



2025-2026 General Assembly

# SENATE BILL 257: 2026 Appropriations Act, Sec. 8.11: University of North Carolina System Faculty Realignment Incentive Program

**Analysis of:** S.L. 2026-41, Sec. 8.11

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**Prepared by:** Legislative Analysis  
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Section 8.11 of S.L. 2026-41 (Senate Bill 257) establishes the Faculty Realignment Incentive Program to allow the Board of Governors of The University of North Carolina (BOG) to permit constituent institutions of The University of North Carolina (UNC) to award severance payments to full-time tenured faculty members who are (i) at least 55 years old, (ii) eligible to retire under the Teacher's and State Employees' Retirement System (TSERS) or vested in the Optional Retirement Program (ORP) for UNC, and (iii) not receiving disability or workers' compensation benefits.

Constituent institutions can provide severance payments within funds available based on criteria established by the President of UNC and as follows:

- An identified faculty member must be selected in the discretion of the employing constituent institution, with priority for faculty members in academic programs that are low-performing, redundant, underenrolled, provide insufficient return on investment, or are otherwise in conflict with the policies of the BOG or the purpose of UNC.
- Severance payments are equivalent to the identified faculty member's prior year base salary. Severance payments are exempt from retirement contribution payroll deductions and are not considered compensation for supplemental retirement plans.
- If an identified faculty member does not qualify for the full employer premium contribution for retiree health coverage provided under TSERS or ORP, the employing constituent institution can provide the member an additional amount equivalent to 12 months of the full employer contribution to the employee health insurance premium.

By December 1 annually, the BOG must report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division at least the following information, disaggregated by constituent institution:

- The number of identified faculty members who received severance payments.
- The total amount of severance payments made.

This section became effective July 1, 2026.

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