THE UNIVERSITY OF NORTH CAROLINA SYSTEM

REGULATION TRANSMITTAL LETTER

Transmittal #05
August 6, 2024

Regulation	Title	Action
300.8.8[R]	Regulation on Calculating Work Hours for Adjunct Faculty Health Insurance Eligibility[1]	Adopted 8/2/24
300.2.14[R]	Regulation for Deferred Compensation for Chancellors	Amended 8/2/24 *Redline Version Attached*
300.2.14.1[R]	Regulation for Deferred Compensation for Senior Academic and Administrative Officers Other than Chancellors or the President	Amended 8/2/24 *Redline Version Attached*
300.2.14.2[R]	Regulation on Delegated Authorities Regarding Non-Base Salary Compensation for University Employees Exempt from the NC Human Resources Act	Amended 8/2/24 *Redline Version Attached*
600.3.4[R]	Regulation on the Delegations of Authority and Granting of Management Flexibility on Human Resources Matters	Adopted 8/2/24

The actions taken on the above regulations were reviewed and approved by the President for inclusion in the UNC Policy Manual.

The entire UNC Policy Manual is accessible at: https://www.northcarolina.edu/apps/policy/index.php

Regulation for Deferred Compensation for Chancellors

I. The Board of Governors, pursuant to its authority to fix the compensation of the chancellors of the constituent institutions,[1] has authorized the participation of each chancellor in deferred compensation in the form of annual contributions to a qualified retirement plan to encourage the chancellors' continued service to their respective institutions and the University of North Carolina (UNC) System. Contributions may be made only upon the recommendation of the president, subject to final review and approval by the Committee on University Personnel. ~~Contributions shall not exceed 10 percent of base salary paid in any year and must derive solely from non-state funding sources. Any campus that seeks to make contributions on behalf of its chancellor shall deliver a written request through the board of trustees to the president that describes its proposal for funding the contributions in accordance with the following requirements:~~

~~A. The request must identify and describe in detail the source(s) of funds from which the contributions will be made;~~

~~B. The request must state that the funds for the contributions will not, under any circumstances, originate from state funds or tuition revenues;~~

~~C. The request must specify the amount of the proposed contributions as a percentage of annual base salary, not to exceed 10 percent;~~

A. ~~The request must state that any~~Contributions shall not exceed ten percent (10%) of base salary paid in any year and must derive solely from non-state funding sources.

~~D.~~B. Any contribution is voluntary, and ~~that~~ contributions may be suspended or discontinued at the discretion of the Board of Governors~~, the board of trustees,~~ or the president~~;~~.

~~E.~~C. ~~The request must acknowledge that the contributions~~Contributions shall not be made in any year in which the funds identified ~~and described by the campus~~ are insufficient to support the contribution~~; and~~.

~~F.~~D. The ~~request must~~president shall specify the vesting period that will apply to the contributions, not to exceed five (5) years.

II. The president may direct additional discretionary contributions to the plan derived from any chancellor incentive compensation. Chancellors will be immediately vested in these additional discretionary contributions and funding for these contributions can be made from any eligible sources of funds, which may be state or non-state appropriations, as long as the funding source permits an expenditure for this purpose.

III. Other Matters

A. Effective Date. The requirements of this regulation shall be effective ~~on the date of adoption of this regulation by the president~~September 1, 2024.

B. Relation to State Laws. The foregoing regulation as adopted by the president 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 regulation.

[1] G.S. 116-11(4); Section 500 B of *The Code*.

Regulation for Deferred Compensation
for ~~Tier I~~ Senior Academic and Administrative Officers
Other than Chancellors or the President

I. Introduction. To support recruitment and retention of executive-level talent by the University, the UNC System Board of Governors has authorized[1] the eligibility of any ~~Tier I~~ Senior Academic and Administrative Officer (SAAO) for deferred compensation in the form of annual contributions to a qualified executive retirement plan administered by the UNC System Office on recommendation of the chancellor with the approval of ~~any constituent institution's Board of Trustees.~~the president. The president may also approve such contributions directly for any ~~Tier I~~ SAAO of the UNC System Office. Any constituent institution that seeks to make contributions as prescribed in this regulation shall have a written policy on Non-Salary and Deferred Compensation, consistent with Section 300.2.14 of the UNC Policy Manual.

II. Notification. The ~~constituent institution~~chancellor must deliver a written ~~notification~~recommendation to the ~~UNC System Office~~president for each SAAO to receive contributions to the plan ~~which is approved through the institution's Board of Trustees, and~~, which shall include the following items:

A. The source(s) of funds from which the contributions will be made and the amount of the proposed contribution(s) as a percent of the eligible employee's base salary;

B. Whether the contribution(s) will be ongoing until appointment end or shall expire in a specified period;

C. The vesting period that shall apply to all contributions made to the eligible employee's qualified executive retirement plan account.

III. Permissible Contribution Amount. Contributions to any individual employee participating in the qualified executive retirement plan set forth in this regulation shall occur once annually and may not exceed ten percent (10%) of the employee's current base salary in effect at the time the contribution is made by the UNC System Office.

IV. Entitlement to Contributions. There is no automatic entitlement for any individual employee, position, or group of positions to contributions under the provisions of this regulation. All such contributions are voluntary on the part of constituent institutions and/or the UNC System Office and may be suspended or discontinued at any time and for any reason by the UNC Board of Governors~~, an institution's Board of Trustees,~~ or the president. Further, contributions are subject to availability of institutional funds and no contribution shall be accomplished if an employee has received notice of an end of appointment and/or is no longer currently actively employed by the institution or the UNC System Office regardless of prior approvals or written commitments of same.

V. Source of Funds. Contributions under this regulation may be made with any source of funds which may be state or non-state appropriations if the funding source permits an expenditure for this purpose.

VI. Vesting Period. Immediate vesting or a specified vesting period, not to exceed five (5) years, must be identified for each eligible employee and their account approved for participation under the provisions of this regulation and shall be communicated to the employee at the time of the initial contribution.

VII. Administrative Procedures. Contributions under this regulation may only be made to the applicable qualified executive retirement plan administered by the UNC System Office using forms and procedures established by the Plan Administrator. These forms and procedures will be provided to each constituent institution's chief human resources officer upon request.

VIII. Other Matters.

A. Effective Date. The requirements of this regulation shall be effective ~~on the date of adoption of this regulation by the president~~September 1, 2024.

B. Relation to State Laws. The foregoing regulation as adopted by the president 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 regulation.

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[1] UNC Board Resolution - Delegated Authorities Regarding the Senior Administrative Officer and Senior Athletic Employee Retirement Programs, adopted April 7, 2022.

Regulation on Delegated Authorities Regarding Non-Base Salary Compensation for University Employees Exempt from the ~~State~~NC Human Resources Act

I. Purpose. Pursuant to UNC Board of Governors Resolution[1] and to provide greater flexibility to the University as an employer to attract, retain, and reward a talented workforce, the following authorities are granted to the constituent institution boards of trustees regarding the administration of sign-on, retention, and performance-based bonus programs. Equivalent authorities are granted at the direction of the president to administer such programs for UNC System Office employees.

II. Employee Eligibility and Program Requirements

A. This regulation applies to bonus compensation for EHRA Faculty and EHRA Non-faculty employees of the University with the exclusion of the chancellors and the president, who are subject to separate University policies. There is no automatic entitlement to sign-on, retention, or performance-based bonuses by any employee of the University.

B. The boards of trustees may delegate, in writing, to the chancellors and/or their designees by title, authority to approve bonuses under this regulation with the exclusion of bonuses for ~~Tier I~~ Senior Academic and Administrative Officers (~~Tier I~~ SAAOs), which may not be further delegated by the boards of trustees.

C. A bonus under this regulation cannot be awarded to an employee:

1. who has received an end of appointment notice;

2. whose most recent annual performance appraisal overall rating is not at least "meeting expectations", or if an annual performance appraisal was not required, is deemed to not be in "good standing";

3. who is currently working under a performance improvement plan; or,

4. who is no longer actively employed in their position.

D. The institutions must establish specific written policies or procedures for reviewing and monitoring bonuses provided under this regulation, including facilitating approval of such compensation by the boards of trustees or, if delegated, by the chancellors or the chancellors' designees by title.

E. Consistent with any instructions issued by the President, the UNC System Office will require periodic reporting on non-base salary compensation from the constituent institutions.

F. The institutions may issue bonuses under this regulation using either state funds or non-state funds. For state funds, such use must be permissible under the policies of the Office of State Budget and Management.

III. Sign-On and Retention Bonuses. The boards of trustees for the institutions may provide sign-on bonuses and/or retention bonus compensation in accordance with the provisions herein.

A. The use of a sign-on bonus must be accompanied by documented need, which shall be reviewed and approved by the boards of trustees unless otherwise delegated, and be based on at least one of the following specific, demonstrated individual recruitment needs:

1. When it is determined to be justified for a particular type of position based on competition for talent within the labor market;

2. Based on a demonstrated risk of losing the employee to an outside entity external to the University – this includes conditions in the labor market that demonstrate a heightened risk for loss of critical talent in a particular position, or group of positions, that would negatively impact University operations; and/or,

3. In lieu of a moving allowance if a moving allowance is not otherwise provided ~~separately~~.

B. The use of a retention bonus must be accompanied by documented need, which shall be reviewed and approved the by boards of trustees unless otherwise delegated, and based on at least one of the following specific demonstrated retention needs, and may not be awarded in an across-the-board manner to broad classes of employees:

1. When it is determined to be justified for a particular type of position based on competition for talent within the labor market; and/or,

2. Based on a demonstrated risk of losing an employee or specific class of employees to an outside entity external to the University – this includes conditions in the labor market that demonstrate a heightened risk for loss of critical talent in a particular position, or group of positions, that would negatively impact University operations.

C. An employee may receive either one sign-on bonus or one retention bonus, but not both, within any 24-month period. Receipt of a sign-on or retention bonus does not preclude an employee from receiving a performance-based bonus as otherwise allowed by this regulation. A sign-on bonus or retention bonus may be paid in one lump sum or paid out in installments over the 12 months following the hire date or following the date of retention. Receipt of a retention bonus would not preclude an employee from receiving a retention salary increase for a competitive offer as allowed by existing salary administration policy and regulation.

D. Institutions may, but are not required to, establish rules to require an employee to reimburse the University for all, or for a pro-rata share, of any sign-on or retention bonus payments already received if the employee separates from an institution, or if the employee voluntary transfers to another position within that institution, in fewer than 12 months after payment of said bonus. Any such provisions must be communicated to the subject employee in writing prior to payment of any bonus compensation.

E. Any sign-on bonus may not exceed the lesser of $25,000 or 20 percent of the annualized base salary of the new position. Any retention bonus may not exceed the lesser of $25,000 or 20 percent of the employee's current base salary.

F. Sign-on and retention bonuses are not subject to retirement contributions to either the Teachers' and State Employee's Retirement System or the UNC Optional Retirement Program.

IV. Performance-Based Bonuses. The boards of trustees for the constituent institutions may provide performance-based bonus compensation in accordance with the provisions herein.

A. Constituent institutions that choose to award performance-based bonuses will establish written guidelines for determining which EHRA Faculty and EHRA Non-faculty employees will be eligible for this form of compensation and under what circumstances. These procedures shall be approved by the institution's board of trustees, both initially and as subsequently revised. The institution's approach in developing such guidelines should be to reward performance and retain talent while ensuring equal opportunity and consistency of application across similarly situated groups of employees and positions.

B. For employees eligible for performance-based bonuses, ~~it is intended that~~ base salary adjustments ~~generally be focused~~should focus on addressing essential labor market or equity situations with merit recognized through the award of a bonus. This is not intended to preclude base salary adjustments deemed necessary and appropriate by the institutions.

C. The award of a performance-based bonus shall be tied to a completed annual performance appraisal for covered non-faculty employees and 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 this regulation. The award of any performance-based bonus and its amount must be tied, to the greatest extent possible, to specific criteria assessed quantitatively and/or qualitatively as documented in the employee's annual performance plan. Such criteria should be in alignment with the strategic goals of the institution.

D. An eligible employee may receive only one performance-based bonus award per year. The award should be made as close to the prior year's performance appraisal cycle as reasonably possible. A performance-based bonus may be paid in one lump sum or paid out in installments over the course of the fiscal year in which it was awarded at the discretion of the institution. If the employee leaves the position in which the performance-based bonus was earned prior to the full bonus being disbursed, then the employee shall receive the remainder of the performance-~~-~~based bonus at the time of separation from the position.

E. Performance-based bonus compensation awarded through this regulation in a single fiscal year ~~may not exceed either~~that exceeds 20 percent of ~~the~~ an individual employee's current base salary ~~or~~and $50,000 must receive approval from the president and the Committee on University Personnel of the UNC Board of Governors.[2]

F. Performance-based bonuses are subject to retirement contributions to either the

Teachers' and State Employee's Retirement System or the UNC Optional Retirement Program.

V. Board of Governors' Review and Approval. In certain instances, Section 300.2.14 of the UNC Policy Manual, "Policy on Non-Salary and Deferred Compensation," requires the Board of Governors to review and approve prescribed compensation actions, and paragraph V. thereof requires consideration by the Committee on University Personnel for other policy revisions. Those requirements are deemed satisfied by this regulation, and the president is hereby delegated the authority to approve non-salary compensation as provided by this regulation for the UNC System Office, without further review or approval by the UNC Board of Governors.

VI. Other Matters

A. Effective Date. The requirements of this regulation will be effective ~~on the date of adoption of this regulation by the president~~September 1, 2024.

B. Relation to State Laws. The foregoing regulation as adopted by the president 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. Equal Opportunity. Any bonus compensation accomplished under this regulation shall comply with all federal and state equal opportunity and anti-discrimination laws and policies.

~~[1]See~~[1] 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."

~~[2]For~~[2] For Fiscal Year 2022-23, performance-based bonuses will be incorporated as a part of the Annual Raise Process and not awarded outside of this process. The performance-based bonuses compensation process set forth in this regulation may be incorporated into employee performance plans starting in Fiscal Year 2022-23 to be paid in Fiscal Year 2023-24.