

# Buyout Policy for Externally Sponsored Projects

Policy 204

**:NOTE: For purposes of all Appalachian State University policies, references to SPA (subject to the State Personnel Act [former terminology]) shall be interchangeable with SHRA (subject to the State Human Resources Act [current terminology]); and references to EPA (exempt from the State Personnel Act [former terminology]) shall be interchangeable with EHRA (exempt from the State Human Resources Act [current terminology]).**

## 1 Introduction

1.1 Appalachian State University encourages faculty, staff and student participation in extramurally funded projects. When appropriate funding is available, externally sponsored research, service and creative activity of the University should be fully supported by extramural funds, to include all project personnel expenses that typically reflect a significant portion of project costs. In particular, all effort of University personnel should be appropriately reflected in project budgets when the budget period intersects with or includes the period of performance during which an individual is under University contract. While under University contract, effort must be direct charged to the project or clearly identified as University effort (normal assignment, release time or matching).

1.2 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

2.1 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 (Co-PI)

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

### 3.5 Co-Director

(See Co-Principal Investigator)

### 3.6 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 institutional

activities, or can be directly assigned to such activities relatively easily with a high degree of accuracy. Direct costs do not include overhead/indirect costs.

### **3.7 Extramural Funding**

Includes grants, contracts, cooperative agreements, and any other form of restricted award income.

### **3.8 Fiscal Year**

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

### **3.9 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.

### **3.10 Matching**

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

### **3.11 Office of Management and Budget (OMB)**

A branch of the Executive Office of the President of the United States. OMB helps the president formulate spending plans; evaluates the effectiveness of agency programs, policies, and procedures; assesses competing funding demands among agencies; and sets funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the president's budget and with administration policies.

### **3.12 Principal Investigator (PI)**

Any faculty or indefinite status staff member may serve as a principal investigator on a sponsored project. Others may serve only by permission of both the Dean/Division Head administering the award and the Vice Provost for Research.

### **3.13 Project Director**

(See Principal Investigator)

### **3.14 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 personal research.

### **3.15 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 (ASU 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 ASU. 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.

**EXAMPLE:** The average scholarly-active, tenure-track faculty member's WLU assignment consists of 18 formally-scheduled instructional contact hours, plus a mandate for an active scholarly/creative effort that would reflect the workload associated with 6 additional formally-scheduled instructional contact hours.

**Note:** "Formally-scheduled instructional contact hours" are those associated with university-catalogue-listed courses (including laboratories, studios, or other such instructional activities) that are assigned by the department chair as part of a faculty member's official workload. Hereafter, formally scheduled instructional contact hours will be referred to as Workload Units (WLU), where 1 WLU = 1 formally scheduled instructional contact hour.

## 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 include financial support for appropriate levels of time committed to each project.

4.1.1.a. Recognizing that each 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.a All dollars replaced by extramural funding for tenure/tenure-track faculty will remain with the department, college, or school whose budget provided the institutional salary

4.2.1.b All 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 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

4.2.2.1. 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,

4.2.3. 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 (An **EXAMPLE** is provided for demonstration purposes only; actual calculations will vary with base salary differences, replacement contract amounts, and current [Policy 602.10.](#))

Distribution of Funds Remaining after Personnel Replacement Expenditures		<p><b>EXAMPLE:</b></p> <p>3 credit-hour course buyout on a \$60,000 base salary:</p> <ul style="list-style-type: none"> <li>• \$60,000 *12.5%=\$7,500 released salary dollars</li> <li>• \$1,125/credit hour for a PhD level replacement (See Policy 602.10 IV.C) *3 credit hours = \$3,375</li> <li>• \$7,500 - \$3,375 replacement = \$4,125 remains</li> </ul>
College/School/Unit	35%	\$4,125 * 35% = \$1,444
Department	50%	\$4,125 * 50% = \$2,063
PD/PI	15%	\$4,125 * 15% = \$618

## 4.3 Allowable PI use of released salary dollars

4.3.1 Funds may be used to support and encourage further research and extramural projects, such as:

1. Conducting feasibility studies prior to extramural proposal preparation/submission
2. Preparing competitive proposals for additional extramural support
3. Providing carryover research funding to provide continuity between other externally funded projects (noting that **State salary dollars are time limited and expire at the end of each fiscal year**)
4. Engaging in research programs of critical interest to the general welfare of the citizens of the State
5. Purchasing capital equipment directly related to expanding the research capability of the Institution
6. Providing research or administrative project costs not covered by a sponsor (match)
7. Hiring student assistants to facilitate timely completion of research projects and publications (requires early coordination to assure time limited funds do not expire)

4.3.2. These funds may not be used to directly or indirectly increase the PI/PD's salary.

4.3.3. Time Limited Funds: Salary and fringe dollars that are part of the University's annual State budget revert back to the State of North Carolina at the end of each fiscal year. Faculty salary dollars are time limited funds.

4.3.4. Spending deadlines and freezes that precede annual year-end financial close out procedures apply.

4.3.5. Funds not expended at the close of the fiscal year are lost.

## 5 Additional References

[Appalachian State University Faculty Handbook](#)  
[Appalachian State University POLICY 219 Policy on Faculty Workload](#)  
[Appalachian State University POLICY 602.10 SUPPLEMENTAL PAY](#)

## 6 Authority

[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 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) - [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

## 7 Contact Information

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## 8 Original Effective Date

December 16, 2015

## 9 Revision Dates