



POLICY AND PROCEDURE

Department: Centerwide Policy

Subject: Institutional Base Salary Policy

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Purpose of Policy

It is the policy of SUNY Downstate Medical Center (“Medical Center”) that all salaries charged to sponsored projects must be based on the Institutional Base Salary (IBS) defined in this document. It applies to all individuals whose salary is charged to federal or non-federal sponsored projects and/or have committed effort to a sponsor. Note that in accordance with memorandum M-01-06 to OMB Circular A-21, most Federally-funded research programs should have some level of committed faculty (or senior researchers) effort, paid or unpaid by the Federal Government. Some types of research programs, such as programs for equipment and instrumentation, doctoral dissertations, and student augmentation, do not require committed faculty effort.

The federal government requires recipients of federal funding to establish an institutional policy that documents the budgeting and expensing of salaries on sponsored projects, and that sponsored project costs (e.g., salaries) should be treated consistently across all funding sources.

Note: _If an employee’s employment is covered by the United University Professions Agreement (UUP), there may be unique circumstance where guidance will come from

that contract. It covers changes in salary, as well as minimum salary levels by title.

Institutional Base Salary (IBS)

Institutional Based Salary is the compensation that DMC pays an employee, whether that individual's time is spent on research, teaching, administrative, patient care or other activities. The compensation relevant in determining IBS is the amount that is guaranteed and fixed in advance by the appointment letter or employment agreement and paid through the payroll system. The IBS does not include bonuses, one-time payments or incentive pay. Also excluded from IBS are: a) salary paid directly by another organization, and b) income that an individual is permitted to earn outside of one's responsibilities such as consulting.

Institutional Base Salary:

- May not be increased as a result of replacing or augmenting Medical Center salary funds with sponsor projects funds;
- Is established by the Medical Center in an annual letter regardless of the source of funds;
- Includes regular salary, as well as, a second assignment such as chair of a department; and
- Excludes bonuses, stipends, honoraria, and extra compensation, e.g., faculty housing allowance, tuition reimbursements.

In rare situations where a PI needs to reduce the salary charged to the grant in order to redirect funds to cover other cost categories, the institution will need to commit to cost sharing that portion of salary to maintain the annually agreed upon IBS.

UUP agreement, Appendix A-46, *Voluntary Reduction in Work Schedule (VRWS) Program* provides guidance for when an employee may trade income for time off. If an employee selects a VRWS, the IBS may be impacted by a reduction in salary due to a decrease in days worked by the employee.

The table below lists inclusions and exclusions from IBS.

Included in IBS	Excluded from IBS
Externally sponsored research, including seminars, delivering special lectures about the ongoing sponsored program, attending related meetings and conferences.	Consulting and other outside compensated professional work including service on scientific advisory boards compensated by external organizations.
Departmental/Medical Center research including uncompensated participation in study sections, peer review of manuscripts,	Volunteer community or public service.

unfunded effort on externally funded projects.	
Instruction/Medical Center supported academic effort, including presentations to students, mentoring trainees.	Veteran's Administration compensated activities outlined in a Memorandum of Understanding, which needs to be disclosed when filing for federal awards.
<p>Clinical Services Effort</p> <p>Salaries for internally organized clinical practice plans are included in IBS when:</p> <ul style="list-style-type: none"> a) Salary is Guaranteed; b) Determined by DMC; or c) Is Part of the appointment contract 	<p>Clinical Services Effort:</p> <p>Salaries from separately organized clinical practice plans are excludable from IBS when they are:</p> <ul style="list-style-type: none"> a) Not Guaranteed; b) Not Set/determined by DMC; or c) Not part of the appointment contract.
Effort related to Public Service grants or contracts.	Bonuses and certain "one-time" payments for which extra compensation is paid by DMC.
Administrative effort, e.g., Department Chair, Institute Director, service on institutional Committees, faculty advisory boards.	
Effort expended on preparing proposals.	
Service in external professional organizations and societies related to one's work, which is not compensated by those organizations.	

Institutional Base Salary may be changed at the beginning of any fiscal year, and may be increased or decreased at that time. During a fiscal year, Institutional Base Salary of an employee generally will not change. However, it may be changed in the following limited circumstances:

- The employee's formal appointment, and required professional effort, is

changed from full-time to part-time, from part-time to full-time, or from one required level of part-time effort to another required level of part-time effort;

- The employee receives an increase or decrease in salary as a result of assuming, or relinquishing, specific academic or administrative duties, e.g. serving as a department chair or program director;
- The employee receives a cost of living or merit salary adjustment as part of a Institutional-wide adjustment of salaries that occurs during a fiscal year; or
- The employee receives a salary increase as a result of an adjustment due to promotion in rank or position.

Salary Rates for Faculty Members

Academic Year Salary

Salaries for work performed on sponsored projects by faculty members during the academic year will be based on the individual faculty member's regular compensation for the continuous period, which constitutes the basis of his/her salary under DMC policy. Charges for work performed on sponsored projects during all or any portion of such period are allowable at the base salary rate.

Summer Salary

Salaries for faculty members with appointments less than 12 months in duration, for work performed on sponsored projects during the summer months or other period not included in the base salary period, will be determined for each faculty member at a rate not in excess of the base salary divided by the period to which the base salary relates. The base salary period used in computing charges for work performed during the summer months will be the number of months covered by the faculty member's official academic year appointment.

Salary Cap

Sponsors may have a salary cap that would limit the amount of IBS that could be used as a basis for charging salary to their projects. When such limitations apply, the requested and expended salary support is determined by multiplying the proposed level of effort by the maximum Salary Cap allowed.

If a sponsored project has a salary cap, then an individual's salary in excess of the salary cap is considered an unallowable cost. The unallowable portion of salary over the cap may not be charged to a regular cost sharing account of the project/program. It must be charged to a non-sponsored project. At DMC, this is called a non-sponsored cost sharing account (State Account (IFR)). Although this is in fact not formal cost sharing, it needs

to be tracked for inclusion in the research base which is used in the F & A calculation and negotiation. The salary that is over the cap may not be used to meet mandatory or voluntary committed cost sharing obligations.

The terms and conditions of the awards should be reviewed for salary rate caps prior to submitting any proposal. When the sponsor imposes a cap, the proposed budget should be in accordance with the sponsor's guidelines. Awards with salary rate caps must be monitored regularly.

Purpose of this Policy

The purpose of this policy is to establish DMC's definition of IBS and the requirements for proposal submissions and to meet the requirement of OMB Circular A-21, which states:

“Compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. Such amounts include salaries, wages, and fringe benefits.

These costs are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, consistently applied, and provided that the charges for work performed directly on sponsored agreements and for other work allocable as F&A costs are determined and supported.

Charges to sponsored agreements may include reasonable amounts for activities contributing and intimately related to work under the agreements, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences.

Incidental work (that in excess of normal for the individual), for which supplemental compensation is paid by an institution under institutional policy, need not be included in the payroll distribution systems for federal grants, provided such work and compensation are separately identified and documented in the financial management system of the institution.”

Financial penalties, expenditure disallowances, and harm to the University's reputation could result from the failure to accurately propose, charge, and/or document salaries relating to sponsored projects.

Scope of this Policy

This Policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

Institutional Base Salary in Sponsor Program Proposals

When requesting salary support from a sponsor or providing effort on a sponsored project in the form of mandatory or voluntary committed cost sharing, the amount of the anticipated salary to be requested or charged must be based on the individual's IBS, with appropriate adjustments made if a salary cap is in effect. The portion of effort multiplied by the IBS will determine the appropriate dollars to be requested from the sponsor or to be approved by the Medical Center if in the form of cost sharing.

Institutional Base Salary Documentation

At the time of hire, all employees should receive an official letter or notification, which includes their IBS. Employees receiving an adjustment in 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. All promotions that provide an increase in IBS should also be done in writing.

Accounting for IBS

Salary for Faculty

To determine the amount of IBS per month for both the academic year and summer months, the following formula must be used:

$$\text{Monthly IBS} = \text{Annual IBS} \div \# \text{ of appointment months}$$

Example: For an individual earning \$180,000 with a 12-month appointment, IBS per month would be \$15,000 ($\$180,000 \div 12$).

The amount charged to a sponsored project will be calculated as follows:

$$\text{Salary Charged} = \text{Monthly IBS} \times \# \text{ of person months} \times \% \text{ of Effort}$$

Example: Using the same example, the faculty devotes 30% of his effort during 11 months. The total amount charged to his sponsored project would be \$49,500 ($\$15,000 \times 11 \times 30\%$).

Salary Cap

To determine the amount to be charged to a sponsored project under the Salary Cap, first the percentage of the employee's effort devoted to the project must be determined. When an employee's rate of pay in a given period (e.g., 12 months) exceeds the salary cap, the amount of salary that can be charged to the award is calculated as follows:

$$(\text{Salary Cap} / 12) \times \% \text{ of Effort} \times \# \text{ of months devoted to project}$$

Salary in excess of a sponsor imposed salary cap will be considered as an unallowable cost to the sponsored program. It must be charged to an unrestricted, non-sponsored program account (i.e. State Account). Effort must be certified at the rate devoted to the project; it is incorrect to calculate effort based solely on the capped salary charged to the sponsored project.

Identify the source(s) that will be used to fund any remaining percentages of salary.

Administrative stipends, honoraria, or supplemental compensation are not included in IBS and should not be charged to sponsored programs regardless of the salary cap.

Roles and Responsibilities

Chairs, Dean's Office

- Ensure that salary letters are provided on an annual basis to faculty indicating the approved institutional base salary.
- Retains copies of appointment and salary letters for audit purposes.

Principal Investigators

- Ensure that all requests for direct salary support and cost sharing commitments in proposals for sponsored programs are based on the individual's correct IBS or salary caps when applicable.
- Ensure that salary expenditures on sponsored projects and sponsored and non-sponsored cost share accounts reflect IBS.

Department Administrators

- Review proposal budgets for accurate salary requests
- Ensure that entries into Labor Distribution are correctly based on the individual's IBS.

RF Pre-Award Research Administration

- Review and approve proposals (including budgets) for funding from external sponsors.

RF Post-Award Research Administration

- Review sponsored project expenditures and cost sharing for accuracy.

Policy Definitions

Compensation

Compensation - amount of salary that an employee earned for services rendered and paid by DMC.

Effort	The work or portion of time devoted to a particular activity, expressed as a percentage of salary paid by DMC as defined by the Institutional Base Salary (IBS).
Institutional Base Salary (IBS)	The compensation that DMC pays an employee, whether that individual's time is spent on research, teaching, administrative and other service, patient care or other activities. The compensation relevant in determining IBS is the amount that is guaranteed and fixed in advance by the appointment letter or employment agreement and paid through the DMC payroll system.
Salary Cap	The maximum annual rate of DMC Salary for the level of effort that can be charged to a sponsor's award. Normally it is indexed to a specific government Executive Pay Level.

Related Policies

- Effort Reporting Policy for Sponsored Programs
- Costs Sharing Policy for Sponsored Programs
- Salary Cap Administration Policy
- Assigning Extra Service Policy (SUNY RF)

Federal Regulations

- NIH Grants Policy Statement
<http://grants.nih.gov/grants/policy/policy.htm#gps>
- OMB Circular A-21
http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html