



## **BOARD OF REGENTS POLICY:** ***Employee Compensation and Recognition***

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### **SECTION I. SCOPE.**

This policy governs compensation and recognition for University of Minnesota (University) employees.

### **SECTION II. DEFINITIONS.**

#### **Subd. 1. Compensation.**

*Compensation* shall mean base salary and additional payments to employees, such as augmentations, lump sum payments, and incentives.

#### **Subd. 2. Recognition.**

*Recognition* shall mean formal and informal acknowledgement of work or service performed.

### **SECTION III. GUIDING PRINCIPLES.**

The following principles shall guide the University's compensation and recognition systems:

- (a) The University strives to achieve and maintain a compensation structure that, when combined with benefits and other rewards, is competitive relative to institutional peers and other appropriate labor markets and serves to attract and retain a high performance workforce.
- (b) The University seeks to reward meritorious performance and employee contribution to the success of the University through compensation and other forms of recognition.
- (c) In the setting of initial salaries and subsequent pay adjustments, the University considers the work responsibilities, market, internal equity, experience and expertise, performance, and other criteria as appropriate.
- (d) The University adheres to compensation and recognition practices that are fair and equitable in design, application, and delivery.

### **SECTION IV. GUIDING IMPLEMENTATION.**

#### **Subd. 1. Compensation System.**

The University's compensation system shall articulate current compensation strategies, describe forms of pay, identify funding sources, and outline annual compensation plans for each employee group.

Responsible administrators shall be held accountable for disseminating salary and other compensation within the defined parameters of the annual plans in a manner that supports the academic direction and

investment strategies of the University. The University's compensation system shall (a) be administered in a manner that complies with all applicable federal, state, and local regulations and laws and (b) be consistent with applicable administrative policies, rules, and collective bargaining agreements.

**Subd. 2. Recognition System.**

The University shall have programs of awards, honors, and events that recognize excellence in performance by individuals, groups, and units.

**Subd. 3. Senior Leadership.**

The senior leadership are those positions identified in Board of Regents Policy: *Reservation and Delegation of Authority*. The University's total compensation strategy for the senior leadership group shall be competitive, market-driven, performance-based, equitable, and transparent.

- (a) **Appointment.** In accordance with Board of Regents Policy: *Reservation and Delegation of Authority*, all initial appointments of senior leadership positions shall be presented to the Board for approval with appropriate supporting materials.
- (b) **Delegation of Authority.** The president or delegate shall be responsible for setting compensation for senior leaders after the approval of the initial appointment.
- (c) **Separation.** The president may approve: (1) severance for senior leaders in an amount not to exceed six months salary; or (2) sabbatical leaves for senior leaders who are eligible to return to the faculty in accordance with Board policies and University administrative policies and procedures.
- (d) **Exceptions.** The president shall submit to the Board Chair and Vice Chair for approval in writing any significant change from the terms of the initial appointment or any waiver of a University policy requirement.
- (e) **Administrative Procedures.** The president or delegate shall maintain administrative policies and procedures to effectively implement this policy.

**Subd. 4. Presidential Transition.**

When the president transitions from the Office of the President to another University position, the University shall provide appropriate compensation, office space, and such other support to assure a successful transition. The plan for any such transition including total cost and funding source shall be submitted to the Board for approval.

**SECTION V. MONITORING AND REPORTING.**

The president or delegate shall:

- (a) monitor the effectiveness of compensation and recognition programs; and
- (b) report annually to the Board of Regents on compensation and recognition programs for all employees, including an annual comprehensive report on compensation provided to senior leaders.

**REVISION HISTORY**

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**Adopted:** March 9, 2007

**Amended:** July 11, 2012