

**INSTITUTIONAL BASE SALARY
June 2007
Policy 1.1.05**

Policy:

The Institutional Base Salary (IBS) of a faculty member is the compensation set and approved by the institution through an annual salary appointment form and paid at the direction of the University from all approved salary sources through the KUMC payroll and/or the payroll of the affiliated clinical practice plans. The IBS must be included and accounted for as part of the KUMC institutional effort reporting.

The IBS does not include any one-time bonus or incentive rewards that might be awarded to a clinical faculty member as a result of Clinical Practice financial management.

Purpose:

NIH policy states that: "Compensation costs are allowable to the extent that they are reasonable, conform to the established policy of the organization consistently applied regardless of the source of funds, and reflect no more than the percentage of time actually devoted to the NIH-funded project."

Most Department of Health and Human Services (DHHS) grant recipients are subject to a statutorily imposed salary limitation.

Procedures:

Clinical Research Faculty

Recent publication of the Revised NIH Grants Policy Statement Notice NOT-OD-05-061 [Guidelines for Inclusion of Clinical Practice Compensation in Institutional Base Salary Charged to NIH Grants and Contracts](#) clarifies the appropriate factors for establishing the IBS to include Clinical Practice Compensation in charging salaries and personnel costs to grants and contracts:

...the inclusion of CPC in IBS must be established consistent with the provisions of OMB Circular A-21 (Cost Principles for Colleges and Universities). These requirements are addressed under 'Compensation for personal services' Section J.10, which in part states; "Compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. " and that payroll distribution "will (i) be incorporated into the official records of the institution, (ii) reasonably reflect the activity for which the employee is compensated by the institution, and (iii) encompass both sponsored and all other activities on an integrated basis...."

Investigators receiving compensation from the institution (grantee/contractor) and separately organized clinical practice plans, may include such compensation in the institutional base salary (IBS) budgeted and charged to NIH sponsored agreements if all of the following criteria are met:

- the Clinical practice compensation must be set by the institution.
- the Clinical practice activity must be shown on the institution's payroll or salary appointment forms and records approved by the institution.
- the Clinical practice compensation must be paid through or at the direction of the institution.
- the Clinical practice activity must be included and accounted for in the institution's effort reporting and/or payroll distribution system.
- the institution must assure that all financial reports and supporting documents associated with the combined IBS and resulting charges to NIH grants are retained and made available to Federal officials or their duly authorized representatives consistent with the requirements of 45 CFR Part 74.53 (A-110 Subpart C 53).

Set by the institution means that the grantee/contractor institution must be in a position to document and certify that the specified amount of clinical practice compensation is being paid in essentially the same manner as other specified amounts of the committed IBS (compensation) of the investigator. Further, this requires that the IBS not vary based on the specific clinical services provided by the investigator within the periods for which total IBS is certified by the grantee institution.

The NIH recognizes that reimbursement for investigator effort on grants must be provided consistent with the actual institutional costs of these services in accordance with applicable Federal Cost Principles and other limitations for such reimbursement, such as the legislative cap on salary reimbursement. The revised criteria support conformance with applicable cost principles and consistency in the treatment of compensation across the institution regardless of the source of support for compensated activities.

Related Informational Items

The IBS shall reflect 100% of the individual faculty member's effort, as appropriate, including the following categories: teaching, research, clinical, and service. No faculty member, including research track faculty members, may be compensated more than 97% on extramural funds. This reflects other University responsibilities including attending Departmental meetings, serving on Departmental, School, and University committees, advising graduate students, writing grant proposals, etc. The 3% of salary for research track faculty members must be funded from departmental or school resources. Total faculty effort reflecting the IBS will be documented from the KUMC payroll records and affiliated clinical practice plan payroll records, if CPC is included in the IBS.

KUMC provides for regular and consistently executed evaluations on an annual or semi-annual basis, which could result in meritorious salary increases following completion of the evaluations.

No increase in salary can be made based solely on the receipt of a grant award (quid pro quo). There must be an appropriate, regular, and consistently executed evaluation recognizing one or more of the following criteria, merit, cost-of-living, tenure or promotion, in order to implement a salary increase. Additionally, salary increases for an administrative or special assignment without any decrease in other responsibilities could result in a change in IBS.

Upon completion of the grant award, the salary of the faculty member may not be reduced because of the termination of NIH funding. However, a change in research effort, apart from the termination of NIH funding, could be deemed cause for less responsibility and thus less salary. This must be part of the evaluation policy of the School, documented during a regular evaluation, and applied equally to all faculty.

The annual salary appointment form will include the IBS set by the institution.

Definitions:

The National Institutes of Health (NIH) defines Institutional Base Salary (IBS) as: "The annual compensation paid by an organization for an employee's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities. Base salary excludes any income that an individual is permitted to earn outside of duties for the applicant/grantee organization. Base salary may not be increased as a result of replacing organizational salary funds with NIH grant funds."

NIH also defines Clinical Practice Compensation (CPC) as: "the compensation provided for the clinical service activities of an individual."

Responsible Parties:

KUMC Principal Investigators.

Exemptions:

None.

Related Policies and Links:

KUMC Research Institute Policy 1.1.07: Cost Sharing

http://www2.kumc.edu/researchinstitute/spa/SPA_Forms/Cost_Sharing.pdf

KUMC Research Institute Policy 2.1.02: Time and Effort Reporting:

http://www2.kumc.edu/researchinstitute/spa/SPA_Forms/Time_Effort_Reporting.pdf

NIH Salary Cap Summary http://grants.nih.gov/grants/policy/salcap_summary.htm

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