

Name of Policy: <u>Faculty and staff compensation and budgeting for sponsored programs</u>		 <p>Effective date: April 6, 2021</p> <p>Original effective date: February 11, 2011</p>	
Policy Number: 3364-70-18			
Approving Officer: President			
Responsible Agent: Vice President for Research			
Scope: All University Campuses			
<input type="checkbox"/>	New policy proposal	<input type="checkbox"/>	Minor/technical revision of existing policy
<input checked="" type="checkbox"/>	Major revision of existing policy	<input type="checkbox"/>	Reaffirmation of existing policy

(A) Policy statement

The University of Toledo (University) is committed to consistent, accurate, reasonable and allowable cost projection and allocation in sponsored program budgeting.

(B) Purpose of policy

This policy provides guidance for budget development of proposals submitted on behalf of the University and budget administration of awards received by University from external sponsors, in order to comply with federal regulations as described in 2 CFR 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance), University policy, state and local law.

(C) Scope

This policy is applicable to all faculty and staff involved in budget development and budget administration of externally sponsored programs from all sources (e.g., federal, state, industry).

(D) Definitions

- (1) **Institutional Base Salary (IBS):** The compensation paid by the University for an employee’s appointment whether that individual’s time is spent on research, teaching, administration, patient care, creative work, service, or other activities. The compensation relevant in determining IBS is the amount guaranteed and fixed in advance by the appointment letter or employment agreement and paid through the University payroll system. IBS does not include overload teaching, monetary awards, practice plan compensation paid outside of the University payroll system, extra compensation, bonuses, one-time payments, incentive pay, or compensation earned for services performed external to the University, including consulting.

- (2) **Academic Year Base Salary (AYBS):** The portion of IBS paid during the academic year as defined by the employee's appointment letter or agreement (e.g. 9, 10, 11, or 12 months). AYBS is the sum paid in consideration of the normal services rendered by the University employee and determines the maximum rate that can be charged to sponsored projects. AYBS includes the academic year (AY) portion of IBS, administrative appointment salaries and stipends and/or the AY portion of an endowed professorship and/or endowed chair appointment salary. AYBS excludes summer (non-academic year) salary and non-AY portion of administrative stipends and salaries. A 12-month appointee's IBS will usually be equal to their AYBS. When salaries are budgeted for sponsored programs, associated fringe benefit costs must be included at the university-approved rate unless limited by the sponsor.
- (3) **Sponsored Projects:** Activities originated or conducted by University faculty or staff supported wholly or in part by external restricted funds awarded to the University. Definitions of activities are found in policy 3364-70-23, Facilities and Administration Costs policy. Such activities include, but are not limited to, Sponsored Instruction and Training, Organized Research and Other Sponsored Activities.
- (4) **Research:** Systematic investigation, including research development, testing and evaluation, designed to develop or contribute to generalizable knowledge. Scholarship is the practice of advancing, preserving and disseminating knowledge and thought through study, reflection, and engagement that extends beyond traditional instructional activities. Research and scholarship are used interchangeably in this policy.
- (5) **Cost Share:** University defines cost share, regardless of form (e.g., cash, effort and associated compensation, in-kind, tuition remission, equipment time) as one of three categories as described below.
 - (a) **Mandatory Committed:** Required by the sponsor with commitments documented in the proposal, award or contract. Costs must be documented as required by the Office of Research & Sponsored Programs (ORSP) and Grants Accounting. Effort for this category is included in effort certification.
 - (b) **Voluntary Committed:** Not required by the sponsor but committed by the University to the sponsor as part of a grant proposal, award or contract. Costs must be documented as required by the Office of Research & Sponsored Programs (ORSP) and Grants Accounting. Effort in this category may be included in effort certification.
 - (c) **Voluntary Uncommitted:** Cost share is not required by the terms of the sponsored program and is not included or budgeted for as part of the sponsored program. Effort for this category may be monitored by departments for workload assessment but costs are not budgeted or documented by ORSP or Grants Accounting.

(E) Allowable costs

Expenditures associated with sponsored projects must adhere to the most restrictive of the specific university-approved award agreement, sponsor policies and University policies. It is the Principal Investigator's (PI's) responsibility to ensure that expenditures are allowable, reasonable, necessary, and reimbursable by the sponsor.

Sufficient documentation to support each expenditure should be retained as required by ORSP, Grants Accounting or sponsor.

(F) Compensation from sponsored projects

Compensation to University faculty or staff from externally sponsored program grants, agreements or contracts must be paid through the University payroll system.

Uniform Guidance states that compensation charged to a sponsored program should be reasonable and consistent with earnings for similar work expected for that person's appointment, which is defined by the Academic Year Base Salary. The maximum compensation that can be requested in a sponsored project budget is the individual's AYBS multiplied by the percent effort committed to the Sponsored Program.

- (1) Summer Compensation: Faculty and staff may request summer compensation from a sponsored program if their appointment is less than 12 months. If permitted by the sponsor, faculty may request up to three months for a nine-month appointment, two months for a ten-month appointment, and one month for an eleven-month appointment. Personnel will be required to complete effort certification to confirm that they performed the work within the period covered by the summer salary.
- (2) Part-Time Employment: For faculty and staff working part-time or on reduced hours, AYBS will be calculated based on adjustment to a 100% or full-time equivalent (FTE).
- (3) Sponsor Salary Caps: If federal or nonfederal sponsors have a salary rate cap that would limit the amount of AYBS that can be used as a basis for charging salary to their projects, the requested salary support is determined by multiplying the proposed level of effort by the maximum AYBS allowed by the sponsor.
- (4) Emeritus Faculty: Compensation for emeritus faculty from sponsored programs shall use the academic year appointment rate, excluding stipends, that was in effect immediately preceding retirement. Reasonable cost-of-living adjustments may be allowed in conformance with University practices.

- (5) Extra Service Pay (ESP), often referred to as extra compensation: The University abides by all restrictions in Uniform Guidance, sponsor guidelines, and University policy in determining if ESP is allowed for sponsored programs. Extra compensation is also addressed in UT policy #3364-25-59, Compensation and Salary Administration.
- (a) Faculty: Full-time faculty members should not expect ESP for work associated with research activities. Work on sponsored projects either within the department or across departmental lines is expected to be undertaken as a University obligation requiring no ESP. ESP for sponsored projects is not allowable in the non-Academic Year period.

In unusual cases, charges from sponsored programs for work representing ESP above the base salary may be allowable only when all of the following conditions are met:

- (i) Documentation is provided that the work exceeds the responsibilities covered by IBS;
 - (ii) When approval for ESP is required by the sponsor, approval must be requested and received by ORSP directly;
 - (iii) The aggregated total of ESP from all sponsored program sources over the fiscal year does not exceed 20% of the employee's AYBS;
 - (iv) The compensation complies with collective bargaining agreement restrictions or requirements;
 - (v) ESP is approved by the dean, provost, and Vice President for Research;
 - (vi) In addition to the conditions above, for intra-institutional consulting, the activities must include consultation across departmental lines or involve a separate or remote operation.
- (b) Staff: ESP is not generally permitted on funded projects, except under unusual circumstances. Charges for work representing ESP above the base salary may be allowable only when all of the following additional conditions are met:
- (i) Documentation is provided that the work exceeds the responsibilities covered by IBS;
 - (ii) When approval for ESP is required by the sponsor, approval must be requested and received by ORSP directly;
 - (iii) The arrangement complies with additional collective bargaining agreement restrictions and requirements.

(G) Committed effort for faculty

Maximum committed effort for faculty must consider activities not directly related to sponsored programs, such as teaching, grant writing, advising, and service work. In most cases a maximum of 98% effort may be allocated for sponsored projects. Effort reporting responsibilities are defined in policy 3364-70-22, Principal Investigator’s Responsibilities on Sponsored Projects.

<p>Approved by:</p> <p><u>/s/</u> Gregory C. Postel, M.D. President</p> <p><u>April 6, 2021</u> Date</p> <p><i>Review/Revision Completed by: Vice President for Research Council, SLT</i></p>	<p>Policies Superseded by This Policy: <i>None</i></p> <p>Initial effective date: February 11, 2011</p> <p>Review/Revision Date: April 6, 2021</p> <p>Next review date: April 8, 2024</p>
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