

Provost's Office

David I. Kertzer, Provost

Phone: (401) 863-2706

To: Department Chairs and Center Directors

From: David Kertzer, Provost

Date: August 10, 2010

Re: Faculty Salary Charges on grants

I write to call your attention to a change in how Institutional Base Salary (IBS) is defined. This change, which is required to guarantee compliance with federal policies, may affect how some faculty charge salary, including summer salary, to grants. The revised definition of IBS will affect only those faculty members, such as department chairs or center directors, who receive an administrative stipend in addition to their regular academic salary. Although the change will not have substantive consequences for how most faculty are compensated, well-publicized failures and the resulting fines at some peer institutions (such as Yale and U.C. Berkeley) serve as reminders of the importance of scrupulous attention to these seemingly mundane matters.

Beginning on July 1, 2010, we will define your total IBS to include your academic-year salary as well as any stipend you receive for performing other administrative duties, whether as a center director, department chair, or program director.^[1] Research funds taken in lieu of compensation, even when provided specifically for administrative duties, are not included in the calculation of IBS. Because administrative appointments are made on an annual basis, the stipend is considered compensation for responsibilities executed throughout the full year; by contrast, compensation for academic appointments is for work done during the 9-month or 10-month academic year. When charging a portion of monthly effort to research grants, a monthly salary should be computed as one-ninth of the academic-year salary (or one-tenth, for ten-month appointments) plus one-twelfth of the administrative stipend. A couple of examples will help explain the calculations:

Example 1. Suppose a department chair has a nine-month academic salary of \$135,000 and an administrative stipend of \$12,000. The total monthly salary is:

$$\$135,000/9 + \$12,000/12 = \$15,000 + \$1,000 = \$16,000.$$

Example 2. Suppose a department chair has a ten-month academic salary of \$115,000 and an administrative stipend of \$18,000. The total monthly salary is:

$$\$115,000/10 + \$18,000/12 = \$11,500 + \$1,500 = \$13,000.$$

The monthly amount that a chair or director may charge to a grant is subject to several restrictions:

(a) It must be such that the total compensation, from all sources, for 100% effort, does not exceed the monthly salary (one-ninth or one-tenth of academic salary plus one-twelfth of stipend).

(b) It must correspond to the actual percentage effort expended on work related to the grant. This generally implies that it should not exceed 90% of the monthly salary, unless the chair or director provides a memo to the Dean of the Faculty or the Dean of Medicine and Biological Sciences (with a copy to the Office of Sponsored Projects) explaining the particular circumstances leading to reduced administrative effort for the month in question.

(c) It must fall within any salary cap imposed by the granting agency.

In Example 1, \$1,000 of the \$16,000 monthly salary is provided by the University for administrative work (including in summer months). Therefore, the maximum that may be charged to a grant in any month is \$15,000. By guideline (b) above, the chair would normally be expected to charge a maximum of 90% of \$16,000, or \$14,400, to research grants. If the chair allocates more than 90% effort to a grant (with a corresponding monthly charge to the grant between \$14,400 and \$15,000), the charges would be accompanied by a written explanation of circumstances leading to reduced administrative effort.

In Example 2, the monthly salary of \$13,000 includes \$1,500 in the form of a stipend. The maximum that may be charged to a grant is therefore \$11,500. Note that this amounts to 88% of total monthly salary and condition (b) is met. (It is, of course, not possible to charge 90% of monthly salary, or \$11,700, to a grant as that would result in total monthly compensation being \$13,200, which exceeds the monthly salary).

Please direct questions on the implementation of this policy to Nancy Congdon (x3-2291), Director of Administration and Finance in the Office of the Dean of the Faculty, or Mary Norton (x3-1631), Director, BioMed Research Administration.

For reference, Brown's existing policy on summer salary is repeated here:

While those faculty who are paid for work performed during the academic year (9 or 10 months) may be compensated during the summer for consulting or other work (e.g. from grants and contracts), the University, as the faculty member's employer, must be assured that summer consulting or other

activities do not interfere or conflict with the faculty member's primary obligation to the University. Full-time summer consulting or other contractual arrangements should be reviewed by the Dean of the Faculty (or Dean of Medicine and Biological Sciences) and reported on the Conflict of Interest form.

All effort devoted and corresponding salary charged to sponsored projects must be in compliance with sponsor and University policies. Committed effort on a sponsored project should be devoted exclusively to the activity supported by that sponsored project. Other activities performed during the summer months, e.g. any administrative or academic activities, vacation, writing new proposals, may not be charged to sponsored projects.

Note that sponsors may have restrictions on summer salary. Faculty should therefore consult their grant terms and conditions prior to committing summer effort. Any questions regarding sponsor terms or conditions should be directed to the Office of Sponsored Projects.

[1] The term "institutional base salary" carries a specific meaning at federal funding agencies such as NIH and NSF, namely "the annual compensation that the applicant organization pays for an individual's appointment, whether that individual's time is spent on research, teaching, or other activities."

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