**Purpose and background**

Sponsored project funds can be used to pay a portion of a faculty member’s 1.0 FTE during the contractual period (i.e., the 9-month academic year for most tenure track/tenured faculty; 12-month for some faculty), and any portion of a faculty member's time during the non-contractual period (i.e., summer months). The rate for a sponsored project funded FTE 'buyout' will not exceed the institutional base salary (IBS) for that respective faculty member.

Institutional Base Salary (IBS): *is annual compensation for an individual’s contractual appointment (i.e., 9, 10, 11, or 12 months) and covers individual time spent on research, teaching, administration, or other activities. Institutional Base Salary does not include bonuses, one-time payments, or incentive pay.  Additionally, IBS does not include payments from other organizations or income that individuals are permitted to earn outside of their University responsibilities, such as consulting.*

For the purpose of sponsored project budgeting, all departments and units at Sam Houston State University will define institutional base salary as the applicant(s) normative 9-month salary or 12-month salary plus any recurring administrative stipends (e.g., Chair Stipend) that renews on an annual basis for the duration of that administrative appointment. Although administrative stipends typically carry a 0.0 FTE in the university electronic payroll system, the university acknowledges that time and effort are associated with such stipends, and the time and effort may vary across university units. Thus, any workload budgeted on sponsored project funds must relate to a proportionate reduction budgeted workload on university funds, and it is the department's responsibility to demonstrate the proportionate reduction in university workload should this be requested by the Controller's Office, the Office of Research Administration (ORA), or the Office of Research and Sponsored Programs (ORSP).

Faculty time and effort dedicated to institutional workload is defined in the APS 790601. For buyout purposes, ORSP and faculty will consult this policy when calculating FTE credit for courses, labs, studios, and university-supported research. For example, many 9-month tenured/tenure track faculty receive 0.125 FTE per course. Thus, a faculty member on the 3-3 workload load is paid 0.75 FTE for teaching (6 courses total) and 0.25 FTE for research in both the fall and spring semesters. Faculty may buy out a portion of their teaching FTE at increments that align with workload credit assigned for each class (e.g., 25% each semester or 0.125 FTE), and may buyout any portion of their research workload up to 20% (or 0.2 FTE) total.

The ORSP will use the guidelines below for faculty members that want to use grant/sponsored funds to pay a portion of their FTE during the contractual period.

**Sponsored projects Pay during Contractual Period for Faculty**

* The ORSP will confirm current, actual base salaries in Banner (for current employees). This salary is referred to as the Institutional Base Salary (IBS) and excludes other salary supplements, such as one-time pays, overloads, etc., but does include administrative supplements (i.e., chair stipend)
* The faculty contract will determine the IBS period (9-month or 12-month)
* For faculty on 9-month contracts, the academic contract year consists of 4.5 months fall + 4.5 months spring. This leaves 3 months, off contract, for potential summer pay at a monthly rate defined by the 9-month IBS.
* For faculty on 12-month contracts, an academic year consists of 12 months for faculty in College of Osteopathic Medicine, and 4.5 months in fall + 4.5 months in spring + 3 months in summer for faculty in Newton Gresham Library. Thus, there is no off-contract period for faculty on 12-month contracts.
* The budgeted salary normally includes an annual 3% cost-of-living increase, effective September 1 of each year.
* Sponsored project budgets that include a time period for an expected faculty rank promotion may include an additional increase to include the institutionally approved promotion increase amounts
* The budget FTE buyout or summer pay will be calculated as [% of effort] X [# months on project] X [base monthly salary]. If different levels of effort apply (e.g., 50% summer and 25% academic months), details must be specified on a separate budget line for each period
* **The total level of effort for all projects and job duties should not exceed 100% (1.0 FTE).** Sponsored activities may not result in employees receiving compensation at a rate that exceeds their IBS. Occasionally, faculty may earn an excess of 100% but is only in unusual circumstances. Budgets should never be developed with the expectation of exceeding 100% FTE.
* Negligible/minimal administrative support costs should not be budgeted or billed as direct costs. It is expected that small amounts of administrative salary will be covered by the F&A/Indirect Costs received. Administrative support corresponds to both personnel time and materials/supplies. However, administrative costs may be charged directly to a grant if they are integral to the scope of the project, an individual or role can be specifically identified with the project or activity, costs are explicitly included in the budget and have prior written approval of the sponsor, and costs are also not recovered as indirect costs. Administrative support may also be included in some projects in which the University’s federally negotiated IDC rate has been prohibited or reduced or as individual sponsor policies/guidelines allow.
* Sponsor project-funded buyouts (release time) of instruction must be budgeted in increments that reflect the proportionate workload for the respective class (e.g., 25% of one semester for a 3-hour course) as defined in the instructional workload policy (APS 790601).
* Sponsor project-funded buyouts of university-supported research workload may be budgeted at a variable rate up to the full FTE credit defined by track in the instructional workload policy (APS 790601).

**Sponsored Projects Pay Outside of Contractual Period for Faculty**

• ORSP and PI will determine the number of months/percentage of effort the faculty member will devote to the project and be paid from the project using sponsored project funds.

• ORSP will multiply monthly salary by the total number of months devoted to the project and by the % time devoted to the project during this period.

• ORSP will calculate fringe (currently estimated at 32.4%) to be budgeted during this period.

• The total off- contract pay is the sum of the salary and fringe to be paid by the grant/sponsored project during this period.

* Teaching and/or other SHSU paid duties must be considered when determining the maximum 100% effort.

**Overloads for Faculty**

Faculty should not request overload time and effort during the budgeting/submission phase of the application to an external sponsor.

* Faculty/staff should plan for FTE buyout (as a course buyout or other T/E commitment from the university) rather than planning for an overload.  Justifying the buyout should be clearly articulated in the budget justification and the justification should clearly demonstrate that the buyout is not supplanting.  This means the grant related work is replacing regular duties which will be reduced.
* If the sponsored project is funded that included a proposed buyout and the buyout cannot happen, the Instructional Overload Assignment policy (APS 810701) must be followed.
* To reduce the need for overloads, as they should be rare, PIs should consult with their supervisors (Chair, Dean, etc.) during budget development.

**Administrative Approvals**

Sponsored project-funded buyouts (release time) of instruction or university-sponsored research FTE during the contract period and/or non-contract period must be approved by the respective supervisor (Chair, Dean, or equivalent).

The approvals are included in the ORSP routing process.

**Special Cases – *Chairs, Staff, & Students***

***Department Chairs***

APS 110511 states: The workload for a chair is impacted by a wide variety of factors, to include, among others, the number and contract status of faculty in the department, oversight of facilities and laboratory spaces, undergraduate and graduate majors served, accreditation, curricular demands, community engagement, public programming, alumni outreach, and research/creative activity. Given the complexity of this administrative appointment across the University, it is expected that variances will occur in workload and stipends.

The compensation for a chair may include both a stipend and reduced annual teaching load. The compensation package is set by the academic dean upon approval of the Provost. The chair will teach at least one class during each of the fall and spring semesters and be on campus throughout the academic year as well as the summer months (9-month contract with a 3-month summer stipend) unless prior salary and load arrangements have been approved by the dean and Provost. The specific arrangements of a department chair, or an assistant chair, may preclude the allowability of him/her receiving summer pay.

* A one-time stipend may be more appropriate
* Each situation must be reviewed individually

***Staff***

* Staff receive salary 12 months/year; spreadsheet formulas must reflect this
* As with faculty, effort should normally be limited to 100% time (exceptions are possible)
* Staff do not normally receive extra pay, but receive a reallocation of job duties if budgeted on an awarded proposal
* Non-exempt staff would be paid time and a half, when required, which is rarely allowed by funding sponsors. If allowable, the circumstances must be clearly explained in the budget justification at the time of proposal submission.
* Negligible/minimal administrative support costs should not be billed as direct costs; it is expected that small amounts of administrative salary will be covered by the F&A/Indirect Costs received. However, administrative costs may be charged directly to a grant if they are integral to the scope of the project, an individual or role can be specifically identified with the project or activity, costs are explicitly included in the budget and have prior written approval of the sponsor, and costs are also not recovered as indirect costs. Administrative support may also be included in some projects in which the University’s federally negotiated IDC rate has been prohibited or reduced or as individual sponsor policies/guidelines allow.
* The staff member’s department/college receiveds credit (funding) for the amount of time committed to the grant. This salary savings is tracked via an Electronic Personnel Action Form (ePaf).

For staff to be considered for a one-time pay, each of the following must be true:

* Have exempt employment status. If the employee is non-exempt, as are most administrative staff, overtime is required for any time over 40 hours, therefore rarely allowed on grant proposals.
* The job is outside or above the staff member’s regular job duties
* ALL extra pay must be earned/performed completely outside of or in addition to the employee’s normal working hours and job duties
* One-time pays are not entered into the budget as time/effort, but the amount of pay must be reasonably proportionate to the staff member’s pay rate and the amount of time required for the project
* Fringes will be taken out of one-time pays or charged in addition to the one-time pay amount.
* The proposal budget narrative must explain why additional pay is warranted and includes details of the personnel time and corresponding budget amount and an explanation of the exact work undertaken by the individual, similar to a statement of work.
* One-time pays may actually be broken out into more than one payment, depending on the project needs.

***Students***

Graduate and undergraduate student salaries and fringes are calculated differently, therefore, the type of student must be determined.

Graduate Students

* Pay rates vary by student role and/or college/department. Most will be paid at a full-time rate of $2100 - $3200 per month, however grad students can only work up to 20 hours (50% effort) per week, therefore they can only earn 50% of the pay rate.
* Other pay plans exist (e.g. pre- and post-doctoral students, visiting scientists, etc.)
* Grad students are paid by a percentage of time and effort, never by an hourly rate
* Human Resources will reject unreasonable pay rates based on campus-wide equity
* Graduate students cannot work more than 20 hours/week (50% effort), without specific approval.
* Additional time may be allowable during summer, but each case must be evaluated and approved individually

Undergraduate Students

* Pay rates vary by student role and/or college/department, but most will be paid in the $8.00 - $12.00 per hour range
* Human Resources will reject unreasonable pay rates based on campus-wide equity
* Undergrads cannot regularly work more than 28 hours/week

**Calculation of Fringe Benefits**

Fringe benefits are direct costs to a sponsored project and are budgeted based on the amount of salary requested. Estimated rates are established for each job type, but the actual amounts will vary by individual, type of employee, and benefits package selected. After an award is received, only actual costs are billed to the grant.

*Note: ALL forms of payment for time/effort to ANY university employed person are subject to fringe benefits.* This includes one-time pays, stipends, student pay, etc.

***Faculty and Staff Fringe Breakdown***

* Fringe is currently budgeted at 32.4% of salary requested (Table below)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| FICA (Social Security) | 6.20% |  |  |  |
| Medicare | 1.45% |  |  |  |
| TX State Retirement Match | 6.80% |  |  |  |
| Optional Retirement Match | 8.50% |  |  | |
| TOTAL WITHOUT INSURANCE | 22.95% |  |  | |
| Insurance | 9.45% |  |  |  |
| TOTAL | **32.40%** |  |  |  |

***Graduate Student Fringe Breakdown***

|  |
| --- |
| * 7.65% (FICA and Medicare) plus insurance. * University Insurance is optional for graduate students. If elected by the graduate student, the university contributes half of the costs. Therefore, the 50% university contribution amount is budgeted in sponsored research proposal budgets. |
| * 50% Insurance is calculated at $313/month and included for eligible graduate students who are scheduled to work 29 hours or less per week (72.5% max effort). Note: most grad students are expected to work no more than 20 hours/week. |
| * 100% Insurance is calculated at $625/month and included for eligible graduate students who are scheduled to work more than 29 hours per week (72.6% - 100% effort) |

***Undergraduate Student Fringe Breakdown***

* 7.65% (FICA and Medicare)
* Undergraduate students are not eligible for insurance
* Many undergrads do not actually have any taxes taken out, but because this varies, we included SHSU’s share of their taxes in sponsored research proposal budgets.