.S. § 143C-5-4(b)(5), related to salary adjustments.

These provisions mean that agencies:

- 1) May not provide salary increases to state employees, except as a result of a promotion, lateral transfer between positions, or reassignment.
- 2) May not fill vacant positions eliminated in either the [House](#) or [Senate](#) budget recommendations.

Actions that were submitted and effective in FY 2024-25, even if they were approved and submitted too late to be reflected in the last payroll, are not blocked by G.S. § 143C-5-4 and may take effect. Further, the statute allows salary increases, bonuses, or other increments effective in FY 2025-26 if all actions by the agency submitting the increase, bonus, or other increment were entered and finalized in the HR-Payroll System on or before the end of the fiscal year, June 30, 2025. If this is true, actions can continue even if they do not appear in employees' payroll until after June 30.

Appendix 1 answers several frequently asked questions regarding the continuing resolution as it relates to these HR-related provisions.

The HR-Payroll System remains locked for actions dated July 1, 2025, or later. You may continue to work actions with an effective date prior to July 1. We are collaborating with the N.C. Office of the State Controller and will provide further guidance and processing instructions for July actions next week.

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Lastly, the N.C. Office of State Budget and Management sent a [memo regarding the Continuing Resolution](#), which includes additional details on the continuing budget authority. We encourage you to work closely with your budget office as you address these budgetary and HR restrictions.

Please reach out to OSHR Total Rewards Division Director Andrea Clinkscales (andrea.clinkscales@nc.gov) or OSHR Legislative Director Wesley Davis (wesley.davis@nc.gov) if you have additional questions about HR operations under G.S. § 143C-5-4(b).

Appendix 1: Frequently Asked Questions Related to Salary Adjustments and Vacant Positions under the Continuing Resolution, N.C.G.S. § 143C-5-4

Salary Adjustments

1) Who can receive salary increase while the state is operating under the Continuing Resolution?

No state employees may receive a salary increase, including:

- Employees subject to the classification and compensation rules established by the State Human Resources Commission
- Employees exempt from the classification and compensation rules established by the State Human Resources Commission
- Employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 and public-school employees paid on the teacher salary schedule or school-based administrator salary schedule.
- Employees subject to a statutory salary schedule.

All automatic step increases, annual, performance, merit, bonuses, or other increments are prohibited until authorized by the General Assembly.

While the Continuing Resolution statute is in effect, agencies may continue to hire and fill positions. In other words, employees may receive salary increase resulting from promotions, lateral transfers or reassignments. New hire salary-setting is also not blocked by the Continuing Resolution statute.

2) Can a trainee receive salary adjustments as outlined in their offer letter as they complete the requirements of their trainee progression?

Yes. If the signed agreement/offer letter was completed on or before June 30, 2025, the trainee may receive the salary adjustment.

3) Can an employee be promoted while the state is operating under the Continuing Resolution?

An employee may be hired into a new position whether within the employee's current agency or into a new position at a different state agency. If the employee is promoted, laterally transferred, or reassigned in this way, the employee's salary may increase.

4) Can a position be reallocated while the state is operating under the Continuing Resolution?

Vacant and filled positions may be reallocated. However, if the position is filled, the incumbent may not receive a salary increase.

5) Can agencies execute a salary increase that was authorized prior to July 1, 2025, even though the action was not finalized in the June payroll (HR-Payroll System)?

Actions that were approved and effective in FY 2024-25 but were completed too late to be reflected in the last payroll are allowed. Further, the statute allows salary increases, bonuses, or other increments effective in FY 2025-26 if all actions by the agency submitting the increase, bonus, or other increment were entered and finalized in the HR-Payroll System on or before the end of the fiscal year, June 30, 2025. If this is true, actions can be continued even if they do not appear in employees' payroll until after June 30.

6) Can employees on experience-based statutory salary schedules receive their next scheduled increase?

No. These employees shall not move up on those salary schedules during the Continuing Resolution, even if their experience would qualify them for an increase in salary.

7) Who can receive bonuses while the state is operating under the Continuing Resolution?

Agencies may continue bonus installment payments for retention or sign-on bonus agreements that are signed on or before June 30, 2025. This includes agencies participating in the Employee Referral Bonus Pilot Program Policy. Referral bonuses may be provided if all conditions to provide the referral bonus were met on or before June 30.

8) Can we offer *new* sign-on, retention or employee referral bonuses under the Continuing Resolution?

N.C.G.S. § 143C-5-4(b)(5) requires a pause, until there is a new appropriations act, on payments for any referral or sign-on bonus agreements signed on or after July 1, 2025, as well as any referral bonuses where the conditions to provide the bonus were met on or after July 1.

9) Once a FY 2025-26 budget has passed and the State is no longer operating under the Continuing Resolution, can agencies provide retroactive salary increases?

Unless otherwise noted in the Appropriations Act, your agency may proceed with initiating and finalizing salary increases using an effective date within FY 2025-26. Agencies may not cross over fiscal years; thus, no actions may be effective prior to 7/1/2025.

Vacant Positions

10) Which vacant positions can be filled?

Any vacant position not expressly identified for elimination in either the House or Senate budget recommendations can be filled. Positions identified in these recommendations cannot be filled.

11) What if I have already made an offer to an applicant for a vacant position eliminated in either the House or Senate budget recommendations?

Agencies may fill vacant positions eliminated in either the House or Senate budgets for which a signed *and accepted* offer exists prior to July 1, 2025. However, please be aware that the position *may still be subject to elimination* should the N.C. General Assembly pass a budget that includes the elimination of the newly filled position. OSHR recommends that agencies work with their

Legislative Affairs teams to communicate regarding any vacant positions eliminated in either the House or Senate budget that they filled prior to July 1, 2025.

12) What if I have already interviewed for a vacant position eliminated in either the House or Senate budget recommendations?

Agencies may not fill vacant positions eliminated in either the House or Senate budgets without a signed *and accepted* offer prior to July 1, 2025.

13) What if I have already posted a vacant position eliminated in either the House or Senate budget recommendations?

Agencies may not fill vacant positions eliminated in either the House or Senate budgets without a signed *and accepted* offer prior to July 1, 2025.

14) How do we handle the House vacant position cut that did not identify specific positions to be eliminated?

For most agencies, the House budget included a reduction equivalent to 20 percent of the total cost of positions vacant as of April 1. This reduction did not identify specific positions to be eliminated. Thus, this reduction adds no restriction on filling agency vacant positions generally. However, should the N.C. General Assembly pass a budget that includes this or a similar reduction, the agency will still be responsible for reducing its operations by the amount reflected in the legislation regardless of whether there are vacant positions to be eliminated.

Signature: 
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