Compensation from Grants, Contracts and Other Sponsored Agreements

Original Implementation: April 17, 2012
Last Revision: None July 28, 2015

I. Background and Purpose

This policy establishes guidelines for compensation paid to faculty and professional (exempt) staff from grants, contracts, and other sponsored agreements (grants) that are consistent with federal and state laws, rules and regulations and university policies and procedures.

Non-exempt staff members are not eligible for additional compensation from grants and must be paid overtime at the appropriate rate of pay.

For purposes of this policy, “compensated effort” is defined as all university-related activities included in the institutional base salary, including salary used for cost sharing, regardless of whether the activity takes place inside or outside of normal business hours. For higher education faculty, this “compensated effort” includes teaching, research, and service, which is consistent with SFA's Faculty Compensation policy (12.6) and Faculty Workload policy (7.13). Institutional base salary refers to academic year faculty contracts (usually nine months).

In general, federal and state agencies discourage the use of funds from sponsored project agreements to provide pay above the institutional base salary. Many agencies strictly adhere to the language of Federal OMB circular A-21 and specifically prohibit additional compensation above base salary for some or all of their sponsored programs.

General requirements for payment of additional compensation are detailed in Stephen F. Austin State University (SFA) policy, Salary Supplements, Stipends, and Additional Compensation (E-9).

II. Compensation from Grants, Contracts, and Other Sponsored Agreements

If permitted by a specific grant, contract or other sponsored agreement, faculty and/or professional (exempt) staff may receive compensation for personal services directly related to the grants, contracts, and other sponsored agreements in the form of direct salary (preferred) or additional compensation (strictly limited). The form and amount of compensation depends upon a number of factors, including:

- the workload status of the employee (part-time or full-time);
- required approvals from sponsors; the type of work being performed;
- certification from the employee that additional compensation to be received is for work that is outside of their job description or contractual obligations; employee status (exempt/non-exempt, faculty/staff); and
- confirmation from the chair and dean that the requested form of compensation is appropriate and will not adversely affect department functions; time the work is performed (for example, weekends, after normal work hours, and summer months);
- the employee has not already reached the maximum compensation.

A. Direct Salary Compensation (preferred)

Compensation from grants, contracts, and other sponsored agreements should be in the form of is normally paid as a portion of the institutional base salary (IBS) for actual work performed on the project grant from which the salary is paid. Compensated services must be performed during the project period and are captured in effort certification reporting as part of total compensated effort the individual’s IBS (institutional base salary). Compensation from grants can never exceed the individual’s normal IBS rate of pay.

1. Release Time - Whenever possible, sponsored agreement funds should be used to buy out teaching and/or scholarly activities (research, creative activities, and/or service) proportional to the level of effort on the project. This gives the faculty member adequate time to devote to the project. Exempt and non-exempt staff – A portion of an individual’s IBS may be paid from one or more grants proportional to the effort expended on each grant agreement during the term the work is performed. Individuals paid 100% from grant funds cannot perform any institutional functions outside of their grant-related job duties. See Effort Reporting and Certification of Sponsored Activities policy (8.1).

This approach is consistent with SFA’s faculty workload policy, which states “Any work that exceeds normal expectations in the categories of research/scholarly/creative accomplishment and service constitutes an opportunity to request a course load reassignment with the department chair.” For purposes of compensation from grants, contracts, and other sponsored agreements (paid or cost-shared), a normal three-credit hour course taught during the fall or spring semester is equivalent to 25% effort (or 0.25 FTE); 20% is normally devoted to instruction and 5% is normally devoted to institutional responsibilities outside of instruction.

2. Faculty Summer Salary Full-time Faculty - If a faculty member’s institutional workload is less than 100% (1.0 FTE) during a summer term, the faculty member may also be paid from one or more grants proportional to the effort expended, subject to...
the summer salary calculations outlined in policy E-9. For purposes of compensation from grants, contracts, and other sponsored agreements (paid or cost-shared), a normal three-credit hour course in a summer part of term is prorated proportionally as described above. For example, a normal three-hour course taught during Summer I is equivalent to 50% effort (or 0.50 FTE) for the Summer I part of term; 40% is normally devoted to instruction and 10% to institutional responsibilities outside of instruction for the Summer I part of term. A full-time faculty member’s salary may be paid from one or more grants proportional to the effort expended on each grant agreement during the academic term such work is performed. This reassigned time releases the faculty member from teaching and/or research/scholarly/creative and service activities proportional to the level of effort on the grant.

Sponsored project funding may not be used during the summer months to pay for work performed during the academic year, nor may these funds be used to supplement institutional compensation that may be paid at a lower than base salary rate. For a full-time nine-month assignment (24 Teaching Load Credits, TLC), the equivalent of 20% effort over the term is normally devoted to research/scholarly/creative and service activities. Therefore, for purposes of compensation from grants, (paid or cost-shared), a normal three-credit hour course is equivalent to 20% effort (or 0.20 FTE) and non-instructional activities are equivalent to 5% effort (or 0.05 FTE).

3. <1.0 FTE Professional (Exempt) Staff Faculty Summer Assignments - A portion of a less-than-full-time individual’s salary may be paid from one or more sponsored project agreements proportional to the effort expended on each project agreement during the term such work is performed. If a faculty member’s teaching workload is less than 100% (6 TLC) during a summer part of term, the faculty member may also be paid from one or more grants proportional to the effort expended, subject to the summer salary calculations outlined in Salary Supplements, Stipends and Additional Compensation policy (12.16).

For purposes of compensation from grants (paid or cost-shared), a normal three-credit hour course in a summer part of term is equivalent to 50% effort (or 0.50 FTE) for the summer part of term.

Grant funds cannot be used during the summer months to pay for work performed during the academic year, and cannot be used to supplement institutional compensation that may be paid at a lower rate than the individual’s IBS.

### B. Additional (Extra) Compensation (strictly limited)

Additional compensation, or extra service pay, refers to means salary paid in excess of the institutional base salary (IBS) for work that is clearly in addition to regularly assigned or
contracted duties. Additional compensation is not allowed for work that is considered “compensated effort;” therefore, a clear delineation of normal faculty workload activities is required in all requests for additional compensation.

- To ensure equitable and consistent application of SFA’s faculty workload policy, these guidelines apply to all sponsored project agreements regardless of the source of funding (federal, state, local government, and/or private entities).
- General requirements for payment of additional compensation are detailed in Salary Supplements, Stipends and Additional Compensation policy (12.16). It is accounted for separately and is not captured in effort certification and reporting procedures.
- Non-exempt staff members are not eligible for additional compensation from grants and must be paid overtime at the appropriate rate of pay.
- Additional compensation is accounted for separately and is not captured in effort certification and reporting procedures. See the Effort Reporting and Certification for Sponsored Activities policy (8.1).
- The rate of pay shall not exceed the hourly equivalent of the individual’s regular institutional base rate of pay (IBS). This rate is calculated using a monthly basis of 173.33 hours.

If allowed by a sponsor for a specific sponsored project, additional compensation may be paid from sponsored agreement funds if the employee meets all requirements; however, all such requests for additional compensation must be routed by the employee's dean or primary administrator to the Office of Research and Sponsored Programs for verification of sponsor approval.

Professional (eExempt, full-time) staff members may be with 12-month, full-time employment are not eligible for an additional compensation for any function that is part of their job description and duties incidental activities (task assignments). However, the staff member may be eligible for additional compensation if the sponsored agreement grant-related activities are: (1) can be defined as consulting or incidental work; (2) are clearly unrelated to their current duties as demonstrated by the employee’s job description or other documentation; and (3) are performed outside of the employee's regular work hours.

Incidental activities (task assignments) should be based on completion of an assignment or task and is restricted to one-time services or jobs with a time commitment of one month or less.
Full-time faculty members may be eligible to receive additional compensation if the grant-related activities are for (1) intra-university consulting or for (2) incidental activities if it can be clearly demonstrated that the work is in addition to the duties detailed in the appointment contract and Faculty Workload policy 7.13 that serve as a basis for IBS for intra-university consulting or incidental work pursuant to the conditions outlined below:

1. Acceptable Forms of Additional Compensation

Additional compensation from grants, contracts, and other sponsored agreements may be paid for work that is in excess of the normal workload and only for one-time or short-term activities as defined below.

1. Intra-university Consulting - Normally, intra-university consulting is considered to be a professional courtesy or normal university faculty obligation for which extra compensation is not paid. However, under unusual circumstances additional compensation may be paid if all of the following conditions are met: Intra-university consulting is: (1) limited to unusual circumstances; (2a) for work in excess of a full workload; and (3) for faculty working across departmental lines or at a separate or remote location, such as outside of the Nacogdoches area; and (b);

Examples include statistical consulting, foreign language assistance, project evaluations, and other highly specialized services or activities as applicable to a specific award. Intra-university consulting does not include routine consulting, which is considered to be a professional courtesy or normal university faculty obligation.

1. In addition to the above conditions, it must be demonstrated that the services to be provided are essential and cannot be provided by persons receiving salary support from the sponsored agreement, or otherwise compensated for their services by the university.

2. Incidental Work Activities (task assignments) - If it can be demonstrated that it is crucial to the success of the project, on occasion, faculty members or exempt staff may be paid from grants, contracts, or other sponsored agreements for incidental work activities. Incidental work activities should be based on completion of an assignment or task and is restricted to one-time services or jobs with a time commitment of one month or less.
Federal OMB circular A-21 does not provide examples of incidental work because “in general, these assignments are not related to sponsored programs;” however, SFA has determined that some tasks related to grants are incidental. Therefore, for purposes of this policy, incidental work includes: (1) activities that are clearly defined in university policy as additional to the normal workload (e.g., development of online courses and delivery of off-campus instruction); (2) training institutes or workshops that are conducted outside the employee’s regular work hours (such as, evenings or weekends) for external entities and their employees or students; and (3) delivery of off-campus services to non-SFA employees or students as defined in the sponsored project agreement.

Exceptions to these limitations must be pre-approved by the chair and dean and reviewed by ORSP to ensure compliance with institutional policy before ORSP submits the proposal or other request to the sponsor for approval.

2. Rate of Pay

The rate of pay for additional compensation shall be no more than the hourly-equivalent of the individual’s regular institutional base rate of pay (IBS). This rate is calculated using a monthly basis of 173.33 hours. An exception may be provided for non-research, privately-funded contracts for services such as consulting and training.

3. Specific Requirements

To ensure equitable and consistent application of SFA’s faculty workload policy, these guidelines apply to all sponsored project agreements regardless of the source of funding (federal, state, local government, and/or private entities).

For sponsors that allow additional compensation to be paid in the form of intra-university consulting or incidental activities, 

The sponsor must be informed of the intent to charge salary as additional compensation, preferably in the original budget proposal. The budget and/or project narrative of the grant or contract should clearly state:

a. that additional compensation above institutional base pay will be paid to university employees;

b. the name or position of the individuals who will be receiving the additional compensation; and

c. the work and services to be performed by these individuals.
The amount of the additional compensation should be segregated from regular salary expenses and the budget justification should clearly indicate:

d. the total dollar amount of additional compensation requested;

e. the percent of additional effort committed to the project, or the hourly rate and number of hours committed to the project; and

f. appropriate fringe benefits.

The award document from the sponsoring agency must state that additional compensation is allowed, or the document must imply that the sponsor accepts the proposal with no alterations regarding the request for additional compensation.

Since fixed amount awards—price contracts are performance based and generally do not require a sponsor-approved budget detail, additional compensation from these projects requires adequate justification from the employee’s supervisor. Such requests should be included in the internal budget submitted as part of the proposal clearance process.

Responsibility for Compliance

1. Individuals requesting additional compensation are required to certify that they meet the eligibility requirements outlined in this policy by signing the ORSP Additional Compensation Verification form. They also must provide assurance to their immediate supervisor that the work to be performed will not interfere with performance of regular responsibilities.

2. Principal Investigators (PI)/Project Directors (PD) are responsible for assessing and determining if additional compensation is appropriate, is allowed by the sponsor, and follows university policies and procedures. The PI/PD is responsible for initiating internal forms for employee eligibility certification, institutional approval, and payment of additional compensation. PIs/PDs are not eligible to receive additional compensation from their own projects.

3. Department Chairs/Division Directors/Deans are responsible for carefully analyzing the total university commitments of the employee who requests additional compensation—from grants to confirm that the work is outside of the employee’s contractual obligations to the university and that the department’s general functions will not be adversely affected. The dean routes the Authorization for Additional Compensation Services form to ORSP along with the ORSP Additional Compensation Verification form to verify eligibility and sponsor approval.
4. **Office of Research and Sponsored Programs** staff is responsible for verifying sponsor for additional compensation approval, either in the form of an approved grant application as submitted, or in the language of the grant, by approved amendment, or from subsequent written correspondence from the sponsor’s contracting official.

5. **Human Resources** staff is responsible for confirming that the individual has not exceeded the maximum additional compensation limits as outlined in the *Salary Supplements, Stipend, and Additional Compensation policy (12.16)* and that the IBS rate of pay has not been exceeded policy E-9.

### D. Remedies for Non-Compliance

Consequences of non-compliance with the university’s additional compensation policies or those of the sponsor, specific program requirements, and/or federal and state rules and regulations may include:

- loss of funding for current and future projects from a sponsor;
- suspension of the privilege to submit future grants; and/or
- repayment by the department, college, or employee of salary and fringe benefits paid over the institutional base salary rate.

In the event that repayment of additional compensation paid from sponsored-project funds is required by a sponsoring agency, auditor, or other authorized entity, the department and/or college academic unit with managerial oversight of the sponsored agreement in question must be responsible for repayment using departmental or college resources to identify funds within its department or college to repay the amounts in question. This includes instances where administrative and/or sponsor approvals were not obtained in advance.

Employees who receive additional compensation in amounts greater than those approved by the sponsor, or that exceed the regular rate of pay as outlined in this policy, and/or exceed the cap as outlined in policy 12.16 may be required to repay those amounts.

**Cross Reference:** Federal Circular OMB A-21 2.C.F.R. § 200.430; Uniform Grant Management Standards for Texas, UGMS; Council on Governmental Relations (March 1, 2007). Policies and Practices: Compensation, Effort Commitments, and Certification. Ch. 1c. Special Care for Supplemental Compensation (pp. 20-23); Tenure (7.29); Distance Education Faculty Competencies and Compensation (7.9); Effort Reporting and Certification for Sponsored Activities (8.1); Faculty Workload (7.13); Outside Employment (11.19); Off-campus Credit
Courses (5.13); Grants and Contracts Administration (8.3); Faculty Compensation (12.6); Summer Teaching Appointments (7.28); Overload Assignments (7.20); Salary Supplements, Stipends and Additional Compensation (12.16).

**Responsible for Implementation:** Provost and Vice President for Academic Affairs

**Contact For Revision:** Director, Office of Research and Sponsored Programs

**Forms:** Authorization for Additional Compensation Services and Authorization for Additional Compensation Payment (Human Resources website); Additional Compensation Verification (ORSP website).

**Board Committee Assignment:** Academic and Student Affairs