POLICY STATEMENT

Policy Statement Title: Institutional Base Salary
Functional Area: Research Administration

Effective Date: September 1, 2018
Approved by: Terri Fiez, Vice Chancellor for Research & Innovation
Responsible Office: Research & Innovation Office

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(h) defines Institutional Base Salary (IBS) as “…the annual compensation paid by an IHE [Institution of Higher Education] for an individual’s appointment, whether that individual’s time is spent on research, instruction, administration, or other activities” which provides the standard for determining permissible rates that can be charged to federal awards and what type of personal services activities are considered allowable charges to federal awards. Further, 2 CFR 200.430(h)(4)(ii) requires the IHE to define for itself the IBS to clearly identify work activities and the related compensation that go beyond work associated with the IBS. This document attempts to meet this requirement by defining work that is included in CU Boulder’s Institutional Base Salary (IBS) and sets forth the basic regulations and policies related to base salary and compensation for tenure and tenure-track (TTT) faculty.

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

Institutional Base Salary (IBS):
The IBS for CU Boulder’s TTT faculty includes the academic year base salary, the academic year portion of administrative salary, and the academic year portion of an endowed professorship or endowed chair stipend. The IBS does not include: overload teaching, continuing education appointments, monetary awards, compensation earned for services performed external to the University, administrative salary paid during the summer months, and stipends for endowed professorships and endowed chairs paid during the summer months.

One-Ninth Rule:
Federal regulation limits the amount of salary charged for work performed on Federal awards to no more than the proportionate share of the IBS for that period. For CU Boulder, 1/9th of the IBS is equivalent to 1/9 of the academic year salary plus one month’s academic year administrative and/or endowed professorship or chair appointment compensation. This is the maximum salary amount that can be charged to federal awards in any given month.
**Three-Ninths Rule:**
CU Boulder campus policy 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 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. These rules do not apply to faculty paid on a 12-month appointment.

### III. APPLICATION OF INSTITUTIONAL BASE SALARY LIMITATIONS

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

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 an administrative appointments, and 3) academic year portion of an endowed professorship or chair 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 which combines academic year salary figures from these separate appointments to calculate the total IBS salary.

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

CU Boulder defines the maximum salary that can be charged to sponsored awards in any given month as 1/9th of the IBS. This is known as the One-Ninth Rule which provides the basis for the CU Boulder campus Three-Ninths Rule Policy. Academic year TTT appointments are subject to both these limitations. See the Summer Session Informational Memo for a listing of what is and what is not included in the summer 3/9ths salary limit.

#### C. Institutional Base Salary in Sponsored Project Proposals

When requesting salary support from an external sponsor or providing effort on a sponsored project in the form of mandatory or voluntary committed cost sharing, the amount must be based on the individual's IBS rate of pay. Some sponsors (such as NIH) may have a salary rate cap which shall apply to direct salary support that can be provided by an award.

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 IBS salary and follow the standard IBS guidelines.

#### E. Part-Time TTT Faculty

The IBS page 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 using the 1/9 rule that applies to full-time TTT appointments.

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1 Compensation earned in any given summer month that is derived solely from teaching activities may not be subject to the 1/9th limit. This provision only applies when 1/9th of the faculty’s academic year salary is less than what would be earned by teaching a summer course.
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 IBS 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 IBS must include F&A costs at CU Boulder's federally negotiated rate or higher. In those instances where a rate of pay that exceeds the IBS will be accepted by the sponsor, prior approval is required from the Office of Contracts and Grants (OCG).

B. Outside Consulting Through CU Boulder

Where there is a joint interest of the campus and TTT faculty to support external consulting during the academic year, such work may be performed in accordance with the One-Sixth Rule but managed through CU under a different position number and job code. This must be from a non-federally funded source and have no guarantee of continuation beyond the funding provided by the non-federal sponsor. This work, when managed through CU, requires inclusion of appropriate direct and F&A costs and must follow the One-Sixth Rule requirements and procedures.

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