

Kellogg School of Management

Banked Course Policy

Effective September 1, 2010

(DRAFT)

Overview

The policy of allowing Kellogg faculty to bank courses has been a very valuable practice for both the faculty and Kellogg School of Management. However, the current practice is placing both the individual faculty member and the school in violation of IRS guidelines in regards to the timing of income recognition and the associated payment of the tax liability. In order to continue the practice of banking courses and to be within IRS guidelines, there must be a "risk of forfeiture" associated with any courses that are banked. Following are the new policies to be implemented in regards to banking courses. There will be a two year transition period to give faculty time to manage their current banked course balances.

Banked Courses Options

If a faculty member teaches an overload course, they have the option to either be paid \$27,000, or bank the course.

If a faculty teaches an EMBA course, they have the option to either be paid \$18,000, or bank ½ of a course.

If a faculty teaches a 90 minute Exec Ed course, they have the option to either be paid \$1,200, or bank 1/28 of a course.

Faculty are not permitted to substitute more than one teaching load course through teaching at EMBA or Exec Ed.

Banked Course Policy

Effective September 1, 2010 the following policies will be in place for the Kellogg School of Management in regard to all banked courses going forward:

- Once the decision is made to bank a course, that decision will be irrevocable. There will not be an option to be paid for that banked course at a later date.
- If a faculty member's employment with Kellogg terminates, all banked courses in their account are forfeited.
- The balance in any faculty members banked course account should not exceed 3, or go below -1.

Transition Period for banked courses accrued as of September 1, 2010

Since many faculty members have current banked course balances, there will be a transition period between September 1, 2010 and August 31, 2012. During this period, faculty members will have the option to be paid for, or to use, any courses that were banked prior to September 1, 2010.