302. **Compensation Policy**

1. **Purpose and Objectives**
   The compensation policy set forth herein takes into consideration the unique role and scope of the campuses of the University of Alabama System as well as the specialized needs of each major unit.

   The Talent and Compensation Committee of the Board of Trustees (hereafter, Committee) has a role in assisting the Chancellor and Presidents from the outset, as they plan and implement compensation arrangements for individuals in specific positions and groups of positions who are paid from public funds, as defined in this Board Rule. This role may include, but shall not be limited to, input into the roles and responsibilities of senior leadership positions; position specifications and necessary qualifications; compensation strategy and comparative data; transition plans; and any other matter assigned to the Committee by the Committee chair or the President Pro tempore of the board. This role also relates to the development of extraordinary or unusual employee compensation packages, as discussed in this Board Rule. The Committee’s early involvement is required in order to insure the integrity of the compensation programs for the System.

2. **Hiring or Promotion for Positions Covered by Rule**

   a. To achieve this Rule’s objective with respect to the hiring or promotion of individuals who are being considered for positions covered by this Board Rule, whose employment packages are otherwise covered by this Board Rule, or to whom an offer is being considered that would bring the individual within the coverage of this Board Rule, it is the responsibility of the President in consultation with the Chancellor (for campus-based positions), and of the Chancellor (for System-based positions), to initiate a two-stage approval process, as follows:

      Stage 1 (approval from the Chancellor for campus positions): The President shall submit to the Chancellor a request to initiate a search for any positions covered by the Board Rule. This request should include at least the following:

      1. The proposed position title, and for a new position, justification for the new position.
      2. For an existing position, the name and final base salary of the former employee holding the position.
      3. Whether a search firm will be utilized and the method by which they will be selected.
      4. If a search committee will be used, the anticipated representation of the members of the search committee by department/school who will serve on the committee.
Stage 2 (approval from the Committee): When finalists are identified and prior to an offer being made, the Stage 1 submission will be updated to include the following:

1. Market data and salary consideration bearing a proper and reasonable relationship to compensation for administrators with similar responsibility at similar institutions, including the UA System.
   i. Provide a proposed salary range and market data to support this comparison including surveys of the institution’s peer institutions or appropriate comparators.
   ii. Provide the proposed target base salary, and relevant internal, UA System, or other external comparison data.
   iii. Any extraordinary compensation, including deferred and/or supplemental compensation or benefits.
2. Any other perquisites such as relocation allowances, car allowances, spousal support, or other allowances.
3. When time is of the essence, Stage 1 and 2 may be submitted concurrently.

b. Any exceptions to this two-stage process must be preapproved in advance by the Chair of the Committee, after consultation and agreement by the Pro tem, the Chair of any other relevant Committee, and the Chancellor. Such an exception may be applied to a specific position or a category of positions.

c. The Committee must be advised, in advance, of any proposed changes in compensation or other terms of employment for all incumbents covered by this Board Rule. This includes increases and decreases in compensation and any other adjustments in the terms of the employment package.

d. For all new hires and promotions covered by this Board Rule, the Committee must be informed of all compensation paid by the System or campuses, regardless of source of funds. If individuals whose employment packages are covered by this Board Rule have other “outside” compensation arrangements that are known to the campus or system administrations, the Committee also expects to be advised of such arrangements.

3. Chancellor and Executive Officers

a. The Committee shall establish the compensation of the Chancellor, which shall bear a proper and reasonable relationship to compensation for such administrators at other similar institutions of higher education.

b. Prior to an initial offer being made, the Chancellor shall recommend to the Committee, for its consideration, the compensation of the Presidents, Vice Chancellors, Board Officers, Provosts, Vice Presidents, and other such senior academic and administrative staff as the Committee shall designate and communicate in advance with the campus (collectively “Executive
Officers”). Such compensation shall bear a proper and reasonable relationship to compensation for such administrators at other similar institutions of higher education. No offer of compensation for Executive Officers shall be effective and binding on the System or campuses without approval of the Committee. After the initial offer has been approved by the Committee, reporting of compensation and benefits will be reported to the full Board of Trustees in the institution’s budgets.

c. Any change in compensation of the Executive Officers shall be reported annually to the System Human Resources Department.

4. Extraordinary Salary and Payment Arrangements for System or Campus Employees

a. No offer of compensation shall be effective and binding on the System or campuses without approval of the Compensation Committee, in the following instances:

1. Any proposed salary, incentive, benefit, or payment, to be paid through the System or campuses from public funds, for any employee or candidate for employment, which shall cause the employee’s total compensation to exceed $450,000. The information shall reflect the academic year salary, incentives, and payments for faculty members with nine-month appointments and the annual salary, incentives, and payments for all others.

2. Any benefit or payment which is not generally available to all regular faculty and staff.

3. Any multi-year employment contract exceeding a total value of $300,000.

b. For those matters addressed in section a., after reviewing the materials submitted, the Chancellor shall forward the information, justification and documentation to the Committee for its review and approval. In reviewing such agreements, the Committee will consider whether they properly balance the interests of the System or campus and those of the individuals to whom the payment packages and contracts are to be offered. After approval by the Committee, any change in compensation for these individuals shall be reported annually to the System Human Resources Department.

c. For those matters addressed in section a., if any extraordinary salary or payment arrangement is not preapproved and would be paid from public funds, such compensation must be approved by the Committee prior to any payment being made. For future years, the compensation and extraordinary payment that is greater than or equal to $450,000 must be provided as part of the annual reporting requirement to the System Human Resources
Department under this Board Rule. Payments for past performance shall not be proposed.

d. UAB Medicine shall follow its internal approval compensation processes. However, if $450,000 or greater of an employee’s compensation is funded, or is to be funded, with public funds, then that employee’s total compensation shall be reported as part of the annual reporting requirement under this Board Rule to the System Human Resources Department.

5. Salary Ranges

The Presidents shall develop salary ranges for their respective campuses based on a review of internal and external data or through the use of consultants. The structure of the salary ranges, together with reporting requirements, are more fully set forth below.

a. Faculty

The Presidents shall maintain faculty salary ranges by faculty rank, broad discipline category and campus and report as requested by the System Office of Academic and Student Affairs.

In arriving at faculty salary ranges, the Presidents shall give due consideration to faculty salary data developed by various groups in higher education. Some of the surveys and studies used and cited frequently are those of the Southern Universities Group, the American Association of University Professors, the Southern Regional Education Board, and the Higher Education General Information Survey. This list is not intended to be exhaustive but rather serves as an example of information that would be used to review the relationship of the salary policy on each campus to other similar institutions and groups.

b. Academic Deans

The Presidents shall maintain salary ranges for the academic deans and report as requested by the System Office of Academic and Student Affairs. In comparing these ranges to the general practices of higher education, the Presidents may use surveys of the institution’s peer institutions or other appropriate comparators, or such studies as those published annually by the College and University Personnel Association, or other appropriate studies which may be developed.

c. Administrative and Professional Staff

The Presidents maintain salary ranges indicating a minimum and maximum for each position authorized. In comparing these ranges to the general
practices of higher education, the Presidents may use surveys of the institution’s peer institutions or other appropriate comparators, or such studies as those published annually by the College and University Personnel Association, or other appropriate studies which may be developed.

d. Non-Exempt Staff

The President of each campus shall establish and maintain the salary ranges or scales for each job classification included in this group. Salary ranges for these positions shall give due consideration to local and/or regional job market information.

6. The Chancellor and the Committee will periodically review the fringe benefit policies and other aspects of the System and campus compensation program as they may elect.