

# COURSE BUYOUT GUIDANCE

## ACADEMIC YEAR (AY) FACULTY

For academic year faculty, each course buyout costs 12.5% of the faculty's academic year base salary and generally should be charged during the academic year the course buyout is taken. For example, if a faculty's base salary is \$100K, one course buyout would require \$12,500 in salary (12.5%) plus \$4,375 in fringe (currently 35% of salary). Thus, the total required for one course buyout for this faculty would be \$16,875. This amount can be brought in at any time in the AY (August-May), as long as it's brought in during the same academic year the course buyout is used. Note that administrative supplements are not included in the computation of the cost of a course buyout; for example, a faculty with an AY base salary of 100k who receives a 10k stipend would have to supply \$12,500 (100k x 12.5%) from sponsored sources for a course buyout.

Funds for buyouts during the academic year can be charged in any of the academic months, as long as funds total 12.5% of salary (plus fringe) per buyout. If a faculty member wants to apply a course buyout in Fall 2020 (August-December), the funds for this can be charged to sponsored projects all in the Fall (2020), all in the Spring (2021), or spread out over Fall and Spring, but the amount charged must meet the total amount required within the AY period.

Faculty should be aware that the course buyout is a specific dollar amount of their base salary, rather than a percentage of their effort charged monthly. For example, if a faculty charges 12.5% of Fall effort (August-December), and wants to buyout a course with this, they will not have sufficient funds to cover the buyout. For example, a faculty with a \$100K AY Base Salary requires \$12,500 to buyout a course. \$100K is paid over 10 paychecks at \$10,000/paycheck. 12.5% charged to this monthly amount is \$1,250. If only charging 12.5% from August – December, this would only total \$6,250, which is short of the required \$12,500 salary coverage.

For faculty whose annualized salary exceeds the NIH annual salary cap, 12.5% **effort** is required to fund a buyout, even though this may not equal 12.5% of the faculty's academic year salary. For example, for a faculty with an AY base salary of \$200,000, 12.5% of time equals \$25000. If that faculty has an NIH grant funding 12.5% of their time, the grant would only be charged 12.5% of the salary cap (\$149,475) or approximately 18,684. This will be sufficient to fund a course buyout.

If faculty do not have sufficient funds *within* an academic year for a buyout but have sufficient and verifiable funds *across* an academic year in adjacent semesters, they should discuss the situation with their department chair, and may be able to take a buyout. For example, a faculty who has a one-year grant that funds 12.5% of time and runs January 2020 through December 2020 would not have sufficient funds for a buyout within AY 2019-2020 or AY 2020-2021. However, with department chair approval, the faculty can take the buyout during the Spring 2020 (of AY 2019-2020) or Fall 2020 (of AY 2020-2021) semester.

## CALENDAR YEAR (CAL) FACULTY

For calendar year faculty (12-month faculty), each course buyout costs 12.5% of the faculty's calendar base salary and generally should be charged during the calendar year the course buyout is taken. For example, if a faculty's base salary is \$100K, one course buyout would require \$12,500 in salary (12.5%) plus \$4,375 in fringe (currently 35% of salary). Thus, the total required for one course buyout for this faculty would be \$16,875. This amount can be brought in at any time in the fiscal year (July – June), as long as it's brought in during the same fiscal year the course buyout is used. Note that administrative supplements are not included in the computation of the cost of a course buyout; for example, a faculty with a calendar year base salary of 100k who receives a 10k stipend would have to supply \$12,500 (100k x 12.5%) from sponsored sources for a course buyout.

Funds for buyout can be brought in at any time in the fiscal year (July-June). If a faculty member wants to apply a course buyout in Fall 2020 (August-December), the funds for this can be charged to sponsored projects all in the Fall (2020), all in the Spring (2021), or spread out over Fall and Spring. It can also be charged in July 2020 or in June 2021, but the amount charged must meet the total amount required within the FY period.

Faculty should be aware that the course buyout is a specific dollar amount of their base salary, rather than a percentage of their effort charged monthly. For example, if a faculty charges 12.5% of Fall effort (August-December), and wants to buyout a course with this, they do not have enough funds to cover the buyout. Using the example above, \$100K calendar year base salary requires \$12,500 to buyout a course. \$100K is paid over 12 paychecks at \$8,333.33/paycheck. 12.5% charged to this monthly amount is \$1,041.67. If only charging 12.5% from August – December, this would only total \$5,208.33, which is short of the required \$12,500 salary coverage.

For faculty whose CY salary exceed the annual NIH salary cap, 12.5% **effort** is required to fund a buyout, even though this may not equal 12.5% of the faculty's calendar year salary. For example, for a faculty with a calendar year base salary of \$240,000, 12.5% of time equals \$30,000. If that faculty has an NIH grant funding 12.5% of their time, the grant would only be charged 12.5% of the salary cap (\$199,300) or approximately \$24,912. This will be sufficient to fund a course buyout.

If faculty do not have sufficient funds *within* a fiscal year for a buyout but have sufficient funds *across* a calendar year in adjacent semesters, they should discuss the situation with their department chair, and may be able to take a buyout. For example, a faculty who has a one-year grant that funds 12.5% of time and runs January 2020 through December 2020 would not have sufficient funds for a buyout within either FY 2020 or FY 2021. With department chair approval, the faculty can take the buyout during the Spring 2020 (of FY 2020) or Fall 2020 (of FY 2021) semester.

## **FACULTY WITH SOFT MONEY OBLIGATIONS**

Soft money obligation requirements function similarly to course buyouts. The soft money obligation requirement is calculated according to the faculty's base salary and must be brought in during the appointment period (academic year or calendar year). Soft money obligations must be fulfilled first, before buyouts can be taken. For example, a faculty earning \$100K on a calendar year appointment with a 25% soft money obligation, must bring in \$25,000 salary (plus fringe) to fulfill the soft money obligation. Additional funds earned within the calendar year above the \$25,000 (plus fringe) can be used for buyouts in accordance with the buyout guidelines provided above.

## **BUYOUT REQUESTS**

Faculty requests and verifications of funds for buyouts must be done by July 1<sup>st</sup> for Fall semester buyouts, and November 1<sup>st</sup> for Spring semester buyouts to allow sufficient time for class scheduling. Buyouts requested after this time may not be granted depending on instruction needs and the availability of alternate instructors. The specific course being "bought out" must be approved by the department chair who will consider the instructional needs of the Department and School and the availability of alternate instructors. If faculty anticipate requesting a course buyout for a particular semester by the time that semester's schedule is being finalized, posted, and opened for student registration, they should notify their department chair even if the verification cannot be completed prior to the November/July deadlines.

Faculty requesting a buyout must identify which sponsored projects are funding the buyout and should provide the title and/or project (SP) number when submitting the request. The department chair will work with ORSP and the finance team to ensure that sufficient funds are available for the buyout (and fulfilling any soft money obligations) prior to granting the request.

## **TRACKING OF BUYOUT**

Over the course of the year, the department chair will work with the finance team and ORSP to ensure that sufficient funds are being charged to grants to cover the buyout. It is the faculty's responsibility to ensure that appropriate effort is charged to sponsored funds to cover the requested buyout. Faculty should be aware when changing effort on sponsored projects that they must maintain sufficient effort across projects to fund any buyouts and soft money obligations.

***If your contract identifies another arrangement, please meet with your department chair to further discuss.***