



**Policy Title:** Interim HR5011 - Interim Extra Compensation and Outside Employment

**Subject Area:** Human Resources

**Responsible Official(s):** Executive Vice President and Chief Operating and Financial Officer

**Responsible Office(s):** Human Resources

## Policy Statement

Full-time employment with The University of Memphis demands an individual's full-time professional expertise, commitment, and energies. The assignable load of an academic year/9-month term faculty member, in combination with teaching, research, administration, and service constitutes a full-time assignment. The University of Memphis also recognizes the value to its students, its personnel, and to the citizens of Tennessee arising from outside consulting and other professional experiences in which members of faculty and staff may engage. Such activities contribute to the quality of instruction, enhance the competency of the individual, contribute to the economic development of the State, and bring credit to the institution. Therefore, under certain circumstances, faculty and administrative/professional staff may need to perform additional assignments for which extra compensation may be warranted. This policy contains the general provisions to cover these circumstances and limitations under which outside employment and/or extra compensation may be appropriate.

## Definitions

The definition and use of key terms is critical to the effective communication of and compliance with policy. This section defines key terms used within the policy to ensure that all readers of the policy interpret its meaning using the same criteria.

***Extra Compensation*** – Remuneration paid for work outside the employee's normal work schedule or within the normal work schedule provided the supervisor has either approved the use of annual leave or has agreed to an adjusted work schedule. This includes Dual Services agreements (as defined below) and (2) not within the scope of the employee's standard work duties as defined by HR according to the position description and/or in consultation with the hiring department. Extra compensation charged to Federal grants is a rare and unusual occurrence and will only be allowed with prior approval from the sponsor.

**Dual Services** – The securing of an employee's services by a Tennessee Board of Regents (TBR), University of Tennessee, or other State agency or institution. This includes: (1) an employee from the University of Memphis providing services for a TBR institution; (2) an employee from another State agency or TBR institution providing services for the University of Memphis. Either example requires the University of Memphis enter into a Dual Services Agreement with the other institution or agency for purposes of paying the employee. Upon completion of the services, the agency/institution providing the employee will bill the contracting agency/institution for the cost of the employee's compensation and benefits and then will pay the employee through its standard payroll process. This effort will be a component of the Effort Certification process of the agency/institution providing the employee.

**Outside Employment** – External activity for employers other than the University of Memphis for which an individual is paid. Self-employment for purposes of consulting or performing other non-University related activities is considered outside employment.

**Moonlighting** – A second job in addition to one's regular employment.

## Procedures

### Extra Compensation

**Steps for Requesting Extra Compensation** – The faculty or staff member shall notify appropriate supervisor(s) (verbally or in writing) of the nature of the employment and the expected commitment of time. Prior to accepting an extra assignment, the faculty or staff member must obtain approval from his or her supervisors. Supervisors may approve extra service only for efforts that:

- Are performed entirely outside of, and in addition to, normal work schedules, unless the use of annual leave or an alternative work schedule is approved.
- Do not interfere with assigned duties and responsibilities or with regular University operations.
- Are consistent with state and federal laws. TCA § 49-5-410 allows full-time faculty members to be paid for additional part-time work outside regular hours up to 15 clock hours per week, not to exceed 400 clock hours per any nine-month period, or teaching no more than two credit courses per semester for extra pay in an institution of higher education.
- Do not constitute a conflict of interest or compete with the University's education, research, or public service programs.
- Require only a reasonable time commitment from the employee.

**Positions Not Eligible for Extra Compensation** – The following types of employees and work are not considered to be eligible for Extra Compensation (includes Dual Services agreements):

1. **Non-Exempt employees** – Not eligible for Extra Compensation. However, all hours worked by non-exempt employees must be recorded on his/her timekeeping record and overtime compensation will be paid as appropriate through the payroll system and at his/her base rate of pay. NOTE: If the staff member should be paid a higher rate of pay for the extra service, contact Human Resources.
2. **Graduate Assistants and Student Personnel** – The primary purpose for these individuals to be at the University is to be enrolled in an academic program. Therefore, they are ineligible for Extra Compensation.
3. **Certain Professional Activities** – Normal, short-term professional activities such as participation in symposia, accreditation visits, speaking engagements, exhibitions, or recitals, even though honoraria may be received for such participation, are not administered as Extra Compensation.
4. **When not on contract** – Work performed when the employee is not within the term of his or her employment contract period or if the employee is on professional development assignment is not included under the Extra Compensation policy. NOTE: See HR5012 - Summer Compensation for work performed by academic year/9-month term faculty during summer sessions and inter-sessions.

### **Extra Compensation Limitations**

**Retirement Credit** – The University of Memphis must control the reporting of Extra Compensation earnings to retirement systems. For retirement reporting purposes, TCA § 8-34-101(14)(D) limits credit for compensation from extra services to no more than 25% of base pay. Faculty and staff may earn more than 25% in any reporting period, but no more than 25% will be credited to the Tennessee Consolidated Retirement System (TCRS) or Optional Retirement Plan (ORP), as applicable.

**Earnings Limitations** – Employees may earn an unlimited amount of Extra Compensation; however, TCA § 49-5-410 limits full-time faculty work outside the University to 15 clock hours per week, not to exceed 400 clock hours out of any nine-month period, or no more than two credit courses per semester.

### **Dual Services**

**General** – When faculty and staff at the University of Memphis perform services for an institution in the Tennessee Board of Regents (TBR) system, a State of TN locally governed institution (LGI) or for another State agency, the two institutions must enter into a Dual Services Agreement. The faculty or staff who provides the service will be paid by his or her employer institution after the institution invoices the other party for the employee's gross cost of compensation and benefits.

**The University of Tennessee** – If the other institution is the University of Tennessee (UT), no Dual Services Agreement is required if:

- the services are provided on an infrequent or irregular basis;
- payment does not exceed \$700.00 per credit hour; and
- services involve teaching or instruction not in excess of two courses per semester. Otherwise, the faculty or staff member must ensure that a Dual Services Agreement is executed between the University of Memphis and UT.

## **Outside Employment**

The University of Memphis supports its faculty and staff to undertake consulting and similar external employment for which they are qualified and that does not interfere with University responsibilities. However, faculty and staff should not provide consulting services to an external organization when those services would conflict or be in competition with services offered by the University itself. See [GE2021 - Conflict of Interest](#).

Prior to undertaking any outside employment, faculty and staff will notify his/her department head (verbally or in writing) of the nature of the employment and the expected commitment of time. The following outside activities are not considered to be covered by the provisions in this policy:

1. normal short-term professional activities, such as participation in symposia, accreditation visits, speaking engagements, exhibitions, or recitals, even though honoraria may be received, or
2. activities carried on outside the employment contract period or while on leave from the University.

Employees may assume outside employment with the understanding that:

- The University of Memphis is the primary employer
- Any additional employment must not jeopardize their ability to perform all the responsibilities of their position with the University of Memphis.

If the department head does not approve the proposed employment, the employee may seek approval from the Dean of the college or the appropriate Vice President. In the event a dispute develops regarding approval, faculty may contact the Faculty Ombudsperson; staff would contact Human Resources for assistance in resolving the conflict.

University property and facilities, e.g., offices, equipment, telephones, computers services, etc., may not be used in outside employment unless the use has been approved in advance by the immediate supervisor/department head. If such arrangements are approved, compensation to the University may be required at rates established by the University.

University titles, offices, addresses, and telephone numbers may not be used in directories for the purpose of publicizing non-University interests.

Faculty and staff must make clear to any employer that the work to be performed has no official connections with the University. The University does not assume any responsibility for private consulting services provided by members of its faculty or staff.

Outside employment that involves other agencies of Tennessee state government, including institutions of higher education, is subject to prior approval by both the president of the University of Memphis, or designee, and the appropriate representative of the other agency. The two institutions will execute a Dual Services Agreement (see Procurement and Contract Services on Dual Services Agreement).

University employees (faculty and staff) may not employ through outside consulting or business activities with another university employee for whom they have direct supervision. Outside employment must not interfere with the employee's ability to perform their University job duties nor impede their meeting assigned work schedules.

**Conflict of Interest** – Faculty and staff should not provide consulting services to an external organization when those services would conflict or be in competition with services offered by the University itself.

Outside employment must not result in any conflict of interest and must not interfere with any University teaching, research, service assignments, administrative/professional duties, the University's interests, brand, mission or business operations. (See [GE2021 - Conflict of Interest](#)).

## Related Documents, Policies and Forms

[Request for Outside Employment/Consulting for Faculty and Staff](#)  
[Dual Services Agreements](#)  
[GE2021 - Conflict of Interest](#)

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