Supplemental Compensation Policy

Policy Development:
Principles and Concepts

Faculty Council
1 November 2012
Why a supplemental compensation policy?

- Federal regulations call for the creation of written internal policies as the framework for managing certain university financial business.

- Ball State has established practices related to supplemental compensation, but these practices have never been guided by a written policy consistent with Federal Guidelines.

- The first stage of compliance in an audit is the university’s internal written policy.
What is supplemental compensation?

All compensation beyond the employee’s base salary, processed through University Payroll and Employee Benefits, whether originating internally or externally.
Understanding the policy

- The policy addresses four items:
  - Purpose (WHAT the policy covers, and WHY);
  - Scope (to WHOM the policy applies);
  - Definitions (the MEANING ascribed to various terms used within the policy);
  - Eligibility (HOW THE POLICY IS APPLIED to personnel within various employment categories, at certain intervals within the academic and/or fiscal year)
What overarching concepts guided the formulation of the proposed policy?

- Faculty and Professional Personnel: Where possible, preserve and continue all compliant existing practices, with an eye toward:
  - Fostering and incentivizing entrepreneurial activities
  - Supporting campus units engaged in outreach activities

- Compliance: with A-21 and other OMB (Office of Management and Budget) circulars that govern certain university business practices

- I asked the authors to make the policy as generous as possible, while staying within federal guidelines.
What is the scope of the proposed policy?

- Applies to faculty and professional personnel for compensation processed through University Payroll and Employee Benefits.
  - Not classified staff

- Includes any and all forms of supplemental compensation, whether internally or externally generated, including (but not limited to):
  - Teaching (instruction and training)
  - Projects (research, consulting, service, certain administrative assignments, and other activities)
Important Parameters

- Within or outside defined contract period

- Classification
  - Tenure line faculty member
  - Contract faculty member
  - Professional Personnel

- Full-time or part-time

- Length of contract (AY, 10 month, 12 month, Burris/Academy)
The policy itself: broad concepts

- Generally speaking, supplemental pay is potentially allowable:
  - For faculty and professional personnel up to (but not including) the deans (i.e., dean/associate dean/assistant dean) or higher administrative levels;
  - For work performed outside the contract period;
  - For work performed within the contract period for certain specified activities (not to exceed 12.5% per semester for faculty members);
  - At a rate not to exceed the employee’s daily rate;
  - Subject to certain annual maximums
“I think you have done a great job at developing the draft policy. Key to any policy is clear definition and you have been very clear in defining the criteria over the supplemental pay eligibility. I believe the policy is very "aggressive" but defensible.”

James D. Barbret
Interim Controller and Associate Vice President for Sponsored Program Administration and Finance
Wayne State University
The Development and Review Process

- Sponsored Programs, Contracts and Grants, Faculty Fellows
- Outside review by Federal Consultant and members of the Council on Governmental Relations (COGR)
- Payroll and Employee Benefits
- Provost, President, Business Affairs
- Council of Deans
- Salary and Benefits Committee (twice: Zivney and Harden)
- University Senate (consult with Brien Smith and Eric Kelly)
- School of Extended Education
- Batch email to all faculty and professional personnel
  - Launch: 19 August 2011
- Faculty and Professional Personnel Forum Events (three)
  - Fall semester 2011
Academic Year Faculty Members

- Daily Rate
- All of Summer
- Fall Semester (contract period)
- Winter Break
- Spring Semester (contract period)
- Daily Rate

12.5%
Academic Year Faculty Members

- Fall and Spring Semesters: all days count as contract period

- Winter Break and All of Summer: full daily rate – all seven days of the week

- Daily Rate = AY Salary / 160 days in contract period

- 12.5% of base of allowed earnings (OMB-A21): Percentage in line with practice (not verbiage) in FPPH of one course overload allowed in one semester of academic year if on release time.
  - “3.13 Faculty who receive assigned time for research will not receive paid overloads during the same semester in which the research time is granted.”

- For 4/4 faculty members, two overloads are allowed.
Academic Year Faculty Members

• **12.5%: Allowable activities**

  • **Teaching overloads** per the Faculty and Professional Personnel Handbook (includes negotiated contracts, rapid growth program, overloads)

  • **Administrative assignments.** (includes Athletic/Emens events, presentations, performances, creative endeavors, program director pay, summer advising, proctoring exams, credit by exam, interim director, professional service provisional pay)

  • **Non-load bearing instructional activities.** Such activities typically occur across departmental lines, in a separate or remote location, and in addition to the faculty member’s regular departmental load. (includes athletic camps, workshops, substitute pay, field study, internship, ILP) – Broadly interpreted
Academic Year Faculty Members
Sample Calculation – Maximum Allowable

- Academic Year Salary: $75,000
- Daily Rate: $75,000/160 days = $468.75/day
- Fall Semester: $75,000 x 12.5% = $9,375
- Spring Semester: $75,000 x 12.5% = $9,375
- Winter Break: $468.75/day x 20 days = $9,375
- All of Summer: $468.75/day x 101 days = $47,344

Total = $75,469

Previous Policy: Summer 10 weeks → 30% (48 days) = $22,500

New Policy: Summer 10 weeks → 70 days x $468.75 = $32,812.50

Time and Effort Responsibility!
Thank you

Questions?