

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. Guidance on Salary Limitation for Grants and Cooperative Agreements NOT-OD-22-076 February 10, 2022.

Example 1. Individual with Full-Time Appointment

Research effort requested in application/proposal – 12 months (50% effort)

a.	Individual's institutional base salary for a FULL-TIME calendar year appointment	\$ 225,000.00	(FTS)
b.	Direct Salary with research effort (50%)	\$ 112,500.00	(a x .50)
c.	Fringe Benefits requested at 29.8% of salary	\$33,525.00	(b x .25)
d.	SUBTOTAL	\$ 146,025.00	(b + c)
e.	Requested F&A (indirect) costs at 66% of subtotal	\$ 96,495.00	(d x .45)
f.	Total amount to be requested	\$ 242,430.00	(d + e)

The salary cap for the above individual will be calculated as follows:

g.	Salary Cap - FY 2022	\$ 203,700.00	
h.	Salary Cap with research effort (50%)	\$ 101,850.00	(g x .50)
i.	Fringe Benefits calculated at 29.8% of allowable salary	\$ 30,351.00	(h x .25)
j.	SUBTOTAL	\$ 132,201.00	(h + i)
k.	Associated F&A (indirect) costs at 45% of subtotal	\$ 87,253.00	(j x .45)
l.	Total amount to be awarded due to salary limitation	\$ 219,454.00	(j + k)

Therefore, the amount of reduction due to federal salary limitation is:

m.	Total adjustment	\$ (22,976)	(l-f)
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For all examples:

- the Institutional Full-Time base salary (FTS) is \$225,000
- the requested Fringe Benefits rate is 29.8% of the direct salary
- the (F&A) indirect cost rate is 66%.
- the salary cap for grant awards/contracts issued on or after January 2, 2022, is \$203,700

Example 2. Individual with Half-Time Appointment

Research effort requested in application/proposal – 6 months (30% effort)

a.	Individual's institutional base salary for a HALF-TIME calendar year appointment	\$ 112,500.00	(FTS x (6/12))
b.	Direct Salary with research effort (30%)	\$ 33,750.00	(a x .30)
c.	Fringe Benefit Requested at 29.8% of salary	\$ 10,058.00	(b x .298)
d.	SUBTOTAL	\$ 43,808.00	(b + c)
e.	Requested F&A (indirect) costs at 66% of subtotal	\$ 28,913.00	(d x .66)
f.	Total amount requested	\$ 72,721.00	(d + e)

The salary cap for the above individual will be calculated as follows:

g.	Salary Cap - FY 2022	\$ 203,700.00	
h.	Salary Cap - FY 202 (6-month rate)	\$ 101,850.00	(g x (6/12))
i.	Salary Cap with Research effort (30%)	\$ 30,555.00	(h x .30)
j.	Fringe Benefits calculated at .298% of allowable salary	\$ 9,105.00	(i x .25)
k.	SUBTOTAL	\$ 39,660.00	(i + j)
l.	Associated F&A (indirect) costs at 66% of subtotal	\$ 26,180.00	(k x .45)
m.	Total amount to be awarded due to salary limitation	\$ 65,840.00	(k + l)

Therefore, the amount of reduction due to federal salary limitation is:

n.	Total Adjustment	\$ (6,881.00)	(m-f)
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For all examples:

- the Institutional Full-Time base salary (FTS) is \$225,000
- the requested Fringe Benefits rate is 29.8% of the direct salary
- the (F&A) indirect cost rate is 66%.
- the salary cap for grant awards/contracts issued on or after January 2, 2022, is \$203,700

Example 3. Individual with a Nine-Month Appointment

Research effort requested in application/proposal – 9 months (30% effort)

a.	Individual's institutional base salary for a nine-month calendar year appointment	\$ 168,750.00	(FTS x (9/12))
b.	Direct salary requested	\$ 50,625.00	(a x .30)
c.	Fringe Benefit Requested at 29.8% of salary	\$ 15,086.00	(b x .25)
d.	SUBTOTAL	\$ 65,711.00	(b + c)
e.	Requested F&A (indirect) costs at 66% of subtotal	\$ 43,369.00	(d x .45)
f.	Total amount requested	\$ 109,080.00	(d + e)

The salary cap for the above individual will be calculated as follows:

g.	Salary Cap - FY 2022	\$ 203,700.00	
h.	Salary Cap - FY 2022 (9-month rate)	\$ 152,775.00	(g x (9/12))
i.	Salary Cap with Research effort (30%)	\$ 45,832.00	(h x .30)
j.	Fringe Benefits calculated at 29.8% of allowable salary	\$ 13,658.00	(i x .25)
k.	SUBTOTAL	\$ 59,490.00	(i + j)
l.	Associated F&A (indirect) costs at 66% of subtotal	\$ 39,263.00	(k x .45)
m.	Total amount to be awarded due to salary limitation	\$ 98,753.00	(k + l)

Therefore, the amount of reduction due to federal salary limitation is:

n.	Total Adjustment	\$ (10,327.00)	(m-f)
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Preferred method of calculating effort for faculty and staff who are less than 1 FTE:

Revision History

DEPARTMENT: OSP	TITLE: Calculating Salaries and Calendar Months for Grant Submissions
EFFECTIVE DATE 10/1/2022	
REPLACES P/P DATED: 9/7/2017; 4/16/2019; 1/6/2020; 1/3/2021; 7/15/2021; 1/21/22	
REFERENCES: NIH Notice Number: NOT-OD-22-076- 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	