



Idaho State University

POLICIES AND PROCEDURES

Compensation in Excess of Base Salary

ISUPP 7020

POLICY INFORMATION

Policy Section: *Research*

Policy Title: *Compensation in Excess of Base Salary*

Responsible Executive (RE): *Vice President for Research and Vice President and Provost for Academic Affairs*

Sponsoring Organization (SO): *Office for Research and Office of Academic Affairs*

Dates: Effective Date: *April 15, 2013*

Revised: *May 5, 2014*

Review Date: *May 2019*

(Note: The effective date of this policy is as noted above. However, terms and conditions of the existing employment contracts for the Academic Year ending in 2013, will remain in place without change until their expiration date. As part of the transition to the new policy, the conditions of the existing contracts will be honored until new contracts reflecting the change are in place.)

I. INTRODUCTION

Administrators, faculty, and professional support personnel under full-time employment contracts to Idaho State University (ISU) are accountable to the University for 100 percent of the time required to complete the duties associated with their basic appointments. These professionals are viewed as persons capable of and committed to being involved in a multitude of related activities including teaching, research, creative endeavors, university/public service, and administrative duties. They are evaluated on contributions derived from these activities. Unlike non-exempt classified employees, for whom overtime pay is required, there are no work hour limitations for ISU exempt staff, including administrators, faculty, and professional support personnel.

Employment contracts for administrators, faculty, and professional support personnel are duty-based, not time-based. Full compensation for the performance of all regular duties is stipulated in the professional employee's basic appointment contract. Compensation over and above the employee's base salary for a given Base Salary Period from University administered funds is not

allowed for performance of regular contracted duties. Typically, employees do not receive Extra Compensation from the University for undertaking sponsored activity during the Academic Year. This is because employees undertaking such activities or other sponsored research in excess of their workload agreement should, as budgets and schedules permit, buy release time from workload duties such as teaching one of their regularly assigned courses in order to satisfy the requirements of the sponsored agreement, with the expectation that the release time funds are used to compensate a replacement faculty member.

However, in certain situations compensation in excess of base salary from University administered funds may be justified. It is the purpose of this policy to define Extra Compensation and supplemental compensation as it relates to various personnel and situations, and to establish the review criteria and procedures for the payment of such compensation.

II. DEFINITIONS

- A. **Academic Year (AY):** For purposes of this policy, the Academic Year is considered the period beginning the day established as the reporting date for faculty for the fall semester, and ending the day of University commencement ceremonies for the spring semester. For calculating salary rates, the Academic Year is considered to have a duration of 9 months (see Base Salary Period.) In addition, for purposes of this policy, weekends, paid University holidays and days off such as Christmas, Thanksgiving and spring break are considered part of the Academic Year and not "off contract" time.
- B. **Summer Semester:** For purposes of this policy, the Summer Semester is considered the period beginning the day established as the reporting date for faculty for the Summer Semester, and ending the date that final grades are due to the registrar's office.
- C. **Base Salary Period:** The period of time during which an employee is under contractual obligation to the University and for which the employee receives a stipulated salary for the University fiscal year.
- D. **Fiscal Year (FY) Contract Employees:** Full and part-time employees that work 12 months each year and are paid over 12 months. The Base Salary Period of FY Contract Employees is the full 12 months of the fiscal year. Faculty and non-classified employees with 12-month employment contracts are included in this group. Generally, FY Contract Employees are not eligible for additional compensation. Other examples of FY Contract Employees are Administrators, Deans, Department Chairs, and Directors, research positions, post-doctoral appointments and those having year-round administrative responsibilities.
- E. **Academic Year (AY) Contract Employees:** Full and part-time employees that work less than 12 full months during the fiscal year. The Base Salary Period of AY Contract Employees

may be 9, 10 or 11 months, even though the actual number of days of contractual obligation may vary each year and the base salary may be paid over 12 months. Most faculty work on 9-month AY contracts. However, there are some 10- and 11-month employees in positions where the nature of the work warrants longer base periods. Such assignments must have definitive and documented justification.

- F. **Full Work Load:** A faculty full workload typically includes instruction, research, public service, and may also include administration, and clinical activity (if applicable). A full workload excludes outside consulting or employment, volunteer community work, service on external peer review committees, advisory activities for sponsors, and leadership service in professional organizations. This provides a basis on which to identify the activities for which an individual is compensated. Faculty are exempt salaried employees, therefore a full workload is not based upon hours or contract days worked, but represents 100% of their University effort.
- G. **Additional/Temporary Assignment:** Includes work that is temporary and in excess of the individual's full workload and regular duties as outlined in their workload assignment. Additional/Temporary Assignments should not exceed a semester. Examples of when Extra Compensation for such assignments may be justified include:
1. Temporary administrative assignments during the course of the Academic Year. If the assignment represents a temporary redefinition of the individual's workload and base salary for that year then termination of the administrative assignment will result in cancellation of the Extra Compensation.
 2. Teaching overloads
 3. First year seminar and tutoring assignments, if occasional
 4. Workshop and lecture participation, if occasional
 5. Workforce training activities, if occasional
- H. **Incidental Work:** Includes work that is short-term in nature and does not occur with any regularity but is in excess of the normal full workload for an individual. In general, these assignments are not related to sponsored programs and are not included in Institutional Base Salary. Certain activities may justify extra-contractual compensation. Examples may include special projects assigned as overload by University administrators. Additional responsibilities and assignments of a more permanent nature may be considered justification for adjustment of the employee's contracted salary, rather than justification for supplemental compensation. Incidental Work, and any Extra Compensation associated with it, must be separately identified and documented in the financial management system of the institution.

- I. **Intra-University Collaboration:** Includes consulting and other professional services provided to, or for, organizational units within the administrative control of ISU. Intra-university professional work, except in unusual situations, is considered a contractual obligation of the employee for which Extra Compensation is not appropriate. Extra Compensation above the base salary is allowable when the intra-university consulting:
 - 1. Reaches across departmental lines or involves a separate or remote operation; and
 - 2. Is in addition to the individuals regular departmental workload; and
 - 3. Was either unforeseen at the time the employee's duties for the period were planned or no feasible alternative could be found for absorbing it into the employee's work schedule; and
 - 4. Is specifically provided for as additional compensation in the sponsored agreement or approved in writing by the sponsoring agency, if paid with sponsored funds.

- J. **External Consulting:** Includes all professional services provided to or for a public or private entity that is not organizationally a part of ISU or other institutions within the University or other state institutions of higher education in Idaho. For this type of work, the University is not party to any agreement, nor does it administer any related sponsored funding. The time, effort, and University resources expended in the performance of these professional services, as well as a determination of any potential conflicts of interest, are major factors for evaluating the suitability of the proposed activity, rather than any direct receipt of payment by the person performing these services. External Consulting must comply with University policy.

- K. **Institutional Base Salary:** The annual compensation paid for an employee's appointment, whether that individual's time is spent on research, teaching, or other activities. Base salary excludes Extra Compensation, supplemental compensation, summer salary, and any income that an individual is permitted to earn through External Consulting outside of the duties paid for by the University. Sponsored project funding available during the Base Salary Period is designed to replace institutional funding. Employees do not receive Extra Compensation for undertaking sponsored activity during the Base Salary Period because the sponsored activity "buys" release time from base period workload duties to satisfy the requirements of the sponsored agreement, as budgets and workloads permit. The release time funds are used to compensate a replacement faculty member or graduate teaching assistant.

- L. **Off-Contract Summer Salary:** AY Contract Employees may receive Off-Contract Summer Salary from University administered funds at a rate dependent upon the length of their Academic Year. For example:

1. A 9 month AY employee would be eligible to receive up to one-ninth of their Institutional Base Salary, multiplied by the number of months spent in full-time service during the Summer Semester, but not to exceed a total of 3 months.
2. A 10 month AY employee would be eligible to receive up to one-tenth of their Institutional Base Salary, multiplied by the number of months of full-time service during the Summer Semester, but not to exceed a total of 2 months.
3. An 11 month employee would be eligible to receive one-eleventh of their Institutional Base Salary multiplied by the number of months of full-time service during the Summer Semester, but not to exceed a total of 1 month.

In all cases, the number of months of summer salary allowed is subject to the limitations of the sponsoring agency. For example, the National Science Foundation limits eligibility for summer salary to two-ninths of the Institutional Base Salary.

M. **Extra Compensation:** Extra Compensation is defined as compensation received by an employee above the base annual salary of an FY or AY Contract Employee. Compensation in excess of the employee's base salary paid to an employee is considered Extra Compensation if it is:

1. Paid for services rendered during the Base Salary Period or the summer period outside the Base Salary Period for AY Contract Employees (summer salary); and
2. paid in connection with approved "additional responsibilities and/or assignments", intra-university consulting, or Incidental Work in excess of a full workload for the period; and
3. paid from funds administered by the University.

III. POLICY STATEMENT

A. Policy Overview: Administrators, faculty, and professional support personnel (for whom overtime compensation is not allowed) may not receive compensation from University administered funds in excess of 100 percent of their base salary for regular contractual obligations during the Base Salary Period. Compensation during the Base Salary Period for the performance of additional, temporary responsibilities and/or assignments, Incidental Work, or intra-university consulting may be paid in excess of the base salary for all or part of that period, if approval is obtained from an Academic Dean in accordance with this policy. However, the total amount of approved Extra Compensation paid from University administered funds for additional temporary responsibilities and/or assignments,

Incidental Work, or intra-university consulting shall not exceed 20% of the base salary for the Base Salary Period.

Off-Contract Summer Salary for services outside the Base Salary Period for Academic Year (AY) contract employees (employees on contract for less than 12 months) may be paid from University administered funds at a monthly rate not to exceed one-ninth, one-tenth, or one-eleventh (depending on the length of the contract) of the employee's base salary, per the most recently completed Academic Year. This compensation is paid as direct salary for services performed during this period on sponsored projects, summer school teaching, or other University supported activities. Compensation cannot be paid outside the Base Salary Period for work performed during the Base Salary Period.

- B. General Policy Guidance: Care must be taken to distinguish between advisory/consulting type work and activities such as collaborative research or the provision of research services. Private, professional work that is primarily research and involves University facilities and operational costs (beyond personal remuneration) should be funded by the buyer as a sponsored project since this does not qualify as External Consulting. Those doing the work, therefore, would be the principal investigator of a research project and/or others working on the project—performing regular contractual duties. However, research work that is proprietary, classified, or otherwise unacceptable contractually to the University would have to be performed under a private consulting arrangement and University facilities cannot be used to perform such work.
- C. Sponsored Program Activities: Intra-University Collaboration and participation in the scholarly activities of colleagues is encouraged. Such involvement, when it contributes to professional development and the mission of the University, is considered a part of an employee's regular duties as a member of the University community, and thus does not require compensation in excess of the employee's base salary. Payment of Extra Compensation for intra-university professional work from sponsored programs is discouraged. However, in unusual cases such compensation may be appropriate and allowable as noted in item "3."
 - 1. Work on Sponsored Projects at Other Institutions and Organizations – ISU faculty/staff may be appointed as paid consultants on sponsored projects administered by other institutions or organizations under the following conditions:
 - a. The work does not involve the utilization of ISU facilities, personnel, students, or other resources (except as noted in the following paragraph) and complies with ISU's consulting policy.
 - b. If the work does involve ISU resources; it may be performed only if the sponsoring institution subcontracts or sub-grants the work to ISU and provides all direct and

allowable indirect costs related to the project. Extra Compensation related to this work would be subject to this policy.

2. Procedures for Request and Approval of Extra Compensation or Summer Salary – Without exception, all payments to University employees for Extra Compensation or summer salary are treated as salary. Extra Compensation or summer salary paid from sponsored funds must be provided for in the grant agreement or approved in writing by the sponsoring agency and must comply with agency rules and regulations. Payment is made through the ISU Payroll Office and is subject to withholding and other appropriate payroll deductions.
3. Extra Compensation for Work Performed during the Base Salary Period – This represents payment for Additional/Temporary Assignments/responsibilities or Incidental Work for which compensation may be justified (See Definitions.) This compensation is limited as detailed below:
 - a. Payment of Extra Compensation for intra-university consulting is unallowable unless one of the following conditions is found to exist:
 - i. Consultation is across departmental lines and is incidental, and the work performed is clearly in addition to the employee's regular departmental load.
 - ii. Consultation involves a separate or remote operation, is incidental, and the work performed is clearly in addition to the employee's regular departmental load.
 - iii. Extra Compensation paid under either of these circumstances for work on a sponsored project must be specifically provided for in the agreement or approved in writing by the sponsoring agency.
 - b. For AY contract personnel, compensation for Incidental Work or Temporary Assignments may not exceed 20% of base salary for the Base Salary Period.
 - c. For FY contract personnel, compensation for Incidental Work or Temporary Assignments may not exceed 20% of base salary during the 12-month Base Salary Period.
4. Summer Salary for Personal Services Outside the Base Salary Period (AY Contract Employees Only) – AY Contract Employees may be paid direct salary from sponsored projects and other University administered sources for work performed during the Summer Semester. Rates of pay ordinarily shall be based upon a nine-month base salary and prorated according to the percentage of time and duration of the appointment outside the Base Salary Period. Calculations would be adjusted for 10 or 11-month AY employees. These salaries are compensation for personal services

rendered during a period the employee is under no contractual obligation to the University and are considered Off-Contract Summer Salary rather than Extra Compensation. This type of compensation is limited as shown below:

- a. Level of effort on any or a combination of personal services associated with summer school teaching, research projects or other sponsored project activity may not exceed 100% of the employee's time.
 - b. The sum of total compensation for one or multiple efforts for the three-month summer period may not exceed three-ninths of the AY Contract Employee's base salary for the most recently completed Academic Year. It should be noted that some sponsoring agencies limit such compensation to two-ninths, in which case the compensation may not exceed the limitation.
 - c. Since summer school compensation rates are typically less per month than the base contract rates, maximum compensation for full time teaching during the summer will not necessarily equal one-third of the faculty member's base salary. Summer school teaching must be included in the time and effort commitments for this period. These commitments must be subtracted from total time and effort commitments on sponsored projects or other activities unless the employee's summer school commitments are approved as an overload, with summer school salaries paid as extra-contractual compensation. Since payment for summer school teaching is not based on Institutional Base Salary, it must be considered separately from other salary and considered as full compensation for the percentage of time and duration involved.
 - d. Direct summer salary payments for work on sponsored projects may be paid at the Institutional Base Salary rate (i.e. 1/9 per month) or at a lesser rate, depending upon the availability of funds.
 - e. Compensation from sponsored projects must be for actual work performed on the project from which the funds are paid and must be paid for personal services performed, under appointment, during the period stipulated. Sponsored project funding may not be used during the summer months to pay for work performed during the Academic Year.
5. Extra Compensation for Temporary Assignments and/or Incidental Work Outside the Base Salary Period (AY Contract Employees only) – If an AY Contract Employee is committed to 100% time and effort on sponsored projects during the summer months and is receiving compensation at the full stipulated rate (1/9th, 1/10th or 1/11th of AY contract salary per month, depending on the length of the AY base contract) he or she may receive Extra Compensation for certain assigned overload duties during that period. The Extra Compensation may not exceed 20% of the total summer salary

allowed at the base salary rate (for example, 20% of 2/9ths or 3/9ths of the 9-month AY contract salary). Overload compensation would not be charged to a sponsored project.

Example: A faculty member working on a 9 month AY contract is budgeted in an NSF research grant for two months of effort during the summer. The department chair needs to add a course during the first summer term in the faculty member's area of specialization and the faculty member is requested to teach this course as an overload assignment. Compensation would be calculated as follows:

- a. Faculty member's AY contract salary amount = \$45,000
- b. Amount budgeted in research grant (2/9 of \$45,000) = \$10,000
- c. Allowable extra-contractual compensation (maximum) = $0.20 \times \$10,000 = \$2,000$
- d. The amount paid to the faculty member would be \$12,000, comprised of \$10,000 from the research grant full time for the summer, plus \$2,000 overload payment for teaching the course during the first summer term.

The requirements for justification and allowability of extra-contractual compensation during this period are the same as for compensation during the Base Salary Period.

6. Accounting for Overloads, Extra Compensation, and Summer Salary – All salary payments for additional/responsibilities (overloads), intra-university consulting, Incidental Work, Extra Compensation, and summer salary must be separately identified and documented in ISU's financial management system to enable the University to monitor the activity and ensure compliance with federal regulations.

IV. AUTHORITY AND RESPONSIBILITIES

Idaho State University is required to conform to federal regulations as expressed in the Code of Federal Regulations (CFR) 2CFR 220, 2 CFR 215, and Office of Management and Budget (OMB) Circular A-133, as well as Idaho state regulations. The Vice President for Research, the Vice President and Provost for Academic Affairs, and the Chief Fiscal Officer, are responsible for compliance with federal and state regulations. The Primary Investigator (PI) is responsible for the accurate and timely reporting/requesting of compensation in excess of his/her base salary for work done on a sponsored grant or contract. This request must be approved by the department head and/or the Dean as designated by the Vice President for Research.

V. PROCEDURES FOR IMPLEMENTATION

Academic Deans shall develop practices and procedures in accordance with the general guidance of this policy to address specific situations and reporting requirements appropriate to their units. In cases where employees are engaged in intra-university consulting, the respective administration of each party must document the exchange of correspondence between the chairs of the departments involved prior to the start of work, along with approval by the Provost. In addition, Academic Deans shall be responsible for tracking and verification of faculty compensation requests and payments.

Exceptions to the provisions of this policy may be considered on a case by case basis, provided the faculty or administrative staff member requesting the exception obtains approval of all administrators within his or her reporting structure, including the Vice President for Research or the Vice President and Provost for faculty or academic staff, and the Chief Fiscal Officer for administrative staff.