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## Special Incentive Plan for Conversion of Faculty to 9-Month Base Appointments

### **Purpose and Goals:**

The purpose of the Special Incentive Conversion Plan is to provide flexibility for certain faculty to convert their appointments to nine-month base AY appointments and subsequently to ten, eleven or twelve month Research Extended Appointments. Faculty approved to participate in this incentive conversion plan will be able to increase their compensation by adjusting their appointments with the incentives provided. The colleges will be able to accumulate salary savings to invest in other program areas. These positions will help the colleges not only cultivate cutting-edge science and technology but also expand their cluster hire capabilities. The ultimate goals are to increase grants capability, achieve progress toward research, and reward faculty. Some faculty may wish to convert from twelve-month appointments to nine-month appointments with no summer employment. This will allow the faculty greater flexibility with their summer schedules and provide the college with accumulated salary savings. Originally implemented in 2005, the program has been updated and extended to the 2011/2012 academic year.

### **Eligibility:**

This plan is designed for Teaching and Research (T/R) faculty members, including Extension Specialists not on federal appointment and whose current base appointments are calendar year (CY.) Calendar Year T/R appointments exist primarily in the Colleges of Agriculture and Life Sciences, Natural Resources and Environment, and Veterinary Medicine, and the Department of Statistics, because of its historic relationship in support of agricultural research. Consideration for participation in this plan by calendar year T/R faculty members outside of these areas would need to be requested by the individual faculty member and approved by the department head, dean, and Provost.

Programmatic responsibilities for some faculty appointments do not lend themselves to nine-month appointments. Academic-year (AY) conversions will not be approved in such cases. Also, faculty members who are on calendar-year appointments because of an administrative assignment are not eligible; however, department heads relinquishing their administrative appointments may be allowed to participate with dean's approval. Faculty members on federal appointments must remain 12-month employees to retain their federal status and retirement, and, therefore, are not eligible to convert to an academic year position without consequences. Extension appointments in general, do not lend themselves to nine-month appointments but will be considered.

Conversion to a nine-month (AY) base appointment under the special incentive program is a voluntary, **irrevocable** decision in that faculty cannot reconvert to a regular twelve-month appointment. However, faculty who have converted to AY appointments may subsequently request and with approval be reconverted to CY Research Extended Appointments. In such cases, the base appointment and guarantee remains an AY appointment. The policy for CY Research Extended Appointment would apply. (See <http://www.policies.vt.edu/6200.pdf>)

Faculty members may elect to participate in the special incentive conversion plan with an effective date of August 10, 2011. The dean of the respective college of any faculty member wishing to participate will decide if conversions will be approved beyond the 2011/12 academic year.

**Special Conversion Incentive:**

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The standard conversion formula for faculty members moving from a CY appointment to an AY appointment is 9/11ths or a factor of 0.81818. The special incentive program provides a conversion factor of 10/11ths or a factor of 0.90909. Below is a comparison of the standard and incentive conversion for someone currently earning \$100,000 on a CY appointment:

Standard conversion:	$\$100,000 \times .81818 = \$81,818$ new AY base salary
Special incentive conversion:	$\$100,000 \times .90909 = \$90,909$ new AY base salary

Faculty members electing to participate in this special incentive conversion plan may permanently convert to an AY appointment and remain as such throughout their careers. AY appointments will start on August 10 each year so that faculty can defer a portion of their AY salary for the summer months and receive payments over twelve months rather than nine. For those in the Virginia Retirement System, VRS does credit AY faculty members with 12 months of work credit whether or not they participate in any paid summer activities. Summer payments in wages do not count toward the VRS annual salary

**Additional Earning for AY Faculty**

Faculty in AY appointments may be paid for additional work during the summer months. This work is often for part of the summer, part-time, or is scheduled on short notice. Payments can be made using a P14 up to 33.3% of the prior AY base. These payments are considered “wage” payments with an appropriate fringe rate charged to the sponsor. Retirement contributions are NOT paid on wage earnings for those in the optional retirement plans.

Summer salary could also be earned for summer school teaching if available. Maximum summer session pay is 3.75% of the academic-year salary per credit hour of instruction up to a limit of \$3,245 per credit hour. Thus, a faculty member earning \$45,000 AY may be paid up to 11.25% (3 x 3.75) of his/her salary (\$5,062) for a standard 3-credit course.

Summer earnings from all sources are limited to 331/3% of the prior AY salary. Summer wage earnings can thus vary from year to year, depending on the availability of grants or participation in other paid summer responsibilities.

University policy allows for conversions of nine-month positions to ten, eleven and twelve month appointments. Faculty members with grants and contracts that allow salary and fringe to be charged to the sponsor may request a conversion to a Research Extended Appointment. (See policy <http://www.policies.vt.edu/6200.pdf>.) Required indirect costs must also be provided by the grants and contracts. Policy 6200 describes the Research Extended Appointment in detail. Research Extended Appointments allow the faculty member to convert full summer wage earnings derived from sponsored grants to ten, eleven and twelve month appointments with proportional increases in their AY salary. This provides retirement contributions on summer earnings for those on optional retirement plans and a higher base salary for those participating in VRS.

An example of how a twelve month conversion would work for a faculty member earning \$100,000 is as follows:

Current CY salary:	\$100,000
Special incentive conversion, new AY base salary:	\$90,909
Twelve month research conversion salary (AY X 1.33333)	\$121,212

If funds are available upon initial conversion, the faculty member would, in essence, go from a standard CY appointment to AY to a Research Extended Appointment all in the same day. There would be no period of salary reduction, but rather a salary increase.

Faculty converting to ten, eleven and twelve month research positions must continue to provide adequate graduate student support. Using grant funds to pay one's own summer salary cannot jeopardize student support. It is expected that graduate student support and training is an integral part of faculty responsibilities and will be considered during the annual evaluation.

**Other Considerations for Special Incentive Conversion Participants:**

- Academic year appointments have a contractual time frame of August 10<sup>th</sup> to May 9<sup>th</sup>. To guarantee protection of benefits and to prevent periods with no paychecks, conversions will usually be effective August 10<sup>th</sup>. This also provides adequate time to defer summer salary as required for AY appointments. Deferral of summer salary is a university requirement for those on AY appointments.
- The 9-month salary is evenly divided over the 12 month period. Hence there would be some change in take home pay for those moving from standard CY appointments to AY appointments. The deferred summer salary is paid out in the following summer IN ADDITION to any summer wage earnings, if applicable.
- Faculty members on AY appointments are expected to be available two weeks prior to the start of fall term and up to two weeks following commencement. (The contractual payroll dates do not match this time frame, but the obligation remains.)
- Faculty members on AY appointments do not earn, use, or accrue annual leave during their appointments. They are expected to keep their department heads informed as to their planned absences from campus during university breaks. The sick leave plan is the same for both AY and CY faculty members.
- Participation in this special incentive conversion plan will result in a lump sum payment of accumulated unused annual leave up to the maximum allowed at the time of conversion. Faculty members must have documented up-to-date and signed leave reports so that this payment can be calculated.
- Any subsequent merit adjustments would be based on the new AY base, or the CY research extended base salary. Summer earnings, if applicable, are not part of the base on which merit adjustments are based.
- An application form and worksheet will be provided for faculty members requesting participation in the special incentive conversion plan.

**Questions and Answers Concerning the Special Incentive Conversion Plan**

Q: Is this voluntary?

A: Yes.

Q: If I convert to an academic year position can I convert back to my regular calendar-year appointment later if I want to?

A: No, the decision to convert to an AY appointment through this special incentive conversion plan is irrevocable.

Q: If I convert to an AY position, can I change to a ten, eleven and twelve month research extended appointment?

A: Yes, with Dean's approval and all CY research extended appointment requirements are met.

Q: If it takes me several years to develop grant sources to support a CY research conversion, will this special incentive option still be available?

A: The initial period for electing conversions under this special incentive plan began in 2005 and has been extended through 2011. The enrollment period may be renewed by the dean depending on experience with the program. However, there is no guarantee that an extension of the enrollment period will be offered.

Q: If I convert to an academic-year faculty appointment, can I consult during the summer and earn additional income?

A: Yes, unless college consulting policies either prohibit or restrict consulting under certain conditions and such college policies remain in force for AY faculty. University policy sets no limits on the amount of time spent or money earned by AY faculty from consulting outside the university during the summer.

Q: What are the other options for earning additional income during the summer?

A: In addition to sponsored research and outside consulting, faculty members may teach for continuing education, teach summer school or perform other administrative or instructional functions requested by their departments or the college, or pursue outside income-generating activities. Summer earnings from all sources *through the university* are capped at 33 1/3% of the prior AY salary. Faculty on federal or Extension appointments have other restrictions on consulting activities.

Q: As an AY faculty member, can I earn additional income through the university during the academic year?

A: AY faculty members may earn up to 1/3 of their AY salary during the academic year through continuing education programs or technical assistance projects. This is *in addition* to any summer earnings.

Q: What impact will the conversion to an AY appointment have on my retirement?

A: If you are currently enrolled in VRS, you will continue to earn 12 months of service credit during an AY contract. VRS contributions are not paid on summer wage earnings; however, you will receive the full 12 months of service credit.

If you are currently enrolled in an optional retirement plan, such as TIAA-CREF, retirement contributions would be paid on the 9 month contract only.

Those who convert to a ten, eleven or twelve month Research Extended Appointment would have retirement contributions made on their summer earnings if in an ORP. Those who are in VRS would have a higher level of earnings on which to base their retirement as well as receive a full 12 months of VRS service credit. Faculty converting to ten, eleven or twelve month Research Extended Appointments would have their entire university paid salary reported to VRS, and contributions to VRS would be made on the entire year's university earnings. Wage earnings are not part of the VRS salary calculation.

Q: What happens to annual leave?

A: You will be paid out your accumulated annual leave in a lump sum at the time of conversion up to the maximum allowable limit. You should consider the tax implications of such a payment, and discuss your options for tax sheltering this potentially large payout.

Academic year faculty do not earn or accrue annual leave. They are obligated to be available two weeks prior to the start of classes and two weeks following commencement. They should keep their departments heads apprised of their plans during regular school breaks and need to be available for scheduled activities or assignments as needed.

Q: Will I earn annual leave during my ten, eleven or twelve month research conversion?

A: Yes, but annual leave must be used during the appointment. There is no payout for accumulated, unused annual leave at the time of reconversion to AY, or upon retirement or resignation since grants could not absorb this expense.

Q: If I am on a federal appointment, am I eligible?

A: No, federal appointees must be on a regular 12-month appointment. However, it would be possible to retire federally and convert to a teaching 9-month appointment. This would require Dean's approval, availability of a teaching appointment, and the faculty member would be required to retire from or relinquish the federal appointment.

Q: If I move to an AY appointment, do I have any ongoing obligations during the summer?

A: No, but most AY faculty members across the university continue to work with graduate students and perform research and scholarship during the summer. There is no other obligatory summer employment for AY faculty.

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Q: If I convert to a CY Research Extended Appointment, may I use funds now directed toward graduate student support to pay my summer wages?

A: No. Conversion to a CY Research Extended Appointment cannot result in a loss of graduate student support.