

# **Western Michigan University Sponsored Programs Excess Compensation Policy**

## **Purpose**

To provide guidelines for complying with the federal government through Code of Federal Regulations Title 2: Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200)

2 CFR 200.430 Compensation for Personal services.

## **Procedures**

When a faculty member is requesting excess compensation above their base salary in a sponsored project proposal the following procedures must be followed:

- The faculty member must submit a memo, prior to proposal submission, to the Provost requesting approval. The request must substantiate the need for excess compensation based on the excerpt from 2 CFR Part 200.430 below. This request must be routed and approved by the faculty member's Chair and Dean concurring that these duties are in addition to their regular departmental load (teaching, research, and public service) and across departmental lines.
- If approved by the Provost, then the request must be clearly spelled out in the sponsored project proposal, routed through the normal process to Research and Sponsored Programs (with Provost approval attached), and subsequently approved by the Sponsor prior to payment of any excess compensation paid on sponsored project funds.
- If a request for excess compensation is made after the award, step 1 must still be followed and a separate request to the Sponsor asking for approval must be initiated and routed through Research and Sponsored Programs. Research and Sponsored Programs will counter-sign the request, upon approval from the Provost, and submit the request to the Sponsor. Sponsor approval must be received prior to any payment of any excess compensation.
- Normally excess compensation, from sponsored program funds, should be processed via the appropriate appointment form.

## **Federal Regulations – OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Circular 2 CFR 200**

### **Office of Management and Budget: Uniform Guidance 2 CFR 200.430**

#### **Section 200.430 Charges for work performed on Federal award by faculty members during the academic year are allowable at the IBS rate.**

1. **Salary basis.** Section 240.430 (h) states in part “In no event will charges to federal awards, irrespective of the basis for computation, exceed the proportionate share of the IBS for that period. This principle applies to all members of the faculty at an institution. IBS is defined as the annual compensation pay by an IHE for an individual’s appointment

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whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for the IHE. Unless there is prior approval by the Federal awarding agency, charges of faculty member's salary to a federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.

Intra-IHE consulting by faculty is assumed to be undertaken as an IHE obligation requiring no compensation in addition to IBS. 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 or her regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the agreement or approved in writing by the sponsoring agency."

**2. Periods outside the academic year.** Except as otherwise specified for teaching activity in (h) (5) (ii) below, charges for work performed by faculty members on federal awards during periods not included in the base salary period will be at a rate not in excess of the IBS.

(h)(5)(ii) Charges for teaching activities performed by faculty members on federal awards during periods not included in IBS period will be based on the normal written policy of the IHE governing compensation to faculty members for teaching assignment during such periods.

(3) **Part time faculty.** Charges for work performed on federal awards by faculty members having only part time appointments will be determined at a rate not in excess of that regularly paid for the part time assignments. For example, an institution pays \$5,000 to a faculty member for half time teaching during the academic year. He/she devoted one half of their remaining time to a sponsored agreement. Thus, additional compensation, chargeable by the institution to the agreement, would be one half of \$5,000, or \$2,500.

### **Sources of Federal Guidelines**

- Code of Federal Regulations Title 2: Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

<http://www.ecfr.gov/>

### **Sources of Other Pertinent University Policies**

- [WMU AAUP Contract](#)

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Grants and Contracts Office