

## 3. 2014 EPA Salary Administration.....Suzanne Ortega/William Fleming

**Situation:** Based on the Governor's proposed budget, we are projecting that the General Assembly may include a compensation increase pool for EPA employees (those employees exempt from the State Human Resources Act, including faculty) in the 2014 Appropriations Act. The bill will likely be passed and ratified by the end of June for a July 1 effective date.

**Background:** EPA compensation increases have historically been performance based rather than across-the-board, and the long-standing practice of the General Assembly has been to instruct the Director of the Budget to transfer a pool of funds to the Board of Governors.

In the past, upon the President's recommendation, the Board has then approved instructions for the constituent institutions to use in awarding compensation increases to faculty and other EPA employees. Historically, this guidance is approved at the August meeting and subsequently disseminated to the constituent institutions along with the appropriate allocation of funds. Any EPA compensation actions are then awarded and usually paid in September or later and are retroactive to July 1 (or whatever the effective date of the legislation is).

**Assessment:** If the legislation is passed and ratified as expected, we could significantly improve the efficiency of the EPA salary increase process by delegating limited authority to the President for the period of time between the effective date of the legislation and the July/August 2014 Board meeting to develop and issue instructions for EPA compensation increases, consistent with the parameters of the 2014 Appropriations Act, if any, and in accordance with the policies of the Board of Governors,.

Because the increases are awarded on an individual employee basis, significant administrative and supervisory time and resources are often required to implement these actions. This action would allow our constituent institutions to implement any compensation increases in a timely fashion and limit the potential for audit exceptions associated with retroactive implementation. The President will report activity authorized by the Board at the Board's July/August 2014 meeting.

**Action:** This item is for a vote of the full Board upon the recommendation of the Personnel and Tenure Committee. A recommendation and resolution to this effect is attached.



**Recommendation for Implementation of July 1, 2014 Compensation Adjustments for EPA Employees Pursuant to the Appropriations Act**

The Current Operations and Capital Improvements Act of 2014 (the Appropriations Act) may provide for compensation increases for faculty and other EPA employees, to be effective July 1, 2014. In accordance with long-standing practice by the General Assembly, the Appropriations Act ordinarily instructs the Director of the Budget to transfer funds for compensation increases for EPA employees to the Board of Governors. The President and the chancellors then award compensation increases to EPA employees in accordance with any statutory parameters, the policies of the Board of Governors and such instructions for EPA salary administration as may be adopted by the Board on the President's recommendation.

The Personnel and Tenure Committee notes the next Board of Governors meeting will take place after the July 1, 2014 effective date for compensation increases, resulting in a delay in the issuance of EPA salary administration instructions and the need to provide for retroactive implementation of adjustments. In order to promote the efficiency of the EPA salary administration process and limit the potential for audit exceptions associated with retroactive implementation, the Committee recommends that the Board of Governors delegate to the President the authority to develop and issue instructions for EPA compensation increases provided in the 2014 Appropriations Act, if any, in accordance with the legislation and the policies of the Board of Governors for the period of time between the June and August meetings of the Board of Governors. The Committee also recommends that President will be required to report any action authorized by this delegation to the Board at its August meeting.

BE IT SO RESOLVED.

\_\_\_\_\_, 2014

APPROVED BY THE BOARD OF GOVERNORS OF  
THE UNIVERSITY OF NORTH CAROLINA

By: \_\_\_\_\_

Ann Lemmon  
Secretary of the University

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