



The University of North Carolina
 GENERAL ADMINISTRATION
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 Division of Academic Affairs
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Constituent Universities
 Appalachian State
 University

East Carolina
 University

Elizabeth City
 State University

Fayetteville State
 University

North Carolina
 Agricultural and
 Technical State
 University

North Carolina
 Central University

North Carolina
 State University
 at Raleigh

University of
 North Carolina
 at Asheville

University of
 North Carolina
 at Chapel Hill

University of
 North Carolina
 at Charlotte

University of
 North Carolina
 at Greensboro

University of
 North Carolina
 at Pembroke

University of
 North Carolina
 at Wilmington

University of
 North Carolina
 School of the Arts

Western Carolina
 University

Winston-Salem
 State University

Constituent High School
 North Carolina
 School of Science
 and Mathematics

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August 14, 2013

MEMORANDUM

TO: Chancellors

FROM: Suzanne T. Ortega
 Senior Vice President for Academic Affairs

William A. Fleming
 Vice President for Human Resources

SUBJECT: Salary Administration for EPA Faculty, EPA non-faculty, and SPA

Copy: Chief Academic Officers
 Chief Business Officers
 Chief Human Resources Officers

The Personnel and Tenure Committee of the Board of Governors met on August 8, 2013 and discussed the process that the University of North Carolina will follow on salary matters for the remainder of fiscal year 2013-14. On behalf of President Ross, we are forwarding these instructions to you.

Statutory Requirements for EPA and SPA Salary Adjustments for 2013-14

The 2013 Appropriations Act provides no funding for salary increases and imposes a salary freeze. However, exceptions to the salary freeze are allowed in the following areas, some of which are only available to the University:

1. Reallocations or promotions;
2. In-range adjustments for job change;
3. [SPA] Career progression adjustments for demonstrated competencies;
4. Any other adjustment related to an increase in job duties or responsibilities;

5. Faculty awards from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer research supported by that fund;
6. Faculty, non-faculty, and other employee adjustments, including retention adjustments, funded from non-State funding sources; and/or
7. Faculty, non-faculty, and other employees for the purposes of retention or equity.

Salary Increase Exceptions

Per Section 35.8.(b) of the Appropriations Act, the Board of Governors authorizes the use of both state and non-state funding sources for increases that comply with the statutory exceptions listed above. Please note the following parameters:

1. Even with authorized funds, any and all increases must comply with applicable EPA and SPA policies and procedures.
2. Changes in FTE (full-time equivalency) and changes in appointment term (e.g., from 9 months to 12 months), where there is no change to the pay rate, are not considered “salary increases” for this purpose and do not require pre-approval.
3. All proposed salary increases (other than for short term interim appointments), for EPA and SPA, that would result in an increase equal to or greater than 10% (ten percent) on an individual or cumulative basis beyond the June 30, 2013 salary, must be forwarded to UNC General Administration for pre-approval. [Parameters for short term interims will be provided separately.]
4. Salary increase requests for instances in which the salary of any EPA (faculty or non-faculty) exceeds the established salary range must be forwarded to UNC General Administration for approval. Campuses should determine appropriate salary ranges for faculty based on peer data (you are reminded that the peers for each campus are those identified in the 2011 University Faculty Salary Study) and disciplinary comparisons.
5. No requested increase that meets or exceeds these parameters may be committed or paid to the employee prior to approval from the Board of Governors.
6. All requests for salary approvals for 10% (ten percent) and higher are to be reviewed and approved by the Chancellor and then emailed to bogapproval@northcarolina.edu using the “Board of Governors Salary Increase” template by the institution’s designated HR or Academic Affairs contact(s).

- a. A calendar of submission deadlines based on the established BOG meetings will be provided separately.
- b. Effective dates may generally be as early as the first of a given month (or other date within the month as requested) within which the Board approves. Earlier effective dates should only be requested on an extremely exceptional basis with appropriate documentation.
- c. More detailed processing instructions and any updates to the salary increase “reason codes” required by OSBM will be provided separately.
- d. Following review and approval as authorized by the BOG Personnel and Tenure Committee, formal notice of a given increase will be transmitted to the requesting campus.

Any increases must comply with applicable EPA and/or SPA policies. In general, increases that fall below the 10% (ten percent) threshold are subject to established delegations of authority to the chancellors. Increases for individuals in positions for which the Board sets the salary range must comply with Management Flexibility agreements with the respective campus Boards of Trustees.

Any policy exception request regarding **EPA Faculty** matters should be sent to Samantha McAuliffe in Academic Affairs [slmcauliffe@northcarolina.edu] and she will coordinate a response.

Any policy exception request for Senior Academic or Administrative Officers (SAAO) or other “**non-faculty**” **EPA** should be sent to Keith Dupuis in HR [kedupuis@northcarolina.edu] and he will coordinate a response.

Any policy exception request for **SPA** matters should be sent to GA Human Resources to Keith Dupuis. [kedupuis@northcarolina.edu] The request will be reviewed regarding University-wide consistency. Then, the GA Human Resources office will coordinate any needed review and approvals required by the Office of State Human Resources. An example of such required approval would be for a retention salary request for an SPA employee. *[Please note that the Board of Governors does not have authority over SPA policy.]*

Monitoring of Salary Adjustments in 2013-14

Per Section 35.9(a) of the Appropriations Act, it will continue to be important to be prudent in providing any salary adjustments. Quarterly reports to the General Assembly, the Office of State Budget and Management, and the Office of State Human Resources are still required and will be closely monitored for compliance. UNC General Administration will continue to collect/compile a system-wide report.

It is important to comply with the parameters of this legislation. OSBM will report any unauthorized increases to the General Assembly.

Medical and Dental School Salaries: (UNC-CH and ECU only)

1. Salaries for the medical schools at the University of North Carolina at Chapel Hill and East Carolina University shall be subject to ceilings established for the applicable institution, as reflected in *Attachment A*.
2. For those employees who receive compensation from medical faculty practice plans, compensation bonuses provided by the plans will be paid in proportion to the distribution of their salaries between the funding source for the applicable plan and the state sources. Any remaining salary increase for these persons may be paid from the medical faculty practice plans according to the availability of such funds without regard to the proportionate conditions from state sources.
3. Since it is commonplace that substantial components of salaries of full-time faculty members in clinical departments of schools of medicine derive from receipts for patient care by approved institutional clinical practice plans, it is acknowledged that total salaries of faculty members for full-time service in these disciplines should reflect their levels of clinical activity. Thus, it is consistent that the salary of a faculty member in a clinical department be subject to a negative adjustment if there is a substantial reduction in the individual's level of participation in the practice plan.
4. For faculty members in clinical departments of the schools of medicine, authority is delegated to the chancellor at those campuses with Management Flexibility to Appoint and Fix Compensation to approve guidelines and procedures as developed by the institutions, and to have final approval of all salary *decreases* recommended to the chancellor for faculty members in those departments. The approved guidelines and an annual summary of salary *reductions* for faculty members in clinical departments of the schools of medicine shall be reported to the Committee on Personnel and Tenure. Submit this report by September 30, 2013.

Principles for Salary Adjustments with non-State Funds

If campuses with funds available from grants, endowment income, or other non-state funds choose to use those funds to make permanent or temporary salary adjustments (which are otherwise compliant with applicable policy), those adjustments must be consistent with endowment funds guidelines, funding agency requirements, and requirements for the use of other non-state funds.

1. Permanent increases to the base salary based on endowment income must be treated in the same manner as all other salary increases for reporting purposes. If the funds will be temporary, the employee must receive, in writing, the terms of the salary increase.
2. The use of grant funds for a portion of the annual salary must be consistent with the funding agency policy and the faculty member must receive the terms of the salary increase in writing.
3. The use of other non-state funds for a portion of the annual salary must be consistent with the requirements for the use of the funds and the employee must receive the terms of the salary increase in writing.

Faculty Recruiting & Retention Fund

The University Faculty Recruiting & Retention Fund was reestablished for the 2013-2014 fiscal year. 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 purpose of recruiting and retaining faculty members as necessary at constituent institutions. The procedures previously established for the Faculty Recruiting & Retention Fund will continue.

Additional Considerations and Guidance

Campuses *WITH* Management Flexibility to Appoint and Fix Compensation report on delegated salary matters through the annual Management Flexibility report. These reports were requested per our memorandum dated August 2, 2013.

Campuses *WITHOUT* Management Flexibility to Appoint and Fix Compensation must submit any salary increase requests (even below 10%) for individuals with salary ranges established by the Board of Governors. A list of those positions will be provided separately. Follow the same process used for other increase requests; email the request spreadsheet to [bogapproval@northcarolina.edu].

Summary

We are available to answer questions about the salary process. For EPA faculty matters, please contact stortega@northcarolina.edu and for non-faculty EPA or SPA, please contact wafleming@northcarolina.edu.

STO/WAF/sm



**The University of North Carolina at Chapel Hill School of Medicine and
The Brody School of Medicine at East Carolina University
Clinical Faculty Salary Ceilings
FY 2013-2014**

Departments of Anesthesiology, Emergency Medicine,
Ob-Gyn, Ophthalmology, Otolaryngology, Orthopaedics,
Clinical Pathology, Radiology, Radiation Oncology, Mohs Surgery
DermPath, Pediatric Cardiology, Neonatology, Internal Medicine,
Cardiology, Gastroenterology, Oncology, and
Surgical Subspecialties (Except Cardiothoracic Surgery) 2013 - 2014

- Professor & Chair, Division Chief, or Center Director \$ 1,588,000
- Professor \$ 1,358,000
- Associate Professor \$ 1,210,000
- Assistant Professor \$ 718,000
- Instructor \$ 575,000

Cardiothoracic Surgery

- Professor & Chair, Division Chief, or Center Director \$ 1,969,000
- Professor \$ 995,000
- Associate Professor \$ 935,000
- Assistant Professor \$ 600,000
- Instructor \$ 474,000

All Other Departments

- Professor & Chair, Division Chief, or Center Director \$ 858,000
- Professor \$ 638,000
- Associate Professor \$ 519,000
- Assistant Professor \$ 451,000
- Instructor \$ 334,000

Source: Association of American Medical Colleges, Summary Statistics on Medical School Faculty Compensation, 2011-2012, M.D. Degree, All Schools, All Regions 75th percentile or highest UNC total salary with 25% productivity calculation, or previous prevailing salary ceiling cap.

	2013-2014
Allied Health Department	
• Chair/Dean	\$ 278,189
• Division Director	\$ 210,800
• Professor	\$ 190,114
• Associate Professor	\$ 170,578
• Assistant Professor	\$ 142,369
• Instructor	\$ 116,750

Source: 75th Percentile of the 2012 ASAHP Salary Data and computed using the standard 12 month salary standardized formula as the ASHC data is presented as 11 month salary; advanced degrees not including MD or previous prevailing salary cap.