



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

Holladay Hall  
 Raleigh, NC

**MEMORANDUM**

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

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

Scott R. Douglass  
 Vice Chancellor, Finance and Administration

**SUBJECT:** 2016-17 EHRA and SHRA Compensation Updates  
 Across-the-Board Bonus and Merit Bonus

**DATE:** September 19, 2016

The Fiscal Year 2016-17 state budget, as approved by the General Assembly, provided several compensation-related items for EHRA and SHRA employees. A memorandum distributed August 16, 2016 provided details on the 1.5% legislative increase and the EHRA Annual Raise Process (ARP). Guidance has now been received from UNC General Administration on the one-time across-the-board bonus and the one-time merit bonus pool.

**SHRA/EHRA Across-the-Board One-Time Bonus:**

All eligible SHRA and EHRA NC State employees, active as of September 1, 2016, will be awarded a one-time across-the-board bonus in the amount of one-half of one percent (0.50%) of their current annual base salary (excluding supplements) as of September 1, 2016.

1. The one-time across-the-board bonus will be paid in the October payroll to eligible active employees.
2. Both full and part time permanent employees are eligible (part-time prorated). Permanent employees are those eligible to participate in State benefits programs (e.g., the State Health Plan of North Carolina) and who hold a recurring appointment of at least nine months.
3. Employees who separated from State service prior to September 1, 2016 or employees hired effective September 2, 2016 or later are ineligible for the one-time across-the-board bonus.
4. Employees on paid or unpaid leave of absence effective September 1, 2016 are eligible for the one-time across-the-board bonus.
5. The one-time across-the-board bonus is to be applied without consideration of performance ratings or disciplinary actions (SHRA).
6. Faculty in the first year of phased retirement are ineligible.
7. The one-time across-the-board bonus will be applied systematically in the HR system and will follow current salary distribution in the HR System. **No action is required by campus. NOTE: The deadline for distribution changes in October is Oct. 12th instead of Oct. 14th due to the processing of the bonuses.**
8. The one-time across-the-board bonus is not subject to retirement deductions.
9. We anticipate the budget will be distributed to campus in November.

### **SHRA/EHRA One-Time Merit Bonus Pool:**

A one-time merit bonus pool is being implemented to grant a one-time lump sum payment for eligible SHRA and EHRA employees based on **individual employee performance**.

#### **SHRA Employees:**

For SHRA employees, there will be two levels of fixed amount one-time merit bonuses awarded based on performance ratings of “outstanding” (“5”) and “very good” or “good” (“4” or “3”). The Office of State Human Resources has not yet confirmed the specific fixed amounts for the SHRA one-time merit bonuses. Employees with ratings of “below good” or less (“2” or “1”) based on their FY16 performance review or those with active disciplinary action(s) as of October 1, 2016 are not eligible. In addition, the following guidelines apply:

1. To be eligible, an employee must be full or part-time permanent with a **hire date on or before January 1, 2016**; probationary or time-limited employees are also eligible. Permanent employees are those eligible to participate in State benefits programs (e.g., the State Health Plan of North Carolina) and who hold a recurring appointment of at least nine months.
2. Eligible part-time employees shall be awarded any applicable one-time merit bonus amount on a pro-rated basis.
3. The employee must have at least six months of cumulative employment covered by the FY16 performance evaluation.
4. Individuals separated from employment in the month of October or who had a break in service of 31 days or more since July 1, 2016 are ineligible.
5. Employees who transferred to NC State from another UNC constituent institution or State agency and who were coded as “insufficient time” for the FY16 performance evaluation cycle at NC State may be eligible if their most recent evaluation at their prior institution fits other eligibility criteria.
6. Employees on leaves of absence during the FY16 performance evaluation must be rated upon their return and the performance rating must be completed prior to June 30, 2017 to be eligible to receive the one-time merit bonus payment.
7. The one-time merit bonuses will be applied systematically following current salary distribution in the HR System and will be paid in the October payroll. **No action is required by campus.**  
**NOTE: The deadline for distribution changes in October is Oct. 12th instead of Oct. 14th due to the processing of the bonuses.**
8. The one-time merit bonus is not subject to retirement deductions.
9. We anticipate the budget will be distributed to campus in November.

#### **EHRA Employees:**

There is no automatic entitlement to the one-time merit bonus for EHRA employees. It must be based on **individual meritorious performance and may not be across-the-board**. EHRA eligibility criteria for the bonus and guidelines are as follows:

1. Both active full and part-time permanent employees are eligible. Permanent employees are those eligible to participate in State benefits programs (e.g., the State Health Plan of North Carolina) and who hold a recurring appointment of at least nine months.
2. Employees must have six months of active employment as of October 1, 2016.
3. Employees in receipt of an EHRA end of appointment notice or working a final notice as of the date the one-time merit bonus is to be paid are ineligible.
4. Faculty in the first year of phased retirement are ineligible.

5. The list of EHRA employees potentially eligible for the one-time merit bonus and the template to be used to designate the EHRA employees to receive the one-time merit bonus will be sent under separate cover and must be completed and returned to Todd Driver in HR (with a copy to Millie Britt in University Budget Office) by **Oct 10th**.
6. **Any individual EHRA one-time merit bonus must not exceed 2% of the employee's base salary (excluding supplements) as of September 1, 2016 and is also capped at \$2,500 regardless of the bonus percentage amount.**
7. Attached is a schedule of the EHRA one-time merit bonus targets by 2 digit OUC college/unit.
8. For positions funded by non-state appropriated sources, colleges/units have the option to provide one-time merit bonuses if resources are available in the college/unit.
9. **Note that total merit bonuses from all funding sources for each college/unit may not exceed 1% of the college's/unit's total salary base from all funding sources.** The University Budget Office will confirm compliance with not exceeding the target amounts.
10. The one-time merit bonuses will follow current salary distribution in the HR System and will be paid in the October payroll. **NOTE: The deadline for distribution changes in October is October 12th instead of October 14th due to the processing of the bonuses.**
11. If subsequent corrections are needed on the distribution of the bonus, a redistribution may be completed in the HR system **between October 25 (after October distributions run) and November 11th (payroll distribution lockout)**. An example of a necessary correction resulting in a redistribution would be an eligible employee paid on a grant (release time) as of September 1st whose base is state appropriated funds.
12. The distributions from October and the redistributions from November will be used to determine the one-time state appropriated budget allocation. **Note any redistributions of the one-time merit bonus made after November will not affect your state appropriated budget allocation.**
13. We anticipate the budget will be distributed to campus in December.
14. The one-time merit bonus is not subject to retirement deductions.

Please contact your budget analyst in the University Budget Office if you have budget related questions. Please contact your HRIM representative in the University Human Resources Office if you have questions about employee eligibility or bonuses.