

ADMINISTRATIVE MEMORANDUM

SUBJECT Delegation of Responsibility for
Classification and Compensation of
SPA Personnel to Constituent Institutions

NUMBER 394

DATE March 5, 1999

I. Introduction

In August 1997 the University of North Carolina and the Office of State Personnel (OSP) entered into a Partnership Agreement that extended "authority to and establishe[d] responsibility for the President of the University of North Carolina to act on behalf of the State Personnel Director and staff of OSP under terms and conditions described" with the goal of increasing "efficiency and effectiveness in the human resource operations of the University and in the State of North Carolina." The Partnership Agreement further provided that the responsibility and authority for day-to-day management of all human resource functions affecting University employees subject to the State Personnel Act (SPA) would be delegated to the president and that the president could, in turn, delegate some or all of the functions to those constituent institutions which can show their readiness to assume such responsibility. The long-term goal of this agreement is to establish a university component of the State personnel system that provides for the effective and efficient management of State Personnel Act (SPA) human resources across all campuses by further delegating authorities and responsibilities from OSP to the University of North Carolina General Administration (UNCGA). Ultimately, each campus will assume responsibility for managing personnel matters under the guidance of UNCGA. However, while individual institutions work to strengthen their personnel operations, OSP will continue to provide services to those who do not have full delegation.

The Partnership Agreement called for the establishment of a transition team to establish the basic framework for shifting responsibility from OSP to the University. During the 1997-98 academic year, the Transition Team, consisting of representatives from the campuses, the University of North Carolina General Administration (UNCGA), and OSP, worked on a plan of implementation for the Partnership Agreement. That plan was accepted in substance by the director of OSP and the president in September 1998.

A copy of the Transition Team report to implement the Partnership Agreement is attached. The Transition Team has now been replaced by the UNC Human Resources Advisory Board for SPA Employees (HRAB-SPA), a permanent representative body responsible for advising the president concerning all aspects of managing the SPA human resources functions within the University.

II. Characteristics of the University Classification System for SPA Personnel

Presently, the constituent institutions have authority for most of the day-to-day management of the SPA personnel functions except in the area of classification and compensation. The purpose of this memorandum is to begin outlining the process for decentralizing responsibility for the classification and compensation of SPA employees to those institutions that can demonstrate their readiness. **The current SPA classification and compensation system will be imported and, with the approval of OSP, and the State Personnel Commission, will be changed gradually to meet the needs of the University. Any changes to the current system will be made in an organized and sequential fashion.**

The following characteristics have been adopted for the University classification system:

- A. The UNC classification system will be regulated by OSP, administered by UNCGA, and monitored jointly by UNCGA and OSP. These two offices will work together in partnership through the HRAB-SPA, which will be coordinated by a human resource professional appointed by the president.
- B. The UNC classification and pay structure will be based on the current “narrative factors comparison” structure, at least in the beginning, but will offer opportunities for institutions to propose, with HRAB-SPA approval, to try alternative classification and compensation structures as pilot projects. At the end of such a pilot project, the HRAB-SPA will receive a report and will disseminate the results of the project to other campuses. This demonstration and dissemination feature will permit other campuses to emulate successful pilots and prevent campuses from repeating similar unsuccessful pilots. The goal will be to have a menu of tested classification and compensation structures from which institutions may choose one or more to meet the needs of different occupational groups of employees. If pilot projects result in the recommendation of changes to the permanent classification and compensation structures that would entail modification of existing rules and policies, approval by the State Personnel Commission will be required.
- C. New classification titles needed by a constituent institution (e.g., grant-funded research positions) may be proposed for addition to the university classification

system at any time. The HRAB-SPA will consider such proposals at their regular meetings or through electronic means in order to assure rapid consideration. An intent of the HRAB-SPA will be to review the current classification and compensation approach, including numbers of classes, ways to simplify the classification structure, and alternative classification and compensation programs.

- D. UNCGA will maintain a data base that will contain a listing of all classifications as well as additional details necessary for generating reports to interested bodies. Each constituent institution may choose to elaborate on these classifications in advertising positions or in their own data system. Constituent institutions will continue to provide data to OSP's Personnel Management Information System (PMIS).

III. General Criteria for Delegation of Classification and Compensation Functions--The Chancellor's Responsibilities

As constituent institutions prepare to request responsibility for managing the day-to-day operations in the area of either current or subsequently approved classification and compensation systems, each institution must recognize that delegation of authority requires that the chancellor assume responsibility for specific functions that will be evaluated on a schedule to be recommended by the HRAB-SPA and approved by the president and the director of state personnel. Specifically, the report of the Transition Team provides that the following criteria must be met in order for constituent institutions to receive delegation of authority for managing classification and compensation. Requests for delegation of such authority will assume that the chancellor is prepared to meet these criteria.

- A. The chancellor of each institution will be responsible for assuring that all programs comply with applicable statutes, rules and regulations.
- B. The chancellor of each institution will, through the human resources director, ensure that a staff is recruited, trained, and retained to manage human resource functions by:
 - 1. requiring attendance at training programs offered by OSP and other organizations as appropriate to develop and maintain knowledge, skills and abilities commensurate with job duties; and
 - 2. maintaining staffing levels that are consistent with the size, complexity and resources of the institution.
- C. The chancellor of each institution will, through the human resources director, ensure that appropriate records are kept on each function of the human resource system in accordance with applicable statutes, rules and regulations.

- D. The chancellor of each institution will, through the human resources director, assure that data are reported consistently to PMIS and to GA.
- E. The chancellor of each institution, through the human resources director, will establish and maintain internal controls and facilitate monitoring activities in order to assure the quality of the human resource programs and processes.
- F. The human resources director will regularly engage in dialogue with the chancellor and other university administrators about institutional and university system human resource issues.
- G. The chancellor of each institution will, through the human resources director, ensure that institutional policies and procedures are written, up-to-date, widely distributed, and accessible. Institutional policies and procedures must comply with those of OSP and UNCGA. Such policies and procedures will be made available to the State Personnel Director for purposes of record keeping.

IV. Specific Criteria for Delegation of Classification and Compensation Functions--
Directors of Human Resources

The following criteria are those that must be met by individual institutions to receive delegated authority in the functional area of classification and compensation. An institution automatically receives salary administration authority for every class for which classification authority is delegated.

- A. The human resources director maintains, trains, and directs a professional, technically-competent classification/compensation staff in order to:
 - 1. apply accepted principles, procedures, standards, and techniques in allocating positions;
 - 2. demonstrate understanding of occupational groups, knowledge of class concepts, and application within various program operations;
 - 3. understand the classification factors and demonstrate understanding through appropriate documentation in data and comparative analysis;
 - 4. ensure tools and resources are available to aid in the analytical process--current organizational charts, class specifications, appropriate position comparisons and benchmarks, and clearly defined position descriptions; and,
 - 5. ensure appropriate supporting documentation to justify all classification actions.
- B. Management and the human resources director must develop institution-specific policies and procedures for accountability that will ensure quality decisions consistent with statutes and policies;

- C. The human resources office must transfer or enter data into PMIS and must have a process in place to reconcile discrepancies with OSP;
- D. The human resources office must ensure that a system is maintained for tracking, processing, cross-referencing, and recording position and employee actions;
- E. The human resources director must ensure that all personnel and position actions are administered in accordance with the State Personnel Commission/OSP regulations, procedures and law;
- F. The human resources director must operate the position management program in accordance with OSP standards (e.g., Position Management Operational Standards).

V. The Process

The process for assuming classification and compensation delegation involves both a written plan and a campus visit. Although the primary reason for requesting a written plan and conducting an on-site visit is to determine the readiness of each campus to assume additional delegation of classification and compensation authority, the HRAB-SPA is interested in better understanding the full scope of responsibilities of each institutional human resources office.

A. Written Plan of Operation

Each constituent institution will submit a plan of operation for its Human Resources Office or Division. **It is important to note that institutions should not request additional delegation of authority unless they are currently staffed to carry out such functions. Institutions that are currently satisfied with their level of delegation or are not yet ready either a) to increase their current level of delegation or b) to assume full delegation may request additional delegation at any future time. OSP will continue to assist campuses lacking full delegation with their classification function as well as other functions.**

Each institution's plan of operation will include the following:

1. A cover letter from the chancellor outlining the current and requested level of delegated authority in the functional area of classification and compensation.

This should also include a list of all SPA classifications for which authority is requested, including those currently delegated.

2. An institutional plan of operation containing the following:
 - a. Mission and vision statements of the university;
 - b. Mission and vision statements of the human resources office and a statement showing the linkage between the university's and the human resource office's mission and vision statements;
 - c. A description of the institution including but not limited to: employee population (SPA vs. EPA), number of classes used, number of students, services provided by human resources office, variety of colleges/schools, and geographical dispersion of employees (e.g., the number of counties in which employees work);
 - d. Staffing and functional organizational charts showing all positions in human resources and the organization placement of human resources as well as a discussion of the staffing complement as related to basic human resources programs and services;
 - e. A copy of the general training plan for prospective employees and the plan for enhancing knowledge, skills, and abilities of current employees to the desired level;
 - f. A summary of the professional development activities of the human resources director and functional area managers for the past two years;
 - g. A description of the assessment plan that the human resources office uses to ascertain the quality of its programs and of its service delivery processes; and
 - h. A description of human resources director's involvement in institution-wide and university-wide issues and interaction with the chancellor and other university administrators.

B. Campus Visit

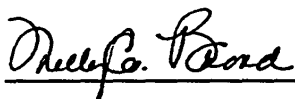
Following the review of the written plan of operation, representatives of the HRAB-SPA will visit each institution. The purpose of the visit is to meet appropriate staff members and provide the HRAB-SPA with an opportunity to learn about the entire human resources operation. Institutions are encouraged to use these visits to help members of the HRAB-SPA understand both the functions and the needs of each institution. All members of the visiting team will hear all presentations. Individual institutions are encouraged to establish the specific agendas for the campus visits to fit their own organization. However, HRAB-SPA members will be interested in a

presentation by human resource division managers concerning their respective areas of responsibility as reflected in the organization chart including:

1. A description of the various personnel processes in each human resource functional area ranging from the establishment of a position and hiring of an individual through separation of the individual. This should include processes involved in classification, compensation, employment, benefits, training and development, etc.;
2. A description of how the human resources office interacts and communicates with all areas of the campus;
3. A discussion of the information management system used and the way in which data are reported to PMIS.

Following receipt of the plan of operation and campus visits, the HRAB-SPA will recommend to the president acceptance or rejection of institutional plans and requested levels of delegation. The decision to delegate partial, full or no authority to constituent institutions will be made by the president based upon the recommendation of the HRAB-SPA and other information, as the president deems appropriate.

The HRAB-SPA expects to have recommendations to the president for delegation for all institutions made during the summer, 1999. In order to do this, written plans should be submitted as soon as possible but not later than May 3, 1999. Your director of human resources will be contacted to set specific dates for site visits.



Molly Corbett Broad

Attachment

Final Report

TRANSITION TEAM

To Implement The Partnership Agreement between the
Office of State Personnel and The University of North Carolina

June 30, 1998

Office of State Personnel

Mr. Tom Barbour, Co-chair

Mr. Dusty Wall

UNC General Administration

Ms. Kitty McCollum

Mr. Richard Robinson

Dr. Judith Stillion, Co-chair

Campuses

Mr. Alan Bridge

University of North Carolina at Greensboro

Dr. Loretta Harper

North Carolina State University

Ms. Mavis Lewis

North Carolina Central University

Mr. Stewart Mixon

East Carolina University

Mr. Gary Stinnett

University of North Carolina at Charlotte

Executive Summary

In 1997, the General Assembly amended General Statute 126.1 to permit decentralization of authority from the Office of State Personnel to the University. Shortly thereafter, the Director of the Office of State Personnel and the President of the University of North Carolina entered into a partnership agreement which outlined some of the basic concepts of decentralization. That agreement was amplified by an addendum that permitted the University to work toward establishing “a distinctive system for managing the SPA human resources of the university that is essentially parallel and equivalent to that of other state agencies.” In order to create the foundation for the new system, the President and the Director created a joint committee. Called the Transition Team to Implement the Partnership Agreement Between the Office of State Personnel and UNC General Administration (Transition Team), it was composed of five directors of human resources from the constituent institutions, three representatives from the Office of State Personnel, and three representatives from UNC General Administration.

The Transition Team met 17 times during the 1997-98 academic year. In addition to the regular meetings, several sub-committee meetings were held. The committee made eight recommendations as follows:

Recommendation One

Recommends the adoption of vision and mission statements as basic understandings upon which the University of North Carolina’s distinctive but essentially equivalent personnel system for SPA employees will be based.

Recommendation Two

Recommends the adoption of ten guiding principles to form the framework for guiding the development of policy and procedures for managing the SPA employees of The University of North Carolina.

Recommendation Three

Recommends the approval of roles for the constituent institutions, General Administration and the Office of State Personnel to clarify authority for day-to-day management of the University’s SPA (Subject to the State Personnel Act) personnel.

Recommendation Four

Recommends the establishment of a centralized office within General Administration for the management of the human resources of the University of North Carolina.

Recommendation Five

Recommends the establishment of the University of North Carolina Human Resources Advisory Board (UNC-HRAB) to advise on SPA issues.

Recommendation Six

Recommends a set of characteristics to be adopted for the University of North Carolina classification system.

Recommendation Seven

Recommends the approval of certain criteria and the process to be followed in order for the constituent institutions to receive delegation of authority for managing human resources functions.

Recommendation Eight

Recommends that the Transition Team be replaced by the UNC-HRAB as the permanent representative body to carry on the business of managing the SPA human resources function of the University.

Background

During the 1997 session of the General Assembly, General Statute 126-1 was re-written to add the following information. "It is also the intent of this Chapter to make provisions for a decentralized system of personnel administration, where appropriate, and without additional cost to the State, with the State Personnel Commission as the policy and rule-making body. The Office of State Personnel shall make recommendations for policies and rules to the Commission based on research and study in the field of personnel management, develop and administer statewide standards and criteria for good personnel management, provide training and technical assistance to all agencies, departments, and institutions, provide oversight, which includes conducting audits to monitor compliance with established State Personnel Commission policies and rules, administer a system for implementing necessary corrective actions when the rule, standards, or criteria are not met, and serve as the central repository for State Personnel System data. The agency, department, and institution heads shall be responsible and accountable for execution of Commission policies and rules for their employees."

Based upon this new wording, the Director of the Office of State Personnel and the President of the University signed a Partnership Agreement, which called for the establishment of a transition team that would work out the basic framework for shifting responsibility to the President and, through her, to the constituent institutions for the daily management of SPA employees. An addendum agreed to by the Director and the President modified the Partnership Agreement as follows:

A. "The long-term goal of this agreement will be to establish a distinctive system for managing all the SPA human resources of the university that is essentially parallel and equivalent to that of other state agencies. Such a system must be built within the parameters of the laws of the state, decision-maker expectations, good human resource practices, and budget considerations. Once established, the system will permit the University to manage all human resources policies and practices.

B. Initially, the University and the Office of State Personnel will identify positions that are unique to the university as well as those positions that are nearly unique (i.e., positions in which the university employs approximately 80% or more of those employed within the state) and place them in the newly developed system. Once positions are identified, the Transition Team will begin to establish the broad principles within which decisions will be made.

C. The new system concept will be submitted to The State Personnel Commission for approval and it will be monitored jointly by the Office of State Personnel and the University. The President will report to the State Personnel Commission through the Director on a schedule and in a manner to be recommended by the Transition Team and approved by the President and Director.”

Activities of the Transition Team

The Transition Team to Implement the Agreement Between the Office of State Personnel and the University of North Carolina met 17 times between September of 1997 and the end of May, 1998. During those meetings, team members explored a full range of issues surrounding the decentralization of the day to day management of the University's SPA (Subject to the State Personnel Act) employees as well as methods of establishing a distinctive but essentially equivalent University Human Resource System. They also identified positions unique or nearly unique to the University for later examination. In addition, the team also reviewed the employment function, identified some areas of concern, and heard recommendations for change. A sub-committee developed a list of recommendations to simplify the process for establishing and filling grant-funded positions.

Throughout the year, team members made two fact-finding trips to the Georgia and Florida system to observe first-hand their human resource management systems; had input from two consultants from the University of Florida system, and had two presentations by Gary Wiggins, Section Chief at the Office of State Personnel. In addition, the Team invited input from Human Resource Directors at several junctures and formed two sub-committees that included staff from human resource offices who were not members of the Transition Team.

The recommendations in this report represent consensus on the part of the members of the Team, who worked collegially throughout the process.

Recommendation One

The following statements of vision and mission should be adopted as basic understandings upon which the university's distinctive but essentially equivalent personnel system for SPA employees will be based.

Vision Statement

The University of North Carolina envisions a university human resource system that will exemplify the best practices of human resource management. The system will be built within the parameters of the laws of the state, decision-maker expectations, good business practices, and budget considerations and will be essentially parallel with the systems and processes of other state agencies. The resulting system will require on-going cooperation between the Office of State Personnel, General Administration of the University of North Carolina, and the constituent institutions. It will encourage maximum delegation to constituent institutions, provide clear guidelines for operation, promote maximum flexibility, and assure clear accountability to the President of the University, the Office of State Personnel, and the General Assembly. The system will also promote staff development, testing of multiple classification and compensation models in consultation with the Office of State Personnel, effective communication among cooperating partners, and fairness. Finally, the system will incorporate the best technology to reduce redundancy in reporting and to assure appropriate levels of accountability.

Mission Statement

As indicated in the new long range plan for the University of North Carolina, the University is committed to “the efficient use of available resources to ensure the highest quality in its service to the citizens of the state.” Central to such efficiency is the recruitment, retention and development of its SPA staff. The human resource management function of the university is a cooperative initiative between the Office Of State Personnel, the University of North Carolina General Administration, and the Offices of Human Resources in each constituent institution. Its acting body is the University of North Carolina Human Resource Advisory Board (UNC-HRAB), which exists to create the most effective environment for supporting the teaching/learning, research, and public service missions of the university. Specific functions of the Advisory Board include monitoring the effectiveness of all aspects of human resource management, advising the Director of the Office of State Personnel and the President of the University concerning best practices of human resource management , and providing an annual activity report from the Board to the President and the Director.

Recommendation Two

The Transition Team recommends that the following guiding principles form the framework for guiding the development of policy and procedures for managing the SPA employees of the University of North Carolina.

The University of North Carolina is made up of 16 universities of varying sizes, missions, complexities, and resources. It would follow that the operations of their human resources offices would vary considerably in size, scope, and numbers of personnel. However, while recognizing that differences do exist, the human resources system will ensure, to the extent possible, a fair and consistent application of policy and procedural requirements for all constituent campuses. The campus-based human resource practitioners will ensure that the policies and procedures adopted will be implemented and maintained with the highest professional standards and will not purposefully engage in activities that undermine the integrity of the governing policies.

- Principle One: Delegation of Authority and Local Control
In keeping with best practices of human resource management, decision making and accountability for such decision-making will be delegated to the lowest possible responsible level within each constituent institution.
- Principle Two: Consultation
Consultative approaches to human resource management will be the norm both within and among constituent institutions.
- Principle Three: Responsiveness
The human resource management system of the University will be a dynamic system with the capability to respond rapidly and to adapt to a changing environment and the needs of the customers at all levels in the organization.
- Principle Four: Flexibility
Policies and procedures will be designed to provide as many options as feasible for each university to consider when implementing the components of the system or when making changes to the system as a result of legal or procedural requirements. Constituent institutions, operating within the broad structures required by the law, the Office of State Personnel, and General Administration will have maximum latitude to develop their own internal policies and procedures.
- Principle Five: Emphasis on Results
The system will stress results, while maintaining documentation to assure accountability.
- Principle Six: Simplicity
Components of the system (e.g., classification, salary administration, performance management, employment) will be designed to be as understandable as possible. Procedures will be developed without redundancy, excessive review, and unnecessary multiple levels of approval.

- **Principle Seven: Efficiency**
The system will maximize the use of University resources through efficient operations, technology, and sound management practices.
- **Principle Eight: Innovation**
Within legal parameters and following established procedures, institutions will be encouraged to utilize the latest management practices and technologies. Creativity within the limits of broad policy will be encouraged. Practitioners at each constituent institution will be encouraged to establish continuous learning environments that utilize on-going research to identify best practices of human resource management and to facilitate a proactive approach to emerging issues.
- **Principle Nine: Partnership**
The Office of State Personnel, the General Administration of the University, and the constituent institutions are developing this system in partnership. To foster this partnership, communication will be open, honest, and will flow in all directions. A high level of communication and cooperation will mark the on-going operations of the university human resource system. As new legislative requirements are mandated, representatives of each of these entities will engage in policy development to ensure that the system's integrity and flexibility will be safeguarded. To assure that such cooperation and communication remains constant, a new advisory body, the UNC-HRAB, will be created.
- **Principle Ten: Use of Technology**
The system will incorporate the latest technology wherever possible both in day-to-day operations and in meeting reporting requirements. Automation will be emphasized to make reporting and other labor intensive requirements as efficient and as simple as possible.

Recommendation Three

The Transition team recommends that the President and Director approve the following roles for the constituent institutions, General Administration and for the Office of State Personnel as general guidelines for clarifying authority for day to day management of the university's SPA personnel.

- The role of the constituent institutions will include:
 1. Assuming responsibility for the day-to-day management of the human resource functions with the greatest amount of delegation possible from the Office of State Personnel and the General Administration.

2. Carrying out and reporting on pilot projects that test creative ways to manage the human resources of the University.
 3. Providing representation on and information as needed to assist the UNC-HRAB in their work.
- The role of the University of North Carolina General Administration will be:
 4. To oversee system-wide responsibilities and provide accountability to the Office of State Personnel.
 5. To ensure equity and comparability across campuses where possible, while remaining cognizant of the differences between institutions in size and mission..
 6. To develop and maintain a data base that will permit generation of reports on every aspect of human resource management.
 7. To mediate issues and concerns, as needed, between institutions or between institutions and external bodies such as the Office of State Personnel and the General Assembly.
 8. To organize and provide leadership for the UNC-HRAB.
 9. To work to strengthen all human resources functions on all campuses.
 10. To facilitate the sharing of resources among the constituent institutions.
 - The role of the Office of State Personnel will be:
 1. To provide consultation to all constituent institutions on the full range of human resource issues. Specifically, it is expected that OSP will provide policy expertise on issues of process, political problems, trends and best practices in human resource management, compensation issues, and case law.
 2. To involve the UNC-HRAB in the development of statewide human resources policies.
 3. To represent the university's human resource concerns along with those of other state agencies with the General Assembly.
 4. To monitor and evaluate the university's administration of the human resource system for SPA personnel.
 5. To provide authoritative representation for OSP on the UNC-HRAB.
 6. To foster positive communication between the University, OSP, and the General Assembly.
 7. To continue providing day-to-day assistance and services to those universities that do not have full delegation.

Recommendation Four

The Transition Team recommends that the Board of Governors and the President establish a central office within General Administration for the management of the human resources of the University of North Carolina. Historically, the human resource functions have been diffused at General Administration. Currently, there is an Associate Vice President for Academic Affairs who is responsible for some of the EPA (Exempt from the State Personnel Act) functions and a University Benefits Office headed by an Assistant Vice President for Finance who is primarily responsible for system-wide University benefits programs. For the past year and a half, there has been significant interaction between these two offices through the work of the Transition Team as well as other human resource initiatives (e.g., the development and implementation of a phased retirement program for tenured faculty and the implementation of the expanded definition of senior academic and administrative officers.) This experience has convinced personnel in both offices that a combined, unitary approach to the management of all employees of the university would be the wisest use of scarce resources.

The Transition Team has examined the ways in which other state system offices organized their human resource management functions and has concluded that there is not a single best way to staff a centralized human resource operation. Accordingly, the Transition Team offers two possible organization alternatives but places a strong preference on the first.

The organization chart marked Attachment 1 is the preferred organizational alternative. It would consolidate all of the human resource management functions in a new office at General Administration. Called the Office of the Vice President for Faculty and Staff Resources, this office would provide centralized and coordinated services to all constituent institutions on all issues dealing with faculty and staff for the first time. This arrangement is preferred for the following reasons:

- Faculty and staff represent approximately 80% of the budget of the university and are, therefore, our most important resource.
- Many faculty and staff issues (e.g., benefits) affect faculty and staff alike. Even those issues that may appear to affect only faculty or only SPA staff often have implications for all employees.
- As UNC General Administration takes on the accountability for managing the SPA human resources functions, it is essential to establish and maintain a well managed database.
- It is also essential that General Administration assure accountability to external bodies, including the Office of State Personnel and the General Assembly. This cannot be done

without reasonable staffing and a strategic commitment to making the efforts to manage our entire human resource operation visible and effective.

- While the EPA and SPA designations, as defined by General Statutes, will remain, the concerns and issues of both groups will be handled by similar bodies and coordinated by the same personnel at General Administration, promoting better communication among all campuses and General Administration.
- An integrated human resource system at the central level office sends the correct message that, at the highest level, the University facilitates commitment, support, and fair treatment of all its employees.

Attachment 1 shows the organization chart that would be created if this recommendation is followed. The newly created division would consist of the following: a Vice President for Faculty and Staff Resources who would have overall responsibility for the centralized operation; an Associate Vice President for Human Resources who would be responsible for the SPA staff operational functions; a Human Resource Generalist who would provide administrative and consultative support on a multitude of state and federal laws, policies, and rules affecting employees; an Associate Vice President for Human Resources position who would oversee the EPA functions and consult with campuses on issues primarily affecting EPA non-faculty and faculty; a Human Resource Information Systems Coordinator who would be responsible for the development and maintenance of an integrated human resource data base; and at least one secretarial support position. The positions of Assistant Vice President/University Benefits Officer and University Benefits Specialist would be retained and moved from the Finance Division into this newly created division. Two Human Resource Advisory Boards would also be established to address human resource issues for SPA employees and EPA employees respectively. Through the work of these advisory bodies, communication with all the university's employees will be strengthened.

The Transition Team recognizes that the preferred organizational structure requires the creation of six new positions and may not be financially feasible at the present time, especially in light of the legislative mandate that requires decentralization of authority to be "revenue neutral." Attachment 2 provides an alternative organization chart as an interim step but the Transition Team strongly urges the President to consider the establishment of a separate human resources division at General Administration in the not-too-distant future. The interim structure shown in Attachment 2 would enable the President to take responsibility for the day-to-day management of SPA employees and to provide accountability to the Office of State Personnel as required by state statute.

The organizational structure illustrated in Attachment 2 requires the creation of the following three new positions: an Associate Vice President for Finance/Human Resources Officer for Staff Employment who would oversee the system wide responsibilities and provide accountability to the Office of State Personnel for University SPA employees; a Human Resource Generalist who would provide administrative and consultative support; and a Human Resource Information Systems Coordinator who would be responsible for the development and maintenance of an integrated human resource data base. Because human resource operations for SPA personnel at the constituent institutions reports to either the chief financial officer or the chancellor, the Transition Team recommends that, until a fully integrated human resource division can be established at General Administration, these three positions be placed in the Finance Division at General Administration. The EPA non-faculty and faculty functions would remain in the Division of Academic Affairs until such time as a fully staffed, integrated office such as that recommended above is feasible.

Recommendation Five

Regardless of the organization selected, the Transition Team recommends that the President and Director approve the establishment of the University of North Carolina Human Resource Advisory Board to advise on SPA issues as of July 1, 1998, with the following composition, duties and functions:

- The University of North Carolina Human Resources Advisory Board will consist of at least five but not more than six representatives from constituent institutions (to assure that all 16 institutions will have representation at least every 3 years) and up to three representatives each from the Office of State Personnel and General Administration.
- Representatives from the constituent institutions will be nominated by their Chancellors and appointed for three year terms by the President. Balance will be preserved among types of institutions to assure representation of campuses of different sizes and different Carnegie categories.
- Representatives from the Office of State Personnel and the General Administration will have unlimited terms and will be appointed by the President and the Director to serve on this Board based on their duties in their respective organizations.
- The Board will be chaired by a member of the staff of the General Administration.
- The UNC-HRAB will meet as often as needed but no less than twice per year.
- The basic function of the Board will be to advise the President and through her, the Director, concerning all aspects of managing the SPA human resources function serving the constituent institutions of the University.

Specifically, the UNC-HRAB will:

1. Complete the steps necessary to assure a smooth transition to delegation of responsibility for the day-to-day operations of the human resources management function to the President and, through her, to the constituent institutions. This will be accomplished by building upon the work of the Transition Team.
2. Review and recommend approval of constituent institutions' initial plans for managing their SPA personnel. Following the initial review, only major changes in the plans will require review. The definition of major changes will be a part of the University Manual for SPA Personnel.
3. Set priorities for classification/compensation studies.
4. Appoint study committees to carry out studies, create a schedule for completion of such studies, and appoint a liaison from the UNC-HRAB to work with each study committee. In those instances where studies involve positions which exist in many agencies, careful coordination with the Office of State Personnel will be instituted from the outset.
5. Propose university-wide changes in personnel management.
6. Advise the President and the Director concerning standards and measures for evaluating institutional management of SPA personnel.
7. Work with the President and the Director to create an auditing schedule and process for systematic and continuous monitoring of the human resource operations for SPA personnel on the campuses.
8. Recommend for the approval of the President and the Director projects to be augmented by one or more constituent institutions and the method of evaluating the effectiveness of each project.
9. Consider concerns raised by constituent institutions and suggest new policies as appropriate for the consideration of the President, Director, and the State Personnel Commission.
10. Explore methods of sharing resources among members of the constituent institutions.
11. Communicate with constituent institutions on issues that will likely impact SPA personnel.
12. Carry out other duties as may be delegated to the UNC-HRAB by the President and/or the Director.

Areas Needing Approval by the Office of State Personnel

There are issues not included in the formally defined responsibilities of the Human Resource Advisory Board that will require the approval of the President and the Director. Such issues are those which require changes in laws and rules and/or policies of the State Personnel Commission. Additionally, issues that would result in new classes or class titles being added to or classes or class titles being deleted from the State or University classification structure or revisions in current class concepts also require approval of the President and Director. Exceptions to rules or policies that are outside those formally set forth in agreements between the President and Director must also be forwarded to them for approval. Any of these issues may require approval by the State Personnel Commission.

Recommendation Six

The Transition Team recognizes that much of the day to day management of the SPA personnel function has already been delegated to the constituent institutions. The area of classification and compensation is the major area in which such delegation has been withheld. The Transition Team recommends that the following characteristics be adopted for the University of North Carolina classification system and be accepted by the President and the Director.

- The UNC classification system will be regulated by the Office of State Personnel, administered by General Administration, and monitored jointly by General Administration and the Office of State Personnel. These two offices will work together in partnership through the UNC-HRAB, which will be coordinated by a human resource professional appointed by the President.
- The UNC classification and pay structure will be based on the current “narrative factors comparison” structure, at least in the beginning, but will offer opportunities for institutions to propose and try alternative classification and compensation structures as pilot projects. If pilot projects result in the recommendation of changes to the permanent classification and compensation structures that would entail modification of existing rules and policies, prior approval of the State Personnel Commission will be required. At the end of the pilot project, the UNC-HRAB will receive a report and will disseminate the results of the project to other campuses. This demonstration and dissemination feature will permit other campuses to emulate successful pilots and prevent campuses from repeating similar unsuccessful pilots. The goal will be to have a menu of tested classification and compensation structures from which institutions may choose one or more to meet the needs of different occupational groups of employees.

- New classification titles needed by a constituent institution (e.g., grant funded research positions) may be proposed for addition to the university classification system at any time. The UNC-HRAB will consider such proposals at their regular meetings or through electronic means in order to assure rapid consideration. An intent of the UNC-HRAB will be to review the current classification and compensation approach, including numbers of classes, ways to simplify the classification structure and alternative classification and compensation programs.
- General Administration will maintain a data base that will contain a listing of all classifications as well as additional details necessary for generating reports to interested bodies. Each constituent institution may choose to elaborate on these classifications in advertising positions or in their own data system. Constituent institutions will continue to provide data to the PMIS system.

Recommendation Seven

The Transition Team recommends that the President and the Director approve the following criteria which must be met in order for constituent institutions to receive delegation of authority for managing human resource functions.

A. General Criteria for Delegation

1. The Chancellor will be responsible for assuring that all programs comply with applicable statutes, rules and regulations.
2. The Chancellor of each institution will, through the Human Resources Director, ensure that a staff is recruited, trained and retained to manage human resource functions by:
 - a. requiring attendance at training programs offered by the Office of State Personnel and other organizations as appropriate to develop and maintain knowledge, skills and abilities commensurate with job duties; and
 - b. maintaining staffing levels that are consistent with the size, complexity and resources of the institution.
3. The Chancellor of each institution will, through the Human Resources Director, ensure that appropriate records are kept on each function of the human resource system in accordance with applicable statutes, rules and regulations.
4. The Chancellor will, through the Human Resources Director, assure that data is reported consistently to the OSP's Personnel Management Information System (PMIS) and to General Administration.
5. The Chancellor, through the Human Resources Director, will establish and maintain internal controls and facilitate monitoring activities in order to assure the quality of the human resource programs and processes.

6. The Human Resources Director will regularly engage in dialogue with the Chancellor and other university administrators about institutional and university system human resource issues.
7. The Chancellor of each institution will, through the Human Resources Director, ensure that institutional policies and procedures are written, up-to-date, widely distributed and accessible. Institutional policies and procedures must comply with those of the Office of State Personnel and General Administration. Such policies and procedures will be made available to the State Personnel Director for purposes of record-keeping.

B. Plan of Operation

1. Each institution will develop and submit to the UNC-HRAB a plan of operation including the desired level of delegation. The UNC-HRAB will recommend to the President acceptance or rejection of individual plans and level of delegation. The decision to delegate partial, full, or no authority to constituent institutions will be made by the President based upon the recommendation of the UNC-HRAB and other information as the President deems appropriate.
2. The Chancellor of each institution will submit the plan with a cover letter outlining the current and requested level of delegation and any other pertinent information.
3. Institutional plans of operation will contain the following:
 - a. Mission and vision statements of the university;
 - b. Mission and vision statements of the human resources office;
 - c. Description of the institution including but not limited to: employee population (SPA vs. EPA), number of classes used, number of students, services provided by human resources office, variety of colleges/schools, and geographical dispersion of employees;
 - d. Staffing and functional organizational charts showing all positions in human resources and the organization placement of human resources as well as a discussion of the staffing complement as related to basic human resources programs and services;
 - e. Summary of education, experience and training for individual staff members (supervisors, specialists, technicians and analysts) as well as a training plan for enhancing knowledge, skills, and abilities of current employees to the desired level and a general plan for prospective employees;
 - f. Summary of professional development activities of the Human Resources Director and functional area managers;
 - g. Description of assessments of service delivery processes and the quality of programs;

- h. Description of Human Resources Director's involvement in institution-wide and university-wide issues and interaction with the Chancellor and other university administrators.

C. Classification/Compensation Delegation Criteria

The following criteria are those which must be met by individual institutions to receive delegated authority in the functional area of classification/compensation. An institution automatically receives salary administration authority for every class for which classification authority is delegated.

1. The Human Resources Director maintains, trains, and directs a professional, technically competent classification/compensation staff in order to:
 - a) apply accepted principles, procedures, standards, and techniques in allocating positions;
 - b) demonstrate understanding of occupational groups, knowledge of class concepts, and application within various program operations;
 - c) understand the classification factors and demonstrate understanding through appropriate documentation in data and comparative analysis;
 - d) ensure tools and resources are available to aid in the analytical process - current organizational charts, class specifications, appropriate position comparisons and benchmarks, and clearly defined position descriptions;
 - e) ensure appropriate supporting documentation to justify all classification actions.
2. Management and the human resources director must develop institution-specific policies and procedures for accountability that will ensure quality decisions consistent with statutes and policies;
3. The human resources office must transfer or enter data into PMIS and must have a process in place to reconcile discrepancies with the Office of State Personnel;
4. The human resources office must ensure that a system is maintained for tracking, processing, cross-referencing, and recording position and employee actions;
5. The human resources director must ensure that all personnel and position actions are administered in accordance with the State Personnel Commission/OSP regulations, procedures and law;
6. The human resources director must operate the position management program in accordance with OSP standards (e.g., Position Management Operational Standards).

Recommendation Eight

The Transition Team recommends that the Director and the President accept this report as the final act of the Transition Team and replace that body as of July 1, 1998 with the UNC-HRAB as the permanent representative body to carry on the business of managing the SPA human resources function of the University. Further, in order to assure continued progress, the Transition Team recommends that the membership of the UNC-HRAB remain essentially the same as that of the Transition Team.

A Look Ahead

The members of the Transition Team have set in motion a process marked by cooperation and consensus. However, much remains to be done. If the recommendations in this report are accepted, the Transition Team has prepared the following suggested timeline to indicate the future plan of action through the end of 1998.

August 1	The President sends an Administrative Memorandum advising constituent institutions of the acceptance of the report by the President and the Director and calling for campus plans for managing their SPA workforce (Sample memo attached).
August 30	The UNC-HRAB is officially established.
October 15	The constituent institutions submit requests for desired levels of delegation and describe their plans for management of their SPA employees.
October 30	Advertisements are placed in appropriate outlets for positions in the newly established division (or office within the Finance Division).
December 30	The UNC-HRAB makes recommendations to the President concerning delegation status for each constituent institution.
December 30	Advertised positions are filled.

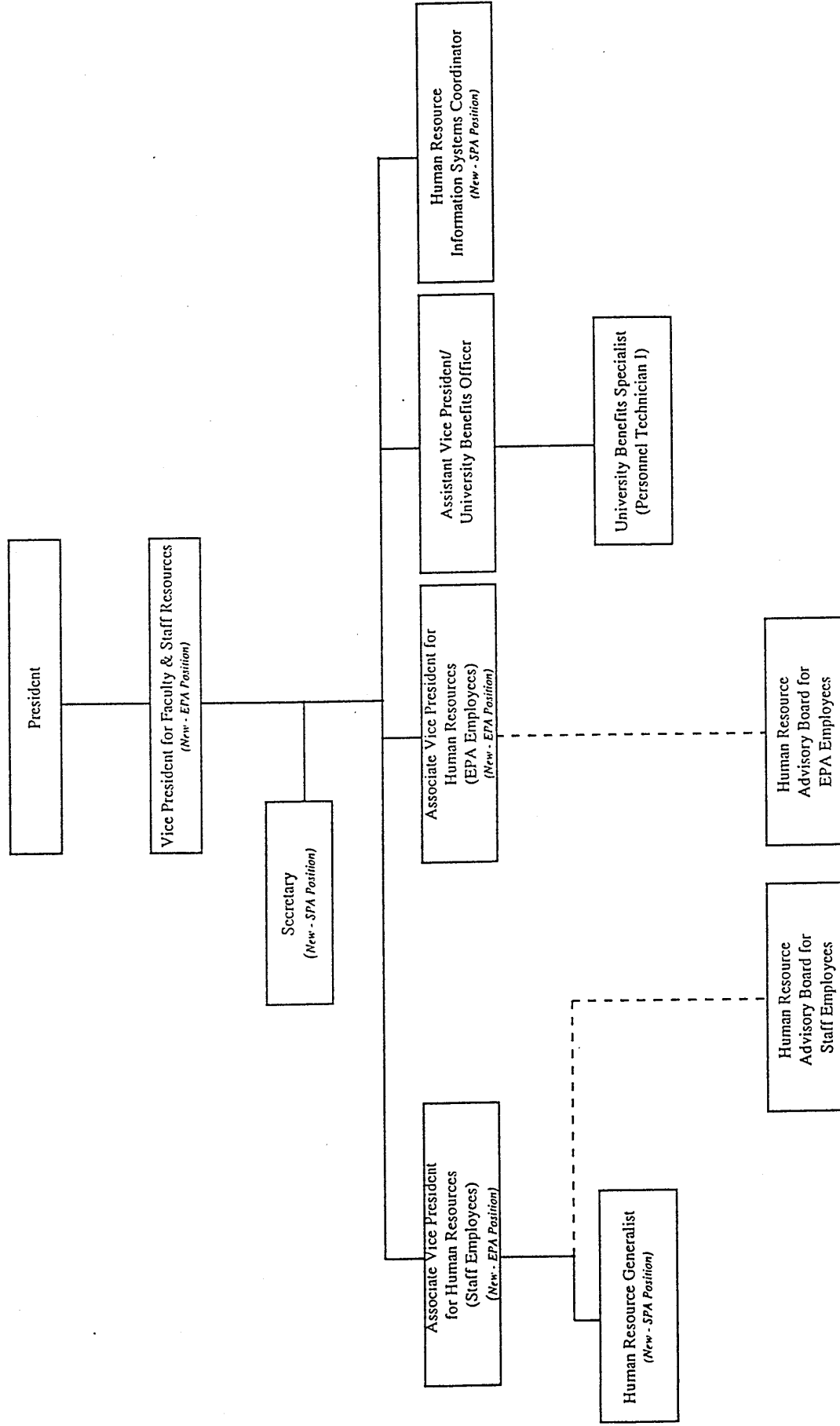
In addition to the timeline above, the sub-committee that is exploring classification/compensation issues will remain in place. The goal of this sub-committee is to propose new elements of the distinctive university human resource management system to be evaluated by the UNC-HRAB for possible recommendation to the President and Director. Beginning with the 80% of the SPA positions that are unique or nearly unique to the university system, this sub-committee will propose new salary plans and changes in current rule structure for consideration by authoritative bodies.

Conclusion

In conclusion, this report represents over 1,000 hours of work on the part of the members of the Transition Team. The members recognize that the process of assuming responsibility for university SPA employees is exceedingly complex and that it is best accomplished in an evolutionary, rather than a revolutionary, manner. Whether representing General Administration, the Office of State Personnel, or the constituent institutions, the members of the Transition Team believe that this report represents the first step in developing the type of partnership that will lead to more effective and efficient management of SPA and, perhaps eventually, all university employees.

6/1/98

The University of North Carolina
Office of the Vice President for Faculty & Staff Resources



The University of North Carolina General Administration Finance Division

