

## PRACTICE CASE 1.3.

## PRODUCTIVE HOURS CALCULATION AND HOURLY RATE CALCULATION

The permanent employees have only one working contract with the Beneficiary (University), which relates to both the teaching and statutory tasks. Based on this contract and in accordance with the internal regulations of the Beneficiary the employees may participate in international research projects (with international funding) for which they are entitled to an additional component of remuneration and sign an annex to a working contract.

Fixed regular remuneration represents the basic annual salary (as defined in the job agreement and including gross salary, seniority complement, social security charges)

The annual number of productive hours is the following: the university applies Option 1 – standard annual productive hours 1720. The productive hours include also the annual vacation, seniority complements, family allowances, and other allowances, and represent the maximum number of hours foreseen in the national regulations for University staff.

Supplementary salary component is determined individually for each employee in accordance with the Beneficiary's internal regulations. The project component cannot exceed 300% of the hourly rate for teaching and statutory tasks (according to the resolution of the governing body of the University) and is set individually taking into consideration the scope of responsibilities in the project and specific competences required for the project.

According to the Beneficiary the supplementary component is applied because the responsibilities and necessary experience of employees working for the international research projects are substantially different from their general responsibilities at the university (mostly teaching). Based on information obtained from the Beneficiary the hourly rates for the project work applied are similar to rates applied in other international projects financed from non-EU resources and represent the market level of remuneration of the required scope of responsibilities and skills.

**The remuneration of Ms Smith is composed of:**

- **Annual salary: 55 000 €**
- **Fix annual complement for seniority: 3 500 €**
- **Variable complements depending on her participation in research projects, based on the internal rules of the University, included in the annual salary paid with regards to Ms Smith participation in the action.**
- **In 2019 she worked 860 hours in the Horizon 2020 action and she received in total 35 000 € extra for that work.**
  - **Is any part of her salary 'additional remuneration'?**
  - **If so, how much?**

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**SOLUTION****1) Beneficiary's usual accounting practice (300% rule)**

- Calculate the standard hourly rate for Ms. Smith (her actual personnel costs excluding the supplement/1720) (i.e. the national project reference NPR)
- Check if the 3500€ have been calculated and paid according to the Beneficiary's internal regulations, and if it was based on a supplementary rate within the 300% ceiling of the standard hourly rate. If it is above that, cap the rate up to 300%.
  - $55\,000 + 3\,500 = 58\,500\text{€}$  annual personnel costs for Ms Smith
  - $58\,500/1\,720 = 34\text{ €}$  standard hourly rate for Ms Smith
  - $35\,000/860 = 40,70\text{ €}$  action hourly rate for Ms Smith
  - $(40,70 - 34)/34 = 19\% < 300\%$ ,
  - Thus, yes, 35 000€ additional remuneration is paid according to the Beneficiary's internal rules.

**2) Calculation of the additional remuneration according to H2020 eligibility rules:**

- Hourly rate for work in the H2020 action (*action reference, AR*)  
 $\{(58\,500/1\,720)*860 + 35\,000\}/860 = (29\,250+35\,000)/860 = 74,70\text{€}$

minus

- Hourly rate paid for national projects (*national project reference, NPR*)
- $(58\,500/1\,720) = 34\text{€}$
- $AR - NPR = 74,70 - 34 = 40,70\text{€}$  so yes, there is additional remuneration according to H2020 rules:
  - (actual action hours)\* AR :  $860*40,70 \sim 35\,000\text{€}$  additional remuneration
  - BUT it should be CAPPED at annual maximum of 8 000€, so:
  - Ms Smith worked 860 hours on the action, i.e. she has a 50% Full-Time-Equivalent ( $1720/860 = 0.50$ ), i.e. for her the cap is:  
 $(8\,000/1720)*860 = 4\,000\text{€}$ , or  $8\,000*50\%$ .
- Eligible ceiling for the additional remuneration for Ms Smith is: 4 000€, and not 35 000€.