



CONTENTS

- I. Policy
- II. Career Banding Terms
- III. Pay Factors
- IV. Salary Determination
- V. Salary Setting Actions
- VI. Salary Adjustment Actions
- VII. Management Responsibilities

Note: *The expanded delegation of authority provided in this Career Banding Salary Administration Policy for the UNC System will be reassessed within a two-year period for determination of continuing or modifying the policy and its administration.*

I. POLICY

- A. **Purpose.** It is the policy of the university to compensate its employees at levels sufficient to encourage excellent performance and to maintain labor market competitiveness necessary to recruit, retain, and develop a competent and diverse work force. It is also the policy of the university to ensure that sound salary administration practices are followed and applied in order to maintain equitable compensation for similarly situated employee populations.
- B. **UNC Institutional Plans.** Each UNC constituent institution is responsible for developing a Salary Administration Plan that ensures fair and equitable employee treatment through consistent application of career banding policy and guidelines. Pay decisions are the responsibility of individual institutions within the bounds of policy and guidelines. In all cases, institutional management must consider pay factors and provisions of the institution's Salary Administration Plan when making salary determinations. Institutional management is responsible for documenting the justification for salary decisions and for ensuring equity in accordance with the institution's Salary Administration Plan and its strategic goals and initiatives.

II. CAREER BANDING TERMS

- A. **Branch/Role (Banded Classifications).** The Career Banding Compensation System includes 10 Job Families of professional fields. Each Family includes Branches of similar work categories within those professional fields, and Branches are then divided into specific Roles, also referred to as Banded Classifications. Each of these classification titles is further divided into three competency levels (Contributing, Journey, and Advanced). Position descriptions are assessed and assigned a Branch/Role and Competency Level in comparison to the Career Banding Classification Specifications and Competency Profiles available on the UNC System Human Resources website.
- B. **Classification Specifications and Competency Profiles.** Documents that define a banded classification's typical range of position duties, the competencies required to perform those duties at the defined competency level (Contributing, Journey, and Advanced), and the minimum experience and training requirements to perform the work at those levels. Compensation analysts use the classification specifications and competency profiles in assessing position description documents and assign an appropriate banded classification title and competency level for the position.
- C. **Competencies.** Sets of knowledge, skills, and abilities that employees need to perform their work successfully within a banded classification as defined in the Classification Specifications document and in the Competency Profile. Each banded classification includes three competency levels:



1. *Contributing Competencies.* The knowledge, skills, and abilities that are minimally necessary to perform a position classified at the contributing competency level based on business need.
 2. *Journey Competencies.* Fully acquired knowledge, skills, and abilities demonstrated in the employee's work that meet the business need for positions classified at the journey competency level.
 3. *Advanced Competencies.* The highest level and/or broadest scope of knowledge, skills, and abilities required and demonstrated in the employee's work for positions classified at the advanced competency level.
- D. Market Index (MI).** A ratio of an employee's salary to the appropriate competency market rate calculated by dividing the employee salary by the competency market rate. A market index of 1.00 indicates a salary equal to the competency market rate, whereas a market index of 0.95 indicates an employee salary that is 5% below the market rate and a market index of 1.05 indicates an employee salary that is 5% above the market rate.
- E. Market Halo.** The "halo" is the portion of the pay band that is within 10% above or 10% below a market rate. Most employee salaries would fall within this portion of the pay band, subject to available funding and equity considerations. The market halo can be used as part of the pay factor analysis for salary administration when comparing salaries for similarly situated employees.
- F. Market Rate.** The journey market rate is the central pay market rate for a classification salary band as determined through an analysis of the labor market by UNC System Human Resources when comparing benchmark classifications to relevant local, state, regional, and/or national organizations that recruit and hire employees with the same or similar competencies. Additional market rates are then determined, based around the journey market rate, and set as a contributing market rate for classifications at the contributing competency level and an advanced market rate for classifications at the advanced competency level. These market rates then establish the available salary ranges for a position based on its classification and competency level.
- G. Pay Bands.** The market-determined salary range for each banded classification in the career banding system approved by the State Human Resources Commission. Each pay band has a minimum and maximum rate, with market rates for each position competency level (*contributing, journey, advanced*).
- H. Pay Equity.** This is a fairness criterion that takes into consideration the proximity of one employee's salary to the salaries of others who have comparable levels of: education, certifications, and experience; duties and responsibilities; and knowledge, skills, and abilities. It considers salary compression, criticality of the position to the mission of the unit, and other organizational factors.
- I. Pay Factors.** Each proposed salary action requires thoughtful consideration of the following "F.A.I.R." pay factors: Funding; Appropriate Competency Market Rate; Internal Pay Alignment; and Required Competencies. (See Section III for more information.)
- J. Position Description.** The central document for career banding classifications. The position description includes: a list of job duties for a position; time and effort required for those duties; training and experience necessary to accomplish those duties at the level required for the position, mental and physical requirements for accomplishing those duties; including other considerations under the Americans with Disabilities Act; competencies associated with the position; and reporting/organizational relationships. Management completes and maintains a description for each position, revising and resubmitting to human resources for analysis as needed. Human Resources compares the duties and other information provided in the position description, compares these to the career banding Classification Specifications and Competency Profiles to determine the most appropriate banded classification and competency level for the position.



- K. Range Revisions.** A pay band revision is any change in a salary range approved by the State Human Resources Commission and resulting from changes in the labor market. Typically, this will result in a change in the minimum, contributing, journey, advanced, and maximum rates for the band but may not necessarily mean a change in all five reference points. However, for a band revision to occur, at least the journey market rate must change. UNC System Human Resources regularly assesses the pay bands for each banded classification. UNC System HR will conduct periodic market research to reassess one or more pay bands. Market research involves comparing benchmark classifications to relevant local, state, regional, and/or national organizations that recruit and hire employees with the same or similar competencies to ensure that the career banding compensation system remains comparable and competitive to the current labor market. Revisions to pay bands must be reviewed and approved by the State Human Resources Commission prior to implementation.
- L. Salary Compression.** When the pay of one or more employees is close to the pay of more highly trained and experienced -- but otherwise similarly situated -- employees performing the same duties and responsibilities in the same position at the same agency. Compression also occurs when the pay of one or more employees is close to the pay of those in higher level classifications or competency levels, such as managerial positions, or close to the pay of employees performing more complex or higher-level duties within the same classification and competency level. In some cases, funding differences or other neutral factors may make salary compression unavoidable. "Similarly situated employees" means employees in the same banded classification in the same institution, School/Division, and/or work unit who have comparable levels of: education and experience; duties and responsibilities; and knowledge, skills, and abilities.

III. PAY FACTORS

- A. Financial Resources.** The amount of funding that is available when making pay decisions based on university business need:
1. Available budget
 2. Funding priorities
- B. Appropriate Competency Market Rate.** The rate applicable to the functional competencies necessary for the position and demonstrated by the employee based on:
1. Competency market rates and related market information
 2. Overall competency level required for the position and aligned with the classification competency profile
 3. Individual competencies associated with the classification level and required for a position's assigned duties.
- C. Internal Pay Alignment.** The consistent relative alignment of salaries among employees who demonstrate similar required competencies in the same banded classification and competency level within a work unit or organization considering:
1. Current internal pay alignment (equity) based on demonstrated and relevant competencies of similarly situated employees in a classification competency level
 2. Current employee salaries and any existing salary compression or salaries below the expected salary range within the pay band
 3. Current market-based salary climate for new recruitments that may affect the level of the minimum salary needed to secure candidates for a position also considering other compensation options (e.g., application of sign-on/retention bonuses when relevant and available)
 4. Evidence-driven prioritization for salary enhancements based on available funding and aligned with the institution's Salary Administration Plan



Pay equity is of utmost importance, and it is the responsibility of each constituent institution to monitor and address any potential equity issues and to avoid exacerbating any existing pay inequity. Each institution is responsible for maintaining internal pay equity. If a potential equity issue is created, the proposed salary action must also contain a written plan to address how the institution or work unit will adjust similarly situated employee salaries affected by the proposed salary action when funding becomes available to address the inequity.

Salary actions must also document plans if a proposed salary action for an employee will result in the employee's being out of alignment with similarly situated employees. "Similarly situated employees" means employees in the same banded classification in the same institution, School/Division, and/or work unit who have comparable levels of: education and experience; duties and responsibilities; and knowledge, skills, and abilities.

Work units should take a consistent approach in assessing and prioritizing salary adjustments to address internal pay alignment and equity, consistent with equal employment opportunity standards. Identified misalignments should be addressed with any proposed salary adjustment within the similarly situated population with a plan of action to address the misalignment as soon as practicable.

D. Required Competencies. The functional competencies and associated levels that are required based on organizational business need and subsequently demonstrated on the job by the employee. Continuing development of existing position-related competencies, or acquisition of new position-related competencies, is a valuable addition to an employee's productive skillset within a banded classification and competency level and may be reflected with a salary increase. Assessment of changes to the employee's competencies and their relevance to the current position must be documented on the salary adjustment form and should address the following:

1. Minimum qualifications for classification and competency level
2. Knowledge, skills, and abilities outlined in the classification specification and competency profile
3. Related training and experience
4. Essential duties and responsibilities as noted in the position description
5. Training, certifications, degrees, position-related development programs/curricula, and licenses either required or preferred for the position or otherwise attained by the employee

Competencies must be relevant to, and demonstrated in, the employee's work, must be measured according to standards set in the classification specifications and related competency profiles, and must be relevant to the required duties within the position.

Employees can enhance their competencies within their position through work experience, the achievement of related academic degrees, position-related certifications and licenses, successful completion of significant position-related professional development programs/curricula, or similar industry-recognized achievements.

Increased demonstrated competencies applicable to the required duties of the position may result in new work that can be performed in the position such that the position might be reclassified to a different competency level and/or banded classification. This is distinct from a salary increase that recognizes employee growth within their current banded classification and competency level with increases competencies to achieve required position duties.

See Sections V and VI of this policy for more information on applying pay factors to specific types of salary actions.



IV. SALARY DETERMINATION

A. Salary Requirements by Competency Level

1. **Contributing Rate.** The salary for an employee who demonstrates required competencies within a position classified at the *contributing* competency level shall be below the journey market rate but not below the minimum of the class pay band.
2. **Journey Rate.** The salary for an employee who demonstrates required competencies within a position classified at the *journey* competency level shall be below the advanced market rate, and should be above the contributing market rate, unless financial resources or other pay factors prevent this.
3. **Advanced Rate.** The salary for an employee who demonstrates required competencies within a position classified at the *advanced* competency level shall be above the journey market rate unless financial resources or other pay factors prevent this. Salaries shall not exceed the maximum of the class pay band. (Exceptions must be approved by the Office of State Human Resources.)

B. Recruitment Salary. Salaries paid as a result of recruiting shall not exceed the maximum amount published for recruitment purposes in a vacancy announcement or be lower than the minimum amount published in the vacancy announcement.

C. Promotional Priority. Career status employees moving between career banded classifications have promotional priority when moving to a position with the same banded classification but with a higher competency level or when moving to a position in a different banded classification with a higher journey market rate than the position the employee currently holds. Career status employees moving between career banded and state agency classifications have promotional priority for positions at a higher salary grade (or salary grade equivalency as defined by OSHR) than the position the employee currently holds.

D. RIF Reemployment Priority. Reduction-in-force applicants (RIF) moving between banded classifications have priority for positions in the same banded classification at the same competency level or lower as that held at the time of notification, or for positions in a different banded classification with the same or lower journey market rate as that held at the time of notification. Reduction-in-force applicants moving between career banded and state agency classifications have priority for positions at the same salary grade (or salary grade equivalency as defined by OSHR) or below the position held at the time of RIF notification.

E. Effective Date. The effective date of all salary actions shall be on a current basis unless UNC System Human Resources approves an exception.

F. Approvals. Actions that exceed the delegated authority granted to institutions must be submitted to the UNC System Human Resources and the Office of State Human Resources for review and approval. Actions that exceed the delegated authority granted to institutions must be submitted with supporting documentation to the UNC System Human Resources for review and approval. Actions that exceed UNC System's delegation of authority will be sent to the Office of State Human Resources for final review and approval. UNC System Human Resources, in coordination with the Office of State Human Resources, will establish delegation thresholds for approving classification and salary actions and will clarify which level of administration must approve certain actions.

G. Documentation. Each proposed salary action must include a completed salary adjustment form that includes sufficient documentation to warrant the proposed action based on the appropriate pay factors for the proposed action. Such documentation must be maintained and made available for review to UNC System Human Resources if requested. Constituent institutions may establish their own salary adjustment forms or use/modify a template provided by UNC System Human Resources.



- H. **Disciplinary and Performance Restrictions.** Employees with an active disciplinary action or with a final overall rating lower than “Meets Expectations” on their last annual performance appraisal are not eligible for a career banding salary increases. Such employees would regain eligibility once the disciplinary action becomes inactive and/or the employee achieves a final overall rating of “Meets Expectations” on their most recent annual performance appraisal. These restrictions would not necessarily preclude an employee from receiving a legislative salary increase if allowed by the NC General Assembly.
- I. **Other Salary Determination Considerations.** Salaries shall be established and adjusted in accordance with the following provisions based on the type of salary action taken.

V. SALARY SETTING ACTIONS

A. Agency-University Transfer

- 1. *Definition.* Employee movement between university classes and agency classes through a competitive recruitment process.
- 2. *Salary Eligibility.*
 - a. *Agency to University.* Salary is established based on application of all pay factors.
 - b. *University to Agency.* Salary is established by the Pay Administration Policy for agency classes.

B. Horizontal/Lateral Transfer

- 1. *Definition.* Employee movement from one position to another with the same competency market rate achieved through a competitive recruitment process or an approved waiver of recruitment.
- 2. *Salary Eligibility.* Salary shall be based on application of all pay factors. The salary cannot exceed the maximum of the salary range for the competency level.

C. New Hire

- 1. *Definition.* Initial State employment of an individual to a position achieved through a competitive recruitment process or an approved waiver of recruitment.
- 2. *Salary Eligibility.* Salary shall be set based on application of all pay factors.

D. Promotion

- 1. *Definition.* Employee movement from one position to another with a higher competency market rate achieved through a competitive recruitment process or an approved waiver of recruitment.
- 2. *Salary Eligibility.* Salary shall be based on application of all pay factors.

E. Reinstatement

- 1. *Definition.* Re-employment of a former employee in a position after a break in service (defined as thirty-one calendar days) or re-employment of an employee returning to work from leave without pay (LWOP).
- 2. *Salary Eligibility.* Salary shall be set based on application of all pay factors. Reinstatement from LWOP to the previous position shall be at the previous salary, unless a higher rate is justified with applicable legislative salary increases awarded by the NC General Assembly, subsequent band revision adjustments, or current internal pay alignment.



F. Reassignment

1. *Definition.* Employee movement from one position to another with a lower competency market rate, or movement to a position with a lower competency level within the same banded classification, achieved through a competitive recruitment process or an approved waiver of recruitment.
2. *Salary Eligibility.* Salary shall be based on application of all pay factors. If the employee's current salary exceeds an appropriate rate based on pay factors, then the salary may, but is not required to be, maintained; regardless, the salary cannot exceed the maximum of the classification pay band.

VI. SALARY ADJUSTMENT ACTIONS

A. Acquired Competencies

1. *Definition.* A salary increase for an employee within the pay band and competency level of the employee's classification due to documented changes in the competencies of the employee that result in increased demonstration of ability to meet the applicable business needs within the same overall competency level, such as acquisition of a position-related degree, licensure, or certification, or participation in a substantial and substantive professional development opportunity or program relevant to the position's duties.
2. *Salary Eligibility.* Salary shall be based on application of all pay factors. Changes to the employee's competencies should be documented in the salary adjustment form in relation to the competency categories defined in the applicable Competency Profile. Attention should be made in particular in the salary justification to internal pay alignment and the documented competencies of similarly situated employees within the defined work unit or School/Division and applicability of the newly acquired competencies to the required work within the position.

B. Demotion

1. *Definition.* Change in classification and/or salary due to disciplinary action as defined in the SHRA Disciplinary Action Policy. A demotion may include:
 - a. Employee movement within the same banded classification to a lower competency level, with or without a comparable salary reduction, or
 - b. Employee movement to a different banded classification with a lower market rate than the employee's current position, with or without a comparable salary reduction, or
 - c. Salary reduction within the employee's current banded classification and competency level.
2. *Salary Eligibility.* A salary reduced by disciplinary action may be less than the appropriate rate based on pay factors. The salary cannot be lower than the minimum of the band and cannot exceed the maximum of the band.

C. Internal Pay Alignment (Pay Equity Adjustments)

1. *Definition.* A salary increase due to an employee salary that is significantly lower than other employees in the same branch/role and competency level with commensurate competencies or a salary increase to address salary compression among similarly situated employees.
2. *Salary Eligibility.* Salary shall be based on the application of all pay factors.



D. Labor Market Adjustment

1. *Definition.* A salary increase to better align an employee salary with the appropriate market rate.
2. *Salary Eligibility.* Salary shall be based on application of all pay factors.

E. Pay Band Revision

1. *Definition.* Any change in a pay band as a result of routine or special labor market reviews and approved by the State Human Resources Commission.
2. *Salary Eligibility.* Salaries below the new minimum of the band must be raised at least to the new minimum as soon as practicable based on available funds. If a pay band is adjusted upward, or the band changes due to changes in the labor market, and if there are no performance or personal conduct issues involved for the employee:
 - a. The employee's salary shall be increased to the minimum for the new range as soon as possible and within funding limitations. If the increase was denied because of disciplinary or performance appraisal reasons, the increase may be provided on a current basis if/when the issue is resolved.
 - b. The existing employee's salary must be increased to the range minimum before the institution brings on any new employees in the same job classification who are similarly situated and who would be paid more by being paid at the range minimum.

All other increases are discretionary and shall be based on the application of all pay factors.

F. Reallocation (Reclassification)

1. *Definition.* Documented change in duties and responsibilities within a position that results in significant changes to position duties and/or competency requirements, which are better associated either with (a) a different overall competency level within the same banded classification or (b) a different banded classification with a higher or lower market rate, resulting from human resources review and analysis of an updated position description.
2. *Salary Eligibility.* Salary shall be based on application of all pay factors. If the employee's current salary exceeds an appropriate rate based on pay factors, then the salary may, but is not required to be, maintained; regardless, the salary cannot exceed the maximum of the classification pay band.

G. Retention Adjustment

1. *Definition.* A salary increase not covered by other pay administration policies that may be necessary to retain a key employee where:
 - a. The employee has a documented offer for a comparable position (i.e., not an obvious promotion) outside of the agency,
 - b. The employee has given that documentation to the manager,
 - c. The employee has a "meets" or higher on their most recent annual performance appraisal and no active written discipline, and
 - d. The employee has skills or knowledge that would be difficult to replace.

The documentation showing the offer does not need to be an offer letter. An offer letter is often issued at the very end of the hiring process once the employee has accepted the new position. Institutions may accept a copy of the posting and an attestation from the employee that they have received or are in the process of receiving/negotiating an offer. Any documentation showing the offer for the position is sufficient to show an employee retention need.



2. *Salary Eligibility.* A retention adjustment may result in an employee's salary being above the appropriate rate based on pay factors. The salary cannot exceed the maximum of the allowable range.

VII. MANAGEMENT RESPONSIBILITIES

A. University Management Responsibilities

1. Notify employees when a career banding action has been approved for their position.
2. Develop career development plans and coaching employees with the goal of the employee contributing to organization's success based on business needs.
3. Apply the pay factors appropriately and equitably in determining employee pay and determining a pay philosophy based on available funding, internal pay alignment, relative competencies, recruitment environment, and funding priorities in alignment with the institution's Salary Administration Plan.
4. Regularly monitor, assess, and address internal pay alignment based on appropriate pay factors.

B. University Human Resources Responsibilities

1. Establish and maintain an institutional Salary Administration Plan consistent with policy and guidance from the UNC System Office.
2. Provide initial and continued training for all managers in career banding.
3. Provide technical support for managers making compensation decisions.
4. Require and review documentation of each compensation decision describing how relevant pay factors are applied in making the compensation decision.
5. Hold managers accountable for providing career development assistance and the correct and equitable use of the pay factors in making compensation decisions through use of the performance management and disciplinary processes as outlined in state policy.
6. Provide regular auditing of compensation decisions for the appropriate application of pay factors.
7. Provide pay-related information to UNC System HR upon request.

C. UNC System Office Human Resources Responsibilities

1. Provide training resources and consultation to university human resources staff.
2. Provide salary administration guidelines and procedures.
3. Develop a data system and design tools to evaluate and monitor the career banding program, to include: salary decisions; internal pay alignment; data supporting market rates, documentation relating to employee competencies, experience, and training; demographic distribution of employee actions via occupation, division, and organization.
4. Review salary actions that exceed institution-level authority.
5. Conduct regular pay band market studies to reassess and realign as necessary salary ranges for career-banded classifications.
6. Develop a self-assessment program and require that universities periodically conduct self-audits and report the results to UNC System Human Resources.



7. During the period of expanded delegated authority, administer policy, procedure and outcomes that are consistent with OSHR's Pay Administration policy and goals.

D. Office of State Human Resources Responsibilities

1. Provide oversight and guidance focused on alignment between the state agency system and the UNC system and/or employees who are subject to the North Carolina Human Resources Act.
2. Review career-banding salary administration policy revisions, competency profiles and changes to pay bands.
3. Develop and grant delegation of authority to the UNC System Office Human Resources.¹
4. Review exceptions to the Office of State Human Resources' policies and delegation of authority.

E. State Human Resources Commission Responsibilities

1. Review and approve career-banded classification pay bands.
2. Review and approve career-banded job families, branches, and roles (banded classifications).
3. Review and approve career-banding salary administration policy and revisions.
4. Review and approve pay band revisions based on labor market findings.

¹ State Agency Hiring, Pay and Classification Flexibility Pilot During 2023-2025 Biennium currently applies.