

Section:	II.3.50	
Title:	Compensation Operating Policy	
Effective Date:	August 1, 2021	
Approved By:	Provost and Treasurer	
Responsible Unit:	Office of Grants and Sponsored Research (609-771-3255; grants@tcnj.edu) Finance & Business Services – Post-Award Grants, Office of the Treasurer – (609) 771-2186	
Related Documents:	<ul style="list-style-type: none"> • Effort Verification Operating Policy • Cost Share Operating 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) 	
History		
<u>Version</u>	<u>Date</u>	<u>Notes</u>
3.0	August 1, 2021	Revised
2.0	September 27, 2019	Updated – Related policy added
1.0	May 13, 2015	New Policy; Initial Release

I. INTRODUCTION

This operating 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 OVERVIEW

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](#), 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):

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 corresponding 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.

The IBS definition applies to institutionally funded compensation for the following pay types. Specific pay types are discussed in detail in the following sections.

- Full Time Officers Employees
- Part Time Officers Employees
- Faculty
- Adjunct
- Supplemental Pay
- Overtime
- Overload Payment
- Released Time

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 human resources system and signed off by the employee's supervisor, Dean/Department Chair, Treasurer, and the Office of the President. If an employee's IBS changes, such as through reclassification, promotion or demotion, an updated appointment letter is sent by HR to the employee. . The letter details the change in IBS, as well as the effective date and new title, if applicable.

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 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 requirements and consult with OGSR 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 OGSR for grant purposes, the faculty member should coordinate with the administrative support personnel to ensure that salary is accurately charged based on planned level of effort, IBS, the sponsored project budget, and the companion project budget in the case of cost sharing and in accordance with the [Faculty Responsibilities section](#) of the TCNJ Faculty Handbook.

If 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 *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 included in IBS totals during the semester in which the overload was performed; therefore, it can affect the amount and proportion of compensation charged to sponsored projects. Accordingly, OGSR must review overload requests involving sponsored projects 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 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.

If a College employee engages in work outside of his/her regular scope of duties, the employee must request Supplemental Pay. 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, TCNJ faculty are eligible to request and receive summer salary if/when they choose to devote effort and receive compensation from sponsored projects during the summer months of July and August, in addition to their 10-month academic year appointment at the College.

A request for summer salary indicates a commitment to put forth effort on a particular sponsored project during the summer months, not the academic year. Payment of faculty summer salary is allowable if 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 (1/10th) of academic year effort.

Total summer salary compensation for faculty cannot exceed 20 percent of the preceding year's 10-month academic year institutional base 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, worker's compensation and both actual and funded pension costs. 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

I. PROCEDURE OVERVIEW

- Human Resources provides TCNJ faculty member with appointment letter listing his/her institutional base salary amount, assigned workload along with the annual fringe benefits rate based on the New Jersey OMB “Employee Benefit” Reimbursement Rates circular.
- 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 OGSR for additional approval.
- , If [overload](#).is being requested during a semester when the faculty member is also working on sponsored projects, the request must be routed through OGSR for additional review and approval.
- The appropriate academic administrator approves additional non-academic year sponsored award compensation, in accordance with the TCNJ Faculty Handbook, [Faculty on Administrative Assignment](#).
- If supplemental work beyond faculty standard workload is being requested, it must be approved by the Office of Human Resources, the appropriate Cabinet member, and Finance and Business Services – Post-Award Grants, and be charged appropriately through the standard payroll system.
- If summer salary is being requested, PI completes the Summer Salary Authorization Form and submits it Finance and Business Services – Post-Award Grants for approval and payment authorization.
- The department and the Office of Human Resources establish the initial Labor Distribution for the faculty member in the financial system appropriately.
- 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.

II. ROLES AND RESPONSIBILITIES

Principal Investigator (PI) – Responsible For:

- Reviewing and approving appointment letters for staff working on sponsored projects.
- 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 set up and maintain of labor distributions in the institutional financial system.
- 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 appointment letters, PI requests for overload, summer salary, and supplemental pay.

Office of Grants and Sponsored Research – 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 and overload 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 the institutional financial system, as well as hard copies of appointment and salary letters for audit purposes.

Finance & Business Services – Post-Award Grants, Office of the Treasurer – Responsible For:

- Approving appointment letters for salaries charged to sponsored projects.
- Maintaining Labor Distributions in payroll system for faculty and staff in accordance with estimated effort on sponsored projects.
- Authorizing payment of summer salary and supplemental pay.