

Personnel Costs on Grants and Contracts

Universities, as a general rule, report the time their employees spend on grants and contracts as a percentage of effort of time worked. Faculty, researchers and others do not have a standard 37.5 or 40 hour workweek. West Virginia University (WVU) has recently drafted a policy regarding Institutional Base Salary (IBS). This policy is in accordance with the Office of Management and Budget Circular A-21 section J10, Compensation for personal services. The policy states that IBS is paid by WVU during a fiscal year for an employee's appointment to accommodate time spent on research, instruction, administration, service or clinical activity. Per the Office of Management and Budget Circular A-21 J10b(1)(a)) "The distribution of salaries and wages...will be based on payrolls documented in accordance with generally accepted account are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, consistently applied..." The IBS is considered the base for determining an individual person's effort percentages. The IBS equals 100% effort. Time spent toward research, instruction, administration, etc are considered a percentage of IBS; not to exceed 100%. These effort percentages are used to distribute salary and wages to reflect the time spent on research, instruction, administration, etc. WVU does not utilize timecards to distribute salary and wages nor does it generate invoices or financial reports that report hourly rates and hours worked.

For purposes of budgeting personnel costs on proposals for external funding, a percentage of effort **must be used**. Hourly rates and estimates of hours to be worked should not be provided to any potential sponsor **unless the specific formal solicitation requires** this information. In those cases, the budget justification should include the following disclaimer:

Data for hourly rates and hours worked is provided for informational purposes only. WVU does not account for time on an hourly basis. Faculty and other researchers time is reported on a percentage of effort basis. All invoicing and financial reporting will be based upon the percentage of effort calculation. Hourly rates and hours worked can not be verified or certified by the WVU financial system.