

<b>Subject: Supplemental Pay/X-Pay Guidelines</b>	Author: Office of the Provost
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### **General Information**

Faculty and Professional and Administrative (PNA) staff may receive additional compensation for additional responsibilities through either a supplemental pay<sup>1</sup> or an X-pay. Classified staff (hourly paid employees), who are non-exempt from the overtime provisions of the Fair Labor Standards Act regulations may not be given a supplemental pay or an X-pay.

### **Definitions**

The definitions listed below may also be found in the Institutional Base Salary Policy (IBS) on the VP for Finance Website.

#### **Faculty**

**Supplemental pay** is pay that is in addition to a faculty member's base salary, which includes fringe benefits. Examples of supplemental pay include, but are not limited to, payments for on-going administrative responsibilities, recognition as a distinguished scholar or endowed chair, research supplements, and other extraordinary compensation arrangements where the supplemental pay can be reduced or eliminated as appropriate. (Note: Research supplements may only be added to the IBS upon employment or during the annual salary adjustment process.)

An **X-pay** is provided to compensate faculty for assuming additional duties on a time-limited, short term basis and is excluded in calculations for retirement or other employee benefits that are a percentage of salary.

#### **Staff**

**Supplemental pay** is pay that is in addition to the regular salary for additional duties beyond normal job expectations. This pay is included in the calculations for retirement and other benefits. Supplemental pay should be used, if the intent is for the position to perform additional duties for more than 12 months, but within a project term with a specified end-date.

An **X-pay** is provided to compensate staff for assuming additional job duties for a time-limited, short term basis, usually 12 months or less. An X-pay is excluded in calculations for retirement or other employee benefits that are normally calculated as a percentage of salary.

#### **Restrictions**

X-pay or supplemental pay shall not be used as a bonus or performance-based form of compensation. Further, neither X-pay nor supplemental pay should be used as a means to compensate for an employee expense or disbursement that is processed through the Controller's Office.

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<sup>1</sup> Supplemental pay also includes X-ben - a short-term supplement limited to one year or less.

## **Guidelines**

The following guidelines are used by Human Resources to determine if an employee should be paid a supplemental pay or X-pay.

### **Supplemental Pay**

- All supplemental pay must be in addition to the regular base salary for additional duties/responsibilities performed as a part of an employee's regular job.
- Supplemental pay is included in the calculation of retirement benefits.
- Determined by the nature of the assignment not the duration of the assignment.
- Examples of Supplemental Pay include Acting or Interim Director, Dean, or Vice-President; additional administrative duties within the department; clinical practice; compensation at risk; endowed chair; grant assignment; Grawemeyer Award; non-grant research; Teaching Excellence Award; University Scholar; or any retroactive adjustment to base salary.

### **X-pay**

- Any X-pay must be in addition to the regular base salary for additional duties/responsibilities that are occasional or sporadic in nature.
- For duties unrelated to the employee's primary job duties/responsibilities.
- Performed outside of the employee's home department and regular working hours.
- An X-pay is excluded from the calculation of retirement benefits.
- Examples of X-pays include additional duties for teaching, research, administrative work, or practice/professional plan; allowances; contract payments for outcomes; nonrecurring base pay; and awards.

## **Procedures**

Prior to assuming additional responsibilities, all supplemental pays and X-pays for faculty and PNA staff must be approved by the Human Resources (HR) Department and in accordance with this policy and the unit must have adequate available funds in the appropriate program/speedtype.

The [Additional Pay Manual](#) provides instructions to access the Additional Pay Form and explains the processes for completing the form. [Information about the new Additional Pay Form](#) as approved by the VPs for Finance and Human Resources.

### **Approval**

- A request for approval of a supplemental pay or X-pay must include a description of the work to be performed, a statement confirming the duties are outside the scope of normal work, the start and end date of the appointment, the number of work hours or days to be worked, the targeted amount reimbursement per hour or day, and estimated total cost. Work must be performed during dates of appointment.
- Request for supplemental pays and X-pays must be approved in writing by both the dean or vice president of the employee's home department and the dean or vice president of the initiating unit. The dean or vice president may delegate this responsibility to an associate dean or assistant/associate vice president, however, the dean or vice president will be held responsible for any additional pay approval. At the Health Science Center, the Executive Vice President for Health Affairs (in addition to the dean) must approve all additional compensation. The President must approve any additional compensation for the Provost. The Provost, or in the case of Health Science Campus deans, the Executive VP for Health Affairs, will approve supplemental pays or X-pays for any dean, (including vice deans, associate deans, and assistant deans) or vice president, and will appoint a designee to approve departments within the Office of the Provost.

### **Compensation Restrictions**

- All supplemental pays/X-pays should be monitored by the home department dean or vice president.

### **Sponsored Program Considerations**

- If a faculty X-pay is included in a sponsored program, the faculty member must sign a statement indicating that the effort on the grant, plus any outside work, does not exceed an average of one-day per week paid by UofL as permitted under Section 4.3.3 of the Redbook. (Please note: Section 4.3.3 as it relates to the one day per week does not apply to the School of Medicine faculty. Also note that only under rare circumstances, and with approval by the Executive Vice President for Research and Innovation, is supplemental pay ever permitted on Federal grants or contracts during the period in which the employee is receiving full pay.)
- If the X-pay is on a sponsored program, the Principal Investigator must also approve the pay document.
- There should be proper monitoring by the home department and the Controller's Office to assure that the residual monies from sponsored programs are not used to fund X-pays.

### **Miscellaneous**

- Documentation of service, additional responsibility or work duties must be available for inspection at any given time.
- The Executive Vice President and Provost shall approve any exception to this policy.
- No unit X-pay policy can be in conflict with the above procedures.
- With the exception of merit-based salary increases, all increases to base salary must be approved in writing by both the dean, or vice president, of the employee's home department and the dean, or vice president, of the initiating unit. In the case of deans (including vice deans, associate deans, and assistant deans) and vice presidents, the Provost must approve; in the case of Health Science Campus deans, the Executive VP for Health Affairs must approve.