

**RULES
OF
TENNESSEE DEPARTMENT OF HUMAN RESOURCES**

**CHAPTER 1120-04
CASH COMPENSATION**

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1120-04-.01 THE COMPENSATION PLAN. The Commissioner will prepare a comprehensive compensation plan for all classes of positions in the state service. The plan will be developed after consultation with appointing authorities and will take into consideration the State's financial condition and fiscal policies, experience in recruiting and retaining employees for positions in the state service, the prevailing rates of pay for services performed and for comparable services in public and private employment within the State and outside the State, living costs, maintenance, and other benefits received by employees.

Authority: T.C.A. § 8-30-202 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.

1120-04-.02 CHANGES TO THE COMPENSATION PLAN. The Commissioner will, as needed, review the ability of the State to recruit and retain employees for the classes of positions 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. § 8-30-202 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. Repeal and new rule filed December 14, 2010; effective May 31, 2011.

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. 8-30-202, 8-30-203, 8-30-204, 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. Repeal and new rule filed December 14, 2010; effective May 31, 2011.

1120-04-04 PROMOTIONS. An employee who is promoted may receive a promotional salary increase equivalent to one-half (1/2) the difference between the salary grades of the current and the new classification, 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 career 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 flexibly-staffed positions.

Authority: T.C.A. §8-30-202, 8-30-203, 8-30-204, 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. Repeal and new rule filed December 14, 2010; effective May 31, 2011.

1120-04-05 DEMOTIONS. An employee who is demoted may receive a salary reduction equivalent to one-half (1/2) the difference between the salary grades of the current and the new classification. Employees who are demoted must be paid within the salary range for the new classification even if this results in a salary reduction greater than one half (1/2) the difference between the salary grades of the current and 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. § 8-30-202, 8-30-203, 8-30-204, 8-30-214, and 8-30-318. **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.

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, 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. § 8-30-202, 8-30-203, 8-30-204, 8-30-214, 8-30-318, and 8-30-320. **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.

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. § 8-30-202, 8-30-203, 8-30-204, 8-30-214, and 8-30-318. **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.

1120-04-08 EMPLOYEE TRANSFER AND LATERAL RECLASSIFICATION. An employee who is transferred or laterally reclassified does not receive a salary change as a result of such action.

Authority: T.C.A. § 8-30-202, 8-30-203, 8-30-204, 8-30-214, and 8-30-318. **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.

1120-04-09 RATES ABOVE SPECIFIED SALARY RANGE. 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. § 8-30-214. **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. Repeal and new rule filed December 14, 2010; effective May 31, 2011.

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 will be adjusted at least to the new minimum. Any employee whose salary is above the maximum of the new salary range will not receive an increase. Based on the appointing authority's written justification, the Commissioner may waive the reduction in salary of an employee whose salary is above the maximum of the new salary range.

Employees in classifications receiving a salary grade increase shall receive a salary increase in accordance with the promotional policy as defined in these Rules. Employees in classes receiving a salary grade decrease shall receive the same salary considerations as employees who receive an involuntary reduction in rank.

Authority: T.C.A. § 8-30-212 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. Repeal and new rule filed December 14, 2010; effective May 31, 2011.

1120-04-11 SALARY INCREASES FOR OBTAINING PROFESSIONAL CERTIFICATION. Any employee who obtains a nationally recognized professional certification 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 will be granted the salary increase prescribed by law.

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.

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.

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.

1120-04-13 MERIT PAY OR SALARY STEP ADJUSTMENTS. Career employees may be eligible for a program of periodic salary step adjustments subject to the availability of funds as provided in the

(Rule 1120-04-.13, continued)

general appropriations act for each fiscal year. Nothing in this subsection shall be construed to preclude salary increases for employees in the executive service.

If such merit pay or salary step adjustments are funded, the Department will establish guidelines pursuant to T.C.A. § 8-30-214 and make such guidelines available for public inspection.

Authority: T.C.A. § 8-30-202, 8-30-203, 8-30-204, 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.

1120-04-14 SALARY DIFFERENTIALS. The Commissioner, in consultation with appointing authorities and the Commissioner of Finance and Administration, may approve salary differentials. In approving such plans, the Commissioner shall specify the terms and conditions under which such differentials may be paid.

Authority: T.C.A. § 8-30-202, 8-30-203, and 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 and new rule filed December 14, 2010; effective May 31, 2011.

1120-04-15 ASSIGNING DUTIES OF A HIGHER LEVEL CLASSIFICATION. No career employee shall be assigned to perform the majority of the duties and responsibilities of a position in a higher level classification 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 will be limited to a period of twelve (12) months.

An affected employee must be compensated for all time spent performing these higher level duties after the initial ninety (90) days. Compensation for performing these duties shall be in accordance with the standard promotional pay policy and is effective on the ninety-first (91st) day of the assignment.

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. 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.

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. § 8-30-202, 8-30-203, and 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 and new rule filed December 14, 2010; effective May 31, 2011.

1120-04-17 REPEALED.

Authority: T.C.A. §§8-30-202, 8-30-203 and 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.

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.