



Section:	II.3.50
Title:	Compensation
Effective Date:	05/13/15
Approved By:	Provost and Treasurer
Responsible Unit:	Office of Academic Grants and Sponsored Research (609-771-3255; grants@tcnj.edu)
History:	N/A
<p>Related Documents: <i>Effort Verification Operating Unit Policy, Cost Share Operating Unit Policy, Transformed Schedule Policy</i> (TCNJ Faculty Handbook: Faculty Personnel Practices, Faculty Responsibilities), <i>Support of Scholarly Activity (SOSA) Policy</i> (TCNJ Faculty Handbook: Faculty Professional Development), <i>Appointment Policy</i> (TCNJ Faculty Handbook: Faculty Personnel Actions), <i>Overload Compensation Policy</i> (TCNJ Faculty Handbook: Faculty Personnel Practices, Overload Teaching), <i>Summer Compensation Policy</i> (TCNJ Faculty Handbook: Faculty Personnel Practices, Summer School Teaching)</p>	

## I. INTRODUCTION

This unit policy explains how salaries are to be charged to sponsored projects.

## II. DEFINITIONS

**Institutional base salary (IBS):** The total compensation an employee receives annually from the College for his/her appointment, including compensation for time spent on research, teaching, administration, or other activities related to the employee’s work at TCNJ

## III. POLICY

It is the policy of The College of New Jersey (TCNJ or the College) to compensate individuals, faculty and staff, working on sponsored projects in accordance with the College’s [Compensation of Faculty & Staff Policy \(Section IX.3.10\)](#), and in a manner consistent with Office of Management & Budget (OMB) Code of Federal Regulations *Part 200 —Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (“Uniform Guidance”), State of New Jersey regulations, sponsor policies, and award terms and conditions. This Operating Policy ensures that TCNJ’s practices for compensating individuals (salary/wages and fringe benefits) through sponsored project funding are compliant with federal requirements.

### **Reason for Policy**

As a recipient of federal funding, TCNJ is required to compliantly propose, charge, and document salaries relating to sponsored projects. Failure to adhere to federal regulations set forth in the OMB Uniform Guidance, other federal

funding regulations, and the provisions of this operating policy may result in the College's sponsors, or other government agencies, disallowing costs or imposing other sanctions.

This policy defines and describes the elements of compensation charged to sponsored projects, including institutional base salary, summer salary, and fringe benefits. This operating policy applies to all compensation of individuals whose salaries are directly charged to sponsored projects or who have cost shared salary on sponsored projects.

Compensation for individuals, faculty, and staff working on sponsored projects is an allowable cost, and it is the policy of TCNJ to consistently charge sponsored projects the allowable, allocable, and reasonable portion of compensation expenditures for individuals supporting sponsored projects.

***Institutional Base Salary (IBS) Definition:***

*Institutional base salary is the total compensation an employee receives annually from the College for his/her appointment, including compensation for time spent on research, teaching, administration, or other activities related to the employee's work at TCNJ.*

IBS does not include merit/performance bonuses, reimbursed expenses, temporary supplemental compensation for incidental work, income earned outside of duties to the College, or fringe benefits.

Charges of a faculty member's salary to a sponsored award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.

An employee's IBS may not increase through the supplanting of College funds with sponsored project funds. Additionally, all funds paid to a faculty member for services included in the baseline workload may not exceed 100 percent of his/her institutional base salary.

**Documentation of IBS:**

At the time of hire, each TCNJ employee receives an appointment letter from the Office of Human Resources documenting the employee's IBS as well as the expected full-time workload. For faculty, compensated institutional activities for each regular semester are set forth in the [TCNJ Faculty Handbook](#). IBS and appointment level are documented in the College's PeopleSoft system.

If an employee's IBS changes, an updated appointment letter is sent by HR to the employee. The letter is provided when the change in an employee's base salary results from a reclassification, promotion, demotion, or any other action pertaining to the employee's annual pay. The letter details the amount of change in IBS, as well as the effective date and new title, if applicable. An employee will also receive a letter if he/she transfers to a different department even if there is no salary change.

***Institutional Base Salary in Sponsored Projects Proposals:***

When requesting salary support from a sponsor or providing effort on a sponsored project in the form of mandatory or voluntary committed cost sharing, the anticipated salary (requested or proposed as cost share) should be calculated as the percent effort proposed multiplied by the individual's IBS.

**Note:** Some sponsors may have a salary rate cap that is not generally applicable to TCNJ faculty and staff. In such cases, refer to the applicable sponsor proposal requirements and consult with OAGSR for assistance.

***Faculty Academic Year Compensation from Sponsored Projects:***

TCNJ's academic year spans a 10-month period from September through June, and consists of two (2) semesters. In accordance with TCNJ's Transformed Schedule and Support of Scholarly Activity (SOSA) Policies, a faculty member may elect to spend a portion of his/her academic year time working on sponsored projects and, if consistent with sponsor and award requirements, charge the award/project budget a portion of his/her IBS compensation in proportion to the relative benefit received.

Generally, a faculty member must identify his/her intent to dedicate time and effort to a sponsored project before the start of a semester and follow the applicable procedures for approval to be reassigned from the standard course load (See the [TCNJ Faculty Handbook](#)). Once reassigned time is approved via the standard College process and by OAGSR for grant purposes, the faculty member should coordinate with the administrative support personnel to ensure that time and effort are appropriately and accurately tracked for reporting against IBS, the sponsored project budget, and the companion project budget in the case of cost sharing.

Compensation to be direct charged to an award or to cost share for reassignment from a single regular course, out of the regular course load, shall

be determined in accordance with the [Faculty Responsibilities section](#) of the TCNJ Faculty Handbook.

If the reassigned time is not identified in advance and the labor distribution not proactively updated, a labor cost transfer may be necessary. In such cases, the labor distribution should be updated as soon as possible. (See the TCNJ Cost Transfer Operating Policy.)

### **Overload Compensation:**

Faculty overload guidelines are detailed in the [Faculty Responsibilities section](#) and [Overload section](#) of the TCNJ Faculty Handbook. Overload is considered to be included in IBS during the semester in which the overload applies; therefore, it can affect the amount and proportion of compensation charged to sponsored projects. Accordingly, OAGSR must review overload requests involving sponsored projects in order to verify that the compensation is consistent with sponsor requirements.

The same processes followed for time and effort tracking and reporting should be followed when overload compensation affects salaries and wages on sponsored projects (or Companion Projects when cost share is involved). In accordance with TCNJ's Faculty Handbook, as referenced above, and for the purpose of direct charging of compensation to a sponsored project, a single overload appointment equates to the workload of a single course of the IBS compensation (including the overload compensation) for a regular semester.

### **Incidental Supplemental Work and Intra-University Consulting:**

In some exceptional cases, incidental work above and beyond an individual's standard workload outlined in his/her appointment letter may justify extra compensation and, in specific circumstances, this compensation may be an allowable cost on a sponsored project.

In accordance with TCNJ's Supplemental Compensation Policy, compensation for work completed by College faculty and staff is processed through the Payroll Office. If a College employee engages in work outside of his/her regular scope of duties, his/her supervisor must complete a Supplemental Authorization form which can be obtained from the Payroll Office.

In order to be charged to a federal sponsored project, supplemental pay must be specifically provided for in the grant budget or approved by the awarding agency to be allowable. Supplemental compensation payments on non-federal awards must follow applicable sponsor requirements.

Generally, consulting with and advising colleagues within TCNJ is viewed as a faculty responsibility and as an assumed element of a standard workload (See the [Faculty Responsibilities section](#) of the TCNJ Faculty Handbook). However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his/her regular workload, this may be viewed as incidental work requiring extra compensation that can be charged to the benefitting sponsored award in accordance with the requirements above.

***Faculty Summer Compensation from Sponsored Projects:***

In accordance with the TCNJ Faculty Handbook, [Summer School Teaching](#), TCNJ faculty are eligible to request and receive summer salary if/when they choose to devote effort and receive compensation during the summer months of July and August, in addition to their 10-month academic year appointment at the College. Only the portion of summer effort dedicated to a sponsored project may be charged to that project as an equal portion of total summer compensation.

A request for summer salary indicates a commitment to put forth the comparable effort on a particular sponsored project during the summer months, not the academic year. Additionally, payment of faculty summer salary is allowable as long as total College and/or sponsored project work time is consistent with the level of effort produced during the 10-month academic year. In general, a month of summer effort is equivalent to one-tenth (1/10<sup>th</sup>) of academic year effort.

To authorize summer salary for a TCNJ faculty member, the Principal Investigator must complete the Summer Salary Authorization Form and submit it to the Office of the Treasurer for payment authorization. The Office of the Treasurer will forward the authorized form to the Payroll Office for payment.

Total summer salary compensation for faculty cannot exceed 20 percent of the preceding year's 10-month academic year salary and, if charged to a sponsored project, summer compensation must conform to applicable sponsor and award terms and conditions. An individual's Labor Distribution should be established at the start of the summer period to direct charge the appropriate portion of summer salary to the sponsored award project ID using the Supplemental Pay Authorization form.

**Fringe Benefits:**

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. At TCNJ,

fringe benefits are paid by the State of New Jersey and assessed as a rate (percentage) of salary and wages as outlined in the annual New Jersey OMB “Employee Benefit” Reimbursement Rates circular. The New Jersey fringe rate is calculated and approved in accordance with the requirements outlined in the Uniform Guidance and includes the following items for full-time employees: FICA (Social Security), retirement, insurance for medical, dental, life, unemployment, long-term disability and employee liability coverage, and worker’s compensation. Part-time employee salaries and wages, supplemental payments, and summer student wages are charged FICA fringe benefits only at the Federal rate.

Fringe benefits are charged to sponsored project budgets (and cost share to companion project budgets) as the annual fringe benefit rate multiplied by the salary dollar amount charged to that sponsored project. Every sponsored project that includes salaries/wages must include full recovery of associated fringe costs, to the extent allowable by the sponsor/award. The PI/department is responsible for funding from another non-sponsored source any shortage in fringe not funded by the award.

## **Procedure Overview**

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- Human Resources provides TCNJ faculty member with appointment letter listing his/her institutional base salary amount and assigned workload.
- The New Jersey OMB “Employee Benefit” Reimbursement Rates circular establishes the annual fringe benefits rate for all TCNJ employees.
- The appropriate academic administrator approves academic year release time for Principal Investigators, in accordance with the TCNJ Faculty Handbook, [Faculty on Administrative Assignment](#). If release time is being requested during a semester when the faculty member is also working on sponsored projects, the request must be routed through OAGSR for additional approval.
- All overload for faculty is voluntary in accordance with the TCNJ Faculty Handbook, [Overload](#). If overload is being requested during a semester when the faculty member is also working on sponsored projects, the request must be routed through OAGSR for additional review and approval.
- The department and the Office of Human Resources establish the initial Labor Distribution for the faculty member in PeopleSoft appropriately. The faculty member should coordinate with any local administrative support staff to update the Labor Distribution accordingly if there is a significant change in effort.
- Requests for any supplemental work beyond faculty standard workload must be approved by the Office of Human Resources, the appropriate Cabinet member, and the Office of the Treasurer, and be charged appropriately through the standard payroll system.
- PI completes the Summer Salary Authorization Form and submits it to the Office of the Treasurer for approval and payment authorization.

- PI completes effort verification forms as required by the Effort Verification Operating Policy to ensure the actual allocation of salary and fringe benefit expenses reflect actual effort.

## **Roles & Responsibilities**

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### **Principal Investigator – Responsible For:**

- Ensuring proposal budgets, including cost share budgets, include accurate requests for the portion of IBS, summer salary, and fringe benefits corresponding to proposed effort and that all such expenditures conform to sponsor and award requirements.
- Submitting internal requests and obtaining approval for reassigned time, overload, summer salary and supplemental pay, when necessary.

### **Project Administrative Support Staff – Responsible For:**

- Assisting PI with ensuring proposal budgets, including cost share budgets, include accurate requests for the portion of IBS, summer salary, and fringe benefits corresponding to proposed effort.
- Assisting PI with submitting internal requests and obtaining approval for reassigned time, overload, summer salary, and supplemental pay, when necessary.

### **Department Chair/Dean – Responsible For:**

- Reviewing and approving PI requests for overload, summer salary, and supplemental pay.

### **OAGSR – Responsible For:**

- Reviewing proposal budgets, including cost share budgets, to verify that they include accurate requests for IBS, summer salary, and fringe benefits and are in compliance with sponsor/award requirements and institutional policy.
- Reviewing requests for award-funded reassigned time, overload, summer salary, and supplemental pay requests to verify the requests are compliant with sponsor/award requirements.

### **Human Resources – Responsible For:**

- Completing, distributing, and updating appointment letters providing Institutional Base Salary and workload information for TCNJ faculty members and staff.
- Maintaining salary and appointment IBS data in PeopleSoft, as well as hard copies of appointment and salary letters for audit purposes.

### **Office of the Treasurer – Responsible For:**

- Updating Labor Distributions in PeopleSoft for faculty and staff in accordance with estimated effort on sponsored projects.
- Authorizing payment of summer salary and supplemental pay.

#### IV. RELATED DOCUMENTS

- Effort Verification Operating Unit Policy
- Cost Share Operating Unit Policy
- Transformed Schedule Policy (TCNJ Faculty Handbook: Faculty Personnel Practices, Faculty Responsibilities)
- Support of Scholarly Activity (SOSA) Policy (TCNJ Faculty Handbook: Faculty Professional Development)
- *Appointment Policy (TCNJ Faculty Handbook: Faculty Personnel Actions)*
- *Overload Compensation Policy (TCNJ Faculty Handbook: Faculty Personnel Practices, Overload Teaching)*
- *Summer Compensation Policy (TCNJ Faculty Handbook: Faculty Personnel Practices, Summer School Teaching)*

#### V. HISTORY

Approved by the Offices of the Treasurer and Academic Affairs, May 2015