



Eastern Kentucky University

Policy and Regulation Library

Academic Regulation: 4.4.8ACR

Responsible Office(s): Office of the Provost

Effective: October 22, 2015

Next Review Date:

Academic Regulation: 4.4.8ACR

Salary Compensation on Externally-Sponsored Projects

Statement

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.

This policy establishes criteria 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 circular 2 CFR 200.

Entities Affected

- Departments
- Colleges
- Units involved with externally-sponsored projects

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 (see Policy 4.4.6) 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.

Criteria

Exclusions from 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. 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

A portion of the state-appropriated salary funds that normally would have been allocated to a faculty member receiving grant support under the conditions listed above shall be available for department 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. Salary funds over and above those required to cover the instructional costs directly related to the reassigned time resulting from the grant will be returned to the University general fund.

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 approved 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 under sponsored programs may receive overload compensation consistent with University policy. Except in unusual cases, overload payments may not be made using grant funds.

According to the guidelines established in OMB Circular 2 CFR 200, 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.

If the above criteria are met, the following additional parameters shall be applied 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, Dean, and Provost, and in accordance with university policy on Faculty Teaching on an Overload Basis, faculty may teach up to one bought-out course per year 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.

For non-federal grants, exceptions to these criteria, when necessary to meet legal requirements or accomplish institutional goals, may be approved by the Provost or by the Executive Vice President for Administration.

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.

Procedures

Salary Requests at Proposal Stage

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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

1. If an award is made that results in a substantial (25% or more) 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.
2. 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.
3. 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.
4. 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.

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.

Responsibilities

- College Dean
 - Review salaries for accuracy and compliance with University policy
 - Review and approve release time and/or summer salary if requested
- Department Chair/Administrator
 - Review salaries for accuracy and compliance with University policy
 - Review and approve release time and/or summer salary if requested
- Office of the Provost
 - Review all requests for faculty overload assignments
- Program Directors
 - Verify salaries for all project personnel
 - Secure salary quotes from Human Resources for new positions
 - Collaborate with Sponsored Programs to adjust noncompliant salary requests
- Sponsored Programs
 - Review salaries for accuracy and compliance with University policy
 - Review 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
 - 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

Violations of the Policy

Policy compliance is the joint responsibility of all involved. If non-compliance issues are identified by the Office of Graduate Education and Research, corrective action may be necessary and shall be completed following consultation with the Principal Investigator, respective Dean, Department Chair, and/or Financial Manager. Corrective action may include, but is not limited to, movement of unallowable or inappropriate charges from grant accounts to departmental, college, or other university accounts, suspension of grant accounts, and/or withdrawal of a proposal or award. Any actions deemed necessary in response to policy non-compliance may be appealed to the Provost and/or Executive Vice President for Administration.

Statutory or Regulatory References

OMB Circular 2 CFR 200: http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tp

Regulation Adoption Review and Approval

Regulation Revised

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ENTITY

University Counsel

Vice Provost

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Editorial Revision

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ENTITY

Board of Regents

President Whitlock

Faculty Senate

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