

# **LTU Policy**

## **Faculty Compensation for Work Performed for External Grants and Contracts**

**September 2008**

### **Introduction**

This document describes the policy for compensation of full-time faculty or academic administrators that work on external grants or contracts awarded to Lawrence Technological University.

Any activities performed for external grants and contracts may not interfere with the faculty member's satisfactory performance of his or her regular assignments and responsibilities. It is the responsibility of the faculty member, the department chair and dean to insure that the faculty member is meeting his or her full-time obligations to the institution in a satisfactory way.

### **Definitions**

- 1) Faculty Base Academic Salary – Salary specified in the faculty or academic administrator contract (may be a 9 or 11 month contract)
- 2) Faculty Base University Salary – is 120% of the Faculty Base Academic Salary
- 3) Faculty Monthly Base Academic Salary—Academic salary in the annual faculty contract divided by 9 months, or 11 months for academic administrators with a 11 month contract.
- 4) Faculty Monthly Base Salary— For purposes of grants and contracts, assuming that faculty forgo consulting during the academic year in the grant or contract period, the Faculty Monthly Base Salary is 120% of the Faculty Monthly Base Academic Salary which is also the Faculty Base University Salary divided by 9 months, or 11 months for academic administrators with a 11 month contract.
- 5) Release Time – Release time during the academic year may only be applied to teaching duties. Full-time faculty members and academic

administrators are expected to fulfill their other academic and administrative obligations at all times.

- 6) One Full-Time Equivalent Workload (1FTE) – For purposes of grants and contracts one full-time equivalent workload is the workload corresponding to full-time regular academic faculty duties (12 credit hours of teaching, scholarly work and regular service duties) plus 20% additional workload during the term of the 9 month contract, or 11 month contract for academic administrators with a 11 month contract, assuming that faculty will forgo consulting during the term of the grant or sponsored contract.

## **I Grants**

Lawrence Technological University faculty compensation for work performed for externally funded grants is based on their faculty base university salary. The compensation is calculated as a proportion of the salary corresponding to time to be spent on the grant activity as specified in the grant approved budget. Health and other university benefits are charged to the grant (25% of compensation) for work done for the grant in addition to University overhead.

The compensation may be awarded in different ways:

- a) Release Time from Teaching Duties - Faculty are released from teaching duties during the academic year with the approval of the department chair and the dean. Reimbursement to the University for that release time is paid by the grant. The grant will be charged at the rate of the appropriate percent of the Faculty Base Academic Salary.
- b) Additional Compensation - Faculty may receive additional compensation to work on the grant at the Faculty Monthly Base Salary to a maximum of 20% (above normal academic duties) of time during the academic year if consistent with policies of granting agencies and if faculty forgo consulting during the grant period. (This corresponds to one full-time equivalent (1 FTE)). Additional overload (at a level above one full-time equivalent -1 FTE) may be allowed if approved by the granting agency and the faculty member can demonstrate that no regular duties are slighted. Additional overload must be recommended by the department chair, dean and approved by the provost.

- c) Summer Salary Compensation - Faculty may receive summer salary compensation up to three months, based on the rate of pay established for the grant during the academic year, unless the activities in the summer are distinctly different from those performed during the academic year.

Each faculty member may be compensated for any combination of a) b) and c) subject to terms and conditions specified in the approved grant.

Federal grants are regulated by Circular A-21 of the Federal Office of Management and Budget (OMB). Circular A-21 states that charges on sponsored agreements are allowable as a direct charge as long as the amount charged is based on the faculty member's base salary. Salary above and beyond the faculty member's base salary is considered extra compensation and may be allowable if specifically approved in writing by the sponsoring agency. Summer salary paid to faculty on academic year or nine month contracts is not considered extra compensation.

Under the above conditions, LTU may allow exceptions to the policy of payment of faculty at their above defined salary for sponsored research for special cases to be proposed by the faculty member to the department chair and the college dean and authorized by the provost. These cases must be well justified and will primarily be for faculty members recognized as leading experts in their field. Any exceptions approved by the provost must be documented with the Business Services Office, the Provost Office, and the Office of Technology Partnerships to ensure compliance with any applicable legal requirements.

## **II Contracts**

Faculty may engage in sponsored projects resulting from a contract with the permission of the department chair and college dean approved by the provost. Lawrence Technological University faculty compensation for work performed for externally funded contracts is based on their base university salary. The compensation is calculated as a proportion of the salary corresponding to time to be spent on the contract activity subject to conditions specified in the approved contract. Health and other university benefits are charged to the contract (25% of compensation) for work done for the contract in addition to University overhead.

The compensation may be awarded in different ways:

- a) Release Time from Teaching Duties - Faculty are released from teaching duties during the academic year with the approval of the department chair and the dean. Reimbursement to the University for that release time is paid by the contract. The contract will be charged at the rate of the appropriate percent of the Faculty Base Academic Salary.
- b) Additional Compensation - Faculty may receive additional compensation to work on the contract at the Faculty Monthly Base Salary to a maximum of 20% of time during the academic year if consistent with policies of the contract sponsor, and if faculty forgo consulting during the contract period. (This corresponds to one full-time equivalent (1 FTE)). Additional overload paid by the contract (at a level above one full-time equivalent -1 FTE) may be allowed if the faculty member can demonstrate that no regular duties are slighted. Additional overloads must be recommended by the department chair, dean and approved by the provost.
- c) Summer Salary Compensation - Faculty may receive summer salary compensation up to three months, based on the rate of pay established for the contract during the academic year, unless the activities in the summer are distinctly different from those performed during the academic year.

Exceptions to the policy of payment of faculty at their salary for contracts are possible for cases to be proposed by the faculty member to the college dean and authorized by the provost for privately-funded research contracts at rates negotiated with the research contract sponsor. These cases must be well justified and will primarily be for faculty members recognized nationally as leading experts in their field. Any exceptions, approved by the provost, must be documented with the Business Services Office, the Provost Office, and the Office of Technology Partnerships to ensure compliance with any applicable legal requirements.

Each faculty member may be compensated for any combination of a) b) and c) subject to terms and conditions specified in the approved contract.

### **III Release Time during Academic Year**

Faculty members may be granted release time from their teaching duties during the academic year to work on externally sponsored grants

or contracts. This release time generally will be granted to the faculty member with the grant or contract reimbursing the university for the proportionate salary of the faculty member consistent with the amount specified in the grant or contract proposal. Release time with no reimbursement to the university may also be granted if the university contributes the faculty member's release time as part of the university's cost share for the project and is specified in the grant or contract proposal approved by the Provost.

If the University contributes the faculty member's release time as cost share of the project, the faculty member cannot receive additional compensation from the sponsored project for the same work for which the university contributes the faculty member's release time.

#### **IV Compensation from Sponsored Projects**

Lawrence Technological University permits additional compensation paid by the grant or contract during the academic year for work on grants and contracts with the condition that the faculty member is not neglecting any other academic duties. Faculty, with the permission of the department chair and dean of the college, approved by the provost, may choose to work on University approved, externally sponsored projects, up to 20% of time above their regular academic duties and be compensated at the faculty monthly base salary if the faculty member forgoes consulting during the period of the project. A faculty member's workload is defined in the Faculty Handbook and the faculty assignment is defined each semester in the Faculty Assignment form submitted to and accepted by the dean prior to the beginning of each semester.

The University does not allow a faculty member to receive additional compensation on a sponsored project for the same work for which the university contributes the faculty member's release time to the same project. Faculty members can work on sponsored projects using the time allowed for consulting and it will not be considered overload.

The following procedures govern this incentive:

- a) Payment for the work is made during the period of the sponsored project.
- b) Faculty must have the permission of their department chair, the dean of the college, and approval of the provost at the time of the submission of a proposal that will include the amount of time to

be spent on the sponsored project and other University resources committed to the project.

- c) Faculty must not neglect any of their regular duties.
- d) The sponsored activity is clearly separate from and in addition to routine or customary duties.
- e) Additional compensation for federally-funded research must be consistent with federal rules and regulations.
- f) Hours spent for any funded project must be tracked and the information provided to the business office.
- g) LTU is a recipient of federal funding, therefore LTU is required to document the level of effort devoted to projects funded from federal sources. With the assistance of the LTU accountant responsible for research accounts, all federal funding requirements must be identified by the P.I. prior to the start of the project. The P.I. will be responsible to assist in ensuring the adherence to all federal requirements

## **V Summer Salary Compensation**

Additional compensation paid from grants or contracts for summer work up to three months on non- federal sponsored projects is at either the faculty monthly academic salary rate, the faculty monthly base salary (120% of the monthly academic salary) rate or varying market rates within sponsored projects. For federally sponsored projects federal rules of Circular-21 of the federal Office of Management and Budget (OMB) apply.

For projects that take place during the academic year and extend through the summer, the faculty compensation rate should be the same unless the summer activities are distinctly different from those performed during the academic year and is specifically stated and approved in the project proposal budget.