

## **COMMITTEE ON PERSONNEL AND TENURE**

October 7, 2004

### **TENTATIVE AGENDA**

1. Minutes of the September 9, 2004 meeting.
2. \*Recommendations for Administrative Appointments
3. \*Salary Increases
4. Proposed amendments to Policy 300.1.1, "Senior Academic and Administrative Officers"
5. Annual Reports from campuses with Management Flexibility
6. SAAO Salary Recommendations for campuses with management flexibility to appoint and fix compensation (ECU, NCSU, UNC-A, UNC-CH, UNC-C, UNC-G, UNC-W, WCU and WSSU) - *for information only*
7. Annual Report on Committee Activities
8. Annual Report on the Distinguished Professors Endowment Trust Fund
9. Other Business

\*The Committee will discuss these items in Closed Session.

## **COMMITTEE ON PERSONNEL AND TENURE**

Thursday, September 9, 2004 at 2:00 p.m. in Board Room 2, in the General Administration Building,  
910 Raleigh Road, Chapel Hill, NC

### **Minutes of Meeting September 9, 2004**

Committee members present at the meeting included: Mr. John W. Davis III, Mr. Brent D. Barringer, Dr. Dudley E. Flood, Mr. Peter Keber, Mr. Charles H. Mercer, Jr., and Dr. Patsy B. Perry. (Mr. J. Craig Souza was re-assigned to the Committee on Educational Planning, Policies, and Programs.) Board of Governors members included: Mr. J. Bradley Wilson, Mr. G. Irvin Aldridge, Mr. J. Addison Bell, Mrs. Anne W. Cates, Dr. Adelaide Daniels Key, Mr. G. Leroy Lail, Mrs. Cary C. Owen, and Mr. Benjamin S. Ruffin. Office of the President staff attending were: President Molly Corbett Broad, Dr. Gretchen M. Bataille, Dr. Betsy Brown, Ms. Betsy Bunting, Ms. Leslie Winner, Mr. Charles Waldrup, Ms. Joni Worthington, Mr. Ted Johnson, and Ms. Lisa Adamson. Ms. Anne Blythe of the *News and Observer* also attended a portion of the meeting.

The minutes of the July 8, 2004 meeting and the August 9, 2004 special meeting were approved as distributed.

*Mr. Davis asked for a motion to go into Closed Session “to establish or instruct the staff or agent concerning the negotiation of the amount of compensation or other terms of an employment contract; to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee; to hear or investigate a complaint, charge, or grievance by or against a public officer or employee.” [N.C.G.S. §143.318.11(a)(5)&(6)]*

*The meeting was **moved into closed session.***

***(The complete minutes of the Closed Session are recorded in Appendix A.***

The Committee returned to open session.

Dr. Bataille discussed the 2004-2005 Annual Plan for the Committee on Personnel and Tenure and agreed to include the issue of the percentage versus amount of salary increase as a topic for review by the Committee.

Dr. Bataille and Dr. Brown discussed the Report on the UNC Leadership Institute and the William Friday Institute for Higher Education Leadership. Dr. Bataille mentioned President Broad’s luncheon in honor of William Friday on September 3, 2004. There was a brief discussion regarding possible confusion of the new “William Friday Institute for Higher Education Leadership” with North Carolina State University’s “William and Ida Friday Institute

for Educational Innovation.” It was noted that the William Friday Institute for Higher Education Leadership name was designated by the Legislature.

As there were no further items for discussion, the meeting was adjourned.

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Mr. Charles H. Mercer, Jr., Secretary

Attachments

Adopted 11/14/86  
 Amended 10/12/90  
 Amended 02/18/94  
 Amended 04/21/95  
 Amended 11/08/96  
 Amended 07/11/97  
 Amended 11/13/98  
 Amended 09/10/99  
 Amended 08/11/00  
 Amended 04/12/01  
 Amended 06/08/01  
 Amended 1/11/02  
 Amended 11/08/02  
 Amended 3/21/03  
 Amended 10/10/03  
 Amended \_\_\_\_\_

### SENIOR ACADEMIC AND ADMINISTRATIVE OFFICERS

The duties and responsibilities of the President and the chancellors, and of their respective senior staff members, and their relationships to one another, to the Board of Governors, to the Boards of Trustees, and to all other officers and agencies within and without the University are set forth in Chapter Five of *The Code of The University of North Carolina*. To complement the provisions of Chapter Five and further to clarify these duties, responsibilities, and relationships, the following regulations are adopted by the Board of Governors:

#### I. Definition of “Senior Academic and Administrative Officers”

- A. Senior officers of the University of North Carolina who are subject to the provisions of Section II of this policy are: the President [N.C.G.S. 116-14(a)]; the vice presidents, associate vice presidents, assistant vice presidents, and other members of the President’s professional staff designated by the Board of Governors on recommendation of the President [N.C.G.S. 116-14(b)]; the chancellors of the constituent institutions [N.C.G.S. 116-11(4)]; the vice chancellors, provosts, and deans of the constituent institutions, and the directors of major administrative, educational, research and public services activities of the constituent institutions designated by the Board of Governors [N.C.G.S. 116-11(5)].
- B. Other senior officers of the University of North Carolina who are subject to the provisions of Section III of this policy are: (1) members of the President’s professional staff other than those identified in subparagraph A above [N.C.G.S. 116-14(b)]; and (2) associate and assistant vice chancellors; associate and assistant deans; and other administrative positions within the constituent institutions, other than those identified in subparagraph A above, that have been designated by the President. [N.C.G.S. 116-11(5)].<sup>1</sup>

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<sup>1</sup> Other officers include (a) members of the chancellor’s professional staff; (b) those responsible for the administrative direction of separately designated divisions or departments of institutional activity commonly associated with institutions of higher education; (c) those positions whose primary responsibility is to attract external funds for and/or market the University; and, (d) other officers holding positions characterized by active, continuing

**II. Senior Academic and Administrative Officers of the University of North Carolina as Defined in Section I.A. above, Shall Be Subject to the Following Regulations.**

**A. Appointments and Discontinuation of Appointments**

1. All senior officers as defined in Section I.A. above, are employed in their administrative positions pursuant to this policy. Except with regard to the appointment of the President and the Chancellors, 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. Except for the President and the Chancellors, 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:

- (a) The President's continuance in office is determined by the Board of Governors.
- (b) The continuance in office of members of the President's professional staff is determined by the President.
- (c) The continuance in office of the chancellor of a constituent institution is determined by the Board of Governors, which may act to terminate such an appointment upon its own initiative or upon recommendation of the President. The Board of Governors in all instances shall consult the appropriate chair of the Board of Trustees prior to terminating the appointment of a chancellor. The President may place a chancellor on temporary leave, with or without pay, if the President has reason to believe that illness, injury, misconduct, neglect of duty, or other circumstances may interfere with the chancellor's performance of the duties of the position. Before placing a chancellor on temporary leave, the President shall consult with the Chairman of the Board of Governors, the chair of the Committee on Personnel and Tenure, and the appropriate chair of the Board of Trustees.
- (d) The continuance in office of vice chancellors, provosts, deans, and directors of major educational, research and public services activities of the constituent institutions shall be determined by the chancellor of the institution.
- (e) Notwithstanding the provisions of (b) and (d) above, the Board of Governors, in accordance with the provisions of Section 501B(6) of *The*

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involvement in formulating, interpreting, and implementing institutional policy and exercising substantial independence of administrative authority and discretion in areas such as program planning and design and allocation of resources.

*Code*, reserves the right to initiate action to terminate appointment of those officers when it deems such action to be necessary in the best interests of the University.

2. Senior officers of a constituent institution are subject to the direction and control of the chancellor and serve at the chancellor's discretion. They are employees at will; thus, the chancellor may not purport to confer on any such officer a period of employment of fixed duration or otherwise confer any property interest in such employment. However, such an officer may be appointed to a period of employment not to exceed a specified number of years, so long as the instrument accomplishing such an appointment states clearly that the incumbent officer is subject to removal at any time, during that period, at the option of the chancellor.
3. Tenure status as a member of the faculty of a constituent institution, held concurrently by any senior officer of the University is separate and distinct from the administrative office, and such tenure status is governed by the provisions of Chapter Six of *The Code* and by the tenure policies of the relevant constituent institution. Those tenure policies have no bearing upon and do not govern the administrative appointments covered by this policy.
4. Appointment of Chancellors
  - a. The appointment of chancellors shall be made by the Board of Governors upon the recommendation of the President, in accordance with N.C.G.S. §116-11(4).
  - b. The Board of Governors may approve a contract with a chancellor as recommended by the President. The contract may specify the chancellor's term of employment, salary, benefits, and performance based deferred or supplemental compensation; provisions for the termination of the chancellor's employment; and any other terms recommended by the President.
  - c. In all other regards, the employment of chancellors is subject to *The Code*, the Policies of the Board of Governors, and the North Carolina General Statutes.
  - d. Except as specifically otherwise provided in the contract, and except as provided in ¶ II.A.1(c) of this policy, after the Board of Governors has approved a contract with a chancellor, it will be the sole responsibility of the President to implement the terms of the contract.

## B. Compensation

The compensation of senior officers shall be set by the Board of Governors or a Board of Trustees delegated such authority by the Board of Governors.

No chancellor and no senior academic and administrative officer may be paid, in addition to his or her salary as established pursuant to the foregoing requirements, for any services rendered to any institution-related foundation, endowment, or other entity that was established by officers of the University, that is controlled by the University, or that is tax exempt based on being a support organization for the University.

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## C. Equal Employment Opportunity

It is the policy and intention of the University of North Carolina that there be equal employment opportunity and freedom from unlawful discrimination in all employment within the University. There shall be no discrimination in positions covered by this policy on the basis of race, color, creed, national origin, sex, religion, disability, age, or honorable service in the armed services of the United States.<sup>2</sup> Employment in positions covered by this policy shall be conducted in accordance with all provisions of State or federal law or regulation prohibiting any such discrimination, and in accordance with applicable affirmative action plans.

**D. Political Activity**

Employment in positions covered by this policy shall not be adversely affected by the exercise of rights guaranteed by the First Amendment of the United States Constitution or by Article I of the North Carolina Constitution; provided, that employees in positions covered by this policy shall be subject to any limitations on political activity established by Article 5 of N.C.G.S. Chapter 126. The Board of Governors' policies concerning political activity, Policy §§300.5 *et seq.*, as they may be revised from time to time, shall apply to positions covered by this policy.

**E. Holiday and Leave Entitlement**

**1. Holidays**

A senior officer shall be subject to the same State-prescribed holidays given employees subject to the State Personnel Act.

**2. Annual Leave**

A senior officer shall be entitled to 26 work days of annual leave each year.<sup>3</sup> The maximum number of unused days of annual leave that may be accrued and carried forward from one year to the next shall be 30 work days. Annual leave in excess of 30 days will be automatically converted to sick leave at the end of the year. A senior officer who has accrued such unused annual leave as of the date of discontinuation of employment shall be paid for such unused annual leave, subject to a maximum of 30 days.

Subject to institutional policy and approval by the employee's supervisor, a senior officer may be advanced the amount of leave that can be accrued during the remainder of the year or during a twelve-month period.

**3. Sick Leave, Family and Medical Leave, Family Illness Leave, Civil Leave, Military Leave, Community Service Leave, and Special Annual Leave Bonus**

A senior officer shall be entitled to such sick leave, family and medical leave, family illness leave, civil leave, military leave, community service leave, and

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<sup>2</sup> Bona fide occupational qualifications or other exceptions to those general prohibitions, specifically provided for by State or federal law, may be applied to positions covered by this policy.

<sup>3</sup> For the purposes of determining leave under this policy, "year" shall be defined by the employing institution as either a "fiscal year" (July 1 – June 30) or a "calendar year" (January 1 – December 31). Institutions currently defining a "year" as a "contract year" may continue to do so.

special annual leave bonus (awarded to employees in leave earning status on 9/30/02) as may be prescribed for employees subject to the State Personnel Act. However, with respect to sick leave, subject to institutional policy and approval by the employee's supervisor, a senior officer may be advanced the amount of sick leave that can be accrued during the remainder of the year or during a twelve-month period.

**4. Miscellaneous Leaves of Absence**

A senior officer who desires a leave of absence for an interval of 90 days or less must obtain the approval of the President, who shall report all such arrangements to the Board of Governors. A leave of absence for a period exceeding 90 days shall require the approval of the Board of Governors.

**5. Voluntary Shared Leave**

A senior officer shall be subject to the same provisions concerning shared leave as are applicable to employees subject to the State Personnel Act with the exception that the donation and acceptance of such leave shall be computed on the basis of days rather than hours.

**F. Educational Entitlement**

A senior officer is entitled to the same opportunities as other University employees to invoke the privilege of tuition waiver conferred by N.C.G.S. § 116-143.G.

**G. Statutory and Other Rules of Employment**

**1. Privacy of Personnel Records**

A senior officer enjoys the protections of and is subject to the provisions of Article 7 of N.C.G.S. 126, entitled "The Privacy of State Employee Personnel Records."

**2. Employment Preference for Veterans**

A senior officer enjoys the protections of and is subject to the provisions of N.C.G.S. §§ 128-15 and 128-15.1, which provide for preference in employment for veterans of United States military service and their spouses and widows or widowers.

**3. Employment of Related Persons**

A senior officer is subject to the policy concerning employment of related persons, Policy §300.4.2, as it may be revised from time to time.

**H. Retirement**

A senior officer may retire in accordance with the provisions of Chapter 135 of the North Carolina General Statutes ("Retirement System of Teachers and State Employees").



**III. Senior Academic and Administrative Officers of the University of North Carolina as Defined in Section I.B. above, Shall Be Subject to the Following Regulations.**

**A. Appointments**

1. All senior academic and administrative officers as defined in Section I.B. above, are employed in their administrative positions pursuant to this policy. The authority to make appointments and determine salaries for positions within Section I.B. (1) is exercised by the Board of Governors, on recommendation of the President, or a Board of Trustees delegated such authority by the Board of Governors; for positions within Section I.B. (2), such authority is delegated by the Board of Governors to the chancellors and the respective Boards of Trustees of the constituent institutions.
2. Every appointment within a constituent institution covered by this policy shall be made by the chancellor, or the chancellor's delegate, by means of a letter of appointment that fulfills the requirements of this Section III.
3. Every letter of appointment to a position covered by this policy shall include:
  - (a) the title of the position;
  - (b) the initial salary;
  - (c) provision for periodic review of compensation<sup>4</sup>;
  - (d) provision consistent with Sections III.A.4. and III.A.5. below, if contingencies based on availability of funding are applicable;
  - (e) the annual leave entitlement of the employee;
  - (f) except as provided in subparagraph (h) below, notice that the employment conferred is an "employment at will" subject to continuation or discontinuation at the discretion, respectively, of the President or of the chancellor; and
  - (g) notice that the employment is subject to this policy as originally adopted and as it may be periodically revised from time to time, and a copy of the policies shall be attached to the letter of appointment.
  - (h) Contracts or letters of appointment of Directors of Athletics may be for a term of years and are governed by Policy 1100.3 and Guidance 1100.3.1 [G].
4. When a position covered by this policy is funded in whole or substantial part from sources other than continuing State budget funds or permanent trust accounts, the letter of appointment shall state that continuation of the employee's service in that position is contingent upon the continuing availability of funds from such other sources to support that position, shall specify the source of such

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<sup>4</sup> Subject to any compensation policies adopted by the Board of Governors or the Board of Trustees.

funds, and shall state that the effect of such contingency may apply without the additional notice otherwise required by Sections III.B.1., III.B.2., and III.B.3.; provided, that the affected employee shall be informed at the earliest practicable date of the occurrence of such a funding contingency.

5. When an employee is to serve simultaneously in both a position covered by this policy and a position of University employment not covered by this policy, with the result that two different prescriptions may appear to obtain with respect to a particular condition of employment or a right or responsibility of the employee, one position shall be designated the base position to determine the conditions of employment and the rights and responsibilities of the employee. If appointment to a position covered by this policy occurs subsequent to an appointment to a position not covered by this policy, the letter of appointment to the position covered by this policy shall embody the required designation of base employment; conversely, if appointment to a position covered by this policy precedes appointment to the other category of University employment, the letter of appointment or contract establishing the second employment shall embody the required designation of base employment. In either case, the designation of base employment shall specifically describe the different rights, duties, and compensation for each position and the relationship, if any, between the two positions.

Any funding contingency of the type referred to in Section III.A.4. shall be set forth separately for the position covered by this policy and for the other position, since the operation of any such contingencies may be independent.

When an appointment to a position covered by this policy is to be accompanied by appointment to a faculty position that is intended to be nominal or honorary, or to create a faculty affiliation not entailing significant duties or compensation, the term “adjunct,” or similar nomenclature, shall be used to identify the faculty appointment.

## **B. Discontinuation of Employment**

### **1. Discontinuation of appointment, with notice or severance pay**

Employment within a position covered by [section III of](#) this policy that is established by the letter of appointment to be an employment at will is subject to discontinuation at any time at the discretion, respectively, of the President or of the chancellor; provided, that such a discontinuation (as distinguished from discharge for cause, Section III.B.4.) shall be subject to advance timely notice of discontinuation or the payment of severance pay, in calendar days, as follows:

- (a) during the first year of service, not less than 30 days notice prior to discontinuation of employment or the payment of severance pay for 30 days;
- (b) during the second and third years of service, not less than 60 days notice prior to discontinuation of employment or the payment of severance pay for 60 days; and

- (c) during the fourth and all subsequent years of continuous service, not less than 90 days notice prior to discontinuation of employment or the payment of severance pay for 90 calendar days.

The chancellor or the president may provide the employee with a combination of notice and severance pay that totals the respective required number of days. The determination of whether the employee shall receive notice of discontinuance of the appointment or severance pay or a combination of the two shall be in the sole discretion of the respective chancellor or the president.

## 2. Expiration of term appointment

Employment within a position covered by this policy that is established by the letter of appointment dated prior to December 1, 2004 to be for a stated definite term expires automatically at the conclusion of the stated term; such an appointment may be extended at the option of the employer on an employment at will basis, by written notice satisfying the requirements of Section III.A. If the employer intends not to extend the employment, (1) with respect to a term of one year or less, no notice of intent not to extend shall be required; (2) with respect to a term of more than one year but less than four years, notices of intent not to extend shall be transmitted in writing at least 60 days prior to this expiration date of the term; (3) with respect to a term of four years or more, notice of intent not to extend shall be transmitted in writing at least 90 days prior to the expiration date of the term. Failure to provide written notices as required in subsections (2) and (3) above shall result in the automatic extension of employment for a period, respectively, of either 60 days or 90 days, beyond the date the notice is given to the employee.

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## 3. Termination of employment because of financial exigency or program curtailment or elimination

Employment within a position covered by this policy that is established by the letter of appointment to be for a stated definite term may be terminated prior to expiration of the stated term because of (1) demonstrable, bona fide institutional financial exigency or (2) major curtailment or elimination of a program. "Financial exigency" is defined to mean a significant decline in financial resources of the University that compels a reduction in the university's or the institution's budget. The determination of whether a condition of financial exigency exists or whether there shall be a major curtailment or an elimination of a program shall be made, respectively, by the President or by the chancellor, with advance notice to and approval by the Board of Governors. If the financial exigency or curtailment or elimination of a program is such that the contractual obligation to an employee within a position covered by this policy cannot be met, the employment of the individual may be terminated, subject to the following notice requirements;

- (a) during the first year of service, not less than 30 days notice prior to termination;
- (b) during the second and third years of employment, not less than 60 days notice prior to termination; and

- (c) during the fourth and all subsequent years of service, not less than 90 days notice prior to termination.

#### 4. Discharge for Cause

Any employee occupying a position covered by this policy may be discharged for stated cause. Discharge for cause is to be distinguished from discontinuation with notice (Section III.B.1.), automatic expiration of term (Section III.B.2.), and termination (Section III.B.3.). Stated causes for discharge shall include, but not necessarily be limited to, incompetence, unsatisfactory performance, neglect of duty, or misconduct that interferes with the capacity of the employee to perform effectively the requirements of his or her employment. Discharge for cause is to be preceded by written notice of intent to discharge and is subject to invocation by the affected employee of the grievance procedures of Section III.C. of this policy. When an employee occupying a position covered by this policy has been notified of the intention to discharge for cause, the President or chancellor, as applicable, may suspend the employment at any time and continue the suspension until a final institutional or presidential decision concerning discharge has been reached by the procedures adopted pursuant to paragraph C.1. below; such suspension during this time period shall be with full pay. If the final institutional or presidential decision is to discharge the employee, then the employee may be discharged without further pay without regard to whether there is an appeal to the Board of Governors in accordance with Section 609 C of The Code.

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#### C. Review of Employment Decisions and Grievances

1. The Office of the President and each constituent institution respectively shall adopt and publicize procedures applicable to relevant cohorts of employees, under which covered employees may secure review of decisions concerning discharge for cause or other disciplinary action, or of grievances concerning the interpretation and application of any provision of this policy; provided, however, that grievances concerning discontinuations or terminations of employment with notice, pursuant to Sections III.B.1, III.B.2., and III.B.3, may be brought only upon allegations of violations of applicable notice requirements or violations of any provision of Section III.D. or III.E. of this policy.

2. Decisions reached pursuant to such grievance procedures concerning the discontinuation or termination of employment may be appealed to the Board of Governors in accordance with the provisions of Section 609 C of *The Code*.

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#### D. Equal Employment Opportunity

It is the policy and intention of the University of North Carolina that there be equal employment opportunity and freedom from unlawful discrimination in all employment within the University. There shall be no discrimination in positions covered by this policy on the basis of race, color, creed, national origin, sex, religion, disability, age, or honorable service in the armed services of the United States.<sup>5</sup> Employment in positions covered by this policy shall be conducted in accordance with all provisions of state or federal law or regulation prohibiting any such discrimination, and in accordance with

<sup>5</sup> Bona fide occupational qualifications or other exceptions to those general prohibitions, specifically provided for by State or Federal law, may be applied to positions covered by this policy.

applicable affirmative action plans.

**E. Political Activity**

Employment in positions covered by this policy shall not be adversely affected by the exercise of rights guaranteed by the First Amendment of the United States Constitution or by Article I of the North Carolina Constitution; provided, that employees in positions covered by this policy shall be subject to any limitations on political activity established by Article 5 of N.C.G.S. Chapter 126. The Board of Governors' policies concerning political activity, Policy §300.5, *et seq.* as they may be revised from time to time, shall apply to positions covered by this policy.

**F. Holiday and Leave Entitlement**

**1. Holidays**

Employees in positions covered by this policy shall be subject to the same State-prescribed holidays given employees subject to the State Personnel Act.

**2. Annual Leave<sup>6</sup>**

**(a) Basic Leave Policy**

The amount of annual leave to which a permanent full-time employee (1.00 FTE) in a position covered by this policy shall be entitled to accrue is 24 workdays per year. Annual leave is accrued at a monthly rate and is adjusted proportionately for permanent part-time employees who work halftime or more (.50 - .99 FTE). The monthly earnings amount is equal to one-twelfth of the annual rate for each month the employee works or is on approved leave with pay. Monthly leave is earned when an employee works or is on approved leave with pay at least half the working days of a month. An employing institution shall define a year as either "fiscal year" (July 1 - June 30) or "calendar year" (January 1 - December 31). (Note: Employing institutions that have previously defined a year as "contract year" may continue to do so.) The scheduling of an employee's annual leave shall be subject to the approval of the employee's supervisor. With respect to an incumbent employee who is earning more than 24 days per year as of the date this policy becomes effective, such employee shall be entitled to continue to earn leave at the current rate.

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<sup>6</sup> Effective July 1, 2001.

The maximum number of unused days of annual leave that may be carried forward from one year to the next shall be 30 workdays. Annual leave in excess of 30 days will be automatically converted to sick leave at the end of the year.

**(b) Transfer of Accrued Annual Leave**

An employing institution must establish campus-wide uniform guidelines regarding the transfer of accrued annual leave from a UNC constituent institution or State or local governmental agency whose leave is currently transferable in accordance with the policy prescribed for employees subject to the State Personnel Act [See State Personnel Manual, Section 5-1]. Upon discontinuation of employment from the employing institution, the employee may either elect a payout of accrued annual leave [see (d) below] or transfer the remaining balance of any unused annual leave to another State or local governmental agency, subject to the receiving agency's approval.

**(c) Advancement of Annual Leave**

Subject to institutional policy and approval by the employee's supervisor, an employee may be advanced the amount of leave that can be accrued during the remainder of the year or during a twelve-month period. If an employee separates from the employing institution and has taken more annual leave than has been accrued, the employing institution must determine the amount of leave that the employee must repay to the institution and make deductions from the employee's final salary check accordingly.

**(d) Payout of Accrued Annual Leave**

An employee in a position covered by this policy who has accrued unused annual leave upon discontinuation of employment from the employing institution and who either does not elect or is not eligible to transfer such accrued leave to another State or local governmental agency, shall be paid for such unused annual leave. The amount paid to an employee who has been employed an aggregate of 24 months or less by one or more State or local governmental agencies is equal to one day for each month worked less the number of days of annual leave taken during the employment period. An employee who has been employed for more than 24 months shall be paid subject to a maximum of 30 such days. Each institution shall establish guidelines for payout of leave if a change in employment status occurs and such employee is no longer covered by this policy.

**3. Sick Leave, Family and Medical Leave, Family Illness Leave, Civil Leave, Military Leave, Community Service Leave and Special Annual Leave Bonus**

Employees in positions covered by this policy shall be subject to the same policies concerning sick leave, family and medical leave, family illness leave, civil leave, military leave, community service leave, and special annual leave bonus (awarded to employees in leave earning status on 9/30/02) as may be

prescribed for employees subject to the State Personnel Act. However with respect to sick leave, subject to institutional policy and approval by the employee's supervisor, an employee may be advanced the amount of sick leave that can be accrued during the remainder of the year or during a twelve-month period.

**4. Leave of Absence Without Pay**

Employees in positions covered by this policy may request a leave of absence without pay, subject to approval of such leave by the President or by the chancellor, as applicable.

**5. Voluntary Shared Leave**

Employees in positions covered by this policy shall be subject to the same provisions concerning shared leave as are applicable to employees subject to the State Personnel Act with the exception that the donation and acceptance of such leave shall be computed on the basis of days rather than hours.

**G. Educational Entitlement**

Employees in positions covered by this policy are entitled to the same opportunities as other University employees to invoke the privilege of tuition waiver conferred by N.C.G.S. § 116-143.

**H. Statutory and Other Rules of Employment**

**1. Privacy of Personnel Records**

Employees in positions covered by this policy enjoy the protections of and are subject to the provisions of Article 7 of N.C.G.S. 126, entitled "The Privacy of State Employee Personnel Records."

**2. Employment Preference for Veterans**

Employees in positions covered by this policy enjoy the protections of and are subject to the provisions of N.C.G.S. §128-15 and 128-15.1, which provide for preference in employment for veterans of United States military service and their spouses and widows or widowers.

**3. Employment of Related Persons**

Employees in positions covered by this policy are subject to the policy concerning employment of related persons. Policy §300.4.2 as it may be revised from time to time.

**I. Retirement**

Employees in positions covered by this policy may retire in accordance with the provisions of Chapter 135 of the North Carolina General Statutes ("Retirement System of Teachers and State Employees").

The Board of Governors  
COMMITTEE ON PERSONNEL AND TENURE

Annual Report  
July 1, 2003- June 30, 2004

The major responsibilities of the Committee on Personnel and Tenure, as established by Section 301D of The Code of the Board of Governors are: (1) to make recommendations to the Board on all personnel actions under the jurisdiction of the Board, including conferral of permanent tenure, appointment of senior academic and administrative officers for those campuses without *“management flexibility to appoint and fix compensation,”* establishing and approving faculty and administrative salary ranges, and approving salary increases of 15% or greater; (2) to review The Code and institutional policies and regulations regarding tenure; (3) to review appeals from faculty members that involve questions of tenure; and (4) to act on other personnel matters that involve significant policy considerations.

Board members who served on the Committee during the fiscal year July 1, 2003, through June 30, 2004, were Mr. William Burns, Mr. John F.A.V. Cecil, Mr. John W. Davis, III, Mr. Craig Souza, Mr. James G. Babb, Mr. Brent D. Barringer, Dr. Dudley E. Flood, Mr. Peter Keber, and Dr. Patsy B. Perry. Mr. C. Clifford Cameron was acknowledged as a non-voting Emeritus Member of the Committee. In August 2003 the Committee elected as its officers, Mr. John W. Davis as Chair, Mr. Peter Keber as Vice Chair, and Mr. John F.A.V. Cecil as Secretary.



In its designated role, the Committee on Personnel and Tenure reviews personnel actions recommended by the President for consideration and approval by the Board of Governors for those campuses without “*management flexibility to appoint and fix compensation.*” The Committee reviewed and acted upon the appointment or reappointment of sixty-two senior academic administrative officers and recommendations for seventy-five faculty conferrals of permanent tenure during the 2003-2004 fiscal year. Included in the personnel actions are two recommended appointments of distinguished faculty under the guidelines of the Board’s Distinguished Professors Endowment Trust Fund (a report of the fund is attached to this report.) The above actions are summarized by institution on the attached “*Summary of Personnel Actions and Changes.*” Campuses with management flexibility granted twenty-four additional Administrative appointments and two hundred eighty-seven additional conferrals of tenure. All campuses with management flexibility are required to submit an Annual Summary Report providing details of such actions on September 1<sup>st</sup> of each year.

Subcommittees convened for additional meetings to receive, review, and recommend four faculty appeals from constituent institutions for Board consideration. In 2003, the Committee became responsible for coordinating the Board of Governors’ Excellence in Teaching Awards program.

Annually, on recommendation of the President, the Committee considers and further recommends to the Board, salary ranges and specific salaries for incumbents in senior administrative positions. The structure and policy governing these ranges and levels embody three principal characteristics: (1) they are to be internally equitable and fair; (2) they are to be externally competitive; and (3) they are to be applied consistently. Actions by the 2003

Session of the North Carolina General Assembly included appropriations available to the Board of Governors for 2003-2004 for a one-time bonus of \$550 for University faculty and other employees who are exempt from the State Personnel Act and who are employed in a State-funded position on October 1, 2003. However, some employees did receive merit or equity increases from campus-initiated tuition increases or other funds. In lieu of a salary increase, the State Legislature again granted all eligible employees a *10-day Special Annual Leave Bonus*.

The Committee's recommendations for 2003-2004 did not include any salary increases for the President's senior staff or for staff at the Center for Public Television or the chancellors. However, Russ Lea, Vice President of Research and Sponsored Programs received an equity increase of 15% in January of 2004. For the third consecutive year, the chancellors of the constituent institutions did not receive salary increases. As a method of addressing this issue, in September of 2003 the Committee on Personnel and Tenure granted the President the authority to provide one-time bonuses to the chancellors ranging from 0% to 12%, based primarily on merit. The bonuses applied to chancellors who were employed as of July 2002 only.

The UNC-Office of the President changes to the staff included the departure of Senior Vice President for University Affairs, Mr. J. B. Milliken, to become the president of the University of Nebraska at the end of June 2004.

Significant changes occurred within the campuses, most notably with the retirement of East Carolina University Chancellor William Muse in September of 2003, due to health concerns, and the removal of Dr. William Swart, Provost and

Vice Chancellor for Academic Affairs at ECU, and his appointment to a faculty position. President Broad appointed Dr. William Shelton, Vice Chancellor for University Advancement, as interim chancellor, effective as of September 19, 2003, and Dr. Shelton then appointed Dr. James Smith as the interim Provost and Vice Chancellor for Academic Affairs. In March of 2004, Dr. Steve Ballard was appointed as chancellor at East Carolina University, effective as of June 1, 2004. Dr. Kenneth Peacock was appointed as chancellor at Appalachian State University in February 2004, effective as of July 1, 2004. Other Vice Chancellor positions were filled by campuses with management flexibility and are reported in the Annual Summary Reports of the campuses.

Two constituent institutions – The University of North Carolina at Wilmington and Winston-Salem State University sought and were granted management flexibility to appoint and fix compensation after thorough reviews of their applications. Appalachian State University has made an initial request for management flexibility and a review of this application is in progress. With the addition of UNC-W and WSSU, nine constituent institutions now have management flexibility (East Carolina University, North Carolina State University, the University of North Carolina at Asheville, the University of North Carolina at Chapel Hill, the University of North Carolina at Charlotte, the University of North Carolina at Greensboro, and Western Carolina University.) During the year, the Committee continued to examine the effects on current policies and practices with respect to the granting of management flexibility to the UNC constituent institutions to ensure that other policies, guidelines and regulations are in alignment with this practice. In response to questions regarding management flexibility practices at East Carolina University, the Committee requested a report

from ECU. A review of the report resulted in some changes to some of ECU's management flexibility practices -- to the satisfaction of the Committee.

The Committee reviewed a number of current policies and practices and recommended the adoption of new policies and amendments to existing policies. In September 2003, Policy 600.2.3, "Distinguished Professors Endowment Trust Fund" was replaced to reflect current practices; in October 2003, Policy 300.1.1, "Senior Academic and Administrative Officers" was amended to grant the President the authority (after consulting with the Chair of the Board of Governors, the chair of the Committee on Personnel and Tenure, and the appropriate chair of the Board of Trustees) to place a chancellor on temporary leave, with or without pay, if the President has reason to believe that illness, injury, misconduct, neglect of duty, or other circumstances may interfere with the chancellor's performance of the duties of the position; In January of 2004, Policy 600.3.4, "Granting of Management Flexibility to Appoint and Fix Compensation" was amended with respect to separation and retreat rights for provosts and vice chancellors; in February of 2004, Policy 300.1.6.1, "Policy on Administrative Separation" was adopted to guide separation rights for all staff in the Office of the President; and in March of 2004, Policy 101.3.2, "Grievances Filed Pursuant to Section 604 of The Code" was amended to reflect changes to the grievance review process. Policy 101.3.3, "Delivery of Notices, " and Policy 400.3.7, "Extension Faculty" were also amended. The Optional Retirement Program was amended in keeping with recent changes to such plan practices.

The Committee distributed its "Annual Report – July 1, 2002 – June 30, 2003" and accepted the "Report on the UNC Leadership Institute" in October of 2003. The Committee accepted the "Report on the Phased Retirement

Program,” the “Report on Post-Tenure Review,” and the “Annual Report on the Distinguished Professors Endowment Trust Fund” in November of 2003. The Committee also recommended the approval of the “Resolution to Honor Retiring Faculty” in May of 2004.

## Attachments

**SUMMARY OF PERSONNEL ACTIONS AND CHANGES (including both Board of Governors and Board of Trustees actions)**  
**July 1, 2003 – June 30, 2004**

<i>Institution</i>	<i>Administrative Appointments, With Tenure (Without Tenure)</i>	<i>Distinguished Professors Appointed With Tenure (Without Tenure)</i>	<i>Faculty Tenure Actions</i>	<i>Promotions With Tenure (Without Tenure)</i>	<i>Faculty Retirements</i>	<i>FTE Teaching Positions in Current Operations Budget 2003-2004</i>
APPALACHIAN STATE UNIVERSITY	1(1)	0	6	22	26	
EAST CAROLINA UNIVERSITY	5 (1)	0	19	45	20	
ELIZABETH CITY STATE UNIVERSITY	2 (2)	0	5	4	4	
FAYETTEVILLE STATE UNIVERSITY	0 (2)	0	3	4	4	
NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY	0 (1)	0	4	5	11	
NORTH CAROLINA CENTRAL UNIVERSITY	0 (1)	0	2	8	4	
NORTH CAROLINA SCHOOL OF THE ARTS	0 (2)	0	0	0	4	
NORTH CAROLINA STATE UNIVERSITY AT RALEIGH	0	0	8	44	51	
UNIVERSITY OF NORTH CAROLINA AT ASHEVILLE	4	0	0	10	3	
UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL	8	0	27	50(2)	27	
UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE	1	0	8	20	11	
UNIVERSITY OF NORTH CAROLINA AT GREENSBORO	1	0	11	16	12	
UNIVERSITY OF NORTH CAROLINA AT PEMBROKE	1 (2)	0	1	0	2	

**SUMMARY OF PERSONNEL ACTIONS AND CHANGES (including both Board of Governors and Board of Trustees actions)**  
**July 1, 2002 – June 30, 2003**

<i>Institution</i>	<i>Administrative Appointments, With Tenure (Without Tenure)</i>	<i>Distinguished Professors Appointed With Tenure (Without Tenure)</i>	<i>Faculty Tenure Actions</i>	<i>Promotions With Tenure (Without Tenure)</i>	<i>Faculty Retirements</i>	<i>FTE Teaching Positions in Current Operations Budget 2002-2003</i>
UNIVERSITY OF NORTH CAROLINA AT WILMINGTON	3 (2)	1	0	17	11	
WESTERN CAROLINA UNIVERSITY	1	0	0	14	11	
WINSTON-SALEM STATE UNIVERSITY	2	1	5	4	4	
GENERAL ADMINISTRATION/OFFICE OF THE PRESIDENT	(43)	0	0	0	0	
<b>TOTALS</b>	<b>29 (57)</b>	<b>2</b>	<b>99</b>	<b>263 (2)</b>	<b>205</b>	

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### **THE DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND Annual Report October 8, 2004**

In 1985, the General Assembly created the Distinguished Professors Endowment Trust Fund. The aim was to stimulate private support and commitment to strengthen faculties and to promote excellence on the 16 campuses of the University of North Carolina. The trust fund was established to enable each institution to receive and match challenge grants to create endowed chairs for distinguished professors.

The original legislation provided for matching grants on the basis of one dollar in State money to be allocated for every two dollars raised in private funds. In 2003, the General Assembly amended the statute to change that ratio to a one-for-one basis for constituent institutions designated as “focused growth institutions” or as “special needs institutions.”

Focused growth institutions included Elizabeth City State University, Fayetteville State University, North Carolina A&T State University, North Carolina Central University, The University of North Carolina at Pembroke, Western Carolina University, and Winston-Salem State University. Two others, the North Carolina School of the Arts and The University of North Carolina at Asheville, were designated as special needs institutions.

The seven remaining institutions, Appalachian State University, East Carolina University, North Carolina State University, The University of North Carolina at Chapel Hill, The University of North Carolina at Charlotte, The University of North Carolina at Greensboro, and The University of North Carolina at Wilmington, are still required to meet the one-for-two match set by the original legislation.

The statutes provide for two levels of endowments for distinguished professorships. The amounts required for each level depend on the designation of the institution. For the



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institutions still needing a one-for-two match, \$666,000 in private contributions qualify for \$334,000 in State matching funds to establish a \$1,000,000 endowment, and \$333,000 in private contributions qualify for \$167,000 in State matching funds to establish a \$500,000 endowment.

For focused growth and special needs institutions, \$500,000 in private contributions qualify for \$500,000 in State matching funds to establish a \$1,000,000 endowment, and \$250,000 in private contributions qualify for \$250,000 in State matching funds to establish a \$500,000 endowment.

This program has been a powerful tool to stimulate private giving. Private individuals and organizations have responded to an extraordinary degree. Since 1985, appropriations and interest earnings have provided

\$56,022,321.45 for the Distinguished Professors Endowment Trust Fund. As of October 1, 2004, \$55,860,000 has been paid to the institutions to match private gifts of \$110,640,000 for the creation of 242 endowed professorships totaling \$166,500,000.

In every instance, the full private contribution has been received and matching grants have been paid from the Trust Fund to the institutions. Ninety-one of the 242 grants were for \$334,000 for \$1,000,000 endowments, 148 grants were for \$167,000 for \$500,000 endowments, and three grants were for \$250,000 for \$500,000 endowments.

The Distinguished Professors Endowment Trust Fund initiative has enabled the University to be far more competitive than it would otherwise be in providing attractive salaries to recruit and retain highly qualified faculty. The strong response from private donors has increased steadily the need for state matching funds. Since the 1997-99 biennium, when the General Assembly made a substantial effort to eliminate or reduce the backlog of professorships awaiting state matching funds, the annual appropriation had been only \$2,000,000 in recurring money annually for the Distinguished Professors Endowment Trust Fund. The need for additional appropriations became more imperative each year.

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As of September 1, 2004, an unprecedented number of professorships for which private donations have been received were in the queue awaiting State matching grants. A total of 58 professorships at nine UNC institutions were in the queue. In its 2004 session, the General Assembly responded generously to the Board of Governors' request for additional support for the Distinguished Professors Endowment Trust Fund. A total of \$10,000,000 was appropriated to substantially reduce the backlog. Eight million dollars of that appropriation will be recurring money.

In September, state matching funds totaling \$9,935,000 were transferred from the DPETF to create endowments for a combined total of 36 new distinguished professorships at nine institutions. Eleven of the grants were for \$167,000 for \$500,000 endowments, three were for \$250,000 for \$500,000 endowments, and 22 were for \$334,000 for \$1,000,000 endowments. This is the largest number of new distinguished professorships created in any year since the establishment of the DPETF.

It should be noted that the three grants of \$250,000 went to North Carolina A&T State University, to North Carolina Central University, and to the North Carolina School of the Arts. These were the first grants made on a one-to-one matching basis for "focused growth" and "special needs" institutions. These institutions were clearly able to accelerate the private donations and qualify earlier for the state match as a result of the change in the matching requirements.

Remaining in the queue is one professorship that qualifies for transfer of a grant of \$167,000 for a \$500,000 endowment. With interest earnings on the available balance in the DPETF, this professorship should receive the necessary match by June 2005. There are 21 others qualifying for escrow for which the full private contribution has not yet been received. Of these, 11 are for \$334,000 for \$1,000,000 endowments and 10 are for \$167,000 for \$500,000 endowments.

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The recurring \$8,000,000 should enable the Board to provide the state match for these 21 chairs as they “mature,” i. e., when the full private pledges have been paid, and also to provide the matching funds for new professorships for which full initial private funding is received. By its generous response to the Board’s supplemental budget request, the General Assembly has put the Distinguished Professors Endowment Trust Fund on a firm footing. With the new level of funding, it should not be necessary for the Board to request additional appropriations for the Distinguished Professors Endowment Trust Fund in the near future.

Committee on Personnel and Tenure

**Number of Distinguished Professorships by Institution**  
**October 1, 2004**

Institution	Funded			Awaiting Funding *			Total Qualifying Professorships		
	# \$500,000	# \$1,000,000	Total	# \$500,000	# \$1,000,000	Total	# \$500,000	# \$1,000,000	Total
Appalachian State University	7	2	9				7	2	9
East Carolina University	9	1	10				9	1	10
Elizabeth City State University	2		2				2	0	2
Fayetteville State University	3		3				3	0	3
N. C. A & T State University	6		6				6	0	6
North Carolina Central University	9	1	10				9	1	10
North Carolina School of the Arts	5		5				5	0	5
North Carolina State University	4	19	23				4	19	23
UNC-Asheville	3	1	4				3	1	4
UNC-Chapel Hill	61	48	109	10	11	21	71	59	130
UNC-Charlotte	17	7	24	1		1	18	7	25
UNC-Greensboro	6	5	11				6	5	11
UNC-Pembroke	3		3				3	0	3
UNC-Wilmington	7	1	8				7	1	8
Western Carolina University	4	4	8				4	4	8
Winston-Salem State University	5	2	7				5	2	7
<b>Total Professorships</b>	<b>151</b>	<b>91</b>	<b>242</b>	<b>11</b>	<b>11</b>	<b>22</b>	<b>162</b>	<b>102</b>	<b>264</b>

*\*Includes professorships qualifying for escrow and transfer -- 21 qualify for escrow (\$5,344,000) and 1 for transfer to an institution (\$167,000)*