



TRANSMITTAL LETTER

The University of North Carolina
General Administration

Transmittal Number 46
June 14, 2006

Subject:

Amendment to Section 301 of The Code of the Board of Governors of the University of North Carolina

100.1 The Code of the Board of Governors of the University of North Carolina

300.2.2 Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty EPA Employees

300.2.6[G] REPEAL of Guidelines on Reassignment of Duties of Faculty Members

300.2.6[G] Guidelines on Reassigned Time for Faculty

300.2.14 Non-Salary and Deferred Compensation

[PLEASE NOTE THAT THIS POLICY IS BEING RE-TRANSMITTED TO ADJUST THE EFFECTIVE DATE]

This letter transmits an amendment to Section 301 of The Code, two amended policies, an updated Code, one repealed guideline and one new guideline:

Amendment to Section 301 of The Code of the Board of Governors of the University of North Carolina This policy was amended by the Board of Governors on June 9, 2006. Please contact Leslie Winner, Vice President and General Counsel, at 919-962-4588 with any questions.

100.1 The Code of the Board of Governors of the University of North Carolina. Please find attached a complete copy of *The Code* as amended through June 9, 2006. Please contact Leslie Winner, Vice President and General Counsel, at 919-962-4588 with any questions.

300.2.2 Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty EPA Employees. This policy was amended by the Board of Governors on June 9, 2006. Please contact Alan Mabe, Interim Senior Vice President for Academic Affairs, at 919-962-4589 with any questions.

300.2.6[G]. REPEAL of Guidelines on Reassignment of Duties of Faculty Members

This guideline was repealed by President Bowles on May 30, 2006. Please contact Alan Mabe, Interim Senior Vice President for Academic Affairs, at 919-962-4589 with any questions.

300.2.6[G]. Guidelines on Reassigned Time for Faculty. This guideline was adopted by President Bowles on May 30, 2006. Please contact Alan Mabe, Interim Senior Vice President for Academic Affairs, at 919-962-4589 with any questions.

300.2.14 Non-Salary and Deferred Compensation. This policy was amended by the Board of Governors on June 6, 2006, not May 12, 2006 as previously indicated in Transmittal Letter #45. Please contact Alan Mabe, Interim Senior Vice President for Academic Affairs, at 919-962-4589 with any questions.

SECTION 301. THE STANDING COMMITTEES' JURISDICTION.

301 A. The standing committees of the Board of Governors shall be: the Committee on Budget and Finance; the Committee on Educational Planning, Policies, and Programs; the Committee on Personnel and Tenure; the Committee on University Governance, the Committee on Public Affairs, and the Audit Committee.

301 F. The Committee on Public Affairs shall consist of a number of voting members to be determined by the chair of the board. A voting member serving on this committee shall also serve on one or more other standing committees. The Committee on Public Affairs shall assist the President in maintaining a positive relationship with the Governor, the North Carolina General Assembly, the United States Congress, and other governmental entities which affect the ability of the University to carry out its mission. The committee will review all state and federal non-budget legislative priorities of the University.

301 G. The Audit Committee shall consist of a number of voting members to be determined by the chair of the board. A voting member serving on this committee shall also serve on one or more other standing committees. The Audit Committee shall develop and maintain a system wide code of ethics, review annual and other audit reports of the constituent institutions and affiliated entities of the University, review a summary of the internal audit plans and work of the audit committees of the constituent institutions, review annual financial audit reports and management letters on University associated entities, meet with the State Auditor annually, and take such other actions as are necessary or appropriate to assure the integrity of the finances of the University.

THE CODE

OF

THE BOARD OF GOVERNORS

THE UNIVERSITY OF NORTH CAROLINA

JULY 1, 2001

Revised November 8, 2002
 Revised May 13, 2003
 Revised June 18, 2003
 Revised January 1, 2004
 Revised January 9, 2004
 Revised February 13, 2004
 Revised August 12, 2005
 Revised June 9, 2006

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**CONFLICTS OF INTEREST AND COMMITMENT
AFFECTING FACULTY AND NON-FACULTY EPA EMPLOYEES**

The Code of the University of North Carolina affirms that the basic mission of the faculty is "the transmission and advancement of knowledge and understanding." Faculty employment entails the three responsibilities of teaching, scholarly research and publication, and other professional service to the institution and to society. Realization of those objectives is facilitated and encouraged by certain distinctive characteristics of employment within an academic community, which differs markedly from the conventional work-day and work-week employment models in most business and industrial settings.

Within the academy, time-specific assignments, such as classroom contact hours, constitute only a limited part of the workload. Typically, actual teaching hours account for no more than one quarter of a professor's time. However, activity directly affecting the education of students also includes class preparation and student evaluation, scheduled and unscheduled office hours for individual student counseling, and meetings of committees within departments, divisions and schools of the institution which are responsible for curriculum development, syllabus preparation, and program evaluation. In addition, the collective faculty has extensive authority and responsibility for the governance of the institution. Such work usually is accomplished through membership on various committees, at the department, division, school and institutional levels, which address personnel, financial and other administrative issues. Finally, every member of the faculty is expected to pursue research or creative activity in his or her area of specialization. Such scholarly activity may be specifically relevant to instruction, it may add generally to the body of information and understanding in a particular field, or it may have direct practical applications, as in business, industry, government, primary and secondary education, public health, national defense, and the arts.

Faculty members and EPA non-faculty employees (those UNC employees who are not subject to the State Personnel Act, herein after referred to as 'EPA employees'), also pursue their specialized professional interests in other contexts, collateral to their immediate University employment. They hold memberships in and attend meetings of professional associations and learned societies; they serve on review or advisory panels; they present lectures, papers, concerts and exhibits; they participate in seminars and conferences; they review and edit scholarly publications; and they participate in accreditation reviews. EPA employees also have opportunities to use their specialized competencies in secondary professional employment, as paid consultants to public and private agencies, and thereby contribute to the transfer and application of knowledge.

As relationships between University employees and private industry, federal and state governments, and nonprofit agencies have grown in number and scope, there has been a corresponding increase in concern about conflicts of commitment and interest. While EPA employees are encouraged to engage in appropriate relationships with public and private agencies outside of the University, there is a need for commonly understood principles and corresponding procedures that will identify and address conflicts that would detract from or interfere with an

employee's dedication of primary professional loyalty, time, and energy to University teaching, research, and service.

I. Definitions

- A. *Conflict of commitment* relates to an individual's distribution of effort between obligations to one's University employment and one's participation in other activities outside of University employment. The latter may include such generally encouraged extensions of professional expertise as professional consulting. Such activities promote professional development and enrich the individual's contributions to the institution, to the profession, and to society. However, a conflict of commitment occurs when the pursuit of such outside activities involves an inordinate investment of time that interferes with the employee's obligations to students, to colleagues, and to the missions of the University.
- B. *Conflict of interest* relates to situations in which financial or other personal considerations may compromise, may involve the potential for compromising, or may have the appearance of compromising an employee's objectivity in meeting University duties or responsibilities, including research activities. The bias that such conflicts may impart can affect many University duties, including decisions about personnel, the purchase of equipment and other supplies, the collection, analysis and interpretation of data, the sharing of research results, the choice of research protocols, the use of statistical methods, and the mentoring and judgment of student work. An EPA employee may have a conflict of interest when he or she, or any member of that person's immediate family, has a personal interest in an activity that may affect decision making with respect to University teaching, research, or administration.
- C. *External professional activities for pay* means any activity that 1) is not included within one's University employment responsibilities; 2) is performed for any entity, public or private, other than the University employer; 3) is undertaken for compensation; and 4) is based upon the professional knowledge, experience and abilities of the EPA employee. Activities for pay not involving such professional knowledge, experience and abilities are not subject to the advance disclosure and approval requirements of Section III of this policy, although they are subject to the basic requirement that outside activities of any type not result in neglect of primary University duties, conflicts of interest, inappropriate uses of the University name or resources, or claims of University responsibility for the activity.
- D. *University employment responsibilities* include both "primary duties" and "secondary duties." Primary duties consist of assigned teaching, scholarship, research, institutional service requirements, and other assigned EPA employment duties. Secondary duties consist of professional affiliations and activities traditionally undertaken by EPA employees outside of the immediate University employment context that redound to the benefit of the profession and to higher education in general. Such endeavors, which may or may not entail the receipt of honoraria (see additional regulations, *UNC Policy Manual*, 300.2.2.2 [R]) or the reimbursement of expenses, include membership in and service to professional associations and learned societies; membership on professional review or

advisory panels; presentation of lectures, papers, concerts or exhibits; participation in seminars and conferences; reviewing or editing scholarly publications and books; and service to accreditation bodies. Such integral manifestations of one's membership in a profession are encouraged, as extensions of University employment, so long as they do not conflict or interfere with the timely and effective performance of the individual's primary University duties.

- E. *EPA employees* refers to any person – faculty or non-faculty – who is employed by the University of North Carolina or a constituent institution or other agency or unit of the University of North Carolina and who is not subject to the State Personnel Act (see *UNC Policy Manual*, 300.2.2.1[R], Section I, Item B for exceptions that may apply to academic year appointments).
- F. *Department* means an academic department, a professional school without formally established departments, or any other administrative unit designated by the chancellor of an institution or by the Office of the President, for the purposes of implementing this policy. “Department Head” refers to the person with supervisory responsibility for the employee, whether in an academic or non-academic department.
- G. *Inappropriate use or exploitation of University resources* means using any services, facilities, equipment, supplies or personnel which members of the general public may not freely use. A person engaged in external professional activities for pay may use, in that connection, his or her office and publicly accessible facilities such as University libraries; however, an office shall not be used as the site for compensated appointments with clients, e.g., for counseling or instruction. Under no circumstances may a supervisory employee use the services of a supervised employee during University employment time to advance the supervisor's external professional activities for pay.

II. Conflicts of Commitment

Questions about conflict of commitment are more easily resolved than questions about conflicting interests. Although full-time faculty and other EPA employment is not amenable to precise, time-clock analysis and monitoring, administrators at the department and school levels are able to and regularly do evaluate the work of employees within their jurisdiction. The formal occasions for determining whether an individual is devoting sufficient time and energy to University employment include regular reviews of performance in connection with annual salary decisions and scheduled reviews incident to promotion, reappointment or tenure decisions. In addition, complaints from students, colleagues, or administrators about possible failures to meet assigned responsibilities may arise and require investigation. The issue, in each case, is whether the employee is meeting the requirements of the job. If presented with evidence that he or she is not meeting full-time responsibilities to the University, *The Code* prescribes that "neglect of duty" is a ground for disciplinary action, including the possibility of discharge. The following describe instances of activities that require specific monitoring to demonstrate the absence of conflict.

A. External Professional Activities for Pay

The University of North Carolina and its constituent institutions seek to appoint and to retain, as faculty and non-faculty EPA employees, individuals of exceptional competence in their respective fields of professional endeavor. Because of their specialized knowledge and experience, such persons have opportunities to apply their professional expertise to activities outside of their University employment, including secondary employment consisting of paid consultation with or other service to various public and private entities. Through such practical, compensated applications of their professional qualifications, University employees enhance their own capabilities in teaching, research, and administration. Thus, participation of EPA employees in external professional activities for pay, typically in the form of consulting, is an important characteristic of academic employment that often leads to significant societal benefits, including economic development through technology transfer. However, such external professional activities for pay are to be undertaken only if they do not:

1. Create a conflict of commitment by interfering with the obligation of the individual to carry out all primary University duties in a timely and effective manner; or
2. Create a conflict of interest vis-a-vis the individual's status as an employee of the University; or
3. Involve any inappropriate use or exploitation of University resources; or
4. Make any use of the name of the University of North Carolina or any of its constituent institutions for any purpose other than professional identification; or
5. Claim, explicitly or implicitly, any University or institutional responsibility for the conduct or outcome of such activities.

The *UNC Policy Manual*, 300.2.2.1 [R], contains regulations and procedures established to monitor possible conflicts of commitment. An EPA employee who wishes to engage in external professional activity for pay must adhere to these regulations to provide satisfactory assurances that such activity will not interfere with University employment obligations. These regulations may not apply to EPA employees serving on academic year (9-month) contracts, if the external professional activity for pay is wholly performed and completed outside of the academic year and the activity does not conflict with the policy statements of the institution or Board of Governors and is not conducted concurrently with a contract service period for teaching, research, or other services to the institution during a summer session.

In those instances when State-reimbursed travel, work time, or resources are used or when the activity can be construed as related to the employee's State position or official duties on behalf of the State, the employee shall not receive an honorarium. In these instances the employee may request that the honorarium be paid to the University. The honorarium may be retained by the employee only

for activities performed during non-working hours or while the employee is on annual leave, if all expenses are the responsibility of the employee or a third party that is not a State entity and the activity has no relation to the employee's State duties. In addition, senior academic and administrative officers may also be subject to special regulations regarding honoraria which require leave to be taken when external activities for pay will take place during the regular work week. Please refer to the *UNC Policy Manual*, 300.2.2.2 [R].

Instead of using annual leave as set out above, pursuant to principles of public accountability, employees who are exempt from the Fair Labor Standards Act and who are out of work due to an external professional activity for pay, or who wish to retain an honorarium, may choose to use periodic uncompensated leave rather than annual leave. The periodic uncompensated leave may be taken in full days and partial days.

External professional activities for pay performed for another institution or agency of the State of North Carolina also must comply with State policies governing dual employment and compensation, unless an exception to those State policies is expressly authorized by the chancellor or the President.

The Board has also established rules for monitoring and regulating the involvement of University employees in political candidacy and office-holding that could interfere with full-time commitment to University duties. Please refer to *UNC Policy Manual*, 300.5.1 et seq. for specific policy details.

III. Conflicts of Interest

Conflicts of interest are more difficult to define, detect, and resolve than conflicts of commitment. The challenge is to establish some basic parameters of general applicability throughout the University of North Carolina that will permit institutions and their employees to recognize more readily and clearly those situations that are improper or that may be questionable, and to institute basic procedures for avoiding or rectifying any problems. Thereafter, the constituent institutions, through collaborative faculty and administrative efforts, should develop more detailed policies and procedures that will accommodate any special conditions and needs of a particular campus or particular EPA employee.

An EPA employee's professional activities and financial interests must be arranged to avoid circumstances that do or may prevent or limit objectivity in the performance of University responsibilities or that otherwise do or may affect adversely any University interests.

A. Categories of potential conflicts of interest

Activities that may involve conflicts of interest can be categorized under three general headings: first, those that are allowable and do not need to be reported because, although they appear to involve such a conflict, they in fact do not; second, those that are questionable and must be reported, but that may be allowable with administrative approval; and third, those that generally are not

allowable. The following examples are merely illustrative and do not purport to include all possible situations within the three categories:

1. Activities allowable, with no reporting required

The examples cited below involve activities external to University employment, and thus may present the appearance of a technical conflict, but they in fact do not have the potential for affecting the objectivity of the EPA employee's performance of University responsibilities; at most, some such situations could prompt questions about conflicts of commitment.

- An EPA employee receiving royalties from the publication of books or for the licensure of patented inventions subject to the UNC Patent and Copyright Policies.
- An EPA employee having an equity interest in a corporation, the exclusive function of which is to accommodate the employee's external consulting activities.
- An EPA employee receiving nominal compensation, in the form of honoraria or expense reimbursement, in connection with service to professional associations, service on review panels, presentation of scholarly works, and participation in accreditation reviews.

2. Activities requiring disclosure for administrative review

The examples cited below suggest a possibility of conflicting loyalties that can impair objectivity, but disclosure and resulting analysis of relationships may render the activity permissible, perhaps with certain types of limitation or monitoring.

- An EPA employee requiring students to purchase the textbook or related instructional materials of the employee or members of his or her immediate family, which produces compensation for the employee or family member.
- An EPA employee receiving compensation or gratuities (other than occasional meals, gifts of desk copies of textbooks, and the like) from any individual or entity doing business with the University. Note that no university employee may seek or receive any gift, reward, or promise of reward for recommending, influencing, or attempting to influence the award of a contract by his or her employer (See G.S. 14-234).
- An EPA employee serving on the board of directors or scientific advisory board of an enterprise that provides financial support for University research, and the employee or a member

of his or her immediate family may receive such financial support.

- An EPA employee serving in an executive position in a for-profit or not-for-profit business which conducts research or other activities in an area related to the University duties of the employee.
- An EPA employee having significant equity in a for-profit business which conducts research or other activities in an area related to the employee's University duties.
- An EPA employee having a financial interest in a business that competes with services provided by the University.
- An EPA employee accepting support for University research under conditions that require research results to be held confidential, unpublished, or inordinately delayed in publication. Research conducted by faculty or students under any form of sponsorship must maintain the University's open teaching and research philosophy and must adhere to a policy that prohibits secrecy in research. Such conditions on publication must be in compliance with *UNC Policy Manual*, 500.1 and 500.2, and with campus Intellectual Property policies.

3. Activities or relationships that are generally not allowable

The examples cited below involve situations that are not generally permissible, because they involve potential conflicts of interest or they present obvious opportunities or inducements to favor personal interests over institutional interests. Before proceeding with such an endeavor, the EPA employee would have to demonstrate that in fact his or her objectivity would not be affected and University interests otherwise would not be damaged.

- An EPA employee participating in University research involving a technology owned by or contractually obligated to (by license or exercise of an option to license, or otherwise) a business in which the individual or a member of his or her immediate family has a consulting relationship, has an ownership interest, or holds an executive position.
- An EPA employee participating in University research which is funded by a grant or contract from a business in which the individual or a member of his or her immediate family has an ownership interest.
- An EPA employee assigning students, post-doctoral fellows or other trainees to University research projects

sponsored by a business in which the individual or a member of his or her immediate family has an ownership interest.

- An EPA employee making referrals of University business to an external enterprise in which the individual or a member of his or her immediate family has a financial interest.
- An EPA employee associating his or her own name with the University in such a way as to profit financially by trading on the reputation or goodwill of the University.
- An EPA employee making unauthorized use of privileged information acquired in connection with one's University responsibilities.

B. Avoiding conflicts of interest

Each constituent institution must adopt procedures (a) that effectively impart a clear understanding of impermissible or questionable conduct and (b) that provide for advance disclosure and periodic audits designed to permit analysis and avoidance of potential problems.

Critical to the success of any program established to address conflicts of interest is employee understanding of the problem, so that individuals are equipped to avoid such conflicts on their own initiative. While in many situations the conflict of interest would be obvious to all, in other situations the potential difficulty would not be so apparent. Since concern about conflicts of interest appropriately embraces situations in which there is a potential for or appearance of conflict, as well as actual conflict, there may be differing views about what is or is not a problematic activity or affiliation. Thus, the faculty and administration of each constituent institution first must reach agreement on and promulgate basic definitions, of the type suggested herein, and then must insure that all affected employees are fully informed, on a regular and continuing basis.

Obviously it is preferable to anticipate and avoid conflicts of interest rather than belatedly discover an existing conflict that requires remedial action, involving the possibility of charges of misconduct, the severance of institutional affiliations or the discontinuation of external activities, or other disruptions of professional or financial arrangements. Thus, an effective method of evaluating possible conflicts of interest, in advance, is indispensable. Each campus must establish procedures that elicit information in a timely manner about potential conflicts of interest related to the EPA employee's University responsibilities. Designated administrative and faculty officers and committees then would be equipped to analyze with the employee any apparent problem and decide whether the activity or affiliation in question actually presents a conflict of interest and, if so, what safeguards or remedial actions should be taken. Employees further would be required to supplement the information elicited by the questionnaire at any time during the academic year when a contemplated new venture might entail conflicts of interest. In each case a designated administrative officer would provide a final ruling, subject to prescribed rights of appeal.

In combination, the required advance definition and publicity and advance screening should help all EPA employees avoid any difficulties in the area of conflicts of interest.

Each constituent institution may adopt additional related internal policies, procedures, and guidelines consistent with this Policy. Each chancellor shall submit to the President, for review, a copy of proposed institutional policies and procedures, including definitions of conflicts of interest, methods for publicizing institutional definitions and requirements, and procedures and forms for disclosing relationships and circumstances that may raise questions about conflicts of interest. Such proposals shall be submitted and, subject to Presidential approval, shall be implemented on a schedule to be established by the President.

300.2.6[G]
Adopted 02/25/81
Repealed 05/30/06

Repeal of Guidelines on Reassignment of Duties of Faculty Members

The following Guidelines are repealed:

The Board of Governors established a Faculty Doctoral Study Assignment Program, and this program is supported annually by general fund appropriations. Consistent with the purposes of that program, and the objectives it is designed to foster, the University should be able to make reasonable and appropriate arrangements to accommodate further support for advanced study that might come to institutions from other sources. It is important, however, that the institutions avoid being placed in a situation that requires appropriate clearances for budgetary or other purposes after the fact.

Accordingly, to avoid these errors and to expedite requests, the following policy is established: Except for those persons receiving an appointment under the Faculty Doctoral Study Assignment Program, no faculty member is to be given a leave or reassignment with pay from state funds for purposes of study toward an advanced degree unless the leave or reassignment is first approved by the office of the president.

[This is a rewrite of Administrative Memorandum #148.]

Erskine B. Bowles

Guidelines on Reassigned Time for Faculty

Faculty members are expected to remain highly competent in their disciplines and to maintain familiarity with recent scholarship. They often need sustained and dedicated periods of time to carry out tasks related to the teaching, research, creative activity, or external activities related to their positions. Reassigned Time for these activities may be supported by state or other funds available from the institution or from external sources. Campuses that provide such opportunities to faculty must have appropriate policies governing the awarding of Reassigned Time, in order to ensure equity in submitting and consistency in approving requests for Reassigned Time.

These guidelines are intended to assist campuses in creating such policies and reflect common practices at UNC and other higher education institutions across the country. Campus policies may vary from these guidelines, since leaves are contingent on the availability of funds at the institution and review and approval procedures need to be consistent with the campus administrative structure.

I. Eligibility

Campuses should define the pool of faculty eligible for Reassigned Time. In some cases, untenured faculty may be provided released time during their probationary period; the Reassigned Time policy generally does not apply to faculty with whom hiring agreements have been made that include such released time.

In general, faculty eligible for Reassigned Time should understand the following expectations:

1. The faculty member is tenured and full-time at the rank of assistant professor or above. Campuses may consider applications for Reassigned Time from tenure-track faculty members in their last probationary year; if the proposal is approved, the Reassigned Time will be contingent upon the applicant receiving tenure. The North Carolina School of the Arts will have a different definition for eligibility because that institution does not award tenure.
2. The period of Reassigned Time will count as time toward promotion, contract (in the case of NCSA), and post-tenure review.
3. When applying for Reassigned Time, the faculty member must submit a proposal and the appropriate materials in accordance with campus policies.
4. Reassigned Time is neither deferred compensation nor an entitlement based upon length of service but is granted on the merits of the individual proposal upon the recommendation of the appropriate committees and administrators.
5. Faculty on Reassigned Time are eligible for consideration for merit salary increases, promotion, and one-time payments or any other salary adjustments approved by the General Assembly, the Board of Governors, or the institution.

6. Faculty on Reassigned Time will continue to receive university contributions for the State Health Plan. They will also continue to receive the University's contributions for the N.C. Teachers' and State Employees' Retirement System or the UNC Optional Retirement Program under the conditions outlined in Section VII below. Other benefits may be continued during this period, in accordance with the policy adopted by the campus.
7. Faculty members on Reassigned Time are expected to devote full-time to the approved project.
8. If circumstances require that a substantial change be made in the project after it has been approved, the faculty member should obtain approval of the changes in accordance with campus procedures.

II. Duration and Compensation

Campuses should develop guidelines that include the duration and compensation for periods of Reassigned Time.

1. Duration
Faculty will generally be awarded Reassigned Time for either one or two semesters for 9-month academic-year appointments or for six or twelve months for 12-month appointments. (NCSA may have a different schedule.)
2. Compensation
Campus policies on compensation for Reassigned Time may vary depending on availability of funds. In general, faculty will be granted leave for a full academic year or for twelve-months for no less than 50% of the annual salary or leave for one semester or six months for full salary. Campuses may decide to award only academic year or calendar -year leaves if funds are not available for single semester or six month leaves. Faculty awarded Reassigned Time are expected to work full-time on their approved project.

Salary funds released by Reassigned Time appointments should be aggregated at the appropriate level (college or institution) to be used for replacement faculty as necessary. The source of funds for replacement needs to be determined prior to approval of the Reassigned Time.

III. Supplemental Pay

Campuses should develop guidelines addressing the salary and other compensation faculty may receive from the institution and from other sources during the period of Reassigned Time.

1. In some cases, faculty may be receiving partial salary from an external source. In these cases, the faculty member's total salary should not exceed the approved annual salary for the period of Reassigned Time, not including funds awarded to cover living expenses and travel for Reassigned Time spent away from campus as well as

secretarial assistance, research, publication, and other expenses related to the approved project.

2. Compensation for salary and expenses from all sources should be addressed in the proposal and approved before the leave is granted. If the amount or source of compensation changes, this change should be approved by the appropriate administrators through the External Professional Activities for Pay policy (see 300.2.2). A person on Reassigned Time may not receive supplemental salary funds through the university.

IV. University Obligations and Return to Service

1. Faculty on Reassigned Time should agree to take leave or resign from campus obligations such as department, college, and campus committees during the time of the Reassigned Time. However, faculty may be expected to maintain contact with graduate advisees or to make other arrangements to ensure that students' progress will not be disrupted. Faculty may also participate in the department faculty evaluation process (for annual reviews or hiring) if the department bylaws provide this opportunity.
2. Campus policies must include a provision for continuing service to the institution following the end of the Reassigned Time period. Faculty who receive Reassigned Time should be required to return to service at the university or be required to repay the salary received during the period of leave. Typically, such policies require that faculty return to the university for twice the period of the Reassigned Time that was granted. For example, a 9-month faculty member who was granted Reassigned Time with full pay for one academic semester, at the end of the Reassigned Time period, might be expected to return to work with that campus for a minimum of two semesters or he or she will be required to repay the salary received during the Reassigned Time period.
3. The N.C. Teachers' and State Employees' Retirement System requires that employees on approved leave of absence for educational purposes return to service as a contributing member for at least three years; otherwise, service credit earned during leave of absence will be cancelled. (See Section VII, "Benefits Continuation.")
4. A faculty member on Reassigned Time who accepts a position at another post-secondary institution or any other paid employment that was not included in the proposal or approved through the External Professional Activities for Pay policy (see 300.2.2) will be considered to have abandoned his or her contract and should be terminated.

V. Report

Campus policies should include a provision for reporting on the outcomes of the Reassigned Time. This could include a report required at the end of the first semester following the leave

that addresses the accomplishment of the purposes stated in the application for Reassigned Time. Campuses may wish to require a public forum or presentation following the Reassigned Time. If a faculty member fails to submit the required report, he or she should not be considered for subsequent Reassigned Time. Campuses may determine additional consequences in such cases.

VI. Further Service and Subsequent Reassigned Time

Campuses should establish a defined period of time before faculty members are eligible to apply for additional Reassigned Time. Typically, six years of further service is required before a faculty member is eligible to apply for another leave. Leaves of absence without pay not exceeding one year may be counted as service toward eligibility for additional Reassigned Time if the leave of absence without pay is related to scholarly responsibilities.

VII. Benefits Continuation

1. Retirement.

A. N.C. Teachers' and State Employees' Retirement System (TSERS)

For faculty who are on Reassigned Time, this period will be considered as an approved leave of absence for educational purposes.

During the Reassigned Time with full pay, the University will continue making the employer contribution to TSERS and the faculty member will continue making his or her pre-tax contribution to TSERS through payroll deduction.

During the Reassigned Time with partial pay, if the faculty member wishes to continue making his or her retirement contribution, the University will continue making the employer contribution. The employer and employee contributions are based on the faculty member's base rate of pay in effect immediately preceding the reassignment. The faculty member's contribution shall be on an after-tax basis and monthly payment must be made timely by the faculty member, by personal payment, to the campus human resources/benefits office, for transmission to the State Retirement System.

In accordance with State law, if a faculty member is on an approved leave of absence for educational purposes with partial pay, service credit may be purchased if retirement contributions are paid by the 15th of the month following the month for which service credit is allowed. If contributions are not made by the 15th of the month, a penalty of 1% of the combined employer and employee contributions per month shall be assessed by the Retirement System. In addition, unless the faculty member returns to service as a contributing member within 12 months after completion of his or her educational program and contributes to the Retirement System for at least three more years (except in the event of death or disability), contributions will be refunded and the service credits canceled. Regardless of when the educational program was completed, the maximum allowable credit for educational leave or interrupted service for education purposes is six years over the course of one's career.

In advance of the Reassigned Time, a letter must be sent to TSERS by the campus human resources/benefits office requesting permission for the faculty member to continue his or her retirement contributions while on Reassigned Time, along with an "Application to Purchase Service Credits for Educational Leave or Interrupted Service for Educational Purposes," Form 263. This form is available on the TSERS website.

NOTE: Coverage under the State's Disability Income Plan and the Death Benefit will continue for eligible members of TSERS during the Reassigned Time period.

B. UNC Optional Retirement Program

If a faculty member participates in the UNC Optional Retirement Program (ORP), the same procedures as outlined above for TSERS members apply, including the six year maximum allowable credit limit. (See TSERS discussion above). However, employer and employee contributions are payable to the appropriate ORP carrier instead of to the Retirement System. Please note that a letter requesting permission for the faculty member to continue making contributions to the ORP must be submitted by the campus human resources/benefits office to the State Retirement System in advance of the Reassigned Time so that the six year maximum allowable credit limit can be tracked. At the present time, the ORP does not track whether a faculty member who takes a leave of absence for educational purposes at less than full pay returns to work for at least three years.

NOTE: Coverage under the State's Disability Income Plan will continue for eligible participants of the ORP during the Reassigned Time period.

2. State Health Plan

A faculty member who is on Reassigned Time is eligible and should continue to receive the University's contribution for State Health Plan coverage, whether on full pay or partial pay. The employee's contributions for dependents' coverage will continue to be payroll deducted from the faculty member's paycheck on a before-tax basis.

3. Other Benefits

A faculty member should contact his or her campus human resources/benefits office for information about continuation of other benefits while on Reassigned Time.

VIII. Application Process

1. The college/institution should have a uniform application process which may include the following information, depending on the project:
 - Curriculum vitae
 - Description of the project
 - Expectations for supplemental funding for expenses and/or salary

- Invitations to other institutions, award letters for fellowships, or other supporting documentation
 - Potential enhancement of the faculty member's effectiveness in teaching, scholarship, or service
 - Potential value to the teaching, scholarship, or service program of the department
 - Contribution to knowledge in the field of study
 - Value to public or professional service at the institutional, state, or national level.
 - Expected outcomes, e.g., book, article, creative expression, new academic or outreach program.
2. Written information on the application process and deadlines for applications should be disseminated to all eligible faculty members, through a faculty manual or other accessible documents.
 3. In general, applications should be evaluated in writing by no fewer than three persons, within or external to the department or university, who are competent to judge the proposal.
 4. On most campuses, the dean will be responsible for approving or denying applications, although campuses may choose to have final approval by the Chief Academic Officer.
 5. Campuses must identify an appropriate appeal process if a proposal is denied.
 6. Department administrators must assure the dean or Chief Academic Officer that teaching and advising in the department will be maintained during the faculty member's absence.
 7. Decisions about granting Reassigned Time must be made with a clear understanding of the source of funds to maintain the instructional expectations of the department.
 8. Deans should be responsible for providing the Chief Academic Officer with a list of applications and results of the process annually.

Erskine B. Bowles

NON-SALARY AND DEFERRED COMPENSATION

A. Non-salary compensation.

1. Irrespective of the campus' status regarding management flexibility in personnel, all constituent institutions and the General Administration shall have a policy concerning the granting of non-salary compensation for all personnel exempt from the State Personnel Act except for the chancellor and the president. The policy shall either provide specified non-salary compensation to a defined category of employees uniformly or shall require approval by the board of trustees or Board of Governors upon recommendation by the chancellor or president, respectively, regarding non-salary compensation granted to an individual employee before non-salary compensation is provided.

Each policy that provides specified non-salary compensation to a defined category of employees shall set out what types of non-salary compensation the campus or General Administration will provide, and the criteria for awarding such compensation. The awarding of non-salary compensation may be based on any reason or reasons considered relevant to attracting or retaining a faculty and staff of the highest possible quality. Decisions concerning non-salary compensation shall not be based in whole or in part upon discriminatory factors of the employee's race, color, national origin, sex, age, religion, creed, disability, or veteran status.

2. The funding source for non-salary compensation shall not be State funds, and non-salary compensation may be provided directly by an associated foundation if permitted by policy. An exception permitting non-salary compensation to be funded from State funds may be approved by a board of trustees or the Board of Governors only when permitted by the Office of State Budget and Management. Any club membership for an employee or the granting of special campus services or benefits must be job related, and the club must have a policy prohibiting discrimination against groups protected by federal and North Carolina law. Non-salary compensation shall be appropriately reported to federal and state tax agencies.

The hiring approval process may include payment of moving expenses in accordance with authority from the Office of State Budget and Management. The decision of whether to include payment of moving expenses in an employment offer may be delegated no lower than the Provost/Vice Chancellor level or Vice President level.

3. Provision of housing, when occupancy of the housing is required as a part of the job, reimbursement of professional- or work-related travel, and the provision of equipment to perform the work of the position, even if used at home, including computers, cellular phones, personal data assistants (PDA), pagers and similar work related items, are permissible and are not considered "non-salary compensation" as used in this Policy.

B. Delayed or Deferred Salary/Compensation

The State of North Carolina and the University of North Carolina offer employees options for deferred compensation and insurance. Unless expressly approved by the Board of Governors, constituent institutions and the General Administration may not provide any other employer-paid options for deferred compensation or other delayed compensation to its employees.

For purposes of this policy, delayed and deferred salary or compensation shall be broadly defined to include, but are not limited to, any employer payment or contribution paid 1) directly to an employee, 2) to the employee's account or plan, or 3) to a person acting in a capacity similar to a trustee for the employee, which is paid later than the regular or next subsequent payment cycle, except for an error that is promptly corrected upon discovery. Delayed and deferred salary/compensation also includes traditional 457 deferred compensation plans, any retirement plans or accounts, annuities, and life insurance accumulating any cash value. Delayed and deferred compensation also include both tax qualified and non-qualified plans, and any other similar form of payment, whether tax sheltered or not.

This policy does not prohibit a campus from making any permitted employer contribution to the Optional Retirement Program or the Teachers' and State Employees' Retirement System.

C. Non-salary or deferred compensation of Chancellors and President

Other than a State provided car or a car of comparable value, a chancellor's or the president's residence as provided for in Policy 300.1.5, work related club memberships, reimbursement of moving expenses upon initial employment as a chancellor or president, and benefits uniformly provided to all employees exempt from the State Personnel Act, only the Board of Governors may approve non-salary or deferred compensation for a chancellor or the president. The funding source for non-salary compensation for a chancellor or the president, other than that specified in this paragraph, shall not be State funds, but an exception may be approved by the Board of Governors. Club memberships may never be paid using State funds.

D. Employees exempt from this policy

Members of faculty medical practice plans, such as physicians, dentists, and veterinarians, are exempt from this policy. Athletic directors and head coaches remain subject to Policy 1100.3 and its guideline, and are exempt from this policy.

E. Review and Approval

Campus policies on non-salary and delayed/deferred salary/compensation must be submitted as a part of the campus request for management flexibility to appoint and fix compensation. Campuses already granted management flexibility in personnel shall submit their policies to the General Administration for review. Subsequent changes to the policies must be submitted for review by the General Administration prior to submission to the campus Board of Trustees for approval. In some cases, policies with extensive revisions will be reconsidered by the Committee on Personnel and Tenure of the Board of Governors.