Number 376
Subject: Extra-Service Compensation
Covered Employees: Benefit-Eligible, Exempt Employees
Date of Origin: January 24, 1997
Effective Date of Last Revision: March 6, 2015

FEDERAL GUIDANCE REFERENCES

The following policy is based on the following:

- **Utah Code 67-16-1 et.seq.,** “Utah Public Officers and Employees’ Ethics Act.
- **Federal Office of Management and Budget, Final Rule -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (A-81) -- Federal Register, Vol 78, No. 248**
  - (Superseding: OMB Circulars A-21, A-87, A-110, and A-122 (which have been placed in OMB guidance); Circulars A-89, A-102, and A-133; and the guidance in Circular A-50
  - Implementation Date: December 26, 2014
- **NSF, Office of Inspector General -- 2004 Audit findings**
- **Department of Justice, settlement findings -- 2008**
- **HHS Office of Inspector General -- 2011 Audit findings**

376.1 INTRODUCTION

The University recognizes that employees may make unusual contributions to the University that are both related and unrelated to their Primary Work Assignments. This policy is designed to establish an institutional expression of support for appropriate, operations-based standards for Extra-Service Compensation.
376.2 DEFINITIONS

2.1 Primary Work Assignment
The Primary Work Assignment, defined, is the basis upon which the University sets its expectations of an employee’s duties and allocation of effort. USU utilizes the following methods to establish the Primary Work Assignment:

(a) For Faculty: The primary work assignment is derived from the Role Statement, as defined in under section 6.1 and 11.1 of USU Policy #405, Tenured and Term Appointments: Evaluation, Promotion and Retention.

(b) For Non-Faculty Exempt Employees: The primary work assignment is derived from the Office of Human Resources most recent position description available for that employee, which documents the responsibilities, functions, and requirements of each job. Expectations for the allocation of effort are also reflected in USU’s annual Budget Process/Salary Planner process.

2.2 Full Workload
Full Workload for an employee shall be that workload for which an employee is compensated by the University, exclusive of compensation for incidental work. For exempt employees, it shall be that workload specified in the primary work assignment for a given period. The more closely an activity is associated with the University’s compensation and reward systems, the more likely it will be included in the Full Workload.

2.3 Institutional Base Salary
Institutional Base Salary (IBS) shall be the salary paid by the institution for the performance of the full workload by a given employee. It may be based on appointments of differing lengths, such as the academic year, eleven months or twelve months. IBS shall be calculated in accordance with Budget Office Guidelines, “Salary Definitions.” The IBS may change based on significant, non-temporary changes in the Primary Work Assignment or because of salary increases approved by the University.

2.4 Institutional Base Salary Earning Rate
The Institutional Base Salary Earning Rate shall be calculated based on the compensation level at which an employee is paid for his/her appointment term, divided by the number of months of that term. An employee shall not earn compensation from USU sources in excess of the base salary rate in any given month, except as allowed under this policy, Extra Service Compensation or through a specially approved administration one-time payment.

2.5 Institutional Payout Rate
The Institutional Base Salary Earning Rate may differ from the amount of compensation actually paid to an employee during a given month, because salary for an appointment of
less than 12 months is distributed across 12 months in the payroll system. For details concerning distribution of pay over a period different from the appointment term, contact the Controller’s Office.

2.6 Incidental Work

Incidental Work is that work which is accomplished by an individual in excess of his/her Full Workload, as follows:

2.6.1 Incidental Work that is carried out within the institution and paid for as Extra-Service Compensation must be documented in the University’s financial management systems, though it shall not be reported or certified in the University’s time and effort reporting system.

2.6.2 Incidental Work that is provided without compensation shall be reported to the immediate supervisor in order to avoid conflicts of interest, including conflicts of commitment.

2.6.3 Incidental Work performed outside the university is neither reported in the time & effort or payroll systems, nor documented in the University’s financial management systems; however, documentation of consulting leave time is required as set forth in USU Policy #377, Consulting Services.

2.7 Extra Service

Extra Service shall be any service rendered to the University that is not specifically identified as part of the employee’s Full Workload. Extra service shall be clearly identified and approved in advance as such in accordance with this policy and Policy 404.1.2(7), Faculty Appointments, Professional Services.

376.3 POLICY

Opportunities for consulting or other activities that fall outside of an employee’s Primary Work Assignment are granted in accordance with Utah Code 67-16-1 et. seq., “Utah Public Officers and Employees’ Ethics Act,” and as permitted under USU’s consulting policy. Such activities shall be allowed at the University’s discretion where clear benefit to the University can be demonstrated.

Employees may provide Extra Service to the University beyond their Primary Work Assignments either for or without compensation, provided that the preparation and performance of such services do not impede the discharge of their duties under their Primary Work Assignments.

Compensation received for Extra Service shall not exceed 20% of the individual’s Institutional Base Salary without prior written approval of the Executive Vice President & Provost for academic units and without prior written approval of the Office of the President for all non-academic units.
3.1 Extra-Service Compensation Unrelated to the Primary Work Assignment

3.1.1 Extra Service Related to Sponsored Programs Sourced Funds.
Extra and supplemental compensation from federal funds is governed by OMB Circular A-21 (OMB Uniform Administrative Requirements), which also requires that like funding be treated consistently under like circumstances by the University. Thus, all external funding shall be subject to the regulatory guidance in OMB Circular A-21 (OMB Uniform Administrative Requirements, Section 200.430(h)(3)), as follows: “intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time base salary. However, in unusual cases…charges for such work representing additional compensation above IBS are allowable…”. This principle applies to employees who function as consultants for sponsored agreements conducted under the direction of other University employees.

Extra-Service Compensation from external funds can be allowed for faculty and other exempt employees when **all** of the following conditions are met:

1. The request does not exceed the Base Salary Earnings Rate based on the employee’s Institutional Base Salary, which is that compensation provided to an employee for fulfillment of his/her Full Workload;

2. The employee will perform a role outside of the individual employee’s organizational unit or is otherwise different from his/her Primary Work Assignment; NOTE: Employees may not receive compensation for Extra Service work on projects for which they serve as PI or Co-PI.

3. Work is demonstrably in addition to the employee’s Full Workload for the reporting period during which it will be performed;

4. The request is specifically proposed and included in the approved budget and/or agreement with the sponsoring agency or otherwise approved in writing by an authorized agency representative. If not specifically and explicitly provided for in the approved proposal, budget and/or award, an official sponsor approval must be obtained before any extra contractual work is done. NOTE: By itself, agency approval for Extra Service payment shall not be considered a waiver for requirements 1-3 above.

5. The request is approved in advance by the Vice President for Research. Review and support will be required of the individual’s department head, supervisor, dean and/or vice president as appropriate prior to submission to the Office of Research & Graduate Studies. Any request for above 20%
will also require the follow-on approval of the Executive Vice President & Provost.

For additional forms and instructions concerning Extra-Service compensation involving external funds see RGS Procedure 376-PR.

### 3.1.2 Extra-Service Compensation from Non-Sponsored Programs Sourced Funds

USU’s Disclosure Statement to the Federal Government (DS-2) requires the institution to use the same salary and wage distribution system for all like employees, regardless of the source of their compensation. Thus, the University uses consistent practices for identifying, charging and reporting all personnel costs, including its method of identifying which activities will be included in the Full Workload (and therefore the Institutional Base Salary) and which will not.

As a result, Extra Service Compensation from all non-sponsored programs sourced funds must meet all of the following restrictions:

1. The Extra Service is compensated at a rate not to exceed the Institutional Base Salary Earnings Rate which, is based on the employee’s Institutional Base Salary (the compensation provided to an employee for the fulfillment of the employee’s Full Workload);

2. The work is outside of the scope of the employee’s required job expectations, as set forth in the Primary Work Assignment;

3. Work is demonstrably in addition to the employee’s Full Workload for the reporting period during which it will be performed;

4. The Extra Service is based on temporary and unusual circumstances, and funds have been allocated to pay for the services.

5. The request is approved in advance by the Executive Vice President & Provost. Review and support will be required of the individual’s department head, supervisor, dean and/or vice president as appropriate prior to submission to the Office of the Executive Vice President & Provost.

For additional guidelines concerning Extra-Service compensation involving non-sponsored programs sourced funds see Provost Procedure 376-PR.

### 3.1.3 Extra Service Related to Primary Work Assignment

Only in the most unusual circumstances, outcomes and activities focused on furthering the institutional missions of discovery, learning and engagement, which
are exclusively funded from unrestricted and non-sponsored programs sourced funds, which are also related to the Primary Work Assignment can qualify for Extra-Service compensation.

Extra Service compensation related to the Primary Work Assignment should not be used as a regular supplement to an individual’s salary.

Requests for Extra-service Compensation related to the Primary Work Assignment may not exceed the Institutional Base Salary Earning Rate, and must be approved in advance by the Executive Vice President & Provost.

3.2 Relationship of Extra Service Compensation to Non-appointment Payments

USU allows faculty and other exempt employees with appointments of less than 12 months to receive compensation at their Institutional Base Salary Earning Rate for periods up to a total of 12 months per fiscal year based upon the conduct of research, teaching, or other activities that are consistent with federal and USU policy and that do not conflict with the faculty member’s Primary Work Assignment. This compensation is not Extra Service.

Non-appointment compensation is subject to effort reporting and certification. Effort and compensation for such work should therefore occur in parallel with, or in replacement of the employee’s Primary Work Assignment, and may be expended at any time during the fiscal year. Thus, employees working during periods not included in their academic appointments shall, when appropriate, utilize any non-appointment period available to them to reach this 12-month capacity for salary compensation before any Extra-Service Compensation will be approved.

USU does not limit an employee’s opportunity to receive compensation paid directly by a non-University funding source as per USU’s consulting policy.

376.4 RESPONSIBILITY

4.1 Department Heads and Supervisors

In keeping with Federal expectations that USU will meet agency requirements for department heads, supervisors, vice presidents and deans are responsible for reviewing extra service opportunities with employees before they occur to ensure that interference or conflict with the employee’s Primary Work Assignment is avoided or appropriately managed. The department head/supervisor and dean has primary responsibility for working with employees to ensure compliance with this Extra Service Compensation policy. Refer to RGS Procedure 376-PR and Provost Procedure 376-PR for guidance on implementing this policy. Departments and colleges will bear primary responsibility for repayment of disallowed Extra Service Compensation costs.
4.2 Employees

Employees are responsible for accurately completing the Request for Extra Service Compensation Form and for obtaining supervisory approvals prior to submission. Conflicts of interest must be disclosed as they arise.

PROCEDURAL REFERENCES

Procedures & form corresponding to this policy include:

- [RGS & Provost Procedure](#) 376-PR for guidance on Extra-Service Compensation related to sponsored program activities
- [ESC Form](#)