An Annual Raise Process (ARP) for SHRA and EHRA employees must be conducted by NC State that utilizes the allocated legislative salary increase funding.

1. **SHRA 2% ACROSS-THE-BOARD ARP ELIGIBILITY**
   a. SHRA employees must have been continuously employed by NC State and/or another state agency/university in a permanent, benefits-eligible (at least .50 FTE) SHRA position as of October 1, 2017, and remain in this status through September 28, 2018. **Important Note:** SHRA employees hired after October 1, 2017 who did not transfer from another state agency/university would not be eligible for an appraisal and therefore are not eligible for an ARP salary increase.
   b. SHRA employees must have an assigned 2018 final overall annual performance rating of at least “meets expectations” or higher.
   c. SHRA employees must have worked at least six months under one or more performance plans during the performance cycle.
   d. SHRA employees must be in “good standing” as of July 1, 2018. This means that an employee who has been given notice of termination for cause or has an active SHRA disciplinary action is not eligible for an ARP increase.

2. **EHRA DISCRETIONARY ARP ELIGIBILITY**
   a. EHRA employees must have been continuously employed by NC State and/or another state agency/university in a permanent, benefits eligible (at least .50 FTE) EHRA position as of January 5, 2018, and remain in this status through October 31, 2018.
   b. EHRA employees must have an assigned 2018 final overall annual performance rating. The performance rating requirement **does not** apply to EHRA faculty, SAAO Tier 1 employees, or EHRA senior administrators with concurrent tenured faculty appointments.
   c. EHRA employees must be in “good standing” as of July 1, 2018. This means that an employee who has been given notice of termination for cause, has an active EHRA non-faculty performance improvement plan, or is a faculty member who has not received a satisfactory post-tenure review as of their latest review cycle is not eligible for an ARP increase.
   d. Faculty members who entered Phased Retirement on July 1, 2018 are not eligible for an ARP increase.
3. **EHRA NON-FACULTY ARP INCREASE LIMITATIONS**

ARP increases are in recognition of demonstrated meritorious performance.

a. Eligible **EHRA Non-Faculty** employees with a 2018 overall annual performance rating of “2 - meeting expectations” may receive a discretionary ARP increase of up to 2.50%.

b. Eligible **EHRA Non-Faculty** employees with a 2018 overall annual performance rating of “3 - exceeds expectations” may receive a discretionary ARP increase of up to 4.99%.

c. Eligible **SAAO Tier 1 and EHRA senior administrators with concurrent faculty appointments** who are in “good standing” may receive a discretionary ARP increase of up to 4.99%.

4. **EHRA FACULTY ARP INCREASE LIMITATIONS**

ARP increases are in recognition of demonstrated meritorious performance in teaching, service, publication, and/or research productivity.

a. Eligible **Faculty** may receive a discretionary ARP base salary increase of up to 4.99% (excluding increases given for faculty rank promotions).

5. **ARP BASE SALARY CALCULATIONS**

The EHRA ARP cap is calculated on the June 30, 2018 base* salary. Any individual EHRA ARP salary increase cannot result in a new base* salary that is greater than the designated ARP cap(s) for the EHRA employee types (as noted in #3 and #4 above). Any base* salary increase made effective July 1, 2018 until October 31, 2018 counts toward the EHRA ARP cap, with the exception of faculty rank promotions.

*PLEASE NOTE:* For the purposes of calculating the EHRA ARP caps, “base” includes the employee’s base salary plus any administrative supplement that is permanent or long-term in nature and does not represent short-term or temporary supplemental compensation. Honorific, temporary, and interim supplements are not included in this definition of “base”.

6. **EHRA NON-FACULTY PERFORMANCE RATINGS FOR FY17-18**

**Important:** Colleges/Units must have their employees’ EHRA Non-Faculty performance appraisal ratings entered into the HR system by **no later than August 30, 2018**. No extensions can be given past this deadline date, as system institutions are required to have all EHRA performance appraisal ratings sent to the UNC-System Office by August 31, 2018.
Please consult with Employee Relations regarding any questions you may have regarding EHRA non-faculty performance appraisal ratings for FY17-18.

7. **FUNDING FOR EHRA ARP INCREASES**

Units are expected to fully utilize the appropriated funding provided for EHRA ARP increases and to award and fund the non-appropriated increase amounts. College/units may supplement the allocation amounts with additional funds. However, the additional amount may not exceed the target by more than 15%. Note that no additional funds will be allocated from central resources for any overage. Please note that the EHRA ARP pools will be funded by a combination of Central and College / Unit funds. The templates provided by the University Budget Office will provide this detail.

8. **EHRA ACTIONS ALREADY ENTERED SINCE JULY 1, 2018**

EHRA ARP actions are to be effective retroactive to July 1, 2018. There are a number of circumstances where actions with an effective date of July 1 or later have been entered into the HR System for an employee. To apply the ARP, it is necessary for the employing college/division to contact their HRIM specialist in University HR to delete the action in the HR System. The employing unit can then enter the 7/1 ARP increase and immediately re-enter the deleted action.

**PLEASE NOTE:** (Updated 8/24/18 with new guidance from UNC System HR) Any salary increase to an employee’s base salary and/or permanent or long-term supplement effective July 1, 2018 until the EHRA ARP is implemented will count towards the ARP cap. Please note: Faculty rank promotions and temporary/interim supplements with a projected end date do not count towards the ARP cap.

9. **IMPLEMENTATION OF SHRA ARP SALARY INCREASES IN THE HR SYSTEM**

   a. SHRA ARP salary increases will be systematically entered in the HR system. Colleges/units will not be required to enter SHRA ARP actions in the HR system. HRIM will update any actions entered since July 1, 2018.
   
   b. Eligible SHRA employees will receive a 2% ARP salary increase calculated on their June 30, 2018 base salary. In addition, they will receive any other increase that may have been granted effective July 1, 2018 or later.
   
   c. SHRA ARP increases will be included in the regular monthly September payroll, retroactive to July 1, 2018.

10. **IMPLEMENTATION OF EHRA ARP SALARY INCREASES IN THE HR SYSTEM**

   a. Colleges/units will receive an ERHA employee eligibility file by no later than September 7th. This file will include the EHRA performance appraisal rating for each eligible employee. This will enable colleges/units to finalize their ARP employee salary increase decisions in relation to the ARP caps outlined in items 3 and 4.
b. ARP increases must be applied by the respective colleges/divisions beginning Thursday **September 27th and NO LATER THAN 8:00 a.m., Monday, October 15th.** Important: No exceptions will be given past this deadline system entry date.

c. Use the period between now and September 27, 2018 to plan and finalize all your allocation decisions and be ready to begin data entry as soon as the September payroll lockout is lifted.

d. All EHRA ARP increases must be entered with the unique action/reason code “Pay Rate Change – ARP 1: Merit”

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

11. **ARP MONITORING**

a. The HR System will be monitored by University HR and the University Budget Office to ensure compliance with these guidelines, including the EHRA ARP salary caps as outlined in Items 3 and 4 of this guidance document.

b. All ARP increases will have to be included in the relevant quarterly salary increase report provided to the UNC System Office.