



**D** SUNY  
**DOWNSTATE**  
Medical Center



Institutional Base Salary  
(IBS)  
December 2014

# Introductions and Topics

- Introductions / Training process
- Federal requirements under OMB A-21  
& 2 CFR 200
- Basics of Institutional Base Salary Requirements
- What comprises the SUNY IBS?
- How do we apply IBS for Sponsored Programs?
- Salary cap

# IBS and System Operations– Outreach/Training

## **Academic Senior Administrators**

- Executive & Academic Management (Dean's & Vice Presidents)
- Advisory Council on Research
- Chairs Faculty meetings

## **Department Administrators**

- Targeted training of College/School administrators
- Distribution and training of Standard Operating Procedures

## **Faculty Outreach**

- RF Grant Manager sessions with faculty (planning)
- Small group faculty meetings



# IBS Requirements

- CFR-200, §200.430(h)(2) prescribes:
  - Charges for work performed on Federal awards by faculty, are allowable at the IBS rate.
  - In no event will charges exceed the proportionate share of the IBS for that period.
  - IBS excludes any income earned outside the duties of the institution.
- PHS 398 – definition of the Institutional Base Salary
- DS-2, Subparts 2.4, 2.5 and associated continuation sheets
- IBS is linked to the Time & Effort policy & procedures

# Applicable Section of A-21 & CRF 200

- Charges for work performed on sponsored agreements will be based on the individual faculty member's **regular compensation** for the continuous period which, under the policy of the institution concerned, constitutes the basis of his salary. “ (§ J.10.d.(1))
- The distribution system must “conform to the **existing policies of the institution**, consistently applied.” (§ J.10.a.)
- In Academic Medical Centers regular compensation is provided to faculty for the following types of activities:

# 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.

# Salary Cap

- At DMC, this is called a non-sponsored cost sharing account. 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 indirect cost 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.

# NIH Salary Cap

- The current NIH Salary cap is \$181,500. Listed below is an example of applying the cap for a Full-time appointment:

**Example: Individual with Full-Time Appointment**

Individual's institutional base salary for a FULL-TIME calendar year appt.	\$200,000
Research effort requested in application/proposal - 6 months (50%)	100,000
Direct Salary requested	100,000
Fringe benefits requested (25% of salary)	25,000
Subtotal	<u>125,000</u>

Applicant organization's F&A (indirect) costs at a rate of 45% of subtotal 56,250

Amount requested-salary plus fringe benefits plus associated IDC 181,250

**The amount included for the above individual will be calculated as follows:**

Direct salary - restricted to a RATE of	181,500
Divided by 12 months multiplied by 6 months (50%)	90,750
Fringe benefits (25% of allowable salary)	22,688
Subtotal	<u>113,438</u>

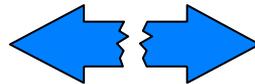
Associated F&A (indirect) costs at 45% of subtotal 51,047

Total amount to be awarded due to salary limitation \$164,485

Amount of reduction due to salary limitation 16,765

# Typical Medical Center Activity Components of Faculty Salary

## Function



## Funding

- Instruction/Dept. Research
  - Organized Research
  - Cost Sharing
  - Patient Care
  - Hospital Administration
  - Graduate Medical Education
  - Other Academic Activities
- General Funds
  - Grants & Contracts
  - FPP Professional Fees
  - Hospital Contracts
  - GME Hospital Transfers?
  - Endowment & Gifts

# Institutional Base Salary

## Criteria

- 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.

## Criteria (con't)

- IBS is the amount that is guaranteed and fixed in advance usually on an annual basis.
- IBS is part of the SUNY HR/PR system of record.
- 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.
- 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.***

# IBS Salary Composition

- In consultation with SUNY General Counsel, SUNY HR and the RF Compliance Office the IBS salary Composition is made of three sections:
  - 1) SUNY Academic Faculty Salary Component.
  - 2) Guaranteed “Also Receives” based on functional responsibilities, and scheduled for payment throughout the fiscal year, for example;
    - Department chair stipends
    - Hospital clinical positions
    - GME clerkship director
    - Clinical practice plan positions or income
    - Location pay
- SUNY Academic Faculty Salary and Guaranteed “Also Receives” are then subtotaled and represent the IBS salary used on Federal & Sponsored Programs.

# IBS Salary Composition

3) The Third Section would be Temporary “Also Receives” that have a duration of less than a fiscal year and ***are excluded from the IBS calculation***, for example:

- Extra compensation
- Performance incentive payments
- Temporary activity pay ( off-campus assignments)
- Retroactive temporary increases

# Standard Faculty Compensation: X-Y-Z Concept

<b>X</b>	<b>Y</b>	<b>Z</b>
<p>Academic Base <u>Salary Component</u></p>	<p>Clinical Base <u>Salary Component</u></p>	<p>Incentive or Temporary <u>Component</u></p>
<p><b>General Fund</b></p>	<p><b>Professional Fees</b></p>	<p><b>Professional Fees</b></p>
<p>Tuition Grants/Contracts State Appropriation Guaranteed Also Receives</p>	<p>Capitation Income Third Party Income Service Contracts Guaranteed Also Receives</p>	<p>Capitation Income  Temporary Also Receives</p>

# Payments for Dual Appointments

- For investigators with university and clinical practice plan appointments, compensation from both sources may be considered the base salary if the following criteria are met:
  - Clinical practice compensation must be guaranteed by the university;
  - Clinical practice effort must be shown on the university appointment form and must be paid through the university; and
  - Clinical practice effort must be included and accounted for on the university's effort report.

# Other Considerations

- **Institutional Base Salary:**
  - May not be increased as a result of replacing or augmenting Medical Center salary funds with sponsored projects funds;
  - Should be established annually regardless of the source of funds;
  - Includes regular salary, as well as, a second assignment such as chair of a department (***Guaranteed Also Receives***)
  - Excludes bonuses, stipends, honoraria, and extra compensation, e.g., faculty housing allowance, tuition reimbursements. (***Temporary Also Receives***)

## Other Considerations (cont'd)

- The IBS is required to be established annually and not modified, there are exceptions which would permit these changes to occur:
  - 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.

## Other Considerations (cont'd)

- 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; (Guaranteed “Also Receives”)
- 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(UUP contractual agreement).
- The employee receives a salary increase as a result of an adjustment due to promotion in rank or position.

## Other Considerations (cont'd)

- 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.
- 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.

# IBS Salary Charged to Grants

- Sponsored Effort is expressed as a percentage



- Certification forms will normally show the payroll percent along with the effort percent.
- These forms are then either signed on paper(biweekly RF Staff) or certified electronically.

# Principal Investigator Eligibility

- For each sponsored project, one investigator is typically designated as the PI.
- The PI bears the ultimate responsibility for academic decisions as well as financial, administrative and compliance matters of the project.
- In order to maintain academic standards and in recognition of the University's assumption of liabilities under sponsored projects, the University limits the eligibility of persons who may serve as PIs.

# Principal Investigator Eligibility

- A PI normally must have a full-time or part-time SUNY academic appointment and must be an Officer of Instruction in the rank of:
  - Professor
  - Associate Professor
  - Assistant Professor
  - Instructor
  - Voluntary Faculty Appointment
- The Faculty Appointment must also have been assigned an Institutional Base Salary guaranteed by the Chair or the Dean

# Principal Investigator Eligibility

- A PI can be a Research Foundation employee as full-time or part-time and has been granted a SUNY Voluntary Faculty Appointment and an RF title of:
  - Principal Investigator
  - Co-Investigator
  - Research Scientist
  - Clinical Investigator
  - Postdoctoral Associate
  - Educator
- The RF Employee must also have been assigned a Base Salary Rate.

# 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.

# Contacts

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