



## Louisiana State University System

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Subject: Salary Cost Distribution and Conversion of Salaries – PM-41

In order to make certain refinements in the budgeting processes of the University System and in an effort to properly allocate the cost of instruction, it is necessary that the official University budget and University accounting records properly reflect the cost distribution for all salaries of the faculty and nonacademic staff.

Accordingly, I should like to implement immediately a system-wide procedure that will provide for the allocation of salary costs on the basis of work assignments. For example, if the dean of a college is teaching a three-semester-hour course for both semesters of the current academic year, one-fourth of his fiscal salary converted to an academic basis should be cross-charged to the instructional costs of the department in which he teaches. If a faculty member is teaching half-time and is devoting 50% of his time to research, the payroll records of the University should give effect to this distribution of his salary. The records of the University must provide accurate accountability for the workload of employees, based on 100% of time.

For cost distribution determinations the following procedures should be followed:

1. Personnel employed on a fiscal basis should be converted to an academic basis using the factor 81.82%. This amount should be assigned equally to each regular semester (40.91%). The Summer Session will accrue 18.18% of the annual salary.
2. Salary Allocation--for each credit hour taught by fiscal employees during a regular semester, one-twelfth (1/12) of the semester salary amount after conversion should be cross-charged to the academic unit offering the course. For teaching in the Summer Session, one-ninth (1/9) of the applicable summer salary (18.18%) should be cross-charged for each credit hour.

Under a memorandum from the Office of the President, dated June 5, 1969, academic salaries when converted to a fiscal basis are increased 18%. Fiscal salaries are reduced 15% when converted to an academic basis. This manner of salary conversion is inconsistent with the prevailing University concept of achieving equity in cost distribution. The memorandum referred to above is hereby revoked and the following conversion policy shall apply:

1. In converting salaries from an academic basis to a fiscal basis, the factor 1.2222 shall be applied to the academic salary.
2. In converting salaries from a fiscal basis to an academic basis, the factor .8182 shall be applied to the fiscal salary.

These methods of salary conversion shall be used except in instances where appreciable changes in duties occur and where changes in rank are involved.

These policies shall become effective immediately.

M. D. Woodin  
President

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