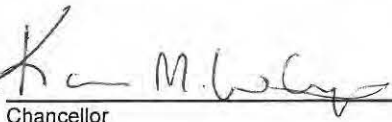


Office of the Chancellor
Pennsylvania State System of Higher Education
Procedures and Standards for University Operations

Procedure/Standard Number 2018-32
Employee Compensation for Sponsored Activities for State System Universities

Approved by:  Date: 1/5/18
Chancellor

History: Replaces the Feb 18 2009 *COMPENSATION POLICY* **Revised:**

*FOR SPONSORED ACTIVITIES FOR STATE SYSTEM
UNIVERSITIES*

Reviewed by ad hoc Work Group – December 13, 2016

Provosts – January 13, 2017

HR Directors – January 17, 2017

VP's Finance and Admin – February 8, 2017

Presidents – April 24, 2017

ASPCUF – November 16, 2017

Related Policies, Procedures, or Standards: various Collective Bargaining Agreements (CBA's), November 11, 2017 side letter to the APSCUF faculty CBA

Key Words/Categories: sponsored research, grants, compensation

Additional References: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, published by the Federal Office of Management and Budget (OMB) at 2 C.F.R., Chapter II, Part 200

I. Purpose and Scope

The purpose of this document is to establish consistent, fair and equitable treatment of reasonable compensation that may be paid to faculty members and system employees who perform research, educational services or other activities, that are funded by sponsored agreements. The procedures will:

- facilitate consistent treatment of salary charges among collaborative sponsored projects involving several State System universities.
- assure that salary charges to sponsored agreements are consistent with federal cost principles and universities are protected from liability for unreasonable and unallowable charges to sponsored agreements.
- ensure that faculty participation in sponsored activities does not interfere with or negatively impact teaching and university commitments.
- provide guidelines for university administrators, faculty members, and other employees in reaching appropriate agreement with the entity that is sponsoring the research, educational service or other activity.

Grants and contracts that support sponsored projects are awarded to the institutions and therefore the institutions are responsible for compliance with all terms, conditions, regulations, and laws. This procedure covers all State System university faculty members

and non-faculty employees who perform research, educational services or other activities covered by a sponsored agreement.

The Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards, published by the Federal Office of Management and Budget (OMB) at 2 C.F.R., Chapter II, Part 200 ("Uniform Guidance") require an institution that receives federal funding to establish a policy defining the compensation allowable for personnel services performed by a university under a grant, contract or other agreement with the Federal Government. Furthermore, the Uniform Guidance requires ***this policy must be institution-wide and be consistently applied to all sponsored activities***. The amount of compensation that a faculty member and non-faculty employees may receive under a sponsored agreement is further limited by federal and state laws and regulations, contractual obligations, and collective bargaining agreements. The State System universities need to ensure full compliance with the regulatory and contractual mandates that govern the compensation faculty members and non-faculty employees may receive for personnel services covered by a sponsored agreement. These guidelines set standards for compliance with the multiple layers of requirements.

II. Definitions

- A. **Academic Year:** consists of each university's fall and spring semester and typically spans nine months.
- B. **Annual Institutional Base Salary (IBS):** The academic year salary, per rank and step, paid to a faculty member or the annual salary paid to a bargaining unit employee as defined by the applicable collective bargaining agreement/memorandum, or the annual salary paid to a non-represented employee. Annual Institutional Base Salary does not include additional compensation such as (but not limited to) overtime, overload and incentive pay.
- C. **Extra Service Pay:** Normally represents overload compensation or overtime for services above and beyond IBS, subject to institutional compensation policies (e.g. the CBA) for services above and beyond IBS.
- D. **Overload:** Defined in Article 25 of the current Collective Bargaining Agreement with the Association of Pennsylvania State College and University Faculties (APSCUF) and applies only to faculty.
- E. **Reasonableness:** Compensation for faculty engaged in sponsored projects will be considered reasonable to the extent that it is consistent with that paid (to the faculty member) for similar work in other activities of the institution.
- F. **Sponsored Agreements:** Includes all federal, state, local and foundation grants, public or private contracts, or similar third-party agreements which provide funding support to the university pursuant to a specific proposal or scope of work that utilizes university resources, i.e., facilities, equipment, employees.
- G. **Summer:** Summer is the intervening period between spring and fall semesters.
- H. **Winter Intersession:** Consists of the time between a university's fall and spring semesters and is no less than three (3) weeks and no more than five (5) weeks.

III. Standards

State System universities will allow compensation on sponsored projects to the extent that it is accurate and in relation to the work performed. Compensation charges to sponsored agreements normally shall not exceed 100 percent of the IBS paid to a faculty member or non-faculty employee. However, this standard is not intended to prevent a faculty member or non-faculty employee from receiving additional compensation greater than their annual institutional base salary so long as all regulations, policies, and applicable collective bargaining agreements are satisfied. State System universities shall develop administrative procedures as required.

Each proposal that is prepared for or by a State System university in support of a sponsored agreement will contain the amount of compensation that is to be paid to each faculty member or employee (or a job position) participating in the sponsored activity. The amount of compensation paid shall be proportional to the work that the faculty member or other employee will perform. The proposal may include a provision to provide for release time from normal work activities for each faculty member or non-faculty employee who will be performing the research, educational service, or other activity outlined in the sponsored agreement.

A. Standards for Faculty AY Compensation

As is the common practice in many State System universities, **release time or pro-rata division of salary, wages and benefits, shall be the predominant method of compensation during the academic year. In no case shall time committed to sponsored research/projects overlap time committed to other university assigned duties.** That is, the university cannot double charge two sources of funds (University and sponsor) for the same time and effort of faculty. The Uniform Guidance requires that with few exceptions, charges to Federal awards may not exceed the "proportionate share" of the IBS.

1. Exceptions to AY Release time

Extra service pay or overload compensation is an allowable charge to a sponsored agreement if *all* of the following conditions are met:

- a. An appropriate, senior administrative official of the university approves, in writing, the assignment of overload to the individual faculty, with an assurance that the faculty member will be able to fulfill the time commitment to the sponsor and fulfill the time commitment to all other, full-time, university duties.
- b. The extra service pay is specifically identified in the proposal (budget justification) to the sponsor as additional compensation and the sponsor approves the charge as evidenced by award of the grant. If not contained in the proposal a separate written request for extra service pay/overload must be submitted to the sponsor and its approval received.
- c. The university follows the established CBA and related written policies and procedures which apply uniformly to all faculty, including a consistent written definition of work covered by the IBS which is specific enough to determine when work beyond that level has occurred.
- d. The amount paid is commensurate with the IBS and existing (bargained) salary structure and pay ranges, i.e. rank and step, and the amount of work performed.
- e. Standards of documentation as described in Section IV are satisfied.

B. Standards for Faculty Compensation Outside the Academic Year

Compensation for faculty for sponsored activities outside the Academic Year (see definitions) shall be paid in accordance with the APSCUF faculty CBA Side Letter dated November 10, 2017. Work performed on sponsored activities does not need to be contiguous to an academic semester(s). Academic Year salary is paid on a pro-rated basis; and the effort and compensation is measured in actual hours worked. Compensation outside the Academic year is Extra Service pay and requires approval per Section A.1.

C. Standards for part-time faculty compensation

Compensation under sponsored agreements for faculty members employed on a part-time basis will be determined at a rate not in excess of that regularly paid to that faculty member for part-time assignments.

D. University Overload for Faculty on Sponsored Projects

When faculty has committed part of their time to a sponsored project funded through release time and the university assigns additional university work, all such institutional work shall be paid in accordance with the faculty CBA. The assignment of additional university work shall be approved and managed by a senior administrative official in order to assure that faculty members fulfill their time commitment to the sponsors and fulfill their time commitment to all university duties and satisfy independent auditors or the respective sponsor's program monitors. The assignment of university overload to faculty on release time pledged to a sponsor, does not require the sponsor's approval.

E. Standards for Non-Faculty Employees

Pro-rata division of salary, wages and benefits, shall be the predominant method of compensation for non-faculty employees. In no case shall time committed to sponsored research/projects overlap time committed to other university assigned duties. That is, the university cannot double charge two sources of funds (University and sponsor) for the same time and effort of non-faculty employees. The Uniform Guidance requires that with few exceptions, charges to Federal awards may not exceed the "proportionate share" of the IBS.

1. Exceptions

Full-time professional employees may earn extra service pay in accordance with System policies, this procedure and all provisions and procedures below:

a. Represented Employees

Professional employees include employees of the SCUPA bargaining unit. Professional employees, in accordance with the collective bargaining agreement, who work beyond the normal thirty-seven and one-half (37 ½) hour basic work schedule shall receive compensatory time for work in excess of thirty-seven and one half (37 ½) hours in any workweek.

Professional employees who are non-exempt under the Fair Labor Standards Act will earn compensatory time as determined in accordance with the overtime provisions of the Fair Labor Standards Act. Professional employees exempted under the Fair Labor Standards Act will earn compensatory time as determined by the collective bargaining agreement.

For nine-month professional employees the university has the option to offer a summer employment assignment to provide for performance of sponsored agreements consistent with the professional employee's pay range, step and effort committed to the sponsored agreement.

Employees in bargaining/supervisory units represented by the American Federation of State, County and Municipal Employees (AFSCME) who work overtime will be compensated in accordance with the collective bargaining agreement/memorandum of understanding, as appropriate.

Extra Service pay (i.e., overtime/compensatory time) may only be charged to a sponsored agreement if all the provisions and procedures below are satisfied.

- i. An appropriate, senior administrative official of the university approves, in writing, the assignment of additional workload to the individual employee, with an assurance that the employee will be able to fulfill the time commitment to the sponsor and fulfill the time commitment to all existing, full-time, university duties.
 - ii. The extra service pay is specifically identified in the proposal (budget justification) to the sponsor as additional compensation and the sponsor approves the charge as evidenced by award of the grant. If not contained in the proposal a separate written request for extra service pay must be submitted to the sponsor and its approval received.
 - iii. The university follows the established written policies and procedures which apply uniformly to represented employees of similar grade, including a consistent written definition of work covered by the IBS which is specific enough to determine when work beyond that level has occurred.
 - iv. The amount paid is commensurate with the employee's IBS and the amount of work performed.
 - v. Additional standards of documentation as described in Section IV are satisfied.
- b. Non-represented employees
Full-time non-represented employees may earn extra service pay (i.e., Supplemental Pay) for effort committed to sponsored projects over and above maintaining regular duties. In such case the above provisions of E.1.a.i. to v. shall be followed as applicable

IV. Records Requirements

Charges to sponsored projects for salaries and wages must be based on records that accurately reflect the work performed. The records must be supported by a system of internal control which provide reasonable assurance that the charges are accurate, allowable and properly allocated. Documentation of personnel expenses must be in a method acceptable under the Uniform Guidance and comply with the individual university's policies and procedures. Charges for salaries, wages and fringe benefits shall reasonably reflect the total activity for which the faculty member or non-faculty employee is compensated, not exceeding 100% of compensated activities, and encompass both individual sponsored and non-sponsored activities.

V. Implementation Requirements


- A. Universities shall establish procedures necessary to comply with these procedures and the Uniform Guidance, including, but not limited to documentation of personnel expenses in a method acceptable under the Uniform Guidance.
- B. The Uniform Guidance, applicable CBAs, and the November 10, 2017 Side Letter to the APSCUF faculty CBA provide additional guidelines regarding critical implementation requirements that are not addressed herein, e.g. sabbatical pay, intra-university consulting, records requirements, salary scales and other provisions. Universities are required to comply with all such guidelines and contractual obligations.
- C. All compensation to faculty and non-faculty employees shall be in conformance with the applicable Collective Bargaining Agreement/Memorandum.



OFFICE OF THE CHANCELLOR

MEMORANDUM

TO: University Presidents

FROM: Peter H. Garland 
Executive Vice Chancellor

DATE: November 16, 2017

RE: Side Letter Compensation for Sponsored Activities

This is to notify you that we were successful in reaching a side letter agreement with the Association of Pennsylvania State College and University Faculties (APSCUF), copy attached, regarding compensating faculty based on the academic year rate of pay when performing research, educational services, or other activities ("sponsored activity") that are funded by sponsored agreements outside of the academic year. Prior to this agreement, universities were required to compensate faculty working on a sponsored activity during the summer per Article 24, Summer Employment.

A faculty member approved by the president, or his/her designee, to perform work on a sponsored activity outside the academic year will have his/her academic year appointment extended to cover the additional period of time approved to work on the sponsored activity and will be compensated in accordance with Article 22, Salaries, of the faculty collective bargaining agreement.

Within the next few weeks, a small management group comprised of representatives of Indiana and West Chester Universities and the Office of the Chancellor will meet to discuss the implementation of the side letter. Thereafter, implementation of this side letter agreement will be reviewed with the chief academic officers, university grant officers, and human resources staff. Additionally, Angela Smith Aumen, Director of Sponsored Programs and Grant Development, will proceed with finalizing the Procedures and Standards for Employee Compensation for Sponsored Activities for State System Universities.

This agreement is an example of a collaborative effort by the State System and APSCUF that serves the interests of both faculty and the universities.



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Any questions regarding the side letter may be directed to Lisa A. Sanno, Assistant Vice Chancellor for Employee and Labor Relations at (717) 720-4173 or your respective Labor and Employee Relations Manager.

PHG/LAS/tlh

Attachment

c: Office of the Chancellor Executive Staff
 Chief Academic Officers
 Human Resource Directors
 University Legal Counsel
 Labor Relations Staff
 Angela Smith Aumen, Director of Sponsored Programs and Grant Development

SIDE LETTER

Compensation for Sponsored Activities

The undersigned agree that:

When a faculty member performs research, educational services or other activities that are funded by sponsored agreements ("sponsored activity") outside of the Academic Year, defined as the two (2) academic terms of fifteen (15) teaching weeks each, the faculty member may be issued an extension to his/her regular Academic Year appointment to cover the period of time performing work in the sponsored activity. For example, a faculty member could be issued an extension to work additional weeks or months outside of the Academic Year.

An extension of a faculty member's academic year appointment for the purpose of performing work in the sponsored activity must be approved by the President, or his/her designee. Acceptance of the extension shall be voluntary on the part of the faculty member. A faculty member approved to perform work on a sponsored activity outside of the Academic Year must be paid in accordance with Article 22, Salaries, of the Collective Bargaining Agreement.

For Association of Pennsylvania State
College and University Faculties ("APSCUF")

By: Mary Ellen DuBall
Date: 11-10-17

For Pennsylvania State System of Higher
Education ("PASSHE")

By: Lisa A. Sarno
Date: 10-8-17