

## Institutional Base Salary for Sponsored Projects

### Policy Statement

The federal government requires recipients of federal funding to establish an institutional policy that documents the budgeting and expensing of salaries on sponsored projects, whether charged directly or provided as cost sharing, and treats them consistently across all funding sources. OU will maintain compliance with federal guidelines by using Institutional Base Salary (IBS) for purposes of salary requests and/or effort commitments on all sponsored projects. This document sets forth the University's definition of IBS for sponsored projects and for effort reporting purposes.

### Purpose of the Policy

This document establishes the definition of IBS and the requirements for proposal submissions and to meet the requirements of [2 CFR Part 200](#) that states: "Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part and that the total compensation for the individual employees: (1) is reasonable for the services rendered and conforms to the established written policy of this non-Federal entity consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entities laws and/or rules or written policies and meets the requirements of Federal statute."

Additionally, total compensation must conform to [2 CFR Part 200](#) Standards for Documentation of Personnel Expenses (or 2 CFR Part 220, as applicable and in accordance with the terms and conditions of the federal award).

Failure to comply with this Policy can result in financial penalties, expenditure disallowances and harm to the University's reputation.

Failure to accurately propose, charge and document salaries related to sponsored projects could also jeopardize future sponsored projects and may subject the responsible individuals to disciplinary action. Therefore, compliance is mandatory. For compliance assistance, contact Grants and Contracts Accounting.

### Institutional Base Salary (IBS)

The compensation paid by the University for an employee's appointment, whether that individual's time is spent on research, teaching, administration, or other activities. For nine-month appointments, IBS is for the 9-month period. For 12-month appointments, IBS is for annual compensation. The compensation relevant in determining IBS is the amount that is guaranteed and fixed in advance by the appointment letter or employment agreement and paid through the payroll system. IBS does not include salary paid directly by another organization or income that an individual is permitted to earn outside of their university responsibilities, for example, from consulting. IBS also does not include amounts paid as honoraria, nor items such as housing allowance, tuition reimbursement, or non-compensatory benefits. IBS does not include one-time payments for a one-time event or activity paid through supplemental pay.

### Note: Institutional Base Salary:

- It is established by the University in an appointment letter, or other similar documentation, regardless of the source of funds;
- Includes regular salary, as well as any second assignment such as chair of a department for those faculty with 12-month appointments;
- Institutional base salary may not be increased as a result of replacing OU salary funds with grant or contract funds. Institutional base salary of an employee will not be increased or decreased during a fiscal year due to receipt or loss of salary support from grants, contracts, clinical income, and other revenues. However, it may be changed in the following limited circumstances:

- the employee's formal appointment, and required professional effort, is changed from full-time to part-time, from part-time to full-time, or from one required level of part-time effort to another required level of part-time effort;
- the employee receives an increase or decrease in salary due to assuming, or relinquishing, specific academic or administrative duties, e.g. serving as a department chair or program director;
- the employee receives a cost of living or merit salary adjustment as part of a university-wide adjustment of salaries that occurs during a fiscal year; or
- the employee receives a salary increase due to a retention or equity adjustment, promotion in rank or position, or change in employment responsibilities.

### **Summer Salary**

Summer salary may be paid for work performed outside the academic-year appointment period and may be charged to sponsored projects only when the work directly benefits the award and complies with sponsor and institutional requirements. Nine-month faculty, summer salary rates may not exceed the IBS-derived monthly rate (academic-year salary divided by nine). Salary charged to federally sponsored projects must be proportional to effort. Charging 100% summer salary represents 100% effort on the sponsored project during that period, with no concurrent administrative, teaching, or other non-project duties unless explicitly allowed and documented.

NIH and NSF have additional guidelines for summer salary payments. NSF generally limits senior personnel to two months of salary (2/9ths for nine-month faculty) across all NSF awards per fiscal year; amounts above this limit that are due to a change in scope or objective of the project require documented justification and prior NSF approval. NIH generally limits summer salary to two or three months of academic-year salary, subject to NIH salary caps and total federal compensation limits.

### **Extra Service Pay**

Extra Service Pay normally represents compensation for any services above and beyond an employee's University appointment and associated IBS. Extra Service Pay is provided without regard for the source of funds and is not limited to those faculty and staff devoting effort to Federal awards.

**Note:** Where extra service pay is a result of intra-agency consulting, it must be reasonable and may be charged to a federal award only if it meets all the following conditions:

- The work for which extra service pay is received is beyond the scope of the individual's appointment and associated IBS as described in the appointment letter or other similar documentation.
- Prior approval of the sponsor.
- The Extra Service Pay is commensurate with the IBS rate of pay and the amount of additional work performed.
- The total salary is supported by Effort Reports completed in accordance with University of Oklahoma *Effort Reporting Policy*.

### **Changes to the Institutional Base Salary**

When additional compensation is for an indefinite period (more than a semester) and covers activities, which are aligned with the individual's appointment, and is more than the normal responsibility of an individual's primary position, it is included in the IBS and is part of effort reporting. An example of additional compensation included in the IBS is an individual receiving an administrative stipend for serving as a department chair or director.

### **Institutional Base Salary in Sponsored Projects Proposals**

When requesting salary support from a sponsor or providing effort on a sponsored project in the form of mandatory or voluntary committed cost sharing, the anticipated effort calculated in the form of person months or percent effort must be based on the individual's IBS. The portion of effort multiplied by the IBS will determine the appropriate dollars to request from the sponsor or approved by the University if in the form of cost sharing.

Salary caps imposed by federal sponsors limit the amount of compensation that may be charged to an award, regardless of the individual's actual IBS. When an individual's IBS exceeds an applicable sponsor salary cap, only the capped amount may be charged to the sponsored project. The portion of salary in excess of the cap must be supported by non-federal funds and may not be charged to the sponsor.

**Institutional Base Salary Documentation**

At the time of hire, all employees should receive an official letter or other similar notification that includes their IBS. Employees receiving an adjustment in salary due to an annual increase or a promotion should receive a letter or other similar notification documenting their new IBS and the effective date of the change in IBS. All promotions that provide an increase in IBS should also be done in writing.