

Mount Sinai School of Medicine

Research Faculty Compensation
Federal Grant Rules & Policies

Federal Grant Compensation Rule

- OMB Circular A-21-J.8.d(1)
 - Charges for work performed on sponsored agreements by faculty members will be based on individual faculty member's regular compensation.
 - Any charges for work representing "extra compensation" above the faculty member's base salary are allowable provided that the arrangements are specifically provided for in the agreement or are approved in writing by the sponsoring agency.

From the Federal Perspective: What is reasonable compensation?

Once a researcher's regular base salary has been set in accordance with MSSM's compensation policy, that base salary reflects the researcher's reasonable level of compensation.

Federal Base Salary Rate Limitation

- OMB Circular A-21-J.10.d(1)
 - Charges for work on sponsored agreements by faculty members during the year are allowable at the base salary rate.
 - In no event will the charges to sponsored agreements exceed the proportionate share of the base salary for that period.

Note: Neither base salary nor proportionate share is formally defined in OMB A-21 regulations.

The NIH Policy Statement (October 2010)

- Institutional Base Salary=
 - The annual compensation paid by an organization for an employee's appointment, whether that time is spent on research, teaching, patient care or other activities. Base salary excludes any income that an individual is permitted to earn outside of duties for the organization.
 - "Base salary may not be increased as a result of replacing organizational salary funds with NIH grant funds (anti-augmentation)."

In other words:

- An institution can't increase salary simply because part or all of the effort is now charged to a federal award, assuming that the duties are essentially the same.

However:

- Institutions can adjust compensation based on past performance and current responsibilities if the adjustment is done on a consistent basis, regardless of the source of support on a periodic or annual basis.

Compensation charges will likely be disallowed from:

- Charging faculty bonuses to grants.
- Increasing faculty base salary just because he/she obtained another grant.
- Supplements charged to grants for doing extra work.
- Temporarily reducing the salaries of researchers who have gaps in external funding.

Next Steps:

- Ensure Institutional Compensation guidelines and Departmental Compensation Policies are consistent with Federal Grant Compensation Rules.
- Consult with Position Control first before proposing salary increases for research faculty.