Compensation

Compensation includes all amounts for salaries, wages, stipends, benefits, and any other form of payment for personal services to an individual through the university’s payroll system. Whether an individual can receive compensation from a grant depends on a number of factors, including employee category (faculty, administrative employees, or support staff) and appointment period (nine, 10, or 12 month appointments).

In general, individuals are not allowed to increase their compensation during the appointment period by working on a grant\(^7\) (see Supplemental Compensation section below for individuals on nine or 10 month appointments and other exceptions). Therefore, compensation expenses charged to a grant should be calculated as a percentage of time spent on all work-related activities for which the university compensates an individual during the project period.

The dollar value of effort should be computed using the OSPRA salary calculator (www.usi.edu/ospra) and the individual’s current annual base salary. For multi-year budgets or projects with a period of performance that crosses fiscal years, the budget for salaries and benefits should be increased by three percent for each subsequent year. Note that the three percent increase is only an estimate for budget purposes. The actual salary increases for individuals receiving compensation from grants is determined using the same process as all other university employees.

In the event the grant guidelines do not allow for 3% salary increase estimates or if salary increases are not included for some other reason, a memo stating the reasons must be submitted to OSPRA with the Sponsored Projects approval form, along with the proposal and other documents required prior to approval and submission.

Faculty compensation

A faculty member may charge a portion of his or her salary and benefits to a grant fund. The percentage charged to a grant fund should represent the actual work performed by the faculty member on the grant project compared to all work performed by the faculty member over a period of time\(^8\).

Faculty on 12- month appointments

The contract period for faculty who are employed on a 12 month appointment is July 1 through June 30; therefore, any work performed by a faculty member on a 12 month appointment must be reflected as a percentage of his or her salary and benefits during that period of time\(^9\) (see Supplemental Compensation section below for exceptions).

Faculty on nine- or 10- month appointments

Faculty on 9 or 10 month contracts must calculate the portion of the salary attributable to a grant during the academic year in the same manner as faculty on 12- month appointments. The

\(^7\) Section J.10.d.(1) of OMB Circular A-21

\(^8\) Section J.10.d.(1) of OMB Circular A-21

\(^9\) Section J.10.d.(1) of OMB Circular A-21
calculation differs, however, for effort expended on grant projects during the summer months since it is outside the contract period. 10

University policies govern summer teaching pay rates. Compensation to faculty members for summer teaching activities from grant funds is permissible provided the rate of pay is equal to or less than that paid to faculty for teaching that is not grant funded. Nine or 10 month faculty can also receive compensation for non-teaching activities attributable to a grant and performed during the summer, but the rate of pay must not exceed the faculty member’s rate of pay for the previous academic year. For example, a faculty member on a 10 month contract with a salary of $50,000 who will work full time on a grant-funded project for two months during the summer can earn $10,000. ($50,000 / 10 = $5,000 monthly salary x 2 months = $10,000.) Faculty members teaching a full load during the summer are not eligible for additional compensation.

Summer compensation rates may be further restricted by granting agencies and university policy.

Administrative and Clerical Employees
Grant budgets generally cannot include direct cost for compensation for administrative employees (including deans and heads of departments) or clerical employees (such as administrative assistants or other office staff) because these expenses are considered part of F&A costs. 11

In order for administrative and clerical salaries and wages to be included as direct costs instead of F&A, the budget submitted to the granting agency must disclose that the position is administrative or clerical and explain why funding is being requested for the expenses as a direct charge rather than F&A.

After the grant is awarded, the PI/PD can ask the Controller’s Office to seek explicit approval in writing from the grant/business officer of the granting agency. (Note that program officers are generally not authorized to permit exceptions to agreements or fiscal compliance policies and practices.)

Supplemental Compensation
Supplemental compensation is defined as extra compensation paid to an employee above his or her base pay, such as a stipend in addition to regular pay during the contract period. Individuals can only receive supplemental compensation from a grant for intra-university consulting if all of the following conditions are met:

- The consultation is across departmental lines or involves a separate or remote operation;
- The work performed by the consultant is in addition to his regular departmental load; and
- The extra compensation above the base salary is specifically provided for in the agreement or approved in writing by the sponsoring agency.

Note that all three of these conditions must be met in order for supplemental compensation to be allowed. In order to meet the last condition (written approval by the sponsoring agency), the

10 Section J.10.d.(1) of OMB Circular A-21
11 Section F.6.b.(2) of OMB Circular A-21
budget submitted to the granting agency must disclose that the compensation is in addition to
the employee’s base salary and describe how the first two conditions of the test are satisfied.
Alternatively, the PI/PD can ask the Controller’s Office to seek explicit approval in writing from
the grant/business officer of the granting agency after the grant is awarded. (Note that program
officers are generally not authorized to permit exceptions to agreements or fiscal compliance
policies and practices.)

Benefits

When compensation for faculty, administrators, student workers, graduate assistants or new
hires is included in the budget of an external proposal the benefits for that compensation must
be included as well.

Benefits for Faculty and Administrators:

Benefits for all employees existing or new hire are dependent on the amount of effort they will
be committing on the proposal. The amount of benefits budgeted for the proposal with be
proportionate to the amount of compensation requested. Benefits for faculty, administrators, and
support staff include the following:

- FICA
- Life Insurance
- Medical Insurance
- Dental
- Employee Assistance Program
- TIAA-CREF/PERF
- Long term disability
- Workman’s Compensation

Student Workers:

Student workers do not receive benefits like traditional employees; however, the university pays
a portion of their FICA and this benefit must be budgeted for in proposal budgets. Students are
exempt from FICA is they are enrolled. If they will be paid from a grant and will not be enrolled
in classes FICA must be included in the proposal budget. FICA for students should be budgeted
at 7.65% of the total wages requested.

Cost Sharing

Cost sharing, also referred to as matching, refers to the costs related to sponsored projects that
are contributed by the university or a third party other than the granting agency. Shared costs
can take the form of cash match or in-kind contributions and can be classified as either
mandatory or voluntary.

Definitions of cash match and in-kind contributions may vary among agencies. In the absence of
specific guidance, any cost that directly relates to a sponsored project and is absorbed by
another university fund will be considered a cash match. Examples of cash matches include