

To: Members of the Board of Trustees

From: William E. Sullivan, Treasurer and Chief Financial Officer

Cc: Chris Ruhl, Senior Vice President, Strategic Initiatives
Steve Schultz, Legal Counsel

Re: Summer Compensation for Academic Year Faculty and Staff

Purpose. This memo requests that the Board of Trustees:

- (1) Make permanent a 2012 interim policy change affixing the rate of pay for summer employment of Academic Year (“AY”) faculty and staff at a weekly rate of 2.778% of the AY faculty or staff member’s annual salary;
- (2) Change the number of compensable weeks for summer employment from 12 weeks to a period equal to the maximum number of work time available in any given summer; and
- (3) Grant authority to the Treasurer to establish policies, procedures and administrative practices to implement the above compensation rules.

Background

Most faculty and a few staff are employed by the University in AY appointments. AY appointments begin one-week prior to the start of classes each semester and end on commencement day. Unlike fiscal-year (“FY”) appointments, AY faculty and staff do not accrue vacation. Rather, those employees are entitled to take leave during time when classes are not in session, including during the summer. Therefore, AY faculty must perform additional work in order to receive pay during the summer months. Frequently, AY faculty teach summer courses or work on sponsored research in order to receive summer pay.

Indiana law gives the Board the authority to “fix and regulate” compensation of the faculty and staff. Consistent with this authority, at its April 12, 2012 meeting, the Compensation Committee and the Board approved interim summer compensation policies that were necessary due to the university’s change from a 10-month to a 9-month AY calendar. Specifically, the Board approved a change in the summer pay calculation to a weekly rate of 2.778% of the annual AY salary (from a weekly rate of 2.5%). The change was designed to compensate AY faculty and staff at the same pay rates at which they are compensated during the academic year. While the April 2012 proposal called for making the interim policy permanent before the summer of 2013, no subsequent steps were taken to make the change permanent.

Consistent with the principle that AY faculty should be fully and fairly compensated for work they perform in the summer, we are also proposing that the Board approve a policy that permits AY faculty to be compensated for each of the 13 weeks during the summer. Current policy permits AY faculty to earn only 12 weeks of pay during the 13-week summer.

Finally, AY faculty and staff compensation levels have historically been established by a series of Executive Memoranda, including those issued by President Beering in 1996 and 1998. These memoranda and related pay policies and procedures issued by the Treasurer's organization are consistent with established governance channels. That is, the Board has delegated to the President the authority to make "personnel actions with respect to the Faculty and Staff of the University." (Bylaws, Article VI, § 3). The President, in turn, has delegated the administrative authority and responsibility for "human resources services, including . . . salary administration" to the Treasurer and CFO. (Policy V.B.5).

The April 12, 2012 Board action contemplated the updating of those Memoranda into a permanent set of pay policies. This was not done. Therefore, I request the Board specifically grant the Treasurer and CFO the authority to establish all necessary policies, procedures and administrative pay practices necessary to implement a summer compensation system consistent with the above rules for summer pay compensation, including a process through which exceptions may be granted.