

Tennessee Board of Regents
Committee on Personnel and Compensation
May 31, 2023

AGENDA

1. Review and Consider System Wide Compensation Strategies

- *This meeting will include members of the Tennessee Board of Regents who are participating by electronic means of communication and will be live-streamed and archived on the TBR website at <https://www.tbr.edu/board/may-31-2023-committee-chairs-personnel-compensation-and-audit-committee-meetings>.*
- *Persons who want to request to address the Board may follow the process authorized by [TBR Policy 1.02.12.00 – Requests to Address the Board](#).*

BOARD TRANSMITTAL

MEETING: Committee Chairs Meeting

SUBJECT: System Wide Compensation Strategies

DATE: May 31, 2023

PRESENTER: Vice Chancellor Alisha Fox

PRESENTATION REQUIREMENTS: 20 minutes with discussion

ACTION REQUIRED: Roll Call Vote

STAFF RECOMMENDATION: Recommend Approval

BACKGROUND INFORMATION:

The Budget notes that funding is recommended to provide the state portion of a 5.0% salary increase pool effective July 1, 2023.

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 23-24

1. System Wide Salary Adjustments.

A 5% salary pool would be created of salaries of all unrestricted regular, full and part-time benefit eligible employees, on the payroll as of June 30, 2023. From this salary pool, at least 3.0% would be issued as an across-the-board adjustment effective July 1st for employees that were employed on or before June 30, 2023 without further action required by the Board.

The remaining 2% 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 thereof. **The three methods for the remaining 2% are described as follows:**

A. Across-the-board adjustment. A salary pool of up to 2.0% may be created of salaries of all unrestricted **regular**, full and part-time benefit eligible employees, for employees that were employed on or before June 30, 2023.

- 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, 2023 salary. A minimum flat dollar payment could be established by the institution. The amount would be pro-rated for unrestricted 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, 2023, 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. 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, 2023**.

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. 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, 2023**.

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, 2023**.

2. 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 request 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 unrestricted regular, full-time and part-time benefit eligible employees **that were employed on or before September 30, 2023 and are still employed at the time of payment. Institutions may submit a proposal following 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. No payment may be made without Board approval at the December meeting.**

B. One-Time Payment. Institutions would be authorized to provide one-time payments to all unrestricted regular, full-time and part-time benefit eligible employees **on payroll as of September 30, 2023 and still employed at the time of payment.**

- i. Level: Institutions would be authorized to pay a one-time payment not to exceed \$1,000 to all unrestricted regular, full and part-time benefit eligible employees.
- ii. Distribution: Each full-time eligible employee would receive the same one-time payment amount. Each regular, part-time benefit eligible employee 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.**

3. Process.

- A. Each institution shall notify April Preston of their decision to implement all or a portion of the 5% salary pool as an across-the-board adjustment effective July 1, 2023 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 5, 2023**.
 - B. For those institutions that will be proposing to use 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 5, 2023**.
 - 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. 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. Additional information regarding the process for any locally funded increases will be provided in October.
- 4. Restricted Employees** – The above compensation strategies also apply to restricted employees subject to funding availability.

Please contact April Preston with any questions.