

**NOVA SOUTHEASTERN UNIVERSITY
OFFICE OF SPONSORED PROGRAMS
POLICIES AND PROCEDURES**

**AWARD MAINTENANCE
SALARIES, WAGES, AND OVERLOAD PAYMENTS
EFFECTIVE 12-01-08, REVISED 12-26-2014
POLICY #31
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PURPOSE:

The largest category of cost charged to sponsored agreements is salaries and wages. OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 2 CFR Part 200 and specific sponsor regulations, and terms and conditions impose many restrictions on the charging of salaries and wages to sponsored awards. This policy sets forth a method for a fair and equitable distribution of charges for employees' personal services on sponsored awards and all other university activities for which they are compensated.

This policy addresses the salaries, wages, and fringe benefits including overloads (i.e. extra service pay), intra-university consulting, summer compensation, compensated absences, and sabbatical leave for faculty and staff assigned to any sponsored project. Additionally, this policy and procedure will assist the university's academic centers/colleges/departments, the Office of Human Resources (OHR), the Office of Sponsored Programs (OSP), Payroll, and the Contracts and Grants Accounting Department (CGA) in ensuring the proper calculation of labor charges to sponsored agreements. The method used to document the distribution of charges for employees' personal services among federal agreements and other university activities is provided in OSP Policy No. 38 - *Time and Effort Reporting*.

DEFINITIONS:

Cost Sharing: The portion of costs of a sponsored project that are borne by the institution.

Mandatory Cost Sharing: Cost sharing required as a condition of an award or agreed to between the institution and the sponsor. Cost-shared effort is captured in the university's time and effort certification system (ECRT).

Voluntary Uncommitted Cost Sharing: Voluntary cost sharing that is neither quantified explicitly in the proposal nor stated in the award document. Uncommitted cost sharing does not need to be accounted for and documented.

Voluntary Committed Cost Sharing: Cost sharing that is specifically identified and quantified in the proposal or award document that is not required by the sponsoring agency. Voluntary cost sharing becomes an obligation of the university and must be accounted for. Any committed effort of NSU personnel must be entered and certified in ECRT.

Institutional Base Salary (IBS): The annual compensation paid by the university for an individual's appointment for job duties as described in the employee's job description and/or contract (or as modified via written addendum) whether that individual's time is spent on research, instruction, administration or other activities. IBS includes stipends for administrative duties but does not include incidental, one-time payments, overload compensation, or any income that an individual is permitted to earn outside of duties for the university. All salaries charged to

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sponsored awards will be based on an individual's IBS. IBS may not be increased as a result of receiving a sponsored award. A part-time employee's appointment percentage may be increased up to full-time as a result of receiving a sponsored award as long as the rate of pay remains consistent.

Summer Compensation: Compensation paid to faculty members with an academic year appointment of less than 12 months who perform work on sponsored projects during the summer months. The compensation rate for summer salary cannot exceed 100% of the base salary divided by the period to which the base salary relates.

Overload Compensation (i.e., extra service pay): An overload payment is extra compensation above IBS paid to an eligible employee for performing additional work as defined in the OHR Policy *Overload Payment for Additional Work*.

POLICY:

NSU will comply with sponsor requirements for salary compensation by ensuring that labor is apportioned appropriately to sponsored accounts. Salaries or wages charged to sponsored projects are based upon the same criteria and/or subject to the same pay plan and pay ranges as for other university personnel. Salary charges to sponsored projects may include reasonable amounts for activities contributing and directly related to work under a sponsored agreement and will not exceed the proportionate share of IBS, excluding overload compensation as permissible under sponsor regulations and in accordance with this policy and OHR policy *Overload Payment for Additional Work*.

Total compensation for individual employees of the university will be based on the employee's appointment or position description and conform to established university policies, consistently applied regardless of funding source. Compensation for employees on sponsored projects will be consistent with that paid for similar work in non-sponsored activities of the university or will be comparable to that paid for similar work in the labor market, as determined by OHR in accordance with the OHR Compensation Manual.

The university complies with all federal requirements in claiming costs for summer salary, overload compensation, compensated absences, sabbaticals, or overtime.

REFERENCES:

- OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, <https://federalregister.gov/a/2013-30465>
- OMB Federal Awarding Agency Regulatory Implementation of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for

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- Federal Awards, <https://www.federalregister.gov/articles/2014/12/19/2014-28697/federal-awarding-agency-regulatory-implementation-of-office-of-management-and-budgets-uniform>
- NIH Grants Policy Statement, <http://grants.nih.gov/grants/policy/policy.htm#gps>
 - NSF Proposal and Award Policies and Procedures Guide, <http://www.nsf.gov/bfa/dias/policy/>
 - HHS Grants Policy Statement, <http://www.hhs.gov/grants/grants/policies-regulations/index.html>
 - OMB Memorandum 01-06 - *Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs* (January 5, 2001).
 - NSU Office of Human Resources Employee Policy Manual, <http://www.nova.edu/hr/policies/index.html>
 - NSU Office of Academic Affairs Faculty Policy Manual, <http://www.nova.edu/cwis/vpaa/policies/index.html>
 - NSU Accounting & Financial Policies and Procedures Manual, Finance Policy 127 – *Administration of Sponsored Programs/Projects*, <http://www.nova.edu/fop/forms/policies.pdf>

TYPES OF SALARY CHARGES TO SPONSORED AGREEMENTS:

1. Salary Rates for Academic Year

Charges for work performed on sponsored agreements during the academic year are allowable at the IBS rate. In no event will charges to sponsored awards, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period. This principle applies to all employees at the university.

For example, if the IBS is \$60,000 and the faculty member allocates 25% effort to a sponsored project, the salary charged to the project should be \$15,000.

2. Part Time Appointments

Charges for work performed on sponsored projects by faculty members having only part-time appointments will be determined at a rate not in excess of the proportionate share of IBS for a full time appointment for the same or similar work, or at a rate not in excess of that regularly paid for the part-time assignment. Classification of an employee as part-time will be consistent with OHR Policy 35 – *Employee Classification and Types of Employment*.

3. Summer Compensation (periods outside the base salary period)

Charges for work performed by faculty members on sponsored projects during the summer months or other period not included in the base salary period will be determined for each faculty member at a rate not in excess of the IBS rate divided by the period to which the IBS relates. The base salary period used in computing charges for work performed during the summer months will be the number of months covered by the faculty member's official academic year appointment.

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For example, if the faculty member has a nine month academic year appointment, the faculty member's IBS is \$90,000, and the faculty member will work for two months in the summer at 100%, the salary calculation for the summer compensation is as follows: (\$90,000 IBS / 9 months) x 2 months summer work x 100% = \$20,000.

4. Intra-University Consulting

Because intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time salary, this activity is generally included in the base salary. However, in limited and unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the employee is in addition to his/her regular appointment, any charges for such work representing extra compensation above IBS may be allowable provided that all of the conditions described in #5 below are met. Under no circumstances can an individual be paid as a consultant and an employee under the same grant.

5. Overload Compensation (i.e., extra service pay, supplemental pay)

In limited and unusual circumstances, overload compensation may be allowable to a sponsored program if:

- it is consistent with the OHR policy *Overload Payment for Additional Work* which applies uniformly to all employees, not just those working on sponsored projects
- it can be conclusively determined by the Provost, Dean or Vice President (for non-academic units), and OHR that work for which payment is being made is beyond what is covered under the IBS rate
- the amount of overload compensation is commensurate with the IBS rate of pay and the amount of additional work performed
- the salaries, as supplemented, fall within the salary structure and pay ranges established in writing by the university
- arrangements for overload are identified to the sponsor and either provided for in the award or approved in writing by the agency

Where overload compensation is a result of Intra-University consulting, it is subject to #4 above.

In addition to College/Center level approvals required under OHR policy, the OSP and the Office of the Provost must also approve any overload compensation on a sponsored project, prior to the overload being incurred.

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6. Compensated Absences

Compensated absence is a general term describing costs of time not worked for which employees are paid, in accordance with OHR Leave Policies in the Employee Policy Manual. Included within the scope of this policy are the following different categories:

- Compensated absences where there is no expectation on the University's part that work is to be performed by the employee while absent
- Compensated absences in the form of continuing employment whereby the employee has an obligation of work to be performed for the University during leave or for which the University will benefit.
- Payments made as part of an agreement of termination of employment.

Compensated absences as outlined in OHR Leave Policies will be charged consistently across all funding sources throughout the university and to sponsored accounts to the extent the costs are allocable to sponsored projects and allowable by the sponsor. The university accrues a liability for certain future paid absences of employees.

7. Sabbatical Leave

Costs of leaves of absence by employees for performance sabbatical study, travel or research are allowable consistent with the Sabbatical Leave Policy in the Office of Academic Affairs Faculty Policy Manual. Such costs will be allocated on an equitable basis among all related activities of the university regardless of the source of funding. The sabbatical salary rate may not exceed the individual's base salary rate for the most recent academic year.

7. Cost Sharing

The university often meets cost sharing obligations through labor costs. In such cases, time and effort reporting must account for cost shared effort expressed as a percentage of total time. Mandatory and voluntary cost share of labor committed in the proposal must be accounted for. Voluntary uncommitted cost sharing includes but is not limited to effort that is over and above that which is committed and budgeted for in a sponsored agreement. (Refer to OSP Policy No. 36 – *Cost Sharing or Matching* and OSP Policy No. 38 – *Effort Reporting*)

8. Salary Limitation

- a. *National Institutes of Health (NIH) and other DHHS Agencies.* Congress has legislatively mandated a provision in the appropriations acts of the DHHS for the limitation of direct salary of an individual that can be charged to a grant, cooperative agreement, or contract that is linked to the Federal Executive Pay scale (i.e., salary cap). Agencies of the DHHS that currently impose the salary cap are the National Institutes of Health, the Substance Abuse and Mental Health Services Administration, the Agency for

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Healthcare Research and Quality, the Administration for Community Living, the Centers for Disease Control, the Administration for Children and Families, the Centers for Medicare and Medicaid Services, and Health Resources and Services Administration Consult with the OSP to determine the current applicable annual salary cap.

- b. ***National Science Foundation (NSF) Salary Limitation.*** NSF regards research as one of the normal functions of faculty members at institutions of higher education. As a general policy, NSF limits salary compensation for senior personnel to no more than two months of their regular salary in any one year. This limit includes salary compensation received from all NSF-funded grants. If anticipated, any compensation for such personnel in excess of two months must be disclosed in the proposal budget, justified in the budget justification, and must be specifically approved by NSF in the award budget.

PROCEDURES:

1. The appropriate Human Resources Contact within the College/Center will prepare the Personnel Action Form (or student payment form) to reflect the estimated allocation of effort of any employee to be charged to the sponsored project.
2. The Personnel Action Form is reviewed and approved by the Principal Investigator/Project Director (PI/PD) of the project and the employee's College/Center administration and forwarded to the OHR. It is the responsibility of the College/Center to obtain and maintain documentation of PI/PD review and approval prior to forwarding to the OHR.
3. The OHR reviews and processes the Personnel Action Form and enters information into the Banner financial system. OHR is responsible for maintaining the correct IBS amount in the Banner financial system.
4. The Payroll Office will audit the Personnel Action Form and processes personnel charges to the sponsored account.
5. The CGA will process monthly payroll accruals to sponsored projects, and reversals will be processed in the following month.
6. Requests for overload compensation on sponsored projects will be forwarded by the requesting Department to the OSP and the Office of the Provost for prior review and approval.
7. The OSP will forward approved requests to the OHR for processing. Unapproved requests will be returned to the initiating department for further clarification, if applicable, or rejected.
8. After-the-fact verification and personnel cost adjustments are completed in accordance with OSP Policy No. 38 – *Effort Reporting*.