

## Guidance for Budgeting and Charging Salaries to Sponsored Projects at USM

Sponsors expect to see documented effort for the projects they fund, so all named project personnel, including Principal Investigators/Project Directors (PIs/PDs), should have effort budgeted and charged to funded projects as a direct cost.

Per “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (often called “Uniform Guidance” or just “UG”), compensation for activities related to a funded project is allowable (2 CFR 200.430).

- The amount charged to a project must be consistent with the effort expended on the project and can include activities contributing directly to the funded work, such as conducting research activities, writing reports and journal articles, developing and maintaining protocols (IRB, IACUC, etc.), managing data, participating in related seminars and conferences, and consulting with colleagues and graduate students about the funded activities.
- Compensation on a sponsored project is allowable at a rate not to exceed normal institutional base salary. Additional pay is allowed ONLY if services are beyond normal job expectations (such as consulting outside of one’s unit or performing work outside of one’s normal job duties).
- Effort spent on the project is documented in accordance with university and UG standards. USM’s salary verification process meets these standards. (Note that *actual effort* on the project might differ from *budgeted effort*, and documentation requirements are for actual effort spent.)
- Compensation paid from sponsored projects does NOT include time spent writing grant proposals, teaching and advising, or performing service work. Therefore, compensation from all sponsored projects should total *less than* 100% for most people.
- Hiring an adjunct to cover a course buyout is not considered an activity directly benefiting a funded project as required by the UG; however, salary savings generated from the sponsored project can be used for the adjunct. Unit heads should contact their Dean to discuss options.

USM’s “[University Policies Governing External Support](#)” affirms that charging the sponsored project for effort expended on a funded project is an expectation. A recommended minimum level of effort is 2%.

There are some exceptions when salary should **not** be charged to a sponsored project:

- The sponsor does not allow, or limits, that category of cost.
- Effort is minimal and part of ordinary responsibilities (such as supervising a graduate fellowship or consulting with a departmental colleague).
- General and routine clerical and administrative costs are not allowable.

### National Science Foundation (NSF)

NSF regards research as one of the normal functions of a university. In general, NSF limits proposal budgets to no more than two months of regular salary for all Senior Personnel, and across all funded NSF projects, in any one year. This is usually budgeted and expended as summer salary, but it doesn’t have to be. If awarded, salary can be rebudgeted so that compensation is more than or less than the two budgeted months. See NSF’s most current [Proposal and Award Policies and Procedures Guide \(PAPPG\)](#) for full discussion of salaries.