Non-public funds are defined as those funds originating in the private sector or funds resulting from fund-raising activities of a private non-profit eleemosynary foundation over which the college commission or administration have no control. Unrestricted funds donated to a college from the private sector become public funds since the college is a public entity and the College Area Commission a public body and, therefore, cannot be used for salary supplements. In no case shall any funds derived either directly or indirectly from tax revenues or funds collected for or resulting from the principal operating purpose of the institution be used to authorize salary supplements, nor shall such funds be donated to private foundations for the purpose of making salary supplements to employees of colleges.

Salary supplements may be authorized in the form of cash contributions, bonuses, housing allowances, annuity premiums or other insurance premiums, or any combination thereof and must
be paid directly to the president from the entity. Presidential supplements cannot be paid through the System Office/College. The president is responsible for ensuring that all Internal Revenue Service reporting requirements are met for supplemental salary payments. No supplements shall be paid to a College President unless the Area Commission has approved the conditions and the amount of the salary supplement. All supplemental salary authorizations must be reported to the State Board for Technical and Comprehensive Education Human Resource Services Office specifying type of supplement, amount, source of funds and condition of the supplement. It is suggested that salary supplements be reported prior to implementation so that any questions may be resolved before actual payment.

The State Board for Technical and Comprehensive Education reserves the right to consider, review, question, require justification, and/or reject any authorization for salary supplement. Any supplement that is not in conformity with the policy and procedure of the State Board for Technical and Comprehensive Education is subject to revocation. The primary purpose of the salary supplement is to maintain a competitive posture for an individual. Less emphasis should be placed on annual performance.