

### REGULATION ON FACULTY REALIGNMENT INCENTIVE PROGRAM (FRIP)

I. Purpose. As directed and funded by Session Law 2023-134, the University established and implemented a pilot program, the Faculty Realignment Incentive Program (“FRIP” or “Program”). The purpose of this pilot program was to facilitate certain eligible tenured faculty members to retire early in return for a one-time retirement incentive payment from the University, resulting in long-term cost savings and operational efficiencies that accrue to the benefit of the University. The FRIP pilot program occurred, and was legislatively funded, from February 20, 2024 through June 30, 2025.

II. Continuation of FRIP. Pursuant to the President’s authority under Section 200.6 of the UNC Policy Manual, *Policy on Delegated Authority to the President*, this regulation extends the FRIP beyond its time-limited inception as a pilot program into a continual management tool, aligning tenured faculty resources with the University’s strategic and financial goals.<sup>1</sup> The Program is not intended to broadly solicit requests for early retirements across the University’s workforce, but rather to be a management-directed initiative to address specific identified cost-saving opportunities through position abolishment, position reclassification, or organizational restructuring. The Program is entirely voluntary and is available when agreed to and entered into by mutual written agreement between an eligible faculty member and his or her employing institution. FRIP allows UNC System constituent institutions to offer retirement incentives to faculty who have played a vital role on their campus and will assist institutions in proactively planning for successful faculty transitions into retirement. This voluntary incentive program will also enable institutions to maximize and reinvest resources in alignment with their strategic priorities and long-term needs.

### III. General Provisions

A. Retirement incentive plans, policies, and practices implemented by constituent institutions pursuant to this Program must comply with all Federal and State law and regulations and University policy.

B. FRIP offers made pursuant to this Program must be accomplished without bias to any protected class as defined by Federal or State law or regulation and University policy.

C. FRIP is an entirely voluntary program, and the University may not coerce or compel any eligible employee’s participation.

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<sup>1</sup> Chapter VI, Section 602 of *The Code*, provides that certain academic tenure and non-disciplinary separation procedures are delegated from the Board of Governors to the President pursuant to Section 200.6 of the UNC Policy Manual, *Policy on Delegation of Authority to the President*. See Chapter VI, Section 602 of *The Code*, footnote 1. Pursuant to the President’s delegated authority, he may establish and administer a human resources program which “shall include such personnel actions related to.... promotion and tenure; leave programs....”, among other personnel programs and procedures. See Section 200.6 of the UNC Policy Manual, *Policy on Delegation of Authority to the President*. Notably, consistent with the University’s commitment to academic freedom, Chapter VI of *The Code*, among other things, establishes protections for tenured faculty against involuntary separation. The FRIP pilot program and its continuation via this Regulation pertain only to circumstances where an eligible tenured faculty member may agree with the University to voluntarily conclude his or her service to the University.

D. FRIP participation is not an entitlement or a right that is automatically available to all eligible faculty, but instead is based on specific individual management-identified cost savings opportunities.

E. Eligible faculty members who participate in this Program voluntarily relinquish their tenure rights.

F. Eligible faculty members cannot participate in both the FRIP and the UNC Phased Retirement Program referenced in Section 602 of *The Code* and the UNC Policy Manual, *Academic Tenure; Non-Disciplinary Separation*.

G. Eligible faculty members who participate in this Program agree not to apply to or accept any employment at a constituent institution of the University of North Carolina System for 12 months following participation in the FRIP. After the applicable 12-month period, and in accordance with applicable law and policy, individuals who participated in the FRIP may only apply to, or accept employment at, a UNC System constituent institution in a non-tenured faculty position or in a staff position.

H. Constituent institutions must identify eligible funding sources to support use of this Program.

#### IV. Implementation

A. Prior to implementing a FRIP, constituent institutions must develop Program criteria and a process for identifying which Program eligible tenured faculty members will be offered participation. Program criteria must include, but are not limited to, the following factors:

1. Long-term (recurring) cost savings of a FRIP offer to the institution.
2. Positive long-term impact of a FRIP offer on institutional efficiency and effectiveness.
3. Total one-time cost of contemplated FRIP offers to the institution and its ability to fund.

B. Constituent institutions must make a written FRIP offer on a form prescribed by the UNC System Office.

C. Eligible tenured faculty members who wish to accept a FRIP offer must submit a FRIP Statement of Interest on a form prescribed by the UNC System Office.

D. If approved for participation in the FRIP, participating employees must submit a FRIP Agreement and General Release, on a form prescribed by the UNC System Office, which will include a voluntary resignation of employment, an election to begin receiving benefits accrued under either the Teachers' and State Employees' Retirement System ("TSERS") or the Optional Retirement Program ("ORP"), and a general release and waiver of rights. The release shall fully comply with the requirements for knowing and voluntary waivers as provided in the ADEA and other applicable law. After the Agreement and General Release is drafted and signed by the administrators, it must be delivered to the eligible faculty member and the eligible faculty member has no fewer than forty-five (45) calendar days within which to consider the Agreement

and General Release. Eligible faculty members are encouraged to consult an attorney prior to executing the Agreement and General Release. The Agreement and General Release does not become effective and enforceable until after a period of seven (7) calendar days following its execution by the eligible faculty member, and during such period the eligible faculty member may unilaterally revoke the Agreement and General Release. If the eligible faculty member elects to revoke the Agreement and General Release within the seven-day period, the eligible faculty member will continue in his or her same full-time employment status as the faculty member held immediately prior to the execution of the Agreement and General Release, and the Agreement and General Release becomes null and void. Revocations must be in a writing personally signed by the faculty member and received by the official to whom the prior application to participate in the Program had been submitted.

E. The chancellor is responsible for administering the FRIP at each constituent institution in consultation with at least the following officers:

1. The provost shall have responsibility for the final approval of all applications and shall be responsible for the determination of funding reallocations that occur within the academic enterprise.
2. The chief human resources officer shall approve each potential FRIP offer and Statement of Interest, and shall approve the FRIP Agreement and General Release, if made, in consultation with the institution's General Counsel.
3. The chief financial officer shall be consulted regarding eligible funding available to support FRIP retirement incentive payments and the resource allocation implications of the FRIP in meeting the constituent institution's strategic needs.

F. If approved for participation in the FRIP, and in exchange for a tenured faculty member's execution of a written Agreement and General Release to separate voluntarily from permanent employment, the tenured faculty member will be entitled to receive a lump sum retirement incentive payment equivalent to the identified faculty member's base salary from the prior academic year, exclusive of any salary supplements, stipends, or other non-base salary elements of compensation.

V. Eligibility Criteria. To be eligible to apply to participate in the FRIP, tenured faculty must minimally satisfy all the following criteria:

- A. Be currently employed as a permanent, benefits-eligible employee of the University with a full-time equivalent (FTE) of 0.75 or greater.
- B. Be at least 55 years of age.
- C. Be eligible for early or full-service retirement in the Teachers' and State Employees' Retirement System of North Carolina (TSERS) or is vested in the Optional Retirement Program (ORP).
- D. Have been employed cumulatively for at least ten (10) consecutive years as a permanent, benefits-eligible employee of the University at one or more UNC constituent institutions.

E. Not be subject to any pending or in-process personnel or benefits action prior to the date of the FRIP offer that would otherwise result in end of employment with the University.

F. Not be retiring under disability provisions of the State's long-term disability program, as may be supplemented by the University's supplemental long-term disability program.

G. Not be receiving workers' compensation benefits.

VI. Other Administrative Procedures and Provisions

A. In the event a tenured faculty member becomes permanently and totally disabled after a FRIP Agreement and General Release is signed, but before its effective date, the University will be responsible for providing payments made in the FRIP Agreement and General Release.

B. In the event a tenured faculty member dies after a FRIP Agreement and General Release is signed but before its effective date, the University will not be responsible for any payments under the Agreement, and such Agreement shall be considered null and void.

C. Any retirement incentive payment under the FRIP shall be exempt from payroll deductions for TSERS or ORP retirement contributions and shall not be considered compensation for the purposes of the supplemental plans administered by the University or plans administered by the Supplemental Retirement Board of Trustees established under G.S. 135-96. Any retirement incentive payment under the FRIP must be completed prior to the faculty member's retirement date.

D. If a faculty member who retires under the FRIP does not qualify for the reduced contributions for retiree health coverage provided under TSERS or ORP, then the constituent institution where the faculty member is employed may provide the faculty member, in addition to the retirement incentive payment, an amount equivalent to 12 months of the full employer contribution to the employee health insurance premium.

E. In addition to the restrictions under Section III.G of this regulation, tenured faculty members participating in TSERS who retire under the FRIP have a mandatory six-month break in state employment (post-retirement) consistent with applicable State law or regulation. Nothing in this Program imposes a similar limitation or restriction for ORP participants beyond what is otherwise set forth in law, regulation, policy, or Section III.G. of this Regulation.

F. Upon request and using prescribed formats, participating constituent institutions shall report to the UNC System Office the following for all FRIP participants: employee age, academic department, total amount paid out under the Program, and date of separation. Additional information may be requested from the UNC System Office upon request and in accordance with this regulation.

G. The University has the authority to modify and amend FRIP at any time. However, any tenured faculty member who retires under an executed FRIP Agreement and General Release will continue to be subject to the terms of the Program in effect at the time of retirement.

VII. Other Matters

A. Effective Date. The requirements of this Regulation will be effective on the date of adoption of this regulation by the president, and as it may be amended.

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.