

## 3.5 HOURLY WAGE & SALARY ADMINISTRATION

### 3.5.1 INTRODUCTION

As more fully set forth in the University of Tennessee Foundation (UTFI) [3.1 Compensation Philosophy](#) policy, UTFI aspires to recruit, retain and reward high performing staff through a combination of base salary, performance compensation and benefits. This policy services to further define and implement the base salary component of the UTFI compensation program.

### 3.5.2 HOURLY WAGE & SALARY ADMINISTRATION

#### Compensation Schedule

The Executive Vice President and Chief Operating Officer (COO) will maintain a [Compensation Schedule](#) setting forth the job classifications used by UTFI and the base annualized hourly wage and salary range for each classification. The base hourly wage and salary ranges shall be market-based. The hourly wages or salaries of employees holding positions within the same job classification may vary within the base hourly wage or salary range for a variety of reasons including education, experience, proficiency and performance. The reasons for variation may also include initial hourly wage or salary at time of hire (or promotion into the job classification), performance-based merit increases, cost of living in the region where the employee performs his or her duties, and other unique circumstances (e.g., counter-offer made to retain a valued employee).

#### Hiring Hourly Wage and Salary

In addition to the [Compensation Schedule](#), the following factors should be considered when determining hourly wage or salary offers to prospective employees:

1. Candidate's relevant education and experience,
2. Candidate's skills, knowledge and expertise,
3. Candidate's current salary,
4. Budget resources,
5. Equal opportunity,
6. Internal equity vis a vis other employees in the classification, and
7. Other factors pertinent to the particular candidate and position in question.

Hourly wage or salary offers for all positions except the campus Vice Chancellors and UTK chief athletics development officer must be approved, in advance of the offer, by the COO. Pursuant to Article I, Section 4, and Appendix C to the Affiliation Agreement, salary offers for Vice Chancellors for Development and UTK athletics chief development officer must be approved by the UTFI President and CEO (UTFI President) and campus Chancellor or Directors of UTK Athletics. Salaries offered to UTFI officers are subject to confirmation by the UTFI Board, which has the authority to appoint and set the compensation of officers.

#### Annual Merit Adjustments

In keeping with the UTFI philosophy of rewarding performance, annual merit adjustments will, to the extent budget resources permit, be determined as follows:

1. UTFI President and Chief Executive Officer:
  - a. Pursuant to Article II, Section 1(a), of the Affiliation and Services Agreement between The University of Tennessee and The University of Tennessee Foundation, Inc, (“the Affiliation Agreement”), the authority to set the compensation of the UTFI President ultimately rests with The University of Tennessee’s Board of Trustees.
  - b. The UTFI Board of Directors (“the Board”) shall, in consultation with the University’s President, annually:
    - i. Set performance goals for the UTFI President,
    - ii. Evaluate the President’s performance against those goals, and
    - iii. Recommend the UTFI President’s salary adjustment to the University’s Board of Trustees through the University President.
2. All other UTFI officers:
  - a. Pursuant to Article V, Section 6, of the UTFI bylaws, the UTFI Board sets the compensation of UTFI officers (other than the President & CEO).
  - b. The UTFI President & CEO shall annually:
    - i. Evaluate each officer’s performance against the annual performance goals and
    - ii. Recommend each officer’s salary adjustment to the Board.
3. Vice Chancellors and UTK athletics chief development officer:
  - a. Pursuant to Article I, Section 4, and Appendix C to the Affiliation Agreement, the UTFI President and the campus Chancellors or Directors of UTK Athletics have joint responsibility for setting the compensation of the Vice Chancellors and UTK athletics chief development officer.
  - b. Appendix C to the Affiliation Agreement details the procedure for setting the Vice Chancellors’ and UTK athletics chief development officer’s compensation and is adopted in its entirety. A copy is attached as an Appendix to the end of this policy.
4. All other UTFI employees (including employees leased from The University of Tennessee):
  - a. Each Vice President, Vice Chancellor, other department head and the COO shall annually:
    - i. Evaluate each employee’s performance against the annual performance goals and
    - ii. Recommend each employee’s hourly wage or salary adjustment to the Executive Vice President/COO.
  - b. The Vice Presidents, Vice Chancellors, other department heads or COO may delegate the evaluation and recommendation process to line managers who have direct supervisory responsibility over the employee being evaluated.

### **Cost of Living Increases**

From time to time the UTFI President and COO may, in their sole discretion and as budget resources permit, recommend that the UTFI Board approve across the board cost of living hourly wage and salary increases. Care should be taken to ensure that cost of living increases do not dilute the overall philosophy of using compensation to reward performance.

### **Equity and Market Adjustments**

From time to time it may be necessary and appropriate to adjust hourly wages or salaries in order to recognize significant market changes and to establish and maintain internal equity. Market and equity

adjustments for all positions except the campus Vice Chancellors and UTK athletics chief development officer must be approved by the COO. Market and equity adjustments for Vice Chancellors and UTK athletics chief development officer must be approved by the UTFI President and campus Chancellor. Market and equity adjustments for UTFI officers are subject to confirmation by the UTFI Board, which has the authority to appoint and set the compensation of officers.

### **Exceeding the Pay Grade or Pay Band**

Employees will not normally be paid a base hourly wage or salary above the maximum of the pay range or pay band for their assigned classification. However, the COO may approve base hourly wages or salaries that exceed pay range or pay band maximums for employees whose demonstrated level of performance and position within the competitive market justifies such compensation. Factors to be considered in making a determination to exceed the pay range or pay band include: the local value of the position within UTFI, the consistent outstanding level of performance by the employee, and the requirement of specialized skills and/or expertise to successfully perform the job duties.

### **3.5.3 COMPENSATION ADMINISTRATION ROLES AND RESPONSIBILITIES**

#### **Executive Vice President and Chief Operating Officer**

Subject to the guidance of the UTFI President, the COO is the final management authority on all compensation administration issues including but not limited to

1. Approving the overall compensation administration program objectives and general policies;
2. Recommending the structure, adjustment percentage and merit increase budget; and
3. Approving any significant changes or exceptions to the compensation administration program
4. Approving all hourly wages or salaries and adjustments

#### **Vice Presidents and Vice Chancellors**

The Vice Presidents and Vice Chancellors play a critical role in maintaining the compensation program and ensuring UTFI pay practices continue to align with the compensation philosophy and sound compensation principles by:

1. Developing, in conjunction with the COO, an appropriate starting hourly wage or salary for new hires
2. Conducting performance evaluations
3. Recommending hourly wage or salary adjustments to COO
4. Ensure staff understand the compensation program and future changes.
5. Work with staff to keep job descriptions current and accurate

#### **UTFI Office of Human Resources**

The UTFI Office of Human Resources will serve as the central point for all compensation, payroll, and other human resource transactions. HR has several responsibilities in managing compensation:

1. Communicate the program and pay guidelines to help managers and supervisors understand the aspects of the compensation program.
2. Provide information, data, and advice on pay levels, policies, and practices.
3. Reviewing hourly wage or salary adjustments for employees.

4. Reviewing and maintaining job descriptions for all jobs.
5. Analyzing and recommending preliminary assignments of jobs to pay grades or pay bands for COO review and approval.
6. Provide open, honest and timely feedback to staff on compensation issues, answering both specific and general questions about pay.

Related Polices:

[3.1 Compensation Philosophy](#)

[3.3 Compensation Schedule](#)

[7.10 Position Classification](#)

## **APPENDIX**

### **Appendix C to the Affiliation & Services Agreement**

#### **Joint Management Responsibilities with respect to Vice Chancellors for Development**

As provided in Article 1, Section 4, the Foundation President and the Chancellors (or, if applicable, the UT Knoxville Director of Men's Athletics) will jointly manage the Vice Chancellors for Development. It is the responsibility of the Foundation President to initiate the goal setting, annual performance reviews, and compensation adjustments jointly with the Chancellors (or, if applicable, the UT Knoxville Director of Men's Athletics) as outlined below. The procedure for other joint management responsibilities is also outlined below.

#### **Procedure for Goal Setting of Vice Chancellors:**

1. The Foundation President will establish uniform performance metrics (visits, solicitations, dollars raised, etc.) for all Vice Chancellors.
2. The Foundation President and Chancellor (or, if applicable, the UT Knoxville Director of Men's Athletics) will agree upon campaign goals and annual goals in non-campaign years.
3. The Foundation President and Chancellor (or, if applicable, the UT Knoxville Director of Men's Athletics) may agree to other goals and include them in the annual performance letter such as critical success factors.

#### **Procedure for Annual Performance Reviews of Vice Chancellors:**

1. The Foundation President and Chancellor (or, if applicable, the UT Knoxville Director of Men's Athletics) will review the Vice Chancellor for Development's development and alumni related performance for the past year.
2. The Foundation President will then draft the performance review letter with input from the Chancellor (or, if applicable, the UT Knoxville Director of Men's Athletics).
3. This letter will be signed by both the Foundation President and the Chancellor (or, if applicable, the UT Knoxville Director of Men's Athletics) and delivered to the Vice Chancellor in advance of a joint meeting with the Vice Chancellor.

#### **Procedure for Compensation Increases for Vice Chancellors:**

1. Upon completion of the annual performance review process, the Foundation President will send any proposed increase in the Vice Chancellor's compensation to the Chancellor (or, if applicable, the UT Knoxville Director of Men's Athletics) for review.

2. The Foundation President and Chancellor (or, if applicable, the UT Knoxville Director of Men's Athletics) will meet to discuss the Vice Chancellor's compensation and agree upon any increase.

**Procedure for Recruiting and Selecting Vice Chancellors:**

The Foundation President will coordinate the recruiting and search for all new Vice Chancellors, including advertising the position, coordinating background checks, and scheduling interviews.

1. The Foundation President and Chancellor (or, if applicable, the UT Knoxville Director of Men's Athletics) shall agree upon a final candidate pool to interview.
2. The Foundation President and Chancellor (or, if applicable, the UT Knoxville Director of Men's Athletics) will agree upon the appointment and compensation of the new Vice Chancellor.

**Procedure for Terminating Vice Chancellors:**

A decision to terminate the Vice Chancellor shall be made jointly by the Foundation President and the Chancellor (or, if applicable, the UT Knoxville Director of Men's Athletics) in compliance with applicable human resources policies and procedures as articulated in the Employee Services Agreement and the Foundation's human resources handbook.