



## ***Policy 4.5***

Responsible  
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# ***FACULTY AND ADMINISTRATIVE COMPENSATION AND EFFORT POLICY***

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## ***Policy Statement***

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The purpose of this policy is to provide guidance and standards for proposing and charging compensation costs to sponsored programs consistent with Federal and other Sponsor regulations and University policy.

*The following definitions will be used to inform the policy implementation:*

### **Bonus or Recognition Payments (Exempt Staff)**

Bonus or recognition payments are payments that are made to an individual, which are made without an effort commitment expectation in recognition of their efforts or accomplishments. Bonus or recognition payments are not considered part of institutional base salary and cannot be funded by federal sources.

### **Committed Effort**

Committed Effort is the amount or percentage of time a University employee is committed in a proposal to work on a specific sponsored project. The effort may be proposed as a direct charge to the project, a cost share commitment by the institution, or a combination thereof. Committed effort is not necessarily the actual effort expended each month, but a projected amount to be achieved over a period of time (for example, a semester or a year). The level of commitment is set at the time of the award and can be revised upward as appropriate during the project; downward adjustments of the approved commitment may require sponsor approval.

The federal government under OMB Memo-01-06 ([http://www.whitehouse.gov/omb/memoranda\\_m01-06](http://www.whitehouse.gov/omb/memoranda_m01-06)) requires most Federally-funded research programs to have some level of committed faculty (or senior researchers) effort, paid or unpaid by the Federal Government. This effort can be

provided at any time within the fiscal year (summer months, academic year, or both). Such committed faculty effort shall not be excluded from the organized research base by declaring it to be voluntary uncommitted cost sharing. If a research program research sponsored agreement shows no faculty (or senior researchers) effort, paid or unpaid by the Federal Government, an estimated amount must typically be computed by the university and included in the organized research base. However, some types of research programs, such as programs for equipment and instrumentation, doctoral dissertations, and student augmentation, do not require committed faculty effort, paid or unpaid by the Federal Government, and consequently would not be subject to such an adjustment.

### **Cost Shared Effort**

Cost sharing refers to the portion of project or program costs borne by the organization or other sponsors. When an individual identifies effort in a proposal, but does not budget sponsor support for that effort, that is a binding obligation and represents cost shared effort. At award, that effort must be recorded, tracked, and certified by the institution's effort reporting process. When a Project Director submits a proposal with *no effort* allocated or requested, per OMB Memo 01-06, the institution is required to assess the minimum effort necessary to carry out the activities and track that effort as part of organization's cost shared effort commitments. This cost share expectation applies to both federal and nonfederal projects and extends to NSF or other funded projects where an individual may elect to take the project proposed compensation during the summer.

### **Effort on Sponsored Projects - Allowable**

Efforts that directly benefit a sponsored project and are consistent with the approved project's scope and objectives are allowable. Efforts devoted to a project during an allowable pre-award cost period are allowable; effort commitments devoted to proposal writing are not allowed.

### **Effort on Sponsored Projects - Unallowable**

The only effort that can be charged to sponsored project is effort directly devoted to performance of the approved project. Effort commitments in advanced of any applicable pre-award cost period are unallowable, as are effort commitments devoted to proposal writing.

### **Effort Reporting**

Effort Reporting is RU's method of certifying, on an after-the-fact basis, that an individual was compensated based on his or her activity performed during a specified period.

### **Graduate Student Assistanceships – Salary**

Graduate Research Assistants (GRA's) are graduate students whose time is divided between formal study and research. GRA's receive salary (not stipend support).

## **Graduate Student Assistanceships – Stipends**

Stipends are part of student aid costs and not allowed on research grants without prior sponsor approval. These are payments made to an individual that are not contingent on the individual completing a specified activity. Stipends are allowable only when the purpose of the sponsored project is to provide training to selected participants (i.e., training/instruction grants) and the charge is approved by the sponsoring agency or when charged to scholarship or fellowship grants.

## **Institutional Base Salary (IBS)**

An individual's institutional base salary is the annual compensation that RU pays for an individual's appointment whether that individual's time is spent on research, teaching, or other activities. For academic year employee's summer compensation is not considered part of IBS.

Base salary excludes: 1) any income that an individual may be permitted to earn outside of their duties to RU; 2) incidental or overload compensation paid for duties that are above and beyond the duties expected for an individual and for which supplemental compensation is provided; 3) intra-institutional consulting which may be provided for an award, and 4) any bonus or recognition payment made to an individual, which is made without an effort commitment expectation.

## **Intra-Institutional Consulting**

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. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load, any charges for such work representing extra compensation above the base salary are allowable provided that such consulting arrangements are specifically provided for in the agreement or approved in writing by the sponsoring agency. Whether the intra-institutional consulting payments are allowable or unallowable, the payments for intra-institutional consulting are not considered part of institutional base salary.

## **Overload Work (Exempt Staff)**

Incidental or overload work are duties and obligations that are above and beyond the duties normally expected of an individual as part of their regular workload for their position, for which they are compensated under institutional base salary provisions. Incidental or overload work is compensated under the institutional provisions for supplemental compensation. An individual's primary obligation is to their regular professional appointment; incidental and overload work cannot be undertaken if it is expected to interfere with an individual's normal workload or obligations of their position. ***Teaching an online course, developing a new course, or instruction of a course that is in***

***addition to an individual's institutional base salary workload commitments are considered incidental and overload obligations for which supplemental compensation is provided by non-sponsor sources.***

### **Prior approval**

Many sponsors require prior approval for specific programmatic, personnel, and financial changes. Most federal sponsors require prior approval for downward adjustments in effort of 25% or more, some awards may be more restrictive. The Office of Research and Sponsored Programs is responsible for contacting sponsors to secure prior approval at the request of the Project Director. The Project Director is responsible for reviewing award terms and conditions and identifying and contacting Research and Sponsored Programs for actions that may require prior approval.

### **Sponsor Compensation Limitations**

Some sponsors limit the total effort or portion of institutional base salary that can be charged to awards. For example, the National Science Foundation limits compensation from all agency funded awards to 2 months.

Salary capitation on awards from the National Institutes of Health is a legislatively mandated provision limiting the direct salary (also known as salary or institutional base salary, but excluding any fringe benefits and facility and administrative (F & A) costs) for individuals working on grants, cooperative agreement awards, and extramural research and development contracts. For example, the National Institutes of Health limits the amount of salary that can be requested on research grants.

*Sponsors may have other limitations which may be defined in the award terms and conditions.*

### **Supplemental Compensation (Exempt Staff)**

Supplemental compensation is compensation paid for incidental or overload approved work that is above and beyond the duties normally expected of an individual under their regular professional appointment.

### **Staff – Exempt and Non-Exempt**

Human Resource Services, in accordance with Fair Labor Standards Act, has the responsibility for determining the exemption status for non-faculty positions. Employees who work in non-exempt positions are not exempt from the overtime pay requirements of the FLSA. Non-exempt employees keep records of the specific times they work so that they are paid overtime when they work more than 40 hours in a workweek. Overtime is paid at 1.5 times the employee's hourly rate. Employees in exempt positions do not receive overtime pay regardless of how many hours they work in a workweek. Since they don't receive overtime pay, there is no need for them to keep

records of the specific hours they work; therefore effort reporting is the process whereby they certify the effort charged to an award is consistent to the effort devoted to the project.

## **Workload**

Workload is the effort obligations for which an individual is compensated for under regular appointment with RU. For faculty the workload standard incorporates research, teaching, and service expectations.

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## ***Reason for Policy***

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***This policy is required to ensure compliance with federal guidelines on compensation and effort policy.*** It is the policy of Roosevelt University (RU, “the University”) that all costs proposed or incurred on a sponsored project must comply with the [Federal Office of Budget and Management \(OMB\) Circular A-21](http://www.whitehouse.gov/omb/circulars_a021_2004) ([http://www.whitehouse.gov/omb/circulars\\_a021\\_2004](http://www.whitehouse.gov/omb/circulars_a021_2004)) and Sponsor requirements for charging compensation costs to sponsored programs. As required under OMB Circular A-21, compensation costs must be charged to sponsored programs in a consistent manner.

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## ***Entities Affected by this Policy***

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This policy applies to all colleges, departments, units and personnel of the University involved in administering sponsored awards.

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## ***Web Address***

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To be completed by the President’s Chief of Staff.

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## ***Related Documents***

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Effort certification will be tracked through the University’s Banner Financial System and managed by the Budget Office in collaboration with the Principal Investigator (PI) or Project Director (PD) and the Human Resources Department.

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## ***Implementation***

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### **I. Proposing Effort and Compensation**

- i. **Proposing Effort.** The effort proposed shall be based on a reasonable estimate of the time required to carry out the activities proposed. Effort should be proposed based on a calendar month/percent effort basis (effort is allocated for charging purposes based on an individual’s appointment or summer commitment). A professional (exempt) employee’s effort is only based the total professional effort expended in carrying out their obligations and for which they are compensated through institutional base salary for their efforts. Effort proposed on sponsored projects should be proposed as part of one’s total professional effort and distribution should be calculated

on institutional base salary. These expectations apply whether the effort will be charged to the sponsor or committed as cost share.

- ii. **Proposing Compensation.** Salaries proposed are to be based on an individual's actual salaries plus a reasonable projection for raises, cost of living adjustments, or pending career path promotional expectations. The projections for any increase shall be consistent with university wide practices for raises, adjustments, or promotion. The Research and Sponsored Programs Office is responsible for establishing an average raise projection that can reasonably be expected, this projection will be used for all sponsored project proposal submission for the upcoming year, as appropriate. Salary increases other than consistently treated raises must be reviewed for reasonableness and the inclusion of such increases other than raises documented in the proposal project file by Research and Sponsored Programs. In no event can charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period.
- iii. **Proposing Effort-based Cost Sharing.** Effort-based cost sharing is a commitment of an individual(s) time on a project where the sponsor bears no corresponding costs. The decision may be in response to a mandatory requirement by the sponsor for a matching commitment or the commitment may be voluntary, regardless if the commitment is identified in the budget or proposal narrative and the project is funded, that commitment is a binding obligation.

**Proposing Intra-Institutional Consulting.** In unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load, charges for institutional consulting representing extra compensation above base salary are allowable *provided that such consulting arrangements are specifically provided for in the agreement or approved in writing by the sponsoring agency*. Payments for intra-institutional consulting are not considered part of institutional base salary. Such payments should be reasonable and in no event can charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period.

- ii. **Proposing Fringe Benefits.** Fringe benefits should include all allocable and allow fringe benefits for which an individual is provided under RU's institutional policy. Fringe benefits proposed should be proposed on a proportional basis equally applied to the individual's compensation and consistent with the individuals' proposed effort. RU uses an institutionally reasonable estimate based on prior/current year costs detail, plus a reasonable estimate for project increases can be used. See the Research and Sponsored Programs-Human Resources applicable fringe for rates applicable to be used in proposing fringe costs.

- iv. **Proposing Fringe Benefits on Intra-Institutional Consulting.** Only fringe benefits of 8.65% for FICA and Medicare are applicable to compensation proposed under Intra-Institutional Consulting arrangements.
- v. **Proposing Retired or Emeritus Faculty.** At RU, the titles of Professor Emeriti and Professor Emeritus are given only to full professors who have served the University with academic distinction for a significant period of time prior to retirement. This title is given only upon formal retirement from active service, or at least from full-time active service. In instances when retired faculty are expecting to be active on a research-related project, they should be re-hired as Research Scientists for the period of the award. Typically the only fringe benefits applicable to their compensation are FICA and Medicare (8.65%).
- iii. **Proposing Graduate Student Assistanceships – Salary.** Graduate Research Assistants (GRA's) are graduate students whose time is divided between formal study and research. GRA's receive salary (not stipend support). Their remuneration is generally calculated on the basis of 12 months of service, including one month's vacation. Tuition remission is charged as a percentage of their salary in lieu of fringe benefits. At RU, tuition remission rates vary by college. In the event sponsor policies limit the amount that can be paid, the RU standards should be applied, but the sponsor's portion of the assistance shall not exceed the sponsor's limitation. If the RU rate is less than a sponsor's limit, with sponsor approval the sponsor's rate can be charged. For example, NIH limits assistanceship for GRAs to the zero postdoctoral level.
- iv. **Proposing Graduate Student Assistanceships – Stipends.** Stipends are part of student aid costs and not allowed on research grants without prior sponsor approval. These are payments made to an individual that are not contingent on the individual completing a specified activity. Stipends are allowable only when the purpose of the sponsored project is to provide training to selected participants (i.e., training/instruction grants) and the charge is approved by the sponsoring agency or when charged to scholarship or fellowship grants. The Office of Academic Affairs establishes rates for Graduate Student Stipends. In the event sponsor policies limit the amount that can be paid, the RU standards should be applied, but the sponsor's portion of the assistance shall not exceed the sponsor's limitation. If the RU rate is less than a sponsor's limit, with sponsor written approval the sponsor's rate can be charged. For example, NIH limits assistanceship for GRAs to the zero postdoctoral level. Stipends are not budgeted as part of salary in the proposal or upon award.
- v. **Proposing To Be Named (TBN) Positions.** If a TBN position has been identified the compensation proposed, it should be consistent with institutional position titles, projected educational and experience requirements, and Human Resource compensation practices.

**Responsibility:** Project Directors, Key Personnel, and Departments are responsible for estimating the effort required to carry out the activities described in a proposal. Human Resources is responsible for providing information on To Be Named compensation estimates. The Office of Research and Sponsored Programs is responsible for ensuring costs proposed in proposals submitted on behalf of the University are consistent with the institution's costing compensation practices.

## II. Charging Effort and Salary

To charge an individual's salary to a sponsored program, the individual must be a RU employee during the period of research activity.

### i. Personnel Costs on Sponsored Projects (Professional-Exempt).

Personnel costs for exempt employees are charged based on the estimated percentage of time that RU employees will work on a project. Federal sponsors consider any effort described in the proposal narrative, budget or budget justification, but not charged to the sponsor, to be a binding commitment (voluntary cost sharing) that must be tracked, certified and reported.

Effort commitments on sponsored projects are allowable as a direct cost to sponsored projects provided they are paid as part of an individual's institutional base salary (IBS) or provided in accordance with sponsor allowed and approved provisions (example Intra-Institutional Consulting). ***Under no circumstances can charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period.***

To be an allowable charge on a federally funded sponsored project, effort commitment must be certified on an after-the-fact basis by an individual with first-hand knowledge of the work performed.

### ii. Personnel Costs on Sponsored Projects (Non-Exempt).

Personnel costs for non-exempt employees should be charged based on the actual work performed. The individual's recording and subsequent signed electronic or paper time sheet constitutes certification that the work was performed and to which project the work should be charged. In unusual circumstances where overtime or extra-pay shift and multi-shift is approved by the awarding agency or when necessary to cope with emergencies overtime is an allowable cost.

#### a. Overtime for Nonexempt Staff.

Nonexempt staff commitments typically will not require overtime. ***In unusual circumstances overtime or extra-pay shift and multi-shift may be allowable with the prior approval of the awarding agency or when necessary to cope with emergencies***, such as those resulting from accidents, natural disasters, ***breakdowns of equipment, or occasional operational bottlenecks of a sporadic nature or events when the performance of tests, laboratory procedures, or other similar operations which are continuous in nature***



and cannot reasonably be interrupted or otherwise completed, or when lower overall cost to the sponsor will result.

- iv. **Fringe Benefits.** In the absence of federally negotiated fringe benefit rate, allowable fringe benefits should be charged based on actual costs incurred.
- v. **Compensated Absences, including Vacation, Sabbatical, Sick Leave, Terminal Leave**  
Compensated absences are allowable as direct costs to sponsored projects, provided they are treated consistently and paid in compliance with RU policy, award terms and conditions and in proportion to the effort certified on the project.
- vi. **Cost Shared Effort.** Cost shared effort can be tracked via memorandum entry in the effort certification process or it can be tracked through the use of a companion cost share account. Either way, cost shared effort must be documented at the time of project initiation and documented as an ongoing commitment on the project.

**Responsibility:** Project Directors, Key Personnel, and Departments are responsible initiating payroll activation and deactivation processes for individuals compensated on sponsored projects and for processing payroll adjustments if commitments change. Project Directors are responsible for initiating documentation processes for any cost shared effort commitment tracking with Research and Sponsored Programs. If a downward adjustment of effort is expected and the sponsor requires prior approval before adjustment, the Project Director is responsible for contacting Research and Sponsored Programs prior to adjustment. If prior approval is required, the Project Director is responsible for providing justification for the adjustment; Research and Sponsored Programs is responsible for contacting the sponsor for prior approval. The University Payroll Office is responsible for ensuring payroll distributions are appropriately processed. The Project Director is responsible for reviewing project financials on a regular basis to ensure the charges are appropriate. If charges are not, the Project Director is responsible for contacting Payroll regarding the distribution and coordinating retroactive cost transfers which may be required.

### III. Effort Reporting

Effort reporting is the process used to confirm that salaries and wages and cost share commitments associated with sponsored agreements are equal to or less than the actual work performed. This process includes three steps:

1. Committing effort to a project
2. Accounting for the effort by charging and cost sharing specific salary expense, and
3. Certifying the effort.

By certifying an effort report the individual is stating that the effort reasonably reflects the activity for which the employee is compensated by their IBS. Cost sharing of salary expenses is required to be confirmed through the effort reporting system.

RU requires an after-the-fact certification of the accuracy of the commitment and distribution for all individuals who commit and devote effort to a sponsored project. While hourly (non-exempt employees) certify to their effort upon the submission of their time for payroll processing, faculty and exempt staff payroll distribution are established prospectively, based on the effort commitment identified in their awards. RU requires all individuals who are paid on sponsored project to physically certify to their effort commitment. Project Directors are expected to countersign acknowledging the commitment of individuals on their projects. Faculty and exempt staff are expected to review their effort distribution on an after-the-fact basis, make modifications if appropriate, and certify to the accuracy of their effort.

Faculty and exempt staff certify effort quarterly. The quarterly effort periods are as follows: September – November, December – February, March – May, and June – August. All certifications must be received by no later than three months from the date of the distribution of the effort reports.

**Responsibility:** The Office of Research and Sponsored Programs and the Budget Office are responsible initiating the certification process. Faculty and exempt staff, as individuals who have first-hand knowledge of the work performed, are responsible for timely certification their own effort. Project Directors are responsible for countersignature acknowledgement of the effort commitment of individuals on the project. In the event an individual is unavailable to certify, the effort can be certified to by a responsible official of the organization who has firsthand knowledge of the effort commitment. The Budget Office, in consultation with the Office of Research and Sponsored Programs, is responsible for ensuring certifications are received on a timely basis and for retention of records.

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## ***Online Resources and Forms***

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It is the policy of Roosevelt University (RU, “the University”) that all costs proposed or incurred on a sponsored project must comply with the [Federal Office of Budget and Management \(OMB\) Circular A21](#) ([http://www.whitehouse.gov/omb/circulars\\_a021\\_2004](http://www.whitehouse.gov/omb/circulars_a021_2004)) and Sponsor requirements for charging compensation costs to sponsored programs.