

# The University of Tennessee at Chattanooga

## Extra Service Pay Procedures

### Overview

Generally, salaries charged to sponsored projects should be in the form of summer salary for individuals working in May, June, or July – outside of their 9-month appointments. Alternately, grant funds should be used to release/re-assign faculty & staff from their typical duties for temporary work on a sponsored project during the academic year for 9-month appointees or anytime for those on 12-month appointments.

UT Fiscal Policy [FI0207](#) specifies certain conditions that must be met in order for extra service pay to be allowable for exempt staff, 12-month faculty, and/or 9-month faculty during the academic year from federal or federal flow-through funds. For non-federal sponsors, the institution has more discretion in considering special circumstances under which extra services pay may be approved. Please note that regardless of the source, all extra services compensation will be at the rate of pay reflected in the individual's Institutional Base Salary.

### ***What is Additional / Extra Service Pay in relation to Grants/Contracts?***

Extra Service Pay (also called “additional service pay”) is compensation paid by the university beyond the established monthly base salary of the faculty member or staff for work that is performed outside of the typical scope of work. The work is not part of the individual's normal job responsibilities and is not otherwise defined under the individual's appointment and/or his or her 100% effort distribution.

Extra service pay is distinct from ADA (Additional Duties Pay) which is typically provided as an administrative supplement for temporarily assuming additional duties, and it is different than Summer teaching pay which faculty earn for additional teaching in the summer, outside of the academic year period.

### ***Who is eligible to be paid via additional pay?***

Allowability of the extra service pay mechanism and eligibility for who may receive it varies depending on the source of the sponsored program funding.

### Federal & Federal Flow-Through Sponsored Projects

- A. 9-month faculty are eligible. However, payments for nine-month faculty are limited to 33 1/3<sup>rd</sup> percent of the individual's base salary for the period of August 1 to July 31 annually. This extra service pay is generally restricted to work performed in May, June, and July.
- B. 9- or 12-month faculty or staff who are functioning in a consultant role are eligible if the following guidelines are met:
  - Consulting must be allowed by and is subject to any conditions set by the sponsoring agency.
  - Consulting must be across departmental lines.
  - The supplemental pay cannot exceed the faculty member's rate of pay calculated on institutional base salary.
  - Supplemental pay cannot be allowed if the faculty member is listed in the proposal and/or budget as a project investigator or senior/key personnel.

- Supplemental pay must either be specifically provided for in the approved budget or receive prior written approval by the federal awarding agency.
  - The approver unit-level approver must certify that services rendered, if any, were beyond the scope of the employee's normal duties and were performed either outside of normal working hours or while the employee was on annual leave during normal working hours.
- C. 12-month faculty/staff **are not typically** paid additional pay, but instead usually receive a % of release time from their normal duties to be entered through a pay funding change which results in salary savings to the department. There may be **rare** cases where 12-month faculty or staff may receive additional pay if work is considered outside normal work hours and duties.
- D. Biweekly positions that are paid hourly **SHOULD NOT** be paid through an additional pay request. Per fiscal policy FI0207 Section 4, "Clerical and administrative personnel salary charged to sponsored projects is not intended to be additional pay or overtime pay. The amount or percent effort identified in the proposal and worked during the period of performance will be paid directly from the sponsored project as part of the employee's base pay at no more than their regular hourly rate."

#### Non-Federal Sponsored Projects

Compensation from federal and federal flow-through grants are restricted to the personnel types and circumstances described above. For non-federal sponsors, the institution has more discretion in considering special circumstances under which extra services pay may be approved. However, UTC typically follows the requirements for federal funding, with the following exceptions:

- Individual investigators and senior/key personnel roles may receive extra service compensation from non-federal fund sources.
- Effort compensated via extra service pay with non-federal funds does not have to occur across departmental lines.
- Regardless of the source of funding (federal or non-federal), the procedures below must be followed including pre-approval as discussed below.

## Procedures

These procedures should be followed with regard to extra services compensation, regardless of the source of the funding. Please note that it is the responsibility of the administering department (the "Lead Admin Unit" listed in Cayuse) to monitor additional pay closely for each of the faculty/staff members paid from the grant account.

### **1. Planning for ESP at the Proposal Preparation & Submission Stage**

Whenever practicable, the proposed budget should clearly and directly specify when an individual will receive extra services compensation, consistent with [UT Fiscal Policy](#)

- Discuss proposed extra services pay with an ORSP liaison at the pre-award stage to ensure that it is allowable.
- Ensure that proposed extra service compensation is explicitly described in the budget, budget justification, and/or other appropriate application materials that are submitted to the sponsor.
- Complete the *Extra Service Pay Pre-Approval Form* and attach it to the Cayuse proposal record. In the signatures field on the form, check the box indicating that extra service pay is included in the application.

- Add a Cayuse submission note with the following language: *Extra services pay is included in the application at the time of proposal submission, and an Extra Service Pay Pre-Approval Form is included on the Attachments screen. Certification / approval of the Cayuse proposal record signifies approval of the extra services pay as described in the proposal attached to the Cayuse entry.*

## 2. Securing Prior Approval at the Post-Award Stage

There may be a number of circumstances in which it is determined after an award is made that extra service pay is necessary.

- Contact ORSP immediately to determine if extra service pay is allowable under UT Policy and the sponsored program award terms.
- Complete the *Extra Service Pay Pre-Approval Form* and secure digital or ink signatures from the individual seeking to receive extra service pay, that individual's department head and dean. In the signatures field on the form, check the box indicating that extra service pay is being contemplated after proposal submission.
- Work with ORSP to secure appropriate documentation of agency prior approval. This may vary by sponsoring agency, so it is critical to work closely with ORSP. **Please note: no extra service pay can be disbursed until agency prior approval is secured.**

## 3. Processing Extra Service Pay

To ensure timely payments are charged appropriately, extra service pay should be processed in accordance with the following guidelines:

- ESP should be processed after the work has been performed.
- All appropriate documentation, such as time logs or statements of work, must be **signed** by the P.I. and the Department Head for work performed **prior** to IRIS entry.
- ESP should be processed before the monthly payroll deadline (usually around the 15<sup>th</sup>) in the month immediately following when the work was performed. For example, if the work is performed from May 1 to 31<sup>st</sup> it would need to be entered and approved by June 15<sup>th</sup> (but not before June 1<sup>st</sup>).
- If submitting additional pay on grants during the academic year, be sure to contact Virginia Moore and/or ORSP so that **prior** approval can be obtained.

### **Where do I enter Additional / Extra Service Pay?**

- Additional Pay Requests should be processed through the ZPADDPAY000 transaction in IRIS.
- DO **NOT** enter additional pay as ADA Pay through a PERSONNEL CHANGE REQUEST E-FORM.

### **How do I enter Additional Pay?**

The amount entered should be AFTER the work has been performed and documented time/effort has been submitted and signed by the P.I. and Department Head before IRIS entry. Documentation should be retained by the department for audit purposes.

### **How do I calculate amounts?**

Additional Pay requests in IRIS require a calculation to be entered into the workflow notes showing how the amount to be paid is directly tied to the additional effort expended. It is not appropriate to just include the amount budgeted in the proposal; the calculation must show the actual amount of effort

expended and the calculation used to determine the total amount owed via additional pay. The amount of additional pay can be calculated in a variety of methods based on the amount and duration of the effort. In no case can an employee make more than their normal hourly rate of pay established by their Institutional Base Salary.<sup>1</sup>

#### 9-month faculty

- Hourly: by dividing the Institutional Base Salary (see footnote 1 for details) amount by 1344 hours (Salary/1344=hourly rate).<sup>2</sup>
- Daily: by dividing the Institutional Base Salary amount by 168 days (Salary/168=daily rate).
- Monthly: 100% effort during summer month = 1/9<sup>th</sup> of Institutional Base Salary

#### 12-month faculty or professional staff

- Hourly: the hourly wage can be determined by dividing the annual salary by 1792 hours (based on 224 days).<sup>3</sup>
- Daily: To determine the daily rate of pay, divide the base salary by 224 duty days.
- Monthly: To determine the monthly rate of pay, divide the base salary by 12.
- Percentage of Effort: To determine a percentage of effort, multiply the percentage of effort x the faculty member's base salary.

#### **What do I put in Workflow Notes?**

For additional pay requests, the following information is included in the "Workflow Notes."

- *Documentation of Effort:* Reference effort documentation that was submitted. Note that required documentation may vary by department, but the recommended documentation is a timesheet that lists hours worked on specific dates. This documentation need not be submitted with the request, but should be referenced as existing and records should be maintained within the department and available upon request by Accounting Services or for audit purposes.
- *Calculation:* Workflow notes should reflect the amount of effort worked, the time period of the work performed, and the calculations for the amount entered.

*The following examples provide guidance on the level of detail required for workflow notes:*

For 9 month faculty – "PI's timesheet documents that she worked the full month of May at 100% effort. Additional pay is calculated as 1/9 <sup>th</sup> of her annual salary of \$50,000 = \$5555.56."
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For 9 month faculty working less than 100% effort – "Faculty member worked 10% effort in the month of May, as documented in work log. Additional pay is calculated as annual salary of \$50,000/9months x .10 = \$555.56."
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"Additional pay for faculty/staff member who served as a consultant for 25 hours from May 1 <sup>st</sup> to May 31 <sup>st</sup> at an hourly rate of \$45.00 = \$1,125." Work hours are documented in departmental form.
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**IF WORKFLOW NOTES DO NOT INCLUDE AN EXPLANATORY CALCULATION, THEY WILL BE REJECTED AND WILL HAVE TO BE RE-ENTERED.**

<sup>1</sup> Institutional Base Salary is defined in Section I.D. of [FI0207](#)

<sup>2</sup> The 1344 hours figure comes from Fiscal Policy FI0207 "Sponsored Projects – Salary Policy," section II.C.

<sup>3</sup> The figures for 12-month appointments (224 duty days and 1792 hours) is defined in Fiscal Policy FI0207 "Sponsored Projects – Salary Policy," section II.C.

***What are the limitations on additional service pay?***

- For 9-month faculty, payments are limited to 33 1/3<sup>rd</sup> percent of the individual's base salary and are expected to occur in the months of May, June, and July.
- Monthly additional pay should NOT EXCEED more than 1/9<sup>th</sup> the annual base salary of the 9 month faculty member or 1/12<sup>th</sup> the annual base salary of a 12 month faculty or staff member.
- Should NOT EXCEED the amount BUDGETED. If additional pay is expected to exceed the budgeted amount, the PI or Admin Staff should contact Virginia Moore to discuss before submitting.
- Fiscal Policy F10207 states in section 3b that "During the summer months, nine-month faculty may earn extra-service pay on grants and contracts, provided the total income earned, including pay for summer teaching and/or administration, does not exceed 33 1/3% of the individual's base salary."