Information

Soft Money

Effective

July 1, 1976

Number

BFP 013

Applicability

This policy applies to Deans, Vice Presidents, Lead Fiscal Officers, and Unit Business Managers.

Administrative Authority

Executive Vice President for Finance and Administration/Chief Financial Officer

Responsible Unit

Budget and Financial Planning
Grawemeyer Hall, Room LL20
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History

Revision Date(s): December 13, 1995; June 26, 2025
Reviewed Date(s): July 7, 2016; June 26, 2025

Categories

Reason for Policy:

The university's official "soft money policy", Administrative Memorandum 76-16, was adopted by the Board of Trustees effective July 1, 1976. It states that all tenured and tenure-track faculty positions shown in the (1977-78) Operating Budget are frozen as to the proportion of hard and soft money support. That is, for faculty positions established before July 1, 1977, the amount of soft money in either tenured or tenure-track positions for a given college or school is fixed and cannot be increased. The amount of soft money supporting a position, however, can be decreased at any time by hard money funds, either on a temporary or permanent basis.

The 1977-78 operating budget also serves as a benchmark, or reference point, for subsequent budgets as to the type and mix of funds for each faculty position existing at that time. Further, all existing faculty positions were grandfathered for future years from the policy. After the 1977-78 fiscal year, all new tenure and tenure-track faculty positions must be completely funded from hard money on a permanent basis and shall be designated as "hard money" positions.

Statement:

All tenured and tenure-track faculty positions, not grandfathered in 1978, shall be permanently budgeted on a "hard money" source of funds, as defined by this policy. This applies to positions currently vacant as well as filled positions.

Faculty positions initially established on soft money shall be considered tenurable only when all of the following conditions are met:

1. If the duties of the position substantially change and become an integral part of the regular academic program of the university;
2. The mission of the university and the interest of the affected college or school is served;
3. If hard funds are available to support the full salary and associated fringe benefits; and

4. If satisfied requirements of applicable law are met.

(The years of experience while in a non-tenurable status that may be applied toward tenure shall be agreed to by the faculty member, the dean, and the academic vice president and shall be set forth in writing at the time of the status change.)

Requests for new tenurable positions which are not wholly funded from hard money must specify the future source of hard money funding required to cover the entire annual salary and related fringe benefits at the time the Position Authorization Request (PAR) is submitted.

For short-term departmental budgeting purposes, the funding of a faculty position may be switched temporarily throughout the fiscal year. However, the funding sources shall normally revert back to those found in the original operating budget and shown as a permanent source of funds. That is, funding sources which change during the year, e.g. for grant or contract release or for other purposes of a one-time nature, shall be reconstituted in the subsequent year's adopted budget.

A loss of external funding that supports a non-tenurable position will result in a review of that position by the dean and the appropriate academic vice president. A written understanding shall be reached with the candidate and communicated at the time of hiring setting forth this policy.

Definitions:

For the purpose of this policy, the following definitions are provided:

1. "Hard money" is defined as funds derived from:
    - Appropriated funds from the Commonwealth;
    - Funds from tuition and fees;
    - Certain income from endowment funds, as set forth in the Endowment Fund and Similar Funds Management policy;
    - Funds generated from professional practice plans, but limited to 50% of the yearly income averaged over 5 years;
    - The "Dean's Fund" at the School of Medicine which is a fixed percent of the income generated from professional practice plans; and

    - External funding for faculty with continuous appointments at the Louisville Veteran's Administration Hospital.
2. For purposes of this policy, "soft money" is defined as funds derived from all other sources. Examples include gifts, grants, contracts, unspecified clinical fees and the like.
3. Tenured positions are those faculty positions held by persons in the professor job classification series (assistant professor, associate professor, and professor) who have been awarded academic tenure.
4. Tenure-track, or tenurable positions are those faculty positions in the professor job classification series for whom the incumbent may reasonably expect to be granted tenure no more than seven years after employment, or after equivalent service.
5. Non-tenurable track positions are all other faculty positions for which the incumbent will not be considered for tenure, e.g., adjunct faculty, contract research appointments and limited contract appointment series. (These employment contracts explicitly state at the time of hiring that there is no commitment for tenure.)

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Procedures:

Annually during the development of the operating budget the academic unit reviews its tenure and tenure-track faculty positions to ensure each one is properly budgeted in compliance with this policy.

At least annually, academic units/departments are required to verify the permanent

funding mix for their positions, to identify any tenured or tenurable positions which are not budgeted on a hard money source of funds. For any such position, the unit can alter the funding within their units on a permanent basis and create a position change order to establish a hard money funding source on the position.

At the time a new position is created, a determination shall be made by the dean as to whether it shall be a tenure or non-tenurable position. That designation is so noted on the Position Authorization Request form (PAR) to record this in the university's position management system.

Responsibilities:

It is the responsibility of the dean of the affected college or school to ensure that each tenured and tenurable faculty position is budgeted on a hard money source of funds, unless specifically grandfathered in 1977.

It shall be the responsibility of the dean of the affected college or school to ensure that each new faculty position is in compliance of this policy.