

Policy Announcement #8

Policy Title/Reference Information: **Faculty Payment Recommendations**

New Policy

Policy Change

Effective Date of Change: Fiscal Year 2006-07

From: University Provost

To: Colleges, Graduate Centers, and Departments with Faculty Members

Policy: The University of Kentucky will adopt the following definition for faculty institutional base salary:

An individual faculty member's institutional base salary is the annual compensation that the University of Kentucky pays for the individual's appointment as reflected in the distribution of effort agreement, whether that individual's time is spent on instruction, organized research, department research, patient care, graduate medical education, administration, service or other activities. All institutional base salary will be eligible for benefits.

Purpose/Rationale:

- The University of Kentucky needs to be in compliance with the Federal A-21 Guidelines. Salaries need to be managed consistently across the colleges. This consistency in the determination of the faculty base salaries to be included in the institutional costs is required by the federal government. In addition, the application of consistent guidelines will help to address institutional equity concerns.

The following are policies and procedures associated with implementation of the above institutional definition for faculty base salary:

- The University of Kentucky has created descriptions of position titles which will typically be included within the definition of base pay, as well as a listing of previously used payment types with a crosswalk from the old to new payment codes to be used in IRIS. (See Appendix A)
- Agreements with faculty that have already been negotiated may be “grandfathered” at the discretion of the department. This policy provides for consistent definitions across the campus and will be in effect for all contract negotiations (new or revised) where the appointment begins July 2006 or later.

Note: Policies created or changed as a result of SAP implementation should be sent to Phyllis Nash, IRIS Project Director, for review by the IRIS project team prior to campus distribution.

- If the faculty payment is outside of base salary, the question of whether to include benefits would not be a compliance issue for A-21. This decision will be left to the official making the final decision about the faculty contract and payment.
- Funding needed to provide for the additional benefit costs on those state-funded payments currently made outside of base (but with the new definition applied would become part of the base salary) will be provided from central funding sources.
- Funding for benefits associated with payments paid from restricted endowment sources or any other revenue sources will be funded by the respective endowments and other revenues. Departments and colleges will make the determination of whether chair and professorship payments are “awards” that will not require benefit payments or a part of base salary that will require benefit payments. The primary basis for this determination will be whether or not the payment is associated with work effort performed within the scope of the base salary (DOE).

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Appendix A

Faculty Payment Recommendations

Purpose:

To ensure that payments to faculty positions are applied consistently within the University of Kentucky. This document gives examples of various faculty positions and assignments and the recommendations for handling these payments in IRIS.

1. *Faculty Position*

a. Professor (any rank)

All compensation paid to a faculty member as defined in the distribution of effort form is considered institutional base salary and eligible for benefits.

b. Endowed chair/professor

All compensation paid to a faculty member as the endowed chair/professor (any rank) is considered part of the institutional base salary and included on the distribution of effort form unless the dean/department chair determines that there are duties associated with an endowed chair/professorship position that are not to be included in the distribution of effort for that individual (e.g., the holder of the endowed position is receiving additional compensation as an honor or as a form of recognition and not because of the duties being performed for purposes of promotion and tenure decisions). If this is the case, then any amount awarded as additional salary may be considered outside of the institutional base salary and paid as a supplemental payment through the HR system. Payment of additional retirement and life insurance benefits on the additional compensation outside of base salary is not required. The appropriate administrative official; i.e., provost/dean /department chair may determine if the endowment may support retirement and life insurance benefits associated with this payment.

2. *Academic Administrative positions*

a. Dean/assistant dean/associate dean

All compensation paid to a faculty member as the dean, associate dean, or assistant dean of a college is considered part of the institutional base salary and included on the distribution of effort form.

b. Department chair/division chief/vice chair

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All compensation paid to a faculty member as the chair/vice chair/chief of a department or division is considered part of the institutional base salary and included on the distribution of effort form.

c. Director of an academic center/graduate studies/institute

All compensation paid to a faculty member as the director of an academic center or director of graduate studies is considered part of the institutional base salary and included on the distribution of effort form.

3. Non-Academic Administration:

a. Director of a research center/institute

Typically compensation paid to a faculty member as the director of a research center is considered outside the institutional base salary. However, if there is agreement between the dean of the college in which the faculty member holds an academic appointment and the Vice President for Research and if the work being performed is reflected on the faculty member's division of effort form, the compensation could, in this case, be incorporated as part of the institutional base salary.

b. Director of a recharge center/other non-academic unit

All compensation paid to a faculty member as the director of a recharge center is considered outside of the institutional base salary for an academic appointment. Compensation will be considered a separate staff assignment, even if filled by a faculty member.

4. Non-base payments (examples)

- a. Summer salary stipend
- b. Awards
- c. Honorariums
- d. Monthly Overload
- e. Practice Plan salary supplements

Note: Some of the examples above (1 – 3) are referenced on the Faculty Payment Recommendations Worksheet.

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