The Department of Psychology has maintained a “salary offset policy” for over a decade. This document outlines a policy revision to be implemented starting in the Fall of the 2014-15 academic year. This policy will be in effect for a three-year period (2014-15, 2015-16, 2016-17) and re-evaluated at that time.

“Salary offset” refers to the savings that are generated from a faculty member’s regular salary when he or she has paid effort on a sponsored project during the academic year. When a grant (or multiple grants) supports such effort, savings are generated from the faculty member’s regular salary line. This money technically belongs to the College of Liberal Arts but is under departmental control at the present time. The Department of Psychology has maintained a policy where some proportion of the saved funds are retained by the department to be used for ongoing expenses and some proportion of the saved funds are returned to the faculty member in the form of a non-sponsored account. This is a relatively unique procedure within the College of Liberal Arts and even elsewhere within the University. We value this source of revenue as a means for faculty to be able to generate resources to be used to support their research, travel, or other professional needs.

Beginning in the Fall of 2014, when a Principal Investigator uses grant funds to cover his/her salary and fringe benefits during the academic year, the department will return 40% of that amount to the Principal Investigator. The Department will retain the additional 60%. This represents a 10% change in the distribution to faculty, which was 50% up until this time.

Currently held funds are not affected by this change.

Several aspects of the policy remain unchanged, as follows: The maximum amount a Principal Investigator can earn through his/her share of the offset funds is 16% of his/her academic year salary and fringe benefits. For example, to receive the maximum 16% allocation, sponsored funds would need to cover 40% of a Principal Investigators academic year salary. Of the 40%, 16% would go to the Principal Investigators offset account and 24% would go to the Department.

The non-sponsored account will be established, and the respective funds will be transferred into this account, which the Principal Investigator can use at his/her own discretion for professional expenditures. The transfer of these funds will take place at the end of December of that year. For instance, funds earned in 2014-15 will be deposited at the end of December 2015.

To provide an example of the funds to be deposited, a faculty member with a 9-month base salary of $50,000 uses grants funds during the academic year to pay 10% of his/her salary. Assuming a fringe rate of 25%, the salary offset would be calculated as follows:
50,000*.10=5,000 in salary

5,000*.25=1,250 in fringe

Total amount used to calculate offset is 5,000+1,250=6,250

6,250*.40=2500

The faculty member would receive $2500, which would be transferred to his/her salary-offset account.

**Note:** When a faculty member's 9-month salary exceeds $136,125 (NIH salary cap for 9-month appointments), the salary amount used in the offset calculation is $136,125. So, if the 9-month base salary is $150,000, and grant funds are used to cover 10% of the salary, the calculation would be done using the NIH cap of $136,125 *.10, **NOT** 150,000*.10. In addition, the salary-offset policy does not apply during Sabbatical, Single Semester leaves, and on course buy outs. Questions pertaining to this policy can be directed to **Guillermo De Paz**