

COMMITMENTS

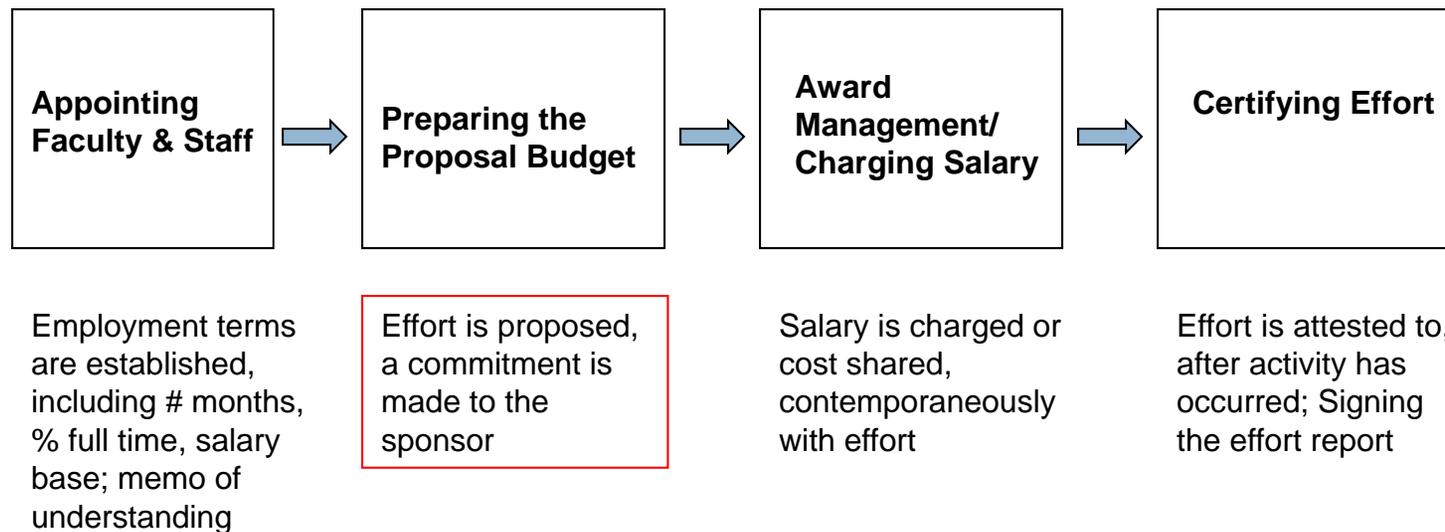
OFFICE OF SPONSORED PROJECTS

Overview

- Proposing, Adjusting, & Reducing Commitments
- Cost Sharing
- HHS Salary Cap
- Summer Salary



Commitment Life Cycle



Appointment Letters



- A faculty appointment denotes the individual's full-time equivalent (FTE) and salary
- Stipulates:
 - ▣ Annual pay rate and type of appointment (9-month, 10-month, or 12-month)
 - ▣ Appointment title
 - ▣ Appointment start date
 - ▣ Percent appointment (Full-time or Part-time)

The Basic Definitions



- Effort: the amount of time spent working on a project (expressed as a percentage)

- Commitment: the estimated amount of effort an individual will devote to a sponsored project.
 - ▣ proposed and accepted by the sponsor

- Salary: the amount of money paid to an individual

Maximum Allowed Committments/Effort

- Most faculty cannot devote 100% of their time to sponsored activities.
 - ▣ Excludable activities:
 - Proposal writing
 - University administrative duties
 - Instruction
- It may be appropriate for certain research faculty and staff to be charged at 100% effort to a sponsored project in cases where such responsibilities do not exist.

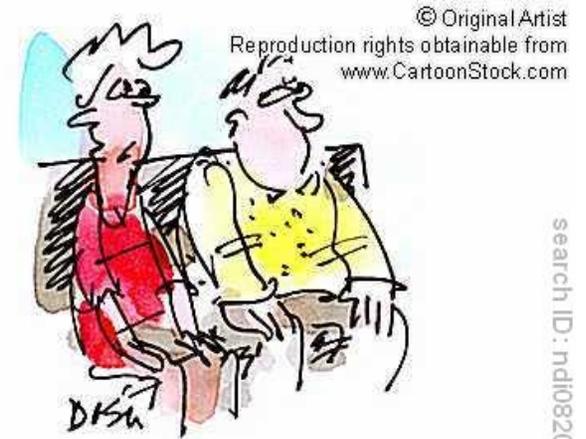
Commitments of Effort in Proposals



- Proposed at the application stage
 - ▣ Included in the proposal budget and justification
 - ▣ PI's must devote a minimum level of effort on all research proposals
- Realistic estimate of the amount of time to complete scope of work
- Tracked and maintained at the department level

After the proposal is submitted

- Life goes on...
 - More proposals are prepared
 - Notifications of awards and rejections are received
 - Existing awards end
 - Existing awards continue



"I didn't realise a long-term commitment would be so... long-term."

Managing Commitments



- At the award stage:
 - ▣ Are proposed commitments still accurate?
 - Review current funding portfolio
 - How does this new award impact current commitments?
 - Are there any budget cuts that may impact commitments?
 - Anticipate possible new funding
- Additional considerations
 - ▣ Update costing allocations in Workday
 - ▣ Cost sharing
 - ▣ Reducing commitments
- Commitments need to be managed continuously

Example



- Your favorite professor has had great success with his recent grant applications: 3 have been funded!
- He has budgeted himself in all three proposals for 2 months of full-time salary.

- Is the professor overcommitted?
 - ▣ Consider their other responsibilities (i.e.: teaching)
 - ▣ Dept Admin must meet with the PI to make this determination

Example



- A PI has committed to 30% effort during the academic year period (Sept-June) (10mo)
- However, she has a heavy teaching load the first semester and can only devote 15% each month to the project (Sept-Dec) (4mo)
- The next semester she can devote 40% of her time each month to the project (Jan-June) (6mo)

- Has the commitment been met?

Reduction of Effort

Under the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance):

- A significant **reduction** of the PI or key personnel effort requires prior approval ($\geq 25\%$)
- Review effort on a 'budget' period basis
 - ▣ you may realize there will be a significant change that would require prior approval
- If non-federal award, check sponsor guidelines for any restrictions

Requesting a Reduction in Effort

□ Request Process:

- **Step 1** – PI/Dept Action: PI must prepare and sign a formal written request to sponsor describing and justifying the need to reduce their effort. The request should be sent to their Contract Administrator in OSP/BMRA.
- **Step 2** – OSP Action: OSP will review request for appropriateness and accuracy and signing official will certify on the behalf of the University.
- **Step 3** – OSP Action: OSP will forward the request to the sponsor's Grant Management Office (GMO) for review.

□ Approval Process:

- **Step 1** – Sponsor Action: GMO will notify the University's signing official via written approval that the decrease in effort has been approved.
- **Step 2** - OSP Action: OSP will document approval and then forward correspondence to PI and Dept.
- **Step 3** – PI/Dept Action: The PI and Dept will work together to update the costing allocation to reflect new allocation of effort across salary sources.

Example



- A PI has committed 50% effort to a project
- A reduction of 25% of the committed effort would result in a 37.5% effort and would require sponsor approval
 - ▣ Calculation:
 - $50\% \times 25\% = 12.5\%$
 - $50\% - 12.5\% = 37.5\%$

Example



- A PI has committed to 50% effort during the academic year period (9/1-6/30) (10mo)
- However, she has a heavy teaching load the first semester and can only devote 15% of her time to the project (9/1-12/31) (4mo)
- The next semester she can devote 40% of her time to the project (1/1-6/30) (6mo)

- Has the commitment been met?

Example



- PI devotes 60% time per month to a NIH award and 40% time to other institutional activities.
- The PI just received a NSF award that requires 30% of his effort.
- To accommodate the new project, he elects to reduce his effort on the NIH award to 30%.
- Is he in compliance with Uniform Guidance?

Answer

- No!
- Total Committed effort was 60% on the NIH award
- New Effort on NIH award is 30%
- 60%  30% represents a $> 25\%$ decrease
- Prior approval from sponsor is required

Cost Sharing

- Cost sharing is a commitment and is auditable!
- Dept must be prepared to track and certify on a fiscal year basis or risk losing agency funding
- If at all possible, **DON'T DO IT!**

UNDERSTAND THE IMPACT OF COST SHARING

- Commitment of salaries & benefits increases the Research Base, which:
 - Lowers F&A rate – reduced recovery of infrastructure costs
 - Increases administrative costs (including tracking and accounting for cost share)

Voluntary Committed Cost Share



- Any effort committed but not charged to the sponsor
- PI committed and spent 50% time on this project
- Only 20% charged to the project
- 30% was charged to University funds – this is cost shared effort
- **Cost share must be documented – Use Fund 120 and Grant Worktag**

Voluntary Uncommitted Cost Share

- PI annual salary is \$120,000
- PI budgets 50% effort to the project
 - $\$120,000 \times 50\% = \$60,000$ requested for salary
- PI salary charged to the grant was \$60,000
- PI certifies 60% effort to the project
- The 10% effort over and above the budget (commitment) is voluntary uncommitted cost share and **does not have to be documented**

Cost Sharing-Post Award Deviations

- Deviations from committed effort of key personnel may require cost sharing
 - ▣ If effort on a project is reduced $\geq 25\%$ of your commitment, then either:
 - the PI did not work at the level committed
 - Requires sponsor approval OR
 - the PI did not charge all of the effort to the project and the difference is voluntary cost sharing
 - Requires PI to certify this effort at the end of the award

Actions for Department

- Assess current commitments at award stage & throughout the year
- Recommend monthly, or at least quarterly, meetings with PI's to go over commitments
- Obtain prior approvals if effort decreases by 25%
- Explain/certify cost sharing commitments



HHS SALARY CAP SUMMER SALARY



What is the HHS Salary Cap?



- Since 1990 Congress has mandated a provision limiting the direct salary that an individual may receive funded by:
 - Incorporates all agencies under Health & Human Services
- As of January 8, 2017, the maximum salary that can be awarded and charged to an award is \$187,000.

Commitments of Effort in Proposals Over the HHS Salary CAP

- The budget justification must include a statement that the actual IBS exceeds the HHS salary cap limitation. This statement will include the individual's actual IBS, appointment period and actual effort.
- Example of a budget justification:
 - *The Principal Investigator, Professor X's base salary exceeds the HHS cap. Professor X has a X month appointment with a current institutional base salary of \$XXX,XXX. Annual proposed effort is XX%.*
 - *Brown University's Institutional policy is to request and charge all HHS sponsored projects at the HHS salary cap for those salaries that are in excess of the cap. Therefore, this application requests salary at the current HHS salary cap. The salary over the cap will be accounted for in accordance with federal policy.*

Costing Allocation



- Institutional Base Salary (IBS) = salary plus stipends (ie: Dept Chair, Director)
- If the IBS is over either cap, the Academic Costing Allocation worksheet for the Salary Cap must be completed and submitted into Workday as part of the Costing Allocation.
 - Ensure the distribution is based upon the effort

How is the HHS salary cap applied?

- For funding received on or after 1/8/17, salary cannot be paid at a monthly rate that exceeds \$15,583.33 for full-time effort.

- Ex.: PI annual salary \$250,000 (12 month appt.)
 - Maximum amount per month that can be charged to a NIH award is \$15,583.33 ($\$187,000/12$)
 - If PI only contributed 40% per month to the award then \$6,233.34 can only be charged ($\$15,583.33 * 40\%$)

Summer Salary



- Summer salary is defined as any compensation paid during the summer period to a faculty member in excess of his or her academic-year salary.
- The summer period is defined to be the period outside the base salary period of the academic year appointment.

Summer Salary Review Process



- Check for eligibility:
 - 9 and 10 month appt can earn summer salary
 - Faculty with (research) at the end of their title have 12 month appointments and are not eligible for summer salary.

- Must include the Summer Salary Costing Allocation Worksheet

Helpful Links



- NIH Salary Cap

- ▣ http://grants.nih.gov/grants/policy/salcap_summary.htm

- Summer Salary

- ▣ <https://www.brown.edu/about/administration/dean-of-faculty/index.php?q=handbook-academic-administration/chapter-7-faculty-salaries-and-benefits>