

November 15, 2023 at 4 p.m.  
Via Videoconference and PBS North Carolina Livestream  
University of North Carolina at Greensboro  
Nursing and Instructional Building, Room 402  
Greensboro, North Carolina

## AGENDA

### OPEN SESSION

- A-1. Approval of the Open Session Minutes of October 19, 2023 ..... Carolyn Coward
- A-2. General Updates for the Committee .....Darryl Bass and David English
- A-3. Proposed Revisions to Chapter 300 of the UNC Policy Manual..... Michael Vollmer
- A-4. Proposed Supersede to Section 400.3.1 of the UNC Policy Manual,  
*Teaching Effectiveness in the University of North Carolina* ..... David English
- A-5. Proposed Supersede to Section 400.3.3 of the UNC Policy Manual,  
*Performance Review of Tenured Faculty (Post-Tenure Review)* ..... David English
- A-6. UNC Optional Retirement Program Technical Changes ..... Brian Usischon
- A-7. Faculty Recruitment and Retention Fund ..... David English

### CLOSED SESSION

- A-8. Approval of the Closed Session Minutes of October 19, 2023 ..... Carolyn Coward
- A-9. Executive Personnel Matter..... Peter Hans

### OPEN SESSION

- A-10. Adjourn



## Closed Session Motion

### Motion to go into closed session to:

- Prevent the disclosure of information that is privileged or confidential under Article 7 of Chapter 126 of the North Carolina General Statutes, or not considered a public record within the meaning of Chapter 132 of the General Statutes.
- Consult with our attorney to protect attorney-client privilege.
- Consider the qualifications, competence, performance, or condition of appointment of a public officer or employee or prospective public officer or employee.

**Pursuant to:** G.S. 143-318.11(a)(1), (3), and (6).

## DRAFT MINUTES

October 19, 2023 at 11 a.m.  
Via Videoconference and PBS North Carolina Livestream

This meeting of the Committee on University Personnel was presided over by Chair Carolyn Coward. The following committee members, constituting a quorum, were also present via videoconference: Temple Sloan, Sonja Nichols, Harry Brown, Swadesh Chatterjee, and John Fraley.

Chancellors participating were Kelli Brown and Brian Cole. Crystal Woods, chair of the UNC Staff Assembly, and Wade Maki, chair of the UNC Faculty Assembly, were also in attendance.

Staff members present included Darryl Bass, Mary Griffin Inscoe, and others from the University of North Carolina System Office.

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### 1. Call to Order and Open Session Minutes (Item A-1)

The chair called the meeting to order at 11 a.m. on Thursday, October 19, 2023, and reminded all committee members of their duty under the State Government Ethics Act to avoid conflicts of interest and appearances of conflicts of interest. The chair asked if there were any conflicts or appearances of conflicts with respect to any matter coming before the committee. No members identified any conflicts at the time. The chair called for a motion to approve the open session minutes of September 13, 2023.

**MOTION:** Resolved, that the Committee on University Personnel approve the open session minutes of September 13, 2023, as distributed.

**Motion:** John Fraley  
**Motion carried**

### 2. Closed Session

The chair called for a motion to move into closed session.

**MOTION:** Resolved, that the Committee on University Personnel move into closed session to prevent the disclosure of information that is privileged or confidential pursuant to Article 7 of Chapter 126 of the North Carolina General Statutes [G.S. 143-318.11(a)(1)]; to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged [G.S. 143-318.11(a)(3)]; and to consider the qualifications, competence, performance, or conditions of appointment of a public officer or employee or prospective public officer or employee [G.S. 143-318.11(a)(6)].

**Motion:** John Fraley  
**Motion carried**

**THE MEETING MOVED INTO CLOSED SESSION AT 11:02 A.M.**

(The complete minutes of the closed session are recorded separately.)

**THE MEETING RESUMED IN OPEN SESSION AT 11:11 A.M.**

There being no further business and without objection, the meeting adjourned at 11:11 a.m.

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Sonja Nichols, Secretary

**AGENDA ITEM**

A-2. General Updates for the Committee..... Darryl Bass and David English

**Situation:** The committee will hear updates on recent academic affairs and human resources activities.

**Background:** The Committee on University Personnel reviews and makes recommendations to the University of North Carolina Board of Governors on issues supporting faculty, personnel, academic affairs, and human resources matters under the jurisdiction of the Board. The human resources and academic affairs departments provide updates to the committee at every meeting on both annual and ad hoc work, including HR-related efforts during the pandemic, the review of tenured faculty, and annual salary guidance related to any legislatively supported salary raise process.

**Assessment:** Information will be provided to the committee on recent updates in academic affairs and human resources at the University of North Carolina System Office and across the 17 institutions.

**Action:** This item is for information only.

## AGENDA ITEM

A-3. Proposed Revisions to Chapter 300 of the UNC Policy Manual ..... Michael Vollmer

**Situation:** On October 1, 2022, the University of North Carolina System Office, through the Office of Legal Affairs, initiated a Systemwide policy review effort. This effort precipitated from, and is grounded in, Systemwide feedback and requests from constituent institutions and the UNC System Office. The policy update project encompasses reviewing and proposing revisions to *The Code* and UNC Policy Manual to System Leadership and bringing select recommendations to the University of North Carolina Board of Governors for consideration. The review is being conducted chapter-by-chapter and began with Chapter 100 and *The Code*. The current round of proposed policy amendments encompasses changes to Chapter 300 of the UNC Policy Manual. Proposed edits to Chapter 300 were supplemented by the chief operating officer and Human Resources Division. These proposed policy edits are presented herein. If approved, UNC System Office Staff will work with System Leadership and campus stakeholders to revise and implement applicable Regulations.

**Background:** The proposed revisions to *The Code* and Chapter 300 of the UNC Policy Manual largely govern employment policies for University employees under the purview of the UNC Board of Governors under N.C.G.S. 116 or who are otherwise exempt from the North Carolina Human Resources Act (N.C.G.S. 126). Specifically, these proposed edits reclassify employees exempt from the NC Human Resources Act and eliminate the Senior Academic and Administrative Officers (SAAO) Tier II category of employees to be incorporated into a new category of employees, exempt professional staff (EPS). The proposed edits move employee leave-related provisions into a new policy. Substantively, for new SAAO and EPS employees, up to 20 days of personal leave will carry forward to the next leave year, and it is not paid out upon separation from the institution. Sick leave will be accrued and carried forward separately. Several edits are proposed to modernize the conflict of interest policy to allow campuses more flexibility in drafting their institutional policies to meet their campus-specific needs, which can be driven by federal funding agency regulations. Other clarifying policy changes are contemplated regarding administrative separation and non-salary and deferred compensation. Also included are technical corrections to Chapter VI of *The Code* to align with these proposed revisions. A working group will be established to review the policies on nepotism and on improper relationships between students and employees, and recommended revisions to these policies will be submitted to the Board at a later date. The proposed amendments further suggest repealing policies which conflict with the proposed new policies on classification and personal leave.

An initial comment period for the constituent institutions was provided in July-August 2023. Principal policy revisions were subsequently shared with the constituent institutions for comment in October 2023. System Leadership solicited input from

chancellors, senior leadership, and other subject matter experts to ensure that items developed for inclusion in *The Code* and UNC Policy Manual reflect a thorough and thoughtful review of best practices from human resources, financial, and legal perspectives. A summary of the key proposed policy revisions is attached.

**Assessment:**

If approved, these proposed revisions to *The Code* and Policy Manual will be presented to the full Board in January. Pursuant to *The Code* 202F, any provision of *The Code* (except those required or governed by statutory or constitutional provisions) may be amended by a vote of two-thirds of the voting membership of the full Board at the subsequent meeting. Under Section 100.2 of the UNC Policy Manual, *Adoption of the UNC Policy Manual, Promulgation of Policies, and Use of Reporting Requirements*, the approval vote for a policy amendment will be through the consent agenda at the subsequent meeting.

**Action:**

This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda at the next meeting.

**POLICIES WITH SIGNIFICANT PROPOSED REVISIONS***300.1.1 - Policy on Senior Academic and Administrative Officers**& 300.2.1 - Policy on Employees Exempt from the North Carolina Human Resources Act*

- A. Combines SAAO Tier I, SAAO Tier II, and IRIT appointment and discontinuation language found in 300.1.1 and 300.2.1 into one appointments policy (300.1.1). Eliminates SAAO Tier II category and incorporates it into a new category with IRIT appointments: Exempt Professional Staff (EPS). Incorporates basic definition of faculty into policy to align with The Code and other policies. (Cf. Section I.A through I.C.)
- B. Moves all leave-related content from 300.1.1 and 300.2.1 into a new policy (300.2.22), which also incorporates several leave-based policies and regulations (see below).
- C. Clarifies that for concurrent appointments as an SAAO and faculty, the SAAO appointment shall be considered primary, and that any discontinuation of the administrative appointment is separate and distinct from any policy governing continued employment as faculty. (Cf., Section II.A.3.)
- D. Clarifies that Exempt Professional Staff may serve “at-will,” under a fixed-term contract, or as a commissioned police officer and clarifies information required for a letter of appointment. Eliminates a separate category for appointments related to financial exigency or curtailment of program – these appointments are not distinguished from other EPS positions in this section (Cf. Section III.A.2.)
- E. For discontinuation of SAAO employees, the chancellor or president, at their discretion, may provide up to a 90-day lump sum separation payment with a signed release from claims. (Cf., Section II.A.1.f.)
- F. For new EPS appointments on or after July 1, 2024, or for current EPS employees who accept a new position after that effective date, discontinuation of employment provides a 30-day notice period (or paid administrative leave during the notice period), and the chancellor or president may authorize up to an additional 60-day lump sum separation payment with a signed release from claims. (Cf. Section III.B.1.)
- G. For new term-contract EPS appointments on or after July 1, 2024, or for current EPS employees who accept a new term-contract position after that effective date, discontinuation policy changes from a required 30-day advance notice of non-renewal of contract to a discretionary 30-day notice of renewal (no obligation to provide notice of renewal or non-renewal for a fixed-term appointment). (Cf. Section III.B.2.)
- H. Provides that the president shall adopt regulations on discharge for cause for EPS employees to include procedures for providing notice to an employee and opportunity to respond prior to a final determination of discharge. (Cf. III.B.3.c.)
- I. Updates endnotes accordingly to provide requisite statutory references to employment types under N.C.G.S. 116 and 126. Includes for clarity and completeness references to statutory institution-level exempt staff delegations provided to certain boards of trustees within the UNC System.
- J. Language revisions throughout to modernize content and conforming revisions to formatting.

*300.2.2 - Conflict of Interest and Commitment*

- A. Updates are designed to provide more flexibility to campuses in drafting their institution-specific policies such that they conform to the landscapes under which they operate (e.g. – federal funding agency regulations and definitions)
- B. Implementing Conflict of Interest, Conflict of Commitment, and External Activities for Pay Regulation(s) will be forthcoming.
- C. Language revisions throughout to modernize content and conforming revisions to formatting.



*300.2.14 - Policy on Non-Salary and Deferred Compensation*

- A. Minor clarifications on eligibility to receive moving expenses (Cf. I.D.), items included under “non-salary compensation” (Cf. I.E.), and ability for institutions to adopt supplemental policies and procedures consistent with this Policy (Cf. I.F.9.)
- B. Language revisions throughout to modernize content and conforming revisions to formatting.

*300.2.22 - Leave Programs for Faculty and Staff Exempt from the North Carolina Human Resources Act*

- A. Consolidates mostly parallel leave information found separately in current policy for SAAO Tier I, SAAO Tier II, and IRIT employees. Also incorporates separate faculty leave policies and regulations under the same new policy.
- B. New SAAOs, EPS, and 12-month faculty appointed after the policy effective date would receive twenty-six (26) calendar days of personal leave (rather than annual leave) per year. Up to 4 weeks (20 days) of personal leave may carry forward to the next defined leave year and any excess leave is forfeited. Up to 4 weeks (20 days) of personal leave transfer to a position at another institution covered by this policy. Personal leave is not paid out if separating from University employment. These employees would continue to accrue and carry forward sick leave separately.
- C. Current employees would receive an irrevocable opportunity to opt into the new personal leave program. Their existing annual leave balances (up to 30 days) either could be (1) retained, carried forward, and paid out upon separation from the institution or transfer to a position not covered by this policy, OR (2) paid out at the time of opting into the new personal leave program (institutions may determine if immediate payouts will be offered in lieu of retaining the annual leave balance).
- D. Language revisions throughout to modernize content and conforming revisions to formatting.

**PROPOSED POLICY REVISIONS****(TECHNICAL CORRECTIONS, MODERNIZATION OF LANGUAGE, AND CONFORMING REVISIONS TO FORMATTING)***Chapter VI of The Code**300.1.5 - Occupation of Official Residences of the Chancellors and the President**300.1.6.2 - Administrative Separation of the President and the Chancellor**300.2.13 - Supplemental Pay Policy for Employees Exempt from the State Personnel Act (EPA)**300.5.1 - Political Activities of Employees**600.3.4 – Policy on the Delegations of Authority and Granting of Management Flexibility on Human Resources Matters***POLICIES PROPOSED TO BE REPEALED***300.1.2 - Evaluation of Positions for Designation as Senior Academic and Administrative Officer (outdated guidance)**300.1.6.1 - Policy on Administrative Separation (no longer applicable)**300.2.8 - Faculty Military Leave (incorporated into new policy 300.2.22)**300.2.10 - Faculty Community Service Leave (incorporated into new policy 300.2.22)**300.2.11 - Serious Illness and Disability Leave for Faculty (incorporated into new policy 300.2.22)**300.7.4 - Policy on Offering Roth 403(b) Accounts (no longer applicable)***FORTHCOMING POLICY REVISIONS**

The System Office received feedback related to the following Policies; however, the feedback was largely conflicting among constituent institutions. Accordingly, System Office staff will continue to work with constituent institutions on reforming the following Policies and bring proposed edits to the Board at a future meeting.

*300.4.1 – Improper Relationships Between Students and Employees**300.4.2 – Employment of Related Persons (Anti-Nepotism Policy)*

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The UNC Policy Manual

300.1.1

Adopted 11/14/86	Amended 04/12/01
Amended 10/12/90	Amended 06/08/01
Amended 02/18/94	Amended 01/11/02
Amended 04/21/95	Amended 11/08/02
Amended 11/08/96	Amended 03/21/03
Amended 07/11/97	Amended 10/10/03
Amended 11/13/98	Amended 11/12/04
Amended 09/10/99	Amended 07/01/07
Amended 08/11/00	Amended 02/08/08
Amended 10/17/08	Amended 06/20/14
	Amended 08/07/15

Technical Corrections 04/25/19

Technical Correction 09/23/21

Amended \_\_/\_\_/23

**Policy on Employees Exempt from the North Carolina Human Resources Act**

I. Definitions of Exempt University Appointment Types

**A. Senior Academic and Administrative Officers**

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~~\_\_\_\_\_ (SAAO). 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 V of *The Code of The University of North Carolina (The Code)*. ~~To complement the provisions of Chapter V and further to clarify these duties, responsibilities, and relationships, the following regulations are adopted by the Board of Governors:~~~~

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~~\_\_\_\_\_ Definition of "Senior Academic and Administrative Officers" (SAAO)~~

~~A. \_\_\_\_\_ Senior officers of the University of North Carolina System who are subject to the provisions of Section II of this policy are designated as ~~Tier I SAAOs. This group includes the president [N.C. Gen. Stat. 116-14(a) (hereinafter G.S.)]; the vice presidents and other members of the president's professional staff designated by the Board of Governors on recommendation of the president [G.S. 116-14(b)]; the chancellors of the constituent institutions [G.S. 116-11(4)]; the vice chancellors, provosts, and deans<sup>1</sup> 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 [G.S. 116-11(5)].~~SAAOs. This group includes:<sup>2</sup>~~

~~1. \_\_\_\_\_ The president;~~

~~2. \_\_\_\_\_ The vice presidents and other members of the president's professional staff as determined by the president;~~

~~3. \_\_\_\_\_~~

~~B. \_\_\_\_\_ Other senior officers of the University of North Carolina System who are subject to the provisions of Section III of this policy are designated as Tier II SAAOs. This includes (1) members~~

~~of the president's professional staff other than those identified in subparagraph A, above [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. [G.S. 116-11(5)].<sup>3</sup>~~

~~II. Tier I Senior Academic and Administrative Officers of the University of North Carolina as Defined in Section I.A., above, Shall be Subject to the Following Policies~~

~~The chancellors of the constituent institutions;~~

~~4. The vice chancellors, provosts, and deans<sup>4</sup> of the constituent institutions and other members of the chancellor's professional staff as determined by the president;~~

~~5. The directors of major administrative, educational, research, and public service activities of the constituent institutions as designated by the Board of Governors or designated as otherwise delegated by the Board to the President.~~

~~B. Faculty. Employees of the constituent institutions who have a permanent faculty appointment, including employees within the "physicians or dentists" category under G.S. 126-5 who have faculty appointments.~~

~~C. Exempt Professional Staff (EPS). All other non-SHRA employees of the University of North Carolina System with a permanent appointment are designated as Exempt Professional Staff (EPS). This category includes employees who are exempt from the North Carolina Human Resources Act under G.S. 126-5. This category excludes positions within the "physicians or dentists" category under G.S. 126-5 with faculty appointments and excludes temporary appointments, which include but are not limited to university students who are employed incident to their status as students (as in graduate teaching assistantships), Post Docs, House Officers, or work-study positions.<sup>5</sup> Constituent Institutions may adopt their own policies and regulations surrounding these types of employees.~~

~~II. 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 respective boards of trustees, and to all other officers and agencies within and without the University are set forth in Chapter V of *The Code* of the University of North Carolina. SAAO positions as defined in Section I.A., above, shall be subject to the following conditions of employment.~~

~~A. Appointments and Discontinuation of Appointments~~

~~Tier I~~

~~1. SAAOs are employed in their administrative positions pursuant to this policy. Except with regard to the appointment of the president and the chancellors, and other employees as provided in *The Code* or the UNC Policy Manual, no contract or other writing (except for *The Code*) may vary these terms/conditions of employment, nor may any oral agreement modify these provisions. -The appointments of these Tier I SAAOs are subject to the approval of the Board of Governors or a board of trustees unless otherwise delegated such authority by the Board of Governors.<sup>5</sup> Such officers/SAAOs do not have tenure in their administrative positions. -Except for and, except as provided in *The Code* or the president and the chancellors/UNC Policy Manual, they serve at the discretion of their employer and are not appointed to serve for specified periods of time. -The~~

continuance of ~~these administrators in office therefore~~ SAAOs 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 ~~respective constituent institution's~~ board of trustees prior to terminating the appointment of a chancellor. -The president may place a chancellor on temporary ~~administrative~~ leave, with or without pay, ~~if in 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.~~ ~~president's discretion.~~ Before placing a chancellor on temporary ~~administrative~~ leave, the president shall consult with the chair of the Board of Governors, the chair of the Committee on University Personnel, 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~~ all other SAAOs of the constituent institutions shall be determined by the chancellor of the institution, ~~unless otherwise provided for in The Code or the UNC Policy Manual.~~
- e. Notwithstanding the provisions of (b) and (d) above, the Board of Governors, in accordance with the provisions of Section ~~501-B~~ 501B(6) of *The Code*, reserves the right to ~~initiate action~~ act on its own initiative with respect to ~~terminate appointment of those officers when it deems such action~~ all promotions, salaries, transfers, suspensions, and dismissals that are to be necessary ~~inacted upon by the best interests~~ Board of the University ~~Governors.~~
- f. ~~Tier 1~~ The Board of Governors or board of trustees for a constituent institution, as appropriate, may approve a lump sum separation payment, within the board's discretion, to an outgoing SAAO if the employee accepts an offer to receive this payment in exchange for the execution of a release, to the extent permitted by law, of any and all claims against the University through the date of discontinuation. Such a lump sum separation payment for an SAAO shall not exceed the equivalent of ninety (90) calendar days of pay and may be limited by policies adopted by a constituent institution, such as defined separation payment amounts based on years of service.

~~1-2.~~ SAAOs 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" ~~unless otherwise provided for in policy or The Code;~~ thus, the chancellor may not purport to

confer on any such ~~officer~~employee a period of employment of fixed duration or otherwise confer any property interest in such employment. ~~However, such an officer~~SAAO 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~~SAAO is subject to ~~removal~~discontinuation at any time, during that period, at the ~~option~~discretion of the chancellor.

2-3. Tenure status as a member of the faculty of a constituent institution, held concurrently by any ~~Tier I~~SAAO of the University, is separate and distinct from the administrative ~~office~~position, and such tenure status is governed by the provisions of Chapter VI 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. For the avoidance of doubt, an SAAO may be discontinued "at will" from an administrative position in accordance with this policy regardless of any concurrently held tenured faculty position or tenure policies of a constituent institution. Appointment to any full-time SAAO position shall be the primary appointment, and therefore these policies shall govern the terms and conditions of employment.

#### 3-4. Appointment of the President

- a. The Board of Governors shall elect a president in accordance with G.S. 116-14(a), Section 500 A of *The Code*, and any policies it adopts. ~~The Board of Governors shall approve the salary and compensation of the president.~~
- b. The Board of Governors may approve a contract with the president. ~~The contract may specify terms including, but not limited to, the president's term of employment; salary; benefits; performance-based incentives; other deferred or supplemental compensation, including endowment-funded stipends; provisions for the termination of the president's employment, including severance pay~~any lump sum separation payment and retreat rights; and any other terms it agrees upon.
- c. In all other regards, the employment of the president is subject to *The Code*, the policies of the Board of Governors, and the North Carolina General Statutes.

#### 4-5. 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 G.S. 116-11(4). All salary and non-salary compensation paid to or received by the chancellors in connection with their service as chancellors shall be approved by the Board of Governors upon recommendation of the president.
- b. The Board of Governors may approve a contract with a chancellor as recommended by the president. ~~The contract may specify terms including, but not limited to, the chancellor's term of employment; salary; benefits;~~

performance-based incentives; other deferred or supplemental compensation, including endowment-funded stipends; provisions for the termination of the chancellor's employment, including ~~severance pay~~ any separation payment and retreat rights; and any other ~~terms~~ term(s) the Board of Governors agrees ~~upon~~ to, which shall be consistent with applicable policy or regulation.

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 paragraph 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 ~~Tier I~~ SAAOs shall be set by the Board of Governors ~~or a board of trustees unless otherwise delegated such authority by the Board of Governors.~~<sup>7</sup>

<sup>8</sup> No president, chancellor, or other ~~Tier I~~ SAAO may be paid, in addition to his or her compensation 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~~ providing support ~~organization~~ for the University, without the express approval of the Board of Governors ~~for the president or chancellors, and express approval of the president for all other SAAOs.~~ This provision does not prohibit 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 from providing ~~some of the funds~~ to support the ~~Board of Governors'~~ approved compensation of the president, chancellor, or other ~~Tier I~~ SAAO.

#### C. ~~Equal Employment Opportunity~~

~~It is the policy and intention~~

~~III. Exempt Professional Staff (EPS) of the University of North Carolina System that there be equal employment opportunity and freedom from unlawful discrimination in all employment within the University, as set out as defined in Section 103 of *The Code*.<sup>9</sup> Employment in a Tier I SAAO position 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 Tier I SAAO positions 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 Tier I SAAO positions C., above, shall be subject to any limitations on political activity established by Article 5 of G.S. 126. The Board of Governors' policies concerning political activity,~~

~~Section 300.5 of the UNC Policy Manual, as they may be revised from time to time, shall apply to Tier I SAAO positions covered by this policy~~the following conditions of employment.

~~E. Holiday and Leave Entitlement Holidays~~

~~1. Holidays~~

~~A Tier I SAAO shall be subject to the same State-prescribed holidays given employees subject to the North Carolina Human Resources Act.~~

~~2. Annual Leave~~

~~a. Basic Leave Policy~~

~~A permanent full-time (1.00 FTE) Tier I SAAO shall be entitled to accrue 26 workdays of annual leave per year.<sup>10</sup> Annual leave is accrued at a monthly rate and is adjusted proportionately for permanent part-time employees who work halftime or more (0.50–0.99 FTE). The monthly earnings amount is equal to one-twelfth (1/12<sup>th</sup>) 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.~~

~~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 System constituent institution or State or local governmental agency whose leave is currently transferable in accordance with the policy prescribed for employees subject to the North Carolina Human Resources Act. 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.~~

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d. ~~———— Payout of Accrued Annual Leave~~

~~A Tier I SAAO 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 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.~~

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~~3. ~~———— Sick leave, family and medical leave, family illness leave, civil leave, military leave, community service leave, and special annual leave bonus~~~~

~~A Tier I SAAO shall be entitled to such sick leave, family and medical leave, family illness leave, civil leave, military leave, community service leave, and special annual leave bonus as may be prescribed for employees subject to the North Carolina Human Resources Act.~~

~~However, with respect to sick leave, subject to institutional policy and approval by the employee's supervisor, a Tier I SAAO may be advanced the amount of sick leave that can be accrued during the remainder of the year or during a twelve-month period. If the employee separates from the employing institution and has taken more sick 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.~~

~~4. ~~———— Miscellaneous Leaves of Absence~~~~

~~A Tier I SAAO 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 Tier I SAAO shall be subject to the same provisions concerning shared leave as are applicable to employees subject to the North Carolina Human Resources 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 Tier I SAAO is entitled to the same opportunities as other University employees to invoke the privilege of tuition waiver conferred by Section 1000.2.2 of the UNC Policy Manual.~~

~~G. ~~———— Statutory and Other Rules of Employment~~~~



1. Privacy of Personnel Records

A Tier I SAAO enjoys the protections of and is subject to the provisions of Article 7 of G.S. 126, entitled, "The Privacy of State Employee Personnel Records."

2. Employment Preference for Veterans

A Tier I SAAO enjoys the protections of and is subject to the provisions of G.S. 128-15, 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 Tier I SAAO is subject to the Board of Governors' policy concerning employment of related persons, Section 200.4.2 of the UNC Policy Manual, as it may be revised from time to time, and any associated guidelines.

H. Retirement

A Tier I SAAO may retire in accordance with the provisions of G.S. 135.

III. Tier II Senior Academic and Administrative Officers of the University of North Carolina System as Defined in Section I.B., above, Shall be Subject to the Following Policies

A. Appointments

1. Tier II SAAOs Exempt Professional Staff (EPS) are employed in their administrative positions pursuant to this policy. The Board of Governors may delegate its 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 this section to the president, or a board of trustees delegated such who may further delegate certain authority as provided by university policies approved by the Board of Governors; for positions within Section I.B.<sup>11</sup>

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 Tier II SAAO appointment EPS appointments within a constituent institution covered by this policy shall be made by the chancellor, or the chancellor's delegated designee, by means of a letter of appointment that fulfills the requirements of this Section III.

3. Every letter of appointment to a Tier II SAAO position shall include:

a. The title of the position;

b. The initial salary;

c. A provision for the periodic review of compensation;<sup>12</sup>

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~~d. A 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; includes notice~~

~~f. Notice that the employment conferred is an "either for a stated definite term, is an employment "at will" subject to continuation or discontinuation at the discretion of the president or of the chancellor, with the exception of contracts or letters of appointment of directors of athletics, which may be for a term of years and are governed by Policy 1100.3; and~~

~~g. Notice chancellor, or is a commissioned police officer role subject to disciplinary and discharge procedures as provided in this policy; the salary, benefits, applicable provisions for the separation of employment, including any separation payment and retreat rights; any funding contingencies applicable to the position; notice that the employment is subject to this policy these policies or applicable institutional policies, as originally adopted and as they may be periodically revised from time to time, and a copy of the institutional policies shall be attached to the letter of appointment.~~

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~~4. When a Tier II SAAO position is funded (or accessible through references via links in whole or substantial part from sources the letter of appointment); and any other than continuing State budget funds or permanent trust accounts, the letter of appointment shall state that continuation of the employee's service term(s) the chancellor (or designee) agrees to, which shall be consistent with applicable policy or regulation. No EPS "at will" appointment may purport to confer any property interest 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 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 such employment.~~

~~53. When a Tier II SAAO an EPS 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 appointments provide different conditions of employment, one position shall be designated the base position primary appointment to determine the conditions of employment and the rights and responsibilities of the employee.~~

~~a. If appointment to a position covered by this policy occurs subsequent to after an appointment to a position not covered by this policy, the letter of appointment to the position covered by this policy shall embody constitute the required designation of base employment primary appointment; 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 constitute the required~~

designation of ~~base employment~~primary appointment. In either case, the designation of ~~base employment~~primary appointment shall specifically describe the different rights, duties, and compensation for each position and the relationship, if any, between the two positions.

b. 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.

c. When an appointment to a ~~Tier II SAAO~~an EPS position is to be accompanied by appointment to a faculty position ~~that is intended pursuant to be nominal or honorary, or to create a faculty affiliation not entailing significant duties or compensation~~Section 611 of The Code, the term "~~adjunct~~affiliate" or similar nomenclature, shall be used to identify the faculty appointment.

B. ~~Discontinuation of~~Separation from Employment

1. ~~Discontinuation of Appointment at Will~~, with Notice or ~~Severance~~Separation Pay ~~\_\_\_\_\_~~\_\_\_\_\_. Employment within a ~~Tier II SAAO~~an EPS position 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 ~~(or designee) and may be for any reason or no reason so long as the reason is not unlawful~~; provided, that such a discontinuation (as distinguished from discharge for cause, Section III.B.43.) shall be subject to advance timely notice of discontinuation ~~or the and/or receipt of a lump sum separation 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. At the respective chancellor's or the payment of severance pay for 30 days;~~

b. ~~During president's discretion (or their designee), the second and third years of service, not less than 60 days' notice provided in this Section B may be a working notice prior to discontinuation of employment for the employee, or the payment of severance pay for 60 days; and~~

2.1. 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 period may be covered by paid administrative leave.~~

FOR EMPLOYEES HIRED PRIOR TO JULY 1, 2024

\_\_\_\_\_ The chancellor or the president ~~(or their designee)~~ may provide the employee with a combination of notice and ~~severance~~separation pay that totals the respective required number of days. ~~The determination of whether the employee shall receive notice of discontinuance~~discontinuation of the appointment ~~or severance pay, receive separation pay in lieu of notice~~, or a combination of the two shall be in the sole discretion of the respective chancellor or the president ~~(or their designee)~~.

a. During the first year of service, not less than a thirty (30) calendar day notice prior to discontinuation of employment or a lump sum separation payment equivalent to thirty (30) calendar days of pay;

b. During the second and third years of service, not less than a sixty (60) calendar day notice prior to discontinuation of employment or a separation payment equivalent to sixty (60) calendar days of pay; and

c. During the fourth and all subsequent years of continuous service, not less than a ninety (90) calendar day notice prior to discontinuation of employment or a separation payment equivalent to ninety (90) calendar days of pay.

FOR EMPLOYEES HIRED ON OR AFTER JULY 1, 2024

The chancellor or the president (or their designee) shall provide advance timely notice of discontinuation at least thirty (30) calendar days prior to the date of discontinuation.

In addition to the thirty (30) days' notice provided above, the chancellor or the president (or designee) may offer the employee a lump sum separation payment which shall be in exchange for an executed release of any and all claims, to the extent permitted by law, against the University through the date of discontinuation. Such a lump sum separation payment for an employee shall not exceed sixty (60) calendar days of pay and may be limited by policies adopted by the constituent institution, such as defined separation payment amounts based on years of service. An offer of a separation payment is not a right of choice for the employee, but rather an option exercised in the sole discretion of the respective chancellor or president (or designee).

2. Expiration of Term Appointment

Employment within a Tier II SAAO covered EPS position 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 without the requirement of any advance notice. Such an appointment may be renewed or extended at the option of the employing institution on an employment at will basis, by written notice satisfying the requirements of Section III.A.

— If the employing institution intends not to extend the employment, (a) with respect to a term of one year or less, no notice of intent not to extend shall be required; (b) 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; (c) 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 sole discretion of the employer. Unless otherwise provided in subsections b. and c., 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.

~~3. Termination of Employment Because of Financial Exigency or Program Curtailment or Elimination~~

~~Employment within a Tier II SAAO position that is established by the the letter of appointment to be for a stated definite term may be terminated prior to expiration of the stated term because of (a) demonstrable, bona fide institutional financial exigency, or (b) 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, the employer may make reasonable efforts to provide at least thirty (30) calendar day notice of a contract renewal but has no 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’ provide notice prior to termination; and of renewal (or non-renewal).~~

~~c. During the fourth and all subsequent years of service, not less than 90 days’ notice prior to termination.~~

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~~3. Discharge for Cause~~

~~. Any Tier II SAAO Exempt Professional Staff may be discharged for stated cause. (for commissioned police officers, see paragraph B.4. below).~~

~~a. Discharge for cause is to be distinguished from discontinuation with notice (Section III.B.1.), and automatic expiration of term (Section III.B.2.), and termination because of financial exigency or program curtailment or elimination (Section III.B.3.).~~

~~a.b. 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 review 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 the president's or chancellor's decision concerning discharge has been reached; such suspension during this time period shall be with full pay. If the final university decision is to discharge the employee, then the employee may be discharged without further pay without regard to whether there is an appeal to a board of trustees or the Board of Governors in accordance with Section 611 of *The Code*. No provision of this policy shall be interpreted to extend an employee's right to pay beyond the expiration of the employee's term of appointment while an appeal is pending under this policy.~~their employment.

c. The president shall adopt an implementing Regulation for the Discharge for Cause of EPS employees, which shall provide for at least notice and an opportunity to respond.

4. Disciplinary Action and Discharge for Commissioned Police Officers. Notwithstanding the above provisions, any employee occupying a covered commissioned police officer position shall be subject instead to the disciplinary procedures as prescribed in Article 8 of G.S. 126 and applicable policy or regulation.

C. Reviews of Personnel Actions

1. UNC System Office 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 review concerning the interpretation and application of any provision of this policy; provided, however, that reviews concerning discontinuations, expiration of term appointments, 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 review procedures concerning the discontinuation, expiration of term appointment, termination, or discharge or other formal discipline for cause may be appealed in accordance with the provisions of Section ~~611~~612 of *The Code*.

3. Notwithstanding the above provisions, any employee occupying a covered commissioned police officer position shall be subject instead to the grievance procedures as prescribed in Article 8 of G.S. 126 and applicable policy or regulation.

D. Equal Employment Opportunity

It is the policy and intention of the University of North Carolina System that there be equal employment opportunity and freedom from unlawful discrimination in all employment within the University, as set out in Section 103 of *The Code*.<sup>13</sup> Employment in a ~~Tier II~~ SAOA or EPS position 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.

E. Protected Activity

Employment in ~~Tier II SAAO or EPS~~ positions 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 ~~Tier II SAAO and EPS~~ positions shall be subject to any limitations on political activity established by Article 5 of G.S. 126. The Board of Governors' policies concerning political activity, Section 300.5.1 of the UNC Policy Manual, *et seq.* as they may be revised from time to time, shall apply to ~~Tier II SAAO and EPS~~ positions ~~covered by these policies.~~

~~F. Holiday and Leave Entitlement~~

~~1. Holidays~~

~~Employees in Tier II SAAO positions shall be subject to the same State-prescribed holidays given employees subject to the North Carolina Human Resources Act.~~

~~2. Annual Leave<sup>34</sup>~~

~~a. Basic Leave Policy~~

~~A permanent full time (1.00 FTE) Tier II SAAO shall be entitled to accrue 24 workdays of annual leave per year. Annual leave is accrued at a monthly rate and is adjusted proportionately for permanent part time employees who work halftime or more (0.50 – 0.99 FTE). The monthly earnings amount is equal to one-twelfth (1/12<sup>th</sup>) 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.~~

IV. Other Matters.

A. Effective Date. The requirements of this policy shall be effective upon adoption by the Board of Governors.

B. Relation to State Laws. This policy is meant to supplement, and does not purport to supplant or modify, those statutory enactments, regulations, and policies which may govern the activities of public officials.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

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~~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.~~

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~~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 System constituent institution or State or local governmental agency whose leave is currently transferable in accordance with the policy prescribed for employees subject to the North Carolina Human Resources Act. 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~~

~~A Tier II SAAO 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~~

~~Tier II SAAOs shall be entitled to such sick leave, family and medical leave, family illness leave, civil leave, military leave, community service leave, and special annual leave~~



~~bonus as may be prescribed for employees subject to the North Carolina Human Resources 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. If the employee separates from the employing institution and has taken more sick 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.~~

#### ~~4. ——— Leave of Absence without Pay~~

~~Tier II SAAOs 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~~

~~Tier II SAAOs shall be subject to the same provisions concerning shared leave as are applicable to employees subject to the North Carolina Human Resources 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~~

~~Tier II SAAOs are entitled to the same opportunities as other University employees to invoke the privilege of tuition waiver conferred by Section 1000.2.2 of the UNC Policy Manual.~~

### ~~H. ——— Statutory and Other Rules of Employment~~

#### ~~1. ——— Privacy of Personnel Records~~

~~Tier II SAAOs enjoy the protections of and are subject to the provisions of Article 7 of G.S. 126, entitled, "The Privacy of State Employee Personnel Records."~~

#### ~~2. ——— Employment Preference for Veterans~~

~~Tier II SAAOs enjoy the protections of and are subject to the provisions of G.S. 128-15, 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~~

~~Tier II SAAOs are subject to the Board of Governors' policy concerning employment of related persons, Section 300.4.2 of the UNC Policy Manual, as it may be revised from time to time, and any associated guidelines.~~

### ~~I. ——— Retirement~~

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~~Tier II SAAOs may retire in accordance with the provisions of G.S. 135.~~

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~~<sup>1</sup>Deans at the North Carolina School of Science and Mathematics fall within Section I.B., of this policy.~~

~~<sup>2</sup> Cf. G.S. 116-14(a), 116-14(b), 116-11(4), 116-11(5), and 126-5(c1)(8).~~

~~<sup>3</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 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.~~

~~<sup>4</sup> Deans at the North Carolina School of Science and Mathematics fall within Section I.C., of this policy.~~

~~<sup>5</sup> Employment of EHRA employees of the North Carolina Cooperative Extension Service (COS) of NC State University and NC A&T University is governed under policies promulgated directly by their institutions' respective board of trustees. See G.S. 126-5(c1)(9a) and G.S. 153A-439(b). Employment of EHRA employees of the Clinical Support Service (CSS) at East Carolina University, and of EHRA employees of the Dental Medicine Support Services (DMSS) at the University of North Carolina at Chapel Hill and East Carolina University, is governed under policies promulgated directly by their institutions' respective board of trustees. See G.S. 116-37.3 and G.S. 116-40.6.~~

~~<sup>6</sup> Pursuant to G.S. 116-11(13), and notwithstanding *The Code* or any other policy, the Board of Governors has delegated certain authorities to the president of the University. -See Section 200.6 of the UNC Policy Manual, *Delegation Authority to the President of the University*, adopted November 13, 2016.~~

~~<sup>7</sup>See endnote 3, above.~~

~~<sup>8</sup> See endnote 3, above.~~

~~<sup>9</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>10</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.~~

~~<sup>11</sup> See UNC Policy Manual Sections 200.6 and 600.3.4.~~

~~<sup>12</sup>Subject to any compensation policies adopted by the Board of Governors or the board of trustees.~~

~~<sup>13</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>14</sup>Effective July 1, 2001.~~

REPEALED XX/XX/XX

### Evaluation of Positions for Designation as Senior Academic and Administrative Officer

~~Academic and administrative officials exempt from the State Personnel Act are identified by express statutory reference (“president,” “vice presidents,” “chancellors,” and “vice chancellors”) and by action of the Board of Governors pursuant to generic statutory reference (presidential “professional staff members” and “senior academic and administrative officers” of the constituent institutions).~~

~~The Board of Governors has further defined “senior academic and administrative officers” to include:~~

- ~~1. — vice chancellors, provosts, deans and directors of major educational and public service activities (July 7, 1990);~~
- ~~2. — associate and assistant vice chancellors and associate and assistant deans (October 12, 1990); and,~~
- ~~3. — “specific other officers of the University having significant administrative responsibilities and duties” as may be designated by the President, subject to confirmation by the board (October 12, 1990).~~

~~The “other officers of the University having significant administrative responsibilities and duties” shall include:~~

- ~~A. — Members of the chancellor’s professional staff (e.g., assistant to the chancellor, legal staff, secretary of the University).~~
- ~~B. — Those responsible for the administrative direction of separately designated divisions or departments of institutional activity commonly associated with institutions of higher education (e.g., director of administrative computing, director of alumni affairs, director of human resources, director of development, controller/comptroller, etc.). The specific positions to be included in this category will be established by the Board of Governors upon the recommendation of the President.~~
- ~~C. — Those positions whose primary responsibility is to attract external funds for and/or to market the University.~~
- ~~D. — Other officers holding positions characterized by:
  - ~~• — active, continuing involvement in formulating, interpreting, and implementing institutional policy as it relates to the respective areas of responsibility; and~~
  - ~~• — the exercise of substantial independence of administrative authority and discretion in areas such as program planning and design and allocation of resources.~~~~

~~In most cases, persons occupying such positions will function as the director of a specific division or department of institutional activity, reporting at the level of a vice chancellor or dean. However, where~~

~~circumstances warrant (e.g., in the case of a large and complex department or division), persons functioning as an associate or assistant director may be found to have “significant administrative responsibilities and duties” as defined by the characteristics listed above. In such cases, the position must have substantial responsibility for assisting the primary officer (e.g., director) in formulating, interpreting, and implementing policy within the jurisdiction of the primary officer and must function in a confidential and direct support relationship to the primary officer or have direct responsibility for a specific sphere of operations within the unit.~~

~~A chancellor who wishes to have a position included in this category shall submit to the President a complete description of the authority and responsibility of the position as well as an organization chart for the unit. Persons nominated to fill such positions normally must have an advanced educational degree and extensive relevant experience and be recruited in a national search process. The President shall determine, on the basis of the chancellor’s representation and such additional information as the President shall require, whether the position satisfies the prescribed criteria.~~

~~A University administrative position may be designated as a senior academic or administrative officer, and thereby exempt from the State Personnel Act, only by action of the President. To qualify, the position must bear one of the approved titles (e.g., dean, associate or assistant vice chancellor, associate or assistant dean, assistant to the chancellor [category A above], director of a major division or department [category B above], have significant responsibilities for fund raising and/or marketing of the institution [category C above], or be recommended on the basis of an evaluation of job content [category D above].~~

~~The Board of Governors shall appoint and fix the compensation of all persons nominated to fill the presidency, vice presidencies, presidential staff positions, chancellorships, vice chancellorships, and deanships. With respect to other positions designated by the board as senior academic and administrative officers, the authority to make appointments and determine salaries shall be delegated to the chancellors and the Boards of Trustees of the constituent institutions. The terms and conditions of employment of all persons appointed by the board to exempt administrative positions shall be governed by policies adopted by the Board of Governors.~~

### Occupation of Official Residences of the Chancellors and the President

~~WHEREAS, the State of North Carolina provides a residence for the president of the University and for the chancellor of each of the sixteen constituent institutions to facilitate their conduct of official business; and~~

~~WHEREAS, the president and the chancellors regularly use their official residences for University functions that are directly related to their duties; and~~

~~WHEREAS, it has long been the expectation of the Board of Governors and the practice of the President and the chancellors that these officials do occupy their official residences for the purposes stated;~~

~~NOW, THEREFORE, be it resolved that the~~The Board of Governors reaffirms its expectation that the President of the University and the chancellors of each constituent institution will occupy their official residence and that these residences will be used for University business and functions; and

Be it further resolved that it is the policy of the Board of Governors that the President and the chancellors are required to live in their official residences as a condition of employment, except in the case where such a requirement would present a serious hardship; in any such case the President or chancellor must obtain approval from the Board of Governors, except that such approval will not be necessary if the residence is being vacated temporarily while repairs or renovations are being made.

REPEALED XX/XX/XX

### Policy on Administrative Separation

~~This policy applies to all staff in the Office of the President whose positions are covered by Policy 300.1.1 of the Policy Manual of the Board of Governors, and is consistent with Policy 300.1.6. This policy applies to both voluntary and involuntary relinquishment of administrative positions.~~

~~1.—— Retreat to a faculty position. An administrator, who holds a faculty appointment at a University of North Carolina campus, may assume or return to that appointment with all the rights and responsibilities of faculty in the home department, unless a proceeding is initiated to discharge or demote the administrator from the faculty position. Conditions of the retreat to such a position will be governed by the policy in place on the campus.~~

~~2.—— Reappointment of an administrator to a different position. An administrator leaving a position that is categorized as “at will” has no claim to that position; however, there may be circumstances in which assignment to another administrative position or appointment to less than a full-time position would be beneficial for both the institution and the employee. In these cases, the new salary should be appropriate to the assignment. If the President proposes to pay the administrator his or her full current salary after moving the administrator to a position that would normally be lower paying, or if paid leave is to be granted, the agreement with the administrator must be approved by the Board of Governors. This Policy does not supersede any notice or severance pay required by Board of Governors’ policy.~~

~~3.—— Separation from the University. In some cases, it may be in the best interests to negotiate a severance agreement with an administrator. UNC policy addresses timely notice for termination of Senior Administrative and Academic Officers hired pursuant to Policy 300.1.1, I.B. In accordance with the University of North Carolina Policy 300.1.1, III.B, in certain circumstances these employees are entitled to notice of the discontinuation of their employment with full pay up to 90 days or severance pay, depending on their length of service. The President may, at his or her discretion, determine that the circumstances justify continuing full pay for employees subject to Policy 300.1.1.A for up to 90 days. Any agreement that results in a longer period of compensation must be approved by the Board of Governors.~~

~~4.—— Retirement. Nothing in this Policy shall prevent an administrator from retiring or an administrator who holds a faculty appointment from participating in phased retirement consistent with existing University of North Carolina policies.~~

~~5.—— Agreements. All agreements made pursuant to this policy must be in writing and signed by both the employee and the President.~~

~~6.—— Effective Date. The effective date of this policy is February 13, 2004.~~

**Commented [BCT1]:** Review following any updates to UNC Policy 300.1.1

### Administrative Separation of the President and the Chancellor

11. Return to a faculty position: If a chancellor resigns from the position of chancellor, or if the president resigns from the position of president, after having served in that position for at least five years, if the chancellor or the president will assume a tenured or non-tenured faculty position at a constituent institution of the University of North Carolina, and if there is not good cause to terminate the chancellor's or the president's service at the time that the chancellor or president resigns, then the chancellor or president will receive a researchscholarly leave upon the following terms:

A. \_\_\_\_\_ The leave shall be for a period of six months;

B. \_\_\_\_\_ The chancellor or president shall receive a faculty salary during the leave commensurate with salaries of faculty members of comparable rank and experience in comparable positions;

C. \_\_\_\_\_ Up to six additional months of leave may be approved by the president when, in ~~his or her~~their discretion, additional leave time is warranted;

D. \_\_\_\_\_ Non-salary compensation such as a house and an automobile will not be continued during the researchscholarly leave;

E. \_\_\_\_\_ Prior to beginning the leave, the chancellor or president will submit a work plan for the leave period, to include a description of the expected outcomes. The plan will be reviewed and recommended by the president for approval by the Board of Governors. At the conclusion of the researchscholarly leave, the former chancellor shall submit a summary report to the president, the Board of Governors, and the applicable ~~Board~~board of ~~Trustees~~trustees;

F. \_\_\_\_\_ At the end of the researchscholarly leave, the chancellor or president will assume the faculty position with a nine-~~month~~ month appointment or with a length comparable to others in the department, with duties and responsibilities in accordance with departmental expectations of faculty of comparable rank and experience. Ongoing responsibilities will be determined by the campus. The continuing annual faculty salary will be determined through the regular campus salary setting process. In the event that a chancellor or president does not assume a faculty position at the end of the researchscholarly leave in accordance with this policy, the president is authorized, in ~~his or her~~their discretion, to require repayment of compensation paid during the leave period from the ~~nonreturningnon-returning~~ chancellor. With respect to the president, such discretionary authority to require such repayment rests with the Board of Governors.

These provisions related to researchscholarly leave do not apply to individuals who have not served as chancellor or president for at least five years. If any paid researchscholarly leave is granted under those circumstances, it requires approval by the Board of Governors upon the president's recommendation.

**II.** Return to an administrative appointment: If a chancellor or president resigns from his or her position to return to another administrative position within the University, the terms for such a return must be recommended by the president and approved by the Board of Governors.

**2III.** Separation from the University: In some cases, a chancellor or a president may not be assuming a faculty position. It may be in the best interest of the University and a chancellor for the president to negotiate a severance agreement with a chancellor. In these circumstances, the president may, in the president's discretion, determine that the circumstances justify providing severance paya lump sum separation payment in the amount of the chancellor's full administrative pay for up to ninety (90) days. Non-salary compensation, such as a house and an automobile, will not be continued during this period of full compensation, although the president may allow the chancellor a reasonable amount of time to vacate the chancellor's house. Any agreement that results in a longer period of compensation must be approved by the Board of Governors.

The Board of Governors may, in its discretion, negotiate a severance agreement with a president who is resigning and is not assuming a faculty position.

**3IV.** President: For any action under this policy for which the president takes an action or makes a recommendation to the Board of Governors regarding chancellors, the Board will assume that responsibility in the case of the president.

**4V.** Separate agreement: If the Board of Governors enters into a written agreement with a president or a chancellor, the terms of that agreement shall supersede this policy.

**5VI.** Effective Period: This policy as revised effective 01/08/10 applies to individuals who begin service as chancellor or president on or after the effective date. The original policy adopted on 8/12/05 remains in full force and effect for the president and chancellors appointed prior to the effective date of this revised policy.

300.1.6.2  
Adopted 08/12/05  
Amended \_\_/\_\_/23

**[This version of policy titled Administrative Separation of the President and Chancellors applies to individuals who began service in a covered position prior to January 8, 2010.]**

### **Administrative Separation of the President and the Chancellor**

1. Retreat to a faculty position: If a chancellor resigns from the position of chancellor, or if the president resigns from the position of president, after having served in that position for at least five years, if the chancellor or the president will assume a tenured or non-tenured faculty position at a constituent institution of the University of North Carolina, and if there is not good cause to terminate the chancellor's or the president's service at the time that the chancellor or president resigns, then the chancellor or president will receive a one year research leave at the chancellor's or the president's most recent administrative salary. Non-salary compensation such as a house and an automobile will not be continued during the one-year research leave.



At the end of the research leave, the chancellor or president will assume the faculty position with a nine-month appointment, with duties and responsibilities in accordance with departmental expectations. The initial annual faculty salary will be the greater of 60% of the most recent annual administrative salary or a salary that is commensurate with the salaries of comparable faculty members in comparable positions.

2. Separation from the University. In some cases, a chancellor or a president may not be assuming a faculty position. It may be in the best interest of the University and a chancellor for the University to negotiate a severance agreement with a chancellor. In these circumstances, the president may, at the president's discretion, determine that the circumstances justify providing severance pay in the amount of the chancellor's full administrative pay for up to 90 days. Non-salary compensation such as a house and an automobile will not be continued during this period of full compensation, although the president may allow the chancellor a reasonable amount of time to vacate the chancellor's house. Any agreement that results in a longer period of compensation must be approved by the Board of Governors.

The Board of Governors may, in its discretion, negotiate a severance agreement with a president who is resigning and is not assuming a faculty position.

3. Separate agreement. If the Board of Governors enters into a written agreement with a president or a chancellor, the terms of that agreement shall supersede this policy.

## Policy on Employees Exempt from the North Carolina Human Resources Act

- ~~I. Scope and Applicability of Employment Covered by this Policy~~
- ~~II.~~
- ~~III. Scope of Category. Employment positions with constituent institutions of the University System that are covered by this policy (hereinafter "covered positions"), are those positions that are not subject to the North Carolina Human Resources Act (N.C. Gen. Stat. 126 [hereinafter G.S.]) and are not otherwise categorized. This category does not include: (1) faculty positions subject to institutional tenure regulations; (2) positions within administrative categories of employment subject to G.S. 116-11(4), G.S. 116-11(5), or G.S. 116-14; (3) positions within the "physicians or dentists" category under G.S. 126-5 with faculty appointments; and (4) University students who are employed incident to their status as students, as in graduate teaching assistantships, or work-study positions. Those areas of institutional activity (as identified in the Uniform Chart of Accounts) that may include covered positions are:~~
- ~~IV.~~
- ~~V. 1. Instruction~~
- ~~VI. 2. Organized Research~~
- ~~VII. 3. Agricultural Research and Agricultural Extension Service Public Service~~
- ~~VIII. 4. Academic Support~~
- ~~IX. 5. Student Services~~
- ~~X. 6. Student Health Service Physicians (without faculty appointments)~~
- ~~XI. 7. Institutional Support~~
- ~~XII. 8. Area Health Education Centers~~
- ~~XIII. 9. Library~~
- ~~XIV. 10. Information Technology Professionals<sup>1</sup>~~
- ~~XV. 11. Commissioned Police Officers<sup>2</sup>~~
- ~~XVI. 12. Finance Professionals and Business Officers<sup>3</sup>~~
- ~~XVII. 13. Audit Professionals<sup>2</sup>~~
- ~~XVIII.~~
- ~~XIX. Applicability of Policy. This policy applies to all permanent covered positions.~~
- ~~XX.~~
- ~~XXI. Appointments to Covered Positions~~
- ~~XXII.~~
- ~~XXIII. Every appointment to a covered position within a constituent institution shall be made by the chancellor by means of a letter of appointment that fulfills the requirements of this section.<sup>4</sup>~~
- ~~XXIV.~~

~~XXV. — Every letter of appointment to a covered position shall include: (1) the title of the position; (2) the initial salary; (3) provision for periodic review of compensation;<sup>5</sup> (4) provision consistent with paragraphs II.C. and II.D., below, if contingencies based on availability of funding are applicable; (5) the annual leave entitlement of the employee; (6) notice that the employment conferred is either for a stated definite term, is an “employment at will” subject to continuation or discontinuation at the discretion of the chancellor, or in a commissioned police officer role subject to disciplinary and discharge procedures as provided in this policy; and (7) notice that the employment is subject to these policies (viz., institutional policies adopted pursuant to paragraph IX of this policy), as originally adopted and as they may be periodically revised from time to time, and a copy of the institutional policies shall be attached to the letter of appointment.~~

~~XXVI. —~~

~~XXVII. — When a covered position 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 funds, and shall state that the effect of such contingency may apply without the additional notice otherwise required by sections III.A., III.B., and III.C.; provided, that the affected employee shall be informed at the earliest practicable date of the occurrence of such a funding contingency.~~

~~XXVIII. —~~

~~XXIX. — 1. — When an employee is to serve simultaneously in both a covered position and a position of University employment not covered by these policies, 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 covered position occurs subsequent to appointment to a position not covered by these policies, the letter of appointment to the covered position shall embody the required designation of base employment; conversely, if appointment to a covered position 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.~~

~~XXX. —~~

~~XXXI. — 2. — Any funding contingency of the type referred to in paragraph II.C., shall be set forth separately for the covered position and for the other position, since the operation of any such contingencies may be independent.~~

~~XXXII. —~~

~~XXXIII. — 3. — When an appointment to a covered position 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.~~

~~XXXIV. —~~

~~XXXV. — Discontinuations of Employment in Covered Positions~~

~~XXXVI. —~~

~~XXXVII. — Discontinuation of Appointment with Notice or Severance Pay. Employment within a covered position (excluding positions covered in paragraph III.E.) that is established by the letter of appointment to be an employment at will is subject to discontinuation at any time at the discretion of the chancellor; provided, that such a discontinuation (as distinguished from discharge for cause, paragraph III.D., below), shall be subject to advance timely notice of discontinuation or the payment of severance pay, in calendar days, as follows: (1) 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; (2) 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 (3) 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 days.~~

~~XXXVIII.~~

~~XXXIX. The determination of whether the employee shall receive notice of discontinuation of the appointment or severance pay shall be in the sole discretion of the respective chancellor or the president.~~

~~XL.~~

~~XLI. Expiration of Term Appointment. Employment within a covered position that is established by the letter of appointment to be for a stated definite term expires automatically at the conclusion of the stated term; such an appointment may be renewed or extended at the option of the employer, by written notice satisfying the requirements of paragraph II., above. If the employer intends not to renew or extend the term contract, (1) with respect to a term of one year or less, no notice of intent not to renew shall be required; (2) with respect to a term of more than one year but less than four years, notice of intent not to renew 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 renew shall be transmitted in writing at least 90 days prior to the expiration date of the term. Failure to provide written notice as required in subsections (2) and (3) shall result in the automatic extension of employment for a period, respectively, of either 60 days or 90 days, beyond the scheduled expiration date of the term.~~

~~XLII.~~

~~XLIII. C. Termination of Employment Because of Financial Exigency or Program Curtailment or Elimination. Employment within a covered position 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 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 by the chancellor, with advance notice to and approval by the president and 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 covered position cannot be met, the employment of the individual may be terminated, subject to the following notice requirements: (1) during the first year of service, not less than 30 days' notice prior to termination; (2) during the second and third years of employment, not less than 60 days' notice prior to termination; and (3) during the fourth and all subsequent years of service, not less than 90 days' notice prior to termination.~~

~~XLIV.~~

~~XLV. Discharge for Cause. Any employee occupying a covered position (excluding positions covered in paragraph III.E.) may be discharged for stated cause. Discharge for cause is to be distinguished from discontinuation with notice (paragraph III.A.), automatic expiration of term (paragraph III.B.) and termination (paragraph III.C.). 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 review procedures of paragraph IV., below. When an employee occupying a covered position has been notified of the intention to discharge him or her for cause, the president or chancellor may suspend the employment at any time and continue the suspension until the president or chancellor, as applicable, makes a decision concerning discharge; any suspension shall be with full pay. If the final presidential or chancellor decision is to discharge the employee, then the employee may be discharged without further pay without regard to whether there is an appeal to a Board of Trustees~~

or the Board of Governors in accordance with Section 611 of *The Code*. No provision of this policy shall be interpreted to extend an employee's right to pay beyond the expiration of the employee's term of appointment while an appeal is pending under this policy.

~~XLVI.—~~

~~XLVII.— Disciplinary Action and Grievance Procedures for Commissioned Police Officers. Any employee occupying a covered commissioned police officer position shall be subject to the disciplinary and grievance procedures as prescribed in Article 8 of G.S. 126 for employees subject to the North Carolina Human Resources Act.~~

~~XLVIII.—~~

~~XLIX.— IV. — Reviews~~

~~L.—~~

~~LI.— Each constituent institution and the UNC System Office shall adopt and publicize procedures under which employees in covered positions may secure review of decisions concerning discharge for cause or other disciplinary action, or review concerning the interpretation and application of any provision of this policy; provided, however, that reviews concerning discontinuations, expiration of term appointments, or terminations of employment with notice, pursuant to paragraphs III.A., III.B., or III.C., below, may be brought only upon allegations of violations of applicable notice requirements or violations of any provision of paragraphs V. or VI. of this policy.~~

~~LII.—~~

~~LIII.— Decisions reached pursuant to such review procedures concerning the discontinuation, expiration of term appointment, or termination of employment may be had in accordance with the provisions of Section 611 of *The Code*.~~

~~LIV.—~~

~~LV.— V. — 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, as set out in Section 103 of *The Code*.<sup>6</sup> Employment in covered positions 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.~~

~~LVI.—~~

~~LVII.— VI. — Protected Activity. Employment in covered positions (excluding positions covered in III.E.) shall not be adversely affected by the exercise of rights guaranteed by the First Amendment to the United States Constitution or by Article I of the North Carolina Constitution; provided, that employees in covered positions shall be subject to any limitations on political activity established by Article 5 of G.S. 126. The Board of Governors' policies concerning political activity, Section 300.5 of the UNC Policy Manual as they may be revised from time to time, shall apply to positions covered by those policies.~~

~~LVIII.—~~

~~LIX.— VII. — Holiday and Leave Entitlement~~

~~LX.—~~

~~LXI.— A. — Holidays. Employees in covered positions shall be subject to the same state-prescribed holidays given employees subject to the North Carolina Human Resources Act.~~

~~LXII.—~~

~~LXIII.— B. — Annual Leave<sup>7</sup>~~

~~LXIV.—~~

~~LXV.— 1. — Basic leave policy. The amount of annual leave to which a permanent full-time employee (1.00 FTE) in a position covered by these regulations 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 (0.50–0.99 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). 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.

~~LXVI.—~~

~~LXVII.— 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.~~

~~LXVIII.—~~

~~LXIX.— 2.— Transfer of accrued annual leave. An employing institution must establish campus-wide uniform guidelines regarding the transfer of accrued annual leave from a UNC System constituent institution or state or local governmental agency whose leave is currently transferable in accordance with the policy prescribed for employees subject to the North Carolina Human Resources Act. Upon discontinuation of employment from the employing institution, the employee may either elect a payout of accrued annual leave (see 4., 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.~~

~~LXX.—~~

~~LXXI.— 3.— 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 12-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.~~

~~LXXII.—~~

~~LXXIII.— 4.— 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.~~

~~LXXIV.—~~

~~LXXV.— C.— Sick Leave, Family and Medical Leave, Paid Parental 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, paid parental leave, family illness leave, civil leave, military leave, community service leave, and special annual leave bonus as may be prescribed for employees subject to the North Carolina Human Resources 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 12-month period.~~

~~LXXVI.—~~

~~LXXVII.— D.— 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.~~

~~LXXVIII.—~~

~~LXXIX. E. — 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 North Carolina Human Resources Act with the exception that the donation and acceptance of such leave shall be computed on the basis of days rather than hours.~~

~~LXXX.—~~

~~LXXXI. F. — Educational Leave. Employees in covered positions are entitled to the same opportunities as other University employees to invoke the privilege of tuition waiver conferred by Section 1000.2.2 of the UNC Policy Manual.~~

~~LXXXII.—~~

~~LXXXIII. VIII. — Statutory and Other Rules of Employment~~

~~LXXXIV.—~~

~~LXXXV. A. — Privacy of Personnel Records. Employees in covered positions enjoy the protections of and are subject to the provisions of Article 7 of G.S. 126 entitled, “The Privacy of State Employee Personnel Records.”~~

~~LXXXVI.—~~

~~LXXXVII. — B. — Employment preference for veterans. Employees in covered positions enjoy the protections of and are subject to the provisions of G.S. 128-15, which provide for preference in employment for veterans of United States military service and their spouses and widows or widowers.~~

~~LXXXVIII. —~~

~~LXXXIX. C. — Employment of Related Persons. Employees in covered positions are subject to the policy concerning employment of related persons as adopted by the Board of Governors on April 13, 1973, and as it may be revised from time to time.~~

~~XC.—~~

~~XCI. D. — Retirement. Employees in covered positions may retire in accordance with the provisions of G.S. 135.~~

~~XCII.—~~

~~XCIII. IX. — Implementation. The board of trustees of each constituent institution shall adopt for the institution personnel policies for covered positions within the institution that are consistent with all provisions of these policies. Any proposed provision in an institutional policy statement that in any manner adds to or modifies the provisions of these policies must be submitted for review and approved by the president prior to its adoption and implementation.~~

~~XCIV.—~~

~~XCV. X. — Other Matters~~

~~XCVI. A. — Effective Date. The requirements of this policy shall be effective on the date of adoption of this policy of the Board of Governors.~~

~~XCVII. B. — Relation to State Laws. The foregoing policy as adopted by the Board of Governors is meant to supplement and does not purport to supplant or modify, those statutory enactments which may govern or related to the subject matter of this policy.~~

~~XCVIII. C. — Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.~~

~~XCIX.—~~

~~[This policy is replaced by 300.1.1 regarding appointment types, discontinuation, and review rights of EHRA staff and by 300.2.22 regarding holidays and leave benefits.]~~

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<sup>1</sup>Pursuant to G.S. 126-5(c1)(8). Cf. S.L. 2017-57 Section 35.18C.

<sup>2</sup>Pursuant to G.S. 126-5(c16). Cf. S.L. 2020-56 Section 7.

<sup>3</sup>Pursuant to G.S. 126-5(c1)(8). Cf. S.L. 2021-80 Section 1.

<sup>4</sup>Pursuant to G.S. 116-11(13), and notwithstanding *The Code* or any other Board of Governors policy, the Board of Governors has delegated the appointment of EHRA employees serving within the UNC System Office to the president. See Section 200.6 of the UNC Policy Manual.

<sup>5</sup>Subject to any compensation policies adopted by the Board of Governors or the board of trustees.

<sup>6</sup>Bona fide occupational qualifications or other exceptions to these general prohibitions, specifically provided for by state or federal law, may be applied to covered positions.

<sup>7</sup>Effective July 1, 2001.



The UNC Policy Manual  
300.2.2  
Adopted 04/16/93  
Amended 08/12/05  
Amended 06/09/06  
Amended 06/15/12\*<sup>1</sup>  
Amended \_\_/\_\_/23

### Conflict of Interest and Commitment

~~The Code of the University of North Carolina affirms that the basic mission of the faculty is "the transmission and advancement of knowledge and understanding." Faculty employment entails the core responsibilities of teaching, scholarly research and publication, and other professional service to the institution and to society. Realization of those objectives is facilitated and encouraged by certain distinctive characteristics of employment within an academic community, which differs markedly from the conventional work-day and work-week employment models in most business and industrial settings.~~

~~Faculty members pursue their specialized professional interests in other contexts, collateral to their immediate University employment. They hold memberships in and attend meetings of professional associations and learned societies; they serve on review or advisory panels; they present lectures, papers, concerts and exhibits; they participate in seminars and conferences; they review and edit scholarly publications; and they participate in accreditation reviews. Faculty and non faculty EPA employees ("Covered Employees") have opportunities to use their specialized competencies in secondary professional employment, as paid consultants to public and private agencies, and thereby contribute to the transfer and application of knowledge.~~

~~As relationships between Covered Employees and private industry, federal and state governments, and nonprofit agencies have grown in number and scope, there has been a corresponding increase in concern about conflicts of interest and commitment. While these Covered Employees are encouraged to engage in appropriate relationships with public and private agencies outside of the University, there is a need for commonly understood principles and corresponding procedures that will identify, address and manage potential conflicts that would detract from or interfere with a Covered Employee's dedication of unbiased primary professional loyalty, time, and energy to University teaching, research, and service.~~

~~All members of the University community are expected to avoid conflicts of interest and conflicts of commitment that have the potential to directly and significantly affect the University's interests or compromise their objectivity in carrying out their University Employment Responsibilities, including research, service and teaching activities and administrative duties, or otherwise compromise performance of University responsibilities, unless such conflicts are disclosed, reviewed and appropriately managed in accordance with the provisions of this Policy.~~

I. Purpose. It is the policy of the University of North Carolina that activities undertaken by its faculty, staff, and students in furtherance of the mission of the University shall be conducted in an ethical and transparent manner consistent with federal and state law and university policy. As outlined herein, all Covered Employees are expected to disclose actual or potential conflicts of interest and conflicts of commitment that have the potential to affect the University's interests or compromise their objectivity in carrying out their University Employment Responsibilities. Constituent Institutions shall have policies and procedures in place to identify, review, and manage activities and interests that could give rise to conflicts of interest and conflicts of commitment in accordance with the provisions of this Policy.

#### III. Definitions

A. *Constituent Institution*, for the purposes of this policy, includes affiliated entities or other agency units of the University of North Carolina, a constituent institution, the UNC System Office, and units associated with the UNC System Office. Affiliated entities and other units of the UNC System Office may implement Conflict of Interest policies consistent with this policy or adopt the policy of one of the constituent institutions.

B. *Conflict of Commitment* relates to situations in which an employee engages in activities external to the University, or assumes commitments external to the University that compromise, may appear to compromise, or have the potential to compromise their ability to fulfill their University Duties.

C. *Conflict of Interest* relates to situations in which a Covered Employee's financial or other personal considerations, circumstances, or interests or relationships may compromise, may involve the potential for compromising, or may have the appearance of compromising, a Covered Employee's objectivity in fulfilling their University ~~duties or responsibilities~~ Employment Responsibilities or University Duties, including research, service and teaching activities, and administrative duties. ~~The bias that such conflicts may impart can affect many University responsibilities, including decisions about personnel, the purchase of equipment and other supplies, the selection of instructional materials for classroom use, the collection, analysis and interpretation of data, the sharing of research results, the choice of research protocols, the use of statistical methods, and the mentoring and judgment of student work.~~ A Covered Employee may have a ~~conflict~~ Conflict of interest Interest when ~~he or she~~ they, or any member of ~~that person's~~ their immediate family, has a ~~personal~~ financial interest or personal Interest in an activity that may affect decision making with respect to ~~his or her~~ their University Employment Responsibilities. For the purposes of this Policy, a Covered ~~Person's~~ Employee's immediate family includes that person's spouse and dependent children.

D. *Covered Employee* is generally defined as a faculty, SAAO, or EPS employee of the University of North Carolina or a Constituent Institution. However, the implementing policies of Constituent Institutions may further define Covered Employee to include additional classifications of persons and students, or otherwise exempt classification of persons, provided such additional classifications or exemptions are consistent with applicable state or federal law, regulation, or rule.

E. *Department* means an academic department, a professional school without formally established departments, or any other administrative unit designated by the chancellor or chief administrative officer of a Constituent Institution, or by the UNC System Office, for the purposes of implementing this policy. "Supervisor" refers to the person with supervisory responsibility for the Covered Employee, whether in an academic or non-academic department.

F. *University Employment Responsibilities, or University Duties* consist of assigned teaching, scholarship, research, institutional service requirements, administrative duties, and other assigned employment duties. University Employment Responsibilities may include professional affiliations and activities traditionally undertaken by Covered Employees outside of the

immediate University employment context. Constituent Institutions must set parameters for which of these activities undertaken by Covered Employees constitute University Employment Responsibilities, including the receipt of honoraria, remuneration or time, and which activities constitute External Professional Activities and are subject to Sections III and IV below.

G. *External Professional Activities* - While a Conflict of Interest may be defined as any activity that:

1. ~~is~~ is not included within one's University Employment Responsibilities;
2. ~~is~~ is performed for any entity, public or private, other than the University employer;
- and
3. ~~is~~ is based upon the professional knowledge, experience and abilities for which the University employer employs the Covered Employee.

Covered Employees who engage in external activities not involving such professional knowledge, experience, and abilities are not required to follow the advance disclosure and approval requirements of Section IV of this policy for such external activities. However, Covered Employees and their Supervisors shall ensure that any such activities do not result from nonfinancial interests or considerations, the overwhelming majority of in the neglect of their University Duties, create unmanageable Conflicts of Interest result from a Financial Interest of a Covered Employee who is in a position to make a supervisory, academic, or administrative decision which may be compromised because of potential financial gain from a Financial Interest in accordance with Section III of this Policy, create unmanageable Conflicts of Commitment in accordance with Section IV of this Policy, involve inappropriate uses of the University name or resources, or include claims of University responsibility for the activity.<sup>2</sup> Notwithstanding the foregoing, the implementing policies of Constituent Institutions may further define External Professional Activities to include additional requirements, such as the External Professional Activity being for pay, provided such definition is consistent with applicable state or federal law, regulation, or rule. External Professional Activities performed for another UNC Constituent Institution or agency of the State of North Carolina also must comply with applicable State policies governing dual employment and compensation, unless an exception to those State policies is expressly authorized by the chancellor of the primary employing institution or the President.

A-H. *Financial Interest* is defined as:

Payment

1. ~~Income received, such as dividends, royalties, payment for services to the Covered Employee not otherwise defined as institutional salary (e.g., consulting fees, honoraria, and paid authorship);~~ authorships, by the Covered Employee or members of their immediate family from an entity other than the Constituent Institution employer;
2. Equity or other ownership interest in a publicly or non-publicly traded entities (e.g., stock, stock options, warrants or other ownership interest); held by the Covered Employee or members of their immediate family; or
3. Intellectual property rights and interests upon receipt of income related to such rights and interest, held by the Covered Employee or members of his/her immediate family; their immediate family. This includes intellectual property rights assigned to the Constituent Institution and subject to a share in royalties related to such rights.

Income from investment vehicles, such as mutual funds or retirement accounts, in which the Covered Employee or member of ~~his/her/their~~ immediate family do not directly control ~~or advise~~ the investment decisions ~~and intellectual property rights assigned to the Institution and agreements to share in royalties related to such rights~~ are excluded from the definition of Financial Interest. ~~Notwithstanding the foregoing, the implementing policies of Constituent Institutions may further define Financial Interests to establish a *de minimis* value for Financial Interests, provided such definition is consistent with applicable state or federal law, regulation, or rule.~~ Covered Employees are required to disclose Financial Interests in a timely and accurate manner consistent with the implementing policies of the Constituent ~~Institutions.~~ Institution.

~~*Conflict of Commitment* relates to an individual's distribution of time and effort between obligations to University employment and participation in other activities outside of University employment. The latter may include such generally encouraged extensions of professional expertise as professional consulting (i.e. External Professional Activities for Pay). Such activities promote professional development and enrich the individual's contributions to the institution, to the profession, and to society. However, a conflict of commitment occurs when the pursuit of such outside activities involves an inordinate investment of time or is conducted at a time that interferes with the employee's fulfillment of University Employment Responsibilities.~~

~~I. Foreign Government Talent Recruitment Program is an effort organized, managed, or funded by a foreign government, or a foreign government instrumentality or entity, to recruit science and technology professionals or students (regardless of full-/part-time status, citizenship, or national origin), or as may be defined by applicable government or funding agency.~~

~~B. Use~~

~~C. External Professional Activities for Pay is defined as any activity that 1) is not included within one's University employment responsibilities 2) is performed for any entity, public or private, other than the University employer; 3) is undertaken for compensation; and 4) is based upon the professional knowledge, experience and abilities of the employee. Activities for pay not involving such professional knowledge, experience and abilities are not subject to the advance disclosure and approval requirements of Section III of this policy, although they are subject to the basic requirement that outside activities of any type must not result in the neglect of primary University duties, creation of Conflicts of Interest, involve inappropriate uses of the University name or resources, or include claims of University responsibility for the activity. External activities for pay of employees covered by the State Personnel Act are addressed in the State Personnel Act, Section 3 Employment and Records, Secondary Employment.~~

~~D. University Employment Responsibilities include "Primary Duties" and "Secondary Duties." Primary Duties consist of assigned teaching, scholarship, research, institutional service requirements, administrative duties and other assigned employment duties. Secondary Duties may include professional affiliations and activities traditionally undertaken by Covered Employees outside of the immediate University employment context. Secondary Duties may or may not entail the receipt of honoraria, remuneration (see additional regulations, *UNC Policy Manual*, 300.2.2.2 [R]) or the reimbursement of expenses, include membership in and service to professional associations and learned societies; membership on professional review or advisory panels; presentation of lectures, papers, concerts or exhibits; participation in seminars and conferences; reviewing or editing scholarly publications and books without receipt of compensation; and service to accreditation bodies. These activities, which demonstrate active participation in a profession are encouraged, provided they do not conflict or interfere with the~~

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~~timely and effective performance of the individual's Primary University Duties or University policies.~~

~~F. Covered Employee is defined as any faculty or EPA non-faculty person employed by the University of North Carolina or a Constituent Institution, an affiliated entity, or other agency or unit of the University of North Carolina. The implementing policies of Constituent Institutions may further define Covered Employee to include additional classifications of personnel and students, which would further be considered Covered Individuals.~~

~~G. Constituent Institution, for the purposes of this policy, includes affiliated entities of the University of North Carolina, General Administration, and units associated with General Administration. Affiliated entities and other units of General Administration may implement Conflict of Interest policies consistent with this policy or adopt the policy of one of the constituent institutions.~~

~~H. Department means an academic department, a professional school without formally established departments, or any other administrative unit designated by the chancellor of an institution or by General Administration, for the purposes of implementing this policy. "Department Head" refers to the person with supervisory responsibility for the Covered Employee, whether in an academic or non-academic department.~~

~~I. Inappropriate use or exploitation of University Resources means using any University or constituent institution services, facilities, equipment, supplies or personnel which members of the general public may not freely use ~~for other than the conduct of Institutional Responsibilities. A person engaged in external professional activities for pay may not use University Resources in the course and conduct of externally compensated activities, except as allowed by the constituent institution's implementing policies and other applicable University policies. Under no circumstances may any employee use the services of another employee during University employment time to advance the externally compensated employee's professional activities for pay.~~~~

#### ### Conflicts of Interest

~~Constituent Institutions shall develop detailed implementing must establish and maintain policies and procedures that establish parameters of general applicability that will sufficient to permit their institution institutions and their employees to recognize, disclose, and manage actual and potential Conflicts of Interest, and to institute basic in accordance with all applicable state and Federal laws and regulations. These policies and procedures for disclosing Financial Interests and managing potential or actual Conflicts of Interest. Institutional policies shall require must:~~

~~A. Require that a Covered Employee's professional activities and financial or personal interests must be arranged to avoid circumstances that do or may prevent or limit objectivity in the performance of University Employment Responsibilities or that otherwise do or may adversely affect any Constituent Institution interests;~~

~~B. Include clear explanations of permissible and impermissible conduct;~~

~~C. Include a process for disclosure, review, and management of Conflicts of Interest that includes;~~

~~1. University interests.—The implementing policies and procedures of the Constituent Institutions will ensure compliance with prevailing Federal regulations. Institutions may develop separate policies to address specific federal and state requirements. In A form for disclosing potential Conflicts of Interest;~~

~~2. A review by designated Constituent Institution officials of a disclosed Conflict of Interest in the context of the Covered Employee's University Employment Responsibilities and determination whether the activity or affiliation in question actually presents a Conflict of Interest and, if so, what safeguards or remedial actions should be taken;~~

~~3. A final ruling by a designated Constituent Institution official (or committee), subject to any prescribed rights of appeal in the Constituent Institution's implementing policies and procedures;~~

~~4. A requirement that Covered Employees supplement the information elicited by the Conflict of Interest questionnaire within thirty (30) calendar days of the acquisition of a new financial or personal interest might entail a possible Conflict of Interest.~~

~~A.D. Require that in the event federal agencies or other external sponsors impose additional disclosure requirements on Constituent Institutions, disclosure to the sponsor must also include disclosure to the University;~~

~~A. Avoiding conflicts of interest~~

~~Each constituent institution must adopt policies and procedures that:~~

~~1. effectively impart a clear understanding of permissible and impermissible conduct;~~

~~2. provide for disclosure of Financial Interests, review of disclosures in the context of University Employment Responsibilities and processes to manage or mitigate conflicts of interest;~~

~~provide for~~

~~3. Require periodic training of employees on its conflict of interest policy, the audience, content and frequency of which will be determined designated by the Constituent Institution's implementing policies and procedures; and~~

~~4. provide for compliance with applicable federal regulations.~~

~~B.E. Critical to the success of any program established to address Conflicts of Interest is employee understanding of the potential problems, so that individuals are equipped to avoid such conflicts on their own initiative. While in many situations the conflict of interest would be obvious to all, in other situations the potential difficulty would not be so apparent. Since concern about Conflicts of Interest appropriately embraces situations in which there is a potential for or appearance of conflict, as well as actual conflict, there may be differing views about what is or is not a problematic activity or affiliation. Thus, the faculty and administration of each Constituent Institution must establish basic definitions of activities and circumstances with a potential to create Conflicts of Interest and then must ensure that all affected employees are fully informed, on a regular and continuing basis, through training and distribution of institutional policies and procedures on individual Conflicts of Interest and Conflicts of Commitment; and~~

~~Each Constituent Institution must establish procedures that elicit information in a timely manner about potential Conflicts of Interest related to the Covered Employee's University Employment Responsibilities. Designated administrative officials or faculty, as defined by the Constituent Institution's implementing policies and procedures shall analyze the disclosed financial interest in the context of the Covered Employee's University Employment Responsibilities and decide whether the activity or affiliation in question actually presents a Conflict of Interest and, if so, what safeguards or remedial actions should be taken. Covered Employees shall be required to supplement the information elicited by the Conflict of Interest questionnaire at any time during the academic year when a new Financial Interest might entail a Conflict of Interest. In each case a designated administrative officer would provide a final ruling, subject to any prescribed rights of appeal in the Constituent Institution's implementing policies and procedures.~~

~~In combination, the University's policy on Conflicts of Interest, the required disclosure process, and publicity and training should assist all Covered Employees avoid any difficulties recognizing and managing Conflicts of Interest.~~

~~Each Constituent Institution may adopt additional related internal policies, procedures, and guidelines consistent with this Policy.~~

~~The UNC Board of Governors' Policy on Conflict of Interest and Commitment, UNC Policy Manual 300.2.2, is effective August 24, 2012.~~

~~F. Require that the institution and its Covered Employees comply with all applicable state and Federal law and regulation.~~

Each Constituent Institution shall submit to the President a copy of its institutional policies and procedures on individual Conflicts of Interest, including definitions of Conflicts of Interest, methods for publicizing the policy and training Covered Employees on institutional definitions and requirements, and procedures and questionnaires for disclosing relationships and circumstances that may raise questions about Conflicts of Interest. Any substantial modifications of the Constituent ~~Institution~~Institution's policies and procedures for individual Conflicts of Interest should also be forwarded to the President after approval by the Constituent Institution.

IV. Conflicts of Commitment. Constituent Institutions must establish and maintain policies and procedures sufficient to permit Constituent Institutions and their employees to recognize, disclose, and address potential or actual Conflicts of Commitments in accordance with all applicable state and Federal laws and regulations. These policies and procedures must:

A. Require that a Covered Employee's professional activities be arranged to avoid circumstances that do or may create conflicting obligations and interfere with the Covered Employee's fulfillment of University Employment Responsibilities;

B. Define and prohibit the impermissible Use of University Resources in the conduct of external activities, including:

1. The use of the name or marks of the University of North Carolina or any of its Constituent Institutions for any purpose other than for identification purposes;

2. Claim, explicitly or implicitly, any Constituent Institution or institutional responsibility for the conduct or outcome of an external professional activity; and

3. ~~III.~~ Conflicts of Commitment

~~Questions about conflict of commitment are more easily recognized and resolved than questions about Conflicts of Interests. Although full-time faculty and other non-faculty EPA employment is not amenable to precise, time-clock analysis and monitoring, administrators at the department and school levels regularly evaluate the work of employees within their units. The formal occasions for determining whether an individual is devoting sufficient time and effort to University employmentReceipt of remuneration from both the Constituent Institution (including State-reimbursed travel, work time, or resources) and an external entity for the same activity. In addition, Covered Employees classified as senior academic and administrative officers are subject to UNC Policy 300.2.2.2[R] Regulation for Senior Academic and Administrative Officer on External Professional Activities for Pay and Honoraria.~~

A.C. Provide for appropriate monitoring of Covered Employee work within their units, to include regular reviews of performance in connection with annual salary decisions and scheduled reviews incident to promotion, reappointment or tenure decisions. In addition, and complaints from students, colleagues, or administrators about possible failures to meet assigned responsibilities may arise and require investigation. The issue, in each case, is whether the employee is meeting the requirements of the job. If presented with evidence that he or she is not meeting full-time responsibilities to the University, The Code prescribes that "neglect of duty" is a ground for disciplinary action, including the possibility of discharge. The following describe instances of activities that require specific monitoring to demonstrate compliance with policies:

A. External Professional Activities for Pay

~~The University of North Carolina and its Constituent Institutions seek to appoint and to retain, as employees, individuals of exceptional competence in their respective fields of professional endeavor. Because of their specialized knowledge and experience, these individuals have opportunities to apply their professional expertise to activities outside of their University employment, including secondary employment consisting of paid consultation or other service to various public and private entities. These practical compensated applications of their professional qualifications enhance capabilities in teaching, research, and administration. Thus, participation of employees in external professional activities for pay, typically in the form of consulting, is an important characteristic of academic employment that often leads to significant societal benefits, including economic development through technology transfer. However, External Professional Activities for Pay are to be undertaken only if they do not:~~

D. Require Covered Employees to disclose external activities that may give rise to a Conflict of Commitment, including those External Professional Activities governed by UNC Policy 300.2.2.1[R]);

Identify which external activities, if defined as

~~1. Create a Conflict of Commitment by interfering with the obligation of the individual to carry out all University Employment Responsibilities in a timely and effective manner;~~



~~2. Create a Conflict of Interest because of the individual's status as a , must be reported by the Covered Employee of the University; pursuant to applicable law or regulation and specify the process for reporting them, such as a Foreign Government Talent Recruitment Program; or situations where a Covered Employee commits to sharing information with an external entity without appropriate~~

~~3. Involve any inappropriate use or exploitation of University resources;~~

~~4. Make any use of the name or marks of the University of North Carolina or any of its Constituent Institutions for any purpose other than professional identification; or~~

~~5. Claim, explicitly or implicitly, any University or institutional responsibility for the conduct or outcome of the External Professional Activities for Pay.~~

~~B.E. The UNC Policy Manual, 300.2.2.1[R], contains provisions established to monitor possible Conflicts of Commitment, including mandatory pre-approval at appropriate university levels of External Professional Activities for Pay. A faculty or non faculty EPA employee who wishes to engage in External Professional Activity for Pay must adhere to these regulations to provide satisfactory assurances that the activity will not interfere, or not sharing information with University Employment Responsibilities. These regulations may not apply to faculty and non faculty EPA employees serving on academic year (9 month) contracts, if the External Professional Activity for Pay is wholly performed and completed outside of the contract service period and the activity does not conflict with the policies of the Constituent Institution or Board of Governors and is not conducted concurrently with a contract service period for teaching, research, or other services to the institution during a summer session, or funding entities; and~~

~~In those instances when State reimbursed travel, work time, or resources are used or when the activity can be construed as related to the Covered Employee's University Employment Responsibilities on behalf of the State, the employee shall not receive any financial consideration, including an honorarium. In these instances the employee may request that the honorarium be paid to the University. The honorarium may be retained by the employee only for activities performed outside of normal working hours, as defined by the institution, or while the employee is on earned paid or annual leave, and all expenses are the responsibility of the employee or a third party that is not a State entity. Third party support may need to be disclosed under the implementing policies and procedures for Constituent Institutions. In addition, senior academic and administrative officers may also be subject to special regulations regarding honoraria which require leave to be taken when External Professional Activities for Pay will take place during the regular work week. Please refer to the UNC Policy Manual, 300.2.2.2[R].~~

~~Instead of using earned paid or annual leave as set out above employees who are exempt from the Fair Labor Standards Act and who are out of work due to an External Professional Activity for Pay, or who wish to retain an honorarium, may be able to use periodic uncompensated leave rather than annual leave, provided the Constituent Institution implementing policies allow the use of uncompensated leave, and the appropriate Department Head approves.~~

~~External Professional Activities for Pay performed for another UNC Constituent Institution or agency of the State of North Carolina also must comply with applicable State policies governing dual employment and compensation, unless an exception to those State policies is expressly authorized by the chancellor or the President.~~

~~The Board of Governors has also established rules for monitoring and regulating the involvement of University employees in political candidacy and office holding that could interfere~~

~~with full time commitment to University duties. Please refer to *UNC Policy Manual*, 300.5.1 et seq. for specific policy details.~~

~~\*Supersedes Policy 300.2.2 originally entitled “Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty EPA.”~~

V. Other Matters.

A. Effective Date. The requirements of this policy shall be effective upon adoption by the Board of Governors.

B. Relation to Other Laws. This policy is designed to supplement, and does not purport in any way to supplant or modify, those statutory enactments and rights which may govern or limit the political activities of employees of the State of North Carolina.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

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<sup>1</sup> Supersedes Policy 300.2.2 originally entitled “Conflicts of Interest and Commitment Affecting Faculty and Non-Faculty EPA.”

<sup>2</sup> External activities of employees covered by the North Carolina Human Resources Act are addressed in the North Carolina Human Resources Act, Employment and Records, Secondary Employment Policy.

The UNC Policy Manual  
300.2.8  
Adopted 10/12/01  
Replaced 03/21/03  
REPEALED XX/XX/XX

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### Faculty Military Leave

~~The Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994 and North Carolina General Statute 127A-116 specify the employment and reinstatement rights of employees called to involuntary active duty in the Uniformed Services. This policy implements those statutes for faculty of the University of North Carolina. Each constituent institution shall adopt policies and regulations in accordance with federal and state law and consistent with this policy.~~

~~A. — Definition of Faculty: As used in this policy, "faculty" means faculty who are appointed for nine months or more and work halftime (50% FTE) or more and who are not covered under the "Senior Academic and Administrative Officer" policy or the policy on "Employees Exempt from the State Personnel Act."~~

~~B. — Salary: In accordance with federal and state laws, the University of North Carolina Board of Governors directs that for each period of involuntary service, a faculty member who is involuntary called to State or Federal active military duty shall receive up to 30 calendar days of pay. For periods in excess of 30 days, the faculty member shall be entitled to receive differential pay for any period of involuntary service. Differential pay is the difference between military basic pay and the faculty member's regular university earnings for that period of time, if military pay is the lesser. If a faculty member is subject to a term contract, the pay or differential will be limited to the term of the contract.~~

~~Upon return to the University, the faculty member's salary shall be reinstated and shall include cost-of-living adjustments (if any) that were awarded while the faculty member was on military leave. Merit pay shall also be awarded upon reinstatement if the faculty member received a performance evaluation for at least one semester during the academic year and would have otherwise been eligible to receive a merit increase.~~

~~C. — Benefits: During the period of active military duty, whether receiving full pay, differential pay or no pay from the university, a faculty member shall not incur any loss of benefits accorded to other faculty who are on a leave of absence. A faculty member covered under campus annual and sick leave policies shall continue to accumulate annual and sick leave during the period of active duty for use upon return to the University.~~

~~D. — Reappointment, tenure and promotion: In advance of leaving work to perform military duty, a faculty member may initiate a request, consistent with campus policy, for an extension of the time during which an institutional decision must be made regarding reappointment, tenure or promotion.~~

~~E. — Other types of military leave: For faculty, campus policies should be consistent with the military leave policy for employees subject to the State Personnel Act providing for:~~

~~1. up to a maximum of 120 hours of military leave with pay each Federal fiscal year (October—September) for members of the uniformed services for active duty training and inactive duty training;~~

~~2. up to a maximum of 120 hours of military leave with pay during any calendar year, for members of the Civil Air Patrol while performing missions or encampments for the U.S. Air Force or emergency missions for the State at the request of the Governor or the Secretary, Department of Crime Control and Public Safety;~~

~~3. up to 120 hours of military leave with pay during any calendar year for members of the State Defense Militia when called up by the Governor for infrequent special activities in the interest of the State, usually not exceeding one day, and State duty for missions related to disasters, search and rescue, etc;~~

~~4. military leave with pay for a required physical examination relating to membership in the uniformed services;~~

~~5. military leave without pay for all uniformed service duty that is not covered by military leave with pay.~~

~~F. Notice: Institutions must ensure that all faculty members receive information about their rights under this policy and USERRA.~~

~~Effective date: This policy shall take effect upon adoption by the Board of Governors and shall apply to any faculty member called into active military duty status beginning September 1, 2001.~~

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### Faculty Community Service Leave

~~In recognition of the State's diverse needs for volunteers to support schools, communities, citizens, and non-profit charitable corporations, each constituent institution shall establish a program for awarding Community Service leave to faculty, with appropriate policies, rules, procedures and criteria for the administration and reporting of such leave, subject to the basic requirements set forth below. Community Service Leave may be granted to (1) parents for child involvement in the schools, (2) any employee for volunteer activity in the schools or in a Community Service organization, or (3) any employee for tutoring and mentoring in the schools. In addition, there are special guidelines providing for Emergency Service, Blood and Bone Marrow Donorship, and Disaster Service Volunteer with the American Red Cross. All faculty are encouraged to volunteer in support of North Carolina's schools, communities, citizens and non-profit organizations.~~

~~A.—— Community Service Leave: Faculty who are permanent halftime (50% FTE) or more and in-leave earning status shall be awarded twenty-four (24) hours of Community Service Leave annually which may be used for volunteer participation in the programs, services and organizations indicated below, or elect to receive an award equivalent to one (1) hour each week that a public school is in session. The latter award is to be used exclusively for mentoring or tutoring students in North Carolina schools.~~

~~(1)—— Leave for Child Involvement and School Volunteerism: Faculty may use all or part of their annual allotment of Community Service Leave to volunteer time in support of programs and services in public and private elementary, middle and high schools, and licensed public and private day care and pre-school settings. A parent may use this leave to meet with a teacher or administrator concerning the parent's child or may attend any educational function sponsored by the school in which the child is participating.~~

~~(2)—— Leave for Non-Profit Organization Volunteerism: Faculty may use all or part of their annual 24-hour allotment of Community Service Leave to volunteer time in non-profit, non-partisan community organizations which are designated as 501(c)(3) agencies under the Internal Revenue Code, or human services organizations licensed or accredited to serve citizens with special needs including children, youth, and the elderly.~~

~~(3)—— Leave for Tutoring and Mentoring in North Carolina Schools: In lieu of the 24-hour award as noted above, employees may elect to receive one (1) hour of volunteer leave for each week that public schools are in session, up to a maximum of 36 hours, as documented by a local Board of Education. This leave award shall be used exclusively for tutoring or mentoring a student in accordance with established standards, rules and guidelines for such arrangements as determined and documented by joint agreement with the employee's agency or university and the school. A "school" is one that is authorized to operate under the laws of the State of North Carolina and is an elementary school, middle school, high school, or childcare program.~~

~~B.—— Blood and Bone Marrow Donorship: A faculty member should be encouraged to use the privilege and opportunity to participate in life giving through blood and bone marrow donorship.~~

Faculty who are permanent halftime (50% FTE) or more and in leave earning status shall be given reasonable time off with pay for whole blood donation, pheresis procedure and bone marrow transplant.

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~~C. — Emergency Services: Each institution must establish a policy to provide time off with pay to faculty who are appointed for nine months or more and work halftime (50% FTE) or more and who are participating in volunteer emergency and rescue services if a bona fide need for such services exists within a given area. A bona fide need is defined as real or imminent danger to life or property. Each policy should require sufficient proof of the faculty member's membership in an emergency volunteer organization and that the performance of such emergency services will not unreasonably hinder university activity for which the faculty member is responsible. In emergency situations, which are not covered by an emergency volunteer organization, an institution may determine whether the emergency service to be provided can justifiably be designated as a work assignment, based on the expertise of the faculty member. If so, short term work assignments may be authorized when requested by an official party requesting the assistance.~~

~~D. American Red Cross Disaster Service Leave: A constituent institution may grant leave with pay not to exceed 15 workdays in any 12 month period to participate in specialized disaster relief services. To qualify for leave, the faculty member must be appointed for nine months or more and work halftime (50% FTE) or more, be a disaster service volunteer of the American Red Cross, and be requested by the American Red Cross to participate. The decision to grant leave rests in the sole discretion of the constituent institution based on the work needs of that institution. Leave shall be granted only for services related to a disaster occurring within the United States. While on disaster leave, the faculty member shall not incur any loss of pay and, if the faculty member is covered under campus annual and sick leave policies, continue to accumulate annual and sick leave.~~

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### Serious Illness and Disability Leave for Faculty

~~Each constituent institution must establish a written policy to provide a period of leave for faculty in cases of extraordinary illness, major disability, or for parental purposes. Nine-month faculty at UNC institutions do not accrue sick leave.<sup>3</sup> However, institutions should anticipate situations in which faculty members, because of serious illness, disability, or family responsibilities, will be unable to perform their duties for an extended period. In addition, under the federal Family and Medical Leave Act (FMLA, 1993), employees are eligible to take paid or unpaid leave up to a total of 12 weeks per year. The North Carolina Family Illness Leave Act (2002) allows for up to 52 weeks of leave without pay during a five-year period in cases of serious illness of a child, spouse, or parent. UNC constituent institutions need written leave policies for faculty that can be coordinated with these policies and with the North Carolina Disability Income Plan.~~

~~Serious illness and disability leave policies required by this policy will apply to faculty members who do not accrue sick leave and are eligible to participate in the N.C. Teachers' and State Employees' Retirement System or the UNC Optional Retirement Program [i.e., continuing faculty who are employed at least 75 percent of full time].~~

~~The president may issue Guidelines for the specific features of these policies, based on the recommendations of the Task Force on Serious Illness and Disability Policies for Faculty (March 2003). Campus policies must be made available as information to current and prospective faculty members.~~

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<sup>3</sup>Individuals employed at the North Carolina School of Science and Mathematics pursuant to its Regulations on Faculty Employment who work at least 75% of full time earn sick leave and are therefore not subject to this Policy.

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**Supplemental Pay Policy for Employees Exempt from the  
~~State Personnel~~North Carolina Human Resources Act ~~(EPA)~~**

I. Purpose. This policy addresses supplemental payments to faculty, SAAO, and ~~non-faculty EPA~~EPS employees. The UNC GA/OP System Office and each constituent institution must have policies or regulations in place that clearly address the requirements and procedures for special payments.

The Supplemental Pay Policy is intended to address two situations:

- A. Temporary increases in responsibility during the employee's normal work hours or contract period.
- B. Extra duties ~~performed~~ outside the employee's job description ~~and that are performed~~ outside of normal work hours or that add extra work hours in addition to those spent on normal job duties.

Supplemental pay is not a bonus for performance. Employees who are eligible for overtime under FLSA regulations must not be given supplemental pay in lieu of overtime.

II. The Supplemental Pay Policy should address the following:

- A. Types of assignments, including faculty overloads, special or temporary administrative assignments, and ~~non-faculty EPA~~SAAO and EPS teaching assignments-;
- B. Procedures for requesting temporary pay-;
- C. Limits on overload time or length of assignment-; and,
- D. Compensation guidelines, including any limits on the amount of pay.

III. The following steps must be completed and documented before a supplemental payment can be made:

- A. The employee's supervisor must submit a written request stating the justification for supplemental pay in advance of the start of the special assignment.
- B. The request must clearly identify the activities covered, the relationship of the activities to normal job responsibilities, the expected duration, and the basis for determining the one-time or periodic supplemental payment.
- C. The request must be made to the appropriate administrator (Provost/Vice Chancellor, Department Head, Dean, Vice President, etc.)



D. The approved request must be submitted to Human Resources or ~~EPAEHRA~~ Personnel Administration for final review and processing and submitted to the UNC System Office for approval if required by policy or regulation.

E. Documentation of supplemental payments must be maintained in the employee's personnel file.

IV. Other Matters.

A. Effective Date. The requirements of this policy shall be effective upon adoption by the Board of Governors.

B. Relation to State Laws. This policy is meant to supplement, and does not purport to supplant or modify, those statutory enactments, regulations, and policies which may govern the activities of public officials.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

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## Policy on Non-Salary and Deferred Compensation

### I. ~~I.~~ Non-salary Compensation

#### A. ~~A.~~

A. Irrespective of the campus' status regarding management flexibility in personnel, all constituent institutions and the UNC System Office shall have a policy concerning the granting of non-salary compensation for all personnel exempt from the North Carolina Human Resources Act except for the chancellor and the president. The policy shall ~~either(i)~~ provide specified non-salary compensation to a defined category of employees uniformly or ~~shall(ii)~~ require appropriate approval ~~by the board of trustees~~ ~~or~~ ~~Board of Governors,~~ ~~upon recommendation by the chancellor,~~ ~~or president,~~ respectively, as applicable and as provided in this policy regarding non-salary compensation granted to an individual employee before non-salary compensation is provided.

B. ~~B.~~ Each policy that provides specified non-salary compensation to a defined category of employees shall set out what types of non-salary compensation the campus or UNC System Office will provide, and the criteria for awarding such compensation. The awarding of non-salary compensation may be based on any reason or reasons considered relevant to attracting or retaining ~~a~~ faculty and staff of the highest possible quality. Decisions concerning non-salary compensation shall not be based in whole or in part upon any of the protected statuses included in Section 103 of *The Code*.

C. ~~C.~~ The funding source for non-salary compensation shall not be state funds, and non-salary compensation may be provided directly by an associated foundation if permitted by policy. An exception permitting non-salary compensation to be funded from ~~State~~ ~~state~~ funds may be approved by a board of trustees or the Board of Governors only when permitted by the Office of State Budget and Management. ~~(OSBM)~~. Any ~~club membership for an employee or the granting of special campus services or benefits~~ or club membership for an employee must be job related, and the club must have a policy prohibiting discrimination against groups protected by federal and North Carolina law. Non-salary compensation shall be appropriately reported to federal and state tax agencies.

D. ~~D.~~ The hiring approval process may include payment of moving expenses in accordance with authority from the Office of State Budget and Management. The decision of whether to ~~include~~ approve payment of moving expenses in an employment offer for an employee who is not included in an established category of employees who are provided compensation for moving expenses may be delegated no lower than the provost/vice chancellor level or vice president level.

E. E. — The following items are permissible and are not considered “non-salary compensation” for purposes of this policy: (i) Provision of housing, when occupancy of the housing is required as a part of the job; (ii) reimbursement of professional- or work-related travel; and (iii) provision of materials and equipment to perform the work of the position, even if used at home, including computers, cellular monitors, mobile phones, personal data assistants (PDA), pager tablets, and similar work-related items, are permissible and are not considered “non-salary compensation” as used.

F. Sign-on, Retention, and Performance-Based Bonus Compensation Programs.<sup>1</sup> The Board of Governors delegates authority to the constituent institution boards of trustees to administer sign-on, retention, and performance-based bonus programs for SAAO, faculty, and EPS employees. Equivalent authorities are granted at the direction of the president to administer such programs for UNC System Office SAAO, faculty, and EPS employees.

1. A sign-on bonus may not exceed the lesser of \$25,000 or 20 percent of the annualized base salary of the new position without seeking the approval of the president or the president’s designee.

2. A retention bonus may not exceed the lesser of \$25,000 or 20 percent of the employee’s current base salary without seeking the approval of the president or the president’s designee.

1-3. Performance-based bonus compensation awarded through this policy in this policy—a single fiscal year that exceeds 20 percent of an individual employee’s current base salary and \$50,000 must receive approval from the president and the Committee on University Personnel of the Board of Governors.

4. H. — An employee may receive either a sign-on bonus or a retention bonus, but not both, within any 24-month period. The award of performance-based bonus compensation shall be administered independently from any sign-on or retention bonus program and shall be tied to an annual performance review for non-faculty employees and to the provisions of a written incentive compensation plan for covered faculty. Performance-based pay for clinical faculty is subject to the relevant approved clinical incentive pay plans and is exempt from these provisions. When applicable, and in accordance with Executive Retirement Plan documents, performance-based bonus awards for Plan-eligible employees may be directed to an executive retirement plan administered by the UNC System Office, in lieu of a cash payment.

5. The boards of trustees may delegate authority to approve sign-on, retention, and/or performance-based bonuses to the chancellor and/or chancellor’s designee(s) with the exclusion of such bonuses for SAAOs, which may not be delegated. For employees of the UNC System Office, the president has authority to approve sign-on, retention, and performance-based bonuses, including such bonuses for SAAOs and EPS employees.

6. Institutions may establish rules to require an employee to pay back all or part of

sign-on or retention bonus payments already received if the employee separates from the institution fewer than 12 months after payment of the bonus award.

7. Bonuses may be provided using either state funds or non-state funds. For state funds, such use must be permissible under the policies of OSBM.

8. Institutions must establish specific procedures for reviewing and monitoring sign-on, retention, and performance-based bonuses.

9. Institutions may adopt additional supplemental policies and procedures surrounding sign-on, retention, and performance-based bonuses, provided such policies do not conflict with this Policy and are consistent with applicable state or federal law.

10. The president may establish guidelines for periodic reporting on these bonus compensation programs.

## II. Delayed or Deferred Salary/Compensation

A. ~~A.~~—The State of North Carolina and the University of North Carolina System offer employees options for deferred compensation and insurance. Unless expressly approved by the Board of Governors, constituent institutions and the UNC System Office may not provide any other employer-paid options for deferred compensation or other delayed compensation to its employees.

B. ~~B.~~—For purposes of this policy, delayed and deferred salary or compensation shall be broadly defined to include, but are not limited to, any employer payment or contribution paid (1) directly to an employee, (2) to the employee's account or plan, or (3) to a person acting in a capacity similar to a trustee for the employee, which is paid later than the regular or next subsequent payment cycle, except for an error that is promptly corrected upon discovery. Delayed and deferred salary/compensation also includes traditional 457 deferred compensation plans, any retirement plans or accounts, annuities, and life insurance accumulating any cash value. Delayed and deferred compensation also include both tax qualified and non-qualified plans, and any other similar form of payment, whether tax sheltered or not.

C. ~~C.~~—This policy does not prohibit a campus from making any permitted employer contribution to the Optional Retirement Program or the Teachers' and State Employees' Retirement System.

## ~~III. III.~~—Non-Salary or Deferred Compensation of Chancellors and President. Other than a state-

~~provided-~~  
car or a car of comparable value, a chancellor's or the president's residence as provided for in Section 300.1.5 of the UNC Policy Manual, work related club memberships, reimbursement of moving expenses upon initial employment as a chancellor or president, and benefits uniformly provided to all employees exempt from the North Carolina Human Resources Act, only the Board of Governors may approve non-salary or deferred compensation for a chancellor or the president. The funding source for non-salary compensation for a chancellor or the president, other than that specified in this paragraph, shall not be state funds, but an exception may be approved by the Board of Governors. Club memberships may never be paid using State funds.-

~~III-IV.~~ IV. — Employees Exempt from this Policy. Members of faculty medical practice plans, such as physicians, dentists, and veterinarians, are exempt from this policy. Athletic directors and head coaches remain subject to Section 1100.3 of the UNC Policy Manual, and are exempt from this policy.-

~~IV-V.~~ V. — Review and Approval. Campus policies on non-salary and delayed/deferred salary/compensation must be submitted as a part of the campus request for management flexibility to appoint and fix compensation. Campuses already granted management flexibility in personnel shall submit their policies to the UNC System Office for review. Subsequent changes to the policies must be submitted for review by the UNC System Office prior to submission to the campus board of ~~Trustees~~trustees for approval. In some cases, policies with extensive revisions will be reconsidered by the Committee on University Personnel of the Board of Governors.

~~V-VI.~~ VI. — Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption of this policy by the Board of Governors.

B. ~~B.~~ — Relation to State Laws. ~~The foregoing~~This policy ~~as adopted by the Board of Governors~~ is meant to supplement, and does not purport to supplant or modify, those statutory enactments which may govern or relate to the subject matter of this policy.-

~~C.~~ C. — Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.

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<sup>1</sup> See May 26, 2022, Resolution of the Board of Governors of The University of North Carolina System “Delegated Authorities Regarding Non-Base Salary Compensation for University Employees Exempt from the State Human Resources Act.” Cf. Section 300.2.14.2[R].

**LEAVE PROGRAMS FOR FACULTY AND STAFF**  
**EXEMPT FROM THE NORTH CAROLINA HUMAN RESOURCES ACT**

I. Holidays and Leave Entitlement

~~1A.~~ Holidays

~~Employees in Tier II SAAO positions covered under this Policy~~ shall be subject to the same State-prescribed paid holidays given to employees subject to the North Carolina Human Resources Act-(SHRA).

~~2~~

B. Annual Leave<sup>1</sup>

~~a.~~ Basic Leave Policy

1. Eligibility. The following employees are eligible under this policy for Annual Leave:

a. All permanent Senior Academic and Administrative Officers (SAAO) or Exempt Professional Staff (EPS) with appointments made before the effective date of the Personal Leave program established in I.C. below;

b. For employees covered in B.1.a. above, new SAAO and EPS appointments within the employee's same institution that are effective on or after the effective date of the Personal Leave program established in I.C. below; and

c. Employees who were in a position subject to the North Carolina Human Resources Act and who subsequently transfer or convert to an SAAO or EPS appointment within the same institution, provided the employee's original hire date at the institution was before the effective date of the Personal Leave program established in I.C. below.

2. Annual Accrual. A permanent full-time employee (1.00 FTE) Tier II SAAO in a position covered by this policy shall be entitled to accrue twenty-four (24) workdays of annual leave per year, for Exempt Professional Staff and twenty-six (26) workdays per year for Senior Academic and Administrative Officers.

~~1-3.~~ Accrual Rate. Annual leave is accrued at a monthly rate and is adjusted proportionately for permanent part-time employees who work halftime or more (0.50 - 0.99 FTE) ~~as well as for permanent employees who are on a contract period of less than one year.~~ The monthly earnings accrual amount is equal to one-twelfth ( $1/12^{\text{th}}$ ) of the annual ~~rate for each month the employee works or is on approved leave with pay.~~

accrual. Monthly leave is earned when an employee works or is on approved paid leave with pay at least half the working days of a month.

~~2-4. Leave Year Defined. 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.~~

~~5. Exception for Prior Higher Accrual Rate. With respect to an incumbent employee who earns more than twenty-four (24) days of Annual Leave per year as of the date that this policy becomes effective, or as of the date that an employee accepts a position subject to this policy, such employee shall be entitled to continue to earn leave at their current rate.~~

~~3-6. Annual Carryforward of Leave. The maximum number of unused days of annual leave Annual Leave that may be carried forward from one year to the next shall be thirty (30) workdays. —Annual leave Leave in excess of thirty (30—days) workdays will be automatically converted to sick leave at the end of the calendar year.~~

~~b. Transfer Scheduling Leave. The scheduling of Accrued an employee's~~

Annual Leave

~~4-7. An employing institution must establish campus-wide uniform guidelines regarding the transfer of accrued annual leave from a UNC System constituent institution or State or local governmental agency whose leave is currently transferable in accordance with the policy prescribed for employees shall be subject to the North Carolina Human Resources Act. 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. of the employee's supervisor.~~

~~c. Advancement of Annual Leave~~

~~5-8. 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 defined leave year or during a twelve-month period. If an employee separates from the employing institution and has taken more annual leave 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~~

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Transfer and payout of Accrued Annual Leave

~~6.9. A Tier II SAAO who has accrued unused annual leave upon. For new appointments within the same employing institution that are subject to this policy, all Annual Leave will transfer to the new appointment. Upon discontinuation of employment from the employing institution and who either does, or upon transfer to a position not elect or is not eligible to transfer such accrued leave to another State or local governmental agency, subject to this policy, the employee's Annual Leave balance shall be paid out, up to a maximum of thirty (30) workdays (pro-rated 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. part-time employees).~~

~~10. 3. Sick Leave, Family and Medical Leave, Family Illness. No employee may accrue both Personal Leave, Civil and Annual Leave, Military simultaneously.~~

C. Personal Leave, Community Service. The president shall set regulations for a Personal Leave program containing the following elements to be effective at a date determined by the president but no sooner than July 1, 2024.

1. Eligibility.

a. All permanent Senior Academic and Administrative Officers (SAAO) and Special Annual Leave Bonus Exempt Professional Staff (EPS) with appointments on or after the effective date determined by the president.

b. Faculty with 12-month appointments effective on or after the effective date determined by the president.

c. The Tier II SAAOs, president shall set regulations for employees holding an SAAO or EPS appointment who are eligible to accrue Annual Leave (as provided in Section I.B above) to make an irrevocable election to join the Personal Leave program and end Annual Leave accruals. Employees making this irrevocable election may:

(1) receive a payout of their accrued Annual Leave, up to a maximum of thirty (30) workdays (pro-rated for part-time employees), either at the time of, or subsequent to, their irrevocable election, with approval from their employing institution, or

(2) retain up to a maximum of thirty (30) workdays (pro-rated for part-time employees) of accrued Annual Leave while they remain employed at that institution in a position subject to this policy. Upon the employee's discontinuation from employment, transfer to another

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institution, or transfer to a position not subject to this policy, then the employee shall receive a payout of the retained accrued Annual Leave, at the pay rate as of the time of the discontinuation or transfer. Any retained Annual Leave must be tracked separately from accrued Personal Leave.

Any Annual Leave in excess of thirty (30) workdays under either option is forfeited.

2. Annual Accrual. A permanent full-time employee (1.00 FTE) in a position covered by this regulation shall be entitled to ~~such~~ accrue twenty-six (26) workdays per year.

3. Accrual Rate. Personal Leave is accrued at a monthly rate and is adjusted proportionately for permanent part-time employees who work haltime or more (0.50 - 0.99 FTE) as well as for permanent employees who are on contract for less than one year. The monthly earnings amount is equal to one-twelfth of the annual rate. Monthly leave is earned when an employee works or is on approved paid leave at least half the working days of a month.

4. Leave Year Defined. The President shall define a leave year cycle for this program.

5. Annual Carryforward of Leave. Employees may carry forward a maximum of twenty (20 days) of Personal Leave into the next defined leave year. Any excess leave expires at the end of the defined leave year and does not convert to sick leave.

6. Scheduling Leave. The scheduling of an employee's Annual Leave shall be subject to the approval of the employee's supervisor.

7. Advancement of Personal Leave. Subject to institutional policy and approval by the employee's supervisor, an employee may be advanced the amount of Personal Leave that can be accrued during the remainder of the defined leave year. If an employee separates from the employing institution and has taken more Personal Leave than has been accrued, the employing institution must determine the amount of Personal Leave that the employee must repay to the institution and make deductions from the employee's final paycheck accordingly.

8. Transfer of accrued Personal Leave.

a. If an employee receives a new appointment to a position subject to this policy and within the same employing institution, then all Personal Leave will transfer to the new appointment. Any Annual Leave retained pursuant to Section C.1.c(2) of this Policy will transfer to the new appointment.

b. If an employee transfers to another UNC constituent institution in a position subject to this policy, then up to a maximum of twenty (20) days of Personal Leave shall transfer to the new institution, and any excess leave shall

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~~be forfeited. Any Annual Leave retained pursuant to Section C.1.c(2) of this Policy shall be paid out.~~

~~c. If an employee otherwise discontinues employment, all Personal Leave shall be forfeited. Any Annual Leave retained pursuant to Section C.1.c(2) of this Policy shall be paid out.~~

~~9. No employee may accrue both Personal Leave and Annual Leave simultaneously.~~

D. Other Leave Programs.

1. ~~Employees in positions covered by this policy shall be subject to the same policies concerning~~ sick leave, family and medical leave, ~~paid parental leave,~~ family illness leave, civil leave, military leave, community service leave, ~~and special annual leave bonus, personal observance leave, and any other leave program~~ as may be prescribed for employees subject to the North Carolina Human Resources Act ~~or as otherwise provided by university policy or regulation.~~

2. ~~However, with~~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~~12-month period. If ~~the an~~ employee separates from the employing institution and has taken more sick 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~~paycheck accordingly.

4E. Leave of Absence without/Without Pay

~~Tier II SAAOs, SAAO and EPS employees covered under this Policy~~ may request a leave of absence without pay. ~~Granting such a request shall be at the discretion of the employee's supervisor and subject to approval of such leave by the president or institutional procedures as adopted by the chancellor, as applicable, or president (or their designees).~~

5F. Voluntary Shared Leave

~~Tier II SAAOs, SAAO and EPS employees covered under this Policy~~ shall be subject to the same provisions concerning shared leave as are applicable to employees subject to the North Carolina Human Resources 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

~~Tier II SAAOs~~Leave. Employees in covered positions are entitled to the same opportunities as other University employees to invoke the privilege of tuition waiver conferred by Section 1000.2.2 of the UNC Policy Manual.

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H.          Faculty Military Leave

The Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994 and North Carolina General Statute 127A-116 specify the employment and reinstatement rights of employees called to involuntary active duty in the Uniformed Services. ~~This policy implements those statutes for faculty of the University of North Carolina.~~ Each constituent institution shall adopt policies and regulations in accordance with federal and state law and consistent with ~~this policy.~~ provisions established in this policy. (Military leave for other EHRA employees is addressed in paragraph D. above.)

A.         

1.          Definition of Faculty: ~~As used in this policy, "faculty.~~ "Faculty" means faculty who are appointed for nine months or more and work halftime (50% FTE) or more and who are not ~~covered under the "designated as a Senior Academic and Administrative Officer" policy or the policy on "Employees Exempt from the State Personnel Act."~~ Professional Staff as defined by Section 300.1.1 of the UNC Policy Manual. This leave program shall apply to any faculty member called into active military duty status on or after September 1, 2001.

B.         

2.          Salary: ~~In accordance with federal and state laws, the University of North Carolina Board of Governors directs that for each period of involuntary service, a faculty member who is involuntarily called to State or Federal active military duty shall receive up to thirty (30) calendar days of pay.~~

a.          For periods in excess of thirty (30) days, the faculty member shall be entitled to receive differential pay for any period of involuntary service. ~~Differential pay is the difference between military basic pay and the faculty member's regular university earnings for that period of time, if military pay is the lesser.~~ If a faculty member is subject to a term contract, the pay or differential will be limited to the term of the contract.

b.          Upon return to the University, the faculty member's salary shall be reinstated and shall include applicable legislative salary increase and/or cost-of-living adjustments (if any) that were awarded while the faculty member was on military leave. ~~Merit pay or bonuses shall also be awarded upon reinstatement if the faculty member received a performance evaluation for at least one~~

semester during the academic year and would have otherwise been eligible to receive a merit increase or bonus.

C.

3. Benefits— During the period of active military duty, whether receiving full pay, differential pay, or no pay from the university, a faculty member shall not incur any loss of benefits accorded to other faculty who are on a leave of absence.—A faculty member covered under ~~campus annual~~ institution's Annual Leave, Personal Leave, and sick leave/or Sick Leave policies shall continue to accumulate ~~annual~~ Annual Leave, Personal Leave, and sick leave/or Sick Leave during the period of active duty for use upon return to the University.—

D.

4. Reappointment, tenure, and promotion— In advance of leaving work to perform military duty, a faculty member may initiate a request, consistent with ~~campus~~ institutional policy, for an extension of the time during which an institutional decision must be made regarding reappointment, tenure, or promotion.—

E.

5. Other types of military leave— For faculty, ~~campus~~ institutional policies should be consistent with the military leave policy for employees subject to the State Personnel ~~North Carolina Human Resources~~ Act providing for:

1. up

a. Up to a maximum of 120 hours of military leave with pay each Federal fiscal year (October—September) for members of the uniformed services for active duty training and inactive duty training;

2. up

b. Up to a maximum of 120 hours of military leave with pay during any calendar year, for members of the Civil Air Patrol while performing missions or encampments for the U.S. Air Force or emergency missions for the State at the request of the Governor or the Secretary, Department of Crime Control and Public Safety;

3. up

c. Up to 120 hours of military leave with pay during any calendar year for members of the State Defense Militia when called up by the Governor for infrequent special activities in the interest of the State, usually not exceeding one day, and State duty for missions related to disasters, search and rescue, ~~etc~~;

4. military

d. Military leave with pay for a required physical examination relating to membership in the uniformed services; and,

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~~5. military~~

~~e. Military leave without pay for all uniformed service duty that is not covered by military leave with pay.~~

~~F.~~

~~6. Notice: Institutions must ensure that all faculty members receive information about their rights under this policy and USERRA.~~

~~Effective date: This policy shall take effect upon adoption by the Board of Governors and shall apply to any faculty member called into active military duty status beginning September 1, 2001.~~

~~G. Other Paid Leave Programs for~~

~~The UNC Policy Manual~~

~~300.2.10~~

~~Adopted 03/21/03~~

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~~Faculty:~~

~~1. Community Service Leave and Parental Leave. Faculty in permanent appointments working half-time or more (0.50 FTE) who otherwise do not accrue leave are eligible for paid community service leave and paid parental leave under same policies and regulations as may be prescribed for employees subject to the North Carolina Human Resources Act unless otherwise provided by university policy or regulation.~~

~~In recognition of the State's diverse needs for volunteers to support schools, communities, citizens, and non-profit charitable corporations, each constituent institution shall establish a program for awarding Community Service leave to faculty, with appropriate policies, rules, procedures and criteria for the administration and reporting of such leave, subject to the basic requirements set forth below. Community Service Leave may be granted to (1) parents for child involvement in the schools, (2) any employee for volunteer activity in the schools or in a Community Service organization, or (3) any employee for tutoring and mentoring in the schools. In addition, there are special guidelines providing for Emergency Service, Blood and Bone Marrow Donorship, and Disaster Service Volunteer with the American Red Cross. All faculty are encouraged to volunteer in support of North Carolina's schools, communities, citizens and non-profit organizations.~~

~~A. Community Service Leave: Faculty who are permanent haltime (50% FTE) or more and in leave earning status shall be awarded twenty four (24) hours of Community Service Leave annually which may be used for volunteer participation in the programs, services and organizations indicated below, or elect to receive an award equivalent to one (1) hour each week that a public school is in session. The latter award is to be used exclusively for mentoring or tutoring students in North Carolina schools.~~

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~~(1) Leave for Child Involvement and School Volunteerism: Faculty may use all or part of their annual allotment of Community Service Leave to volunteer time in support of programs and services in public and private elementary, middle and high schools, and licensed public and private day care and pre-school settings. A parent may use this leave to meet with a teacher or administrator concerning the parent's child or may attend any educational function sponsored by the school in which the child is participating.~~

~~(2) Leave for Non-Profit Organization Volunteerism: Faculty may use all or part of their annual 24-hour allotment of Community Service Leave to volunteer time in non-profit, non-partisan community organizations which are designated as 501(c)(3) agencies under the Internal Revenue Code, or human services organizations licensed or accredited to serve citizens with special needs including children, youth, and the elderly.~~

~~(3) Leave for Tutoring and Mentoring in North Carolina Schools: In lieu of the 24-hour award as noted above, employees may elect to receive one (1) hour of volunteer leave for each week that public schools are in session, up to a maximum of 36 hours, as documented by a local Board of Education. This leave award shall be used exclusively for tutoring or mentoring a student in accordance with established standards, rules and guidelines for such arrangements as determined and documented by joint agreement with the employee's agency or university and the school. A "school" is one that is authorized to operate under the laws of the State of North Carolina and is an elementary school, middle school, high school, or childcare program.~~

~~B. Blood and Bone Marrow Donorship: A faculty member should be encouraged to use the privilege and opportunity to participate in life giving through blood and bone marrow donorship. Faculty who are permanent halftime (50% FTE) or more and in leave-earning status shall be given reasonable time off with pay for whole blood donation, pheresis procedure and bone marrow transplant.~~

~~C. Emergency Services: Each institution must establish a policy to provide time off with pay to faculty who are appointed for nine months or more and work halftime (50% FTE) or more and who are participating in volunteer emergency and rescue services if a bona fide need for such services exists within a given area. A bona fide need is defined as real or imminent danger to life or property. Each policy should require sufficient proof of the faculty member's membership in an emergency volunteer organization and that the performance of such emergency services will not unreasonably hinder university activity for which the faculty member is responsible. In emergency situations, which are not covered by an emergency volunteer organization, an institution may determine whether the emergency service to be provided can justifiably be designated as a work assignment, based on the expertise of the faculty member. If so, short term work assignments may be authorized when requested by an official party requesting the assistance.~~

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~~D. American Red Cross Disaster Service Leave: A constituent institution may grant leave with pay not to exceed 15 workdays in any 12-month period to participate in specialized disaster relief services. To qualify for leave, the faculty member must be appointed for nine months or more and work halftime (50% FTE) or more, be a disaster service volunteer of the American Red Cross, and be requested by the American Red Cross to participate. The decision to grant leave rests in the sole discretion of the constituent institution based on the work needs of that institution. Leave shall be granted only for services related to a disaster occurring within the United States. While on disaster leave, the faculty member shall not incur any loss of pay and, if the faculty member is covered under campus annual and sick leave policies, continue to accumulate annual and sick leave.~~

The UNC Policy Manual

300.2.11

Adopted 04/11/03

Amended 07/01/07

## 2. Serious Illness and Disability Leave ~~for Faculty~~

Each constituent institution must establish a written Serious Illness and Disability Leave for Faculty policy to provide a period of leave for faculty in cases of extraordinary illness, major disability, or for parental purposes. Nine-month faculty at UNC institutions do not accrue sick leave.<sup>11</sup> However, institutions should anticipate situations in which faculty members, because of serious illness, disability, or family responsibilities, will be unable to perform their duties for an extended period. ~~In addition, under~~

a. Under the federal Family and Medical Leave Act (FMLA, 1993), employees are eligible to take paid or unpaid leave up to a total of 12 weeks per year. The North Carolina Family Illness Leave Act (2002) allows for up to 52 weeks of leave without pay during a five-year period in cases of serious illness of a child, spouse, or parent. UNC constituent institutions need The North Carolina Paid Parental Leave Policy provides up to four weeks of paid leave for the recuperation from giving birth and up to four weeks of paid leave for the bonding period with a newborn child or newly adopted, foster, or otherwise legally placed child. UNC constituent institutions must establish written leave policies for faculty that can be coordinated with these policies and with the North Carolina Disability Income Plan.

b. Serious illness and disability leave policies ~~required by this policy~~ will apply to faculty members who do not accrue sick leave and are eligible to participate in the N.C. Teachers' and State Employees' Retirement System or the UNC Optional Retirement Program [i.e., continuing faculty who are employed at least 75 percent of full time].

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~~The president may issue Guidelines for the specific features of these policies, based on the recommendations of the Task Force on Serious Illness and Disability Policies for Faculty (March 2003). Campus policies must be made available as information to current and prospective faculty members.~~

c. Individuals employed at the North Carolina School of Science and Mathematics pursuant to its Regulations on Faculty Employment who work at least 75% of full time earn sick leave are not subject to this Policy.

II. Implementation. The board of trustees of each constituent institution shall adopt for the institution personnel policies for covered positions within the institution that are consistent with all provisions of these policies. Any proposed provision in an institutional policy statement that in any manner adds to or modifies the provisions of these policies must be submitted for review and approved by the president prior to its adoption and implementation.

III. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption of this policy by the Board of Governors.

B. Relation to State Laws. This policy is meant to supplement and does not purport to supplant or modify, those statutory enactments which may govern or relate to the subject matter of this policy.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.

~~Effective July 1, 2001.~~

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## Political Activities of Employees

~~The Board of Governors adopts the following policy concerning political activities by University employees.~~

I. Purpose. University employees retain the rights and obligations of citizenship provided in the Constitution and laws of the State of North Carolina and the Constitution and laws of the United States of America. Employees are encouraged to exercise fully and freely their right to participate or refrain from participating in political processes without fear of penalty or reprisal, consistent with the University's commitment to encouraging the full freedom, within the law, of inquiry, discourse, teaching, research, service, and publication. Certain types of activities by University employees related to political processes, however, may be incompatible with the general responsibilities of employment or with the particular responsibilities of University employment.

A. Applicability. This policy applies to all University employees who are exempt from the ~~State Personnel~~North Carolina Human Resources Act (Chapter 126 of the General Statutes) pursuant to G.S. 126-5(c1).<sup>1</sup>

B. Definitions. For purposes of this policy:

1. "Campaign" or "campaigning" means all acts done by a candidate and ~~his or her~~their adherents to obtain votes to be cast toward a nomination or in an election.

2. "Candidate" means an individual who seeks nomination or election to any elective public office whether or not the person is elected. Absent any other evidence of candidacy, an individual is deemed to be a candidate if the individual has received political contributions or made expenditures or has consented to another person receiving contributions or making expenditures with a view to bringing about the individual's nomination or election.

3. "Election" includes a primary, special, runoff, or general election.

4. "Employee" means an individual who is employed by the University of North Carolina and is exempt from the ~~State Personnel~~North Carolina Human Resources Act (Chapter 126 of the General Statutes) pursuant to G.S. 126-5(c1).

5. "Endorse" means a public statement by an individual expressing support or approval of another individual's candidacy for public office.

6. "On duty" means the time period when an employee is:

a.- \_\_\_\_\_ in a pay status other than paid leave, compensatory time off, or excused or authorized absence (including leave without pay);

b.- \_\_\_\_\_ representing the University of North Carolina or any constituent institution or subdivision thereof in an official capacity; or

c. \_\_\_\_\_ expected to perform services for which he or she receives compensation from the University. Provided, however, an employee who is or may be expected to perform ~~his or her~~their duties on a twenty-four hour per- day basis shall not be considered on duty except during regularly scheduled working hours or at other times when the employee is actually performing the duties of ~~his or her~~their office.

7. "Partisan" when used as an adjective means related to a political party.
8. "Partisan political group" means any committee, club, or other organization which is affiliated with a political party or candidate for public office in a partisan election, or organized for a partisan purpose, or which engages in partisan political activity.
9. "Partisan political office" means any public office for which any candidate is nominated or elected as representing a political party but does not include any office or position within a political party or affiliated organization.
10. "Political activity" means actions directed toward the success or failure of a candidate for public office, political party, or partisan political group including, but not limited to, campaigning, political management, and soliciting financial contributions for political purposes.
11. "Political management" means taking an active part in the direction, supervision, or management of a partisan political group or a campaign for public office.
12. "Political party" means a national political party, a state political party, or an affiliated organization.
13. "Political purpose" means an objective of promoting or opposing a political party, candidate for public office, candidate for partisan political office, or partisan political group.
14. "Public office" means any national, state, or local governmental position of public trust and responsibility, whether elective or appointive, which is created, prescribed, or recognized by constitution, statute, or ordinance (other than within the University of North Carolina).
15. "Senior officers" means the president, the chancellors, and the senior academic and administrative officers (SAAO) described in Policy 300.1.1, subpart I.A., ~~who are at the rank of vice president, vice chancellor, provost, dean, and other positions of equivalent rank and responsibility.~~

16-“Solicit” means to request expressly of another person that he or she contribute something to a candidate, a campaign, a political party, or partisan political group.

## II. Political Activities

A. Permissible Activities. An employee may engage in political activity to the extent not expressly prohibited by law or applicable policy.

1. Permissible activities include, but are not limited to:
  - a. Registering, voting, and otherwise participating in elections;
  - b. Becoming a candidate for and holding public office in accordance with University policy;
  - c. Expressing opinions privately and publicly on political subjects;
  - d. Participating in political organizations;
  - e. Participating in political campaigns;
  - f. Engaging in political management; and
  - g. Soliciting, accepting, receiving, and making financial contributions for political purposes to political parties, partisan political groups, and campaign committees of candidates for public office.
2. Subject to the prohibition against compelled speech described below, nothing in this policy prohibits, or otherwise limits, teaching, inquiry, classroom discussion or discourse concerning political issues, including campaigns, candidates, political groups or issues in campaigns for public office, that are within the subject matter of any academic program, course, curriculum, or study.
3. An employee may participate fully in public affairs in a manner that does not compromise ~~his or her~~their efficiency or integrity as an employee or the neutrality, efficiency, or integrity of the University constituent institution or unit in which he or she is employed.
4. The political opinions assumed by employees are personal ones, and employees must ensure that they do not imply that such opinions are endorsed by the University.
5. Prohibition on Compelling Speech
  - a. To mitigate the risk of compelled speech that undermines the intellectual freedom and fostering of free expression required of the University of North Carolina by Article 36 of Chapter 116 of the General Statutes and embraced in Chapter VI of ~~the UNC~~The Code and Section 1300.8 of ~~the~~ UNC Policy Manual, the

University shall neither ~~solicit~~ask nor require an employee or applicant for academic admission or employment to affirmatively ascribe to or opine about beliefs, affiliations, ideals, or principles regarding matters of contemporary political debate or social action as a condition to admission, employment, or professional advancement. Nor shall any employee or applicant be solicited or required to describe ~~his or her~~their actions in support of, or in opposition to, such beliefs, affiliations, ideals, or principles. Practices prohibited here include but are not limited to solicitations or requirements for statements of commitment to particular views on matters of contemporary political debate or social action contained on applications or qualifications for admission or employment or included as criteria for analysis of an employee's career progression. Any constituent institution believing a requirement or solicitation prohibited hereby to be necessary for reasons related to the educational, research, or public service mission of the University established in G.S. 116-1 shall obtain prior written approval to include such a requirement or solicitation from the President following discussion in open session of a meeting of the Committee on University Governance attended by the requesting constituent institution's chancellor, its provost, and its chair of its board of trustees.

b. Any employee who acts in contravention of the foregoing prohibition on compelling speech, violating Section 5(a) above, shall be subject to existing disciplinary measures taken against employee(s).

c. Except as provided under current law, nothing in Section 5 creates or vests a private remedy or claim in any employee or applicant for admission or employment subjected to a practice prohibited hereby.

d. Nothing in Section 5 modifies or otherwise affects the University's existing guarantee of the right of academic freedom in its faculty's academic scholarship or classroom instruction, or research pursuits, subject only to institutional academic tenure policies as contemplated in Section 602 of *The Code*, as well as applicable law and UNC Code and Policy.

e. Nothing in Section 5 infringes upon the ability of an employee or applicant for academic admission or employment to voluntarily opine or speak regarding any matters, including those of contemporary political debate or social action, as contemplated in Section 5(a). Nor shall anything in Section 5 prohibit discussion with, or questioning of, an employee or applicant regarding the content of the employee's or applicant's resume, curriculum vitae, body of scholarship, or other written work or oral remarks presented by the employee or applicant in ~~his or her~~their own support.

f. Nothing in Section 5 modifies or affects the University's ability to ensure its employees comply with applicable federal or state law or existing employment requisites under the law or agency policy, such as employment oaths, appointment affidavits, and licensure and certification requirements.

B. Prohibited Activities. An employee may not:

1. Participate in political activity while on duty;
2. Use the authority of ~~his or her~~their position, University funds, services, supplies, equipment, information technology resources, vehicles, or other University property, to endorse, campaign for, secure support for or oppose any candidate, political party, partisan political group, referendum, or issue in an election, or affect the results thereof; or
3. Make any promise of preferential treatment (or actually confer such preference) or make any threat of detrimental treatment (or actually impose such detriment) to any person, including with respect to any condition or incident of employment over which the employee has authority, control, or influence, for purposes of inducing support of or opposition to any candidate for public office, political party, or partisan political group.

C. Senior Officers. The University will supply to any candidate for public office information of a substantive nature, whether it is information on agriculture, economics, education, or any other topic. It is important that all candidates know they can receive factual information from the University, but it should be made clear that the administration of the University will not be identified with any candidate or any party. Accordingly, in addition to the restrictions set forth in subpart II.B., above, a senior officer may not:

1. Solicit, accept, or receive financial contributions from other persons or organizations on behalf of any candidate for partisan political office or the campaign committee of any candidate for partisan political office; or
2. Endorse or oppose a candidate for partisan political office or a candidate for political party office in a political advertisement, broadcast, campaign literature, or similar material.

D. Violations. Violation of the prohibitions contained in subparagraphs B. and C., above, shall be cause for appropriate disciplinary action, including discharge from employment.

### III. Other Matters.

A. Effective Date. The requirements of this policy shall be effective upon adoption by the Board of Governors.

B. Policies of Constituent Institutions. The board of trustees of each constituent institution shall adopt policies governing political activities of employees. Policies adopted or substantively amended by a board of trustees regarding political activities of employees shall be effective upon approval by the president.

C. Relation to Other Laws. This policy is designed to supplement and does not purport in any way to supplant or modify, those statutory enactments and rights which may govern or limit the political activities of employees of the State of North Carolina.

D. Regulations and Guidelines. This policy shall be implemented and applied in accordance

with such regulations and guidelines as may be adopted by the president.

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<sup>1</sup> For employees subject to the North Carolina Human Resources Act (SHRA), political activities are governed by Article 5, Chapter 126 of the North Carolina General Statutes, policies adopted by the Office of State Human Resources (OSHR) and campus policies adopted in accordance therewith.

### Policy on Offering Roth 403(b) Accounts

~~Each constituent institution and other entities of the University are hereby authorized to enter into agreements with companies to offer Roth 403(b) accounts to their employees.<sup>3</sup>~~

~~The constituent institutions and entities should take care to comply with tax laws for these new accounts.~~

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<sup>3</sup>Employees should note that, while the North Carolina Department of Revenue has not stated its position on the taxation of earnings and distributions from Roth 403(b) accounts, North Carolina state tax law now follows the federal model, at least through 2010. Additional North Carolina legislative action may be necessary to make these rules permanent, similar to the action taken by Congress in the Pension Protection Act of 2006.

The UNC Policy Manual  
600.3.4  
Adopted 01/11/02  
Amended 07/12/02  
Amended 01/09/04  
Amended 02/11/05  
Amended 07/01/07  
Amended 07/29/16  
Amended 03/23/18  
Technical Corrections 09/22/21  
Amended 04/07/22  
Amended \_\_/\_\_/23

**Policy on the Delegations of Authority and Granting of Management Flexibility  
on  
Human Resources Matters**

I. Purpose

A. Pursuant to N.C.G.S. 116-11(13) (G.S.), 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 professional staff (those employees exempt from various provisions within Chapter 126 of the North Carolina General Statutes).<sup>1</sup>

B. In accordance with this authority, the president may further delegate authority for approving human resources matters. Section II of this policy describes authorities that may be delegated by the president for human resources actions to the boards of trustees of all the constituent institutions. Section III delineates such delegations that are reserved solely for institutions with management flexibility (special responsibility constituent institutions as per UNC Policy Manual 600.3.1).

C. The authority granted by the Board of Governors through the president is subject to *The Code* of the University of North Carolina (*The Code*), policies of the Board of Governors, and all applicable federal and state laws, policies, regulations, and rules.<sup>2</sup> 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 North Carolina General Assembly.

II. Authority Delegated to All Constituent Institutions (With or Without Management Flexibility)

A. The president delegates to the boards of trustees for all constituent institutions the authority to execute the following personnel actions for EHRA employees:



1. Permanent and temporary appointments<sup>3</sup> within the salary ranges established by the UNC System Office, excluding ~~Tier I~~ Senior Academic and Administrative Officers (~~Tier I~~ SAAOs).

2. Permanent non-promotional<sup>4</sup> salary adjustments within the salary ranges established by the UNC System Office for ~~all EHRA non-faculty employees~~ Exempt Professional Staff (EPS), excluding ~~Tier I and Tier II~~ SAAOs ~~and~~ head coaches, associate coaches, and assistant coaches, for which delegations are otherwise specified herein. The president retains authority to set further restrictions on this delegated authority on permanent non-promotional salary adjustments for EPS appointments through regulation or other periodic guidance.

~~3. Permanent non-promotional salary adjustments within the salary ranges established by the UNC System Office for Tier II SAAOs up to a new base salary of \$125,000 and that do not exceed 10 percent of the June 30 base salary as of the most recent fiscal year or that do not exceed the 75<sup>th</sup> percentile of the salary range regardless of amount of increase.~~

43. Non-promotional salary increases for head coaches, associate coaches, and assistant coaches that do not exceed 25 percent of the June 30 base salary as of the most recent fiscal year and do not exceed \$25,000.

54. Temporary salary actions for the duration of an appointment as an academic department chair or academic department head not greater than \$50,000 annually above the total compensation in effect at the end of the last fiscal year. For clinical department chair, clinical department head, or clinical division head appointments within a School of Medicine or Dentistry, this delegated authority is not greater than \$75,000 annually for the duration of such appointment.

65. All other temporary salary adjustments related to interim, acting, or other time-limited assignments or appointments with a duration of up to 36 months or up to \$50,000 annually above the base salary in effect at the end of the last fiscal year, excluding such actions for ~~Tier I~~ SAAOs. This delegated authority does not permit exceeding the relevant salary range established by the UNC System Office for the position in which an individual is serving in an interim or acting capacity.

76. Faculty rank promotions but excluding conferral of tenure. All such faculty rank promotions must fall within the established salary range for the role.

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, excluding actions for ~~Tier I~~ SAAOs.

C. Notwithstanding the provisions in sections II.A. and II.B., the president may modify, suspend, or limit one or more of the aforementioned delegations of authority at the president's discretion by administrative memorandum or duly authorized regulation.

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 additional personnel actions in addition to those enumerated in section II.A. of this policy, which it shall not delegate further unless the president or the Board of Governors shall permit:<sup>5</sup>

1. Upon recommendation of the chancellor, all permanent and temporary appointments and non-salary compensation<sup>6</sup> for all ~~Tier I~~ SAAOs, with the exclusion of the chancellor, within the salary ranges established by the UNC System Office.

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

3. Upon recommendation of the chancellor, all permanent non-promotional salary adjustments for ~~Tier I~~ SAAOs within the salary ranges established by the UNC System Office that do not exceed either 10 percent of the June 30 base salary as of the most recent fiscal year or that do not exceed the 75<sup>th</sup> percentile of the salary range regardless of amount of increase. Any ~~Tier I~~ SAAO actions transmitted for approval by the president and/or Board of Governors must receive prior formal endorsement by the institution's board of trustees.

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 to specific designees of the chancellor by title, as they deem appropriate.<sup>7</sup>

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

2. When authorized by the president or the president's designee, establish faculty salary ranges within different academic disciplines, based on relevant market data. These salary ranges shall be subject to review and approval by the UNC System Office upon request. Absent such an authorization by the president, the constituent institutions shall utilize faculty salary ranges established by the UNC System Office.

C. Notwithstanding the provisions- in sections III.A. and III.B., the president may modify, suspend, or limit one or more of the aforementioned delegations of authority at his or her discretion by administrative memorandum or duly authorized regulation.

#### IV. Responsibility of the Board of Governors and the President

A. The Board of Governors:

1. Shall issue a resolution each year that interprets legislative action regarding University employee salaries or delegates such authority by resolution as it deems appropriate to the president.

2. Shall set every other year, or more frequently as it shall decide, 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 market data.

3. Shall authorize the president's salary and, based on recommendations from the president, the chancellors' salaries.

4. Shall authorize appointments and employment contracts for the chancellors, the president, the chief executive officer of the UNC Center for Public Media<sup>8</sup>, 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 Section 1100.3 of the UNC Policy Manual.

5. May authorize permanent salary adjustments for the president and chancellors, regardless of amount. The president will continue to consult with the Board on salary adjustments for the president's senior team.

6. May authorize all non-promotional salary increases for head coaches, associate coaches, and assistant coaches that exceed 25 percent of the base salary in effect at the end of the last fiscal year and exceed \$25,000.

7. May authorize all other salary actions for ~~Tier I~~ SAAOs that are not otherwise delegated to the boards of trustees of the constituent institutions or to the president.

B. The president or president's designees:

1. Will review and approve the establishment of all SAAO 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 University Personnel for appointments and compensation for senior officers who report directly to the president and may approve emergency retention salary adjustments for ~~Tier I~~ SAAOs of the constituent institutions and of the UNC System Office in consultation with the chair of the committee. Any such emergency retention salary adjustments will be reported to the Committee on University Personnel at its next scheduled meeting.

2. 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. Will review annually the faculty 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. Will provide at least annually to the constituent institutions guidelines regarding EHRA appointments and salary actions.

5. Will provide faculty salary ranges by rank and discipline to the constituent institutions for their use unless an institution is authorized by the president or president's designee to develop such ranges independently subject to UNC System Office review.

6. May 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.

7. Will establish classification categories and salary ranges for EHRA ~~IRI~~FEPS positions.

8. May approve temporary salary adjustments for EHRA employees that exceed the authority granted to constituent institution boards of trustees and not otherwise retained by the Board of Governors.

9. May authorize ~~Tier I~~ SAAO non-promotional salary increases for institutions with management flexibility that exceed 10 percent of the June 30 base salary as of the most recent fiscal year or the 75<sup>th</sup> percentile of the salary range regardless of amount of increase. Any ~~Tier I~~ SAAO actions transmitted for approval by the president must receive prior formal endorsement by the institution's board of trustees.

10. May authorize ~~Tier I~~ SAAO non-promotional salary increases for institutions without management flexibility that do not exceed 10 percent of the base salary in effect at the end of the last fiscal year and the 75<sup>th</sup> percentile of the salary range. Any ~~Tier I~~ SAAO actions transmitted for approval by the president must receive prior formal endorsement by the institution's board of trustees.

11. May authorize all ~~Tier II SAAO~~FEPS non-promotional salary increases not otherwise delegated to the boards of trustees of the constituent institutions.

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 Section 300.6.1 of the UNC Policy Manual, *Policy on Selection Criteria and Operating Guidelines for Special Responsibility Constituent Institutions*.<sup>9</sup>

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 institution<sup>10</sup> 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 tenure<sup>11</sup> that complies with *The Code of the University of North Carolina System*, 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 salary administration and recruitment and selection of ~~senior academic and administrative officers (SAAO) and EHRA non-faculty~~ SAAOs and EPS employees.
  
- C. Policies and procedures for compensation policies for faculty, SAAOs and ~~EHRA non-faculty~~ EPS.
  - 1. An institutional policy on non-salary compensation of faculty, SAAOs and ~~EHRA non-faculty~~ EPS, and on compensation from non-state sources such as grants, endowment funds, practice plan funds, etc.
  - 2. Documentation of comprehensive salary studies that establish salary ranges for tenured faculty within different disciplines based on relevant market data in the event the constituent institution is delegated authority to establish such ranges by the UNC System Office.<sup>12</sup>
  - 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 if 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.
  
- VII. Other Matters
  - A. Effective Date. The requirements of this policy shall be effective on the date of adoption of this policy by the Board of Governors.

B. Relation to State Laws. The foregoing policy as adopted by the Board of Governors is meant to supplement, and does not purport to supplant or modify, those statutory enactments which may govern or relate to the subject matter of this policy.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.

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<sup>1</sup>Section 200.6 of the UNC Policy Manual.

<sup>2</sup>See Section 200.6 of the UNC Policy Manual for limitations on the president's delegated authority.

<sup>3</sup>For the purpose of this policy, the term "appoint" means the initial appointment, reappointment, or an appointment that constitutes a formal promotion.

<sup>4</sup>For the purpose of this policy, the term "non-promotional" means salary actions that do not relate to assuming an entirely new position but rather adjusting the salary of the existing position for reasons such as labor market, equity, retention, additional duties, reclassification, and other permitted miscellaneous reasons.

<sup>5</sup>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 1 to *The Code*.

<sup>6</sup>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.

<sup>7</sup>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.

<sup>8</sup>Use of "UNC Center for Public Media" in statute refers to PBS North Carolina.

<sup>9</sup>See in particular Section 600.3.1.A.2.

<sup>10</sup>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.

<sup>11</sup>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.

<sup>12</sup>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.

CHAPTER VI- ACADEMIC FREEDOM AND TENURE

SECTION 600. FREEDOM OF INQUIRY AND RESPONSIBILITY WITHIN THE UNIVERSITY  
COMMUNITY.

(1) The University of North Carolina System is dedicated to the transmission and advancement of knowledge and understanding. Academic freedom is essential to the achievement of these purposes. The University therefore supports and encourages freedom of inquiry for faculty members and students, to the end that they may responsibly pursue these goals through teaching, learning, research, discussion, and publication, free from internal or external restraints that would unreasonably restrict their academic endeavors.

(2) The University and each constituent institution shall protect faculty and students in their responsible exercise of the freedom to teach, to learn, and otherwise to seek and speak the truth.

(3) Faculty and students of the University of North Carolina System shall share in the responsibility for maintaining an environment in which academic freedom flourishes and in which the rights of each member of the academic community are respected.

SECTION 601. ACADEMIC FREEDOM AND RESPONSIBILITY OF FACULTY.

(1) It is the policy of the University of North Carolina System to support and encourage full freedom, within the law, of inquiry, discourse, teaching, research, and publication for all members of the academic staffs of the constituent institutions. Members of the faculty are expected to recognize that accuracy, forthrightness, and dignity befit their association with the University and their position as faculty members. They should not represent themselves, without authorization, as spokespersons for the University of North Carolina System or any of its constituent institutions.

(2) The University and its constituent institutions shall not penalize or discipline members of its faculties because of the exercise of academic freedom in the lawful pursuit of their respective areas of scholarly and professional interest and responsibility.

SECTION 602. ACADEMIC TENURE; NON-DISCIPLINARY SEPARATION.<sup>1</sup>

(1) To promote and protect the academic freedom of its faculty, the board of trustees of each constituent institution shall adopt policies and regulations governing academic tenure. Policies adopted by a board of trustees regarding academic tenure and promotion shall be effective upon review by the senior vice president for academic affairs and the vice president and general counsel and approved by the president. The chancellor, or their designee, shall review the constituent institution's tenure policies periodically, but at least every five years, and shall report to the president whether or not amendments or revisions are appropriate. The chancellor shall involve the faculty in this review; however, the chancellor shall make the final decision regarding any proposed amendments or revisions.

(2) In all instances, the tenure conferred on a faculty member is held with reference to employment by a constituent institution, rather than to employment by the University of North

Carolina System.

(3) The tenure policies and regulations of each constituent institution<sup>2</sup> shall prescribe the procedures by which decisions concerning appointment, reappointment, promotion, and the conferral of permanent tenure shall be made. The length of terms of appointment that do not carry permanent tenure and those faculty ranks or titles whose holders shall be eligible for permanent tenure shall be prescribed. The institutional policies and regulations also shall prescribe the intervals at which the review of candidates for reappointment and promotion, including the conferral of permanent tenure, shall occur. The tenure policies and regulations of each institution, which shall include the complete text of Chapter VI of *The Code*, shall be published by the institution in a manner accessible to faculty members.

(4) The tenure policies and regulations of each institution shall set forth the general considerations upon which appointment, reappointment, promotion, and permanent tenure are to be recommended. The institutional regulations shall provide that these considerations shall include an assessment of at least the following: the faculty member's demonstrated professional competence, the faculty member's potential for future contribution, and institutional needs and resources.

(5) The institutional policies and regulations shall specify that permanent tenure may be conferred only by action of the president and the Board of Governors, or by such other agencies or officers as may be delegated such authority by the Board of Governors, which may include the constituent institution's board of trustees.<sup>3</sup>

(6) Institutional tenure policies and regulations shall distinguish among the following:

(a) The nonreappointment (or nonrenewal) of a faculty member at the expiration of a specified term of service;

(b) The discharge for cause of a faculty member with permanent tenure or of a faculty member appointed to a specified term of service before that term expires for reasons of (i) incompetence, (ii) neglect of duty, or (iii) misconduct of such a nature as to indicate that the individual is unfit to continue as a member of the faculty, as specified in Section 603 of *The Code*;

(c) The termination of employment for reasons of institutional financial exigency or major curtailment or elimination of a teaching, research, or public-service program of a faculty member who has permanent tenure, or of a faculty member who has been appointed to a specified term of service before that term expires; and

(d) The non-disciplinary separation from employment of a faculty member with permanent tenure or of a faculty member appointed to a specified term of service before the term expires when:

(i) the faculty member is unable to perform the essential functions of the job due to a medical condition or the vagueness of a medical prognosis and the university and the faculty member are unable to reach agreement on a return-to-work arrangement that meets both the needs of the university and the faculty member's condition, and the university has demonstrated a business or operational need to fill the faculty member's position; or

(ii) notwithstanding any unexhausted leave credits and leave benefits, the



faculty member is unable to perform all of the position's essential duties due to a court order, or due to the loss of credentials or certification required for the position and that would render the faculty member unable to perform all of the essential functions of the job.

A separation under this subsection (d) is not considered to be disciplinary. A faculty member may file a grievance pursuant to Section 607 with respect to a non-disciplinary separation under this subsection. In the event that such a grievance is filed, the burden shall be on the university (rather than the grievant) to demonstrate that the faculty member was unavailable based on one of the grounds listed in (d)(i) and (ii) and that the university took reasonable steps to avoid separation.

(e) Retirement or Phased Retirement.

(7) Institutional tenure policies and regulations shall provide that the appointment, reappointment, or promotion of a faculty member to a position funded in whole or in substantial part from sources other than continuing state budget funds or permanent trust funds shall specify in writing that the continuance of the faculty member's services, whether for a specified term or for permanent tenure, shall be contingent upon the continuing availability of such funds. The institutional tenure policies and regulations may make one or more of the following exceptions to the foregoing contingency requirement:

(a) That such a contingency shall not be included in a promotion to a higher rank if, before the effective date of that promotion, the faculty member had permanent tenure and no such condition is attached to the tenure.

(b) That such a contingency shall not be attached to the faculty member's contract if the faculty member held permanent tenure in that institution on July 1, 1975, and the contract was not contingent upon the continuing availability of sources other than continuing state budget or permanent trust funds.

(c) That such a contingency may be waived for health affairs faculties because of the unusual dependence of programs in the health professions on income from sources such as clinical receipts.

If a faculty member's appointment is terminated because of the nonavailability of these funds, the institution will make every reasonable effort to give the same notice as set forth in Section 605 B(1). This notice shall include the pertinent data upon which the termination is based.

(8) The tenure policies and regulations of each institution shall be subject to approval by the president. The president periodically shall review and re-evaluate these policies and regulations and report findings and recommendations, if any, to the Committee on University Personnel and through the committee to the Board of Governors.

#### SECTION 603. DISCIPLINARY DISCHARGE, SUSPENSION OR DEMOTION<sup>4</sup>.

(1) A faculty member who is the beneficiary of institutional guarantees of academic tenure shall enjoy protection against unjust and arbitrary application of formal discharge, suspension, or demotion. During the period of such guarantees the faculty member may be discharged from employment, suspended without pay, or demoted in rank for reasons of:

- (a) Incompetence, including significant, sustained unsatisfactory performance after the faculty member has been given an opportunity to remedy such performance and fails to do so within a reasonable time;
- (b) Neglect of duty, including but not limited to, the sustained failure to: meet assigned classes, respond to communications from individuals within the faculty member's supervisory chain, report to their employment assignment and by continuing to be absent for fourteen (14) consecutive calendar days without being excused by their supervisor, or to perform other essential duties of their position or
- (c) Misconduct of such a nature as to indicate that the individual is unfit to continue as a member of the faculty, including violations of professional ethics or engaging in other unethical conduct; violation of university policy or law; mistreatment of students or employees; research misconduct; financial or other fraud; or criminal, or other illegal or inappropriate conduct. To justify formal discharge, suspension, or demotion, such misconduct should be either (i) sufficiently related to a faculty member's responsibilities as to disqualify the individual from effective performance of job duties, or (ii) sufficiently serious as to adversely reflect on the individual's honesty, trustworthiness or fitness to be a faculty member.

Formal discharge, suspension, or demotion may be imposed only in accordance with the procedures prescribed in this section. For impositions of formal discharge, suspension, or demotion under this section of *The Code*, a faculty member serving a stated term shall be regarded as having tenure until the end of that term. These procedures shall not apply to Non-Reappointment, Denial of Tenure, and Denial of Promotion as provided in Section 604, Separation Due to Financial Exigency or Program Curtailment as provided in Section 605, a grievance as provided in Section 607, or any other lesser employment action that is not a formal discharge, suspension, or demotion.

(2) Procedures for the Imposition of Discharge, Suspension, or Demotion.

(a) "Notice of Intent to Discharge, Suspend, or Demote"

The chief academic officer of the institution, however titled, shall send the faculty member a written notice of intention to discharge, suspend, or demote a faculty member. The letter must include: (i) the proposed date of discharge, suspension, or demotion; (ii) specific reasons for discharge, suspension, or demotion; (iii) the faculty member's right to request a disciplinary hearing; and (iv) the deadline and process for the faculty member to request a disciplinary hearing in writing. The notice shall be provided in such a manner that provides proof of delivery. At any point during these procedures, the chancellor or the chief academic officer shall have the discretion to either reassign the faculty member to other duties or to place the faculty member on administrative leave with pay. Reassignment or placement of a faculty member on administrative leave with pay is not a disciplinary action.

(b) If, within 14 calendar days after receiving the notice, the faculty member makes no written request for a disciplinary hearing, the discharge, suspension, or demotion, shall be final and without recourse to any institutional grievance or appellate procedure.<sup>5</sup>

(c) If the faculty member makes a timely written request for a disciplinary hearing, the chancellor shall ensure a process is in place so that the hearing is timely accorded

before an elected standing committee of the institution's faculty. The hearing shall be on the written specification of reasons for the discharge, suspension, or demotion. The hearing committee shall accord the faculty member at least 30 calendar days from the time it receives the faculty member's written request for a disciplinary hearing to schedule the hearing. The hearing committee may, upon the faculty member's written request and for good cause, extend any campus-imposed deadline by written notice to the faculty member. The disciplinary hearing committee will ordinarily endeavor to complete the disciplinary hearing within 90 calendar days except under unusual circumstances such as when a disciplinary hearing request is received during official university breaks and holidays and despite reasonable efforts the disciplinary hearing committee cannot be assembled.<sup>6</sup>

(d) The disciplinary hearing shall be closed to the public. The faculty member shall have the right to counsel, to present the testimony of witnesses and other evidence, to confront and cross-examine adverse witnesses, to examine all documents and other evidence, and to make argument. A written transcript of all proceedings shall be kept; upon request, a copy of the transcript shall be furnished to the faculty member at the institution's expense.

(e) The chief academic officer, or designee, and/or counsel, may participate in the disciplinary hearing to present testimony of witnesses and other evidence, to cross-examine witnesses, to examine all documents and other evidence, and to make argument.

(f) The disciplinary hearing committee shall make written recommendations to the chancellor within 14 calendar days after its hearing concludes or after the full transcript is received, whichever is later. In reaching its written recommendations to the chancellor, the committee shall consider only the evidence presented at the disciplinary hearing and such written or oral arguments as the committee, in its discretion, may allow. The institution has the burden to prove by a showing of "clear and convincing" evidence that it had permissible grounds for the discharge, suspension, or demotion.

(g) Following receipt of the disciplinary hearing committee's written recommendations, the decision as to whether to discharge, suspend, or demote the faculty member is the chancellor's and shall be effective as of the date of the chancellor's decision and the institution's obligation to continue paying the faculty member's salary shall cease upon issuance of the chancellor's decision. If the chancellor decides to discharge, suspend, or demote the faculty member, the faculty member may appeal the decision to the board of trustees. An appeal to the board of trustees must contain a brief statement that alleges one or more of the following as the basis for the appeal: (1) that the process for making the decision was materially flawed; (2) that the result reached by the chancellor was clearly erroneous; or (3) that the decision was contrary to controlling law or policy. If the faculty member elects to appeal the chancellor's decision to the board of trustees, this appeal shall be transmitted through the chancellor and be addressed to the chair of the board. Notice of appeal shall be filed with the board of trustees by certified mail, return receipt requested, or by another means that provides proof of delivery, within 14 calendar days after the faculty member receives the chancellor's decision.

(3) Appeals of Decisions Imposing Discharge, Suspension, or Demotion. The appeal to the

board of trustees shall be decided by the full board of trustees. However, the board may delegate the duty of conducting an initial review to a standing or ad hoc committee of at least three members. The board of trustees, or its committee, shall consider the appeal based on the record of the proceedings below, and may, in its discretion, consider written or oral arguments, subject to any policies, regulations or guidelines as may be adopted by the Board of Governors, president, or board of trustees. The board of trustees' decision shall be made as soon as reasonably possible after the chancellor has received the faculty member's appeal to the trustees. This decision shall conclude the University's appeals process.

(4) The procedures prescribed herein shall take effect with any discharge, suspension, or demotion occurring on or after August 1, 2023.

SECTION 604. NON-REAPPOINTMENT, DENIAL OF TENURE, AND DENIAL OF PROMOTION. <sup>7</sup>

604 A. Decisions Subject to Notice.

(1) The following faculty employment decisions are subject to notice as provided by this section:

(a) Decision not to reappoint a tenure track faculty member after the initial contract period ("Non-Reappointment");

(b) Decision not to confer tenure to a tenure track faculty member ("Denial of Tenure"); and

(c) Decision not to promote in rank a tenure track faculty member or a tenured faculty member ("Denial of Promotion").

604 B. Notice of Decisions.

(1) Non-Reappointment. For a non-reappointment of a tenure track faculty member, the faculty employment decision shall be made by the appropriate institutional faculty and administrative officers early enough to permit reasonable notice to be given. For a full time, tenure track faculty member, timely notice shall be as follows:

(a) During the first year of service at the institution, the faculty member shall be given not less than 60 calendar days' written notice before the specified term contract expires;

(b) During the second year of continuous service at the institution, the faculty member shall be given not less than 90 calendar days' written notice before the specified term contract expires; and

(c) After two or more years of continuous service at the institution, the faculty member shall be given not less than 12 months' written notice before the specified term contract expires.

(2) Denial of Tenure. For Denial of Tenure the faculty member shall be given not less than 12 months' written notice before the faculty member's appointment expires.

(3) Denial of Promotion. For Denial of Promotion in rank, the faculty member shall be given written notice within a reasonable time following the final faculty employment decision not to promote.

604 C. Review of Decisions.

(1) **Campus-Based Review.** Subject to limitations contained in *The Code* and the policies of the Board of Governors, each constituent institution shall have a procedure whereby a tenure track faculty member may seek review of a decision regarding non-reappointment, promotion, and tenure as provided in Section 604A. Such procedures shall at a minimum provide for the following:

(a) The faculty member shall have at least 30 calendar days upon receiving the notice of the decision to request a review of the decision on the grounds that the faculty employment decision was based on an Impermissible Basis (as defined herein). If the faculty member does not request review of the decision within the campus-defined timeframe, the decision shall be final without recourse to any further review or appeal.

(b) If the faculty member files a request for review within the campus-specified timeframe, the chancellor shall ensure a process is in place so that a review by a standing committee of the institution's faculty occurs within a reasonable time from the request for review. The institution and faculty member should endeavor to complete the review within 90 days from the request for review.

(c) In reaching written recommendations to the chancellor, the review committee shall consider only the evidence presented by the faculty member and a representative of the university, including the written record of the decision. The faculty member shall have the burden to prove by a preponderance of the evidence that the decision was based on an Impermissible Basis.

(d) **Impermissible Basis.** A decision under Section 604A shall not be based upon (1) the exercise by the faculty member of rights guaranteed by the First Amendment to the United States Constitution, or by Article I of the North Carolina Constitution; (2) the faculty member's membership in a group protected from discrimination under state or federal law; (3) other violation of state or federal law; or (4) material violation of applicable university policies for reappointment, promotion, and tenure that materially affected the decision. .

(2) **Appeal to the Board of Trustees.** If the chancellor concurs in a recommendation of the committee that is favorable to the faculty member, the chancellor's decision shall be final with no appeal available. If the chancellor either declines to accept a committee recommendation that is favorable to the faculty member or concurs in a committee recommendation that is unfavorable to the faculty member, the faculty member may appeal the chancellor's decision by filing a written notice of appeal with the board of trustees. This appeal shall be transmitted through the chancellor and be addressed to the chair of the board of trustees, by submitting such notice by certified mail, return receipt requested, or by another means that provides proof of delivery, within 14 calendar days after the faculty member's receipt of the chancellor's decision. The notice must contain a brief statement that alleges one or more of the following as the basis for the appeal: (a) that the campus-based process for reviewing the decision was materially flawed; (b) that the result reached by the chancellor was clearly erroneous; or (c) that the decision was contrary to controlling law or policy.

(3) The procedures prescribed in this section shall take effect with any faculty employment decision effective on or after August 1, 2023.

SECTION 605. SEPARATION DUE TO FINANCIAL EXIGENCY OR PROGRAM CURTAILMENT.

605 A. Definition.

The tenure policies and regulations of each institution shall provide that the employment of faculty members with permanent tenure or of faculty members appointed to a fixed term may be terminated by the institution because of (1) demonstrable, bona fide institutional financial exigency or (2) major curtailment or elimination of a teaching, research, or public-service program. "Financial exigency" is defined as a significant decline in the financial resources of the institution that is brought about by decline in institutional enrollment or by other action or events that compel a reduction in the institution's current operations budget. The determination of whether a condition of financial exigency exists or whether there shall be a major curtailment or elimination of a teaching, research, or public-service program shall be made by the chancellor, after consulting with the academic administrative officers and faculties as required by Section 605 C (1), subject to the concurrence by the president and then approval by the Board of Governors. If the financial exigency or curtailment or elimination of program is such that the institution's contractual obligation to a faculty member may not be met, the employment of the faculty member may be terminated in accordance with institutional procedures that afford the faculty member a fair hearing on that decision.<sup>8</sup>

605 B. Timely Notice of Termination.

(1) When a faculty member's employment is to be terminated because of major curtailment or elimination of a teaching, research, or public-service program and such curtailment or elimination of program is not due to financial exigency, the faculty member shall be given timely notice as follows:

- (a) One who has permanent tenure shall be given not less than 12 months' notice; and
- (b) One who was appointed to a fixed term and does not have permanent tenure shall be given notice in accordance with the requirements specified in Section 604 A(1).

(2) When a faculty member's employment is to be terminated because of financial exigency, the institution will make every reasonable effort, consistent with the need to maintain sound educational programs and within the limits of available resources, to give the same notice as set forth in Section 605 B(1).

(3) For a period of two years after the effective date of termination of a faculty member's contract for any of the reasons specified in Section 605 A, the institution shall not replace the faculty member without first offering the position to the person whose employment was terminated. The offer shall be made in such a manner that provides proof of delivery. . The faculty member will be given 30 calendar days after attempted delivery of the notice to accept or reject the offer.

605 C. Institutional Procedures.

The institution shall establish regulations governing termination procedures. These regulations shall include provisions incorporating the following requirements:

(1) If it appears that the institution will experience an institutional financial exigency or needs seriously to consider a major curtailment or elimination of a teaching, research, or public-service program, the chancellor or chancellor's delegate shall first seek the advice and recommendations

of the academic administrative officers and faculties of the departments or other units that might be affected.

(2) In determining which faculty member's employment is to be terminated for reasons set forth in Section 605 A, the chancellor shall give consideration to tenure status, to years of service to the institution, and to other factors deemed relevant, but the primary consideration shall be the maintenance of a sound and balanced educational program that is consistent with the functions and responsibilities of the institution.

(3) An individual faculty member whose employment is to be terminated shall be notified of this fact in writing. This notice shall include a statement of the conditions requiring termination of employment, a general description of the procedures followed in making the decision, and a disclosure of pertinent financial or other data upon which the decision was based.

(4) A reconsideration procedure shall be provided that affords the faculty member whose employment is to be terminated a fair hearing on the termination if the faculty member alleges that the decision to terminate was arbitrary or capricious.

(5) The institution, when requested by the faculty member, shall give reasonable assistance in finding other employment for a faculty member whose employment has been terminated.

(6) A faculty member whose employment is terminated pursuant to Section 605 may appeal the reconsideration decision to the board of trustees of the constituent institution.

#### SECTION 606. SEPARATION DUE TO RETIREMENT.

Faculty may retire in accordance with the provisions of Chapter 135 of the North Carolina General Statutes.

#### SECTION 607. FACULTY GRIEVANCE PROCESS.

(1) The chancellor of each constituent institution shall provide for the establishment of a faculty grievance committee. The faculty grievance committee shall be elected by the faculty with members elected from each professorial rank. No officer of administration shall serve on the committee. For purposes of this section, "officer of administration" shall be deemed to include deans, department chairs and department heads.

(2) The committee shall be authorized to hear grievances of members of the faculty.

(3) "Grievances" within the province of the grievance committee's power shall include matters directly related to a faculty member's terms and conditions of employment. Grievances must be based upon a decision made by an administrator in a supervisory role over the faculty member. The grievance must allege that the decision was in violation of federal or state law, or UNC Policy or Regulation, or constituent institution policy or regulation and that the faculty member was negatively affected by such decision. However, the grievance committee may not consider a matter that is subject to Section 603, Section 604, or Section 605 of *The Code*, or a matter that is not grievable as defined in UNC Policy 101.3.2[R].

(4) A faculty member who has a grievance may submit the grievance to the faculty grievance committee. The grievance committee shall decide whether the facts fall within the institution's grievance policy such that the grievance is reviewable by the committee; submission of a grievance shall not result automatically in consideration or review of the grievance.

(5) The chancellor shall make the final decision on a grievance. If the decision is not in favor of the faculty member, the decision may be appealed to the board of trustees of the constituent institution. The decision of the board of trustees is final.

SECTION 608. STUDENTS' RIGHTS AND RESPONSIBILITIES.

(1) The University of North Carolina System affirms that the first goal of each constituent institution is to educate the students admitted to its programs. The freedom of students to learn is an integral and necessary part of the academic freedom to which the University of North Carolina System and its constituent institutions are dedicated. Each constituent institution shall provide, within allotted functions and available resources, opportunity for its students to derive educational benefits through developing their intellectual capabilities, encouraging their increased wisdom and understanding, and enhancing their knowledge and experience applicable to the effective discharge of civic, professional, and social responsibilities. No constituent institution shall abridge either the freedom of students engaged in the responsible pursuit of knowledge or their right to fair and impartial evaluation of their academic performance.

(2) All students shall be responsible for conducting themselves in a manner that helps to enhance an environment of learning in which the rights, dignity, worth, and freedom of each member of the academic community are respected.

(3) In applying regulations in the area of student discipline, each constituent institution shall adhere to the requirements of due process as set forth in Section 502 D(3) of *The Code*.

SECTION 609. JURISDICTION OF THE BOARD OF GOVERNORS.

609 A. Discretionary Review.

The Board of Governors may make such inquiry and review into matters as it may from time to time deem appropriate; provided, however, that the Board of Governors shall not review matters or actions that are subject to separate processes under Chapter VI or any other chapter of *The Code*, or for which a designated review, grievance, or hearing process has been established by the UNC Policy Manual, including but not limited to student disciplinary matters, research misconduct matters, other employment matters, first amendment matters, misuse of state funds reports, or audit and compliance matters. Moreover, it is the Board of Governors expectation that campus matters will be appropriately addressed at the constituent institution. Therefore, it is only in extraordinary circumstances, as solely determined by the Board of Governors that the Board of Governors will exercise its discretion to review any matter that has not first been brought to the attention of the designated institutional administrator, chancellor, or president for appropriate review and handling.

609 B. Hearings.

The Board of Governors may in its sole discretion conduct hearings. Any hearing, whether before the full Board or a designated standing or special committee of the Board, shall be limited to such matters as the Board of Governors shall deem appropriate.

609 C. Transmission of Appeals

All appeals addressed to or requests for hearings by the Board of Governors, from whatever source, shall be transmitted through the president.



## SECTION 610. RIGHTS OF SPECIAL FACULTY MEMBERS

- (1) Faculty members who are appointed as visiting faculty members, adjunct faculty, lecturers, artists-in-residence, writers-in-residence, or other special categories are regarded as “special faculty members” for purposes of *The Code*. Special faculty members may be paid or unpaid.
- (2) Special faculty members who are paid shall be appointed for a specified term of service, as set out in writing in the letter of appointment. The term of appointment of any paid special faculty member concludes at the end of the specified period set forth in the letter of appointment, and the letter of appointment constitutes full and timely notice that a new term will not be granted when that term expires. The continued employment of a special faculty member during the term appointment may be made expressly contingent on items such as the continued availability of funding from any source, on enrollment levels, or any other contingency established by the institution, in which case the appointment letter must state such contingency.
- (3) Special faculty members who are not paid may be appointed for a specified term of service or at will. Their pay and appointment status should be set out in the letter of appointment.
- (4) During the term of their employment, paid special faculty members are entitled to seek recourse under Section 607 of *The Code* (relating to faculty grievances).
- (5) Special faculty members, whether paid or unpaid, are not covered by Section 604 of *The Code*, and that section does not accord them rights to additional review of a decision by a constituent institution not to grant a new appointment at the end of a specified fixed term.

## SECTION 611. APPOINTMENT OF AFFILIATE FACULTY

Institutions may confer honorary academic titles to outstanding individuals who have primary employment responsibility outside the university but provide professional expertise or contributions to an academic program. Such honorary academic appointments are necessary to recruit and recognize professionals, especially those in healthcare fields, to serve in critical roles such as preceptors for clinical clerkships or experiential learning. Processes for the selection and appointment of these unpaid faculty roles must reside outside the tenure policies and regulations of each constituent institution as these appointments are not eligible for permanent tenure and shall not be entitled to any rights under any other Section of this Chapter.

## SECTION 612. REVIEW OF PERSONNEL ACTIONS AFFECTING SPECIFIED EMPLOYEES EXEMPT FROM THE NORTH CAROLINA HUMAN RESOURCES ACT (EHRA)

- (1) Review Processes. Certain non-faculty employees, as described in subsection (1)(b) below who are exempt from the North Carolina Human Resources Act, may seek review under procedures provided for by this section in the event that the employee is discontinued, terminated, or discharged from employment, or suffers other adverse employment action. Each constituent institution shall develop procedures applicable to employees of the constituent institution, and the UNC System Office shall develop procedures applicable to those of its employees who are covered by this section. Such procedures shall, at a minimum, provide for the following:
  - (a) A reasonable time within which an employee or former employee may file a request for review, after receiving notice of an employment action covered by this

section. If the employee or former employee does not timely file a written request for review, then the employment action is final without recourse to any institutional grievance, review, or appeal.

(b) Exempt Professional Staff as defined in Section 300.1.1 I.C. who are not commissioned police officers Employees may seek review of personnel actions based on allegations ~~that~~:

(i) Notice

(A) ~~For senior academic and administrative officers defined only in Section 300.1.1 I.B., for discontinuations, expiration of term appointments, or terminations of employment with notice, such review may be sought only upon allegations of violations of applicable notice requirements set out in Section 300.1.1. III.B. 1., 2., and 3., of the UNC Policy Manual; and~~  
or

~~(B) For other employees exempt from the North Carolina Human Resources Act, as described only in Section 300.2.1, for discontinuations, expiration of term appointments, or terminations of employment with notice, such review may be sought only upon allegations of violations of applicable notice requirements set out in Section 300.2.1 III. A., B., and C. of the UNC Policy Manual; or~~

(ii) Equal Employment Opportunity and Protected Activity

(A) ~~For the senior academic and administrative officers defined in subsection (i) above, for violations of any provision of subsections III.D. or E. of Section 300.1.1 of the UNC Policy Manual; and~~  
or

~~(B) For the other employees exempt from the North Carolina Human Resources Act defined directly above in subsection (ii), for violations of any provision of sections V., or VI., of Section 300.2.1 of the UNC Policy Manual; or~~

(iii) Discharge for Cause, Other Formal Discipline, Policy Interpretation/ Application

(A) ~~For the senior academic and administrative officers defined in subsection (i) above, f~~For discharge for cause or other formal disciplinary action, or for interpretation and application of a policy provision, all pursuant to and limited by subsection III.C of Section 300.1.1 ~~III.C.~~ of the UNC Policy Manual; ~~and~~

~~(B) For the other employees exempt from the North Carolina Human Resources Act defined above in subsection (ii), for discharge for cause or other formal disciplinary action, or for interpretation and application of a policy provision, all pursuant to and limited by Section 300.2.1 IV. of the UNC Policy Manual; or~~

~~Except that for both groups such, a~~ review may be sought only if the employee alleges the discharge, formal discipline, or policy

interpretation, or application was illegal or violated a policy of the Board of Governors.

(c) If the employee or former employee timely files a written request for review, the president (as to an employee of the UNC System Office) or chancellor (as to an employee of a constituent institution), shall ensure a process is in place so that a hearing is timely accorded before a hearing committee.

(d) In reaching decisions on which its written recommendations to the president (as to an employee of the UNC System Office) or chancellor (as to an employee of a constituent institution), as appropriate, shall be based, the committee shall consider only the evidence presented at the hearing and such written or oral arguments as the committee, in its discretion, may allow. The employee or former employee has the burden of proof. In evaluating the evidence, the committee shall use the standard of preponderance of the evidence (which is the same as the “greater weight of the evidence”).

(2) Appeal to the Board of Trustees or Board of Governors.

(a) For employees of a constituent institution, if the chancellor concurs in a recommendation of the committee that is favorable to the employee, the chancellor’s decision shall be final. If the chancellor either declines to accept a committee recommendation that is favorable to the employee or concurs in a committee recommendation that is unfavorable to the employee, the employee may appeal within 14 calendar days after receiving the chancellor’s written decision, by filing with the chancellor for transmission to the board of trustees a written notice of appeal, including a brief statement of the basis for the appeal, by certified mail, return receipt requested, or by another means that provides proof of delivery, and alleges as set out in subsection (1)(b), above. The decision of the board of trustees is final with no further appeal.

(b) For employees of the UNC System Office, if the president concurs in a recommendation of the committee that is favorable to the employee, the president’s decision shall be final. If the president either declines to accept a committee recommendation that is favorable to the employee or concurs in a committee recommendation that is unfavorable to the employee, the employee may appeal within 14 calendar days after receiving the president’s written decision, by filing with the president for transmission to the Board of Governors a written notice of appeal, including a brief statement of the basis for appeal, by certified mail, return receipt requested, or by another means that provides proof of delivery, and alleges as set out in subsection (1)(b) above. The decision of the Board of Governors is final with no further appeal.

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<sup>1</sup> Pursuant to G.S. 116-11(13), and notwithstanding *The Code* or any other Board of Governors policy, the Board of Governors delegates certain authorities to the president of the UNC System. See Section 200.6, *Delegation Authority to the President of the University*.

<sup>2</sup> Because of the unique character and mission of the University of North Carolina School of the Arts and of the North Carolina School of Science and Mathematics, the requirement that the institution adopt tenure policies will be satisfied at those institutions by an employment system based on renewable contracts, which system need not provide for the traditional faculty ranks. Wherever the phrase “tenure policies and regulations” is used in this chapter, it shall mean, for the University of North Carolina School of the Arts and for the North Carolina School of

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Science and Mathematics, the faculty employment policies of those schools. Wherever the phrase “tenured faculty” is used in this chapter and in the Policies of the Board of Governors, it shall mean, for those schools, a faculty member holding a fixed-term contract.

<sup>3</sup> See Footnote 1, above.

<sup>4</sup> A demotion as defined in this Section shall not include a demotion that results in the loss of a faculty member’s tenure.

<sup>5</sup> In computing any period of time, the day in which notice is received is not counted but the last day of the period being computed is to be counted.

<sup>6</sup> To meet this deadline, faculty are encouraged to consider scheduling hearings during the evening, weekend, or other non-class time. It is strongly recommended that several days and times be established for the hearing when scheduling the first day, for the eventuality that the hearing may take two or more sessions.

<sup>7</sup> Because of the unique character and mission of the University of North Carolina School of the Arts and of the North Carolina School of Science and Mathematics, regular faculty holding fixed-term contracts at those institutions are entitled to the rights afforded in this section.

<sup>8</sup> Because of the unique character and mission of the North Carolina School of Science and Mathematics, when the employment of a faculty member is to be terminated during or at the conclusion of a fixed-term contract because of major curtailment or elimination of a teaching, research, or public-service program that is not founded upon financial exigency, written notice shall be given no later than the November 1 prior to termination. When faculty employment is to be terminated during or at the conclusion of a fixed-term contract because of financial exigency, the school shall make every reasonable effort, consistent with the need to maintain sound educational programs and within the limits of available resources, to give notice no later than the November 1 prior to termination. Terminations at the end of a fixed-term contract for the reasons stated above in this footnote are not subject to Section 604 of *The Code*, but instead are subject to Section 605.

**AGENDA ITEM**

- A-4. Proposed Supersede to Section 400.3.1 of the UNC Policy Manual,  
*Teaching Effectiveness in the University of North Carolina*..... David English

**Situation:** In January 2023, President Peter Hans charged a working group to review the existing teaching effectiveness policy and make recommendations for modifications. Faculty apply advanced training and education toward teaching, research/creative activity, and service in support of the missions of their individual constituent institution and the broader University of North Carolina System. Of these three core pillars, the General Assembly and the Board have identified teaching as the “primary service that the University renders to society.” To ensure that constituent institutions are evaluating teaching in a consistent, efficient, and effective manner across the UNC System, the working group and System Office staff propose superseding Section 400.3.1 of the UNC Policy Manual.

**Background:** The Board of Governors first developed a policy requiring the constituent institutions to monitor and evaluate teaching effectiveness in 1993. This policy, embedded in a larger report that also examined the role of tenure in the UNC System, addressed a number of foundational components of evaluating teaching effectiveness, including the role of the faculty member, their students, and their peers. The policy has not been revised in 30 years, however, and fails to address changes such as the use of technology in teaching, evolving research on the science of learning, and best practices in teaching evaluation.

A workgroup composed of faculty, staff, and leadership from multiple constituent institutions and the UNC System Office has worked since January to determine recommended changes to the teaching effectiveness policy. The committee report and recommendations were presented to the Committee on University Personnel in September, and the proposed policy supersede is consistent with those discussions. The proposed policy would support and advance the role of teaching as the primary mission of the University, and addresses three components: identifying instruments for evaluating teaching; interpreting and using teaching evaluation instruments; and practices related to teaching evaluations.

**Assessment:** This proposed policy supersede implements the recommendations presented to the committee during the September meeting. Staff recommends adoption of the proposed supersede to the policy.

**Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda at the next meeting.

### Teaching Effectiveness in the University of North Carolina

- I. Purpose. North Carolina G.S. 116-1(b), declares that the mission of the UNC System “...is to discover, create, transmit, and apply knowledge to address the needs of individuals and society” and further specifies that “Teaching and learning constitute the primary service that the university renders to society. Teaching, or instruction, is the primary responsibility of each of the constituent institutions.” Consistent with the directive set forth in state law, the UNC Board of Governors has established the expectation that teaching “...should be the first consideration of all UNC institutions.” The University of North Carolina, therefore, has a primary obligation to provide undergraduate and graduate education of the highest quality. This policy provides the basis for the constituent institutions to formulate policies and processes that ensure, recognize, and reward teaching effectiveness.
- II. Scope. This policy applies to full-time tenured and continuing faculty, as defined in Chapter VI of the Code, whose workload plans include teaching.
- III. Definitions.
  - A. Teaching involves a variety of activities that communicate the knowledge and values and impart the skills necessary for individuals to lead responsible, productive, and personally satisfying lives. Such activities include, but are not limited to, the instruction of organized courses, evaluating students, developing materials for new courses, updating materials for existing courses, developing courseware or other materials for technology-based instruction, supervising undergraduate research and masters’ theses and doctoral dissertations, directing students in co-curricular activities such as plays, preparing and equipping new laboratories, supervision of teaching assistants, supervision of internships and other experiential learning, academic advising, mentoring, providing accommodations to students with respect to their mental health or physical needs, and other activities that support student success.
  - B. Teaching Effectiveness means providing student-centered learning and assessment experiences in line with clearly articulated learning objectives that are relevant to the discipline and the course. It models and fosters critical, analytical, and creative thinking, while both engaging and supporting students cognitively, emotionally, and behaviorally. Effective teaching ensures all students can participate fully and implements regularly revised content via pedagogical techniques that are current, research-informed, and rigorous.
  - C. Annual Evaluations, as defined in UNC Policy 400.3.4, *Policy on Faculty Workload*, Section III. B., are a review of the work of a faculty member by the department chair/head or equivalent relative to the faculty member’s approved work plan as defined in UNC Policy 400.3.4, Section III. C., and the faculty member’s self-assessment.
  - D. Student Feedback includes, but is not limited to, instruments used to gather anonymous responses regarding a student’s experience of a course, including items such as course organization, course materials, teaching methods, and interaction with the instructor of record.

E. Peer Assessment is a process conducted by faculty peers using elements such as observation of instruction, review of teaching portfolios, and discussions regarding pedagogical goals and methods, to continue to develop a faculty member's instructional skill and practice.

F. Self-Assessment is a process of deliberative review and critical evaluation of one's own work, while identifying specific strategies for improvement. Self-assessment shall be designed to provide a summative review of the faculty member's teaching as well as to identify formative strategies to continue developing skill in teaching.

G. Post Tenure Review, pursuant to UNC Policy 400.3.3, *Performance Review of Tenured Faculty*, is a comprehensive, periodic, cumulative review of the performance of tenured faculty members that shall encompass and include the use of annual evaluations.

#### IV. Required Elements for Developing Institutional Policies and Processes on Teaching Effectiveness.

A. Each institution shall establish policies and processes that define, encourage, and measure teaching effectiveness in accordance with the mission of the institution. Institutions may consider the specific requirements of colleges, schools, departments, other academic units, and academic disciplines in establishing these policies.

B. Faculty whose work plans include teaching shall be required to demonstrate teaching effectiveness in accordance with applicable institutional policies. Institutions shall use multiple inputs to assess a faculty member's teaching effectiveness and to further develop a faculty member's instructional practice. At the minimum, inputs shall consist of: (1) peer assessment, (2) student feedback, and (3) self-assessment. These inputs shall be utilized, as appropriate, in annual evaluations and comprehensive reviews, including reviews for promotion and post-tenure reviews or reviews for extension of appointment, if applicable.

C. The constituent institutions shall train faculty members, department chairs, academic unit heads, deans, and other administrators on how to effectively use these inputs to enhance pedagogy, the student learning experience, and student academic success.

D. Constituent institutions shall offer and encourage professional development opportunities for all faculty members focused on teaching effectiveness.

E. Constituent institutions shall develop appropriate rewards in recognition of teaching excellence.

F. The University of North Carolina System Office shall create and maintain an electronic resource center related to teaching effectiveness in personnel decision making to support constituent institutions in developing training regarding upholding these principles.

#### V. Outcome and Update Requirements.

A. In policy and procedures, constituent institutions shall ensure that teaching effectiveness is a component of all reviews of faculty whose workload plans include teaching, including annual faculty evaluations, reappointment and promotion considerations, and post-tenure review.

B. The chief academic officer at each institution, however titled, shall work with faculty via the representative body of the faculty to review and update, as needed, policy and procedures on teaching effectiveness on a regular timeline in accordance with appropriate institutional policies.

VI. Other Matters.

A. Effective Date. The requirements of this policy shall be effective with the 2024-2025 academic year. Institutions shall have internal policies in place at the beginning of that academic year.

B. Relation to Federal and State Laws. The foregoing policy as adopted by the Board of Governors is meant to supplement, and does not purport to supplant or modify, those statutory enactments which may govern or relate to the subject matter of this policy.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

D. Periodic Review. Each institution shall review their institutional policy at least every five years and submit a copy of that review and any changes made to the president.

E. Approvals. All policies and procedures required under this policy must be submitted by the constituent institutions to the UNC System Office and approved by the president.

\*Supersedes and replaces the prior UNC Policy 400.3.1, "Tenure and Teaching in the University of North Carolina" as this version was approved by the Board of Governors on **MONTH DATE, YEAR**.



## AGENDA ITEM

A-5. Proposed Supersede to Section 400.3.3 of the UNC Policy Manual,  
*Performance Review of Tenured Faculty (Post-Tenure Review)*..... David English

**Situation:** In January 2023, President Peter Hans charged a working group to review the existing post-tenure review policy and make recommendations for modifications. Faculty apply advanced training and education toward teaching, research/creative activity, and service in support of the mission of their individual constituent institution and the broader University of North Carolina System mission. Post-tenure reviews are conducted in the UNC System to support and encourage faculty excellence. To ensure that constituent institutions are conducting post-tenure reviews in a consistent, efficient, and effective manner across the UNC System, the working group and System Office staff propose superseding Section 400.3.3 of the UNC Policy Manual.

**Background:** The Board of Governors first developed a policy requiring the constituent institutions to conduct post-tenure reviews in 1997. This policy was one of the first Systemwide approaches to post-tenure review adopted and has informed development of similar policies in other state systems. The policy has not been revised in a decade, however, and there was a desire to ensure that the framework was rigorous, consistent, and designed to encourage faculty excellence. A group composed of faculty, staff, and leadership from multiple constituent institutions and the UNC System Office has worked since January to determine recommended changes to the post-tenure review policy. The committee report and recommendations were presented to the Committee on University Personnel in September, and the proposed policy supersede is consistent with those discussions. The proposed policy identifies the annual performance review as the foundation of post-tenure review, and establishes expectations for the appropriate connection between the two processes. In line with that approach, a self-evaluation will now be required in the post-tenure review process. Additionally, clarification was provided on the responsibility of the UNC System Office to ensure consistent and relevant training materials are provided to all institutions.

**Assessment:** This proposed policy supersede implements the recommendations presented to the committee during the September meeting. Staff recommends adoption of the proposed supersede to the policy.

**Action:** This item requires a vote by the committee, with a vote by the full Board of Governors through the consent agenda at the next meeting.

### **Performance Review of Tenured Faculty (Post-Tenure Review)**

I. Purpose. To support and encourage excellence among tenured faculty, there shall be a post-tenure review process. The post-tenure review process at constituent institutions<sup>1</sup> of the University of North Carolina is a cumulative, holistic, and comprehensive periodic evaluation of tenured faculty performance designed to:

- A. Assist faculty members in meeting university performance expectations;
- B. Recognize and reward exemplary performance when faculty members exceed expectations;
- C. Provide for a clear plan and timetable for improvement of performance when faculty do not meet expectations; and
- D. Provide for the imposition of appropriate sanctions, consistent with Chapter VI of *The Code* of the University, when faculty members do not meet the goals established in a faculty success plan.

II. Definitions. The following terms, as defined, shall be utilized by constituent institutions in post-tenure reviews of tenured faculty:

- A. Exceeds Expectations: The faculty member consistently and considerably surpasses established goals in the faculty member's annual and long-term work plans.
- B. Meets Expectations: The faculty member consistently achieves and may occasionally surpass established goals in the faculty member's annual and long-term work plans.
- C. Does Not Meet Expectations: The faculty member does not consistently achieve established goals in the faculty member's annual and long-term work plans.
- D. Faculty Success Plan: A formative strategy that includes specific steps designed to lead to a faculty member's improved performance in achieving established goals in the faculty member's annual and long-term work plans. This plan shall include a specified timeline in which improvement is expected to occur and a clear statement of consequences should improvement not occur within the designated timeline.

III. Policy and procedure requirements for post-tenure review of tenured faculty:

- A. Each constituent institution shall adopt and maintain policies and procedures for the performance review of tenured faculty members consistent with this policy as well as with the mission of the institution.

B. For each tenured faculty member, a post-tenure review shall take place at least every five years. A review undertaken as part of the process for conferring tenure or recommending a faculty member for promotion qualifies as a cumulative performance review; the next post-tenure review shall occur five years after the date of the conferral of tenure or promotion regardless of the date of any preceding review.

C. All participants in the post-tenure review shall consider the faculty member's annual evaluations and any faculty success plans that were required in the time period under review.

D. Each institution shall publish and make accessible to faculty members any refinement to the definitions of the evaluation categories (exceeds expectations, meets expectations, does not meet expectations). Such refinements shall be consistent with this policy and any regulations adopted by the president.

E. Faculty members shall conduct a self-evaluation to be used in the post-tenure review.

F. Faculty peers shall be included in the post-tenure review process.

G. The post-tenure review process shall include written feedback to the faculty member being reviewed as well as a mechanism for faculty response to the evaluation.

H. Both the department chair/unit head and the dean shall conduct an evaluative review in the post-tenure review process.

I. Each constituent institution shall develop appropriate recognition of faculty who receive a post-tenure review evaluation of Exceeds Expectations.

J. Each constituent institution shall require a faculty success plan for each faculty member who does not meet expectations in the post-tenure review. These faculty success plans shall include specific steps designed to lead to improvement, a specified timeline consistent with UNC Policy 400.3.3.1[R], *Regulation on Performance Review of Tenured Faculty (Post-Tenure Review)*, in which improvement is expected to occur, and a clear statement of consequences should improvement not occur within the designated timeline.

K. Institutional policies for post-tenure review shall not abrogate, in any way, the criteria and procedures for disciplinary action or faculty employment rights established in Chapter VI of *The Code* of the University.

#### IV. Compliance, Reviews, and Updates of Policies and Procedures

A. The chief academic officer, however titled, shall certify via annual report that all aspects of the post-tenure review process are in compliance with this policy and any associated regulations adopted by the president of the University.

B. Institutions shall review and, as needed, update their post-tenure review policies and procedures on a regular timeline in accordance with appropriate institutional policies.

C. The post-tenure review policies and procedures developed or updated by each constituent institution shall be effective upon review and approval by the president of the University, or

designee, in accordance with any regulations adopted by the president.

V. The president of the University shall adopt regulations for tenured faculty performance reviews (post-tenure review) to ensure compliance with this policy and *The Code* of the University.

VI. Other Matters

A. Effective Date. The requirements of this policy shall be effective with the 2024-2025 academic year. Institutions shall have internal policies in place at the beginning of that academic year.

B. Relation to Federal and State Laws. The foregoing policy as adopted by the Board of Governors is meant to supplement, and does not purport to supplant or modify, those statutory enactments which may govern or relate to the subject matter of this policy.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

D. Periodic Review. Each institution shall review their institutional policy at least every five years and submit a copy of that review and any changes made to the president.

E. Approvals. All policies and procedures required under this policy must be submitted by the constituent institutions to the UNC System Office and approved by the president.

\*Supersedes and replaces the prior UNC Policy 400.3.3, "Performance Review of Tenured Faculty" as this version was approved by the Board of Governors on **MONTH DATE, YEAR**.

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<sup>1</sup> As noted in *The Code* of the University, and due its unique characteristics and mission, the University of North Carolina School of the Arts shall be exempt from the requirements of this policy and associated guidelines. Additionally, the North Carolina School of Science and Mathematics is exempt from this policy, as it does not have tenured faculty.

**AGENDA ITEM**

A-6. UNC Optional Retirement Program Technical Changes ..... Brian Usischon

**Situation:** The University periodically reviews the UNC Optional Retirement Program (ORP) plan document to ensure that it is consistent with relevant North Carolina statutes and IRS regulations. House Bill 259, State Budget Appropriations for fiscal year 2023-24, included ORP eligibility rule changes for UNC Health Care System employees and employees of the East Carolina University Medical Faculty Practice Plan and ECU Dental School Clinical Operations, making employees hired on or after January 1, 2024, ineligible for the Teachers' and State Employees' Retirement System and keeping them eligible for the ORP or enrollment in a similar benefit to the ORP. In addition, recent changes in federal law with the SECURE 2.0 Act of 2022 included changes to required minimum distribution regulations.

**Background:** The University administers the ORP of the University of North Carolina for the benefit of employees as an alternative to the state retirement system. The University of North Carolina Board of Governors implemented the ORP in 1972 pursuant to legislation that authorized the Board to provide for the administration of the ORP. Consistent with North Carolina General Statute 135-5.1(e), the Board retained the authority to amend the ORP plan document; to designate companies to provide annuity contracts and serve as trustees for mutual funds; and to approve the form and contents of annuity contracts and trust agreements.

UNC System Office staff recommended to the president that the ORP plan document be amended to include ORP eligibility changes for UNC Health Care, East Carolina University Medical Faculty Practice Plan, and ECU Dental School Clinical Operations, and to also include changes to required minimum distributions. The ORP plan document is being restated to include all amendments previously approved by the Board since the adoption of the 2014 plan document and to incorporate recent changes as a result to North Carolina statutes and IRS regulations.

**Assessment:** Upon review of the attached Board resolution and ORP plan document, the president and his staff recommend approval of the restated plan document.

**Action:** This item requires a vote by the committee and a vote by the full Board of Governors.



**RESOLUTION ON THE OPTIONAL RETIREMENT PROGRAM OF  
THE UNIVERSITY OF NORTH CAROLINA**

WHEREAS, The University of North Carolina (hereinafter referred to as the “University”) established the Optional Retirement Program of The University of North Carolina (hereinafter referred to as the “Plan”) as amended and restated effective January 1, 2014; and

WHEREAS, The University of North Carolina Board of Governors (the “Board”) reserved the right in Article VI of the Plan to amend the Plan; and

WHEREAS, the Board is now desirous of amending and restating the Plan in order to make certain changes, as outlined on Exhibit A.

NOW THEREFORE, BE IT RESOLVED, that the Board hereby approves and adopts the Plan, as amended and restated effective January 1, 2023 substantially in the form attached hereto as Exhibit B.

IN WITNESS WHEREOF, the Board has caused this Resolution to be executed by its Chair and its seal to be affixed by the Secretary, both duly authorized, effective as indicated herein, but executed this \_\_\_ day of \_\_\_\_\_, 2023.

Attest: (SEAL)

THE BOARD OF GOVERNORS OF  
THE UNIVERSITY OF NORTH CAROLINA

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chair

## EXHIBIT A

### Overview of 2023 Amendments to the Plan

Amendment	Summary
<b>Implemented Prior Amendments</b>	<ul style="list-style-type: none"><li>▪ Incorporated Amendments No. 1 through 3 to the 2014 amended and restatement Plan</li></ul>
<b>General Cleanup</b>	<ul style="list-style-type: none"><li>▪ Revised various defined terms and references throughout the Plan to ensure consistency both within the Plan and across the other University Benefit Plans</li></ul>
<b>SECURE Act Changes (RMD)</b>	<ul style="list-style-type: none"><li>▪ Updated the required minimum distribution age in accordance with the SECURE Act <i>Note:</i> The IRS has generally extended the amendment deadline to December 31, 2025 for SECURE 1.0 Act and 2.0 with respect to both required and optional provisions</li></ul>
<b>HealthCare Institution Eligibility Changes</b>	<ul style="list-style-type: none"><li>▪ Effective January 1, 2024, updated the eligibility rules to comply with N.C.G.S. Sections 135-5.6 and 135-5.7 with respect to UNC Health Care System, Medical Faculty Practice Plan and ECU Dental School Clinical Operations<ul style="list-style-type: none"><li>❖ In general, employees of UNC Health Care System, Medical Faculty Practice Plan and ECU Dental School Clinical Operations, hired after January 1, 2024, are ineligible to participate in TSERs and must participate in the Plan or a similar retirement plan sponsored by UNC Health Care System, Medical Faculty Practice Plan or ECU Dental School Clinical Operations.</li></ul></li><li>▪ Effective September 1, 2023, updated the enrollment window from 60 days to 30 days</li></ul>

**EXHIBIT B**

**OPTIONAL RETIREMENT PROGRAM  
OF  
THE UNIVERSITY OF NORTH CAROLINA**

As Amended and Restated  
Generally Effective January 1, 2023



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## INTRODUCTION

The University of North Carolina adopted an Optional Retirement Program (the “**Plan**”) effective January 14, 1972. The Plan was implemented pursuant to Section 403(b) of the Code (as defined herein), requiring both employer and participant contributions.

Effective July 1, 1985, the Plan was amended to comply with Sections 403(a) and 414(h) of the Code, and was subsequently amended and restated effective July 1, 1989.

The Plan was amended further effective July 1, 1995. The Plan provisions in effect immediately prior to the July 1, 1995 amendments remain in effect for those Participants who were not actively employed by the participating Employing Institutions at any time after July 1, 1995, and the assets held under the Contracts continue to be held pursuant to the Plan.

Effective July 1, 1999, the Plan was amended and restated to include mutual funds as Plan investments, and said mutual funds are held in trust pursuant to Section 401(a) of the Code. The Plan was further amended and restated, effective January 1, 2007.

Effective January 1, 2008, and again, effective January 1, 2012, the Plan was amended and restated.

It is intended that this Amended and Restated Plan, together with the Contracts and Investment Funds, meet all the requirements of the Code, and the Plan shall be interpreted, wherever possible, to comply with the terms of the Code and all formal regulations and rulings issued under the Code and amendments thereto. The Plan is established under N.C.G.S. Section 135-5.1 et. seq.

Generally effective January 1, 2023, the Plan, as amended and restated, has the terms and provisions hereinafter set forth. The Amended and Restated Plan is intended to comply with the final regulations of Section 415 of the Code. The Plan provisions in effect immediately prior to the effective date of this Amended and Restated Plan remain in effect for those Participants who were not actively employed by the Employing Institutions at any time after the effective date of this Amended and Restated Plan.

## ARTICLE I

### DEFINITIONS

As used herein, unless otherwise required by the context, the following words and phrases shall have the meanings set forth below:

1.01 **“Adjustment”** means the net increases and decreases in the market value of the Investment Fund during a Plan Year or other period exclusive of any Contribution during such year or other period. Such increases and decreases shall include such items as realized or unrealized investment gains and losses and investment income and may include expenses of administering the Investment Fund and the Plan.

1.02 **“Annual Additions”** means for any Participant in any Limitation Year, the sum of (a) University Contributions, (b) Supplemental Contributions, (c) Participant Contributions and (d) such other amounts as may be applicable pursuant to Sections 415(c)(2) and 419(e) of the Code. Annual Additions includes any forfeitures allocated to a Participant’s Individual Account, but does not include any direct transfer of a benefit from another qualified plan, a rollover contribution, or a restorative payment. Any includable amount is considered an Annual Addition for a Limitation Year if it is allocated to the Participant’s Individual Account under the terms of the Plan as of any date within that Limitation Year.

1.03 **“Beneficiary”** means any person designated by a Participant or otherwise entitled to receive benefits that may become payable hereunder after the death of such Participant.

1.04 **“Board”** means the Board of Governors of The University of North Carolina.

1.05 **“Code”** means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall be deemed to include any applicable regulations and rulings pertaining to such section and shall also be deemed a reference to comparable provisions of future laws.

1.06 **“Compensation”** means, for any Employee, total earnings, prior to withholding, as reported on Form W-2, paid to him or her by the Employing Institution as well as (a) any portion of said Employee’s pay which would be due and payable had he or she not signed a salary reduction agreement in order to participate in a tax sheltered annuity program pursuant to Sections 403(b) and/or 457(b) of the Code, (b) any portion of an Employee’s pay which is contributed by the University pursuant to Section 414(h) of the Code and (c) any other amounts which the Employee could have elected to receive as cash in the current year as taxable income prior to having such amount contributed to a plan which is maintained pursuant to Section 401(k) of the Code and in lieu of a nontaxable benefit under a plan which is maintained pursuant to Sections 125 or 132(f)(4) of the Code. Compensation shall exclude extraordinary compensation, such as the imputed value of group life insurance and any University Contributions to the Plan or any other employee benefit program.

Notwithstanding any other provision of the Plan to the contrary, an Participant’s annual Compensation taken into account in determining Contributions for any Plan Year shall not exceed the limitation amount under Section 401(a)(17) of the Code (as adjusted for cost-or living increases

in accordance with Section 401(a)(17)(B) of the Code). Effective for Plan Years commencing on or after January 1, 2023, the limit referenced in this Section 1.05 shall be three hundred thirty thousand dollars (\$330,000).

Notwithstanding the limitation in the previous paragraph, in the case of an Eligible Participant (as defined below), the dollar limitation herein provided in such paragraph shall not apply to the extent the amount of Compensation which is allowed to be taken into account under the Plan would be reduced below the amount which was allowed to be taken into account under subsection 1.05(a) as in effect on July 1, 1993. For purposes of this Section 1.05, "Eligible Participant" shall mean an individual who first became a Participant on or before December 31, 1995.

1.07 **"Constituent Institutions"** means the institutions that are part of The University of North Carolina, as defined by North Carolina law.

1.08 **"Contracts"** means any type of annuity contract(s) issued by any Insurance Company to effect the purposes of the Plan.

1.09 **"Contributions"** means payments as provided herein by the University and/or the Participants to an Insurance Company or Trustee for the purpose of providing the benefits under this Plan.

1.10 **"Core Retirement Plan"** means a primary retirement plan which is sponsored by a Participant's Subsequent Employer.

1.11 **"Defined Contribution Plan"** means a plan which is established and qualified under Section 401(a) or 403(a) of the Code, which provides for an individual account for each participant therein and for benefits based solely on the amounts contributed to each participant's account and any income and expenses or gains or losses (both realized and unrealized) which may be allocated to such accounts.

1.12 **"ECU Dental School Clinic Operations"** means the division of the School of Medicine of East Carolina University established and constituted in accordance with N.C.G.S. Section 116.360.5.

1.13 **"Effective Date"** generally means January 1, 2023, for this Amended and Restated Plan or, if applicable, such later date as of which Employees of an Employing Institution shall be eligible to participate in the Plan. The original Effective Date was January 14, 1972.

1.14 **"Eligible Service"** means the completion of the number of months during a contract period of the Participant (which cannot exceed twelve (12) months) sufficient to satisfy the service requirement of such Participant's employment contract for that contract period with an Employing Institution. A Participant who completes service during a contract period totaling less than the total months of such contract period shall be credited with Eligible Service as a fraction whose numerator is the number of months of completed service during the contract period and whose denominator is the number of months of that contract period. A Participant who fulfills at least a nine (9) month employment contract shall be credited with one (1) year of Eligible Service; therefore, Eligible Service shall not include employment at an Employing Institution as faculty

during summer school, and in no event shall a participant be credited with more than one (1) year of Eligible Service for employment over a twelve (12) month period.

1.15 **“Employee”** means any of the administrators or faculty of the University, and, effective July 1, 2007, the North Carolina School of Science and Mathematics with the rank of instructor or above; field faculty of the Cooperative Agriculture Extension Service; the President and Senior Academic and Administrative Officers of the University who are appointed by the Board on the recommendation of the President of The University pursuant to N.C.G.S. Sections 116-11(4), 116-11(5) and 116-14, or who are appointed by the Board of an Employing Institution upon the recommendation by the Chancellor of such institution pursuant to N.C.G.S. Section 116-40.22(b); non-faculty instructional or research staff who are exempt from the State Personnel Act; employees of the University of North Carolina Health Care System, effective April 1, 2012, for individuals in Group A and October 1, 2012, for individuals in Group B; and effective January 1, 2013, employees hired by an Employing Institution on or after January 1, 2013. “Group A” means individuals whose titles indicate that they are Senior Executives (i.e., Chief Operating Officer, Chief Financial Officer, Senior Vice President, or Vice President) or Advanced Practice Practitioners (i.e., Physician Assistant, Nurse Practitioner, or Clinical Nurse Anesthetist), and who are benefits eligible and scheduled to work 30 or more hours per week. “Group B” means all other categories of benefits eligible employees scheduled to work 30 or more hours per week and that are not listed in Group A. For purposes of this Plan, Employee shall only include those employed in permanent job positions at least three-quarter (3/4) time for no less than nine (9) months per calendar year on a recurring basis.

1.16 **“Employing Institution”** means, collectively or individually, as the context may indicate, the University or any of the Constituent Institutions, and effective April 1, 2012, the University of North Carolina Health Care System.

1.17 **“Fiduciary”** means the University, the Board, and any individual, corporation, firm, or other entity that has responsibility for the management of the Plan or the disposition of its assets.

1.18 **“Forfeiture or Forfeit”** means any amount held upon the termination of participation of a Participant which he or she is not entitled to receive as a distribution in accordance with the terms of Section 4.01.

1.19 **“HealthCare Institutions”** means the University of North Carolina Health Care System, Medical Faculty Practice Plan and ECU Dental School Clinic Operations.

1.20 **“Individual Account”** means the detailed record kept of the amounts credited or charged to each Participant in accordance with the terms hereof. Each Individual Account consists of a University Account, a Supplemental Account, and a Participant Account.<sup>1</sup>

1.21 **“Insurance Company”** means any of the Teachers Insurance and Annuity Association-College Retirement Equities Fund and Principal Life Insurance Company, and such other entities as may be selected by the Board under Section 5.02.

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<sup>1</sup> Amendment No. 1, effective January 1, 2016

1.22 **“Investment Fund(s)”** means an Investment Fund described in Article V.

1.23 **“Like Retirement Plan”** means a retirement plan of an institution, organization or system of higher education or health care, or any supporting organizations, associated entities or foundations thereof, including without limitation high schools that are part of the National Consortium for Specialized Secondary Schools of Mathematics, Science and Technology, in each case in which the Participant participates through one or more annuity contracts of Insurance Companies, or through the purchase of one or more Investment Funds from a Plan-approved Mutual Fund Company, with whom the Participant participated in the Plan, or in which he or she could have participated if the Participant had continued participation in the Plan.<sup>2</sup>

1.24 **“Limitation Year”** means the twelve (12) month period beginning on January 1, and ending December 31.

1.25 **“Medical Faculty Practice Plan”** means a division of the School of Dental Medicine at East Carolina University established and constituted in accordance with N.C.G.S. Section 116.360.

1.26 **“Mutual Fund Company”** means, without limitation, Fidelity Investments and any other regulated investment company within the meaning of Section 851(a) of the Code which issues only redeemable shares.

1.27 **“N.C.G.S.”** means the North Carolina General Statutes, established by the North Carolina General Assembly and amended from time to time.

1.28 **“Normal Retirement Age”** means age 59 ½.

1.29 **“Participant”** means any Employee who becomes a Participant as provided in Article II.

1.30 **“Participant Account”** means that portion of a Participant’s Individual Account attributable to (a) Participant Contributions and (b) the Participant’s proportionate share of the Adjustments attributable to his or her Participant Account pursuant to Section 3.06.

1.31 **“Participant Contributions”** means Contributions made by a Participant pursuant to Section 3.04.

1.32 **“Plan”** means the Optional Retirement Program of The University of North Carolina, as contained herein or as duly amended, including The University of North Carolina Qualified Governmental Excess Benefit Arrangement attached hereto as Appendix A.

1.33 **“Plan Administrator”** means that person or persons who has been named by the President of The University to administer the Plan. If a Plan Administrator is not so appointed, the President of The University shall be deemed the Plan Administrator.

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<sup>2</sup> Amendment No. 2, effective October 1, 2019



1.34 **“Plan Year”** means each twelve (12) month period beginning on January 1 and ending on December 31.

1.35 **“Qualified Military Service”** means any service in the uniformed services (as defined in Chapter 43, Title 38, United States Code) by any individual if such individual is entitled to reemployment rights under such chapter with respect to such services.

1.36 **“Retire” or “Retired”** means the status of a Participant who has announced in writing, in a form acceptable to the Employing Institution, that he or she has retired and has ceased to be employed by any of the Employing Institutions in the University.

1.37 **“Retirement System”** means The Teachers’ and State Employees’ Retirement System of North Carolina.

1.38 **“SECURE Act”** means the Setting Every Community Up for Retirement Enhancement Act of 2020.

1.39 **“Subsequent Employer”** means only the employer with whom the Participant first commences permanent, nonseasonal employment service following termination of his or her Eligible Service with an Employing Institution.

1.40 **“Supplemental Account”** means the portion of a Participant’s Individual Account attributable to (a) the Supplemental Contributions allocated to such Participant pursuant to Section 3.03 and (b) the Participant’s proportionate share of the Adjustments attributable to his or her Supplemental Account pursuant to Section 3.06.<sup>3</sup>

1.41 **“Supplemental Contributions”** means Contributions made by the Employing Institution pursuant to Section 3.03.<sup>4</sup>

1.42 **“Termination of Employment”** means the date the Participant ceases to be an Employee of any of the Employing Institutions.

1.43 **“Timely Enroll” or “Timely Enrollment”** means formal enrollment in a Like Retirement Plan of a Subsequent Employer in the manner prescribed by the Subsequent Employer, which takes place within twelve (12) months following the expiration of the enrollment waiting period in the Like Retirement Plan, if any, and not later than thirty-six (36) months following termination of Eligible Service.

1.44 **“Trust”** means the trust established to hold assets of the Plan pursuant to the Trust Agreement.

1.45 **“Trust Agreement”** means the agreement entered into between the Employing Institution and the Trustee. Trust Agreement shall include a custodial agreement entered into for the custody of Investment Funds.

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<sup>3</sup> Amendment No. 1, effective January 1, 2016

<sup>4</sup> Amendment No. 1, effective January 1, 2016

1.46 **“Trustee”** means the individual, individuals or financial institution, or a combination thereof, designated in the Trust Agreement to hold in trust any assets of the Plan for the purpose of providing benefits under the Plan, and shall include any successor trustee to the trustee initially designated in the Trust Agreement. For purposes of this Plan, Trustee shall include any custodian who enters into a custody agreement to hold Investment Funds.

1.47 **“University”** means The University of North Carolina, the Constituent Institutions and, effective April 1, 2012, the University of North Carolina Health Care System.

1.48 **“University Account”** means that portion of a Participant’s Individual Account attributable to (a) the University Contributions allocated to such Participant pursuant to Section 3.02 [and 3.03 (as applicable)] and (b) the Participant’s proportionate share of the Adjustments attributable to his or her University Account pursuant to Section 3.06.

1.49 **“University Contributions”** means Contributions made by the Employing Institution pursuant to Section 3.02.

1.50 **“University of North Carolina Health Care System”** means the affiliated enterprise of The University of North Carolina established and constituted in accordance with N.C.G.S. Section 116-37, as may be amended.

1.51 **“USERRA”** means the Uniformed Services Employment and Reemployment Rights Act of 1994.

1.52 **“Valuation Date”** means each business day. The Plan Administrator or its delegate may value the Investment Fund as of any other schedule of dates as it deems desirable.

## ARTICLE II

### ELIGIBILITY AND PARTICIPATION

#### 2.01 Eligibility.

(a) Unless otherwise excluded within this Section 2.01(a), eligible Employees shall within sixty (60) days of entering into eligible employment under Section 1.13 elect (i) to join the Retirement System in accordance with provisions of law applicable thereto or (ii) to participate in the Plan. This election shall be made in writing and shall be filed with the Retirement System and with the Employing Institution and shall be effective as of the date of entry into Eligible Service. For purposes of this Section 2.01(a), the individual election forms may be filed with the Retirement System using electronic transmission. An eligible Employee failing to elect to participate in the Plan at the time of entry into Eligible Service shall be enrolled automatically as a member of the Retirement System. Effective September 1, 2023, eligible Employees shall within thirty (30) days of entering into eligible employment under Section 1.13 shall make the election described within this Section 2.01(a).

(b) HealthCare Institution Employees.

(i) New Hires. Effective January 1, 2024, any (A) newly hired Employee of a HealthCare Institution or (B) an Employee of a HealthCare Institution (1) who is hired prior to January 1, 2024 and (2) who becomes eligible for the Plan on or after January 1, 2024, shall be ineligible to participate in the Retirement System and shall automatically be enrolled in the Plan. Notwithstanding the foregoing, in the event that the applicable HealthCare Institution sponsors a retirement plan pursuant to N.C.G.S. Section 116-350.30 or 116-360.15 (as applicable) and participation in such retirement plan is mandatory for Employees of such HealthCare Institution, then such Employees are not eligible for participation in this Plan and shall participate in the applicable HealthCare Institution retirement plan; provided that, if a HealthCare Institution Employee described in this sentence is a Participant in this Plan at the time such HealthCare Institution adopts its mandatory retirement plan, then such Participant shall remain a Participant in this Plan, except to the extent that such HealthCare Institution retirement plan constitutes a “similar benefit plan” (as defined below), then such Employee shall participate in the HealthCare Institution’s mandatory retirement plan. Alternatively, in the event that the applicable HealthCare Institution sponsors a “similar benefit plan” pursuant to N.C.G.S. Section 116-350.30 or 116-360.15 (as applicable) and participation in such similar benefit plan is optional for Employees of such HealthCare Institution, then such Employees may elect to participate in (X) the Plan or (Y) the “similar benefit plan” sponsored by the applicable HealthCare Institution. In the event that the HealthCare Institution sponsors a retirement plan that is not a “similar benefit plan,” then an Employee described in the first sentence of this Section 2.01(b)(i) shall participate in the HealthCare Institution retirement plan and shall not be eligible for participation in this Plan.

For purposes of this Plan, a “similar benefit plan” shall mean a retirement plan that provides for a one-time election to make elective contributions in an amount equal to those contemplated by Section 3.05 of this Plan and in a manner that (A) complies with the requirements of Code Section 414(h) and (B) does not create a “cash or deferred arrangement” when such arrangement is considered with potential participation in this Plan.

(ii) One-Time Election. In the event a HealthCare Institution sponsors a “similar benefit plan,” as defined above and pursuant to N.C.G.S. Section 116-350.30 or 116-360.15 (as applicable), Employees of a HealthCare Institution who are (i) employed by a HealthCare Institution before January 1, 2024 and (ii) are Participants in the Plan shall be permitted to make a one-time, irrevocable election to cease participation in the Plan in favor of such similar benefit plan pursuant to N.C.G.S. Section 116-350.30 or 116-360.15 (as applicable) and in accordance with N.C.G.S. Sections 135-5.6 and 135-5.7 (as applicable).

(iii) Re-Employment by a HealthCare Institution. For purposes of this Section 2.01(b), if an Employee of a HealthCare Institution terminates employment with the HealthCare Institution on or after January 1, 2024 and such individual returns to employment with the HealthCare Institution, the Employee shall be treated as a newly hired Employee under Section 2.01(b)(i); provided that, the

Employee's right to participate in this Plan upon the Participant's reemployment shall be subject to Section 2.03 of the Plan.

(c) Except as provided in Section 2.01(c), an election to participate in the Plan shall be irrevocable. The application of such irrevocable election under circumstances in which a Participant's employment relationship with the University has been severed shall be made in accordance with N.C.G.S. Section 135-5.1(b)(3), pursuant to rules established by the University. Such rules shall be applied and administered for all Participants in a uniform and nondiscriminatory manner. Except as provided in Section 2.01(c), a Participant's election to participate in this Plan shall remain in effect for all of a Participant's Eligible Service even if such Participant is re-employed by an Employing Institution after having ceased participation in the Plan following a Termination of Employment.

(d) The provisions of Section 2.01(b) notwithstanding, if a Participant (i) has a Termination of Employment, (ii) receives a distribution of his or her entire Individual Account under Article IV and (iii) subsequently is rehired by the University in an eligible position, such Participant may elect upon rehire to again participate in this Plan by making a new election under Section 2.01(a) or (b) (unless employed by a HealthCare Institution on or after January 1, 2024, in which case such employee shall only be eligible to make the elections under 2.01(a) applicable to such HealthCare Institution employees).

(e) No election by an eligible Employee to participate in the Plan shall be effective unless it is accompanied by an appropriate application for the issuance of a Contract or Contracts, or by the selection of Investment Funds to be held in Trust, under the Plan, or both.

2.02 Participation. Each person who becomes a Participant shall remain a Participant as long as he or she is entitled to future benefits under the terms of the Plan as a Participant.

2.03 Special Rules.

(a) Transfers Within the University. A Participant whose position with an Employing Institution transfers from an eligible position to an ineligible position within the Plan and who does not receive a distribution of his or her entire Individual Account under Article IV shall have his or her participation suspended, and vesting under Section 4.01 shall not resume until such Participant resumes employment with any Employing Institution in an eligible position.

(b) Determination of Status. The determination of whether a "lecturer" is eligible to participate in the Plan shall be made by the Employing Institution, based upon whether such Employing Institution considers the title "lecturer" equivalent to the rank of instructor or above.

(c) Re-employment by the University.

(i) A Participant who (A) becomes vested in his or her University Contributions under Section 4.01(b) or (d), (B) (i) receives a distribution of his or

her entire Individual Account or (ii) requests a rollover distribution of his or her entire Individual Account to a Like Retirement Plan, and (C) returns to employment with the University in a position that is eligible for participation in the Plan may elect, upon his or her rehire, to participate in the Plan as provided in section 2.01(c). If the rehired Participant so elects, such Participant shall immediately become eligible for University Contributions, and shall be fully-vested in any University Contributions that are made subsequent to his or her reemployment.<sup>5</sup>

(ii) A Participant who (A) becomes vested in his or her University Contributions under Section 4.01(b) or (d), (B) does not receive a distribution of his or her entire Individual Account, and (C) returns to employment with the University in a position that is eligible for participation in the Plan, shall become enrolled in the Plan upon his or her reemployment. Such Participant shall immediately become eligible for University Contributions, and shall be fully-vested in any University Contributions that are made subsequent to his or her reemployment.

(iii) A Participant who (A) ceases employment with all Employing Institutions before he or she becomes fully vested in his or her University Contributions under Article IV, (B) receives a distribution of his or her entire Participant Account and entire Supplemental Account, and (C) subsequently becomes reemployed by an Employing Institution in an eligible position may elect, upon his or her reemployment, to participate in the Plan as provided in section 2.01(c). If the rehired Participant so elects, such Participant shall immediately become eligible for University Contributions, but such Participant's vesting in any University Contributions under Article IV shall only consider Eligible Service from the date of such Participant's reemployment by the University.<sup>6</sup>

(iv) A Participant who (A) ceases employment with all Employing Institutions before he or she becomes fully vested in his or her University Contributions under Article IV, (B) does not receive a distribution of his or her entire Participant Account and entire Supplemental Account, (C) within twelve (12) months following the termination of employment with all Employing Institutions, subsequently becomes reemployed by an Employing Institution in an eligible position, and (D) does not become fully vested in his or her Individual Account balances attributable to University Contributions pursuant to Section 4.01(d), shall become enrolled in the Plan upon his or her reemployment. Such Participant shall immediately become eligible for University Contributions and the Participant's vesting in any University Contributions under Article IV shall consider Eligible Service for periods (1) prior to his or her termination of employment with all Employing Institutions and (2) subsequent to his or her reemployment by an Employing Institution.<sup>7,8</sup>

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<sup>5</sup> Amendment No. 3, effective January 1, 2023

<sup>6</sup> Amendment No. 1, effective January 1, 2016

<sup>7</sup> Amendment No. 1, effective January 1, 2016

<sup>8</sup> Amendment No. 3, effective January 1, 2023

(v) A Participant who (A) ceases employment with all Employing Institutions before he or she becomes fully vested in his or her University Contributions under Article IV, (B) does not receive a distribution of his or her entire Participant Account and entire Supplemental Account, (C) subsequently becomes reemployed by a Subsequent Employer in an eligible position, and (D) becomes fully vested in his or her Individual Account balances attributable to University Contributions pursuant to Section 4.01(d) shall become enrolled in the Plan upon such Participant's reemployment. Such Participant shall immediately become eligible for University Contributions, and shall be fully-vested in any University Contributions that are made subsequent to his or her reemployment.<sup>9</sup>

2.04 Beneficiary Designation. Upon commencing participation, each Participant shall designate a Beneficiary on forms furnished by the Plan Administrator or its delegate. Such forms shall be maintained in files held by the Plan Administrator or its delegate. From time to time, the Participant may change his or her Beneficiary by written notice to the Plan Administrator or its delegate. Upon such change, the rights of all previously Designated Beneficiaries to receive any benefits under this Plan shall cease.

If no duly designated Beneficiary exists at the date of death of the Participant, or if the Beneficiary designated has died prior to the Participant, or if the Participant has revoked a prior designation in writing filed with the Plan Administrator or its delegate without having filed a new designation, then any death benefits which would have been payable to the Beneficiary shall be payable to the Participant's spouse, if living; if not living, equally to the Participant's children; or if none survive, then to the Participant's estate.

To the extent a Participant's interest in this Plan is invested in a Contract issued by an Insurance Company and such Contract has Beneficiary designation and/or payment procedures that are inconsistent with this Section 2.04, such Contract provisions shall apply so long as they do not affect the qualified status of the Plan.

### **ARTICLE III**

#### **CONTRIBUTIONS AND ALLOCATIONS**

##### 3.01 Individual Accounts.

(a) The Plan Administrator or its delegate shall establish and maintain an Individual Account comprised of a University Account, a Supplemental Account, and a Participant Account in the name of each Participant to which the Plan Administrator or its delegate shall credit all amounts allocated with respect to each such Participant pursuant to the following Sections of this Article III.<sup>10</sup>

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<sup>9</sup> Amendment No. 3, effective January 1, 2023

<sup>10</sup> Amendment No. 1, effective January 1, 2016

(b) To the extent authorized or required under the Plan, the Employing Institution and the Participant shall contribute toward the purchase of Contracts or deposit such contributions in the Trust (if applicable) on the Participant's behalf.

(c) Separate Individual Accounts shall be maintained for all Participants who have an interest in the Plan. Such separate Individual Accounts shall not require a segregation of the Investment Fund assets and no Participant shall acquire any right to or interest in any specific asset of the Investment Fund as a result of the allocations provided for in the Plan. All allocations shall be made as of the Valuation Date referred to in this Article III.

3.02 University Contributions. During each Plan Year, each Employing Institution shall contribute on behalf of each Participant in the Plan a percentage of the Participant's Compensation, which percentage shall be adjusted from time to time pursuant to N.C.G.S. Section 135-5.1(c). University Contributions shall be made to the Plan contemporaneously with Participant Contributions.

3.03 Supplemental Contributions. During each Plan Year, the Plan Administrator may in its sole discretion contribute an additional amount on behalf of each Participant as a Supplemental Contribution (generally attributable to revenue sharing amounts generated from Investment Funds). If the Plan Administrator shall determine that any such Supplemental Contributions for a Plan Year shall be made, the Plan Administrator shall designate the amount of the discretionary Supplemental Contribution to be made for such Plan Year and deposit such amount into the Plan as of a date not later than the fifteenth (15<sup>th</sup>) day of the tenth (10<sup>th</sup>) calendar month following the end of the University's fiscal year within which the particular Limitation Year for such Supplemental Contribution ends. The Participants entitled to share in any discretionary Supplemental Contribution for a Plan Year are those Participants in the Plan who are employed by an Employing Institution on the last day of such Plan Year.<sup>11</sup>

3.04 Participant Contributions. During each Plan Year, each Participant shall cause to be contributed on his or her behalf the amount which he or she would be required to contribute if the Participant were a member of the Retirement System. Consistent with Section 414(h) of the Code, Participant Contributions authorized or required by the provisions of this Section 3.05 on behalf of each Participant shall be made by salary reduction according to rules and regulations established by the Plan Administrator. Participant Contributions shall be credited to each Participant's Individual Account no later than thirty (30) days after the close of the Limitation Year for which the Participant Contributions were made.

3.05 Voluntary Before-Tax Contributions to Other Plans. Although not part of this Plan, additional personal contributions may also be made by a Participant by payroll deduction or salary reduction to an annuity or retirement income plan established by related N.C.G.S. and the applicable policies of the Employing Institution. Such contributions shall be made as permitted under Sections 401(k), 403(b) or 457(b) of the Code, and shall not be part of this Plan. Payment of voluntary before-tax contributions shall be made by the Employing Institution to the designated

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<sup>11</sup> Amendment No. 1, effective January 1, 2016

company or companies underwriting the annuities or providing investment alternatives for the benefit of each Participant.

3.06 Adjustment; Contract Gains and Losses.

(a) The Trustee shall determine the investment gains and losses under the Trust for the period elapsed since the last preceding Valuation Date. The allocation shall be made separately within the Investment Funds on the basis of the ratio between each Participant's Individual Account investment in the Investment Funds and the total of all Participants' Individual Accounts invested in the Investment Funds at the Valuation Date. The Plan Administrator shall have the right to oversee the accounting to ensure that each Participant's allocation is properly credited or debited, as the case may be, to his or her University Account, his or her Supplemental Account, and his or her Participant Account<sup>12</sup>.

(b) Gains and losses in any Contract will be allocated to the Participant for whom the Contract is purchased.

(c) To the extent a Participant's interest in this Plan is invested in a Contract issued by an Insurance Company, and such Contract or Trust Agreement shall have an allocation procedure which shall be inconsistent with this Section 3.06, such Contract or Trust Agreement provision shall apply so long as it will not affect the qualified status of the Plan.

3.07 Equitable Allocations. Should the Plan Administrator determine that the strict application of the accounting procedures utilized in the administration of the Plan will not result in an equitable and non-discriminatory allocation among the Individual Accounts of the Participants, it may modify the procedures for the purpose of achieving an equitable and non-discriminatory allocation in accordance with the general concepts of the Plan and the provisions of this Article III.

3.08 Maximum Additions. Anything herein to the contrary notwithstanding, the total Annual Additions made to the Participant's Individual Account for any Limitation Year, when combined with any similar Annual Additions credited to the Participant for the same period from another qualified Defined Contribution Plan maintained by the Employing Institution (or any other employer within the Employing Institution's controlled group within the meaning of Section 414(b) of the Code, or any employer within the group of employers that includes the Employing Institution and who must be aggregated and treated as one employer pursuant to 414(c), 414(m), or 414(o) of the Code, but excluding any arrangement that may be excluded pursuant to Section 1.415(f)-1(f) of the Code regulations), shall not exceed the lesser of Section 3.09(a) or Section 3.09(b) following:

(a) Sixty-six thousand dollars (\$66,000) (in 2023) or such other amount as may be allowed under Section 415 of the Code (adjusted for cost of living pursuant to Section 415(d) of the Code) and the regulations thereunder; and

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<sup>12</sup> Amendment No. 1, effective January 1, 2016



(b) One hundred percent (100%) of the Participant's total non-deferred compensation received from the Employing Institution for such Plan Year, not to exceed the compensation limit of 401(a)(17) of the Code. For purposes of this paragraph, "compensation" shall mean a Participant's earned income, wages, salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with an Employing Institution. "Compensation" shall include any elective deferrals as defined in Section 402(g)(3) of the Code and any amounts which are contributed or deferred by the Employing Institution at the election of the Participant and which are not includible in the gross income of the Participant by reason of Sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code.

"Compensation" shall include the following:

(i) Payments (including differential wage payments) to an individual who does not currently perform services for any Employing Institution by reason of qualified military service (as that term is used in Section 414(u) of the Code).

(ii) Any regular pay for services during the Participant's regular working hours, compensation for services outside the Participant's regular work hours (such as, overtime or shift differential), commissions, bonuses or other similar payments that would have been paid to the Participant had he or she not severed from service, but only if the payments are made within the later of two and one half (2 ½) months after severance of service or the end of the Plan Year that includes the date of severance. Compensation does not include any payments not described above such as parachute payments and post-severance payments under a nonqualified deferred compensation plan.

(iii) Amounts earned for services rendered outside of the United States even if those amounts are not includible in gross income due to the location of the services and the amounts would be excluded from gross income under Sections 872, 893, 894, 911 and 933 of the Code. However, any foreign compensation earned by a non-resident alien who is not a participant in the Plan is not treated as Compensation.

(iv) Payments awarded by an administrative agency or court or pursuant to a bona fide agreement by an Employing Institution to compensate a Participant for lost wages are compensation within the meaning of the Section 415(c)(3) of the Code for the Plan Year to which the back-pay relates, but only to the extent that such payments represent wages and compensation that would otherwise be included in Compensation.

"Compensation" shall exclude the following:

(v) Employer contributions to a deferred compensation plan to the extent such contributions are not included in gross income of the Participant or to a Simplified Employee Pension plan, and to the extent such contributions are

deductible from a nonqualified deferred compensation plan whether or not includable in the gross income of the Participant when distributed;

(vi) Amounts realized from the exercise of a nonqualified stock option, or realized when restricted stock (or property) held by a Participant becomes freely transferable or is no longer subject to a substantial risk of forfeiture.

(vii) Amounts realized from the sale, exchange, or other disposition of stock acquired under a qualified stock option.

(viii) Other amounts that receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are not includible in the gross income of the Participant and are not salary reduction amounts that are described in Section 125 of the Code).

(ix) Other items of remuneration that are similar to any of the items listed in paragraphs (b)(v) through (b)(ix) of this Section 3.09.

Compensation for any Limitation Year is the compensation actually paid, made available, or includible in gross income during such year.

In the event a Participant is covered by one or more other Defined Contribution Plans maintained by the Employing Institution, the maximum Annual Additions under this Plan shall be decreased to the extent determined necessary by the Employing Institution, prior to the reduction of such other Defined Contribution Plan, to ensure that all such plans will remain qualified under the Code.

Effective January 1, 2008, if Annual Additions are made to the Individual Account of any Participant in violation of the terms of this Section 3.09, such a failure may be corrected using any method permitted by the Employee Plans Compliance Resolution System or any similar correction program approved by the Internal Revenue Service.

**3.09 Contributions Required USERRA.** A Participant shall be allowed to make Participant Contributions for each year of Qualified Military Service in an amount no less than the amount as would have been required had the Participant not been in Qualified Military Service, based on the Participant's Compensation as herein defined, provided the Participant entered such Qualified Military Service directly from the employ of the University and was timely reemployed by the University (as required by USERRA). The Participant requesting to make such Participant Contributions under this Section 3.10 shall be required to contribute such make-up Participant Contributions during the period which begins with the Participant's compliant reemployment with the University and extends for the lesser of (i) the product of three (3) times the period of Qualified Military Service and (ii) five (5) years.

A University Contribution shall be made on behalf of any eligible Employee who makes a Participant Contribution under this Section 3.10 for each year of Qualified Military Service in an amount equal to the amount with which the Participant would have been credited (without regard to any adjustments) if he or she had not been in Qualified Military Service, based on his or her Compensation as determined herein.

An Employee who is in Qualified Military Service shall be treated as receiving Compensation during such period of Qualified Military Service equal to:

(a) the Compensation the Employee would have received during such period if the Employee were not in Qualified Military Service, based on the rate of pay the Employee would have received from the University but for absence during the period of Qualified Military Service, or

(b) if the Compensation the Employee would have received during such period was not reasonably certain, the Employee's average Compensation from the University during the twelve (12) month period immediately preceding the Qualified Military Service (or, if shorter, the period of employment immediately preceding the Qualified Military Service).

Any University Contributions made pursuant to this Section 3.10 shall not be subject to any otherwise applicable limitations contained in Sections 404(a), 402(g) or 415 of the Code with respect to the Plan Year in which the University Contributions are made; however, such University Contributions shall be subject to such limitations with respect to the year to which the University Contributions relate.

A Participant who dies or becomes disabled on or after January 1, 2007 while performing Qualified Military Service will be treated as if the individual had resumed employment in accordance with USERRA on the day preceding the death or disability and terminated employment on the actual date of death or disability

3.10 Rollovers and Transfers into the Plan. Effective January 1, 2012, the Plan will accept rollovers or other transfers of funds from any plan or arrangement qualified under Section 401(a), 403, 408 or 457(b) of the Code, including transfers from the Retirement System as permitted by the N.C.G.S. The Plan does not accept direct rollovers of after-tax contributions.

## **ARTICLE IV**

### **DISTRIBUTIONS**

#### 4.01 Vesting.

(a) A Participant shall always be one hundred percent (100%) vested in his or her Individual Account balances attributable to Supplemental Account.<sup>13</sup>

(b) Effective July 1, 2011, a Participant shall become one hundred percent (100%) vested in his or her Individual Account balances attributable to University Contributions upon the completion of (5) full years of any combination of (i) Eligible Service under the Plan; and (ii) total membership service, as defined in the N.C.G.S., in the Retirement System, the Local Government Employees' Retirement System, or the Consolidated Judicial Retirement System.

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<sup>13</sup> Amendment No. 1, effective January 1, 2016

(c) A Participant shall become one hundred percent (100%) vested in his or her Individual Account upon such Participant's death.

(d) Effective July 1, 2011, a Participant who (i) ceases employment with all Employing Institutions before he or she completes five (5) full years of any combination of Eligible Service under the Plan and total membership service in the Retirement System, the Local Government Employees' Retirement System, or the Consolidated Judicial Retirement System; (ii) becomes employed within twelve (12) months with a Subsequent Employer, (iii) Timely Enrolls in a Like Retirement Plan as the Participant's Core Retirement Plan and (iv) begins either to make contributions under annuity contracts of underwriting insurance companies previously subscribed or available under the Plan or to purchase Investment Funds previously available under the Plan, shall become fully vested in his or her Individual Account balances attributable to University Contributions on enrollment in such Like Retirement Plan.

(e) Effective January 1, 2013, a Participant who ceases employment with all Employing Institutions before he or she completes five (5) full years of any combination of Eligible Service under the Plan and total membership service in the Retirement System, the Local Government Employees' Retirement System, or the Consolidated Judicial Retirement System and to whom Section 4.01(d) of the Plan does not apply, shall forfeit his or her Individual Account balances attributable to University Contributions. Consistent with Section 401(a) of the Code, no part of the corpus or income of the Plan may be used for purposes other than for the exclusive benefit of participants and their beneficiaries, except that University Contributions made under a good faith mistake of fact may be returned, consistent with the rules adopted by the University.

(f) Any Participant who is convicted of an offense (as defined below) shall forfeit, in accordance with N.C.G.S. Section 135-5.1(h), the Participant's interest in the Plan attributable to the University's Contributions if (i) the offense is committed while the Participant is employed by the Constituent Institutions; and (ii) the conduct resulting in the Participant's conviction is directly related to the Participant's office or employment. For avoidance of doubt, any Participant that is not one hundred percent (100%) vested in the Participant's Individual Account on December 1, 2012 and is convicted of an offense committed after December 1, 2012, shall forfeit any interest in the Plan attributable to the University's Contributions, except for a return of the Participant's interest in the Plan. Alternatively, any Participant that is one hundred percent (100%) vested in the Participant's Individual Account on December 1, 2012, and is convicted of an offense committed after December 1, 2012 shall forfeit any interest in the Plan attributable to the University's Contributions accrued after December 1, 2012. Any funds forfeited under this paragraph (f) shall be deposited in the trust fund(s).

For purposes of this paragraph (f), "offense" includes any offense listed under N.C.G.S. Section 135-18.10A, including any felony under federal law or the laws of North Carolina.<sup>14</sup>

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<sup>14</sup> Amendment No. 3, effective January 1, 2023

#### 4.02 Distributions upon Death.

(a) Death Before Retirement or Termination of Employment. Upon the death of a Participant before the Participant Retires or the Participant's Termination of Employment, the value of such Participant's Individual Account as of the date of death of the Participant shall become payable and the Plan Administrator shall direct the Insurance Company(ies) or Trustee to distribute to such Participant's Beneficiary amounts in accordance with Section 4.06(b), with the Beneficiary being substituted for the Participant in such Section.

(b) Death After Retirement or Termination of Employment. Upon the death of a Participant who has elected to receive benefit payments in accordance with Section 4.04(b) or (c), to the extent there is a remainder to be paid to a Beneficiary based on the annuity option elected, such remainder shall be paid in accordance with the Contract, provided such remaining payment will not affect the qualified status of the Plan.

#### 4.03 Distributions Upon Retirement or Termination of Employment with The University.

(a) Distributions After Full Vesting. A Participant who Retires or has a Termination of Employment after becoming fully vested under Section 4.01 shall be entitled to receive his or her Individual Account, as adjusted in Section 3.06, in any manner permitted by the Contract or Investment Fund in which such Participant has invested his or her Individual Account.

#### (b) Distributions Before Full Vesting.

(i) A Participant who Retires or has a Termination of Employment without being fully vested in his or her University Account, but who becomes vested under Section 4.01(d), may receive a distribution of his or her entire Individual Account as soon as administratively possible following completion of any procedures required by the respective Insurance Company or Trustee.

(ii) A Participant who Retires or has a Termination of Employment with the University without becoming fully vested under Section 4.01 shall be entitled to receive a distribution of his or her Participant Account, upon request to the Plan Administrator. Distribution shall be made in any form permitted under the Plan.

4.04 In-Service Distributions Upon Participation in the Phased Retirement Program. A Participant who has (a) attained Normal Retirement Age and (b) has entered The University of North Carolina Phased Retirement Program following the completion of five (5) full years of Eligible Service, shall be entitled to receive his or her Individual Account, as adjusted in Section 3.06, in any manner permitted by the Contract or Investment Fund in which such Participant has invested his or her Individual Account.

#### 4.05 Method of Payment.

(a) Application for Benefits. To receive a benefit under the Plan, the Participant, the Participant's Beneficiary, or next of kin (under the applicable state law) must make written application therefore on a form or forms provided by the Plan Administrator or its delegate. The Plan Administrator may require that there be furnished to it in connection with such application all information pertinent to any question of eligibility and the amount of any benefit.

(b) Normal Form for Contracts. The normal form of payment of benefits to a Participant who has selected one or more Insurance Contracts for the investment of his or her Individual Account under Section 5.02 shall be a life-only annuity unless the Participant elects payment in accordance with Section 4.05(c).

(c) Investment Fund Distributions. A Participant or Beneficiary may elect in writing to receive his or her distribution in a lump sum or an optional form of payment permitted by the Mutual Funds Companies and Investment Funds.

(d) Optional Form for Contracts. In lieu of receiving payment in accordance with Section 4.05(b), a Participant or Beneficiary may elect in writing to receive his or her distribution in a lump sum or an optional form of payment provided by the Contract(s).

(e) Eligibility for Health Insurance. To the extent a Participant is otherwise eligible under N.C.G.S. Section 135-45.2 *et seq.* to receive or purchase health insurance from the State of North Carolina upon being in pay status of a retirement benefit hereunder, the term "pay status" shall mean having Retired and receiving monthly retirement benefits of all or a portion of a Participant's Individual Account.

#### 4.06 Benefits to Minors and Incompetents.

(a) If a person entitled to receive payment under the Plan is a minor, the Plan Administrator, in its discretion and not inconsistent with any underlying Contract, may distribute such amount in any one or more of the following ways:

(i) by application thereof for the benefit of such minor;

(ii) by payment thereof to either a parent of such minor or to any adult person with whom such minor is at the time living or to any person who is legally qualified and is acting as guardian of the person or of the property of such minor; provided only that the parent or adult person to whom any amount is paid must advise the Plan Administrator in writing that he will hold or use such amount for the benefit of such minor.

(b) If it is found that a person who is entitled to receive payment under the Plan is physically or mentally incapable of personally receiving and giving a valid receipt for any payment due (unless prior claim therefore shall have been made by a duly qualified legal representative), such payment may be made to the spouse, son, daughter, parent, brother, sister, or other person deemed by the Plan Administrator to have incurred expense for such person otherwise entitled to payment.

4.07 Payment of Benefits. If a portion of a Participant's Individual Account shall become due and payable pursuant to Article IV, and the Participant, in accordance with the Plan, has not elected otherwise, any payment of benefits or commencement thereof to the Participant shall begin not later than sixty (60) days after the close of the Plan Year in which occurs the latest of:

- (a) the Participant's having attained his or her Normal Retirement Age;
- (b) the tenth (10th) anniversary of the year in which the Participant commenced participation in the Plan; or
- (c) the Termination of Employment of the Participant.

4.08 Required Minimum Distributions. The following provisions of this Section 4.08 will take precedence over any inconsistent provisions of the Plan. All distributions required under the following provisions of this Section 4.08 will be determined and made in accordance with the Section 401(a)(9) of the Code and the regulations thereunder.

(a) The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's "required beginning date."

(b) If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(i) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

(ii) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(iii) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iv) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this subparagraph (B), other than clause (1), will apply as if the surviving spouse were the Participant.

For purposes of this subparagraph (B) and paragraph (iii), distributions are considered to begin on the Participant's "required beginning date" (or, if clause (4) applies, the date distributions are required to begin to the surviving spouse under clause (1)). If distributions under an annuity purchased from any insurance

company irrevocably commence to the Participant before the Participant's "required beginning date" (or to the surviving spouse before the date distributions are required to begin to the surviving spouse under clause (1)), the date distributions are considered to begin is the date distributions actually commence.

(c) Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the "required beginning date," as of the first "distribution calendar year" distributions will be made in accordance with paragraphs (ii) and (iii). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the regulations thereunder.

(d) During the Participant's lifetime, the minimum amount that will be distributed for each "distribution calendar year" is the lesser of:

(i) the quotient obtained by dividing the "Participant's account balance" by the distribution period in the Uniform Lifetime Table in Section 1.401(a)(9)-9 of the Code regulations, using the Participant's age as of the Participant's birthday in the "distribution calendar year"; or

(ii) if the Participant's sole designated Beneficiary for the "distribution calendar year" is the Participant's spouse, the quotient obtained by dividing the "Participant's account balance" by the number in the Joint and Last Survivor Table in Section 1.401(a)(9)-9 of the Code regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the "distribution calendar year."

(e) Required minimum distributions will be determined under this paragraph (ii) beginning with the first "distribution calendar year" and up to and including the "distribution calendar year" that includes the Participant's date of death.

(f) If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's account balance" by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

(i) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each "distribution calendar year" after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For "distribution calendar years" after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the



surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(iii) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the youngest Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(g) If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's account balance" by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(h) If the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's account balance" by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in subparagraph (A).

(i) If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(j) If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under paragraph (i)(B)(1), this subparagraph (B) will apply as if the surviving spouse were the Participant.

(k) SECURE Act Requirements. The provisions of this subsection are intended to reflect only changes made to the Code by the SECURE Act, and shall be administered in accordance with such changes and any guidance issued thereunder notwithstanding anything contained in the Plan, including any Article, or Appendix, to the contrary.

(i) Delay of the Mandatory Commencement Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Mandatory Commencement Date. For Plan purposes, the "Mandatory Commencement Date" is April 1 immediately following the later of (i) the calendar year in which the Participant attains age 72 or (ii) if so elected by the Participant under subsection (c), the calendar year in which the Participant Retires.

(A) Exception for 5% Owners. For purposes of determining a Participant's Mandatory Commencement Date, an affected Participant will

be treated as more than a 5% owner if he or she was a 5% owner (as defined in Section 416(i)(1)(B) of the Code) as to the Plan Year ending in the calendar year the Participant attains age 72.

(ii) **Mandatory Spousal Distributions.** If the Participant dies before the Participant's Mandatory Commencement Date and the Participant's surviving spouse is the Participant's sole designated Beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 72, if later.

(iii) **Required Minimum Distributions to Beneficiaries.** With respect to Participants who die on or after January 1, 2020:

(A) **10-Year Rule.** If the distributee of a deceased Participant's account balance is a designated Beneficiary who is not an Eligible Designated Beneficiary (as defined below), then the Plan will distribute the account balance in full no later than December 31 of the 10th year following the year of the Participant's death.

(B) **Beneficiary Death.** If an Eligible Designated Beneficiary dies before receiving distribution of the Beneficiary's entire interest in the Participant's account, the Plan will distribute that interest in full no later than December 31 of the 10th year following the year of the Eligible Designated Beneficiary's death. Similarly, if a Participant died before January 1, 2020, the limitations of this subparagraph (C)(2) shall apply to distributions to the beneficiary of the Participant's designated Beneficiary if the designated Beneficiary died after January 1, 2020.

(C) **Eligible Designated Beneficiaries.** An individual is an "Eligible Designated Beneficiary" of a Participant if the individual qualifies as a designated Beneficiary and is:

- (1) the Participant's spouse,
- (2) the Participant's child who has not reached the age of majority (as defined for purposes of Section 401(a)(9)(F) of the Code),
- (3) an individual not more than ten (10) years younger than the Participant,
- (4) a disabled individual (as defined in Section 72(m)(7) of the Code), or
- (5) an individual who has been certified to be chronically ill (as defined in Section 7702B(c)(2) of the Code) for a reasonably lengthy period, or indefinitely.

(6) Certain trusts may be treated as Eligible Designated Beneficiaries pursuant to Section 401(a)(9)(H)(iv) and (v) of the Code. When a child of the Participant reaches the age of majority, the Plan will distribute the child's account in full no later than ten (10) years after that date.

(l) For purposes of this Section 4.08, the following words and phrases shall have the meanings indicated:

(i) Distribution calendar year – A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first "distribution calendar year" is the calendar year immediately preceding the calendar year that contains the Participant's "required beginning date." For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to paragraph (i)(B). The required minimum distribution for the Participant's first "distribution calendar year" will be made on or before the Participant's "required beginning date." The required minimum distribution for other "distribution calendar years," including the required minimum distribution for the "distribution calendar year" in which the Participant's "required beginning date" occurs, will be made on or before December 31 of that "distribution calendar year."

(ii) Life expectancy – Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Code regulations.

(iii) Participant's account balance – The account balance as of the last valuation date in the calendar year immediately preceding the "distribution calendar year" (valuation calendar year), increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date, and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the "distribution calendar year" if distributed or transferred in the valuation calendar year.

(iv) Required beginning date – The April 1 of the calendar year following the later of (1) the calendar year in which the Participant attains age 70½, or (2) the calendar year in which the Participant Retires.

#### 4.09 Re-Employment by the University.

(a) If a Participant returns to Eligible Service at the University and has not received a distribution of his or her entire Individual Account, such Participant shall be reenrolled in this Plan upon re-employment by the University so long as such Participant is considered an "Employee" as described in Section 1.12 of the Plan. If such Participant returns to a position that is ineligible to participate in this Plan, such Participant shall not be eligible to enroll in this Plan upon re-employment.

(b) A Participant who terminated employment with less than five (5) years of Eligible Service and returns to employment with the University after receiving a distribution under Section 4.03 shall not be permitted to transfer to this Plan any funds distributed under Section 4.03 (except as authorized by Section 3.10), but may elect to enroll in the Plan upon re-employment as provided in Section 2.01(c).

#### 4.10 Rollover Distributions.

(a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's (as defined below) election under this Section 4.10, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator or its delegate and after becoming entitled to a distribution from the Plan, to have any portion of an Eligible Rollover Distribution (as defined below) paid directly to an Eligible Retirement Plan (as defined below) specified by the Distributee in a Direct Rollover (as defined below). Such distribution may commence less than thirty (30) days after the notice required under Section 1.411(a)-11(c) of the Code regulations is given, provided that (i) the Plan Administrator clearly informs the Participant that the Distributee has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and (ii) the Distributee, after receiving the notice, affirmatively elects a distribution. Any distribution election must remain revocable until the later of the annuity starting date or the expiration of the seven (7) day period that begins the day after the explanation specified herein is provided.

(b) For purposes of this Section 4.10, the following definitions shall apply:

(i) Eligible Rollover Distribution: An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated Beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; any distribution which is made upon hardship of the Employee, and any Participant Contribution returned to comply with Section 415 of the Code. For purposes of the preceding sentence, a portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax contributions which are not includible in gross income. However, such portion may be paid only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a Defined Contribution Plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(ii) Eligible Retirement Plan: An Eligible Retirement Plan is an individual retirement account described in Section 408(a) of the Code, an individual

retirement annuity described in Section 408(b) of the Code, a Roth IRA described in Section 408A of the Code, an annuity plan described in Section 403(a) of the Code, a qualified retirement plan described in Section 401(a) of the Code, an eligible deferred compensation plan described in Section 457(b) of the Code which is maintained by an eligible employer described in Section 457(e)(1)(A) of the Code and which agrees to separately account for amounts transferred into such a plan from this Plan, or an annuity contract described in Section 403(b) of the Code, that accepts the Distributee's Eligible Rollover Distribution. The preceding definition of Eligible Retirement Plan also shall apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code. In the case of a nonspouse beneficiary, an Eligible Retirement Plan is an individual retirement account described in Section 408(a) of the Code or an individual retirement annuity described in Section 408(b) of the Code.

(iii) Distributee: A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse. A nonspouse beneficiary is a Distributee for purposes of a Direct Rollover to an individual retirement account described in Section 408(a) of the Code or an individual retirement annuity described in Section 408(b) of the Code.

(iv) Direct Rollover: A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

(c) The Individual Account of a Participant, who has been provided the notice specified in Section 402(f) of the Code but who makes no election with regard to an Eligible Rollover Distribution within thirty (30) days of receiving such notice, shall be distributed directly to the Participant as soon thereafter as is practicable following such thirty (30) day period.

4.11 Claims for Benefits. All claims for benefits under the Plan shall be submitted in writing to the Plan Administrator. Within a reasonable period of time the Plan Administrator shall decide the claim by majority vote in the exercise of its sole and absolute discretion. Written notice of the decision on each such claim shall be furnished within 90 days after receipt of the claim; provided that, if special circumstances require an extension of time for processing the claim, an additional 90 days from the end of the initial period shall be allowed for processing the claim, in which event the claimant shall be furnished with a written notice of the extension prior to the termination of the initial 90-day period indicating the special circumstance requiring an extension. If the claim is wholly or partially denied, such written notice shall set forth an explanation of the specific findings and conclusions on which such denial is based. A claimant may review all pertinent documents and may request a review by the Plan Administrator of such a decision denying the claim. Such a request shall be made in writing and filed with the Plan Administrator within sixty (60) days after delivery to said claimant of written notice of said decision. Such written request for review shall contain all additional information which the claimant wishes the Plan

Administrator to consider. The Plan Administrator may hold any hearing or conduct any independent investigation which it deems necessary to render its decision, and the decision on review shall be made as soon as possible after the Plan Administrator's receipt of the request for review. Written notice of the decision on review shall be furnished to the claimant within sixty (60) days after receipt by the Plan Administrator of a request for review, unless special circumstances require an extension of time for processing, in which event an additional sixty (60) days shall be allowed for review and the claimant shall be so notified in writing. Written notice of the decision on review shall include specific reasons for such decision. For all purposes under the Plan, such decisions on claims (where no review is requested) and decisions on review (where review is requested) shall be final, binding and conclusive on all interested parties as to participation and benefit eligibility, the Participant's amount of Compensation and as to any other matter of fact or interpretation relating to the Plan.

4.12 Missing Payee. If the Plan Administrator cannot ascertain the whereabouts of any person to whom a payment is due under the Plan, and if, after five (5) years from the date such payment is due, a notice of such payment due is mailed to the last known address of such person, as shown on the records of the Plan Administrator or the University, and within three (3) months after such mailing such person has not made written claim therefore, the Plan Administrator, may establish an individual retirement account on behalf of the participant or beneficiary to whom payment is due, and deliver the payment to that account as a distribution, or, in the discretion of the Plan Administrator, deposit the payment in the North Carolina escheat fund. Upon such delivery, the Plan shall have no further liability.

## ARTICLE V

### FUNDING

5.01 Contributions. Contributions by the Employing Institution and by the Participants as provided for in Article III shall be remitted to the Insurance Company and/or Trustees. All Contributions by the Employing Institution shall be irrevocable, except as herein provided, and may be used only for the exclusive benefit of the Participants, former Participants, and their Beneficiaries.

5.02 Investment Funds. The Board or its delegate shall designate the Insurance Companies from which Contracts are to be purchased and the Mutual Fund Companies and Investment Funds that the Trustees shall make available for Participants to choose for the investment of their Individual Accounts. The Board or its delegate also shall select a default investment in which shall be invested the Individual Account of any Participant who fails to properly select among the available Investment Funds. In making these decisions, the Board or its delegate shall give due consideration to the following:

- (a) the nature and extent of the rights and benefits to be provided by these Contracts or Trust Agreement, for Participants and their Beneficiaries;
- (b) the relation of these rights and benefits to the amount of contributions to be made;

(c) the suitability of these rights and benefits to the needs of the Participants and the interest of the institutions of the University in recruiting and retaining faculty in a national market;

(d) the ability of the designated Insurance Company or Companies underwriting the annuity contracts and the Trustees to provide these suitable rights and benefits under such Contracts or Trust Agreement for these purposes; and

(e) the Plan's "investment policy statement," as in effect after adoption by the Board from time to time.

Notwithstanding the provisions of this Section 5.02, no contractual relationship established under the Plan pursuant to the authority granted by Chapter 338, North Carolina Session Laws of 1971, is deemed terminated by the provisions.

5.03 Investment Direction. A Participant may elect, in such manner and form as the Contracts or Investment Funds prescribe, to direct the investment of the amounts credited to his or her Participant Account, University Account and Supplemental Account in accordance with the rules established by the Plan or, if applicable by the Contracts or the Investment Funds. The Plan Administrator may change the rules for investment direction from time-to-time in its sole discretion.<sup>15</sup>

5.04 Possession of the Contracts. Consistent with policies and procedures established by the Plan Administrator, a Participant investing in a Contract issued by an Insurance Company shall be assigned possession of such Contract by the Plan Administrator, and such Contract shall be delivered to such Participant. Such policies and procedures shall be communicated to Participants and to the Insurance Companies.

## ARTICLE VI

### AMENDMENT AND TERMINATION OF THE PLAN

6.01 Amendment of the Plan. The Board or its delegate shall have the right at any time by action of the Board or its delegate to modify, alter, or amend the Plan in whole or in part; provided, however, that the duties, powers, and liability of the Insurance Company(ies) or Trustees hereunder shall not be increased without their written consent; and provided, further, that the amount of benefits which at the time of any such modification, alteration, or amendment shall have accrued for any Participant or Beneficiary hereunder shall not be adversely affected thereby; and provided, further, that no such modification, alteration, or amendment shall have the effect of revesting in the University any part of the principal or income of any Participant's Individual Account.

6.02 Termination of the Plan. The University expects to continue the Plan indefinitely, but continuance is not assumed as a contractual obligation, and the University reserves the right at any time by action of the Board to terminate the Plan. If the University terminates or partially terminates the Plan or discontinues authorization of Contributions at any time, each Participant

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<sup>15</sup> Amendment No. 1, effective January 1, 2016

affected thereby shall be then vested in the amount credited in his or her Individual Account. If the turnover rate is at least 20 percent, a partial termination is presumed to have taken place unless such turnover is routine or other mitigating circumstances apply. The turnover rate is determined by dividing: (1) the number of Participants who had an employer-initiated severance from employment during the applicable period by (2) the sum of (a) the number of Participants at the start of the applicable period plus (b) the number of Employees who became Participants during the applicable period.

In the event of the termination of the Plan by the University, the Plan Administrator or its delegate shall value the Investment Fund as of the date of termination. That portion of the Investment Fund applicable to any Employing Institution for which the Plan has not been terminated shall be unaffected. The Individual Accounts of the Participants and Beneficiaries affected by the termination, as determined by the Plan Administrator or its delegate, shall continue to be administered as part of the Investment Fund or distributed to such Participants or Beneficiaries or otherwise applied to their benefits pursuant to Section 4.05.

## ARTICLE VII

### MISCELLANEOUS

7.01 Governing Law. The Plan shall be construed, regulated, and administered according to the laws of the State of North Carolina except in those areas preempted by the laws of the United States of America.

7.02 Construction. The headings and subheadings in the Plan have been inserted for convenience of reference only and shall not affect the construction of the provisions hereof. In any necessary construction the masculine shall include the feminine and the singular, the plural and vice versa.

The University has established and maintains the Plan for the exclusive benefit of Participants and of necessity retains control of the operation and administration of the Plan. Pursuant to Section 1.30 and this Section 7.02, the Plan Administrator shall have the duty and discretionary authority to construe the Plan and to determine all questions that may arise thereunder relating to (a) the eligibility of individuals to participate in the Plan, (b) the amount of benefits to which any Participant or Beneficiary may become entitled hereunder, and (c) any situation not specifically covered by the provisions of the Plan. The Plan Administrator shall have no power in any way to modify, alter, add to, or subtract from any provisions of the Plan.

When the Plan Administrator is required in the performance of its duties hereunder to administer or construe, or to reach a determination under, any of the provisions of the Plan, it shall do so in a uniform, equitable, and nondiscriminatory basis.

7.03 Administrative Expenses. The Board or its delegate may provide for the administration of the Plan and may perform or authorize the performance of all functions necessary for its administration. The reasonable and necessary expenses of administering the contracts, Investment Funds and the Plan may be paid either by the University or from the respective contracts or Investment Fund.



7.04 Participation in Other Plans. Any eligible Employee electing to participate in the Plan is ineligible for active membership in the Retirement System so long as he or she remains employed in any eligible position within the University; and, while in an eligible position, he shall continue to participate in the Plan.

7.05 Other Benefits. No retirement benefit, death benefit, or other benefit under the Plan shall be paid by the State of North Carolina, or the University, or the Board of Trustees of the Retirement System with respect to any Employee selecting and participating in the Plan. Benefits shall be payable to Participants or their Beneficiaries only in accordance with the terms of the Contracts or Trust Agreement.

7.06 Participant's Rights; Acquittance. No Participant in the Plan shall acquire any right to be retained in the employ of an Employing Institution by virtue of the Plan; nor, upon his or her dismissal, or upon his or her voluntary termination of employment, shall the Participants have any right or interest in and to the Investment Fund other than as specifically provided herein. The Employing Institution shall not be liable for the payment of any benefit provided for herein; all benefits hereunder shall be payable only from the Investment Fund.

7.07 Spendthrift Clause. Except as may be required by Section 401(a)(13)(B) of the Code or this Section 7.07 or 7.09 of the Plan (relating to Qualified Domestic Relations Orders), and except for the applications of the provisions of N.C.G.S. Section 110-136 (garnishment to enforce child support) and in connection with a court-ordered equitable distribution under N.C.G.S. Section 50-20, none of the benefits, payments, proceeds, or distributions under this Plan shall be subject to the claims of any creditor of a Participant or to the claim of any creditor of any Beneficiary hereunder or to any legal process by any creditor of such Participant or of any such Beneficiary; and no such Participant nor any such Beneficiary shall have any right to alienate, commute, anticipate, or assign any of the benefits, payments, proceeds, or distributions under this Plan.

7.08 Mistake of Fact. Notwithstanding anything herein to the contrary, there shall be returned to the Employing Institution any Contributions which are made as follows:

(a) By a mistake of fact, as determined by the Internal Revenue Service or in such other manner as the Internal Revenue Service may permit; or

(b) Prior to the receipt of initial qualification if the Plan receives an adverse determination with respect to its initial qualification and the application for determination is made by the time prescribed by law for filing the Employing Institution's tax return for the taxable year in which the Plan is adopted, or such later date as the Secretary of Treasury may prescribe.

The return of any Contribution to the Employing Institution by the Trustee or Insurance Company shall be made within one (1) year after the payment of the Contribution or the denial of the qualification, whichever is applicable, unless a longer notice period is provided in a Contract or the Trust. The portion of any Contribution returned under this Section 7.08 to the Employing Institution shall be reduced by its proportionate share of losses and expenses of the Contract or Trust, if any, but shall not be increased by any income or gains of the Contract or Trust, if any.

7.09 Domestic Relations Orders. If it is determined by the Plan Administrator that a “domestic relations order” received by the Plan fulfills the requirements of a “Qualified Domestic Relations Order” pursuant to the appropriate procedures adopted by the Plan Administrator, any amounts that are to be paid to an alternate payee may, if required pursuant to the terms of such order, be either segregated within the relevant Contract or Trust, or distributed in the form selected under the Plan as soon as practicable following the determination such order is a Qualified Domestic Relations Order, or at such other time as such order shall provide. However, the Plan shall not provide a lump sum distribution unless permitted under the Insurance Contract or Investment Fund, or required by the IRS. To the extent permitted by federal and state law, and unless specified otherwise in the Qualified Domestic Relations Order, all costs associated with qualifying and processing a Qualified Domestic Relations Order shall be divided equally between and paid by the Participant’s Individual Account and the account established for the alternate payee under the Qualified Domestic Relations Order. A “Qualified Domestic Relations Order means any judgment, decree or order (including approval of a property settlement agreement) by a court with jurisdiction over the Plan which has been determined by the Plan Administrator or its delegate in accordance with nondiscriminatory rules and procedures established under the Plan to constitute a domestic relations order assigning Plan benefits. A Qualified Domestic Relations Order must (a) relate to the payment of a marital property award to a spouse or former spouse of a Participant (an “Alternate Payee”), (b) must create or recognize an Alternate Payee as an owner or a co-owner of an interest of a Participant under the Plan, and (c) must specifically identify each interest that is subject to such order and must specifically order the direct transfer of each such interest to such Alternate Payee. No Qualified Domestic Relations Order shall require the Plan to provide any type or form of benefit not otherwise provided by the Plan; nor to provide any increased benefits; nor to pay benefits to an Alternate Payee which are required to be paid to another Alternate Payee under another previously applicable Qualified Domestic Relations Order.

7.10 Counterparts. The Plan, the Contract(s) and the Trust Agreement (if applicable) may be executed in any number of counterparts, each of which shall constitute one and the same instrument and may be sufficiently evidenced by any one counterpart.

## **ARTICLE VIII**

### **ADOPTION OF THE PLAN**

Anything herein to the contrary notwithstanding, this Plan is created under the condition that it shall be approved and qualified by the Internal Revenue Service under Section 401(a) and/or Section 403(a) of the Code and that the Trust (if applicable) is exempt under Section 501(a) of the Code, or under any comparable Sections of any future legislation which amend, supplement, or supersede such Sections. Should the Internal Revenue Service find that the Plan, as herein created, is not qualified, the University may modify the Plan to meet Internal Revenue Service requirements.

As evidence of its adoption of the Plan, the Board has caused this instrument to be signed by its Chairman therefore duly authorized and its corporate seal to be affixed hereto this \_\_\_ day of \_\_\_\_\_, 2023.

THE BOARD OF GOVERNORS OF  
THE UNIVERSITY OF NORTH CAROLINA

\_\_\_\_\_  
CHAIR

ATTEST:

By: \_\_\_\_\_  
Secretary  
The University of North Carolina

SEAL

**AGENDA ITEM**

A-7. Faculty Recruitment and Retention Fund ..... David English

**Situation:** The Faculty Recruitment and Retention Fund was created by the North Carolina General Assembly to provide the University of North Carolina System supplemental funds to attract and retain key faculty members. The fund, which is administered by the president of the University of North Carolina, is used to support institutions in critical faculty hiring and retention efforts. The North Carolina General Assembly provided a transformational \$15,000,000 increase to the fund in the recently adopted biennial budget.

**Background:** The Faculty Recruitment and Retention Fund was established by the North Carolina General Assembly in 2006 pursuant to Senate Bill 1741. An original allocation of \$5,000,000 was provided at the time, with the direction that "...allocations from the fund shall be made for salary increases at the discretion of the President of The University of North Carolina only for the purposes of recruitment and retaining faculty members as necessary at the constituent institutions."

The General Assembly has provided supplemental appropriations over the years, including \$3,000,000 in 2008, \$2,000,000 in 2009, \$3,000,000 in 2012, \$500,000 in 2018, and \$5,000,000 in 2021. Prior to this legislative session, the total amount contributed to the fund was \$18,500,000. The Faculty Recruitment and Retention Fund has been used to support just over 1,000 high priority awards since its inception. The majority of the allocations have been used for retention awards, in cases where faculty members have received external offers or targeted recruitment. The balance of the awards have been used to support institutions in successfully recruiting top talent to their campuses.

During the recent legislative session, the General Assembly allocated a transformative \$15,000,000 appropriation, the single-largest amount in the fund's history. This appropriation is nearly equivalent to the total amount contributed to the fund in the preceding 15 years, and will allow the UNC System to become more aggressive in targeted support of recruitment and retention efforts. This can include, for the first time, providing targeted areas of priority focus; increasing the amount of the awards allocated to the institutions; and expanding the window for recruitment efforts.

**Assessment:** The Faculty Recruitment and Retention Fund is a key tool in helping institutions attract and retain top faculty talent. The generous appropriation by the General Assembly will be of significant benefit to the UNC System.

**Action:** This item is for information only.