



# FY 2022-23 Anticipated Cost-of-Living Adjustments (COLA) and Merit Increase Survey Results

## Executive Summary

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The League of Municipalities (NCLM) conducts an annual survey of municipalities to gauge their anticipated cost-of-living adjustments (COLA) and merit increases in their upcoming budgets.

There has been a relatively high volume of discussion around COLA and Merit during the FY23 budget development season due to various economic issues discussed in the League's [annual revenue memo](#). At the time of this report, the "[Great Resignation](#)" is still affecting organizations around the country, and [inflation in the U.S.](#) has recently been measured at an increase of 8.5%. These and other factors have put greater pressure than usual on organizations to retain employees.

We hope the results of this survey will serve as a useful planning and benchmarking tool for member municipalities who are looking to compare their plans with others in their population groups and regions around North Carolina. **The League thanks all of the municipalities who participated in this year's survey; we greatly appreciate your time and effort which help make this the most useful and timely report possible for you and your peer organizations.**

Data were collected between 4/11/22 - 4/29/22 and NCLM received 223 full responses. Responses reflect the best estimate of organizations' plans at a single point in time; few, if any, municipal budgets had been formally presented or approved at the time of the survey. The below report outlines the information we collected through various lenses.

## Report Contents

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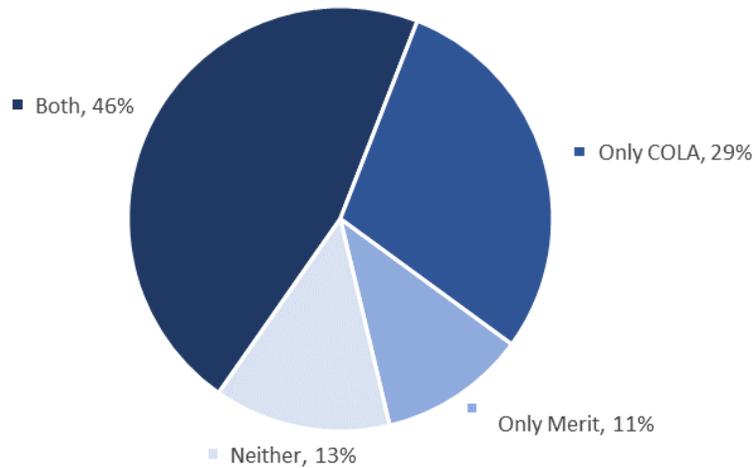
- 1) Executive Summary and Report Contents
- 2) Organizations Offering COLA and/or Merit
- 3) COLA Summary
- 4) Merit Increase Summary
- 5) One-Time Incentives
- 6) Mid-Year Increases & CPI-U Index
- 7) Survey Response Rates

For questions about this report, please contact  
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## Organizations Offering COLA and/or Merit

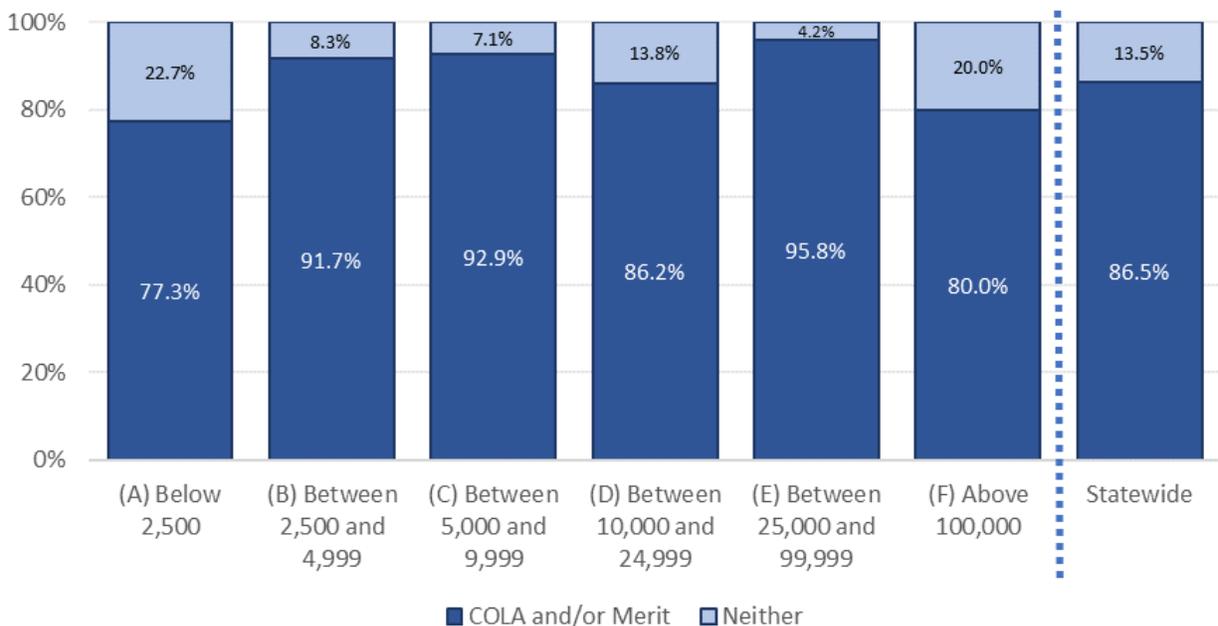
Our survey found that 87% of respondents are planning on providing COLA and/or merit increases in their upcoming budgets, up from 65% who were definitively planning to offer a COLA and/or merit increase at this time last year:

### Percent of Respondents Planning on Offering COLA and/or Merit Increases in FY23 (Statewide) (n=223)



The same data show that at least three-fourths of respondents in each population group are planning on providing COLA and/or merit:

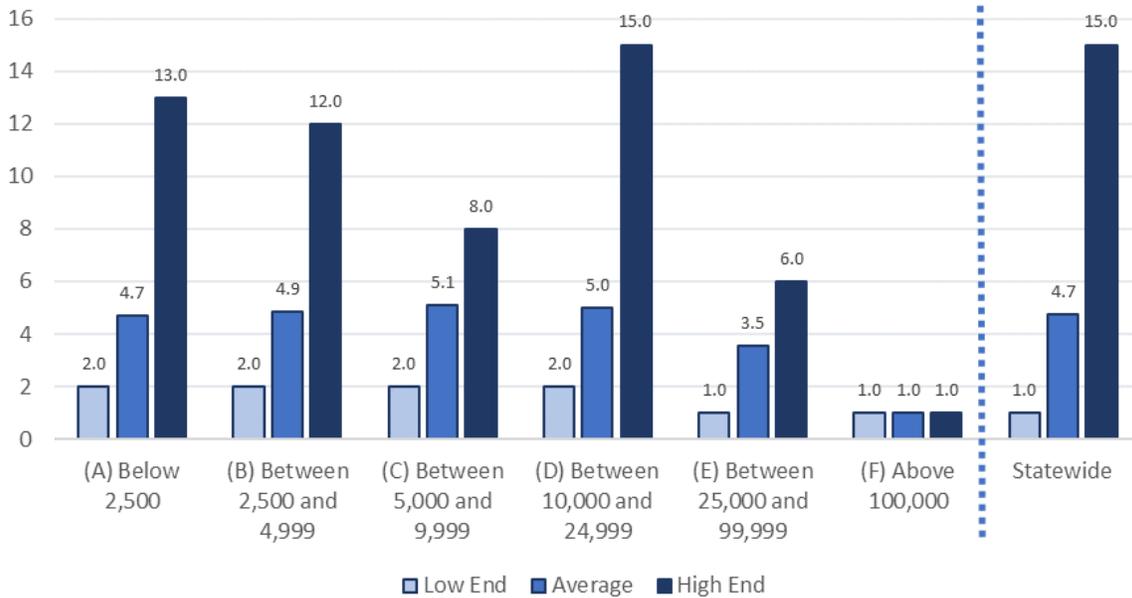
### Percent of Respondents Planning on Offering COLA and/or Merit Increases in FY23, by Population Group (n=223)



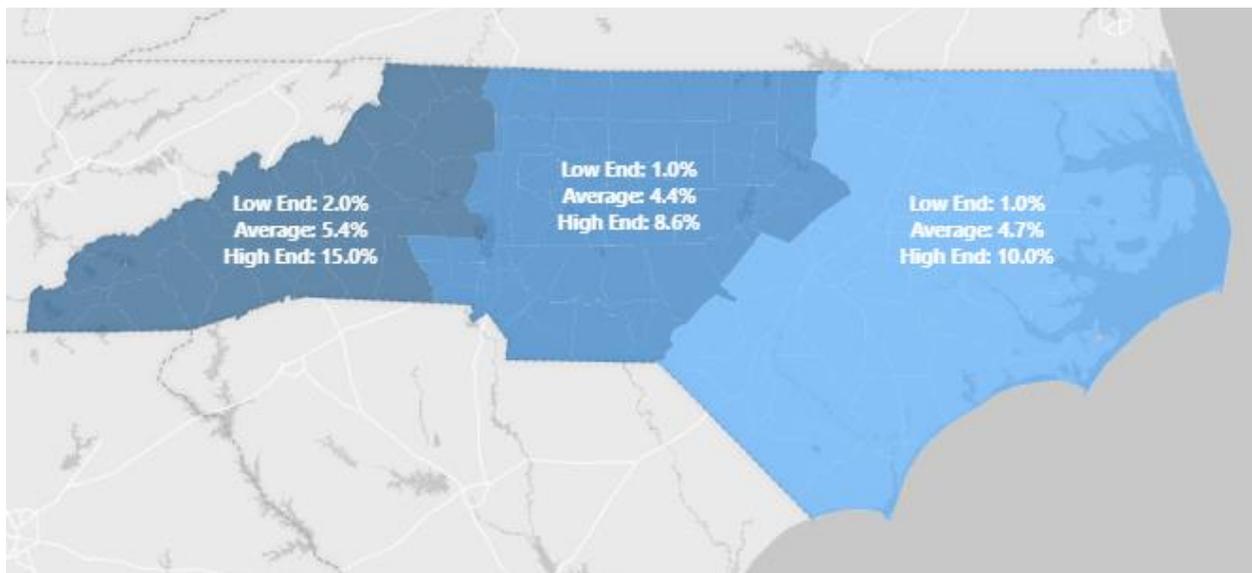
## COLA Summary

Of 223 respondents, 168 (75%), reported that they are planning on providing COLA in their FY23 budgets. These data, showing a statewide average of 4.7%, are broken down below. The average 4.7% COLA reported has more than doubled from the average planned COLA at this time last year, as shown in the table at the bottom of page 6.

**Average Planned % Increases in Organizations Providing COLA, by Population Group (n=168)**



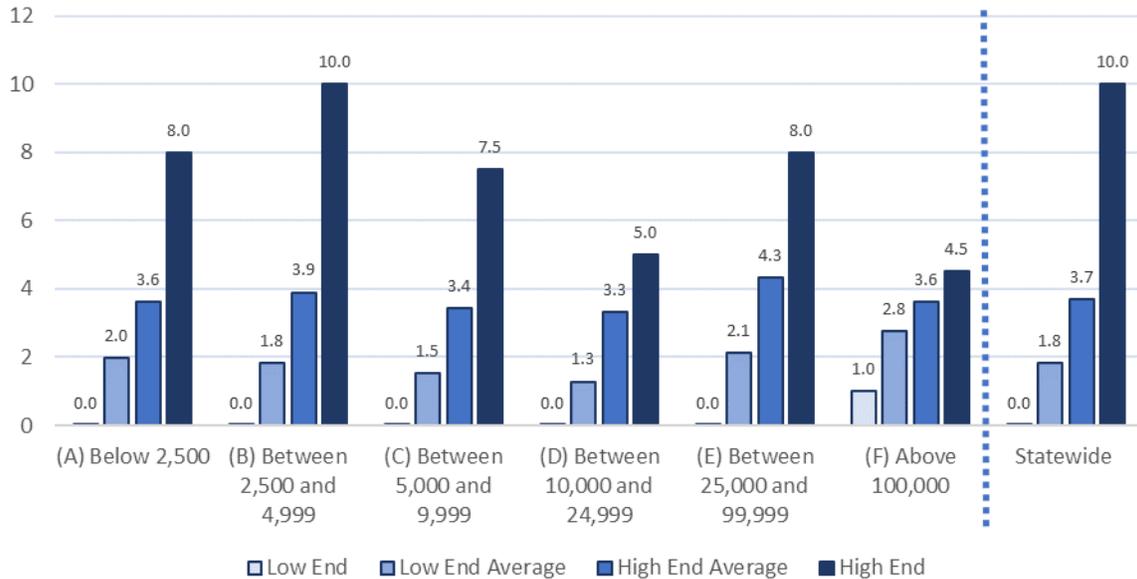
**Average Planned % Increases in Organizations Providing COLA, by Region (n=168)**



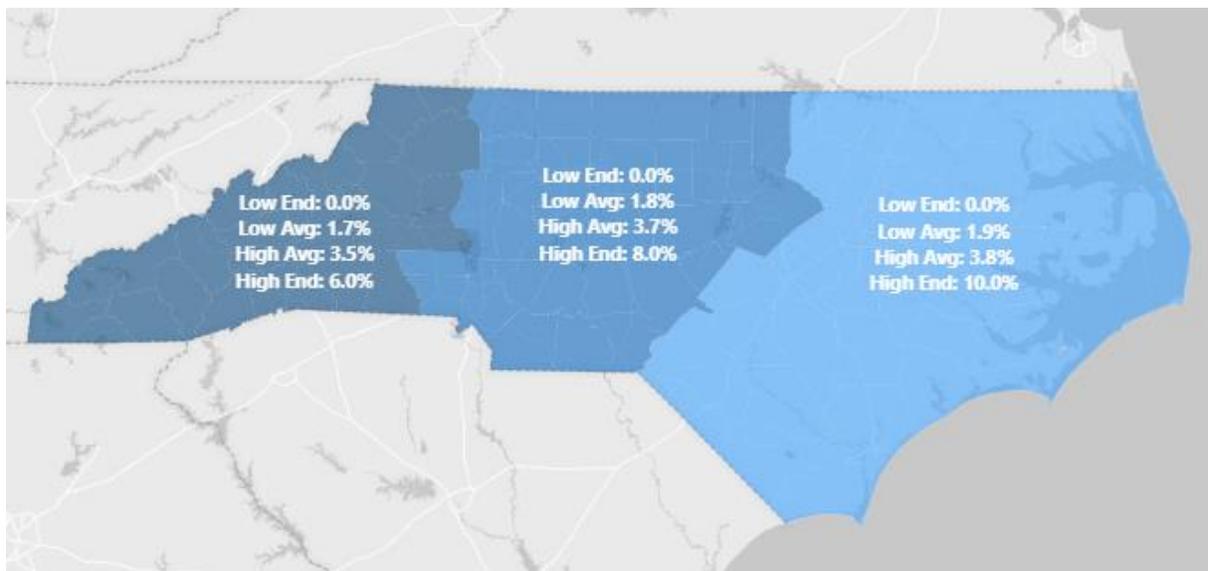
## Merit Increase Summary

Of 223 respondents, 128 (57%), reported that they are planning on providing merit increases in their FY23 budgets. Respondents were asked to report the ranges they were offering, including a low and high end of planned merit increases. As shown below, these ranges varied by region, with a statewide average of 1.8% to 3.7%.

**Average Ranges of Planned % Increases in Organizations Providing Merit, by Population Group (n=128)**



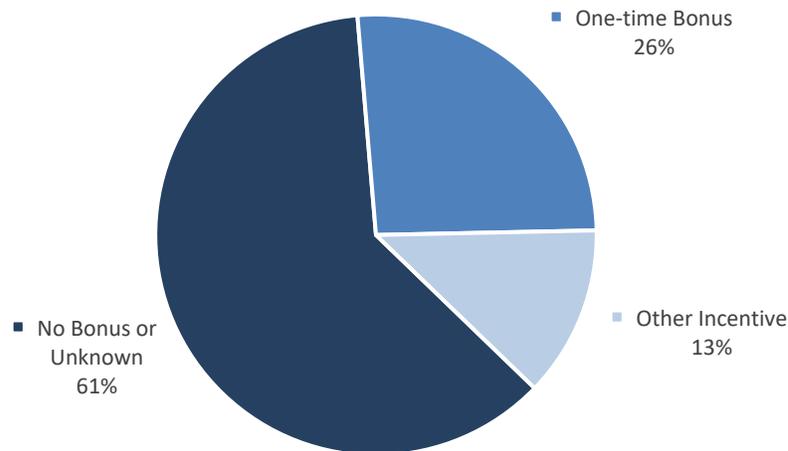
**Average Ranges of Planned Increases in Organizations Providing Merit, by Region (n=128)**



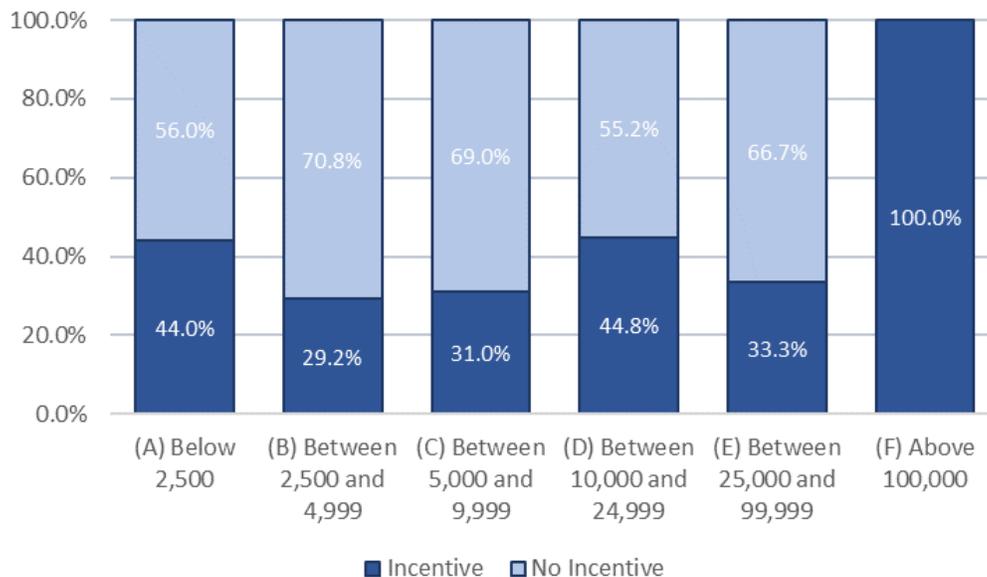
## One-Time Incentives

NCLM asked respondents whether they provided one-time bonuses or other incentives in their FY22 or FY23 budgets. Nearly 40% of all respondents reported providing bonuses or other incentives which included 401k increases, vaccine incentives, premium pay through ARPA, or other increases.

**Organizations Providing One-Time Incentives in FY22 or FY23, Statewide (n=223)**



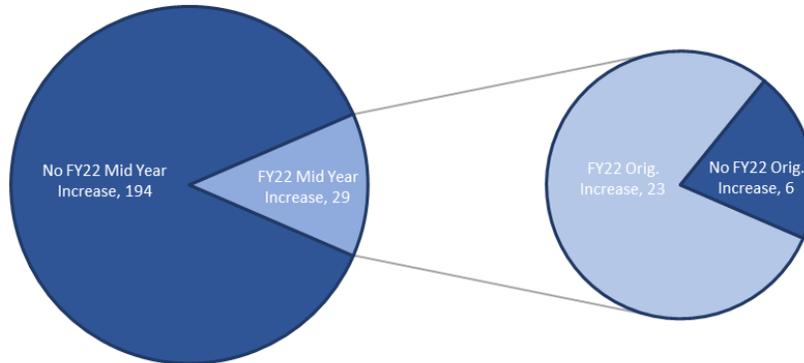
**Organizations Providing One-Time Incentives in FY22 or FY23, by Population Group (n=223)**



## Mid-Year Increases

Of 223 respondents, only 29 (13%) reported providing mid-year COLA or merit increases during FY22. The reported averages were 3.5% for COLA and 3.9% for merit. Most of these respondents also reported providing increases in their adopted FY22 budgets.

### Organizations Which Provided a FY22 Mid-Year Increase (n=223)

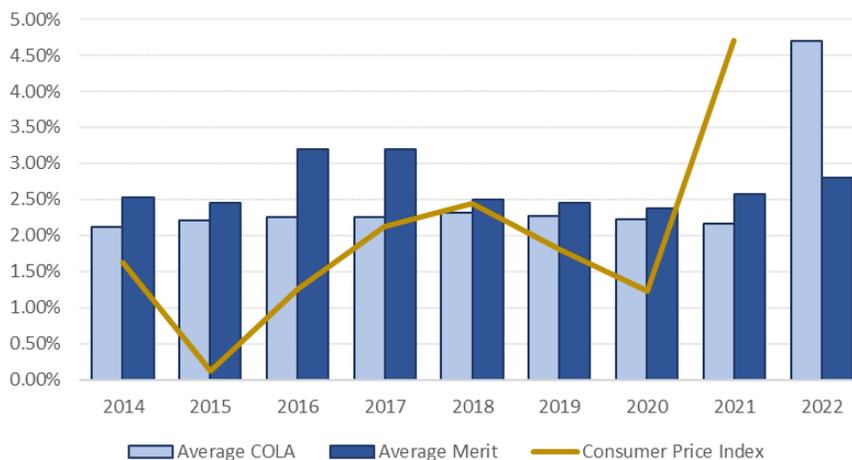


It is also worth noting that 29% of respondents reported working on market or structure adjustments, with 8.5% working on comp and class studies and 8% working on increases for law enforcement officers.

## CPI-U Index

Our data show that up until recently, reported planned average COLA and merit increases in NC local governments generally kept pace with the [Consumer Price Index for all urban consumers](#) (CPI-U). This changed in 2021, when the index had an annual increase of 4.7%. As noted in this report's executive summary, inflation has continued to increase during 2022, and this discrepancy may continue to grow through the next year.

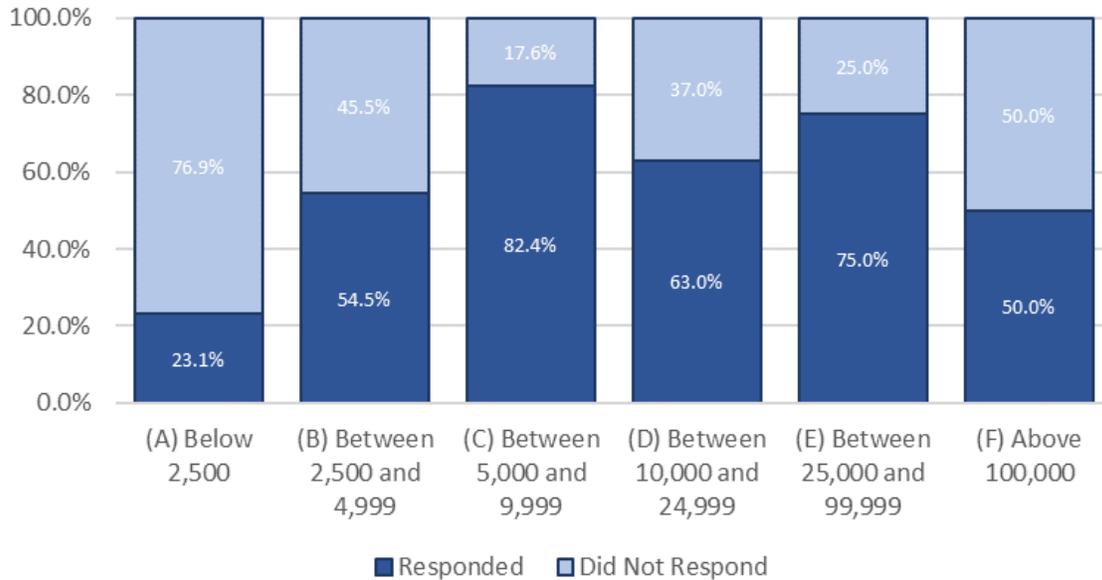
### Average Statewide COLA and Merit Increases vs. CPI-U Index, 2014-Present



## Survey Response Rates

NCLM received responses from 223 out of 551 NC municipalities. The responses represented the following regions and population groups:

**Response Rate by Population Group (n=551)**



**Response Rate by Region (n=551)**

