

Institutional Handbook of Operating Procedures Policy 03.04.09	
Section: Human Resources	Responsible Vice President: VP and Chief Human Resources Officer
Subject: Compensation	Responsible Entity: Human Resources

I. Title

Compensation Policy for Highly Compensated Employees

II. Policy

The University of Texas Medical Branch (UTMB) is committed to attracting, retaining, recognizing, and rewarding the performance of high-quality, dedicated employees of competence and distinction.

The compensation of highly compensated employees at UTMB will be set in such a way that will demonstrate that the level of compensation is reasonable, by providing full information for the basis of the compensation decision in accordance with the UTMB Executive Compensation Philosophy approved by the Executive Compensation Committee and the UT System Policy and Board of Regents' Rules and Regulations. Execution and maintenance of the UTMB policy for highly compensated employees is managed by Human Resources Compensation with oversight by the Executive Compensation Committee.

UTMB complies with applicable federal and state laws and regulations and strives to maintain an environment and compensation program that does not discriminate on the basis of race, color, national origin, sex, age, religion, disability, sexual orientation, gender identity or expression, genetic information, or veteran status.

III. Procedure

A. Guidelines

1. The process for setting the initial compensation of highly compensated employees will include, as a minimum, the factors listed below:
 - a. the nature of the duties of the position, including level of responsibility;
 - b. the need of the organization for the services of the person whose compensation is being determined;
 - c. the person's background, experience, knowledge in the field, accomplishments, salary history, and time devoted to the organization;
 - d. the employee's past or potential contributions to the organization's goals, objectives, and success;
 - e. the levels of compensation paid to similarly qualified people performing comparable duties in organizations in the market from which normally recruited, i.e., local, regional, or national;
 - f. the nature of the employing organization, i.e., its purpose, size, and complexity; and
 - g. the relationship to the compensation of other employees.

2. Determining Compensation:

In setting a highly compensated employee's initial compensation, the following factors should be considered: relevant market data, current compensation, cost of living differences, internal equity, and the UTMB budget. Factors to consider in making future adjustments to a highly compensated employee's compensation include relevant market data, the employee's performance, the institution's progress on key performance indicators, internal equity, and the UTMB budget.

The UTMB Human Resources Compensation department, in conjunction with the Office of the President, will determine the compensation recommendation, the approvals needed, and obtain the information required to comply with this policy.

The UTMB Human Resources Compensation department will maintain a record of pertinent information related to executive compensation decisions.

B. **Approvals**

1. The level of approvals needed will be determined by UTS 144; Regents' Rules and Regulations Rules 20202, 20203, and 20204; and UTS annual Budget Rules.
2. For compensation recommendations requiring UTS approval, all needed information including the request for approval will be forwarded to the UT System Executive Vice Chancellor for Health Affairs in accordance with UTS 144, and Regents' Rules and Regulations Rules 20202, 20203, and 20204. The Office of the Executive Vice Chancellor for Health Affairs will coordinate with the Office of the Chancellor for any recommendations requiring Chancellor or Board of Regents' approval.

IV. **Definitions**

As defined in UTS 144:

Highly Compensated Employees - personnel of the U. T. System and its institutions whose Total Annual Compensation is, or may exceed, \$1 million in any year and who are not covered in Board of Regents' Rules and Regulations Rule 20203, Compensation for Key Executives.

Total Annual Compensation - includes salaries or wages, practice plan supplements, incentive plan payments, and unpaid deferred compensation and excludes employer provided insurance, expense allowances, employer contributions to Teachers Retirement System of Texas and Optional Retirement Program, and other fringe benefits.

V. **Relevant System Policies and Procedures**

[UTS 144 Establishing Compensation for Highly Compensated Employees](#)

[Board of Regents' Rules and Regulations, Rule 20202: Cash Compensation for Chief Administrative Officers](#)

[Board of Regents' Rules and Regulations, Rule 20203: Compensation for Key Executives](#)

[Board of Regents' Rules and Regulations, Rule 20204: Determining and Documenting the Reasonableness of Compensation](#)

VI. **Related UTMB Policies and Procedures**

[UTMB - 03.02.01 - Nondiscrimination, Equal Employment Opportunity, and Affirmative Action](#)

VII. Dates Approved or Amended

<i>Originated: 10/16/2019</i>	
<i>Reviewed with Changes</i>	<i>Reviewed without Changes</i>
8/31/2022	
9/10/2024	

VIII. Contact Information

HR Compensation
(409) 266-2391