



Background Information

Effort on a proposal for external funding is represented as either a percentage, number of person months, or number of hours.

Compensation requested for UArizona employees should be based on the employee's Institutional Base Salary (IBS)¹ at the time of submission.

Institutional Base Salary (IBS) – the total annual cash compensation paid by the University of Arizona for an employee's appointment, whether that individual's time is spent on research, instruction, administration, or other activities.

Appointments

Appointments may be Academic (9 calendar months) or Fiscal (12 calendar months).

NOTE: *Employees with an Academic appointment may elect to have their pay distributed to them over a 12-month period, however these individuals are still only compensated for 9 calendar months.*

Compensation

Compensation (salaries and wages) for UArizona employees may be budgeted and requested as part of an externally funded proposal in three different ways:

FISCAL COMPENSATION

If the employee has a Fiscal appointment, the amount of effort that individual will devote to the externally funded project may be budgeted. The number of regular work hours in a year for fiscal employees varies based on the number of pay periods in the year.²

REGULAR WORK HOURS IN YEAR
2,080 (26.0 pay periods in fiscal year)
2,088 (26.1 pay periods in fiscal year)
2,096 (26.2 pay periods in fiscal year)

Rather than trying to determine which base to use for which year, it is a good practice to simply budget for fiscal employees using a consistent 2,080 hours. The fiscal year runs from July 1 of one calendar year through June 30 of the following calendar year.

¹ Compensation Definitions for Faculty and Appointed Professionals:

<https://hr.arizona.edu/supervisors/compensation/compensation-definitions-faculty-and-appointed-professionals>

² How Pay Rates are Calculated <https://hr.arizona.edu/supervisors/compensation/how-hours-fiscal-year-affect-annual-pay-rates>



- **Fiscal Compensation Example 1: Percentage of effort/time**

Wilbur Wildcat is a fiscal employee with an IBS of \$85,000. Wilbur will provide 10% of their annual effort on the proposed project.

Effort Calculation: 12 calendar months x 10.00% effort = 1.2 calendar months

Compensation Calculation: \$85,000 IBS x 10.00% = \$8,500 salaries/wages

- **Fiscal Compensation Example 2: Number of person months**

Wilma Wildcat is a fiscal employee with an IBS of \$85,000. Wilma will provide 1.0 calendar month of effort on the proposed project.

Effort Calculation: 1 calendar month / 12 calendar months possible = 0.0833 or 8.33%

Compensation Calculation: \$85,000 IBS x 8.33% = \$7,083 salaries/wages

- **Fiscal Compensation Example 3: Number of hours**

Wyatt Wildcat is a fiscal employee with an IBS of \$85,000. Wyatt will provide 240 hours of effort on the proposed project.

Effort Calculation: 240 hours / 2080 hours possible = 0.1153 or 11.50%

Hourly Rate Calculation: \$85,000 IBS / 2080 hours possible = \$40.87/hour

Compensation Calculation: \$40.87/hour x 240 hours = \$9,809 salaries/wages

ACADEMIC COMPENSATION

If the employee has an Academic appointment, the amount of effort that individual will devote to the externally funded project may be budgeted. The number of regular work hours in a year for academic employees is 1,600 hours. The 9-month academic year runs from approximately August 15 of one calendar year through approximately May 15 of the following calendar year.

- **Academic Compensation Example 1: Percentage of effort/time**

Wilbur Wildcat is an academic employee with an IBS of \$85,000. Wilbur will provide 10% of their academic effort on the proposed project.

Effort Calculation: 9 academic months x 10.00% effort = 0.9 academic months

Compensation Calculation: \$85,000 IBS x 10.00% = \$8,500 salaries/wages

- **Academic Compensation Example 2: Number of person months**

Wilma Wildcat is an academic employee with an IBS of \$85,000. Wilma will provide 1.0 academic month of effort on the proposed project.

Effort Calculation: 1 academic month / 9 academic months possible = 0.1111 or 11.11%

Compensation Calculation: \$85,000 IBS x 11.11% = \$9,444 salaries/wages

- **Academic Compensation Example 3: Number of hours**

Wyatt Wildcat is an academic employee with an IBS of \$85,000. Wyatt will provide 240 academic hours of effort on the proposed project.



Effort Calculation: 240 hours / 1600 hours possible = 0.15 or 15.00%

Hourly Rate Calculation: \$85,000 IBS / 1600 hours possible = \$53.13/hour

Compensation Calculation: \$53.13/hour x 240 hours = \$12,751 salaries/wages

NOTE: *Some departments/colleges have specific policies for course-buyout and how much academic time can or should be budgeted. Please check with individual departments for their policy.*

NOTE: *Do not justify the compensation as “course buy-out” in the proposal documentation. The amount budgeted is for the employee’s regular compensation. It simply frees up those funds that would normally be used to compensate the employee to hire additional staff as needed.*

SUPPLEMENTAL COMPENSATION

If the employee has an Academic appointment, they may budget their effort during the summer as Supplemental Compensation.³ The number of regular work hours possible for Supplemental Compensation is 456 hours. The 3-month summer runs from approximately May 15 through approximately August 15. Hourly rates for summer supplemental compensation are determined by using a multiplier of **0.000731** as of academic year 2022-2023.

- **Summer Supplemental Compensation Example 1: Percentage of effort/time**

Wilbur Wildcat is an academic employee with an IBS of \$85,000. Wilbur will provide 10% of their summer effort on the proposed project.

Effort Calculation: 3 summer months x 10.00% effort = 0.3 summer months

Hourly Rate Calculation: \$85,000 IBS x 0.000731 = \$62.14/hour

Summer Salary Calculation: \$62.14/hour x 456 hours possible = \$28,336

Compensation Calculation: \$28,336 x 10.00% = \$2,833

- **Summer Supplemental Compensation Example 2: Number of person months**

Wilma Wildcat is an academic employee with an IBS of \$85,000. Wilma will provide 1.0 summer month of effort on the proposed project.

Effort Calculation: 1 summer month / 3 summer months possible = 0.3333 or 33.33%

Hourly Rate Calculation: \$85,000 IBS x 0.000731 = \$62.14/hour

Summer Salary Calculation: \$62.14/hour x 456 hours possible = \$28,336

Compensation Calculation: \$28,336 x 33.33% = 9,445 \$ **or** \$28,336

/ 3 = \$9,445

- **Summer Supplemental Compensation Example 3: Number of hours**

Wyatt Wildcat is an academic employee with an IBS of \$85,000. Wyatt will provide 240 summer hours of effort on the proposed project.

³ Supplemental Compensation: <https://hr.arizona.edu/workforce-systems/other-compensation/supplemental-compensation>



Effort Calculation: 240 hours / 456 hours possible = 0.5263 or 52.63% x 3 summer months = 1.57 summer months

Hourly Rate Calculation: \$85,000 IBS x 0.000731 = \$62.14/hour

Compensation Calculation: \$62.14/hr x 240 hrs = \$14,914 salaries/wages

NOTE: *Employees with a Fiscal appointment may not be budgeted for or earn supplemental compensation on externally funded grants or contracts.*

Graduate Assistants/Associates (GAs)

Graduate students must be budgeted very specifically for externally funded proposals.

The University of Arizona Graduate College sets a minimum stipend for GA positions. This amount is for a 9-month academic appointment at a 0.50 FTE position. The stipend should be prorated for longer or shorter contracts, and contracts of FTE less than 0.50.⁴

Minimum Stipend for Academic Year 2023-2024: \$21,750

This amount is only a minimum. Colleges are welcome to set their own rates, as long as they do not go below the annual mandatory minimum.

GAs may be budgeted at the following FTEs while classes are in session:

- 0.66 FTE = 26.4 hours/week (domestic only)
- 0.50 FTE = 20.0 hours/week (domestic or international)
- 0.33 FTE = 13.2 hours/week (domestic or international)
- 0.25 FTE = 10.0 hours/week (domestic or international)

Summer Supplemental Compensation for GAs is limited to no more than 35 hours per week (0.75 FTE) total compensation during the summer.⁵

GAs should be budgeted for the academic year as follows:

- \$43,500 IBS x 0.66 FTE = \$28,710
- \$43,500 IBS x 0.50 FTE = \$21,750
- \$43,500 IBS x 0.33 FTE = \$14,355
- \$43,500 IBS x 0.25 FTE = \$10,875

GAs should be budgeted for the summer as follows:

- \$43,500 IBS x 0.000731 = \$31.79/hour
- 456 hours possible x 0.75 FTE x \$31.79/hour = \$10,872

⁴ Graduate Assistant and Associate Workload Policy: <https://grad.arizona.edu/funding/ga/graduate-assistant-and-associate-workload-policy>

⁵ Supplemental Compensation: <https://grad.arizona.edu/funding/ga/supplemental-compensation>



Graduate Assistant Tuition Remission

Tuition is a mandatory benefit (applicable to Fall and/or Spring academic terms) for students employed as GAs which is budgeted separate and distinct from salaries and ERE/fringe benefits.⁶

Do not forget to include this in your budget for all GAs budgeted.

Employee Related Expenses (ERE)/Fringe Benefits

Employee Related Expenses (ERE) are the expenses the University is responsible for as an employer.⁷ The University has established flat fringe benefit rates for each of the major employee groups at the campus.⁸

Do not forget to include these in your budget for ***all*** University of Arizona employees budgeted.

Annualized Effort

Annualized effort for fiscal appointments is easy. 1 month of calendar effort/year = 1 annualized month of calendar effort/year.

Annualized effort is different for academic or summer effort since each makes up only a portion of a year. To determine annualized effort from academic and/or summer effort, see below:

ACADEMIC ONLY

To determine annualized effort from academic effort, divide the number of academic months budgeted by 12 calendar months.

10% academic effort = 9 academic months x 10% or 0.9 academic months

0.9 academic months / 12 calendar months = 0.075 or 7.5% annualized effort

SUMMER ONLY

To determine annualized effort from summer effort, divide the number of summer months budgeted by 12 calendar months.

33.33% summer effort = 3 summer months x 33.33% or 1.0 summer month

1.0 summer month / 12 calendar months = 0.0833 or 8.33% annualized effort

ACADEMIC AND SUMMER

To determine annualized effort from academic ***and*** summer effort, divide the total number of academic and summer months budgeted by 12 calendar months.

0.9 academic months + 1.0 summer month = 1.9 total months

1.9 total months / 12 calendar months = 0.1583 or 15.83% annualized effort

⁶ Other Costs: <https://research.arizona.edu/administration/build-budget/budget-categories/other-costs#TuitionRemission>

⁷ Employee Related Expense (ERE) Rates: <https://financialservices.arizona.edu/accounting/ere-rates/overview>

⁸ ERE Rates Overview and FAQs: <https://financialservices.arizona.edu/accounting/ere-rates/overview>