**Appendix**

Example 1: A faculty member with an appointment that includes a 9-month academic salary $90,000 plus an administrative supplement of 10% ($9,000) for serving as department chair. The department is preparing a National Science Foundation proposal and estimates that the faculty member’s work will require 33% effort for two months outside the appointment period (i.e., during the Summer Session 2018). The majority of the professional effort will occur On-Grounds.

In order to use institutional base salary (IBS) as the basis for costs budgeted in sponsored program budgets, it is often useful to calculate an IBS Rate (pay amount/duration of appointment in months).

IBS and IBS Rate:

**Salary** ($90,000) + **Administrative Supplement** ($90,000 x 0.10) = **IBS** ($99,000)

**IBS** ($99,000) / **Appointment Duration** (9 months) = **IBS Rate** ($11,000/month)

Compensation Budget:

**IBS rate** ($11,000/month) x **Effort** (0.33 or 33%) x **Appointment Duration** (2 months) = **Compensation Budget** ($7,260)

**Compensation Budget** ($7,260) + **Fringe** (Budgeted Compensation ($7,260) x Fringe Rate (0.061 or 6.1%\*\*)) = **Total Compensation** ($7,703)

*\*\* The fringe rate for wage and other misc. is used because the compensation will be paid outside the faculty member’s appointment period (i.e., as period activity pay). Note: If the compensation was to be paid during the faculty member’s appointment period (e.g., if the faculty member was on a 12-month appointment), the appropriate fringe rate would be the faculty rate of 28.40%.*

Total Budget: (limited to faculty compensation in this example)

**Total Compensation** ($7,703) + **F&A Budget** (Total Compensation ($7,703) x F&A Rate (0.615\*\*\*)) = **Total Budget** ($12,440)

\*\*\* *The majority of the professional effort will be performed in University facilities (i.e., on-Grounds) during the summer of 2018, therefore the on-Grounds (on-campus) rate for 07/01/2018 – 06/30/2019 is applied. Note: If the majority of the professional effort was to be performed off-Grounds, the appropriate F&A rate would be the off-Grounds (off-campus) rate of 26.00%. Reminder: The Other Sponsored Activities F&A rate may be appropriate for certain proposals. Consult with the Office of Sponsored Programs if you are uncertain which rate to use.*

Example 2: A faculty member with a 12-month appointment including an academic salary plan of $120,000 and a clinical salary plan of $120,000 is preparing a National Institutes of Health (NIH) proposal. He estimates that his work will require 25% effort for four months within 07/01/2018 – 06/30/2019. NIH’s current salary cap is $189,600/year. The majority of the professional effort will occur Off-Grounds.

In order to use institutional base salary (IBS) as the basis for costs budgeted in sponsored program budgets, it is often useful to calculate an IBS Rate (pay amount/duration of appointment in months).

IBS and IBS Rate:

**Salary** (Academic Salary Plan ($120,000) + Clinical Salary Plan ($120,000)) = **IBS** ($240,000)

**IBS** ($240,000) / **Appointment Duration** (12 months) = **IBS Rate** ($20,000/month)

NIH Salary Cap Considerations:

For faculty whose IBS are over the NIH salary cap, the salary request from the NIH grant will be budgeted at the NIH cap.

**NIH Salary Cap** ($189,600) / **IBS** ($240,000) = **NIH Capped Salary %** (0.79 or 79%)\*

*\* This is the portion of the faculty member’s IBS that can be charged to the NIH grant.*

NIH Budget for PI salary & fringe benefits:

**IBS rate** ($20,000/month) x **Effort** (0.25) x **Appointment Duration** (4 months) x **NIH Capped Salary %** (0.79 or 79%) = Salary on NIH grant ($15,800)

**Compensation Budget** ($15,800) + **Fringe** (Budgeted Compensation ($15,800) x Fringe Rate (0.284\*\*)) = **Total Compensation** ($20,287)

*\*\* The fringe rate for full-time (FT) faculty is used because the compensation will be paid during the faculty member’s appointment period.*

Total Budget: (limited to faculty compensation in this example)

**Total Compensation** ($20,287) + **F&A Budget** (Total Compensation ($20,287) x F&A Rate (0.26\*\*\*)) = **Total Budget** ($25,562)

\*\*\* *The majority of the professional effort will be performed in non-University facilities (i.e., off-Grounds), therefore the off-Grounds (off-campus) rate for 07/01/2018 – 06/30/2019 is applied. Note: If the majority of the professional effort was to be performed on-Grounds, the appropriate F&A rate would be the on-Grounds (on-campus) rate of 61.50%.*

The percentage of their salary that is above the cap must be paid from non-sponsored sources. Over the cap salary will not be counted as cost share where cost sharing is proposed. [FIN-051: Proposing and Managing Cost Sharing on Sponsored Programs](https://uvapolicy.virginia.edu/policy/FIN-051).