TO: School/Division HR Officers

FROM: James W. Dean, Jr., Executive Vice Chancellor and Provost
       Brenda Richardson Malone, Vice Chancellor for Human Resources

SUBJECT: Updated Non-Faculty and Faculty Salary Increase Guidelines

OVERVIEW

The University has received additional information from UNC General Administration (GA) on salary increase guidelines for both SPA and EPA employees for the remainder of Fiscal Year 2013/14. While most of the previously issued guidance from the Academic Personnel Office (APO) and the Office of Human Resources (OHR) remains similar, since GA has clarified some key changes, we have re-stated salary increase guidelines for both faculty and non-faculty employees in a single document. School/Division HR Officers are advised to carefully review this guidance in its entirety. Department Heads are once again reminded that they must exercise special care to comply with the below provisions and continue to exercise appropriate discretion to ensure that any proposed increase is strongly justified and provides good stewardship of University and State resources.

NON-FACULTY GUIDELINES FROM OHR

Permissible Non-Faculty Salary Increases

Non-faculty salary increases using any source of funds (including State funds) can be implemented in the following circumstances:

- **Additional job duties** when there is a substantive increase in the scope and complexity of the job. This includes temporary adjustments with a defined start and stop date. *Note: Such an increase may not be justified solely on the basis of increased work volume.*

- **Promotion/Job Change or Reclassification**, but **only** when the new job represents higher-level duties and responsibilities. *Note: For SPA, this means a promotion to a higher branch, role and competency; for EPA non-faculty, this means a position that features a higher level of scope and complexity. Therefore, SPA staff who transfer from one SPA position to another at the same or lower level are NOT ELIGIBLE for an increase in pay.*

- **Equity**, but **only** when well supported by analysis that demonstrates the equity issues present and how the proposed increase(s) addresses them.

- **Employee retention.** *Note: For SPA employees, there must be a documented offer from an external entity and special approval from the Office of State Human Resources (OSHR); for EPA non-faculty, the department head must be able to demonstrate direct knowledge that the employee is being actively considered for an outside opportunity, or that compelling retention risks are demonstrated based on the external market for hard-to-fill or unique skill sets.*

- **Increase in SPA employee competencies.** *Note: There must be a substantive and documented increase in a majority of the employee’s individual competencies, and/or a change in the employee’s overall Employee Competency Assessment (ECA) rating compared to the most recent ECA assessment.*

- **Change in FTE due to schedule change**, without any change in annualized compensation.
ALL other regularly permissible non-faculty salary increase reasons for EPA permanent, EPA temporary, EPA post-docs and fellows, and SPA permanent employees not otherwise listed above may be completed using non-State funds. Two specific exceptions are as follows:

- An employee who is being re-hired following prior temporary or permanent State service in Fiscal Year 2011/12 or later may not receive an increase upon reemployment, unless they are returning to a position with a documented increase in duties, such as a promotion. Note: OHR can assist departments in researching the details of an employee’s previous State government or UNC employment to comply with this provision.

- Increases for SPA temporary employees (excluding student employees) are permitted when the employee moves to another temporary or permanent position. While we do not formally classify SPA temporary employees, any salary increase for a newly assigned temporary job for an existing employee within a unit may only be sought when either the new job or the existing job clearly demonstrates higher-level duties and responsibilities. The School/Division HR Officer is responsible for making a best-faith determination based on the employee’s existing duties within the unit and the duties of the newly planned temporary assignment.

Pre-Approval Requirements

UNC General Administration (GA) has established specific parameters for salary increases that require pre-approval from either the President and/or the Board of Governors, as follows:

- Any permissible base salary increase for an SPA or EPA Non-Faculty permanent employee will require GA pre-approval if the cumulative amount of all of the employee’s increases fiscal year-to-date is 10 percent or higher of the prior June 30 total compensation, which includes base pay and salary supplements then in effect.

- This GA pre-approval requirement applies not just to base salary but to all forms of temporary compensation (e.g. salary supplements, acting pay, stipends, and lump sum payments) for any permanent employee when the temporary compensation shall either exceed nine months in duration or 25% of the prior June 30 total compensation, regardless of duration.

- While increases or supplemental pay for temporary employees exceeding the above thresholds will not require GA pre-approval, OHR pre-approval will still be required for all non-faculty salary increases, including post-docs and fellows.

Please note the following additional special provisions regarding these pre-approvals:

- Pre-approvals will also be required for individuals presently employed by other State agencies or UNC campuses and newly hired into a position at UNC-Chapel Hill with an increase from their current base salary.

- For any EPA action that increases base pay, this GA pre-approval is in addition to any required Board of Trustees (BOT) approval under our normal procedures.

- For SPA actions, the GA pre-approval will in most cases replace any OSHR (formerly OSP) approval, which is normally required for increases of 20 percent or greater. OSHR approval is still required for positions where the University lacks delegated classification authority or which are an exception to regular OSHR policies.

- Any temporary or interim salary increase, stipend or supplement with duration of less than 9 months does not require pre-approval UNLESS the increase is over $25,000.

Pre-Approval Procedures

The following processes are being instituted to comply with these new GA pre-approval mandates:
The next submission deadlines to OHR for the month of October for all increases resulting in 10% or greater are Sept. 23 and Oct. 7. We will release more information on additional submission deadlines as we obtain further dates from GA.

EPA Non-Faculty salary increase requests, regardless of percentage amount, must be documented on the FY 2013/14 SPA and EPA Salary Adjustment/Supplement form. This form, in Microsoft Excel format, should be emailed to the EPA Non-Faculty HR unit at epansalaryrequest@unc.edu.

SPA promotional hire salary increase requests, regardless of percentage amount, must be documented on the FY 2013/14 SPA and EPA Salary Adjustment/Supplement form and emailed to your Employment and Staffing Consultant in Excel format. Although your departmental HR Representative will still need to complete the PeopleAdmin Selection and Hiring Proposal workflow in PeopleAdmin, you do not need to separately send us a copy of the PeopleAdmin Selection and Hiring Worksheet, since the required information is now incorporated into the FY 2013/14 SPA and EPA Salary Adjustment/Supplement form.

All other types of SPA salary increase requests (e.g., equity, labor market prevailing wage, etc.), regardless of percentage amount, should be documented on the 2013/14 SPA and EPA Salary Adjustment/Supplement form and sent to your OHR Classification and Compensation Consultant in Excel format. OHR no longer uses a separate SPA Salary Recommendation form.

Adjustments to reflect straight FTE changes (with no change in annualized compensation) do not require completion of any of the above forms and may be submitted directly in the applicable HR system.

EPA Non-Faculty salary increase effective dates may be no earlier than the first of the month in which the proposed increase receives its final required approval. SPA increases will be effective on the earliest start of the next bi-weekly that falls on or after the date approved by the President’s Office. There are no retroactive increases for SPA employees; retroactive increases for EPA employees will only be proposed in the most unusual and exceptional of circumstances (e.g., such as when mandated by law or regulation) and then only with the approval of the President and/or Board of Governors.

GA has specifically highlighted the need to carefully proof the narrative portion of all submitted salary increases to assure proper grammar and spelling. Departments are reminded that each submission has significant visibility to the Chancellor, GA leadership, and members of the Board of Governors. Requests that contain errors and/or typos will be returned to the applicable School/Division HR Officer for re-work, which can significantly delay processing. OHR has published recommended examples of narrative justifications as well as common mistakes which can be referenced by Departments to help in preparing new requests.

Submission Deadlines

- Specific submission deadlines for permanent SPA and EPA salary increase actions requiring GA pre-approval have been established in order to meet GA timelines; increases for temporary employees can be submitted in accord with normal payroll processing deadlines.
- Departments are asked not to communicate an increase to an employee or enter actions into our HR systems until after OHR or Academic Personnel confirms the necessary approvals are completed.

FACULTY GUIDELINES FROM ACADEMIC PERSONNEL
Please read all of the information below carefully as there have been a number of changes to the items requiring pre-approval and to the salary approval process for faculty. Please note that there can be no exceptions to these salary guideline requirements.

KEY CHANGES TO NOTE

- **Chancellor Approval** - All salary increases requiring review by the BOG or UNC President, must be reviewed and approved by the Chancellor of the University. There are no exceptions and no designees for the Chancellor are permitted.

- **Salary Ranges** - All salary increase requests of 10% or more which require BOG pre-approval and all increase requests in which the salary exceeds the established salary range, must include a salary range or ceiling for the position. Schools should determine the appropriate salary ranges for faculty based on peer data and disciplinary comparisons. The peers for each campus are those identified in the [2011 UNC Peer Study](#).

- **Chair Stipends** - Departmental Chair stipends that will last longer than 9 months are not considered temporary payments and will require pre-approval if they result in a salary that is at or above 10% of the June 30, 2013 salary. Stipends for individuals serving as an interim chair are subject to the rules regarding temporary increases. Please note, this is in addition to the Chancellor’s review and approval as noted in the first bullet.

- **Faculty Rank Promotions** - Faculty rank promotions do not require BOG pre-approval even if they result in salary increases of 10% or more.

- **Competitive Events** - All competitive promotions will require some level of review and approval through GA. Competitive events which result in a salary increase of 10% or more must receive pre-approval through the BOG. Competitive events resulting in an increase of over 10% but less than $10,000, must be reviewed by the UNC system President. Please note, this review is in addition to the Chancellor’s review and approval as noted in the first bullet. The schedule for reviews is enclosed.

A competitive promotion is one in which a permanent (benefits-eligible, full-time or permanent part-time employee, with a recurring appointment of at least 9 months, a total FTE of .50 or more, eligible to participate in the State Health Plan; not including post-docs or part-time, per-course adjuncts/lecturers) employee applies for a vacancy which was posted externally, and is selected competitively.

- **Effective Dates** – Approved faculty increases will be allowed an effective date as early as the 1st of the calendar month in which approval is given by the requisite authority (BOG or President). Retroactive approval – earlier than the 1st of the month in which approved – may be given for faculty increases under extraordinary circumstances, at the discretion of the BOG Promotion and Tenure committee. Please note that such retroactive requests will be more carefully scrutinized by the GA reviewers and that schools are actively discouraged from making retroactive requests.

- **Temporary Increases** – GA will allow campuses to proceed with temporary increase up to 9 months. Such increases are subject to review and approval by the Chancellor as noted in the first bullet. Temporary increases longer than 9 months or at or above 25% of the June 30, 2013

[2011 UNC Peer Study](#)
salary, require GA review and approval. Specific approval rules on increases over 9 months are pending.

- **Clinical Faculty Pay Plans** – The BOG has exempted increases to compensation resulting from productivity payments to faculty covered by compensation plans in the School of Medicine, the School of Dentistry and the School of Pharmacy from the pre-approval process.

**ON-GOING SALARY RULES AND PROCESSES**

- **Unauthorized Increases** - The University will be expected to cancel any unauthorized salary increase retroactive back to the effective date of the increase and recover any overpayments from the employee.

- **Course Overloads** – Course overloads are considered task-based compensation and are excluded from the 10% pre-approval process.

- **Summer Courses** – Summer courses are considered task-based compensation and are excluded from the 10% pre-approval process.

- **Cumulative Increases** – The salary pre-approval process is based on the cumulative increase for the fiscal year not the difference between the faculty member’s current salary and proposed salary. Schools and units must base the pre-approval salary increase request on the salary the faculty member had on June 30, 2013.

- **FTE Adjustments** – FTE adjustments do not require pre-approval if the pay rate does not change.

- **Equity Increases** – Current legislation allows for equity increases from State or non-State funding sources, including funds 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.

  For increase requests based on equity, schools and units must include information demonstrating that there was some analysis or method used to determine that an equity issue exists that can best be remedied by the requested salary increase. Please note that GA has indicated that a detailed justification will be expected for equity submissions and these requests will be heavily scrutinized.

- **Retention Increases** - Faculty increases based on retention may be made on State or non-State funds, including funds 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.

- **Other increases** - Faculty salaries may be increased using either State or non-State funds for reallocations, promotions, or any other adjustment related to an increase in job duties or responsibilities.

- **Temporary Faculty Employees** – A faculty member working in a temporary appointment (part-time, per course adjuncts/lecturers, post-docs, etc.), is subject to the same general salary increase prohibitions as a permanent faculty member. No increases during the same assignment
with the same duties. However, if there is a valid change in duties warranting a salary adjustment, no BOG approval is required. A faculty employee in a temporary appointment, who is selected in an open, competitive search for a ‘permanent’ (benefits-eligible) faculty position, is not considered a salary increase and no BOG pre-approval is required.

Examples of Good Salary Increase Justifications:

1. Competitive Events: in addition to providing details on the promotion itself, please add details regarding the competitive nature.  
   For instance, please add: “The position was posted externally; 17 people applied, and 5 were interviewed.”

2. Additional Duties: please add clear details demonstrating the difference between the current & proposed responsibilities. 
   For instance: “Dr. Kildare was asked to assume the role of coordinating lab sections for introductory chemistry courses in addition to his instructional role in quantum and theoretical chemistry.”

3. Temporary additional duties: please be sure to state how long the temporary duties are expected to last; and that the employee will revert to former salary when done. 
   For instance: “Due to retirement of current Head Lacrosse Coach, employee has been promoted to fill the Head Coach position until a permanent appointment is made. Employee’s salary will revert when temporary duties cease. We expect this interim appointment to last at least 10 months.”

PROCESS FOR SUBMITTING ALL SALARY INCREASES TO THE ACADEMIC PERSONNEL OFFICE

Please carefully review the guidance language above to determine if a request must go through the UNC General Administration office for pre-approval.

1. Salary increase requests that do not require pre-approval through GA, may be submitted through EPAWeb for review and processing by the Academic Personnel Office as usual.

2. The following submission deadlines apply for all increases requiring pre-approval through GA and will be in effect through October 2013. We will release more information on submission deadlines as we receive additional guidance and information. The deadlines for submitting pre-approval requests to APO are Sept. 23 and Oct. 7.

3. All increase requests, including those not requiring pre-approval, must now include a completed copy of the FY 2013/14 SPA and EPA Salary Adjustment/Supplement form (rainbow form).

4. All faculty salary requests requiring pre-approval must be submitted to apo@unc.edu.

5. Requests not requiring pre-approval may be submitted via EPAWeb with the accompanying Salary Adjustment Form as noted in #4 above.

Note: Actions requiring pre-approval through GA will not be approved in EPAWeb until all approvals are complete.

cc: Deans, Directors, and Department Heads