

**Harvard Pilgrim Health Care, Inc.
Harvard Pilgrim Health Care Institute, LLC
*Office of Sponsored Programs***

Policy and Procedure

TITLE: Calculating Salaries for Grants and Contracts Submissions

PURPOSE:

To provide guidance to faculty and staff on calculating salary when applying for grants and contracts,

PERSONS AFFECTED:

This policy & procedure (P/P) applies to all Harvard Pilgrim Health Care, Inc. (HPHC) and Harvard Pilgrim Care Institute, LLC (HPHCI) (collectively, HPHC/I) personnel engaged in research, teaching or research administration activities in support of the charitable and educational mission of HPHC, Inc.

POLICY:

HPHC/HPHCI follows 2 CFR §200.430 Compensation – Personal Services of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, Compensation (Uniform Guidance) regarding the charges for work performed on Federal and non-Federal awards by all faculty members which are allowable at the Institutional Base Salary (IBS) rate. IBS is defined as the annual compensation paid by an institution for an individual's appointment, including research, clinical, teaching, and/or other activities. IBS excludes any income that an individual earns outside of duties performed for the institution. Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.

The full-time equivalence (FTE) for full-time employees is 1 FTE. However, 1 FTE does not equate to any set number of hours, e.g., 40 or 50 hours per week; it equates to the totality of HPHC/I-compensated effort. (Although the standard method of using 40 hours to indicate 1 FTE, 30 hours to indicate 75% FTE, etc., this does not mean that exempt employees, including faculty, who are 1 FTE, work only 40 hours per week.)

PROCEDURE:

Accurate budget preparation, including salary calculation, is a critical component of a proposal as it provides insight into project management as well as defining the amount of funding

necessary to conduct the project. A reviewer can determine a great deal about a project based on a budget and the budget review can help or hinder the final outcome of the proposal review.

All grant and contract budgets, both cost reimbursement and firm fixed price, must calculate salaries and wages using each person's IBS and time and effort committed to the project. Salary may be budgeted based on calendar months or at an hourly rate using the full time equivalent of 2080 hours. Total effort for faculty and staff may not exceed 100% (see T&E policy). The effort included in the budget must be the effort charged to the awarded project. The Federal salary cap must be applied when applicable.

The following tables represent the method of calculating effort and calendar months (CM) for faculty and staff in various circumstances.

Preferred method of calculating effort for faculty and staff who are less than 1 FTE:

Individual's IBS for a 12-month appointment is .80 FTE	
5% of 1 FTE effort requested in application/proposal =	$.05 / .80 * 100 = 6.25\% \text{ FTE}$
	$12 * .8 * 6.25 = .6 \text{ CM}$

Application/proposal *not subject* to the salary cap 1.0 FTE

Individual's IBS for a 12-month appointment at 1.0 FTE	\$200,000
10% Research effort requested in application/proposal	\$ 20,000
Fringe benefits requested (28% of salary)	\$ 5,600
Total amount requested	\$ 25,560
	$12 * .10 = 1.20 \text{ CM}$

Application/proposal *not subject* to the salary cap less than 1.0 FTE

Individual's IBS for a 12-month appointment at 0.50 FTE	\$ 100,000
10% Research effort requested in application/proposal	\$ 10,000
Fringe benefits requested (28% of salary)	\$ 2,800
Total amount requested	\$ 12,800
	$12 * .5 * .10 = .60 \text{ CM}$

Application/proposal *subject to* the salary cap of \$199,300 (based on a grant award/contract issued on or after January 3, 2021) 1.0 FTE

Individual's IBS for a 12-month appointment at 1.0 FTE	\$200,000
Base salary – based on salary cap of \$199,300	\$199,300
10% Research effort requested in application/proposal	\$ 19,930
Cost share \$200,000 – \$199,300 = \$700	
Fringe benefits requested (28% of salary)	\$ 5,580
Total amount requested	\$ 25,510
	$12 * 1 * .10 = 1.20 \text{ CM}$

Application/proposal *subject to* the salary cap of \$199,300 (based on a grant award/contract issued on or after January 3, 2021) less than 1.0 FTE

Individual's IBS for a 12-month appointment at 0.50 FTE	\$100,000
Base salary – based on salary cap \$199,300 x 0.50 FTE =	\$ 99,650
10% Research effort requested in application/proposal	\$ 9,965
Cost share = \$350	
Fringe benefits (28% of allowable salary)	\$ 2,790
Total amount to be awarded due to salary limitation	\$ 12,755
	$12 * .50 * .10 = .60 \text{ CM}$

Revision History

DEPARTMENT: OSP	TITLE: Calculating Salaries and Calendar Months for Grant Submissions
EFFECTIVE DATE 7/15/2021	
REPLACES P/P DATED: 9/7/2017; 4/16/2019; 1/6/2020; 1/3/2021	
REFERENCES: NIH Notice Number: NOT-OD-19-099- Notice on Salary Limitation on Grants, Cooperative Agreements, and Contracts; 2 CFR §200.430 Uniform Guidance; Time & Effort; NIH Policy Statement (12.3.6.1 and 12.3.6.2)	
APPROVED BY: HPHCI Compliance Committee 9/7/17	