

## POLICY STATEMENT

**Policy Statement Title:** Institutional Base Salary

**Functional Area:** Research Administration

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<b>Related Policy:</b>	U.S. Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR, Chapter II, Part 200
<b>Effective Date:</b>	September 1, 2018
<b>Last Reviewed/Updated:</b>	April 16, 2021
<b>Approved by:</b>	Terri Fiez, Vice Chancellor for Research & Innovation
<b>Responsible Office:</b>	Research & Innovation Office

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### I. PURPOSE

The U.S. Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR, Chapter II, Part 200, Uniform Guidance) incorporates guidance on standards, restrictions, and requirements related to personal services compensation when charged to federally funded awards. [2 CFR 200.430](#) states that the compensation cost of personal services for work performed by a non-Federal entity on Federal awards is allowable as long as it conforms to requirements outlined by the Uniform Guidance. Further, 2 CFR 200.430(h)(4)(ii) requires Institutions of Higher Education (IHE) to establish a written policy defining these requirements as related to that Institution which will be consistently applied to all sponsored awards. This Policy document attempts to meet this requirement by defining CU Boulder's Institutional Base Salary (IBS) and how the IBS is used to determine compensation amounts that can be charged to sponsored projects for work performed by tenure and tenure-track (TTT) faculty (HCM Job Codes 1100-1103).

The policy applies to all TTT faculty whose salary is charged to sponsored projects. It does not apply to other CU Boulder employment classifications, including but not limited to, full-time University Officers, Research Faculty positions, and non-tenure track teaching positions.

### II. DEFINITIONS

**Academic Year Base Salary:**

This is the sum paid in consideration of the normal services rendered by TTT faculty during the academic year and determines the maximum rate that can be charged to sponsored projects.<sup>1</sup> Normal services are defined by their individual workload formulation (usually a mix of teaching, research or creative work, and service) and constitutes their academic year appointment. Academic year base salary may be referred to as the "teaching appointment" salary. The academic year base salary does not include: academic year portion of administrative appointment salary, or the academic year portion of an endowed professorship and/or endowed chair appointment salary. These are separate and distinct appointments for TTT faculty.

**Institutional Base Salary (IBS):**

The IBS for CU Boulder's TTT faculty includes: a) the academic year base salary; b) the academic year portion of administrative appointment salary; and c) the academic year portion of an endowed professorship and/or endowed chair appointment salary. The IBS determines the maximum amount of salary that can be earned during the summer and does not include: overload teaching, continuing

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<sup>1</sup>The academic year base salary is used when determining the NIH salary cap limitation.

education appointments, monetary awards, compensation earned for services performed external to the University, administrative salary paid during the summer months, and endowed professorships and endowed chairs paid during the summer months.

**Three-Ninths Rule**<sup>2</sup>:

CU Boulder [campus guidelines](#) allows academic year TTT faculty to earn the maximum of an additional 3/9ths of their IBS for summer work. There is a limit of 1/9 in any specific month<sup>3</sup> and a total of 3/9 over the summer months occurring within the same University fiscal year which occurs from July 1 through the following June 30. When administrative and/or endowed appointment salaries are part of the 3/9ths summer effort and earnings, only the remaining effort and salary can be earned from teaching and/or research. The total earnings from summer administrative and endowed appointments, research, and teaching can be no greater than 3/9ths of the IBS.

### III. APPLICATION OF INSTITUTIONAL BASE SALARY LIMITATIONS

#### A. Institutional Base Salary (IBS) Documentation

CU Boulder's IBS is composed of salary earned from three different types of appointments during the academic year: 1) academic year appointment, 2) academic year portion of administrative appointments, and 3) academic year portion of endowed professorship or endowed chair appointments. All TTT faculty have an academic year appointment; only a portion of TTT faculty have academic year administrative and/or endowed appointments.

Appointment salaries for TTT faculty are set by the College or School with which they are affiliated and information for these appointments is contained in separate records for each appointment within the University's HCM (Human Capital Management) System. An IBS page has been developed and is located within the HCM System to display a tool combining academic year salary figures from these separate appointments to calculate the total IBS salary.

#### B. Limitations on Faculty Salary Charged to Externally Funded Projects

Federal agencies require CU Boulder to use the IBS as the basis for determining the amount of compensation charged to a Federal award. However, 2 CFR 200.430(a)(1) and (3)(b) state that compensation charged to the award should be consistent with salary earned for similar work expected for that person's appointment. For Boulder campus, the academic year appointment reflects similar work to be performed on external research projects. Therefore, CU Boulder defines the maximum salary that can be proposed and charged to sponsored awards in any given month as 1/9th of the academic year base salary. The amount of paid effort a faculty can charge to sponsored projects during summer months is determined in conjunction with other paid summer positions for non-research activities. See the [Summer Session Informational Memo](#) for various scenarios illustrating how this is calculated.

#### C. Proposed Salary Support

When requesting direct salary support, including course buyouts, from an external sponsor or when providing effort on a sponsored project in the form of mandatory or voluntary committed cost share, the amount must be based on the academic year base salary portion of the overall IBS. There may be an effort limit on a sponsored project if effort is being devoted to other activities, such as administrative appointments. Several sponsors, such as NIH, may have a salary rate cap based on the IBS which shall apply to direct salary support that can be proposed or charged to an award.

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<sup>2</sup> This policy does not apply to non-TTT faculty.

<sup>3</sup> Compensation earned in any given summer month that is derived solely from teaching activities may not be subject to the 1/9<sup>th</sup> limit. This provision **only** applies when 1/9<sup>th</sup> of the faculty's academic year salary is less than what would be earned by teaching a summer course.

Sponsored project salary support can be requested for work performed during the academic year which creates salary savings for the university. Procedures for handling such salary savings are implemented at the College or School level.

**D. Full-Time TTT Faculty Appointments on Reduced Work Schedules**

Faculty members having full-time appointments who are working a reduced work schedule (e.g. faculty with phased retirements) are considered full-time employees. They can charge for work performed on sponsored awards based upon their full-time academic year base salary and follow the standard IBS guidelines.

**E. Part-Time TTT Faculty**

The IBS tool in the HCM System adjusts part-time TTT academic year appointment salary to a 100% level to provide consistent treatment of all TTT faculty salary and associated IBS. Therefore, part-time TTT faculty appointments can charge for summer work performed on sponsored awards following standard IBS guidelines that apply to full-time TTT appointments.

**F. Part-Time Non-TTT Faculty**

Part-time non-TTT faculty may charge for work performed on sponsored awards based upon the rate they are paid for part-time academic year assignments.

**IV. SALARY NOT GOVERNED BY INSTITUTIONAL BASE SALARY LIMITATIONS**

**A. Non-Federally Funded CU Sponsored Project Work**

Charges for work performed by TTT faculty on non-federally funded work shall not be less than the academic year base salary rate of pay but can be higher if the sponsor is willing to bear the additional cost. Projects charging a rate of pay higher than the academic year base salary rate must include F&A costs at CU Boulder’s federally negotiated rate or higher. In those instances where a higher rate of pay will be accepted by the sponsor, prior approval is required from the Office of Contracts and Grants (OCG) in consultation with the PI’s department.

**V. RESOURCES**

Board of Regents Policy 5D, [Additional Remuneration for Extra Work](#)

Board of Regents Policy 5E, [Additional Remuneration for Consultative Services](#)

Faculty Affairs, [Additional Compensation Guidelines for Faculty](#)

CU Boulder Policy, [Summer Salary Limits for Tenured and Tenure-Track Faculty](#)

**VI. HISTORY**

Changes	Date	Approved By
Adopted	09/01/2018	Terri Fiez
Reviewed – no substantial updates	1/1/2019, 1/30/2020	
Minor updates to URLs	4/16/2021	Denitta Ward