Dear Colleagues:

As I’m sure you have heard, the North Carolina General Assembly completed a long legislative session on September 30, awarding a $750 one-time bonus to be paid in December to permanent employees employed as of November 1, 2015.

Although we certainly could have wished for salary raises on a continuing basis and are looking forward to the legislative session in 2016 to seek the General Assembly’s help in addressing our salary issues, we do not intend to stand idle until then. As I indicated in my University Convocation remarks delivered in August, “[t]his will...be a significant year for ensuring that we can continue to recognize and retain the talent we have been so fortunate to have represented in our faculty and staff.”

Many of you will know that, even during the worst years of the recession, we implemented a number of strategic salary adjustments to ensure that staff employees subject to the State Human Resources Act (SHRA, formerly known as SPA employees) are compensated near or above the market rates within the salary ranges of their respective classifications.

Subsequently, we also implemented a strategic salary adjustment for senior faculty most adversely affected by the salary compression that has occurred as the result of many years of inadequate salary increases authorized by the General Assembly.

Last year, for many of the same reasons, we addressed the market and equity issues affecting non-faculty staff employees Exempt from the Human Resources Act (EHRA, formerly known as EPA employees).

This year’s adjustments—targeted at our SRHA employees and full-time faculty—will be the eighth such strategic salary adjustment since I became Chancellor in 2005. Resources permitting next year, we look forward to making additional adjustments to EHRA non-faculty staff salaries in 2016-2017.

The SHRA adjustment is made necessary largely by two factors: 1) inadequate state-funded increases over time to maintain pace with dynamic salary markets for existing job classifications; and 2) recent NC Office of State Human Resources (OSHR) adjustments to the market rates associated with a number of classifications. Unfortunately, OSHR changed the market rates without the state providing any funding to ensure that our employee salaries remained at those
market levels. I have determined that the resources available to us this year permit us to direct $2.8M in general funds toward addressing these salary deficiencies of general-funded staff. This amount is in addition to $200,000 in salary and benefits for sworn police officers made as part of a system-wide campus security initiative. An additional $900,000 from self-supporting auxiliary or student fee-supported units will ensure comparable treatment for SHRA employees working in those departments.

Upon the completion of these adjustments, we believe that 75% of our SHRA employees will be paid at or above the midpoint of their market range; 25% of these employees will be paid less than the midpoint, but greater than 90% of the midpoint. No employee will be paid below 90% of the midpoint of their respective market range.

Under guidance from the UNC General Administration and in light of governing statutes, market adjustments for SHRA employees will be effective on January 1, 2016.

On the faculty side, a recent analysis completed by the Provost’s Office documents what we already knew: that we have significant deficiencies for our faculty generally when our salaries by faculty rank and academic discipline are compared to the average salaries paid at our peer institutions as defined by the Board of Governors (BOG) or more broadly against doctoral-granting institutions. To move our average faculty salaries to the average of our BOG peers requires approximately $4.4M, including employer paid benefits. To move to the average of all doctoral granting institutions is a $5.1M challenge. I have determined that the resources available to us this year permit us to direct $6M in general funds toward addressing these faculty salary deficiencies and the associated benefits.

The precise amount of a raise for any individual faculty member is determined by considerations of market, equity, and meritorious performance as recommended by department chairs and deans, subject to approval by the Provost.

Under guidance from the UNC General Administration and in light of governing statutes, raises recommended for full-time faculty up to 9.9% will be made retroactive to July 1 of the current year (2015).

An important constraining factor upon faculty salary increases is a rule we have had to deal with in the past—that all individual raises must be no more than 10% unless approval is secured by the Board of Governors. At the current time, the Board is reconsidering its guidelines and we expect new guidelines to be issued after the Board’s December meeting. Until those guidelines are established, we will begin with this first phase of salary adjustments immediately. Depending upon what the Board determines, it may be possible to complete salary adjustments of 10% or more either later in the current fiscal year or in the next fiscal year which begins July 1, 2016.

In addition to salary adjustments, I have allocated a significant portion of our enrollment increase funding to support the creation of new faculty and staff positions to serve our growing campus.

The large number of salary adjustments, combined with the creation of these new positions, requires that we establish phases for the work impacting budget functions for Academic Affairs, Human Resources, and the University.
For the remainder of this fiscal year, activities will be determined in the following priority order:

- Phase 1: Faculty and SHRA staff strategic salary analysis and coordination;
- Phase 2: Creation of new positions from any funding source;
- Phase 3: Reallocations or career progression adjustments based on new duties and/or significant job changes.

Divisional leaders can expect more detailed timelines from the Academic Budget and Personnel Office, the University Office of Budget and Financial Analysis, and Human Resources.

The points of contact for your questions are:

- SHRA salary adjustment actions and new SHRA staff position: Kieffer Gaddis, Director of Classification and Compensation, at 7-0654.
- EHRA faculty salary adjustments: Lori McMahon, Associate Provost for Academic Budget and Personnel, at 7-5774.
- EHRA non-faculty salary adjustments for significant job changes and EHRA new positions: Jeanne Madorin, Executive Director for EHRA Non-Faculty Administration, 7-5805.
- Budget: Sherrie High, University Budget Director, 7-5805.

Although we anticipate that it will take the full fiscal year to make all of these salary improvements, we thank every member of the campus community for helping to support the enrollment growth that makes these adjustments possible.

Sincerely,

Philip L. Dubois
Chancellor