



The University of North Carolina
GENERAL ADMINISTRATION
POST OFFICE BOX 2688, CHAPEL HILL, NC 27515-2688
Division of Academic Affairs
Telephone: (919) 962-1000 • Fax: (919) 962-0120

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

TO: Chancellors

FROM: Suzanne Ortega, *Suzanne I. Ortega*
Senior Vice President for Academic Affairs

William Fleming
William Fleming,
Vice President for Human Resources

SUBJECT: Instructions for EPA Faculty and EPA Non-Faculty Salary
Adjustments 2012-2013

DATE: August 10, 2012

The Board of Governors met on August 10, 2012 and confirmed the process that the University of North Carolina will follow on salary matters for the remainder of fiscal year 2012-2013. On behalf of President Ross, we are forwarding instructions to guide adjustments for EPA Faculty and EPA Non-Faculty salaries.

If you should have questions or require assistance regarding:

EPA Faculty issues please contact, Suzanne Ortega: 919-962-4614 or
stortega@northcarolina.edu

EPA Non-Faculty issues please contact, William Fleming: 919-962-4647 or
wafleming@northcarolina.edu

Funding allocations please contact Ginger Burks: 919-962-4604 or
ginger@northcarolina.edu

Process/Calendar questions please contact Keith Dupuis for EPA Non-Faculty (919-843-5479 or kedupuis@northcarolina.edu) or Samantha McAuliffe for EPA Faculty (919-962-4614 or slmcauliffe@northcarolina.edu)

cc: Chief Academic Officers
Chief Financial Officers
Chief Human Resources Officers

**SALARY ADJUSTMENT INSTRUCTIONS
EPA FACULTY AND EPA NON-FACULTY
FISCAL YEAR 2012-2013**

I. 2012-2013 Appropriation for Salary Adjustments.

The 2012 modifications to the Current Operations and Capital Improvements Appropriations Act of 2011 (the Act) authorizes and funds salary increases of 1.2% for University employees for the 2012-2013 fiscal year, subject to the requirements set forth in the Act. The Act provides up to \$22,221,350 to support salary increases for Employees Exempt from the Personnel Act (EPA employees) and up to \$8,649,234 for SPA employees. The General Assembly also provided \$3,000,000 for the University Faculty Recruiting and Retention Fund. Salary adjustments for SPA employees may be made only in accordance with instructions provided by the State Budget Director and the Director of the Office of State Personnel and are not otherwise addressed in these instructions.

Salary adjustments for EPA employees must be made in accordance with University policy and the instructions set forth herein, as approved by the Board of Governors on August 10, 2012. Subject to these instructions, the Chancellors may use the funds appropriated by the General Assembly for salary increases to provide merit pay increases, across-the-board increases, recruitment bonuses, and retention increases, as well as to offset the management flexibility reduction or to employ personnel. Chancellors may also utilize institutional funds other than funds appropriated by the General Assembly for salary adjustments based on performance and merit, to respond to market conditions, and to address salary inequities including those that may have arisen during a period of scarce resources for academic salaries. In addition, Chancellors may use funds derived from campus-initiated tuition increases (CITI) for salary adjustments that are consistent with the Board of Governors' mandate regarding the use of these funds.

II. Instructions for Salary Adjustments

All funds used for salary adjustments, regardless of source, are subject to the limitations and conditions set out herein including, but not limited to, funds appropriated by the General Assembly under the Act for salary adjustments, funds available from vacant lines, endowment funds, CITI, and grant funds.

A. General

1. **Management Flexibility:** The Board authorizes the Chancellors to use funds appropriated by the General Assembly under the Act for salary adjustments to offset the management flexibility reduction or to employ personnel.
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 salaries must be set within ranges established by the Board of Governors on June 15, 2012 and communicated to Chief Academic Officers and the members of the Human Resources Council on June 19, 2012. Salary ranges for deans should be set by each campus based on discipline, national

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peer data, and CUPA data for the peer institutions, as approved by the Board of Governors in October 2011. Requests for exceptions must be forwarded with recommendations from the Chancellor, the President, and the Committee on Personnel and Tenure to the Board of Governors. (Instructions below)

4. Medical School Salaries: (UNC-CH and ECU only)

- a. Salaries for the medical schools 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, compensation bonuses provided by the plans will be paid in proportion to the distribution of their salaries between the funding source for the applicable plan and the state sources. Any remaining salary increase 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. Since it is commonplace that substantial components of salaries of full-time faculty members in clinical departments of schools of medicine derive from receipts for patient care by approved institutional clinical practice plans, it is acknowledged that total salaries of faculty members for full-time service in these disciplines should reflect their levels of clinical activity. Thus, it is consistent that the salary of a faculty member in a clinical department be subject to a salary decrease if there is a substantial reduction in the individual's level of participation in the practice plan.

B. July 1 Increases

- 1. Minimum Increases for EPA Employees.** Subject to the following requirements and exclusions, each eligible EPA employee should receive a salary increase of not less than 1.2% for the 2012-2013 fiscal year.
 - a. The salary increase shall be effective July 1, 2012 and paid in the September payroll (or as soon thereafter as possible) with the appropriate retroactive calculation.
 - b. If an employee is paid in part or in whole from non-state funds, any increase related to the 1.2% across-the-board must be allocated proportionately to the base salary, across all funding sources.
 - c. Chancellors may determine in appropriate circumstances that individual employees will not receive some or all of the salary increase described above. Examples of circumstances in which chancellors may elect not to apply a July 1 increase include.
 - 1) EPA employees who have been hired in the current position in 2012 with a salary determined for 2012-13.

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- 2) EPA employees who have fixed term contracts that have established 2012-13 salaries.
 - 3) EPA employees who have been given notice of non-renewal of appointment.
- d. **Other Salary Adjustments:** The Board authorizes the Chancellors to use any additional funds, including any remainder of the funds appropriated by the General Assembly for salary increases under the Act, to provide salary increases to EPA employees for retention, merit, or equity, or to provide recruitment bonuses, as authorized by the Act and consistent with University policy, as reflected herein.
- 1) Any salary adjustments (permanent or temporary) made with non-state funds, including funds from grants, endowment income, or other sources must be consistent with applicable endowment fund guidelines, funding agency requirements, and any other applicable requirements.
 - 2) Such additional funds cannot exceed a 1.8% pool on a campus-wide basis; however, salary adjustments made from the Faculty Recruitment and Retention Fund are not to be included in the 1.8 % calculation.

2. Procedures for Review and Approval

Consistent with the foregoing requirements, the Chancellors shall present their salary increase recommendations, if any, according to these instructions for 2012-13. Salary increases for 2012-13 shall not be reflected in any payrolls until the appropriate authorizations from the President and Board of Governors have been completed.

- a. **No additional approval is required for the 1.2 % across-the-board adjustments.**
- b. **Salary Adjustments Requiring BOG approval:**
 - 1) Salaries for any individual that lead to a salary level of 15% or more AND \$10,000 or more above the June 30, 2012 salary on an individual or cumulative basis, shall continue to require prior approval by the Committee on Personnel and Tenure, such increases should be requested only in exceptional circumstances. All requests should be emailed to bogapproval@northcarolina.edu using the "Board of Governors Preapproval Form Template FY 2012-2013." (*Attached separately-referred to as Attachment A*)
 - 2) **Exceeding the Established Salary Range:** Instances in which the proposed salary of any EPA employee will exceed the established salary range (except for those salaries currently above the range for employees who receive the 1.2% salary increase) must also be submitted to the Board of Governors for pre-approval.
- c. **Campuses without management flexibility to appoint and fix compensation** must submit the following:

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- 1) All requests for salary increases (other than the 1.2%) for SAAOs (which includes the chancellors, vice chancellors and provosts, deans, and directors of major educational or public service activities who have a rank equivalent to dean, head librarians, or legal assistants to the chancellors) must be submitted to the President. Due to the September BOG deadlines, these recommendations must be received by August 28, 2012. Please continue to use the attached “Board of Governors Preapproval Form Template FY 2012-2013” for this purpose (*Attachment A*).
- d. **Campuses with management flexibility to appoint and fix compensation** must 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 listing any increases (other than the 1.2%) approved by the Board of Trustees for SAAOs, *for information purposes only* by September 30, 2012. (*This template will follow in a separate email with instructions.*)
- e. **Medical Faculty:** 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* recommended to the chancellor for faculty members in those departments. 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. Submit this report by September 30, 2012.
- f. **Delegation to Chancellors:** The President is authorized to delegate to the Chancellors of all campuses approval of all increases that are below \$10,000 or 15% and are paid entirely from grants or contracts, or other non-appropriated funds.

C. Salary Adjustments After September

1. **Salary Adjustments:** Salaries for any individual that lead to a salary level of 15% or more AND \$10,000 or more on an individual or cumulative basis for 2012-2013 shall continue to require prior approval by the Committee on Personnel and Tenure, such increases should be requested only in exceptional circumstances. All requests should be emailed to bogapproval@northcarolina.edu using the “Board of Governors Salary Increase” template.
2. **Exceeding the Established Salary Range:** Instances in which the salary of any EPA employee is requested to exceed the established salary range must also be submitted to the Board of Governors for pre-approval.

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3. BOG Pre-Approval is not required for:

- a. An increase resulting from a change in contract period, (i.e. 9 months to 12 months appointment conversions or FTE adjustments) where the payrate does not change.
- b. A temporary administrative supplement (such as for advisers, department chairs, assistant department chairs, etc.) *that does not change the annual base salary rate*. It is anticipated that such increases will be associated with persons given new or additional assignments or changes of duty; or
- c. Salary increases in excess of \$10,000 and 15% for faculty members who are receiving 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.*

Except for campuses without management flexibility:

- d. An increase in an EPA salary, less than \$10,000 OR less than 15%, paid entirely from grants or contracts or other non-appropriated funds, such as an increase associated with an anniversary date of employment or of the contract(s) and grant(s) from which the salary is funded.
- e. Increases due to a promotion resulting from a competitive (external) search process (search waivers are not competitive searches).

III. Salary Increase Reporting Requirements

Quarterly salary increase reports to the Office of State Personnel, the Office of State Budget and Management, and the Fiscal Research Division are still required for 2012-13. UNC General Administration will continue to collect and compile the system-wide report.

In addition, the required report on the uses of the 1.2% salary increase appropriation, as noted in the budget provision, will be coordinated by UNC General Administration Finance Division after the salary increase funds have been enacted. Campuses will need to document associated actions taken in the use of those funds, in order to complete that 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*).

EPA Salary Planning and Approval Calendar 2012-2013

As of August 10, 2012

August 10, 2012	Board of Governors reviews 2012-13 Salary instructions.
August 10, 2012	Salary Instructions to campuses
August 28, 2012	Campuses submit recommendations for “Recommended Salary Increases for Senior Academic and Administrative Officers – 2012-2013” for campuses without management flexibility to appoint and fix compensation (<i>see Attachment A and Section II.B.1 of the Salary Adjustment Instructions</i>)
August 28, 2012	Campuses submit requests for all increases of 15% or more AND \$10,000 or more over the 2011-12 salary, including salaries for senior academic and administrative officers, to bogapproval@northcarolina.edu (<i>see Attachments A and B and section II.B and section III of the Salary Adjustment Instructions</i>)
September 14, 2012	Board of Governors meeting.
September 14, 2012	President authorizes institutions on UNC Shared Services Payroll to include salary increases for 2012-13 in September EPA payrolls - ECSU, FSU, NCA&T, NCCU, NCSA, UNC-A, UNC-P, WCU, WSSU. (<i>See section II.C.2 of the Salary Adjustment Instructions</i>)
September 14, 2012	President authorizes institutions not on UNC Shared Services Payroll to include salary increases for 2012-13 in September EPA payrolls - ASU, ECU, NCSU, UNC-CH, UNC-C, UNC-G, UNC-W. (<i>See section II.C.2 of the Salary Adjustment Instructions</i>)
September 30, 2012	Campuses with schools of medicine submit information copy of annual summary of salary reductions for faculty members in clinical departments of schools of medicine. (<i>See section II.B.3 of the Salary Adjustment Instructions</i>) No form is prescribed. Report on Updates to salary ranges by Boards of Trustees that have occurred since management flexibility was granted and any increases approved by Boards of Trustees for SAAOs.
September payroll	EPA salary increases included in September payroll.

Attachment B: Salary Ceilings for Certain Faculty Groups in Health Affairs

The ceilings listed below are established for faculty in the Schools of Medicine at East Carolina University and at UNC-Chapel Hill according to the indicated clusters and are based on the *Report on Medical School Faculty Salaries* published by the Association of American Medical Colleges (AAMC). Salary ceilings include funds paid from all sources. Salary ceiling information was submitted jointly by The Brody School of Medicine at East Carolina University and the University of North Carolina at Chapel Hill School of Medicine.

Departments of Anesthesiology, Emergency Medicine, Obstetrics-Gynecology, Ophthalmology, Otolaryngology, Orthopedics, Clinical Pathology, Radiology, Radiation Oncology, Pediatric Cardiology, Neonatology, Internal Medicine Cardiology, Gastroenterology, and Oncology and Surgical Subspecialties.

The University of North Carolina at Chapel Hill School of Medicine and The Brody School of Medicine at East Carolina University Clinical Faculty Salary Ceilings and FY 2012-2013 (proposed)

	<u>Position</u>	2012-2013
	Professor & Chair, Division Chief, or Center Director	\$1,588,000
	Professor	\$1,358,000
	Associate Professor	\$1,210,000
	Assistant Professor	\$679,000
	Instructor	\$575,000
Cardiothoracic Surgery	Professor & Chair, Division Chief, or Center Director	\$1,533,000
	Professor	\$995,000
	Associate Professor	\$935,000
	Assistant Professor	\$585,000
	Instructor	\$395,000
All Other Departments	Professor & Chair, Division Chief, or Center Director	\$808,000
	Professor	\$638,000
	Associate Professor	\$519,000
	Assistant Professor	\$448,000
	Instructor	\$334,000

Attachment B: Salary Ceilings for Certain Faculty Groups in Health Affairs

<u>Position</u>	2012-2013 (proposed)
Allied Health Department	
Chair/Dean	\$278,189
Division Director	\$207,922
Professor	\$185,065
Associate Professor	\$152,944
Assistant Professor	\$138,022
Instructor	\$108,964

SCHOOL OF DENTISTRY

Professor and Chair	\$595,000
Professor	\$570,000
Associate Professor	\$550,000
Assistant Professor	\$400,000
Instructor	\$225,000

SCHOOL OF PUBLIC HEALTH

Professor and Chair	\$519,000
Professor	\$493,000
Associate Professor	\$354,000
Assistant Professor	\$268,000
Instructor	\$184,000

Attachment C: University Faculty Recruiting and Retention Fund

Guidelines *[Revised: July 16, 2012]*

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:

Campuses should submit requests for funding support through the chancellor to:

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

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. **The amount of funds requested should reflect the amount of the salary increase, plus benefits.**
2. Supporting documents, e.g., curriculum vitae of the faculty member being recruited or retained, summary of institutional funds committed to recruit and/or retain an exceptional faculty candidate/member.
3. Optional supporting documents, letter of offer from competing organization.

Attachment C: University Faculty Recruiting and Retention Fund

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. 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.

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

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

4. 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.

5. If a counteroffer 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. No, pursuant to Policy 200.6, approved by the Board of Governors on November 10, 2006, this authority has been delegated to the President providing that the salary is within the established salary range and the salary increase is not in excess of 15% and \$10,000 higher than the salary in effect at the end of the last fiscal year.

Attachment C: University Faculty Recruiting 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 Erskine 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.)

As they come in. 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?

Up to the Chancellor.

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 with this FAQ list. Appeals may be made by the Chancellor with the President.

7. Requests for retention funds that result in a salary increase of 15% or more and \$10,000 or more must be approved by the President. ***(Policy 200.6 was amended on June 8, 2007 delegating approval of such requests to the President.)***