

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

CURRENT ESTIMATING AND COSTING PROCEDURES

1. Personnel

- Faculty Salaries

Current year salaries for faculty members are proposed on the basis of the faculty member's actual salary, either calendar year (12 months) or academic year (9 months). Some faculty members on an academic year appointment elect to extend their base 9-month contract to a 10-, 11-, or 12-month contract to reflect their sponsored research responsibilities. A faculty member has no scheduled cost-of-living salary increases; instead, the faculty of each academic department is subjected to annual peer reviews. Funds allocated to the department for faculty salaries are distributed on the basis of this review. After salaries are established for a fiscal year, the salary increases of research faculty are identified, and the average percentage increase is utilized in pricing of salaries for out-years.

Currently, actual faculty salaries for the 2017 school year are in place and are adjusted to include the appropriate escalation for budgeting purposes. The percentage increase provided to each of the faculty involved in sponsored research for previous years has been extracted and the determination made that the "average research faculty" received a 4% increase. This percentage increase represents the best available indicator of future salary increases and is applied by the University in estimating salary increases applicable to years beyond the current school year. The 4% increase is applied December 1, 2017 and each December 1 thereafter.

Terms or conditions from a sponsor which differ from the rates in our costing and estimating procedures will be addressed upon award.

- University/Staff Salaries

The Commonwealth of Virginia's Compensation Management System (CMS) determines staff salaries. Classification titles and pay grades are converted into role descriptions and pay bands. The system provides a matrix of 9 pay bands with minimum and maximum pay ranges within each band. The salary range for staff depends upon a variety of considerations such as the importance of the position to the mission of the department, external market requirements, budget implications, and current internal salary alignment. Staff may receive an annual legislated pay increase, as well as in-band adjustments that can be used to recognize an employee for additional duties and responsibilities and job-related skill enhancements. All staff who receive an overall performance rating of "contributor" normally receive a legislated increase on November 25 of each year. To provide for anticipated increases for out-years, a 3% factor is applied to current staff salary rates. The 3% increase is applied December 1, 2017 and each December 1 thereafter.

- Wage Employees

Wage employee effort is estimated on a per-hour basis using approved wage scales for the current year's effort. To provide for anticipated increases in the wage scales for out-years, a 3% factor is applied to present-year wage rates. The 3% increase is applied December 1, 2017 and each December 1 thereafter.

- Graduate Research Assistants (GRA)

A GRA is a graduate student working on a research effort (normally in connection with his or her thesis). As a student, the salary is based on a 20-hour work week. The salary received by a GRA is flexible and is established by the departments. The applicable GRA rates established by The Graduate School are as follows. These rates are effective August 15, 2017. Stipend rates are escalated by 4% each August 15 thereafter.

Table 1 – 2017-18* Full-Time Graduate Stipend Table (effective August 15, 2017)

	Monthly
Step 1	\$1443
Step 2	1449
Step 3	1552
Step 4	1605
Step 5	1659
Step 6	1715
Step 7	1767
Step 8	1823
Step 9	1875
Step 10	1931
Step 11	1982
Step 12	2034
Step 13	2091
Step 14	2144
Step 15	2198
Step 16	2251
Step 17	2305
Step 18	2361
Step 19	2414
Step 20	2467
Step 21	2522
Step 22	2573
Step 23	2628
Step 24	2683
Step 25	2737

	Monthly
Step 26	\$2789
Step 27	2846
Step 28	2898
Step 29	2951
Step 30	3006
Step 31	3058
Step 32	3112
Step 33	3166
Step 34	3220
Step 35	3273
Step 36	3327*
Step 37	3381
Step 38	3435
Step 39	3490
Step 40	3542
Step 41	3599
Step 42	3651
Step 43	3704
Step 44	3759
Step 45	3811
Step 46	3868
Step 47	3919
Step 48	3975
Step 49	4028
Step 50	4082

- Hours and Rates-Per-Hour

NOTE: The University accounts for salaried personnel costs using after the fact certifications of percentage-of-effort instead of timecards. This method of accounting is in accordance with federal Uniform Guidance 2 CFR § 200.430 subpart (h) (8) (i) and its predecessor OMB A-21, Cost Principles For Educational Institutions. Any salaried personnel hours reflected in the proposal, award, or on invoices will be shown for the convenience of the Sponsor. The

conversion from percentage of effort to hours has been made by applying a standard 2,080 hour year (1,560 for Academic Year faculty; 1,040 for Graduate Students).

- School Year

The University is currently on the semester system, and utilizes this system for budgeting purposes. The standard semester school year is as follows:

Fall Semester	August 16 - December 31
Spring Semester	January 1 - May 15
Summer Semester	May 16 - August 15

2. Tuition Remission

All sponsored program proposals that include graduate student stipends in the budget must also include tuition and technology and library fees for the same time frame (AY) that the student(s) will be on GRA stipends. Academic year tuition plus technology, library, and engineering fee is budgeted for engineering students. Academic year tuition plus technology, library, and architecture & design fee will be budgeted for architecture, industrial design, and interior design and landscape architecture students. An escalation of 4% will be budgeted each August 16 thereafter.

Blacksburg Campus

	<u>Non-Engineering</u>	<u>Engineering</u>	<u>Architecture</u>
Fall 16	\$6,310.50	\$6,835.00	\$6,785.00
Spring 17	\$6,310.50	\$6,835.00	\$6,785.00
Fall 17	\$6,552.50	\$7,077.00	\$7,027.00
Spring 18	\$6,552.50	\$7,077.00	\$7,027.00

Northern Virginia Campus

	<u>Non-Engineering</u>	<u>Engineering</u>	<u>Architecture</u>
Fall 16	\$6,977.50	\$7,502.00	\$7,452.00
Spring 17	\$6,977.50	\$7,502.00	\$7,452.00
Fall 17	\$7,244.50	\$7,769.00	\$7,719.00
Spring 18	\$7,244.50	\$7,769.00	\$7,719.00

<http://www.bursar.vt.edu/tuition/2017-2018.pdf>

3. Employee Benefits

Annual negotiations with the Office of Naval Research (ONR) result in fixed rates for Employee Benefits covering the period July 1 - June 30. Benefits include: Fee Waivers, Workman's Compensation, Retirement, Unemployment, FICA, Life Insurance, Hospitalization and Educational Leave. Separate rates are negotiated for faculty, special research faculty, full-time classified and part-time and wage employees. Employee Benefit rates are not applied to student wages or assistantships.

06/26/2017

FRINGE RATE SCHEDULE	07/01/17 Thru 06/30/18 (FIXED)	On or after 07/01/18 (PROV)
REGULAR FACULTY (CY & AY)	35.25%	37.00%
SPECIAL RESEARCH FACULTY (CY & AY)	37.25%	39.25%
PART-TIME FACULTY	26.75%	28.50%
CLASSIFIED	52.75%	56.25%
Faculty SMR/WAGES	7.50%	7.75%
GRA	11.50%	12.25%

4. Travel

The University follows the Commonwealth of Virginia travel policy and procedures which provide for reimbursement of "reasonable" cost in connection with official travel. The following limitations are specified within these procedures:

- **Vehicle Travel**

Round trip is 200 miles or more (Fleet Services, or a state contract Enterprise vehicle is available) 42 Cents Per Mile

Round trip is less than 200 miles and a Fleet Services, or state contract Enterprise, vehicle is available. Fleet Services, or state contract Enterprise, vehicle is not available. Round trip is 200 miles or more, a Fleet Services, or state contract Enterprise, vehicle is available and there is a documented economic benefit to the Commonwealth for using a personal vehicle. 53.5 Cents Per Mile

- **Commercial Travel**

Reasonable commercial travel costs will be reimbursed based on receipts for actual cost. Car rental requires written explanatory statement of need. Coach/tourist accommodations must be used if available.

- **Hotel/Motel**

Reimbursement is based on paid receipt and acceptability is based on reasonableness related to the local area.

- **Meals/Tips**

The reimbursement of such expenses (including all related taxes and tips) shall be made to the

traveler based on a fixed allowance. The meal per diem is a reasonable allowance for meals and incidental expenses for the area.

As a State agency, the University is obliged to reimburse travel costs in conformance with State policy. Reimbursement in compliance with this policy is consistent with the requirements of Federal Acquisition Regulation (FAR) 31.3. The University's travel regulations can be found at:

http://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/travel/20335b.pdf
http://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/travel/20335d.pdf

5. Indirect Costs

Indirect Cost Rates are fixed annually through agreement with the Office of Naval Research (ONR). Commonwealth of Virginia legislative action obligates the University to recover indirect costs wherever possible. A copy of the University's federally assigned Rate Agreement can be found at:

http://osp.vt.edu/content/dam/osp_vt_edu/rates/rate-agreement.pdf

The predetermined rates, from 7/1/12 until 6/30/18 are as follows:

	<u>FY13-18</u>
Research On-Campus (1)	61%
Research On-Campus (2)	65%
Research Adjacent (1)*	27%
Research Adjacent (2)	31%
Research Remote (1)**	26%
Research Remote (2)	30%
Instruction On-Campus	49.7%
Instruction Off-Campus	26%
Other On-Campus	30.5%
Other Off-Campus	22.5%

(1) Applies to all DoD contracts and subcontracts awarded or issued before November 30, 1993, all Non-DoD instruments, and all DoD grants.

(2) Applies to all DoD contracts awarded or issued on or after November 30, 1993 in accordance with an under the authority of DFARS 231.303(1).

*Off Campus – Adjacent: Activities performed within the commuting area of Blacksburg, VA

**Off Campus – Remote: Activities performed outside the commuting area of Blacksburg, VA

THE APPROPRIATE UNCAPPED INDIRECT RATE WILL BE USED FOR ALL NON-FEDERAL AND NON-FEDERAL FLOW THROUGH PROJECTS

Sponsors that do not allow our full indirect cost rates must provide proof of their lower indirect rate.

This must be in written form such as a (guideline, policy or in a copy of board minutes). A letter from an authorized individual having authority to bind the sponsor will suffice. If there is no proof of the lower rates, the appropriate indirect rates shown above will be applied to the project's budget.

NOTE: Indirect may be charged based on total direct costs (TDC) per sponsor guidelines or if special indirect arrangements have been previously approved.

6. Payments

All payments should be made payable to Treasurer, Virginia Polytechnic Institute and State University, and should be mailed to:

Virginia Polytechnic Institute and State University
Office of Sponsored Programs, Mail Code 0170
North End Center, Suite 4200
300 Turner Street NW
Blacksburg, Virginia 24061-0001

7. Audit Compliance

The University is in compliance with the provisions of OMB Circular A-133. Our most recent single audit report can be viewed at:

<http://www.apa.virginia.gov/reports/VaTech2016-web.pdf>

8. Negotiations

For further explanation and/or negotiations of this proposal:

Technical Matters Contact: the Principal Investigator whose name and telephone number appear on the proposal cover page.

Administrative and Fiscal Matters Contact:

Linda R. Bucy, Asst. VP and Interim Director for Sponsored Programs
Office of Sponsored Programs
Telephone: (540) 231-5281, FAX: (540) 231-3599
E-Mail: lbucy@Vt.edu