

Standard Operating Procedure

Summer Salary and Supplemental Pay for 9-Month Faculty

February 15, 2017

(First Issued May 1, 2012)

I. Applicability

Regulation 05.58.01 categorizes summer salary and supplemental pay to faculty in the following categories:

- Summer Instruction Salary for 9-month Faculty
- Salary for 9-Month Faculty from Sources other than Summer Instruction
- Supplemental Pay for 9-month Faculty

As prescribed in REG 05.58.01, “Additional Compensation Paid through the University” this document is the ‘Standard Operation Procedure’ applicable to all sources of supplemental payments made to nine-month faculty; instructional and non-instructional summer salary and supplemental pay during the contract period.

II. Definitions

“Academic Term” for Nine-Month Faculty: August 16 through May 15.

“Base salary” is the current annual salary of the employee as it appears in the appointment letter or subsequent notification of salary increase/decrease; plus any administrative, honor, or interim supplement that carries an anticipated duration of one full year or more.

“Sponsored Project” is any externally funded research or scholarly activity that has a defined scope of work or set of objectives, which provides a basis for sponsor expectations. This more specifically involves research, instruction, training, curriculum development, community and public service, or other scholarly activity involving funds, materials, or other forms of compensation, or exchanges of in-kind efforts under awards or agreements and are administered through Ledger 5 projects (5XXXXXX).

“Effort reporting” is a federally-mandated process by which the salary charged to a sponsored project is certified as being reasonable in relation to the effort expended on that project. “Effort” is the proportion of time spent on any activity, expressed as a percentage of an individual’s total university effort. At NC State University effort reporting is managed online via The Employee Activity Reporting System (TEARS).

“Summer salary” is any earnings paid through NC State University for work performed by 9-month faculty during the period between May 16 through August 15, including Maymester instruction. A full-time 12-month faculty member may not receive compensation for summer salary from a sponsored project.

“Summer Term” for Nine-Month Faculty: May 16 through August 15.

“Supplemental pay” is defined as compensation in excess of a faculty member’s annual salary paid by NC State for temporary increases in responsibility, for extra duties, or honor recognitions beyond the scope of the employee's contract/appointment. Summer salary is considered a form of supplemental pay for 9-month faculty, since it falls outside their contract/appointment period.

III. Limitations on Summer Salary, Summer Salary paid from Sponsored Projects and Effort Certification

A. Limitations on Summer Salary

During the summer, a 9-month faculty member may be paid no more than a total of 33.33 % (adjusted to 1.0 FTE equivalent for faculty with less than full-time AY appointments) of their nine-month base salary from all sources of funds. A 9-month faculty member may not exceed 90% of the allowable summer salary per pay period. *Any amount paid in excess of 90% per pay period requires the Department/College to maintain a written management plan.*

Exceptions beyond the 33.33% summer-earnings maximum must be approved in advance by the Dean/Vice Chancellor (not his/her designee). The rationale for the exception and the approval must be documented on the form generated by the Additional Compensation Application. The proper approvals must be obtained *prior* to the time the effort that exceeds 33.33% is performed and must be monitored by the College. It is the responsibility of the faculty member and the college or unit to correct payroll payments made to the faculty member if there have been changes in the expected or reported effort for which the faculty member received payment.

Any exceptions beyond the 33.33% cannot be granted for a 9-month faculty member who receives salary in the summer from sponsored projects. A 9-month faculty member’s allowable summer salary from sponsored projects is calculated on the summer earnings maximum, which is 33.33 % (based on 1.0 FTE equivalent) of a faculty member’s nine-month base salary from all sources of funds.

Faculty are limited to 90% of the summer earnings maximum (90% of 33.33% = 30% of AY base pay) from sponsored project sources per pay period. This limit reserves time during each pay period of the summer term for such activities as teaching, service or administrative duties, development of grant proposals, or time off for personal activities. Exceptions beyond 90% of total summer effort on sponsored projects must be approved by the Dean/Vice Chancellor (not his/her designee) and must be in accordance with the terms and conditions of the project sponsor. The rationale for the exception must be documented and the Dean or Vice Chancellor (not his/her designee) must approve the exception. Compensation Application. This documentation and approval must be performed prior to the effort being expended and must be monitored by the Department, College or Division that processes the payment.

Non-sponsored (non-Ledger 5) funds may be used to cover salary for any portion of the summer term, including the 10% of total effort not allowed on sponsored projects. No payment from any source of funds is allowable for time off for personal activities. Other restricted funds (e.g., gifts and endowments) may be used, but are subject to the guidelines and restrictions of the funding sources, as well as Dean or Department Head (not the Department Head’s designee) approval, depending on who has authority over the source of funds.

Examples of the 33.33% summer-earnings maximum and portion allowable on sponsored projects:

*Example A: Professor A's academic year salary is \$72,000. She teaches one overload class in the fall and earns \$5,000 and serves as the temporary Associate Chair for the department for the Spring Semester, and earns \$2,500. The maximum additional amount she can earn during the summer months through the NCSU Payroll is \$23,997.60 (33.33% of her \$72,000 base salary). The portion of the \$23,997.60 that can be paid from sponsored project sources is \$21,597.84 (which is 90% of 23,997.60). The amount allowed to be paid in a single pay period is limited to the maximum daily rate times the number of days allowed to be charged to a Ledger 5 project in the month. The portion of the \$23,997.60 that can be paid from sponsored project sources in May or August is \$3,636 (which is ((90% *total allowable earnings)/total number of days allowable for summer salary) *days allowable in the month. (\$23,997.60/66) *10 = \$3,636. The portion that can be paid from sponsored projects in June and July is \$7,162.92 (which is \$23,997.60/66 = \$363.60*19.7 = \$7,162.92. Any amount paid in excess of 90% per pay period requires the Department/College to maintain a written management plan. The compensation earned for the overload payment and the temporary associate chair stipend (for less than one year) is not included in this calculation of base salary. Please note that consulting services outside of the University and the compensation earned from those services would have no impact on the 33.33% limit.*

*Example B: Professor B's academic year salary is \$60,000. In addition, he is in Year 2 of a 3-year appointment as the Graduate Coordinator for his department for which he earns \$5,000 per year which would be included in his base salary. The maximum he can earn during the summer months through the NCSU Payroll is an additional \$21,664.50 (33.33% of his \$65,000 base salary). The portion of the \$21,664.50 that can be paid from sponsored project sources is \$19,498.05 (90% of \$21,664.50). The amount allowed to be paid in a single pay period is limited to the maximum daily rate times the number of days allowed to be charged to a Ledger 5 project in the month. The portion of the \$21,664.50 that can be paid from sponsored project sources in May or August is \$3,282.50 (which is ((90% *total allowable earnings)/total number of days allowable for summer salary) *days allowable in the month. Any amount paid in excess of 90% per pay period requires the Department/College to maintain a written management plan.*

B. Effort Certification

Effort expended during the academic term does not satisfy a commitment related to the receipt of summer salary. In other words, one cannot count any effort expended during the prior or subsequent academic year to fulfill one's summer commitment. Summer effort certification via TEARS will be the formal documentation of all summer term effort as prescribed in federal Uniform Guidance, and to satisfy the effort documentation requirements of the Uniform Guidance. [See REG 10.05.15: TEARS (The Employee Activity Reporting System).]

Summer effort reports in the TEARS system account for 100% of the "total effort expended" during the summer. The "100% effort" noted in the TEARS system is a reflection of the total time worked by an employee during the summer months. Effort – for TEARS Effort Reporting – always totals to 100%, even if only part of the summer is worked and compensated.

Example C: Professor C works a total of 59 days (i.e. 90%) on sponsored projects during the summer term. The Professor's TEARS effort report will reflect 100%.

Example D: Professor D works a total of 20 days (i.e. approximately 30%) on sponsored projects. The Professor works another 20 days teaching summer courses. The Professor's TEARS effort report will reflect a total of 100% effort, 50% expended on sponsored projects and 50% on teaching summer courses, even though he has only worked 40 of 66 possible weekdays during the summer.

IV. Approvals, Documentation and Payment Processing Deadline

A. Approval and Documentation

The Additional Compensation Application in PeopleSoft must be used for requesting, authorizing, and documenting summer salary and supplemental pay actions. The manner in which the payment is made depends on the anticipated duration of the services be being performed. (See below, sec. VI: *Payment Instructions for 9-Month Faculty Summer Session Instruction, DELTA and Supplemental Pay, C. Supplemental Pay*)

Instructions for using this application can be found at:

<https://ehra.hr.ncsu.edu/wp-content/uploads/sites/8/2016/01/AdditionalCompensationApplicationManual.pdf>

A Security Access Request (SAR) request must be completed to gain access to the Additional Compensation Application.

B. Payment Processing Deadline

All summer salary must have been remitted no later than September 30 (refer to the monthly payroll schedule for deadlines for data entry into the HR System). Failure to pay by this deadline results in inaccurate TEARS effort reports being generated for the summer term. Exceptions for payment after September 30 must be approved by the Dean/Vice Chancellor and documented within the Additional Compensation Application. The College and the faculty member are responsible for ensuring that effort is captured through either the TEARS system or via an After the Fact Memorandum.

NOTE: A total lump sum payment at the conclusion of the entire summer term is discouraged because of the unfavorable tax withholding effect for the employee.

V. Payment Instructions for 9-Month Faculty Salary Paid from Sources other than Summer Instruction

A. Payment Calculation for Summer Term Pay

A payment may be processed in the month for which a faculty member is expending effort. Note, however, that to meet payroll lockout deadlines, processing such a payment within the same month as the effort is being expended could result in payment being processed before all effort is completed. If the actual effort differs from the effort submitted for payment, it is the faculty member's responsibility to work through their department and/or college office to correct the overpayment and note the changes on the Additional Compensation Approval Form generated by the Additional Compensation Application.

Each summer month is considered to have 22 weekdays, or a total of 66 weekdays for Summer 2012 (May 16, 2012 through August 15, 2012). The maximum number of days that can be charged to a sponsored project during the summer term, without a properly-approved exception, is 59 (90% of 66 = 59 weekdays)

Although the actual number of weekdays varies from month to month; the average is approximately 22. For ease and consistency of calculation, therefore, all summer months are deemed to contain 22 total weekdays. Other methodologies (i.e. percent of effort) will in effect arrive at the same result.

The number of weekdays per month and the earnings codes to be used for summer term pay are shown in the following table:

Month	Weekdays	Summer Research Earnings Codes	Description
May	11	601	EPA 9mo Summ Res 5/16-6/30
June	22	601	EPA 9mo Summ Res 5/16-6/30
July	22	602	EPA 9mo Summ Res 7/1-8/15
August	11	602	EPA 9mo Summ Res 7/1-8/15
TOTAL:	66		

If a faculty member receives summer salary payment from earnings code 601 or 602 the remaining effort for the summer term, subject to effort reporting, is reflected on the faculty member's effort report. The earnings codes subject to effort reporting during the summer term are as follows:

Earnings Codes	Description
617	EPA 9 month Summer Administration
650	EPA Summer Instruction

Currently, a faculty member who does not receive pay from earnings codes 601 or 602 paid from a sponsored project, but (a) does receive pay classified with earnings code 617 from a sponsored project, (b) that is paid summer salary from a sponsored project after Sept 30, will NOT receive an effort report for the summer term. **Please complete an 'After the Fact Summer Effort' confirmation memorandum for the employee's effort expended on sponsored project activities when either of these situations exist.** The 'After the Fact Summer Effort' confirmation memorandum can be found at:

<https://cng.ncsu.edu/resources/>

Example G: Professor G has a base salary of \$100,000 and commits (and works) the 90% of the 33.33% maximum summer effort as Director of a Research Institute funded in total by a sponsored project. The \$26,997.30 summer salary earned by Professor G is paid using earnings code 617 "EPA 9 Month Summer Administration." Professor G receives no other pay from sponsored projects, therefore he did not receive summer salary pay classified with earnings codes 601 or 602 and will NOT receive a Summer TEARS effort report. In order to certify Professor G's effort on the sponsored project for work

performed as Director of the Research Institute an “After the Fact Summer Effort” confirmation memorandum must be completed.

VI. Payment Instructions for 9-Month Faculty Summer Session Instructional and Supplemental Pay

A. Summer Session Payments

For instructions on making Summer Session payments refer to:

<https://hrim.hr.ncsu.edu/wp-content/uploads/sites/13/2016/11/Summer-Session-Instruction.pdf>

B. Supplemental Pay

There are three variations of supplemental payments:

- **Short-duration** supplemental payments for duties of 3 months or less,
- **Medium-duration** supplemental payments for duties of more than 3 months but less than 12 months, and
- **Long-term** supplemental payments for duties of 12 months or more

Long-term supplemental payments – those with anticipated duration of 12 months or more – are included as “base pay” for calculation of summer pay rates.

Short- and medium-duration supplemental payments (less than 12 months) are not considered part of base pay for calculations of summer pay rates.

VII. Training Requirement for Non-Instructional Summer Salary Pay

All faculty who will receive summer salary paid in whole or in part from sponsored project sources is required to complete training provided by the Office of Contracts and Grants on the University’s summer salary regulations and standard operating procedures on an annual basis between January 1 and May 15. This training must be completed before the faculty member receives payment for the work and prior to the Friday preceding the first day of Summer Session I of that year. In the event that the training is not completed before this deadline, the Dean must approve this exception. Such exceptions are only permissible in unusual circumstances and only after the completion of mandatory summer salary training.

Training is managed by The Office of Contracts and Grants. The College Research Officer is responsible for identifying all administrative staff and faculty requiring summer salary training. This is done on an annual basis or anytime a staffing change occurs that could affect the entry of a transaction.

Administrative staff identified by the College Research Officer, as being required to complete summer salary training because of their involvement in processing of such payments must complete this training before the Friday preceding the first day of Summer Session I. In the event that the training is not completed before this deadline, the Dean must approve this exception. Such exceptions should be permitted only in unusual circumstances. The administrative staff processing summer salary transactions must complete the training before entering transactions. Administrative staff processing transactions is responsible for verifying that any faculty member receiving summer salary payments has completed the training before processing the payment. All parties must complete training prior to entering any summer salary transactions.

C&G or post-award personnel will confirm that personnel involved in these transactions have completed the necessary training. Reporter or a similar learning management system will provide a mechanism for tracking training completion.

The College Research Officer is responsible for adding people to the summer salary training module, monitoring the College/Department compliance with the summer salary policy and communicating to C&G which faculty members and administrative staff should have completed summer salary training.

The Assistant Director of Education & Communications for ORIED and C&G is responsible for summer salary training systems, updating approved content and training college administrators on how to utilize the system.

The Assistant Director of Systems & Compliance, Contracts & Grants is responsible for coordinating updates to the summer salary training with The Assistant Director of Education & Communications, following up with all training requests and evaluating compliance with the SOP on an annual basis.

Frequently Asked Questions (FAQ)

1. Why is the Additional Compensation Paid through the University regulation (REG 05.58.01) necessary?

Federal audit activity at other research institutions has prompted us to evaluate the current practice of allowing faculty to charge 100 percent of each pay period of summer salary to federal grants. Yale University recently announced a \$7.6 million settlement with the Justice Department for, among other issues, allegations that summer salary was charged 100 percent when actual effort was spent during the academic year, or on unrelated grants, or not directly related to grant activity. NC State University needs to ensure that our policies protect faculty members and the institution. We believe this Standard Operating Procedure will clarify summer salary and supplemental pay charging parameters for faculty, and help us to remain compliant with current federal regulations, while protecting the faculty.

2. May I consult during the summer?

Consulting is permitted subject to the same University policies in effect during the academic year.

3. If I consult for 5 days total during the summer, how does this impact my summer salary?

External consulting time is not University effort, thus when calculating your percent effort expended during the Academic or summer term, the time you spend consulting is neither part of the denominator (i.e. the total time you spent on university activities) or the numerator (i.e., the time you spent on a particular activity).

4. I have regularly taken three months of summer term salary. If REG 05.58.01 limits me to 90% of each pay period from sponsored projects, how will I be able to obtain the additional 10% of salary?

Each college or department has local conditions that may allow certain solutions to this issue. Consult with your Department Head or Dean's office about how you might earn the 10% on other sources of funds prior to expending the additional 10% effort.

5. **Is there any case in which a faculty member can take 100% of summer term salary during each pay period from sponsored projects?**

Yes, exceptions beyond 90% effort committed must be approved in advance, (i.e. prior to expending the additional 10% effort) by the Dean/Vice Chancellor (not his/her designee). *Any amount paid in excess of 90% per pay period requires the Department/College to maintain a written management plan.* If a faculty member commits 100% effort to a sponsored project in any of the summer pay periods, the Department Head or Dean must make it clear to the faculty member that he or she cannot take time off or work on any other University activities other than the projects from which they are paid in that period.

Confirmation that salary received during the summer term reflected only sponsored project activity will be obtained at the end of the summer term via the TEARS effort reporting process.

6. **If payments for sponsored programs are maxed at 90%, is it then necessary for other work to remain at 10% or can a faculty member go over 100% with appropriate approval?**

A 9-month faculty member can earn a maximum of '90% of 33.33%' -- or 30% -- of their 'Academic Year base salary' on sponsored projects. The other '10% of 33.33%' -- or 3.33% -- can be taken as time without pay or can be funded from non-Ledger-5 sources.

In exceptional circumstances, a Dean or Vice Chancellor may authorize (*note: authorization may not be further delegated*) effort and pay -- from non-Ledger-5 sources only -- beyond the 33.33%.

7. **May I use the hours I work beyond 40 hours each week (evenings and weekends) for administrative tasks or writing proposals?**

The University and federal agencies consider effort, not time. If an investigator's effort on University activities is typically more than 40 hours per week, or includes evenings and/or weekends, then "all hours worked" constitutes 100 percent effort. Thus, one cannot use time above 40 hours per week for tasks unrelated to the sponsored project paying the summer salary.

8. **What is meant by the statement "effort expended during the academic term does not satisfy a commitment related to the receipt of summer salary?"**

Summer research pay is specifically for work performed during the defined summer term. In other words, a faculty member cannot perform their "summer" commitments in advance (or after) the summer term.

9. **Do I have to be physically at the University during the summer?**

Faculty are generally expected to be at the University for the period of summer salary support, with exceptions for travel to conferences, meetings with collaborators, or off-campus work (say at a data collection site or research institute elsewhere) that are directly related to the sponsored project that is providing summer salary support.

10. **Can I go to a conference while I am being paid from a sponsored project?**

Yes, if the conference is related to the sponsored project; you must certify that the effort (time spent) at the conference is relevant to the sponsored project.

11. How is effort reporting handled for the summer term?

Effort reporting is required only if you receive compensation from a sponsored project for sponsored research, (i.e. earnings code 601, 602 and/or 617). If you receive earnings from either one of these earnings code you will see all University effort, subject to TEARS, (i.e. earning codes 601, 602, 617 and 650) expended during the summer term on your effort report. This modification was made to give faculty members, who are certifying their summer research pay, an accurate depiction of their total summer effort.

12. Can I distribute my effort over the summer even though I specify the calendar dates for various sponsored projects to pay my summer salary?

Summer salary payment may be processed in the month for which a faculty member is expending effort during the summer term, from May 16 to August 15. Summer salary paid should be as closely matched as possible to the month the effort is expended. For instance, if an investigator has 1 month of summer salary support from each of two sponsored projects for a total of 2 months, the investigator would be expected to spend a total of four to five weeks of work on each sponsored project over the summer (2 months total). This leaves 1 month for administrative work unrelated to the sponsored project, research unrelated to the grants charged for summer salary, vacations, and writing proposals. The funded research weeks can be distributed throughout the summer, with the caveat that it would not be appropriate to take a two-week vacation in July if summer salary is paid for the entire month of July.

13. If I receive in excess of 90% of summer salary per pay period from sponsored projects can I write proposals or do administrative work?

No. If an investigator receives in excess of 90% of summer salary per pay period from sponsored projects, the funding agencies do not allow for time to write proposals, work on other research, or do significant administrative work beyond brief consultation with graduate students, handling an occasional non-project-related phone call or email, or attending a short, rare administrative meeting.

14. Are research efforts paid on state appropriations included in the term “non-instructional” salary?

Yes.

15. Is a part-time, non-tenure-track (NTT) faculty member limited in the summer to 33.33% of their total prior academic year's earnings?

No. Assuming the individual was not paid from any sponsored projects during the academic year, the 33.33% limit is calculated on the full-time equivalent academic year 'base salary' of a faculty member.

Example: A part-time NTT faculty member taught only one class in only one semester -- which carried the standard single-course FTE of .25 -- and was paid \$5,000 total. That would equate to a fulltime equivalent of \$40,000 if they'd taught the equivalent 1.00 FTE load of 8 courses (4 in Fall and 4 in Spring). If they work full time in the summer, as long as their total Summer pay doesn't exceed 33.33% of the FT equivalent (\$13,332 in this example), they'd be fine. Beyond that, the Dean/VC can authorize additional effort/pay with appropriate justification, such as if they are teaching large-enrollment summer classes, including online.

16. If I have questions regarding REG 05.58.01, whom should I first contact?

Please contact your Department Head or Dean's Office.

17. If I have questions regarding this SOP, whom should I first contact?

Please contact Justo Torres, Director of Contracts & Grants at 919-515-8008 or itorres3@ncsu.edu or Allison Nelson, Assistant Director, Systems and Compliance at 919-515-8011 or ramaults@ncsu.edu