

Payment of Overload or Extra Compensation on a Sponsored Project

In order to comply with Federal guidelines and regulations that limit the payment of extra compensation, principal investigators and fiscal officers should not expect that an employee can be paid extra compensation from a grant-funded program, regardless of whether the compensation is budgeted on the grant. Any payment of extra or overload compensation is subject to university policy and requires administrative approval.

Alternative methods of compensating employees should be considered, such as reducing the employee's commitment on other sponsored projects or providing release time.

Federal guidelines (2 CFR 200.430) stipulate that compensation to a principal investigator or other personnel on a sponsored project cannot be paid in excess of that person's full-time equivalent salary (overload or extra compensation) except under specific circumstances:

- The extra compensation is a result of unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities.
- Any charges for such work representing extra compensation above the employee's institutional base salary (IBS) are allowable, provided that such consulting arrangements are specifically provided for in the Federal award or approved in writing by the Federal awarding agency.
- Where extra service pay is a result of the intra-institutional consulting as described above, it is allowable if all of the following conditions are met:
 - Overload compensation is subject to institutional compensation policies (administered by the Office of the Provost) for services above and beyond the person's institutional base salary.
 - The supplementation amount paid is commensurate with the IBS rate of pay and the amount of additional work performed.
 - The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing or otherwise applicable to the university.
 - The total salaries charged to Federal awards including extra service pay are subject to the Standards of Documentation as described within 2 CFR 200.

Principal investigators intending to provide extra compensation to employees budgeted on a sponsored project must fully disclose within their proposals for the sponsored project the intent to provide part or all of the compensation budgeted to that project as extra compensation and must justify that decision within the budget narrative. **Principal investigators should be aware that including this information in a budget does not necessarily constitute the agency approval referenced in 2 CFR 200.430 and that approval of extra compensation, even when budgeted within the proposal, is still subject to institutional policies and approvals.**

Attempts to pay extra compensation where it was not previously approved by the funding agency will require written approval by the funding agency.