

## **POLICY ON SUPPLEMENTAL PAY FROM SPONSORED PROJECTS FACULTY**

Grant and contract funded work is considered to be a part of routine faculty assignments at Bowling Green State University, and in most circumstances faculty and staff are not eligible for supplemental pay for sponsored program activities. BGSU faculty may receive supplemental pay directly from grants and contracts only under exceptional circumstances. Supplemental pay during the academic year may be allowed if approved by the College Dean, the Vice Provost for Research, and the Vice Provost for Academic Affairs, and the following conditions are met:

- the additional work does not compromise the faculty member's ability to complete his/her normal university work
- the faculty member requesting supplemental pay is not the Principal Investigator or Co-Principal Investigator on the grant/contract with limited exceptions such as the development of off-campus training programs not considered part of the faculty member's normal workload
- supplemental pay is requested for internal consulting as defined in OMB Circular A-21:
  - consulting carried out across departmental (or comparable unit) lines and the work performed is in addition to the faculty member's regular departmental (or comparable unit) load; or
  - consulting at a separate or remote operation and the work performed is in addition to the faculty member's regular departmental (or comparable unit) load
- the compensation must be at the faculty member's university approved rate of pay
- the supplemental compensation must be a funded line item on an externally funded budget which has been explicitly requested from and approved by the funding agency
- the faculty member to be compensated must have expertise unique to the project and the request for supplemental pay rather than normal workload must be justified
- the faculty member wishes to receive supplemental pay in lieu of outside consulting based on the "one day a week" policy (Academic Charter, B.II.E.2.a)

During the academic year, supplemental pay from all sources is limited to a maximum of 20% of a faculty member's academic year salary. Summer salary from all sources is limited to 1/3 of the academic year salary. As such, supplemental pay during the summer is also limited to a maximum of 20% of the allowable summer salary (1/3 academic year salary).



	<p>undertaken beyond regular duties with no direct compensation. These projects cannot be successful without faculty participation and involvement from multiple areas. Careful review by the deans and VP's at the submission stage could determine that the project itself presents exceptional circumstances and opportunities. At the budget development stage, the Sponsored Programs and Research Office will work with faculty to determine cost and appropriateness of requesting supplemental compensation on the grant or contract. Faculty members will return to the department and college for review of that budget before the University endorsement process is initiated. At the time of endorsement, appropriate documentation will accompany the proposal. Because practices differ across colleges and disciplines on the subjects of released time, return of released time recovery dollars to the units, and distribution of individual faculty effort (teaching, research, service), there may be more reason to approve supplemental compensation in some cases than in others. Pre-submission negotiations should alleviate concern for <b>conflict of commitment, conflict of interest, and violation of University policy.</b></p>
<p><b>The additional work does not compromise the faculty member's ability to complete his/her normal university work</b></p>	<p>Under these exceptional circumstances, additional activities will not exceed 20% additional time (8 hours per week or a total of 300 hours per academic year). A faculty member is compensated for working beyond the normal commitment of time and fills out the form (found at the SPAR web site as the second page of the current policy) relinquishing the opportunity provided by the Charter for external consulting.</p>
<p><b>The faculty member requesting supplemental pay is not the Principal Investigator or Co-Investigator on the grant/contract with limited exceptions such as the development of off-campus training programs not considered part of the faculty member's normal workload.</b></p>	<p>Board of Trustees approved action</p>
<p><b>Supplemental pay is requested for internal consulting as defined in OMB Circular A-21:</b></p> <ul style="list-style-type: none"> <li>• Consulting carried out across departmental (or comparable unit) lines and the work performed is in addition to the faculty member's regular departmental (or comparable unit) load; or</li> <li>• Consulting at a separate or remote operation and the work performed is in addition to the faculty member's regular departmental (or comparable unit) load</li> </ul>	<p><b>OMB Circular A-21</b>  <b>Section J. General provisions for selected items of cost:</b></p> <p><b>Subpart 8. Compensation for personal services</b>  a. <b>.General:</b> Compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. Such amounts include salaries, wages, and fringe benefits (see subsection f). These costs are allowable to the extent that the total compensation to individual employees conforms to the <b>established policies of the institution, consistently applied,</b> (emphasis added) and provided that the charges for</p>

work performed directly on sponsored agreements and for other work allocable as F&A costs are determined and supported as provided below (*interpretation – cost of administrative and clerical work that is covered in our indirect cost rate agreement*). Charges to sponsored agreements may include reasonable amounts for activities contributing and intimately related to work under the agreements, such as

- delivering special lectures about specific aspects of the ongoing activity
- writing reports and articles
- participating in appropriate seminars
- consulting with colleagues and graduate students
- attending meetings and conferences.....

**Subpart 8. (continued)**

**d) Salary rates for faculty members.**

**(1) Salary rates for academic year.**

Charges for work performed on sponsored agreements by faculty members during the academic year will be based on the individual faculty member's regular compensation for the continuous period which, under the policy of the institution concerned, constitutes the basis of his salary. Charges for work performed on sponsored agreements during all or any portion of such period are allowable at the base salary rate. In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period. This principle applies to all members of the faculty at an institution. Since intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time base salary, the principle also applies to faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member of the same institution. **However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load, any charges for such work representing extra compensation above the base salary are allowable provided that such consulting arrangements are specifically provided for in the agreement or approved in writing by the sponsoring agency.** (emphasis added)

At the time of proposal submission, the need for extra compensation must be justified in the document, which if approved, gives the institution authority to pay supplemental compensation.

**Are University faculty members actually consultants on sponsored projects?**

University faculty employees may **not** be paid as consultants on grants and contracts to the University on which they are listed as Principal Investigator or Co-Investigator. In the cases where consulting services are rendered across departmental lines and/or disciplines, the faculty employee may be paid supplemental compensation if originally approved and exceptional circumstances have been substantiated. Consulting conditions for a faculty employee on a grant or contract may exist if the request conforms with established university policy and is an allowable cost to the funding agency.

Private consulting is usually the activity of a sole individual; however, such activity may be conducted through the University with all standard charges included (salary, fringe benefits, indirect cost. If University students and facilities are utilized, the project may not be considered as consulting.)

Private consulting work that is not conducted through the University does **NOT** include the use of graduate students, undergraduate students, the use of University facilities of any kind including office, supplies, telephone, computer, library, University's internet I or II connections, and/or secretarial/clerical assistance from the department or college. Consulting work does **NOT** include the use of the University name, use of University stationary or University business cards. It does not involve the use of any University intellectual property (patents, trademarks, copyrights). A consultant uses his/her own materials, supplies, licenses, and resources to perform consultant work on site.

**Are University faculty members participants on sponsored projects?**

Participants are faculty who are not "consulting" on a grant or contract, but play a role in the execution of a project. Rules that apply to faculty participants on grants when they are not P.I.s or Co-I.s should be similar to those of the consultant. Extra compensation might be considered an option if there are clear exceptions to the general rule.

1. limited engagement, i.e.
  - delivering special lectures about specific aspects of the ongoing activity
  - writing reports and articles

	<p>-participating in appropriate seminars          -consulting with colleagues and graduate students          -attending meetings and conferences.....</p> <p>2. Other to be defined and approved.</p>
<b>The compensation must be at the faculty member's university approved rate of pay</b>	Board of Trustees approved action. OMB Circular A-21 regulation.
<b>The supplemental compensation must be a funded line item on an externally funded budget which has been explicitly requested from and approved by the funding agency</b>	Board of Trustees approved action. OMB Circular A-21 regulation.
<b>The faculty member to be compensated must have expertise unique to the project and the request for supplemental pay rather than normal workload must be justified</b>	<p>A faculty member's actual role in the project must be clearly defined. Is he/she a consultant or a participant? In either case, supplemental pay may be appropriate.</p> <p><b><i>How does the IRS define consultant?</i></b></p> <ul style="list-style-type: none"> <li>➤ <i>Work is performed at the University or consultant's location</i></li> <li>➤ <i>There is a written agreement for services</i></li> <li>➤ <i>Consultant does not receive any training or instruction from the University</i></li> <li>➤ <i>Investigator does not supervise or control the performance of the service</i></li> <li>➤ <i>Consultant provides his/her own equipment, materials, and supplies as needed</i></li> <li>➤ <i>Services are provided under the consultant's name</i></li> <li>➤ <i>Services are provided to other entities</i></li> <li>➤ <i>Consultant bears any risk of loss</i></li> <li>➤ <i>University supplies information to the extent necessary to perform the job or analysis</i></li> </ul>
<b>The faculty member wishes to receive supplemental pay in lieu of outside consulting based on the "one day a week" policy (Academic Charter, B.II.E.2.a)</b>	<p>The University has regulations governing faculty members "consulting" activities: (Charter Section B-II.E Employee Responsibilities, 2. Conflict of Interest – Research and Consulting, b. University Procedures, (1) <u>Reporting of outside employment or interests.</u>) These encompass "other activities".</p> <p>A faculty member is permitted to engage in a reasonable amount of consultation or other work, or to have business interests outside the University, provided that such activities do not interfere with the person's University responsibilities.</p>

	<p>Established policy is that, on the average, no more than one day per week be contributed to outside interests. Sporadic or short-term arrangements shall be reported to the member's departmental Chair or school Director. Contractual relationships also shall be endorsed by the Dean of the candidate's college.</p>												
<p><b>Supplemental pay from all sources (AY) is limited to a maximum of 20% of a faculty member's academic year salary. Summer pay from all sources is limited to 1/3 of the academic year salary. As such, supplemental pay during the summer is also limited to a maximum of 20% of the allowable summer salary (1/3 academic year salary).</b></p>	<p><b>Total supplemental pay during the AY= 20% over AY salary.</b>  <b>Total supplemental pay during the summer = 20% over the allowable 1/3 academic year salary.</b>          (Total = All internal + external sources (overload, stipends, supplements))</p> <p>SUPPLEMENTAL TEST:</p> <p>1. What is the extent of your participation on the grant?</p> <p>Will the grant environment and the University support your supplemental compensation?</p> <table border="1" data-bbox="1115 794 1787 982"> <tr> <td>P.I.</td> <td>NO</td> <td></td> </tr> <tr> <td>CO-P.I./CO-I.</td> <td>NO</td> <td></td> </tr> <tr> <td>Consultant</td> <td>YES</td> <td>If work fits the definition of consultant</td> </tr> <tr> <td>Participant</td> <td>YES</td> <td>If work crosses departmental/disciplinary lines</td> </tr> </table> <p>2. If considered consulting, is this activity in lieu of any outside consulting as permitted by the Charter?</p> <p>3. What are the specific exceptional circumstances that warrant the payment of funds as supplemental compensation?</p>	P.I.	NO		CO-P.I./CO-I.	NO		Consultant	YES	If work fits the definition of consultant	Participant	YES	If work crosses departmental/disciplinary lines
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CO-P.I./CO-I.	NO												
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Participant	YES	If work crosses departmental/disciplinary lines											

## Request for Supplemental Pay from a Sponsored Project

**To be completed by the Principal Investigator:**

Name: \_\_\_\_\_ Department: \_\_\_\_\_

SPAR Award Number: \_\_\_\_\_ Area Org: \_\_\_\_\_

Funding Agency: \_\_\_\_\_

Internal Consultant: \_\_\_\_\_ Department: \_\_\_\_\_

Brief description of the scope of work to be performed, justification for supplemental pay, and timeline for work to be completed. Include the number of hours or percent of time representing this supplemental pay request.

As principal investigator on the above referenced grant, I am requesting supplemental pay for the work described above. This request is in accordance with the BGSU policy on supplemental pay and has been approved by the funding agency.

Signature of Principal Investigator: \_\_\_\_\_ Date \_\_\_\_\_

**To be completed by Internal Consultant:**

I confirm that I will be conducting externally-funded activities in lieu of outside consulting during the period noted below. I will be compensated at a rate of pay equivalent to my base pay rate with total compensation limited to 20% of salary for the period in which the work is done. This additional work does not compromise my ability to complete my normal university work.

Signature of Internal Consultant: \_\_\_\_\_ Date \_\_\_\_\_

***Approvals:***

\_\_\_\_\_  
Department Chair of Internal Consultant      Date

\_\_\_\_\_  
College Dean of Internal Consultant      Date

\_\_\_\_\_  
Grants Administrator      Date

\_\_\_\_\_  
Vice Provost for Academic Affairs      Date

\_\_\_\_\_  
Vice Provost for Research      Date

(Complete the form through the College Dean signature and return the form to SPAR for final signature of both Vice Provosts)