

**Policy and Procedure Manual
Administrative Manual – Section 10
Administrative Institutional
Department: Research Operations**



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**Use of Salary Savings
Funds**

APPROVALS:

SLT: 03/12/15

Scope: Medical Center Beckman Research

I. PURPOSE / BACKGROUND

The following policy sets forth the eligibility, calculation and permitted use of salary savings funds. The overriding purpose is to ensure that these funds are used to advance the mission of the institution.

II. POLICY

A. Salary Savings Account

1. Amount Designated

- a. For grants and contracts awarded by an Eligible Organization with the City of Hope (“COH”) full federal indirect cost rate the Principal Investigator (PI) and the Co-Principal Investigator (Co-PI) hereinafter referred to as “Investigator” will receive 95% of their salary and fringe expended on the grant. (Calculation = Total salary and fringe x 95%). If COH full indirect cost rate changes during the duration of the grant award, the Investigator will receive 95% of their salary and fringe expended on the grant.
- b. For grants awarded by an Eligible Organization with less than the COH full indirect cost rate (IDC) the Investigator will receive the following:

Total salaries and fringe expended on the award by the Investigator x 95% x awarded IDC rate divided by full COH indirect cost rate.

Each of the Investigators will be credited an amount only with respect to his/her respective salary calculation. No other salaries will be included in the calculation of an individuals’ salary savings account.

2. Eligible Organizations

- a. The following are considered Eligible Organizations: (1) federal agencies (including NIH and DoD); (2) CIRM; and (3) other peer reviewed funding agencies and organizations that meet all of the following criteria:
 - 1) a peer review system which uses primarily external reviewers and is free of conflict-of-interest;
 - 2) a ranking or rating system in the review process based on the scientific merit of the proposed research;
 - 3) a funding system based primarily on the peer review ranking or rating of the research applications; and

- 4) an organizational funding portfolio of at least \$5 million.
 - b. A list of Eligible Organizations is maintained by the Research Data Management and Analysis (RDMA) department.
 3. **Awards that Do NOT Qualify:** Any non-peer reviewed grant, contract or award from an entity that is not an Eligible Organization. Awards from federal agencies where the Investigator is not conducting independent research, such as training, educational or conference grants, are not eligible. For NIH mentored career awards (K07, K08, K12, K23, and K25) eligibility will be determined by the BRI Director, Chief Medical Officer, and the Provost/Chief Scientific Officer at the time of award.
 4. **Investigator Eligibility:** Faculty in the Professor and Clinical Professor series with $\geq 1\%$ certified effort and salary designated on an eligible grant.
- B. Use of Funds:** The use of salary savings funds are limited to research or educational expenditures and must comply with all COH policies. Allowable expenses include, but are not limited to the following types of expenses relating to research or education:
1. Faculty/staff salaries
 2. Conference registration
 3. Equipment
 4. Materials/Supplies
 5. IRB/IACUC fees
 6. Research/medical-related continuing education
 7. Memberships in professional societies or organizations focused on research and education
 8. Research and education-related travel
 9. Laboratory meetings
 10. Honoraria paid to outside speakers
 11. Recruitment expenses
 12. Research-related contractual costs.

The Senior Vice President for Research Operations in concert with the BRI Director and the Chief Medical Officer will make the final determination on whether an expense is allowable or unallowable.

Salary savings funds may not be used for expenditures unrelated to research or education, including without limitation, the following:

1. Personal expenditures (meals and parties)
 2. Personal gifts
 3. Alcoholic beverages
 4. Staff incentives and bonuses.
- C. Use of Funds when Investigator leaves COH:** When an individual with a salary savings account leaves COH (including retirement), the account will be closed and no longer accessible to the Investigators. Salary savings funds are made accessible to an Investigator from operational funds only when the Investigator has an allowable expense.
- D. Salary Savings Calculation Process:** The following process is used when calculating salary savings each pay period.
1. Corporate Accounting provides salary and fringe for faculty with salary on grants to Research Finance.

2. Determination of Faculty Eligibility: Data from corporate finance is imported into salary savings spreadsheet.
 - Research Finance obtains updated list of MD/PhD at the Assistant Professor and Assistant Clinical Professor career level or above from Academic Affairs. Research Finance verifies faculty eligibility.
 - Research Data Management and Analysis (RDMA) verify Investigator Status.
 - RDMA verifies eligible funding agencies and organizations that meet the “peer reviewed” funding criteria.
 - RDMA verifies current eligible awards IDC rates.
 - Research Finance verifies faculty certified effort $\geq 1\%$.
3. Calculation of Salary Savings: Salary savings will be calculated by research finance using the following formulas:
 - For grants and contracts awarded with the COH full indirect cost rate*:
 - i. Total salaries and fringes expended on the award (Investigator) X 95% = Salary Savings
 - For grants and contracts awarded with less than COH full indirect cost rate:
 - i. Total salaries and fringes expended on the award (Investigator) X awarded IDC rate divided by full COH indirect cost rate = Salary Savings

* If rate increases during the project, faculty will continue to receive 95% based on the full IDC at time of award.
4. Leadership Review: The completed spreadsheet will be submitted to BRI Director, Chief Medical Officer, Provost/Chief Scientific Officer, and Senior Vice President for Research Operations for final review and approval.
5. Salary Savings Allocation: After the salary savings allocations are approved, the allocations are sent to Corporate Finance for allocation to the appropriate faculty cost center.

Author and Sponsor: Senior Vice President, Research Operations

Appendix One - Terms, Acronyms and Definitions Applicable to this Policy:

1. **City of Hope (“COH”)** – City of Hope National Medical Center (“COHNMC”) and Beckman Research Institute (“BRI”) collectively referred to as City of Hope (“COH”), for purposes of this policy.
2. **Medical Center** – Refers to all facilities covered by City of Hope National Medical Center’s hospital license.
3. **Salary Savings Accounts** – Funds credited to an individual Principal Investigator (PI) and Co-Principal Investigator (Co-PI) to support his/her research as a result of the Investigator’s securing a peer reviewed grant from an Eligible Organization on which his/ her salary was committed.