



**PAF TEAM INFORMATION**

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**STATE SALES TAX CLARIFICATION**

The policy/procedure regarding reimbursement of Texas State sales tax has been modified. Also, a new expense sub-object has been created to process Texas State sales tax expenses.

**POLICY MODIFICATION:**

When the vendor does not honor the UTHSC-H tax exemption documentation, the Texas State sales tax can be paid or reimbursed using either designated/MSRDP fund accounts (funds 1AA thru 1UZ) or certain private fund accounts (funds 5GU and 5EI only). Texas State sales tax cannot be paid or reimbursed from state, service department or restricted contract and grant accounts.

**PROCEDURE:**

When processing requests for all purchases except capital equipment, use the appropriate object and sub-object for the pre-taxed item of expense. The Texas State sales tax should be coded using the same object and the new sub-object of 7573. When processing requests for capital purchases (objects 6X), use the appropriate object and sub-object for the pre-taxed item. Object 25 and sub-object 7573 should be used for the Texas State sales tax.

**FRINGE BENEFIT ENCUMBRANCES**

Currently, our payroll and general ledger computer programs (PS HRMS and TUFIMS) do not encumber fringe benefits when salaries are encumbered. In order to determine whether there is sufficient funding available for fringe benefits, the total in the "UNCOMM AMT" column for object 12 in the OLEB tables in TUFIMS should be analyzed as follows:

Balance needed in Object 12 "UNCOMM AMT" = Object 06 "OPEN COMMIT" column + Object 06 "UNCOMM AMT" multiplied times 0.215.

Example:	
Object 06 "OPEN COMMIT"	\$2,150.12
Object 06 "UNCOMM AMT"	<u>\$6,050.02</u>
TOTAL	\$8,200.14
X 0.215 benefit rate	= <u>\$1,763.03</u>

Therefore, object 12 should have an "UNCOMM AMT" balance of at least \$1,763.03. This should be kept in mind when trying to re-budget among expense objects.

## ADMIN SALARIES ON FEDERAL AWARDS

Salary and fringe expenses for personnel with administrative job titles are not generally considered to be allowable as direct costs on federal awards. In the UTHSC-H payroll system, these job codes start with a "9". For example, job code 9040 (Staff Assistant) would not be an allowable direct cost in most circumstances.

In order for payroll expenses for administrative job titles to be an allowable direct cost, the position would have had to be included in the application budget. If it were not included in the budget, written approval would have to be obtained from the funding agency for the administrative salary to be a direct cost.

When submitting such a request for approval to the agency's Grants Specialist, you should include the employee's title, a description of the tasks to be performed for the project, and a specific reference that makes it clear that approval is being sought for allowing the expenses as a direct cost.

## INSURANCE FOR OFF-SITE EQUIPMENT

Insurance costs are another type of expense that are typically classified as indirect costs. If insurance premiums for coverage of equipment at off-site facilities (such as the projects conducted in the Rio Grande Valley) are to be allowable as direct costs, they must be included in the budget submitted to the agency, or

approved in writing by the Grants Specialist.

## EFFORT REPORTING CALCULATIONS

Federal grants and contracts have a limit on the amount that can be reimbursed for PI salaries. The regulations for salary limits involve both the annual base salary, as well as monthly payment amounts. This often creates confusion.

For example, the current annual salary limit on NIH awards is \$166,700 annually or \$13,891.67 monthly for a PI that is funded 100% on the account. If the PI is funded 50% on the account, the limits are \$83,350 annually and \$6,945.83 monthly.

Because of the salary cap limits, calculations must be made to adjust the salary distribution percent (FTE%) that is used to determine the dollars expensed to the account and reflected in the ledgers, as well as to the "Effort" percent that will be reflected on the effort report. Federal guidelines and UTHSC-H policies allow for situations where the effort contributed by a PI on a sponsored project is greater than the salary distribution percentage. It is never allowable for the effort contributed to be less than the salary distribution percentage on sponsored project accounts.

Whenever adjustments to the salary distribution percentage have to be made because of salary cap limitations, more than one account is affected. Typically, the salary distribution percentage is rounded down on the sponsored project account, and similarly rounded up on a state or designated account. (It is not a violation of institutional policy for the salary distribution percentage on these kinds of accounts to be greater than the effort contributed.)

The terminology for Personnel Actions can also be confusing. In the Commitment Accounting Panel in PS HRMS, these columns are labeled as "FTE" and "Actual % Effort". You will notice that the columns also allow for different formats for decimal places.

Example:

Account	FTE	Actual % Effort
201-2-0000	24.25	25
1AA-2-0001	75.75	75

Rounding is required whenever the PI's salary exceeds the salary cap limits. However, it can also be required for any employee due to the difference in decimal place formatting. The important thing to keep in mind is that on sponsored projects, the Actual % Effort can never be less than the FTE.

Santos Perez of the PAF Team developed an Excel spreadsheet to assist administrative staff in making the necessary calculations. The worksheet has recently been modified to deal with the different decimal-place formatting. It also includes a sample worksheet with instructions. (*The worksheet is attached*

*to the e-mail distributing this  
bulletin. Or call PAF at  
extension 4940, and the file  
can be e-mailed to you.)*