AUSTIN PEAY – ADJUSTED COMPENSATION TARGET COMPENSATION PLAN
(AP-ACT Compensation Plan)

ORIGINAL COMMITTEE MEMBERS

Dr. Bob Adams, VPFA (Chair)
Dr. Steven Anderson, Professor of Marketing
Mr. Bob Bird, Executive Director of Human Resources (ex officio)
Dr. John Blake, Associate Professor of Engineering Technology
Dr. Houston Davis, AVPAA (ex officio)
Ms. Sue Fort, Housing Specialist
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The History

APSU contracted with the Mercer Group to complete a salary equity study in 1997. As a result of budget constraints, the goal of fully implementing the three-year equity adjustments has not been achieved. Although all personnel were initially raised to at least the identified and applicable salary minimums, currently less than 40% of equity gaps have been funded.

Due to legislation passed in 1999, virtually all salary increases must be part of an institution's approved compensation plan. Since Austin Peay's only approved plan is the Mercer Equity Study, the institution has been unable to make merit or institutionally funded across-the-board increases since it was completed. Further, the Mercer Equity Study had some weaknesses including:

- The failure to provide adjustments in the equity targets after promotion or degree completion
- The failure to provide adjustments to hires after study implementation
- Smaller than desired peer group base resulting in certain personnel classification difficulties
- Uncertain and/or confusing model methodology resulting in five different group compensation schemes
- Lack of Merit or cost-of-living policy provisions

Three options were discussed with faculty and staff to remedy this situation as follows:

1. Contract with the Mercer Group to update the existing study ($50,000-$100,000)
2. Contract with a new consultant to develop and implement a new study ($100,000)
3. Conduct a new study using representative APSU faculty and staff who have the necessary expertise

The majority of campus groups indicated a desire to develop a new compensation study and plan in-house as per identified option three.

The Committee Charge

The initial charge of the Austin Peay Adjusted Compensation Target Committee (AP-ACT Committee) was to review potential compensation methodologies, review potential peer group configurations/bases, and make recommendations to the university community as to Mercer plan improvements relative to TBR compensation plan requirements and timelines. Committee considerations included equity, merit, promotion, and annual adjustments as separate components to the total compensation plan.

Some TBR compensation plan requirements for approval were identified as follows:

- THEC peer institutions must be used as one source for benchmarking; use of other institutions must be justified on the basis of program similarity

- CUPA (College and University Personnel Association) and AAUP data may be used
- Business/Industry market data should be used in an attempt to identify “market” compensation
- Considerations of compression, in-range penetrations, mid-points, statistical validity, and implementation are required

TBR compensation plan timeline requirements for approval were initially established as follows:

Compensation Plan Development and Implementation Schedule	Completion
• Compensation Plan Presentation	11/27,11/28
• Campus Review of Methodology	12/15/01
• Execution of Equity Analysis	1/30/02
• Final Review by Campus Groups	4/04/02
• Submission of Plan to TBR	4/10/02
• Action by TBR to approve plan	June TBR Meeting
• Proposed increases to TBR	7/20/02
• TBR consideration of proposed increases	September TBR Meeting

The Committee Assumptions and Philosophy

As the committee met and discussed issues and possibilities, a number of guiding assumptions, norms, and philosophies emerged as follows:

- The most representative compensation plan should be developed independent of future, potential, and unknown state funding commitments
- The compensation plan should establish compensation targets for all employees from which present compensation levels (and gaps) are adjusted on a percentage fundable basis
- The compensation plan must be both reasonable and defensible to the university community and TBR constituencies
- The compensation plan should move beyond the restrictions of the present Mercer Plan in terms of improved peer group size and representation and annual recalculations using updated data for all employees
- The compensation plan should not include past merit decisions in future equity considerations relative to formulae weighting or equity calculations
- Credit for the Certified Professional Secretary (CPS) raises should not be included in the initial calculation of target salary as a separate model component
- Present compensation levels for employees will not be reduced on the basis of this model
- Market conditions should be studied and brought to bear on basic model considerations as applicable

The Committee Recommendations

The committee recommends the use of the seventy-six (76) SREB (Southern Regional Education Board) schools that meet AAUP IIA and IPEDS (Integrated Post-Secondary Data System) Public, Carnegie M1 classifications (CUPA Special Study). This pool is broadly representative of APSU and large enough to provide salary norms for unique program classifications. This pool is also considered large enough to capture broad market data trends as an improved estimate of market based salaries. This information was ordered from CUPA and was used to identify proposed compensation model effects after university conceptual review and input to the proposed models. The committee also engaged in an ongoing review of BLS (Bureau of Labor Statistics) classifications and salaries profiled for Tennessee in an attempt to glean comparable position classification market salary data. In situations where the CUPA Special Study produces no data or insufficient data for a position comparison, the CUPA Full Survey (Master's Institutions) will be used.

The committee reviewed the compensation models and methodology of two recently approved plans by TBR as submitted by Middle Tennessee State University (MTSU) and Tennessee Technological University (TTU). Based on the aforementioned assumptions, norms, philosophies, and TBR requirements, two (2) separate compensation models emerged and are proposed by the committee on the basis of identified distinct and different career path and longevity profiles for faculty and staff (clerical/professional/coaches/administrative) classifications. In particular, a modified MTSU plan is proposed for non-faculty classifications and a modified TTU plan is proposed for faculty to reflect the distinct career path and predictable time in rank during faculty advancement. Simply stated, staff salaries tend to progress in a more linear fashion over a longer time in position classification whereas faculty salaries tend to progress in a more non-linear fashion over shorter time periods in distinct professorial ranks. These distinctly different career paths and salary progressions produced the need to consider two distinct compensation models to allow more accurate salary midpoint calculations and applications. This distinction was additionally critical in that both models do not cap salary norms at the peer group midpoints. As such, balanced models around peer group midpoints were required to reflect peer group salary distributions for each distinct group and employment classification. The proposed committee compensation models are discussed in greater depth as follows.

I. Non-Faculty Equity Model

- X This model will apply to Clerical/Support, Administrative, and Professional/Coaching.
- X Data will be obtained from CUPA and/or Market Analysis.
- X In the previous salary study, variables affecting salary were weighted differently for each of the groups. This model will uniformly weigh variables for all groups within the model.

A. Basic Model Weighting

The non-faculty model consists of three salary components (Educational Level, Time in Current Job, Total Experience). The weight for each component is indicated in the table. The number of years necessary to achieve maximum credit for Time in Current Job and Total Experience is designated in the table. On the basis of committee deliberation, the percentage awarded for Educational Level was adjusted for each group. For each classification the normal expectation for degree was anchored at 24%.

	Educational Level	**Time in Current Job**	**Total Experience**
Clerical/Support	30%	25% (15 years)	45% (30 years)
Administrative	30%	25% (15 years)	45% (30 years)
Professional/Coaching	30%	25% (15 years)	45% (30 years)

These three salary components are scaled as follows:

Scale for Educational Level (30%)

CLERICAL/SUPPORT STAFF EDUCATIONAL LEVEL

Degree	**Points**
Less than 8th grade	5
8th Grade but < High School	20
High School/GED	24
*Bus Cert/CPS/Trade Cert	26
**Associate’s	28
**Bachelor’s	29
**Master’s	30

***Evidence that certificates remain current must be submitted to Human Resources in March of each year. If evidence is not submitted as requested, the point value will be lowered to the appropriate degree level.**

****All degrees must be from a regionally accredited institution.**

ADMINISTRATIVE EDUCATIONAL LEVEL

Degree	**Points**
**Bachelor’s	22
**Master’s	24
**EDS	26
Doctorate/***JD/MD	30

***Applicable for professional/administrative classifications only based on current TBR policy.**
****All degrees must be from a regionally accredited institution.**

PROFESSIONAL/COACHING EDUCATIONAL LEVEL

Degree	**Points**
High School	10
*Bus Cert/Trade Cert	12
**Associate’s	14
**Bachelor’s	24
**Master’s	26
**EDS	28
Doctorate/*****JD/MD	30

***Evidence that certificates remain current must be submitted to Human Resources in March of each year. If evidence is not submitted as requested, the point value will be lowered to the appropriate degree level.**
****All degrees must be from a regionally accredited institution.**
*****Applicable for professional/administrative classifications only based on current TBR policy.**

Scale for Time in Current Job
All Areas (25%)*

Years	**Points**
0	3
1	6
2	9
3	12
4	15
5	18
6	19
7	20
8	21
9	22
10	23
11	23.4
12	23.8
13	24.2
14	24.6
15	25.0

*Time in Current Job is considered *time in current skill level* for Clerical/Support.

*Time in Current Job is considered *time in current position and job title for professionals and administrators.*

*Changes in job title will not affect years in position/level unless an increase in salary was awarded.

Scale for Total Experience
All Areas (45%)**

Years	**Points**
0	0
1	1.5
2	3
3	4.5
4	6
5	7.5
6	9
7	10.5
8	12
9	13.5
10	15
11	16.5
12	18
13	19.5
14	21
15	22.5
16	24
17	25.5
18	27
19	28.5
20	30
21	31.5
22	33
23	34.5
24	36
25	37.5
26	39
27	40.5
28	42
29	43.5
30	45

**Total Years Experience includes:

1:1 for APSU higher education experience
.75:1 for other higher education experience
.75:1 for related non-higher education experience

B. Model Application

- X Based on data analysis, a mean salary for each job classification / skill level will be determined.
- X A salary range of 50% around this mean salary will be calculated for administrative and professional positions to set a minimum target salary and a maximum target salary for each job classification. A minimum salary level will be established for professional salaries; changes in the minimum salary level will be established and disseminated by the Executive Team on an annual basis.
- X For clerical/support positions, an average mean will be obtained by market analysis for selected positions. The average mean for selected positions will be compared with the APSU established mean for the same positions. Any increase for the average mean of all positions will increase the current skill level chart by an equal percentage at each level. This will maintain the integrity and distribution of salaries previously established and approved by TBR.
- X Each employee's percentage into this salary range will be calculated as follows:
  Total % into range = % Education + % Time in Current Job + % Total Experience
- X The target salary for each employee will be calculated as follows:
  Target Salary = minimum target salary for job + *(*total % into range × salary range for job)
- X The difference between an employee's target salary and current salary will represent the equity gap for that employee: Equity Gap = Target Salary - Current Salary
- X Each time the university is able to fund salary increases in addition to state mandated salary increases, the Executive Team will make a determination in how the increases will be distributed. Input may be solicited from the Methodology/Implementation Committee, the faculty senate, and the staff council. Some options may include: a percentage of equity gap; all employees brought to a minimum percent of target; one-time bonus; merit bonus, etc.
- X Target salaries will be adjusted yearly to reflect years of experience, time in job, promotions, and degree completions and will be applied to the latest salary information obtained from CUPA and market analysis. Salary information will be purchased/updated on a tri-annual basis.
- X Every employee's target salary will change on a yearly basis, with salary increases determined by the Executive Committee.

Example The procedure is illustrated for a clerical/support position with a high school education, 3 years in the current job / skill level and 10 years of total experience.

Clerical/Support Position

Educational Level (High School)	24%
Time in Current Job (3 years)	12%
Total Experience (10 years)	15%
Total Percentage into the Range	**51%**

Target Salary = minimum target salary for job + .51(salary range for job)
Equity Gap = target salary - current salary

Salary Increase = % funding × equity gap
***New Salary* =** current salary + salary increase

Assuming in the example above the employee has a current salary of $16,500, the job classification has a salary range of $10,000 and a minimum target salary of $15,000, and APSU could fund 25% of the equity gap:

Target Salary = $15,000 + .51($10,000) = ***$20,100***
Equity Gap = $20,100 - $16,500 = ***$3,600***
Salary Increase = (.25)($3,600) = ***$900***
New Salary* =** $16,500 + $900 = ***$17,400

II. The Faculty Equity Model

A. Utilization of the Model

As with the Non-Faculty Model, this model is used to determine a target salary for equity purposes. The university will fund the gap between the existing and target salaries as funds become available for that purpose. Each time the university is able to fund salary increases in addition to state mandated salary increases, the Executive Team will make a determination in how the increases will be distributed. Input may be solicited from the Methodology/Implementation Committee. Some options may include: a percentage of equity gap; all employees brought to a minimum percent of target; one-time bonus; merit bonus, etc.

Although the model involves promotion increases, these are only for the purpose of constructing the model to determine the target salary. Promotion increases will continue to be 5% as has traditionally been the case at APSU. After funding promotion increases, the model will be used to determine the target salary for all personnel and the gap funded on a percentage basis as described above.

B. Basic Description of the Model

This model is based on discipline, years in rank, total years of experience, and the education level of the faculty member. It uses the CUPA data for faculty in the same discipline at the peer institutions adopted by this study with the exception of faculty in the Developmental Studies Program (DSP). DSP faculty will be compared with faculty in CUPA peer institutions who are teaching courses that are less than college-level unless adequate numbers of comparisons are not available. In that case, data from TBR institutions whose DSP faculty have comparable credentials will be used. In the case of FC faculty teaching associate level programs, the most appropriate comparisons are community college comparisons. We will use the same salary data compiled for Tennessee community colleges for comparison for faculty in food service, occupational studies, and office administration. The model first determines a target salary for each faculty member using the number of years in rank. Then the target salary is modified to reflect the education level of the individual and extra years of experience, if appropriate. Although recognizing that time in rank varies, the model assumes time spent in rank is 5 years for assistant professors and associate professors and 20 years for full professors. For purposes of the model, it is assumed that the time in rank for instructors is also 5 years. The model assumes a new faculty member would be hired as an assistant professor, be promoted to associate professor after 5 years, and then to full professor after 5 years as an associate. Then after 20 years as a full professor, they would have completed a 30-year career in higher education. This model uses the mean data for CUPA peers of the same rank and discipline. It is further assumed that faculty members have a target salary at the mean salary for assistant professors in their third year in that rank, the mean salary for associate professors in the third year as an associate professor and the mean salary for full professors in their eighth year as a full professor. Although the rank of instructor is not one in which most faculty spend significant time in rank, it is assumed that the target salary for instructors in their third year in rank is the mean salary for CUPA peer instructors. The model provides for regular progression in target salary as the faculty member progresses through the ranks by means of annual increases in the target salary combined with additional increases in the target salary at times of promotion.

A minimum salary level will be established for the ranks of instructor and assistant professor. Changes in minimum salary level will be established and disseminated by the Executive Team on an annual basis.

C. Basic Model Formulae

Since the third year is the middle year in a five-year time span for time in rank, the model assumes that the target salary for instructors, assistant professors, and associate professors in their third year in rank is the mean salary for their peers in the same discipline. It is also assumed that the target salary for full professors in their eighth year in rank is the mean salary for their peers. The target salary for years between these middle years assumes regular annual increases in target salary coupled with additional increases in the target salary applied at times of promotion. The increases in target salary for promotion are 30% of the range and the annual increases make up the remaining 70% of the range. The progression in target salary for the various ranks is described below.

Notation: The means given below refer to the mean salary for CUPA peers in the same discipline as the faculty member:

$:_1$ = mean salary for CUPA peer instructors
$:_2$ = mean salary for CUPA peer assistant professors
$:_3$ = mean salary for CUPA peer associate professors
$:_4$ = mean salary for CUPA peer full professors
R_1 = range between means for instructors and assistant professors = $:_2 - :_1$
R_2 = range between means for assistant professors and associate professors = $:_3 - :_2$
R_3 = range between the target salary for a fifth-year associate professor and the mean salary for full professors
d_1 = 14% of R_1
d_2 = 14% of R_2
d_3 = 8.75% of R_3

As mentioned above, the model provides a target salary of $:_1$ for instructors in their third year in rank and a target salary of $:_2$ for assistant professors in their third year in rank. For each of the five years between these middle years in rank, the target salary is increased by the same amount, d_1. In addition to the annual increases, the increase in target salary applied at the time of promotion from instructor to assistant professor is 30% of the range $R_{1.}$ The annual increases, d_1, are 1/5th of the remaining 70% of R_1 that is 14% of $R_{1.}$ The five annual increases along with the additional increase at the time of promotion move the target salary from $:_1$ to $:_2$. These same differences are applied backward through the first two years of the instructor rank to determine the target salary for each of those years.

The target salaries for each of the years from the third year of the assistant professor rank to the third year of the associate rank are determined in an analogous manner. That is, the range is R_2, the increase in target salary at the time of promotion is 30% of R_2, and the targeted annual increases, d_2, are 14% of R_2. The difference d_2 is also applied to determine the target salary for the fourth and fifth years of the associate professor rank.

R_3 is the range between the target salary for a fifth-year associate professor and the mean salary, $:_4$, for full professors. The increase in target salary at the time of promotion from associate professor to full professor is 30% of R_3. The remaining 70% of the range R_3 is realized in 8 equal annual increases, d_3, for each of the first 8 years as a full professor. Therefore, d_3 is 8.75% of $R_{3.}$ The annual increases, d_3, are additionally applied to the target salary for the next 12 years to arrive at the target salary for a full professor in the 20^{th} year in rank.

D. Adjustment for Total Years of Experience

The model provides adjustments to the target salary for those who spend more time in rank than the number of years assumed in the basic model formulae, for those who have prior experience before coming to APSU, and for those with more years of experience than normally expected for their current time in rank. These adjustments are based on the total number of years of experience.

Total years experience includes:

1:1 for higher education teaching experience
.75:1 for other higher education experience
.75:1 for related non-higher education experience

- For faculty who require longer than the number of years assumed by the model to progress to their current year in rank, each year of total experience beyond the normal number required would result in an increase in the target salary equal to one-half the annual increase in target salary for a full professor. That is one-half of d_3 where d_3 is as described above. For example, the target salary for an associate professor in their third year in rank with 12 years

- Excess years of experience beyond those normally spent in a given rank will also result in increases of d_3 /2. For example the target salary of an assistant professor who has been an assistant professor for more than 5 years and who has 15 years of total experience will receive 10 of these increases since the usual number of years required to reach the 5^{th} year of the assistant professor rank is 5 years.
- Since the rank of instructor is one that is normally not occupied for a long period of time, the smaller increases are not applied for total experience beyond 5 years in the rank of instructor.
- These smaller increases, d_3 /2, will also be applied to full professors with extra years of experience. For example the target salary for a full professor in the third year in rank with 18 years of total experience would receive 5 of these smaller increases since the normal time required to reach the third year of the full professor rank is 13.
- Target salaries for full professors with more than 20 years in rank will also receive these smaller increases for additional years of total experience. For example, the target salary for a full professor with more than 20 years in rank and 35 years of total experience will receive 5 of these smaller increases since the time normally required to reach the 20^{th} year of the full professor rank is 30 years.
- The additional annual increases in the target salaries for assistant and associate professors for extra years of total experience will not increase the salary beyond the midpoint of the next rank. For example, the target salary for assistant professors is capped at the mean salary for CUPA peer associate professors.

E. Education Adjustment

After the target salary is determined as described in C and D above, the final target salary will be a percentage of that salary depending upon the highest degree earned. The percentages are given in the table below.

Education Level	**Percentage of Target Salary**
Doctorate	100%
ABD/ Terminal	98%
EDS	96%
Master’s	94%
Bachelor’s	90%
Less than Bachelor’s	85%

Example. Consider a discipline for which the mean salaries for CUPA peers are:

$32,000 for instructors ($:_1$),
$40,200 for assistant professors ($:_2$),
$46,700 for associate professors ($:_3$), and
$60,600 for full professors ($:_4$).

The following chart illustrates the result of using this model to produce target salaries as explained below.

Mu1	Mu2	Mu3	Mu4	
$32,000.00	$40,200.00	$46,700.00	$60,600.00	
R1	R2	R3		
$8,200.00	$6,500.00	$12,080.00		
d1	d2	d3	d3/2	
$1,148.00	$910.00	$1,057.00	$528.50	
Year in rank	Instructor	Assist. Prof.	Assoc. Prof.	Full Prof.
1	$29,704.00	$37,904.00	$44,880.00	$53,201.00
2	$30,852.00	$39,052.00	$45,790.00	$54,258.00
3	**$32,000.00**	**$40,200.00**	**$46,700.00**	$55,315.00
4	$33,148.00	$41,110.00	$47,610.00	$56,372.00
5	$34,296.00	$42,020.00	$48,520.00	$57,429.00
6	$34,296.00	$42,548.50	$49,048.50	$58,486.00
7	$34,296.00	$43,077.00	$49,577.00	$59,543.00
8	$34,296.00	$43,605.50	$50,105.50	**$60,600.00**
9	$34,296.00	$44,134.00	$50,634.00	$61,657.00
10	$34,296.00	$44,662.50	$51,162.50	$62,714.00
11	$34,296.00	$45,191.00	$51,691.00	$63,771.00
12	$34,296.00	$45,719.50	$52,219.50	$64,828.00
13	$34,296.00	$46,248.00	$52,748.00	$65,885.00
14	$34,296.00	$46,700.00	$53,276.50	$66,942.00
15	$34,296.00	$46,700.00	$53,805.00	$67,999.00
16	$34,296.00	$46,700.00	$54,333.50	$69,056.00
17	$34,296.00	$46,700.00	$54,862.00	$70,113.00
18	$34,296.00	$46,700.00	$55,390.50	$71,170.00
19	$34,296.00	$46,700.00	$55,919.00	$72,227.00
20	$34,296.00	$46,700.00	$56,447.50	$73,284.00
21	$34,296.00	$46,700.00	$56,976.00	$73,812.50
22	$34,296.00	$46,700.00	$57,504.50	$74,341.00
23	$34,296.00	$46,700.00	$58,033.00	$74,869.50
24	$34,296.00	$46,700.00	$58,561.50	$75,398.00
25	$34,296.00	$46,700.00	$59,090.00	$75,926.50
26	$34,296.00	$46,700.00	$59,618.50	$76,455.00
27	$34,296.00	$46,700.00	$60,147.00	$76,983.50
28	$34,296.00	$46,700.00	$60,600.00	$77,512.00
29	$34,296.00	$46,700.00	$60,600.00	$78,040.50
30	$34,296.00	$46,700.00	$60,600.00	$78,569.00

Here, the mean salaries for each rank are in bold type and occur as the target salary in the third year of each rank except for professor where the mean occurs in the eighth year.

Then R_1 = \$40,200 - \$32,000 = \$8,200
and R_2 = \$46,700 - \$40,200 = \$6,500.

The increase in target salary for promotion from assistant professor to associate professor is 30% of $R_{2,}$ which is \$1,950. The annual increases in target salary for each year from the third year of the assistant professor rank to the third year of the associate professor rank are 14% of R_2 that is \$910 (d_2). The target salary of an assistant professor in their third year is \$40,200 ($:_2$). The target salary for an assistant professor in their fifth year is \$40,200 plus two of the annual increases of \$910, which is \$42,020. Then the target salary for a first year associate professor is the target salary for a fifth-year assistant professor, \$42,020, plus the increase in target salary for promotion, \$1,950, plus an annual increase in target salary of \$910. This results in a target salary of \$44,880 for a first-year associate professor. The target salary for a fifth-year associate professor is then \$44,880 plus four additional increases of \$910, which results in \$48,520.

R_3 is the range between the salary for a fifth-year associate and the mean salary for full professors so

R_3 = \$60,600 - \$48,520 = \$12,080.

The increase in target salary for promotion from associate professor to full professor is 30% of R_3 that is \$3,624. The annual increases in target salary for the full professor rank are 8.75% of R_3 that is \$1,057 (d_3). Consequently the target salary for a first-year full professor is the target salary for a fifth-year associate, \$48,520, plus the increase in target salary for promotion, \$3,624, plus an annual increase in target salary of \$1,057. This results in a target salary of \$53,201 for a first-year full professor. The target salaries for full professors through their twentieth year in rank are obtained by applying the annual increments of \$1,057. Then after twenty years as a full professor, the annual increases in target salary are one-half of \$1,057 that is \$528.50. These smaller increases of \$528.50 are also applied to the target salary for extra years of experience for those having prior experience before their tenure at APSU or who stay longer than five years in the ranks of assistant professor or associate professor.

The target salaries for instructors and assistant professors are obtained assuming that the target salary in the middle year (third year) is the mean for CUPA peers and using the range R_1 in a manner analogous to the approach described above.

For those with extra years of service beyond what would typically result in their current year in rank, the target salary is modified from that given in the table. For example, the target salary for a third year associate with 12 years of total experience would receive four of the increases $d_3/2$ since the typical time for reaching the third year of the associate rank is 8 years. This would result in a target salary of \$46,700 plus four of the increments \$528.50 that is \$48,814. An assistant professor with 25 years of experience would have 20 extra years of experience beyond the typical 5 years in rank so their target salary would be \$42,020 plus twenty of the \$528.50 increments resulting in a target salary of \$52,590. However, since the target salaries are capped at the midpoint of the next rank, this would become $46,700.

III. Faculty/Staff Bonus Pay at APSU

A. Introduction

Departments will employ bonus pay as a tool to improve their departmental mission. Department heads will make every effort to ensure that bonus pay is a positive influence on teaching and student learning and success in each university department.

B. Goal: Bonus for Quality Teaching and Student Learning and Success

1. To reward quality performance in teaching and providing support services.

2. To improve teaching and service university wide. This includes all aspects of the learning environment.

3. To improve morale by awarding annual bonuses to faculty and staff.

4. To provide an incentive for departments and individuals to work together to define and improve excellence in teaching and providing support services.

5. To improve research and creative work that supports quality improvement both in and out of the classroom.

C. Kinds of Disbursement

1. Extra Compensation (Note: If a faculty or staff member elects his or her bonus as a lump sum payment, all required payroll deductions will be subtracted from the payment.)

2. Professional Development Travel (Note: If a faculty or staff member elects his or her bonus as a budget line in the department, no payroll deductions would be subtracted from the bonus.) The entire amount of the bonus must be used for professional development travel, and, therefore, cannot be split between travel and some other expense. The following restrictions would apply to any employee who receives a bonus as a budget line in the department.

   a. The entire amount of the bonus must be spent in the budget year in which it is awarded, i.e., by June 30. Under no circumstance will any unused portion of the bonus be allowed to carry forward to the next budget year.

   b. At the end of the budget year, any unspent portion of the bonus will revert to the general fund.

D. How Will the Amount of an Individual's Bonus Pay Be Determined?

1. An employee's bonus pay will be predicated upon the distribution of bonus pay in shares. A share is a standard amount of money ($500). The number of shares allocated to a department will equal ½ share per employee in the department. The value of a share will change periodically based on cost of living increases.

2. Shares may not be awarded to all members in a department, except by authority of the executive team.

3. An individual may not be awarded less than one full share; however, incremental awards of ½ share may be awarded above the one (or more) full share(s).

4. Notice of bonus pay awards occur in October and will be based on an employee's meritorious performance in the previous evaluation period (March to March).

5. Bonus pay will not become a part of the employee's base pay.

E. How Should Quality Performance Be Defined for Awarding of Bonus Shares to Faculty?

1. The primary process for awarding bonus shares will begin with the annual performance evaluation conducted by the Chair of the department.

2. Once exceptional individuals have been identified, they will be asked to submit a current *curriculum vitae* and a brief, i.e., one- or two-page, letter stating the basis for seeking bonus pay.

3. Most years, the primary consideration for receiving a bonus share or shares will be quality teaching. In some years, with the approval of the Dean, a department may wish to identify another area for bonus consideration. The administration may also identify other areas for bonus consideration.

4. Procedures and Processes

    a. Primary Process

        (1) Departments will be notified in the spring semester of the number of shares that they will receive for distribution in October.

        (2) Departments with fewer than 10 faculty members will be pooled into groups of at least 10 faculty members. Hereafter, when *department* is used, it will include reference to pool departments when applicable.

        (3) No more than 30% of the faculty members in a college (including pooled departments) can be awarded bonus shares.

        (4) No faculty member can be awarded all of the bonus shares.

        (5) Faculty members may be eligible for bonus pay in successive years.

        (6) The following process will be used to identify bonus recipients:

(a) Chairs will send to the Dean of their college letters nominating the members of the department whom they can support as quality professors. (The faculty member's *vitae* and letter stating the basis for seeking bonus pay will be forwarded with the nomination letters.)

(b) A committee of not less than three faculty members for each department with at least two from any pooled department will send to the Dean of their college a letter nominating members of that department that they support for bonus pay. (The faculty member's *vitae* and letter stating the basis for seeking bonus pay will be forwarded with the nomination letters.) Members of this committee will be chosen by the faculty, not the chair.

(c) If a faculty member is nominated by the Chair or Department Committee he or she will be notified and may ask not to be considered, otherwise his or her name will go forward with the appropriate documentation. If the faculty member does not provide a current *vitae* and letter stating the basis for seeking bonus pay, his or her name will not be forwarded.

(d) If more names are sent forward than there are bonus shares in the department the Committee and/or Chair will rank nominees without consultation (i.e., determine who gets how many shares), and send those separate rankings forward to the Dean. If the Dean finds that the lists differ, the Dean will ask the Chair and the Committee to reconcile the lists. If the lists cannot be reconciled at the Departmental level, they will be reconciled at the Dean's level.

(e) Departments may turn shares back to the Dean if not enough nominees are identified. Nominees may be recommended for more than one bonus share.

b. Institutional Process

(1) Additional bonus shares will be set aside to be used by the President to recognize meritorious performance to achieve institutional priorities.

(2) The President will announce at the beginning of the evaluation year whether any institutional priorities should be considered as part of the bonus system for that year.

F. How Should Quality Performance Be Defined for Awarding of Bonus Shares to Administration and Staff?

1. Primary Process

(a) The primary determination for qualifying for bonus is based on the annual evaluation. An average score greater than 2.2 on a 3.0 scale on the evaluation makes an employee eligible for bonus as long as he or she has not received any rating of 1 in any of the 9 categories on the evaluation instrument.

(b) Process and procedures

(1) Departments and staff pools are the award units for bonus shares.

(2) An award unit consists of staff only, exempt and nonexempt. (Exempt employees are administrative and professional employees who are not subject to the provisions of the Fair Labor Standards Act. Nonexempt employees are clerical and support employees who are subject to the provisions of the Fair Labor Standards Act, i.e., eligible for compensatory time or overtime pay.)

(3) An award unit is 10 or more people who are supervised by an exempt employee.

(4) If a Department has 9 or fewer staff, then the Department will be aggregated into an award pool with minimum awardees of 3 per pool.

(5) This aggregation will occur at the level of supervision where a) the supervisor is an exempt position, and b) where pool aggregations consist of at least 10 staff people.

(6) The usual process for annual evaluation will be produced by first-line supervisors (exempt or nonexempt).

(7) The first-line supervisor will then rank order the employees scoring over a 2.2 based on their evaluation scores.

(8) No more than 30% of the staff members in a department (including pooled departments) can be awarded bonus shares.

(9) No staff member can be awarded all of the bonus shares.

(10) If nonexempt, the first-line supervisor will then forward the rank orderings to the next level supervisor.

(11) If exempt, the first-line supervisor will then carry out step (12).

(12) The second-tier (exempt) supervisor will then look at each eligible employee’s performance based on each employee’s goals and objectives. Establishment of goals and objectives for each employee is a requirement for the evaluation process.

(13) The second-tier supervisor will then have the opportunity to reorder the list of eligible employees based on their combined performance on the evaluation instrument and their success in meeting their goals and objectives. The primary

reason for allowing the second tier supervisor to reorder the list is to provide a means to address different rating philosophies used by subordinate supervisors. Reordering should only be done when there is a clear difference among the ratings given by subordinate supervisors or when another valid reason exists.

(14) Once bonus shares are announced, the second-tier supervisor will award bonus shares to eligible employees.

2. Institutional Process

   a. Additional bonus shares will be set aside to be used by the President to recognize meritorious performance to achieve institutional priorities.

   b. The President will announce at the beginning of the evaluation year whether there are any institutional priorities that should be considered as part of the bonus system for that year.

G. Review and Submission

1. After the due date for nominations, the unit head will review each department's submissions, rank the nominees, check that shares and faculty and staff members are correct, and forward to the appropriate Vice President.

2. The Vice President will review and recommend employees to the President for payment of bonus shares. Employees will be asked their choice of payment, either a one-time cash payment or the transfer of funds to the department to be used for the employee's professional development travel.

H. Review Committee

1. The President will appoint a Bonus Pay Review Committee.

2. If an employee believes that the procedure was not followed he or she may file a request for reconsideration with the Bonus Pay Review Committee within 30 days of the official announcement of bonus pay recipients. The request for reconsideration must specify in what ways(s) the employee believes procedures were not followed. The committee will then check to see if the process was correctly followed and make a non-binding recommendation to the appropriate Vice President.

3. Upon review of the Committee's findings, the appropriate Vice President will make his or her recommendation to the President to deny reconsideration or to award bonus points. The President will notify the employee of the final decision.

4. A small number of bonus shares will be held back for this eventuality.

I. Contingencies Related to Availability of Bonus Funds

1. During May or June, the President will announce the availability of bonus funds anticipated for distribution during the next evaluation cycle.

2. No bonus funds will be carried over from one fiscal year to the next fiscal year.

3. If any bonus funds are not allocated during any evaluation cycle, no additional applications can be made for funds not allocated.

NOTE: Guidelines for pooling departments and units will be developed before the bonus plan is implemented.

IV. Salary Determination Procedures

The University uses a standard procedure for all new employees that determines a fair starting salary in conjunction with other employees with similar responsibility, education, and experience. The following steps are used in the procedure for all employees. This procedure includes current employees who are moving to a new position within the University.

A salary range or mean salary for each faculty rank by discipline has been established for each non-faculty and faculty position respectively. This data used to establish these ranges and mean salaries is compiled from peer data provided by the College and University Professional Association for Human Resources (CUPA-HR), the Ohio Valley Conference (coaching positions only) and by the Tennessee Department of Labor. This data is updated tri-annually; however, updated data for a new year is implemented only when the new data is implemented for the current employees on campus. A minimum salary level will be established for professional employees and faculty holding the rank of instructor or assistant professor. Changes in minimum salary will be established and disseminated by the Executive Team on an annual basis.

The salary range for non-faculty positions is established for each position and not for the individual occupying the position. The mean salary for each faculty position is established by rank and discipline based upon the CUPA-HR data. Like non-faculty, it is not based upon the qualifications of the person selected for the position, but determined solely on the CUPA-HR data.

Within the AP_ACT Compensation Study, a formula has been established for faculty and non-faculty which determines a target salary for faculty and how far into a range a non-faculty employee advances respectively. We also refer to the point within the range for non-faculty as a target salary. In both cases, an employee's target salary is determined by education, experience, time in position for non-faculty, and time in rank for faculty.

When a new employee is selected for hire, he/she has a target salary computed based upon the data in the AP_ACT Compensation Plan. This serves as an upper limit for salary for the new hire. Most current employees have not reached their target salary amounts, and therefore, exceeding the computed target salary would create a gap between new and current employees that would be excessive.

The Human Resource Office shall calculate the initial salary offer based upon the current established minimum percentage target penetration for each EEO classification. The calculation will be sent by e-mail to the appropriate vice president for consideration.

Appeal or negotiation of the final salary is not normally considered; however, if an error in the salary data is surfaced or a new element of information is discovered, the discrepancy should be brought to the attention of the Vice President/President that presides over the area where the position is assigned. If the area or new information is significant, the President may change the salary offered at his discretion.

A meeting between the President and vice president will only be required when the vice president is requesting a salary offer that exceeds the maximum average penetration for the EEO classification. However, the President may request justification for exceeding the minimum salary target.

Once the vice president and President agree on the salary offer, the vice president will ensure the approved salary is recorded. The approved form will be taken to Human Resources who will contact the department chair and schedule a telephone call to offer the position to the applicant.

V. Standard Promotion Increase for Change in Faculty Rank

A faculty member that is promoted from one rank to a higher rank receives a 5% increase above the faculty member's current annual salary at the lower rank.

VI. Standard Reclassification Increases for Non-Faculty Employees

The Office of Human Resources evaluates positions for reclassification in accordance with APSU Policy 5:047. It is important to note that a reclassification is based upon an increase in the level of responsibility for the position, and not by the qualifications or length of time in position by the incumbent currently occupying the position.

When an employee's non-exempt position is selected for reclassification, the employee in the position will receive either a 3% increase or an amount based on the procedures for salary calculations outlined for determining salaries for new employees, whichever is greater.

If the reclassification review results in a title change but the position remains at the same skill level or level of responsibility, the salary of the current employee will remain the same. If it is determined the duties and responsibilities of the position have decreased, the Salary Determination Committee will make a recommendation on the new salary, which will be approved by the President.

The Committee Request

If there are any questions or comments, please email the committee at equity@apsu.edu.