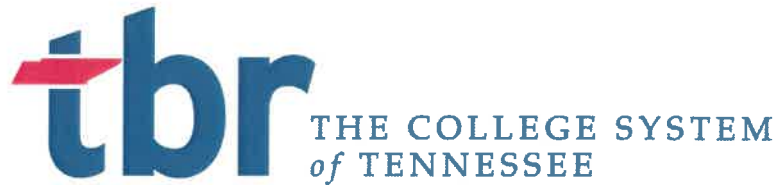




**TENNESSEE BOARD OF REGENTS**  
**Tuesday, June 1, 2021**  
**Special Called Personnel & Compensation Meeting**  
**9:30 AM – 10:00 AM (Central)**

I. Committee on Personnel and Compensation

1. Review and Approval of System Wide Compensation Strategy



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BOARD TRANSMITTAL

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MEETING: Personnel and Compensation Committee

SUBJECT: System Wide Compensation Strategies

DATE: June 1, 2021

PRESENTER: Vice Chancellor Danny Gibbs

PRESENTATION REQUIREMENT: 15 minutes with discussion

ACTION REQUIRED: Roll Call Vote

STAFF'S  
RECOMMENDATION: Approval

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BACKGROUND INFORMATION:

*The Budget* notes that funding is recommended to provide the state portion of a 2.0% salary increase pool effective January 1, 2021 and another 2% salary increase pool effective July 1, 2021.

The Board is granted the discretion to determine how this funding pool is distributed. The proposed System Compensation Strategy attempts to provide adequate flexibility and address the collective compensation issues identified by the institutions.

**For FY 20-21**

**1. System Wide Salary Adjustments.**

A 2% salary pool would be created of salaries of all regular, full and part-time benefit eligible employees, restricted and unrestricted, on the payroll as of December 31, 2020 **and still in active payroll status at the time of payment.** **All increases from the 2.0% salary pool would be retroactive to January 1, 2021 and would be calculated on the employee's salary as of June 1st.** This

salary pool will be distributed as a 2.0% across-the-board adjustment. No further action required by the Board.

## **For FY 21-22**

### **2. System Wide Salary Adjustments.**

An additional 2% salary pool would be created of salaries of all regular, full and part-time benefit eligible employees, restricted and unrestricted, on the payroll as of June 30, 2021. **All increases from this 2.0% salary pool would be effective July 1, 2021.** Increases from this salary pool may be requested to be distributed as either an additional across-the-board adjustment, a payment on institutional compensation plans, for faculty promotions, or some combination of the three of these.

The following types of adjustments may be requested:

- A. Across-the-board adjustment.** A salary pool of up to 2.0% may be created of salaries of all **regular**, full and part-time benefit eligible employees, restricted and unrestricted, **on the payroll as of June 30, 2021.**
  - i. Across-the-board adjustment level: This proposal allows for a percentage or flat dollar increase.
  - ii. Distribution: Each eligible employee would receive a percentage increase based on their June 30, 2021 salary. A minimum flat dollar payment could be established by the institution. The amount would be pro-rated for regular part-time benefit eligible employees.
  - iii. Timing: If the institution elects to use all or a portion of the 2% salary pool for additional across-the-board adjustments the increase shall be implemented effective July 1, 2021, with no further action required by the Board.
  
- B. Compensation Plan - A Compensation Plan salary pool of up to 2.0%** may be created to provide salary adjustments consistent with their Board approved compensation plans.
  - a. **Compensation Plan-Not Fully Funded.**
    - i. Compensation Plan Level: Institutions would be authorized to use all or a portion of the 2% salary pool to fund their compensation plan.

- ii. Distribution: Funds would be distributed to employees in accordance with Board approved compensation plans.
  - iii. Timing: Institutions will submit a proposal that includes, but is not limited to, the amount of recurring funds encumbered by the proposed increase, the percentage of the compensation plan funded by group, which groups if any are excluded from the increase, the type of increase (i.e. salary equity, living wage, etc.), and the percentage of the salary pool used for the compensation plan. It is proposed that these adjustments be acted on by the Board during its **June meeting** and be **effective July 1, 2021**.
- b. Compensation Plan-Fully Funded.**
- i. Market Adjustment Level: Institutions who have fully funded their compensation plans may adjust the salary ranges to address changes in market salaries, as prescribed in their compensation plan. Institutions would be authorized to use up to the amount of the 2% salary pool to fund their compensation plan and provide salary increases.
  - ii. Distribution: Funds would be distributed to employees in accordance with Board approved compensation plans.
  - iii. Timing: Institutions will submit a proposal that includes, but is not limited to, the amount of recurring funds encumbered by the proposed increase, the percentage of the compensation plan funded by group, which groups if any are excluded from the increase, the type of increase (i.e. salary equity, living wage, etc.), and the percentage of the salary pool used for the compensation plan increase. It is proposed that these adjustments be acted on by the Board during its **June meeting** and be **effective July 1, 2021**.
- c. Compensation Plan – Equity Adjustments**
- iv. Equity Level: Institutions would be authorized to use all or a portion of the 2% salary pool to provide equity adjustments consistent with their compensation plan.
    - i. Distribution: Funds would be distributed to employees in accordance with Board approved compensation plans.
    - ii. Timing: Institutions will submit a proposal that includes, but is not limited to, the amount of recurring funds encumbered by the proposed increase, the percentage of the increase, and the percentage of the salary pool used for the compensation plan increase. It is proposed that these adjustments be acted on by the Board during its **June meeting** and be **effective July 1, 2021**.

**C. Faculty Promotions.** All or a portion of the 2.0% salary pool could be used to address funding for faculty promotions, consistent with the institution's approved compensation plan.

- i. Faculty Promotion Level: This proposal envisions a percentage of the salary pool to fund faculty promotions.
- ii. Distribution: Each eligible faculty member would receive the amount due under the approved institution compensation plan for the promotion.
- iii. Timing: Institutions will submit a proposal that includes, but is not limited to, the amount of recurring funds encumbered by the proposed increase, the percentage of the salary pool used for the faculty promotion. It is proposed that these adjustments be acted on by the Board during its **June meeting** and be **effective July 1, 2021**.

**3. Institution or Local Funded Increases.** Institutions would be authorized to provide salary adjustments using uncommitted local funds.

**A.** Consistent with those purposes specified in items 1. A – C above.

- i. Level: Institutions would be authorized to use an amount equal to the Institution's ability to fund using uncommitted local funds.
- ii. Distribution: Funds would be distributed to employees in accordance with Board approved compensation plans.
- iii. Timing: Eligible employees will include employees, restricted and unrestricted, **on the payroll as of September 30, 2021 and still in active payroll status at the time of payment. Institutions will submit a proposal with their October Budget Revision** that includes, the amount of recurring funds encumbered by the proposed increase, the percentage of the compensation funded by group, and which groups if any are excluded from the increase. **It is proposed that these adjustments be acted on by the Board during its December meeting. Increases using institutional funds may be effective at a date determined by the institution within the fiscal year.**

**B. One-Time Payment.** Institutions would be authorized to use non-recurring funds to provide one-time payments to all regular full-time and part-time employees **on payroll as of September 30, 2021 and still in active payroll status at the time of payment.**

- i. Level: Institutions would be authorized to pay a one-time bonus not to exceed \$1,000 to all regular, full and part-time employees, paid on restricted and unrestricted funds.
- ii. Distribution: Each full-time eligible employee would receive the same one-time payment amount. Regular part-time employees would be pro-rated.
- iii. Timing: **Institutions will submit a proposal in October** that includes, the amount of the one-time payment and the requirements used to determine eligibility. **The Board authorizes the Chancellor to approve the one-time payment request if the request meets the requirements outlined in this document and the institution can financially afford the payment. The payments will be reported to the Board at the December Board meeting as an interim action item.**

#### **4. Process.**

- A. Each institution shall notify April Preston of their decision to implement all or a portion of the 2% salary pool as an across-the-board adjustment effective July 1, 2021 to be implemented in the July payroll cycle. Each institution will inform Ms. Preston what percentage increase, if any, they will be giving as across-the-board adjustment by **June 4, 2021**.
- B. For those institutions that will be using a portion of the 2% salary pool for something other than an across-the-board adjustment (i.e. compensation plan adjustments or faculty promotions), a summary of the planned implementation will be submitted to Ms. Preston by no later than **June 4, 2021**.
- C. Proposed plans will include: itemized breakdown of how the salary pool was spent, the percentage and dollar amount of the salary pool used for each type of increase; the amount of recurring funds encumbered by the proposed increase; the percentage of the compensation plan funded by group; if applicable, which groups if any are excluded from the increase; the type of increase (i.e. salary equity, living wage, etc.); as well as justifications for any increases to administrators that exceed 10%. This information will be provided for Board approval at the **June Board** meeting.
- D. Institutions will be authorized to pay on the proposed plans as approved by the Board.
- E. **Additional information regarding the process for any locally funded increases will be provided with the October Budget Revision guidelines.**