



Executive Vice Chancellor  
And Provost  
and  
Vice Chancellor for  
Finance and Administration

Holladay Hall  
Raleigh, NC

**MEMORANDUM**

**TO:** Executive Officers, Deans and Vice Provosts

**FROM:** Warwick A. Arden  
Provost and Executive Vice Chancellor

Scott R. Douglass  
Vice Chancellor, Finance and Administration

**SUBJECT:** 2016-17 EHRA and SHRA Compensation Updates

**DATE:** August 16, 2016

The Fiscal Year 16-17 state budget, as approved by the General Assembly, provided several compensation-related items for EHRA and SHRA employees: 1.5% legislative increase, 0.5% one-time bonus, and a one-time merit-based bonus pool. In addition, the UNC System is allowing campuses to provide base salary adjustments for EHRA employees only as part of an Annual Raise Process (ARP).

**1.5% Legislative Increase (LI) for EHRA and SHRA:**

Most permanent SHRA and EHRA employees who were employed on June 30, 2016 are eligible for the 1.5% legislative increase (LI). Part-time permanent employees will receive a pro-rated increase, including faculty who entered Phased Retirement July 1, 2015 or earlier. The LI has been applied centrally and is based on the June 30, 2016 base salary (excluding supplements) and will be paid in the August paycheck retroactive to July 1, 2016. Employees are eligible for the LI without consideration of performance ratings or disciplinary actions. Employees on approved leaves of absence without pay will receive the LI upon reinstatement, if they meet eligibility requirements. "Permanent" employees are those eligible to participate in State benefits programs (e.g., the state employee health plan) and who hold a recurring appointment of at least 9 months. Faculty who entered Phased Retirement on July 1, 2016, temporary employees, post-docs, graduate assistants, employees who are less than .50 FTE, and employees who began employment July 1, 2016 or later are ineligible. (NOTE: The 1.5% state appropriated budget allocation to the colleges/divisions will occur as soon as these funds are transferred to the university, probably in September. The University Budget Office will notify the colleges/divisions as soon as the funds are allocated.)

**0.5% One-time Bonus for EHRA and SHRA:**

In addition, the new State Budget includes a 0.5% one-time bonus payment for all eligible EHRA and SHRA employees employed as of September 1st of this year, based on their June 30, 2016 salary and to be paid in their October paycheck. This payment will not be subject to the mandatory 6% retirement contribution. NC State is awaiting further guidance from the State and UNC General Administration on this bonus payment.

**One-time Merit-Based Bonus Pool for EHRA and SHRA:**

The new State Budget also includes a pool of funds to award one-time merit-based bonuses to EHRA and SHRA employees, but these merit-based bonuses shall not be applied across-the-board. There will

be two separate pools (one for EHRA and one for SHRA) which cannot be commingled. NC State is awaiting further guidance from the State and UNC General Administration on this merit-based bonus.

**EHRA Annual Raise Process:**

The UNC System has issued guidance that allows campuses to provide base-salary adjustments for EHRA employees as part of an Annual Raise Process (ARP), which will be retroactive to July 1, 2016, and must be self-funded by the institution. In accordance with UNC's ARP instructions, NC State's leadership has authorized an optional ARP for salary increases retroactive to July 1, 2016. This will be an option (not required) to all colleges/divisions but no additional funding will be provided by the university.

The total ARP permitted cannot exceed 8.5% of an employee's June 30, 2016 base salary. These increases apply to EHRA positions paid from all funding sources and will be awarded in accordance with the attached campus implementation guidelines. Colleges/divisions may not award across-the-board increases. Rather, funds should be allocated strategically and selectively. In accordance with UNC's ARP instructions, Attachment B, ARP increases may be awarded for:

- Individual meritorious performance, including teaching, service, publications, and/or research productivity for faculty
- Retention of key or hard-to-recruit personnel
- Secondary criteria that may be considered equity and labor market

Attached you will find the EHRA Annual Raise Process guidelines for NC State. The UNC System guidance on implementation of the 1.5% LI and the ARP will be posted on Budget Central for reference.

Please contact the University Budget Office if you have budget questions or University Human Resources if you have questions about employee eligibility or merit, retention, and equity adjustments.

cc: W. Randolph Woodson, Chancellor  
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Barbara Moses, Associate Vice Chancellor, Budget and Resource Management  
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