

**Constituent Universities**

Appalachian  
State University

East Carolina  
University

Elizabeth City  
State University

Fayetteville State  
University

North Carolina  
Agricultural and  
Technical State  
University

North Carolina  
Central University

North Carolina  
State University  
at Raleigh

University of  
North Carolina  
at Asheville

University of  
North Carolina  
at Chapel Hill

University of  
North Carolina  
at Charlotte

University of  
North Carolina  
at Greensboro

University of  
North Carolina  
at Pembroke

University of  
North Carolina  
at Wilmington

University of  
North Carolina  
School of the Arts

Western Carolina  
University

Winston-Salem  
State University

**Constituent High School**

North Carolina  
School of Science  
and Mathematics

An Equal Opportunity/  
Affirmative Action Employer

**Warwick Arden**  
**Interim Senior Vice President for Academic Affairs**


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September 16, 2014

**MEMORANDUM**

**TO:** Chancellors

**FROM:** Warwick A. Arden   
Interim Senior Vice President for Academic Affairs

William A. Fleming   
Vice President for Human Resources

**SUBJECT:** Salary Administration for EPA Faculty, EPA non-faculty, and  
SPA

**Copy:** Chief Academic Officers  
Chief Business Officers  
Chief Human Resources Officers

The Personnel and Tenure Committee of the Board of Governors met on September 10, 2014 and discussed the process that the University of North Carolina will follow on salary matters for the remainder of fiscal year 2014-15. On behalf of President Ross, we are forwarding these instructions to you.

## I. 2014-2015 Appropriation for Salary Administration

The 2014 modifications to the state Appropriations Act of 2013 (the Act) authorizes salary administration for University employees for the 2014-2015 fiscal year, subject to the requirements set forth in the Act.

The Act also updates the long-used terms of *Exempt* from and *Subject* to the State *Personnel* Act (EPA and SPA) to EHRA and SHRA to align with the renamed State *Human Resources* Act. However, since campus systems and policies still utilize the terms EPA and SPA, those terms will continue to be used in these instructions.

*Across-the-board salary adjustments for SPA (SHRA) employees may be made only in accordance with the August 8, 2014 memorandum from the State Budget Director, the Director of the Office of State Human Resources, and the State Controller. SPA (SHRA) matters are not otherwise addressed in the EPA instructions below.*

The Act provides \$5 Million in appropriations to the UNC system to support salary increases for EPA employees. These funds have been allocated to the campuses. Salary adjustments for EPA employees must be made in accordance with University policy and the instructions set forth herein, as authorized by the Board of Governors.

Subject to the above instructions, the Chancellors may use the following fund sources for EPA increases. All funds used for salary adjustments, regardless of source, are subject to the parameters set out in these instructions.

- A. Appropriated funds,
- B. Non-appropriated funds (i.e. endowments, contracts, grants, fees, receipts, etc.), and
- C. Funds derived from campus-initiated tuition increases (CITI) within the parameters prescribed by the Board of Governors regarding the use of the CITI funds.

## II. Instructions for EPA Salary Adjustments

Any EPA salary increases are discretionary; there is no expectation of the across-the-board methodology as is required for SPA employees.

Chancellors should give strong consideration to rewarding meritorious performance and with particular emphasis to excellence in teaching.

### A. Institution-wide Salary Administration (previously, “Legislative Increases”)

#### 1. Increases for EPA Employees.

- a. In general, a salary increase for an EPA employee that is part of a broad, institution-wide EPA salary administration is effective July 1, 2014.

*[SECTION 35.9.(b) The salary increases provided in this act become effective July 1, 2014,...]*

Increases for individual actions throughout the remainder of the fiscal year would be effective on a current basis following the appropriate approvals.

- b. Given the fact that the Act was not finalized until August and the Board could not approve guidance until the September meeting, the University is authorized to pay any general increase in a later payroll (i.e. October or later) with the appropriate retroactive calculations/adjustments.

However, there is no requirement to pay a retroactive increase to someone who is no longer employed by the University when the payroll is processed. *[SECTION 35.9.(b) and do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 2014.]*

- c. If an employee is paid in part or in whole from non-appropriated funds, any increase must be allocated proportionately to the base salary, across all funding sources.

2. **Faculty Salary Ranges:** Salaries paid to faculty members shall be within the ranges established for the particular institution by the Board of Trustees or the President based on peer data in accordance with University policy. (See, UNC Policy Manual Sections 600.3.4 and 200.6).
3. **Senior Academic and Administrative Officers (SAAO):** SAAO-I salaries must be set within ranges authorized by the Board of Governors. The current SAAO Tier I ranges were distributed to the campuses in June of 2014. Salary ranges for deans should be set by each campus based on discipline, national peer data, and CUPA-HR data for the BOG approved peer institutions. Requests for salary exceptions must be forwarded with recommendations from the Chancellor and the President to the BOG Committee on Personnel and Tenure. (Detailed procedures for SAAO salaries are below in Section B.)
4. **Medical School Salaries:**
  - a. Salaries for the medical and dental schools as well as the school of public health at the University of North Carolina at Chapel Hill and East Carolina University shall be subject to ceilings established for the applicable institution, as reflected in *Attachment B*.
  - b. For those employees who receive compensation from medical faculty practice plans, salary increases will be paid in proportion to the distribution of their salaries between the funding source for the applicable plan and the state sources. Incentive plan payments for these persons may

be paid from the medical faculty practice plans according to the availability of such funds without regard to the proportionate conditions from state sources.

- c. Salaries of full-time faculty members in clinical departments of schools of medicine often derive from receipts for patient care by approved institutional clinical practice plans, the total salaries paid to faculty members for full-time service in these disciplines should reflect their respective levels of clinical activity. Thus, the salary of a faculty member in a clinical department should ordinarily decrease in response to a substantial reduction in the individual's level of participation in the practice plan or increase due to a substantial level of clinical productivity.
- d. For faculty members in clinical departments of the schools of medicine, authority is delegated to the chancellor at those campuses with Management Flexibility to Appoint and Fix Compensation to approve guidelines and procedures as developed by the institutions, and to have final approval of all salary *decreases* and *increases* recommended to the chancellor for faculty members in those departments pursuant to their faculty compensation plans. The approved guidelines and an annual summary of salary reductions for faculty members in clinical departments of the schools of medicine under this resolution shall be reported to the Committee on Personnel and Tenure via the upcoming management flexibility report.

## **B. Procedures for Review and Approval of Institutional-wide Salary Administration**

Consistent with the foregoing requirements, the Chancellors shall present their salary increase recommendations, if any, consistent with these instructions.

1. Any recommended increases of 10% or more must still be submitted for BOG authorized pre-approval. Please use the attached "Board of Governors Salary Increase" new template (*Attachment A*). [*SECTION 35.8.(b1)*]
2. **Campuses without management flexibility to appoint and fix compensation** must submit the following:

All recommended salary increases (regardless of percentage) for SAAO Tier I's shall be submitted to the President and/or the Committee for Personnel and Tenure for approval. The Chancellors' recommendations for salary increases for senior academic and administrative officers must be received in accordance with the attached submission calendar for review and approval (*Attachment D*) prior to any payroll processing.

3. **Campuses with management flexibility** may proceed with SAAO adjustments (below the 10% statutory threshold) per their management flexibility agreements. Such adjustments will be reported on the quarterly report and their annual management flexibility report.
4. **Delegation to Chancellors:** The President is authorized to delegate to the Chancellors the approval of increases (except SAAO Tier I's) that are below 10%.
5. **Exceeding the Established Salary Range:** Instances in which the proposed salary of any EPA employee exceeds the established salary range must be submitted to the President for approval. The President will seek the appropriate approval from the Board for matters not delegated per UNC Policy 200.6.
6. **Implementation of Increases:** Salary increases for 2014-15 shall not be reflected in any payrolls until any required authorizations from the Chancellor, President and/or Board of Governors have been completed.

### C. Ongoing Salary Adjustments (throughout the fiscal year as appropriate)

**Individual Salary Adjustments must comply with the legislated parameters in the Act.** Any increases that are 10% or more on an individual or cumulative basis for 2014-2015 shall continue to require prior approval authorized by the Committee on Personnel and Tenure. All requests should be emailed to [bogapproval@northcarolina.edu](mailto:bogapproval@northcarolina.edu) using the “Board of Governors Salary Increase” template (*Attachment A*).

*SECTION 35.8.(b1) For fiscal year 2014-2015, the cumulative salary adjustment awarded to any employee may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance by the ... The University of North Carolina Board of Governors,...*

#### **BOG Pre-Approval is not required for:**

1. A current faculty member promoted to a higher academic rank within their same position consistent with campus policies;
2. A current employee's conversion from nine (9) months to a longer term without an increase in the rate of pay;
3. A current employee's conversion from a longer to shorter term (e.g., a twelve (12) month to a nine (9) month appointment conversion), unless that conversion does not include a commensurate change in the fraction of their salary;
4. An adjustment to a current employee's F.T.E. (Full-Time Equivalent) that does not cause an increase in the rate of pay;

5. A temporary administrative supplement that lasts less than 9 months OR results in an increase below 25%. It is anticipated that such increases will be associated with persons given new or additional assignments or changes of duty;
6. Salary increases funded through the Faculty Recruitment and Retention Fund. However, these increases do require Presidential pre-approval. See section IV Faculty Recruitment and Retention Fund below; or
7. Summer school or instructional overload payments. These are considered task-based compensation.

### **III. Salary Increase Reporting Requirements**

Quarterly salary increase reports to the Office of State Human Resources, the Office of State Budget and Management, and the Fiscal Research Division are still required for 2014-15. UNC General Administration will continue to collect and compile the system-wide report. Campuses will need to document associated actions taken in the use of salary funds in order to complete the report prior to the required due date.

### **IV. Faculty Recruitment and Retention Fund**

The University Faculty Recruitment and Retention Fund was reestablished for the 2012-2013 fiscal year. Allocations from the fund shall be made for salary increases at the discretion of the President of The University of North Carolina only for the purpose of recruiting and retaining faculty members as necessary at constituent institutions. The procedures previously established for the Faculty Recruiting and Retention Fund will continue (see *Attachment C*).

#### **Attachments:**

[Attachment A: BOG Salary Pre-Approval Template](#)

[Attachment B: Medical Faculty Salary Ceilings](#)

[Attachment C: University Faculty Recruitment and Retention Fund Guidelines](#)

[Attachment D: Submission Calendar - BOG approval for Salary Increases at or above 10%](#)

# *Attachment B*

## *The University of North Carolina at Chapel Hill and East Carolina University Approved Salary Ceilings for 2014-15*

### SCHOOL OF DENTISTRY (includes East Carolina University)

|                     | 2013-2014 | 2014-2015 |
|---------------------|-----------|-----------|
| Professor and Chair | \$610,000 | \$628,000 |
| Professor           | \$590,000 | \$613,000 |
| Associate Professor | \$560,000 | \$560,000 |
| Assistant Professor | \$410,000 | \$410,000 |
| Instructor          | \$225,000 | \$225,000 |

### SCHOOL OF PUBLIC HEALTH

|                     | 2013-2014 | 2014-2015 |
|---------------------|-----------|-----------|
| Professor and Chair | \$545,000 | \$573,000 |
| Professor           | \$518,000 | \$544,000 |
| Associate Professor | \$372,000 | \$391,000 |
| Assistant Professor | \$282,000 | \$297,000 |
| Instructor          | \$194,000 | \$204,000 |

*Attachment B*  
*The University of North Carolina at*  
*Chapel Hill and East Carolina*  
*University Approved Salary*  
*Ceilings for 2014-15*

UNC-Chapel Hill School of Medicine and the Brody School of Medicine at East Carolina University  
 Clinical Faculty Salary Ceilings for 2014-15

**Departments of Anesthesiology, Emergency Medicine, Ob-Gyn,  
 Ophthalmology, Otolaryngology, Orthopaedics, Clinical  
 Pathology, Radiology, Radiation Oncology, Mohs Surgery,  
 DermPath, Pediatric Cardiology, Neonatology, Internal  
 Medicine, Cardiology, Gastroenterology, Oncology, and  
 Surgical Subspecialties (except Cardiothoracic Surgery)**

|   | 2013-2014   | 2014-2015   |
|---|-------------|-------------|
| Professor & Chair, Division Chief, or Center Director | \$1,588,000 | \$1,985,000 |
| Professor   | \$1,358,000 | \$1,358,000 |
| Associate Professor                                   | \$1,210,000 | \$1,210,000 |
| Assistant Professor                                   | \$718,000   | \$773,000   |
| Instructor  | \$575,000   | \$613,000   |

**Cardiothoracic Surgery**

|   |             |             |
|---|-------------|-------------|
| Professor & Chair, Division Chief, or Center Director | \$1,969,000 | \$1,975,000 |
| Professor   | \$995,000   | \$995,000   |
| Associate Professor                                   | \$935,000   | \$935,000   |
| Assistant Professor                                   | \$600,000   | \$636,000   |
| Instructor  | \$474,000   | \$474,000   |

**All Other Departments**

|   |           |           |
|---|-----------|-----------|
| Professor & Chair, Division Chief, or Center Director | \$858,000 | \$858,000 |
| Professor   | \$638,000 | \$638,000 |
| Associate Professor                                   | \$519,000 | \$551,000 |
| Assistant Professor                                   | \$451,000 | \$474,000 |
| Instructor  | \$334,000 | \$350,000 |

**Allied Health Sciences**

|                     |           |           |
|---------------------|-----------|-----------|
| Chair/Dean          | \$278,189 | \$280,200 |
| Division Director   | \$210,800 | \$219,232 |
| Professor           | \$190,114 | \$199,619 |
| Associate Professor | \$170,578 | \$181,665 |
| Assistant Professor | \$142,369 | \$147,478 |
| Instructor          | \$116,750 | \$120,194 |



***Attachment C***  
***University Faculty Recruiting and Retention Fund***  
***Guidelines***  
***[Revised: August 14, 2014]***

**Legislation enacted in the 2012-2013 short session continues the Faculty Recruiting and Retention Fund that was initiated in FY 2006-07, adding an additional \$3,000,000 to the fund. As originally enacted (see below) the UNC President may use the Fund to offer salary increases to recruit and retain faculty members in the 16 constituent universities.**

**2012-2013 Legislation:**

*SECTION 22.12A.* Provides funding for the Faculty Recruiting and Retention Fund, which the General Assembly created in S.L. 2006-66, Sec. 22.12A, to offer salary increases to recruit and retain faculty members. This appropriation increases the Fund's total recurring budget to \$13 million.

Submission of Requests:

Requests for funding support through the chancellor or the chancellor's designee should be addressed to:

Warwick Arden  
Interim Senior Vice President for Academic Affairs  
The University of North Carolina  
General Administration  
Post Office Box 2688  
Chapel Hill, NC 27515-2688

Requests should be submitted to:

Samantha McAuliffe  
Assistant to the Senior Vice President for Academic Affairs  
[slmcauliffe@northcarolina.edu](mailto:slmcauliffe@northcarolina.edu)

**Packets should include:**

1. Strong endorsement by the chancellor for support of request for funds from the *University Faculty Recruitment and Retention Fund* to recruit and/or retain an exceptional faculty candidate/member.
2. The faculty member's current salary, the faculty member's proposed salary, the calculated salary percentage increase, and the amount of any associated benefits requested.
3. Supporting documents should include a curriculum vitae of the faculty member being recruited or retained

***Attachment C***  
***University Faculty Recruiting and Retention Fund***  
***Guidelines***  
***[Revised: August 14, 2014]***

4. Summary of institutional funds committed to recruit and/or retain an exceptional faculty candidate/member. **Please note that due to the limited nature of the funds remaining in the UNC Faculty Recruitment and Retention Fund, campuses are asked to provide some sort of matching support with their requests.**
5. Optional supporting documents include a letter of offer from the competing organization.

***Frequently Asked Questions***

*Policy Questions:*

1. What exactly is meant by recruiting and retention? Would retention only cover counteroffers, or would special bonuses be included, say if a professor makes a new discovery, has a best seller published, etc., in order to deter faculty from looking at an offer?

*Funds may not be used for special bonuses. Funds may only be used to support salary enhancements to recruit or retain a faculty member. These funds will be provided as a last source after campuses have exhausted their capacity to support the salary enhancement.*

2. Can a request be made for retention if the faculty member has not received a formal offer from a competing institution?

*Yes, pre-emptive retention requests are permissible. Requests should be clear that the campus has evidence that the faculty member is either exploring other opportunities, is being courted by an outside organization, or has indicated that they will be seeking other opportunities in the near future.*

3. If recruitment is to attract new professors, would it cover only the first year? Would it be renewable or would the campus have to come up with the amount in future years? Could it be used to attract a high profile visiting professor or is it only for permanent faculty?

*The funds may be used for only for permanent faculty members. The funds are continuing funds until a faculty position is vacated. At which time, the funds revert to the pool at GA.*

4. Is it only for tenure track, and if so, how would an exception be made for the School of the Arts?

**Attachment C**  
**University Faculty Recruiting and Retention Fund**  
**Guidelines**  
**[Revised: August 14, 2014]**

*The funds are intended for tenure-track faculty only. Exceptions will be considered based on a review of the recommendation from the Chancellor.*

5. Will the money be targeted to certain campuses that lag further behind their peer groups, or will each request be viewed separately? Will there be certain fields or disciplines targeted?

*No.*

6. If a retention request isn't approved from the fund, can the campus still make the counteroffer from its own funds and would it still go to P&T?

*Yes, the campus can make the counteroffer from its own funds if not approved from the University Faculty Recruiting and Retention Fund. If the resulting salary is an increase of 10% or more than the July 1, 2014 salary, the increase **MUST** be **PREAPPROVED** by the Personnel and Tenure Committee of the Board of Governors. If the resulting salary is less than a 10% increase of the July 1, 2014 salary, the campus has the authority to process the action.*

7. If a retention request is approved from the fund and it results in a salary increase of 10% or greater, does the request require approval of the P&T Committee?

*No, UNC Policy 200.6 delegates authority to the President for approval of salary increases resulting from a request for funding through the Faculty Recruitment and Retention Fund.*

*Procedural Questions:*

1. Will money be allocated to each campus to use as it sees fit, or will GA make the awards?

*No allocations will be made to each campus. Awards will be made by The President.*

2. Who will review the requests from the campuses? Will it be Tom or will it be a committee? If it is a committee, who will decide who is on it?

*Award decisions will be made by the President.*

3. Will the requests be reviewed as they come in, or will there be a standard review cycle (monthly, quarterly, etc.)

**Attachment C**  
**University Faculty Recruiting and Retention Fund**  
**Guidelines**  
**[Revised: August 14, 2014]**

*Requests are reviewed as they are submitted. It is assumed that recommendations from the Chancellors will be submitted for timely review.*

4. Will the money be allocated across the academic year, or will it be *first come first served*, so the requests need to be submitted in September before all the fund is used up?

*First come, first served.*

5. What should be the campuses process for prioritizing their requests?

*Chancellors should develop a strategy for prioritizing requests on their campus.*

6. Will there be a standard format for submissions? What kind of information will the campuses need to provide? Can they make their appeal in person?

*Format for submissions are summarized on pages 1 through 2 of this document. Appeals may be made by the Chancellor with the President.*

# ***Attachment D***

## ***BOG APPROVAL PROCESS FOR SALARY INCREASES AT OR ABOVE 10% REQUEST SUBMISSION DEADLINE: JULY 2014 THROUGH MAY 2015***

| Deadline – 12PM on Following Dates: | Meeting Date: |
|-------------------------------------|---------------|
| Tuesday, October 7, 2014            | 10/23/2014    |
| Tuesday, November 18, 2014          | 12/4/2014     |
| Tuesday, December 16, 2014*         | 1/15/2015*    |
| Tuesday, February 10, 2015          | 2/26/2015     |
| Tuesday, March 24, 2015             | 4/9/2015      |
| Tuesday, May 5, 2015                | 5/21/2015     |

***\* Note – Early Submission Deadline in December***

### **Please note:**

EPA Non-Faculty increases that are competitive events or under \$10,000 will be reviewed on a weekly basis. Please submit increases by **12pm on Tuesdays**. Barring holidays, we will attempt to have a response by the following Friday.

SPA Increases will be reviewed on a weekly basis. Please submit by **12pm on Tuesdays**. Barring holidays, we will attempt to have a response by the following Friday.

EPA Faculty increases that are competitive events or under \$10,000 will be reviewed on a semimonthly basis. Please submit increases by **12pm on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesday** of every month with the exception of December when all requests will be reviewed on December 10, 2013. Barring holidays, we will attempt to have a response by the following Friday.