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Cc: William Lacy; Carolyn de la Pena
Subject: Advisory to Deans #AA2013-03 -- Guidelines on Summer Compensation/Research Accounts

Advisory to Deans #AA2013-03

DEANS, EXECUTIVE ASSOCIATE DEANS, ASSOCIATE DEANS, ASSISTANT DEANS, AND ACADEMIC PERSONNEL ANALYSTS

Dear Colleagues:

Please read the below information regarding guidelines on summer compensation and research accounts.

Compensation for Service:

Limitations on Recall Employment and Additional Compensation in the Off-Duty Period

CAMPUS GUIDELINES

In general, University employees must receive compensation for their services in the form of taxable earnings. The UC Office of the President has recently issued advisories that the practice of placing funds into research accounts in lieu of providing actual taxable compensation for faculty who engage in extra academic activities not covered by regular salary may place employees and the campus at risk. Accordingly, it is important to correctly identify compensation as taxable earnings. This principle should be communicated to all units with the recommendation that the practice of placing non-taxed funds into research accounts should be strictly scrutinized. This concern is especially important for retirees, who work on limited recall and whose retirement status might be jeopardized if their total compensation exceeds required limitations on retirement income (see 1 below). In addition, all compensation for services must be taken into account when calculating total summer salary and whether additional payments might be allowable.

The following general principles apply to academic appointees:

1. Recall for service after retirement – See Academic Personnel Manual (APM) 205 – Recall for Academic Appointees. If a retiree is recalled for teaching, research and/or administrative service, the monthly compensation limit is 43% of the annualized salary rate at the time of retirement including any cost of living adjustment percent applied to the salary scale since retirement). No additional payments over the 43% limit should be deposited into a departmental account for any purpose. (See the formulas provided for recall of academic-year appointees and fiscal-year appointees on the Academic Affairs web site.)
<http://academicpersonnel.ucdavis.edu/retirements-and-recalls/index.html>)

Further, retirees are not required to do research, so research-related expenses may not be tax deductible, and any additional payments deposited into a research account should be counted toward the 43% maximum payment. Failure to do so may jeopardize the individual's retirement status and income. Any service above 43% effort must therefore be considered voluntary. No additional remuneration, whether regular salary or payments into a departmental account, may be provided to the retiree.

2. Additional teaching or research in the off-duty period – APM 600 (Salary Administration – General), APM 660 (Additional Compensation – General), UCD 660, APM 661 (Additional Compensation/Summer Session Teaching), APM 662 (Additional Compensation/Additional Teaching), APM 667 (Additional Compensation/Extramurally Funded Research): Compensation during the summer or “off-duty” vacation period may not exceed 3/9th of the annual salary rate at 100% time for academic-year appointees or 1/11th^[1] of the annual salary rate at 100% time for fiscal-year appointees who are eligible to receive additional compensation per policy APM 660-16 and UCD 660-16. Compensation on grant funding requires that the effort match the compensation received. If salary is paid at 100%, 100% effort must be reported under that project, and there would be no additional percent time allowable for other services. Service beyond these limits would be considered voluntary and no additional remuneration may be deposited into a departmental account for use by the individual who performed the service.

Best regards,

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^[1] Fiscal-year appointees may only receive 1/11th when submitting vacation time for the period of time, in accordance with [APM 660-16](#) and [UCD 660-16](#).