



3.1 COMPENSATION PHILOSOPHY

3.1.1 INTRODUCTION

The University of Tennessee Foundation (UTFI), aspires to be the premier employer in the 4 primary cities where UTFI does business by recruiting, retaining, and rewarding high performing staff. The UTFI compensation philosophy is to provide an overall compensation plan that is competitive with those of land grant university-affiliated foundations and local market pay levels for similar jobs. The UTFI compensation philosophy, moreover, is to provide management with the tools and flexibility needed to encourage and reward performance.

The compensation plan is the basis for managing UTFI's most important resource, its people. The UTFI compensation system must be fair, equitable and effective, possessing both integrity and flexibility.

3.1.2 COMPENSATION OVERVIEW

UTFI desires to provide a compensation plan that will enable UTFI to attract, retain, engage and reward the talent needed to carry out the philanthropic mission and organizational goals of UTFI. To that end, UTFI is committed to maintaining wage and salary levels that are externally competitive, internally equitable and in compliance with all applicable laws and regulations. All employees will be compensated fairly regardless of race, color, religion, sex, sexual orientation, national origin, age, disability, veteran status or marital status.

Subject to the guidance of the UTFI President and Chief Executive Officer (President), the Executive Vice President and Chief Operating Officer (COO) will administer this compensation policy.

The UTFI compensation plan will be guided by these four principals:

1. Compensation will be market-based.
2. Compensation will reward performance.
3. Compensation will be internally equitable.
4. Compensation will comply with all applicable state and federal laws.

3.1.3 COMPONENTS OF UTFI COMPENSATION SYSTEM

UTFI will provide market-competitive compensation that rewards performance by incorporating these three strategic components into the compensation system:

1. Base hourly wage (non-exempt employees) or salary (exempt employees)
2. Performance compensation
3. Benefits

3.1.4 HOURLY WAGES AND SALARY

Hourly wages (non-exempt employees) and salary (exempt employees) are the basic foundation of the compensation program. UTFI will maintain a [Compensation Schedule](#) setting forth an hourly wage and salary structure that reflects the organization's aspiration to compensate employees in a manner that is competitive with land grant university-affiliated foundations and local market levels but that also takes

into account the performance compensation and benefits available to employees in each pay grade/band.

UTFI aspires to maintain the competitiveness of its compensation structure. Participating in and analyzing the results of compensation surveys is the primary means of monitoring the competitiveness of the pay structure. Based on the results of those analyses, the pay structure may be adjusted from year to year to maintain UTFI's competitive position.

3.1.5 PERFORMANCE COMPENSATION

One of the driving forces behind the current UTFI structure was the desire to create a performance compensation structure that rewards high performers. In order to fulfill that goal, each year the UTFI President will design a performance compensation plan. The goals and components of the plan may vary from year to year but will be based on the following parameters:

1. The performance compensation plan should reward those who *exceed* performance goals, not simply meet performance goals.
2. The performance compensation plan should drive behavior that results in increased private gift dollars.
3. There may be different performance compensation plan goals and rewards for different groups of employees, geared to each group's unique role in assuring UTFI's success.
4. The performance compensation plan goals will be measured on the fiscal year.
5. UTFI retains the absolute right to suspend or cancel any given year's performance compensation plan or to decrease the awards outlined in the plan if, because of market downturn or other adverse financial conditions, funding for the plan becomes unavailable.

3.1.6 SPOT BONUS PAY

Spot Bonus Pay is a monetary reward given to recognize employees for extraordinary, meritorious performance that goes beyond expected or required productivity; exceptional contributions in the performance of special projects of significant importance; organizing/implementing an innovation that improves efficiency, reduces costs or increases revenue; or assumption of additional workload for a period of time. Spot bonus payments are not entitlements.

Spot bonus payments are delivered after the fact, based on a supervisor's judgment of performance and the warranted reward. It is discretionary in nature and may not be used to incentivize an employee in advance of performing the work. (See [Spot Bonus Pay](#) for Guidelines and Criteria).

3.1.7 BENEFITS

Benefits, such as health insurance and retirement plans, are an important component of the UTFI compensation strategy.

EMPLOYEES LEASED FROM UT

At the time this policy is adopted, all UTFI employees are leased by UTFI from The University of Tennessee pursuant to an Employee Services Agreement between UT and UTFI. By the terms of that agreement all leased employees are eligible to participate in all UT benefit programs (provided the employee meets the eligibility requirements). UTFI will not provide leased employees with additional benefits above and beyond those already provided by UT.

EMPLOYEES NOT LEASED FROM UT

At the time this policy is adopted UTFI does not have any employees other than those leased from UT.