

November 19, 2025 at 11:15 a.m.  
Via Videoconference and PBS North Carolina Livestream  
UNC System Office  
223 S. West Street, Room 1809  
Raleigh, NC 27603

## **AGENDA**

### **OPEN SESSION**

- A-1. Approval of the Open Session Minutes of September 17, 2025 ..... Carolyn Coward
- A-2. Proposed Policy Revisions to Section 300.2.22 of the UNC Policy Manual,  
*Leave Programs for Faculty and Staff Exempt from the North Carolina Human  
Resources Act* ..... Michael Vollmer
- A-3. Proposed Policy Revisions to Section 300.2.14 of the UNC Policy Manual,  
*Policy on Non-Salary and Deferred Compensation* ..... Michael Vollmer

### **CLOSED SESSION**

- A-4. Approval of the Closed Session Minutes of September 17, 2025 ..... Carolyn Coward
- A-5. Executive Personnel Matter..... Peter Hans

### **OPEN SESSION**

- A-6. 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

September 17, 2025 at 12:45 p.m.  
Via Videoconference and PBS North Carolina Livestream  
UNC System Office  
223 S. West Street, Room 1809  
Raleigh, NC 27603

This meeting of the Committee on University Personnel was presided over by Chair Carolyn Coward. The following committee members, constituting a quorum, were present either in person or via videoconference: Woody White, Jimmy D. Clark, Swadesh Chatterjee, and Kellie Hunt Blue.

Chancellors participating were Robin Cummings and Sharon Gaber.

Shayna Hill, chair of the UNC Staff Assembly, and Wade Maki, chair of the UNC Faculty Assembly, were also in attendance.

Staff members present included Thomas Walker, David English, Mary Griffin Riggins, 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 12:45 p.m. on Wednesday, September 17, 2025, 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 minutes from the May 12, 2025, and the May 15, 2025, meetings were approved by unanimous consent.

### 2. 2024-25 Annual Report of the Committee on University Personnel (Item A-2)

The committee voted to accept the 2024-25 Committee on University Personnel Annual Report for submission to the full Board.

**MOTION:** Resolved, that the Committee on University Personnel approve the 2024-25 Committee on University Personnel Annual Report and submit it to the full Board of Governors.

**Motion:** Woody White  
**Motion Carried**

### 3. UNC Optional Retirement Program Technical Change (Item A-3)

The committee reviewed proposed technical changes to the Optional Retirement Program (ORP).

**MOTION:** Resolved, that the Committee on University Personnel approve the proposed technical changes amending the Optional Retirement Program and send to the full Board for a vote.

**Motion:** Kellie Hunt Blue

**Motion Carried**

#### **4. 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, or not considered a public record within the meaning of Chapter 132 of the 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:** Woody White

**Motion carried**

#### **THE MEETING MOVED INTO CLOSED SESSION AT 12:50 P.M.**

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

#### **THE MEETING RESUMED IN OPEN SESSION AT 1:39 P.M.**

There being no further business and without objection, the meeting adjourned at 1:39 p.m.

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Swadesh Chatterjee, Secretary

**AGENDA ITEM**

## A-2. Proposed Policy Revisions to Section 300.2.22 of the UNC Policy Manual

*Leave Programs for Faculty and Staff Exempt from the North Carolina Human**Resources Act* ..... Michael Vollmer

- Situation:** This is a proposed revision to the EHRA leave policy to streamline the policy and remove unnecessary redundancies with other state policy.
- Background:** Chapter 300 of the UNC Policy Manual largely governs 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). Section 300.2.22 of the UNC Policy Manual provides a list of leave programs available to these employees. Many of these ancillary leave programs follow the same policies promulgated through the Office of State Human Resources for SHRA employees or that are otherwise required by state statute or federal law.
- Assessment:** This revision simplifies the policy to remove language that is repetitious to state leave policies or that is otherwise already defined by state or federal law and authorizes the president to implement regulations as needed for these programs. If approved, these proposed revisions to the UNC Policy Manual will be presented to the full Board in January.
- 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.

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

**I. Holidays and Leave Entitlement**

A. Holidays. Employees 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).

**B. Annual Leave**

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) in a position covered by this policy shall be entitled to accrue ~~24~~ workdays per year for Exempt Professional Staff and ~~26~~ workdays per year for Senior Academic and Administrative Officers.

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 accrual amount is equal to one-twelfth of the annual accrual. 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. 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.

5. Exception for Prior Higher Accrual Rate. With respect to an incumbent employee who earns more than ~~24~~ days of Annual Leave per year as of the date that this policy

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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.

6. Annual Carryforward of Leave. 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 workdays will be automatically converted to sick leave at the end of the calendar year.

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

8. 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 defined leave year. 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.

9. Transfer and payout of accrued Annual Leave. 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, or upon transfer to a position not subject to this policy, the employee's Annual Leave balance shall be paid out, up to a maximum of 30 workdays (pro-rated for part-time employees).

10. No employee may accrue both Personal Leave and Annual Leave simultaneously.

C. Personal Leave. 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 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 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:

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(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 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 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 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 accrue 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 halftime 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 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

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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 20 days of Personal Leave shall transfer to the new institution, and any excess leave shall 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. Sick Leave. All permanent Senior Academic and Administrative Officers (SAAO), Exempt Professional Staff (EPS), and faculty with 12-month appointments are eligible for sick leave in the same manner as provided to state employees subject to the North Carolina Human Resources Act.

E. Other Leave Programs for employees subject to this policy. The president shall issue regulations to provide for other leave programs as necessary, including those similarly available to employees subject to the North Carolina Human Resources Act or as required by State or Federal law.

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.

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Employees in positions covered by

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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. If 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 paycheck accordingly

**Deleted:** Leave of Absence Without Pay. 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 such institutional procedures as adopted by the chancellor or president (or their designees). ¶

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F. Voluntary Shared Leave. SAAO and EPS employees covered under this Policy shall be subject to the same provisions concerning shared leave as are applicable

**Deleted:** with the exception that the donation and acceptance of such leave shall be computed on the basis of days rather than hours. ¶

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G. 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. ¶

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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. Each constituent institution shall adopt policies and regulations in accordance with federal and state law and consistent with provisions established in this policy. (Military leave for other EHRA employees is addressed in paragraph D. above.) ¶

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a. For periods in excess of thirty (30) days, the faculty member shall be entitled to receive differential pay for any period ... [2]

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

### **I. Holidays and Leave Entitlement**

A. Holidays. Employees 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).

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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.

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10. No employee may accrue both Personal Leave and Annual Leave simultaneously.

C. Personal Leave. 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.

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

c. The 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 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 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.

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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 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 20 days of Personal Leave shall transfer to the new institution, and any excess leave shall be forfeited. Any Annual Leave retained pursuant to Section C.1.c(2) of this Policy shall be paid out.

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D. Sick Leave. All permanent Senior Academic and Administrative Officers (SAAO), Exempt Professional Staff (EPS), and faculty with 12-month appointments are eligible for sick leave in the same manner as provided to state employees subject to the North Carolina Human Resources Act.

E. Other Leave Programs for employees subject to this policy. The president shall issue regulations to provide for other leave programs as necessary, including those similarly available to employees subject to the North Carolina Human Resources Act or as required by State or Federal Law.

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.

**AGENDA ITEM**

A-3. Proposed Policy Revisions to Section 300.2.14 of the UNC Policy Manual,  
*Policy on Non-Salary and Deferred Compensation*..... Michael Vollmer

**Situation:** This is a proposed revision to the deferred compensation policy to codify the authority for the president to administer a Senior Administrative Officer Retirement Program (SAORP) and the Senior Athletic Employee Retirement Program (SAERP).

**Background:** Chapter 300 of the UNC Policy Manual largely governs 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). Section 300.2.14 of the UNC Policy Manual establishes parameters for offering these programs to EHRA employees. The Board of Governors passed a resolution on April 12, 2013, to authorize a deferred compensation program (SAORP) for chancellors. The Board of Governors authorized the use of the SAORP or a new deferred compensation program (SAERP) for athletic directors and head coaches at the November 3, 2017, Board meeting. The Board of Governors passed a resolution on April 7, 2022, delegating to the president eligibility for SAAOs to participate in the SAORP and eligibility for athletic directors and head coaches to participate in the SAERP. However, contractually obligated deferred compensation provisions for coaches and athletic directors must still be approved by the Board pursuant to Section 1100.3 of the UNC Policy Manual, *Head Coaches' and Athletic Directors' Contracts*.

**Assessment:** The proposed revision to Section 300.2.14 of the UNC Policy Manual formally codifies the implementation of these programs and authorizes the president to administer the plans. If approved, these proposed revisions to the UNC Policy Manual will be presented to the full Board in January.

**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.

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

### **I. Non-salary Compensation**

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 (i) provide specified non-salary compensation to a defined category of employees uniformly or (ii) require appropriate approval – by the board of trustees, Board of Governors, chancellor, or president, as applicable and as provided in this policy – regarding non-salary compensation granted to an individual employee before non-salary compensation is provided.

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 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. 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 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 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. 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 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. 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, monitors, mobile phones, tablets, and similar work-related items.

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.
3. Performance-based bonus compensation awarded through this policy in 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. 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. 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. 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. 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.

D. The Board of Governors previously authorized, by way of Board resolution,<sup>2</sup> the establishment of the Senior Athletic Employee Retirement Program (SAERP) in the form of discretionary employer contributions to both qualified and non-qualified retirement plans. This provision (II.D.) codifies that authorization in policy. Contractually obligated deferred compensation provisions or contributions for eligible coaches and athletic directors must continue to be approved by the Board of Governors pursuant to Section 1100.3 of the UNC Policy Manual, *Head Coaches' and Athletic Directors' Contracts*. The Board has delegated the administration of the SAERP program to the President. All contributions submitted under this program must be made with non-state funds.

E. The Board of Governors previously authorized, by way of Board resolution,<sup>2</sup> the establishment of the Senior Administrative Officer Retirement Program (SAORP) in the form of discretionary employer contributions to both qualified and non-qualified retirement plans. This provision (II.E.) codifies that authorization in policy. Participation and awards to SAORP accounts for the president and chancellors must be approved by the Board of Governors or, where such authority has been specifically delegated, by the Committee on University Personnel. The Board has delegated approval of SAAOs to participate in the SAORP to the president. In addition, the

Board has delegated the administration of the SAORP program to the president. All contributions submitted under this program must be made with non-state funds.

- 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, Occupation of Official Residences of the Chancellors and the President, 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.
- 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.
- 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 for approval. In some cases, policies with extensive revisions will be reconsidered by the Committee on University Personnel of the Board of Governors.
- 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. 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.

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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].

<sup>2</sup> See April 7, 2022, Resolution of the Board of Governors of The University of North Carolina System "Delegated Authorities Regarding the Senior Administrative Officer and Senior Athletic Employee Retirement Programs."

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

### **I. Non-salary Compensation**

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 (i) provide specified non-salary compensation to a defined category of employees uniformly or (ii) require appropriate approval – by the board of trustees, Board of Governors, chancellor, or president, as applicable and as provided in this policy – regarding non-salary compensation granted to an individual employee before non-salary compensation is provided.

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 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. 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 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 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. 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 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. 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, monitors, mobile phones, tablets, and similar work-related items.

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.
3. Performance-based bonus compensation awarded through this policy in 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. 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.
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