Institutional Base Salary for Sponsored Projects
Category: *Academic Affairs*
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Policy Manager: *Office of Sponsored Research and Programs*
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PURPOSE
This policy explains how Virginia State University (VSU) defines and manages compensation related to sponsored activities (federally and non-federally funded), including research, instruction, public service and outreach, and cooperative extension. It is intended to ensure compliance with Title 2 of the Code of Federal Regulations, Part 200 (2 CFR 200).

TARGET AUDIENCE
This policy applies to:

- Faculty
- Staff
- Principal Investigators (PIs)
- Co-Principal Investigators
- Grant and research administrators
- Any employee involved in sponsored research or grant-funded programs

AUTHORITY
A. The University's Board of Visitors, pursuant to Virginia Code § 23.1-1301, may delegate administrative authority to the University President, who may in turn delegate authority to other university personnel.

B. The University's Provost, through presidential delegation, shall oversee the development and implementation of policies related to the University's academic affairs.

DEFINITIONS
Cost Share: The portion of sponsored project costs not paid by the sponsor. These costs must be covered by VSU or a third party.

Extra Service Pay (ESP): Compensation for work performed above and beyond an employee's regular University appointment and associated Institutional Base Salary (IBS). ESP does *not* include summer salary for eligible faculty or overtime for non-exempt staff.

Institutional Base Salary (IBS): Annual compensation paid for an individual's appointment (usually for a term of 9 to 12 months), whether that time is spent on teaching, research, administration, or other activities.

Principal Investigator (PI): The faculty member or project director with primary responsibility for the overall direction of a sponsored project, including monitoring subrecipients for compliance with all applicable regulations and award terms.

Regular Salary: Salary paid during a faculty member's standard appointment period (e.g., 9-, 10-, 11-, or 12-month contract).

Sponsor Salary Cap: A limit imposed by a sponsor on the amount of salary that may be charged to a sponsored award.

Summer Salary: Salary paid during the summer to faculty who do not hold twelve-month appointments. Twelve-month employees are not eligible for summer salary.

POLICY STATEMENT

This policy defines Institutional Base Salary (IBS) and explains how it must be used to estimate, budget, charge, and report salary on sponsored projects at VSU.

- All salary charged to sponsored projects for faculty must be based on the IBS defined in this policy.
- IBS is the standard reference for measuring and certifying effort on sponsored activities.
- Total compensation from regular salary, summer salary, and supplemental pay combined must not exceed 100% of an individual's IBS in a given fiscal year (state or federal).
- Individuals may not receive more compensation from sponsored awards than the proportion of IBS that corresponds to the level of effort actually expended.

A. Institutional Base Salary (IBS) Sources

IBS is the annual compensation VSU pays an employee for assigned duties (teaching, research, service, and/or administration).

1. IBS Includes:
    - Regular Salary
    - Summer Salary (for eligible faculty)
    - Supplemental pay for research, outreach, or service projects
    - Summer Session pay (for instruction)
    - Sabbatical leave pay

2. IBS Excludes:
    - Fringe Benefits
    - Reimbursed Expenses
    - Extra Service Pay (ESP)

- Course Overload Pay
- Winter Session Pay (for instruction)
- Bonuses, awards, or incentives
- External consulting income
- Indirect costs (F & A) associated with salary

B. Institutional Base Salary (IBS) and Supplemental Pay

1. *Initial Appointment and Salary Changes.*
   - At hire, all employees must receive an official contract or written notice specifying their IBS.
   - Any change in salary (e.g., annual increase, promotion, or change in duties) must be documented in a formal letter or notice that includes the updated IBS and the effective date.

2. *Pay Restrictions for 12-Month Employees.*
   - Employees on 12-month appointments are not eligible to receive additional salary from sponsored awards, as their IBS already reflects a full year of compensation.

3. *Supplemental Pay Guidelines for Academic-Year Faculty.*
   - Eligible Faculty on less-than-12-month appointments (e.g., 9–10 months) may receive supplemental pay (including summer salary) based on their academic-year IBS.
   - Supplemental pay must be at a rate proportional to their regular salary for the period worked and may not exceed the equivalent of a full 12-month salary.
     - *Example:* A 10-month faculty member with an IBS of $100,000 may earn up to $10,000 per month in supplemental pay for up to 2 additional months (maximum total of $120,000 for the year).

4. *Non-IBS Compensation.*
   - Summer salary from sponsored awards cannot be used to exceed the 12-month salary equivalent of a full-time appointment.
   - However, compensation that is *not* part of IBS (e.g., course overload pay during the academic year) does not count toward this 12-month equivalent cap.
     - In other words, a faculty member may still receive all supplemental pay from sponsored sources for which they are eligible, even if they also receive course overload pay.

5. *Course Release and Overload Pay.*
    - A faculty member may not receive a course release to work on a sponsored project while also receiving course overload pay at the same time.

C. Allowable Institutional Base Salary (IBS) Adjustments
IBS may **not** be increased solely because a faculty member receives a sponsored award.

IBS may be adjusted only when:

- There is a formal change in appointment or professional duties (e.g., promotion, new role);
- There is a documented permanent increase or decrease in responsibilities; or
- A salary adjustment is approved for cost of living, merit, equity, or retention.

D. Use of Institutional Base Salary (IBS) in Sponsored Projects Proposals
When proposing salary support or committing unreimbursed effort (e.g., mandatory or voluntary cost share) on a sponsored project:

- All salary and effort commitments must be based on the individual's current IBS.
- Reasonable projections for future salary increases (e.g., inflation or standard annual escalations) may be included in proposal budgets as allowed by sponsor guidelines.

E. Sponsor Salary Caps
A salary cap is a sponsor-imposed or statutory limit on the amount of salary that can be charged to a sponsored project.

- If an employee's IBS exceeds the sponsor's salary cap, VSU must pay the difference from institutional (non-sponsored) funds.
- This unfunded portion is treated as cost sharing.

F. Extra Service Pay (ESP)
Extra Service Pay (ESP) is compensation paid in addition to an employee's IBS for short-term, temporary duties that are clearly outside their regular responsibilities.

- ESP may be structured as additive or overload pay.
- ESP **cannot** be charged to sponsored awards.
- Faculty summer salary supplements, whether from sponsored or institutional funds, are **not** considered ESP under this policy.
- Overtime pay for non-exempt (hourly) employees is **not** considered ESP.

- Faculty administrators are not eligible for ESP.

G. Bonuses, Awards, and Incentives

- Faculty and staff may receive institutional bonuses, awards, or incentives for merit, innovation, or exceptional performance.
- These payments are **not** part of IBS and **may not** be charged to federal sponsored awards under any circumstances.
- Use of non-federal sponsored funds for bonuses is subject to sponsor-specific rules and may require prior approval.
- All bonuses must comply with Human Resources policies and applicable institutional procedures.

H. Roles and Responsibilities

The following entities play key roles in correctly establishing, applying, and monitoring IBS at Virginia State University. Other offices may also contribute to these activities as appropriate.

1. Principal Investigator (PI)

   The PI is responsible for ensuring that all compensation charged to sponsored projects is consistent with IBS and complies with University and sponsor requirements. Responsibilities include, but are not limited to:

   a. Reviewing the funding opportunity and sponsor guidelines before preparing proposal.

      - All requested salary support must be based on IBS, unless a sponsor salary cap applies.
      - When a salary cap exists, PIs must budget salary using the lesser of IBS or the sponsor's capped rate.

   b. Preparing proposals by:

      - Identifying personnel needed to perform the work;
      - Confirming each individual's IBS;
      - Estimating each individual's time commitment (effort); and
      - Building the budget based on anticipated costs and IBS.

c. Monitoring project expenses regularly, identifying discrepancies in salary charges, resolving issues promptly, and adjusting future charges and encumbrances as needed.

2. Office of Sponsored Research
   The Office of Sponsored Research oversees IBS-related compliance for sponsored projects and ensures alignment with federal regulations and University policy. Responsibilities include, but are not limited to:

   a. Reviewing proposals to confirm that compensation is budgeted in accordance with IBS and sponsor guidance;
   b. Confirming that supplemental pay requests are allowable and within IBS and policy limits;
   c. Monitoring salary charges to ensure compliance with effort reporting and Uniform Guidance;
   d. Processing and/or approving salary adjustments related to sponsored projects, including supplemental pay; and
   e. Collaborating with PIs and other offices to resolve IBS-related compliance issues.

3. Office of Human Resources
   The Office of Human Resources establishes and maintains official records of IBS. Responsibilities include, but are not limited to:

   a. Establishing IBS at the time of initial appointment and updating it when contract terms or roles change;
   b. Maintaining official records of salary, appointment type, and supplemental pay in the HR/payroll system;
   c. Ensuring that offer letters and appointment contracts clearly state IBS;
   d. Coordinating with the Office of Sponsored Research and the Division of Finance to maintain consistency across systems; and
   e. Supporting compliance reviews and audits related to salary administration.

4. Division of Finance
   The Division of Finance (including offices such as Grants and Contracts and the Budget Office) ensures accurate financial management of salary charges and alignment with IBS policy. Responsibilities include, but are not limited to:

   a. Establishing internal accounts consistent with IBS allocations;
   b. Confirming that IBS and supplemental pay are correctly reflected in budget records;

c. Ensuring that externally funded salary and supplemental pay are properly recorded in internal budget accounts;
d. Integrating salary and supplemental pay charges into financial reporting for sponsored projects;
e. Supporting monitoring and reporting to ensure that compensation does not exceed IBS limits; and
f. Ensuring accurate financial close-out of awards with respect to salary charges.

I. Consequences of Non-Compliance

Failure to comply with this policy may result in:

- Audit findings
- Suspension or delay of sponsored activities
- Increased oversight or monitoring by sponsors
- Delays in final payments or award close-out
- Other enforcement actions imposed by sponsors

Additionally, VSU's Office of Sponsored Research and Programs may:

- Withhold proposal submissions;
- Place active projects on hold;
- Remove unallowable expenses from sponsored awards; and/or
- Deny payroll action requests related to sponsored funding.

RELATED PROCEDURES
N/A

RELATED MATERIALS/REFERENCES
2 CFR 200.430 Compensation – personal services

APPROVED BY:

Makola M. Abdullah, PhD
President

2/9/26
Date

REVISION HISTORY
This policy supersedes the following archived policies:

Month, Date, and Year	*Previous Policy Title*
N/A	N/A