



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
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Policy Overview

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.

Policy Statement

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.

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.

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.

Policy 3.4.8

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, [upon approval by the department chair](#), 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~~ [approved or choosing](#) to use their effort to meet cost-sharing obligations [in this manner](#) should minimize other service and scholarly activities to remain in compliance with the 100% effort rule for externally sponsored projects.

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. [Except in unusual cases, overload payments may not be made using grant funds.](#)

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:

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.

Purpose

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.

Entities Affected by the Policy

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

Who Should Read the Policy

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

Policy Background

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.

Definitions

Effort	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%.
Institutional Base Salary	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.
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Responsibilities

Policy 3.4.8

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

Procedures

Salary Requests at Proposal Stage	<ul style="list-style-type: none">▪ Project directors shall adhere to this policy in the development of project budgets and shall collaborate with Sponsored Programs to adjust any noncompliant salary 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.
Salary Approvals Following Award	<ul style="list-style-type: none">• 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.

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- 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

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.

Interpreting Authority

- Provost and Vice President for Academic Affairs

Relevant Links/References

- 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

Policy Adoption Review and Approval

Reviewed and Approved by:

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Date