

**TENNESSEE BOARD OF REGENTS**  
*Special Called Meeting of the*  
*Committee on Personnel and Compensation*  
March 25, 2022  
1:00 PM – 2:00 PM (Central)

**AGENDA**

**I. REVIEW AND APPROVE COMPENSATION PLAN METHODOLOGY**

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BOARD TRANSMITTAL

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MEETING: Committee on Personnel and Compensation

SUBJECT: Compensation Plan Methodology

DATE: March 25, 2022

PRESENTER: Danny Gibbs, Executive Vice Chancellor for Business & Finance

PRESENTATION REQUIREMENTS: 30 minutes with Discussion

ACTION REQUIRED: Roll Call Vote

STAFF RECOMMENDATION: Recommend Approval

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In accordance with TBR Guideline P-043 Compensation, the following proposed compensation plans methodology are submitted for review:

Community College Presidents  
Tennessee College of Applied Technology (TCAT) Presidents  
Chancellor  
Tennessee College of Applied Technology (TCAT) Faculty & Staff

**Summary of Changes:**

Amendment to the existing compensation plans to address changes in market.

The revised compensation plans were created in consultation with Performance Point. A third-part consultant specializing in compensation review. In addition, a committee of five (5) TCAT presidents reviewed and provided input to the TCAT Faculty and Staff plan. After review of the proposed plans, the Staff respectively recommends Board approval of the proposed revisions of the compensation plans.

Attachment: 2022 Institutional Compensation Plans

# **REVIEW OF PRESIDENT, CHANCELLOR, TCAT FACULTY AND TCAT STAFF COMPENSATION PLANS**

Committee on Personnel and Compensation  
March 2022

## **Community College Presidents**

The System Office is proposing a revision to the compensation plan for community college presidents. The methodology in the previous plan was approved in 2012 with review and adjustments to the salary ranges to index the ranges and address changes in market salaries since then.

In the proposed compensation structure, the principal source for analyzing the market salaries was the College and University Professional Association – (CUPA) 2021 Administrators in Higher Education Annual Report. This report provided median salaries for 142 associate degree institutions' college presidents grouped into quartiles by total expenses. In addition to the total expenses, consideration was also given to the student full-time-equivalent (FTE). Using both expense and enrollment, the thirteen community colleges were ranked by each. Using this data, the colleges were then divided into 3 pay levels and salary ranges established. The CUPA median salaries were used as the market for each of the three pay levels.

Rather than conducting a comprehensive market study each year, the compensation plan salary ranges will be reviewed annually for potential changes. Various resources may be used including but not limited to: the average of the annual salary increases as reported from WorldatWork and CUPA-HR, less 1% to allow existing employees to advance at a greater rate than new hires, and/or increases provided as a cost of living increase, less appropriate percentage (i.e. 1%).

## **Tennessee Colleges of Applied Technology (TCAT) Presidents**

The System Office is proposing a revision to the compensation plan for TCAT presidents. The methodology in the previous plan was approved in 2012 with review and adjustments to the salary ranges to index the ranges and address changes in market salaries since then.

There is very limited compensation data available for technical colleges. To be consistent with the community college presidents, total expenses and number of full-time equivalent (FTE) of student enrollment were used in the analysis of the TCATs, keeping the CUPA data as the base line.

Since the compensation study of 2012, some of the TCATs have combined, or the process is underway and will come to fruition in the very near future. This was taken into consideration when assigning the appropriate pay levels to the institutions. Similar to the community colleges, the TCATs were ranked by their total expenses and FTE student enrollment. Three levels were established, expanding upon the community college pay scale to develop more ranges in line with the TCAT ranking of total expenses and enrollment.

Rather than conducting a comprehensive market study each year, the compensation plan salary ranges will be reviewed annually for potential changes. Various resources may be used including but not limited to: the average of the annual salary increases as reported from WorldatWork and CUPA-HR, less 1% to allow existing employees to advance at a greater rate than new hires, and/or increases provided as a cost of living increase, less appropriate percentage (i.e. 1%).

### **Chancellor Compensation Plan**

The System Office is proposing a revision to the compensation plan for the Chancellor. The methodology in the previous plan was approved in 2012 with review and adjustments to the salary ranges to index the ranges and address changes in market salaries since then.

The primary source of market data for the Chancellor's compensation was a report covering eight (8) community and technical college systems. This information was supplemented with data from IPEDs, the Chronicle of Higher Education, and Openthebooks.com salary databases.

Consistent with the proposed plans for the presidents, total operating expenses and student (FTE) enrollment were the factors used in analyzing market compensation. Comparing the median and mean operating expenses and FTE enrollment, the proposed compensation plan proposes increasing the Chancellor salary to the average of the calculated market salary based on FTE enrollment and the calculated salary based on total expenses.

Rather than conducting a comprehensive market study each year, the compensation plan salary ranges will be reviewed annually for potential changes. Various resources may be used including but not limited to: the average of the annual salary increases as reported from WorldatWork and CUPA-HR, less 1% to allow existing employees to advance at a greater rate than new hires, and/or increases provided as a cost of living increase, less appropriate percentage (i.e. 1%).

### **TCAT Faculty and Staff**

The System Office is proposing a revision to the compensation plan for the TCAT Faculty and Staff. The methodology in the previous plan was approved in 2012 with review and adjustments to the salary ranges to index the ranges and address changes in market salaries since then.

Faculty members at the TCATs come from within the vocation that they teach. Our colleges are looking for individuals that are both good in their vocational discipline and at teaching. Therefore, rather than setting salaries by degree attained and/or academic discipline, as might be done at the community colleges, TCAT faculty salaries are influenced by the market rates for skilled professionals in the trades represented.

TBR Policy #5:02:02:10 defines the education degree and experience required for rank progression. Therefore, the pay progression according to faculty level is based on required degree, experience, and the number of years it takes to progress. Using Associate Instructor pay as a "base" salary, the remaining levels' pay rates are represented as a factor of the Associate Instructor. The vocations were then researched against the current market data and two categories were established (A & B), with two sets of salary ranges.

One range (A) starts at 100% of the market and one (B) starts at 110% of the market. The minimum salary of the Associate Instructor level at 100% of market is the average market median for jobs in category A. Ten percent is added to the Associate Instructor minimum to establish the pay structure above market, i.e., 110% of market for those jobs in category B.

Under the proposed plan, Presidents may consider prior experience and internal equity when establishing starting salaries for new faculty. Years of direct experience may be given at a 1:1 ratio and indirect experience at a 1:2 ratio to calculate the faculty member's target salary.

For TCAT Staff positions, the job families were compared by level and the exempt jobs to similar jobs in the Nashville area market. The market data for nonexempt jobs was reduced to account for TCAT's 37.5-hour workweek.

The current living wage was researched for the Tennessee counties that include Chattanooga, Knoxville, Memphis, and Nashville. The living wage for Davidson County is about 14% higher than that of the other three counties. Since TCAT's jobs are matched to the Nashville market, we considered the Davidson County living wage when determining the proposed nonexempt pay ranges.

Presently the TCATs don't have a specific policy or guideline regarding how employees progress through their pay ranges. This plan defines four years as the number of years it should take an employee in a nonexempt job to reach the range midpoint, six years for an exempt employee, and eight years for a Vice President to reach the midpoint when they start at the minimum of the salary range.

The minimum Fair Labor Standards Act (FLSA) salary threshold for exempt status, is currently \$35,568, so the salary grades for exempt positions at TCATs will start at that level.

Each Vice President's scope of responsibility was assigned to a complexity level of A (highest), B, or C (lowest). Each vice president was assigned a pay grade based on the size of the TCAT and complexity level, which was associated with the pay grade of the TCAT President.

Under the proposed plan, Presidents may consider prior experience and internal equity when establishing starting salaries for new staff. Years of direct experience may be given at a 1:1 ratio and indirect experience at a 1:2 ratio to calculate the faculty member's target salary.

Rather than conducting a comprehensive market study each year, the compensation plan salary ranges will be reviewed annually for potential changes. Various resources may be used including but not limited to: the average of the annual salary increases as reported from WorldatWork and CUPA-HR, less 1% to allow existing employees to advance at a greater rate than new hires, and/or increases provided as a cost of living increase, less appropriate percentage (i.e. 1%).

When necessary, in order to meet market demands and/or attract the best qualified candidates, exceptions may be made to proposed starting salary calculations, based on market demands. Such exceptions require College Human Resources review and College President approval.