

## Handbook of Operating Procedures

### INSTITUTIONAL BASE SALARY (IBS) POLICY

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#### A. Purpose

The purpose of this policy is to define The University of Texas Rio Grande Valley's (UTRGV's) definition of Institutional Base Salary (IBS) in accordance with the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200), also referred to as OMB Uniform Guidance Circular, Subpart E "Cost Principles for Educational Institutions," so that salary charges are consistently determined and applied to all sponsored projects.

#### B. Persons Affected

This policy applies to all UTRGV faculty and staff who direct charge or cost share salary to sponsored projects.

#### C. Policy

1. It is the policy of UTRGV that salary charges to sponsored projects will be based on institutional base salary (IBS), as well as subject to any other limitations imposed by the sponsor.
  - a. IBS is the total annual compensation an individual receives from UTRGV for activities that make up an individual's appointment, whether the individual's time is spent in research, teaching, or other activities. IBS includes compensation for instruction, public service, sponsored research, institutionally funded research, administrative appointments, and other related activities.
  - b. IBS does not include fringe benefit payments, reimbursed expenses, overload pay, incidental pay (such as one-time bonuses), or income earned outside of duties to UTRGV.
2. For faculty with 9-month appointments, compensation earned for activities performed outside of the appointment period is not part of IBS, i.e., summer research, teaching and administration. Charges for work performed on awards during periods not included in the base appointment may be budgeted in proposals and charged to sponsored projects at a rate that is consistent with IBS. When determining the actual costs associated with the expected percentage of time to be charged to a project, only the employee's IBS is considered. For faculty with 9-month appointments, up to three months of salary may be charged to externally funded programs at the IBS rate in the summer. Summer salary and summer teaching do not apply to faculty and staff with 12-month appointments.
3. While faculty with 9-month appointments may charge up to three months of salary to sponsored projects during the summer, a full three-month research workload assumes that the faculty member has no other teaching, service, or administrative responsibilities during either summer term. This also assumes that the faculty member takes no time away during the summer months. These workload criteria are drawn from federal guidance that define the amount of salary that

can be charged to a grant during the summer. Notably, the National Science Foundation (NSF) has a long-standing rule that generally limits the salary compensation requested in the proposal budget for senior personnel to no more than two months of their regular salary in any one year. This rule is designed to prevent summer charges on NSF awards for time away and other commitments. Faculty planning to charge a full three months of salary to awards must obtain approval from their chair, dean, or direct supervisor, as applicable.

4. For non-exempt and other hourly employees charging salary to sponsored projects, salary must be budgeted and charged at a rate consistent with UTRGV policies covering payment of these individuals.

**D. Compensation Categories Included in or Excluded from IBS**

Institutional Base Salary Inclusions	Institutional Base Salary Exclusions
Earn Types	Earn Types
Regular Pay – 9-month faculty appointment or 12-month faculty appointment.	Temporary Supplement/Compensation for less than 9 months.
Supplements – Payments or stipends for deans, associate deans, department chairs, or salary increases for productivity for excellence or volume in teaching and research or administrative duties. Supplements for periods outside of the appointment, i.e., summer salary, are not included in IBS.	Incidental Activities – Infrequent, irregular activity that <u>would normally be considered too small to warrant tracking</u> . Incidental activity is <u>work that is not part of the employee’s regularly compensated activities</u> . Examples of incidental activities could include honorariums, intra-university consulting, eligible professional development, course development, "pay in excess" activities, etc., evaluated on a case-by-case basis.
	Outside Employment (e.g., consulting, salary from other organizations)
	Summer Salary – Salary earned outside of the 9-month appointment for teaching, research, or service.
	Overload Teaching.
	Bonus payments, awards, or other productivity-based compensation.
Salary Sources	Salary Sources
UTRGV Institutional Funds regularly paid out.	UTRGV Institutional Funds temporarily paid out.
Grant and Contract Funding covering academic salary or 12-month appointment salary.	Grant and Contract Funding covering summer/non-academic salary for 9-month appointees.
State Funding for appointed responsibilities.	Third Party Employment.

**E. Procedures**

5. The Office of Sponsored Programs will:
  - a. Verify the IBS of individuals that will be charged to a sponsored project as well as any salary limitation requirements from the sponsor at time of proposal preparation.
  - b. Validate that the salary charges and effort committed are allowable and allocable.
  - c. Prepare budget and mandatory/volunteered cost share forms.
  - d. Document all salary charges and effort commitments appropriately.
6. The Office of Grants and Contracts will:
  - a. Establish a cost share cost center and ensure that a funded project is managed in accordance with the University's IBS limitations and Cost Sharing policy.
  - b. Track any committed cost sharing according to the Cost Sharing Policy.

**F. Definitions**

1. Allocable – a cost is related to the project or incurred solely to advance the work under a sponsored project or benefit both the sponsored project and other work of the institution.
2. Allowable – to be considered allowable, cost must be timely, documented, and explained in detail, adhere to The University of Texas System Administration's and the sponsor's standards, and have all appropriate authorizing signatures.
3. Committed Effort or Effort Commitment – the percentage of effort per individual identified in a sponsored project proposal that is accepted by the sponsor for funding regardless of whether or not salary support is requested for that effort. It is the total effort committed to a sponsored project, expressed as the sum of: (1) effort proposed to be paid by the sponsoring agency and (2) cost shared effort. Effort percentages for a given period are calculated by dividing the sum of an individual's direct charged and cost shared salary by the individual's IBS for the period.
4. Consistent Treatment – a cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
5. Institutional Base Salary – The total annual compensation an individual receives from UTRGV for activities that make up an individual's appointment, whether the individual's time is spent in research, teaching, or other activities. IBS includes compensation for instruction, public service, sponsored research, institutionally funded research, administrative appointments, and other related activities. IBS does not include fringe benefit payments, reimbursed expenses, overload pay, incidental pay (such as one-time bonuses), or income earned outside of duties to UTRGV.

6. Mandatory Cost Sharing – a contribution to a sponsored project or program required by the sponsor as a condition of the award. Such contributions are binding commitments and must be accounted for in accordance with ADM 07-302 Cost Sharing on Sponsored Projects. Mandatory cost sharing must be included in the proposal budget and be included in the research base.
7. Reasonable – a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
8. Sponsored Project – A project or program that is partially or wholly supported by external funding and that has a defined scope of work or set of objectives, which provides the basis for sponsor expectations. See ADM 07-200 Sponsored Projects.
9. Voluntary Committed Cost Sharing – a quantified contribution reflected in the proposal narrative, budget, or budget justification. These are binding commitments and must be accounted for in any resulting award in accordance with ADM 07-302 Cost Sharing on Sponsored Projects. The federal government has stated that cost sharing is not considered for proposal competitiveness unless specifically referenced in the solicitation. Therefore, voluntary committed cost sharing should be avoided.

**G. Related Statutes or Regulations, Rules, Policies, or Standards**

Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ([2 CFR Part 200](#))

[ADM 07-302 Cost Sharing on Sponsored Projects](#)

[UTRGV Cost Share Guidelines](#)

[ADM 07-103 Managing and Certifying Effort on Sponsored Projects](#)

[UTRGV Time and Effort Certification Glossary](#)

**H. Dates Reviewed or Amended**

Not applicable.