

**RULES
OF
TENNESSEE DEPARTMENT OF HUMAN RESOURCES**

**CHAPTER 1120-04
COMPENSATION**

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1120-04-.01 THE COMPENSATION PLAN. The Commissioner shall prepare a comprehensive compensation plan for all classifications in the state service. The plan shall be developed after consultation with appointing authorities and shall take into consideration the State's ability to effectively recruit, prevailing rates of pay for the services performed, comparable services in public and private employment, living costs, other benefits received by the employee, and the State's financial condition and fiscal policies.

Authority: T.C.A. §§ 8-30-104, 8-30-105, and 8-30-207. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Amendment filed August 25, 1994; effective December 29, 1994. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-.02 CHANGES TO THE COMPENSATION PLAN. The Commissioner shall, as needed, review the ability of the State to recruit and retain employees for the classifications in the state service and may also survey prevailing rates of pay, both within and outside the State. The Commissioner may also make such changes to the compensation plan as the reviews and surveys indicate are prudent, subject to budgetary limitations and as approved by the Commissioner of Finance and Administration.

Authority: T.C.A. §§ 8-30-104, 8-30-105, and 8-30-207. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-.03 APPOINTMENTS. The minimum rate of pay in the applicable salary range represents the typical entry rate payable to a person on first appointment to a position in a classification. However, the Commissioner may authorize appointments above the range minimum, when experience in recruiting and retaining employees for the classification or prevailing salary market data indicate persons are not available at lower rates or when appointing persons exceptionally qualified for the position, including reappointments.

Authority: T.C.A. §§ 8-30-104, 8-30-105, and 8-30-207. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new

(Rule 1120-04-.03, continued)

rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-.04 PROMOTIONS. An employee who is promoted may receive a promotional salary increase pursuant to policy, provided however, that no employee may be paid at a rate less than the range minimum in the salary range for the new classification and that no preferred employee shall receive a promotional salary increase which exceeds the range maximum in the salary range for the new classification. Employees may receive promotional increases of greater or lesser amounts upon recommendation of the Appointing Authority, subject to the approval of the Commissioner and budgetary limitations. The Commissioner shall establish a policy regarding promotions for persons in a flex-classification position.

Authority: T.C.A. §§ 8-30-104, 8-30-105, and 8-30-207. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-.05 DEMOTIONS. An employee who is demoted may receive a salary reduction pursuant to policy. Employees who are demoted shall be paid within the salary range for the new classification. Demoted employees may receive a salary reduction of a greater or lesser amount upon recommendation of the Appointing Authority, subject to the approval of the Commissioner and budgetary limitations.

Authority: T.C.A. §§ 8-30-104, 8-30-105, 8-30-207, 8-30-312, and 8-30-313. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-.06 INVOLUNTARY REDUCTION IN RANK. Unless otherwise specified by law, the Commissioner may approve an Appointing Authority's recommendation that an employee who receives an involuntary reduction in rank be paid at a rate above the range maximum for the new classification or the employee's salary be reduced to the maximum of the salary range for the new classification. Unless otherwise specified by law and subject to budgetary limitations, the salary of an employee who receives an involuntary reduction in rank may not be reduced if it falls within the salary range of the lower classification.

Authority: T.C.A. §§ 8-30-104, 8-30-105, 8-30-207, and 8-30-312. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-4-.07 VOLUNTARY REDUCTION IN RANK. An employee voluntarily reduced in rank typically experiences a reduction in salary in accordance with established policy.

Authority: T.C.A. §§ 8-30-104, 8-30-105, and 8-30-312. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-.08 EMPLOYEE TRANSFER AND LATERAL RECLASSIFICATION. An employee who is transferred shall not receive a salary change as a result of such action. An employee who is laterally reclassified shall not receive a salary increase unless the lateral reclassification results in a career path change as determined by the Commissioner. Those making a career path change may receive a one (1)

(Rule 1120-04-.08, continued)

step salary increase as long as agency funds are available and the employee's salary does not exceed range maximum.

Authority: T.C.A. §§ 8-30-104 and 8-30-312. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-09 RATES ABOVE SPECIFIED SALARY RANGE. The Commissioner may approve payment at a rate above that assigned to the employee's position in the compensation plan when he or she determines it to be in the interest of the state. Employees who receive salary adjustments required by law or who receive salary differentials authorized by these Rules may be paid at a salary rate higher than the maximum of the salary range of their classification. Employees who receive a reduction in rank may have a salary rate above the maximum if recommended by the Appointing Authority and approved by the Commissioner. Such employees are eligible for longevity pay and other increases as specified by law or rule.

Authority: T.C.A. §§ 8-30-104, 8-30-105, and 8-30-207. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-10 SALARY GRADE ADJUSTMENTS. The Commissioner may adjust the salary grades of classifications to recognize changes in the duties, responsibilities, and authority. The Commissioner may also establish new salary ranges as a result of a competitive market analysis or a study focusing on recruiting and retaining employees in specific job classifications. The salary grade changes are subject to budgetary limitations and approval by the Commissioner of Finance and Administration. Any employee whose salary is below the minimum of the new salary range shall be adjusted at least to the new minimum. Any employee whose salary is above the maximum of the new salary range shall not receive an increase, unless approved by the Commissioner.

Authority: T.C.A. §§ 8-30-104, 8-30-105, and 8-30-207. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-11 SALARY INCREASES FOR OBTAINING PROFESSIONAL CERTIFICATION OR COLLEGE DEGREE. Subject to budgetary limitations, any employee who obtains a nationally recognized professional certification or a college degree from an accredited college or university within their occupational field may be eligible for a salary increase as approved by both the Commissioner and the Commissioner of Finance and Administration. Any clerical-secretarial or clerical-management employee in the state service who passes all parts of either the Certified Professional Secretary Examination or the Certified Administrative Professional Examination, sponsored by the International Association of Administrative Professionals shall be granted the salary increase as outlined in T.C.A. § 8-50-102 and policy.

Authority: T.C.A. § 8-50-102. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-12 LONGEVITY. Longevity is a lump sum payment intended to reward employees for service to the State and to encourage those employees to remain employed by the State. The Commissioner shall establish a policy concerning the calculation and payment of longevity.

(Rule 1120-04-.12, continued)

Authority: T.C.A. § 8-23-206. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-.13 SALARY ADJUSTMENTS. The Commissioner shall establish a policy for adjusting an employee's salary rate based on equity or for permanently assuming duties of greater scope and complexity. Subject to budgetary limitations, the Commissioner may approve such permanent salary adjustments based upon justification submitted by the Appointing Authority.

Authority: T.C.A. §§ 8-30-104, 8-30-105, 8-30-207, and 8-30-214. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Amendment filed August 25, 1994; effective December 29, 1994. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-.14 TEMPORARY ADJUSTMENTS TO SALARY OR BONUS PAYMENTS. Subject to budgetary limitations, the Commissioner may approve temporary salary differentials or bonus payments for employees assuming duties of greater scope or complexity. Salary differentials shall be periodically reviewed and approved by the Commissioner.

Subject to budgetary limitations, the Commissioner may approve incentive bonus payments based upon justification submitted by the Appointing Authority. Such payments shall not be made to compensate the employee for additional work hours.

The Commissioner shall establish a policy specifying the terms and conditions under which such temporary salary differentials or bonus payments may be paid.

Authority: T.C.A. §§ 8-30-104, 8-30-105, and 8-30-207. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-.15 ASSIGNING DUTIES OF A HIGHER LEVEL CLASSIFICATION. No preferred service employee shall be assigned to perform the majority of the duties and responsibilities of a position in a higher level classification than that of the position occupied by the employee, without the approval of the Appointing Authority. When an employee is so assigned, the duration cannot exceed ninety (90) days without the approval of the Commissioner. The total length of the assignment shall be limited to a period of twelve (12) months.

The Commissioner, in consultation with the Commissioner of Finance and Administration, shall establish a policy under which an employee who is assigned to perform the majority of the duties and responsibilities of a higher level classification shall receive additional compensation for such assignment.

Authority: T.C.A. §§ 8-30-104, 8-30-105, and 8-30-209. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Amendment filed August 25, 1994; effective December 29, 1994. Amendment filed October 25, 1995, effective February 28, 1996. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-16 FAIR LABOR STANDARDS ACT. The Commissioner, in compliance with the Fair Labor Standards Act, shall designate the classifications which receive cash overtime, classifications which receive compensatory overtime, and classifications which receive no overtime.

Authority: T.C.A. §§ 8-30-104, 8-30-105, 8-30-208, 29 U.S.C. § 201, et seq., and 29 C.F.R. Part 5. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987 effective January 2, 1988. Repeal and new rule filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-17 MERIT PAY. The Commissioner shall establish guidelines to govern the distribution of any funds which may be available for merit pay for members of the state service.

- (1) The guidelines shall establish objectively measurable criteria, which ensure that the merit pay system:
 - (a) rewards above-average performance;
 - (b) improves efficiency;
 - (c) encourages participation in programs that improves job performance and skills; and
 - (d) does not permit, facilitate or promote discrimination on account of race, color, national origin, gender, age, disability, religion or creed, veteran's status or political opinions or affiliations.
- (2) Such guidelines shall also provide that merit pay funds are consistently distributed in a fair and equitable manner.
- (3) All employees shall be eligible for merit pay if the employee satisfies the criteria established in the guidelines.

Authority: T.C.A. §§ 8-30-104, 8-30-105, and 8-30-207. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal filed December 14, 2010; effective May 31, 2011. Repeal and new rule filed July 5, 2012; effective October 3, 2012.

1120-04-18 REPEALED.

Authority: T.C.A. §§8-30-202, 8-30-203, 8-30-204 and 8-30-224. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal filed January 8, 1991; effective May 1, 1991. Amendment filed August 25, 1994; effective December 29, 1994. Repeal filed December 14, 2010; effective May 31, 2011.

1120-04-19 REPEALED.

Authority: T.C.A. §§8-30-202, T.C.A. 8-30-203 and T.C.A. 8-30-204. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2 of the Introduction at the beginning of the chapters.) Repeal and new rule filed November 18, 1987; effective January 2, 1988. Repeal filed December 14, 2010; effective May 31, 2011.