

JACKSONVILLE STATE UNIVERSITY
Manual of Policies and Procedures

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REVISION/REVIEW DATE:

SUBJECT: Extra Compensation for Sponsored Programs

APPROVED: Dr. Don C. Killingsworth, Jr., President

PURPOSE

This policy establishes Jacksonville State University's requirements for the compensation of faculty and staff whose salaries are charged to or committed on externally sponsored projects. It is designed to ensure compliance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ([2 CFR Part 200](#)), specifically 2 CFR § 200.430, and to provide a written institutional framework that is consistently applied to all sponsored projects regardless of funding source, as required by 2 CFR § 200.430(h)(4)(ii).

POLICY

I. SCOPE

This policy applies to all JSU faculty and staff whose compensation is charged to a sponsored project in whole or in part, and to all individuals who have committed effort to a sponsored project but who are not receiving direct salary support from that project (i.e., cost sharing). It applies to federal awards, federal flow-through awards, and non-federal sponsored projects. There are no exclusions based on appointment type, funding source, or percentage of effort.

II. DEFINITIONS

Institutional Base Salary (IBS) is the annual compensation paid by JSU for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS is established and documented in the individual's appointment letter or other written employment documentation and is updated whenever a change in appointment occurs.

IBS includes:

- Base salary for the primary appointment.
- Salary supplements associated with ongoing administrative appointments (e.g., department chair stipend) that are part of the individual's regular, continuing compensation.

IBS does not include:

- Extra service pay or overload compensation.
- One-time payments, bonuses, or merit awards.
- Honoraria.
- Housing allowances or other fringe benefits.
- Compensation earned from outside employment or consulting arrangements.
- Income earned from sources external to JSU.

IBS may not be increased as a result of obtaining sponsored project funding. IBS must be applied consistently for all activities compensated by JSU, whether sponsored or non-sponsored, in accordance with 2 CFR § 200.430(b).

Extra Service Pay (ESP) is compensation for services that are clearly documented as above and beyond the responsibilities encompassed by an individual's IBS. ESP represents overload compensation and is subject to the conditions and limitations set forth in Section VI of this policy.

Effort is the proportion of time an individual devotes to any activity for which JSU compensates that individual, expressed as a percentage of the individual's total compensated institutional activities. Total effort always equals 100%, regardless of the number of hours worked.

Committed Effort is the amount of effort proposed in a sponsored project application or otherwise committed to a sponsor in writing. Once committed, effort must be either directly charged to the sponsor or recorded as cost sharing. Committed effort may not be reduced without prior sponsor approval when sponsor terms require it. Voluntary uncommitted cost sharing—effort that is over and above what is committed in the proposal or award—is not required and should not be recorded or tracked, consistent with 2 CFR § 200.306.

III. IBS AS THE BASIS FOR COMPENSATION ON SPONSORED PROJECTS

All compensation charged to or committed on sponsored projects must be based on the individual's IBS. Charges to a sponsored project for an individual's salary may not exceed the proportionate share of IBS for the period during which the individual worked on the project. Total salary charges to a sponsored project, across all sources, may not cause an individual to be compensated in excess of 100% of their total compensated institutional effort.

Salary charges to sponsored projects are proposed in funding applications and initially established based on budget estimates. These charges are subject to after-the-fact review and certification to confirm that final amounts accurately reflect the work performed on the project, consistent with 2 CFR § 200.430(h)(8).

All compensation charged to sponsored projects must meet the federal standards of allowability, allocability, and reasonableness as required by 2 CFR §§ 200.403–405.

Fringe benefits charged to sponsored projects must be applied consistently and in accordance with JSU's approved benefit rates and 2 CFR § 200.431.

IV. COMPENSATION BY APPOINTMENT TYPE

A. Nine-Month (Academic Year) Faculty

Faculty on nine-month academic year appointments are compensated by JSU for the period of their appointment only. The summer period — defined as the three months outside the academic year appointment — is not included in the nine-month IBS period.

1. Academic Year Charges. During the academic year, salary charged to a sponsored project must be proportionate to the effort devoted to that project and may not exceed the proportionate share of the nine-month IBS. A faculty member's salary charged to one or more sponsored projects during the academic year, when combined with all other compensated institutional activities, may not exceed 100% of the nine-month IBS for that period.

2. Summer Salary — General Rule. Summer compensation from sponsored projects is allowable for work performed during the summer period. The rate for any single summer month may not exceed 1/9th of the faculty member's nine-month IBS in effect at the time the summer work is performed. The maximum summer compensation from all sources combined — including sponsored projects, summer teaching, administrative appointments, and any other JSU-paid activity — may not exceed 3/9ths (33.3%) of the nine-month IBS.

Example: A faculty member with a nine-month IBS of \$90,000 may receive no more than \$30,000 in total summer compensation from all JSU-paid sources. If that faculty member earns \$5,000 for a summer course, the maximum chargeable to sponsored projects is \$25,000.

3. The 33.3% Cap Is a Hard Ceiling. JSU's 33.3% summer compensation cap applies to total compensation from all sources. It is not a cap only on sponsored project charges; it is a cap on all JSU-paid summer compensation combined. When a faculty member receives any portion of summer pay from non-sponsored sources (summer teaching, administrative stipends, etc.), the maximum chargeable to sponsored projects is reduced accordingly. Exceptions to the 33.3% cap may not be granted when any portion of summer compensation is charged to a sponsored project.

4. Grantor-Imposed Lower Caps. Some federal awarding agencies impose caps on summer salary that are more restrictive than JSU's 33.3% institutional limit. When a grantor's terms are more restrictive, the grantor's limit governs and takes precedence over JSU's institutional cap. Faculty and the Office of Sponsored Programs must review the terms and conditions of each award before committing summer effort. Common grantor-specific restrictions include:

- National Science Foundation (NSF): Senior personnel are generally limited to no more than two months of their regular salary in any one year across all NSF awards, whether that time falls during the academic year or summer. For nine-month faculty, two months equals 2/9ths of IBS; for twelve-month faculty, two months equals 2/12ths of IBS (see also Section B(3)). This two-month limit applies in aggregate across all NSF-funded projects. Compensation in excess of two months requires disclosure in the proposal budget, justification in the budget narrative, and specific written approval from NSF in the award notice.

- National Institutes of Health (NIH) and HHS-funded awards: Salary charges may not exceed the NIH Executive Level salary cap in effect at the time of the award. When an individual's IBS exceeds the cap, the allowable charge is calculated based on the cap rate, not the IBS. The difference between the IBS and the cap rate may not be charged to sponsored projects and may not be used to satisfy cost-sharing commitments.
- Other sponsors: PIs must review award terms prior to proposal development and notify the Office of Sponsored Programs of any sponsor-specific salary limitations. The Office of Sponsored Programs maintains a record of known sponsor restrictions.

5. Non-Sponsored Activities During the Summer. Faculty on nine-month appointments may engage in non-sponsored activities during the summer (proposal writing, unsponsored research, student advising outside the scope of a funded project, curriculum development, committee service, peer review). Such activities may not be charged to any sponsored project. Because these activities are a normal part of faculty professional obligation, faculty charging 100% of a summer month to sponsored projects must be able to document that no non-sponsored institutional activities were performed during that paid period. Vacation time may not be taken during any period for which summer salary is being charged to a sponsored project.

6. Effort Proration. Summer salary charged to sponsored projects must be prorated to reflect the actual proportion of summer effort devoted to each project. Charging a flat monthly amount without regard to actual effort distribution across multiple projects or activities is not permissible. Effort and corresponding salary charges must be certified on the faculty member's effort report for the summer period.

B. Twelve-Month (Fiscal Year) Faculty and Staff

Faculty and staff on twelve-month appointments are compensated year-round. Their IBS covers all twelve months, and their sponsored project charges are governed accordingly.

1. Academic Year and Summer. For twelve-month employees, there is no distinction between "academic year" and "summer" for compensation purposes. All salary charged to sponsored projects is drawn from the twelve-month IBS. There is no additional summer salary available to twelve-month employees beyond their regular IBS, because they are already compensated for the full year under their appointment. A twelve-month faculty or staff member may not receive additional compensation from sponsored projects beyond what is proportionate to their effort, and the total of all sponsored project charges may not cause the individual's compensation to exceed their twelve-month IBS.

2. No Summer Supplement Available. A twelve-month employee may not receive summer salary supplements from sponsored projects in addition to their regular twelve-month compensation. Any arrangement structured to pay a twelve-month employee additional compensation beyond their IBS from sponsored project funds is not permissible without prior written sponsor approval and documentation that the work performed is clearly above and beyond the responsibilities covered by the twelve-month IBS, consistent with the Extra Service Pay requirements in Section VI.

3. Grantor-Imposed Caps. The same grantor-specific limitations described in Section A(4) above apply to twelve-month employees where relevant. For salary cap purposes (e.g., NIH), the applicable monthly rate is the annual cap divided by twelve, not the individual's monthly IBS rate, when the individual's IBS exceeds the cap.

C. CALCULATION SUMMARY

Appointment Type	IBS Period	Monthly Rate	Summer Additional Pay?	JSU Max Summer Cap	Grantor Limit May Apply?
9-month (AY)	Sept-May	IBS / 9	Yes, up to 3 months	33.3% of 9-mo. IBS	Yes - governs if lower

Appointment Type	IBS Period	Monthly Rate	Summer Additional Pay?	JSU Max Summer Cap	Grantor Limit May Apply?
12-month (FY)	July-June	IBS / 12	No additional summer pay	N/A	Yes - caps still apply

V. EFFORT CERTIFICATION

JSU maintains a system of internal controls, including a formal effort certification process, to provide reasonable assurance that compensation charges to sponsored projects are accurate, allowable, and properly allocated. Effort certifications must reasonably reflect the total institutional activities for which the individual is compensated and must encompass all sponsored and non-sponsored activities on an integrated basis.

Effort certifications must be completed and signed by the individual whose effort is being certified, or by a responsible official with direct knowledge of the work performed. Third-party or group certifications — in which an administrator certifies the effort of all individuals in a unit without direct knowledge of each individual's work — are not permissible.

Certifications must be completed within 90 days of the end of the certification period. Delinquent certifications must be escalated to the department chair and the Office of Sponsored Programs. The Office of Sponsored Programs is responsible for monitoring certification completion rates and reporting chronic non-compliance to the Office of the Provost.

Faculty and staff may not certify 100% of their effort to sponsored projects unless all non-sponsored institutional obligations (including teaching, service, advising, committee participation, sponsored program writing, and administration) have been fully accounted for or are documented as de minimis. Certification of 100% effort to sponsored projects is permissible when the individual's appointment is structured solely for sponsored project activity and approved as such in writing, and when non-sponsored institutional activities are genuinely absent.

As a practical matter, JSU recommends that certifications approaching 100% sponsored effort be carefully reviewed and documented, as most faculty retain some institutional obligations during the period being certified.

For federal awards, any reduction of 25% or more in the committed effort of key personnel requires prior written approval from the federal awarding agency, consistent with 2 CFR § 200.308(c)(1)(iii). Salary charges, budgeted effort, and certified effort must be consistent and reconcilable, as required by 2 CFR § 200.430(h)(8). See policy [I.01.21-Effort Reporting](#) for more information.

VI. EXTRA SERVICE PAY ON SPONSORED PROJECTS

Extra service pay charged to a sponsored project is allowable only when all of the following conditions, as required by 2 CFR § 200.430(h)(4), are satisfied:

1. JSU has a consistent written policy — this policy — governing extra service pay that applies uniformly to all faculty and staff, not only those working on federal awards.
2. JSU has established a consistent written definition of work covered by IBS, as set forth in Section III above, that is specific enough to determine conclusively when work beyond that level has occurred.
3. The extra service pay is for work that is clearly documented as above and beyond the individual's IBS-covered responsibilities.
4. The amount of extra service pay is commensurate with the IBS rate of pay and the additional work performed.
5. The total compensation, including extra service pay, falls within JSU's established salary structure and documented pay ranges.
6. Total salary charged to federal awards, including any extra service pay, is subject to the documentation standards of 2 CFR § 200.430(i).

Extra service pay on sponsored projects during an individual's regular appointment period may not exceed 20% of IBS for that appointment period without prior written approval from the Provost and Executive Vice President for Academic Affairs or designee, and where required, prior written approval from the federal awarding agency. This 20% threshold is JSU's institutional limit; it does not represent a federal ceiling and is more restrictive than what 2 CFR § 200.430(h)(4) requires.

Extra service pay may not be charged to a federal sponsored project as a mechanism for compensating a PI or key personnel who is already identified and budgeted on that same project. An individual may not be compensated as both an employee and a consultant on the same sponsored project.

VII. INTRA-INSTITUTIONAL CONSULTING

As a general rule, intra-institutional consulting is not separately chargeable to sponsored awards. Intra-institutional consulting by faculty is presumed to be an institutional obligation covered by IBS and requiring no additional compensation. Exceptions are narrow. Compensation above IBS for intra-institutional consulting is allowable on a sponsored project only in unusual circumstances where all of the following conditions are met: (a) the consultation crosses departmental lines or involves a separate or remote operation; (b) the work is in addition to the faculty member's regular responsibilities; and (c) such consulting arrangements are specifically provided for in the sponsored award or approved in writing by the federal awarding agency, consistent with 2 CFR § 200.430(h)(3).

VIII. SALARY CAPS

When a federal agency imposes a statutory ceiling on the rate of compensation that may be charged to its awards (e.g., the NIH Executive Level salary cap), JSU will apply the cap as the maximum chargeable rate. The individual's full IBS, not the capped rate, is used to calculate percentage of effort. The difference between the individual's IBS and the capped rate is paid from non-federal institutional funds and is not recorded as cost sharing unless explicitly committed as such in the approved award budget. The unallowable portion may not be used to satisfy cost-sharing commitments on any federal award.

IX. PROHIBITIONS

The following are expressly prohibited:

- Charging compensation to a sponsored project in excess of the proportionate share of IBS for the period worked.
- Increasing an individual's IBS as a result of obtaining sponsored project funding.
- Certifying effort that does not accurately reflect the work actually performed.

- Charging salary to a sponsored project during a period when the individual performed no work on that project.
- Processing retroactive salary transfers to sponsored projects without documented justification, approval, and completion within 90 days of the original charge unless exceptional circumstances are documented. When sponsor terms or agency requirements specify a shorter deadline for cost transfers, the more restrictive deadline governs.
- Allowing a PI to certify the effort of all project personnel as a group without first-hand knowledge of each individual's work.
- Charging administrative or clerical activities to a sponsored project is unallowable unless the conditions of 2 CFR § 200.413(c) are met, including that such costs are integral to the project, explicitly budgeted, and approved by the sponsor.
- Cost transfers must be timely, properly documented, and compliant with 2 CFR § 200.405(c). Transfers made solely to use unspent funds are unallowable.

X. ROLES AND RESPONSIBILITIES

Principal Investigators are responsible for: ensuring proposed budgets reflect accurate IBS rates and effort commitments; monitoring payroll charges throughout the award period; certifying their own effort and reviewing the effort of project personnel in a timely manner; and notifying the Office of Sponsored Programs of any significant changes in effort.

Department Chairs are responsible for: approving requests for extra service pay originating from their units; ensuring individuals in their units fulfill primary appointment responsibilities; and escalating effort certification delinquencies.

The Office of Sponsored Programs is responsible for: maintaining current IBS documentation for all sponsored project personnel; reviewing proposed compensation at time of proposal submission; monitoring compliance with this policy; maintaining records of any extra service pay approvals; and reporting material noncompliance to the Office of the Provost and, where required, to the cognizant federal agency.

The Controller's Office is responsible for ensuring payroll systems accurately reflect approved effort allocations and that salary transfers comply with this policy and applicable federal cost transfer requirements.

XI. DOCUMENTATION AND RECORDS RETENTION

The “Employee Contract for Extra Compensation” Form ([Form 46](#)) must be completed prior to the beginning of any activity for which the employee will receive extra compensation, and must include all extra compensation activities (excluding summer teaching and course overloads).

The Grant Accountant shall be responsible for collecting and maintaining Planned/Approved Workload for Extra Compensation Assignments (access form through MyJSU) from all related faculty. Again, all extra compensation activities of the related faculty personnel shall be listed on this form.

When an employee meets the criteria for extra compensation, a request for extra compensation may be submitted through the immediate supervisor, dean/director, and vice president. Requests for extra compensation must be approved in advance.

The “Request for Extra Compensation” form ([Form 45](#)) has been designed to summarize all existing demands on the individual’s time and to provide the dean / director and vice president with the information necessary to make a professional judgment on the extra compensation request.

All records supporting compensation charges to sponsored projects — including appointment letters documenting IBS, effort certifications, extra service pay approvals, and any sponsor approvals for overload compensation — must be retained for a minimum of three years following submission of the final financial report for the award according to 2 CFR § 200.334 or longer if required by the [State of Alabama Records Disposition Authority](#) or JSU Records Retention Policy [I.05.01](#).

XII. COMPLIANCE AND CONSEQUENCES

Noncompliance with this policy may result in disallowance of salary costs by the federal awarding agency, repayment obligations, audit findings, and jeopardization of JSU's eligibility to receive future federal awards. Individuals who knowingly certify inaccurate effort reports or charge compensation to sponsored projects in violation of this policy may be subject to disciplinary action up to and including termination and may face individual liability under applicable federal statutes including the False Claims Act.

RESPONSIBILITY

The Senior Vice President for Finance and Administration and CFO is responsible for this policy.

EVALUATION

This policy will be evaluated at least every five (5) years.