



Provost and Executive
Vice Chancellor
and
Vice Chancellor for
Finance and Business

Holladay Hall
Raleigh, NC 27695

September 17, 2014

MEMORANDUM

TO: Executive Officers and Deans

FROM: Warwick A. Arden, Provost and Executive Vice Chancellor
Charles D. Leffler, Vice Chancellor for Finance and Business

SUBJECT: 2014-15 Budget Reductions and EPA Increase Guidelines

The Board of Governors has taken final action on the 2014-15 budget and on EPA salary guidelines. For the Academic Affairs budget code (16030), budget reductions related to Management Flexibility and the BOG Strategic Directions Initiatives total \$4,513,294 and the Regular Term Instruction enrollment change reduction totaled \$2,926,398. This total recurring budget reduction will be met with allocations from the University, Provost, and Finance and Business. For the Agricultural budget codes (16031 and 16032), the recurring budget reductions total \$521,175 for Agricultural Research Services and \$378,318 for the Cooperative Extension Services with the allocations proportionate to the colleges providing these services.

As you are aware, a \$1,000 per employee increase was approved for SPA employees, effective July 1, 2014, and was paid in the August monthly paycheck.

EPA salary increases, which will also be effective July 1, 2014, will be self-funded by the University, and will total 3.0% of the total EPA base. There will be a \$1,000 cost-of-living increase for eligible EPA faculty and staff, which will come from the 3% pool. The balance of the 3% is to be used to provide market, equity, and/or merit increases as warranted to faculty and staff. These increases apply to EPA positions paid from all funding sources and will be awarded in accordance with the attached guidelines.

Please note that any salary adjustment that results in a net increase of 9.9% or above an individual's June 30, 2014, salary must be pre-approved by the Chancellor and UNC General Administration.

The 16030 State Appropriated EPA salary increases will be funded 75% from college or division budget resources and 25% from central university resources. For non-16030 state appropriated EPA increases, 100% is to be funded from the respective funding source.

Attached you will find the EPA salary allocation guidelines for NC State. The salary administration instructions from UNC General Administration will be posted on Budget Central. The University Budget Office will provide the calculation of your specific 3% total via separate email. Please contact the University Budget Office if you have budget questions. Please contact University Human Resources if you have questions about market or equity adjustments.

cc: W. Randolph Woodson, Chancellor
Duane Larick, Senior Vice Provost for Academic Strategy and Resource Management
Steve Keto, Associate Vice Chancellor for Finance and Resource Management
Barb Carroll, Associate Vice Chancellor for Human Resources
Barbara Moses, University Budget Director
Vicki Pennington, Assistant Vice Provost
Business and HR Leads

EPA (EHRA*) July 1 Salary Increase Guidelines

NC State University

September 17, 2014

There will be two types of salary increases for permanent, benefits-eligible EPA employees, retroactive to July 1, 2014, that total 3% of the EPA Salary Base:

- a. A \$1,000 cost-of-living adjustment (COLA).
- b. A market / equity / merit pool (balance of 3% after \$1,000 COLA).

1. ELIGIBILITY *(For both adjustment types)*

- a. The individual must have been continuously employed by NC State in a permanent, benefits-eligible position between September 1, 2013 (the prior year) and October 1, 2014.
- b. Individuals whose employment terminates before October 1, 2014, will not receive any adjustments.
- c. Any adjustment or combination of adjustments (COLA + merit + market + equity), including any separate adjustments that have been approved through University HR since July 1, 2014, may not exceed 9.9% of the June 30, 2014, base salary without the prior approval of the Chancellor and UNC-BOG, using the existing submission process through University HR.

2. FUNDING FOR INCREASES *(For both adjustment types)*

- a. The 3% amount from all funding sources and the amounts of 16030 state appropriated budget allocation will be provided to the colleges/divisions by the University Budget Office no later than September 18, 2014.
- b. 16030 (Academic Affairs): 25% of the state appropriated funding will be allocated to the colleges/divisions based on their EPA salaries paid on state appropriated funds as of July 1, 2014, to one project as identified by each college/division. The remaining 75% – and 100% of non-state-appropriated positions – must come from college/division resources.
- c. 16031 (Agricultural Research) and 16032 (Cooperative Extension): 100% of state- and non-state-appropriated funds must come from college/division resources.

3. COST-OF-LIVING ADJUSTMENTS (COLA)

- a. The \$1,000 adjustment will be applied to the June 30, 2014, annual base salary by University HR and OIT.
- b. The \$1,000 adjustment will be prorated by FTE (e.g., an EPA employee with an 80% FTE will receive \$800).
- c. Associated benefits costs are in addition to the \$1,000 and will be provided by the benefits pool for budget code 16030 for all personnel benefits pool eligible projects.

4. MARKET / EQUITY / MERIT ADJUSTMENTS

- a. While no specific allocations are mandated within this category, particular priority consideration should be given to individuals who:
 - i. are below the minimum of the position's designated salary range,
 - ii. have salary inequities relative to comparable positions in the unit, with confirmation by University HR,
 - iii. are below the market range for the position,
 - iv. have not received any other salary adjustments in the past two years,

- v. have demonstrated particular merit,
- vi. and faculty who have demonstrated excellence in teaching.
- b. After the \$1,000 COLA is applied, the University Budget Office will notify the colleges/divisions of the amount of the 3% pool remaining to provide the market/equity/merit increases no later than September 29, 2014.
- c. Each college/division must allocate the entire market/equity/merit pool amount for all funding sources.

5. IMPLEMENTATION OF SALARY ADJUSTMENTS IN THE HR SYSTEM

- a. The \$1,000 COLA adjustment will be applied centrally by University HR and OIT immediately following the September payroll lockout (before the HR System reopens) and will appear in October paychecks retroactive to July 1, 2014. This adjustment will be applied effective July 1, 2014, before any merit, market, or equity adjustments noted below are applied.
- b. Merit, Market, and Equity adjustments must be applied by the respective colleges/divisions before the October payroll lockout and after the \$1,000 adjustment, and will appear in October paychecks retroactive to July 1, 2014. All such adjustments must be entered with one of three unique action/reason codes:
 - i. Pay Rate Change - Legislative Increase – Equity
 - ii. Pay Rate Change - Legislative Increase – Market
 - iii. Pay Rate Change - Legislative Increase – Merit

6. MONITORING

- a. The HR System will be monitored by HR EPA Administration and the University Budget Office to ensure compliance with these guidelines. Any exceptions to these guidelines must be approved in advance by the Chancellor.

** The name of the State Personnel Act has been changed by the NC General Assembly to the State Human Resources Act. SPA employees are now "Subject to the State HR Act" (SHRA) and EPAs are "Exempt from the State HR Act (EHRA)".*