

Institutional Base Salary for Faculty Members Working on Sponsored Projects

Issued By: Office of Financial Services and Office of Research Administration

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Scope

This policy sets forth the California Institute of Technology's definition of institutional base salary (IBS) for faculty members in connection with sponsored projects and payroll distribution reporting purposes *only*. It applies to all faculty members whose salary is charged to sponsored projects, in whole or in part, and to all faculty members who have committed effort to a sponsored project but receive no salary support from the sponsored project, i.e., their salary is paid from Institute funds and constitutes voluntary or mandatory committed cost sharing.

Purpose of Policy

This policy establishes Caltech's definition of IBS and the basis for calculating faculty salaries in proposals and to insure compliance with the requirements of OMB Circular A-21 Section J 10, which 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. Such amounts include salaries, wages, and fringe benefits. These costs are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, consistently applied, and provided that the charges for work performed directly on sponsored agreements and for other work allocable as F&A costs are determined and supported.... Charges to sponsored agreements may include reasonable amounts for activities contributing and intimately related to work under the agreements, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences. Incidental work (that in excess of normal for the individual), for which supplemental compensation is paid by an institution under institutional policy, need not be included in the payroll distribution systems described below, provided such work and compensation are separately identified and documented in the financial management system of the institution."

Financial penalties, expenditure disallowances, and harm to Caltech's reputation could result from the failure to accurately propose, charge, and/or document faculty salaries relating to sponsored projects—whether charged directly or provided as cost sharing.

Definition

Institutional Base Salary

IBS is the annual compensation paid by Caltech for individuals holding faculty appointments, whether that individual's time is spent on research, teaching, or other activities. IBS excludes any income that an individual is permitted to earn outside of their Caltech responsibilities (e.g., consulting payments). For clarification, consulting fees paid to faculty who consult at JPL may be processed through Caltech's payroll system; however such payments are separately identified as consulting fees and, for the purpose of this policy, are not included in the definition of IBS.

Institutional Base Salary:

- Includes regular salary
- Is guaranteed by Caltech regardless of the source of funds
- Excludes second assignments such as Division Chair, Provost, Vice Provost, Dean, Executive Officer, or any other duties for which an administrative supplement is paid
- May not be increased as a result of replacing Caltech salary funds with sponsored projects funds
- Excludes merit, performance and lump sum bonus payments, honoraria, and extra compensation such as Faculty housing allowance, tuition reimbursement, etc

Policy Sections

Institutional Base Salary in Proposals for Sponsored Projects

Whether requesting salary support directly from a sponsored project or providing effort on a sponsored project in the form of mandatory or voluntary committed cost sharing, the cost of the faculty effort must be based on the individual's IBS. The portion of effort multiplied by the IBS will determine the appropriate dollars to be requested from the sponsor or to be approved by Caltech if in the form of cost sharing.

Institutional Base Salary Documentation

On an annual basis, faculty members receive a letter from the Provost that identifies their IBS for the coming fiscal year.

Roles and Responsibilities

Division Chairs and/or Provost Office

- Provide appointment letters to faculty on an annual basis, indicating the approved institutional base salary.
- Retain copies of appointment and salary letters for audit purposes.

Principal Investigator

- Ensure that all requests for direct salary support and cost sharing commitments in proposals for sponsored projects are based on the individual's correct IBS.

Grant Manager and Division Administrative Staff

- Review proposal budgets for accurate salary requests.
- Ensure that entries into Labor Distribution are correctly based on the individual's current IBS.

Office of Sponsored Research

- Review and approve proposals (including budgets) requesting funding from external sponsors.

Project Accounting Office

- Review sponsored project direct expenditures and cost sharing expenditures for accuracy.