



3.2 COMPENSATION ADJUSTMENT (CHANGE IN STATUS)

Promotions, Laterals, and Downgrades

3.2.1 INTRODUCTION

The University of Tennessee Foundation (UTFI) is committed to maintaining hourly wage and salary levels that are externally competitive, internally equitable and in compliance with all applicable laws and regulations.

3.2.2 GENERAL POLICY

This purpose of this policy is to establish a fair and equitable method of adjusting the compensation of all UTFI employees changing position or classification. All compensation actions and adjustments must be approved by the Executive Vice President and Chief Operating Officer (COO). Salary changes must be approved before being communicated to the employee.

3.2.3 PROMOTION

A promotion is any personnel action resulting in the movement of an employee to a position requiring greater skills and responsibilities. It is the intent of UTFI to raise the employee's salary to the appropriate rate identified in the pay grade/band for the new position. Promotional increases will be based on:

1. Salaries of incumbents in similar positions to ensure internal equity,
2. The promoted employee's qualifications, including any related prior experience, skills, contributions, and potential,
3. The magnitude of the promotion, and
4. Advancement within the career path (see [3.6 Career Path](#)).

Typically, a promotional increase will be determined using the established guideline for determining the starting hourly wage or salary for employees hiring into the new pay grade/band.

3.2.4 LATERAL TRANSFER

A lateral transfer occurs when an employee moves to a new position assigned to the same pay grade/band as the position from which the employee is moving. Unless the lateral transfer qualifies as a career progression, an employee making a lateral transfer is not eligible for an hourly wage or salary adjustment other than the usual merit or cost of living increases. There are three types of lateral transfers which qualify as career progressions:

1. **New Skills or Knowledge:** The new position requires the use of a significantly new set of content knowledge or skills.
2. **Individual Contributor to Managing People:** The new position involves a change from individual contributor or specialist to managing people, projects, etc.
3. **Increase in Depth or Level of Complexity:** The new position requires an increase in the depth or level of complexity in a particular area of expertise.

In the case of lateral transfers that qualify as career progressions, the employee is eligible for an hourly wage or salary adjustment within the pay grade/band based on the new responsibilities and skill sets involved.

3.2.5 DOWNGRADE

A downgrade occurs when an employee moves from a position in one job classification to another position which is classified in a lower pay grade/band. A downgrade may be employee or employer initiated. The following guidelines apply in determining the effect of the downgrade on an individual's salary rate.

1. When an employee is assigned to a position with a lower pay grade through no fault of the employee's (e.g., reorganization, reduction in force), the employee's hourly wage or salary typically will not be reduced. Each situation will be reviewed on a case-by-case basis.
2. When an employee voluntarily requests reassignment to a position in a lower pay grade, the employee's hourly wage or salary typically will be reduced to a level commensurate with the new pay grade/band. Each situation will be reviewed on a case-by-case basis.
3. If the reduction in pay grade is the result of disciplinary action, the employee's hourly wage or salary will typically be adjusted to a level commensurate with the new pay grade/band. Any such reduction must be documented in the written notice of demotion provided to the employee pursuant to [7.2 Disciplinary Action](#).
4. If a reduction in salary is warranted, the reduction will be effective on the date of the reassignment.