

600.3.4

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Granting of Management Flexibility to Appoint and Fix Compensation

I. Purpose

A. Pursuant to N.C.G.S. § 116-11(13), and other North Carolina law as referenced herein, and in an effort to enhance the administrative efficiency of the University, the Board of Governors has delegated to the president the authority to establish a human resources program and to approve management flexibility plans at constituent institutions for faculty and EHRA non-faculty (those employees exempt from Chapter §126 of the North Carolina General Statutes). (Section 200.6 of the UNC Policy Manual.)

B. In accordance with this authority, the president may further delegate authority for approving human resources matters within the UNC General Administration.

C. Also in accordance with this authority, the president hereby further delegates the authority to administer certain human resources actions as described in Section II of this policy to the boards of trustees for all constituent institutions.

D. Also in accordance with this authority, the president hereby further delegates additional authority to administer certain human resources actions as described in Section III of this policy to the boards of trustees for institutions with management flexibility (Special Responsibility Constituent Institutions).

E. The authority granted by the Board of Governors through the president 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. (See Section 200.6 of the UNC Policy Manual for limitations on the president's delegated authority.) Along with any other rules and regulations the Board of Governors and/or the president adopt, this policy requires each constituent institution to comply with all rules and regulations concerning equal employment opportunity; to act in recognition of funding availability and constraints within each institution's budget; and to take into account the actions of the Governor, the Office of State Budget and Management, and the General Assembly.

II. Authority Delegated to All Constituent Institutions

A. The president delegates to the board of trustees for each constituent institution the authority to execute the following personnel actions for faculty and EHRA non-faculty instructional, research, and public service (IRPS) employees:

1. Permanent and temporary appointments and salaries
2. Promotion, including faculty rank changes but excluding tenure
3. Permanent and temporary salary increases or stipends

B. The president further authorizes the boards of trustees for the constituent institutions to delegate any of these actions to their chancellors, or to specific designees of the chancellor by title, as they deem appropriate.

C. Notwithstanding the delegations above, the president may establish regulations and guidelines that limit delegation for certain actions (for example, salary adjustments) within these categories.

III. Delegation of Authority to Boards of Trustees of Institutions with Management Flexibility

A. Simultaneous with the president's authorization of an institution's management flexibility plan, the board of trustees of that institution is delegated the authority to execute the following personnel actions, which it shall not delegate further unless the president or the Board of Governors shall allow:¹

1. Upon recommendation of the chancellor, appoint² and fix the salary and non-salary compensation³ for all vice chancellors and other Tier 1 senior academic and administrative officers (as defined in Section I.A., of Policy 300.1.1) with the exclusion of the chancellor.

2. Approve appointments and salary changes for SAAO Tier 1 appointments, with the exclusion of the chancellor.

3. Upon recommendation of the chancellor, establish salary ranges for SAAO Tier 2 positions, consistent with both the salary ranges and the policies established by the Board of Governors and the regulations and guidelines established by the president. The institution may otherwise elect to adopt salary ranges established by the UNC General Administration for these positions.

4. Upon recommendation of the chancellor, and consistent with the approved tenure policies and regulations of each institution, confer permanent tenure.

B. Simultaneous with the president's authorization of an institution's management flexibility plan, the board of trustees of that institution is also delegated the authority for the following personnel actions, which it may further delegate to the chancellor and may authorize the chancellor to further delegate on a limited basis.⁴

1. Establish faculty salary ranges within different academic disciplines, based on relevant data.

2. Appoint and fix the compensation for faculty awarded the designation of Distinguished Professors.

¹ 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*.

² 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.

³ 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 Sections II and III of this policy; the policies of the Board of Governors; guidelines and regulations established by the president; and institutional plans, policies, and procedures.

⁴ The chancellor may delegate authority only to the executive vice chancellor, provost, chief financial officer/chief business officer, and/or chief human resources officer, or any other director-level or senior officer with responsibility for campus-wide EHRA human resources actions.

3. Establish IRPS positions and salary ranges.

C. Salaries and salary ranges shall be consistent with salary ranges established or authorized by the UNC General Administration and consistent with guidelines established by the president. Notwithstanding the delegations above and the provisions of any existing approved management flexibility plan, the Board of Governors and/or the president may establish policies, regulations, or guidelines that limit delegation for certain actions (such as establishing mandatory salary ranges or salary adjustments) within the delegations listed in III.A., and III.B.

IV. Responsibility of the Board of Governors and the President

A. The Board of Governors shall:

1. Issue a resolution each year that (a) interprets legislative action regarding salaries and (b) sets annually the salary range for the president and, in consultation with the president, the salary ranges for the chancellors. These ranges will be based upon relevant available data.

2. Authorize the president's salary and, based on recommendations from the president, the chancellors' salaries.

3. Authorize appointments and employment contracts for the chancellors, the president, the general manager of UNC-TV, and the chief executive officer of the UNC Health Care System as well as authorize certain contract terms and conditions for athletic directors and head coaches at constituent institutions as defined in § 1100.3.

B. The president shall:

1. Establish SAAO Tier 1 and SAAO Tier 2 positions and their salary ranges, with the exclusion of those defined in IV.A., above. In addition, the president will consult with the Board's Committee on Personnel and Tenure for appointments and compensation for senior officers who report directly to the president.

2. The president may authorize any significant changes in the organizational structure of a constituent institution, such as re-organization resulting in the creation of a new vice chancellor, dean, or equivalent administrative position.

3. Review annually 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.

4. Provide at least annually to the constituent institutions guidelines regarding EHRA appointments and salary actions.

5. Provide periodic faculty salary studies based on peer data.

6. Withdraw or further limit the delegation of management flexibility from any institution that does not adhere to the policies and procedures set forth in this policy. The president will notify the institution of the discrepancies, and if these are not adequately addressed in the judgment of the president, then the president shall withdraw the delegation. The president may reinstate delegation or remove restrictions to a constituent institution upon further review and following the requirements established in section V of this policy.

- C. The Board of Governors and/or the president shall:
 1. Conduct performance audits on policies, practices, and other matters related to delegation of management flexibility.
 2. For institutions without 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.⁵

V. Submitting Institutional Plans for Management Flexibility for Personnel Appointments

The president has the authority to approve institutional management flexibility plans for personnel appointments. Upon approval, the board of trustees of a Special Responsibility Constituent Institution⁶ shall have the authority delegated by this policy. An institutional plan shall include the following:

- A. Policies and procedures for promotion and tenure of faculty.
 1. An institutional policy for promotion and tenure⁷ that complies with *The Code* of the University of North Carolina, complies with current federal and state law, and provides clear requirements for promotion and the conferral of permanent tenure.
 2. A schedule and process for periodic review of promotion and tenure policies, including a process for amending promotion and tenure policies subject to review by the president or president's designee.
- B. Policies and procedures for senior academic and administrative officers (SAAO) and EHRA non-faculty.
 1. Policies and procedures for establishing salary ranges for SAAO Tier 2 and for instructional, research, and public service (IRPS) EHRA non-faculty positions, consistent with the salary ranges and the policies established by the Board of Governors and the regulations and guidelines established by the president. The institution may otherwise elect to adopt salary ranges established by the UNC General Administration for these positions.
 2. Policies and procedures for the recruitment and selection of senior academic and administrative officers and other EHRA non-faculty positions.
- C. Policies and procedures for compensation policies for faculty and EHRA non-faculty.
 1. An institutional policy on non-salary compensation of faculty and EHRA non-faculty, and on compensation from non-state sources such as grants, endowment funds, practice plan funds, etc.

⁵ See Section 600.3.1 of the UNC Policy Manual and in particular Section 600.3.1.A.2.

⁶ 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.

⁷ As applied to the North Carolina School of the Arts and the North Carolina School of Science and Mathematics, the terms "tenure policy" or "policy for promotion and tenure," as used herein, refer to the institution's policy governing the appointment of faculty.

2. Documentation of comprehensive salary studies that establish salary ranges for tenured faculty within different disciplines based on relevant data and for EHRA non-faculty, including methodology and relevant data.⁸
 3. Documentation of EHRA salary-setting guidelines provided to institutional management.
- D. Policies and procedures for audits and accountability.
1. Documentation that the institution has not had audit findings related to personnel practices, salary, or payroll for the previous three years or, if there have been audit findings in this period, documentation supporting that any findings have been remedied.
 2. Documentation of appropriate accountability procedures in the event that the board of trustees delegates the authority granted pursuant to this policy to the chancellor.

VI. Implementation of the Delegated Authority under Management Flexibility

The president shall determine the effective date of the delegation authorized by this policy upon approval of the institution's management flexibility plan.

⁸ When used in this policy, the phrase "relevant data" indicates that the institution shall draw comparisons to peer institutions as approved 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.