

COMMITTEE ON PERSONNEL AND TENURE

Draft Minutes: April 6, 2015
Teleconference

OPEN SESSION

The following members were present: Chair, G.A. Sywassink; Vice Chair, Therence Pickett; Frank Grainger, Phillip Walker, and Laura Wiley.

The following members were absent: James Holmes and Marty Kotis

The following staff were present: Junius Gonzales, Matthew Brody, Joanna Carey Cleveland, Glenda Farrell, Keith Dupuis, and Samantha McAuliffe.

Mr. Sywassink made a motion to enter into closed session.

MOTION: BE IT RESOLVED that the Personnel and Tenure Committee move into Closed Session to “consider the qualifications, performance, and appointment conditions of employees; instruct the University’s staff concerning the establishment or negotiation of employment contracts and compensation; and consult with counsel.”

[N.C.G.S. §143.318.11(a)(1)(3)(5)&(6)]

Motion: Mr. GA Sywassink
Second: Mr. Frank Grainger
Motion Carried

***The meeting was moved into closed session.
(The complete minutes of the Closed Session are recorded in Appendix A.)***

Mr. Sywassink called for a motion to return to Open Session.

MOTION: BE IT RESOLVED that the Personnel and Tenure Committee return to Open Session.

Motion: Mr. Therence Pickett
Second: Mr. Frank Grainger
Motion Carried.

The Committee returned to Open Session.

There being no further business, the meeting was adjourned.

Ms. Laura Wiley, Secretary

Attachment

COMMITTEE ON PERSONNEL AND TENURE

Draft Minutes: April 9, 2015
East Carolina University, Greenville, North Carolina

OPEN SESSION

The following members were present: Chair, G.A. Sywassink; Vice Chair, Therence Pickett; Frank Grainger, James Holmes, Phillip Walker, and Laura Wiley.

The following members were absent: Marty Kotis

The following staff were present: Junius Gonzales, Matthew Brody, Joanna Carey Cleveland, Glenda Farrell, Brian Usischon, and Samantha McAuliffe.

The following Chancellors and System representatives were present: Chancellor Saunders-White.

The following guest presenters were present: Dr. Paul Cunningham, Dean of the Brody School of Medicine and Dr. William Roper, Dean of the UNC Chapel Hill School of Medicine.

1. Open Minutes of February 25, 2015:

Mr. Sywassink requested a motion to approve the open session minutes of the February 25, 2015 meeting.

MOTION: BE IT RESOLVED that the open session minutes of the February 25, 2015 meeting be approved as circulated.

Motion: Mr. Frank Grainger
Second: Mr. Therence Pickett
Motion Carried

In order to ensure enough time for discussion related to the presentation on Chancellor Compensation and the School of Medicine Compensation, Mr. Sywassink requested to re-order the agenda to handle business and voting items first.

2. 10% Salary Pre-Approval Guidelines Delegation Parameters:

Mr. Brody reminded the Committee that the delegation request before them for approval was previously shared with them at the December meeting. Actions covered under this delegation would be reported to the Board of Governors in the Presidential Summary Personnel Actions. Any items that require Board of Governors pre-approval will continue to be brought to the Personnel and Tenure Committee for that approval.

The delegation extends authority from the Committee on Personnel and Tenure to the President for the approval of two types of salary adjustments. The first are adjustments that do not result in an excess of 30% of the cumulative fiscal year adjustments to-date and is directly related to the retention of an EPA faculty member of an EPA non-faculty employee, when such individual is demonstrated to be actively under recruitment or in receipt of an offer of employment for an entity outside of their appointing constituent institution or the University of North Carolina General Administration. The second are adjustments that do not result in exceeding 30% of the cumulative fiscal year temporary adjustments to-date, represent non-permanent compensation related to an acting or interim appointment or temporary additional duties of an EPA faculty or EPA non-faculty employee, and has duration not to exceed thirteen months in duration, unless an extension of the temporary compensation is brought to and approved by the Committee on Personnel and Tenure and/or the Board. This authority shall not apply to Chancellors or individuals at the rank of Vice President or higher of the UNC General Administration, or any action proposed on a retroactive basis.

Mr. Sywassink requested a motion to approve the requested delegation.

MOTION: BE IT RESOLVED that the proposed delegated authority for specific personnel actions be approved and recommended to the full Board for approval.

Motion: Mr. Frank Grainger

Second: Mr. James Holmes

Motion Carried

3. General Administration SAAO Position Actions:

Mr. Brody provided information on two Senior Academic and Administrative Officer position actions proposed to the Committee for approval. The first is the Assistant Vice President for Academic and University Programs which is being changed from the current title of Assistant Regional Director. This is an existing position that has been redefined to provide leadership with planning and implementation of the newly adopted UNC Board of Governor's recommendations on Teacher and School Leader Quality, as well as work with the 15 UNC Schools of Education, inter-institutional program related to K-16 education, the NC Department of Public Instruction, the State Board of Education, Local Education Agencies, and other programs and organizations supporting public schools.

The second position is the UNC-TV Associate General Manager and General Counsel which is being changed from Associate Vice President for Legal Affairs. This position is being transferred from UNCGA Legal Affairs from an Associate Vice President for Legal Affairs to the UNC-TV Executive Suite as an Associate General Manager and General Counsel to support the UNC-TV reorganization and strategic plan. The position is needed to fill a vital support and advisory role to the General Manager as well as manage the operations and legal affairs of UNC-TV.

Mr. Sywassink called for a motion to approve the establishment of the requested positions.

MOTION: BE IT RESOLVED that the request to establish a position of Assistant Vice President for Academic and University Programs and Associate General Manager and General Counsel be approved and recommended to the full Board for approval.

Motion: Mr. Phillip Walker

Second: Mr. Frank Grainger

Motion Carried

4. Appalachian State University Title Change Request

Mr. Brody presented a proposal from Appalachian State University to redefine an existing position of Chief of Staff to the title of Vice Chancellor and Chief of Staff. This title recognizes the extensive responsibilities in regard to the management of the institution and the level of decision making this individual is responsible for exercising.

Motion: Mr. Phillip Walker

Second: Mr. Frank Grainger

Motion Carried

5. Executive Compensation Study:

Mr. Sywassink thanked the staff of General Administration for their hard work and quality of work. Specifically he thanked, Mr. Brian Usischon, Ms. Glenda Farrell and Thomas Shanahan as well as Mr. Brody and Dr. Gonzales.

Mr. Usischon reported that the special Committee on Compensation approved, and is forwarding for the full committee's approval, the Consultant's findings. The report contains an assessment of the University's compensation practices in comparison to other institutions of higher education (public and private), for profit organizations, non-profit organizations of similar complexity, and general industry. Representatives of Buck Consulting provided an overview of those findings which including information on compensation philosophies, executive compensation, and compensation structure compared to market.

For certain positions, higher education institutions are looking for candidates outside of higher education in private industry. Because of that, it is important to understand how our compensation structures compare to other industries. One third of the institutions surveyed have a compensation philosophy which communicates to individuals inside and outside of the organization what is important to the organization and serves as a guideline for compensation decisions in the future. The salary structures are very traditional and are based on CUPA salary data. However, they are not reflective of the market. The proposed approach is more flexible and allows UNC to compete with a market range that would attract talent. Three grades have been proposed for the system office and four for the campuses with suggestions for where certain positions fall within these grades.

Components of Executive Compensation include base salary, cash compensation (base plus

supplemental pay), total direct compensation (complete compensation, including deferred comp). Generally speaking, current salaries are competitive with what is found in the market, however, not necessarily competitive with the very top of the market. Based on comparisons to the compensation packages offered by other institutions, the Consultants suggested additional components to make compensation more competitive. Most institutions allow executives to participate in more than one type of retirement plan, whereas NC requires individuals to participate in only one. Deferred compensation is also a commonly offered component of compensation which UNC does not offer. Retention bonuses are also an increasingly popular component of compensation. Most institutions are also offering performance plans or incentive compensation.

Mr. Sywassink noted that the consultant's report is a public document and available for review. The glossary was provided to ensure that there was a common definition of terms. When referring to the 75%ile, he reminded the Committee that the goal of compensation is to put people within the salary range dependent upon several factors including, years of service, experience level, skill-set, etc. The list of recommendations are intended to be options and are not intended to be included in all compensation packages.

Mr. Sywassink called for a motion to approve the proposed salary ranges presented in the Consultant's Report.

MOTION: BE IT RESOLVED that the proposed salary ranges submitted within the Buck Consultant's Report on Executive Compensation be approved and forwarded to the full Board for approval.

Motion: Mr. Frank Grainger
Second: Mr. Therence Pickett
Motion Carried

Mr. Brody provided an overview of the policy changes to Policy 300.1.1 submitted to the Committee for their review and approval. The proposed modifications would allow the Board to implement the various compensation recommendations contained in the Buck Consultants Report.

MOTION: BE IT RESOLVED that the proposed changes to Policy 300.1.1 be accepted as recommended and forwarded to the full Board for approval at the May 22, 2015 meeting.

Motion: Mr. Frank Grainger
Second: Mr. Therence Pickett
Motion Carried

6. Briefing on School of Medicine Compensation

Dean Cunningham of the ECU Brody School of Medicine began the School of Medicine Compensation briefing. He explained that productivity is measured by Work Relative Value

Units or Work RVUs. This is the accepted measure across the country. The Brody School of Medicine has a total of 359 faculty, 279 of which are clinical faculty. The contribution of the clinical productivity of faculty is increasing. The overall budget of the school is covered by clinical faculty (70%) and state support (20%). The remainder is a combination of F&A funds, grants, etc.

He explained the three components of faculty compensation: base salary, supplemental component, and productivity payment. Work RVUs are used as the benchmark for measuring clinical productivity. Base salary is based on academic rank of the faculty member. These ranges are included in ECU's clinical faculty compensation plan which was approved by the Board of Governors in 2014. Benchmarking data were provided which is based on the American Association of Medical Colleges (AAMC). Dr. Cunningham demonstrated the differential between faculty salaries and AAMC median salaries in specific specialty fields.

Dean William Roper of the UNC Chapel Hill School of Medicine, reported that 53% of faculty compensation comes from clinical productivity, research accounts for 20%, 16% is accounted for by state funding and the remainder of salary is a combination of other funding sources. UNCCH School of Medicine salaries are about 16% of the median of salaries found in private practice. Dean Roper emphasized that the ability to retain the best and brightest medical faculty is becoming increasingly difficult due to salary differentials between UNC institutions and peers, as well as the private sector. He also highlighted the challenges to providing competitive salaries including, the threat of leading researchers and clinicians being lured to other systems, and relatively small amount of State funds used for compensation. Unlike typical faculty salaries, a large component of compensation is pay-for-performance. The health of the population will fundamentally change the economics of academic medicine where there is a constant threat of declining revenue.

When losing a faculty member, the cost associated with recruiting new faculty is extremely high and would include, for lab-based researchers, start-up packages. These packages fund the lab and equipment required for research and could be between \$1 million-\$2 million. These recruitments also create salary compression among continuing faculty members. To reach the median salary, it would cost roughly \$22 million for ECU and \$77 million for UNCCH. There has been a 40% reduction in State appropriations for the Schools of Medicine.

7. General Administration Update:

Dr. Gonzales reported that he has been visiting with the Chairman of his committees and has begun campus visits to orient himself to the system. There are a number of issues concerning faculty retention which will be reported at the next meeting. Mr. Brody mentioned that this updated has been added to the agenda to begin to bring the Committee's attention more of the strategic initiatives in Human Resources. He has been assessing the Human Resources Division to focus on the future state of Human Resources at General Administration, what the capacity is and what some of the critical priorities are going forward.

8. President's Summary Personnel Report:

Dr. Gonzales directed the Committee to the Delegated Personnel Summary report and re-emphasized the challenges in retaining faculty and the extraordinary costs associated with recruiting new faculty.

9. Appointment of a Faculty Appeal Subcommittee:

The following members will serve on the next Faculty Appeal Subcommittee; Mr. Frank Grainger, Chair; Mr. Therence Pickett, and Ms. Laura Wiley.

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Ms. Laura Wiley, Secretary

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