

July 27, 2009

## **ADMINISTRATIVE SUPPLEMENTS**

### **Guidelines and Procedures**

#### ***Purpose***

In some situations it has been determined that the use of an administrative supplement is an appropriate way to recognize a specific assignment for a faculty or exempt staff member. This mechanism allows a salary adjustment for increased or temporary duties to be tied to the specific appointment or assignment. When the faculty or exempt staff member completes or relinquishes the appointment or assignment, the administrative supplement is removed.

An administrative supplement may be considered in the following cases:

- a) When a person assumes a position with an increased level of responsibility, but maintains the right or understanding that he or she can or will return to a prior position. This would be more common with faculty, for example, where a faculty member becomes a department head, but can return to the faculty at some future time.
- b) When a person assumes additional responsibilities over and above those of his or her current position. Often these are associated with an interim or temporary appointment.

Please note faculty and exempt staff members are eligible for administrative supplements. Contact the Human Resource Compensation Analyst assigned to your area for information on payment options for non-exempt staff taking on additional responsibilities.

#### ***Supplement Amount***

To maintain consistency across operating units, the following guidelines are offered to assist in determining an appropriate supplement amount. Administrative supplements should be reflective of the CUL assignment.

- a) Appointments or assignments that can be related in scope to managing a small department or less: Guideline = \$2,500 - \$7,500
- b) Appointments or assignments that can be related in scope to managing an average to large department: Guideline = \$7,500 - \$15,000
- c) Appointments or assignments that can be related in scope to managing a school: Guideline = \$15,000 - \$25,000
- d) Appointments or assignments that merit amounts outside of these guidelines will require special consideration and approval by the President or those who report to the President for their respective areas.

## ***Approvals***

In general, new administrative supplements must be requested by the Dean, Director or Vice President and will require approval in advance by the President or those who report to the President for their respective areas. In some areas, the President's direct reports have established prior approval guidelines for employment actions. Please refer to the Employment Actions Requiring Prior Approval documentation located in Business@Purdue for specific information on the need for prior approvals for administrative supplements. Annual adjustments to existing administrative supplements will be reviewed and approved as part of the budget process. However, these adjustments will be considered outside of the annual salary policy. Only the base salary will be subject to the merit increases that are addressed in the annual salary policy. Adjustments at times other than the annual budget process will require approval in advance by the President or those who report to the President for their respective areas.

To document the administrative supplements, a budget table will be included in the annual budget analyses that will list all staff who have been approved for an administrative supplement. The table will report for each person the current base salary, the proposed base salary, the current approved supplement, the proposed supplement, and percent increase (if applicable). Annual increases to the administrative supplement are not required and may not be appropriate in all cases.

## ***Processing Procedures-Budget***

***Annual Budget*** - Faculty and exempt staff who have been approved for an administrative supplement should be budgeted at their base salary, which is defined as the current salary less the applicable administrative supplement. This procedure will document the base salary and merit increase in the official budget record. The approved administrative supplement with a recurring funding source must be budgeted on the Administrative Adjustment Layout entering both current and proposed amounts. In the case of an administrative supplement paid on a non-recurring funding source, the administrative supplement should not be budgeted. In this case, a Personnel Action (PA) form must be prepared to update the employee's salary for the new fiscal year and any changes to the administrative adjustment. These Personnel Action (PA) forms will be submitted with the budget. A non-recurring FMBB is only required if the cost distribution account does not contain the funds for the administrative supplement.

## ***Processing Procedures-Payroll Appointments***

***Budgeted Administrative Supplements*** – Recurring administrative supplements budgeted on the Administrative Adjustment Layout will automatically update the HR master data for the employee.

Administrative supplements with non-recurring funding require the processing of a Personnel Action (PA) form to continue an administrative supplement approved during the budget process. The Personnel Action (PA) form is required regardless of whether the administrative supplement is unchanged or increased with the budget. The Personnel

Action (PA) form should list the Period Rate of the administrative supplement on the appropriate line and “To implement administrative supplement per budget” should be notated in the comments section. Calculation of the period rate follows the employee subgroup of the position (i.e., individual with a 9 Month AY Exempt employee subgroup, the period rate will be the annual amount of the administrative supplement divided by 9; if 12 Month FY Exempt, the period rate will be the annual amount of the administrative supplement divided by 12). The amount of the administrative supplement should not be included in the Salary/Period Rate, Annual Rate or Full Time Annual Rate fields on the PA forms. These Personnel Action (PA) forms should be forwarded with the final budget material to the Office of Budget and Fiscal Planning and should be signed by the director of financial affairs or senior business officer. A non-recurring FMBB is required if the cost distribution account does not contain the funds for the administrative supplement.

***New Administrative Supplements*** – Approved new administrative supplements should be implemented by processing a Personnel Action (PA) form. The Personnel Action (PA) form should list the Period Rate of the administrative supplement and “To implement administrative supplement” should be notated in the comments section. Calculation of the period rate follows the employee subgroup of the position (i.e., individual with a 9 Month AY Exempt employee subgroup, the period rate will be the annual amount of the administrative supplement divided by 9; if 12 Month FY Exempt, the period rate will be the annual amount of the administrative supplement divided by 12). The amount of the administrative supplement should not be included in the Salary/Period Rate, Annual Rate or Full Time Annual Rate fields on the PA form. These Personnel Action (PA) forms should be signed by the director of financial affairs or senior business officer and forwarded to the Human Resources Shared Services Center.

A new administrative supplement with a recurring funding source will require an FMBB to move the funds outside of the budget process from their current budget category to the appropriate budget group code. This recurring base adjustment will ensure that the administrative supplement component of salary and wages will be increased in the next budget year by the appropriate raise factor.

A new administrative supplement with a non-recurring funding source will require a non-recurring FMBB if the funds for the administrative supplement are not in the cost distribution account.

***End Administrative Supplements*** – A Personnel Action (PA) form will need to be generated to end an administrative supplement. The administrative supplement field on the Personnel Action (PA) form should indicate \$0.00 and “End Administrative Supplement only” notated in the comments section. These Personnel Action (PA) forms should be signed by the director of financial affairs or senior business officer and forwarded to the Human Resources Shared Services Center.

### ***Offer Letters and Employment Contracts***

When an appointment is made that includes an administrative supplement, the offer letter should clearly state the amount of the supplement and the conditions for receiving it.

When an employment contract is required for an appointment that includes an administrative supplement, the contract should be prepared as follows:

1. The annual rate of pay reported on the contract should include the base salary plus the administrative supplement.
2. The “Attachments/Comments” section should state that the salary includes an administrative supplement of \$xx,xxx.
3. The offer letter should be referenced on the contract and the offer letter should clearly note the amount of the administrative supplement.

### ***Charging Procedures***

Administrative supplements are tied to a specific assignment and CUL. As referenced above, administrative supplements with recurring funding budgeted during the budget process will be updated automatically. In the case of an administrative supplement with non-recurring funding, a Personnel Action (PA) form will be processed at the start of each fiscal year to reflect the appropriate compensation for the employee. The administrative supplement will be listed on the Administrative Supplement line of the Personnel Action (PA) form.

### ***Effort Reporting***

If current guidelines require effort reporting for a particular appointment, the combined amounts for base salary and administrative supplement for each position associated with the employee must be included for reporting purposes. Many staff members performing central administration functions are not currently required to complete an effort report.

### ***Overload Eligibility Calculations***

Administrative supplements are not included when calculating the overload limit for an employee.

### ***Retirement Contributions***

As referenced above, administrative supplements will be reviewed and approved as part of the budget process. Regardless of the source of funding, recurring or non-recurring, administrative supplements are included in the calculations for TIAA-CREF contributions.

### ***Separation of Employment***

Upon separation of employment from a fiscal year appointment, a Quota Payout Form is completed to pay remaining vacation. Administrative supplements are not included when calculating a quota payout.

### ***Questions***

Questions concerning this policy or the outlined procedures should be directed as follows:

West Lafayette:

- a) Budget-related questions to the Office of Budget and Fiscal Planning;
- b) Payroll-related questions to Human Resources Shared Services Center;
- c) Effort reporting questions to the Costing Office;
- d) All other questions to the Department or School Business Manager.

Regional Campuses:

- a) All questions should be directed to the appropriate Vice Chancellor.