



GENERAL ADMINISTRATION

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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

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## MEMORANDUM

**DATE:** August 24, 2011

**TO:** Chancellors

**FROM:** Suzanne Ortega, Senior Vice President for Academic Affairs  
William Fleming, Vice President for Human Resources

**RE:** Protocols for Faculty and Staff Salary Adjustments - 2011-2012

**Copy:** Chief Academic Officers; Chief Financial Officers; Chief Human Resources Officers

The Board of Governors met on August 12, 2011 and confirmed the process that the University of North Carolina will follow on salary matters for the remainder of fiscal year 2011-2012. On behalf of President Ross, we are forwarding instructions to guide adjustments for faculty, EPA non-faculty, and SPA staff salaries. (For your reference, we have also attached a copy of the July 1, 2011 memorandum from Andy Willis, State Budget Director and Linda Coleman, Director of State Personnel.)

### Statutory Requirements for Salary Adjustments for 2011-12

The 2011 Appropriations Act provides that the “*annual pay of all state employees for the 2011-2013 fiscal biennium shall remain unchanged from that authorized on June 30, 2011 or the last date in pay status*” during the fiscal year. Despite this general prohibition, the Act allows salary increases for “special circumstances” described as follows:

Any requested increase must fit within one of these categories:

- a) Job change;
- b) Career progression (this includes faculty promotion and tenure; and SPA progression made within the Banding Classification system);
- c) Demonstrated competencies (within the Banding Classification system);
- d) Increase in job duties or responsibilities;
- e) Any faculty increase funded from Distinguished Professors Endowment Fund or the University Cancer Research Fund;
- f) Any increase funded from “non-State” funding sources (defined as any fund source budgeted outside of “General Funds” such as endowment income, contracts, grants, certain student fees, etc.)

Campuses may reappoint fixed-term faculty employees in fiscal year 2011-2012 as necessary, consistent with any operable Office of State Budget and Management memoranda. However, if they are reappointed to do the same job they previously held then there may be no increase in salary from state funds. Any increase would have to come from non-state sources.

### **Salary Approval Process**

Campuses should process all proposed salary adjustments in accordance with the following parameters:

- All proposed salary adjustments (including stipends and temporary increases that are projected to last longer than six-months) must be approved by the chancellor.
- All personnel actions for salary increases must include a statement in the comments section of the “Board of Governors Salary Increase” template to certify that the Chancellor or the Chancellor's designee have approved this request. Any delegation of authority by the chancellor must be in writing.
- Following chancellor approval, if an increase is equal to or greater than 10% (ten percent) on an individual or cumulative basis for this fiscal year, a request for approval must be forwarded to UNC General Administration for Board of Governors’ approval.

## Board of Governors' Pre-approval of 10% and higher Salary Requests

Proposed salary adjustments will be reviewed in accordance with the following parameters during the 2011-2012 fiscal year, as approved by the Board of Governors at the August 2011 meeting and as further described in guidance provided by UNC-General Administration:

1. All proposed salary adjustments that will result in an increase equal to or greater than 10% (ten percent) on an individual or cumulative basis for this fiscal year must be forwarded to UNC General Administration for pre-approval. All such requests should be emailed to Lisa Adamson ([adamson@northcarolina.edu](mailto:adamson@northcarolina.edu)) using the "Board of Governors Salary Increase" template provided. In addition to the data on the template, for those requests that will require Board review (item 3 below), campuses will need to provide the standard supporting documentation that would have been provided under the previous 15% and \$10,000 policy (i.e. offer letters, etc.).
2. No requested increase may be paid to the employee prior to approval from the President or the Board of Governors.
3. If the proposed increase (10% or more) is equal to or greater than \$10,000 (for actions not otherwise delegated to the President by the Board noted below in item 4), then the Personnel and Tenure Committee will review the request for approval at a regularly scheduled Board meeting.
  - a. Requests that require Board approval must be received two weeks prior to a scheduled Board meeting (see attached schedule of meetings and dates for submission of requests.)
  - b. Retention increase requests that fall in this category are subject to the same procedures as previous years.
  - c. Following review and approval by the Board, formal notice will be transmitted to the requesting chancellor.
4. If the proposed increase (10% or greater) falls into one of the following categories, the President will review the request for approval:
  - a. less than \$10,000;
  - b. for a 9 month to 12 month formula conversion (or similar formula conversion in which the hourly pay rate does not change);
  - c. for an SPA employee;
  - d. for a competitive hire of a current state employee into a new position in compliance with EEO/AA policy; or
  - e. for promotion to higher faculty rank consistent with campus policy.

Requests to the President will be considered on a bi-weekly basis. In general, the submission deadline will fall on a Thursday. A schedule of dates for

submission/approval is attached. Notification of review and approval will occur as soon as reasonably possible thereafter.

For retention increase requests that fall in this category, the timeline above is waived. Due to the time sensitivity of retention offers, you may send forward requests as needed.

We recognize that this is an additional step in an already complex process. We will endeavor to make necessary adjustments or improvements as we continue through the remainder of this fiscal year.

### **Campus Notification to the Boards of Trustees**

The Board of Governors now requires that the chancellors report, at least quarterly, to their respective boards of trustees, all salary increases approved where the increased salary exceeds \$100,000.

### **Monitoring of Salary Adjustments in 2011-12**

Quarterly reports to the Office of State Budget and Management and the Office of State Personnel for monitoring compliance are still required by legislation. UNC General Administration will continue to collect/compile a system-wide report.

The “*Protocols for Faculty and Staff Salary Adjustments 2011-2012*” attached to this memorandum provide access to information for each campus to determine appropriate salary ranges for faculty based on peer data (you are reminded that the peers for each campus are currently those identified in the 2006 University Faculty Salary Study) and disciplinary comparisons.

### **Additional Considerations and Guidance**

Campuses *with* Management Flexibility to Appoint and Fix Compensation will need to submit the following:

1. Updates to salary ranges established by the Board of Trustees that have occurred since management flexibility was granted.
2. The “Board of Governors Salary Increase” template (*Attachment A* of the “*Protocols for Faculty and Staff Salary Adjustments 2011-2012*,” listing any salary increase approved by the Board of Trustees for Senior Academic and Administrative Officers (other than those 10% and above that have already been approved prior to the date of this memorandum), *for information purposes only*, by September 30, 2011.

Campuses without Management Flexibility to Appoint and Fix Compensation must submit the following:

1. Any salary change requests (not previously approved prior to the date of this memorandum) must be submitted for approval for those administrators for whom salary ranges have been established by the Board of Governors, referred to in Section II.B. of the attached “*Protocols for Faculty and Staff Salary Adjustments,*” as well as other similarly-situated administrators, by September 16, 2011.

### **Principles for Salary Adjustments with Non-State Funds**

If campuses with funds available from grants, endowment income, or other non-state funds choose to use those funds to make permanent or temporary salary adjustments, those adjustments must be consistent with endowment funds guidelines, funding agency requirements, and requirements for the use of other non-state funds.

1. Permanent increases to the base salary from endowment income must be treated in the same manner as all other salary increases for reporting purposes. If the funds will be temporary, the employee must receive the terms of the salary increase in writing.
2. The use of grant funds for a portion of the annual salary must be consistent with the funding agency policy and the employee must receive the terms of the salary increase in writing.
3. The use of other non-state funds for a portion of the annual salary must be consistent with the requirements for the use of the funds and the employee must receive the terms of the salary increase in writing.

In years past when we have had general legislative appropriated salary increases, we have identified merit, retention, market adjustment, equity, compression, and inversion as key issues to consider in making awards. Under the circumstances where only a small portion of our employees will have adjustments, these issues obviously cannot be addressed systematically. However they remain important considerations for salary adjustment requests and setting initial hiring salaries.

### **Summary**

We recognize that these are very difficult times for the University system. We know that you and your staff are working hard to continue the mission of the University while facing significant budget reductions.

We are available to answer questions about the salary process. Our email addresses are: [stortega@northcarolina.edu](mailto:stortega@northcarolina.edu) or [wafleming@northcarolina.edu](mailto:wafleming@northcarolina.edu).

STO/WAF/la  
Attachments



STATE OF NORTH CAROLINA  
OFFICE OF STATE PERSONNEL  
1333 MAIL SERVICE CENTER  
101 WEST PEACE STREET  
RALEIGH, NC 27699-1333

BEVERLY EAVES PERDUE  
GOVERNOR

LINDA D. COLEMAN  
STATE PERSONNEL DIRECTOR

July 1, 2011

**Memorandum**

To: Agency Heads/Chancellors  
Agency/University Chief Fiscal Officers  
Agency/University Human Resources Directors

From: Linda D. Coleman *Linda D. Coleman*  
State Personnel Director

Andy Willis *Andy Willis*  
State Budget Director

Subject: 2011-2013 Appropriations for Salaries

The General Assembly has enacted House Bill 200, Session Law 2011-145 (Budget Bill) as amended by House Bill 22 (Session Law 2011-391), which makes appropriations for 2011-2013. The Budget Bill does not include funding for legislative increases or legislative bonuses. As directed in Section 29.8(a) of House Bill 200, the annual pay of all State employees for the 2011-2013 biennium shall remain unchanged from that authorized on June 30, 2011, or the last date in pay status during the 2010-2011 fiscal year, if earlier, except that an increase may be allowed under the following special circumstances:

- (1) For all State employees regardless of funding source, and for employees of the North Carolina Community College System and local school boards who are paid from State funds, salaries may be increased for reallocations or promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or any other adjustment related to an increase in job duties or responsibilities, none of which are subject to the salary freeze otherwise provided by this Part. All other salary increases are prohibited.
- (1a) For employees of the North Carolina Community College System, notwithstanding subdivision (1) of this subsection, salaries may be increased if the increase is funded from local funding sources.
- (2) For The University of North Carolina, (i) faculty using funds from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer research supported by that fund and (ii) faculty, nonfaculty, and other employee adjustments, including retention adjustments, funded from non-State funding sources.

- (3) For employees of the judicial branch, for local supplementation as authorized by G.S. 7A-300.1.

In addition, cumulative salary adjustments allowed as an exception to the freeze for the 2011-2012 fiscal year, may not exceed ten percent (10%) of the annual salary unless the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, the local board of education, or other authorized body as appropriate.

State agencies should forward their requests for exception to the 10% salary limit to their assigned OSP Salary Administration Consultant. OSP staff will review the request to determine if it meets salary administration and budget salary freeze guidelines before sending it to OSBM for a final decision.

Universities should forward their requests for exceptions to the 10% salary limit to UNC-General Administration. UNC-GA will send specific instructions to the campuses on the exception process. If the university does not have delegation of authority for salary administration or the salary increase represents an exception to policy, then the university should forward the salary increase request to OSP for salary administration approval prior to sending the request to UNC-GA for the 10% limit exception approval.

The salary freeze applies to all State employees regardless of appointment type and includes State officials and persons in exempt positions as well as temporary and permanent hourly State employees. The salary freeze also applies to employees who work a nine-, ten-, or eleven-month work year schedule.

The Budget Bill also includes a requirement that the Office of State Budget and Management and the Office of State Personnel shall monitor jointly the compliance of agencies and universities with the salary freeze provisions of Section 29.8 of S.L. 2011-145. Quarterly reports will be forwarded to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division. The reports will include a list of all salary increases including type of action (i.e. promotion, reallocation, in-range, etc.), the amount of the increase and the annual salary. The report shall also include a summary of actions taken with respect to unauthorized salary increases.

Attached is a list of frequently asked questions related to the salary freeze to assist you with making salary decisions. If you have any questions about the information outlined in this memorandum, please contact your assigned OSP Salary Administration Consultant at 807-4800 or your assigned State Budget Analyst at 807-4700.

cc: David McCoy, State Controller

Attachments

# 10% SALARY INCREASE PRE-APPROVAL PROCESS

*Submission Deadline: August 2011 – June 2012*

<b>BOG REVIEW</b>	<b>Deadline – 3PM on Following Dates:</b>	<b>Meeting Date:</b>
BOG Meeting	Friday, August 26, 2011	9/9/2011
BOG Meeting	Friday, September 23, 2011	10/7/2011
BOG Meeting	Friday, October 28, 2011	11/11/2011
BOG Meeting	Tuesday, December 20, 2011*	1/13/2012
BOG Meeting	Friday, January 27, 2012	2/10/2012
BOG Meeting	Friday, March 30, 2012	4/13/2012
BOG Meeting	Friday, June 1, 2012	6/15/2012

<b>PRESIDENT REVIEW</b>	<b>Deadline – 3PM on Following Dates:</b>
President Review	Thursday, September 08, 2011
President Review	Thursday, September 22, 2011
President Review	Thursday, October 06, 2011
President Review	Thursday, October 20, 2011
President Review	Thursday, November 03, 2011
President Review	Thursday, November 17, 2011
President Review	Thursday, December 01, 2011
President Review	Thursday, December 15, 2011**
President Review	Thursday, January 05, 2012
President Review	Thursday, January 19, 2012
President Review	Thursday, February 02, 2012
President Review	Thursday, February 16, 2012
President Review	Thursday, March 01, 2012
President Review	Thursday, March 15, 2012
President Review	Thursday, March 29, 2012
President Review	Thursday, April 12, 2012
President Review	Thursday, April 26, 2012
President Review	Thursday, May 10, 2012
President Review	Thursday, May 24, 2012
President Review	Thursday, June 07, 2012
President Review	Thursday, June 21, 2012

*\*BOG Submission deadline moved to Tuesday 12/20/2011 for Winter Holidays*

*\*\*President's Schedule skips a week for the Winter Holidays, and restarts on 1/5/2012*