

**THE UNIVERSITY OF NORTH CAROLINA**

**A Report on the Recommendations of the**

**President's HR Task Force on Human Resources**

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**January 15, 2008**

## **A Report on the Recommendations from the President's HR Task Force on Human Resources**

### **Executive Summary**

The University of North Carolina is dedicated to the service of North Carolina and its people, with a three-pronged mission of education, research and scholarship, and public service. The University's mission statement states: "In the fulfillment of this mission, the University shall seek an efficient use of available resources to ensure the highest quality in its service to the citizens of the State." The UNC Tomorrow Commission, whose purpose is to determine how the University of North Carolina can respond more directly and proactively to the challenges facing North Carolina, states as one of its findings: UNC should increase efforts to attract and retain high-quality staff at all levels [5.5].

To ensure the highest quality of service to the citizens of the State and respond to myriad challenges facing North Carolina, the University must have a well-trained, well-managed work force, whose jobs and goals link to its mission. This will require that the University have greater flexibility to develop and manage human resources programs specific to the University. During 2006-2007, the University conducted an internal study to determine the feasibility of the University creating a separate University-wide personnel system. However, this idea was rejected, and a decision was made to seek greater flexibility under the State Personnel Act.

It was in pursuit of seeking greater flexibility and in accordance with Senate Bill 1353, that President Bowles appointed a University-wide Task Force "...to examine the application of the State Personnel Act to the University of North Carolina with a goal of making recommendations that will:

- (1) Improve the ability of the University to attract, reward, and retain high quality employees;

- (2) Enable the University to better meet the needs of its employees; and
- (3) Improve the efficiency of UNC personnel operations.”

The Task Force was composed of representatives from each of the constituent institutions of the University, and included chancellors, chief academic officers, chief financial officers, human resource officers, as well as faculty and staff representatives. Five Task Force members were appointed by the UNC Staff Assembly to represent the views of staff, including both SPA (Subject to the State Personnel Act) and EPA (Exempt from the State Personnel Act) employees. The Task Force met over a period of four months and divided into five subcommittees to conduct detailed reviews of the areas of compensation, performance management and employee relations, position management, recruiting, and rewards. The Task Force also reviewed recommendations made by study committees that had previously been appointed to address changes in the State Personnel System, spanning a period of 10 years.

After careful study and review, the Task Force recommends that the University request legislation granting it the authority to create “substantially equivalent” human resources programs, subject to the approval of the Office of State Personnel and the State Personnel Commission. This same authority was granted previously to county and local governments under Article 3 of Chapter 126 of the State Personnel Act. The UNC Board of Governors should assess the readiness of the constituent institutions to assume this authority, and require ongoing evaluation reports no less than annually. Upon enactment of this legislation, the Task Force proposes that the University use this authority to develop compensation and performance management programs to address the specific challenges the University faces in attracting, retaining, and rewarding its staff.

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## **INTRODUCTION**

### **UNC Employee Cohort**

The employees of the University of North Carolina (the University) can be grouped into major employee categories as defined under North Carolina General Statute Chapter 126, (NCGS). SPA employees are subject to the rules and regulations promulgated under the State Personnel Act and policies of the State Personnel Commission. EPA employees are exempt from the State Personnel Act, and include instructional and research staff, physicians and dentists, and faculty of the North Carolina School of Science and Mathematics, or are defined under NCGS 116 as those whose salaries are fixed under the authority vested in the UNC Board of Governors, including faculty positions subject to institutional tenure regulations and administrative positions.

Certain EPA administrative categories are expressly identified under Chapter 116 and by action of the Board of Governors and include the president, vice presidents, chancellors, the president's professional staff, and "senior academic and administrative officers" (SAAO). Senior academic and administrative officers include: (1) vice chancellors, provosts, deans and directors of major educational and public service activities; (2) associate and assistant vice chancellors and associate and assistant deans; and (3) specific other officers of the University having significant administrative responsibilities and duties as may be designated by the President, subject to confirmation by the Board.

EPA positions are considered unique to the University environment in that they provide direct support to the University's mission of education, research and scholarship, and public service. Employees in SPA positions provide staff support in the fulfillment of the University's mission, and comprise both white collar and blue collar positions. Although all University employees are considered to be employees of the State of North Carolina, EPA employees in the University are managed under programs that more closely resemble those found in other universities. For example, other universities typically

allow employees an option of participating in a defined contribution plan like the University's Optional Retirement Program; salary increases are merit-based; and non-tenured employees are covered under contract or are considered "at will" employees. These types of university-specific programs are more customized to the needs of higher education; and having similar programs better positions the University to compete with other universities on a national basis.

SPA employees are governed by policies and rules in accordance with the State Personnel Act, and managed through the Office of State Personnel. These same policies and rules govern State agency employees such as the Department of Transportation, the Department of Health and Human Services, and other state entities that, except for the most senior positions, recruit largely within North Carolina. SPA policies and rules may be promulgated in legislation or established by the State Personnel Commission, the State's policy and rule-making body, but generally are "one size fits all." However, the University's personnel needs are quite different, as evidenced by the fact that the University has aggressively pursued the transition of its employees from the traditional State job classification system, to a newly created career-banded system that provides market-based pay levels and greater flexibility for employee career growth.

This bifurcated human resources system has created additional complexity and inefficiency that has been documented in various University studies, most recently the President's Advisory Committee on Efficiency and Effectiveness (PACE) study in 2005. This study, coupled with the findings of the UNC Tomorrow Commission (that the University needs to improve its ability to "...attract, reward, and retain high quality employees;" in order to better meet the needs of the State), has once again led the University to conduct a review of its human resources needs and practices.

### **Past Human Resource Studies**

The human resources issues addressed by this Task Force have been long-standing, highly complex and political. With numerous discussions, studies, reviews, and proposed

legislation extending back at least a decade, many of the same issues remain today as they were a decade or more ago. (**Appendix A**) There have been some changes in human resource management over the years, but comprehensive reform has been unsuccessful.

In 1997, the Committee to Study Persistent Personnel Issues was charged with addressing continuing issues associated with the University human resources system. A sub-committee of the Special Committee met through the spring and summer of 1997 and identified significant issues related to personnel. Several recommendations were made by the committee including:

- the need for a merit pay system for employees subject to the State Personnel Act (SPA), since no strategic plan for pay and compensation existed;
- the need to develop more effective and efficient methods of handling personnel matters, including the need for a quick method of responding to issues that primarily occur within the university;
- a proposed Partnership Agreement between the President of the UNC system and the State Personnel Director that outlines the delegation of responsibility for day-to-day management of SPA personnel functions to the UNC President;
- the need for broadening the definition of SAAO in order to attract highly trained and experienced professionals at the middle management level; and
- the need to broaden eligibility for the Optional Retirement Program.

The committee also expressed concerns about the multiplicity of databases maintained by campuses, General Administration and the Office of State Personnel.

The following actions were taken in response to these recommendations:

- A resolution concerning the need for merit pay was approved by the Special Committee and prepared for the Board of Governors;

- An expanded SAAO definition was approved by the Board of Governors in 1998;
- The sub-committee suggested changes to an existing Partnership Agreement and this led to the signing of such an agreement by President Molly Broad and Mr. Ron Penny, State Personnel Director, in August 1997.

The Partnership Agreement extended authority and established responsibility for the President of the University to act on behalf of the State Personnel Director and staff of the Office of State Personnel in accordance with the terms and conditions of the Agreement. The responsibility and authority for the day-to-day management of all human resource functions affecting SPA employees of the University were delegated to the President. The President also was permitted to delegate some or all of the functions to those constituent institutions that could show their readiness to assume such responsibility, and was charged with assuring that each constituent institution carry out appropriate reporting and monitoring functions. The Partnership agreement also called for a transition team to be established to set parameters for documentation, schedules and data for reporting, conditions for partial and complete delegation to the campuses, and define management practices.

Once this transition team completed its work, a permanent standing Advisory Board was established to address areas of concern and continue to develop processes and procedures to promote effective human resources practices within the university. Delegation of authority for classification and compensation to the campuses, under the new terms of agreement set forth in the Partnership Agreement, was completed in July 1998.

In 2002, the University engaged Watson Wyatt & Company, a global human resources consulting firm, to conduct best practices research among a select group of University peer institutions. The primary research focus was on governance and human resources practices including compensation, job evaluation/classification, and performance management. The primary external data source used was provided through a custom

survey of peer university systems/universities, while internal data was collected through interviews with key University personnel.

Based on the findings from the survey and gaps identified during the interviews, Watson Wyatt recommended the following:

- make UNC the governing authority covering all employees using a shared governance model between the system office and the campuses;
- develop and maintain a human resources system which governs and manages both SPA and EPA employees;
- develop a unified overarching strategy that would enable campuses to have the flexibility to attract, motivate, reward, and retain a high performing workforce committed to the success of the University, while management would have the responsibility and authority to manage the total rewards program;
- establish a market-based system for classification and pay;
- develop a performance management system with the flexibility for campuses to incorporate their missions that would allow for meaningful goals and rewards for achievement; and:
- move to a streamlined process for hiring, development of a true flexible benefits program, increased training/development skills, and bonuses for critical skills jobs and performance in order to attract and retain employees.

The University did not proceed with these recommendations.

In March 2003, a statewide Task Force representing Agencies and the University drafted a revision of Chapter 126 of the North Carolina General Statute that would establish a North Carolina Human Resources System and replace the State Personnel System first

enacted in 1965. After receiving reviews and responses to the document, in March 2004, there was a subsequent rewrite of this draft to address some concerns about the previous draft. However, the Office of State Personnel has not been successful in getting this rewrite of Chapter 126 enacted through the legislative process.

In 2006, human resources management was the subject of a portion of the UNC “PACE Working Group on Barriers to HR Efficiency and Effectiveness.” The PACE Working Group emphasized in their study that the University must be “anticipatory, nimble and innovative” and that the current personnel structure subverts this ability. The Working Group recommended that the University seek “broadened authority under its enabling legislation, N.C.G.S. 116 (Higher Education) to manage the University’s human resources.” This led to the 2006-07 University internal study to determine the feasibility of the University creating a separate University-wide personnel system. However, this idea was rejected, and a decision was made to seek greater flexibility under the State Personnel Act.

Most recently, the UNC Tomorrow Commission has indicated that changes should be made within the University of North Carolina to respond to the needs of the State of North Carolina. The Commission notes that the UNC system must improve productivity and responsiveness to meet its enhanced role, and that the UNC system must be able to compete for well-trained highly skilled and highly productive employees. There are three recommended changes included in the Commission’s report which address, either directly or indirectly, human resources development and management: (1) UNC should increase efforts to attract and retain high-quality staff at all levels [5.5]; (2) UNC should continue to seek an efficient use of available resources in the fulfillment of its mission [5.6]; and (3) UNC should continue efforts to establish accountability and performance measures that ensure and demonstrate transparently its success in carrying out its mission [5.8].

## **Authorizing Legislation**

Senate Bill 1353 was enacted on July 28, 2007 and called for the President of the University of North Carolina to appoint a Task Force to examine the application of the State Personnel Act to the University of North Carolina with a goal of making recommendations that will:

1. improve the ability of the university to attract, reward, and retain high quality employees;
2. enable the university to better meet the needs of its employees; and
3. improve the efficiency of UNC personnel operations.

The Task Force membership was directed to include chancellors, representatives of the UNC Staff Assembly who are subject to the State Personnel Act, human resources professionals and other UNC employees exempt from the State Personnel Act, and a representative of the Office of State Personnel.

The Task Force was directed to report to the President of the University of North Carolina and to the UNC Board of Governors by January 15, 2008. Senate Bill 1353 directed the UNC Board of Governors to forward the recommendations that it approves, as presented or as modified, to the Joint Legislative Education Oversight Committee of the General Assembly by March 24, 2008 for consideration of a legislative proposal during the 2008 Regular Session. **(Appendix B)**

## **Charge to the Task Force**

In his charge to the Task Force, President Bowles emphasized the need to recruit, retain, and reward University employees, and stressed the importance of increasing the efficiency and effectiveness of the University's human resources in light of the many studies that have preceded this Task Force review. However, President Bowles cautioned that a recommendation by the Task Force that would call for the UNC System to

withdraw from the State Personnel System would be unwise and unwelcome. He indicated that he would be supportive of reasonable recommendations with accountability measures, which would make constructive headway on historic issues in University human resources management.

## **STUDY METHODOLOGY**

### **Task Force Meetings**

The Task Force was assembled for its first meeting on September 24, 2007. Because of the short time frame for making recommendations to the President, the Task Force members determined that extensive independent research would not be a committee focus. The Task Force agreed to take advantage of the existing body of documents and reports already compiled (see Reference section). These documents were placed on-line for all committee members to view using Blackboard, hosted by East Carolina University. The Task Force also took advantage of the experiences of the individuals on the committee to bring forward additional observations concerning management of human resources on UNC campuses.

Following an overview of the provisions of the State Personnel Act by Patrick McCoy (at that time an employee of the Office of State Personnel) and a general discussion of still unresolved human resources issues by the members of the Task Force, it was clear to the members that two sets of issues had surfaced in the meeting: (1) issues where campuses are generating additional requirements, policies, and work products not specifically required by the State Personnel Act and (2) issues where the provisions of the State Personnel Act do not align with the mission of the University, thereby creating barriers to anticipatory, nimble and innovative human resources programs.

Dual EEO reporting requirements, excessive paperwork generated by campus recruiting processes, and the lack of a phased retirement plan for non-faculty employees were examples cited by committee members of campuses as University issues not specifically

related to the State Personnel Act. The inability of managers to provide recruitment or retention bonus pay, to provide a recognition bonus for exceptional service, to provide newly hired employees with vacation leave commensurate with their experience, and to plan for succession in positions were cited by committee members as examples of misalignment of SPA policies with campus missions.

The second meeting of the Task Force was held on October 18, 2007. Task Force members engaged in an open dialog concerning barriers to effective and efficient human resources policies and practices. The issues introduced and discussed at the meeting included the need for full funding of career banding, the need for an improved employee evaluation program, the need for a position management system that supports the University mission, and the perception that the time it takes to create and fill a position is too long to allow the UNC System to be flexible and responsive to University management and employee needs.

The issues identified by the Task Force at this and the previous meeting were grouped into five categories, and five subcommittees were formed to address each category: (1) position management (2) recruitment (3) compensation (4) rewards and (5) performance management/employee relations. Each subcommittee was tasked with reviewing and analyzing the barriers to efficiency and effectiveness specific to their study areas, which were either new or previously identified in documents dating between 1997 and 2007. The subcommittees used Blackboard, hosted by ECU, to facilitate their communications.

### **Charge to the Subcommittees**

Each subcommittee agreed to identify “best practices” concerning their topic and determine if certain best practices could be applied to the State Personnel Act policies to make the current EPA/SPA systems more efficient and effective. Subcommittee members also were asked to consider how the University and the constituent institutions could be more responsive to the needs of UNC Tomorrow and PACE within the current systems.

Subcommittee members reviewed any guidance that Chapter 126 (State Personnel Act) provided for the campuses and were asked to avoid considering human resources policies currently in place at local institutions that were more restrictive than required under Chapter 126 of the N.C. General Statute. Each subcommittee also was asked to keep in mind how the implementation of career banding might affect their study areas.

In addition, the subcommittees were in agreement that they would not recommend seeking a human resources program that is wholly separate from the existing system. Subcommittees were free to comment on the type, level, and adequacy of employee benefits (e.g., health insurance) in the State system, but were asked not to have this as a primary focus of their subcommittee report.

The option for creating a separate University article under Chapter 126 was acknowledged. The subcommittees were encouraged to address what they consider important issues, topics or items to include in any potential University article added under Chapter 126.

### **Subcommittee Reports**

On December 10, 2007, the final subcommittee reports were presented to the full Task Force and carefully reviewed by the members. Draft language for an article that would allow the University to create “substantially equivalent” (or alternative) personnel programs was introduced to the Task Force, and the issues subcommittees had identified were aligned either as (1) possibly addressed under the “substantially equivalent” article or (2) addressed by other means. **(Appendix C)**

## **TASK FORCE RECOMMENDATION AND PROPOSALS**

### **New Article under N.C.G.S. 126**

The Task Force recommends that the University seek legislation that will provide the University discretion in certain areas of human resources management and performance. This discretion will be provided through the addition of a new article under Chapter 126 of the North Carolina General Statutes. For discussion and consideration purposes, this article is entitled *Article 16, University Discretion as to University Employees*. **(Appendix D)**.

### **Proposals Related to Implementation of N. C. G. S. 126, Article 16**

In determining the areas where greater flexibility is needed and in identifying specific areas where additional flexibility first should be implemented, Task Force members referred back to President Bowles' charge to seek solutions that tied to recruiting, retaining, and rewarding University employees. In seeking greater flexibility, the Task Force recognized that in some areas immediate relief is needed, while other areas either require further study or have not yet been anticipated and would require more long-term solutions.

Therefore, the Task Force has identified two major programmatic areas for action by the University: (1) Competitive Compensation Programs, which includes initiatives that can be implemented fairly quickly following passage of the enabling legislation, and (2) Employee Recruitment and Retention Programs, which will require the development of integrated, University-wide policies to address employee career development and management.

## **Competitive Compensation Programs**

The Task Force identified the following competitive compensation programs that could be developed and implemented quickly if a new Article is enacted that would allow the University to establish substantially equivalent programs.

### Vacation Leave for Experienced Hires

Under current SPA policies, employees earn vacation leave based on a graduated scale of State service established by the State Personnel Commission. There is no vacation leave credit provided for a new hire who has prior directly related career or occupation experience external to the State or University. As a result, mid-career employees recruited into positions requiring extensive experience must start at the University with two weeks of vacation, where in their previous positions they typically would have been eligible for three or four weeks of vacation. This makes it difficult for the University to compete with other academic institutions or private sector employers for highly sought after candidates.

*The HR Task Force proposes that the amount of vacation leave credited to a newly hired employee be based on the length of directly related career or occupation service when hired into the UNC System combined with total State service.*

### Recognition Bonus Program

In recent years when the General Assembly has provided for SPA employee pay increases, these increases have been across-the-board and have not provided the University an opportunity to reward employees who have provided meritorious service above and beyond day-to-day expectations. However, the University recognizes that there are circumstances where employee performance should be rewarded with more than a thank you or a pat on the back. In addition, given the constantly changing University

environment, employees deserving recognition rewards in a given year may not be the same employees who will be required to provide extraordinary effort in another year.

*The Task Force proposes the creation of a Recognition Bonus program to provide lump-sum monetary awards to employees in recognition of extraordinary contributions to the goals and objectives of the University or work unit of the University or to acknowledge individual or team accomplishments.*

Once the program guidelines are established and approved by the Board of Governors and the State Personnel Commission, each campus would be responsible for developing a policy governing eligibility criteria and selection process for consideration and approval by UNC General Administration. Each campus wishing to offer the program would be accountable for monitoring the program.

#### Recruitment/Retention Bonus Program

In today's employment market there are certain types of jobs for which qualified applicants are more difficult to identify, recruit, and retain. These jobs may not have been difficult to fill in previous years and they may not be the same jobs that will be difficult to fill in future years. While competitive market adjustments to salary ranges can address some recruiting needs, since other employers also offer competitive salaries, it often is necessary for employers to offer a "sweetener" in recruiting. Private sector employers have long offered recruitment bonuses to address these needs, and the inability to make similar offers can make the University less competitive in these critical areas, especially in exceptional labor market situations.

Additionally, there may be certain employees who are targeted by other employers, and the ability to provide a retention bonus can save the University the greater cost of having to recruit for a replacement. Currently, the University has a retention program in place for faculty.

The Task Force proposes the creation of a Recruitment/Retention Bonus Program to aid in the recruitment and retention of critical talent and high-performing employees in exceptional labor market situations. The University should develop a program to be approved by the UNC Board of Governors and the State Personnel Commission, and adopted and administered by each campus. The program shall contain criteria for identifying critical positions and the process for submitting requests, and will include an annual report to General Administration.

### Targeted University Labor Market Rates

Currently, market rates for SPA positions are determined by the Office of State Personnel (OSP). Depending on the position, OSP may determine that the market is regional (Triangle, Triad, etc.) or statewide. However, with constituent institutions located across the state and in a wide range of markets, there are positions for which a campus may need a targeted, city-specific rate based on housing and other local factors. Additionally, there are positions for which a campus recruits where the market rate is not geographic, but rather is based on an institution's peer group.

The Task Force proposes that the University develop appropriate market rates for positions where salary ranges provided by OSP are insufficient to the actual market. Each campus should develop a plan to identify positions requiring a University market rate, and identify the means for establishing and monitoring that rate. Information on the development and implementation of University market rates will be provided in the University's annual report to the Office of State Personnel.

### **Employee Recruitment and Retention Programs**

The ability to attract and retain highly competent staff is critical to the University's success in achieving its mission. An integrated approach to recruitment and retention requires the review of many sub-programs which must be conducted over a longer period

of time. Therefore, the Task Force identified areas for the development of long-term solutions.

### Career Paths and Development/Internal Promotion

The University is in the process of implementing career-banding for all SPA positions. This process will eliminate the current structured classification program that provided clear steps for promotions (Accountant II to Accountant III, for example) and replace it with a structure of job families where career progression is achieved through the acquisition of competencies. It is in the best interest of both the University employees and the University for employees to gain additional competencies and progress in their careers, as it increases retention, thus reducing turnover and recruiting costs.

*The Task Force proposes that the campuses build a career development framework that identifies the competencies required to progress in a job family and identifies resources that employees can access in their development of those competencies.*

### Succession Management Planning

With the imminent retirement of the baby boomers, workforce planning and succession management take on an increased urgency. Succession planning requires that all of the elements of an employee recruitment and retention program (performance management, career development, etc.) be in place so that skilled employees can be identified and developed in a timely fashion. Moreover, succession planning should not be limited to senior management positions, but should be implemented for critical positions regardless of level.

*The Task Force proposes that the University undertake the development of a staff succession management program.*

## **Human Resources Areas of Concern**

The Task Force discussed a number of other human resources issues that have been, in the view of the members, long-standing concerns. The Task Force continues to recognize these issues as important barriers to an efficient and effective human resources system and recommends that each be addressed as appropriate.

### Performance Management and Accountability

Currently, the State mandates a performance review process for SPA employees. Campuses are expected to have performance management programs for faculty and other EPA employees. However, there is not a standard, nor does there appear to be uniform application for SPA non-faculty employees, who hold the majority of management positions.

*The Task Force proposes that the University implement a policy requiring that all employees receive a performance evaluation, based on agreed upon measures for determining success. Evaluating one's ability to supervise employees properly should be a component of the evaluation for those in management positions.*

### Competitive Employee Benefits

In 2006, UNC conducted a study of the competitiveness of its benefits programs compared to the peer institutions for each of the 15 campuses (excluding the North Carolina School of the Arts), looking at health care, retirement and selected other benefit programs. Although the competitiveness varied by campus and benefit program, the conclusion of the study was that, taken as a whole, UNC's benefit package is not competitive with its peers.

*The Task Force proposes that the University develop a plan to address benefits competitiveness.*

### ORP Contribution Rates

Faculty and EPA employees have the option of participating in either the North Carolina Teachers' and State Employees' Retirement System (TSERS) or the UNC Optional Retirement Program (ORP.) Under both retirement plans, the employee and the University make a contribution to the plan. The University benefits study confirmed that the combined contribution rate is slightly above average when compared to UNC peers, but the employer contribution is significantly lower and the employee contribution rate is higher. This puts the University at a competitive disadvantage when recruiting.

*The Task Force proposes that the University develop a plan to address benefits competitiveness.*

### Cost of Health Plan

In 2004, the University conducted a review of the health benefits plan. Both this study, and the benefits study conducted in 2006, confirmed that the costs incurred by health care plan participants, both in terms of plan costs (copayments, deductibles, etc.) and the costs to cover dependents, are higher than those of peer universities. Although the reintroduction of PPOs has helped to address the out-of-pocket health care costs for employees, the cost to cover dependents remains high when compared to UNC's peers.

*The Task Force proposes that the University continue to evaluate improvements in health care benefits, particularly related to employee costs and contributions.*

### Flexibility in Using Local Resources to Offset Benefit Costs

Recognizing that improvements in health and retirement plan benefits carry a price tag, and that it would be difficult for the State to implement these improvements for the

University and not implement similar improvements for all State employees, it is important for the University to consider other ways to address benefit competitiveness.

*The Task Force proposes that the University evaluate the possibility of allowing the University to use local resources to offset benefit costs.*

Viewed as a component of total compensation, a campus could, for example, choose to supplement the cost of health care plan dependent coverage for its employees, or redirect a portion of any legislative salary increase for faculty toward increasing the ORP employer contribution. Any use of resources in this manner may require approval by the General Assembly and the UNC Board of Governors.

#### Compensation Philosophy

The University's mission is to discover, create, transmit, and apply knowledge to address the needs of individuals and society. The employees of the constituent institutions of the UNC System are integral to the fulfillment of this mission because it is they who maintain the infrastructure that supports the student educational experience. The compensation system envisioned in support of the UNC System mission requires flexibility in rewarding contributions, recognizing quality performance and encouraging personal development of employees.

*The Task Force proposes the development and implementation of UNC System and campus-specific compensation philosophy statements. The UNC System and constituent institutions must articulate a compensation philosophy that supports this university mission and provides for a strategic advantage in attracting, retaining and rewarding the best employees.*

### Review of EPA Categories

The Office of State Personnel and the University have agreed to guidelines that govern the interpretation and application of those employees who are designated as Instructional and Research non-faculty employees, while the UNC Board of Governors has defined those positions that are considered to be SAAO. In the University, many of the newly created positions are specific to the University and do not fit either of these categories, nor do they appropriately fit into the SPA classification system. (Specific examples are programs that have both an educational and public service role, such as those found in clinical departments within the medical, dental, or veterinary medicine programs.)

*The Task Force proposes that the University and the Office of State Personnel review their agreement to determine if a third category of EPA positions should be created to reflect the changing nature of University administration and operations.*

### Elimination of Dual Reporting

The campuses currently must provide reports to a number of entities including the State, the Board of Governors, and the Federal government. Often this results in dual reporting where the same information is reported, but the required format is different. One example is EEO/Affirmative Action Plan reports, where campuses must file with both the state and the federal government.

*The Task Force proposes that the University review reporting that is required by multiple entities to determine if a common format can be developed to increase efficiencies and reduce duplication of effort.*

### Reduction of Paperwork in Campus Recruiting Process

In discussions by the Task Force of areas of inefficiency and frustration, recruiting was an area that was mentioned frequently. It became clear in these discussions that often the

barrier to efficient recruiting was not the requirements of the State Personnel Act, but campus practice, including lack of automation. Many campuses have implemented or will be implementing a web-based recruiting tool called *PeopleAdmin*.

*The Task Force proposes that the University conduct a recruitment study and develop a “best practice” model that could be adopted by the campuses.*

#### Reemployment of Retirees

Currently, the State requires that a retiree who is in receipt of a N.C. TSERS Retirement benefit have a six-month break in service before returning to employment with the State on a temporary, part-time or contractual basis. This has had a detrimental effect on the University’s ability to respond to short-term or unanticipated needs for specific expertise.

*The University should review particular instances where this provision has hampered its ability to deliver critical services in order to make a case to the General Assembly to amend this provision.*

#### Phased Retirement for Non-Faculty Employees

With the impending retirement of the baby boomers, the University is facing an exodus of highly skilled employees. The University has responded by creating a phased retirement program for tenured faculty that allows for advance planning by the University and a gradual transition into retirement for the faculty member. It also allows new faculty to be recruited into existing positions while retaining the knowledge and expertise of tenured faculty members on a part-time basis.

*The University should evaluate the feasibility of a similar program for certain critical staff positions.*

## **SUMMARY AND CONCLUSIONS**

To ensure the highest quality of service to the citizens of the State and respond to myriad challenges facing North Carolina, the University must have a well-trained, well-managed work force, whose jobs and goals link to its mission. This requires that the University have greater flexibility to develop and manage human resources programs specific to the University.

After careful study and review of the programs and issues surrounding recruiting, rewarding and retaining its workforce, the Task Force recommends that the University request legislation granting it the authority to create “substantially equivalent” human resources programs, subject to the approval of the Office of State Personnel and the State Personnel Commission. This same authority was granted previously to county and local governments under Article 3 of Chapter 126 of the State Personnel Act. Upon enactment of this legislation, the Task Force recommends that the University use this authority to develop compensation and performance management programs to address the specific challenges the University faces in attracting, retaining and rewarding its staff.

## **REFERENCES**

*Executive Summary and recommendations of the sub-committee to study persistent personnel issues in the University of North Carolina, August 19, 1997.*

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Executive Summary. University of North Carolina Tomorrow Commission, Final Report.  
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