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| Policy | The additional pay policy provides University departments with an authorized method to provide an employee with additional compensation beyond their normal regular pay, under indentified and approved special circumstances and conditions. |
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| Additional Pay Eligibility | <p>The Additional Pay Policy covers:</p> <table><tr><td>Exempt staff</td><td>Nonexempt staff</td></tr><tr><td>Faculty</td><td>Post Doctorates</td></tr><tr><td>Research Associates</td><td>Graduate students</td></tr></table> | Exempt staff | Nonexempt staff | Faculty | Post Doctorates | Research Associates | Graduate students |
| Exempt staff               | Nonexempt staff  |              |                 |         |                 |                     |                   |
| Faculty                    | Post Doctorates  |              |                 |         |                 |                     |                   |
| Research Associates        | Graduate students  |              |                 |         |                 |                     |                   |

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| Types of Additional Pay | <p>Payments to temporary employees or unpaid faculty member (not receiving regular paychecks) are processed using the <i>Special Pay Request</i>.</p> <hr/> <p>Types of additional pay covered under this policy include:</p> <p><b>Temporary assignment.</b> Assignments and responsibilities that are significantly different or beyond the employee’s normal job duties are defined as temporary assignment.</p> <p>Temporary assignments may be eligible for additional pay if they involve responsibilities of a job at a grade higher than the grade of the regular assigned job. In a temporary assignment, a staff member is performing a job of a higher grade for a period up to six months, typically in an “acting” capacity during a vacancy. The temporary duties may encompass the total job duties of the vacated job without doing any of the duties of the regularly assigned position, or may include portions of the higher level assignment while the individual is also responsible for his or her regularly assigned position. For an assignment of more than six months, a separate appointment should be established via the <i>Position/Appointment Form</i> and the employee should receive regular pay for the position defined by the combined responsibilities.</p> <p>Special projects for a department other than where the individual is regularly employed may encompass services in the form of analysis and advice rendered on a temporary basis, normally in the individual’s area of expertise. When such projects are performed in addition to the regular job and outside normally scheduled hours, additional pay is appropriate. Nonexempt employees in this situation should instead be paid overtime.</p> <p>Work on sponsored projects, outside of the scope of the normal work assignment of the individual, may be undertaken and paid via additional pay, even if the sponsored project is within the same department where the individual works. Refer to the section on Sponsored Projects guidelines.</p> <p>In some instances, instead of a Temporary Assignment, it may be appropriate to provide a Recognition Bonus for extraordinary job performance and contribution beyond normal job duties and work expectations. See Recognition Bonus Definition.</p> <p><b>Recognition Bonus.</b> A lump sum taxable cash payment to recognize extraordinary job performance and contribution beyond normal job duties and work expectations. A recognition bonus may be awarded to exempt and nonexempt employees</p> <p><b>Special Cash Award.</b> Certain business circumstances may require a special taxable cash award in acknowledgement of a particular business situation not covered under Temporary Assignments or Recognition Bonus.</p> |
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**Award.** An award is a payment to an individual who meets criteria for the payment through participation in a public event in which a distinguished work or work history is submitted for recognition. The award may be given upon nomination, as the result of a contest, or upon application for sponsorship as through a grant awarding process. Examples are University or school awards for teaching, distinguished service, leadership, and employee of the year.

**Prize.** A prize is a payment made to the winner of a competition or contest. The value of the payment and the form of the competitive work product, if work is required, are announced at the beginning of the competition or contest. Prizes for students that are awarded based on their student role should be paid through accounts payable.

**Honorarium.** A payment to Northwestern Faculty or Staff to confer distinction or to express respect, esteem or admiration for the recipient is an honorarium. Honoraria are normally given instead of reimbursing expenses to a distinguished guest participating in a special academic event sponsored by a school or department, but they may be considered compensation for a special project by those already paid through the university payroll.

**Research Subject Fees.** Research subject fees are payments made to individuals participating in research studies. Fees paid to research subjects who are employees are considered taxable payments for services, whether by a U.S. resident or non-resident alien if payments for calendar year are above the de minimis amount of \$50. See the Research Subject Fee policy in Financial Systems.

**Faculty Supplement.** A faculty supplement is provided for teaching additional classes and lectures.

**Non-cash compensation.** Payments to employees in the form of products, services, or rents rather than in cash are non-cash compensation and taxable earnings. The value of these items must be recorded in the university payroll so that the required taxes can be withheld and paid on the value of the items. Merchandise awards with a value under \$50 need not be recorded as compensation.

Payment Guidelines – Staff  
Temporary Assignment

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**Temporary Assignments:** The promotion increase guidelines are typically applied to determine the appropriate additional pay amount. Additional pay is typically in the range of 5% to 15% of the employee's regular pay depending on the number of salary grades between the employee's current job grade and the job grade of the temporary assignment job. Temporary pay should generally be less than the employee would receive should they move in the job on a regular permanent basis.

**Exempt Staff:** Employees are paid for additional temporary responsibilities on a flat fee basis. The fee must be established commensurate with the rates paid to regular employees performing similar work.

When an exempt employee performs work that is eligible for additional pay, the additional pay amount may be prorated if the temporary duties and responsibilities are performed on a part-time basis. For example: If it is determined that the temporary pay on a full-time basis is \$500 and the temporary assignment is performed only 50% of the time, then the additional pay should be 50% of \$500 or \$250.

**Exempt Staff Temporary Assignment Exclusions.** The salaries of exempt staff compensate them for services within the scope of their regular University positions. Activities of exempt positions frequently require more than 40 hours work within a work week. Work that is different from routine job duties but is performed instead of the regular activities in the employing department is also compensated through the regular salary and not eligible for additional pay. Work on a special project within the individual's regular employing department is compensated by the regular salary paid by that department without additional pay. When such projects outside one's own department are undertaken as part of the individual's regular job, additional pay is not provided.

**Nonexempt Staff:** Additional work by a nonexempt staff member is paid at the regular hourly rate when temporary additional services are performed. The overtime rate of 1½ times the regular rate to be paid for hours worked in excess of 40 hours in a work week. The Electronic Time Entry System (ETES) is used to record and approve time worked on temporary extra responsibilities paid at the staff member's regular hourly rate. ETES provides for charging the additional pay expense to a funding source other than the account ordinarily supporting the individual.

All hours worked by a nonexempt staff member must be recorded and paid. For example, preparation for special events is included in the hours worked. If an employee spends three hours preparing for an event and then works at that event, the preparation hours are included as work hours to be paid.

**Different job grade.** On a temporary basis, a nonexempt staff member may perform work at a job grade different from the grade of the regularly assigned job. When such work is contemplated, the supervisor must obtain the appropriate rate for the work to be performed by contacting the Compensation Division of the Office of Human Resources.

**No flat fee.** Nonexempt employees may not be paid a flat fee for additional work. They must be paid by the hour for each hour worked in any activity.

Payment Guidelines – Staff  
Recognition Bonus

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The staff Recognition Bonus is determined on a case-by-case basis giving consideration to individual facts and circumstances of the situation. The actual amount is determined by the awarding department and the Compensation Division of the Office of Human Resources. The amount is commensurate with the individual's extraordinary performance and contribution beyond normal job duties and work expectations. The award is not for the performance of temporary assignments or special projects.

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Payment Guidelines – Staff  
Special Cash Award

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Certain business circumstances may require a special taxable cash award in acknowledgement of a particular business situation. The amount is determined on a case-by-case basis giving consideration to individual facts and circumstances of the situation.

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Payment Guidelines – Award,  
Prize, Honorarium, Non-cash  
Compensation

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Recognition is typically determined by the awarding agency, organization or department.

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Faculty additional pay  
provisions

A faculty supplement is provided on a flat fee basis. The amount is determined by the awarding school or department commensurate with the activities performed by the Faculty member.

Faculty payments for Additional Temporary Responsibilities are the following.

**Additional classes and lectures.** Additional pay may be provided for teaching additional classes and lectures that are not part of the faculty member's normal duties and responsibilities.

**Extraordinary Assignment.** An additional assignment is one in which a regular faculty member is assigned additional duties in the event of an extraordinary circumstance that significantly increases workload.

**Consultant.** The following conditions must exist for a faculty member to be eligible for additional pay for internal consulting, special project, or similar work:

- The work performed is beyond the scope of the individual's regular job responsibilities and does not conflict with the faculty member's regular responsibilities.
- The required expertise is not available within the department or, for a sponsored project, the collaborative research team.
- A faculty member may provide services to a sponsored project that would otherwise be purchased outside of the university, if the grant contract permits such purchases. These are incidental services compensated by way of additional pay, and not part of the faculty member's regular appointment.

Graduate students: additional  
pay provisions

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Graduate students who are receiving monthly stipends, such as for a fellowship or scholarship or as a research or teaching assistant, may be eligible for additional pay if they are performing unrelated duties either on a one-time basis or as intermittent activity. Such services might include moving furniture, packing or painting. These payments are for one-time projects and are not made as a form of continuous earnings supplement.

Students funded as on fellowships or assistantships managed directly by The Graduate School must refrain from any other remunerative work, unless a written request for a waiver is approved by The Graduate School. The request needs to provide the number of hours, the amount of compensation, the overall time period and the nature of the work. The request must have the signed endorsement of the student's advisor and department chair. Requests for students to work in addition to their TGS funding should be sent to the TA Coordinator, TGS for Graduate Assistants and to Associate Director of Financial Aid, TGS for fellowship funding.

If the payment to a graduate student for these services is calculated on an hourly basis and this additional pay is added to the regular monthly paycheck, payment should occur through the Electronic Time Entry System (ETES) instead of through the Additional Pay process.

Pay related to a Teaching Assistantship, Research Assistantship, Graduate Assistantship, or Scholarship/Fellowship and not related to these additional services is paid using a *Position/Appointment Form*. This may include some one-time payments. See *Position/Appointment Form Instructions* for details.

Approval of Additional Pay  
for Staff

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**Exempt Staff.** Compensation Division expertise must be sought prior to making any decisions to make Temporary Assignment, Recognition Bonus or Special Cash Award additional pay payments.

Additional pay for Temporary Assignment must be approved by the Compensation Division of the Office of Human Resources before the services commence. The supervisor, authorizing department and/or school makes the request providing the needed information on the *Additional Pay Request* and/or a separate memo providing justification and information necessary to make an appropriate compensation decision. A discussion with a representative from the Compensation Division will help to determine the information required and facilitate the determination of an appropriate compensation amount.

Additional pay for Recognition Bonus and Special Cash Award must be approved by the Compensation Division prior to payment. The Compensation Division provides consultation to schools and departments for determining the appropriate compensation.

Compensation Division approval is required for payment. A copy of the approval must be attached to or included on the *Additional Pay Request* when sent to the Payroll Division for the payment to be processed on a timely basis. If the Additional Pay Request form is submitted to Payroll Division without appropriate approval from the Compensation, Division, the form will be returned to the requesting department to go through the approval process.

**Nonexempt Staff.** Nonexempt staff must be compensated for each hour worked in accordance with University pay policies. Compensation at a rate other than the nonexempt employee's normal hourly rate must be requested and approved by the Compensation Division and the employee prior to performing the work. Work performed at the normal hourly rate does not require Compensation Division approval and should be submitted through ETES.

Additional pay for Recognition Bonus and Special Cash Award must be approved by the Compensation Division prior to payment. The Compensation Division provides consultation to schools and departments for determining the appropriate compensation. Compensation Division approval is required for payment. A copy of the approval must be attached to or included on the *Additional Pay Request* when sent to the Payroll Division for the payment to be processed on a timely basis. If the Additional Pay Request form is submitted without appropriate approval from Compensation, the form will be returned to the requesting department to go through the approval process.

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**School, Department and Division Approval.** Two levels of approval are required from the school, department or division. The head of a school or administrative unit may delegate approval authority. The school's business administrator or dean's office or an administrative department's vice president may require its approval of *Additional Pay Requests*.

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Approval of Additional Pay  
for Faculty

Additional pay arrangements to be made with faculty must be approved by the dean's office or school designee before the services commence. When a faculty member works for a department in a school other than the employing school, the deans of both schools must review and approve the *Additional Pay Request*.

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Sponsored project exclusion

Faculty are rarely eligible for additional pay from a sponsored project. Both the Office of Sponsored Research and sponsor approval are required for those rare exceptions.

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Sponsored projects: special  
rules for additional pay

Special notes regarding payments from sponsored projects:

- **Pay supplements subject to grant rules.** Pay supplements are subject to the terms of the sponsored project agreement and are generally not allowed in those agreements.
  - **Overtime.** Overtime on a sponsored project must be approved in advance by the Office of Sponsored Research (ORS) and, when needed, by the sponsor. If OSR determines that overtime is not allowed on the sponsored account, a non-sponsored account must be used for the payment of overtime.
  - **Temporary employee vs. overtime.** If the assignment is being paid from a sponsored project, it may be more cost effective to engage a temporary employee rather than a current employee who is paid at that individual's overtime rate. Some agreements do not allow overtime to be paid.
  - **Consultants must be in grant proposal.** Additional pay for the services of an employee as an internal consultant on a sponsored project is only permitted when the project proposal has identified the consultant and the consultant has been funded in the award document or approved by the sponsor.
  - **Purchased services.** A grant may allow a service to be purchased, such as diagnostic testing or evaluation. Such services may be purchased from and provided by a faculty member, who is paid for those services using the additional pay procedure. These are generally incidental services for the project and are not part of the faculty member's regular appointment.
  - **Sponsored project as a department.** An individual may be engaged for work on a sponsored project whose work is entirely outside the individual's regular assignment, even in the same university department. For temporary work on a sponsored project not normally supporting an individual, the sponsored project may be considered a different department for purposes of additional pay in this policy, even if the individual is employed by the same department in which the sponsored project is conducted. An example is participating as a research subject.
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- Sponsored Project Approvals
- **Human resources approval.** The Compensation Division of Office of Human Resources reviews the request for additional pay to approve the work and the rate of pay prior to the beginning of the work.
  - **OSR approval.** The Office of Sponsored Research (OSR) must receive written confirmation of Human Resources approvals and verify that additional pay for an employee's services is appropriate on the sponsored project before approving the request for additional pay. This approval is obtained from the OSR representative by way of distribution of the same email sent to Human Resources.
- All additional pay requests charged to sponsored projects must have prior approval from OSR and ASRSP.

Accounting, taxation and payroll

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**Paid on the regular payroll schedule.** *Additional Pay Requests* are paid on the employees' regular monthly or biweekly pay check. *Requests* received after the payroll closing date are paid on the next payroll for that individual. An individual check may be possible with the payment by the department of a fee for check preparation and special handling.

**Funding sources for additional pay.** Before an additional payment can be made, the source account and object of expense must be open. If the account or object of expense is not open, the *Additional Pay Request* is returned to the requesting department.

Payments must be made within 90 days of the day when the expense was incurred. Details may be viewed at <http://www.northwestern.edu/finsys/policydoc/faq90.htm>

**Benefits on additional pay.** Additional pay is subject to deductions for Social Security and Medicare taxes, unemployment compensation insurance, and workers' compensation insurance. Additional pay is not a basis for salary-based benefits such as retirement contributions, disability insurance, or life insurance, or for the determination of salary-based premiums for benefits such as health care. Additional pay is subject to the benefit rate assessed for statutory benefits.

**Taxation on additional pay.** Additional pay included in the regular pay check is taxed at the same rate as the employee's regular pay. A check prepared outside of the normal payment schedule is subject to the supplemental tax rate, which is currently 25 percent.

Related policies: independent contractors and consultants

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The policy "Engaging Individuals as Independent Contractors and Consultants" addresses the requirements for engaging and paying independent contractors. These individuals are not University employees. A University employee engaged as a consultant is paid through an Additional Pay Request as provided in this policy.

The University policy "Engaging and Paying Independent Contractors/Consultants on Sponsored Projects," addresses these requirements in the specific context of sponsored projects and is contained in the Research Information Guide (RIG).

Procedures

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Please refer to the additional pay request form for processing procedures.