

# Learning Resource: Compensation from Sponsored Projects

## Purpose

To explain how compensation works for employees contributing effort to sponsored projects, including faculty, staff, and administrative roles.

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## 1. Key Concepts

- **Institutional Base Salary (IBS)**
    - Annual compensation paid by the university for an individual's appointment (research, teaching, administration).
    - Excludes outside income.
    - All sponsored project charges must be based on IBS.
  - **Committed Effort vs. Cost Sharing**
    - *Committed effort*: Time pledged to a project in the proposal and award.
    - *Cost sharing*: Effort provided without charging salary to the sponsor.
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## 2. Faculty Compensation

### Academic Year Effort

- Faculty cannot earn more than IBS during the academic year.
- Charges for sponsored projects during AY are at the IBS rate.
- Academic release reimburses the university for part of AY salary; does not increase total pay.

### Summer Effort

- Faculty on <12-month contracts may earn summer salary for effort on sponsored projects.
  - Limit: Combined AY + summer salary cannot exceed 12 months.
  - Summer salary is based on the same monthly IBS rate.
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### 3. Staff Compensation

- Full-time staff may receive additional pay only if:
    - Work is **distinct from normal duties**.
    - Occurs outside normal work hours or during approved leave.
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### 4. Administrative Support

- Normally included in Facilities & Administrative (F&A) costs.
  - Direct charging to federal awards is generally **not allowed** unless:
    - Specifically justified.
    - Approved by sponsor.
  - Non-federal projects may allow direct charging if sponsor guidelines permit.
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### 5. Compliance Framework

- **Uniform Guidance (2 CFR 200)** applies to all sponsored projects regardless of funding source.
  - Salary charges must:
    - Be reasonable.
    - Follow institutional policy.
    - Reflect actual effort.
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### 6. Common Pitfalls

- Charging more than IBS - Limit: Combined AY + summer salary cannot exceed 12 months
  - You cannot receive extra compensation from sponsored awards during the AY, regardless of funding source.
  - You cannot receive more than 3 months of salary as extra compensation during the summer (this is known as maximum summer compensation)
    - Maximum summer compensation is determined by the following equation:
      - $\text{IBS} / \text{appointment term (i.e., 9, 10, 11, or 12-month term)} = \text{monthly payrate}$ ; monthly payrate X number of summer months (3)

- Example: \$75,000.00 IBS / 9-month appointment term = \$8,333.33  
monthly payrate. \$8,333.33 X 3 summer months = \$25,000.00  
summer maximum compensation
- Paying extra for intra-university consulting without approvals.
- Direct-charging administrative costs without justification.