

# INSTITUTIONAL BASE SALARY



Sponsored Projects Administration  
UNIVERSITY OF GEORGIA

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Owner:	Jill Frazier Tincher
Area:	Sponsored Projects Admin
Applicability:	UGA System-Wide

## POLICY AND PROCEDURE

### PURPOSE:

The purpose of this policy is to ensure compliance with the standards set forth in the Federal Office of Management and Budget 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), Federal and State regulations, and sponsor-specific requirements. This policy provides guidance, which will assist University of Georgia (UGA) personnel proposing, performing and managing sponsored activities. Cost sharing represents the portion of specifically allocated total project costs not borne by the sponsor, and is typically in the form of actual expenditure of funds. Cost sharing on sponsored projects must be allowable, allocable and reasonable.

Failure to comply with UGA policies and procedures may result in audit findings, suspension of sponsored activities, closer monitoring by the sponsor, delays in final payments, and/or other enforcement actions imposed by the sponsor. This policy applies to all Federal and non-Federal sponsored activities, including all externally funded activities (i.e., research, public service and outreach, instruction, and cooperative extension).

### SCOPE:

All UGA personnel must be aware of the complex and detailed rules provided under Federal, State regulations, as well as terms and conditions of individual sponsored activities.

### POLICY:

Sponsored projects will comply with all applicable Federal, State and/or sponsor-specific cost share and costing policies. This is applicable to building proposal budgets, negotiating sponsored projects, setting up sponsored projects, as well as initiating, approving, invoicing and reporting costs.

All faculty salaries charged to sponsored projects must be based upon the Institutional Base Salary (IBS) defined in this policy. This applies to all individuals whose salary is charged or whose effort is committed to sponsored projects. The IBS is the baseline against which effort expended by faculty in performing work under sponsored projects is measured.

Institutional Base Salary is the annual compensation UGA pays a faculty employee associated with the individual's appointment, whether that individual's time is spent on teaching, research, service or administrative duties.

### IBS Includes:

- Regular Salary;
- Summer Salary; and
- Sabbatical Leave.

## **IBS Excludes:**

- Fringe Benefits;
- Reimbursed Expenses;
- Extra Service Pay (supplements);
- External Consulting; and
- Indirect Costs associated with salary.

## ALLOWABLE CHANGES TO IBS

IBS may not be increased as a result of receiving a sponsored award. Generally, changes in an employee's IBS may not take place during an academic year, except under the following circumstances:

- The employee's formal appointment and required professional effort changes (e.g., a promotion in rank or position);
- The employee receives a permanent increase or decrease in salary as a result of assuming or relinquishing specific duties; or
- The employee receives a cost of living, merit, equity or retention adjustment in salary.

## DOCUMENTATION OF INSTITUTIONAL BASE SALARY

At the time of hire, all faculty employees should receive an official letter or notification, which specifies their IBS. Employees receiving an adjustment on salary due to an annual increase or a promotion should receive a letter or notification documenting their new IBS and the effective date of the change.

## INSTITUTIONAL BASE SALARY IN SPONSORED PROJECTS PROPOSALS

When requesting faculty salary support from a sponsor or committing unreimbursed effort on a sponsored project, such as mandatory or voluntary committed cost share, the amount of salary requested or effort committed must be based on the individual's IBS.

## PERIODS NOT INCLUDED IN BASE APPOINTMENT

Charges for work performed on sponsored projects 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. A common example is salaries for work performed by nine-month faculty on sponsored projects during the summer months. Those summer months are outside of the base appointment; therefore, the summer pay rate will be determined for each faculty member at a rate not in excess of the institutional base salary divided by the period to which the base salary relates. For example, for faculty with 9-month appointments, the rate of pay for one summer month is calculated at 1/9<sup>th</sup> of the IBS.

## SALARY CAP

A salary cap is defined as the statutory or sponsor-imposed ceiling on allowable compensation charged to sponsored projects. A salary cap is the maximum amount of IBS that may be used in calculating the amount of an employee's salary to be charged to sponsored activities.

## EXTRA SERVICE PAY

Periodically, individuals will receive extra service pay – compensation above and beyond IBS – in the form of additive, overload or supplemental pay. Extra service pay is typically attributable to short-term additional duties assigned. While sometimes ESP may be allowable to direct charge to a sponsored project, ESP is not included in IBS.

## **DEFINITIONS:**

Extra Service Pay (ESP) is also referred to as extra or overload compensation. ESP normally represents extra compensation for discrete service above and beyond the general scope of an employee's appointment.

Institutional Base Salary is the annual compensation paid for an individual's appointment, whether that individual's time is spent on research, instruction or service.

## **PROCEDURE:**

When preparing a proposal, negotiating and setting up a sponsored project, incurring and approving expenses, and invoicing and reporting, UGA personnel must be aware of and conform to the complex and detailed rules surrounding cost share and costing principles. Proposal budgets should be prepared after thoroughly reviewing 2 CFR 200, sponsor requirements and based upon a best faith estimate of costs needed to perform the scope of work.

1. PIs are strongly encouraged to review the funding opportunity and sponsor requirements. IBS should be used. When a salary cap is mandated/required by the sponsor and/or within the funding opportunity, PIs should use the lesser of IBS or the salary cap rate.
2. PIs should carefully prepare proposals for sponsored projects by:
  - a. Anticipating the individuals needed to perform the work;
  - b. Identifying each individual's IBS;
  - c. Estimating time exerted for each individual; and
  - d. Building the budget based upon anticipated costs.
3. Ensure that if IBS exceeds an applicable salary cap, all appropriate disclosures, authorizations, and tracking mechanisms are in place if/when funded.
4. When funded, ensure salary encumbrances are in place to accurately reflect each individual working on the project, their IBS/salary cap rate, as well as the anticipated effort.
5. Monitor expenses at least monthly, identify any discrepancies, resolve discrepancies immediately and adjust future encumbrances when warranted.

## **RESOURCES:**

2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards



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