



## TEXAS TECH UNIVERSITY™

### Operating Policy and Procedure

#### **OP 70.16: Compensation in Excess of Base Salary**

**DATE:** April 5, 2019

**PURPOSE:** This Operating Policy/Procedure (OP) defines *compensation in excess of base salary* and sets forth institutional review and approval requirements for such payments to university employees.

**REVIEW:** This OP will be reviewed in September of odd-numbered years by the Assistant Vice President for Human Resources, the Chief Accounting Officer, and the Office of the Provost with substantive revisions forwarded to the Chief of Staff for the President, the Provost and Senior Vice President (PSVP), and the Vice President for Administration and Finance & Chief Financial Officer.

#### **POLICY/PROCEDURE**

##### **1. Policy Statement**

All faculty and staff, regardless of funding source, are accountable to Texas Tech University for 100 percent of the duties associated with their basic appointment. Furthermore, the primary responsibility of university employees is the full and complete execution of all assigned duties of their basic appointment. However, in certain situations, compensation in excess of base salary may be permitted for additional duties. It is the policy of Texas Tech University that such compensation complies with applicable federal and state laws and regulations.

Employees who are dually employed with the university and with another state or federal agency must first meet requirements set forth in [OP 70.15, Multiple and Other Employment](#), before additional compensation may be considered.

Exceptions to this policy may be granted by the PSVP or respective Vice President **for non-sponsored funds only**. Under no circumstances can compensation in excess of base salary be paid from sponsored project funds unless all requirements of this policy have been met.

##### **2. Definitions**

###### **a. Base Period**

The base salary period for staff is the university's fiscal year (September 1 through August 31). The base salary period for a full-time faculty appointment is the academic year (September 1 through May 31). Summer months are not included in the base period. However, the university may employ faculty members during the summer months for specific teaching, research, or sponsored agreement assignments.

b. Base Salary

Base salary is defined in detail in [OP 74.16, Institutional Base Salary](#). Compensation to faculty for summer assignments must be consistent with the institutional base salary for the base period.

c. Home Department

The home department is the department that appoints the employee on the electronic *Personnel Action Form* (ePAF) and is responsible for coordinating the employee’s employment if he/she is also employed by another university department.

**3. Forms of Extra Compensation**

There are three forms of extra compensation: salary supplement for interim duties, additional compensation, and lump sum payment. Each has different requirements and must be processed in a certain way to ensure accurate salary reporting and effort certification.

Type	Processing Mechanism	Earn Code	Required Approval (sponsored funds)
Interim Duties	ePAF only	INT	Accounting Services
Additional Compensation	ePAF (long-term assignment)	ADC	Accounting Services
	EOPs (short-term work)		
Lump Sum Payment	ePAF (long-term assignment)	LSP	Accounting Services
	EOPs (short-term work)		

Note: Faculty appointments to summer months for specific teaching, research, or sponsored project assignments are NOT considered extra compensation. Summer courses can be paid on a fixed amount per course regardless of the amount of 9 month base pay or rank of the faculty member. Payments for any summer appointments are processed as regular salary not to exceed the individual’s institutional base salary.

**4. Interim Duties**

Administrative salary supplements are payments that temporarily augment the base appointment salary (i.e., increase institutional base salary) as a result of a special assignment. When the special assignment ends, the salary reverts to the base appointment salary. Administrative salary supplements are not allowed on sponsored projects or cost share funds.

The following are special assignments for which a salary supplement may be paid:

- a. Faculty assume the additional responsibilities associated with being a chair or department head;
- b. Exempt staff assume the additional responsibilities associated with filling a vacant position higher than their own on an interim basis for more than one month; or

- c. Administrative employees assume the additional responsibilities associated with managing another work unit, in addition to their own, on an interim basis for more than one month.

## 5. Additional Compensation

Additional compensation is a payment in addition to the base salary for work performed that is (a) in addition to the employee's regularly assigned duties; and (b) outside the employee's home department or involves a separate/remote operation. Additional compensation is not included in institutional base salary.

### a. In Addition to Normal Duties

Additional compensation requests for **faculty** on sponsored project funds (funds beginning with 21, 22, or 23) and associated cost share funds will be routed through the department chair/director to determine whether the work is above and beyond the faculty member's normal duties. For all other funds and for exempt staff, the determination is made by the financial manager approving the payment. Additional compensation for faculty and staff must also be approved in advance by either the PSVP or the respective vice president.

Exempt staff may receive additional compensation for services performed outside their home department, but within the scope of their regular assignments, provided:

- (1) The work is being performed for TTUHSC or TTUS;
- (2) The performance of such duties requires additional work hours beyond their regular 40- hour assignment; and
- (3) The employee is performing 100 percent of her/his regularly assigned duties and responsibilities.

### b. Outside the Home Department

Work is considered to cross departmental lines if the organization level 6 incurring the additional compensation payment is different from the organization level 6 associated with the employee's home department. When reviewing requests for additional compensation, Human Resources will verify the work is across departmental lines. Additionally, for sponsored project funds, AS will confirm the work is across departmental lines.

### c. Additional Requirements for Sponsored Projects

Additional compensation to be paid to faculty from federal or state sponsored projects (funds beginning with 21 or 22) and associated cost share funds must be specifically provided for in the agreement or approved in writing by the sponsoring agency (excluding federal agencies that have waived pre-approval requirements).

Additional compensation requests on sponsored project funds are routed through AS for review to ensure compliance with federal regulations, award terms and conditions, and institutional policy.

AS also completes quarterly compliance reviews for additional compensation charged to sponsored projects and associated cost share funds. In the event a payment is determined to be unallowable on the sponsored project, the department will be required to transfer the charge to a non-sponsored project fund.

- d. Additional compensation is not intended to compensate employees for cooperative work between university departments where faculty and staff provide support for each other on an ongoing basis. In all cases, an employee's primary assignment takes priority over the work performed for another unit. The additional work should not create a time conflict with the performance of the employee's normal duties and should not create a conflict of interest (i.e., additional duties should not compete with the interest of the primary assignment).
- e. See [OP 32.10, Additional Compensation for Faculty/Staff through the Office of the Provost](#), for activity that may qualify for additional compensation for faculty.
- f. Compensation in excess of base salary must be specified and approved in writing prior to work commencing, in accordance with the policy herein.
- g. Without exception, all payments to university employees must be made through Payroll Services and will be subject to withholding taxes and other payroll deductions. Furthermore, extra compensation requests must be requested and paid before the close of the fiscal year in which the services were performed.
- h. The rate of pay must be commensurate with the employee's institutional base salary.
  - (1) In the event the additional work being performed is substantially different from the services provided by the employee's regular appointment, then the rate for the additional duties should be commensurate with that which the university normally pays for those services.
  - (2) In the event the services being provided are not normally provided by the university, then the rate for the additional duties should be commensurate with the market rate for such services.

## 6. Lump Sum Payment

A lump sum payment is a payment to a non-exempt employee who performs work that is (a) in addition to regularly assigned duties and (b) outside the home department. Only in these circumstances may a lump sum payment be made to a non-exempt employee. Payments in excess of 40 hours in a workweek, whether submitted on a time sheet or paid in a Lump Sum Payment, must be paid in accordance with overtime policy outlined in [OP 70.17, Overtime](#).

The requirements and approval for lump sum payments is the same as additional compensation.

## 7. Authoritative Reference

*2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

**8. Right to Change Policy**

Texas Tech University reserves the right to interpret, change, modify, amend, or rescind this policy, in whole or in part, at any time with or without the consent of employees.