


MICHIGAN STATE
UNIVERSITY

January 4, 2021

To: Mick Fulton, D.V.M., Ph.D., Chair, University Committee on Faculty Affairs

From: 
Suzanne Lang, Ph.D. Interim Associate Provost and Associate Vice
President of Academic Human Resources

Subject: Faculty Overload Policy Change

I write to draw your attention and seek the committee's feedback on a required change to the *Faculty Overload* policy in the Faculty Handbook. The attached memo dated November 5, 2020, from the University's Tax Manager provides background on the needed change to bring the University into compliance with IRS rules and regulations. Additionally, the University conducted benchmarking with other Big Ten institutions and found MSU is an outlier in our current policy, which allows for compensation of services rendered in the form of professional development support, funding of a graduate assistant, etc.

We recognize that this change in policy will have an impact to faculty in ways that we might not have considered and seek your input and feedback on the implementation of this revision to bring the University into compliance. I also recommend that when this topic is discussed at the next UCFA meeting that the UCFA arrange to have Beth Powers (University Tax Manager and content expert) attend the meeting. Her presence at the meeting allows for the committee to have an opportunity to get real-time answers to any questions or concerns that they raise during the meeting.



Attachments

**OFFICE OF THE
PROVOST**

Cc: Teresa K. Woodruff, Ph.D., Provost

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MICHIGAN STATE
UNIVERSITY

November 5, 2020

To: Academic Human Resources

From: Beth Powers
Tax Manager, Office of the Controller

Re: Overload Pay Policy edit – Faculty Handbook

To align with IRS rules and regulations and correct potential under withholding of employment taxes, the current Overload Pay policy in the Faculty Handbook needs to be updated.

The Faculty Handbook Overload Pay, Section V Other Provisions states:



4. Assignments which might normally justify the payment of overload pay may, by mutual agreement, be compensated for by subsequent release time for research, the assignment of additional graduate assistants/other support staff, or other forms of programmatic/professional support instead of by overload pay.

**OFFICE OF THE
CONTROLLER**

Tax Services

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IRS Publication 15 Employers Tax Guide states: "Wages subject to federal employment taxes generally include all pay you give to an employee for services performed. The pay may be in cash or in other forms. It includes salaries, vacation allowances, bonuses, commissions, and fringe benefits. It doesn't matter how you measure or make the payments."

Because overload pay represents remuneration for services rendered, this compensation is subject to employment taxes. The alternative compensation arrangements outlined in Section V Other Provisions, Item 4 outlined above bypass employment tax processing. I recommend this section be removed from the Overload Pay policy to comply with the IRS definition of wages.

Faculty Handbook

Overload Pay

Last updated: 5/5/2006

ACADEMIC HUMAN RESOURCES POLICIES (*Cont.*)

The following policy was approved by the Board of Trustees on October 16, 1970 and revised on May 5, 2006. (A college may establish a more restrictive policy.)

I. Applicability

This Policy applies to full-time faculty members (tenure system and fixed term) at the rank of instructor through professor, full-time academic staff (including specialists, librarians, and extension field service staff), full-time executive managers, and full-time academic administrators (e.g., deans, department chairs, and school directors).

II. Overload Pay

Faculty and academic staff may request approval for overload pay for overload assignments related to teaching, research, outreach activities, and academic and student support activities. Executive managers and academic administrators may request approval for overload pay for overload assignments related to their administrative duties and/or expertise.¹

III. Required Approval

1. Overload pay assignments require prior written approval (a) by the immediate supervisor of the individual who will undertake the proposed overload pay assignment; (b) by the administrator of the major administrative unit ("MAU") in which that individual is appointed; and (c) if the unit in which the overload pay assignment is to be performed is different from the unit in which the individual is appointed, by the administrator of, and the MAU administrator for, the unit in which the overload pay assignment is to be performed.
2. In order to be approved, an overload pay assignment must meet the following minimum criteria:
 - The individual requesting overload pay must have a full-time assignment in her/his department, school, or other administrative unit and be satisfactorily performing her/his assigned duties; and
 - The individual's immediate supervisor, after consultation with the administrator of the MAU in which the individual is appointed, must determine that:
 - the proposed assignment represents a substantial increase over the individual's regularly assigned duties; and
 - after considering the other commitments of the individual, including her/his regularly assigned duties, approved outside work for pay, and other professional obligations, the proposed assignment will not adversely affect the individual's performance of her/his regularly assigned duties.
3. The approval of each overload pay assignment must be recorded on the Overload Pay form.

IV. Summer Appointments

Faculty and academic staff members appointed on an academic year basis may have part-time or full-time summer appointments in teaching, research, and/or outreach. The salary for such a summer appointment may not exceed 3/9 of the faculty or academic staff member's salary during the previous academic year. These summer appointments are not considered overload pay assignments and are not subject to this Policy.

However, faculty and academic staff members who hold full-time summer appointments are also eligible for overload pay assignments during the summer if such assignments are made pursuant to this Policy.

V. Other Provisions

1. The Office of the Provost shall provide an annual summary of overload pay disbursements made during the prior fiscal year to appropriate MAU administrators.
2. In recognition of collegial expectations usual in a community of scholars, University units may not pay honoraria to faculty members, academic staff, executive managers, or academic administrators for talks, seminars, etc., provided in usual classroom/seminar settings.
3. Individuals performing overload pay assignments pursuant to this Policy remain subject to the same University policies and procedures as are in effect during the performance of their regularly assigned duties.
4. Assignments which might normally justify the payment of overload pay may, by mutual agreement, be compensated for by subsequent release time for research, the assignment of additional graduate assistants/other support staff, or other forms of programmatic/professional support instead of by overload pay.
5. Major administrative units may establish lower maximum time limits for overload pay than those stipulated in this Policy.

Footnote:

¹ In accordance with the policy on Outside Work for Pay, faculty, executive managers, and academic administrators may request approval to engage in overload pay and/or outside work for pay for up to a total average of four (4) days per month during duty periods. Academic staff (who are not eligible to engage in outside work for pay) may request approval to engage in overload pay for up to an average of four (4) days per month.

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Overload Pay Policies for Big 10 Universities

Big 10 University	Policy Excerpt	Source
Michigan State University	"Assignments which might normally justify the payment of overload pay may, by mutual agreement, be compensated for by subsequent release time for research, the assignment of additional graduate assistants/other support staff, or other forms of programmatic/professional support instead of by overload pay."	https://www.hr.msu.edu/policies-procedures/faculty-academic-staff/faculty-handbook/overload_pay.html
University of Illinois	"Service in excess of a full-time appointment should be temporary and kept to a minimum; total payment is not to be paid until all service has been performed. The policy includes, but is not limited to, overload teaching and Discovery courses."	https://cam.illinois.edu/policies/hr-77/
Indiana University	"Limited to full-time academic and exempt staff employees. Requests for overloads are documented by providing a written explanation detailing the type of services being provided and the time period involved. Depending on the campus, documentation may be required for all academic overloads or for overloads exceeding the 20% rule."	http://hr.iu.edu/SOS/Create Additional Pay Academic.htm
University of Iowa	"University of Iowa faculty members, including staff members teaching as adjunct faculty, may from time to time teach courses that are in addition to their regular "load" or in addition to their full-time positions. The University and its students benefit by this instruction and the individual employees are compensated for this extra effort in addition to their regular salary."	https://opsmanual.uiowa.edu/human-resources/compensation/supplemental-activities-and-extra-compensation/extra-compensation
University of Maryland	"All PHR overload requests will include: a. One of two overload types: i. Teaching Overload - teaching for credit instruction; ii. Non-teaching Overload - non-teaching, administrative overload. b. Specific beginning and end date of project; c. Amount of compensation to be received; and, d. A PHR note that must include the nature of the overload assignment and the name of the person's supervisor(s) and date the supervisor(s) approved the overload."	https://pdc-svpaap1.umd.edu/policies/overload.html
University of Michigan	"Occasionally faculty will temporarily assume additional instructional duties exceeding their full-time 100% effort (for example: they have a four course teaching load and agree to teach a fifth course for one term or year). In such cases, an additional appointment (i.e. new employee record number) needs to be created for the percent of effort over 100%. An associate dean, chair, or even dean would approve and determine the appropriate fraction of effort to be associated with the additional work that is being requested from the faculty member."	https://hr.umich.edu/working-u-m/my-employment/academic-human-resources/faculty-appointments/academic-appointments-manual/changes-additions-appointments
University of Minnesota	"Extra Service Pay normally represents overload compensation and is subject to institutional compensation policies for services above and beyond IBS." (IBS = Institutional Base Salary)	https://policy.umn.edu/research/effortcertification-appa

Overload Pay Policies for Big 10 Universities

Big 10 University	Policy Excerpt	Source
University of Nebraska-Lincoln	"Overload assignments shall be limited as provided by guidelines developed by each Chancellor, and no overload assignment shall provide income in excess of twenty percent (20%) of the staff member's base salary (except for summer teaching and summer research appointments for academic year staff) without the prior written approval of the President."	https://executivevc.unl.edu/policies-bylaws/overload
Northwestern University	"Additional pay to Northwestern employees beyond their normal regular pay is only authorized under special circumstances and conditions."	https://www.northwestern.edu/asrsp/expenses/additional-pay.html
Ohio State University	"Supplemental Pay may not exceed 20% of an employee's salary in the AMCP year. Supplemental pay within the employing unit should only be for work outside of an employee's regular duties as outlined in the position description."	https://oaa.osu.edu/pay-additional-compensation
Pennsylvania State University	"The compensation for overloads will be indexed to the FT-2 (part-time) compensation practices in effect at the time the overload is scheduled."	https://harrisburg.psu.edu/policy/governing-overload-compensation-faculty
Purdue University	"Overload Compensation may not exceed 20 percent of the salary for fiscal-year employees or the equivalent amount of 25 percent of the base salary for academic-year employees."	https://www.purdue.edu/policies/human-resources/vic4.html
Rutgers University	"A staff member may be hired by a department, other than his or her own, to perform work that is substantially different from the normal duties associated with the staff member's position, and may be paid for such additional work at a rate which is reasonable and appropriate."	https://policies.rutgers.edu/60315-currentpdf
University of Wisconsin-Madison	"UW-Madison policy is that overload payments may be approved up to, but not exceed, 20 percent of the employee's base appointment salary or \$18,000, whichever is greater, unless the Provost (or Office of Human Resources as designee) determines that there is good cause to exceed this threshold and issues an exception."	https://kb.wisc.edu/ohr/policies/53140