



# INSTITUTIONAL BASE SALARY FOR FACULTY MEMBERS WORKING ON SPONSORED PROJECTS POLICY

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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.

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## WHO IS AFFECTED BY THIS POLICY

This policy applies to all active tenure-track and tenured faculty members whose salary is charged to sponsored projects, in whole or in part, and to such 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 California Institute of Technology (Caltech) funds and constitutes voluntary or mandatory committed cost sharing.

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## PURPOSE

This policy establishes Caltech's definition of IBS and the basis for calculating faculty salaries for allowable activities in proposals and on awards in order to insure compliance with Federal regulations, which require that Federal awardees establish a consistently applied definition of IBS. Specific details can be found in Federal regulation in the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. See § 200.430 of 2 CFR, Part 200.

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.

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## DEFINITIONS

As used in this policy:

### **Institutional Base Salary**

Institutional base salary 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 secondary 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 housing allowance, tuition reimbursement, etc.

### **Allowable Activities**

Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences

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## POLICY

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### **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 amount to be requested from the sponsor or to be approved by Caltech if in the form of cost sharing.

### **Institutional Base Salary Documentation**

Faculty members receive a letter from the President that identifies their IBS.

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## ROLES AND RESPONSIBILITIES

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### **Division Chairs and/or Provost Office**

- Provide appointment and salary change letters to faculty, 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.

### **Division Administrative Staff**

- Review proposal budgets for accurate salary requests.

- Ensure that entries into Labor Distribution are based on the individual's current IBS.

**Office of Sponsored Research**

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

**Post Award Administration Office**

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

**RELATED REFERENCES**

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National Institutes of Health [NIH Salary Cap Policy](#)

National Institutes of Health [NIH Salary Cap Annual Amounts](#)

Caltech's [Commitment of Effort in Federally Sponsored Awards Policy](#)

OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards [§ 200.430 Compensation – personal services](#)

**POLICY ISSUED BY**

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This policy is issued by the Office of Financial Services and the Office of Research Administration.

**EFFECTIVE DATES AND UPDATES**

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Action	Date	Description of Action
Original Policy	Effective 11/01/2008	Approved by Provost's Office, Office of Financial Services, and Office of Research Administration
Revised Policy	Effective 12/26/2014 Issued 06/12/2015	Revised for consistency with Uniform Guidance and to put the document into new policy format. Reviewed and revised by Post Award Administration. Reviewed by the Office of Sponsored Research, Office of Research Administration, and the Office of Financial Services. Approved by the Provost Office.