

Office of Sponsored Programs

Procedure 10013 Institutional Base Salary for Sponsored Awards

Revision Date: 07/01/2016

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1. Introduction

Responsible Officials: Assistant Vice President of Sponsored Programs

Effective Date: July 01, 2016

Revision Date:

IMPORTANT: For federal awards/subawards issued to Virginia Tech with a start date prior to December 26, 2014, 2 CFR Part 215 (OMB Circular A-110) and 2 CFR, Part 220 (OMB Circular A-21) apply. For all new funds (new awards and new monies, such as continuation awards, supplements, etc. received for existing awards) with a start date on or after December 26, 2014, these new funds are subject to 2 CFR Part 200 (commonly referred to as Uniform Guidance—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) but hereinafter referred to as “2 CFR Part 200”).

Due to the change in federal regulations the language in this procedure specific to the new regulations, 2 CFR Part 200, is highlighted in red font below.

2. Scope

This procedure outlines the university’s position regarding the Institutional Base Salary as it applies to externally sponsored funding and outlined in 2 CFR Part 200.430(h) Compensation—personal services, Institutions of Higher Education (IHEs). This definition of Institutional Base Salary (IBS) applies for sponsored awards only and the associated effort reporting purposes.

The procedure applies to all university principal investigators, departments and offices that are involved by any means in charging, administering, using or part of the planned implementation of sponsored award agreements or subawards issued, regardless of the primary source of funding.

3. Procedure Statement

The Office of Sponsored Programs (OSP) functions as the steward of Virginia Tech’s research portfolio and is responsible for ensuring that all research proposals and projects comply with university, federal, and sponsor regulations, policies, and procedures. This procedure establishes

criteria to meet the compliance standard set forth in [2 CFR Part 200.430](#) as it applies to Institutions of Higher Education (IHE): “Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries...Costs of compensation are allowable to the extent that they satisfy the specific requirements of this Part and that the total compensation for the individual employees: (1) is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entity’s laws and/or rules or written policies and meets the requirements of Federal statute.”

Additionally, total compensation must conform to [2 CFR Part 200.430\(i\) Standards for Documentation of Personnel Expenses](#). See the university’s policy [3105: Effort Certification](#).

The university's adherence to these cost principles and practices set forth in the standard is necessary to prevent cost disallowances by the federal government. It is the primary responsibility of principal investigators, and secondary responsibility of department heads, and administrators to understand and comply with the guidelines set forth in this procedure.

Financial penalties, expenditure disallowances, and harm to the university’s reputation could result from the failure to accurately propose, charge, and/or document compensation relating to sponsored projects. Additionally, willful fraudulent activity will be handled in a serious manner, see [OSP 10009 Mandatory Disclosure and Unallowable Costs](#).

4. Reason for the Procedure

Virginia Tech places high value upon its sponsored research activities and works to maintain full compliance with the components of its sponsored agreements and with federal, state, local and university laws, rules, regulations and policies.

When proposing salary support from or charging effort to a sponsor, or supplying effort to a sponsored project in the form of mandatory or voluntary committed cost sharing, the percent effort must be applied to the individual’s IBS. The portion of effort multiplied by the IBS will determine the appropriate dollars to request or charge the sponsor and supporting department, if cost sharing.

Note: Some sponsors may have a salary rate cap. Depending on the type of proposal submission the salary rate cap may or may not apply when preparing the proposal but, the salary rate cap will apply once an award is made. Refer to the specific sponsor proposal requirements to determine the appropriate action.

5. Definitions

Extra Service Pay – Extra service or “overload” pay normally represents compensation for any services above and beyond an employee’s university appointment or position and the associated IBS. This also includes honoraria, and pay for delivery of Continuing Education programs not funded through sponsored programs or for Technical Assistance Programs (consulting). The source of funds is irrelevant when determining whether compensation is extra service pay. This definition is not limited to faculty and staff devoting effort to federal awards.

Institutional Base Salary (IBS) – IBS is the base annual compensation set by Virginia Tech for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. It includes salary increments, augmentations/bonuses in lieu of a base increase, and paid overtime. It does not include extra service pay (i.e. honoraria, awards and overload payments). IBS also excludes any income that an individual earns outside of duties performed for the university (consulting, etc.). Unless there is prior approval by the federal awarding agency, charges of an employee's salary to a federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.

Fraud – Deceptive acts perpetrated for profit or with reckless disregard for the truth which gain one or one's organization some unfair or dishonest advantage. In accordance with [2 CFR Part 200.435](#), "Fraud means:

- (i) Acts of fraud or corruption or attempts to defraud the Federal Government or to corrupt its agents,
- (ii) Acts that constitute a cause for debarment or suspension (as specified in agency regulations), and
- (iii) Acts which violate the False Claims Act (31 U.S.C. 3729-3732) or the Anti-kickback Act (41 U.S.C. 1320a-7b(b))."

Sponsor - refers to any third party that issues a grant, contract, or cooperative agreement directly to Virginia Tech. The award document is the agreement processed by the Sponsor and accepted by Virginia Tech specifying the terms and conditions under which the program will be conducted.

6. Institutional Base Salary (IBS) Procedures

IBS is the annual compensation paid by Virginia Tech for an employee's appointment or position, whether that individual's time is spent on research, teaching, extension, outreach or other activities. IBS includes regular salary and supplements such as a department head's administrative supplement and honored faculty appointments as outlined in the [Faculty Handbook](#). It does not include Extra Service Pay (i.e. honoraria, awards and overload payments). IBS also excludes any income that an individual earns outside of duties performed for the university (i.e. hospitals, medical systems, and independent consulting with limits set in the [Faculty Handbook](#)).

Unless there is prior approval by the federal awarding agency, charges of an employee's salary to a federal award must not exceed the proportionate share of the IBS based on the certified percentage of effort applied to the award for the period. Additional effort applied to the project must also be certified and applied to IBS to arrive at the appropriate amount of qualifying cost sharing. See the university's policy [3105: Effort Certification](#).

Charges for work performed by faculty members with less than 12-month appointments on sponsored awards during periods not included in their base salary (i.e. summer) will be at a rate not in excess of the IBS. Charges for work performed on sponsored awards by faculty members having only part-time appointments will be at a rate not in excess of that regularly paid for part-time assignments.

IBS may not be increased as a result of replacing university salary funds with sponsor award funds. It is established by the university in accordance with applicable employee policies and the associated handbooks, regardless of the source of funds.

7. Institutional Base Salary Documentation

At the time of hire or reappointment, 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 in writing documenting their new IBS and the effective date of the change in IBS.

8. References

- [2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(Uniform Guidance\)](#)
 - [Virginia Tech Policy 1040](#), Reporting and Investigating Suspected Fraudulent Activities
 - [Virginia Tech Policy 3105](#), Effort Certification
 - [OSP 10009](#), Mandatory Disclosure and Unallowable Costs.
 - [Faculty Handbook](#)
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9. Contacts

- **Associate Director of Assurance and Outreach**
Office of Sponsored Programs
North End Center, Suite 4200
300 Turner Street NW
Blacksburg, VA 24061
540.231.0950
 - **OSP Sub Contracts Associate**
540.231.6624
 - **Senior Director of Post Award**
540.231.9372
 - **Assistant Vice President for Sponsored Programs**
540.231.5281
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10. Roles and Responsibilities

- **Dean's, Department Head's, Organizational Unit Leaders or other Hiring Official:** Assures salary letters are provided in accordance with university policies, procedures and handbooks to employees indicating the approved institutional base salary (IBS).
- **Principal Investigators (PIs):** have the primary responsibility of award programmatic and financial activity, timely progress on reports and other deliverables, and assuring compliance with federal regulations and both prime and subrecipient award terms and conditions. The

PI assures that all requests for salary support in sponsored award proposals are based on the individual's correct IBS at the time of the proposal.

- **Department Administrator/Business Support Center (DA):** serve in a support role to the PI's in discharging their award and subaward oversight responsibilities and serve as a liaison to OSP. The DA reviews/drafts proposals to assure proposal budgets include salary requests based on accurate IBS at the time of the proposal.
- **Office of Sponsored Programs (OSP):** monitors and administers award activity in accordance with university contractual obligations; specific compliance with [2 CFR Part 200](#); associated federal laws, rules and regulations; and university policies and procedures. The OSP Pre Award Associate prepares budgets for incorporation into requests for salary support in sponsored award proposals that are based on accurate IBS at the time of the proposal.

11. Dissemination

This procedure may be posted on a Virginia Tech internet accessible site. Open public dissemination of this procedure is allowable.

12. Approval and Revisions

Approved by Assistant Vice President for Sponsored Programs on July 01, 2016.

The official version of this information will only be maintained in an on-line web format.

Any and all printed copies of this material are dated as of the print date.

Please make certain to review the material on-line prior to placing reliance on a dated printed version.
