

3. Recommendations for Implementation of Fiscal Year 2015-2016 Compensation Adjustment For University Employees Exempt from the State Human Resources Act (EHRA) Pursuant to the Appropriations Act and Approval of Senior Officer Salary Ranges Junius Gonzales/Matthew Brody

Situation: The General Assembly has not yet passed a State Budget for the 2015-2017 biennium, so it is unclear as to whether there will be a compensation increase pool for EHRA employees. In the event that a budget is not in place prior to the conclusion of the Board of Governors' August meeting, it may be necessary to issue EHRA salary administration guidelines for any authorized annual raise process prior to its next regularly scheduled meeting (September 17-18, 2015) if a budget is passed and ratified in the interim. In addition, salary ranges for selected EHRA UNC General Administration and Campus senior officers must also be finalized to accompany the salary administration guidelines for any annual raise process.

Background: It is the long-standing practice of the General Assembly to instruct the Director of the State Budget to transfer a pool of funds to the Board of Governors for the purpose of supporting salary increases, if any are to be funded, for University EHRA employees. In the past, upon the President's recommendation, the Board has then approved instructions for the constituent institutions to use in awarding compensation increases to faculty and other EHRA employees. These instructions are accompanied by or closely followed with the issuance of selected senior officer salary ranges for both UNC GA and the constituent institutions, which are updated on an annual basis. Historically, this guidance is approved at the August meeting and subsequently disseminated to the constituent institutions along with the appropriate allocation of funds. Any EHRA compensation actions are then awarded and usually paid in September or later, and are retroactive to July 1 (or whatever the effective date of the legislation is). The approval of the BOG is necessary to finalize the University's annual raise process guidelines as well as salary ranges for Tier I senior officers employed at UNC General Administration. The senior officer salary ranges for the constituent institutions below the level of Chancellor are approved by the President and provided for information to BOG. In the past, when a budget has not been in place by the Board of Governors' August meeting, a special delegation of authority to the President, in consultation with the Chair of the Personnel and Tenure Committee of the BOG, has been used to address this need with a subsequent report to the BOG of any actions taken.

Assessment: If budget legislation is passed and ratified between the August and September BOG meetings that authorizes EHRA salary increases, we could significantly improve the efficiency of the annual raise process by delegating limited authority to the President for the period of time between the effective date of the

legislation and the September 2015 Board meeting to develop and issue instructions for EHRA compensation increases, consistent with the parameters of the 2015 Appropriations Act, if any, and in accordance with the policies of the Board of Governors. Similar benefits are afforded by permitting this delegated authority for the approval of UNC GA Senior Officer salary ranges; since these ranges are utilized in part to support the annual raise process. Because the increases are awarded on an individual employee basis, significant administrative and supervisory time and resources are often required to implement these actions. Delegating authority to the President, in consultation with the Chair of the Personnel and Tenure Committee, to approve the aforementioned matters on behalf of the BOG will permit the President to assure timely implementation of salary increases for University EHRA employees retroactive to July 1, 2015 (or other named date), upon adoption of a final budget. The President will report all activity transacted under this limited delegation of authority at the Board's September 2015 meeting.

Action: This item is for a vote. A resolution to this effect is attached.



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The Current Operations and Capital Improvements Act of 2015 (the 2015 Appropriations Act) may provide for compensation increases for faculty and other EHRA employees, to be effective July 1, 2015. In accordance with long-standing practice by the General Assembly, the Appropriations Act ordinarily instructs the Director of the State Budget to transfer funds for annual compensation increases, if any, for University EHRA employees to the Board of Governors. The President and the Chancellors then award compensation increases to EHRA employees in accordance with any statutory parameters, the policies of the Board of Governors and such instructions for EHRA salary administration as may be adopted by the Board on the President's recommendation.

The Personnel and Tenure Committee notes the next Board of Governors meeting may take place after the effective date for compensation increases, resulting in a delay in the issuance of EHRA salary administration instructions and the need to provide for retroactive implementation of adjustments. In order to promote the efficiency and timeliness of the EHRA salary administration process, the Committee recommends that, for the period of time between the August and September meetings of the Board of Governors, the Board of Governors delegate to the President, in consultation with the Chair of the Personnel and Tenure Committee:

1. the authority to develop and issue instructions for EHRA compensation increases provided in the 2015 Appropriations Act, if any, in accordance with the legislation and the policies of the Board of Governors and; and
2. the authority to approve of UNC GA senior officer salary ranges (excluding salary ranges for the President and his direct reports) as well as consultation on constituent institution senior officer salary ranges (excluding salary ranges for the Chancellors) in the event these items are not fully concluded at the Committee's August meeting.

The Committee also recommends that the President be required to report any action authorized by this delegation to the Board at its September meeting.

BE IT SO RESOLVED.

_____, 2015

APPROVED BY THE BOARD OF GOVERNORS OF
THE UNIVERSITY OF NORTH CAROLINA

By: _____
Ann Lemmon
Secretary of the University

(Seal)