FIN-053 Institutional Base Salary

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Policy Type University

Contact Office Sponsored Programs (Office of)

Oversight Executive
Vice President for Research

Applies To Academic Division, the Medical Center, and the College at Wise.

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Reason for Policy

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) (2 CFR 200) allows compensation for personal services (i.e., salary, wages, and associated fringe benefit costs) to be charged against sponsored programs only to the extent that such compensation conforms to established and consistently applied policies and is for work in direct performance of the sponsored program. This policy establishes a clear definition of institutional base salary (IBS); establishes institutional standards for identification, management, and monitoring of IBS; assigns role-based responsibilities; and documents control activities required for the management and monitoring of compensation costs on federal sponsored programs.

Definition of Terms

Facilities and Administrative (F&A) (Indirect Cost) Rate

Description

The rate the University is authorized to charge federal sponsors to cover F&A costs for sponsored programs. The rates are set based on location (On-Grounds/On-Campus or Off-Grounds/Off-Campus) and the type of activity (organized research, instruction, other sponsored program, intergovernmental personnel agreement, and Department of Defense contracts/subcontracts). For federally funded sponsored programs, rates are applied as a percentage of the modified total direct costs supporting the sponsored program. The federal agency that approves the University's F&A rates is the Department of Health and Human Services.

Institutional Base Salary (IBS)

Description

The annual compensation that the University and/or University Physicians Group pays for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities (e.g., patient care or proposals preparation).

Policy Statement

Institutional base salary (IBS) must be reflected in the University's systems of record.

Institutional base salary excludes the following:

- Any income an individual may be permitted to earn outside the duties to the University, as described in HRM-045: Faculty External Consulting and Internal Overload and HRM-025: Professional Service and External Consulting for University Staff Employees.
- Internal overload compensation, as described in HRM-045.
- Bonus pay, as described in the applicable compensation policy for the individual (e.g., HRM-035: University Faculty Salary and Bonuses; HRM-024: Compensation Program for University Staff Employees; and for Medical Center employees, Pay Administration).

Changes in IBS can result from compensation adjustments due to changes in position description, merit increases, or other adjustments allowable under the applicable University policy (e.g., HRM-035: University Faculty Salaries and Bonuses, HRM-024: Compensation Program for University Staff Employees, for classified staff, DHRM Policy 3.05 Compensation and for Medical Center employees, Pay Administration). The effective date of the change and new IBS must be documented in the University's systems of record.

1. **Sponsored Program Requirements:**
   Sponsored program proposal budgets must use IBS as the basis for compensation requests. Example calculations are provided in the Appendix to this policy. Proposal budgets must also use the appropriate fringe rates (see, University Payroll website for rates and components) and Facilities & Administrative (F&A) rate (see, FIN-009: Facilities & Administrative Rate Application and Exception Process and the Office of Sponsored Programs' Rate webpage).

   Compensation charged to sponsored programs must be based on the IBS. All compensation costs associated with activities performed for sponsored programs must be based on IBS, regardless of the source of funds (e.g., sponsor, University, or third party).

   Institutional base salary must be the basis used to determine compensation for work performed outside the individual's appointment period (e.g., calculation of summer wages for faculty on less than 12 month appointments; see Wage Authorization for the Academic Areas).

   > ***Exceptions:*** *University Human Resources, with written concurrence from the Office of Sponsored Programs and, for academic positions, the Provost's Office, may authorize exceptions to this requirement in those rare instances where the work to be performed outside the appointment period is distinctly different from the individual's normal duties/responsibilities.*

   Institutional base salary must not be increased or decreased as a result of receipt or loss of compensation support from an individual sponsored program or other source of revenue. This limitation does not restrict

a school from establishing performance requirements which include the maintenance of a specific level of extramural funding and to adjust IBS in response to such requirements. All such performance requirements must be clearly specified by the school, approved by Provost's Office, and be consistently applied. Application of similar performance requirements to positions other than faculty or professional research staff must be clearly specified in the position description and approved in advance by the appropriate executive vice president.

2. **Roles and Responsibilities:**
With respect to University staff, classified staff, and Medical Center employees, ***University Human Resources*** is responsible for
    - Specifying position titles and job families for University staff and Classified staff.
    - Establishing and enforcing policies related to employment and compensation.
    - Establishing standards for what information must be included in appointment/offer letters.
    - Maintaining appointment and position documentation including, but not limited to, IBS in the University's systems of record.

    With respect to academic positions, including professional research staff, the ***Provost's Office***, is responsible for
    - Specifying and approving academic position titles, ranks, and job families.
    - Establishing and enforcing policies related to employment and compensation.
    - Establishing standards for what information must be included in appointment/offer letters.
    - Maintaining appointment and position documentation including, but not limited to, IBS in the University's systems of record.

    Principal Investigators are responsible for preparing sponsored program proposals in compliance with sponsor instructions and requirements as well as University policies.
    - Assisting faculty in preparing proposal budgets.
    - Applying the appropriate IBS for each individual identified by name in the proposal budget.
    - Assisting faculty with periodic review and ongoing monitoring of expenditure activity on sponsored programs.

    Cost Center - Research Administrators are responsible for monitoring proposals to confirm provided compensation information complies with sponsor instructions and requirements as well as this policy.

    The ***Office of Sponsored Programs*** is responsible for verifying that compensation costs applied to sponsored programs are consistent with the terms and conditions of the funding agreement and this policy.:

3. **Compliance with Policy:**
Failure to comply with the requirements of this policy by individuals may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

    In addition, failure to comply with the requirements of this policy and its related procedures may result in penalties levied against the departments, divisions, schools, and/or the University by a federal sponsor.

    Direct questions about this policy to the Office of Sponsored Programs.

Procedures

Appendix

Related Information

Fringe and F&A Rates
Resources webpage, Office of Sponsored Programs
FIN-009: Facilities & Administrative Rate Application and Exception Process
FIN-027: Payroll Allocation Confirmation on Sponsored Programs
FIN-028: Minimum Effort on Sponsored Programs
FIN-051: Proposing and Managing Cost Sharing on Sponsored Programs
Pay Administration
Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) (2 CFR 200) Compensation – Personal Services (§ 200.430)

Major Category Finance and Business Operations

Next Scheduled Review Friday, July 7, 2028

Revision History

Clarified OSP & Research Admin responsibilities 7/7/25; Removed reference to Summer Employment and Appointments 9/16/24; Confirmed 3/19/21.

Category Cross Reference
Research Administration

Approved By Executive Vice President and Chief Operating Officer

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