



STATE OF NORTH CAROLINA
OFFICE OF STATE HUMAN RESOURCES

JOSH STEIN
GOVERNOR

STACI MEYER
DIRECTOR

August 11, 2025

Memorandum

TO: Agency Heads
CC: Human Resources Directors
FROM: Staci Meyer, Director *SM*
RE: Effects of House Bill 125, Session Law 2025-89

On August 6, Governor Stein signed [House Bill 125](#), entitled "Continuing Budget Operations," creating Session Law 2025-89 (S.L. 2025-89). This new law appropriates funds on some topics, but it is not the Current Operations Appropriations Act for the 2025-2027 fiscal biennium. S.L. 2025-89 lifts *some, but not all*, of the restrictions on Human Resources operations established by the "continuing resolution" statute, [N.C.G.S. § 143C-5-4\(b\)](#).

This memo identifies which HR functions can now move forward, as well as the HR functions that must remain paused under the law. It is an update to the July 1, 2025, memo from OSHR entitled "Continuing Budget Authority Guidance for Fiscal Year 2025-26."

No Legislative Increase at This Time

S.L. 2025-89 does not include a salary increase for state employees. Lawmakers may agree upon a Current Operations Appropriations Act or other bill that includes a legislative increase, but there is not an across-the-board increase for state employees at this time.

Vacant Positions Eliminated in House or Senate Budgets May Not Be Filled

S.L. 2025-89 makes no changes to [G.S. § 143C-5-4\(b\)\(4\)](#), which restricts agencies from filling vacant positions eliminated in either the [House](#) or [Senate](#) budget recommendations. Filling these vacant positions remains prohibited.

Agencies May Provide Salary Increases Using Existing Funds

[N.C.G.S. § 143C-5-4\(b\)\(5\) and \(6\)](#) normally restrict an agency's ability to provide salary increases to existing employees after a fiscal biennium begins without an Appropriations Act having been signed. However, Sections 3.3 and 3.4 of S.L. 2025-89 allow agencies to increase employee salaries, on certain conditions.

State agency employees whose salaries are not set by law or by an experience-based salary schedule

[Section 3.4 of S.L. 2025-89](#) allows state employees to receive salary adjustments. This authority applies to both employees who are subject to the North Carolina Human Resources Act and employees who are exempt from the Act. The session law does not appropriate funds for these adjustments. Instead, [Section 3.4](#) requires that any salary increases be provided using funds available to the agency and that these salary adjustments for non-experience-based salary schedule employees must not increase total personal services expenditures above the agency's FY 2024-25 authorized personal services appropriation.

The Office of State Budget and Management will provide details on budgetary matters. It is imperative that HR offices and budget offices work closely on all salary adjustment actions to ensure compliance with Section 3.4.

Experience-based salary schedules

[Section 3.3\(1\) of S.L. 2025-89](#) authorizes employees paid in accordance with experience-based salary schedules to move up on the relevant salary schedule and receive applicable automatic step increases. Employees who are already at the highest level of the salary schedule (for example, six or more years for correctional officers) do not automatically receive an increase since S.L. 2025-89 does not provide a legislative increase to state employees at this time. Increases under experience-based salary schedules are not subject to the restrictions listed in Section 3.4 of S.L. 2025-89.

Employees whose salaries are set by law

Since the provisions of the 2023 Appropriations Act, [S.L. 2023-134](#), remain in effect (see Section 6.1 of S.L. 2025-89), agencies may not increase the salaries of employees whose salaries are specifically set in session law or general statute, such as those paid in accordance with [Section 39.4 of S.L. 2023-134](#).

Bonuses

[Section 3.3\(2\) of S.L. 2025-89](#) allows state employees to now receive bonuses and other applicable increments, notwithstanding G.S. § 143C-5-4(b)(5)-(6).

Effective Date of S.L. 2025-89

Under [Section 7.1 of S.L. 2025-89](#), the effective date of that new law is retroactive to July 1, 2025. Therefore, salary increases may be retroactive to July 1. However, automatic step increases for employees paid in accordance with an experience-based salary schedule should be retroactive

to the month in which the employee became eligible for the increase, typically the employee's anniversary month.

Again, we encourage you to work closely with your budget office as you make decisions regarding salary adjustments.

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 S.L. 2025-89 or N.C.G.S. § 143C-5-4(b).

Thank you for your commitment to a better North Carolina for all.