

Compensation for Personal Service Costs Charged to Federal, State and Private Grants and Contracts

Policy number: 800-BA-13
Policy owner: Controller's Office and Office of Sponsored Programs

Date of initial publication: May 16, 2023
Date of latest revision: N/A

SECTION I. PURPOSE

This policy is intended to establish clear and consistent definitions and standards regarding compensation for personal services charged to federal, state and privately funded agreements. It is designed to ensure consistent compensation practices for sponsored projects and facilitate compliance with federal cost-reimbursement restrictions under the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance"), 2 C.F.R. Part 200, Subpart E.

This policy creates no right to any compensation of any kind for any individual in any covered personnel category.

SECTION II. SCOPE AND APPLICABILITY

This policy applies to all federally, state and privately funded agreements, including grants, cooperative agreements, federal procurement contracts, and similar arrangements (herein collectively "funded agreements"), regardless of whether entered into directly with funding agencies or as a subaward/subcontracts. This policy applies to all Faculty Members and Staff (as defined below). Treatment of compensation costs shall be the same regardless of whether the particular cost is funded by federal agreements, privately funded through University funds, or funded through other non-federal resources.

SECTION III. DEFINITIONS

When used in this policy, the terms below have the following meanings:

- a. **Faculty Members** is defined in Section V below.
- b. **Funded Agreement** means any agreement signed by St. Thomas that provides funding to the University, in whole or in part, from federal, state, or private funds and that permits St. Thomas to charge compensation for personal services. Examples of Funded Agreements include grants and federal procurement contracts.
- c. **Institutional Base Salary ("IBS")** is the compensation set forth in the appointment contract(s)/letter(s) for a Faculty Member's Normal Workload.
- d. **Normal Workload** means the duties set forth in the appointment contract/letter for a Faculty Member. A Normal Workload generally consists of responsibilities related to teaching,

professional engagement and service as outlined in a Faculty Member's appointment letter and/or contract. Some Faculty Members have separate appointments for administrative duties, such as a department chair or program director, which would also be included in the Faculty Member's Normal Workload. The Normal Workload of adjunct faculty generally includes only teaching duties, unless otherwise specified in an appointment letter and/or contract.

- e. **Reasonable**, when used in reference to compensation, shall refer to compensation that it is consistent with that paid for similar work in other activities of St. Thomas. Where no similar work exists at St. Thomas, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which St. Thomas competes for the kind of employees involved.
- f. **Staff** is defined in Section V below.
- g. **Student Workers** is defined in Section V below.

SECTION IV. COMPENSATION COSTS GENERALLY

All personnel costs charged to Funded Agreements must meet the standards set forth in 2 C.F.R. §§ 200.430 and 200.431. In particular, all compensation must be reasonable for the work performed and must be allocated proportionately to activities (and any related funded agreements) that benefit from the effort of the individuals to whom the compensation is paid.

Additionally, compensation charged to Funded Agreements will be limited as required by any statutory salary caps or similar limitations applicable to particular agreements or funding from particular agencies.

SECTION V. PERSONNEL CATEGORIES

- a. Faculty Members. Employees defined as faculty members per the terms of the Faculty Handbook, including all faculty appointment types.
- b. Staff. Non-faculty employees of the University, including exempt regular staff, non-exempt regular staff, temporary staff and on-call staff.
- c. Student Workers. Employees whose primary relationship with St. Thomas is as a student and who are categorized as student workers under HR policies and practices.

SECTION VI. INSTITUTIONAL BASE SALARY FOR FACULTY MEMBERS

Each Faculty Member's written appointment contract/letter (as amended from time to time) sets forth the Faculty Member's: (i) compensation, (ii) duties, (iii) appointment period (generally for 9 months, 10 months or 12 months but may vary) and (iv) time equivalent (for example, full-time, part-time).

The duties set forth in the appointment contract/letter for the Faculty Member are his or her "Normal Workload." A Normal Workload is generally comprised of responsibilities related to teaching, professional engagement and service as outlined in a faculty member's appointment letter, MOU, and/or contract. Some Faculty Members have separate appointments for administrative duties, such as a department chair or program director, which would also be included in the Faculty

Compensation for Personal Service Costs Charged to Federal, State
and Private Grants and Contracts for Faculty and Non-Faculty
Policy number: 800-BA-13
Date of initial publication: May 16, 2023
Date of latest revision: N/A

Member's Normal Workload. The Normal Workload of adjunct faculty generally includes only teaching duties, unless otherwise specified in an appointment letter and/or contract. The Faculty Member's "Institutional Base Salary" ("IBS") is the compensation set forth in the appointment contract(s)/letter(s) for his or her Normal Workload.

To the extent that funded work is accomplished by a Faculty Member during their appointment period, the only amount charged to funded awards shall be the portion of their IBS that represents proportional time and effort worked on such activities. Faculty members are not entitled to compensation that is more than 100% of their IBS during their appointment period if they have a full-time equivalency (1.0 FTE).

SECTION VII. EXTRA SERVICE PAY FOR FACULTY MEMBERS

Additional pay may be chargeable to Funded Agreements in the following circumstances if all the following preliminary criteria are met:

- a. The additional pay is for work outside of the Normal Workload;
- b. The additional pay is for work outside the appointment period or time equivalent;
- c. The additional pay does not exceed the equivalent of the monthly rate of pay under the Faculty Member's IBS for the Faculty Member's Normal Workload;
- d. The additional pay is available under similar circumstances for federally funded and non-federally funded work; and
- e. The resulting total compensation remains reasonable for the work performed.

Summer duties for Faculty Members on nine-month appointments are a circumstance in which Extra Service Pay may be appropriate, so long as consistent with the above factors. Specifically, for Faculty Members with appointment periods not covering summer months, additional pay agreed between the University and Faculty Member for activities carried out during summer months shall be considered compensation beyond the Faculty Member's IBS unless the compensation is for administrative duties that are part of an appointment contract/letter (see above). The portion of such additional pay that represents the Faculty Member's time worked in furtherance of funded activities during the summer period may be charged to Funded Agreements supporting those activities.

SECTION VIII. INCIDENTAL WORK ADDITIONAL PAY FOR NON-FACULTY (STAFF AND STUDENT WORKERS)

Additional compensation paid for incidental work of non-faculty employees *may* also be chargeable, in whole or in part, to Funded Agreements. Approval to charge additional amounts for such activities to Funded Agreements will depend upon clearly establishing that the incidental work is separate and apart from the non-faculty employee's normal duties. Generally, incidental work will consist of specific, temporary additional duties. To be chargeable to Funded Agreements, such compensation must meet all the following criteria:

- a. The incidental work additional pay is commensurate with the rate of compensation received by the non-faculty employee for his or her routine duties;

- b. The incidental work additional pay is available under similar circumstances for federally funded and non-federally funded work;
- c. The resulting total compensation remains reasonable for the work performed; and
- d. The funder must specifically approve the incidental work additional pay as an allowable cost under the Funded Agreement.

SECTION IX. DOCUMENTATION OF PERSONNEL TIME AND EFFORT

Personnel costs for employees (Faculty, Staff and Student Workers) charged *in whole or in part* to a Funded Agreement must be based on records that accurately reflect the work performed. Such records must:

- a. Be supported by a system of internal control that provides reasonable assurance that the charges to Funded Agreements are accurate;
- b. Reasonably reflect the total activity for which the individual is compensated by the university; and
- c. Encompass federally funded and non-federally funded activities of the individual on an integrated basis.

For compliance with the above standard, St. Thomas requires all individuals whose salary or fringe is charged directly, in whole or in part, to a Funded Agreement to comply with the University's time certification process.

In all cases, where Funded Agreement terms set forth more stringent documentation requirements, such requirements will be followed.