



GENERAL ADMINISTRATION

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Constituent Universities
Appalachian State
University

East Carolina
University

Elizabeth City
State University

Fayetteville State
University

North Carolina
Agricultural and
Technical State
University

North Carolina
Central University

North Carolina
State University
at Raleigh

University of
North Carolina
at Asheville

University of
North Carolina
at Chapel Hill

University of
North Carolina
at Charlotte

University of
North Carolina
at Greensboro

University of
North Carolina
at Pembroke

University of
North Carolina
at Wilmington

University of
North Carolina
School of the Arts

Western Carolina
University

Winston-Salem
State University

Constituent High School
North Carolina
School of Science
and Mathematics

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MEMORANDUM

DATE: August 24, 2011

TO: Chancellors

FROM: Suzanne Ortega, Senior Vice President for Academic Affairs
William Fleming, Vice President for Human Resources

RE: Protocols for Faculty and Staff Salary Adjustments - 2011-2012

Copy: Chief Academic Officers; Chief Financial Officers; Chief Human Resources Officers

The Board of Governors met on August 12, 2011 and confirmed the process that the University of North Carolina will follow on salary matters for the remainder of fiscal year 2011-2012. On behalf of President Ross, we are forwarding instructions to guide adjustments for faculty, EPA non-faculty, and SPA staff salaries. (For your reference, we have also attached a copy of the July 1, 2011 memorandum from Andy Willis, State Budget Director and Linda Coleman, Director of State Personnel.)

Statutory Requirements for Salary Adjustments for 2011-12

The 2011 Appropriations Act provides that the “*annual pay of all state employees for the 2011-2013 fiscal biennium shall remain unchanged from that authorized on June 30, 2011 or the last date in pay status*” during the fiscal year. Despite this general prohibition, the Act allows salary increases for “special circumstances” described as follows:

Any requested increase must fit within one of these categories:

- a) Job change;
- b) Career progression (this includes faculty promotion and tenure; and SPA progression made within the Banding Classification system);
- c) Demonstrated competencies (within the Banding Classification system);
- d) Increase in job duties or responsibilities;
- e) Any faculty increase funded from Distinguished Professors Endowment Fund or the University Cancer Research Fund;
- f) Any increase funded from “non-State” funding sources (defined as any fund source budgeted outside of “General Funds” such as endowment income, contracts, grants, certain student fees, etc.)

Campuses may reappoint fixed-term faculty employees in fiscal year 2011-2012 as necessary, consistent with any operable Office of State Budget and Management memoranda. However, if they are reappointed to do the same job they previously held then there may be no increase in salary from state funds. Any increase would have to come from non-state sources.

Salary Approval Process

Campuses should process all proposed salary adjustments in accordance with the following parameters:

- All proposed salary adjustments (including stipends and temporary increases that are projected to last longer than six-months) must be approved by the chancellor.
- All personnel actions for salary increases must include a statement in the comments section of the “Board of Governors Salary Increase” template to certify that the Chancellor or the Chancellor's designee have approved this request. Any delegation of authority by the chancellor must be in writing.
- Following chancellor approval, if an increase is equal to or greater than 10% (ten percent) on an individual or cumulative basis for this fiscal year, a request for approval must be forwarded to UNC General Administration for Board of Governors’ approval.

Board of Governors' Pre-approval of 10% and higher Salary Requests

Proposed salary adjustments will be reviewed in accordance with the following parameters during the 2011-2012 fiscal year, as approved by the Board of Governors at the August 2011 meeting and as further described in guidance provided by UNC-General Administration:

1. All proposed salary adjustments that will result in an increase equal to or greater than 10% (ten percent) on an individual or cumulative basis for this fiscal year must be forwarded to UNC General Administration for pre-approval. All such requests should be emailed to Lisa Adamson (adamson@northcarolina.edu) using the "Board of Governors Salary Increase" template provided. In addition to the data on the template, for those requests that will require Board review (item 3 below), campuses will need to provide the standard supporting documentation that would have been provided under the previous 15% and \$10,000 policy (i.e. offer letters, etc.).
2. No requested increase may be paid to the employee prior to approval from the President or the Board of Governors.
3. If the proposed increase (10% or more) is equal to or greater than \$10,000 (for actions not otherwise delegated to the President by the Board noted below in item 4), then the Personnel and Tenure Committee will review the request for approval at a regularly scheduled Board meeting.
 - a. Requests that require Board approval must be received two weeks prior to a scheduled Board meeting (see attached schedule of meetings and dates for submission of requests.)
 - b. Retention increase requests that fall in this category are subject to the same procedures as previous years.
 - c. Following review and approval by the Board, formal notice will be transmitted to the requesting chancellor.
4. If the proposed increase (10% or greater) falls into one of the following categories, the President will review the request for approval:
 - a. less than \$10,000;
 - b. for a 9 month to 12 month formula conversion (or similar formula conversion in which the hourly pay rate does not change);
 - c. for an SPA employee;
 - d. for a competitive hire of a current state employee into a new position in compliance with EEO/AA policy; or
 - e. for promotion to higher faculty rank consistent with campus policy.

Requests to the President will be considered on a bi-weekly basis. In general, the submission deadline will fall on a Thursday. A schedule of dates for

submission/approval is attached. Notification of review and approval will occur as soon as reasonably possible thereafter.

For retention increase requests that fall in this category, the timeline above is waived. Due to the time sensitivity of retention offers, you may send forward requests as needed.

We recognize that this is an additional step in an already complex process. We will endeavor to make necessary adjustments or improvements as we continue through the remainder of this fiscal year.

Campus Notification to the Boards of Trustees

The Board of Governors now requires that the chancellors report, at least quarterly, to their respective boards of trustees, all salary increases approved where the increased salary exceeds \$100,000.

Monitoring of Salary Adjustments in 2011-12

Quarterly reports to the Office of State Budget and Management and the Office of State Personnel for monitoring compliance are still required by legislation. UNC General Administration will continue to collect/compile a system-wide report.

The “*Protocols for Faculty and Staff Salary Adjustments 2011-2012*” attached to this memorandum provide access to information for each campus to determine appropriate salary ranges for faculty based on peer data (you are reminded that the peers for each campus are currently those identified in the 2006 University Faculty Salary Study) and disciplinary comparisons.

Additional Considerations and Guidance

Campuses *with* Management Flexibility to Appoint and Fix Compensation will need to submit the following:

1. Updates to salary ranges established by the Board of Trustees that have occurred since management flexibility was granted.
2. The “Board of Governors Salary Increase” template (*Attachment A* of the “*Protocols for Faculty and Staff Salary Adjustments 2011-2012*,” listing any salary increase approved by the Board of Trustees for Senior Academic and Administrative Officers (other than those 10% and above that have already been approved prior to the date of this memorandum), *for information purposes only*, by September 30, 2011.

Campuses without Management Flexibility to Appoint and Fix Compensation must submit the following:

1. Any salary change requests (not previously approved prior to the date of this memorandum) must be submitted for approval for those administrators for whom salary ranges have been established by the Board of Governors, referred to in Section II.B. of the attached “*Protocols for Faculty and Staff Salary Adjustments,*” as well as other similarly-situated administrators, by September 16, 2011.

Principles for Salary Adjustments with Non-State Funds

If campuses with funds available from grants, endowment income, or other non-state funds choose to use those funds to make permanent or temporary salary adjustments, those adjustments must be consistent with endowment funds guidelines, funding agency requirements, and requirements for the use of other non-state funds.

1. Permanent increases to the base salary from endowment income must be treated in the same manner as all other salary increases for reporting purposes. If the funds will be temporary, the employee must receive the terms of the salary increase in writing.
2. The use of grant funds for a portion of the annual salary must be consistent with the funding agency policy and the employee must receive the terms of the salary increase in writing.
3. The use of other non-state funds for a portion of the annual salary must be consistent with the requirements for the use of the funds and the employee must receive the terms of the salary increase in writing.

In years past when we have had general legislative appropriated salary increases, we have identified merit, retention, market adjustment, equity, compression, and inversion as key issues to consider in making awards. Under the circumstances where only a small portion of our employees will have adjustments, these issues obviously cannot be addressed systematically. However they remain important considerations for salary adjustment requests and setting initial hiring salaries.

Summary

We recognize that these are very difficult times for the University system. We know that you and your staff are working hard to continue the mission of the University while facing significant budget reductions.

We are available to answer questions about the salary process. Our email addresses are: stortega@northcarolina.edu or wafleming@northcarolina.edu.

STO/WAF/la
Attachments



STATE OF NORTH CAROLINA
OFFICE OF STATE PERSONNEL
1333 MAIL SERVICE CENTER
101 WEST PEACE STREET
RALEIGH, NC 27699-1333

BEVERLY EAVES PERDUE
GOVERNOR

LINDA D. COLEMAN
STATE PERSONNEL DIRECTOR

July 1, 2011

Memorandum

To: Agency Heads/Chancellors
Agency/University Chief Fiscal Officers
Agency/University Human Resources Directors

From: Linda D. Coleman *Linda D. Coleman*
State Personnel Director

Andy Willis *Andy Willis*
State Budget Director

Subject: 2011-2013 Appropriations for Salaries

The General Assembly has enacted House Bill 200, Session Law 2011-145 (Budget Bill) as amended by House Bill 22 (Session Law 2011-391), which makes appropriations for 2011-2013. The Budget Bill does not include funding for legislative increases or legislative bonuses. As directed in Section 29.8(a) of House Bill 200, the annual pay of all State employees for the 2011-2013 biennium shall remain unchanged from that authorized on June 30, 2011, or the last date in pay status during the 2010-2011 fiscal year, if earlier, except that an increase may be allowed under the following special circumstances:

- (1) For all State employees regardless of funding source, and for employees of the North Carolina Community College System and local school boards who are paid from State funds, salaries may be increased for reallocations or promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or any other adjustment related to an increase in job duties or responsibilities, none of which are subject to the salary freeze otherwise provided by this Part. All other salary increases are prohibited.
- (1a) For employees of the North Carolina Community College System, notwithstanding subdivision (1) of this subsection, salaries may be increased if the increase is funded from local funding sources.
- (2) For The University of North Carolina, (i) faculty using funds from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer research supported by that fund and (ii) faculty, nonfaculty, and other employee adjustments, including retention adjustments, funded from non-State funding sources.

- (3) For employees of the judicial branch, for local supplementation as authorized by G.S. 7A-300.1.

In addition, cumulative salary adjustments allowed as an exception to the freeze for the 2011-2012 fiscal year, may not exceed ten percent (10%) of the annual salary unless the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, the local board of education, or other authorized body as appropriate.

State agencies should forward their requests for exception to the 10% salary limit to their assigned OSP Salary Administration Consultant. OSP staff will review the request to determine if it meets salary administration and budget salary freeze guidelines before sending it to OSBM for a final decision.

Universities should forward their requests for exceptions to the 10% salary limit to UNC-General Administration. UNC-GA will send specific instructions to the campuses on the exception process. If the university does not have delegation of authority for salary administration or the salary increase represents an exception to policy, then the university should forward the salary increase request to OSP for salary administration approval prior to sending the request to UNC-GA for the 10% limit exception approval.

The salary freeze applies to all State employees regardless of appointment type and includes State officials and persons in exempt positions as well as temporary and permanent hourly State employees. The salary freeze also applies to employees who work a nine-, ten-, or eleven-month work year schedule.

The Budget Bill also includes a requirement that the Office of State Budget and Management and the Office of State Personnel shall monitor jointly the compliance of agencies and universities with the salary freeze provisions of Section 29.8 of S.L. 2011-145. Quarterly reports will be forwarded to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division. The reports will include a list of all salary increases including type of action (i.e. promotion, reallocation, in-range, etc.), the amount of the increase and the annual salary. The report shall also include a summary of actions taken with respect to unauthorized salary increases.

Attached is a list of frequently asked questions related to the salary freeze to assist you with making salary decisions. If you have any questions about the information outlined in this memorandum, please contact your assigned OSP Salary Administration Consultant at 807-4800 or your assigned State Budget Analyst at 807-4700.

cc: David McCoy, State Controller

Attachments

10% SALARY INCREASE PRE-APPROVAL PROCESS

Submission Deadline: August 2011 – June 2012

BOG REVIEW	Deadline – 3PM on Following Dates:	Meeting Date:
BOG Meeting	Friday, August 26, 2011	9/9/2011
BOG Meeting	Friday, September 23, 2011	10/7/2011
BOG Meeting	Friday, October 28, 2011	11/11/2011
BOG Meeting	Tuesday, December 20, 2011*	1/13/2012
BOG Meeting	Friday, January 27, 2012	2/10/2012
BOG Meeting	Friday, March 30, 2012	4/13/2012
BOG Meeting	Friday, June 1, 2012	6/15/2012

PRESIDENT REVIEW	Deadline – 3PM on Following Dates:
President Review	Thursday, September 08, 2011
President Review	Thursday, September 22, 2011
President Review	Thursday, October 06, 2011
President Review	Thursday, October 20, 2011
President Review	Thursday, November 03, 2011
President Review	Thursday, November 17, 2011
President Review	Thursday, December 01, 2011
President Review	Thursday, December 15, 2011**
President Review	Thursday, January 05, 2012
President Review	Thursday, January 19, 2012
President Review	Thursday, February 02, 2012
President Review	Thursday, February 16, 2012
President Review	Thursday, March 01, 2012
President Review	Thursday, March 15, 2012
President Review	Thursday, March 29, 2012
President Review	Thursday, April 12, 2012
President Review	Thursday, April 26, 2012
President Review	Thursday, May 10, 2012
President Review	Thursday, May 24, 2012
President Review	Thursday, June 07, 2012
President Review	Thursday, June 21, 2012

**BOG Submission deadline moved to Tuesday 12/20/2011 for Winter Holidays*

***President's Schedule skips a week for the Winter Holidays, and restarts on 1/5/2012*

PROTOCOLS FOR FACULTY AND STAFF SALARY ADJUSTMENTS 2011-2012

I. General Policy

The 2011 Appropriations Act provides that the “*annual pay of all state employees for the 2011-2013 fiscal biennium shall remain unchanged from that authorized on June 30, 2011 or the last date in pay status*” during the fiscal year. Despite this general prohibition, the Act allows salary increases for the specific “special circumstances.” The General Assembly has provided limited exceptions for salary adjustments which are detailed in the covering salary memorandum and referenced in Appendix 1 of the memorandum.

II. Protocols for Salary Adjustments and Increases, 2011-2012

A. Limitations and Conditions for Salary Adjustments

Salary adjustments for 2011-12 are limited to the terms and conditions detailed in the salary memorandum. Additional limitations and conditions include the following:

1. Senior administrative officers’ salaries must be set within ranges established by the President of The University of North Carolina (Section II.B. below.) Requests for exceptions must be forwarded with recommendations from the Chancellor, the President, and the Committee on Personnel and Tenure to the Board of Governors.
2. Faculty salaries in Health Affairs are subject to established ceilings (see section C below.)
3. Salaries for tenured and tenure-track faculty members should be consistent with peer salaries and disciplinary comparisons. The peers for each campus are those identified in the 2005-06 peer study, approved by the Board of Governors in February 2006.
4. Funds from foundations, trust funds, grants, or other non-state sources may be used to provide salary increases within limits set by the President, as detailed in the salary memorandum.
5. For those qualifying persons paid partially or entirely from medical faculty practice plans, any compensation bonuses will be paid from the plans in proportion to the distribution of their salaries between the plan and the state sources. The remaining salary increase for these persons, if any qualify, may be paid from the medical faculty practice plans according to the availability of such funds without regard to the proportionate contribution from state sources.

B. Salary Ranges for Selected Senior Academic and Administrative Officers

Salary ranges for selected senior academic and administrative officers have been established for the year 2011–2012 and were sent to the Chief Academic Officers and the members of the Human Resources Council on June 28, 2011. These data can be found at:

[http://www.northcarolina.edu/cao/SalaryData2011-2012/2011-2012_Salary_Ranges_Memo_With_Study_Attached_\(2\).pdf](http://www.northcarolina.edu/cao/SalaryData2011-2012/2011-2012_Salary_Ranges_Memo_With_Study_Attached_(2).pdf)

As salaries for deans and configurations of colleges and schools vary too much to set system-wide salary ranges, salary ranges for deans are not included. Each institution should have defensible salaries for deans based on discipline and national peer data. Pursuant to Policy 200.6 “*Delegation*

**PROTOCOLS FOR FACULTY AND STAFF SALARY ADJUSTMENTS
2011-2012**

of Authority to the President”, administrative salary ranges approved by the President and based on CUPA data for the peer institutions, as approved by the Board of Governors in February 2006.

C. Salary Ceilings for Certain Faculty Groups in Health Affairs

The ceilings listed below are established for faculty in the Schools of Medicine at East Carolina University and at UNC-Chapel Hill according to the indicated clusters and are based on the *Report on Medical School Faculty Salaries* published by the Association of American Medical Colleges (AAMC). Salary ceilings include funds paid from all sources. Salary ceiling information was submitted jointly by The Brody School of Medicine at East Carolina University and the University of North Carolina at Chapel Hill School of Medicine.

Departments of Anesthesiology, Emergency Medicine, Obstetrics-Gynecology, Ophthalmology, Otolaryngology, Orthopedics, Clinical Pathology, Radiology, Radiation Oncology, Pediatric Cardiology, Neonatology, Internal Medicine Cardiology, Gastroenterology, and Oncology and Surgical Subspecialties (except Cardiothoracic Surgery)

	<u>2011-2012</u>
Professor and Chair, Division Chief or Center Director	\$1,444,000
Chief	716,000
Professor	680,000
Associate Professor	655,000
Assistant Professor	478,000
Instructor	452,000

Cardiothoracic Surgery

Professor and Chair, Division Chief or Center Director	\$1,172,000
Chief	900,000
Professor	621,000
Associate Professor	490,000
Assistant Professor	370,000
Instructor	315,000

All Other Departments

Professor and Chair, Division Chief or Center Director	\$ 651,000
Chief	470,000
Professor	450,000
Associate Professor	368,000
Assistant Professor	346,000
Instructor	329,000

Department of Allied Health Sciences

Chair (Dean equivalent)	\$ 262,940
Division Director (Chair equivalent)	193,262
Professor	167,860
Associate Professor	133,290

**PROTOCOLS FOR FACULTY AND STAFF SALARY ADJUSTMENTS
2011-2012**

Assistant Professor	124,032
Instructor	97,480

The ceilings listed below are established for faculty in the Schools of Dentistry and Public Health at UNC-Chapel Hill. These ceilings include salaries paid from all sources.

	<u>2011-2012</u>
School of Dentistry	
Professor and Chair	\$ 515,000
Professor	485,000
Associate Professor	465,000
Assistant Professor	375,000
Instructor	225,000
School of Public Health	
Professor and Chair	\$494,000
Professor	469,000
Associate Professor	337,000
Assistant Professor	255,000
Instructor	175,000

D. Salary Reductions for Certain Faculty Members in Clinical Departments of the Schools of Medicine

Since it is commonplace that substantial components of salaries of full-time faculty members in clinical departments of schools of medicine derive from receipts for patient care by approved institutional clinical practice plans, it is acknowledged that total salaries of faculty members for full-time service in these disciplines should reflect their levels of clinical activity. Thus, it is consistent that the salary of a faculty member in a clinical department be subject to a negative adjustment if there is a substantial reduction in the individual's level of participation in the practice plan.

E. Campuses should determine appropriate salary ranges for faculty based on peer data, as identified by the Board of Governors in February 2006, and disciplinary comparisons.

III. Procedures for Review and Approval

1. Consistent with the foregoing requirements and Appendix 1 of the salary memorandum, the Chancellors shall present their salary increase recommendations, if any, consistent with salary memorandum for 2011-12, to the President in the form and manner prescribed by the President. *(See Attachment A to this document)*
2. Recommended salary increases of 10% (ten-percent) or more for designated senior academic and administrative officers at campuses without management flexibility to appoint and fix compensation, and for all other EPA personnel in General Administration and the UNC Center for Public Television shall be submitted to the President/Committee for Personnel and Tenure for approval. These designated

PROTOCOLS FOR FACULTY AND STAFF SALARY ADJUSTMENTS 2011-2012

“senior academic and administrative officers” include the chancellors, vice chancellors and provosts, deans, and directors of major educational or public service activities who have a rank equivalent to dean, head librarians, or legal assistants to the chancellors (*see Attachment B to this document*). The Chancellors’ recommendations for salary increases for senior academic and administrative officers must be received by September 16, 2011 to ensure time for review by the President and the Committee on Personnel and Tenure. Please continue to use the attached “Board of Governors Salary Increase” template for this purpose ([Attachment A](#).) **Campuses with management flexibility to appoint and fix compensation do not need to provide this information for approval for salaries of less than 10% (ten-percent) and should submit the “Board of Governors Salary Increase” template (Attachment A) for information purposes only by September 30, 2011.**

Final approval of all salary increases of 10% (ten-percent) or more have been delegated to the President for all campuses, except that the concurrence of the Committee on Personnel and Tenure shall be required for increases of 10% (ten-percent) or more AND \$10,000 or more over the 2010-2011 salary. Please use the attached form “Board of Governors Salary Increase” template for this purpose (*Attachment A*.) Recommendations must be received by the President by September 16, 2011.

3. For faculty members in clinical departments of the schools of medicine, authority is delegated to the chancellor at those campuses with Management Flexibility to Appoint and Fix Compensation to approve guidelines and procedures as developed by the institutions, and to have final approval of all salary *decreases* recommended to the chancellor for faculty members in those departments. The approved guidelines and an annual summary of salary reductions for faculty members in clinical departments of the schools of medicine under this resolution shall be reported to the Committee on Personnel and Tenure. Submit this report by September 26, 2011.
4. The President is authorized to delegate to the Chancellors of all campuses approval of all increases that are below 10% (ten-percent) consistent with the terms and conditions detailed in the salary memorandum.
5. Salaries for any individual that lead to a salary level of 10% (ten-percent) or more AND \$10,000 or more over the approved salary for 2010-2011 shall continue to require prior approval by the President or the Committee on Personnel and Tenure. Such increases should be requested only in exceptional circumstances.

IV. Term of Protocols

These Salary Protocols rescind the earlier Salary Protocols and will remain in effect until the President adopts Salary Protocols for 2012-2013, or otherwise modifies or rescinds these Protocols.