

**LP 5.35****Effective:**
5/6/2025**Revised:****Policy Owner:**
Board of Trustees**Policy Administrator:**
VP for Finance and
Administration**Affected Parties:**
Employees**Table of Contents:**

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Institutional Base Salary

1 Background

The federal government mandates that recipients of federal funding establish institutional standards for budgeting and expensing compensation for personnel services related to federally sponsored projects. These requirements, as outlined in the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements (Uniform Guidance, 2 CFR 200.430), must be consistently applied to all sponsored programs at Lander University.

Failure to accurately propose, charge, and document salaries to sponsored projects may result in financial penalties, expenditure disallowances, and reputational harm to the university.

2 Purpose

This policy defines Institutional Base Salary (IBS) at Lander University, establishes a basis for calculating compensation costs, and ensures compliance with Uniform Guidance 200.430(h)(2), which states:

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 exceed the proportionate share of the IBS for that period. IBS is defined as the annual compensation paid by an institution for an individual's appointment, covering research, instruction, administration, or other duties. IBS excludes income earned outside institutional duties.

3 Policy

- 3.1 Salary charges to sponsored programs must be based on IBS and comply with any sponsor-imposed salary caps or limitations. IBS cannot be increased by replacing university salary funds with sponsored project funds.
- 3.2 IBS is defined as the annual compensation paid by Lander University for duties related to an individual's appointment, including research, teaching, administration, and service. IBS applies regardless of full-time or part-time employment status.

3.3 The following types of pay are included or excluded from IBS:

Included in IBS:

- Regular (annual base) salary
- Administrative supplements
- Endowed supplements

Excluded from IBS:

- Temporary supplements (Incidental work)
- Summer salary
- Dual employment
- Overload pay
- Bonuses and awards
- Salary paid from external organizations
- Outside consulting

3.4 The initial IBS is established in the employment offer letter and updated based on changes in appointment or workload, as documented by university records.

4 Full Workload and IBS

4.1 Maximum effort refers to an employee's full workload and includes activities related to research, teaching, administration, and service. Total activities constitute 100 percent effort regardless of time spent on each activity.

5 Supplemental Compensation and IBS

5.1 Supplemental compensation applies to activities beyond those associated with an individual's primary appointment. Recurring supplements (lasting over a year) that are aligned with the employee's duties are included in IBS.

6 Definitions

- **Administrative supplements:** Additional compensation for administrative roles.
- **Base pay:** Fixed compensation for assigned job responsibilities.
- **Bonuses and awards:** One-time payments not included in annual compensation.
- **Dual employment:** Temporary, part-time work outside of normal duties.
- **Endowed supplements:** Additional pay for endowed faculty positions.
- **Full workload:** The total activities covered by university compensation.
- **Incidental work:** Work exceeding normal duties for which temporary compensation is provided.
- **Institutional base salary (IBS):** Annual compensation for assigned university duties.
- **Outside consulting:** Payments for external consulting work.
- **Overload pay:** Compensation for additional teaching beyond the standard load, capped at 30 percent of base salary.
- **Proportionate share:** The percentage of IBS allocated to a sponsored agreement.

- **Summer salary:** Pay for faculty with nine-month appointments for activities that occur during the one or more of the university's summer sessions.
- **Temporary Supplements:** Additional short-term compensation for duties beyond the primary role.

7 Roles and Responsibilities

- **Deans:** Define appointment terms, compensation, and full workload expectations.
- **Sponsored Programs Office:** Ensures that salary requests comply with IBS policies.
- **Human Resources:** Maintains employee compensation records and adjustments.
- **Payroll Office:** Accurately processes compensation based on IBS guidelines.

8 Policy Revision History

- First draft of policy created by Finance and Administration on 2/13/25.
- Reviewed and revised by Policy Coordinator with final approval from Finance and Administration on 4/10/2025.
- Reviewed by Board of Trustees Policy Committee on 4/19/2025.
- Revised and updated by Finance and Administration on 4/23/2025.
- Submitted for full board review by Policy Coordinator on 4/23/2025.
- Approved by Lander University Board of Trustees on 5/6/2025.