



## Human Resources Additional Compensation *Principles & Guidance*

**Subject:** Additional Compensation Principles and Guidance

**From:** Human Resources

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Purpose: To provide help in deciding whether additional compensation is appropriate and, if so, how to determine a reasonable amount.

### CONTENTS:

#### A. Definitions:

1. Additional Compensation
2. Stipend
  - ◆ Reasons for Stipends that Correspond with Additional Compensation Form

#### B. General information:

1. Independent Contractor
2. Getting approvals early (including the \$90,000 rule for stipends)
3. Overtime pay (classified employees)
4. When work doesn't qualify
  - a. Classified doing duties of higher level classified title (out-of-title)
  - b. Classified doing duties of a professional title
  - c. Professional doing duties of higher level professional title

#### C. Classified employees

1. Qualifying "out-of-title" pay
  - ◆ How to calculate pay for: **Flat Rate, Higher Title, Overtime, Straight Rate, Professional Work**
  - ◆ Reasons that Correspond with Additional Compensation Form

#### D. Faculty

1. Any extra assignment

#### E. Professional employees

1. Qualifying "extra effort" pay
  - ◆ How to calculate "extra effort" pay
  - ◆ Reasons that Correspond with Additional Compensation Form
2. Qualifying "out-of-title" pay
  - ◆ How to calculate "out-of-title" pay
  - ◆ Reasons that Correspond with Additional Compensation Form

#### F. Students

1. Special projects outside of current student job

**A. Definitions:**

1. **Additional Compensation** - Work outside the work year or outside the normal workload may be compensated with additional compensation. Additional compensation is usually appropriate in situations including summer research work paid for by a grant, work for a department other than the employee's primary department, work outside the regular position, or teaching of a non-credit course outside of normal work hours. For example, an employee who works in an academic department may serve as a timekeeper for athletics events; an employee in an administrative office may agree to write or edit a manual for a different department outside of normal work hours; an employee may agree to teach a non-credit course related to a hobby or interest. Such work is generally sporadic or short term. If the work is for a department other than the home department, approval of the home department is required to ensure that there is no conflict between the regular position and the additional effort.

**See reasons for the Additional Compensation Form listed under specific categories**

2. **Stipend** - A stipend is a payment in addition to one's base pay for an assignment which is not part of the employee's ongoing appointment, but which is part of the normal workload; i.e., within the assigned percent of full time. A stipend is used to separate the portion of compensation paid to an employee for the effort and responsibility related to a special assignment. When the special assignment ends, the salary will revert to the salary for the ongoing appointment. Stipends are used for an assignment which will last one full work year or longer. The stipend is spread over twelve installments. The stipend is included in the calculation of 'SALBASE'. Benefits based on salary, such as retirement, life insurance, and long-term disability are based on the salary including the stipend. Certain collective bargaining agreements have provisions for stipends for specified assignments.

**EXAMPLE:** Acting or interim appointment - An employee may be appointed to a position in an acting or interim capacity. If the appointment will continue for one work year or more, the stipend will be "benefits eligible" for the term of the appointment.

◆ **The following reasons correspond with the Additional Compensation Form**

**Reason 11: Associate Dean**

- a. in accordance with AFUM agreement

**Reason 12: Chair Stipend**

- a. in accordance with AFUM agreement

**Reason 13: General Stipend**

- a. assignment will last one work year or longer (example: an acting or interim appointment for at least one work year)

## **B. General information:**

1. **Independent Contractor/Consultant** who is also an employee  
University employees are paid “additional compensation” through payroll. Independent Contractors are paid via accounts payable. If in doubt about whether the situation is to be considered work of an Independent Contractor/Consultant (IC/C), review APL #29 at <http://www.maine.edu/pdf/VII-HDetermineIndependentContractors.pdf>. Keep in mind that a current employee of the University is not to be considered as an independent contractor except where the services provided are not related to the work normally performed by the individual as an employee, and where the services to be provided by the individual qualify the individual as an independent contractor.
2. **Getting approvals early** (including the \$90,000 rule for stipends)  
To avoid misunderstandings, there should be early communication between the employee and supervisor as to whether extra work being assigned will receive extra pay. This is particularly important if a stipend is sought for a person with a salary over \$90,000, since those must be justified and approved by the Chancellor. The Chancellor has indicated he will not approve such stipends for work already performed months earlier (that is, with more than a minimal amount of retroactivity involved), so the justification and approval needs to be submitted as soon as practical.
3. **Overtime pay for classified (hourly) employees**  
For classified employees, overtime pay (1.5 times the normal rate) is almost always required by law for any hours over 40 in a work week. If the supervisor permits such work (does not expressly forbid overtime without advance permission) and is aware of the overtime, s/he must be sure it is paid even if the employee does not claim it. An exception to the 1.5 overtime pay rule exists in cases where an employee performs occasional/sporadic work of a totally different character from his/her normal job for the university. (example: a full-time Bookkeeper working as a part-time ticket taker at home basketball games).
4. **When work does not qualify**  
Additional compensation is not always appropriate for work filling in for another employee who occupies a higher title.
  - a. **Classified employee doing duties of higher level classified title:**  
Duties of titles often overlap, especially in broad titles like AAI and AAI. The rules governing classification indicate that the distinction between those two titles is that to qualify at the higher AAI title, the employee must be performing duties unique to the higher title for at least 35% of his/her total work effort. That means that it is possible that a specific AAI and AAI may have some duties that are the same. If it is largely those duties more typical of what AAI's are expected to do that are being taken on, then no additional compensation (other than overtime for hours worked over 40) would apply.
  - b. **Classified employee doing duties of a professional title:**  
The Fair Labor Standards Act (FLSA) is the law governing the distinction between exempt professional status (not eligible for overtime pay) and non-exempt hourly status (eligible for overtime pay). It indicates that the primary duty of the position, generally defined as at least 50% of total work effort, must be of a level of responsibility /complexity as defined by the Act to be of a professional level. That means that some overlap may exist in the duties and activity of our classified and professional employees, particularly between our highest classified titles and our more entry level professional positions. The distinctions between a particular classified and professional position may be at the strategic level (budget planning, official supervision of

several other employees, responsibility for development of policies and procedures), and those types of responsibilities are often not the ones that would be taken on by a classified employee during the professional's absence. The key is whether a significant percentage of the work taken on is the type of work generally associated with professional status.

**Note, in any case, the requirement to pay overtime for hours worked over 40 in any work week.**

**c. Professional doing duties of higher level professional title:**

Under the Salaried Classification and Compensation Program, positions in two different salary bands may have some or even many duties at the same level of complexity. The distinction in salary bands may be due to being responsible for the budget, having official supervision responsibility for more people, and similar responsibilities. If the work being taken on is primarily work at the same level of complexity/responsibility as one's own position, additional compensation based on taking on higher level duties would not be appropriate for such coverage. However, it may be appropriate to pay additional compensation if the work, even if at the same level, requires the person to put in time beyond normal workweek expectations.

**C. Classified employees**

**1. Qualifying "out-of-title" pay**

Out-of-title pay should be paid when work at a higher title meets the following conditions:

- a. Work is assigned by the supervisor.
- b. Work is continuous and for a sufficiently long period to qualify (COLT and Non-Rep, one week; Service & Maintenance, 5 hours)
- c. Must perform duties of the higher title for at least 35% of total work time to be considered to meet out of title requirement (see description in B.4.a. for similar situations that do not qualify)
- d. Work is not as described in B.4.a. above but is work that is higher in complexity/ responsibility than that expected in one's own position.

❖ **How to calculate pay for higher title:**

- a. If the work is at a higher represented classified title, those hours worked are paid at the step that gives at least a 5% increase.
- b. If the work is at a higher non-represented classified title, those hours worked are paid at least at the AI step, and more if necessary to provide an increase of between 5-10%.
- c. Pay is calculated by subtracting the current rate of pay from the higher title rate of pay (see percentages in preceding paragraphs) and multiplying by the total number of hours worked
- d. If the hours are at a professional level, the department has considerable latitude, but the pay for those hours would normally be at least the minimum of the professional salary band for similar work, and not more than that being paid professional employees doing the same work.

◆ **The following are reasons that correspond to the Additional Compensation Form:**

**Reason 1: Classified Doing Extra Work for Accepted Flat Fee**

- a. work is of an hourly wage type that does not fit into an existing classified title, and there is an accepted and reasonable standard fee (examples: serving as scorekeeper at sports events, proctoring exams, or serving as a model for the art program)

**Reason 2: Classified Doing Extra Work at Higher Classified Title**

- a. work is continuous and for a sufficiently long period to qualify (COLT and Non-Rep, one week; Service & Maintenance, 5 hours)
- b. must perform duties of the higher title for at least 35% of total work time to be considered to meet out of title requirement

**Reason 3: Classified Doing Extra Work at Overtime 1.5 Rate**

- a. work is performed for department other than one's home department
- b. qualifying work is for all hours over 40 in the work week
- c. multiply 1.5 times the normal rate of pay

**Reason 4: Classified Doing Extra Work at Straight Rate**

- a. work is for another department in case where a part time employee works hours but combined total does not exceed 40 for the week
- b. work is over 40 hours but meets the FLSA definition permitting pay at the straight rate (not the 1.5 rate): work must be only occasional or sporadic and be of a different occupational character (example: a Child Care Assistant Teacher who does occasional work maintaining another department's web site on an as-needed basis)

**Reason 5: Classified Doing Professional Level Work**

- a. must perform duties at the professional level for at least 50% of total work time (see description at Guideline B.4.b. for similar situations that do not qualify)
- b. pay would normally be at least the minimum of the professional salary band for similar work

**D. Faculty**

**1. Any extra assignment**

**E. Professional employees**

**1. Qualifying "extra effort" pay**

Please review Article 14 in the UMPSA contract for more information on work year and work schedule.

- a. this is for situations that are more than the normal fluctuations and occasional spikes in workload that are commonplace in professional positions
- b. while it is true that the nature of professional status is such that the specific number of hours of work are less important than the responsibility for a body of work (and individual differences mean that different people may take a longer or shorter amount of time to perform well), we ask that you give a best estimate of the extra hours beyond normal for the average employee that the "extra effort" represents
- c. you may not compensate if you have already or will in the future give paid time off from work to offset this extra effort (e.g., huge project requiring significant extra work time this week but will work fewer than normal hours next week)
- d. supervisors are asked to apply this carefully since it requires thoughtful judgment so as to pay extra only in a way that will be seen by others as being clearly deserving

❖ **How extra effort pay is calculated:**

- a. If the extra work is in one's own position (or one at the same salary band), the appropriate amount of additional pay would be determined by extrapolating from the person's normal

- pay. (Example: the supervisor wishes to pay for 20 extra hours of work. The person's salary is \$41,600 which, were it paid hourly, would equal \$20/hour calculated from \$41,600/2080 hours in one year. Therefore, an appropriate amount would be about \$400 (\$20 times 20 hours).
- b. If the extra work is also of a clearly higher level than would reasonably be expected from one's own position, it would be appropriate to pay in the range of 5-10% extra. In the example above, if the supervisor believes that the extra work is of a type usually performed by people one salary band higher, s/he might conclude that \$440 is a reasonable figure (if two salary bands higher, perhaps \$480, etc).
  - c. It is recognized that individual situations may make it appropriate to pay somewhat more or less than these guidelines.

◆ **The following are reasons that correspond to the Additional Compensation Form:**

**Reason 9: Professional "Extra Effort" Pay**

- a. while it is true that the nature of professional status is such that the specific number of hours of work are less important than the responsibility for a body of work (and individual differences mean that different people may take a longer or shorter amount of time to perform well), we ask that you give a best estimate of the extra hours beyond normal for the average employee that the "extra effort" represents
  - b. supervisors are asked to apply this carefully since it requires thoughtful judgment so as to pay extra only in a way that will be seen by others as being clearly deserving
- 2. Qualifying "out-of-title" pay**
- a. work has clearly been of a higher complexity/responsibility level than would reasonably be expected from one's own position
  - b. there is a genuine view that, should the duties being performed be permanent, the position would almost certainly be rated as having met the "significant increase in duties and responsibilities" test under the professional salary system (see discussion at B.4.c. for similar situations that do not qualify)
  - c. this is more than taking on only a small portion of a higher position, or only those parts that are not significantly more demanding than one's own position
  - d. a general rule of thumb is to pay an extra 5-10% if the duty set is typical of positions one salary band higher, and 10-20% if two bands higher

❖ **How “out-of-title” pay is calculated:**

- a. If fully taking on another position, it is appropriate to use as a general rule an amount of 5-10% higher than one’s current salary. For example, if one is taking over a position one salary band higher, and the normal salary is \$4,000/month, a reasonable amount may be \$4,400. If two bands higher, \$4,800, etc.
- b. If temporarily doing one’s own job for 50% of the time and the higher position for 50%, use a prorated amount.
- c. There may be situations where higher amounts may be paid if the division feels it is necessary and appropriate, and results in a reasonable target figure within the higher salary band. However, ordinarily the pay should not exceed that of incumbents already doing that same or very similar work.

◆ **The following are reasons that correspond to the Additional Compensation Form:**

**Reason 10: Professional Out-Of-Title Pay**

- a. there is a genuine view that, should the duties being performed be permanent, the position would almost certainly be rated as having met the “significant increase in duties and responsibilities” test under the professional salary system (see discussion at Guideline B.4.c. for similar situations that **do not** qualify)

**F. Students**

**1. Special Projects Outside of Current Student Job**

- a. students must be paid by the hour, so indicate hourly wage and hours worked.