



Office of Research and Strategic Initiatives

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April 30, 2020

Dr. Ray L. Belton, President-Chancellor
Southern University System
J.S. Clark Building
Baton Rouge, LA 70813

Dear Dr. Belton:

Enclosed is an updated policy on the Extra Compensation Plan. The purpose of the Extra Compensation Policy and Implementation Plan is to update the existing policy to provide an allowable extra compensation rate increase from 20% to 25% and to further specify the Southern University and A&M College (SU) policies governing faculty allowable Extra Compensation for faculty and staff [unclassified employees]. This policy also determines the processing period and instruments used to award Extra-Compensation.

Please note that this policy adheres to the Southern University Strategic Plan, *Goal IV: Commitment to Scholarly Research, Discovery, and Entrepreneurship, Objective IV.1, Strategy IV.1.6*. Incentivize faculty and staff research productivity by increasing the threshold in the extra-compensation policy from 20 percent to up to 25 percent.

I fully support the recommended policy which was submitted to the University Research Council for its review and endorsement and subsequent submission and approval by the SUS Board of Supervisors. Thank you for your consideration.

Sincerely,

Michael A Stubblefield

Michael A. Stubblefield, PhD
Vice Chancellor for Research

APPROVED:

A handwritten signature in blue ink that reads 'Ray L. Belton'.

Dr. Ray L. Belton
President-Chancellor



POLICY TITLE
Additional Compensation Limitations for Faculty and Staff
(Extra Compensation Policy and Implementation Plan)

POLICY NUMBER
11-003

Responsible Unit: <i>Office of Research, Strategic Initiatives & Economic Development</i>	Effective Date: <i>07/01/2020</i>
Responsible Official: <i>Vice Chancellor for Research, Strategic Initiatives & Economic Development</i>	Last Reviewed Date:
Policy Classification: <i>Research Expenditures & Sponsored Funds Administration</i>	Origination Date: <i>April 1, 2020</i>

I. POLICY STATEMENT AND RATIONALE

The purpose of the Extra Compensation Policy and Implementation Plan is to update the existing policy to provide an allowable extra compensation rate increase from 20% to 25% and to further specify the Southern University and A&M College (SU) policies governing faculty allowable Extra Compensation for faculty and staff [unclassified employees]. This policy also determines the processing period and instruments used to award Extra-Compensation. SU emphasizes that work on a sponsored program should be performed via release time efforts when feasible. Requests for additional compensation [extra compensation] on sponsored programs will be allowed in special or extreme circumstances. Extra-Work must not be allowed before final approval by the Office of the Chancellor.

II. POLICY SCOPE AND AUDIENCE

This policy applies to all sponsored projects administered by the Office of Sponsored Programs (OSP) under the authority of the Office of Research, Strategic Initiatives & Economic Development (ORSI-ED). SU will recognize Extra Compensation for sponsored programs only as those activities that are beyond the faculty or staff member's regular assigned load and responsibilities. Individuals and offices responsible for affecting this policy include:

- **Principal Investigator/Project Director** - prepares either a Priority Ordering Test (POT) form to initiate a request for extra compensation approval at the time of proposal

submission. Written justification and a sample work schedule must be submitted as attachments to the POT.

- **Deans/Chairs/Program Leaders/Center Directors** - reviews requests for Extra Compensation and endorses only those that have exceptional circumstances and potential benefits that are compelling and well-justified. Endorsed requests for Extra Compensation will be forwarded to the Director of OSP for review and approval.
- **Office of Sponsored Programs (OSP)** - reviews requests for Extra Compensation to ensure costs are allowable by the funding agency and that they meet the University's definitions of allowable compensation and exceptional circumstances. Approves and forwards the endorsed requests to the VC for ORSI-ED for final approval (prior to funding by agency).
- **Vice Chancellor for ORSI-ED** - reviews requests for Extra Compensation and provides final approval to only those requests that 1) meet the guidelines of the funding agency and/or 2) have exceptional circumstances and potential benefits that are compelling and well-justified.
- **Chancellor of SU (Baton Rouge Campus Only)** – has final authority over all requests and can override a decision made by any supervisor in the initiate's (PI/SU employee submitting request) chain of command to deny said request for extra compensation.

III. POLICY COMPLIANCE

Compliance with this policy ensures that the faculty and staff receive compensation for their efforts and adhere to federal cost accounting practices as stipulated in the Office of Management and Budget Cost Principles for Educational Institutions OMB Circular A-21 (**2 CFR Part 220**).

IV. POLICY DEFINITIONS

Academic Year: The nine (9) month period covering the Fall and Spring Semesters.

Academic Year Employee (9-month): Faculty employed during the Academic or nine-month term. These employees can be considered for Extra Compensation.

Administrative Personnel: Those persons who are charged with administering the University and its ancillary units at all levels. This classification includes the chancellor, vice chancellors, deans, departmental chairpersons/program leaders, managers, directors and other staff.

Award Instrument:

Extra Compensation: is defined as an unusual, nonrecurring, and extraordinary payment for SU sponsored programs work that falls entirely beyond the normal, regular job assignment. Extra Compensation should not be used as a regular supplement to an individual's salary *nor as a means to pay overtime**. Repeated requests for Extra Compensation for the same activity may be denied. All requests for Extra Compensation must be approved by the Offices listed and defined as "Approvers" in Section II. Allowable costs for Fiscal Year employees will be calculated at a rate of 25% of annual (12-month salary rate) and at a rate of 25% of the academic (9-month base salary rate) for Academic Year employees.

****Note. Charging overtime to federal funds for employees whose regular duties are related to and paid through state, university, or other non-sponsored program funds is a violation of cost accounting (2 CFR Part 220) standards.***

Explicitly excluded from this definition are earnings, that may be paid to an employee from an SU source, and from the following:

- (1) Patent, copyright, licensing right, or royalty as stipulated by **La. R.S. 42:1123 (9)(a)**;
- (2) Supplements to salary usually paid from private funds for which retirement contributions may not be payable (monetary awards pursuant to the annual employee recognition/excellence awards at SU fall in this category);
- (3) One-time supplements to salary as dictated by State Law (i.e. the one-time cost of living salary increase paid to SU employees as per an Act of the Louisiana Legislature); or that
- (4) Fall in an exceptional category, partly specified by a grant or contract instrument, where the nature or site of performance of a sponsored work may lead to payments to an employee from SU sources that are not comparable to the regular SU salaries and that generally are governed by special instruments. Known exceptional categories currently include long time (usually a month or more) offsite research, federal or state agency fellowship placement, or international project execution overseas. In these cases, affected employees are generally placed on leave of absence – relative to their regular employment at SU – so that they may enter into another employment or contractual agreement with SU that allows for the payment of a salary whose rate is unrelated to the Regular Salary Rate defined below and for which other payments (stipends, fees) may be paid for hardship, housing assistance, etc.

Extra-Work: is defined as work assigned to (or duties and responsibilities assumed by) an employee [faculty or unclassified staff] and that is unrelated to, or independent of, **and** in excess of his/her normal workload (nature, quantity, separate operation, remote site of execution, etc.) as specified in the basic employment contract or agreement with SU. Instances where such work is performed are expected to be *incidental* and hence not part of a routine practice that continues over years – for a given employee and a given task or assignment.

Fiscal Year: The twelve (12) month period (i.e., July 1st of a year to June 30th) of the following, consecutive year; a continuous twelve-month period (with about 365 consecutive days).

Fiscal Year Employee (12-month): Faculty or staff employed during the Annual or 12-month term. These employees are only eligible to be considered for Extra Compensation.

Fringe Benefits: Employment benefits made available to employees through the Southern University System, that are considered to be of particular interest and benefit to its employees. These benefits include retirement, workman's compensation, unemployment compensation, etc.

Full Time Workload (Classified or Unclassified): is defined as 40 hours per week for full time employees. However, there is no requirement for academic personnel (instructor; assistant, associate, and full professors; teachers; associates) to be physically present in their classrooms, laboratories or offices where their duties are performed for a period of 40 hours per week.

Priority Ordering Test (POT) Form: Form used to determine an employee's eligibility to receive Extra Compensation through a sponsored programs activity account.

Regular Salary (or Compensation) Rate (RSR or RCR): the amount of compensation paid to an employee per unit time (i.e. month) and that is based solely on the compensation in the basic contract or employment agreement between that employee and SU. For a one-month period, this rate will be computed as 1/9th of the nine-month Academic Year salary for faculty members and 1/12th of the fiscal year salary for employees whose employment contracts or agreements cover a twelve-month period. Regular, hourly compensation rates shall be based on 1,560 hours for 9-month employees and 2,080 hours for 12-month employees.

Research Activities: Those activities engaged in or by an employee for the primary purpose of investigating, or experimenting, aimed at the discovery of new knowledge, the interpretation of acts, the practical application of new or revised facts; and the opportunity to be creative and stay abreast in the employee's field or discipline.

Research Agreement: An agreement between the University and a funding agency for the purpose of supporting research and the related activities during a designated period of time. The basic instruments for a research agreement include a grant, contract, cooperative agreement or others.

Sponsored Project/Program: is defined as a project/program whose implementation is paid for, entirely or in part, by funds awarded to SU from public (federal, state, city, etc.) and/or private (industry, private foundations, etc.) sources. Externally funded research or instructional projects are typical sponsored projects.

Sponsored Project/Program Instrument: is defined as the complete collection of all written agreements between SU and an awarding or funding agency relative to a project; it includes the approved proposal and its budget, the award agreement (contract, grant, cooperative agreement, etc.), and any subsequent written agreement* – pertaining to the fiscal operations of a project or program – between the funding agency and SU.

**Note. For this definition, employees who assign or review extra-work assignments must understand that a letter from an agency director or a program officer, while generally relevant for programmatic activities, does not generally have budget (fiduciary) implications or authorities. In particular, for federal agencies, a written agreement that can alter a budget or allow an extra-work assignment that was not in the initial project instrument must generally be from a "contracting officer or similar." Contracting officers are generally the same individuals that sign the award letter, contract, or agreement.*

Total Allowable Compensation: is defined as the total amount of compensation that can be earned by an employee from SU and/or sponsored programs sources and is the sum of the regular compensation possible pursuant to the regular (or basic) employment of a faculty or staff member over a twelve month period, and of the *maximum extra-compensation* that an employee can earn over the same twelve month period. This period is ordinarily defined as in any fiscal year [July 1st – June 30th]. Excluded from this definition of "total allowable compensation" are earnings that fall in one of the four exceptions delineated above in the definition of extra-compensation.

V. POLICY IMPLEMENTATION PROCEDURE

General Policy for Extra Compensation and Applicable Rate

The extra compensation application process should not exceed seven (7) days in total from submission to final approval. All applications will initially be submitted on paper forms until such time an electronic processing procedure has been approved and developed (similar to Human Resources' electronic personnel action form processing). The electronic extra compensation submission process will allow for a streamlined system with checks and balances for accountability.

As per the Code of Federal Regulation (2 CFR Part 220), the rate at which an unclassified employee is compensated for extra-work cannot exceed the regular salary rate or compensation rate (RSR or RCR) for that employee for the period of performance of the extra-work. If the regular salary rate of an employee changes during the period of execution of an assigned extra-work, the rate for extra-compensation may be changed in such a way that it does not exceed, for any given time period, the regular rate of compensation for that time period. The monthly regular salary rate of a faculty member whose contract covers the nine-month period of the academic year is simply his/her academic year salary divided by nine. Further definition of extra-compensation follows:

1. It is the general policy of SU that sponsored program activity be performed on a basis of release-time. When release-time activity for work performed on a sponsored program has been approved, the grant account shall be charged for that portion of an employee's time devoted to the project (provided it is compatible and approved under the funding agency's grant award terms). The rate of compensation charged to the grant account will be the same as that paid by SU and include the approved SU fringe benefits rate as well as the SU approved indirect cost rate.
2. In those instances where it is not possible for faculty to be released from his/her regular University duties [or in the instance of staff, who are ineligible for release-time] to undertake sponsored programs activities, extra compensation may be permitted up to 25% (gross) of a fiscal year or 12-month salary rate. The 25% allowable compensation will be charged during the sponsored program's period of performance and follow the University's fiscal year beginning July 1st and ending June 30th. It is understood that extra compensation will be approved only when the additional duties of the sponsored program do not interfere with the employee's regular duties as assigned by the University/Dean/Chair/Director and are clearly defined in the funding agency's award document and/or the funded proposal's budget justification. The rate of pay for extra compensation shall not exceed the approved extra compensation of 25% during any given month.
3. The 25% limitation also applies to the total amount of extra compensation awarded per fiscal year as well as each separate (monthly or semester) disbursement.
4. For employees the maximum amount of extra-compensation an employee may earn in a month (i.e., 30 days) is generally his/her regular monthly salary multiplied by 0.25. This represents a one-quarter (1/4) increase in effort level over a month. It is estimated that an extra-work assignment over one-fourth (1/4) effort level will generally result in a decrease in the quantity and/or the quality of regular work.

Application of Extra-Compensation

Occasionally, academic, professional, and other employees are asked to assume responsibility for additional duties unrelated to, or independent of, their normal work. The need for allowing extra-work and the related extra-compensation will always be evaluated in view of the advantages to SU and the conformity of same to applicable laws, regulations, and policies. When such assignments are clearly not a part of the employee's normal assignment, extra-compensation may be permitted if the extra-work is explicitly provided for in the Sponsored Agreement or approved in writing by the awarding federal agency.

Approval Process (follows chain as stipulated in Section II).

1. If the prospective university employee, determines that he/she may be eligible for extra-compensation for the proposed extra-work to be done on a sponsored project, a request (with prior extra-compensation documentation for the fiscal year) should be made to the head of their unit who will apply the Priority Ordering Test (POT). This should be done simultaneously as the proposal submission to a funding agency.
2. If it is determined by the unit head that the request passes the POT, then a request should be made by the unit head to the Dean of the College. If the Dean approves the request, then it is forwarded to the Director of OSP, who will review the POT for compliance. Next, it is forwarded to the Vice Chancellor, Office of Research and Strategic Initiatives and Economic Development (VC-ORSI-ED) who will review the request and justifications, including the interdisciplinary nature of the project and approve or disapprove. For new proposals with extra-work-extra-compensation, it must be stated explicitly on: (a) the proposal routing cover, and (b) the budget figures and explanation sections. ORSI will check proposals to make sure that these provisions are appropriately stated and that the POT requirement has been met as evidenced by a transmittal letter from the Dean to ORSI requesting approval of the proposed work.
3. Once the project is funded, the POT form is then forwarded to the Chancellor for final approval. The Chancellor has final authority on all extra compensation requests.
4. The approved POT form is returned to OSP and is assigned a POT#. Then the approved POT is sent to the recipient for formal processing.
5. The recipient must submit a copy of the approved POT form to Human Resources to begin an employment personnel action form (ePAF).

Monitoring Responsibility

1. A **unit head** (Chair/Director) should maintain a log of all faculty or personnel receiving extra-compensation in his/her area and submit same as part of the unit's annual report.
2. For each ePAF that entails an extra-work assignment for extra-compensation, the responsibility for verifying that extra-compensation is allowable, as per the instrument of a sponsored project, if any is involved, primarily rests with the **Office Sponsored Programs (OSP)** who normally receives the award letter and/or with the SPADCO (i.e., accountant/analyst in charge of the applicable sponsored project). *As a rule, an extra-work assignment involving a sponsored project has to be allowable as per the award instrument,*

before ePAF approval is granted. The sponsored project instrument includes the approved proposal and budget for the applicable sponsored project, the award letter (or contract, agreement, etc.) and accompanying regulations or documents, and any subsequent written agreement between SU and the funding organization.

3. Offices in charge of the computerized ePAF-tracking system at the campus level (including **Human Resources** and the **Budget Office**) will track the instances of extra-work assigned and the amounts of extra-compensation paid to any SU employee. The resulting data, *to be compiled by Human Resources in an annual report*, will allow not only the documentation of compliance with the limits and rates of extra-compensations but also will assist the University in avoiding routine involvement in extra-work by any employee, from one year to the next, beyond that which is permitted by this Plan or by **29 CFR Part 516** of the Fair Labor Standards Act. Similar data will be collected by the Human Resources pursuant to the implementation of **29 CFR Part 516**, even though some instances of this implementation may be unrelated to extra-work and extra-compensation as defined here.

VI. POLICY RELATED INFORMATION

2 CFR Part 220 of the OMB Circular A-21 establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions (<https://www.govinfo.gov/content/pkg/CFR-2012-title2-vol1/pdf/CFR-2012-title2-vol1-part220.pdf>).

The 2 CFR Part 220 is the basis for the “determination” of the SU approved MTDC indirect cost rate at SU for all sponsored grants. The 25% extra compensation rate should be used for calculating the charges to the sponsored program budget (as per submitted proposal).

La. R.S. 42:1123 (9)(a) establishes principles for the receipt or sharing in proceeds such as any patent, copyright, licensing right, or royalty by faculty or staff members of a public higher education institution (<https://law.justia.com/codes/louisiana/2011/rs/title42/rs42-1123/>).

A copy of the University’s current Priority Ordering Test Form can be found at:
<http://www.subr.edu/assets/subr/OSP/PriorityOrderingTest-Revised2017.pdf>.

VII. POLICY HISTORY AND REVIEW CYCLE

This Extra Compensation Policy is submitted to the Southern University System Board of Directors for approval – May 2020. The policy shall be revisited every two years by a Chancellor appointed, ad-hoc Committee. The ad-hoc Committee will include representation from the following offices:

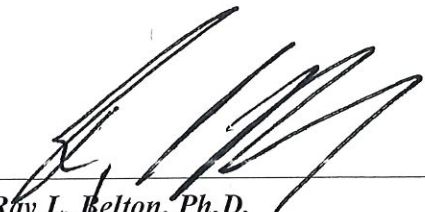
- a. Academic Affairs or any Dean/Center Director;
- b. Budget Office;
- c. SPADCO, hereby charged with providing to the Committee all amendments/revisions to the 2 CFR Part 220 and other applicable federal and state regulations;
- d. Faculty Researchers;
- e. Faculty Senate;

- f. Office of Research, Strategic Initiatives and Economic Development, hereby charged with providing the Committee with trends and policies at other institutions; and
- g. Human Resources (HR), hereby charged with providing to the Committee all applicable state laws and regulations, particularly as they pertain to the Louisiana Code of Government Ethics and Classified Employees;

VIII. POLICY URL


Upon approval, this Extra Compensation Policy will be maintained in the ORSI-ED office as well as posted on www.subr.edu/ORSI.

IX. POLICY APPROVAL



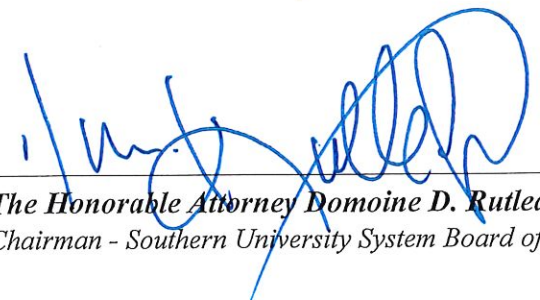
Ray L. Belton, Ph.D.
Chancellor, Southern University and A&M College

Effective Date of Policy



Ray L. Belton, Ph.D.
President-Chancellor, Southern University and A&M College System

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The Honorable Attorney Domoine D. Rutledge
Chairman - Southern University System Board of Supervisors

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