

**** Attachment E ****

**The University of North Carolina General Administration
Fiscal Year 2015-2016 EHRA Senior Academic and Administrative Officer
(SAAO) Salary Range Instructions and Salary Setting Guidance**

Overview and Purpose

The University's salary ranges for Senior Academic and Administrative Officer (SAAO) positions Exempt from the State Human Resources Act (EHRA) are market-based to support attraction and retention of highly qualified executive talent at the constituent institutions. The established salary ranges are intended to inform sound and equitable salary setting decisions, while maintaining appropriate stewardship of State and University budgetary resources.

Compensation Rates

For each unique senior officer job title and peer group, there are a series of compensation rates intended to inform individual compensation decisions. These rates are as follows:

- The ***“Overall Salary Range Minimum”*** defines the start of the assigned salary range and the minimum compensation level for a position. There may be situations where an individual is paid below this minimum, but that should be the exception and typically addressed by management in a timely manner. Individuals paid below the minimum may be brought to the salary range minimum all at once or in an incremental manner, as deemed appropriate and as budgetary resources permit.
- The ***“50th Percentile”*** represents the salary amount at which 50% of the individuals in like positions at surveyed peer institutions make equal to or less than this amount, and 50% make greater than this amount. This is a representation of the “middle of the market” for compensation of the subject position.
- The ***“75th percentile”*** represents the salary amount at which 75% of the individuals in like positions at surveyed peer institutions make equal to or less than this amount, and 25% make greater than this amount. This is a representation of the upper quartile of the market, which may be utilized to recognize high performing, highly experienced, highly specialized, or hard to recruit or retain talent.
- The ***“Market Range”*** is the portion of the salary range that falls between the 50th and 75th percentiles. It is the most commonly used portion of the salary range within the observed market for the indicated job title.
- The ***“Overall Salary Range Maximum”*** defines the end of the assigned salary range and the maximum compensation level suitable for a position. Exceeding this amount is generally not expected, and requires extenuating circumstances,

supporting market data, and approval from the President and/or the Board of Governors, as applicable.

UNC GA SAAO Salary Range Methodology

- The salary ranges are based on annual survey data from the College and University Personnel Association (CUPA).
- The University uses the prior three (3) years of CUPA survey data in developing its salary ranges and “ages” this data to account for inflation of salaries over the multi-year period.
- Whenever possible, individual position salary ranges are constructed directly from equivalent positions identified in the CUPA salary survey. However, if a position does not have a precise equivalent and/or lacks sufficient peer data in the CUPA survey, an “equity range” is assigned based on a benchmark position that has similar attributes or a defined subordinate relationship. In this instance, the salary range minimum, 50th and 75th percentile, and salary range maximum are derived and are a best faith estimate of market utilizing available CUPA salary survey data.
- The salary ranges are developed around the 75th percentile of the CUPA market data to assure that the University has the ability to match and, when necessary, lead market in compensating hard to recruit or retain executive talent.
- The salary ranges are constructed using intentionally broad salary range spreads, so that salary range minimums can accommodate less experienced, developmental talent and salary range maximums can stretch to accommodate highly experienced, hard to recruit executive talent. The range spread represents the percentage difference between the salary range minimum and maximum.
- Tier I SAAO positions feature a salary range spread of 100% and Tier II SAAO positions feature an 80% salary range spread.

Guidance in Using Salary Ranges in Individual Salary Setting

A specific salary amount for an individual employee is based on a variety of factors, which should be considered in totality by management. These factors include, but are not limited to:

- Available budgetary resources
- Demonstrated employee knowledge, skills and experience
- Employee performance and demonstrated accomplishments
- Possession of an advanced degree or professional credentials that enhance the employee’s ability to perform required or essential duties of the position
- Scarcity and uniqueness of employee skills and abilities in the context of the relevant local, regional, national, or international labor market(s)

- Equity and salary relationships to substantially equivalent incumbents within the employee's work unit, School/Division, or the employing unit as a whole
- The cost, impact, and/or time necessary of having to replace a key employee, as opposed to retention
- The employee's current positioning with respect to the "**Market Range**" given their skills, abilities, knowledge, and performance.

In setting any individual salary, management should consider all of the relevant employee salary setting factors to determine the most appropriate positioning within the overall salary range. The "**Market Range**" represents a common starting point for this decision-making, and the 50th percentile (which is the start of the market range) is not an unusual placement for many fully performing, fully functioning employees. Placement at or above the 75th percentile (which is the top of the market range) is typically based on more highly functioning, highly experienced employees that can be especially challenging to recruit and retain. In general, there will be considerable numbers of employees paid below the 50th percentile of the salary range, and there will be many employees in a broadband salary structure who may never exceed the 75th percentile across the length of their career. Overall, management should be prudent and judicious in proposing salary amounts that are equitable, fiscally sound, and defensible, with special attention paid to those that fall above the established "**Market Range**."

Salary Range Implementation Guidelines

- Campuses **without** management flexibility must comply with all published UNC GA salary ranges for both Tier I and Tier II SAAOs. This means SAAO employees may not exceed the stated maximums, without the written approval of the President or his designee. *Note: Any proposed salary action for an SAAO Tier I position at a campus without management flexibility must also receive pre-approval from the President via a request to the Vice President for Human Resources.*
- Campuses **with** management flexibility must comply with all GA salary ranges for SAAO Tier I positions. These campuses have the option to also utilize the UNC GA ranges for SAAO Tier II positions, or utilize an alternative campus-developed compensation structure for this tier, but **only** if campus salary ranges have been pre-approved by the campuses BOT. In this instance, the salary ranges must incorporate a methodology that is clearly documented, market-based, and has sound salary-setting procedures. *Note: Salary ranges developed on an ad-hoc basis by the campus human resources unit or campus Institutional Research unit that are not part of a comprehensive salary range structure approved by the campus BOT are not an acceptable substitute for using the UNC GA salary ranges.*
- If an SAAO Tier II position lacks a precise "match" in the published GA salary ranges or campus-based salary ranges approved by a BOT, a custom range

must be proposed and approved by UNC GA Human Resources. A good faith comparable position from the CUPA-HR market data using approved campus peers will generally be accepted.