

System-wide Policy: HR0406 - Compensation	
Version: 1	Effective Date: 03/11/2021

HR0406 –Compensation

Topics:

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Objective: To provide a fair, flexible and competitive compensation program that will support efforts to attract, retain and reward high-performing employees at all levels in accordance with the Equal Employment Opportunity policy HR0220. (This policy is not intended to supersede the provision in Faculty Handbooks regarding Compensated Outside Services. Faculty are directed to those provisions for guidance regarding that subject.)

Compensation

Market-based pay structure – the university pay structure provides the framework for managing compensation competitively through market-based pay ranges. The market ranges are designed to accommodate all university positions (excluding faculty, postdoctoral associates, medical residents, and students). Each market range consists of a minimum, midpoint, and maximum reflecting appropriate market-based pay parameters. Market ranges are designed to accommodate a broad range of relevant education, skills, competencies, experience, contribution, and performance levels.

Compensation analysis must be conducted to determine appropriate and equitable pay for employees who are newly hired, change positions, undergo a job reclassification, or in-range salary adjustment. All salary analyses must be conducted in collaboration with the Chief Business Officer and Human Resources in accordance with this policy and campus/institute compensation procedures. Employees should receive at least the minimum pay for the positions’ market range. Pay exceeding the maximum of the market range must be reviewed and approved by the campus/institute chief executive officer or designee in accordance with this policy and campus/institute procedures.

Starting Pay – A salary analysis must be undertaken to determine an appropriate and equitable salary for employees who are newly hired or rehired with the University of Tennessee.

Promotion – A promotion occurs when a current employee moves to a position with a higher market range typically through a competitive search process.

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Demotion - A demotion occurs when a current employee moves to a position in a lower market range, whether voluntarily or involuntarily. Demotions do not require a pay change; however, if a compensation analysis supports a change the request must be reviewed and in accordance with this policy and campus/institute procedures.

Lateral transfer - A lateral transfer occurs when a current employee moves to a position in the same market range. Lateral transfers do not require a pay change; however, if a compensation analysis supports a change the request must be reviewed and in accordance with this policy and campus/institute procedures.

Reclassification - A reclassification is a reassignment of a position to a different job family, role, level, and/or market range. Reclassifications occur from an ongoing, **substantive** change of a position’s current duties. Reclassifications may have the following results and pay adjustments shall be made in accordance with this policy and campus/institute procedures:

- **Reclassification - Lower Market Range** - reassignment of a position into a lower market range. Pay adjustments follow guidelines for demotions.
- **Reclassification – Same Market Range**– reassignment of a position into a different job family, role, and/or level with the same market range. Pay adjustments follow guidelines for lateral transfers
- **Reclassification - Higher Market Range**– reassignment of a position into a higher market range. Pay adjustments follow guidelines for promotions.

In-range Adjustment – An in-range adjustment is an increase in an employee’s pay within the employee’s current market range. In-range adjustment requests shall be reviewed by Human Resources and a classification and compensation analysis must be conducted and documented in accordance with this policy, the classification policy and campus/institute procedures. In-range adjustments may be requested for the following reasons:

- **Change in duties** – Employees may be granted an in-range adjustment to compensate employees for substantive on-going changes in duties, accountabilities and responsibilities as documented in the position description but are not substantial enough to justify a higher market range through reclassification. An updated position description must accompany a request for an in-range adjustment for change in duties. Human Resources will review the description to ensure the position is appropriately classified in

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accordance with the classification policy. If the change in duties is for a limited time period, a temporary pay increase for additional duties may be applied according to the **supplemental pay section**.

- **Professional/Skill Development** – An increase may be granted for employees who apply new knowledge and skills that are beneficial to the university and are acquired through job-related training, education, certification, and/or licensure. In some cases, a bonus in lieu of, a base salary increase may be granted to recognize achievements. The CAP exam is covered by policy HR0465.
- **Internal alignment/equity** – An increase may be granted to align an employee’s salary more closely with those of other employees within the campus/unit who have comparable levels of education, training and experience, similar duties and responsibilities, similar performance and expertise, competencies, and/or knowledge and skills.
- **Market/Retention** – A market adjustment is a pro-active pay practice that grants flexibility to adjust salaries for retention. An in-range adjustment for retention may be granted for employees when salaries have not been competitive with the external market. Market adjustments may also be granted in conjunction with merit increases.
- **Counter Offer** – A counter offer may be provided to employees who are deemed critical to the university’s mission and on-going operations when the employee receives a job offer from another employer outside of the University of Tennessee system. Adjustments for considering a counter offer shall include compensation analysis in accordance with this policy and campus/institute procedures to assess the impact on internal alignment, the criticality of retaining the employee, the impact on operations if the employee separates and the difficulty in recruiting to replace the employee.

Supplemental or Non-base Pay Practices

Bonuses – allows flexibility to provide additional compensation to employees without adjusting employees’ base pay. Bonuses offer an option when a lump-sum payment is more appropriate than a base adjustment or due to budget constraints the university is able to fund non-base adjustments in lieu of on-going base adjustments. Bonuses may be granted for the following reasons:

- Longevity – refer to longevity policy HR0432

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- Incentive – must be part of a documented and approved incentive plan that has been reviewed by Human Resources and General Counsel.
- Professional/Skill Development - see above.
- Market/Retention – see above.
- Recognition – rewards employees for significant accomplishment.
- Sign-on – to encourage individuals to accept employment in specific critical positions. A formal agreement, which includes requirements for satisfactory performance and duration of employment must be executed with each employee outlining payback terms if the agreement is not met. The office of General Counsel should review and approve all agreements.
- Other bonuses – must be reviewed and recommended by human resources for approval by the campus/institute chief executive officer or designee.

Shift Differentials

Shift differentials are an option to compensate non-exempt employees who are in positions that are assigned **regularly-scheduled** evening, night and/or weekend shifts. When departments determine that staffing needs require shift differentials, Human Resources will work with department administrators and chief business officers to design shift differential rates. The following guidelines apply to shift differentials:

- Shift differentials are extra compensation applied to the base rate per hour.
- Shift differentials are established based on the position classification within a personnel sub-area or work center.

On-call Pay

On-call situations occur when non-exempt employees are required to maintain their availability after hours and be on-call to return to work or to otherwise be available to respond to emergency situations. When departments determine that staffing needs require on-call pay, Human Resources will work with department administrators and chief business officers to design on-call pay guidelines for the campus/institute consistent with the following:

- The employee shall be notified in writing that the essential functions of his or her job requires the employee to maintain an on-call status on either an intermittent or regularly scheduled basis.
- A schedule of the time and date that the employee must be on-call shall be provided to the employee.
- Unless otherwise advised, the employee is not required to remain on the premises while on-call. The employee must be available and respond within the specified time period according to campus/institute procedures. If an employee is required to remain on the premises, the employee will record hours worked and may result in overtime payment.

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- If an emergency requires the employee to return to work, the employee must do so within specified time period and the employee shall be eligible for the guaranteed number of hours for call-back pay or actual hours worked, whichever is greater in lieu of the on-call pay. An employee may not receive both on-call pay and pay for the same period of time.
- The employee is not required to restrict their activities while on-call, but the employee must remain able to safely and effectively perform the job duties.
- Employees who fail to respond when called and/or who fail to notify the supervisor in advance when unavailable while on-call may be subject to disciplinary action.

Call-back Pay

Call-back pay compensates regular and temporary non-exempt employees who respond to calls to resume work after having completed their shift and left the worksite. This applies to employees who must return to work or work remotely. Human Resources will work with department administrators and chief business officers to design call-back pay guidelines for the campus/institute consistent with the following:

- An employee who has completed work and is subsequently required to return to work outside of the employee's regular work hours as the result of an emergency receives either a predetermined minimum number of hours of pay or pay for the number of hours actually worked, whichever is greater.
- Call-back pay does not apply when an employee is informed of the need to remain at work prior to the end of a scheduled shift or when scheduled for pre-planned work outside of normal working hours.
- If an emergency requires the employee to return to work, the employee must do so within specified time period and the employee shall be eligible for the guaranteed number of hours for call-back pay or actual hours worked, whichever is greater in lieu of the on-call pay. An employee may not receive both on-call pay and pay for the same period of time.

Temporary or Administrative Assignment

The university may provide temporary pay to a regular employee who is assigned temporary duties on an interim basis, or for critical assignments associated with a special time-limited project, or for employees serving in an acting capacity in a higher-level position. The following guidelines apply to temporary assignments:

- The assignment must be for a minimum of 30 days and a maximum of 12 months, unless otherwise approved by human resource officer or their designee.

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- The employee designated for an interim assignment must assume the majority of the responsibilities of the interim position. Interim assignments generally occur when an incumbent resigns, retires or is absent due to illness, reassignment, or leave of absence. Interim assignments will not be approved while an incumbent is on vacation, regardless of the length of time.
- The amount of temporary increase must be determined in consultation with human resources and approved by the chief business officer, or their designee in accordance with this policy and campus/institute procedures.
- The department head will provide written confirmation of the approved terms of the temporary assignment to the employee, a copy of which will be forwarded to Human Resources for the employee's personnel file.
- Upon completion of the temporary assignment, the temporary increase will be removed.

Additional Pay

An employee may be requested to render a particular service for another unit in the university and/or to perform duties that are substantially outside the scope of the employee's employment. Examples include:

- Presentations at conferences or workshops administered by a university department other than the employee's department.
- Providing services to the university that are not part of the employee's regular duties, such as translating a document, conducting analysis, or performing at a campus event.
- Teaching courses through an academic department or the Institute for Public Service.
- Teaching summer school (not including twelve-month faculty).

It is the joint responsibility of the employee and his/her immediate supervisor to ensure that the additional services will not detract from the performance of the employee's assigned responsibilities. The employee, the employee's regular supervisor and an appropriate supervisor in the receiving department must agree, in advance, to the terms of the work assignment in writing.

Such assignments are intended to be temporary and not ongoing staffing obligations. Additional Pay is subject to the following guidelines:

Exempt staff:

- Additional pay for exempt staff or faculty is a lump-sum payment.
- Additional services by exempt staff must be performed outside the employee's work schedule or annual leave must be taken. Adjustments to work schedule must be approved by the supervisor or unit head.

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- With the exception of additional teaching services in an academic department, the rate of pay for additional services shall be arranged between the employee and the director or department head receiving the service in consultation with human resources.
- Additional services pay for consulting across departments on sponsored projects may require prior approval from the granting agency.
- Additional services pay must comply with Fiscal Policy FI0205 relating to salaries chargeable to federally sponsored projects.

Non-Exempt staff:

- Non-exempt staff who perform additional services are entitled to compensation for the additional effort. In most cases if the total effort exceeds 40 hours in a week, the employee is also due compensatory time or an overtime premium. When employing a non-exempt employee, the following guidelines apply:
 1. A record of all hours worked must be maintained for all work performed by a non-exempt employee regardless of the nature of work.
 2. Non-exempt employees may be hired in multiple non-exempt jobs at different rates of pay without consequence providing the number of hours worked per week does not exceed 40 hours. Policy HR445 – Overtime Compensation provides additional guidance on overtime compensation for non-exempt employees.

Related policies

<https://facultyhandbook.utk.edu/wp-content/uploads/sites/82/2019/04/Faculty-Handbook-2019.pdf> (Covers UTK, UTIA, UTSI)

https://www.utc.edu/faculty-senate/pdfs/facultyhandbook_11_02_2018.pdf

http://www.utm.edu/departments/acadaff/_pdfs/Faculty_Handbook%20_-_Revised_and_Approved_-_2018-11-08.pdf

<https://academic.uthsc.edu/docs/2018-August-UTHSC-Faculty-Handbook-final.pdf>