

Salary Savings

BY RACHAEL GROSS

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Why not just save all of my federal money for summer salary?

Federal Sponsors consider an employee who charges 100% of salary to be 100% committed:

- No vacation
- No work on other grant proposals
- No work on unrelated research paper
- No attending unrelated conferences
- No teaching
- No committee work

This makes it nearly impossible for a faculty member to be paid full time on a grant. In order to mitigate this risk the College of Engineering has established the following policy:

“No faculty member should be paid 100% from federal grants in any one month”

What is Salary Savings?

- Faculty appointments are made for the **nine-month** academic year, utilizing general university (state) funds.
- Departments are to charge faculty salary to align effort with pay.
- Salary Savings occurs when actual state salary costs are less than what was planned or budgeted.

Example

- Professor A has requested 1 month of salary comes from Grant X
- This will reduce the salary paid by the department during the academic year
- The money paid by external funding during the academic year becomes “salary savings”

	<i>June</i>	<i>July</i>	<i>Aug.</i>	<i>Sep.</i>	<i>Oct.</i>	<i>Nov.</i>	<i>Dec.</i>	<i>Jan.</i>	<i>Feb.</i>	<i>Mar.</i>	<i>Apr.</i>	<i>May</i>
Academic Salary		\$5,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$5,000	
Grant X	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833.	\$833	\$833	\$833
Salary Savings		\$416	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$416	

Salary Savings \$7,500.00

How can I utilize salary savings?

- Purchasing Computers
- Acquiring lab Equipment
- Student Support
- Supplies
- Travel
- Teaching Buyout

- Summer Salary

**Note that summer appointments are allowable only when faculty and students are truly working.*

Example

Professor A decided to use the “salary savings” for summer salary

	<i>June</i>	<i>July</i>	<i>Aug.</i>	<i>Sep.</i>	<i>Oct.</i>	<i>Nov.</i>	<i>Dec.</i>	<i>Jan.</i>	<i>Feb.</i>	<i>Mar.</i>	<i>Apr.</i>	<i>May</i>
<i>Grant X</i>	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833.	\$833	\$833	\$833
<i>Academic Salary</i>		\$4,583	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$9,167	\$4,583	
<i>Salary Savings</i>	\$2,500	\$1,250									\$1,250	\$2,500
<i>Monthly Salary</i>	\$3,333	\$6,667	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$6,667	\$3,333

Restriction

The availability of salary saving funds will expire at fiscal year-end (June 30th) during the fiscal year is was accrued.

Exception for encumbered purchases and summer salaries

Recommendation

When budgeting, first determine how many hours/months are appropriate towards the scope of and split the effort between academic and summer months.

2 Months:

- ❑ 1 Academic Month(Salary Savings)
- ❑ 1 Summer Month

Financial Guidance Website

<http://www.me.iastate.edu/financial/>