



THE UNIVERSITY  
of NORTH CAROLINA  
at CHAPEL HILL

BOARD OF TRUSTEES  
UNIVERSITY AFFAIRS COMMITTEE  
MAY 27, 2015, 4:00PM  
CHANCELLOR'S BALLROOM WEST  
THE CAROLINA INN

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**OPEN SESSION**

**FOR INFORMATION ONLY**

(No formal action is requested at this time)

1. [School of Medicine Faculty Early Retirement Incentive Plan](#) (Attachment A)  
*Jim Dean, Executive Vice Chancellor and Provost*  
*Bill Roper, Dean of the School of Medicine, Vice Chancellor for Medical Affairs, CEO of UNC Health Care*
2. [Proposed Revisions to the Incentive Compensation Plan for Non-Coaching Staff and Head, Assistant, and Associate Coaches](#) (Attachment B)  
*Bubba Cunningham, Director of Athletics*

\*Some of the business to be conducted is authorized by the N.C. Open Meetings Law to be conducted in closed session.

**COMMITTEE MEMBERS**

**J. Alston Gardner, Chair**  
**Charles G. Duckett, Vice Chair**  
**Phillip L. Clay**  
**Peter T. Grauer**  
**Kelly Matthews Hopkins**  
**Administrative Liaison:**

***Jim Dean, Executive Vice Chancellor and Provost***

**The University of North Carolina at Chapel Hill  
School of Medicine  
FACULTY RETIREMENT INCENTIVE PROGRAM (FRIP)**

**I. PREAMBLE**

**A. Purposes and Goals**

1. The School of Medicine (SOM) wants to be able to meet the needs of a wide range of faculty and also assure expertise and quality care for its patients, while preserving the viability of the SOM clinical and basic science departments' and their respective programs and their overall financial integrity.
2. The purpose of the Faculty Retirement Incentive Program (FRIP), as described in this document, is to provide a financial incentive for certain tenured faculty to retire that will facilitate the release of tenured faculty resources for budget reallocation or reduction in accordance with SOM's goals. This program is not designed to be a faculty fringe benefit program; it is a tool to provide improved management within a department.
3. Consistent with the above purposes, the SOM recognizes that flexibility in offering a variety of faculty retirement incentive plans and agreements is both desirable and necessary to assure that the SOM can continue to provide excellent care and advance research while also planning for immediate and long-term needs. The goal of this SOM FRIP, therefore, is to establish a framework for management guidance rather than a prescription for specific action.

**B. General Provisions and Framework**

1. Retirement incentive plans, policies and practices must comply with state law and regulations and University policy, as specified by the State of North Carolina and the University of North Carolina Board of Governors.
2. Retirement agreements, as used in the context of this FRIP, apply only to tenured faculty in the SOM. Eligible employees are defined as (1) tenured instructional faculty, and (2) administrative or professional faculty who have tenure due to previous academic appointments.
3. The FRIP provides an incentive for immediate separation of eligible faculty from full-time employment with the SOM. The FRIP will use the same criteria as the current phased retirement program (eligible to receive a retirement benefit and, (1) for members of Teachers and State Employees Retirement System (TSERS), age 62 with at least five years of full-time service to UNC-Chapel Hill; (2) for members of the Optional Retirement Program (ORP), age 59 ½ and at least five years of full-time service to UNC-Chapel Hill).

4. Retirement agreements must be offered without bias to any eligible employee, be voluntary and mutually agreeable. A faculty member is not automatically entitled to benefits for which provision is made in this FRIP and the SOM cannot require a tenured faculty member to retire under this program.
5. Participation in the FRIP is not an entitlement or a right automatically available to all faculty members who meet the eligibility criteria. The SOM reserves the right to limit the total number of participants in the FRIP in order to preserve the viability of a department's basic programs and the integrity of its financial resources. After the submission deadline, the Dean of the SOM and/or his/her designee will assess applications to determine approval for participation in the FRIP as described in Section C. Letters of determination will be sent to applicants.
6. In the event a faculty member becomes permanently and totally disabled after a FRIP agreement is signed, but before its effective date, the SOM, nevertheless, will be responsible for providing payments for which provision is made in the agreement. In the event a faculty member dies after a FRIP agreement is signed, but before its effective date, the SOM will not be responsible for any payments under the agreement and such agreement shall be considered null and void.
7. The SOM has the authority to modify, amend or repeal this FRIP with appropriate approvals, in accord with Board of Governors' policy. Faculty who retire under an executed FRIP agreement, however, will continue to be subject to the terms of the program in effect at the time of retirement.
8. No State funds will be used to fund FRIP agreements. Funds to support the program must be identified solely from existing SOM resources. The total annual costs for this program shall not exceed two percent (2%) of the SOM total budget for faculty salaries and associated benefits for the fiscal year in which it is enacted.

### **C. Implementation and Approval Process**

1. The Dean of the SOM, will determine during the spring semester of each academic year whether the program will be offered for the upcoming academic year. Provision will be made for the prompt notification to the faculty if the program will be made available.
2. The Dean (or his/her designee) of the SOM must approve each FRIP application and agreement, based on recommendations received by clinical and basic science department chairs. Criteria considered for approval are described more fully in II.C., but include:
  - a. Total number of applicants;
  - b. Projected impact on the viability of a department's basic programs;
  - c. Projected impact on the integrity of the department's financial resources;
  - d. Annual costs of the FRIP not to exceed 2% of the SOM total budget for faculty salaries and associated benefits for the current academic year.

## COMPONENTS OF THE PLAN

### A. Financial Incentive

1. If approved for participation in the FRIP, and in exchange for a faculty member's written agreement to separate voluntarily from full-time employment the faculty member will be entitled to participate in FRIP. The program will provide the faculty member with a payment equal to a proportion of his or her current salary that is in place immediately prior to entry into the FRIP.
2. The incentive payment to which the faculty member is entitled is calculated entirely on the "total annual salary," (which is the combination of [1] the academic base salary and [2] a variable component as outlined in the UNC-Chapel Hill SOM's Clinical Faculty Compensation Plan,) not inclusive of any incentives or administrative supplements, measured as of the last day of the fiscal year (June 30) immediately preceding the fiscal year in which the FRIP is implemented for that faculty member.
3. The payment will be 100% of the total annual salary for faculty who apply on or after July 1 and through September 30, decreasing to 80% for faculty who apply on or after October 1 and through November 30. FRIP lump-sum payment will be made concurrent with date of separation/retirement, which must be on or before April 30.
4. Faculty members shall submit signed letters of application to the SOM-HR Office, which will date stamp the applications upon receipt. The date stamp will determine payment scale noted above in II.A.3.

### B. Eligibility Criteria

1. To be eligible to apply for participation in the FRIP program, a faculty member must meet all of the following criteria:
  - a. Meet the normal retirement eligibility requirements for either the Teachers' and State Employees' Retirement System (TSERS) or Optional Retirement Program (ORP);
  - b. Be tenured with an appointment of 75% FTE or greater;
  - c. Be eligible to receive a retirement benefit; and
  - d. Be either
    - i. age 62 with at least five years of full-time service to UNC-Chapel Hill for a participant in TSERS, or
    - ii. age 59 ½ with at least five years of full-time service to UNC-Chapel Hill for a participant in ORP.
2. Faculty members who otherwise meet the eligibility criteria are nonetheless not eligible for participation in the FRIP in the following circumstances:

- a. Any faculty member who has received notice of termination, notice of nonrenewal of contract, or notice of suspension during the previous twelve months.
  - b. Any faculty member who is retiring under the disability provisions of the State's long-term disability program, as may be supplemented by the SOM's long-term disability program.
3. Faculty members must meet the eligibility requirements in order to apply to participate the program during the open period (generally July 1 - November 30) and agree to retire by the following April 30. November 30 is the deadline for receipt of letters of application for the FRIP when the program is offered.
4. Unlike the Phased Retirement Program, faculty participating in TSERS who retire under the FRIP have a mandatory six month break in employment (post retirement) before they are eligible to return to work for a North Carolina state government agency or university, including work as an independent contractor or consultant.

### **C. Selection Criteria and Notification**

1. The purpose of this early retirement incentive plan is to supply the SOM with a management tool to provide incentives for the release of tenured faculty position-based resources for reallocation or reductions, in accordance with SOM needs.
2. Applications will be considered in the context of the criteria that are in the best interests of the SOM. They include, but are not limited to: cost and need for replacement faculty, years of service with the SOM, and the savings to be realized by the retirement.

### **D. Administrative Structure**

The FRIP will be administered by the School of Medicine Office of Human Resources in conjunction with the University's Academic Personnel Office.

### **E. Program Cost and Limitations**

No State funds will be set aside for FRIP agreement costs; funds to support agreement requirements must be identified within the existing SOM resources. The dollar cap per fiscal year is equal to 2 percent of the SOM's total budget for faculty salaries and associated benefits.

## **F. Application Period**

If authorized by the Dean, an annual application period as provided herein will be established by the SOM administration each year in which the program will be offered.

## **G. Related Programs**

- Phased Retirement Program
- SOM Long-Term Disability Program
- NC Long-Term Disability Program?

**UNC-CHAPEL HILL DEPARTMENT OF ATHLETICS  
PROPOSED REVISIONS TO INCENTIVE COMPENSATION PLAN  
FOR NON-COACHING AND COACHING STAFF**

**March 16, 2015**

**INTRODUCTION**

On May 23, 2013, the Board of Trustees (BOT) approved an incentive compensation plan for non-coaching and coaching staff in the Department of Athletics. This plan was implemented on July 1, 2013, and is carried out in accordance with the University's Policy on Non-Salary and Deferred Compensation for EPA Employees. Its purpose is to recognize added duties for athletics post-season play and the attainment of certain team-level academic goals. The Director of Athletics is seeking to modify certain provisions of this plan so that there is more flexibility and that the awarded compensation can be more helpful in recruiting, incenting, and retaining key Athletics Department talent.

**BACKGROUND**

The existing Department of Athletics incentive compensation plan has two primary performance metrics on which incentive pay is based: academic achievement of student-athletes and competitive achievement for post season participation (e.g., national championship, Final 4, conference championship, top 25 national finish, bowl game, etc.). The academic achievement portion of the existing plan bases payments on fixed dollar amounts, and this portion of the plan are not proposed to change. The current post-season play portion of the plan is primarily based on awarding fixed dollar amounts (ranging from \$500 to \$3,000) per eligible event, with only a few exceptions for Associate and Assistant Coaches. The Director of Athletics desires to make this plan more flexible by changing the basis for incentive compensation for competitive post-season play up to 2 months of an employee's annual salary, depending on the specific competitive event and sport. **Attachment A** and **Attachment B** provide details on the proposed changes for all forms of incentive compensation possible under this plan.

As with the previously adopted plan, all of the authorized incentive compensation may, but is not required to be awarded by the Director of Athletics, subject to his/her management discretion and the availability of funds. In the event any Federal, State, or athletic governing body (e.g., NCAA, ACC) rule or regulation shall make the payment of any indicated incentive compensation impermissible or ineffectual or subject UNC-Chapel Hill to a penalty, assessment, or violation, the Athletic Director shall have the authority to substitute alternative incentive compensation that would allow for a substantially similar economic benefit to the employee, if permissible.

**RECOMMENDED ACTION**

Approval of proposed changes to the Department of Athletics Incentive Compensation Plan for Non-Coaching and Coaching Staff as outlined in **Attachment A** and **Attachment B**, to be effective on April 1, 2015.

**UNC-Chapel Hill Department of Athletics**

**Attachment A ~ Schedule of Proposed Changes to EPA Non-Faculty Incentive Compensation for Non-Coaching Staff ~ Rev. 3/16/2015**

*(Compensation amounts are at the discretion of the Athletics Director up to the specified limits)*

<u>PERFORMANCE METRIC</u>	<u>Football, Men's Basketball, and Women's Basketball</u>		<u>All Other Varsity Sports</u>	
<u>Academic Achievement</u>	<u>Current Plan</u>	<u>Proposed</u>	<u>Current Plan</u>	<u>Proposed</u>
Annual Team Academic Progress Rate (APR) equal to 975 per NCAA formula				
Assigned Primary Sport Administrator	n/a	n/a	\$2,000	Up to \$2,000
Assigned Secondary Sport Administrators	\$5,000	Up to \$5,000	n/a	n/a
 <u>Competitive Achievement - Post-Season</u>				
Win Conference Championship (See Note 1)				
Executive Sr. Assoc. Athletic Director	\$3,000	Up to 1 Month Salary	\$1,000	Up to 1 Month Salary
Sr. Associate/Associate Athletic Directors	\$3,000	Up to 1 Month Salary	\$1,000	Up to 1 Month Salary
Assigned Primary Sport Administrator	n/a	Up to 1 Month Salary	\$1,000	Up to 1 Month Salary
Assigned Secondary Sport Administrator	\$3,000	Up to 1 Month Salary	n/a	Up to 1 Month Salary
 NCAA Post Season Participation (See Note 2)				
Executive Sr. Assoc. Athletic Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Sr. Associate/Associate Athletic Directors	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Primary Sport Administrator	n/a	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Secondary Sport Administrator	\$1,000	Up to 1 Month Salary	n/a	Up to 1 Month Salary
Directors of Sport Operations/High School Relations	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Video Coordinator/New Media Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Athletic Trainer(s)	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Communications Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Marketing Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Ticket/Business Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary
Assigned Event Management Director	\$1,000	Up to 1 Month Salary	\$500	Up to 1 Month Salary

**NOTES**

*Note 1: Conference Tournament or Regular Season if no Tournament is sponsored by Conference*

*Note 2: Includes Football Bowl Game*

*All of the indicated incentive compensation may, but is NOT required to be awarded by the Director of Athletics subject to his/her management discretion and the availability of funds. In the event any Federal, State, or athletic governing body (e.g., NCAA, ACC) rule or regulation shall make the payment of any indicated incentive compensation impermissible or ineffectual or subject UNC-Chapel Hill to a penalty, assessment, or violation if aid, the Athletic Director shall have the authority to substitute alternative incentive compensation that would allow for a substantially similar economic benefit to the employee if permissible.*



**UNC-Chapel Hill Department of Athletics**  
**Attachment B ~ Schedule of Proposed Changes to EPA Non-Faculty Incentive Compensation for Coaching Staff ~ Rev. 3/16/2015**  
*(Compensation amounts are at the discretion of the Athletics Director up to the specified limits)*

<b><u>PERFORMANCE METRIC</u></b>	<b><u>Head Coach (See Note 1)</u></b>		<b><u>Associate and Assistant Coaches</u></b>	
	<u>Current Plan</u>	<u>Proposed</u>	<u>Current Plan</u>	<u>Proposed</u>
<b><u>Academic Achievement</u></b>				
Annual Team Academic Progress Rate (APR) equal to 975 per NCAA formula	\$5,000	Up to \$5,000	\$2,500	Up to \$2,500
<b><u>Competitive Achievement - Post-Season</u></b>				
Win Conference Team Championship (Note 2)	n/a	Up to 2 Months Salary	n/a	Up to 2 Months Salary
NCAA Post Season Participation				
Men's Basketball	n/a	n/a	1 Month Salary	Up to 2 Months Salary
Women's Basketball	n/a	n/a	1 Month Salary	Up to 2 Months Salary
Men's Football	n/a	n/a	1 Month Salary	Up to 2 Months Salary
All Other Sports	\$2,000	Up to 2 Months Salary	\$1,000	Up to 2 Months Salary
Top 25 National Finish - Final NCAA Recognized Poll	\$2,000	Up to 2 Months Salary	\$1,000	Up to 2 Months Salary
Top 25 National Finish and Post Season Bowl (Football)	n/a	n/a	1 Month Salary	Up to 2 Months Salary
(See Note 3)				
NCAA Final Four	n/a	Up to 2 Months Salary	n/a	Up to 2 Months Salary
National Champion (See Note 4)	2 Months Salary	Up to 2 Months Salary	1 Month Salary	Up to 2 Months Salary

**NOTES**

*Note 1: Excludes Head Coaches for Men's Basketball, Women's Basketball, Football, and Baseball*

*Note 2: Conference Tournament or Regular Season if no Tournament is sponsored by Conference*

*Note 3: Funded by Pope Endowment and subject to availability of endowment funds*

*Note 4: Team or Individual championship wins*

*All of the indicated incentive compensation may, but is NOT required to be awarded by the Director of Athletics subject to his/her management discretion and the availability of funds. In the event any Federal, State, or athletic governing body (e.g., NCAA, ACC) rule or regulation shall make the payment of any indicated incentive compensation impermissible or ineffectual or subject UNC-Chapel Hill to a penalty, assessment, or violation if aid, the Athletic Director shall have the authority to substitute alternative incentive compensation that would allow for a substantially similar economic benefit to the employee if permissible.*