



<b>SUBJECT:</b> Institutional Base Salary (IBS) Policy	<b>Effective Date:</b> 11/01/16	<b>Policy Number:</b> 10.5.11	
	<b>Supersedes:</b> 06/16/10 02/08/10 01/23/13	<b>Page</b> 1	<b>Of</b> 5
	<b>Responsible Authorities:</b> Division of Research Director of Research Accounting		

**I. Background**

The federal government requires recipients of federal funding to establish an institutional policy that documents the budgeting and expensing of salaries on sponsored awards. These federal requirements shall be consistently applied to all sponsored awards at Florida Atlantic University.

**II. Purpose**

The purpose of this policy is to establish Florida Atlantic University’s definition of Institutional Base Salary (IBS), the basis for calculating faculty salaries in proposals and to ensure compliance with the requirements of 2 CFR 200.430 Compensation (Uniform Guidance). For purposes of this policy, “awards” will be used to refer to all agreements, grants, contracts, projects, Notice of Awards (NOA), Memorandum of Understanding (MOU), etc. that are funded by an external sponsor.

Failure to accurately propose, charge, and/or document salaries to sponsored awards could result in financial penalties, expenditure disallowances or harm the University’s reputation.

**III. General Statement**

Research Accounting is available to answer questions and provide assistance regarding the requirements of the Institutional Base Salary Policy.

#### **IV. Policy**

It is the policy of Florida Atlantic University that salary charges to sponsored programs are based on the institutional base salary and not to exceed salary caps or other limitations imposed by external sponsors.

Institutional Base Salary (IBS) is defined as the annual compensation paid by Florida Atlantic University for an employee's appointment, whether that individual's time is spent on instruction, research, patient care, or other institutional activities. IBS includes regular salary, compensation for instruction, research, patient care or other institutional activities. IBS does **not** include: fringe benefit payments, reimbursed expenses, bonuses, supplemental compensation, one-time payments, incentive payments, salary paid directly by another organization and income that an individual is permitted to earn outside of their University responsibilities, such as consulting. Institutional Base Salary may not be increased as a result of replacing University salary funds with sponsor projects funds.

##### **A. Salary Cap**

Note that some sponsors may have a salary rate cap which would limit the amount of IBS that could be used as a basis for charging salary to their projects. 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. If a sponsored project has a salary cap, then an individual's salary in excess of the salary rate cap is unreimbursable by the sponsor and therefore an unallowable cost, although a cost to the project. The unallowable portion of salary over the cap will be charged to a non-sponsored Salary Cap account.

- The National Institutes of Health (NIH) has a salary cap of \$185,100 (refer to [http://grants.nih.gov/grants/policy/salcap\\_summary.htm](http://grants.nih.gov/grants/policy/salcap_summary.htm) for salary cap amounts). For example, with a salary cap of \$185,100 a faculty member who earns \$250,000 and has 10% effort on an award may recover \$18,510 from the federal sponsor ( $\$185,100 \text{ cap} \times 10\% = \$18,510$ ). The institution must contribute \$6,490 ( $\$250,000 - \$185,100 \times 10\% = \$6,490$ ) in a non-sponsored Salary Cap account.

##### **B. Supplemental Compensation**

Supplemental compensation is pay for work done in excess of the normal workload. It includes compensation for incidental work or summer salaries. Supplemental compensation must be reasonable and is usually temporary. It may be allocated as a single payment or spread over the course of the primary appointment. Charges for work performed on sponsored awards during the academic year, will be based on the individual's regular compensation for the continuous period which under the policy of FAU, constitutes the basis of his/her salary. Charges for work performed on sponsored awards during all or any portion of such period are allowable at the base salary rate. In no event will charges to sponsored awards, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period. This principle applies to all employees who are working on sponsored awards at the university.

- Supplemental compensation on federal awards during the academic year may be allowed if the following conditions are met:
  1. The work performed is in addition to the faculty member's regular department assignment.
  2. The terms are specifically provided for in the contract/grant agreement or they have been approved in writing by the sponsoring agency.
  3. Consultation is across departmental lines, or involves a separate or remote operation (see Intra-University Consulting).

C. Summer Compensation

Charges classified by the University as overload for work performed by 9-month or 10-month faculty members on sponsored awards during the summer months or other periods not included in the base salary period will be determined for each faculty member at a rate not in excess of the base salary (100%), divided by the period to which the base salary relates.

- The National Science Foundation (NSF) permits up to 2 months salary to be charged to all NSF awards during the year. This salary may be requested for work performed during the summer months.

D. Intra-University Consulting

Intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full time salary and this activity is included in the base salary. However, in unusual cases where consultation is across departmental lines or involves a separate remote operation, and the work performed by the consultant is in addition to their regular appointment, any charges for such work representing extra compensation above the salary are allowable provided that such consulting arrangements are specifically provided for in the proposal and/or agreement or approved in writing by the sponsoring agency.

E. Full workload and IBS

Maximum effort relates to an employee's full workload, which includes activities such as instruction, research, patient care or other institutional activities. The cumulative effort of the activities shall constitute the employee's 100% effort regardless of the time required to accomplish those activities. Institutional Base Salary shall be consistently applied in apportioning salary charges to the sponsored award and in reviewing/certifying an employee's effort.

V. Definitions

Institutional Base Salary (IBS): The annual compensation paid by an organization for an employee's appointment whether that individual's time is spent on instruction, research, patient care, or other institutional activities is specifically set for a 9-month, 10-month or 12-month period depending on the individual's appointment. IBS does not include bonuses, one-time payments (lump sum), summer pay for 9-month and 10-month faculty, or incentive pay. Also excluded from IBS is any income that an individual is permitted to earn outside of duties at Florida Atlantic University.

Institutional Base Salary Period: The period of time during which an employee is under appointment to the University and for which the employee receives a stipulated salary for the University's fiscal year. For the purpose of calculating 9-month (19.5 Bi-weeklies) faculty salary rates, the base salary period is 9 months (19.5 Bi-weeklies). For professional staff and 12-month faculty (26.1 Bi-weeklies), the base salary period is the full 12 months (26.1 Bi-weeklies) of the fiscal year.

Supplemental Compensation: Is any pay to faculty or staff for work done in excess of the normal workload. It includes compensation for incidental work or summer salaries. This type of compensation is paid to faculty with the classification of overload.

Incidental Work: Activities that are in excess of an individual's normal activities for which supplemental compensation is paid by the University under institutional policy.

Full Workload: The total activity for which the individual is compensated by the University regardless of the number of hours expended on those activities. Full workload includes: instruction, research, patient care or other institutional activities.

## **VI. Roles and Responsibilities**

### **Principal Investigator**

- Ensures that all requests for salary support in sponsored projects proposals are based on the individual's correct Institutional Base Salary in relation to the proposed effort.

### **Grant Manager or Budget Coordinator**

- Reviews proposal budgets for accurate salary requests in relation to the proposed effort.

### **Office of Sponsored Programs**

- Reviews and approves proposals (including budgets) requesting funding from external sponsors.

### **Research Accountant**

- Reviews and approves costing allocations, period activity pay and one-time payment requests

**V. Annual Review of Procedures**

The Institutional Base Salary Policy will be reviewed as necessary.

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**POLICY APPROVAL**

*Initiating Authority*

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Daniel Flynn, Vice President for Research

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Executed signature pages are available in the Research Accounting Office.