

# Office of Sponsored Programs

## Institutional Base Salary Policy

**Policy ID:** OSP 0001

**Date:** 5/17/21

**Status:** Approved

**Policy Type:** Public

**Issuing Office:** Office of Sponsored Programs

**Responsible Executive:** Provost

**Affected Parties:** Liberty University faculty and staff receiving external grants

**Reason for Policy:** The federal government requires recipients of federal funding to establish institutional standards that document the budgeting and expensing of compensation for personal services to federally sponsored projects. These federal requirements shall be consistently applied to all sponsored programs at Liberty University.

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.

**Policy Statement:** The purpose of this policy is to establish Liberty University's definition of Institutional Base Salary (IBS), the basis for calculating compensation costs, and to facilitate compliance with the requirements of OMB Uniform Guidance 200.430

*"Salary basis. Charges for work performed on Federal awards by faculty members during the academic year are allowable at the IBS rate... in no event will charges to Federal awards, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period. This principle applies to all members of faculty at an institution. IBS is defined as the annual compensation paid by an IHE for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for the IHE. Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award."*<sup>1</sup>

It is the policy of Liberty University that salary charges to sponsored programs are based on the IBS and, where applicable, any salary caps or other limitations imposed by external sponsors. IBS may not be increased as a result of replacing University salary funds with sponsored project funds.

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<sup>1</sup> 2 C.F.R. § 200.430 2014

Charges for work performed on sponsored agreements will be based on the individual's IBS 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.

Proportionate share refers to the share of IBS that corresponds to the proportion of total effort expended on the sponsored agreement. For example, if an individual's regular salary for an annual period is \$100,000 and they spend 25 percent of total effort during the period on the sponsored agreement, the proportionate share of IBS allocable to the sponsored agreement is \$25,000 (\$100,000 \*25%)

**Procedures:**

**Institutional Base Salary (IBS)** is defined as the annual compensation paid by Liberty University to a full or part-time faculty member for the duties associated with their appointment(s) or position, which may include teaching, research, administration or services. Full-time faculty compensation is outlined in Appendix P of the Liberty University Faculty Handbook.

IBS does not include any additional compensation that is above and beyond a faculty member's full workload or appointment(s), including:

- Overload compensation paid to a faculty member for additional teaching responsibilities in excess of their contracted teaching load.
- Summer compensation for work performed by faculty members during the summer semester outside of their standard 10 or 11 month contracted appointment. Per 200.430 of the Uniform Guidance, charges for teaching activities performed by faculty members on Federal awards during periods not included in the IBS period will be based on the normal written policy of the institution of higher education governing compensation to faculty members for teaching assignments during such periods (Liberty University Policy Directory and Faculty and Employee Handbook). Additionally, the Uniform Guidance also defines charges for work performed by faculty members on Federal awards during periods not included in the base salary period will be at a rate not in excess of the IBS. IBS cannot be annualized.
- Bonuses and awards received on a one-time basis and not guaranteed as part of a faculty member's annual base salary.
- Ancillary work, or any additional work, that is in excess of a faculty member's primary appointment and for which temporary supplemental compensation is paid by the University.
- Outside compensation or consulting received for duties performed or consulting services provided that are external to Liberty University and not part of faculty member's annual base salary.

- Dual employment from temporary, part-time employment outside of a faculty member’s primary appointment with the same or another agency as accepted by a faculty member in a FTE (or Full Time Equivalent) position. Dual employment must constitute independent, additional duties over and above those of the faculty member’s primary FTE position. Dual employment is not expected to exceed one year and is generally across department lines.

In general, the following types of pay are included or excluded

Included	Excluded
<ul style="list-style-type: none"> <li>• Annual Base Salary (contracted or adjunct)</li> <li>• Administrative and Endowed Supplements</li> </ul>	<ul style="list-style-type: none"> <li>• Overload Compensation</li> <li>• Summer Compensation in excess of contracted teaching load</li> <li>• Bonuses and Awards</li> <li>• Temporary Supplements (Ancillary Work)</li> <li>• Outside Consulting</li> <li>• Dual Employment</li> <li>• Compensation paid from other organizations</li> </ul>

The initial IBS is derived from the annual contract (for faculty) or the offer letter signed by the employee (for staff) at the time of employment. Changes to IBS due to changes in appointment or workload are maintained within Human Resources records.

**Workload and 100% Effort**

Maximum effort relates to an employee’s full workload associated with their primary appointment at Liberty University and for which they are compensated by the University and may include activities such as teaching, research, administration or service (including appointments as dean or chair). This is not based on a set number of hours per week and may vary from individual to individual. The cumulative effort of these activities shall constitute the employee’s 100% effort regardless of the time required to accomplish those activities. Effort should still total 100% for individuals with less than full-time appointments.

**Supplemental Compensation and IBS**

Supplemental compensation is additional compensation paid to a faculty member for activities performed or responsibilities in excess of the responsibilities of their primary position or appointment.

- Administrative Supplement: Where a supplement is deemed to be recurring (last more than one year), or indefinite, and is aligned with the faculty member’s appointment, it should be included in IBS. An example would be a faculty member with an administrative appointment which is above and beyond their primary appointment, such as when serving as a department chair or director, including when such appointment is in an interim capacity.

- **Endowed Supplement:** Where a supplement is paid to a faculty member for an endowed appointment, above and beyond the faculty member's primary appointment, it should be included in IBS. An example would be a faculty member serving as an endowed chair or professorship.
- **Temporary Supplement:** Where a supplement is deemed to be for incidental or non-recurring (less than a year) work and is not part of an employee's primary appointment, it should be excluded from IBS. This would include dual employment, overload compensation and summer compensation in excess of faculty member's contracted teaching load. An example would be a faculty member filling a vacant staff position within a home department.

### **Guidelines for Charging Faculty Summer Compensation on Externally Funded Projects**

- Charges for work performed by faculty during the summer months will be determined for each faculty member at their IBS salary rate divided by the period to which the base salary applies. A full workload in the summer, for wages paid by external funds, is 20% of the 10-month IBS or 9.09% of an 11-month appointment.
- Maximum workload in the summer, for wages paid by Liberty University is defined by LU's Effort Reporting Policy OSP 0005.
- Faculty may charge salary for up to 2 summer months (if 10-month) or 1 month salary (if 11 month) however faculty members who take vacation may not be paid for 100% effort during that month.
- All effort and corresponding salary charged to any sponsored project(s) must be in compliance with sponsor and University policies. Further, 100% effort committed during the period should be devoted to the activities of the project or projects, with the salary charges to each aligning on a monthly basis with the effort provided.
- As part of their normal work, however, faculty may participate in "other academic, administrative or research activities" during the summer. These activities include but are not limited to: advising students (outside the scope of the sponsored research charged), unsponsored research, administrative committees, preparing new or renewal proposals, teaching, curriculum development, or other scholarly pursuits. Effort associated with these activities during the summer month:
  - May be charged to Liberty University department operating funds
  - May never be charged to any federally sponsored research project
- The National Science Foundation's (NSF) general policy limits proposed support for senior personnel to no more than 2 months aggregate among any combination of NSF grants. However, if required to achieve the project

objectives without a change in scope, normal re-budgeting authority does allow salary charges in excess of 2 months without NSF prior approval.

- If the sponsor has a salary cap (e.g. NIH) charges to the grant will be reduced to the capped amount.
- Federal awards under “expanded authorities” (e.g. from NSF, NIH, DOE, etc.) require written approval from a sponsor when decreasing effort by 25% or more. This includes not only effort committed during the academic year but also compensated summer effort as well. Requests to the sponsor need to be initiated by the principal investigator and approved by the Office of Sponsored Programs.
- Faculty should consult the terms and conditions of their awards prior to committing summer month effort as sponsors may have restrictions on summer compensation.

**Sanctions:** Failure to adhere to this policy may result in disciplinary action up to and including termination of employment with Liberty University.

Sponsored agreements funded with public money (federal, state and local government awards; subcontracts under government prime grants and contracts) are subject to full review of all project activity (program and financial) by auditors. All project activities must comply with sponsor terms and conditions and with all applicable regulations.

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.

**Exclusions:** None

**Review Cycle:** Every two years or as needed.