

Appendix A.
UNC HR Task Force
Issue Analysis

| Date | Source | Category | | | | | Action Date |
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| | | | Issue | Findings | Recommendation | Action Taken | |
| 1997 | UNC Persistent Personnel Issues Sub-Committee (Special Committee on EPA/SPA Personnel Issues) | | Continuing problems with day-to-day management of SPA personnel function. | | Develop Partnership Agreement with the Director of the Office of State Personnel to delegate responsibility for day-to-day management of SPA personnel functions to the President of the University of North Carolina. The President, in turn, delegates some or all of the functions to those constituent institutions who demonstrate their readiness to assume such responsibility. | The Director and the President enter into the Partnership Agreement and appoint a Transition Team consisting of staff from General Administration, the Office of State Personnel and appropriate representatives from the constituent institutions to work out the details of the delegated responsibilities and the processes for assuring accountability at the system level and at the constituent institutions. | |

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| 1997 | UNC Persistent Personnel Issues Sub-Committee (Special Committee on EPA/SPA Personnel Issues) | Recruitment | Difficulty in attracting highly trained and experienced professionals at the middle management level who have significant responsibility for the activities that support the teaching, research and outreach functions of the University. | Expand the definition of senior academic and administrative officers to include these professionals. This would enhance the University's flexibility in recruitment of management staff and, also, enable the University to set performance expectations at an appropriate level through "at will appointments." | In consultation with the Director of the Office of State Personnel, seek approval to expand this definition from the President and the Board of Governors. |
| 1997 | UNC Persistent Personnel Issues Sub-Committee (Special Committee on EPA/SPA Personnel Issues) | | Lack of clarity in determining which positions are eligible to be exempt from the State Personnel Act. Also, some confusion at the institutional level concerning whether an EPA position is appropriately categorized under senior academic/administrative officer, research or instructional personnel. | Conduct a study of the current EPA senior academic and administrative officer positions to ensure that they are appropriately categorized. Complete the on-going study of EPA research and instructional personnel. Further clarify these categories for the institutions and begin capturing them on the EPA Personnel Data File. | The President designates the appropriate staff at General Administration to conduct a study of EPA categories in consultation with the Office of State Personnel. |

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| 1997 | UNC Persistent Personnel Issues Sub- Committee (Special Committee on EPA/SPA Personnel Issues) | Lack of a strategic SPA classification philosophy. Of immediate concern are certain "difficult to fill" SPA positions identified by each constituent institution. | Through the Partnership Agreement between the Office of State Personnel and the University, the Transition Team develops a strategic plan to address the process for initiating studies and pilot programs to provide some relief in the classification area. During the interim, present three test cases of "difficult to fill positions" to the Office of State Personnel. | The President approves submission of the three test cases to the Office of State Personnel. |
| 1997 | UNC Persistent Personnel Issues Sub- Committee (Special Committee on EPA/SPA Personnel Issues) | No strategic plan for pay and compensation for SPA employees. | Re-establish a full merit- based system for allocating annual salary increases to SPA staff. | The President urges the State Personnel Director and the General Assembly to support re- establishment of a full merit-based system for the State for the 1998-99 biennium. |

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| 1997 | UNC Persistent Personnel Issues Sub- Committee (Special Committee on EPA/SPA Personnel Issues) | Deficiencies in the University benefits package for both EPA and SPA employees make it difficult for the University to compete in the marketplace. | | To remain competitive in the employee benefits arena, several enhancements are recommended in Attachment 6. | As appropriate, the President seeks approval from the Board of Governors to enhance certain benefits; General Administration drafts specific legislation to improve certain benefits; and, the University supports the enactment of certain legislation to enhance the benefits package for all State employees. |
| 2002 | Watson Wyatt Review | Governance (State or University controlled Human Resource System) | UNC is part of the State System governed by the Office of State Personnel (OSP) for SPA employees. | Make UNC the governing authority covering all employees using a shared governance model between the office of the President and the campuses. | |
| 2002 | Watson Wyatt Review | Governance (State or University controlled Human Resource System) | The Board of Governors has authority to govern all Human Resource functions for all EPA employees. | Make UNC the governing authority covering all employees using a shared governance model between the office of the President and the campuses. | |
| 2002 | Watson Wyatt Review | Governance (State or University controlled Human Resource System) | The Board of Governors may establish rules for SPA employees also, but these rules cannot conflict with the OSP rules/ | Make UNC the governing authority covering all employees using a shared governance model between the office of the President and the campuses. | |

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| 2002 | Watson Wyatt Review | | Dual Management: SPA & EPA | State manages SPA employees; the University manages EPA employees. Results in different HR systems, including pay and benefits | Develop and maintain a Human Resource System which governs and manages SPA and EPA employees. - More efficient to manage -More equitable to all employees All vested property rights will be protected. Develop a unified Human Resource System which may have different applications for different levels of jobs/employees. |
| 2002 | Watson Wyatt Review | Rewards | Total Rewards Strategy | State policy states: "to compensate its employees at a level sufficient to encourage excellence of performance and to maintain the labor market competitiveness necessary to recruit and retain a competent workforce. | Develop a unified overarching UNC strategy which enables campuses to have flexibility to attract, motivate, reward and retain a high performing workforce committed to the success of UNC's goals. |
| 2002 | Watson Wyatt Review | Rewards | Total Rewards Strategy | Targets base salary at the 50th percentile for SPA employees, with no incentive bonus opportunity. | Provide management with the responsibility and authority to manage the total rewards program. Draft of a strategy for UNC included in Appendix E. |

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| 2002 | Watson Wyatt Review | Compensation | Job Evaluation/Classification | A centrally controlled, statewide job evaluation/classification system for SPA. | Develop an approach of shared accountability between UNC and the individual campuses. The desired program would be UNC-specific, with campus level flexibility dependent upon demonstrated capacity at the local level. |
| 2002 | Watson Wyatt Review | Compensation | Job Evaluation/Classification | No system-wide job evaluation/classification system for EPA. | Establish a primarily market-based system for classification and pay with attention to internal equity as necessary. |
| 2002 | Watson Wyatt Review | Compensation | Compensation and Pay Structures | A single statewide salary structure, with limited local control for most SPA jobs. Broadband structure is used for a select group of SPA jobs. | Create UNC market sensitive and competitive salary structures or bands that reflect the relevant labor markets. Enable campuses to respond to the local labor market and the requirements of unique and/or critical skills jobs. |
| 2002 | Watson Wyatt Review | Performance | Performance Management | OSP established guidelines for the Performance Management System for SPA employees. The rules are centralized but application of the program is decentralized. | Develop common framework for the Human Resource System with flexibility to incorporate the individual missions of the campuses, allowing for meaningful goals and rewards for achievement. |

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| 2002 | Watson Wyatt Review | Performance | Performance Management | There is linkage to pay for performance through the Career Growth Recognition Award (CGRA). However, it cannot be utilized because no funds have been appropriated. | Link pay to performance. Provide significant skills training for supervisors and managers regarding the performance management program. Commit to performance and employee development at all levels with consideration of career progressions, job rotation and job-related training. Utilize a consistent and constructive disciplinary process. |
| 2002 | Watson Wyatt Review | Performance | Performance Management | Slightly below market funding by the State for annual increases over the last five years. | Budget adequate funding to reward high performance. |
| 2002 | Watson Wyatt Review | | Training and Development | Training and development programs are limited. | Identify the types of skills, abilities and knowledge required by UNC and the campuses. Develop and execute appropriate programs. Use the recommended performance management program to track the accomplishments of training and development objectives. |

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| 2002 | Watson Wyatt Review | Recruitment | Attraction and Retention | <p>Workforce trends statewide reflect the national demographics and economic conditions. From 1997-2001 turnover, both voluntary and involuntary, had been increasing. This appears to have slowed in 2002 due to the economy. OSP has implemented some programs that have improved recruiting in some instances.</p> | <p>Move to improve in the types of programs that promote attraction and retention of employee, including streamlined processes for hiring, a true flexible benefits program, increased training/development opportunities, bonuses for critical skills jobs and performance, flexibility in setting hiring rates, varied work schedules, job sharing, etc.</p> |
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| 2002 | Watson Wyatt Review | Participatory Process | <p>Finally, to effectively design and implement new programs requires participation and input from the varied constituents throughout UNC and the campuses. OSP involvement may also be helpful in the transition from State-to University-governed Human Resources should this change be passed within the legislature. Chancellors and the campus Human Resource directors indicated a strong sentiment towards a participative process supporting the change from State to an independent University-based system for job evaluation/classification, compensation and performance management programs. This participative process should be orchestrated through the Office of the President and should include employee input and an oversight body or steering committee with campus representation for effective resource allocation, decision making and communications.</p> |
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| 2003 | Re-write of Chap 126 | | Administrative office is named the Office of State Personnel; the governing Commission is named the State Personnel Commission. | Renamed to Office of Human Resources Management and State Human Resources Commission to reflect contemporary naming conventions in the HR field. |
| 2003 | Re-write of Chap 126 | | The Act is very detailed. This detail restricts OSP in establishing competitive and contemporary human resources programs in a timely manner. | The Act specifies the types of human resources programs that the state needs, the structure of the system, system philosophy, and employee rights. |
| 2003 | Re-write of Chap 126 | Discipline | The Commission approves policy and serves as final administrative decision-maker on grievances. | The State Human Resources Commission approves policies and a new State Employee Appeals Board makes final administrative decisions on grievances. The members of the Commission must have HR experience. One of three appointments made by the Governor is based upon the recommendation of the State Employee Association. The State Appeals Board will be made up of Supervisory and non-supervisory employees, as well as attorneys. |

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| 2003 | Re-write of Chap 126 | | The Office of State Personnel can establish agreements to decentralize decision-making and monitor for compliance for corrective actions for violations not clear. | Specifies that the Commission can revoke a decentralized agreement. Adds efficiency and effectiveness of agency and university programs as reviewable items in audits. |
| 2003 | Re-write of Chap 126 | | Career status and rights attained in two years. | Career status and rights attained in one year. |
| 2003 | Re-write of Chap 126 | | Demonstration projects not allowed. | Allow demonstration projects to test the costs and benefits of new systems prior to implementation statewide. |
| 2003 | Re-write of Chap 126 | Rewards | Incentive programs not allowed. | Authorizes approval of HR program necessary to remain competitive, including incentive programs. |
| 2003 | Re-write of Chap 126 | Rewards | State Employee Incentive Bonus Program is a separate law. | Includes the program in the Act and adds gain sharing and goal sharing components. The formula for distribution of savings changed to allow more savings to be retained. |
| 2003 | Re-write of Chap 126 | | There are several exempt employee categories used in agencies, a complex process for identifying exempt positions, and inequalities in the number of exempt positions between | Combines exempt employees into one category, simplifies the process for identifying exempt positions, and allows the same number of exempt positions for all agencies. A new, strict definition from exempt positions requires |

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| | | | Cabinet and Council of State agencies. | that they be in the top tier of an organization structure. |
| 2003 | Re-write of Chap 126 | Compensation | Comprehensive Compensation System with increases largely based on time-in-service. | A new compensation system with an across-the-board increase based on average labor market movement; a performance-based increase that will be distributed considering performance, increases in knowledge, skills and abilities, and labor market; and a labor market adjustment fund to correct market inequities. Allows more flexibility to tailor compensation programs to meet unique circumstances. |
| 2003 | Re-write of Chap 126 | Rewards | Longevity Pay Program for employees with 10 or more years of service. | A two-tier system where new employees are excluded from the longevity pay program. Current employees will not be impacted in any way. Future savings will remain with the agencies and universities for funding compensation programs. |

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| 2003 | Re-write of Chap 126 | | New policies and policy revisions must go through the policy-making process. | A separate rule-making process involving a public notice and hearing, with the Commission serving as the hearing body for policies that are internal to State government only. New/revised policies can be completed in several months as opposed to more than a year under the current process. |
| 2003 | Re-write of Chap 126 | | Employees can appeal material placed in their personnel files, including written warnings. | Employees can place information that refutes material placed in their personnel files. |
| 2003 | Re-write of Chap 126 | | Provides alternate dispute resolution procedures for the resolution of non-contested cases. | Requires a dispute resolution process and requires employees to use it before appealing outside. |
| 2003 | Re-write of Chap 126 | | There is no overall limit on the amount of time an agency or university has to process an appeal internally. | A limit of 120 days is established for an agency to complete processing of an employee appeal. |
| 2003 | Re-write of Chap 126 | | Employees reduced in force have priority for jobs that meet certain requirements anywhere in State government. | Retains current provision and places more responsibility for reemployment on the agency that eliminates the position. |
| 2003 | Re-write of Chap 126 | | Once an employee has lost their job due to reduction-in-force, they lose their career status. | If an employee loses their job and is re-employed within one year, the employee retains career status. |

2006 PACE HR

The authority currently granted to UNC under its enabling legislation (NC General Statute Chapter 116: Higher Education) is insufficient to manage its human resource requirements efficiently and effectively. University personnel activity is currently subject to civil service requirements under NCGS Chapter 126 (State Personnel System), as well as other legislative actions applicable to "State employees."

For the University to accomplish its core missions, it must be able to operate and manage its resources more like other institutions of higher education nationwide, both public and private, rather than like other public agencies in the State. The University must be anticipatory, nimble, and innovative. The State's current personnel structure fundamentally subverts this ability. The UNC leadership--its boards of governors and trustees, President and Chancellors--are charged to lead a great University and entrusted with the higher education of its citizens, but are not empowered with full authority to manage the University's primary resource. Relief from State personnel oversight can result in significant efficiency gains and cost avoidance.

The working group recommends seeking broadened authority under its enabling legislation NCGS 116 (Higher Education), to manage the University's human resources.

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| 2006 | PACE HR | Rewards | The University's benefit package is not competitive with other institutions of higher learning. Major employee benefit programs are under the direction of State and are not compatible with University needs. | (This item was tabled due to its presence in other PACE initiatives). |
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