



# The University of North Carolina

GENERAL ADMINISTRATION

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North Carolina  
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University of  
North Carolina  
at Chapel Hill

University of  
North Carolina  
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North Carolina  
at Greensboro

University of  
North Carolina  
at Pembroke

University of  
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## MEMORANDUM

**DATE:** July 24, 2008

**TO:** Chancellors

**FROM:** Harold L. Martin, Sr.

**RE:** 2008-2009 Salary Protocols for Faculty and Non-Faculty EPA Salary Increases

**CC:** Chief Academic Officers; Chief Financial Officers

On behalf of President Erskine Bowles, I am forwarding instructions to guide the allocation of salaries for 2008-2009.

This memo and the accompanying "*Salary Protocols for Faculty and Non-Faculty EPA Salary Increases 2008-2009*" provide specific information on salary ranges for administrative officers, as well as guidance for the campus decisions regarding the distribution of faculty and other EPA funds. The funds provided for faculty salary increases should be used to reward meritorious performance. Market and equity adjustments may also be used to determine salary increases.

We are limited by the Office of State Personnel as to what we can do to effect change in SPA salaries; however, this memo includes as *Appendix 1* information you may find helpful in considering ways to address SPA salaries.

Pursuant to a delegation of authority granted to the President by the Board of Governors on November 13, 2006, President Bowles approved the administrative salary ranges for 2008-2009 on August 1, 2008. Pursuant to the schedule on page 5, campuses will forward information to my office consistent with the existing policy.

Campuses without Management Flexibility to Appoint and Fix Compensation must submit the following information according to the Salary Planning and Approval Calendar 2008-2009 (see page 5) to guide this year's salary allocation process:

1. Salaries need to be submitted for approval for those administrators for whom salary ranges have been established by the Board of Governors, listed under Section II.B. of the attached "*Salary Protocols for Faculty and Non-Faculty EPA Salary Increases 2008-2009*", as well as other similarly-situated administrators. (*Attachment A* of the Salary Protocols.)

2. For those campuses that have been granted Management Flexibility to Appoint and Fix Compensation, only the following information will need to be submitted:
  - a) Salaries that are recommended to be increased \$10,000 or more AND 15% or more or exceed the established salary range, along with accompanying justification.
  - b) Updates to salary ranges established by the Board of Trustees that have occurred since management flexibility was granted.
  - c) *Attachment A* of the “*Salary Protocols for Faculty and Non-Faculty EPA Salary Increases 2008-2009*”, listing salary increases approved by the Board of Trustees for Senior Academic and Administrative Officers, for information purposes only, by September 22, 2008.

### **Principles for Salary Adjustments**

For 2008-09 the legislature has provided limited State funds for permanent salary adjustments; however, salaries may be increased by using available campus funds. Salary increment funds available from state or non-state funds should be distributed based primarily on merit, market, and equity. Equity increases might be interpreted as “internal” measures -- that is, equity increases are recommended based on relative salaries in rank at your institution. Inequities can arise for a variety of reasons, and it is imperative to take a comprehensive look each year to determine the outliers at the low end of the scales. If the low salary is justified because of poor performance, measures must be considered to provide professional development opportunities.

It is important to note that the Board of Governors has placed its highest priority on the use of campus-initiated tuition increases to improve academic quality. At least 25% of campus-initiated tuition increases must be used for faculty salaries until the average faculty salary on a campus reaches the 80<sup>th</sup> percentile of its peers.

Criteria for the distribution of any salary increase funds must be clearly understood by the faculty. While the authority and responsibility for distribution of funds may vary from campus to campus. It is recommended that faculty be engaged in the discussions of the process and in establishing the criteria for merit within the unit. The final administrator approving salary adjustments will be the final arbiter of the criteria.

Those campuses with funds available from grants or endowment funds may choose to make permanent or temporary adjustments that are consistent with the campus salary studies, endowment fund documents, and funding agency requirements.

- a) Faculty and administrative salaries may be increased permanently or temporarily with endowment funds if the use of such funds is consistent with the fund document or if the increase comes from non-restricted funds. Permanent increases to the base salary must be treated as all other salary

increases for reporting purposes. If the funds will be temporary, the employee must receive, in writing, the terms of the salary increase.

b) Faculty salaries may include grant funds for a portion of the annual salary; however, such use of funds must be consistent with the funding agency policy and the faculty member must receive, in writing, the terms of the salary increase.

There are several variables that contribute to salary inequities that go beyond comparison with other institutions. These might be considered internal variables. It will be impossible to address these issues comprehensively, but it is important that any discussion of salary adjustments include reference to those salary inequities that continue to grow within the UNC campuses.

- I. Salary Inversion. Over time and with the addition of new assistant professors at market salaries, it cannot be assumed that rank or length of service provide appropriate salary differentials. In recognition of rank and longevity, units need to consider how to restore the hierarchy of salary and rank (always with recognition of the contribution of merit to disparities that might exist).
- II. Salary Compression. Similar elements that contribute to salary inversion contribute to salary compression where the differences between salaries in ranks are minimal. Similar analysis is needed in this area. Consideration might be given to a campus policy that provides a set increase (\$2,000 - \$4,000) for promotion to associate and full professors as a means of maintaining salary differentials among faculty ranks.
- III. Salary Depression. Analysis of the competitive environment for the campuses for hiring and retaining faculty can provide the basis for restoring our competitiveness with the external market in recognition of the mobility of our best faculty. The other aspect of salary depression is that we must restore reasonable minimum salaries for all faculty in recognition of the need to provide a respectable salary for a full-time faculty position.
- IV. Inequities. It is important to establish similar salaries for “similarly situated” individuals by correcting any salary “irrationalities” that exist as a result of decisions made over time.

The attached “*Salary Protocols for Faculty and Non-Faculty EPA Salary Increases 2008-2009*” governs salary decisions for the current year. The *Salary Planning and Approval Calendar* is enclosed, which provides reporting deadlines for your required deliverables.

During the 2008-09 academic year we will work with the campuses to establish new peers, to be approved by the President and Board of Governors. As has been the practice during the past two years with the current peers, these new peers will be used to define salary studies, establish administrative salary ranges, set benchmarks for the UNC Accountability Plan, etc.

Both James Smith ([jassmith@northcarolina.edu](mailto:jassmith@northcarolina.edu)) and I ([hmartin@northcarolina.edu](mailto:hmartin@northcarolina.edu)) are available to answer technical questions about the salary process.

HLM/la  
Attachments

## Salary Planning and Approval Calendar 2008-2009

- July 18, 2008 President approves 2008-09 Salary Protocols and administrative salary ranges
- July 24, 2008 Salary Protocols to campuses
- August 22, 2008 Campuses submit recommendations for “Recommended Salary Increases for Senior Academic and Administrative Officers – 2008-2009” for campuses **without** management flexibility to appoint and fix compensation (*see Attachment A of Salary Protocols for Faculty and Non-Faculty Salary Increases, Part III. 2.*)
- August 22, 2008 Campuses submit requests for **all** increases of 15% or more AND \$10,000 or more over the 2007-08 salary, including salaries for senior academic and administrative officers, to the Senior Vice President for Academic Affairs (*see Personnel Action Form 100 attached to Salary Protocols for Faculty and Non-Faculty Salary Increases, Part III.3.*)
- August 29, 2008 Campuses with schools of medicine submit information copy of annual summary of salary **reductions** for faculty members in clinical departments of schools of medicine. (*See Salary Protocols for Faculty and Non-Faculty Salary Increases, Part III – 4.*) No form is prescribed
- September 12, 2008 Board of Governors meeting
- September 15, 2008 President authorizes institutions on State’s Central Payroll to include salary increases for 2008-09 in September EPA payrolls - ECSU, FSU, NCA&T, NCCU, NCSA, UNC-A, UNC-P, WCU, WSSU. (*See Salary Protocols for Faculty and Non-Faculty Salary Increases, Part III. 6*)
- September 19, 2008 President authorizes institutions not on State’s Central Payroll to include salary increases for 2008-09 in September EPA payrolls - ASU, ECU, NCSU, UNC-CH, UNC-C, UNC-G, UNC-W. (*See Salary Protocols for Faculty and Non-Faculty Salary Increases, Part III. 6*)
- September 30, 2007 Monthly payroll – salary increases included in September payroll