



Mississippi Valley State University

COMPENSATION FROM GRANTS AND CONTRACTS

I. PURPOSE

This policy establishes guidelines for compensation paid to faculty and professional (exempt) staff from grants and contracts that are consistent with federal and state laws, rules and regulations and university policies and procedures. The intent is that this policy will supersede current policy and/or practices.

II. DEFINITIONS

- A. Employee: This generally includes faculty and staff members (employees) who are working on paid appointments by the University. It generally excludes students or temporary (contractual) employees.
- B. Supervisor: An employee designated by management who exercises major supervisory functions over another employee or employees. These functions include hiring, evaluating, assigning work, and disciplining employees.
- C. Institutional Base Salary (IBS): The annual salary paid to an individual for performance of all professional obligations required by the individual's primary University appointment.
- D. Contract Period: For nine-month faculty, the Contract Period is generally between mid-August and mid-May. The specific dates of the contract period in any one case are based on the faculty member's employment contract.
- E. Outside the Contract Period: For nine-month faculty, Outside the Contract Period is generally between mid-May and mid-August. The specific dates of the contract period in any one case are based on the faculty member's employment contract.
- F. Extra Service Pay: Compensation that can be paid to faculty and professional (exempt) staff members for contracted activities within the University that are considered to be clearly in addition to their regularly assigned or contracted duties covered by the institutional base salary (IBS).

III. GENERAL

Each faculty and staff member (employee) is accountable to the University for 100 percent of the duties and responsibilities associated with the employee's basic appointment. The primary obligation of university employees is the full and complete execution of all assigned duties and responsibilities. State regulations prohibit the appointment of university employees for more than 100 percent time for services considered to be regularly assigned duties associated with an individual's full-time responsibility.

If permitted by a specific grant, faculty and/or staff may receive compensation for personal services directly related to the grant in the form of direct salary or extra service pay (formerly known as extra compensation). The form and amount of compensation depends upon:

- the workload status of the employee (part-time or full-time);
- the type of work being performed;
- employee status (exempt/non-exempt, faculty/staff); and
- time the work is performed (for example, vacation, weekends, after normal work hours, and summer months).

A. Direct Salary

Compensation from grants is normally paid as a portion of the institutional base salary (IBS) for actual work performed on the 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 the individual's IBS. Compensation from grants can never exceed the individual's normal IBS rate of pay.

1. 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.
2. Full-time Faculty - 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.
3. Faculty Summer Assignments - If a faculty member's teaching workload is less than 100% (6 credit hours) during a summer part of term, the faculty member may also be paid from one or more grants proportional to the effort expended.

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.

Release Time

Full-time employees (faculty, administrators, and staff) may be approved for grant release time from portions of their responsibility to enable their participation in sponsored project activities at the university. Grant release time must be approved several weeks prior to the submission of the proposal to the Office of Sponsored Programs. Approval for such release time is at the discretion of the department head/immediate supervisor, with approval by the director and area vice president. Approval is based upon the best interests of the university as well as the availability of funding to offset the hiring of adjuncts, graduate assistants, undergraduate assistants, staff, or faculty that may be necessary to fulfill part of the normal teaching, academic support, or administrative assignment of the university employee working on the project.

Full-time faculty with primary appointments within an instructional department may carry either the minimum number of credit hours designated by the university or an equivalent number of hours in teaching, research and/or service activities (MVSU Faculty Handbook, 2013).

For faculty with a combination of teaching, research and/or service activities, the equivalent of 20% effort over the appointment is normally devoted to research/scholarly/creative and service activities. Therefore, for purposes of compensation from grants, 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).

Summer

Faculty members engaging exclusively in sponsored project activities through the University during the summer can earn compensation at the annual salary rate of 33% (3/9th of the base annual academic year salary) if they work 100% of the summer and do not intend to take vacation or engage in any other activities that are not directly attributable to the funding source. This also applies to faculty working ten months, which will be at the annual salary rate of 20% (2/10th of the base annual academic year salary).

- A faculty member who requests three months of summer salary from a sponsored project must certify in writing that no vacation will be taken during the summer months. The written certification must be made to the department chair or immediate supervisor and updated annually. The faculty member must report 100% effort on the project and must therefore forego vacation entirely.
- A faculty member is prohibited from charging salary to sponsored projects for time spent on vacation, including vacation during the period defined as summer. For the summer months, no one may charge more than 2.5 person months (83.33% of three months) salary to sponsored projects, presuming they expect to take a vacation during the summer months. A 10-month faculty member may not charge more than 1.5 person months (75% of two months) salary, presuming he/she expects to take a vacation during the summer months.
- A faculty member cannot be paid in the summer period for work that was done on a sponsored project during the academic year. Moreover, grant funds cannot be used to supplement institutional compensation that may be paid at a lower rate than the individual's IBS. Summer salary from sponsored projects must be for actual work performed during the summer.
- Staff members can earn compensation at the annual salary in a similar fashion as the teaching faculty members are, but based on the length of their appointments. For example, a 10-month or 11-month staff member may earn up to 1/10, or 1/11, respectively, of his or her regular base salary during a summer month.

B. Compensation for Extra Services (Extra Service Pay)

Extra service pay is compensation that can be paid to faculty and staff members for contracted activities within the University that are considered to be in addition to their regularly assigned or contracted duties covered by institutional base salary (IBS). Extra service pay is accounted for separately and is not captured in effort certification and reporting procedures.

Typical activities for which extra service pay may be permitted include:

1. special projects assigned by approved university administrators that are in addition to an employee's normal responsibilities;
2. intra-university consulting or other special services conducted for a university department or area other than the employee's department such as conducting in-service faculty development activities;
3. services beyond normal duties of the position held which cannot be reimbursed by compensatory (comp) time, including incidental activities on grants, program evaluation activities, and research activity funded by external sponsors where the sponsor does not prohibit such use of grant/contract funds (if release time has not already been granted);
4. increases in teaching load (overload) approved by the Vice President for Academic Affairs such as: teaching of credit courses at locations other than the principal place of employment or SP 191-192 (Freshman Seminar), continuing education activities including teaching of non-credit continuing education courses;
5. curriculum development activity where it is clear that such activity could not be construed as part of one's regular load; and
6. duties performed by an employee not under contract at the time the duties must be performed (except for start dates that are outside of the academic year), or those that are not considered in the base salary.

If allowed by a sponsor, compensation for work that is undertaken concurrent with regular appointment may be paid from grant funds. Appointments for extra work shall be offered equitably and as appropriate to qualified employees in sufficient time to allow the employee to voluntarily accept or reject as well as revision and approval of the primary supervisor. To ensure equitable and consistent application as it relates to normal workload, these guidelines apply to all sponsored project agreements regardless of the source of funding (federal, state, local government, and/or private entities).

- Exempt, full-time staff members may be eligible to receive extra service pay for incidental activities (task assignments) if the grant-related activities are (1) clearly unrelated to their current duties as demonstrated by the employee's job description or other documentation; and (2) are performed outside of the employee's regular work hours.
- Full-time faculty members may be eligible to receive extra service pay 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 that serve as a basis for IBS.
- PIs/PDs are not eligible to receive extra service pay from their own projects, unless approved by the sponsoring agency.
- Part-time faculty members are eligible to receive compensation for work performed on sponsored projects to be determined at a rate not in excess of that regularly paid for the part time assignments.

Faculty

Faculty whose primary appointment is for the academic year are presumed to be engaged to the extent necessary in fulfilling teaching, research, and service obligations inherent in their academic appointments. The base salary period for a full-time faculty appointment is the academic year. Summer months and periods of time during the academic year when the University is not in session, e.g., weekends, holidays, semester breaks, are not included in the base salary period.

Full-time faculty with primary appointments within an instructional department may carry either the minimum number of credit hours designated by the university or an equivalent number of hours in teaching, research and/or service activities (MVSU Faculty Handbook, 2013). In most situations, a faculty member who is engaged in research during the academic year is not allowed to charge salary to a grant unless arrangements are made for a course buyout.

When a qualified replacement cannot be located, the principal investigator of the sponsored project may seek permission from the sponsor for the faculty member to participate in the grant or contract for extra service pay from sponsored project funds. In those cases, approval must be provided by the sponsoring agency's fiscal officer in writing.

On occasion, regular university activities for which faculty are responsible are scheduled outside the base period and are assumed to be included in the institutional base pay, and therefore are not eligible for extra service pay.

Professional (Exempt) Staff and Non-Exempt Staff

Professional (exempt) staff members with full-time employment are not eligible for extra service pay for any function that is part of their job description and duties, whether they are on a 10-, 11-, or 12-month contract. It is expected that administrative and professional employees' working hours, duties, and responsibilities to the University may vary. Such variations are not a basis for extra service pay.

However, if the staff member is eligible for extra service pay for the sponsored project activities, the staff member will be required to continue to put in full workweek hours. If such activities are approved, the approval must include a plan for maintaining the expected duties and the full workweek hours. That is, a professional staff member cannot be granted both extra service pay and time off from regular duties.

Non-exempt staff members are not eligible for extra service pay from grants and must be paid overtime at the appropriate rate of pay. Non-exempt employees must be paid overtime for actual hours worked over 40 unless an employee undertakes, on an occasional or sporadic basis and solely at the employee's option, part-time employment for the University which is in a different capacity from any capacity in which the employee is regularly employed (29U.S.C. §207(p)(2)).

Pay Restrictions

Extra service pay has limitations based on time, not salary. Extra service pay is subject to a cap equal to 20 percent of the individual's time at the base salary rate or 1.0 day per work week (20% x 5 days) or the hourly rate equivalent to the IBS. Interim appointments, faculty overloads, as well as internal grant stipends are subject to the cap. The cap applies to all sources of funds.

- a. Maximum Salary for 12-month Employees:
Employees on 12-month fiscal year (FY) appointments may receive up to 20 percent of their current base appointment salary in extra service pay (see example below).

12-month Employee Example: A 12-month employee with an annual base salary of \$60,000 may earn extra service pay up to \$12,000 for a maximum salary of \$72,000 in a fiscal year.

$\$60,000 \times 0.20 = \$12,000$ maximum extra service pay
 $\$60,000 + \$12,000 = \$72,000$ maximum 12 month compensation

b. Minimum Salary for 9-month Faculty Members:

Faculty members on 9-month academic year (AY) appointments may receive up to 20 percent of their current base appointment salary in extra service pay (plus summer salary, see (c) below).

9-month Faculty example: A faculty member with a 9-month AY base salary of \$45,000 may earn extra service pay during the nine-month appointment of up to \$9,000, for a maximum nine-month salary of \$54,000.

$\$45,000 \times 0.20 = \$9,000$ maximum in extra service pay
 $\$45,000 + \$9,000 = \$54,000$ maximum 9 month compensation

c. Maximum Summer Salary for Faculty Members:

The limit on salaries for summer assignments depends on the source of funds (see examples below)

Summer Teaching Assignments - See the Faculty Handbook.

Research and Sponsored Programs - The maximum summer salary paid from grants may be further limited based on the source of funds. Please contact the Office of Sponsored Programs for more information.

Summer Faculty Example: A faculty member with a 9-month AY base salary of \$45,000 that earns \$15,000 in summer salary (equal to 3/9th) may earn extra service pay during the 3-month summer of up to \$3,000, for a maximum salary of \$18,000 in a summer, provided that the extra service pay is earned for work that is clearly in addition to regularly assigned duties and is performed outside of normal working hours or during vacation or compensatory time, as appropriate. Faculty receiving compensation during the summer from a federal grant or contract cannot be considered for extra service pay.

$\$45,000/9 \text{ mo} \times 3 = \$15,000$ maximum summer salary (3/9th)
 $\$15,000 \times 0.20 = \$3,000$ maximum in extra service pay
 $\$15,000 + \$3,000 = \$18,000$ maximum summer compensation.

IV. PROCESSING AND PAYMENT

A. Timing of Requests

For sponsors that allow compensation for extra services, the sponsor must be informed of the intent to charge salary as extra service pay, preferably in the original budget proposal. The budget and/or project narrative of the grant or contract should clearly state:

- that compensation above institutional base pay will be paid to university employees;
- the name or position of the individuals who will be receiving the extra service pay; and
- the work and services to be performed by these individuals.

The amount of the extra service pay should be segregated from regular salary expenses and the budget justification should clearly indicate:

- the total dollar amount of extra service pay requested;
- the percent of additional effort committed to the project, or the hourly rate and number of hours committed to the project; and
- appropriate fringe benefits.

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

If the grant is awarded without reference to extra service pay, the PI must contact the agency for written permission to allow it. Permission must be received by the Office of Sponsored Programs prior to work beginning.

B. Approvals

Prior to the work beginning, the faculty or staff member to receive extra service pay must also obtain the prior written approval using the Authorization for Compensation for Extra Services form along with the Personnel Control (PC-05) Form.

Requests for payment after services are rendered should be submitted on the Authorization for Payment for Extra Services form. Requests for payments must specify the time period for which the person is receiving compensation and the time period must be wholly contained within a contract period or outside a contract period.

Extra service pay from a sponsored project account must be for actual work performed on the sponsored project from which the funds are paid and must be paid for services performed during the period stipulated. The faculty or staff member will be required to document and verify the time and effort spent on the sponsored project during the period in which the work was carried out and for which the payment of extra services was made.

No work assignment that results in extra service pay may exceed one year; provided, however, that any such additional work assignment may be extended or renewed on a case-by-case basis.

Departments that want to have a non-exempt employee perform additional work for them must complete the authorization payment form and include a time report with the payment request form.

C. Payment Method

Payment for extra services will be made over the regular University pay schedule. However, it is recognized that it is not always efficient to process extra compensation payments for assignments through a scheduled payment process. Therefore, extra compensation assignments that meet the following conditions may be made as a lump sum payment:

- tasks that are not specifically scheduled with respect to time and place by the hiring official;
- tasks that occur on a one-time-only basis (e.g., a lecture delivered); or

- tasks that occur in a time period of less than one semester and do not exceed 20 hours of actual work time.

Late submission of forms may result in a delayed payment to the employee. Additionally, the appropriate vice president will be notified of the individual(s) failure to follow university policies and procedures.

V. RESPONSIBILITY

A description of the extra work and documentation of the extra compensation shall be maintained by the department head who initiated the request for extra compensation, the Office of Human Resources, and the Office of Sponsored Programs.

Individuals requesting extra service pay are required to certify that they meet the eligibility requirements. They also must provide assurance to their immediate supervisor that the work to be performed will not interfere with performance of regular responsibilities.

Principal investigators (PI)/Project directors (PD) are responsible for assessing and determining if extra service pay 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.

Department heads are responsible for carefully analyzing the total university commitments of the employee who requests extra service pay from grants to confirm that the work is outside of the employee's contractual obligations to the University. Extra service pay should be approved only if the employee's and the department's general functions will not be adversely affected.

The Office of Sponsored Programs is responsible for verifying sponsor approval for extra service pay, 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. The Office of Sponsored Programs will also work with the Offices of Human Resources and Business and Finance to confirm that the individual has not exceeded the maximum compensation limits as outlined in this policy and that the IBS rate of pay has not been exceeded.

Resolution for Non-Compliance

In the event that repayment of compensation paid from grant funds is required by a sponsoring agency, auditor, or other authorized entity, the department or unit with managerial oversight of the sponsored agreement in question is responsible for repayment using departmental and/or unit resources. This includes instances where administrative and/or sponsor approvals were not obtained in advance.

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