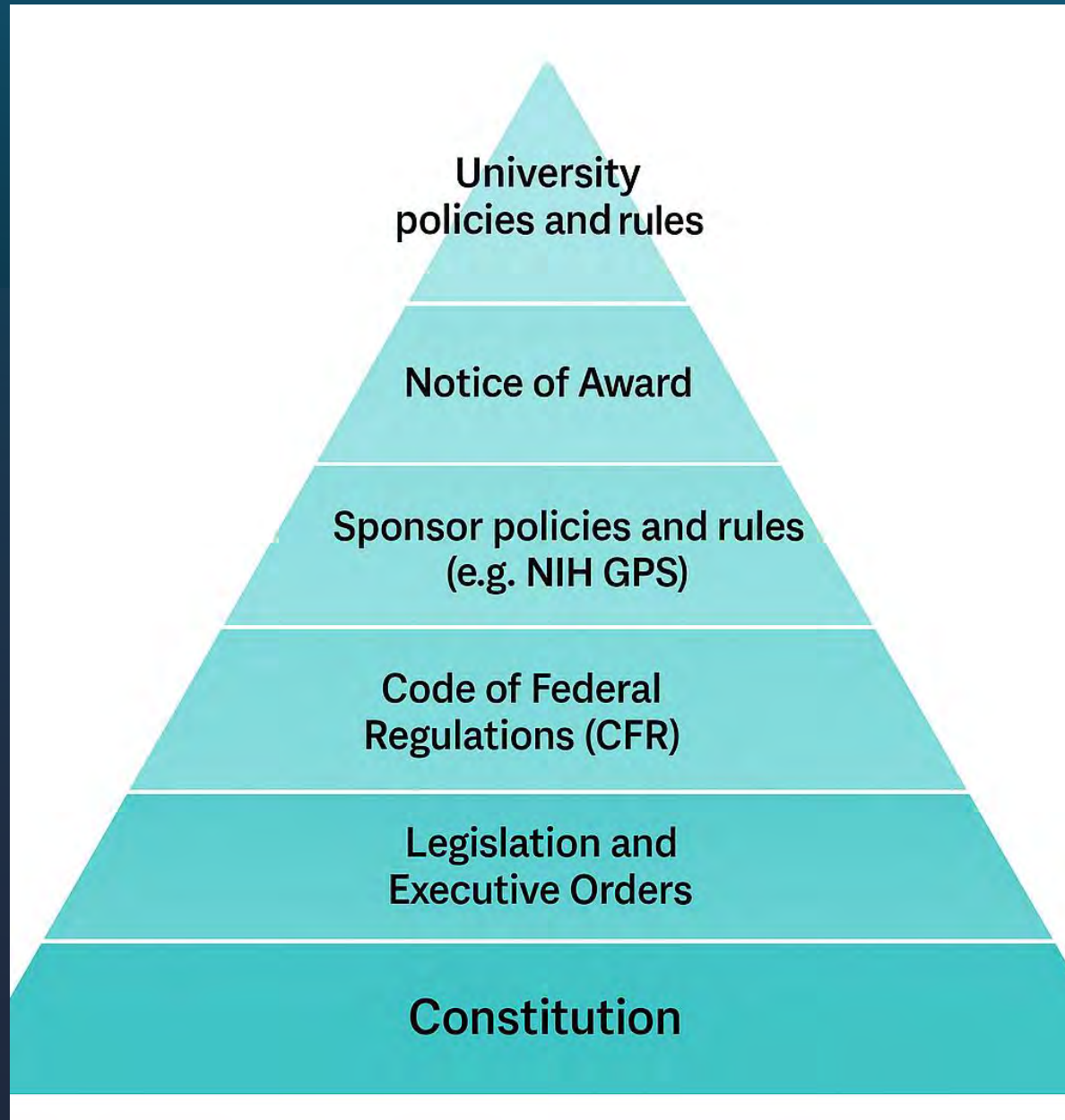


# Common Pitfalls in Individual Compensation Using Grants

Presenters:

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Ryan Mobley, CRA, CFRA, CPRA



# Types of Payments

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Salaries

Wages

Stipends

Special Compensation

See [PI Handbook #1 and #2](#) for more details.



# Types of Payment Defined

**Salaries:** For work. Paid a fixed amount at regular intervals.

**Wages:** For work. Paid a fixed hourly rate, but total pay reflects hours worked.

**Stipend:** For training. Typically, a fixed amount paid at regular intervals.

**Special Compensation:** One-time, non-recurring payment for work performed outside normal job duties.

# Salary

## Summer

- Contractual
- Up to 2.5 months for 9.5-month faculty members.
- Specific rules apply to administrative staff and senior administration (e.g., Chairs and Deans).
- **Added to the faculty member's 9.5-month contract.**

## Academic Year

- Release Time
  - Research replaces other duties such as teaching or administrative commitments.
  - Paperwork needs to be submitted and approved.
  - **Does not add to salary.**

# Case Study: Faculty Summer Salary

**A faculty member reports in October 2024 that they worked two months (June-July 2024) but he was not paid.**

**He want to know why.**

# Case Study: Faculty Summer Salary

## Contract

Contract Required (EPAF Entry)

## Ensure

Ensure contract is submitted and signed prior to the summer session start dates as identified by Academic Affairs.

## Submit

Submit biweekly timesheets!

## Consult

Consult with department admins if pay is overdue.



## Case Study: Payment Rate

A Morgan faculty member is the **PI** on Grant ABC. Her 9.5-month salary is \$98,820 (\$60/hour). Grant ABC is paying the Morgan faculty member **\$12,000** for 200 hours effort during the summer. Her **Co-PI** at Carnegie Mellon is paid **\$16,000** for 200 hours effort (\$80/hour).

The PI wants to know why she isn't paid more than, or at least equal to, the Co-PI at Carnegie Mellon.



## Case Study: Payment Rate

The federal government requires each university to pay their faculty members, using federal funds, the same rate as their university-funded contract. In other words, we cannot be more generous using federal dollars than we are with our university dollars.

The reason the Co-PI at Carnegie Mellon is paid more is because their university-funded salary is greater than the MSU PI's salary.

# Case Study: Contract Processing Timeline

**A faculty member submitted their summer contract EPAF, but it has not been signed by the ORA for 8 days.**

**What is going on?**

# Case Study: Contract Processing Timeline

For the summer contracting period hundreds of contracts come through the Office of Research Administration's **two** Budget Officers. It is possible they haven't had a chance to attend to it yet, but more likely they entered EPAF comments for your review.



Please:

Check your EPAF comments  
section

If no comments are present, and it is not high-season, after one week please contact Dr. Manyara and Ms. Shine-Lee.

## Case Study: Student Payments

**A student was supposed to receive \$4,000 in stipend support this semester (\$1000 per month), but they did not receive the funds as requested.**

**What could have gone wrong?**

# Case Study: Student Payments

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Stipend requests must be submitted 30 days in advance of the requested payment date using [ORA's DocuSign Powerform](#).

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Stipends are paid either by check or direct deposit. If direct deposit isn't setup the check may be physically available with the University Bursar's Office.

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A student must have a social security number to receive stipend support.

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It is possible the stipend request was not been approved in DocuSign.

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If the student has a tax debt with the State their stipend will be applied to that debt.

## Case Study: Student Payments #2

**A PI has enough funding to pay a student 40 hours per week during the Fall semester. He submitted a PF-10 request to pay the student, but it was rejected.**

**Why?**

## Case Study: Student Payments #2

During the academic year, students are only allowed to work 20 hours per week across all contracts.

During the summertime, students can work up to 40 hours per week.

If students work more than 40 hours per week, their hourly rate should be 50% higher than their standard hourly rate for each hour of 40 hours in one week.



## Case Study: Student Payments #3

**A student is paid as an undergraduate research assistant on Grant #1. The PI of Grant #2 wants to provide stipend support to the same student at \$1,200 per month. The stipend support request was denied.**

**Why?**

# Case Study: Student Payments #3

A student cannot be paid as a contractual employee and receive stipend support concurrently.

The philosophy behind providing stipends is to allow students to focus on their studies rather than on employment.

# Student Payment Rates

**A PI wants to pay their undergraduate student a wage of \$50/hour using his Department of Defense grant.**

**Is that allowable?**

# Student Payment Rates

Some agencies have strict guidance on wage and stipend support rates. If so, we must abide by those restrictions. If not, it is best to follow certain norms.

For example, NIH NRSA awards do not allow for stipends greater than \$1,195 monthly for undergraduate students.

# Suggested Wage & Stipend Rates (2023)

## Wages

- Undergraduate: \$15-\$20 per hour
- Graduate: \$18-\$23 per hour
- Doctoral: \$20-\$25 per hour

## Stipends

- Undergraduate: \$1000-\$1500 per month
- Graduate: \$1500-\$2000 per month
- Doctoral: \$2000-\$2500 per month

## Supplemental Pay

**A faculty member has both a 9.5-month faculty contract and 2.5-month grant-funded summer contract. She has enough funds to be paid an additional 2 months in the same academic year.**

**Does she need to request release time or can she simply be paid the additional 2 months?**

# Supplemental Pay

The faculty member would be required to submit for release time as she cannot exceed 100% effort while on federal grants.

[2CFR200.430](#)



# Extra Service Pay in Uniform Guidance

Extra Service Pay laws for Institutes of Higher Education (IHE) are detailed in Uniform Guidance (2CFR200.430).

It is subject to institutional compensation policies for services beyond an individual's IBS duties.

The IHE must have a written definition of work covered by IBS.

Supplemental Pay rate must be commensurate with IBS pay rate and additional work performed.

Total salaries, including supplemental/extra pay, must remain within established pay ranges set by the IHE.

## Supplemental Pay #2

**A PI has a substantial amount of funding left in his grant budget. He does not have enough admin support from his department. Therefore, he would like to use those funds to provide a secondary contract to an existing full-time MSU admin in his department to handle his grant activity.**

**Is that allowable?**

# Supplemental Pay #2

Uniform Guidance is very clear on this issue. An individual is not allowed to be compensated beyond 100% of their institutional base salary (IBS). For full-time admin staff, their base contract is considered 100% of their IBS.

[2CFR200.430](#)

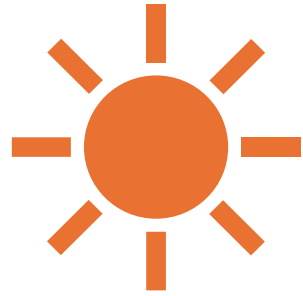
# Faculty Summer Contract Calculations

**A faculty member has a 9.5-month contract for \$100,000. Given this information, what is the maximum amount she could earn through summer contracts?**

**What would be her maximum hourly rate if the summer period has 52 working days?**



# Faculty Summer Contract Calculations



## Maximum Summer Salary

$$\$100,000 * 26.3\% = \$26,300.00$$

26.3% is determined by dividing the summer months (2.5) by the academic months (9.5)



## Maximum Hourly Rate

$$\$26,300.00 / 416 \text{ hours} = \$63.22 \text{ per hour}$$

416 hours is 52 working days at 8 hours per day

