

## **Birmingham-Southern College**

### **Title: Salary and Fringe Benefit Policy for Sponsored Programs Reimbursement Projects**

Policy Abstract: It is the policy of Birmingham-Southern College to recover direct costs of sponsored programs to the maximum extent possible, consistent with sponsor policies, the mission of the College, and the proper conduct of the sponsored programs. If the professional responsibilities of a Principal Investigator/Project Director (PI/PD) must allow time to be spent in carrying out a sponsored program and the College incurs additional costs to maintain its programs, it is expected that appropriate portions of salary costs will be recovered. When the effort of a PI/PD in a sponsored program is activity expected as part of that individual's academic or staff related responsibilities, such participation does not reflect an increased cost to the College. That portion of a PI/PD's salary representing time devoted to the program may be considered the College's contribution to a project of mutual interest and cost shared. When possible, some portion of the cost of this participation should be recovered from the funding source, since such recovery expands the campus resource base and its ability to support further research or related programs. The College administration weighs carefully factors such as the competitiveness of the proposal and the availability of campus resources in making final approval decisions on apportioning salary recovery on sponsored programs.

Responsible Offices: Office of Sponsored Programs

Officials: Office of the Provost, Chief Financial Officer

Contact(s): Office of Sponsored Programs, 205.226.4985

Applies to: This policy applies to any BSC employee who expends time and effort on an externally funded program, whether federal or non-federal in source, on behalf of BSC.

Effective Date: 11 January 2017

Revision Dates:

### **Introduction/Background**

The salaries and associated fringe benefits of Birmingham-Southern College employees who perform services on sponsored programs are most often reimbursed by the sponsor. Reimbursement is calculated to ensure that compensation is made solely for work performed on the sponsored program. Birmingham-Southern College is implementing this policy regarding employee salaries charged to sponsored programs to ensure that the salary recovery from sponsored programs is commensurate with the effort approved by the sponsor and actually expended on the project.

### **Purpose**

The purpose of this policy is to provide guidance on charging compensation costs to sponsored programs to comply with federal and other sponsor regulations, College policy, and to promote consistency.

## **Applicable Regulations**

The Uniform Guidance Subpart E 200.430, containing the federal regulatory requirements for internal controls over certifying time expended on sponsored programs, and 2 CFR 200, the U.S. government grant accounting policies.

## **Policy Statement**

Birmingham-Southern College complies with federal requirements for external funding, Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions for all federally sponsored programs. Because the federal government, as a primary sponsor of research and other scholarly activities, requires uniformity in applying the cost principles, BSC extends the cost policies of the federal government to all sponsored programs, regardless of sponsor type.

## **Details**

### ***Compensation from Sponsored Programs: Academic Year Effort***

Costs are to be charged to sponsored projects during the period in which the effort is expended. PI/PDs performing work on sponsored projects during the academic year should ensure that the appropriate amount of funds have been set aside in the approved award budget for such activity during the academic year. PI/PDs may not receive more than their regular annual salary as a result of participation in sponsored programs during the academic year. This is in accordance with OMB Circular A-21 Section J.10.d.(1) which states "In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period."

Some sponsors will reimburse the College for a portion of a faculty or staff member's academic year salary when the sponsored project is carried out during the academic year. Such direct costs are expected to be recovered on behalf of BSC. This does not increase the faculty or staff member's salary, but generally helps the institution recover a portion of the salary expenses that are allocable to the sponsored project. This is commonly referred to as a "buy-out" of the faculty or staff member's time by the grant (sometimes taking the form of a course or duty reassignment to complete the work of the project). Salary replacement funds provided by grants are returned to the Office of the Provost to support instruction and academic research.

Course or duty reassignments related to sponsored programs, where applicable, are only permitted upon prior approval of the College administration and agreement with the sponsor.

PI/PDs are paid during the months in which sponsored program work occurs.

### ***Compensation from Sponsored Programs: Nine-Month Employees and Summer Effort***

An employee on a nine-month contract may be paid summer salary (supplemental pay over and above the nine-month academic year salary) for effort contributed to a sponsored program during the three-month summer period. Charges are based on the same monthly base rate of pay as during the academic year. Summer salary chargeable to grants and contracts is limited to that effort approved and actually expended on the project. Employees receiving three months of summer support (maximum allowable) from a sponsored program must factor the entire three summer months into the work of the grant. Accordingly, an employee on a nine-month contract

may be paid one-twelfth of his/her prior academic year salary for one summer month of sponsored program activity, given that nine-month employees are compensated over a 12-month period at BSC.

### ***Compensation from Sponsored Programs: 12-Month Faculty, Administrators, and Staff***

Twelve-month employees performing work on sponsored programs are generally not eligible to receive pay beyond their regular compensation. In rare instances, additional compensation is permitted where work meets the federal criteria outlined in OMB Circular A-21 J.10.d (1) Cost Principles of Educational Institutions - Compensation for Personnel Services. Under this federal policy, work must be clearly distinct from normal duties and occur outside of normal work hours or during a period for which the individual has used accrued leave during the period for which supplemental pay is requested.

Federal Policy: OMB Circular A-21 J.10.d (1) (Cost Principles of Educational Institutions - Compensation for Personnel Services) states: "Since intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time base salary, the principle also applies to faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member of the same institution. In unusual cases where consulting is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his/her regular departmental load, any charges for such work representing additional compensation above the institutional base salary are allowable provided that such consulting arrangements are specifically provided for in the agreement or provided in writing by the sponsoring agency." An employee providing consulting services within their primary department is ineligible for additional compensation (OMB Circular A-21). An employee who is an investigator on a sponsored program cannot be compensated for intra-college consulting on that project.

Requests made according to OMB Circular A-21 J.10.d (1) Cost Principles of Educational Institutions - Compensation for Personnel Services must be approved by the appropriate College administrator in consultation with the Office of Sponsored Programs.

In addition, 12-month employee PI/PDs may benefit from limited discretion over a portion of indirect dollars returned under the College's *Sponsored Program Indirect Cost Recovery and Distribution Policy*.

### ***Administrative Support Costs Charged to Sponsored Programs***

Because administrative support is designated under OMB Circular A-21 as being part of the indirect costs, administrative support salaries should not be directly charged to federal grants (supplemental or otherwise). PI/PDs with extraordinary administrative support needs in connection with a grant should consult the appropriate College administrator prior to proposal submission regarding the use of indirect cost funds returned under the College's *Sponsored Program Indirect Cost Recovery and Distribution Policy*.

### ***Fringe Benefits***

Birmingham-Southern College recovers the appropriate funds needed to cover the cost of employee fringe benefit programs by applying fringe benefit rates relative to time and effort expended toward the sponsored program. Recovery of fringe benefit costs from grant or contract funding organizations is based on the current fiscal year's approved fringe benefit rates.

## **References**

2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards"

Subpart 200.430 of the federal government's "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards"

BSC Sponsored Program Indirect Cost Recovery and Distribution Policy

BSC Sponsored Programs Effort Allocation and Compensation Policy

BSC Time and Effort Certification Form