

8. Informational Report on Issued Instructions for Fiscal Year 2015-2016 Compensation Adjustment For University Employees Exempt from the State Human Resources Act (EHRA) Junius Gonzales/Matthew Brody

Situation: In August, the Board of Governors approved a delegation of authority to the President, in consultation with the Chair of the Personnel and Tenure Committee, to develop and issue instructions to the constituent institutions for a 2015-2016 compensation adjustment for University employees exempt from the State Human Resources Act (EHRA). The Board of Governors renewed this delegation in September.

Background: As is customary, when a State Budget has not yet been enacted in July, the Board of Governors contemplates granting a delegation of authority to the President to be able to finalize and issue instructions for an annual EHRA salary raise process. This year, such a delegation was issued in August and continued in September, awaiting finalization of the State Budget. Upon finalization of the State Budget, the President developed these instructions and consulted with the Chair of the Personnel and Tenure Committee. These instructions were issued to the Chief Human Resources Officers of the constituent institutions on October 6, 2015 and copied to the Chancellors.

Assessment: The issued instructions for an annual raise process for University employees exempt from the State Human Resources Act (EHRA) for Fiscal Year 2015-2016 is attached to this item. A summary of any increases implemented under this process will be reported to the Committee on Personnel and Tenure in either January or February 2016 depending on availability of data.

Action: This item is for information.

**** Attachment A ****

**The University of North Carolina General Administration
Fiscal Year 2015-2016 Annual Raise Process Instructions for Employees
Exempt from the State Human Resources Act (EHRA)**

Any constituent institution that conducts an annual raise process (ARP) for EHRA faculty and non-faculty employees for the 2015-2016 fiscal year must do so in accordance with the following parameters:

1. There are **no** newly appropriated funds to support this year's ARP. Funding for any proposed increases under this process must come from existing campus-based funds.
2. The ARP process shall apply to "permanent" or "regular" (typically benefits eligible) EHRA faculty and staff who were active in this employment status as of January 1, 2015 and remain in this status as of the first of the month that the ARP increase is paid; "non-permanent" or "temporary" EHRA faculty and staff are **not** eligible for this process.
3. The ARP increase shall be retroactive to July 1, 2015.
4. The ARP increase, if any, shall be awarded on an individual employee basis at management's discretion. This shall not be considered an employee entitlement and may **not** be implemented by management in an across-the-board fashion.
5. The ARP increase, when awarded, will be based on the following criteria: (1) individual meritorious performance, including teaching, service, publications, and/or research productivity for faculty; (2) documented high impact contributions to the work unit and/or the University as a whole; and (3) retention of key or hard-to-recruit personnel. Secondary criteria that may be considered include equity and labor market.
6. The total of the ARP increase shall generally **not** result in a new salary that exceeds 10% of the employee's June 30, 2015 base salary. The President and the BOG must pre-approve any exceptions, which will be very limited.
7. ARP-related increases must be completed and receive all necessary approvals preferably by November 30, 2015, and in any case, **no later than December 31, 2015**. Any salary increase actions after that point should be processed on a current basis, per regular salary increase procedures.
8. An ARP-related increase may not exceed an established EHRA salary range, unless GA has approved a specific salary range exception for purposes of the ARP. For campuses with management flexibility that have BOT-approved EHRA salary ranges for Tier II Senior Academic and Administrative Officers (SAAO), the ARP increase may not exceed any campus-based salary range unless the BOT approves an exception or has delegated authority to the Chancellor to grant such exceptions within prescribed limits.
9. Annual salary adjustments tied to BOT and/or BOG approved faculty incentive pay plans or other special BOT/BOG-approved compensation plans are **exempt** from the ARP guidelines and should follow the provisions of those plans.
10. Subject to any limitations imposed under the State Retirement System and the legislative appropriations process, faculty members who entered the Phased

Retirement Program on July 1, 2015 are not eligible for an across the board salary increase ; however faculty members who entered the Phased Retirement Program in 2014 or prior years are eligible for salary increases and merit pay based on annual evaluations.

11. At the conclusion of the ARP process, the campuses will be required to submit to UNC GA Human Resources a summary of all ARP salary increases implemented, which will then be summarized and provided to the Personnel and Tenure Committee of the BOG.