

## MEMORANDUM

**To:** Robert R. Bell, President  
**From:** Task Force on Extra Service Pay and Reassigned Time  
**Date:** March 10, 2009  
**Subject:** Final Report

This summarizes issues and recommendations of the task force on Extra Service Pay and Reassigned Time. Our scope was to address the following questions:

- 1) Can money be saved in the area of extra service pay?
- 2) Are extra service pay and reassigned time used equitably and appropriately across campus?

The task force members and the information reviewed are listed in the attachment.

### **Background**

In 2008, total gross wages (including extra and summer pay) exceeded base salary for TTU's top 370 wage earners by \$3,700,000 (13.6%). The components of the total amount were approximately:

Extra Service Pay	\$ 900,000
Overload Pay	\$ 1,600,000
Summer Pay	\$ 1,200,000

A detailed review of employees with high extra service pay showed that all of the extra service pay appeared to be justified and within TTU policy. Because base salary varies by discipline, and extra service pay is often determined as a percentage of base salary or the hourly rate of pay, differences in total compensation for individuals in different disciplines may become exaggerated. Further exaggeration can occur if the individual with higher base salary has a stipend(s) for administrative functions added to base salary. **Total compensation differences by discipline lend support to the perception that the system is not fair.**

Since extra pay and overload pay are controllable expenses, **there is opportunity for cost reduction. Cost savings are likely to be achieved if activities that are currently compensated using extra pay can be included as part of the normal faculty load.** There is a delicate balance between saving money by reducing extra pay and encouraging extra service activities through the extra pay incentive.

### **Issues**

The task force identified several issues that need to be addressed:

- 1) The functions / activities compensated with extra service pay are not defined.
- 2) Faculty normal load, including teaching load, is not defined. There is significant variation in normal teaching load by college and department. The rationale for teaching load differences does not exist or is not understood.
- 3) Principles to guide compensation decisions for faculty members that become chairpersons, directors, associate deans, assistant deans, and other administrative roles is not defined. When a faculty member is appointed to or steps down from an administrative position, the expectation regarding salary increase or decrease needs to be clarified and captured in the employment contract.
- 4) Appreciation for the diversity of programs may not exist across the employee population.
- 5) The process for approval of extra pay is cumbersome and involves significant rework.

## Recommendations

- 1) **Review all extra service pay at the department level for each employee to see that it is for effort above planned normal load.** Consolidate the information (paper) flow of all extra service pay items through the department chairperson to determine if extra pay is justified. Departments (or College if the Dean chooses) should maintain a workload plan for each faculty member expected to receive summer pay and extra pay. The faculty member and the department chair have the most knowledge of the faculty member's planned workload and overload. A new workload sheet and extra pay form are currently under development by a team led by Academic Affairs. Before submitting an extra pay form to Human Resources, the department chair should confirm that the pay is for activities that are above the planned load. Extra pay should be monitored by department, individual, and activity on a going basis.
- 2) **Disallow extra service pay for C&S employees.** C&S should be paid overtime at 1.5 times their normal hourly rate for extra work exceeding 40 hours per week.
- 3) **Streamline methods for determining pay.** Current policy allows a maximum effort for extra service pay of 2 credit courses per semester or 15 work hours per week with a maximum of 400 hours per 9 month period. There are currently four methods that can be used to compensate the employee:
  - a. **Credit Hours** - used to calculate teaching load and overload. Overload is considered as extra pay according to policy. The conversion rate is 2.5 work hours per credit hour.
  - b. **Work Hours** – used to calculate extra service pay
  - c. **Dollars** – flat dollar amounts are often used to allocate grant funds to faculty for extra service pay, stipends for administrative responsibilities, and funds for teaching courses, including RODP
  - d. **Percent** – used in determining maximum allowable pay in the summer for teaching (25%) and other activities (33%). Percent can easily be converted to work hours.

The “flat dollar amount” method is incompatible with the other methods. This issue can be resolved in the near term by eliminating the flat dollar amount payment option. See the attachment for a detailed explanation of this issue.
- 4) **Clarify the current process for defining base salary and use of stipends.** Review extra administrative duties that are included in base salary for 9 month faculty such as Department Chairperson, Director, Assistant Dean, Associate Dean, and interim positions. There should be consistency across the university when an individual steps down from an interim or administrative appointment. The stipend or additional pay for these duties should be removed if the individual steps down from the position and the plan for stipend removal should be captured in the new employment contract. A guideline should be created for determining when a stipend should be considered part of base salary and when it should be considered extra service pay.
- 5) **Educate employees on policy, the correct payment process, and the new form.**
- 6) **Automate the current paper based process for submission and approval of extra pay.** Human Resources and ITS should review current approaches including TBR approved electronic signature methods to automate this process. Savings will occur through reduction of paperwork, reduction of effort to record and summarize information, and reduction of rework and mistakes in transcribing data. Service will be improved through faster processing of the requests.
- 7) **Longer term, form a task force to review the process for managing faculty load.** Planned faculty load (capacity utilization) for all teaching, research, service, and administration should be defined, planned and tracked by individual and by semester. Load should take into account the class size, discipline, graduate or undergraduate, number of preps, Delaware data, and accreditation requirements. New federal requirements are strict about what can be treated as “within normal load” vs. extra service pay. A consistent load management process and identification of which activities qualify for extra service pay will ensure improved consistency across colleges and departments. The task force should include faculty and staff to work in consultation with the Provost's Office, Human Resources, and the TBR task force on extra pay.

**Attachment**  
**Task Force Report on Extra Service Pay and Reassigned Time**  
**March 10, 2009**

**The task force members:**

- Dr. Jack Armistead
- Ms. Carol Holley
- Dr. Homer Kemp
- Dr. Bonita Barger
- Dr. Christine Miller
- Dr. David Larimore
- Mr. Mike Cowan

**The task force reviewed the following information:**

- Current State (Moonlighting) Law – TCA 49-5-410
- Current TBR Policy (5-01-05-00) on Outside Employment and Extra Compensation
- Current TTU Policy 18 on Outside Employment and Extra Compensation
- List of extra service pay for employees in CY 2008
- Comparison of 2008 W-2 income vs. base salary for 370 highest paid employees
- Detailed inspection of specific employees with high extra service pay amounts

**Issue of multiple measures of extra service pay**

Current policy allows a maximum effort for extra service pay of 2 credit courses per semester or 15 work hours per week with a maximum of 400 hours per 9 month period. This creates a problem because we have 4 different measures that conflict with one another:

- **Credit Hours** - used to calculate teaching load and overload. Overload is considered as Extra Pay according to policy
- **Work Hours** – used to calculate extra service pay
- **Dollars** – flat dollar amounts are often used to allocate grant funds to faculty for extra service pay, stipends for administrative responsibilities, and funds for teaching courses, including RODP
- **Percent** – used in determining maximum allowable pay in the summer for teaching (25%) and other activities (33%)

When a flat dollar amount is used, a calculation must be made to convert the dollar amount to work hours to ensure that the employee does not exceed the maximum allowable hours per week. For example, multiple faculty members agree to grade critical thinking exams as part of a grant and are paid a flat fee for their effort through the extra service pay process. The extra service pay form requires a record of hours worked and the hourly rate for each employee. Employees with lower base salaries (and therefore lower hourly rates) are more likely to exceed the maximum work hours for the same work. So, lower paid employees are more likely to be capped due to the maximum hours limit even though the calculation creates an artificial number of hours worked, not actual hours worked.