

North Dakota State University

Policy Manual

SECTION 805

ALLOWABLE COST POLICIES – COMPENSATION FOR PERSONAL SERVICES

SOURCE: NDSU President

1. Activities under a grant or contract, participation in a training or leadership program, or similar academic activities are normally considered a part of the regular work load for faculty or staff members. Also, cost policies for sponsored agreements determine that a faculty or staff member's sponsored activities are normally part of the institutional base contract.
2. **SALARY CHARGES TO SPONSORED AGREEMENTS:** Charges for work performed on sponsored agreements by faculty or staff members will be based on the individual's regular compensation for the continuous period which constitutes the basis of the individual's salary. Charges for work performed on sponsored agreements during all or any portion of such period are allowable at the base salary rate. Charges to the sponsored agreement, irrespective of the basis of computation, cannot exceed the proportionate share of the base salary for that period.
 - 2.1 The reallocation of salary charges to sponsored agreements should be completed on a Payroll 101 form. Payments for approved overload compensation arrangements should be made by submission of a Payroll 101 form.
 - 2.2 Under federal programs clerical salaries may be treated as direct costs only if they are "identifiable to a particular cost objective" and are explicitly budgeted for such services.
 - 2.3 In exceptional cases, where work on sponsored agreements is more appropriately performed on an overload basis, extra compensation may be authorized by the appropriate Vice President, subject to the following:
 - a) Recommendation and justification by the department head/chair and head (if applicable).
 - b) The compensation generally comes from grant/contract funds, and the grant/contract budget must include an authorization for the salary to be paid on an overload basis;
 - c) The Sponsor's policy will specifically allow such activity.
(Also see Section 807 for non-exempt personnel)
NOTE: Federal Circular A-21 guidelines prohibit extra compensation on federal projects.
 - d) For faculty members and exempt staff, the total annual overload pay authorized shall not exceed twenty percent of their base salary on an annualized basis (i.e., employees on nine month contracts would be annualized to eleven months. Employees on twelve month contracts would also be annualized to eleven months).
(Also see Section 806.)
3. **CONSULTATION PAYMENTS:** Intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time base salary. This 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.

3.1 In non-recurring, unusual situations, payment may be made if all of the following conditions are met:

- a) consulting is across department lines or at a separate or remote location;
- b) work performed is in addition to the regular departmental workload; and
- c) university employee consultants are specifically listed in the agreement budget or approved by the sponsoring agency in a separate document.
- d) The total annual additional compensation from all agreements does not exceed the overload limits specified in 2.2 above.

NOTE: The definition of the "regular departmental workload" will be defined by the respective Dean and Department Head of the faculty/staff member involved. Specifically, the sponsored activity cannot be met with a corresponding reduction in the faculty/staff member's departmental responsibilities to qualify as work in addition to the regular departmental workload.

4. The Office of Grant & Contract Accounting will review all additional compensation payments on sponsored agreements for allowability under the guidelines stated above.

HISTORY:

New	May 1996
Amended	April 2000
Amended	February 2001
Amended	August 2002
Amended	January 2007
Housekeeping	November 13, 2014