

SENATE ACTION FORM

No. 1152

Subject: Compensation Identity Update

Reference to Senate Minutes dated: April 2, 2018

Senate Action:

MOTION: The Salary Equity Committee recommends approval of the updated Compensation Identity Plan to reflect the CUPA Doctoral All comparison group for both aggregate data comparisons as well as for individual salary comparison data for faculty salaries. (see attachment)

VOTE: The motion passed unanimously by voice vote.

Response requested:

- ☐ Approval for placement in University Catalog
- ☐ Approval for placement in University Regulations
- ☐ Recommendation to Board for placement in Board Policy Manual
- ☒ None (sent as information item)
- ☐ Other action requested/comments:



Faculty Senate Chair

April 4, 2018

Date

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Administrative review of Senate action (unnecessary for information items):

- ☐ Reviewed by **VPAA/Provost**. Check ☐ if comments attached
- ☐ Reviewed by **General Counsel**. Check ☐ if comments attached

Presidential action:

- ☐ Approve ☐ Reject ☐ Return to Senate for discussion/modification (comments attached)

President/Designated Administrative Officer

Date

Date of Board approval (if applicable): _____

PLEASE RETURN SIGNED ORIGINAL AND ATTACHMENT TO THE FACULTY SENATE OFFICE, BOX 75.

Attachment to Senate Action Form #1152

Approved by the Faculty Senate

April 2, 2018

Compensation Identity Plan

In September of 2017, the President's executive staff reviewed our current peer group used for compensation comparisons. The purpose of the review was to look at alternatives to our current NCHEMS 10 peer group in order to address volatility issues created by the small number of peers and sporadic participation of some institutions. The executive staff discussion resulted in three peer group options that were shared with the PASC leadership team and the faculty senate salary equity committee in October.

Both governance groups supported the third option presented, which is using the CUPA Doctoral All comparison group for both aggregate data comparisons as well as for individual salary comparison data for faculty salaries. The Doctoral All data will not be used to establish individual exempt employee pay, but will be incorporated into the market calculation used to create the salary bands for exempt employees.

Prior to this change comparison group, it was recommended that we move our original compensation identity target from 90% of our peers to 95% of our peers using the NCHEMS 10 peer group.

Given the change in the comparison group, and the 2% salary pool in FY18 and no planned increase in FY19, it is necessary to recalibrate our compensation identity target to 90% by FY 23. Additionally, in support of parity, a faculty salary floor target of 85% will be established.

It is important to note, this change does not affect the amount of money budgeted for salary pools or reduce our commitment to faculty and staff salaries - it simply reflects the more aspirational nature of the Doctoral All comparison group and our comparisons to peers will be more stable and meaningful. Below is the 5-year plan to achieve our compensation identity target:

Compensation Identity Target Calculation

Assumptions:

1) FY16 UNC as a % of Doctoral All	1) UNC plans for no salary increases in FY19
Faculty 86.60%	2) UNC increases salaries at 3% annually FY20-23
Exempt Staff 79.00%	3) Peers increase salaries at 1.5% annually
Classified Staff n/a	4) Fringe benefits on salary increase is 15%

		Five-year Projection										
	Current Year (FY18)		FY19		FY20		FY21		FY22		FY23	
	Total Salary	% of Peers	Total Salary	% of Peers	Total Salary	% of Peers	Total Salary	% of Peers	Total Salary	% of Peers	Total Salary	% of Peers
Faculty												
UNC	\$45,460,183	86.6%	\$45,460,183	85.3%	\$46,823,988	86.6%	\$48,228,708	87.9%	\$49,675,569	89.2%	\$51,165,836	90.5%
DOC All	\$52,494,437		\$53,281,854		\$54,081,081		\$54,892,298		\$55,715,682		\$56,551,417	
Exempt Staff												
UNC	\$19,606,320	79.0%	\$19,606,320	77.8%	\$20,194,510	79.0%	\$20,800,345	80.1%	\$21,424,355	81.3%	\$22,067,086	82.5%
DOC All	\$24,818,127		\$25,190,398		\$25,568,254		\$25,951,778		\$26,341,055		\$26,736,171	
Classified Staff												
UNC	\$19,630,873		\$20,023,490		\$20,624,195		\$21,242,921		\$21,880,209		\$22,536,615	
DOC All	n/a		n/a		n/a		n/a		n/a		n/a	
Annual Salary Increase			\$392,617		\$2,552,700		\$2,629,281		\$2,708,159		\$2,789,404	
Total Annual Increase with Fringe			451,510		2,935,605		3,023,673		3,114,383		3,207,815	
									Five-year total		\$12,732,985	

Compensation Identity Cost Projections: Salary Floor

All Exempt Staff salaries have now reached the minimum of their pay band as established by the exempt banding project.

Below is an estimate of the cost to get all faculty to a floor peer match using CUPA Doctoral All institutions:

Floor	Cost Estimate
80%	\$375,000
82%	\$665,000
85%	\$1,420,000
88%	\$2,374,000
90%	\$3,100,000

Currently 63 faculty are below 80%, 206 are between 80%-85%, 144 are between 85%-90% and 115 are above 90%. If after FY 19, UNC were to continue to use 3% pools with 1% to MOE and the remainder to faculty below the floor, we could reach an 85% floor in about 3 years, 88% in 5 years and 90% in 7-8 years.

Additional Information

As we have navigated the first five years of our compensation identity plan, we continue to refine the methods we use to implement the stated principals. Here is a recap of meaningful changes since the inception of the plan:

Faculty

1. We have used our NCHEMS peer group to benchmark our aggregate average salary relative to our peers using same year data in the spring of each year, and that will change to Doctoral All when reported in spring of 2018. For individual faculty pay decisions effective in August of each year, we use previous year data from the Doctoral All comparison group so that we have complete rank and discipline level salary data for our entire faculty. This change began three years ago and eliminated the volatility created by our small peer group (10) as well as the lack of data for about 35% of our faculty positions.

Exempt Staff

1. For all positions reported on the CUPA Administrative Survey, we have used our NCHEMS peer group to benchmark our aggregate average salary relative to our peers using same year data. This will change to the Doctoral All group when reported in spring of 2018.
2. Two years ago, we completed an extensive job analysis and job evaluation project for all exempt staff positions. The project resulted in a position structure and accompanying market pay bands for all positions. The process allowed us to identify internal inconsistencies in pay for similar jobs across campus and establish minimum levels of pay for all positions.
3. The future distribution models for exempt staff will no longer be based on limited individual CUPA data for a single position, but instead informed by the new structure and pay bands. This will help us correct and maintain internal equity across similar positions on campus and have better market information.

Classified Staff

Base-building classified pay structures including market data and increases are determined by the state legislature and not the University. Nevertheless, we are committed to the same principles of compensation and have made non-base-building awards in previous years when there were no increases approved for classified staff.