

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 Compensation Committee of the Board of Trustees has a role in assisting the Chancellor and Presidents from the outset, as they plan and implement compensation arrangements for individuals in selected specific positions and groups of positions, as defined in section 2 of this Board Rule. This role also relates to the development of extraordinary or unusual employee payment packages, as discussed in section 3 of this Board Rule. The Committee's early involvement is required in order to insure the integrity of the University's overall compensation program.

To achieve this 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 advise the Committee prior to setting the expected range and terms intended to be offered and to obtain the Committee's approval prior to discussing such compensation arrangements with any candidate. Any changes that occur outside that range during the negotiation process must also be approved by the Committee prior to any commitment to the candidate.

Similarly, 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.

In all instances covered by this Board Rule, the Committee must be informed of all compensation paid by the University, 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.

2. Executive Officers

- a. The Compensation 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 Compensation Committee, for its approval, modification, or rejection, 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. 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 covered by this paragraph 2.b. shall be effective and binding on the University without approval of the Compensation Committee. After the initial offer has been approved by the Compensation Committee, reporting of compensation benefits will be reported to the full Board of Trustees in the institution's budgets.

3. Extraordinary Salary and Payment Arrangements for University Employees

- a. Concerning any individuals not named in 302.2.b., the Presidents shall submit to the Chancellor full information on any proposed salaries, incentives, and payments, paid through the University from any source whatsoever, (which include any extraordinary benefits but not those benefits available to all regular faculty and staff) for any employee or candidate for employment on their respective campuses, other than those positions specified in paragraph 2.b. above, which shall exceed seventy-five percent (75%) of that President's current annual state salary, prior to the salary, incentives, and payment being offered or made effective. This information shall be submitted prior to each and any proposed material change in the employee's salary, incentives, or payments. 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. For example, if the President's annual state salary is \$200,000, he or she shall submit information on any proposal to pay an employee on that campus a package of salary, incentives, and payments (including extraordinary benefits but not those benefits available to all regular faculty and staff) valued in excess of \$150,000. The information shall include appropriate documentation.
- b. Concerning any individuals not named in 302.2.b., the Presidents shall submit to the Chancellor full information, with appropriate documentation and justification, on any unusual employee payment packages, including any hiring or renewal packages containing any multi-year continuing employment contracts, prior to their being offered or made effective. Bonuses for past performance shall not be proposed, although incentives for reaching pre-established goals are permissible. Proposed incentives do not have to be submitted to the Chancellor unless they will cause the employee's total package to meet the criteria described in paragraph 3.a., above.
- c. In all of the above instances, not including individuals covered in 302.2.b., after reviewing the materials submitted, the Chancellor shall forward the information, justification and documentation to the Compensation

Committee of the Board of Trustees for its review and modification or approval. In reviewing such agreements, the Compensation Committee will consider whether they properly balance the interests of the University and those of the individuals to whom the payment packages and contracts are to be offered. No contract subject to the review discussed in this paragraph 3 shall be effective and binding on the University without approval of the Compensation Committee.

4. 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 annually report to the Chancellor faculty salary ranges by faculty rank, broad discipline category and campus. All exceptions to these ranges shall be reported to the Chancellor.

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 annually report to the Chancellor salary ranges for the academic deans. In comparing these ranges to the general practices of higher education, such studies as those published annually by the College and University Personnel Association or other appropriate studies which may be developed, shall be used. Exceptions to ranges shall be reported to the Chancellor.

c. Administrative and Professional Staff

The Presidents shall annually report to the Chancellor salary ranges indicating a minimum and maximum for each position authorized. In comparing these ranges to the general practices of higher education, such studies as those published annually by the College and University Personnel Association or other appropriate studies which may be developed, shall be used. Exceptions to ranges shall be reported to the Chancellor.

d. Non-Exempt Staff

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

5. The Chancellor and the Compensation Committee will periodically review the fringe benefit policies and other aspects of the University compensation program as they may elect.

(Adopted November 30, 1977 as Committee Guideline and Rule 350; amended August 23, 1978, April 19, 1996, June 27, 1997; amended and renumbered December 5, 1997; amended December 4, 1998, September 17, 1999, February 4, 2005, and November 14, 2008.)