

Leaves for Development of Commercial Projects with a Non-University Entity

HR-05-50

About This Policy

Effective Dates:

03-21-2011

Last Updated:

02-21-2021

Responsible University Administrator:

Vice President for Human Resources

Policy Contact:

[IU Human Resources](#)

askHR@iu.edu

Scope

This policy applies to full-time Exempt staff employees.

Policy Statement

1. There are occasions when it is in the best interests of Indiana University for a Exempt staff employee to work with a third-party: to develop a commercial startup opportunity, to develop a new software application, or to participate in similar development opportunities. To support these commercialization efforts and to provide basic personnel and benefit program protections for such employees, covered employees shall be provided a full or partial leave of absence without pay, in accordance with the below policy provisions. This leave arrangement is meant to be mutually agreeable between departments and the employees.
2. Such leave arrangements are limited to full-time Exempt staff employees.
3. A leave under this policy requires the approval of the employee's department head, RC head, and unit's vice president, chancellor, or provost. A written document summarizing the conditions of the leave is to be signed by the employee, department head, RC head, and unit's vice president, chancellor, or provost and submitted to Indiana University Human Resources (IU HR) prior to the first day of the leave. See [Approval Form for a Leave for Development of Commercial Projects with a Non-University Entity](#).
4. Each leave is for a specified time period of up to 24 months, at the end of which the employee would normally return full-time to their university position. A leave for an initial period less than 24 months may be extended up to a total of 24 months leave at the discretion of the university.
5. The non-University entity will employ the person during the leave on a full- or part-time basis at a percentage equal to the percentage of the leave from Indiana University. The university and third-party active employment status should be coordinated so that the total percentage of active employment does not exceed 100 percent, as defined by normal University policies.
6. While on such a leave, the employee will receive University service credit towards IU Retiree Status, vesting in the IU Retirement Plan, and general University service recognition programs.
7. During the leave, the employee shall continue in their full-time position and continue to participate in all University benefit programs under the same provisions for any employee on a leave of absence unless specifically addressed elsewhere in this policy. Examples of provisions that are the same for any employee on a full or partial leave of absence without pay are:
 - a. Contributions to the IU Retirement Plan will be based on pay received from the University. Pay from the non-university entity will not apply to the IU Retirement Plan.

- b. PTO accruals will be based on the percentage of time working for the University.
 - c. Paid Holiday time will be based on the percentage of time working for the University.
 - d. The university's contribution to federal taxes will be based on pay received from the university.
 - e. Employees on a full leave will be required to pay the normal employee contributions for the healthcare plan and optional or voluntary welfare benefit plans, if applicable, with after-tax funds if they wish to maintain coverage during the leave. If such employee payments are made, the university will continue to pay its contributions, if applicable. If the employee opts not to make such payments, coverage will be suspended and reinstated upon the employee's return to the University, and completion of any plan re-enrollment requirements. Employees on a partial leave will continue to have the employee contributions deducted from their University pay.
8. In the event that the third-party employer does not provide paid time-off for vacation and sick leave at the rate of 120 hours per year, the University will provide the employee with a payment equal to 120 hours less what the third-party employer provides. This minimum paid time-off allowance will only apply if the employee works for the third-party employer for at least 9 months during a calendar year. (The department shall identify a funding source for this paid time-off allowance that does not conflict with a sponsored program's requirements, if applicable.)
 9. Upon returning to full-time status, the employee's base salary will be adjusted to include any Trustee-approved salary increases that would have been provided during the period of leave subject to the guidelines for the specific year, and assuming the employee continues in good standing with the university.
 10. The department and employee shall give special attention to the compliance of Indiana University policies regarding [Conflicts of Interest](#), [Conflicts of Commitment](#), and [Intellectual Property](#).

Reason For Policy

There are occasions when it is in the best interests of Indiana University to provide an employee with a full or partial leave of absence without pay, so the employee can work with a third-party to develop a commercial startup opportunity.

Procedure

1. The initial discussions and development of the leave request will typically be initiated between the department head and the employee. Where applicable, the senior administrator of the RC will review and consider the proposal. The unit's vice president, chancellor, or provost is to be made aware of the request and its main attributes for review and consideration.
2. The department head is to prepare a written document which describes, as a minimum, the purpose of the leave, the name of the non-university entity, a description of the work that will be performed with the non-university entity during the leave, the benefits to the University for the leave, the duration and percentage of the leave, and if it is a partial leave, the work that the employee will perform for the university.
3. Once the employee, department head, RC head, and the unit's vice president, chancellor, or provost agree, each shall sign a document that summarizes the conditions of the leave and submit it to IU HR.
4. IU HR shall send a copy of the final agreement to the Office of Research Administration, for its records.
5. Once all signatures are obtained, the employee's department is to initiate an appropriate HRMS eDoc using the code designated for this leave.

Sanctions

Managers, supervisors, and employees who violate this policy are subject to disciplinary action, up to and including termination.

History

February 2021

Updated the staff employee group terms due to Job Framework Redesign Project.

Related Information

For Exempt Staff employees, the provisions of the Discretionary Leave of Absence policy are applicable except as specifically modified through the terms of this policy.

[Conflicts of Interest](#)

[Conflicts of Commitment](#)

[Intellectual Property](#)

[Sponsored Programs Conflicts of Interest](#)

Related Forms

[Approval Form for a Leave for Development of Commercial Projects with a Non-University Entity](#)