Salary Savings

BY RACHAEL GROSS

SPRING 2017
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”

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<td><strong>Salary Savings</strong></td>
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**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

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<td>Academic Salary</td>
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<td>Salary Savings</td>
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<td>Monthly Salary</td>
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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/