



MEMORANDUM

TO: Deans, Directors and Department Heads

FROM: Warwick A. Arden, Executive Vice Chancellor and Provost 
Charles A. Maimone, Vice Chancellor, Finance and Administration 

SUBJECT: FY2022-23 State Budget Update - EHRA and SHRA Annual Raise Process

DATE: August 17, 2022

North Carolina's Appropriations Act of 2022 provides legislative salary increases and discretionary labor market increases for SHRA and EHRA employees. More information about these salary increases, including eligibility criteria, is presented below.

Legislative Salary Increases

In August 2022, eligible permanent EHRA and SHRA employees, including probationary and time-limited employees, will receive a 3.5% legislative salary increase regardless of funding source.

- The 3.5% LSI will be calculated based on each employee's June 30, 2022, base salary and will be retroactive to July 1, 2022. For example, an employee earning a base salary of \$50,000 on June 30, 2022, will have a new base salary of \$51,750.
- The LSI will be reflected in employees' August 2022 paychecks and are subject to the eligibility requirements below.
- For employees who have a primary EHRA nonfaculty appointment (e.g., academic department heads and associate deans) and receive an ongoing administrative supplement directly related to that role, "base" salary includes their administrative supplement. Employees who have a primary faculty appointment and a secondary administrative appointment (e.g., directors of graduate programs) are not eligible to have their supplement included in the 3.5% calculation.
- SHRA longevity payments and premium pay, overtime pay, etc. earned between July 1, 2022, and Aug. 31, 2022, will be recalculated to include the LSI, and the difference will be included in the August paychecks.

Legislative Salary Increase Eligibility Requirements

- To be eligible for the 3.5% retroactive LSI payment, employees must be employed in a permanent benefits-eligible position of .50 FTE or greater on both June 30, 2022, and Aug. 31, 2022.
- Employees who were employed on July 1, 2022, but separated from employment prior to Aug. 31, 2022, will receive a prorated retroactive payment
- Employees employed in a permanent position on both June 30, 2022, and Aug. 31, 2022, but who were not employed on a continuous basis between those two dates will receive a prorated retroactive payment.
- NC State will be responsible for the retroactive payment for employees who transferred to NC State from a permanent position at another state entity eligible for the LSI.
- Employees currently on disability or who are on a leave of absence (paid or unpaid) may be eligible for the LSI upon their return if they satisfy all other eligibility requirements.
- The LSI will be awarded regardless of current performance ratings.
- Faculty members who entered the Phased Retirement Program on July 1, 2022, are not eligible to receive the LSI. Faculty in their second or third year of the program are eligible for the LSI if they meet other eligibility criteria.
- Postdocs, house officers, grad students and temporary employees are not eligible for the LSI.

2022 ARP Discretionary Component: Labor Market Adjustment Reserve (LMAR) Eligibility Requirements

- For employees who received a 2021-2022 performance review, the rating must be “Meets Expectations” or greater to qualify for an LMAR discretionary annual raise process increase.
- If an employee was not eligible or did not receive a 2021-2022 performance review, the employee must be deemed in “good standing” by their department head to qualify for an LMAR discretionary ARP increase.

2022 Labor Market Adjustment Reserve

The Appropriations Act provides approximately 1% of the university’s state-funded salary base to use for discretionary labor market adjustments for selected SHRA and EHRA employees. These adjustments are intended to strategically assist in addressing labor market needs, to allow NC State to better retain existing talent. NC State positions that are not funded by state funds should also be considered for labor market adjustments.

- An LMAR increase may not exceed the greater of \$15,000 or 15% of an employee’s current base salary as of the effective date of the adjustment.
- LMAR adjustments will be retroactive to July 1, 2022, and will be reflected in employees’ September 2022 paychecks. Should any LMAR adjustments occur later in the year, they will be point-in-time adjustments and not retroactive.
- An LMAR adjustment may not result in an employee’s salary exceeding the maximum of the salary range associated with the position and may not exceed the market reference range for the next level position.
- No more than 25% of the institution’s permanent employees may receive an LMAR salary increase from the funds appropriated for this purpose.
- Any LMAR adjustment that requires higher-level preapproval under regular salary administration procedures from a Board of Trustees, the president of the UNC System or the Board of Governors must still obtain that approval. For adjustments that require this approval, the adjustment may not be reflected until after the September paycheck.
- Employees below the minimum of their salary range or below their market reference rate should be considered first for an adjustment, followed by those at or above their market rate.
- Deans and division heads will receive a list of their LMAR-eligible employees, the number of employees eligible for an adjustment, an approximate budget amount that may be used to address market issues and compensation data to help in their decision making.
- Deans and division heads are required to spend their target amount but are not required to recommend an adjustment for the maximum number of employees eligible to receive an adjustment. It is anticipated that recommended amounts for adjustment will vary based upon the salary gap with the range minimum or the market reference rate.

Funding/Budget Distribution

- Funding will be provided to colleges/units at the project level for the 3.5% LSI and 1% LMAR pool for positions funded by state-appropriated funds (projects between 201000 and 249999, except 202xxx and 203xxx) as of July 1, 2022. This funding distribution will be based on the July 1, 2022, employee distribution identified by the University Budget Office.
- We anticipate allocating the funds to campus in the September/October 2022 timeframe. However, the timing will depend on when we receive the funds from the UNC System.

Please contact Ryan Bernarduci, director of Human Resources Information Management and Analytics, at rjbernar@ncsu.edu or your college or division HR representative if you have questions about the LSI or LMAR. For questions concerning the appropriated funding, please contact the University Budget Office at budgetoffice@ncsu.edu.