

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM-60.37

Policy Name: Institutional Base Salary

General Policy and Procedure Overview

This policy defines the components of Institutional Base Salary (IBS), to explain the relationship between IBS and Total Allowable Salary, and to formalize practices and procedures for the consistent budgeting and expensing of salaries and effort reporting in compliance with federal regulations, including those issued by the Office of Management and Budget (OMB) and the National Institutes of Health (NIH).

Definition of Key Terms:

University Base Salary: the salary for performing duties as a faculty member of the University; these duties include but are not limited to teaching, research, service, professional development.

Faculty Practice Plan: the portion of the faculty salary paid through the University of Missouri faculty practice plans (i.e., UMKC Dental Faculty Practice Plan, University Physician Practice Plan, UMSL Clinical Psychology Faculty Professional Practice Plan).

Administrative Stipend: the payment for performing administrative duties such as chairing a department or directing a program.

Incentive Component: a bonus or incentive payment for exceeding performance goals or satisfying other criteria established by a faculty practice plan and approved by the University.

Temporary Extra Compensation: compensation approved for a temporary period for assuming additional responsibilities, such as teaching an extra class.

Incidental Payments or Honoraria: for one-time activities not included within the normal workload.

Veterans Administration (VA) Salary: salary paid directly by the VA for VA appointments.

Total Allowable Salary: the total maximum salary paid to faculty members in a faculty practice plan, inclusive of IBS, the incentive component of the practice plan, and all other sources. Because of its variable components, the Total Allowable Salary may be greater than the IBS.

Detailed Policy and Procedure:

Institutional Base Salary (IBS) is the annual compensation paid by the University through a school or college or an administrative unit for an individual's professional services, whether they consist of

research, teaching, clinical or other activities, and whether the individual is employed full-time or part-time. A faculty member's IBS is established in her/his offer letter and updated by any notice of an annual raise, and is identified in the PeopleSoft system for all University employees. IBS may not be increased solely as a result of the University having received an externally sponsored award.

The IBS for faculty members may include the following salary components as defined below:

- University Base Salary
- Administrative Stipends
- Clinical base salary

The IBS excludes the following salary components:

- Summer Salary
- Temporary Extra Compensation
- Incidental payments or honoraria
- Incentive payments under a faculty practice plan
- Veterans Administration (VA) salary

Salary charges made to sponsored projects must be calculated pro rata based on the IBS, with the salary billed to the sponsor being directly proportional to the effort devoted to the project. If the sponsoring agency has a salary cap, then the portion of an individual's salary in excess of the cap is considered an unreimbursable cost. The portion of salary over the cap should be charged to a cost sharing chartfield of the project. The sponsor will therefore, not be billed for the portion in excess of the cap.

Faculty members on nine-month contracts may be compensated for work on sponsored projects during the summer, with the salary based on the IBS of the previous academic year and the level of summer effort devoted to the project. Charges to sponsored awards for summer salary must take into account commitments to summer instruction or administrative responsibilities as they may apply in individual cases. Sponsoring agencies may also limit summer compensation.

Responsibility:

Chairs, Deans and/or Provost Office

- Ensures that faculty are notified whenever there are changes to their approved institutional base salary.

Principal Investigator

- Ensures that all requests for salary support in sponsored project proposals are based on the individual's correct IBS, or in cases where the IBS exceeds the federal salary cap or any other sponsor limitation, the salary cap or limit amount is used instead of the IBS. At the option of the PI and when permissible under sponsor guidelines, the budget may reflect the full IBS in cases where a legislatively mandated cap applies. The sponsor will then adjust the budget accordingly upon issuance of the award.

Department Administrator

- Ensures proposal budgets include accurate salary requests.
- Ensures that entries into the Job Earnings Distribution (JED) are correctly based on the individual's IBS.
- Retains copies of appointment letters and documented changes in the IBS for audit purposes.

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- Reviews and approves proposals (including budgets) requesting funding from external sponsors.
- Monitors compliance with salary cap.

Effective Date: December 26, 2014

Revised Date: December 26, 2014

Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.