

January 21, 2005

Memorandum

To: Deans and Directors in Academic Program Areas

From: Peter Lange

Subject: Special Compensation in Addition to Base Salary

In the fall of 1999, I outlined our policies regarding special compensation in addition to base salary for faculty and staff in academic programs. I want to provide an update of the approved policies and procedures to ensure that the Provost's Office, the schools and other academic units are continuing to operate in parallel in adhering to university policy with respect to supplemental remuneration. With only minor modification, we will continue the practices as outlined in my memo dated November 23, 1999.

Faculty

For faculty, the basic policy statement on supplemental remuneration is included in the *Faculty Handbook*, pp. 4/2-4/3. That policy distinguishes between "extraordinary pay" and "supplementary pay". Supplementary pay covers payments in addition to a faculty member's nine month contract for teaching, research or administrative effort that is usually conducted outside the regular academic year. A faculty member on a nine month appointment may receive up to three months of supplementary pay in any fiscal year. While the university is required under the federally mandated monitored workload system to track such payments carefully, and to ensure that no faculty member receives more than twelve months of compensation, such payments do not require specific or prior approval from the Provost.

The term "extraordinary pay", in contrast, covers payments for effort that is above and beyond normal work schedules, typically during the academic year. Extraordinary pay can be in addition to twelve full months of regular faculty compensation. Such exceptional compensation does require specific approval by the Provost. I will continue to grant blanket approval for extraordinary pay for the following activities:¹

- 1) Service as departmental chair or director of a center, program, institute, etc.

¹ In the unusual circumstances that a member of the administrative staff or professional library staff plays these roles, they too, with permission of their supervisor, would be eligible for extraordinary pay.

- 2) Teaching in the executive education programs including, but not limited to, the Fuqua School of Business, the Chemistry for Executive Program, the Center for International Development Research's Professional Development Program and the Sanford Institute.
- 3) Participation in the Graduate School's Master of Arts in Liberal Studies Program, Master of Arts in Teaching Program and the Teacher Education Program.
- 4) Teaching through the Office of Continuing Education, Divinity Continuing Education and the continuing education component of the School of the Environment; Senior Professional Program.
- 5) Cross-school teaching consistent with the policy outlined in my memo dated February 13, 2003.
- 6) Independent study supervision in the Summer School up to a maximum of two students at standard summer school rates.
- 7) Course development supplements paid from gifts and grants.
- 8) Honoraria for the preparation of guest lectures or publications up to a limit of \$500 per occurrence and \$1,000 per fiscal year. Such payments are appropriate only when substantial, formal preparation is involved.
- 9) Manuscript reviews for Duke University Press.
- 11) Awards or prizes as a result of formal programs such as "Teacher of the Year Award". Awards should be part of a formal program, e.g., student nomination, and may not exceed \$2,500 without prior written approval of the program. Once an ongoing program has been approved, however, it will not be necessary to seek recurring approval unless the terms of the program are changing.

Additionally, from time to time, I may give specific, written approval for ongoing programs or circumstances. Note that executive and continuing education teaching is to be regarded as extraordinary only to the extent that participation is over and above regular teaching loads. Any other cases of extraordinary pay, including pay for overload teaching, either within a faculty member's home school or for service in another school, requires my prior approval. I will be happy to consider requests for standard approvals that meet particular programmatic needs.

Other Forms of Recognition for Extraordinary Faculty Effort

In general, performance of duties beyond normal teaching and research and regular service should not be compensated with reduced teaching loads. Although there may be circumstances in which individual deans or the Provost may wish to grant exceptions, we will

generally not authorize teaching load reductions for service on university committees or for leadership roles in interdisciplinary or international programs. Because the intensity of the effort required, appointment to the Committee on Appointments, Promotion and Tenure (APT) is a standing exception to this guideline, with a reduction of up to one course per semester supported by the school of the faculty member serving.²

In some circumstances it may be appropriate to provide discretionary research support to facilitate continuing professional productivity in cases where individual faculty members take on special responsibilities. While such arrangements can be offered in negotiating the best allocation of faculty effort for the university's needs, research funds must not be offered *in lieu of or as an alternative to* salary compensation. Research funds offered under the latter circumstances must be reported as personal compensation with tax consequences for both the individual and the university.

Performance Bonuses

Occasionally, it may be appropriate to consider payment of bonuses to reward outstanding performance or to recognize one time tasks. Granting a bonus greater than \$2,500 will require advance consultation and written approval of the Provost's Office.

Monthly Staff

With respect to classified monthly staff who are paid on a 12 month basis, extraordinary remuneration should be truly exceptional. Extraordinary payments to monthly staff can be processed only with my prior written approval or that of my designee.³ Such approvals should be obtained before commitments are made to individual employees.

In general, extraordinary compensation may be approved in cases when a staff member can provide teaching or research expertise or specialized administrative support unrelated to their primary appointment and their primary supervisor agrees that an assignment of limited duration can be undertaken in addition to satisfactory fulfillment of all ongoing job duties. Any ongoing service should be incorporated into regular job definitions at appropriate compensation levels.

In general, payments will not be approved for internal "consulting" arrangements as in providing computer expertise to another school or department after hours. Under no circumstances will extraordinary compensation be approved for administrative "overtime".

² Election to the Chair of Academic Council provides 50% coverage of compensation through the Provost's Office with a commensurate reduction in departmental responsibility.

³ Temporary salary adjustments will not be considered extraordinary compensation. Deans have been authorized in my memo of October 1, 1999 to make such adjustments within pay range guidelines without prior approval. Heads of academic and administrative support units should obtain prior approval through the Executive Vice Provost for Finance and Administration.

Note that senior administrators who teach in any of the schools should not expect additional compensation, although regular service should be taken into account in overall compensation levels and reflected in the distribution of salary costs. Access to research and/or professional development funds directly in support of teaching may be approved with the approval of the Provost or his designee.

Consulting by Faculty and Administrative Staff

As indicated in the *Faculty Handbook*, regular rank faculty members and senior administrators are permitted to devote up to four days per month to consulting activities. In the case of monthly staff in my areas of responsibility, I will determine when the privilege of consulting on university time will be granted to administrators. In general, monthly staff members who wish to engage in consulting activities should do so using paid time off (vacation or discretionary holidays) or by reducing their university work schedules with an appropriate reduction in pay. Exceptions will be granted in cases where the consulting activity provides professional development to the individual that will be beneficial to the university or when consulting privileges are an essential part of the compensation packages required to recruit senior administrators. I would like to approve such arrangements for administrators in advance and will regard the extension of consulting privileges as part of the overall compensation package.

Process

To request supplemental or extraordinary pay for situations to which I have not given blanket or prior approval or approval for consulting time, please submit a request in writing through Jim Roberts, Executive Vice Provost for Finance and Administration, who will consult with me as appropriate. Such a request should be submitted before committing to the payment and should outline the specific situation, the amount of payment requested and when it is to be paid.

I hope this document will provide a consistent basis for compensation decisions. Please let me know if you have any questions.

PL/hc

xc: Richard H. Brodhead
Tallman Trask III
H. Clint Davidson, Jr.
James S. Roberts
B. Hofler Milam
School Business Managers