

Guidelines for Avoidance of Conflict of Sponsored Effort Commitment and Compensation

The Office of Management and Budget (OMB) Circular 2 CFR 200 establishes principles for administrative requirements and costs applicable to federally funded grants, contracts and other agreements. Section 2 CFR 200.430(h)(5) addresses salary rates for faculty members during periods outside the academic year. Further, 2 CFR 200 requires the University to establish and consistently apply policies regarding compensation paid by sponsored projects. Federal audit activity has prompted a number of research universities to revisit and strengthen their policies and processes for payment of summer salary. The purpose of this guidance is to help ensure that Texas A&M is in compliance with federal requirements. Non-compliance places the University in jeopardy and could result in an audit finding.

The following guidance is provided for faculty who have appointments of less than 12 months and choose to devote effort and receive compensation from sponsored projects during the period not covered by their academic appointment (for example, summer.)

Faculty may receive compensation for up to 3 months for research and sponsored activities performed during the period not covered by their appointment. No more than 2.5 months during this period may be charged to sponsored projects from federal and state sources, either directly or via subcontracts. The remaining 0.5 month of salary not covered by Federal or State sponsored projects may be sourced from other funds. This includes discretionary or endowment funds (where salary is permitted), sponsored activities funded by private sponsors, or other internal sources. Summer funds paid by academic programs may be used to account for the 0.5 months, if approved by the dean and no vacation is taken during that period. Exceptions may be made in those cases in which the sponsor specifically funds activities to be conducted exclusively during the summer. All such exceptions must be approved by the cognizant dean and the Vice President for Research.

For individuals with appointments of >9 months, of the possible effort available to be funded by federal and state sponsored projects (in months), at least 0.5 months must be paid by alternate sources, as described for the 9 month appointments above.

Salary charges to sponsored projects must be allocated when the actual effort occurs and must subsequently be certified on the faculty member's effort report(s). Committed effort on a sponsored project should be devoted exclusively to the activity supported by that sponsored project. Other activities performed during the summer months, for example academic activities, vacations, or writing new proposals, may not be charged to sponsored projects.

If an individual has salary support from federal or state sponsored project(s) and contributes effort during the academic year, they may offset a portion of academic year salary. The salary savings accruing to the unit as a result, may be utilized to fund an equivalent period of time in the summer with approval of the cognizant dean. If effort from sponsored project(s) is used to "buy out" other

duties such as teaching and/or service, the salary savings will be utilized to replace the bought out activities, and will not be expected to be made available to pay summer salary. Distributions of salary from sponsored activities between the academic year and summer are permissible to reflect the actual distribution of effort on sponsored activities.

Summer salary must not exceed the individual's institutional base salary for an equivalent length of time during the preceding academic year. For example, a faculty member with a nine month appointment earning \$90,000 would divide the total base salary (\$90,000) by 9 to arrive at an institutional base salary (IBS) monthly rate of \$10,000 per month. Note that summer salary may be capped at a level below an individual's IBS by some agencies (for example, NIH.) In that case the cap applies to the entire salary paid from sponsored projects for that month, whether or not that agency is the sole source of support.

In no circumstance can an individual's effort commitment, including effort compensated by academic year and summer salary, as well as effort committed as cost share for sponsored activities, exceed 100%.

Compensation of 100% effort for 3 summer months, regardless of source, will require documented confirmation from the individual that they have not taken more days off than university holidays and inter-semester breaks during the effort reporting period, and will require approval by the cognizant dean. Note: The number of intersession days may vary from year to year, but normally there are 9 days of inter-semester breaks in the summer. These days may be taken off anytime during the effort reporting period (currently Jan. 1-Jun. 30 or Jul. 1-Dec. 31) in which they occur when no additional duties are scheduled (such as teaching or required meetings.) However they should not be used as a block in a month in which salary is paid entirely from federal or state-sponsored projects. In that case a corresponding portion of effort should be paid from other sources.

FAQ's

Guidance for Faculty Compensation Charged to Sponsored Research Projects

1. Q: Why is this guideline important at this time?

A: Federal audit activity has prompted a number of research universities to revisit and strengthen their policies and processes for payment of summer salary.

2. Q: Does the 2.5 months limitation of effort apply to Federal and State flow-through sources?

A: Yes.

3. Q: What if my sponsor only allows for summer compensation?

A: If the sponsor specifically funds activities to be conducted during the summer, the effort must be performed exclusively during the summer.

4. Q: Can I charge my effort/salary to a sponsored project in the summer for research performed during the academic year?

A: Salary charges to sponsored projects must be allocated when the actual effort occurs and must subsequently be certified on the faculty member's effort report(s).

5. Q: Can I charge vacation time to my sponsored project?

A: No, committed effort on a sponsored project should be devoted exclusively to the activity supported by that sponsored project.

6. Q: Can I use my salary savings to cover the 0.5 month of summer salary that I cannot charge to my Federal grant?

A: Yes, if approved by the Dean and depending on your distribution of effort, the salary savings to the unit would be available for summer salary. For example, if you have three months of salary from federal or state sponsored projects, you may elect to utilize these funds to pay either:

- 2.5 months of summer salary plus 0.5 months of academic year salary,
- or
- 25% of your academic year and summer salary.

7. Q: How do I calculate my Institutional Base Salary (IBS)?

A: If you are on a nine month appointment earning \$90,000, you would divide the total base salary (\$90,000) by 9 to arrive at the IBS monthly rate of \$10,000 per month.

8. Q: I have an NIH project. Will my IBS be affected by the NIH Salary Cap?

A: Summer salary may be capped at a level below an individual's IBS by some agencies (for example, NIH.) In that case the cap applies to the entire salary paid from sponsored projects for that month, whether or not that agency is the sole source of support.

9. Q: How many days are in the inter-semester break?

A: The number of inter-semester days may vary from year to year, but normally there are 9 days of inter-semester breaks in the summer.

10. Q: Can I take the inter-semester break as vacation time?

A: Yes, these days may be taken as vacation, however vacation time cannot be charged to sponsored projects (see FAQ #5).

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