

October 19, 2015

MEMORANDUM

TO: Executive Officers and Deans

FROM: Warwick A. Arden, Provost and Executive Vice Chancellor
Mary Peloquin-Dodd, Interim Vice Chancellor, Finance and Administration

SUBJECT: 2015-16 Budget Information and
EHRA (formerly EPA) Annual Raise Process (ARP) Guidelines



The Fiscal Year 16-17 state appropriated budget, as approved by the General Assembly, includes a "Management Flexibility Reduction" of \$18,033,112 for the UNC System. This equates to a reduction for NC State of approximately \$4,000,000 for the combined Academic Affairs (16030), Agricultural Research (16031) and Cooperative Extension (16032) budget codes. The 16030 recurring budget reduction will be covered centrally with allocations from the University, Provost, and Finance and Administration. For the Agricultural budget codes (16031 and 16032), the recurring budget reductions will be shared equally by the Provost and the College of Agriculture and Life Sciences.

As you are aware, a one-time \$750 bonus was mandated by the General Assembly for permanent (benefits-eligible) state employees, both SHRA and EHRA (pro-rated for employees with an FTE of at least .75 but less than 1.0), who are employed by the University as of November 1, 2015. That one-time bonus will be delivered in the December paycheck.

The UNC System has issued guidance that also allows campuses to provide base-salary adjustments for EHRA employees only as part of an Annual Raise Process (ARP), which will be retroactive to July 1, 2015, and must be self-funded by the institution. The UNC-GA EHRA Annual Raise Process Instructions, dated October 6, 2015, will be posted on Budget Central for reference.

In accordance with UNC's ARP instructions, NC State's leadership has authorized an ARP for salary actions retroactive to July 1, 2015, that will total 2.0% of the total EHRA salary base. 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 2% increases to all EHRA across-the-board. Rather, funds should be allocated strategically and selectively. In accordance with UNC's ARP instructions, Attachment A, ARP increases may be awarded for

- Individual meritorious performance, including teaching, service, publications, and/or research productivity for faculty
- Documented high impact contributions to the work unit and/or the University as a whole
- Retention of key or hard-to-recruit personnel
- "Secondary criteria" may include equity and labor market

For positions (and portions of positions) paid on state appropriations, the University will provide 1% from central resources, and colleges/divisions will fund the other 1% from college/divisional resources. For positions (and portions of positions) paid on grants, contracts, trust funds, and other non-state-appropriated sources, that funding source will be responsible for the full 2%. In other words, state-appropriated (16030, 16031 and 16032) EHRA ARP salary increases will be funded half from college or division budget resources and half from central university resources. For non-state-appropriated EHRA ARP increases, 100% is to be funded from the respective funding source.

Please note that a salary adjustment administered as part of the ARP may not result in a net increase of more than 10%* above an individual's June 30, 2015 base salary.

Attached you will find the EHRA salary allocation guidelines for NC State. The University Budget Office will provide the calculation of your specific 2% total via separate email. Please contact your budget analyst in the University Budget Office if you have budget questions. Please contact University Human Resources if you have questions about whether an employee is eligible to receive an ARP adjustment or about merit, retention, market or equity adjustments.

** Note this intentional change in wording: UNC-GA used to say "10% or more." Now it will be "more than 10%," so an action can be up to, and include, exactly 10% and does not have to cut off at 9.99%.*

cc: W. Randolph Woodson, Chancellor
Duane Larick, Senior Vice Provost, Academic Strategy and Resource Management
Barbara Carroll, Associate Vice Chancellor, Human Resources
Barbara Moses, Interim Associate Vice Chancellor, Finance and Resource Management
Vicki Pennington, Assistant Vice Provost
College/Division Business and HR Leads