

**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). 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 2006-2007 school years 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 6.5% 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 2006-2007 school year. The 6.5% increase is applied December 1, 2007 and each December 1 thereafter.

- 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 receives an overall performance rating of "contributor" normally receives a legislated increase on November 25 of each year. This increase was 4%. To provide for anticipated increases for out-years, a 4% factor is applied to current staff salary rates. This factor is applied on December 1, 2007 and each December 1 thereafter until a new rate increase is legislated by the Virginia General Assembly.

- Wage Employees

Wage employee effort is estimated on a per-hour basis using approved state wage scales for the current year's effort. To provide for anticipated increases in the state wage scales for out-years, a 4% factor is applied to present-year wage rates. This factor is applied on December 1, 2007 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, 2007. Stipend rates are escalated by 3% each August 16 thereafter.

Table 1 – 2007-08\* Full-Time Graduate Stipend Table (effective August 10, 2007)

	Monthly		Monthly
Step 1	1,200	Step 26	2,354
Step 2	1,247	Step 27	2,402
Step 3	1,293	Step 28	2,448
Step 4	1,338	Step 29	2,493
Step 5	1,385	Step 30	2,541
Step 6	1,432	Step 31	2,586
Step 7	1,478	Step 32	2,631
Step 8	1,524	Step 33	2,678
Step 9	1,571	Step 34	2,725
Step 10	1,616	Step 35	2,770
Step 11	1,662	Step 36	2,817
Step 12	1,708	Step 37	2,864
Step 13	1,755	Step 38	2,909
Step 14	1,801	Step 39	2,956
Step 15	1,847	Step 40	3,002
Step 16	1,893	Step 41	3,049
Step 17	1,939	Step 42	3,095
Step 18	1,986	Step 43	3,141
Step 19	2,032	Step 44	3,187
Step 20	2,078	Step 45	3,233
Step 21	2,124	Step 46	3,280
Step 22	2,169	Step 47	3,326
Step 23	2,216	Step 48	3,372
Step 24	2,263	Step 49	3,419
Step 25	2,309	Step 50	3,464

- Hours and Rates-Per-Hour

The University accounts for salaried personnel on the basis of percentage-of-effort, not on a per-hour basis. Any hours reflected in the proposal for these personnel have been converted solely for the convenience of the Sponsor. These hourly rates are not auditable either as proposed or as incurred hours. The conversion has been made by applying a standard 2,080 hour year to the cost estimated by using percentage-of-effort to determine the total salary cost.

- 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

## 2. Tuition Remission

All sponsored program proposals that include graduate student stipends in the budget must also include tuition and academic fee for the same time frame (AY) that the student(s) will be on GRA stipends. Academic Year tuition plus academic fee is budgeted at \$7,711 beginning August 16, 2007 with an escalation of 9% each August 16 thereafter.

## 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.

<b>FRINGE RATE SCHEDULE (provisional- ONR approved)</b>	<b>7/1/06 - 6/30/07</b>	<b>On or after 7/1/07</b>
<b>REGULAR FACULTY</b>	<b>33.25%</b>	<b>32.00%</b>
<b>SPECIAL RESEARCH FACULTY</b>	<b>35.50%</b>	<b>36.50%</b>
<b>PART-TIME FACULTY</b>	<b>16.25%</b>	<b>16.25%</b>
<b>CLASIFIED</b>	<b>44.00%</b>	<b>45.50%</b>
<b>SMR/WAGES</b>	<b>8.00%</b>	<b>8.50%</b>
<b>GRA</b>	<b>8.50%</b>	<b>11.00%</b>

## 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 100 miles or more (Motor Pool vehicle is available)

30 Cents Per Mile

Personal vehicle (Round trip is less than 100 miles and a motor pool vehicle is available or round trip is 100 miles or more, but there is an economic benefit for using personal vehicle, or motor pool vehicle is not available).

48.5 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/procedures/index.html#travel>

## 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://www.osp.vt.edu/Rates.htm>

The predetermined rates, through June 30, 2010 are:

	FY 2007		FY 2008		FY 2009	
	On-Campus	Off-Campus	On-Campus	Off-Campus	On-Campus	Off-Campus
Research	56.0	26.0	56.8	26.0	58.5	26.0
Research DOD	59.3	29.0	60.0	29.0	61.0	29.0
Ag. Exp. Station	42.3	23.6	42.3	23.6	42.3	23.6
Public Service	38.0	22.7	38.0	22.7	38.0	22.7
Instruction	57.0	26.0	57.0	26.0	57.0	26.0

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.

## 6. Payments

3/21/07

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  
460 Turner Street, Suite 306, Collegiate Square  
Blacksburg, Virginia 24060

## **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.state.va.us/data/download/reports/audit\\_local/VPI02.pdf](http://www.apa.state.va.us/data/download/reports/audit_local/VPI02.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 for OSP Administration  
Office of Sponsored Programs  
Telephone: (540) 231-5281, FAX: (540) 231-3599  
E-Mail: lbucy@vt.edu