

# UAH

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October 5, 1994  
Ref 94-80

## MEMORANDUM

TO: Dr. Sam P. McManus, Provost

FROM: C. David Billings, Chair, Faculty Pay Issues Committee

RE: Calendar Year Conversion, Nine-Month and Twelve-Month Pay Options

This memo addresses the concerns in Jerry Quick's September 20 memo on this subject. Currently, six academic year faculty are on the calendar year conversion pay option.

The University's policy on this subject is presented in attachment 1.

The proposed revision of the policy is presented in attachment 2.

The current policy permits a twelve month contract when the faculty member generates full support from external funds during the 15 weeks between academic years. Full support is defined as 40.5 percent of the academic year salary. The proposed policy, under the same conditions, permits the payment of the academic year salary over the academic year.

The two policies result in different monthly payment streams. The current policy results in twelve equal monthly payments. The proposed policy results in eight equal monthly payments during the academic year, two larger payments in May and August and two even larger payments in June and July. The current policy is inconsistent with a state regulation which prohibits the University from paying employees in advance of earning the pay.

The proposed policy provides for paying the academic year salary over ten months. This requires the preparation of an academic year PAF and a summer PAF. An academic year PAF (for example, August 22, 1994 through May 5, 1995) would be prepared for this person. The academic year (37 week) salary would be paid on the following schedule:

August	1/18th x AY salary
September - April	1/9th x AY salary
May	1/18th x AY salary

If this person secures summer funding prior to April 30th, a summer PAF would be prepared for this person. The rate would be a maximum of 2.70% (that is, 1/37) of the academic year salary per week of employment. With a maximum of 15 weeks between the academic years, this translates into a maximum earning of 40.5% of the academic year salary (15 weeks x 2.7% per week = 40.5%).

The summer (15 week) funding would be paid on the following schedule:

May	1/6 x summer funds
June	1/3 x summer funds
July	1/3 x summer funds
August	1/6 x summer funds

In the event this person does not secure external funding prior to April 30, the individual may maintain medical insurance, life insurance, disability insurance, etc. for June, July and August by paying the amounts for those months in May. The current and proposed policies require the faculty member to pay both the individual share and the University's share of the cost. Coverage would resume on September 1 and the premium would be deducted from the August pay check.

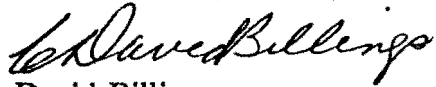
To illustrate the difference in the payment streams, consider the following hypothetical case. A new faculty member joins the University at the beginning of the academic year, August 22, 1994:

1. Academic year (37 week) salary is \$40,000.
2. Paid entirely from a "2" account during the academic year.
3. Paid entirely from a "5" account during the 15 weeks between academic years.

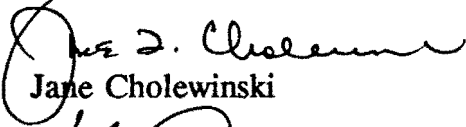
See the comparative analysis of payment streams displayed in attachment 3.

This example demonstrates the very tangible benefits of the *"nine month"* pay option for contract supported faculty, especially the lower paid faculty members. The nine month pay option is a very effective recruiting tool for faculty who can generate external support.

The committee recommends implementation of the *"nine month"* pay option. It might more appropriately be named the *"academic year"* pay option or the *"ten month"* pay option.



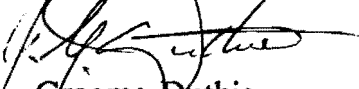
David Billings



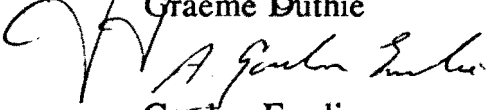
Jane Cholewinski



Glenn Dasher



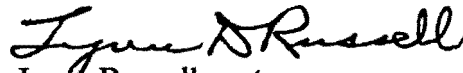
Graeme Duthie



Gordon Emslie



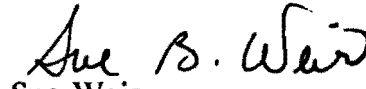
Ken Howell



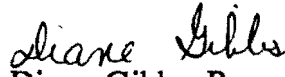
Lynn Russell



Bernie Schroer



Sue Weir



Diane Gibbs, Payroll Supervisor

Attachments (3)  
CDB/emh

#### 4.1.1 Nine-Month vs Twelve-Month Pay Option

The deans of the colleges, upon determining that a faculty member has secured summer funding from external sources, may offer such faculty a twelve-month contract contingent upon the securing of funding for the summer period. The responsibility for developing such external support resides with the faculty member. Current research administration definitions and policy shall determine the meaning of "full support," as used herein. If the external contract or grant funding mentioned above is not guaranteed prior to the last day of the spring term, the individual shall not be entitled to any salary during the summer term. In such event, the individual may, however, maintain appropriate employee fringe benefits (such as group medical insurance, life insurance, etc.) for the summer term by paying both the individual share and the University's share of the cost thereof. This payment must be made in a lump sum not later than the first day of classes in the summer term. The University cannot guarantee salary support to such individuals during the summer.

## CHAPTER 9

### COMPENSATION, BENEFITS, AND FACULTY RESOURCES

#### 9.1 Pay Policy and Procedures

Faculty members are paid in twelve monthly installments. Checks are received on the last working day of the month except in December; payment for the month of December is made on the first work day in January. A statement of earnings for the pay period showing the gross earnings, itemized deductions, and the net sum of the check is also provided. Faculty members who are employed for one semester receive half of their academic-year salary.

#### 9.2 Nine-Month Pay Option

The deans of the colleges, upon determining that a faculty member has secured summer funding from external sources, may offer them a nine-month pay option, contingent upon the securing of funding for the summer period. Such faculty are not eligible for sick leave or vacation accrual. The responsibility for developing external support resides with the faculty member. Current research administration definitions and policy determine the meaning of "full support". If the external contract or grant funding is not guaranteed prior to the last day of the spring semester, the individual is not entitled to any salary during the summer term and will not receive credit in the state retirement system for the unfunded portion of the summer. In such event, the individual may, however, maintain appropriate employee fringe benefits (such as group medical insurance, life insurance, etc.) for the summer term by paying both the individual share and the University's share of the cost. This payment must be made in a lump sum not later than the first day of summer classes. The University cannot guarantee salary support to such individuals during the summer.

#### 9.3 Summer Teaching and Research

Faculty members may have opportunities to teach during the summer term, but summer teaching is not guaranteed. A schedule of course offerings for summer is developed early in the

academic year by the department chair or program coordinator.

Full-time faculty teaching summer courses are paid 10% of their academic year salary for a three-semester-hour credit course, with a maximum rate of \$5,000 per three-hour course. Thus the pay rate for summer classes is 3.33% per credit-hour with a maximum amount per credit-hour with a maximum amount per credit hour of \$1,666.67.

Summer pay for faculty on research contracts is based on a 37-week model. A faculty member fully supported by a contract can earn 2.70% (1/37) of the regular academic-year salary per week of employment. This translates into a maximum earning of 40.5% of the academic-year salary if the faculty member works all fifteen weeks available in the summer. For those faculty who wish to mix teaching and research and give a 100% effort during the summer, the 40.5% limit must be observed.

#### **9.4 Consulting**

Within the purview of this consulting policy, consulting is defined as the rendering of professional services to organizations outside the University and to the following within the University: the Division of Continuing Education, the Academic Advisement and Information Center, and all research centers. Consulting is a privilege which is encouraged if it is of a non-routine character and at a high professional level. It must not, however, interfere with an individual's obligations to the University, put the individual in a conflict-of-interest situation, nor be derogatory in any way to the standing or image of the University.

Normally, thirty-five (35) hours per month is the maximum consulting time that is allowed. In application of this general rule, however, consideration may be given to holidays, authorized days off, and vacation time as well as to the work capacities of individuals. For a person whose outside professional services consist only of teaching, the maximum allowable outside load is three semester hours per semester.

All consulting activities must be approved by appropriate academic or administrative officers. A request form is available from deans to simplify the process of requesting approval of

## COMPARATIVE ANALYSIS OF PAYMENT STREAMS

Academic year (37 week) salary of \$40,000 charged to a "2" account and 15-week "summer" salary charged to a "5" account

Calendar year conversion  $52/37 \times \$40,000 = 56,216$

Summer pay conversion  $1.405 \times \$40,000 = 56,200$

Month	Current Policy Calendar Year Conversion Pay Option <u>Twelve-Month PAF</u>	Proposed Policy "Nine Month" Pay Option <u>AY PAF + Summer PAF</u>	Current Policy Twelve Month Pay Option <u>AY PAF + Summer PAF</u>	Current Policy <u>Amt. Earned &amp; Charged to Accts.</u>
August 94	$1/24 \times 56,216 = 2,342.33$	$1/18 \times 40,000 = 2,222.22$	$1/24 \times 40,000 = 1,666.66$	$1/18 \times 40,000 = 2,222.22$
Sept. through April (8 months)	$1/12 \times 56,216 = 4,684.66$ 37,477.28	$1/9 \times 40,000 = 4,444.44$ 35,555.52	$1/12 \times 40,000 = 3,333.33$ 26,666.64	$1/9 \times 40,000 = 4,444.44$ 35,555.52
Total paid through April	39,819.61	37,777.74	28,333.30	37,777.74
Academic year Salary due in May	40,000.00 <u>-39,819.61</u> 180.39	40,000.00 <u>-37,777.74</u> 2,222.26	40,000.00 <u>-28,333.30</u> 11,666.70	40,000.00 <u>-37,777.74</u> 2,222.26
May '95 payments				
"2" acct.*	187.39	$1/18 \times 40,000 = 2,222.22$	$1/12 \times 40,000 = 3,333.33$	$1/18 \times 40,000 = 2,222.22$
"5" acct.**	<u>4,497.27</u>	$1/6 \times 40.5\% \times 40,000 = 2,700.00$	$1/6 \times 40.5\% \times 40,000 = 2,700.00$	$1/6 \times 40.5\% \times 40,000 = 2,700.00$
Total	4,684.66	4,922.22	6,033.33	4,922.22
June '95				
"2" acct. 94-95 AY	0.00		$1/12 \times 40,000 = 3,333.33$	
"5" acct.	<u>4,684.66</u>	$1/3 \times 40.5\% \times 40,000 = 5,400.00$	$1/3 \times 40.5\% \times 40,000 = 5,400.00$	$1/3 \times 40.5\% \times 40,000 = 5,400.00$
Total	4,684.66		8,733.33	
July '95				
"2" acct. 94-95 AY	0.00		$1/12 \times 40,000 = 3,333.33$	
"5" acct.	<u>4,684.66</u>	$1/3 \times 40.5\% \times 40,000 = 5,400.00$	$1/3 \times 40.5\% \times 40,000 = 5,400.00$	$1/3 \times 40.5\% \times 40,000 = 5,400.00$
Total	4,684.66		8,733.33	
August '95 payments				
"2" acct. 94-95 AY	0.00		$1/24 \times 40,000 = 1,666.66$	00.0
"5" Acct.	2,342.33	$1/6 \times 40.5\% \times 40,000 = 2,700.00$	$1/6 \times 40.5\% \times 40,000 = 2,700.00$	$1/6 \times 40.5\% \times 40,000 = 2,700.00$
"2" Acct. 95-96 AY	<u>2,342.33</u>	$1/18 \times 40,000 = 2,222.22$	$1/24 \times 40,000 = 1,666.66$	$1/18 \times 40,000 = 2,222.22$
Total	4,684.66	4,922.22	6,033.32	4,922.22

Page 2  
 Attachment 3, Ref 94-80  
Comparative Analysis of Payment Streams

<u>Month</u>	<u>Current Policy Calendar Year Conversion Pay Option Twelve-Month PAF</u>	<u>Proposed Policy "Nine Month" Pay Option AY PAF + Summer PAF</u>	<u>Current Policy Twelve Month Pay Option AY PAF + Summer PAF</u>	<u>Current Policy Amt. Earned &amp; Charged to Accts.</u>
Mid-Aug. '94 through Mid Aug.'95				
"2" acct.	40,007.00	39,999.96	39,999.97	39,999.95
"5" acct.	<u>16,208.92</u>	<u>16,200.00</u>	<u>16,200.00</u>	<u>16,200.00</u>
Total	56,215.92	56,199.96	56,199.97	56,199.95

\*4% x 1/12 x 56,216

\*\*96% x 1/12 x 56,216