Background for Salary Adjustments for 2010 - 11:
The General Assembly has completed its work on the new fiscal year budget for 2010-2011. The General Assembly directed that the salaries of public employees, including employees of the University of North Carolina, in effect June 30, 2009 remain in effect for the 2010-2011 fiscal year, except as provided in the exceptions in the provision. UNC General Administration (GA) has now issued specific guidelines that allow salary increases for Faculty employees based upon the final state budget.

It will be important for Department Heads to be judicious in providing salary increases for 2010-11. Given the dire economic situation in the state, our practices will be under scrutiny and every increase will need to be justified explicitly in terms of the categories of exceptions. Salary adjustments for 2009-2010 were monitored through quarterly reports to the legislature. Reporting to the Office of State Budget Management and the Office of State Personnel for monitoring compliance has been made mandatory and GA will continue to send these reports to the monitoring agencies.

Basis for Salary Adjustments for 2010 - 11:
The following are the exceptions from the general prohibition on salary increases for Faculty employees:
* A faculty member who is promoted and/or awarded tenure through the campus promotion and tenure process
* A faculty member who changes jobs and has different and higher level duties
* A faculty member who has an increase of job duties or responsibilities
* A faculty member appointed to a Distinguished Professorship in accord with statutory and campus processes
* A tenured faculty member who receives an increase from the president's Recruitment and Retention Fund as part of a counter-offer to retain him or her on the faculty. If the retention amount has a campus component the campus funds must come from a non-state source
* A campus-based counter offer to an offer from another university or external entity may be provided as long as all the campus-based funds in the counter offer are from a non-state source
* Faculty involved in cancer research supported by the University Cancer Research Fund
* Faculty adjustments funded from non-state sources - increases made from non-state sources are not subject to the above stated exceptions

Other Considerations:
Fixed-term faculty for whom a reappointment will need to be made in 2010-2011 may be reappointed, consistent with any operable Office of State Budget and Management
memoranda; however, if they are reappointed to do the same job they previously held then there should be no increase in salary from State funds.

Faculty increases may be granted from non-state funding sources for preemptive retention purposes only. We will not require documentation of an outside offer for a preemptive retention salary increase. When considering a preemptive retention salary increase, a few guidelines to think about are:
* The faculty member has been the target of at least one recruitment in recent years
* The faculty member's work or research has been recognized nationally or internationally that may result in a recruitment effort
* Reliable knowledge or information about peer institutions' plans to expand research or other programs in a given area, rendering your faculty susceptible to recruitment
* The faculty member has been invited to present a talk and discuss the opportunity of relocating to some other institution that is of quality at least comparable to Carolina in their field of research

Non-state funds include all resources that are not accounted for in our state budget codes. Trust fund resources such as endowment income, contracts and grants, auxiliaries, student fees, etc. have guidelines regarding how the funds from each source may be used and those guidelines will need to be followed explicitly.

Faculty who are subject to medical, dental, or similar organized compensation plans may have a salary adjustment based on the provisions of the plan. Such plans typically involve both increases and decreases in the salary adjustments from year to year.

Postdocs and EPA students remain subject to the salary freeze as well as the articulated exceptions. Salaries of EPA students and postdocs may be increased if the salary increases and the majority of the salary are provided from non-state sources such as external grants. Individual departments may have policies that preclude such increases and this memo is not aimed to over-ride such policies but to encourage a reconsideration of them.

**Increase Procedures:**
1. The Dean's Office of each school will be required to complete a spreadsheet, documenting the planned salary increases with a written justification for each faculty increase (the spreadsheet will be sent under separate cover). The spreadsheet is due to the Office of Academic Personnel by August 31, 2010.
2. Submit a SALARY / FTE EPA Web action for all salary increases meeting the exceptions with an effective date of 07/01/2010. All salary increases must be processed through EPA Web by SEPTEMBER 15, 2010 in time to be approved by the September payroll.
3. Any salary increase (meeting one of the exceptions or for a preemptive retention) that is 15% AND $10,000 or greater of the June 30, 2010 base salary must be approved by the Board of Governors (BOG) prior to being implemented. Complete the attached "Personnel Action Requiring Approval of the Board of Governors" form and attach it to the web action. The web action must arrive in the Academic Personnel Office no later
than noon on August 23, 2010. EPAWeb actions requiring BOG approval will be held until such approval is received and will be paid in September's paycheck.

4. All salary increases with proposed effective dates after 7/1/2010 (or which do not meet the above deadlines) will utilize the "out-of-cycle" salary increase process.

Contacts for Additional Questions:
If you have questions regarding proposed increases for Faculty, please contact your Dean/Division Human Resources office or the Office of Academic Personnel at 962-1091.

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