



# POLICIES

## The University of North Carolina *Board of Governors*

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Policy #600.3.4

Adopted: January 11, 2002

### Granting of Management Flexibility To Appoint And Fix Compensation

#### A. Purpose

Pursuant to the provisions of Chapter 116 of the General Statutes of North Carolina and in an effort to enhance the administrative efficiency of the University, the Board of Governors hereby delegates to the Boards of Trustees for institutions designated as Special Responsibility Constituent Institutions with management flexibility the authority to administer personnel actions as described in this policy. The authority granted by the Board of Governors is subject to the *Code* of the University of North Carolina, policies of the Board of Governors and all applicable federal and state laws, policies, regulations, and rules. This provision requires each Special Responsibility Constituent Institution to comply with, along with other rules, all rules and regulations concerning equal employment opportunity and to act in recognition of funding availability and constraints within each institution's budget.

#### B. Institutional Plans For Management Flexibility For Personnel Appointments

The Board of Governors shall review and approve plans for management flexibility for personnel appointments. Upon approval the Board of Trustees of a Special Responsibility Constituent Institution<sup>1</sup> shall have the authority delegated by this policy. An institutional plan shall include the following:

1. Policies and procedures for the recruitment and selection of senior academic and administrative officers.
2. A campus policy for promotion and tenure<sup>2</sup> that complies with the *Code* of the University of North Carolina and current federal law, provides for periodic pre-tenure, tenure and

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<sup>1</sup> In order for an institution to have management flexibility for personnel appointments, the institution must be designated and maintain the status of a Special Responsibility Constituent Institution.

<sup>2</sup> As applied to the North Carolina School of the Arts, the terms "tenure policy" or "policy for promotion and tenure," as used herein, refer to the institution's policy governing the appointment of faculty.

promotion review at multiple levels, and provides clear requirements for promotion and the conferral of permanent tenure.

3. A schedule and process for periodic review of promotion and tenure policies and a process for amending promotion and tenure policies that includes a review by the Office of the President.
4. Salary ranges, based on relevant data, for vice chancellors, provosts, deans, and other similarly situated administrators<sup>3</sup> that are not included in the annual Board of Governors' study establishing salary ranges.
5. Evidence of comprehensive salary studies that establish salary ranges for tenured faculty within different disciplines based on relevant data.<sup>4</sup>
6. Policies governing the compensation of faculty and non-faculty EPA (exempt from the State Personnel Act) from non-state sources such as grants, endowment funds, practice plan funds, etc.
7. Policies governing any non-salary compensation of faculty and non-faculty EPA.
8. Documentation that the campus has not had audit findings related to personnel practices, salary or payroll for the previous three years or evidence that any findings have been remedied.
9. Evidence of appropriate accountability procedures in the event that the Board of Trustees delegates the authority granted pursuant to this policy to the chancellor.

### **C. Delegation of Authority to Boards of Trustees of Special Responsibility Constituent Institutions With Management Flexibility**

1. Simultaneous with approval by the Board of Governors of an institution's plan for management flexibility in personnel, the Board of Trustees of the Special Responsibility Constituent Institution with management flexibility is delegated the authority to:<sup>5</sup>
  - a. Upon recommendation of the chancellor, appoint<sup>6</sup> and fix the salary and non-salary compensation<sup>7</sup> for all vice chancellors and senior academic and administrative officers for which the Board of Governors establishes salary ranges. Any salary set by the Board of Trustees shall be established consistent with the salary ranges and the policies of the Board of Governors and the regulations and guidelines established by the Office of the President. Once

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<sup>3</sup> This would include directors of major administrative, educational, research, and public service activities.

<sup>4</sup> When used in this policy, the phrase "relevant data" indicates that the institution is expected to draw comparisons to peer institutions as identified by the Board of Governors. Data from peer institutions will be used when available except in instances in which a campus can demonstrate legitimate labor market differences that justify the use of a supplemental or alternative set of peer institutions.

<sup>5</sup> The delegation authorized by this policy is in addition to the delegation by the Board of Governors to the Boards of Trustees contained in the Appendix to the *Code of the University of North Carolina*.

<sup>6</sup> For the purpose of this policy the term "appoint" means the initial appointment, reappointment, or an appointment that constitutes a promotion or a significant change in position responsibilities.

<sup>7</sup> Throughout this policy, all actions of a Board of Trustees of a Special Responsibility Constituent Institution to "fix the compensation" of employees are subject to the limitations contained in Section D of this policy, the policies of the Board of Governors, guidelines and regulations established by the Office of the President, and institutional plans, policies and procedures.

appointed, all vice chancellors and senior academic and administrative officers will be responsible to the chancellor or the chancellor's designee and will serve at the pleasure of the chancellor.

- b. Upon recommendation of the chancellor, establish salary ranges for vice chancellors, provosts, deans, and other similarly situated administrators that are not included in the annual Board of Governors' study establishing salary ranges. These salary ranges must be based upon available relevant data. Upon recommendation of the chancellor, the Board of Trustees shall appoint administrators, and fix the compensation of these administrators consistent with established ranges, equity studies, and relevant policies, regulations, and guidelines.
  - c. This delegation does not include the authority to grant an increase in the compensation of any employee exempt from the State Personnel Act or faculty member in an amount that exceeds the established salary range or exceeds by fifteen percent or more the salary in effect at the end of the last fiscal year without the prior approval of the Board of Governors.
  - d. Upon recommendation of the chancellor and consistent with the approved tenure policies and regulations of each institution:
    1. Confer permanent tenure on current members of the faculty;
    2. Appoint, establish salary ranges within different disciplines based on relevant data, and fix the compensation for faculty with permanent tenure;
    3. Fix the salary and non-salary compensation for continuing faculty with permanent tenure.
  - e. Upon the recommendation of the chancellor, award compensation from non-state sources consistent with policies established by the Board of Governors.
2. The Board of Trustees of each Special Responsibility Constituent Institution:
- a. Shall provide an annual summary to the Board of Governors on personnel actions covered by this delegation. That annual report shall include information regarding:
    1. The EPA appointments of all:
      - a. vice chancellors and provosts
      - b. senior academic and administrative officers for which the Board of Governors establishes salary ranges
      - c. deans, and other similarly-situated administrators
    2. The conferral of tenure;
    3. The salary and non-salary compensation for all positions listed in subpart 1 above;
    4. The most recent analysis of equity issues relevant to the employment of faculty and administrators;
    5. Audit findings related to weaknesses in the internal control structure, deficiencies in the accounting records, and noncompliance with rules and regulations or any other instances where significant findings are identified. The report should specifically detail any findings regarding personnel practices, salary or payroll for the previous year and remedial action taken in response to audit findings.

- b. Has the authority to delegate the personnel authority bestowed by this policy to the chancellor with appropriate accountability provisions.
- c. Shall submit to the Board of Governors for review, at least 30 days prior to a regularly scheduled meeting, all new or modified compensation policies and salary ranges established for faculty with permanent tenure and senior academic and administrative officer positions.

#### **D. Responsibility of the Board of Governors and the President**

1. In consultation with the President, the Board of Governors shall:
  - a. Issue a resolution each year interpreting legislative action regarding salaries. Annually set salary ranges for chancellors, vice chancellors, and members of the Office of the President senior staff. These ranges will be based upon relevant available data.
  - b. Annually review the salaries set by the medical schools at the University of North Carolina at Chapel Hill and East Carolina University to ensure that the salaries are coordinated and are consistent with relevant data in a national medical labor market.
  - c. Review and approve proposed salary increases in instances in which the salary of any employee exempt from the State Personnel Act or faculty member exceeds the established salary range or exceeds by fifteen percent or more the salary in effect at the end of the last fiscal year.
  - d. Establish chancellors' salaries and salaries of the President's senior staff based on recommendations from the President.
  - e. Provide periodic faculty salary studies based on peer data.
  - f. Approve contracts for the chancellors and the President.
2. For institutions designated as Special Responsibility Constituent Institutions with management flexibility the President and the Board of Governors shall have the same responsibilities and authority as set forth in the policy on Selection Criteria and Operating Guidelines for Special Responsibility Constituent Institutions.<sup>8</sup>

#### **E. Implementation of the Delegated Authority**

1. Special Responsibility Constituent Institutions seeking to obtain management flexibility may submit a plan to the Senior Vice President for Academic Affairs for review and approval by the Board of Governors or the Personnel and Tenure Committee of the Board on any date after March 1, 2002.
2. The delegation authorized by this policy is not effective until the date set upon the approval of the institution's plan for management flexibility for personnel appointments.
3. The Personnel and Tenure Committee of the Board of Governors is hereby authorized to approve plans submitted by a special responsibility constituent

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<sup>8</sup> See § 600.3.1 of the University of North Carolina Policy Manual and in particular § 600.3.1. A.2

institution and to grant management flexibility for personnel appointments. The committee shall report to the Board of Governors, prior to the effective date of the delegation, those special responsibility constituent institutions approved for management flexibility for personnel appointments by the Committee.

*Amendment to:*

*Code of the University of North Carolina  
Chapter III  
Section 301D*

100.1

**301 D.** The Committee on Personnel and Tenure shall consist of six voting members. Upon recommendation of the president, it shall review and make recommendations to the board with respect to the appointment and compensation of all vice chancellors, senior academic and administrative officers, and persons with permanent tenure. Notwithstanding the provision above, the committee shall not review or recommend the appointment and compensation of vice chancellors, senior academic and administrative officers, and persons with permanent tenure for those campuses delegated the authority to appoint and set compensation for such employees so long as the Board of Trustees acts consistent with the policy and compensation ranges established by the Board of Governors. Further, the committee shall advise and assist the president in the review and evaluation of tenure policies and regulations which the president shall periodically conduct, and it shall review all appeals from faculty members of the constituent institutions which involve questions of tenure, consistent with the provisions of Chapter VI of this *Code*.

*Amendment to:*

*Administrative Manual  
Senior Academic and Administrative Officer 300.1.1  
Section IIA1*

All senior officers as defined in Section I.A. above, are employed in their administrative positions pursuant to these regulations. No contract or other writing (except for *The Code*) may vary these terms, nor may any oral agreement modify these provisions. The appointments of these senior officers are subject to the approval of the Board of Governors or a Board of Trustees delegated such authority by the Board of Governors. Such officers do not have tenure in their administrative positions. They serve at the discretion of their employer and are not appointed to serve for specified periods of time. "Employer" in this context means, respectively, the official or entity designated in paragraphs (a) through (d) below. The continuance of these administrators in office therefore is at all times subject to determination by the appropriate authority, as follows:

*Amendment to:*

*Code of the University of North Carolina  
Appendix I  
Section I Academic and Administrative Personnel*

**A. Appointment and Compensation**

1. Upon recommendation of the chancellor, the Board of Trustees of a special responsibility constituent institution with management flexibility for personnel appointments shall, for all positions exempt from the State Personnel Act except the position of chancellor, appoint, promote, and set the compensation for such employees consistent with the policies and salary ranges set by the Board of Governors and the regulations and guidelines established by the Office of the President.

2. Personnel actions at a constituent institution, other than a special responsibility constituent institution with management flexibility, shall be governed as follows:

a. With respect to all faculty positions with permanent tenure and all senior administrative positions, namely vice chancellors, provosts, deans and directors of major educational and public service activities, the chancellor, following consultation with the Board of Trustees, shall forward to the President recommendations with respect to such appointments, promotions, and compensation; if the President concurs in such recommendations, the President shall forward them to the Board of Governors for approval.

b. With respect to all faculty and administrative positions, other than those identified in subparagraph 2a above, and other than those subject to the State Personnel Act, the chancellor shall forward the chancellor's recommendations for appointment, promotion, and compensation to the Board of Trustees; subject to applicable provisions of the University Code and to such policies as may be established by the Board of Governors, the action of the Board of Trustees with respect to such personnel actions shall be final.