CDU Institutional Base Salary (IBS) Policy

Policy Number: 600.00500
Policy Title: Institutional Base Salary (IBS)
Applicability: Academic Senate Faculty
Responsible Officer: Provost and Chief Academic Officer
Responsible Office: Office of the Provost and Chief Academic Officer
Effective Date: July 1, 2014 (Original)

I. Rationale

CDU has implemented this policy to define the components of Institutional Base Salary (IBS), to explain the relationship between IBS and total compensation, 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) in general and the National Institutes of Health (NIH) in particular.

II. Policy Statement

A. Institutional Base Salary (IBS) is an annualized rate of pay at 100% effort: it reflects the monetized value of faculty and other employees of the University for full-time activity, whether for teaching, research, administrative, clinical, community or other professional service on behalf of the University.

B. Faculty may propose an appropriate IBS in deliberation with their immediate academic supervisor and the chief academic and research officers with authority to set or revise IBS. Final approval authority for faculty IBS varies by two factors: (1) whether there is a proposed incentive salary component (Y factor); and (2) whether a proposed IBS exceeds any salary caps set by a sponsored research agency. The dean of a college/school may approve a faculty IBS that entails only a base salary rate (X factor) that is at or below any sponsored agency salary cap. Any proposal by a dean for faculty IBS that also entails an incentive salary component (Y factor) must be pre-approved by the chief academic officer of the University, typically the provost. Any proposal by a dean for faculty IBS above a sponsor agency salary cap, must be pre-approved by both the chief academic and research officers of the University, typically the provost and a vice president of research. For faculty who have paid workload in more than one college/school, the deans of each relevant college/school must concur on establishment or change of faculty IBS. For research faculty, the chief research officer of the University must concur on establishment or change of faculty IBS.

C. IBS should be set for all faculty members with academic senate voting rights, irrespective of whether they are compensated or not, or employed on a full-time or part-time basis.

D. IBS is established and confirmed in writing annually at the start of a fiscal year, and usually remains the same for the full fiscal year; a change in academic status (rank/step/series) may prompt a change in IBS. IBS may not be changed solely as a result of a change in:

1. Faculty assignments or total workload paid with unrestricted funds
2. Research effort or IBS caps by federal sponsors (notably NIH)
3. Receipt or discontinuation of externally sponsored awards (grants or contracts)

E. IBS usually will not be established for adjunct faculty members and other affiliated research, clinical, or community faculty who serve the University without academic senate voting rights. Adjunct and other affiliate faculty may serve in a voluntary capacity or be compensated on a by-agreement basis according to established workload equivalency and salary tables for non-senate faculty.
F. IBS may be the same as or more or less than the total compensation of faculty members. IBS may include and must clearly distinguish the following compensation factors as defined further below:

- Base salary (direct effort – X factor)
- Incentive salary (value-added effort – Y factor)

IBS must exclude the following compensation components as defined further below:

- At-risk portion of salary under a practice plan (direct effort – Z factor)
- Incidental payments, honoraria, or academic awards (non-effort – Delta factor)
- Temporary extra compensation (stipend for short-term effort)
- Veterans Administration (VA) salary (capped per VA policy)

G. IBS must be used in any submission related to funding for sponsored work, including grant and contract applications and reports to sponsors relating to the salary of any University employee. The same IBS must be consistently stated for all such submissions during any given fiscal year. IBS figures may be adjusted upwards for reasonable projections of base salary increases in future fiscal years, according to established policy of the University concerning cost-of-living, performance merit, or academic promotion adjustments.

H. Salary charges made to sponsored projects must be calculated pro rata based on 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 rate or effort cap, then the portion of IBS in excess of the cap is considered an unallowable cost. The unallowable portion of IBS over the cap must be charged either to a cost-sharing account of the project or program, or another unrestricted fund. Sponsors will not be billed for the unallowable portion of IBS or any other compensation factors excluded from IBS.

I. Adjunct and other faculty affiliates who are not on twelve-month contracts may be compensated for work on sponsored projects. The base and incentive salary rates of such contingent faculty must reflect their most recent IBS, and their actual compensation must reflect IBS and the level of effort devoted to the project. Charges to sponsored awards for such supplemental salary must take into account paid effort for other faculty responsibilities, and sponsoring agencies may also limit compensation for faculty not on 12-month contracts.

III. APPLICABILITY

A. This policy applies to all faculty members with voting rights in the CDU Academic Senate, across all schools, colleges, and administrative units of the University, and irrespective of compensation status and whether actual compensation is funded by restricted or unrestricted accounts.

B. Faculty with dual appointments in another institution (notably UCLA and its affiliated hospitals) may also be subject to IBS policy of the other institution; in this instance, CDU policy on IBS may be more restrictive but not more generous than the IBS policy of the other institution for jointly sponsored teaching, research, clinical, community or other service projects.
IV. DEFINITIONS

A. Institutional Base Salary (IBS rate) – an annualized rate of pay at 100% effort: it reflects the monetized value of faculty and other employees of the University for full-time professional services, whether for teaching, research, administrative, clinical, community or other activities.

B. Base Salary (X rate) – the salary rate for performing generic duties as a faculty member of the University; these duties include but are not limited to teaching, research, service, and professional development. The base salary rate is a permanent component of IBS (X), must fall within established base salary scales for faculty, and must consistently align with faculty workload policy in regard to effort-based compensation for generic faculty duties. For faculty performing only generic duties, a base salary rate (X) may be the only component of IBS.

C. Incentive Salary (Y rate) – a supplemental salary rate for performing special duties as a faculty member of the University; the scope of these special assignments is higher than generic faculty duties, and thus reflects value-added effort rather than more effort. Incentive salary usually is granted to faculty administrators for the duration of their administrative assignments, such as chairing a department or directing a program, or serving as a chief academic or business officer at a campus or college/school level. The incentive salary rate is a temporary component of IBS (Y), must fall within established incentive salary scales for faculty and faculty administrators, and must be clearly distinguished from effort-based compensation (X) for generic academic and administrative duties.

D. At-Risk Salary (Z rate) – a variable salary rate derived from a faculty professional practice plan; this at-risk salary component is dependent upon meeting established criteria in accordance with a formal faculty practice plan authorized by the University. An at-risk salary rate is excluded from IBS, usually is awarded retrospectively after the performance period, and must be clearly distinguished from effort-based (X) and incentive (Y) compensation.

E. Incidental Compensation (Delta amount) – non-effort bearing payments for honoraria, academic awards, or other distinguished contributions or accomplishments. Incidental compensation is excluded from IBS, is for one-time recognition of activities not included within normal faculty workload, may be a flat fee by agreement rather than effort based, and must be clearly distinguished from other forms of faculty compensation (X, Y, and Z factors).

F. Temporary Extra Compensation (rate or flat fee) – compensation approved for temporarily assuming additional responsibilities, such as teaching an extra class or covering academic support services on special assignment. Temporary extra compensation is excluded from IBS, is for one-time activities not included within normal faculty workload, may be a flat fee by agreement rather than effort based, and must be clearly distinguished from other forms of faculty compensation (X, Y, Z, and Delta factors).

G. Veterans Administration (VA) Salary (rate or flat fee) – salary paid directly by the VA for faculty, clinical, or other professional practice employment; CDU faculty are accountable to relevant workload and compensation policies of both the VA and the University. VA salary payments are excluded from IBS, and must be clearly distinguished from all other forms of faculty compensation.

H. Total Compensation – maximum compensation of faculty members, inclusive of paid IBS, at-risk practice plan salary, and all other sources of faculty funding. Due to its variable components, the total actual compensation of faculty may be the same, greater, or less than current IBS.
V. PROCEDURES

A. The office of the provost will implement IBS policy and oversee the process for issuance of IBS confirmation letters, at or before the start of each fiscal year of the University.

B. IBS letters will state IBS and distinguish its components, and may reference the terms of other source of faculty compensation. For faculty members who are participating in a faculty practice plan, the IBS letter must also reference the non-guaranteed portion of faculty salary, the at-risk component and projected total compensation. When non-senate faculty members will be engaged in a sponsored project, the academic supervisor or principal investigator of the project will inform the relevant academic dean, who in turn will request that the office of provost approve IBS and issue an IBS confirmation letter.

C. The office of human resources is responsible for recording IBS of employees and its components in the payroll and ancillary compensation systems of the University, so that it is available as needed for program applications, administration, and regulatory reporting. The offices of human resources, finance, information services, and sponsored research administration will collaborate to develop, implement, and maintain sound business processes and reliable database applications that ensure the security and integrity of faculty compensation data.

D. The offices of the provost and academic deans of each college/school shall have appropriate access to IBS and other faculty compensation and effort-reporting databases.

E. The office of the provost will perform an internal review of IBS confirmation letters against compensation components recorded in the payroll databases of record for the University, and will prepare a summary of variances and other discrepancies. The faculty IBS and compensation audit will be conducted on a periodic basis at least once annually, preferably in the fall term of instruction to ensure timely detection and remediation of faculty payroll problems relatively early in the fiscal year of the University.

VI. RESOURCES

Office of Management and Budget Circular A-21, “Cost Principles for Educational Institutions,”
http://www.whitehouse.gov/omb/circulars_a021_2004


Office of Management and Budget Super-circular
https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards