



Effective Date: January 2, 2014

Retired:

Revised:

Approved by: A. Cherrie Epps, Ph.D.  
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read "A. Cherrie Epps".

Subject: Division of Finance - Bonus and/or Supplemental Pay Policy

**PURPOSE:**

To establish guidelines for developing, recommending, and implementing bonus/supplemental pay programs for employees.

**POLICY STATEMENT:**

Meharry Medical College provides every employee with base compensation. However, there are circumstances when additional compensation is appropriate to provide a reward for exceptional work performance, high productivity, and years of service. Bonus pay consists of compensation that is contingent upon high productivity, years of service, discretion, performance, or institutional year-end results achieved.

From time to time the President may declare and pay an annual bonus and/or supplemental payment (from both the unrestricted and restricted funding sources) **to all non-union eligible employees** based on the operational and/or financial results of the prior fiscal year. Restricted payments are subject to federal guidelines. Employees represented by the union may be governed by the appropriate bargaining unit agreement.

**DEFINITIONS:**

**Bonus:** An after-the-fact discretionary lump-sum payment in addition to an employee's base pay.

**PROCEDURE:**

**Guidelines:**

**A. Bonus Pay Guidelines**

1. A Department Head should consult with Human Resources before establishing or committing to a bonus and before communicating any such payment to an

Effective Date: January 2, 2014

**Subject: Bonus and/or Supplemental Pay Policy**

employee. All bonus payments must be reviewed by the Office of Finance for appropriate funding and approved by the Division Head and President prior to submission to Human Resources.

2. Lump sum payments may be appropriate in special hiring situations that are highly competitive or market driven. Payment of these incentives may be addressed in offer letters and should be reviewed by Human Resources, the Office of Finance and approve by the President.
3. A bonus may be used to reward an employee's special efforts and high level of performance on projects or special assignments. A bonus is delivered after the fact, based on a supervisor's judgment of performance and the warranted reward. It is discretionary in nature and should not be used to incentivize an employee in advance of performing the work.

**EXHIBITS: None.**