

Report of the Task Force for Review of Stipends and Extra Compensation January 2016

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The Task Force for Review of Stipends and Extra Compensation was created in June 2015 and given this charge: to determine clear understanding of the definitions and guidelines for Institutional Base Salary (IBS) and to determine the appropriateness, accuracy, and consistency of practice in administering TBR and ETSU policies and guidelines on stipends and extra compensation.

Specifically, the Task Force was asked:

1. To review and assure that there are adequate definitions for Institutional Base Salary (IBS) and extra compensation, including consideration of stipends, longevity pay, summer salary (for 9-month employees), intra-institutional consulting and overload.
2. To review actual FY 2015 Extra Pay and Stipends at ETSU for faculty, staff, and administrators (July 1-April, 2015) and consider the level of uniformity of compliance with specified TBR and ETSU policy and guidelines.
3. To review the adequacy and clarity of communication, training, and oversight associated with administration of [PPP-07 \(Policy on Outside Employment & Extra Compensation\)](#), the specified form for documentations of [Pre-Authorization for an Extra Assignment for Faculty and Administrative/Professional Staff](#), and the specified [Request for Extra Compensation for ETSU Employee](#) form.
4. To review administration of [TBR Policy 5:02:04:10 \(Faculty Compensation During Summer Session and Intersession\)](#) as it relates to limits for AY faculty to determine clear understanding of the definitions and guidelines for institutional Base Salary (IBS) and to determine the appropriateness, accuracy, and consistency of practice in administering TBR and ETSU policies and guidelines on stipends and extra compensation.
5. To review administration of Section VII (*Position Audits/Reclassifications Salary Adjustments*) of [PPP-32 \(Compensation Plan\)](#) and related forms ([Position Questionnaire for Administrative and Professional Positions \(Exempt\)](#) and [Position Classification Questionnaire for Clerical and Support Staff \(Non Exempt\)](#)) as they are sometimes applied or considered vis a vis the Policy on Outside Employment and Extra Compensation.

[Note: these points have been reordered from the original charge for presentation in this report.]

To fulfill its charge, the Task Force met first biweekly, then weekly from July 14-December 11, 2015. Initial discussions centered on the breadth of the charge and individual concerns of the members, but a method and order of work evolved quickly. At the first meeting, members agreed that clear definitions of all of the terms related to outside employment and extra compensation were necessary; subsequent work of the task force would depend upon these definitions. A subcommittee was assigned this task; additional subcommittees were assigned to each point of the charge. Each subgroup posted its work to a shared drive prior to meetings, and the task force as a whole discussed the work of each subgroup. Throughout the process, the Task Force aimed for consistency among newly proposed policies and procedures and adherence to TBR policy.

This report will address each point of the charge, including, where applicable, subcommittee and task force discussions, concerns, conclusions, and recommendations. Appendix A is a recap of all recommendations; Appendices B, C and D are proposed definitions and revisions to current policies. Some recommendations will require investments of funds and/or staff; these potential investments will of course have to be weighed by administration against the potential benefits of changes in policies and procedures.

On a personal note, the Chair would like to commend the work of every member of the Task Force. This project required a substantial investment of time, including Task Force meetings, subcommittee meetings, and writing and editing documents. No one complained; everyone worked on their assigned duties and met deadlines. It was a collegial, interested, and extremely talented group; it was a pleasure to work with them.

A note about the College of Medicine: although other Colleges in the Academic Health Sciences Center act in concert with current ETSU policies and procedures regarding stipends and extra compensation, the Quillen College of Medicine in many cases does not. [We did not discuss these issues with a representative from the College of Pharmacy which, as a private entity, is outside the scope of our charge. We do, however, have a recommendation regarding that college; see below.] Greg Wilgocki, Executive Associate Vice President of the Office of Finance and Administration of the Quillen College of Medicine, was invited to participate in the Task Force but declined. He did, however, visit with the Task Force at our invitation to discuss stipends and extra compensation from the College of Medicine's perspective. Some of their policies and procedures, especially those regarding chair stipends, are clearly at odds with those in use at the rest of the university. Many of these policies are not written down or documented in any official way. During our discussion, Mr. Wilgocki was agreeable to documenting these policies and procedures. He also provided comments specific to the College of Medicine on the Task Force's Recommended Definitions, including Institutional Base Salary. It is the Task Force's recommendation that the faculty and administration of the College of Medicine and the College of Pharmacy be asked to review and record their policies and procedures regarding stipends and extra compensation, with input from the Office of Research and Sponsored Programs, and submit them for approval.

- 1. To review and assure that there are adequate definitions for Institutional Base Salary (IBS) and extra compensation, including consideration of stipends, longevity pay, summer salary (for 9-month employees), intra-institutional consulting and overload.**

Task Force discussion centered on consistency between Human Resources and ORSPA requirements and language. The subcommittee was asked to develop definitions reflecting the different use of extra compensation as either contributing to or not contributing to the sum used to calculate across-the-board raises. Reference to intended time frames for the incidental work helps explain the distinction:

Supplement: typically but not necessarily of extended duration

Stipend: typically but not necessarily of brief duration

The committee adopted the understanding that Base Pay = Regular Pay = Institutional Base Salary (IBS); hence, Base Salary refers to the IBS definition. See Appendix B for complete definitions, including institutional base salary.

The Task Force recommends adoption of the proposed definitions found in Appendix B.

2. To review actual FY 2015 Extra Pay and Stipends at ETSU for faculty, staff, and administrators (July 1-April, 2015) and consider the level of uniformity of compliance with specified TBR and ETSU policy and guidelines.

The subcommittee reviewed the types of extra pay (stipends 010/011 and extra pays 130/135), applicable policies ([ETSU/TBR Outside Employment and Extra Compensation](#) and [Faculty Handbook - Academic Chair Appointment and Stipend Policy](#)), reviewed FY2015 data provided to committee, and conducted a review of approved extra pays from FY2015. The group randomly sampled personnel files and corresponding documentation from 100 employees who received some form of extra pay in FY2015. The sample size was 79 after removing employees that should not be part of the review (e.g. University School employees and Medical Residents).

Findings:

1. Not in compliance with ETSU PPP-07 regarding extra pay for adjuncts.

Temporary or adjunct employees who perform extra duties should be hired on a temporary contract. Extra pays to post-retiree faculty were also discovered in the review. Policy does not specifically mention post-retirees, but they are treated as adjunct employees.

2. In compliance with ETSU PPP-07 regarding dual service agreements.

No issues were found with dual service extra pays. The documents in the sample appeared to comply with ETSU and TBR policy. The majority of the dual service extra pays were for ETSU faculty/staff teaching courses at Northeast State and were based on adjunct rates of pay.

3. PPP-07 lacks guidance on providing a sufficient justification or documentation for extra pay.

The policy states “under certain conditions” but does not elaborate. When the employee’s title and the work performed were compared, it was not clear that the work was in addition to their normal workload or outside of their job description. For example, faculty were given extra pay for developing on-ground courses, teaching RODP courses, and participating on doctoral committees. An advisor was given extra pay for performing student recruitment and intake interviews. These seemed to be “double-dipping” since these tasks would generally be part of their primary duties.

4. PPP-07 lacks guidance on determining the rate of pay.

Disparities were found in the rates of pay for the type of work performed, especially for faculty. For example, an e-learning liaison for a college was compensated at \$6,000 per year, yet the average stipend for a department chair is \$5,500. Presumably, duties and responsibilities of a department chair would be greater than those of an e-learning liaison. In some cases, stipend compensation amounts appeared to be related to what the funding unit could afford as opposed to the workload or complexity

of the task for which the compensation was offered. The extra pays for staff typically referenced an hourly rate in the field “rate was determined by”; however, on many of the forms this field was blank or listed a person’s name, typically the person submitting the form.

5. Not in compliance with the Faculty Handbook’s chair stipend policy (which excludes the College of Medicine.)

The policy states there are three pay levels that reflect different levels of administrative workload, which is based on a very complex formula. Given that there are currently more than three pay levels ranging from \$3,500 to \$12,000, ETSU is not in compliance with this policy. The policy also states levels will be reviewed periodically with Deans Council and with the Chair of the Council of Chairs in order to respond to significant departmental changes. The sub-committee is not aware of the last time the pay levels were reviewed.

6. Coding for extra pay and stipends should be improved.

Many different types of extra pay are grouped into only four categories by earn code. However, the rationale used to apply the four earn codes is inconsistent. Other earn codes exist that could help disaggregate the data for better analysis. For example, an earn code for dual service extra pays exists, but it is not currently being used. Dual service expenses are offset by an accounts receivable from the other institution, so this isn’t a true expense to ETSU. Being able to separate dual service extra pays would be useful. In addition, an earn code for overloads exists; however, all overloads are currently entered as adjunct contracts.

Recommendations:

1. Comply with ETSU PPP-07. Temporary and adjunct employees who perform extra duties should be hired on a temporary contract.
2. Establish guidelines in PPP-07 for justifying extra pay. Employees requesting extra pay due to an increased workload should be able to show that their workload has actually increased beyond what should be considered “normal”, according to their job description and their prior workload history. Employees, supervisors, or other administrators requesting extra pay because of increased responsibilities should justify the increase in responsibility, according to their job description.
3. Establish guidelines in PPP-07 for determining rates of pay for additional duties. Extra pay amounts should either follow a calculation or have documentation supporting nonstandard amounts.
4. Review and comply with the chair stipend policy. The chair stipend policy should be reviewed and updated to ensure appropriate pay levels are applied consistently and reviewed periodically by Deans Council and the Chair of the Council of Chairs.

5. Begin using the earn codes in the Banner data system. The earn codes for Dual Service and Overloads should be used for Dual Service and Overloads, to make reporting more efficient.

6. Review all current, ongoing extra pays as revised policies are implemented. All current employees receiving ongoing extra pays approved prior to policy revisions should be reviewed by Human Resources and the employee's supervisor. Together they will determine if an end date can be determined, if a job audit is appropriate to address the additional duties, or if the extra pay should be "grandfathered in" as part of the implementation of the revised policies.

- 3. To review the adequacy and clarity of communication, training, and oversight associated with administration of PPP-07 (*Policy on Outside Employment & Extra Compensation*), the specified form for documentations of *Pre-Authorization for an Extra Assignment for Faculty and Administrative/Professional Staff*, and the specified *Request for Extra Compensation for ETSU Employee* form.**

The subcommittee reviewed the following policies related to Outside Employment and Extra Compensation: [TBR 5:01:05:00](#) – Outside Employment and Extra Compensation; [ETSU PPP-07](#) Outside Employment & Extra Compensation; [TBR P-055](#) Faculty Compensation for Teaching Credit Courses as an Overload; [TBR 5:01:00:00](#) General Personnel Policy; [TBR 5:02:04:10](#) Faculty Compensation During Summer Session and Inter-sessions; [ETSU Personal Compensation on Sponsored Projects Policy](#); [TBR 1:02:03:10](#) Conflict of Interest; [ETSU PPP-32](#) Compensation Plan; [TBR P-043](#) Compensation; [ETSU Incentive Compensation Plan](#); [ETSU FP-15](#) Payroll Procedures; and the [ETSU Policy on Use of Campus Property and Facilities](#). Additionally, we examined the following ETSU forms: [Pre-Authorization for an Extra Assignment for Faculty and Administrative/Professional Staff](#) and [Request for Extra Compensation for ETSU Employee](#).

Findings:

1. The current PPP-07 Policy on Outside Employment & Extra Compensation covers four distinct, yet related, areas: Outside Employment, Dual Service, Extra Compensation, and Overload Assignments. The subcommittee noted that the policy, as written, was unclear with regard to the commonalities and distinctions of these four areas and contained extraneous language that could be omitted for clarity. [See Appendix E: Outside Employment and Extra Compensation Policy Complexities]
2. Based on the existing PPP-07 policy and the form for Pre-Authorization for an Extra Assignment for Faculty and Administrative/Professional Staff, we found confusion in the distinction between employment outside of ETSU/TBR and employment outside one's home department within the university.
3. A definition for "overload" in terms of instruction needs clarification as it has not been explicitly defined. Currently the policy states that "faculty acceptance of overload assignments for instruction or other purposes is strictly voluntary." Often the term "overload" is applied to extra teaching responsibilities. [See policy TBR P-055 Faculty Compensation for Teaching Credit Courses as an Overload.] Currently, overload teaching requests are processed as faculty appointments, not as requests for extra compensation. Additionally, TBR 5:01:00:00 General Personnel Policy indicates that a full teaching load of

- 15 credit hours or the equivalent per term for undergraduate courses and 12 credit hours for graduate courses per term; however, there is no specification that a teaching overload is only granted for teaching over the 15 or 12 hour requirements.
4. Not in compliance with Extra Compensation policy:
 - a. The Request for Extra Compensation for ETSU Employee form has been used inappropriately to pay certain temporary and part-time employees and non-exempt staff. [This finding was also supported by the Compliance Subcommittee.]
 - b. The Request for Extra Compensation for ETSU Employee form has been used to pay 9-month faculty members for non-instructional/administrative work “when the individual is not within the term of his/her contract period” (i.e., during summer months).
 - c. The Request for Extra Compensation for ETSU Employee form has been used to pay for other payments that are not regulated in the Extra Compensation policy such as incentives, athletic bonuses, additional pay for teaching RODP courses as part of a regular workload, and there may be others. See: ETSU Incentive Compensation Plan for example. Note: A similar finding was supported by the Compliance Subcommittee
 5. The requirement that “requests of \$5000.00 or more must also be approved by Equity and Diversity, and the Vice President of Finance and Administration or the President whether a one-time payment or accumulation of multiple requests” causes confusion and has been inconsistently followed. It was determined that given the current approval process, there is no mechanism for assuring that the amounts of extra compensation processed through the year are documented and known by impacted parties.
 6. Currently, the option to choose to pay the Extra Compensation “fund excludes benefits” (rather than the option of “fund will pay benefits”) results in extensive personnel resources required to hand calculate the benefits withholding prior to payment processing. Additionally, when this option is selected neither the employee nor the funding department knows the total payment/charge.
 7. In general there were concerns about the approval and payment process of Extra Compensation even when the policy was followed appropriately:
 - a. There are questions as to who should have approval/denial authority for the Extra Compensation and whether the necessary approvals are obtained prior to the start of any extra work.
 - b. In practice, the form for Pre-Authorization for an Extra Assignment for Faculty and Administrative/Professional Staff was not being used routinely. Often, the Request for Extra Compensation for ETSU Employee form was submitted as both the “approval” and

- “payment process” form resulting in confusion and last minute denial of approval after work was performed.
- c. In practice, the Request for Extra Compensation for ETSU Employee form “will not be accepted” through payroll “more than one month in advance” of payment. This practice impacted the pre-authorization of extra compensation since the form was not routed to people who could deny the compensation until the work was already in progress.
 - d. Given the practice above, some person(s) has to “hold” Request for Extra Compensation for ETSU Employee forms until a month before they are to be processed resulting in an undue burden and potential loss of documents.
 - e. Earn Codes specifically related to various Extra Compensation reasons have not been fully utilized.
8. There was discussion of a perceived inequity of extra compensation that may be earned by 12-month employees. Given the ongoing exceptions to the Faculty Summer Pay policies that allow for 9-month faculty members to earn greater than 25% of their salary between May 16 and August 14, there is a disadvantage to 12-month employees taking on additional work responsibilities in these same summer months. Summer pay for 9-month employees should not be considered “Extra Compensation” by nature of the policy (see 4b above).

Recommendations:

1. Update and simplify the PPP-07 policy to include a name change that clearly addresses each of the four components, an introduction and applicability section that outlines the commonalities of each component, and four sections outlining definitions, referrals to related policies, approvals, and processes for Outside Employment, Dual Service, Extra Compensation, and Overload Assignments. See: Proposed Draft PPP-07 [Appendix C]
2. Make a clear distinction between outside employment (occurring completely outside of ETSU), dual service (employment within TBR or UT or any agency of state government in addition to employment at ETSU), and employment that may occur within the university but outside of one’s department (which may fall under the guidelines of Extra Compensation or Overload).
 - a. Eliminate the existing Pre-Authorization for an Extra Assignment for Faculty and Administrative/Professional Staff form and develop an alternative authorization for Outside Employment. See: Proposed Draft for PPP-07 [Appendix C] and recommendation # 7 below regarding approval processes.
3. Clarify the definition of Overload and its stipulations for approval.
4. Discontinue the use of the existing Request for Extra Compensation for ETSU Employee form for inappropriate purposes as outlined in finding #4a above (page 8) so as to not confuse these

procedures with the Extra Compensation policy. See recommendation # 7 below regarding approval processes.

5. Clarify the need for the requirement that “requests of \$5000.00 or more must also be approved by Equity and Diversity, and the Vice President of Finance and Administration or the President whether a one-time payment or accumulation of multiple requests”. If unnecessary, we recommend removal of this requirement. If this stipulation (or a variation) is necessary, we recommend that tracking the amount of Extra Compensation accumulated by an individual within a year added to the process. See recommendation # 7 below regarding approval processes.
6. Eliminate the choice regarding benefits inclusion in Extra Compensation amounts to be solely “Fund will pay benefits.” In this way, the department will be clear as to the actual charge and the faculty member will need to be made aware of the approximation of the amount he/she will see in the paycheck. See recommendation # 7 below regarding the approval process.
7. Convert the processes for Outside Employment, Dual Service, Extra Compensation and Overload Policy to an electronic approval system (as part of the electronic form conversion process within Human Resources). The subcommittee has discussed the various ways in which an electronic system could be utilized to address the issues outlined above.
 - a. As part of this recommendation, we also recommend that 1) the staff within HR and Payroll be involved in developing the system; 2) current Stipend Task Force members be involved in implementing a system based on the overall recommendations of change from the Task Force; 3) an appropriately credentialed Information Technology Services staff member or team be devoted to the creation of this system so that it may be done in a timely and effective manner and 4) Chairs, Deans, and other personnel are made aware of and provide input on ease and clarity of use as the process unfolds and that extensive training be implemented with any changes in the policy or procedures.
8. Change policy to read that faculty and staff may earn Extra Compensation during their “contract” year rather than the academic year. See: Proposed Draft PPP-07 [Appendix C]

- 4. To review administration of TBR Policy 5:02:04:10 (Faculty Compensation During Summer Session and Intersession) as it relates to limits for AY faculty to determine clear understanding of the definitions and guidelines for institutional Base Salary (IBS) and to determine the appropriateness, accuracy, and consistency of practice in administering TBR and ETSU policies and guidelines on stipends and extra compensation.**

In general, the subcommittee and the larger Task Force thought the current TBR policy appropriate, but only if followed. There was some discussion as to whether or not this was the case. There was also a question as to whether the College of Medicine have summer faculty, but Greg Wilgocki confirmed that it does not. Using the TBR Policy on Summer Compensation ([TBR 5.02:04:10](#)) as its base, the subcommittee generated a proposed policy for ETSU after participating in discussions and addressing concerns from the task force.

The Task Force recommends adoption of the proposed ETSU policy on Summer Compensation as found in Appendix D.

5. To review administration of Section VII (*Position Audits/Reclassifications Salary Adjustments*) of PPP-32 (*Compensation Plan*) and related forms (*Position Questionnaire for Administrative and Professional Positions (Exempt)* and *Position Classification Questionnaire for Clerical and Support Staff (Non Exempt)*) as they are sometimes applied or considered vis a vis the Policy on *Outside Employment and Extra Compensation*.

The subcommittee discussed the perception that the Extra Compensation process may be initiated by supervisors because of the limitations of the Compensation and Equity plans, and the lack of a merit plan. There may also be a lack of knowledge of the possibilities and/or limitations of the process; steps should be taken to educate employees and supervisors about the process through training, website information, etc. Most significant is inherent inequity due to the varied financial circumstances of departments requesting job audits and potential upgrades.

Recommendations:

1. Add language to the Request for Extra Compensation Form that requires Human Resources to review/comment on all stipend requests for non-faculty employees, and the appropriateness of the request versus a job audit.
2. Require an End Date for all non-faculty Extra Compensation requests.
3. Re-establish a pool of funds in the Budget Office to pay for job audits and pre-audits for non-grant-funded positions.

Currently, departments must pay for audits and pre-audits solely from departmental funds. These funds do not always exist, hampering the ability of supervisors and departments to delegate functions and/or reorganize staff to better utilize existing resources. It is also an HR concern that employees are being delegated higher level duties without the benefit of a reclassification of their position due to a lack of departmental funding.
4. Re-establish a pool of funds in the Budget Office to assist in paying for promotions and transfers for non-grant-funded employees beyond the department's budgeted salary.

Currently, departments must pay for promotions and transfer salaries solely through departmental funds. If funds are limited, the mobility of long-term employees on campus is hampered; or the employees must accept a limited salary increase or no salary increase upon their move.

5. Increase the percentage increase for promotions and reclassifications from 4% to 8%.
The current Compensation Plan increase of 4% or 90% of the new level midpoint does not provide adequate incentive or compensation for a change in responsibility. An 8% salary increase is in-line with the Faculty Promotion Schedule.

Appendix A

Summary of Recommendations of the Task Force for Review of Stipends and Extra Compensation

To review and assure that there are adequate definitions for Institutional Base Salary (IBS) and extra compensation, including consideration of stipends, longevity pay, summer salary (for 9-month employees), intra-institutional consulting and overload:

1. Adopt proposed definitions including Institutional Base Salary [Appendix B].

To review actual FY 2015 Extra Pay and Stipends at ETSU for faculty, staff, and administrators (July 1-April, 2015) and consider the level of uniformity of compliance with specified TBR and ETSU policy and guidelines:

2. Comply with ETSU PPP-07.
3. Establish guidelines in PPP-07 for justifying extra pay.
4. Establish guidelines in PPP-07 for determining rates of pay for additional duties
5. Review and comply with the chair stipend policy.
6. Begin using the earn codes in the Banner data system.
7. Review all current, ongoing extra pays as revised policies are implemented.

To review the adequacy and clarity of communication, training, and oversight associated with administration of PPP-07 (Policy on Outside Employment & Extra Compensation), the specified form for documentations of Pre-Authorization for an Extra Assignment for Faculty and Administrative/Professional Staff, and the specified Request for Extra Compensation for ETSU Employee form:

8. Update and simplify the PPP-07 policy through proposed revision [Appendix C].
9. Make a clear distinction between outside employment, dual service, and employment that may occur within the university but outside of one's department.
10. Clarify the definition of Overload and its stipulations for approval.
11. Discontinue use of the Request for Extra Compensation for ETSU Employee form for inappropriate purposes [as outlined in section 4a, page 8 above].
12. Clarify the need for the requirement that "requests of \$5000.00 or more must also be approved by Equity and Diversity, and the Vice President of Finance and Administration or the President whether a one-time payment or accumulation of multiple requests".
13. Eliminate the choice regarding benefits inclusion in Extra Compensation amounts to be solely "Fund will pay benefits."
14. Convert the processes for Outside Employment, Dual Service, Extra Compensation and Overload Policy to an electronic approval system (as part of the electronic form conversion process within Human Resources).

15. Change policy to read that faculty and staff may earn Extra Compensation during their “contract” year rather than the academic year.

To review administration of TBR Policy 5:02:04:10 (Faculty Compensation During Summer Session and Intersession) as it relates to limits for AY faculty to determine clear understanding of the definitions and guidelines for institutional Base Salary (IBS) and to determine the appropriateness, accuracy, and consistency of practice in administering TBR and ETSU policies and guidelines on stipends and extra compensation:

16. Adopt proposed ETSU Policy on Summer Compensation.

To review administration of Section VII (Position Audits/Reclassifications Salary Adjustments) of PPP-32 (Compensation Plan) and related forms (Position Questionnaire for Administrative and Professional Positions (Exempt) and Position Classification Questionnaire for Clerical and Support Staff (Non Exempt) as they are sometimes applied or considered vis a vis the Policy on Outside Employment and Extra Compensation:

17. Add language to the Request for Extra Compensation Form that requires Human Resources to review/comment on all stipend requests for non-faculty employees, and the appropriateness of the request versus a job audit.
18. Require an End Date for all non-faculty Extra Compensation requests.
19. Re-establish a pool of funds in the Budget Office to pay for job audits and pre-audits for non-grant-funded positions.
20. Re-establish a pool of funds in the Budget Office to assist in paying for promotions and transfers for non-grant-funded employees beyond the department’s budgeted salary.
21. Increase the percentage increase for promotions and reclassifications from 4% to 8%.

Other:

22. Ask the faculty and administration of the College of Medicine and the College of Pharmacy to review and record their policies and procedures regarding stipends and extra compensation and submit them for approval.

Appendix B – Recommended Definitions including Institutional Base Salary

East Tennessee State University	
Definitions	
At-Risk Salary	The portion of faculty Base Pay that is dependent on meeting certain criteria established in writing in the letter of offer and/or contract and accepted upon signing an employment contract with the university.
Incidental Activities	Work in excess of normal for which additional compensation may be paid in the form of a stipend or supplement.
Institutional Base Salary	The annual compensation paid by ETSU for an employee's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities. Base salary excludes any income that an individual may be permitted to earn outside of duties to ETSU, including clinical income and income from a joint appointment with the VA. In addition, base salary is exclusive of longevity, stipends, and additional salary for temporary or additional duties.
Overload Compensation	Overload compensation is monetary remuneration, other than administrative supplement, paid to a faculty member for instruction in excess of full-time effort for institutional-funded activities.
Base Pay	<i>See Institutional Base Salary definition.</i>
Stipend	Compensation paid to the employee for incidental activities (typically but not necessarily of brief duration) which is not added to the employee's institutional base salary when calculating across-the-board pay increases.
Summer Compensation	Compensation for work performed during the summer term for academic year/9-month faculty. Compensation is based on prior academic-year salary (see TBR 5:02:04:10).
Supplement	Compensation paid to the employee for incidental activities (typically but not necessarily of extended duration) which for purposes of calculating across-the-board pay increases only is added to the employee's institutional base salary.
Veterans Administration Salary	Salary paid directly by the VA for VA appointments.

East Tennessee State University	
Policy Title: Sponsored Projects Institutional Base Salary Issued: Responsible Official: Responsible Office:	
Policy Statement	
Institutional Base Salary is the guaranteed annual compensation for an employee's appointment, whether that employee's effort is spent on teaching, research, administration, or service, and whether that employee is appointed full-time or part-time. Authority: Title 2 in the Code of Federal Regulations (2 CFR), Part 220 Cost Principles for Educational Institutions (formerly Office of Management and Budget (OMB) Circular A-21).	
Purpose	
To document/define Institutional Base Salary used to propose and charge salary to sponsored projects and provide the framework that, per Federal regulations, cannot fluctuate solely based on changes between funding and activities.	
Definitions	
At-Risk Salary	The portion of faculty Base Pay that is dependent on meeting certain criteria established in writing in the letter of offer and/or contract and accepted upon signing an employment contract with the university.
Incidental Activities	Work in excess of normal for which additional compensation may be paid in the form of a stipend or supplement.
Institutional Base Salary	The annual compensation paid by ETSU for an employee's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities. Base salary excludes any income that an individual may be permitted to earn outside of duties to ETSU, including clinical income and income from a joint appointment with the VA. In addition, base salary is exclusive of longevity, stipends, and additional salary for temporary or additional duties.
Overload Compensation	Overload compensation is monetary remuneration, other than administrative supplement, paid to a faculty member for instruction in excess of full-time effort for institutional-funded activities.
Base Pay	<i>See Institutional Base Salary definition.</i>
Stipend	Compensation paid to the employee for incidental activities (typically but not necessarily of brief duration) which is not added to the employee's institutional base salary when calculating across-the-board pay increases.
Summer Compensation	Compensation for work performed during the summer term for academic year/9-month faculty. Compensation is based on prior academic-year salary (see TBR 5:02:04:10).
Supplement	Compensation paid to the employee for incidental activities (typically but not necessarily of extended duration) which for purposes of calculating

	across-the-board pay increases only is added to the employee's institutional base salary.
Veterans Administration Salary	Salary paid directly by the VA for VA appointments.
Procedures	
<p>Institutional Base Salary (IBS) is the employee's current annual salary as displayed in Enterprise Resource Planning (ERP) system.</p> <p>The initial IBS is derived from the contract signed by the employee at the time of employment. Under no circumstance should IBS of full-time employees be increased as a result of the University receiving a grant or contract; however, a part-time employee's appointment percentage may be increased up to full-time as a result of receiving a grant or contract as long as the rate of pay remains constant for all effort.</p>	
Roles and Responsibilities	
Program Director/Principal Investigator (PD/PI)	PD/PI is responsible for understanding the components and total amount of IBS (and associated 100% effort) and outlining it appropriately on sponsored research proposals and budgets. PD/PI is also responsible for initiating the request to charge compensation and associated fringe benefits to a sponsored project according to the sponsor-approved budget.
Department Chairs and Directors	Department Chairs and Directors are delegated responsibility to review and approve activities that determine a Full Workload for full time faculty, including the components and total amount of the IBS (and associated 100% effort) within his/her department, and assist PD/PI with outlining IBS appropriately on sponsored research proposals and budgets.
Office of Research and Sponsored Programs Administration (ORSPA)	ORSPA is responsible for ensuring that employee compensation and associated fringe benefits are accurately and appropriately budgeted in sponsored program proposals, based on the IBS and committed effort of the project personnel.
Grant Accounting	Grant Accounting is responsible for ensuring that compensation and associated fringe benefits included on sponsored program awards are paid according to the budgeted compensation type (Base pay vs summer pay), per the sponsor-approved budget and ETSU financial policies.
Human Resources	Human Resources is responsible for maintaining the correct amount of Institutional Base Salary in the ERP system and for providing written documentation to employees for changes to IBS.
Payroll	Payroll is responsible for processing compensation using correct earnings and account codes.
Related Forms	

Links			
TBR General Personnel Policy 5:01:00:00 ETSU Personnel Compensation on Sponsored Projects National Institute of Health (NIH) Grants Policy Statement			
Revision Dates			
Subject Areas			
Academic	Research	Finance	Human Resources
✓	✓	✓	✓

Appendix C: Proposed Revised PPP-07: Outside Employment, Dual Service, Extra Compensation and Overload

Policy Name: Outside Employment, Dual Service, Extra Compensation, and Overload

PURPOSE

Consistent with [TBR Policy 5:01:05:00](#) *Outside Employment and Extra Compensation*, this policy sets forth general provisions to cover the circumstances and limitations under which outside employment and/or extra compensation may be appropriate. The following distinct areas are addressed: Outside Employment, Dual Service, Extra Compensation, and Overload.

INTRODUCTION

This policy applies to regular employees. The term “regular employees” refers those who are employed on a continuous basis (refer to PPP-02 *Employment Classification*). Employment with East Tennessee State University (ETSU) demands an individual's professional expertise, commitment, and energies. For faculty members, the workload assignment including teaching, research, service, and/or administration constitutes an employee's assignment. For professional/administrative staff members, the job description provides the parameters of the employee's assignment.

APPLICABILITY

- A. As defined herein, this policy does *not* apply:
 1. to clerical and support staff (nonexempt) employees unless the employee is performing a higher level duty on a short-term basis with prior approval granted by the Office of Human Resources;
 2. when work is performed outside the terms of an employee's employment contract period (i.e., summer months for academic year contracted employees) or while the employee is on approved annual leave;
 3. to salaries paid to academic year faculty for teaching in intersession and summer sessions which are not considered extra compensation. See [TBR Policy 5:02:04:10](#) *Faculty Compensation during Summer Session and Intersessions*. See further guidelines regarding earning limitations for extra compensation under Extra Compensation Guidelines within this policy;
 4. to normal, short-term professional activities such as participation in symposia, accreditation visits, speaking engagements, exhibitions or recitals even though honoraria may be received for such participation.
- B. Outside employment must not create a conflict of interest or interfere with a commitment to the employee's University duties and responsibilities (refer to [TBR Conflict of Interest Policy 1:02:03:10](#)).
- C. On at least an annual basis, outside employment, dual service, extra compensation, and overload agreements will be reviewed by employees and their supervisors to assure accuracy and update as necessary.

OUTSIDE EMPLOYMENT

INTRODUCTION

Pursuant to [TBR Policy 5:01:05:00](#), Outside Employment is reflected in this section of the policy.

ETSU recognizes the value to its students, its personnel, and the citizens of Tennessee arising from external activities in which members of faculty, administrators and staff may engage. Such activity contributes to the quality of instruction, enhances the competency of the individual, contributes to the economic development of the state, promotes fuller utilization of the University's capabilities to assist society in meeting its needs, aids in recruitment and placement of students, and brings credit to the institution. These activities also create valuable links between the University and the surrounding community.

The employee must at all times place his/her primary emphasis on contributing to the University's mission and be prepared to forego any external activities when they interfere or conflict with assigned duties. See [TBR Policy 1:02:03:10](#) *Conflict of Interest*. All outside professional activities for which there is remuneration must be disclosed by the employee to his/her supervisor. Where this policy applies, the activity must also be approved as provided below.

DEFINITION

Outside Employment: Work provided to external employers or through external contracts that University employees assume outside their normal work assignment. Self-employment is considered to be outside employment.

OUTSIDE EMPLOYMENT APPROVAL

- A. Requests concerning outside employment are approved only for efforts that:
 1. are performed entirely outside of, and in addition to, normal work schedules, assignments, and responsibilities of the employee's position;
 2. do not interfere with the employee's assigned duties and responsibilities or with regular University operations;
 3. do not constitute a conflict of interest or compete with the University's education, research, or public service programs;
 4. require only a reasonable time commitment from the employee;
 5. are not undertaken with an inappropriate claim that the employee is officially representing the University in connection with the employment;
 6. are consistent with TBR and ETSU policies and guidelines and with state laws.
- B. The Process: Prior to engaging in outside employment, the employee must obtain written approval.
 1. The employee shall begin the process by notifying his/her direct report department chairperson or administrative head ("supervisor") of the nature of the outside employment and the expected commitment of time.
 2. The supervisor will determine whether such activity would interfere, conflict, or compete with the employee's assigned duties or responsibilities to the department and

- the University per TBR *Conflict of Interest* Policy 1:02:03:10, will approve or disapprove the request, and provide a basis for his/her decision.
3. The supervisor will forward to his/her direct supervisor (Academic Dean or appropriate Vice President) for final approval.
 4. In the case of a faculty member, the Academic Dean will review the request, indicate approval or disapproval (with explanation) and return to the employee and his/her direct supervisor for records. In the case of an administrative/professional staff member, the “next level” supervisor will follow the above procedure.

USE OF UNIVERSITY PROPERTY OR FACILITIES

University property and facilities, e.g., offices, equipment, telephones, computers, etc., may not be used in outside employment unless the use has been approved in advance. Requests for use of campus property or facilities must be as set forth in [ETSU Policy on Use of Campus Property and Facilities](#). If such arrangements are approved, compensation to the University may be required at rates established by the University.

DUAL SERVICE

INTRODUCTION

Pursuant to [TBR Policy 5:01:05:00](#), Dual Service is reflected in this section of the policy.

DEFINITION

Dual Services: An arrangement whereby an institution in the TBR or UT system or any agency of state government desires to procure the services of an employee of another institution or state agency, or to provide the services of one of its employees to other institutions or state agencies.

When a faculty or staff member at the University performs services for another institution in the TBR system, the University of Tennessee, or for another state agency, a *Dual Services Agreement* must be executed pursuant to [TBR Guideline G030](#). The procuring party is responsible for the initiation of the [Dual Services Agreement](#).

Upon completion of the services, the agency/institution providing the employee will bill the contracting agency/institution for the gross cost of the employee's compensation and benefits.

EXTRA COMPENSATION

INTRODUCTION

Pursuant to [TBR Policy 5:01:05:00](#), Extra Compensation is reflected in this section of the policy.

Under certain circumstances regular faculty and administrative/professional staff may need to perform additional assignments for which extra compensation may be warranted.

DEFINITION

Extra Compensation: Payment by the University for work that is performed on behalf of the University and is not within the scope of the employee's standard work duties (within or outside of the employee's

assigned unit). Extra compensation is not intended for those regularly scheduled, recurring activities which should be planned and budgeted as a regular part of the workload.

EXTRA COMPENSATION LIMITATIONS

- A. Faculty and staff may earn an unlimited amount of Extra Compensation during the contract year except that regular faculty may teach no more than two credit courses per semester for extra compensation or exceed 15 clock hours per week or 400 clock hours per nine-month period for extra pay. See [TCA 49-5-410](#).
- B. See [TBR Policy 5:02:04:10](#) *Faculty Compensation during Summer Session and Intersessions* for limitations for academic year faculty during summer session.
- C. The minimum rates per credit hour of instruction, as articulated in [TBR Guideline P-055](#) *Faculty Compensation for Teaching Credit Courses as an Overload*, must be applied when calculating compensation for extra service for fulltime faculty or staff teaching credit courses.
- D. Intra-institutional consulting by ETSU faculty members is assumed to be undertaken as a university obligation requiring no additional compensation. Only in unusual cases when consultation is across departmental lines and the work performed by the consultant is clearly outside of the scope of their academic appointment and in addition to his/her regular departmental load will additional pay be allowed and only when such consulting arrangements are specifically budgeted for in the proposal and approved in writing by the sponsoring agency. In all cases, the request and nature of the additional pay (summer salary or intra-institutional consulting) must be allowed by sponsoring agency. ([OMB Uniform Guidance 200.430](#))

EXTRA COMPENSATION APPROVAL

- A. Extra compensation may be approved only for efforts that:
 1. are performed in addition to normal assignments and responsibilities of the position;
 2. do not interfere with assigned duties and responsibilities or with regular University operations;
 3. are consistent with TBR and ETSU policies and guidelines and with state law.
- B. The Process: The process for request and approval may be initiated by the faculty/staff member ("Employee") or the department chair/administrative head ("Funding Supervisor" and/or "Direct Supervisor"). Note that additional duties/assignments *may occur within or outside of the employee's assigned unit* (i.e., department, office) and in such cases the Funding Supervisor will be different than the Direct Supervisor.
 1. Employee and Funding Supervisor/Direct Supervisor discuss the following:
 - i. nature of the additional duties/assignments;
 - ii. expectations of time commitment in addition to normal duties and duration;
 - iii. payment amount, frequency of payment, whether or not funding is to be supported by a grant.
 2. The Direct Supervisor makes a determination as to whether such activity would interfere, conflict, or compete with the individual's assigned duties or responsibilities. If the extra assignment is external to the employee's home department, the employee must discuss the nature of the assignment with his/her Direct Supervisor for approval of additional duties/assignments prior to further action.

3. The Funding Supervisor initiates the approval/payment approval process.
 - i. If funding is through a grant, the request must be reviewed by ORSPA.
 - ii. If funding is through department/office, the Funding Supervisor must assure funding is available in the appropriate budget line.

OVERLOAD ASSIGNMENTS

Pursuant to [TBR Policy 5:01:05:00](#), Overload is reflected in this section of the policy.

DEFINITION

Overload: Overload compensation is monetary remuneration, other than administrative supplement, paid to a faculty member for instruction in excess of full-time effort for institutional-funded activities.

Faculty acceptance of overload assignments, for instruction or other purposes, is strictly voluntary. Overload assignments should not be employed on a regular basis or in lieu of hiring qualified faculty or instructors. Supervisors must be careful to protect untenured faculty when making overload assignments and should make every effort to distribute overloads fairly as staffing needs allow. Compensation for Overload assignments is articulated in a separate policy: TBR P-055 – *Faculty Compensation for Teaching Courses as an Overload*.

Appendix D: Proposed ETSU Policy on Summer Compensation

INTRODUCTION

Summer Compensation is compensation for work performed during the summer term for 9-month (academic year) faculty. Compensation is based on prior academic-year salary. Salaries paid for teaching in intersession, summer session, winter session and other non-traditional teaching sessions are not considered extra compensation. However, summer teaching salary is factored into the maximum amount (extra compensation or otherwise) that can be earned for 9-month faculty between May 16-August 14, which may impact extra compensation earned in summer months.

The TBR considers summer session and inter-session assignments of faculty as separate assignments from 9-month appointments. They further recognize that compensation for faculty assignments during summer sessions and intersessions should be a factor of the regular 9-month salary which takes into account the nature and extent of the duties and responsibilities involved in these separate appointments.

POLICY AND CLASSIFICATIONS

1. Category I: Regular 9-month faculty who serve the institution as teaching faculty during intersessions and summer sessions shall be compensated at the rate of 1/32 of their 9-month salary per semester hour of teaching load. Maximum summer and intersession pay may not exceed 25% of the preceding academic year salary; however, a faculty member may teach and be compensated for 9 semester hours with appropriate documentation of institutional need.

2. Category II: Professional service may also be performed by 9-month faculty for compensation not to exceed 25% of their preceding academic-year salary. Compensation should be determined by the department chair for special service in summer that falls outside the scope of the faculty member's academic appointment.

3. Category III: Compensation for regular 9-month faculty who serve on sponsored research projects and other sponsored activity between academic years shall not exceed the rate equivalent to one-ninth per month, up to a maximum of 33%, of the preceding academic year salary. The maximum is for all summer compensation, including teaching. Compensation for faculty working on a part-time basis on a sponsored project should be adjusted accordingly.

Policy for Exceptions to Items 1-3: Exceptions to items above may be made only with approval of the ETSU President or his/her designee.

**Appendix E: Outside Employment and Extra Compensation Complexities
(Power Point discussed at 10/29/15 Task Force meeting)**

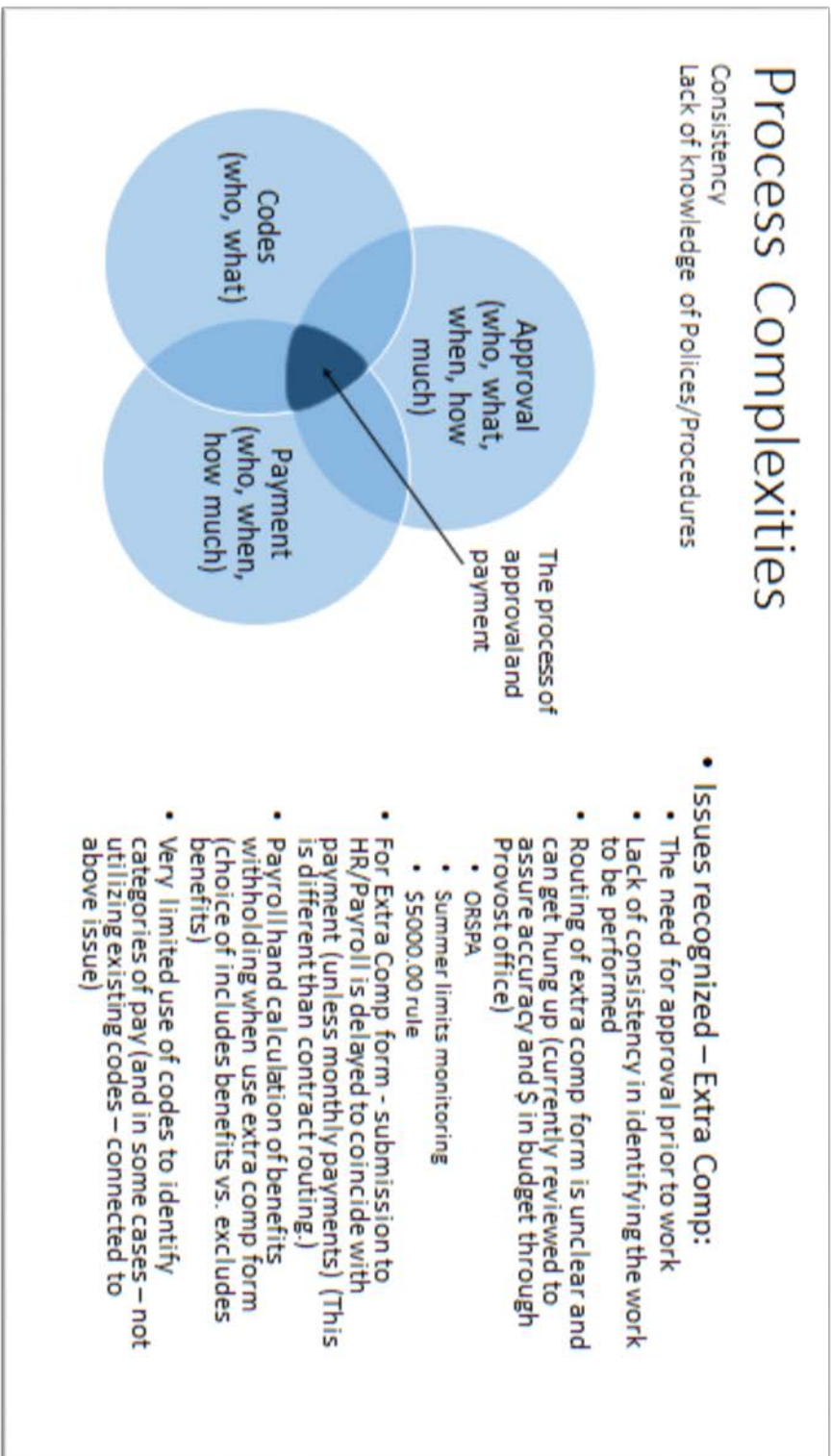


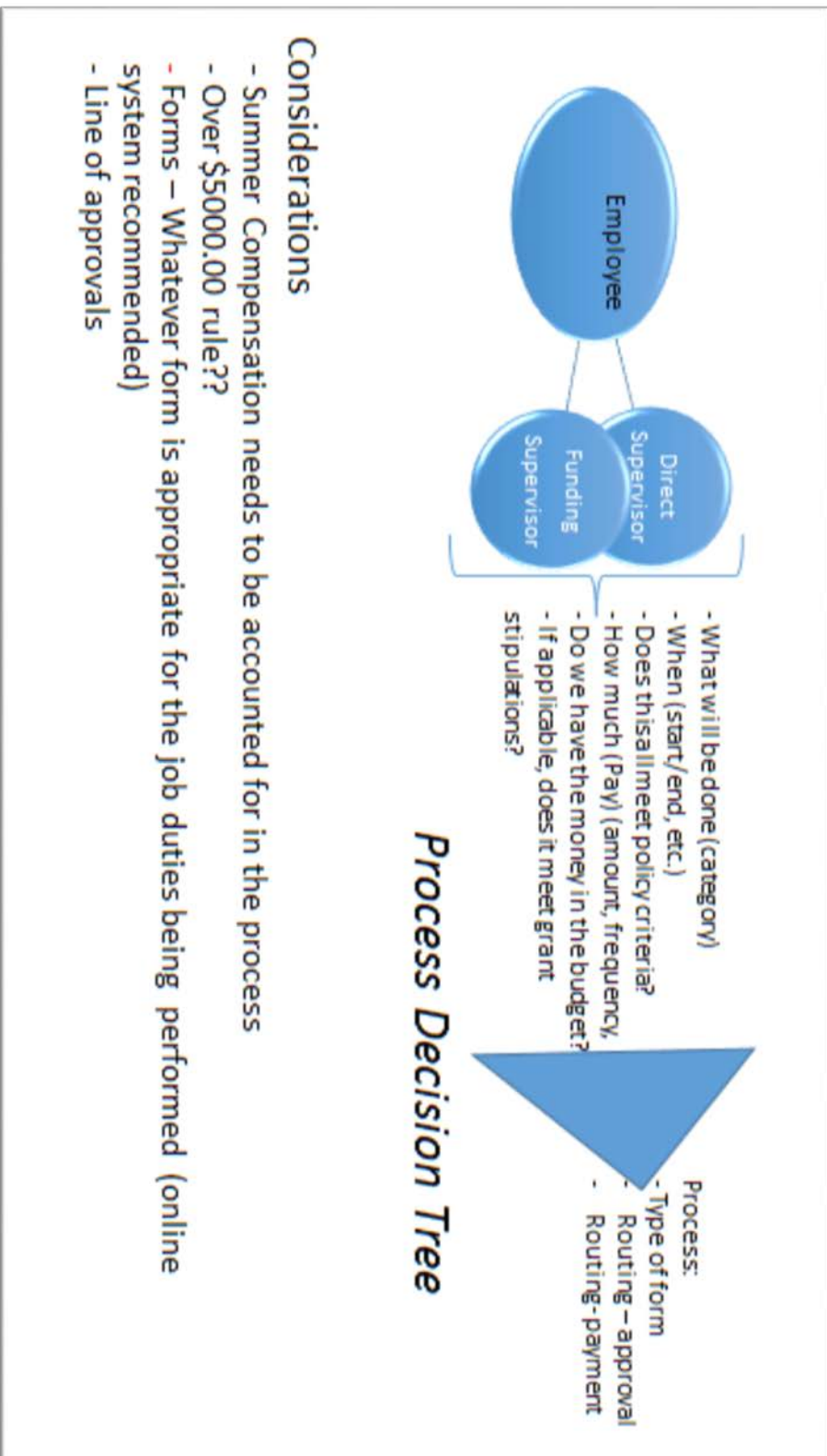
Extra Compensation Policy vs. the Form/Process

- Multiple uses of the Extra Compensation form:

Use Matches Policy	Use does not match Policy	Use violates Policy
<ul style="list-style-type: none"> • Extra Comp as defined • Dual Service (for ETSU employees contracted to another institution) • COM payments? 	<ul style="list-style-type: none"> • Incentives • Bonus (Athletics) • COM payments? • NOTE: Employees are faculty or professional/admin staff 	<ul style="list-style-type: none"> • Pay to adjuncts, temp employees for misc. (% of receipts for gun class, music accompaniment, assessments) • Pay for 9-month employees non-teaching work in summer • Pay to non-exempt staff (approved through exception)

- Extra Compensation – NOT paid on Extra Comp form:
 - Overload (Request for Hire/Faculty Appointment Contract) *Separate policy outlines pay guidelines
 - Professional/Admin staff teaching a course during year (Adjunct Contract)





Considerations

- Summer Compensation needs to be accounted for in the process
- Over \$5000.00 rule??
- Forms – Whatever form is appropriate for the job duties being performed (online system recommended)
- Line of approvals