



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

Holladay Hall
Raleigh, NC

MEMORANDUM

TO: Chancellor’s Cabinet, Deans, and Vice Provosts

FROM: Warwick A. Arden
Executive Vice Chancellor and Provost

Scott R. Douglass
Vice Chancellor, Finance and Administration

SUBJECT: FY 2018-19 State Budget Update – **EHRA and SHRA Annual Raise Process (ARP)**

DATE: August 17, 2018

The Appropriations Act of 2018 provides for compensation increases for employees subject to the North Carolina Human Resources Act (SHRA) and employees exempt from the North Carolina Human Resources Act (EHRA). On August 6, 2018, the UNC System Office issued SHRA and EHRA Annual Raise Process (ARP) implementation instructions for system institutions. Both SHRA and EHRA ARP salary increases are subject to the ARP salary increase caps and criteria described in the attached NC State University 2018 ARP Guidelines

2018 SHRA ARP Salary Increases

In accordance with the attached NC State SHRA and EHRA ARP implementation guidelines, eligible SHRA employees will receive an across-the-board 2% salary increase based on their June 30, 2018 base salary. SHRA ARP increases will be included in the regular monthly September payroll, retroactive to July 1, 2018.

In addition, in accordance with the new state budget guidelines, UNC System institutions are required to establish a new minimum annual salary amount for permanent state employees of \$31,200 (\$15.00/hour) effective to July 1, 2018. After the SHRA ARP increase has been applied, those employees whose salary remains below the required \$31,200 annual salary amount will be identified. Those identified will then receive an additional salary increase to bring their annual salary to the required \$31,200 minimum. Permanent part-time employees shall receive the increase on a prorated and equitable basis. The General Assembly allocated \$15.3 million for state agencies to increase the minimum wage of full-time and part-time permanent state employees to \$31,200 per year. We anticipate we will receive funding for the state appropriated portion. Units will be responsible for funding the non-state appropriated portion. This additional increase will be applied in the September payroll and will be retroactive to July 1, 2018. That will include a re-calculation and payment of any applicable longevity payments.

2018 EHRA Faculty & EHRA Non-Faculty ARP Salary Increases

Eligible EHRA employees may be awarded a discretionary ARP increase, **subject to the ARP caps and criteria described in the implementation guidelines.** EHRA ARP increases are not across-the-board and must be allocated strategically and selectively based on **performance appraisal ratings for EHRA non-faculty or meritorious performance for faculty, including teaching, service, publications, and/or**

research productivity. EHRA ARP increases will be included in the regular monthly October payroll, retroactive to July 1, 2018.

Important: For ARP purposes, please remember that for those employees who receive an annual EHRA non-faculty performance evaluation - that EHRA non-faculty performance ratings must be entered into the HR system by no later than **August 30, 2018**. No exceptions to this deadline will be granted.

ARP Allocations & Funding

On July 27, 2018 the UNC Board of Governors approved the allocation of \$20 million, appropriated by the General Assembly, to the UNC System to be utilized for the FY 2018-19 SHRA and EHRA ARP. NC State's portion is \$4,175,483. This allocation is to be used for both salary increases and the associated benefits in the ARP.

To facilitate the EHRA ARP process, employee distribution data (effective July 1, 2018) was pulled on August 16th. This data will be used to calculate campus increase dollar amount pools by organizational unit. The University Budget Office anticipates sending out individual college/unit EHRA ARP increase allocation amounts by early next week to college/unit HR leads and business officers. Units are expected to fully utilize the appropriated funding provided for EHRA ARP increases and to award and fund the non-appropriated increase amounts. Units may exceed the target by no more than 15%. Important: no additional funds will be allocated from central resources for any overage. The additional increases must be funded by the unit.

Please contact the University Budget Office if you have ARP budget questions or University Human Resources if you have questions about NC State University's EHRA ARP implementation guidelines.