### Institutional Base Salary Policy

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**Supersedes:**  
06/16/2010  
02/08/2010  
**Responsible Authorities:**  
Division of Research  
Director 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 projects. These federal requirements shall be consistently applied to all sponsored programs 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 insure compliance with the requirements of OMB Circular A-21 Section J10, which states:

"Compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. Such amounts include salaries, wages, and fringe benefits. These costs are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, consistently applied, and provided that the charges for work performed directly on sponsored agreements and for other work allocable as F&A costs are determined and supported. Charges to sponsored agreements may include reasonable amounts for activities contributing and intimately related to work under the agreements, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences. Incidental work (that in excess of normal for the individual), for which supplemental compensation is paid by an institution under institutional policy, need not be included in the payroll distribution systems, provided that such work and compensation are separately identified and documented in the financial management system of the institution."
Financial penalties, expenditure disallowances, and harm to the University’s reputation could result from the failure to accurately propose, charge, and/or document salaries to sponsored projects.

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 research, teaching, patient care, or other activities. IBS includes regular salary, compensation for instruction, public service, research or other activities. Excluded from IBS are fringe benefit payments, reimbursed expenses, bonuses, supplemental compensation, and incentive payments. Also excluded from IBS is 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.

Salary Limitations (Caps)

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.

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 agreements 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 agreements during all or any portion of such period are allowable at the base salary rate.
In no event will charges to sponsored agreements, 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 projects at the university.

When a faculty member's regular appointment is less than 100% fulltime workload, additional assignments can increase compensation at the base rate of pay, up to 100%. When this occurs, supplemental compensation on federal grants 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).

- **Summer Compensation**

Charges for work performed by 9-month faculty members on sponsored projects 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 base salary period used in computing charges for work performed during the summer months will be the number of months covered by the faculty member's official academic year appointment (e.g., 9 months or 10 months).

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.

**Intra-University Consulting**

Because intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full time salary, 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 his/her 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. Under no circumstances can an FAU employee be paid as an independent contractor by FAU.

**Full workload and IBS**

Maximum effort relates to an employee’s full workload, which includes activities such as instruction, research, administration and 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.
No Cost Time Extensions

Sponsors expect that the original award terms and conditions will extend throughout the project period, including a no-cost time extension period. This would include commitments of effort for the PI and other named key personnel on the proposal.

OMB Circular A-21 states that some effort should be provided by PIs on research awards; there is no exception for awards that are in no cost time extension periods. However, there is also the realization by Federal agencies that a PI's effort may be reduced during no-cost extensions as the project is winding down, or additional time is needed for data analysis. While this is not considered a change in scope to the project, the institution and the PI must request prior written approval from the sponsor for a reduction in effort that is greater than 25% of the proposed effort, to avoid discrepancies with current and pending support statements, effort certification, or issues of research overlap.

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 research, teaching, patient care, or other activities, and 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 faculty, or incentive pay. Also excluded from IBS is any income that an individual is permitted to earn outside of duties at FAU.

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), even though the actual number of days of the appointment may vary each year. 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.

Salary Cap: The limitation on the amount of salary that may be charged to sponsored program awards. For example, with a salary cap of $179,700, a faculty member who earns $250,000 and has 10% effort on a project may recover $17,970 from the federal sponsor ($179,700 cap X 10% = $17,970). The institution must contribute $7,030.00 ($250,000-179,700, X 10% = $7,030.00) in a non-sponsored Salary Cap account.

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.
1. If paid to faculty, the supplemental compensation is defined by the University as overload.
2. If paid to staff, the supplemental compensation is defined by the University as additional compensation.

Incidental Work: That in excess of normal for the individual 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, administration (including appointments as dean and chair), and clinical activity/patient care.

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.

Budget Coordinator

- Reviews proposal budgets for accurate salary requests in relation to the proposed effort.
- Makes any necessary adjustment in labor redistribution in accordance with the Cost Transfer policy.
- Retains supporting documentation related to salary and effort distributions.

Office of Sponsored Programs

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

VII. **Annual Review of Procedures**

The Institutional Base Salary Policy will be reviewed annually.

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**POLICY APPROVAL**

*Initiating Authority*

Signature: __________________________ Date: 1/23/2013

Barry T. Rosson, Vice President for Research