



Policy Statement

Office of Sponsored Research

Section 500: Award Management

OSR Policy 500.6 — Personnel Expenditures

Responsible Officer: Director
Responsible Unit: Award Management
Effective date: July 1, 2008
Last revised on: November 4, 2008

Policy Statement

Significant variations in policy directives from sponsoring agencies mandate that each be consulted for authoritative guidance on acceptable expenditures. The guidelines provided in this and subsequent policies are not all inclusive, nor do they consistently apply to every sponsored project. However, they do serve to inform researchers of the University's common approaches for managing several types of expenditures.

Careful consideration is required in planning budgets to account for each expenditure. Budgetary cushions or allowances for unexpected expenditures (commonly known as “padding”) are not allowable cost elements to Federal agencies. This does not preclude the utilization of reasonable escalation factors applied to cost elements such as salaries and wages or supplies.

I. Expenditures Regarding Personnel

1. Salaries and Wages

All personnel commitments are handled in conformity with established University salary and wage policies. Budgetary data contained in a proposal does not in any way supersede such policies.

Salaries, wages, and related costs are allowable as a direct cost to the extent that they are reasonable, conform to the established University salary and wage policy, and are certified in PARS (University Personnel Activity Reporting System) according to the percent of the employee's FTE (full time equivalent) effort. Amounts charged to contracts and grants are based upon the University payroll. After-the-fact effort certifications are also required by the federal government to sustain the distribution of effort for professional and staff members.

Overtime for professional personnel is not permitted. [Overload or “one-time” payments](#) for additional duties unrelated to an employee's regular responsibilities are governed through the Office of Human Resources ([OHR](#)). Overtime for non-professional personnel is allowable to the extent approved by the awarding agency. The Office of Sponsored Research ([OSR](#)) is to be notified immediately of any situation which may require incurrence of significant overtime. In cases of salaries charged partly to grant or contract funds and partly to institution funds, overtime premium costs must be proportionate to that of the



funding sources.

Congress has imposed a limitation on the amount of annual reimbursement of direct salary for individuals on grants, cooperative agreements, and contracts awarded from some Federal agencies. This salary cap is an annual requirement that is subject to change with each congressional appropriation. If an individual's annual salary is greater than the federal salary cap(s), the difference in effort *must* be cost-shared.

2. Unallowability of Honoraria

An honorarium payment is characterized by the primary intent to confer distinction upon an individual. Payments of this nature are unallowable charges to sponsored research. In addition, the term "honorarium" should not be used to refer to consultant services.

3. Stipends

Stipends for fellows and trainees are permissible only on training or fellowship grants. Payments to individuals working on Federal research projects, including graduate students, are considered salary payments; and must be reflected as such on the personnel activity report.

Reason for Policy

The University offers this policy to provide clarification and guidance as to University practices regarding expenditure inquiries about personnel issues, in conjunction with Federal regulations governing allowability.

Exclusions/Exceptions

1. Because of the inconsistent nature of possible exclusions and exceptions, allowability of any deviations from the general guidelines is determined on an individual, case-by-case basis, in concert with the assistance of the administrating [Award Manager](#) in OSR.
2. University employees are not considered [independent contractors](#), thus, their efforts on UNC-sponsored projects effectively represents a donation of services.

Collaborating across departmental lines is expected to be nominal and conducted using the individual's free or uncommitted time over and beyond that required to fulfill basic faculty responsibilities. Effort of this nature cannot be disproportionate or unreasonable in light of the faculty member's other research and instructional commitments.

Procedures and Related Policies

- [OSR Policy 500.7 Cost Sharing](#)

OSR Research Tool Kits



None.

Contacts

Questions and concerns can be submitted online at [Ask OSR](#) or by using the [OSR staff directory](#). Within [RAMSeS](#), the “*Speak to Someone*” option assists in locating the staff member best suited to address project-specific issues.

References

 [Research Administration Glossary at Carolina](#)

- [1.](#) The Internal Revenue Service, Businesses, *Independent Contractors vs. Employees*.
- [2.](#) Finance Division, *DDD – Policy for Paying Independent Contractors*.
- [3.](#) OMB Circular A-21. *Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions*. Sections J10, a-e and J37.

Revision History

Prior Revisions: The policies in the *Office of Sponsored Research Policies & Procedures Manual* supersede any OSR policies, procedures and appendices previously included in the *University Business Manual*, a publication of UNC Chapel Hill’s [Division of Finance](#).

