

New York University

UNIVERSITY POLICIES

Title:	Institutional Base Salary Policy
Effective Date:	December 1, 2017
Supersedes:	N/A
Issuing Authority:	Sponsored Programs Administration
Responsible Officer:	Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (“University”) that all faculty salaries charged to sponsored projects must be based on the Institutional Base Salary (IBS) defined in this policy. It applies to all individuals whose salary is charged or with committed effort to sponsored projects. The IBS is the baseline against which effort expended by faculty in performing work under a Federal award is measured.

Purpose of this Policy

NYU is implementing this policy in order to maintain compliance with the federal government’s regulatory compliance requirement contained in Code of Federal Regulations Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (the [*Uniform Guidance*](#)) which requires recipients of federal funding to establish an institutional policy that documents the consistent budgeting and expensing of faculty salaries on sponsored projects.

Scope of this Policy

This Policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Definitions

a. Institutional Base Salary (IBS)

Institutional Based Salary is the annual compensation that NYU pays a faculty employee, whether that individual's time is spent on teaching, research, service, or administrative duties. The compensation relevant in determining the IBS is the Departmental Base Salary (DBS), assigned yearly to that individual for teaching, research and service, and any increases in this base due to additional responsibilities undertaken during regular University semesters. Institutional Base Salary:

- May not be increased as a result of replacing University salary funds with sponsor projects funds;
- Is established by the University during a department’s annual review process assessing the faculty member’s distribution of effort for the next year, and recorded in his or her file;
- Is comprised of regular salary for teaching, research and service undertaken during regular academic periods (including teaching at global sites when it replaces the normal course load at the home department), and includes compensation for any secondary appointments , such as chair of a department; and

Institutional Base Salary generally changes at the beginning of the academic/fiscal year; September 1. It can, however, change during the year due to many circumstances, including, but not limited to:

- The faculty member receives an increase or decrease in salary as a result of assuming, or relinquishing, specific academic or administrative duties, e.g. serving as a department chair or program director;
- The faculty member receives a cost of living or merit salary adjustment as part of a University-wide adjustment of salaries that occurs during a fiscal year; or
- The faculty member receives a salary increase as a result of a retention or equity adjustment, promotion in rank or position, or change in employment responsibilities.
- The faculty member’s formal appointment, and required professional effort, is changed from full-time to part-time, from part-time to full-time, or from one required level of part-time effort to another required level of part-time effort;

Exclusions to the IBS: The IBS does not include compensation for irregular, short-term, and voluntary assignments (“extra service pay” as per Uniform Guidance terminology), such as compensation for teaching outside of normal periods (so-called minimesters) or for faculty on short-term assignment (three weeks or less) at global sites; nor does it include bonuses, one-time payments or incentive pay, such as faculty housing allowances or tuition reimbursements. Also excluded from IBS are: a) salary paid directly by another organization, and b) income that an individual is permitted to earn outside of University appointment responsibilities, such as intra institutional and external consulting.

The table below lists those activities or effort for which compensation should be included and excluded from the IBS.

Faculty Effort – Included in IBS	Faculty Effort – Excluded from IBS
Externally sponsored research, including seminars, delivering special lectures about the ongoing sponsored program, attending	Extra-service pay, such as compensation for short-term assignment at Global Sites, or teaching during minimesters, and-including Intra-institutional consulting across

Faculty Effort – Included in IBS	Faculty Effort – Excluded from IBS
related meetings and conferences.	<p>departmental lines and in addition to regular workload</p> <p>Consulting and other outside compensated professional work including service on scientific advisory boards compensated by external organizations.</p>
Departmental/University research and unfunded effort on externally funded projects.	Volunteer community or public service.
Instruction/University supported academic effort, including presentations to students, mentoring trainees.	Veteran’s Administration compensated activities outlined in a Memorandum of Understanding
	<p>Clinical Services Effort:</p> <p>Salaries from separately organized clinical practice plans are excludable from IBS when they are not:</p> <ul style="list-style-type: none"> a) Guaranteed; b) Set/determined by NYU; or c) Part of the appointment contract.
	Bonuses, incentives and certain “one-time” payments for which other compensation is paid by NYU
Administrative effort, e.g., Department Chair, Institute Director, service on institutional Committees, faculty advisory boards.	
Effort expended on preparing proposals.	

Effort and Salary Rates for Faculty

Standard Faculty Effort

The academic year time is divided into three portions: T devoted to teaching, R to research and S to service and administration, such that $T+R+S = 100\%$. The standard distribution is $T=45\%$, $R=45\%$ and $S=10\%$, although individual schools or departments may set their own distributions. The teaching portion is usually associated with a specific number of courses N, which should be defined for each department. Any increases to this Departmental Base Salary due to additional responsibilities undertaken during regular academic year semesters would change the latter into the “Institutional Base Salary”, and is the salary used in the Time and Effort reports required for faculty engaged in sponsored programs.. The increases that constitute the difference between the departmental and institutional base salaries are expected to vary from year to year, as the activities leading to those supplements vary.

The standard faculty appointment for tenure-track and tenured faculty in the schools at Washington Square is for the nine-month academic year, with three summer months available for additional compensation at the rate of $1/9^{\text{th}}$ of the academic year salary per month. In those schools where faculty are appointed on a 12-month basis, the same components of faculty effort (teaching, research and service) prevail, with the minor modification that teaching for some includes the clinical supervision of students.

Academic Year Salary

Salaries for work performed on sponsored projects by faculty members during the academic year will be based on the individual faculty member's compensation for the continuous period, which constitutes the basis of his/her salary under NYU policy as defined above. Charges for work performed on sponsored projects during all or any portion of such period are allowable at no more than the institutional base salary rate.

Faculty may request relief from the full teaching load, either to devote additional time to research or to carry out additional service (see below). In the former case, the teaching portion T is reduced proportionately for each course of teaching relief and the research portion is correspondingly increased, with the salary typically supplied by external sources. For example, if the teaching load in the department is three courses and a faculty member gets one course of relief then T is reduced from 45% to 30% and R is raised to 60% with the increased percentage supplied by external sources. In addition to teaching relief, faculty may request permission from their Chair and Dean to charge some of their academic year research time R to a grant and to have the money thereby saved by the University paid into a research account. These funds can then be used for the faculty member's remaining summer support or for other research needs.

For faculty who take on significant administrative duties, e.g., chairs, directors of under-or graduate studies, etc., each administrative appointment should be associated with a definite redistribution of

the effort components T, R, S, which should, however, still add up to 100%. These amounts should be consistent from one appointment to the next in a given department and not be subject to individual negotiations. For example, a school might divide its departments into two or three classes such that chairing a department in Class I would always entail a specific level of service effort S. It is also important to note that most administrative appointments involve duties during the summer months and these must be compensated by the University. It follows that faculty in administrative positions may not in general charge the maximum summer effort to research ($R_s < 95\%$, $S_s > 5\%$). In view of the extra responsibilities taken on by the faculty member the University generally increases the overall compensation. Note that this increase affects all components of the effort, not just the administrative part, so it should be thought of as an overall increase in salary. As mentioned above, the increase is calculated using the Departmental Base Salary as the starting point and adding a supplement to it to arrive at an Institutional Base Salary. The amount of additional compensation may vary from individual to individual just as the Departmental Base Salary does.

Summer Salary

Salaries for work performed by nine-month faculty on sponsored projects during the summer months will be determined for each faculty member at a rate not in excess of the institutional base salary divided by the period to which the base salary relates. For example, for faculty with 9 month appointments, the rate of pay for one summer month is calculated as $1/9^{\text{th}}$ of the IBS. Due to the results of recent federal audits, which highlighted the fact that faculty effort is rarely devoted exclusively to the conduct of a sponsored activity, NYU's policy is to permit a maximum of 95% to be charged to a sponsor in any given month, including the summer.

In the summer the bulk of effort is typically devoted to research with some non-zero portion devoted to service, for example, to grant writing or committee work or other administrative responsibilities (e.g. $R_s = 90\%$, $S_s = 10\%$, $T_s = 0$). The minimum which must be reserved in any month for service is 5% for faculty without extra administrative duties and correspondingly more for chairs, directors and deans.

Salary Cap

Sponsors that have a cap on salary limit the amount of IBS that can be charged to a sponsored project. When such limitations apply, the requested salary support is determined by multiplying the proposed level of effort by the amount of salary allowed and as restricted under the Sponsor's salary cap policy. (Please reference NYU's [*Salary Cap Administration Policy*](#) for questions about NYU's administration of a sponsor's salary cap requirements.)

Documentation of Institutional Base Salary

At the time of hire, all faculty employees should receive an official letter or notification which specifies their IBS. Employees receiving an adjustment in salary due to an annual increase or a

promotion should receive a letter or notification documenting their new IBS and the effective date of the change.

Procedures for Implementation

Institutional Base Salary in Sponsored Programs Proposals

When requesting faculty salary support from a sponsor or committing unreimbursed effort on a sponsored project, such as mandatory or voluntary committed cost sharing for research, teaching/training or other sponsored activities, the amount of salary requested or effort committed must be based on the individual's Institutional Base Salary (IBS).

Accounting for IBS

To determine the amount of faculty IBS per month (it is the same whether it is academic year or summer months) the following formula must be used:

$$\text{Monthly IBS} = \text{Annual IBS} \div \# \text{ of appointment months}$$

Examples applicable to schools at Washington Square:

- 1) Faculty member A serves on the University Committee on Activities Involving Human Subjects, on 3 departmental committees and writes proposals for research funding. A's nine-month salary of \$135,000 is distributed as 45% teaching, 45% research and 10% service during the academic year. During the summer A attends occasional meetings and drafts a proposal for research funding for a distribution of 95% research and 5% service (unremunerated). During the months of June, July and August, a research grant is charged for effort. Therefore, in addition to the \$135,000 academic year salary, the salary for the summer is calculated as follows:

$$\$135,000 \times 3/9\text{ths} \times 95\% = \$42,750$$

Faculty member B has the same academic year salary of \$135,000 in a department where 3 courses per year is the norm and where the default distribution of time is 45% for research, 45% for teaching and 10% for service. B serves on the tenure and promotion committee of the department. B is granted permission to buy out of one course for research and B also devotes the summer to a research grant. In addition, B will charge academic year research time to the grant. The time distribution during the academic year is thus 60% research (of which 43.44% is paid by NYU and 16.66% by a grant), 30% teaching and 10% service, and during the summer, 95% research, 0% teaching and 5% service.

Buy out: $1/3 \times 45\% = 15\% \times \$135,000$ during the academic year (or 30% for one semester) = \$20,250

Summer: $\$135,000 \times 3/9 \times 95\% = \$45,000 \times 95\% = \$42,750$ (charged to grant);

Additional academic year research time: $135,000 \times 1.66\% = \$2,250$ (charged to grant);

A research account gets established in the amount of \$2,250 which B may use for the remaining 5% of summer salary or for other research expenses.

Faculty member C is appointed Chair of the department and is given a 10% salary supplement, for a total IBS of \$148,500. This salary is distributed as 45% research, 30% teaching and 25% service during the academic year. During the summer, when there are not as many chair responsibilities, 90% is devoted to research and 10% to service. A research grant will pay for the research portion of summer salary.

Summer: $3/9\text{ths} \times \$148,500 \times 90\% = \$44,550$ from research grant; NYU pays \$4,950 for chair and other service responsibilities.

Faculty member C teaches a course during the January trimester for which she receives a \$6,000 supplement to her academic year (base) salary of \$120,000 for service over and above that provided during the regular academic year (extra-service pay). The new Institutional Base Salary remains \$120,000 and the distribution of academic year effort does not change.

Roles and Responsibilities

Chairs, Deans, Academic Appointments Office, and/or Provost Office

- Ensure that faculty salary notifications are provided on an annual basis and as changes occur, indicating the approved institutional base salary.
- Retain copies of appointment and salary letters or other notification for audit purposes.

Departmental Administrators

- Review proposal budgets for accurate salary estimates.
- Ensure that entries recorded in the Payroll and Labor Distribution systems are based on the faculty member's correct IBS.

Principal Investigators

- Confirm that all requests and charges for direct faculty salary support and cost sharing commitments for sponsored programs are based on the individual's correct IBS.

Office of Sponsored Programs (OSP)

- Review and approve proposals (including budgets) for funding from external sponsors. (Please note that salary estimates are projections based on University guidelines, but that actual IBS will be charged.)

- Answer questions regarding IBS requirements and the correct IBS calculation and administration.

Sponsored Programs Administration (SPA)

- Review sponsored project expenditures, cost sharing and salary cap charges for accuracy.
- Answer questions regarding IBS requirements and the correct IBS calculation and administration.

Related Policies

- Effort Reporting Policy for Sponsored Programs
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html>
- Personnel Costs for Sponsored Programs Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/personnel-costs-for-sponsored-programs-policy.html>
- Salary Cap Administration Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/salary-cap-administration-policy.html>

Federal Regulations

- OMB Uniform Guidance
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- NIH Grants Policy Statement
<https://grants.nih.gov/policy/nihgps/index.htm>