Additional Compensation Guidelines

Purpose

To ensure faculty additional compensation payments are processed in accordance to OMB Circular A-21 in addition to requirements under BOT Doc. T01-012. The guidelines provided herein are not intended to redefine compensable activities, but rather to establish a means by which systematic authorization is received for such activities and to establish procedures for monitoring the time commitment required to perform the extra assignment. These guidelines apply to only full-time faculty (Full-time Lecturers as well as tenured and tenure-track faculty).

Definitions

With respect to the Policy on Additional Faculty Compensation, the following words shall have the following meanings:

- Additional compensation is defined as any compensation paid to faculty by the University in excess of the base salary. Additional compensation may be paid to faculty for temporary outreach, research, and teaching activities administered, sponsored, co-sponsored, or conducted through the University; conducting workshops, and training outside the home department, additional administrative duties or special appointments; and extramurally-funded research. Payment is for work clearly beyond/outside the scope of the faculty member's normal assignments or outside the scope of duties specified in one’s individual contract, in an amount appropriate to the allocation of time necessary to complete the extra assignment.

- Outside consulting or other outside remunerated services of a professional nature that don’t go through the University are subject to the Policy on Faculty Consulting and Outside Activities (Doc. T96-047).

- A faculty member is an employee of the University whose principal title is Lecturer, Instructor, Assistant Professor, Associate Professor, Professor, or Chancellor Professor, and any other University employee whose principal duties consist of teaching, research, and/or service/academic outreach.

- Faculty overload may be allowable as a direct charge against sponsored programs in certain limited circumstances pursuant to OMB -A21, Section J.10.d (1):

"Since intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time base salary, the principle also applies to faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member of the same institution. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load or work covered by a separate contract, any charges for such work representing extra compensation above the base salary are
allowable provided that such consulting arrangements are specifically provided for in the agreement or approved in writing by the sponsoring agency.

- Sponsored research contract or grant - A contractual arrangement with a federal, state, private, or other non-university agency under which funds are made available and are administered by the University for a specified research or training project or program.

- Full-time - An employment relationship, applicable to Faculty, which requires a commitment of 100% of the individual's normal and expected working time and effort. Full-time employment (i.e., 100% FTE) is generally inconsistent with the acceptance of any other employment on a continuous or permanent basis. (Note: For other purposes, e.g., benefits, "full-time" employment may be defined differently.

### Conditions and Requirements

Faculty members of the University of Massachusetts Dartmouth may receive additional compensation under the following circumstances and conditions:

- **A.** Any activities undertaken for additional compensation may not interfere with a faculty member's satisfactory disposition of his or her regular assignments and responsibilities.

- **B.** Faculty members may engage in as much extra activity for additional compensation as is consistent with maintaining a satisfactory disposition of their obligations to the University, as defined and monitored by the department chair and the dean of the school/college. It is the responsibility of the department chair and the dean to ensure that faculty members are meeting their full-time obligations to the institution in a satisfactory way.

- **C.** Additional compensation for federally-funded or federal-pass-through research and contracts must be consistent with federal rules and regulations including:
  - NSF limits summer additional compensation to 2/9th of annual academic year salary.
  - In accordance with the Consolidated Appropriations Act, 2012 (Public Law 112-74), the U.S. Department of Health and Human Services (DHHS) imposes a base salary cap which restricts the amount of direct salary chargeable to DHHS sponsored grants and contracts (commonly referred to as the “NIH Salary Cap”). For example, the NIH Salary cap for grants issued October 1, 2013 onward is $179,700 (14,975/month). In this case, faculty on a 9-month appointment with an annual base salary of more than $134,775 are over the NIH cap and can only charge NIH grants a pro-rata share of effort based on the capped salary amount.

- **D.** Faculty may receive additional compensation for privately-funded research at rates that were pre-negotiated by the Office of Research Administration with the sponsor at the time of the award of the grant/contract.

- **E.** Rates of pay for teaching or related services are established by the unit sponsoring the programs with the approval of the Provost.
F. No faculty member may accept additional duties or additional compensation that would bring him or her into conflict with Chapter 268A of the General Laws (ethics statute).

G. Salary for services under separately designated assignments must be paid in proportion to the effort expended on each assignment and at the same rate for each assignment.

H. UMass Dartmouth faculty generally may not be paid as independent contractors by the UMass Dartmouth Foundation. No services (other than those normally associated with the position) shall be provided as an implicit or explicit condition of the receipt of any funds allocated for purposes of additional compensation.

I. Director stipends, internal grant stipends, Administrative stipends, such as those for department chairs and faculty directors, are subject to the 3/9th summer salary limitation as specified in B.2 below. For calendar year assignments, 3/12th of the total stipend amount is subject to the 3/9th summer salary limitation.

**Additional Compensation Guidelines**

**A. Academic Year Additional Compensation Paid to Academic Year Faculty**

1. Additional compensation paid during the academic year appointment period from private sponsors is allowed only if no effort is charged or budgeted to any federal, federal pass-through and/or state sponsors during the academic year. In unusual circumstances, additional compensation for consulting across department lines is allowed on federal and state grants “if work is performed in addition to regular department load and such agreement is specifically provided for in the agreement or approved in writing by the sponsoring agency.” Copy of award and budget page is required to be submitted with additional compensation form for these unusual circumstances.

2. Additional compensation paid from private sponsors must be evidenced by negotiated rates in the award. Copy of award and budget page is required to be submitted with additional compensation form.

3. Units must secure approvals before the extra work is carried out in order for the faculty member to be compensated for the work.

4. The approval of the Provost is required for a faculty member to receive additional compensation in excess of the limits (33% of base annual academic year salary for privately sponsored activities and 27.77% of base annual academic year salary for activities involving federal or state funds) during a calendar year.

5. **Overload Instruction for Credit Courses in the Academic Year:** In certain circumstances (e.g. coverage for another faculty member on emergency medical leave; coverage for enrollment and program growth to meet strategic initiatives such as online programming) and with approval of the chair and dean, overload pay may be approved for faculty that agree to teach additional credit courses beyond the departmental standard load, if it does not cause a conflict of commitment with the other duties of the faculty member.

6. Compensation earned for consulting services from entities not associated with the University as well as compensation earned during the academic year for overload teaching are **not** subject to the 3/9ths limit.
B. **Summer Additional Compensation Paid to Academic Year Faculty**

OMB Circular A-21 stipulates that summer salary supported by sponsored programs must be calculated at a monthly rate not to exceed the faculty member’s official annual or AY base salary divided by the number of months in the period for which that base salary is paid. In addition to the 3/9ths limit, OMB Circular A-21 restricts the amount a faculty member can charge to a grant in any given summer month to no more than 1/9th of the academic year salary.

Full-time faculty members who are not involved in any sponsored grants/contracts during the whole calendar year and who would like to teach summer courses should get prior approval from the Provost if the total additional compensation is expected to exceed 33% of their base academic year salary.

1. Summer period is defined as three months for nine month faculty, beginning June 1 through August 31.

2. Faculty members engaging exclusively in privately sponsored activities through the University during the summer can earn additional compensation at the annual salary rate of 33% (3/9ths of the base annual academic year salary) if they work 100% of the summer and do not intend to take vacation or engage in any other activities that are not directly attributable to the funding source. Summer School and Maymester are included in the 3/9ths rule.

3. Faculty members engaging exclusively in privately sponsored activities during the summer may be paid at rates negotiated with the sponsor that may result in more than 33% of base annual academic year salary paid during the summer period with approval of the Provost. Copy of award and budget page is required to be submitted with the additional compensation form.

4. Faculty members engaging in federal and/or state grants and contracts during the summer are limited to 27.77% (2.5 summer months) of base annual academic year salary as total additional compensation during that same summer period. The summer additional compensation may include mixes of federal, state and/or private not to exceed a total of 27.77% of annual salary. Exceeding the 27.77% limit requires pre-approval by the Provost’s Office unless the funding sources is exclusively private (see B.2 above). The request to exceed the 27.77% limit must include description of the proposed activity (e.g. proposal development) and the funding source to cover the difference (5.23% of base annual academic year salary which is approximately 0.5 summer month).

5. Units must secure approvals before the extra work is carried out in order for the faculty member to be compensated for the work.

**Compliance and Monitoring**

Additional compensation payable from funds administered by the University is permitted only under the conditions specified herein. Any such payments made, for any reason, in violation of this policy and associated Regulations constitute an indebtedness from the recipient to the University.
Frequently Asked Questions

1. Is additional compensation received during the academic year included in the 3/9th rule?

YES. The Board of Trustees policy restricts the total additional compensation from all sources in a given calendar year to 33% of the faculty member’s base salary. Exceptions to this rule are included in A.5 and A.6 above.

2. If I receive three months of summer salary, can I take a vacation?

A faculty member who requests three months of summer salary from a sponsored program must report 100% effort on the project and must therefore forego vacation entirely.

3. Can I receive summer salary for work on a sponsored program done during the academic year?

No. A faculty member cannot be paid in the summer period for work that was done on a sponsored program during the academic year. Federal regulations stipulate that summer salary from sponsored programs must be for actual work performed during summer. During the academic year, faculty members are expected to perform teaching, research and service. In most situations, a faculty member who is engaged in research during the academic year is not allowed to charge salary to a grant unless arrangements are made for a course buyout.

4. Are stipends paid to chairs, directors, etc. subject to the 3/9th rule?

If stipends are paid for work performed during calendar year, 3/12th of the stipend (the portion corresponding to summer work) is subject to the 3/9th rule.

An Example

Prof. McDonald’s base academic year salary is $108,000. Her annual director’s stipend is $6,000. She also wants to work for two summer months on two privately sponsored projects (one month per project) and would like to teach summer courses.

Her monthly base salary is $12,000. The portion of her stipend subject to the 3/9th rule is $1,500. The maximum additional compensation she can earn during the calendar year is $36,000. She will charge each project sponsor $12,000. Assuming Prof. McDonald takes no vacation, the maximum she can earn for her teaching activities is $10,500. ($36,000 - $24,000 - $1,500 = $10,500)

If on the other hand, the two-month summer work involves federal or state sponsors, the maximum additional compensation she can earn during the calendar year is 27.77% of $108,000 which is $29,992. She will therefore charge each project sponsor $12,000. Assuming she takes no vacation, the maximum she can earn for her teaching activities is $4,492. ($29,992 - $24,000 - $1,500 = $4,492). Any compensation in excess of this amount requires pre-approval from the Provost’s Office.

Note: Assuming appropriate disclosures are made and there are no conflicts of interest, she can perform consulting activities outside of the University and the compensation earned from those activities would not impact the limits calculated in either of the two scenarios above.

As of May 20, 2014