

## COMPENSATION FROM SPONSORED PROGRAMS

When funds are available and approved, academic faculty and other Montana Tech personnel may be compensated for time and effort spent in support of research and other sponsored projects. This compensation may be on an hourly or monthly basis, depending on the person's position type and the project duration.

For academic faculty, the compensation may take one of three forms: buyout of academic responsibilities during the academic year, summer research salary, or extra compensation. Faculty are also allowed to enter external consulting relationships, which are not paid by Montana Tech, which are limited to 20% effort or less during the academic year, and which cannot originate in or be passed through any office, center, department, or organization at Montana Tech. Faculty members who consult must have a current consulting form on file in the Chancellor's Office.

For other personnel, the sponsored program compensation would be in proportion to their documented time and effort (in percent for salaried personnel and by the hour for non-exempt personnel) on the sponsored program. Consistent with the nature of their appointments, if such staff members are non-exempt employees, who work overtime on the project, the overtime effort would be paid by the project.

After-the-fact time-and-effort reporting and verification is required whenever an individual is compensated from a sponsored project AND ALSO whenever an individual's effort is part of a match that Montana Tech has committed to a sponsored project.

### Buyouts

Faculty may use funding from sponsored projects to buy out of **academic** duties with prior approval of the Department Head, Dean, and Research Vice Chancellor. Approval must be obtained and the buyout documented BEFORE the start of the academic term involved.

Such buyouts are budgeted and conducted on the basis of the faculty member's overall academic duties for the semester in which the buyout applies. The percentage FTE of the buyout is to be proposed by the faculty member applying for the buyout, the "applicant", with concurrence from the applicant's department head. If the applicant is a department head, then the Dean must concur. The applicant's workload distribution among teaching, research, advising, and service must be specified on the Buyout Worksheet. The proposed percentage FTE of the buyout must be documented in terms of the specific duties within the applicant's normal academic workload that will be deferred so that the sponsored research can be successfully pursued. Note that per North-Campus faculty workload expectations, a 3-credit course would be budgeted as 25% of the academic semester workload. For South-Campus faculty, a 3-credit course would be budgeted as 20% of the academic semester workload. The buyout percentage will be multiplied by the faculty member's research position salary for the period to determine the salary budget required for the buyout.

Because of the buyout, the faculty member will receive the calculated percentage(s) of salary from the grant(s), and the remaining percentage of salary (adding to 100%) from the faculty member's academic position. Similarly, for non-faculty in professional positions, the calculated

percentage of salary would come from the grant and the remaining percentage of salary would come from the individual's department budget. For non-exempt staff, the project will pay for the hours the staff member works on it. In all cases, this buy out frees up funding from the budget line for the faculty or staff member's position. This freed up funding will be allocated first to pay the salary or wage needed for course coverage or other fill-in. The remaining funds will be split: 70% to the department account (or split between the appropriate department and program accounts), 15% to the dean's or director's account, 10% to the Research Office account, and 5% to the Budget and Human Services Department.

In all cases, the grant budget should include the buyout salary amount along with the appropriate additional percentage for benefits. The Director of Sponsored Programs will prepare a spread sheet documenting the buyout and the associated allocations.

### **Summer Research Salary**

Charges for work performed by faculty members on sponsored agreements during the summer months will be determined by time and effort for each faculty member at either the academic position base or research position base salary for the previous academic year, divided by the period to which the salary relates (e.g., for two months of summer effort, a faculty member on a 9-month appointment would receive a salary of 2/9 of the base salary; while a faculty member on a 10-month appointment would receive 2/10 of the base salary).

Under no circumstance may the amount of time compensated by the university during the summer for research, teaching, and all other service exceed 3 months (for faculty with 9-month appointments) or 2 months (for faculty with 10-month appointments). Thus, total summer compensation from the University may not exceed 3/9 of the academic or research base salary in proportional combination reflecting the split of effort between grant-funded research and academic duties. Summer research salary may be further limited by the funding agency to less than the maximum. Based on these limitations, faculty are not allowed to receive overload pay or extra compensation during the summer.

The policy on consulting (section 219 of the *Faculty/Staff Handbook*) applies to the contract year period, typically 9 or 10 months for faculty and 12 months for administrators and professional staff. Faculty, who are not receiving summer compensation from Montana Tech, are free to consult without limit during the period they are "off contract." Faculty, who are compensated for summer teaching, are subject to the same limitations as during the contract year: no more than 8 hours per week that they are teaching, and unlimited during weeks they are not teaching. Faculty with summer compensation from sponsored projects shall not consult during the time they are paid full-time from the grant or contract: no summer consulting is permitted if the faculty member is receiving the maximum allowed number of months (2 or 3 for 10- and 9-month contracts, respectively) of sponsored-program compensation. If the faculty member is not receiving summer compensation for the maximum amount of time, consulting time is limited to either: full weeks during which the faculty member is NOT compensated by the sponsored project; or to a percentage of effort for any week, if the faculty member's summer research commitment and compensation is for a certain percent effort. For example, a faculty member committed to 75% effort on a grant throughout the summer, would not be allowed to consult more than 25% x 40 hours or 10 hours per week. If research compensation of 75% effort is during

the month of June, then the consulting limit of 10 hours per week would be in place throughout June, with no limits during the rest of the summer. **Faculty whose summer activities include grant/contract-funded compensated research through Montana Tech AND independent consulting MUST keep excellent time-and-effort records, showing the consulting time and sponsored-program time for each week of the summer that compensation from both sources is received, and submit a copy to the Office of Sponsored Programs at the end of the summer. In all cases faculty, who are consulting during the summer, shall fulfill their compensated responsibilities to Montana Tech and ensure that the names of their clients are disclosed in their “Permission to Consult” Form (Appendix E of the *Faculty/Staff Handbook*).**

### **Extra Compensation**

This extra compensation provision applies to work performed on sponsored agreements by faculty members during the academic year. Extra compensation on sponsored activities must comply with Board of Regents policies, Montana Tech policies and federal regulations. Typically, extra compensation is NEITHER requested nor approved as a means to supplement a PI’s or co-PI’s salary from his/her own sponsored activity. Extra compensation must be planned and included in the proposed project budget and narrative, or explicitly approved by the sponsor in writing. Requests for extra compensation must be routed through the Office of Sponsored Programs Director, and approved by the Department Chair, Dean/Director, Provost, Vice Chancellor for Research, and Vice Chancellor for Administration and Finance.

Consistent with federal regulations, in no event will charges to sponsored agreements exceed the proportionate share of the base salary for that period. This principle applies to all members of the faculty at an institution. According to Federal regulations (2 CFR Chapter 2 Part 200.430(h)3) “Intra-IHE<sup>1</sup> 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 faculty member 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 Federal award or approved in writing by the Federal awarding agency.**”

Also, in accordance with Federal regulations, charges for work performed on sponsored agreements by faculty members having only part-time appointments will be determined at a rate not exceeding that regularly paid for the part time assignments.

### **External Consulting**

Faculty may engage in a limited amount of external consulting in accordance with Policy 401.1 of the Board of Regents of Higher Education of the Montana University System and Section 219 of the *Faculty/Staff Handbook* ([http://www.mtech.edu/about/facultystaff/Fac\\_staff\\_Handbook.pdf](http://www.mtech.edu/about/facultystaff/Fac_staff_Handbook.pdf)). Such private consulting is defined as any additional activity beyond duties assigned by the Institution, professional in nature and based in the appropriate discipline for which the faculty member receives additional personal compensation directly from an external entity during the

---

<sup>1</sup> This regulation is the new “Omnibus Circular” and it uses the acronym IHE for Institution of Higher Education. IBS is “Institutional Base Salary.”

academic or contract year. The consulting is not permitted to interfere with the performance of regular institutional duties. Permission for such private consulting will normally be granted only after all academic responsibilities, including instructional and research activities, are fulfilled, and shall be obtained from the Department Head, Dean, Vice Chancellor for Research, Vice Chancellor for Academic Affairs, and the Chancellor. Consulting services performed during the summer by faculty with academic-year appointments are not limited. Under no circumstances will Montana Tech provide faculty with compensation for external consulting. This compensation flows directly from the external entity to the faculty member.

Prior to engaging in external consulting activities, faculty are required to complete and submit to the Chancellor the Request to Participate in Consulting Activities form, available in the *Montana Tech Faculty/Staff Handbook*. If the faculty member receives or anticipates receiving more than \$5,000 during the calendar year for consulting, the source must be disclosed on the faculty member's conflict-of-interest disclosure.

## I. TIME AND EFFORT REPORTING

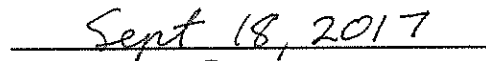
Time and effort reporting is required for individuals receiving compensation from or involved as "cost share" in externally funded work. Time and effort reports are to be completed each academic term and in the summer and submitted to the Office of Sponsored Programs to maintain as part of the sponsored project's financial documentation.

Time and effort is reported as the proportion of time spent on any activity and expressed as a percentage of the total professional activity for which an individual is compensated by the University. Time and Effort is NOT based on a standard 40 hour work week. It is based on the total amount of time the faculty member or employee spends on activities compensated by the institution. For some faculty this could be 60+ hours a week and this would still represent 100% effort. Thus, a person who spends 40 hours per week, total, including 10 hours per week on a project would report effort on that project as 25%. Another person, who works 60 hours per week, including 10 hours per week on a specific project, would report 17% effort on that project.

## II. EFFECTIVE DATE

This policy is effective August 1, 2017.

  
Donald M. Blackketter, Chancellor

  
Date