

SECTION 4: Administrative

SUBJECT: Institutional Base Salary and Compensation in Excess of Base Salary

Background: To establish Lewis-Clark State College's definition of Institutional Base Salary and compensation in excess of base salary.

Point of Contact: Vice President for Finance and Administration, Human Resource Services, and the Budget Office

Other LC State offices directly involved with the implementation of this policy, or significantly affected by the policy:

Date of approval by LC State authority: September 2022

Date of State Board Approval: N/A

Date of Most Recent Review: September 2022

Summary of Major Changes incorporated in this revision to the policy: New Policy

Policy Purpose

To meet the mandatory requirements of the U.S. Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200 ("Uniform Guidance") by establishing Lewis-Clark State College's ("college's") definition of Institutional Base Salary ("IBS") and further defining compensation in excess of base salary.

1. Policy Statement

The college compensates all college employees, regardless of fund source, based on IBS. Further: (i) IBS may not be increased as a result of replacing or augmenting college funding with grant funds; (ii) salary charges to grants may not exceed applicable salary caps; and (iii) IBS shall be the basis of documenting salary cost-sharing on grants. This policy ensures mandatory compliance with the requirements of 2 CFR § 200.430(h)(2) from the Uniform Guidance.

2. General Definitions

- A. **Base Salary Period:** The time period during which an employee is under obligation to the college for performing regular duties for which an employee is compensated with the employee's base salary.
- B. **Budget:** A detailed statement outlining estimated project costs.
- C. **Buyout:** When a college employee's contracted workload allocation is adjusted/redistributed to accommodate an extramurally-funded activity.

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- D. **Effort:** The amount of time spent on work-related activities (i.e., institutionally and extramurally-funded activities). Individual effort is expressed as a percentage of the total amount of time devoted to work-related activities. A college employee's work-related activities cannot exceed 100% effort.
- E. **Institutional Base Salary (IBS):** Total compensation paid by the college for the duties associated with an employee's appointment during the base salary period regardless of: (i) fund source; or (ii) whether that employee's time is spent on research, teaching, administration, or service. IBS includes regular salary and administrative stipends. IBS excludes bonus/incentive compensation, additional compensation, and intra-institutional compensation.
- F. **Regular Duties:** Responsibilities and assignments expected of an employee in a workload description or job description.
- G. **Salary Cap:** The limitation on the amount of IBS that may be charged to a grant.
- H. **Sponsor:** An external party (e.g., federal or state government, for-profit or non-profit entities) providing funding for a grant.
- I. **Sponsored Project:** External funding (e.g., grant, contract, cooperative agreement, sub-award, sub-contract, consortium agreement, or memorandum of understanding) that formalizes the transfer of money or property from a sponsor in exchange for specified activities (e.g., research and development, instruction, public services etc.), and may require specific deliverables such as detailed financial and/or technical reporting by the recipient. Performance is usually to be accomplished within a specified time frame, with payment subject to revocation. It may include provisions related to intellectual property and publication rights (also see [Policy 1.111 – Grants and Contracts](#) [<https://www.lcsc.edu/policies/>]).

3. Payment In Addition

A. **During IBS / Contracted Period**

- i. **Administrative Stipend:** Payments that are intended to address temporary situations in which an employee is assigned leadership or other significant administrative duties that are not part of the employee's regular job description but will be a regular part of their daily workload on a temporary basis (e.g., Division Chair, Interim Director, etc.). Assignment of temporary administrative responsibilities at the same or lower level of the employee's current position duties does not qualify for payment of an administrative stipend. An Administrative Stipend is a component of IBS. Also see [Policy 3.123 – Additional Compensation for Administrative Appointments](#); and [Policy 3.124 – Payroll Set Up](#) (<https://www.lcsc.edu/policies/>).
- ii. **Bonus Compensation:** Compensation to college employees pursuant to an agreement or an established plan entered into with the college before services are rendered and/or bonuses as mandated by the State. Bonus compensation is excluded from IBS. Also see [Policy 3.124 – Payroll Set Up](#) (<https://www.lcsc.edu/policies/>).
- iii. **Intra-Institutional Consulting:** Consulting within the college during the IBS period is generally assumed to be undertaken as a college obligation requiring no compensation in addition to IBS. In unusual instances when consultation is across departmental lines or involves a separate or remote operation, and the work performed by an employee is in addition to the employee's regular duties, an employee may be compensated in addition to IBS at an appropriate market rate for like-kind work. If sponsor funded, such intra-institutional consulting arrangements must be specifically provided for in the sponsored-generated project award documentation or approved in writing by the Sponsor. Also see

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[Policy 3.132 – Professional Consulting and Additional Workload](https://www.lcsc.edu/policies) and [Policy 3.124 – Payroll Set Up](https://www.lcsc.edu/policies) (<https://www.lcsc.edu/policies>).

- iv. Additional Compensation: Work that is short-term in nature and does not occur with any regularity but is in excess of the normal full workload for an individual. In general, these assignments are not related to sponsored projects and are not included in institutional base salary. Additional responsibilities and assignments of a more permanent nature may be considered justification for adjustment of the employee's institutional base salary, rather than justification for a payment in addition. Examples of Additional Compensation includes but is not limited to teaching overload, committee chair, professional staff employee teaching a class above their normal contract, athletic camp compensation, moving expense reimbursement, advising stipend, dual credit payments, honoraria, awards, prizes, etc. Additional Compensation is not restricted by the IBS rate.
- B. May Not Occur During IBS / Contracted Period**
- i. Off-Contract compensation (outside of base contract period): For employees with less than 12-month contracts, off-contract compensation should not exceed a rate of payment for like-kind work (i.e., industry standards/comparison). Work funded by sponsors may not be paid at a rate in excess of IBS.

4. Workload Assignments

- A. All components of an employee's IBS and employment expectations must be documented and retained in the employee's personnel file.
 - i. An employee serving pursuant to an employment contract will have their IBS provided in their employment contract. An employee not serving pursuant to an employment contract will receive written notification for any compensation change, which will include their IBS.
 - ii. Non-Classified/Professional employee workload obligations are documented in the job description.
 - iii. Faculty workload obligations are documented in the faculty member's annual contract and in their workload assignment. Workload assignment modifications occurring during the base salary period will be made according to college or department-level policy.

5. Sponsored Projects

- A. Sponsored projects (and cost-sharing on grants) may only be charged for the portion of IBS attributed to the actual effort expended by employees on those projects. When calculating compensation costs for a sponsored project proposal or compensation costs to be charged to a sponsored project (or documented as cost-sharing), the cost is calculated by multiplying the IBS times the percentage of effort expended by the employee(s) on the particular sponsored project.
- B. If the IBS exceeds an applicable salary cap, the salary cap is used instead of the IBS to calculate compensation costs. The amount of IBS above the salary cap may only be paid using college funding. When preparing proposals for multiple years, future years' IBS is based on estimated compensation increases as appropriate.

6. Responsibilities

- A. Department Chairs, Deans and/or Provost, and all other supervisors will ensure that all college employees under their direct supervision are made aware of this policy.

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- B. When applicable, Human Resource Services will ensure an offer letter is prepared and a contract, including employment expectations and the employee's IBS. Such documents will be maintained in Human Resource Services. Human Resource Services will ensure the employee's compensation conforms to college policy.
- C. Principal Investigators will ensure that all requests for compensation support in a grant proposal are based on IBS. If the IBS exceeds a salary cap, the salary cap amount is used instead of the IBS.
- D. Office of Grants and Contracts will ensure that all proposals, including those with a budget and invoices requesting funding from sponsors, are compliant with this policy.

7. Mandatory Compliance

- A. Failure to comply with this policy may result in financial penalties, expenditure disallowances, suspension and debarment from federal awards, and harm to the college's reputation. In addition, failure to accurately propose, charge, and document salaries related to grants may jeopardize future grants and may subject the responsible individual(s) to disciplinary action. Therefore, compliance is mandatory.