

## **Allocation of Funds for University Personnel (EPA and SPA) Salaries**

These appropriations are included in House Bill 950 (S.L. 2012-142), "2012 Appropriations Act," and Senate Bill 187 (S.L. 2012-145), which makes technical, clarifying, and other modifications to the 2012 Appropriations Act. By statute, the Board is directed to allocate such funds in accordance with its 2012-13 Budget Priorities and in accordance with any specifications in the Appropriations Act and the *Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets*, dated June 20, 2012.

In response to the Board of Governors' priorities for competitive salary increases for all employees, the General Assembly appropriated funds of up to \$22,221,350 to support a 1.2% annual salary increase for EPA employees and up to \$8,649,234 to provide a 1.2% annual salary increase to SPA employees. The related special provision is shown below:

### **UNIVERSITY OF NORTH CAROLINA SYSTEM**

**SECTION 25.1D.(a)** Section 29.7 of S.L. 2011-145 reads as rewritten:

#### **"UNIVERSITY OF NORTH CAROLINA SYSTEM**

**"SECTION 29.7.(a)** The annual salaries of all University of North Carolina EPA faculty, EPA nonfaculty, SPA employees, and teachers employed by the North Carolina School of Science and Math shall remain unchanged for the ~~2011-2013 fiscal biennium~~2011-2012 fiscal year.

**"SECTION 29.7.(b)** The annual salaries of all employees of the University of North Carolina Health Care System and the Medical Faculty Practice Plan at East Carolina University shall remain unchanged for the ~~2011-2013 fiscal biennium~~2011-2012 fiscal year."

**SECTION 25.1D.(b)** For the 2012-2013 fiscal year, the Director of the Budget shall transfer from the Reserve for Compensation Increases created in this act to the Board of Governors of The University of North Carolina funds sufficient to provide employees who are exempt from the State Personnel Act (EPA) a salary increase of one and two-tenths percent (1.2%), including funds for the employers' retirement and social security contributions. These compensation funds may be used to award compensation increases to EPA employees, pursuant to policies adopted by the Board of Governors, including, but not limited to, any one or more of the following: (i) merit pay increases, (ii) across-the-board increases, (iii) recruitment bonuses, and (iv) retention increases. These compensation funds may also be used for one or more of the following (i) to offset the management flexibility reduction, or (ii) employ personnel. The Board of Governors shall make a preliminary report on the use of funds under this subsection to the 2013 Regular Session of the General Assembly no later than March 1, 2013, and a final report on September 1, 2013.

It is recommended that the General Fund appropriations for the 1.2% average salary increase for faculty and other employees who are exempt from the State Personnel Act (EPA) be allocated as shown in the table below. The 1.2% salary increase appropriation is proposed for distribution in proportion to the share of each institution in the General Fund EPA salary base.

	<b>Amount</b>
Appalachian State University	\$ 1,386,181
East Carolina University	
Academic Affairs	2,116,618
Health Affairs	513,542
Elizabeth City State University	277,423
Fayetteville State University	479,146
North Carolina A & T State University	961,816
North Carolina Central University	797,470
North Carolina State University	
Academic Affairs	3,727,883
Agricultural Research Service	353,223
Cooperative Extension Service	319,720
UNC Asheville	334,429
UNC-Chapel Hill	
Academic Affairs	2,822,920
Health Affairs	1,268,305
Area Health Education Centers	336,092
UNC Charlotte	1,795,399
UNC Greensboro	1,504,306
UNC Pembroke	440,824
UNC Wilmington	1,033,974
UNC School of the Arts	208,764
Western Carolina University	720,817
Winston-Salem State University	617,148
N. C. School of Science & Mathematics	103,190
UNC-General Administration	102,160
<b>TOTAL (includes estimated fringe benefits)</b>	<b>\$22,221,350</b>

*Note: Salaries at UNC Hospitals are 100% receipts supported.*

These allocations for EPA salaries are distributed for expenditure in accordance with the Salary Protocols for Faculty and Non-Faculty EPA Salary Increases 2012-13, to be presented to the Board of Governors through the Personnel and Tenure Committee at the August meeting.

In addition to the funds for EPA salary increases, the General Assembly appropriated funds to the Board of Governors for a 1.2% increase for all SPA personnel. The related special provision follows.

**UNIVERSITY OF NORTH CAROLINA SYSTEM**

**SECTION 25.1D.(a)** Section 29.7 of S.L. 2011-145 reads as rewritten:

**"UNIVERSITY OF NORTH CAROLINA SYSTEM**

**"SECTION 29.7.(a)** The annual salaries of all University of North Carolina EPA faculty, EPA nonfaculty, SPA employees, and teachers employed by the North Carolina School of Science and Math shall remain unchanged for the ~~2011-2013 fiscal biennium~~2011-2012 fiscal year.

**"SECTION 29.7.(b)** The annual salaries of all employees of the University of North Carolina Health Care System and the Medical Faculty Practice Plan at East Carolina University shall remain unchanged for the ~~2011-2013 fiscal biennium~~2011-2012 fiscal year."

**SECTION 25.1D.(c)** For the 2012-2013 fiscal year, the Director of the Budget shall transfer from the Reserve for Compensation Increases created in this act to the Board of Governors of The University of North Carolina funds sufficient to provide to employees who are subject to the State Personnel Act (SPA) a salary increase of one and two-tenths percent (1.2%), including funds for the employers' retirement and social security contributions.

It is recommended that the General Fund appropriations for the 1.2% average salary increase for employees who are subject to the State Personnel Act (SPA) be allocated as shown in the table below. The 1.2% salary increase appropriation is proposed for distribution in exact proportion to the share of each institution in the General Fund SPA salary base.

	<b>Amount</b>
Appalachian State University	\$ 426,147
East Carolina University	
Academic Affairs	815,587
Health Affairs	170,038
Elizabeth City State University	154,826
Fayetteville State University	179,068
North Carolina A & T State University	401,536
North Carolina Central University	318,531
North Carolina State University	
Academic Affairs	1,335,114
Agricultural Research Service	186,886
Cooperative Extension Service	97,327
UNC Asheville	140,739
UNC-Chapel Hill	
Academic Affairs	1,218,586
Health Affairs	513,885
Area Health Education Centers	27,911
UNC Charlotte	759,540
UNC Greensboro	563,970
UNC Pembroke	164,858
UNC Wilmington	418,506
UNC School of the Arts	96,079
Western Carolina University	281,359
Winston-Salem State University	203,260
N. C. School of Science & Mathematics	49,572
UNC-General Administration	125,909
<b>TOTAL (includes estimated fringe benefits)</b>	<b>\$8,649,234</b>

*Note: Salaries at UNC Hospitals are 100% receipts supported.*

The General Assembly also appropriated \$3,000,000 in recurring funds in response to the Board’s request of \$10,000,000 for the Faculty Recruiting and Retention Fund that was initiated in 2006-07. The President may use the Fund to offer salary increases to recruit and retain faculty members at constituent institutions. It is recommended that these funds be allocated to UNC-General Administration, Institutional Programs and that the President be authorized to make further allocations based on legislative intent. The related special provision follows:

**UNIVERSITY FACULTY RECRUITING AND RETENTION FUND**

**SECTION 25.3.** The Faculty Recruiting and Retention Fund under the Office of the President of The University of North Carolina is reestablished for the 2012-2013 fiscal year. Allocations from the fund shall be made for salary increases at the discretion of the President of The University of North Carolina only for the purpose of recruiting and retaining faculty members as necessary at constituent institutions.

There were no additional appropriations for Distinguished Professorships in response to the Board’s request of \$8,000,000.

In addition to the special provisions in the 2012 Appropriations Act (House Bill 950) that were previously cited, the following are noted for information. No Board actions are required.

Section	Special Provisions
25.2B	Changes to salary increase reporting requirements
25.10	Salary-Related Contributions
25.11	ORP Forfeiture Funds
25.12	Expand ORP for UNC System

Also, in Senate Bill 187 (budget technical corrections bill), Section 6B.1 provides five days of Special Annual Leave Bonus days to all state employees. Any of these days unused on June 30, 2013 will expire.

It is recommended that the proposed Allocations for Salary Increases appropriations for 2012-13 be approved. It is further recommended that the Vice President for Finance be authorized to make refinements in the interest of accuracy and completeness. It is also recommended that the President be authorized to seek such concurrence as may be required of the Director of the Budget in the allocation of these funds.