

Charges for salary and wages to sponsored agreements are prescribed by Federal regulation and specific sponsor requirements. The general principle is labor charges must be reasonable, allocable and allowable. Specific requirements are outlined in [Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards](#), sponsor manuals, such as [National Science Foundation Proposal and Award Policies and Procedures Guide](#) and [National Institutes of Health Grant Policy Statement](#) and awarding documents.

General Principle of Reasonable

For labor charges to be reasonable the charged work must be necessary to complete the scope of work, and amounts charged must be consistent with services provided.

General Principle of Allocable

Labor charges are assignable to a project in the proportion of effort expended on that particular project, and at the time the work is performed. Employees may not shift payment for work earned during one period to another period or from one project to another project.

A secondary principle of allocable is individuals normally considered to provide indirect services may not be directly charged to sponsored projects. This pertains to administrators and clerical employees. These employees may not be directly charged to sponsored agreements, unless the university has documented the transaction as an exception to the Uniform Administrative Requirements. The university's [Cost Accounting Standards](#) describes the documentation necessary to direct charge services of these employees.

General Principle of Allowable

In addition to being reasonable and allocable labor charges must meet specific Federal and sponsor requirements. Federal requirements outline permissible charges for faculty and other employees.

➤ Faculty Charges during the Academic Year

Faculty members are permitted to charge a percentage of institutional base salary to sponsored project for the proportionate share of work performed on the sponsored agreement. In no event may charges exceed the proportionate share of base salary for that period, unless the faculty is performing intra-university consulting as outlined in

➤ Faculty Labor Charges during the Summer Outside an Academic Contract

Faculty members with academic appointments may charge sponsored agreements at the same rate of institutional base salary from the prior year with the exception of instructional services. Instruction rates are paid in accordance with [ACD 510-03 Faculty Appointments for Summer Sessions](#).

➤ **Part Time Faculty Appointments**

Part time faculty may use sponsored work to increase his or her Full Time Equivalency to that of full time. For example, a faculty member with a 75% appointment earning \$7,500 could work an additional 25% on a sponsored agreement and earn an additional \$2,500.