



Eastern Kentucky University  
Policy Library

## Salary Compensation on Externally-Sponsored Projects

### Policy 3.4.8

Volume #3 Academic Affairs  
Chapter 4, University Research  
Section 8 Salary Compensation on  
Externally Sponsored Projects  
Approval Authority: Board of Regents  
Responsible Executives: Associate Vice  
President for Research, University  
Controller  
Responsible Offices: Sponsored  
Programs/Sponsored Programs  
Accounting  
Issued: October 1, 2007  
Revised:

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### Policy Overview

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This policy sets forth conditions for faculty and staff who receive compensation, in whole or in part, through a grant or sponsored agreement, or who have committed personnel costs as part of cost sharing obligation on a grant or sponsored agreement. The policy establishes guidelines for effort in terms of the assigned time for faculty and staff.

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### Policy Statement

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#### *Definition of Institutional Base Salary*

Some Board- Institutional- or President-approved programs related to the development of strategic initiative of the university are excluded from the institutional base salary. Other programmatic and developmental activities that are intended to further the institutional mission, goals, and objectives may also be excluded from the institutional base salary, yet compensated from other 'unrestricted' funding sources.

#### ***Definition of Institutional Base Salary***

***An individual faculty member's institutional base salary is the annual compensation that Eastern Kentucky University pays for the individual's appointment as reflected in the distribution of effort form, whether that individual's time is spent on instruction, research, service or other activities. All institutional base salary will be eligible for benefits.***

#### ***Non-base payments (examples)***

- a) Summer salary stipend***
- b) Awards/Stipends***
- c) Honorariums***
- d) Overload***
- e) Salary supplements***

***Typically compensation paid to a faculty member as the director of a research center is considered outside the institutional base salary. However, if there is agreement between the dean of the college in which the faculty member holds an academic appointment and the Vice President for Research and if the work being performed is reflected on the faculty member's effort form, the compensation could, in this case, be incorporated as part of the institutional base salary.***

#### *Faculty Effort*

As the primary responsibility of faculty is instruction, effort can be defined in terms of course-load equivalencies. According to the policies established by the Faculty Senate, a full time load for a lecturer with no other responsibilities for service and scholarship is five courses.

Using this as a basis, a one-course assignment constitutes approximately 20% effort for a faculty member. Faculty on four-course teaching loads are normally assigned 80% of their time to instruction, with 20% of their time for scholarship and service.

Faculty members who wish to receive reduced teaching loads for work on sponsored projects shall budget a portion of their salary to the grant or sponsored program. As a general rule, faculty member should budget 20% of their 9-month salary, along with corresponding fringe benefits, for a one-course reduction in their course load throughout the academic year funded by a sponsored project. At the time of the award, the Position Action Form (PAF) of the faculty member(s) must be revised to reflect the portion of the salary charged to the grant.

*Faculty workload consists of three major areas of responsibility: teaching, research, and service.*

*The standard teaching load of full-time faculty members with the rank of assistant professor or above is 12 semester hours. Size and type of class, not simply number of credit hours, may be considered in establishing an equitable teaching load. Included in the teaching responsibility are such activities as class preparation, maintaining reasonable office hours, grading, and conferences with students.*

*While the teaching responsibility alone takes the bulk of the available time for faculty, they also have an obligation to carry a fair share of the service responsibility to the University (normally through committee service and student advising), to the community (related to one's professional expertise), and to the profession (through participation in appropriate professional organizations).*

*Teaching overloads are not permitted for full-time faculty except in emergency situations where student needs are not being met. In such emergencies, no more than one class (or three-hour equivalent) overload will be permitted for the August 15 - May 15 period (fall and spring semesters). No overloads are permitted for the summer terms. It should be noted that teaching overloads in some disciplines are prohibited by their accrediting agencies.*

*In addition, faculty members have an obligation to engage in scholarly activity beyond that required for preparation of classes. Scholarly activity is defined as research, artistic performance, or creative or technical achievement.*

*Because of the demands of the three parts of the faculty workload, it is desirable to reduce the teaching load for a faculty member carrying an exceptional service load (e.g., chair of a major committee, administrative duties, a heavy advising load, or comparable responsibilities). Faculty members who regularly engage in significant scholarly activity (including grant proposals) or who teach at the graduate level may also be considered for a reduced teaching load. All reduced teaching loads, including those of department chair, must be justified and approved through administrative channels.*

*Faculty responsibilities are not confined to the five-day week, to the operating hours of the university administrative offices, or to the Richmond campus.*

*As the primary responsibility of faculty is instruction, effort can be defined in terms of course-load equivalencies. According to the policies established by the Faculty Handbook, full-time faculty members with the rank of assistant professor or is four courses. Using this as a basis, a one-course assignment constitutes approximately 25% effort for a faculty member.*

***Faculty members who wish to receive reduced teaching loads for work on sponsored projects shall budget a portion of their salary to the grant or sponsored program. As a general rule, faculty member should budget 25% of their 9-month salary, along with corresponding fringe benefits, for a one-course reduction in their course load throughout the academic year funded by a sponsored project. At the time of the award, the Position Action Form (PAF) of the faculty member(s) must be revised to reflect the portion of the salary charged to the grant***

#### *Use of Funds*

State-appropriated salary funds that normally would have been allocated to a faculty member receiving grant support under the conditions listed above (i.e. "Salary Savings") shall remain in the department for use within the fiscal year of the funded project. These funds are to be used for part-time faculty or payment of overloads to cover the course(s) of faculty members supported on grants. These funds may also be used within the salary line for other appropriate expenses, such as hiring graduate assistants or part-time faculty to cover additional courses. Salary savings are not subject to carry-over from one fiscal year to the next.

#### *Faculty Effort as Cost Sharing*

A portion of a faculty member's effort may be used to meet obligations of cost sharing required under some sponsored agreements. A faculty member may choose to apply up to 20% of their time as cost sharing to the grant without a reduction in course load. Any faculty member choosing to use their effort to meet cost-sharing obligations should minimize other service and scholarly activities to remain in compliance with the 100% effort rule for externally sponsored projects.

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#### *Overload Compensation for Faculty Supported Under Sponsored Programs*

Faculty supported on sponsored agreements may receive overload compensation consistent with University policy. Faculty may not receive overload compensation for more than one course in any academic term.

According to the guidelines established in OMB Circular A-21 J.10, serving as a paid consultant on other sponsored programs within the University is normally not permitted:

"Intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time base salary. This principle also applies to faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member of the institution."

On rare occasions, faculty members may be permitted to receive compensation in excess of an individual's base salary through appropriate consulting activities on sponsored programs (intra-university consulting). Such arrangements normally shall not exceed five days on any sponsored project and must meet **all** of the following conditions:

***On rare occasions, faculty members may be permitted to receive compensation in excess of an individual's base salary through appropriate consulting activities on sponsored programs (intra-university consulting).***

1. The consulting arrangement 1) has been clearly identified in the proposal as compensation over and above the institutional base salary and 2) has been specifically

- provided for in the sponsored agreement or has been approved in writing by the grants and contracts officer of the sponsoring agency.
2. The consultation is across departmental lines or involves a separate or remote location.
  3. The work performed by the consultant is in addition to his/her regular department load and can be clearly documented as such.
  4. The consulting arrangement has the approval of the faculty member's dean.

In the event that the above four regulations are met, the following university policies must be followed for all intra-university consulting paid on externally sponsored projects:

1. The hourly rate paid to an intra-university consultant cannot exceed the individual's regular hourly rate.
2. Employees who are paid 100% from externally-sponsored programs are not eligible for consulting or overload during the same time period.
3. Project Directors/Principal Investigators cannot receive consulting pay on their own projects. Project Directors may use grant funds to provide release time from teaching courses for themselves or other faculty on the project. At the discretion of the Department Chair and Dean, faculty may teach up to one bought-out course per semester and be compensated overload pay from the department. Overload teaching requests are managed in the Deans' offices, and grant accounts cannot be charged for overload teaching payments.
4. All such work and compensation must be separately identified and documented in the financial management system of the University.

All intra-university consulting arrangements are subject to the University's Consulting Policy.

*Considerations for Professional Staff*

Professional staff members are expected to devote their energy and effort primarily toward fulfilling all assigned duties and responsibilities for the University.

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## Purpose

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This policy establishes guidelines for faculty and staff that are supported, in full or in part, on any externally sponsored program through Eastern Kentucky University. The University is obligated to comply with all federal policies related to the fiscal management of grants under guidelines established by the Office of Management and Budget circulars A-21 and A-110.

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## Entities Affected by the Policy

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- Departments, colleges, or units involved with externally-sponsored projects

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## Who Should Read the Policy

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- Deans
- Chairs
- Project Directors
- Other individuals involved with externally-sponsored projects

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## Policy Background

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Federal guidelines on salary compensation for any personnel funded solely or partially from grants or contracts are based on the concept of effort. Effort is defined within the context of university policies and may not exceed 100% for any individual receiving funds from sponsored projects. It is important to note that working additional hours, either as part of an external grant or contract or from duties assigned by the University, does not normally entitle an individual to additional compensation. All faculty and staff supported through external projects shall certify their effort on at least a semi-annual basis. The certified effort should correspond to the agreed upon commitment set forth in the sponsored agreement.

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## Definitions

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<b>Effort</b>	The proportion of time dedicated to any activity and expressed as a percentage of total time. The effort reports are intended to record the total effort an individual expends as an employee of the University and must total 100%.
<b>Institutional Base Salary</b>	An individual's base salary paid by the University. Some Board-Institutional- or President-approved programs related to the development of strategic initiative of the university are excluded from the institutional base salary. Other programmatic and developmental activities that are intended to further the institutional mission, goals, and objectives may also be excluded from the institutional base salary, yet compensated from other 'unrestricted' funding sources.
<b>University</b>	Eastern Kentucky University

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## Responsibilities

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<b>Project Directors</b>	<ul style="list-style-type: none"> <li>▪ Verify salaries for all project personnel</li> <li>▪ Secure salary quotes from Human Resources for new positions</li> <li>▪ Collaboration with Sponsored Programs to adjust noncompliant salary requests</li> </ul>
<b>Department Chair and College Dean</b>	<ul style="list-style-type: none"> <li>▪ Review salaries for accuracy and compliance with University policy</li> <li>▪ Review and approval of release time and/or summer salary if requested</li> </ul>
<b>Sponsored Programs</b>	<ul style="list-style-type: none"> <li>▪ Review salaries for accuracy and compliance with University policy</li> <li>▪ Review of Requests for Approval of Incidental Work on Sponsored Projects and Requests for Approval of Overload Compensation</li> <li>▪ Secure sponsor approval for reduction in key personnel effort</li> </ul>
<b>Sponsored Programs Accounting</b>	<ul style="list-style-type: none"> <li>▪ Review Position Action Forms (PAFs) and ensure necessary adjustments upon initial award and following effort certifications</li> <li>▪ Verify advance approval for incidental, overload, and summer salaries</li> </ul>
<b>Office of the Provost</b>	<ul style="list-style-type: none"> <li>▪ Reviews all requests for faculty overload assignments</li> </ul>

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## Procedures

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<b>Salary Requests at Proposal Stage</b>	<ul style="list-style-type: none"> <li>▪ Project directors shall adhere to this policy in the development of project budgets and shall collaborate with Sponsored Programs to adjust any noncompliant salary</li> </ul>
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- requests prior to the submission of proposals.
- Project directors shall verify salaries of individuals included in project budgets with Human Resources and shall work with Human Resources to secure salary quotes for positions that will be newly established as a result of an awarded sponsored project.
- The department chair, college dean, and other appropriate administrative officials shall ensure that salary requested through a sponsored project is in compliance with this policy.
- By signing the Internal Review and Approval Form, the department chair, college dean, and other appropriate administrative officials provide authorization for any release time and/or summer salary requested through the proposed sponsored project.
- Prior to the submission of proposals, Sponsored Programs shall verify the accuracy of salary calculations and work with project directors to make any adjustments necessary.
- Prior to the submission of proposals, Sponsored Programs shall review all consulting arrangements to ensure that all conditions of this policy are satisfied. In the event that noncompliant consulting arrangements are included in a proposal budget, Sponsored Programs shall work with the project director to make adjustments as necessary.

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**Salary Approvals Following Award**

- If an award is made that results in a substantial (25%) reduction of effort of key personnel on an existing sponsored project, Sponsored Programs shall ensure that appropriate sponsor approval is secured for the effort reduction.
- Sponsored Programs shall review Requests for Approval of Incidental Work on Sponsored Projects and Requests for Approval of Overload Compensation forms for compliance with this policy and shall provide approval or disapproval in a timely manner.
- Sponsored Programs Accounting shall ensure that Position Action Forms (PAFs) of employees with effort committed to awarded projects are adjusted appropriately, both at the award stage and following effort certifications.
- Sponsored Programs Accounting shall verify that consulting and summer pay have been approved in advance and shall process approved pay requests in a timely manner.
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## Violations of the Policy

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Failure to abide by the provisions set forth in this policy may result in additional charges to departmental, division, college, or administrative unit accounts to cover any grant expenditure deemed to be unallowable under any of the criteria listed above, or for personnel expenditures that exceed those established in the award. In extreme cases, the project director, principle investigator, or financial manager may face appropriate disciplinary actions.

***DELETE: Failure to abide by the provisions set forth in this policy may result in additional charges to departmental, division, college, or administrative unit accounts to cover any grant expenditure deemed to be unallowable under any of the criteria listed above, or for personnel expenditures that exceed those established in the award. In extreme cases, the project director, principle investigator, or financial manager may face appropriate disciplinary actions.***

*ADD: Funds will not be removed from any organization code without prior notice to dean and principal investigator. A formal appeal process will be established to address conflicts between parties.*

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## Interpreting Authority

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- Provost and Vice President for Academic Affairs

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## Relevant Links/References

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- OMB Circular A-21: <http://www.whitehouse.gov/omb/circulars/a021/a021.html>
- OMB Circular A-110: <http://www.whitehouse.gov/OMB/circulars/a110/a110.html>
- EKU Policy: Effort Reporting on Externally Sponsored Projects

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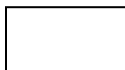
## Policy Adoption Review and Approval

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Reviewed and Approved by:

<hr/> <b>Deborah Newsom</b> <b>Associate Vice President for Financial Affairs</b>	<hr/> <b>Date</b>
<hr/> <b>Rodney Piercey</b> <b>Provost and Vice President for Academic Affairs and Research</b>	<hr/> <b>Date</b>
<hr/> <b>President</b> <b>Eastern Kentucky University</b>	<hr/> <b>Date</b>
<hr/> <b>Hunter Bates</b> <b>Board of Regents</b> <b>Eastern Kentucky University</b>	<hr/> <b>Date</b>

**LEGEND:**



Text that is surrounded by a box indicates that it is original to the Sponsored Programs policy and is being considered for revision.

***Text***

Text that is bold, italicized, and in blue indicates CJS revision.