I. Purpose

This policy establishes general provisions to cover the circumstances and limitations under which extra compensation may be appropriate for employees who are supported in any way by sponsored project funds from federal and/or state funding.

The goal of the policy is to maintain compliance with state and federal regulations, with particular consideration given to OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (commonly called “Uniform Guidance”).

This policy applies to faculty and research professional and administrative staff supported by sponsored projects.

II. Definitions

a) "Faculty" refers to full-time persons hired by DSU to fulfill teaching and scholarly activities. These may include tenured, tenure-track, and non-tenure-track faculty.

b) “Faculty Appointment (contract period)” is the period for which faculty is compensated for duties related to a regular departmental teaching load (12 contact hours per semester). The contractual period normally follows the academic year, August 25 through May 25, a 9-month period. Some faculty contracts may be for a 12-month period.

c) "Faculty Appointment outside of the contract period" for 9-month faculty, is generally the period from May 25 through August 24. The specific dates of the time outside the contract period are based on the faculty member’s employment contract.

d) "Professional Sponsored Project Employees” is used to describe various full-time professional positions for which the position is generally supported by an external contract or grant and continuing employment is dependent on the availability of funds.

e) “Principal Investigator” describes the individual responsible for the preparation, conduct, and administration of a grant, cooperative agreement, or contract.

III. Policy

Under certain circumstances, faculty, research professionals, and administrative staff (which may include members of the University’s local classified unions) supported by sponsored research programs may perform additional assignments for which extra compensation may be warranted. Extra compensation may be provided for additional assignments only when the intended tasks are clearly outside the normal workload of the individual, and are in response to a special or urgent need that can best be satisfied by a
specific individual as determined by the Principal Investigator with the consent of the appropriate college dean or unit director.

Federal rules and regulations including the Uniform Guidance, do not allow an individual’s institutional base salary to be increased as a result of obtaining sponsored project funding. These federal rules and regulations also restrict the payment of extra, bonus, or other payments outside the individual’s institutional base salary.

IV. Institutional Base Salary - definition

Faculty Member

For a member of the faculty, the institutional base salary or IBS is the annual permanent salary of the employee as it appears in their employment contract for time spent on teaching, research, or other normal workload activities. The institutional base salary excludes compensation from university paid stipends or any income an individual may earn outside of his/her duties for DSU. The workload for a 9-month faculty member includes teaching for 12 contact hours each semester and other responsibilities as defined in the CBA.

Professional and Administrative Sponsored Project Employee

For a member of the professional or administrative sponsored project staff, the institutional base salary is the annual salary as it appears in the employment contract for the employee to conduct research or administrative activities in support of sponsored projects. A normal workload for professional research and administrative research employees consists of working 35 or 40 hours per week (depending on the position) on an annual basis (7 or 8 hours/day, depending on the position, for 5 days/week, 52 weeks/year). The workweek includes vacation, sick leave, and holiday hours.

Sponsored Projects

Sponsored projects are defined as externally funded activities that are governed by specific terms and conditions. Sponsored projects must be separately budgeted and accounted for subject to terms of the sponsoring organizations. Sponsored projects may include grants, contracts, cooperative agreements, or other instruments for conducting research, training, and other activities.

Types of Extra Compensation for Employees Supported by Sponsored Projects

Supplemental Compensation: Faculty and staff members with appointments of less than 12 months or 1.0 FTE (e.g., 9 months or 0.75 FTE) during an academic year can increase their commitment up to 12 months (i.e., 1.0 FTE) with supplemental compensation beyond their institutional base salary.

Overload Compensation: Overload compensation is payment to a faculty member for added work beyond the normal workload that is in addition to his/her institutional base salary. The policy outlined here covers overload compensation only for faculty members supported by sponsored research contracts or grants.

Extra service pay: Extra service pay is a form of supplemental compensation which is payment to a full-time professional sponsored project employee for added work beyond the
normal workload that is in addition to his/her institutional base salary. This policy covers extra service pay only for professional employees supported by sponsored research contracts or grants.

*Incidental Compensation:* Incidental compensation is a payment beyond the institutional base salary paid to a full-time employee for temporary activities outside their “normal” workload. These activities are of short duration such as participating in training activities or short-term consulting.

**Special Conditions for Extra Compensation on Sponsored Projects**

Extra compensation on federally-funded sponsored projects is governed by the Uniform Guidance, which allows for payment of extra compensation on sponsored projects when certain conditions are met.

V. **Supplemental Compensation**

**Faculty**

Supplemental compensation includes sponsored project payments to faculty members with less than a 12-month academic appointment outside the appointment contract period (i.e., summary salary for a 9-month faculty member). Project compensation during the summer months or other periods not included in the base salary period is to be calculated for each faculty member at a rate not in excess of rate for the institutional base salary for the duration to which the supplemental compensation relates.

Upon appropriate approvals, individuals with appointments of less than 12 months (e.g., 0.75 FTE) during an academic or fiscal year can increase their commitment up to 12 months (e.g., 1.0 FTE) with supplemental compensation beyond their institutional base salary. For 9-month employees, summer compensation from sponsored project may not exceed 2.7 months effort or 90% of the time outside of the contract period.

**Professional Research Employees**

Supplemental compensation for full-time professional employees on sponsored projects is generally not available since a full-time worker’s normal workload is defined as working at least 7 or 8 hours per day (depending on the position) per 5-day workweek for 52 weeks, and the institutional base salary covers the entire 12-month period.

VI. **Overload Compensation Guidelines Faculty**

It is a general policy of the University that sponsored research is undertaken on a released-time basis such that the grant/contract shall be charged for that portion of their time devoted to the project. The rate of compensation must be the same as that paid by the University.

*Intra-Institutional Consulting:* Intra-institutional consulting by faculty (e.g., providing statistical or foreign language assistance on a contract or grant) is assumed to be undertaken as an institutional obligation requiring no compensation in addition to IBS. However, faculty may receive overload payments when consulting on contracts or grants for which they are not listed as a Principal Investigator if all of the following criteria are met:
1. The work will be carried out across departmental (or comparable unit) lines or at a separate or remote location;
2. The work performed will be demonstrably in addition to the faculty member's regular departmental (or comparable unit) load;
3. The award document for the contract or grant specifically acknowledges that this additional compensation is allowed, or OSP specifically receives written approval from the sponsor authorizing the payment of overload; or the budget justification at proposal submission specifically designates the compensation will be extra service/overload pay and the agency awards the budget as proposed.
4. Overload employment will be undertaken only when the additional duties will not interfere with regular University duties;
5. The principal investigator must request and receive approval for overload compensation from the faculty member’s Department Chair and Dean;
6. Overload compensation may not exceed 25% of the faculty member’s institutional base salary during the period of the faculty member’s academic appointment. The 25% limitation applies to the total (including teaching assignments) and not to each request separately. The PI must work collaboratively with the Department Chair and College Dean in management of this process.
7. The policies of the sponsoring agency shall govern overload compensation when they are more restrictive than the above policy.

VII. Extra Service Pay for Professional Employees on Sponsored Projects

Extra service pay is a form of supplemental compensation that is available to professional employees who are required to provide significant effort on contract or grant projects for well-defined work of limited duration that is clearly in addition to the employee's regular assignment. It is allowable if all of the following conditions are met:

1. The work covered by the IBS is specified in writing to determine conclusively when work beyond the 1.00 FTE level will occur. This must be described in appointment letters, job description or other documentation.
2. The supplement amount paid is commensurate with the IBS rate of pay. For administrative professional personnel that report to a local union, pay must be in accordance with their local CBA (i.e. for hours worked over 40 hours per week, the amount of additional work performed is commensurate with time and ½ pay) and should not exceed more than 25% (10 hours) over a 40 hour workweek.
3. For supplemental pay for professional (exempt), non-union staff members, the amount paid must be reasonably justified in terms of time or effort based on their IBS rate of pay, and the total amount may not exceed 25% of their IBS for the period of the extra service work.
4. Funds are available on a contract, grant, etc., that has been awarded to the University.
5. If the duties for extra compensation are outside of the scope of the project or if budgetary changes are made that require permission from the funding agency, OSP may require written approval from the sponsoring agency authorizing the extra service pay.
6. The policies of a sponsoring agency shall govern extra service pay when they are more restrictive than the above policy.
For employees receiving extra service pay funded by federal awards, it is the responsibility of the PI to document the effort of the employee on the award. At a minimum, the PI must specify the activities that will be undertaken and performance goals for the work, and then document at least annually that those performance goals are being met. In addition, the employee and the PI must certify the grant-funded effort of the employee at the end of every semester or summer for which the employee worked on the grant.

For the purposes of effort certification, the total work that the employee does for the university, including extra-service pay, represents 100% of their effort. The percent of their effort allocated to the grant should be calculated by dividing their grant-funded salary by the total salary paid by the university, including the extra service pay.

VIII. **Incidental Compensation**

Per the Uniform Guidance, extra compensation can be paid for incidental work (temporary activities) beyond the institutional base salary from a temporary source of funds provided the activities are short-term in nature and are outside the “normal” workload for the individual.

Incidental compensation is permitted from funded grants provided that the incidental pay is short-term, e.g. for a semester or less, and the total of incidental payments is no more than $3,000 per year. Examples of activities for which incidental compensation can be paid to DSU employees include taking part in professional development or training programs, serving as an instructor or facilitator for such programs, or serving as a judge or mentor for student academic clubs or organizations.

IX. **Conclusion**

Every reasonable effort should be made to incorporate all sponsored activities into an individual’s funded release time or IBS before recommending an overload or extra service pay. For professional employees who wish to contribute effort to a sponsored project in addition to their regular job responsibilities, it is preferred that their effort and IBS be divided among the sponsored activities, rather than adding extra compensation. For administrative personnel in a local union, extra pay for additional hours worked over 40 hours per week is commensurate with time and ½ pay and should not total more than 25% additional workload.

Upon receipt of a request for overload or extra service pay, the Office of Sponsored Programs will ensure that the request for extra compensation meets Uniform Guidance requirements and will submit a request to the sponsoring agency for approval if needed. It is the responsibility of the principal investigator to prepare the request for extra compensation that will be submitted by OSP.