Calculating Hourly Compensation Rates for Work Related to Grants and Contracts

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This calculation is based on the Lawrence Tech policy, “Faculty Compensation for Work Performed for External Grants and Contracts.”

Definitions

1. Faculty Base Academic Salary: salary specified in the faculty or academic 9-month contract
2. Faculty Base University Salary: 120% of the Faculty Base Academic Salary

Hourly Rate Calculation

The following calculation is used to determine an hourly compensation rate for work done in relation to grants and contracts:

1. Multiply the Faculty Base Academic Salary (FBAS) by 1.2 to determine the Faculty Base University Salary (FBUS)
2. Divide the Faculty Base University Salary (FBUS) by the number of weeks in the academic contract (nominally 39) to determine the Weekly Base University Salary (WBUS)
3. Divide the Weekly Base University Salary (WBUS) by 40 to determine the Hourly Rate

Example

1. The 9-month Faculty Base Academic Salary (FBAS) is $60,000.
2. Multiply the FBAS by 1.2 to yield the Faculty Base University Salary (FBUS) = $72,000.
3. The effective dates of the 9-month faculty contract are 8/22/07 to 5/23/08 (39 weeks).
4. Divide the FBAS by the number of weeks in the 9-month academic contract (39) to yield the Weekly Base University Salary (WBUS) = $1,846.15.
5. Divide the WBUS by 40 hours to yield the Hourly Rate = $46.15.
6. If this faculty member worked on a grant project for 25 hours, he/she would be compensated at a rate of $46.15 * 25 = $1,153.75.

Applicability

This calculation applies to all federally funded research projects. For contracts and grants in which a different hourly rate was previously agreed upon by the funding institution (generally with private institutions and not the federal government), then a previously agreed upon hourly rate will apply. Please verify deviations from the federal compensation rate with your Chair, Dean, and Business Services.