University of Kentucky

Office of the Vice President of Research
Faculty Institutional Base Salary for Sponsored Projects

I. Introduction

This policy sets forth the University's definition of Institutional Base Salary (IBS) for sponsored project reporting purposes. It establishes the University's policies and procedures for compliance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, issued by the Federal Office of Management and Budget. (2 C.F.R. 200). The federal regulations require recipients of federal funding to establish institutional policy that documents the budgeting and expensing of salaries on sponsored projects. In addition, government regulations require that sponsored project costs, such as salaries, be treated consistently and that institutions with practice plans meet specific criteria to combine practice plan and university salary to form the Institutional Base Salary.

II. Entities Affected

The policy applies to all faculty employees whose salary is charged to sponsored projects, in whole or in part, and to all faculty who have committed effort to a sponsor but are not receiving salary support from the sponsor, also known as cost sharing.

III. Policy

Charges for work performed on Federal awards and other sponsored projects by faculty employees during the academic year are allowable at the IBS rate. Unless there is prior approval by the awarding agency in accordance with 2 C.F.R. 200.430(h)(1)(ii), charges to awards, irrespective of the basis of computation, shall not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.

IV. Institutional Base Salary (IBS) - Definition

A. For purposes of this policy, institutional base salary (IBS) means the annual compensation paid by the University for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities, and regardless of funding source.

B. IBS is established by the University in a letter, appointment form, or other written document and does not include any income that an individual is permitted to earn outside of his or her duties for extra service pay. Examples of the types of compensation that are not included in IBS are:

1. Periods Outside the Academic Year/Summer Salary Stipends;
2. Practice Plan Salary Supplements administered through the Executive Vice President of Health Affairs
3. Bonuses and other "At Risk" Compensation;
4. Veterans Affairs (VA) Compensation;
5. Awards and Honorariums;
6. Internal Overloads ; and
7. Any type of compensation received from outside sources .

C. IBS shall not be increased as a result of replacing institutional salary funds with grant funds.

D. For faculty in positions outlined below, the following additional rules apply when calculating IBS:

1. Administrative Positions

   All supplemental compensation paid to a faculty employee for an administrative position, such as a dean, associate dean, assistant dean, chair, vice chair, division chief, director of a center or institute, director of a graduate or undergraduate unit is considered part of the IBS.

2. Endowed Chair, Endowed Professor

   All compensation paid to a faculty employee as an endowed chair/professor (any rank) is considered part of the IBS, except in such cases where the dean/department chair determines that certain duties associated with the endowed chair/professorship position should not be included (e.g., the holder of the endowed position is receiving additional compensation as an honor or as a form of recognition and not because of the duties being performed for purposes of promotion and tenure decisions).

3. Part-time Faculty

   Charges for work performed on Federal awards and other sponsored projects by faculty members having only part-time appointments will be determined at a rate not in excess of that regularly paid for part-time assignments.

4. Clinical Faculty

   IBS for faculty in colleges with clinical practice plans is determined in accordance with NIH *Guidelines for Inclusion of Clinical Practice Compensation in Institutional Base Salary Charged to NIH Grants and Contracts, Notice Number: NOT-OD-05-061* (*http://grants.nih.gov/grants/guide/notice-files/NOT-OD-05-061.html*)

E. The costs of leaves of absence by faculty employees for sabbatical study, travel, or research are allowable .

F. Internal Overload Payments

1. Intra-institutional consulting

Intra-institutional consulting by faculty is assumed to be undertaken as an institutional obligation requiring no compensation in addition to IBS. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the sponsored project award or approved in writing by the awarding agency .

2. Extra Service Payment

Extra Service Pay normally represents overload compensation. It is allowable if all of the following conditions are met:

a. The University establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.

b. The University establishes a consistent written definition of work covered by IBS which is specific enough to determine conclusively when work beyond that level has occurred. This may be described in appointment letters or other documentations.

c. The supplementation amount paid is commensurate with the IBS rate of pay and the amount of additional work performed.

d. The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing by the University.

e. The total salaries charged to Federal awards including extra service pay are subject to the Standards of Documentation as described in 2 C.F.R. 200.430(i).

G. Base salary for purposes other than charges to Federal awards and other sponsored projects, such as calculation of University benefits, may be determined in a different manner from the above.

V. Responsibilities

A. Principal Investigator

A principal investigator (PI) is responsible for:

1. Understanding the components and total amount of IBS (and associated 100% effort) and outlining it appropriately on sponsored research proposals and budgets; and

2. Ensuring that all requests for salary support in sponsored projects proposals are based on the individual's correct IBS; and

3. Confirming that entries into the payroll system are correctly based on the individual's IBS.

B. Unit Administrator/Business Officer

A unit administrator or business officer is responsible for:

1. Ensuring that the PI understands the components and total amount of IBS (and associated 100% effort) so the PI can outline it appropriately on sponsored research proposals and budgets;
2. Ensuring that proposal budgets include accurate salary requests;
3. Ensures that entries into the payroll system are correctly based on the individual's IBS; and
4. Retaining copies of appointment and salary letters for audit purposes.

C. Department Chairs, Deans, Directors, and Provost Office

Department Chairs, Deans, Directors, and the Provost are responsible for:

1. Reviewing and approving activities that determine a full workload for full-time faculty, including the components and total amount of the IBS (and associated 100% effort) within the unit;

2. Assisting PIs with outlining IBS appropriately on sponsored research proposals and budgets; and

3. Ensuring that salary is documented and provided in writing to faculty indicating the approved institutional base salary.

D. Office of Sponsored Project Administration

The Office of Sponsored Project Administration is responsible for reviewing and approving proposals (including budgets) requesting funding from external sponsors.

References and Related Materials

2 C.F.R 200

HRP&P 30.0, Compensation Administration