



TO: Deans, Directors and Department Heads
Human Resources Facilitators
Business Managers

FROM: Gwen Burston, Director of Academic Personnel, Office of the Provost
Jessica Moore, Senior Director, Classification and Compensation, OHR

SUBJECT: Discontinuation of FY 2011/12 Special Salary Increase Restrictions and Related Procedure Changes

Effective July 1, 2012, the special salary increase restrictions and pre-approvals mandated as part of last year's State Budget Act have now been discontinued. This means that we will return to the salary increase policies that were in place prior to the special budget restrictions, with a few minor changes. This memo contains some specific highlights and reminders, since we have not used these procedures in some time and since some of the forms will be changing.

It bears reminding that while the Legislature has lifted many of the special salary increase restrictions and pre-approval requirements that had been in place over the last several fiscal years, the requirement that our campus report all salary increases on a quarterly basis to various external oversight bodies – including UNC General Administration (GA) and the Legislature – remains in place. Therefore, Department Heads are reminded that they must continue to exercise significant care and prudence in proposing any salary increases in the new fiscal year.

Please refer to the compensation portions of the OHR and Academic Personnel websites for more detailed information regarding our regular compensation and pay policies and procedures. The relevant OHR policies are located at <http://hr.unc.edu/classification-compensation/compensation-pols/index.htm> and the Academic Personnel policies at <http://academicpersonnel.unc.edu/faculty-policies-procedures/compensation-and-pay/index.htm>.

Salary Guidelines for All Permanent Employees

- Prohibitions against granting certain types of salary increases such as equity or retention using State funds are no longer in effect.
- Temporary salary adjustments such as acting pay or temporary additional duties are no longer subject to UNC President or Board of Governors (BOG) pre-approval.
- Base salary adjustments for existing employees that result from a competitive recruitment for a new appointment no longer require UNC GA pre-approval.

All salary adjustments and supplemental payments remain subject to our regular compensation and salary administration policies, and must still be reviewed and approved through your management chain and established campus channels. If you have questions regarding these policies and procedures, please seek guidance from your School/Division HR Officer, OHR Classification and Compensation, or Academic Personnel before planning any salary increase.

Salary Guidelines for EPA Permanent Employees

- We have modified the “Recommendation for EPA Base Salary Adjustment or Supplement” form to reflect the lifting of the special budget restrictions, to exclude lump sum payments, and to no longer include SPA positions. The revised version of this form may be downloaded from <http://hr.unc.edu/form-finder/epa-forms/index.htm>. Prior versions of this form should no longer be used.
- Completed “Recommendation for EPA Base Salary Adjustment or Supplement” forms for EPA Non-Faculty may once again be attached directly to an EPAWeb Salary/FTE Change action instead of being sent to OHR by e-mail. The only exceptions are forms for postdocs, which still must be sent via e-mail to epanfsalaryrequest@unc.edu since postdoc actions do not route to OHR in EPAWeb. The submission process for routing Faculty EPA salary increase forms to the Academic Personnel Office remains unchanged from how it was handled during this past fiscal year.
- Base salary adjustments that result in a cumulative fiscal year-to-date increase that is 10% or greater than the prior 6/30 base salary are subject to Board of Trustees (BOT) pre-approval, as has been the University’s longstanding policy. Base salary adjustments for existing employees that are the result of a competitive recruitment for a new appointment are excluded from this pre-approval requirement.
- Base salary adjustments that result in a cumulative fiscal year-to-date increase that is both 15% and \$10,000 above the prior 6/30 base salary are subject to BOG pre-approval, in accordance with longstanding UNC GA policies. Base salary adjustments for existing employees that are the result of a competitive recruitment for a new appointment are excluded from this pre-approval requirement.
- Base salary adjustments that meet both of the above Board approval thresholds must first receive BOT approval and then be routed for BOG pre-approval.
- Any actions requiring BOT or BOG approval may not be effective until the day after the final required Board approval is granted.
- Any salary adjustment for an employee in a primary EPA Non-Faculty Senior Academic and Administrative Officer (SAAO) appointment may not result in a new base salary that exceeds the assigned UNC GA salary range for their job title without special OHR and BOG approval.
- Consult EPAWeb position management for currently assigned salary ranges for SAAO positions. Some SAAO positions that do not have a specific salary range in EPAWeb will require consultation with the EPA Non-Faculty HR Office.
- The implementation of the 1.2% annual salary increase as approved by the Legislature will not be subject to the SAAO salary range limit, in the event such increase is to be given to an SAAO employee as part of the Annual Raise Process (ARP). How and to which specific EPA employees this ARP increase will be given remains unanswered until ARP guidelines have been received from UNC GA sometime in mid-August.
- Temporary salary supplements or lump sum payments will no longer require UNC GA pre-approval. These actions still must adhere to our established campus compensation guidelines and be reviewed and approved through regular campus channels.
- Salary supplements will continue to be requested using the “Recommendation for EPA Base Salary Adjustment or Supplement” form, which is available at <http://hr.unc.edu/form-finder/epa-forms/index.htm>. Lump sum payments will be processed using the standard overload form unless special arrangements are otherwise approved by OHR or Academic Personnel.

Salary Guidelines for SPA Permanent Employees

- All SPA salary adjustments will be processed using the SPA Salary Recommendation Form (SRF), which is available at <http://hr.unc.edu/form-finder/career-banding-forms/index.htm>.
- Any individual base salary adjustment that exceeds 20% or greater of the employee's current base salary requires pre-approval by the Office of State Personnel (OSP) in addition to our regular campus approvals.
- Base salary adjustments that result in a cumulative fiscal year-to-date increase that is both 20% and \$7,500 or greater of the employee's last June 30 base salary also require the direct signature of the relevant Dean or Vice Chancellor. This level of approval is also required for any individual salary increase that results in a new career banding market index (MI) of 120% or greater. No designee or facsimile signatures are permitted in these instances, unless previously authorized by the Vice Chancellor or Associate Vice Chancellor for Human Resources.
- In accordance with OSP rules, career banding labor market increases are only permissible when the current salary does not result in a market index of 100% or greater.
- Retention offers for SPA employees must have a documented offer from an outside entity.
- Employee competency assessment (ECA) changes that result in an overall higher ECA rating may receive an increase that is appropriately aligned with the employee's assigned career banding branch/role, availability of funds, and equity for comparable positions in the work unit. Employee competency changes that result in only one or two ECA components changing, but not an overall ECA rating increase, should result only in a relatively modest increase. Such amounts typically will not exceed 5% except under very exceptional circumstances.
- Internal equity-related increases will be reviewed on a case-by-case basis and should include a strong justification, citing details of the equity situation present given comparable positions within the work unit.
- Employee movement that results in a lateral transfer will only be reviewed for an increase where the department can show higher-level duties and/or labor market issues, and where there are no equity concerns.
- Employee movement that results in a demotion will only be reviewed for an increase where there are compelling labor market and/or equity issues. Salary increases in these circumstances will not routinely be approved without strong justification and rationale.

Salary Guidelines for Student, Temporaries, and Postdocs

- SPA and EPA student employee salary adjustments do not require OHR pre-approval but must still receive all appropriate approvals at the Department and the School/Division-level as required by your management chain.
- Salary adjustments for existing SPA direct hire temporary employees in their present assignment will be subject to pre-approval by OHR Classification and Compensation using the SPA Salary Request Form (SRF). This form has been modified to accommodate salary adjustments for both permanent and temporary employees.
- Salary adjustments for EPA Non-Faculty temporary employees and postdocs will be subject to pre-approval by the EPA Non-Faculty HR unit using the "Recommendation for EPA Base Salary Increase or Supplement" form, which is available at <http://hr.unc.edu/form-finder/epa-forms/index.htm>. Forms for postdocs should continue to be emailed to the EPA Non-Faculty HR unit by email at epanfsalaryrequest@unc.edu. All other forms for EPA Non-Faculty temporary employees should be attached to the EPAWeb Salary/FTE action.

Processing Salary Increases Prior to SPA Legislative Increase and EPA Annual Raise Process

This memo outlines procedural changes resulting from the discontinuation of the special salary increase restrictions from the State Budget. This memo does not include guidelines related to the expected SPA legislative increase or the EPA ARP, which will be communicated separately to campus based on guidance issued by the Office of State Personnel and UNC GA. Please note the following with regard to these anticipated annual salary increase processes:

- OHR has now received guidelines from the Office of State Personnel (OSP) for the SPA legislative increase. We are currently working with Payroll and ITS to implement the 1.2% across-the-board increase in the very near future. Until the legislative increase is processed into Payroll, we would ask departments to avoid processing any new SPA salary increase actions unless they are particularly time-sensitive or essential. We are not implementing a mandatory freeze, but awaiting implementation of the SPA legislative increase in Payroll before processing additional actions will help minimize the potential for errors or re-work by OHR and departments.
- OHR and Academic Personnel are not expected to receive guidelines from UNC GA on the EPA Annual Raise Process (ARP) until mid-August, at the earliest. Until we receive these guidelines from UNC GA and can then issue our own guidelines to campus, we will also ask Departments to avoid processing most new EPA base salary adjustments or salary source changes with the exception of job changes, retention, or acting appointments. Lump sum payments may also continue to be processed per normal procedures without delay. While we would strongly prefer salary adjustments related to higher-level or additional job duties as well as salary source changes be deferred until the ARP, we will accept these if the department indicates they are time-sensitive and cannot be delayed. We will not accept or process any additional 7/1 or later effective salary increase actions for equity, labor market, or any other reason not otherwise noted above, until we receive the ARP guidelines from UNC GA and the ARP process begins. It is expected, although not yet finalized by UNC GA, that the ARP process will permit retroactive actions to 7/1. In the meantime, if you have a special situation, please contact Academic Personnel or the EPA Non-Faculty HR Office for guidance.

As always, the period of time between when the new fiscal year begins and when the legislative increase and ARP processes are accomplished always presents special logistical and coordination issues. We appreciate your patience and understanding during this time as we work through these annual increase processes, especially since they have not been accomplished during the past several years. If you have any questions regarding any of these changes or our compensation guidelines in general, please contact one the following offices:

Faculty Salary Increases: Academic Personnel Office at 962-1091

EPA Non-Faculty Increases: EPA Non-Faculty HR unit at 962-2897

SPA Salary Increases for Internal Promotions/Hires: Contact your assigned OHR Employment and Staffing Consultant

All Other SPA Salary Increases: Contact your assigned OHR Classification and Compensation Consultant

cc: Holden Thorp
Bruce Carney
Brenda Malone
Ron Strauss
Matthew Brody
Dwayne Pinkney
Barron Matherly