

Office for Sponsored Programs Extra Compensation Policy

Summary:

Federal rules and regulations, including Federal Uniform Guidance (UG) found at 2 CFR 200, do not allow for an individual's [Institutional Base Salary](#) (IBS) to be increased as a result of obtaining grant funding. These federal rules and regulations also restrict the payment of overload, bonus or other supplemental payments outside the individual's IBS. The University of Alabama's (UA's) general policies regarding the allowability of supplemental compensation must always be followed and can be found in the [Faculty Handbook](#) and, for staff, in the Human Resources [Policy Manual](#). In addition, the following policy must be applied when salary is to be paid from a sponsored project.

Policy:

- I. **Salary Rate:** UG §200.430 Compensation—personal services, states that salary charges by faculty members during the academic year are allowable at the IBS rate. IBS is the annual compensation paid by UA for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income earned outside of duties performed for UA. More information regarding [Institutional Base Salary](#) at UA can be found on the [OSP Policies and Procedures](#) webpage.
- II. **Extra Service Pay** (supplemental compensation): During the academic year (or for 12 month employees) supplemental pay is only allowable if all of the following conditions are met:
 1. There is a consistent written definition of work covered by IBS which is specific enough to determine conclusively when work beyond that level has occurred. This may be described in appointment letters or other documentation.
 2. The supplementation amount paid is commensurate with the IBS rate of pay and the amount of additional work performed.
 3. The salaries, as supplemented, fall within the salary structure and pay ranges established by UA.

UA's written policies on supplemental compensation must be consistently applied to all funding sources and to all faculty members and staff. Supplemental pay is subject to UG §200.430 (i), Standards for Documentation, which UA meets through [Effort Reporting](#).

Intra-Institution consulting by faculty is assumed to be undertaken as an Institutional obligation requiring no compensation in addition to IBS. 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, supplemental compensation is only allowable if the consulting arrangement is:

 1. Specifically provided for in the Federal award or approved in writing by the Federal awarding agency.
 2. Consistent with compensation paid for similar work in other activities of UA. In cases where the kinds of employees required for sponsored project are not found in the other activities of UA, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.
- III. **Summer Salary** for Nine Month Faculty — charges for work performed by faculty members during periods not included in the base salary period will be at a rate not in excess of the IBS.