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Extra Compensation Policy

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EXTRA COMPENSATION POLICY

I. Conditions and Definition of Extra Compensation

The term extra compensation shall be used to describe salary payments above and beyond normal base compensation to faculty and staff who are exempt employees under the Fair Labor Standards Act and who provide certain instructional, research, and service activities to the University above and beyond their normal employment duties. As required by Board of Regents Policy §803.1404, payment of extra compensation shall be appropriate only when all four of the following conditions exist:

A. The work is carried in addition to a normal full load.
B. No qualified person is available to carry the work as part of his normal load.
C. The work produces sufficient income to be self-supporting.
D. The additional duties must not be so heavy as to interfere with the performance of regular duties.

II. Eligibility for Extra Compensation

Extra compensation shall be available to all eligible employees, as defined above, but only for services rendered other than the individual employee's normal employment duties and that occur outside normal working hours. For purposes of this policy, "normal working hours" for fiscal year (12 month) employees is defined as 8:00 a.m. to 5:00 p.m., Monday through Friday of each week. For academic year (9 month) faculty employees, "normal working hours" for purposes of this policy is defined as all times required, including evening class assignments, student contact hours, and committee assignments, to perform regular instructional, research, and service duties for each academic term from the date of course registration through the examination schedule. Extra compensation shall not be available to an employee in the following circumstances:

- when there exists an actual or apparent conflict of interest;
- when the function performed for extra compensation is for the university and is essentially the same function for which the employee is employed full time;
- when the employee has budgetary control over the account from which extra compensation is to be paid;
- when on sick leave; or
- when the employee is a financial contributor to the account(s) from which the extra compensation is to be paid.

In cases where employees control accounts from which their extra compensation is to be paid, the salary supplement policy should be used to avoid conflicts of interest. In situations where use of the salary supplement policy is not practical, the appropriate vice president must
make all assignments and authorize all payments for employees who control accounts from which extra compensation is to be paid.

Extra compensation is available for the following activities only if all of the preceding conditions, including paragraphs I(A), I(B), I(C), and I(D) of this policy, are satisfied:

A. Teaching credit and non-credit courses

1. Extra compensation is available to employees for teaching non-credit courses outside their home department and/or budget unit only if the courses to be taught go beyond an employee's normal employment duties and only if the courses meet outside normal working hours.

2. Extra compensation for teaching credit courses in excess of the normal teaching load is available only in exceptional circumstances to academic year faculty employees and fiscal year employees. See Board of Regents Academic Affairs Handbook §4.14.07. Generally, enrollment demand for credit courses in excess of normal teaching loads shall be accommodated through released time or overload to faculty employees. Extra compensation for teaching credit courses is available to fiscal year employees only if they hold faculty rank and only after all possible arrangements of released time and/or overload among the corps of instruction have been exhausted. The department chair requesting extra compensation must verify that other such arrangements are not feasible. **Chancellor's approval is required in advance for extra compensation for teaching credit courses.**

B. Research

1. Extra compensation for research activities is available to faculty and staff but only when the employee performs a limited, but specialized, function or task collateral to the main purpose of the research, such as serving as a research subject, collecting data, drawing blood, calibrating equipment, and designing data analysis software. Additionally, the research activity must be unrelated to the employee's normal employment duties, be outside the employee's home department or budget unit, must be conducted outside normal working hours, and must be approved by the Provost and Vice President for Academic Affairs.
2. Principal investigators and those named in grant proposals are not eligible for extra compensation for research under this policy.

C. Service activities, including consultancy activities

1. Extra compensation is available to employees performing service activities and programs unless the clientele to be served by the activity or program is the same clientele as that which the faculty or staff member was employed to serve.

2. Extra compensation is available to employees performing service activities and programs that directly serve the University or that serve entities or agencies external to the University. Consultancy services addressing the technical and professional needs of communities, groups, agencies, businesses, and other entities outside the University are specifically considered to be service activities under this policy.

III. Amount of Extra Compensation

A. Although each department or budget unit may determine the rate of extra compensation to be paid for a particular activity, the amount and rate of compensation paid to the employee for extra compensation shall be in line with the rate of compensation paid for the performance of the individual's normal duties. Extra compensation for teaching credit course(s) shall be consistent with existing policies regarding the payment for teaching a course.

B. The maximum total amount of extra compensation paid to an employee during any one fiscal year (July 1 to June 30) shall not exceed 33 1/3% of that employee's full time equivalent (1.0 EFT) salary for that fiscal year. Exceptions to this provision can be made by the Vice President to whom the employee reports in his or her normal capacity.

C. The project or activity budget [see Section IV below] submitted with each application for extra compensation shall include sufficient funds for the employer's portion of the employee benefits associated with the extra earnings.

IV. Application Procedures for Extra Compensation
The payment of extra compensation to an employee requires approval from the Vice President responsible for administering the budget unit seeking to pay extra compensation (approves project and the project budget in the context of the University's policy), from the Vice President responsible for administering the unit that employs the individual on a regular basis (approves use of the employee in the context of the policy), and from the Vice President for Business and Finance or his/her designee (approves the availability of funds, and reviews for compliance with policy, and for adequacy of supporting documentation). In cases where a unit needs to respond to potential clients in a timely manner, the originating unit, prior to the performance of the duties, should submit the project/activity budget by FAX to the appropriate vice presidents or their designees who will confer quickly and communicate their action within 48 hours.

All requests for approval shall include the following:

1. Personnel Action Form
2. Extra Compensation Certification
3. Project/Activity Budget
4. A draft of any written agreement on fees and services (to be reviewed by one of the University's legal advisors)

The personnel action form and/or budget must include a description of the duties to be performed, the number of hours required to perform the assignment, the amount and rate of extra compensation requested, and the source of funds used to pay the extra compensation and related employee benefits.