POLICY STATEMENT

OCG Policy Statement Title: 3/9ths Summer Salary Limit

**Functional Area:** Research Administration

**Related Policy: 2 CFR 200; Institutional Base Salary & Additional Faculty Compensation for Faculty on 9-Month/Academic Year Appointments**

**Effective Date: March 1, 2017**

**Approved by:**

**Responsible Office:** Office of Contracts and Grants

1. PROCEDURAL STATEMENT

The Office of Management and Budget (OMB), a branch of the Executive Office of the President, issued Circular 2 CFR 200 to establish principles for administrative requirements and costs applicable to federally funded grants, contracts and other agreements. Section [2 CFR 200.430(h)(5)](http://www.ecfr.gov/cgi-bin/text-idx?SID=8c43fca74b519f6d238b4b65d43a8578&mc=true&node=se2.1.200_1430&rgn=div8) of that document addresses salary rates for faculty members during periods outside the academic year and 2 CFR 200.430(h)(2) defines the salary limits that cannot be exceeded for work performed on Federal award. This sets the basis for the 3/9ths rule. Additionally, 2 CFR 200 expects the University to establish and consistently apply policies regarding compensation paid by sponsored projects and it is the responsibility of the faculty member to understand and comply with regulations regarding summer pay.

1. POLICY STATEMENT

For academic year (9-month contractual) appointed faculty, [campus guidelines allow](https://facultyaffairs.colorado.edu/faculty/policy-resources/campus-policies/additional-compensation/?searchterm=additional%20compensation) for the maximum of an additional 3/9ths of the academic year salary to be earned for summer work during the summer months including summer teaching, research pay in any proportion, additional, pay, etc. These rules do not apply to research faculty paid on a fiscal year 12-month appointment. It is important to note that not all granting agencies allow the entire 3/9ths to be charged to the grant.

Faculty members often receive multiple grants for a single research area. It is essential to ensure salary is not charged to one project while expending effort on a different project. Failure to account accurately for salary charges to various projects can result in significant disallowances. Therefore, the effort devoted to a sponsored project should be consistent with the plan that was proposed to the sponsoring agency and agreed to at the time of the award. Paid effort must be supported by a proposed salary budget and adequate funding. Effort on projects that do not have adequate budget or funding cannot have that effort paid by a different project and it is inappropriate to have summer salary pay for research effort expended during the academic year.

It is important to keep in mind that during the summer months, the effort a faculty member expends should coincide with where the salary is charged. If a faculty member charges an entire 1/9th of their academic salary to a grant, they must expend 100% of their effort for that month towards that grant. In other words, he/she cannot take significant time off for vacation while being paid from a grant. Nor can he/she spend any time writing new grant proposals, developing new course curriculum or performing any non-research related work. Paid summer effort will need to be certified via the ePERS system.

1. DEFINITIONS

**Academic Year (AY) Salary:** The same as “Institutional Base Salary” for academic year appointed faculty.

**Institutional Base Salary (IBS):** The annual compensation set by the University for an individual's tenure track teaching appointment, whether that individual's time is spent on research, instruction, service or other institutional activities.

**One-Ninth Rule:** Federal regulation limiting the amount of salary charged for work performed on Federal awards to no more than the proportionate share of the IBS for that period. For CU Boulder, 1/9th of the IBS is equivalent to one month’s AY salary.

1. PROCEDURES
2. Determining Summer Pay Limits

[2 CFR 200.430(h)(2)](http://www.ecfr.gov/cgi-bin/text-idx?SID=8c43fca74b519f6d238b4b65d43a8578&mc=true&node=se2.1.200_1430&rgn=div8) and (5)(i) restricts the amount a faculty member can charge to a Federal award in any given month to no more than 1/9th of the academic year salary. Because of this Federal requirement, CU Boulder limits total earned summer compensation to 3/9ths of the academic year salary. This limit is calculated using the base AY salary amount only, not the total compensation earned by the faculty member during the academic year. Therefore, compensation earned during the academic year for the following activities is not included in the IBS:

* Overload teaching
* Continuing education appointments
* All administrative stipends such as departmental chairs, endowed chairs, associate chairs, faculty directors, etc
* Monetary awards
* Endowed Professorships
* Compensation earned for services performed external to the university

Total summer compensation earned, regardless of the source, is functionally restricted to 3/9ths of the academic year salary. Therefore, compensation earned during the summer months from the following activities is subject to the 3/9ths limit:

* Compensation for Maymester teaching
* Compensation for summer teaching with either the Summer School or Continuing Education
* Summer research
* LEAP or other training sessions that include a payment for attendance; exclude payments made in the summer for the academic year
* All compensation not specifically stated above that requires expending effort on the part of the faculty member for university related duties

The following are **exempt from the 3/9ths limit:**

* Administrative stipends earned during the summer session, beginning July 1, 2012
* Endowed Professorships where the compensation carries no required effort on the part of the faculty member
* Compensation earned from entities not associated with the University for consulting services performed during the summer months

In a summer month (May, June, July, or Aug) where a faculty earns compensation from multiple sources (i.e., teaching, research), the compensation added together from all activities may not exceed the academic year monthly rate of 1/9th. Since August and May are split between the academic year and the summer session, summer pay is prorated based on the number of summer working days in each of those months so that total compensation for these two summer months together does not exceed the 1/9th limit.

The final 1/9th academic year payment in the May pay period represents compensation for academic year effort contributed in August for fall semester and in May for spring semester. As the effort related to this payment was expended prior to the start of the summer session, this May pay period salary does not count toward the 3/9ths limit.

1. Calculating Summer Compensation Amounts

[The Summer Salary Funding Worksheet and Request Form](http://www.colorado.edu/academicaffairs/summer-salary-guidelines-and-request-form) is not required for those faculty involved in only summer teaching. Summer teaching is a critical component of the university’s mission but planning for summer teaching loads is often difficult to do with any precision. Classes may be cancelled because of insufficient registrants or schedules may change during the summer semester. Consequently, adherence to the 3/9ths limit will be monitored via post-audits rather than utilizing the pre-planning tool that is used by researchers.

Beginning July 1, 2012, faculty members who are engaged in summer teaching plus research or research only are required to use the [Summer Salary Funding Worksheet and Request Form](http://www.colorado.edu/academicaffairs/summer-salary-guidelines-and-request-form) to furnish detailed information regarding his/her intended summer salary. ALL appointments from ALL campuses must be included to allow the departmental chair to determine the 3/9ths limits are not exceeded. Schools/colleges must have a copy of this form signed by the faculty member’s Chair on file before a faculty can receive any compensation from a research grant. A completed form signed by the department chair represents the official authorization for any summer positions and is housed in the department. It is the researcher’s responsibility to ensure his/her 3/9ths limit is not exceeded.

An Excel spreadsheet ([Summer Salary Request Form & Planning Tool](http://www.colorado.edu/academicaffairs/3-9ths-calculator)) is available to assist with calculating the 3/9ths maximum salary earned during the summer. This tool can be used to assist in the calculation but is not required.

1. Planned Time Off during the Summer Months

Academic year faculty members do not accrue paid leave and therefore may only take time off when he/she is not on appointment. If a faculty member plans to take significant time off during the summer months, he/she cannot charge a grant for any salary earned during the time away from the campus unless allowed by the grant/contract. In other words, the faculty member’s compensation amount must be reduced to less than 1/9th of the academic year salary in the month the leave is taken. However, a faculty member can adjust his/her work hours in any given week to allow for insignificant time off as long as he/she ensures the salary charged to a grant reasonably reflects the actual work performed on the sponsored project.

It is important to note, a faculty member **can** earn the entire amount of the 3/9ths limit during the summer months even though there is one week in August that is not associated with either the summer session or academic year. A faculty member can be paid for this ‘Missing’ week as long as the total compensation earning during the summer months does not exceed 3/9ths. If a faculty member takes an unpaid week of vacation time in July, he/she can use this week to conduct research and be paid.

1. Activity Solely With Summer Teaching

Compensation earned in any given summer month that is derived solely from teaching activities is not subject to the 1/9th limits. This provision only applies when 1/9th of the faculty’s academic year salary is less than what he/she would earn by teaching a summer course. The 1/9th limit only applies in a summer month where any fraction of summer compensation is earned from research grants. Although the 1/9th limitation may be exceeded in any month where there is no research funding involved, the total summer compensation may not exceed 3/9ths nor can the entire 3/9ths be earned entirely in one summer month.

If you have unique, limited and exceptional circumstances that may merit a waiver of this 1/9th limit, such as when there is a strong curricular need for the teaching of a specific summer course, a written waiver may be requested from the Provost. However, if a waiver is granted, it is important to keep in mind that the 3/9ths limit still applies. Faculty receiving a waiver will need to reduce the compensation earning is other summer months to below the 1/9th limit to ensure compliance with the 3/9ths.

1. RELATED PROCEDURAL STATEMENTS, FORMS, POLICIES, & TOOLS

(Please find the below documents at: <http://www.colorado.edu/academicaffairs/academic-resources>)

1. [Summer Salary Request Form & Planning Tool](http://www.colorado.edu/academicaffairs/3-9ths-calculator)
2. [Summer Salary Guidelines](https://www.colorado.edu/academicaffairs/summer-salary-guidelines-and-request-form)