Extraordinary Pay Policy

Compensation in Addition to Base Salary

HR Management Center, School of Medicine & School of Nursing

Faculty and other exempt persons employed by Duke Medicine (School of Medicine and School of Nursing) are accountable for performance of regular duties and responsibilities assigned by their chair, dean and/or supervisor. These professionals are capable of, and committed to, fulfilling the University’s missions in a multitude of related activities including teaching, research, administrative activities and service to the University. Faculty and other exempt persons are expected to perform their regular duties and responsibilities assigned by the University without limitations on the number of work hours, as compared to non-exempt employees for whom overtime pay is required.

All compensation, including extraordinary payments, will be included in the faculty member’s/employee’s Effort Certification report in accordance with institutional policy. (http://www.finsvc.duke.edu/gap/m200-170.html)

Definition:

- **Extraordinary pay** represents payments for effort that is normally above and beyond normal work schedules. Extraordinary pay can be in addition to twelve full months of regular faculty and staff compensation. Such exceptional compensation requires specific approval by the faculty and staff member’s Chair/Director’s Office (Chair, Director, or senior unit manager) before communication to the faculty or staff member if the total amount to be paid exceeds $1,000 for a faculty member and $500 for a staff member. The School of Medicine’s HR Management Center must then approve payments before they can be made.
Section I. Extraordinary Payments

Policies regarding extraordinary payments come directly from the University Policy Manual. All extraordinary payments must be reviewed and approved first by the faculty or staff member’s Chair/Director’s Office (Chair, Director, or senior unit manager) before communication to the faculty or staff member if the total amount to be paid exceeds $1,000 for a faculty member and $500 for a staff member. The School of Medicine’s HR Management Center must then approve payments before they are made. In most instances, within the School of Medicine and School of Nursing, additional compensation for services performed exceeding the positions’ defined job responsibilities, full-time employment, will be considered extraordinary pay. Payments are initiated at the department level through i-Forms. Justification is required in the “comments” section of i-Forms. All supporting documentation must be maintained at the department/center/or institute level available for review upon request. Individuals receiving extraordinary payments should be notified in writing by the department and note reason for extraordinary payment, expected term, and amount.

Section II. Extraordinary Payments Restrictions

The HR Management Center restricts the use of extraordinary payment methods for activities as listed in Section III. Any exceptions to this guidance require approval by the School of Medicine HR Management Center. Total fiscal year payments of extraordinary payments may not exceed 10% of an individual’s University base salary without such approval. Each individual department is responsible for determining and tracking compliance with the 10% maximum. Compensation associated with extraordinary pay must be aligned with an individual’s University base salary. Activities lasting longer than 90 calendar days are not normally considered under the Extraordinary Pay Guidelines. If the activity lasts
longer than 90 calendar days, the department may seek approval from the HR Management Center for one extension for an additional 90 calendar days.

Externally sponsored funds typically cannot be used for extraordinary or supplemental payments (rare exceptions are possible in unusual circumstances), and these situations should be reviewed in advance with the Office of Research Administration. Effort associated with extraordinary payments must have minimal impact on primary responsibilities.

Extraordinary payments are limited in a number of situations. Instances whereby an individual is not eligible:

A. **Exempt Staff – Overtime Payment.** Extraordinary payment for overtime pay for exempt staff employees is not appropriate. The salary established for exempt employees is not directly related to actual hours spent at work but rather the fulfillment of the requirements of the job regardless of the number of hours worked. If a job does require significant “above normal” hours as a matter of routine, that should be carefully considered when the base pay for the individual is established. If the position’s responsibilities have changed, that should be considered and Rewards and Recognition should perform a position analysis to determine the appropriate classification of the position. Extraordinary pay may be appropriate for temporary changes in position scope.

B. **Employees that are not Citizens or Lawful Permanent Residents of the U.S.** may not be immediately eligible for a change in duties due to their visa status. It is the business manager’s responsibility to ensure that Duke Visa Services is consulted for
eligibility and realistic effective date before the international employee engages in those activities.

Permitting the international employee to engage in additional activities prior to receiving clearance by the Duke Visa Services may place both Duke and the international employee in violation of federal regulations and place the international employee “out of legal status.” Duke Visa Services works closely with the HR Management Center in clarifying the additional activities and determining how they relate to the overall usual, primary responsibilities of the position in order to provide guidance.

Specific to international faculty, defining what is and what is not covered as part of the “usual” activity can be challenging. If extraordinary payments are given for activities in which all faculty would normally engage and for which faculty would normally receive extraordinary payments for, extraordinary payments may be allowable. However, if an international faculty member engages in a different job than what was previously described to Homeland Security, under their current visa status, then an amended petition needs to be filed prior to the commencement of the “new” work.
Section III. Extraordinary payments are considered and reviewed by the HR Management Center for the following activities after approval by the appropriate Department Chair, or Center/Institute Director (or Unit Manager if designated):

1. Administrative Supplements – An administrative supplement is provided to faculty who are given administrative roles to recognize the broader scope of responsibilities in the assigned administrative role beyond their regular responsibilities. An example is an administrative supplement associated with serving as chair of a department or director of a center or institute. The amount of increase for the administrative role should be spelled out in a letter to them, specifying the amount of the administrative supplement, when it starts and informing the faculty member that it would be eliminated when they no longer hold the administrative role. The amount should be added to the faculty member’s university base salary. Any adjustment to faculty member compensation, including an administrative supplement, first requires approval of the faculty member’s chair/director and then the applicable school’s Dean, which can be accomplished through a brief letter/email to the Dean with copy to the Vice Dean for Finance and Administration for the School of Medicine, or the Associate Dean for Finance and Administration for the School of Nursing. This approval should be obtained prior to communicating terms with the faculty member. In some cases, more than the 10% of salary maximum for this type of pay may be approved. If the University base salary meets or exceeds $250,000, appropriate approvals are required prior to increasing the base salary. The School of Medicine HR Management Center can assist in the review/approval process.
In the ‘comments’ section of the rate and schedule i-form, please provide the offer letter language relating to the administrative role including the amount of the administrative supplement.

2. 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., nominations and review committee.

In the “comment” section of i-Forms, provide description of the program and confirm the nomination review process.

3. Teaching responsibilities over and above regular teaching load. This can be either within a faculty member’s home school or for service in another school or outreach location. Cross school teaching in addition to normal expectations qualifies as “extraordinary pay” in addition to normal 100% effort. Up to 25% of base pay is allowable if the individual has no federal salary support or 10% of base pay if the individual is funded by federal grants at any level. The department utilizing the teaching services should complete the ‘Request for Supplemental Pay’ form and submit to the department chair of the faculty member for approval prior to communication of terms to the faculty member and the teaching commencing.

In the “comment” section of i-Form, define outreach location, name of course, and period of time.

4. Curriculum development for Graduate Medical School, Singapore.

In the “comment” section of i-Form, define the curriculum work by name and related dates of preparation and delivery.
5. Temporary assumption of higher level responsibilities. If a staff member temporarily assumes additional higher level responsibilities beyond their current position, payment can be made for this occurrence as an administrative supplement. These arrangements should be short term, should not extend beyond 90 calendar days and generally occur when a higher level position is vacant. If the activity lasts longer than 90 calendar days, the department may seek approval from the HR Management Center for one extension for an additional 90 calendar days. If this temporary arrangement lasts longer than six months, a Job Assessment Questionnaire must be submitted to the School of Medicine HR Management Center for review and approval. The Management Center will work with Rewards and Recognition to establish a salary amount. A salary amount must be established prior to activities commencing for the higher level activity and cannot be based on an hourly rate. In order to establish an appropriate payment, one must submit a brief description of the temporary higher level job to the School of Medicine HR Management Center together with a rationale for the requested payment. Approval of the rate should be obtained prior to communication of terms with the employee.

In the “comment” section of i-Form, provide the recommendation from Rewards and Recognition for “duty beyond routine job duty”. The administrative supplement must then be documented in writing to the staff member and added to the university base salary for the duration of the higher level responsibilities.

6. Working in a different role. If an exempt staff member provides services which are not related to their primary job but maintains his/her existing full-time role, payment can be made for this activity as an administrative supplement. Normally, these activities are short term (90 calendar days or
less), conducted outside the employee’s normal work schedule, and paid from a different account code. If the activity lasts longer than 90 calendar days, the department may seek approval from the HR Management Center for one extension for an additional 90 calendar days. Work performed in the different role must meet the requirements for exempt status under the Fair Labor Standards Act and payment must be on a salary or fee basis established for the additional role regardless of the time required for its completion.

An appropriate payment may be recommended by Rewards and Recognition and approved by the HR Management Center prior to the services commencing. In order to establish an appropriate payment, one must submit a brief description of the short-term different role to Rewards and Recognition for review and recommendation for “duty beyond routine job duty”. This recommendation and approval must be obtained before communication of terms to the employee.

In the “comment” section of i-Form, provide the recommendation from Rewards and Recognition. The administrative supplement must be documented in writing to the staff member and added to university base salary for the duration of the work in a different role.

7. Honoraria for the preparation of guest lectures or publications, as deemed reasonable by the department. Such payments are appropriate only when substantial, formal preparation is involved.

In the “comment” section of i-Form, provide details of formal presentation.

8. Honoraria for reviewing ad hoc reviews for a particular award program in a department.
In the “comment” section of i-Form, provide details of particular award program in department.

9. Severance pay in accordance with individual severance agreements.

In the “comment” section of i-Form, reference specific agreement with date of agreement.

10. Certain specified-service payments as they pertain to department policy. An example of commission payments is recruitment incentive payments for a specified position, i.e. “recruitment fee or finder’s fee” (also called an Employee Referral). The agreements for such payments must have prior approval centrally by HR Management Center.

In the “comment” section of i-Form, reference the prior agreement and the conditions of such agreement, approved by department chair and/or business manager.

11. Lump Sum payments for merit/performance based increases that exceed the pay grade maximum. This may be used for pay adjustments, as well.

In the “comment” section of i-Form, reference basis for pay adjustment.

12. Exempt Staff Incentive Pay – incentive plan must be predetermined and must be approved by HR Management Center. If for clinical activities leased by the PDC, the PDC must approve.

   a. Clinical care nurse – monthly rate for evening and weekends
b. One time sign on bonus as defined in offer letter as per departmental policy and approved by chair/director and business manager.

c. Other bonus/incentive arrangements with specified performance or other indicators defined by departmental policy and approved by chair/director and business manager.

d. Incentive compensation for clinical or clinical administrative services in accordance with the PDC Compensation Eligibility Determination for Non-Physician Member/Employee Staff dated 7/1/12 and the Outline of Requirements for Non-Physician and Administrative Staff.

In the “comment” section of i-Forms for “b”, “c” and “d”, include language from approved offer letter.

13. Faculty Incentive Pay – the SOM allows for faculty incentive plans for research, education, and academic administrative performance. Such incentive payments are not to recognize additional responsibilities performed by the faculty member, rather, they are to recognize high productivity and attainment of goals that are predetermined and clearly articulated by each Department Chair or Center/Institute Director. These payments are not considered part of University base salary and may exceed 10% of University base salary under the guidelines articulated within the incentive plan.

14. Standardized Patients – employees serving as “standardized patients”.

In the “comment” section of i-Forms, provide dates of service as “standardized patient”.