




Mississippi State  
UNIVERSITY

## MEMORANDUM

**TO:** Vice Presidents, Deans, Directors and Department Heads and Principal Investigators

**FROM:** Marc McGee, Director 

**DATE:** February 5, 2008

**SUBJECT:** Supplemental Salary Payment from Sponsored Projects  
(Updated from Memo dated May 16, 1998)

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Extra compensation payments from restricted funds (e.g. grants and contracts) is heavily regulated. OMB Circular A-21 section J.10.d specifically states "... in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load, any charges for such work representing extra compensation above the base salary are allowable provided that such consulting arrangements are specifically provided for in this agreement or approved in writing by the sponsoring agency."

With OMB Circular A-21 providing guidance for institutions accepting Federal funding and Generally Accepted Accounting Principles requires consistent treatment in like circumstances, the above referenced citation applies, generally, to all sponsored agreements.

The Office of Sponsored Programs Administration encourages you to work closely with your designated Sponsored Programs Administrator when preparing proposal budgets. The proposal budget should specifically highlight requests for supplemental salary and provide substantial justification for such request in the budget narrative. Ultimately, prior to charging supplemental salary to a sponsored agreement, specific approval from the sponsor must be documented.

In addition to external regulations pertaining to extra compensation, the University maintains a policy on supplemental salary on the HRM "Tool Kits and Learning Resources" website. The University policy must be adhered to in all supplemental salary transactions but is complementary to external regulations when sponsored agreements are the source of the funding.

The Sponsored Programs Accounting will audit supplemental salary payments from restricted funds monthly providing a list of audit exceptions to the Office of Sponsored Programs Administration for analysis and resolution.

If you have questions or concerns, please contact the Office of Sponsored Programs Administration.

### **Sponsored Programs Administration**

P. O. Box 6156 • 133 Etheredge Hall, Hardy Rd. • Mississippi State, MS 39762 • (662) 325-7404 • FAX (662) 325-3803