

Buyout Policy for Externally Sponsored Projects

Policy 204

1 Purpose

This policy has been established to meet the compliance standards set forth in the U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 CFR 200) for federally funded awards, which requires that all costs incurred for the same purpose be treated in like manner. The policy allows faculty to buy out a portion of their contracted workload effort with the University so that they may have more time to engage in research, service, or creative activities. This policy also provides for the reallocation of state salary funds for research development.

2 Scope

This policy applies to all externally funded grants, contracts and other restricted agreements supporting sponsored projects at Appalachian.

3 Definitions

3.1 Base Salary (Base Pay)

Reflects the contracted salary for an individual for the University's fiscal year (July 1 through June 30) excluding any lump sum compensation or increases for additional duties. The Base Salary itself does not include benefits, which must be added to the project budget in appropriate proportion to direct cost charges for all project personnel.

3.2 Benefits

Additional non-wage payments made by the University on behalf of an individual (social security, health insurance, etc.). Part of an individual's overall salary package, benefits are included in personnel charges for project budgets as a percent calculation directly allocable to the direct costs for salary.

3.3 Buyout

Is the purchase of any portion of any employee's University paid effort for reallocation to an extramurally funded project.

3.4 Co-Principal Investigator/Project Director (Co-PI/PD)

An investigator who shares equal responsibility for the direction of a research program with another.

3.5 Direct Costs

Direct costs charged to sponsored agreements must be allowable, allocable, and reasonable. These costs can be identified as belonging specifically to a particular sponsored project, an instructional activity, or any other sponsored activity, or can be directly assigned to such activities relatively easily with a high degree of accuracy. Direct costs do not include overhead/indirect costs (F&A).

3.6 Extramural Funding

Includes any form of sponsored project (grants, contracts, cooperative agreements, etc.)

3.7 Fiscal Year

The University's financial calendar year runs from July 1 until June 30.

3.8 F&A

Also referred to as indirect costs, overhead, overhead costs, or administrative costs. Defined as reimbursement for actual institutional expenses that support extramural activities but cannot be directly charged to a specific grant or contract, F&A is the cost of shared services such as libraries, plant operations and maintenance, utility costs, general, department and

sponsored projects administrative expenses, and depreciation or use allowances for buildings and equipment. Information on current F&A rates are available on the Office of Research website.

3.9 Matching

The portion of project costs not borne by the external sponsor.

3.10 Office of Management and Budget (OMB)

A branch of the Executive Office of the President of the United States, its primary function is to oversee the development and implementation of the federal budget. The OMB establishes principles for determining costs applicable to Federal grants, contracts, and other sponsored agreements.

3.11 Principal Investigator/Project Director (PI/PD)

The lead/primary investigator or director of a sponsored project.

3.12 Release Time

A reduction in the teaching course load for faculty during which time the faculty member has been reassigned to complete special duties or sponsored projects.

3.13 Workload Unit (WLU)

In order to be consistent with the faculty workload concepts articulated in the Faculty Handbook and in the university's faculty workload statement (App State Policy 219), which was submitted to the UNC General Administration and Board of Governors, the University Workload Task Force (2013 through 2015) defined the term "faculty workload unit" (WLU) to more accurately describe the true work effort of faculty at App State. This definition relates actual faculty working hours to the GA required Banner Workload Module (managed through IRAP). The Banner Workload Module software requires workload reported to the GA and BOG to be articulated as 24 instructional hours per academic year. Twenty-four "hours" does not accurately reflect the true hourly effort per week of our faculty. Thus, the introduction of the WLU nomenclature. A full-time faculty member at Appalachian State University is assigned 24 WLU's per academic year.

4 Policy and Procedure Statements

4.1 Tenure/Tenure-Track Workload Assumption

Generally, University faculty are expected to teach a minimum of 9, formally-scheduled, instructional contact hours (9-WLU's) per semester and engage in research, community service, or other scholarly or creative activity equivalent to 3 instructional contact hours (3-WLU's) per semester. The standard workload effort is based upon 24 instructional contact hours per academic year. With the signed consent of the Chair and Dean, faculty may buy out any whole number of their required 24 WLU expectation with extramural funding.

4.1.1. All PIs are expected to request financial support for appropriate levels of time committed to each sponsored project.

4.1.1.a. Recognizing that each sponsored project requires some degree of a faculty member's time to complete, extramural funds shall pay a portion of participating faculty and staff base salary and fringe benefits as allowed by the sponsor - unless the department chair and dean agree to support this effort as part of an institutional assignment or match.

4.1.1.b Based on a standard 12 WLU per semester, an individual who wishes to buy time for an extramural project would calculate the value of that time as follows:

Amount	Buyout Workload Units (WLU)	Description	Calculation on Base Salary & Fringe
2	3 credit-hour course	Two classes (3 credit-hours each) in 1 semester (or one class per semester for two semesters)	25%
1	3 contract-hour laboratory section	One laboratory section that formally meets for 3 contact hours per week during a semester.	12.5%
1	1 credit-hour course buyout	A one credit-hour studio that formally meets for one hour per week during a semester	4.2%

4.1.2. Faculty who already have assigned, scholarship/engagement WLU's may buy out any percentage of that time directly

allocable to the sponsored project (i.e., 1%, 5% or 10%).

4.2 Distribution of released salary and fringe dollars

4.2.1 Extramural Funding

All state dollars replaced by extramural funding for non-tenure/tenure-track faculty and staff will remain with the department, college, school, institute, etc. whose budget provided the institutional salary.

4.2.2 Released Funds

- First, released funds will be used to hire replacement personnel, assuring that University functions continue to operate without interruption in alignment with the University Mission Statement
- Deans, department chairs, and unit administrators may pool released funds from one or more buyouts to strategically fund one-year appointments within the school, college, department, unit,
- After replacement personnel has been addressed, remaining released dollars (buyout salary dollars minus the cost of replacement personnel) will be distributed using the following percentages:
 - College/School/Unit: 35%
 - Department: 50%
 - PD/PI: 15%

*State supported dollars must be expended prior to the end of the fiscal year.

See [Appalachian Supplemental Pay Policy](#)

4.3 Allowable PI use of released salary dollars

- Funds may be used to support and encourage further research and extramural projects as described in the procedure guidance document.
- These funds may not be used to directly or indirectly increase the PI/PD's salary.
- Time Limited Funds: Salary and fringe dollars are part of the University's annual State budget and revert back to the State of North Carolina at the end of each fiscal year.
- Spending deadlines and freezes that precede annual year-end financial close out procedures apply. Funds may be lost if this is not taken into consideration.
- Funds not expended at the close of the fiscal year are lost.

5 Related University Policies

[Appalachian State University Faculty Handbook](#)

[Appalachian State University POLICY 219 Policy on Faculty Workload](#)

[Appalachian State University POLICY 602.10 Supplemental Pay](#)

6 Additional References

[The University of North Carolina Board of Governor's Policy 400.3.4](#)

[2 CFR PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS](#)

7 Contact Information

Vice Provost for Research | 828-262-7459 | [Office of Research](#)

8 Original Effective Date

December 16, 2015

9 Revision Dates

January 21, 2022