



**Policy Title: Institutional Base Salary Policy**

**Policy Number: BU-PP 725**

**Date Issued: October 17, 2022**

**Responsible Executive: Vice Provost for Research**

**Date Last Revised: October 17, 2022**

**Responsible Office: Office of the Vice Provost for Research**

## **Institutional Base Salary BU-PP 725**

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### **Policy Statement**

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This policy establishes Baylor University's definition of Institutional Base Salary (IBS) and provides the requirements and guidelines regulating IBS calculations for all Baylor faculty and staff and all Sponsored Projects at the University. This includes, but is not limited to, those whose salary is charged in whole or in part to Sponsored Projects, or whose salary is considered cost sharing by virtue of committing effort to a Sponsored Project but not receiving salary support from the sponsor, whether voluntarily or by a sponsor-imposed limitation (such as a salary cap).

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### **Reason for the Policy**

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The purpose is to define IBS, describe allowable activities in proposals and on Sponsored Projects, and comply with laws and regulations that require federal awardees to establish a consistently applied definition of IBS. Financial penalties, expenditure disallowances, and harm to the University's reputation could result from failure to propose, charge, and/or accurately document employee salaries associated with Sponsored Projects, whether charged directly or provided as cost share.

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### **Individuals/Entities Affected by this Policy**

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All University faculty and staff.

University faculty and staff employees whose salary is charged in whole or in part to Sponsored Projects.

University faculty and staff employees who have committed effort to a Sponsored Project but whose salary is not charged to the Sponsored Project (salary constituting mandatory cost share or voluntary committed cost share).

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**Exclusions**

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NONE

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**Related Documents and Forms**

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**University Policies and Documents**

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OVPR-03: Policy for Sponsored Award Compensation Confirmation

[Sick Time Policy](#) (BU-PP 403)

[Staff Supplemental Pay](#) (BU-PP 304)

[Overtime Pay](#) (BU-PP 305)

[Faculty Supplemental Pay standards](#)

[Study Abroad Summer Compensation](#) (BU-PP 745)

[Baylor Retirement Plan Policy](#) (BU-PP 461)

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**Other Documents**

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[2 CFR §200.430](#), Compensation for Personal Services

Fair Labor Standards Act (FLSA)

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**Definitions**

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These definitions apply to terms as they are used in this policy.

<b>Appointment letter</b>	Contractual agreement of employment between Baylor and a faculty member
<b>Compensation</b>	Compensation is the employee's total compensation that is subject to income tax withholding and paid to the employee by the University for the Baylor Retirement Plan Year, except as otherwise identified in the Baylor Retirement Plan Policy (BU-PP 461) and/or the Baylor Retirement Plan documents.
<b>Compensation for Personal Services for Federal Awards</b>	Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Costs of compensation are allowable to the extent that they satisfy the specific requirements of <a href="#">2 CFR §200.430</a> and that the total compensation for the individual employees: (1) is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities; (2) follows an appointment made in accordance with the non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute.

<b>Effort</b>	Time spent on any activity by an employee, expressed as a percentage of the employee's total University activities. Total effort is equal to total Baylor activity and is expressed as 100%.
<b>Exempt employee</b>	An employee who is exempt under the Fair Labor Standards Act (FLSA) is not eligible for overtime.
<b>Institutional Base Salary (IBS)</b>	The annual compensation paid by Baylor for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for Baylor. More details are below in this policy.
<b>Non-exempt employee</b>	Hourly paid employee, eligible for overtime pay under the FLSA.
<b>Personnel Compensation Charge</b>	Category of University employee compensation used in University Ignite System.
<b>Sponsored Project</b>	An externally-funded activity separately budgeted, financially tracked, and governed by specific terms of a sponsoring organization. Such Project may operate as a grant, contract, or other agreement for instruction, research, or public service activity.

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## Contacts

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Subject	Contact	Telephone	Office email/web site
<b>Policy Questions</b>	OVRP		<a href="mailto:postaward@baylor.edu">postaward@baylor.edu</a>
<b>Employee Classification Questions</b>	Human Resources	254-710-2000	<a href="mailto:askHR@baylor.edu">askHR@baylor.edu</a> <a href="http://www.baylor.edu/hr">www.baylor.edu/hr</a>
<b>Payroll Questions</b>	Payroll Office	254-710-2217	<a href="mailto:Payroll_Office@baylor.edu">Payroll_Office@baylor.edu</a> <a href="http://www.baylor.edu/payroll">www.baylor.edu/payroll</a>

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## Responsibilities

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<b>Principal Investigator (PI)</b>	Ensures all requests for compensation budgeted within Sponsored Project proposals are based on the employee's established IBS and charges to Sponsored Projects are accurate based on each project team member's IBS and effort for the given project period.
<b>Human Resources (HR)</b>	Provides pay guidance that aligns with University policy, market competitiveness, and internal equity. Reviews any policy changes specific to compensation. Maintains individual compensation records that align with this policy.
<b>Office of Vice Provost for Research (OVRP)</b>	Oversees the implementation of this policy with final authority to interpret the terms of this policy. Day-to-day responsibility for such implementation is delegated to the Associate Vice Provost for Research. Reviews this policy on a regular basis and updates as appropriate in coordination with other University offices. Ensures that requests for compensation in proposals and charges to Sponsored Projects align with this policy and other relevant policies.

### 3. Institutional Base Salary Policy (BU-PP 725)

<b>Payroll Office</b>	Processes payroll activities, including compensation, fringe benefits, and other forms of taxable benefits, for all employees based on University policy and compensation records established by Human Resources.
<b>Chair/Supervisor</b>	Ensures that compensation and related documentation aligns with this policy and all University policies.

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## Principles

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Baylor is committed to complying with all laws and regulations, to include those issued by the U.S. Office of Management and Budget (OMB) and Title 2 U.S. Code of Federal Regulations section 200.430 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. These regulations detail guidelines that must be followed for cost allocations applied to federal awards. Under these and other corresponding regulations, the federal government requires that the budgeting and expensing of salaries be treated consistently to all Sponsored Projects at the University and among all faculty and staff.

If a federal agency issues rules governing IBS in sponsored research, those rules will govern where applicable. Any changes in federal requirements will supersede the relevant Policy provisions.

This Policy does not create a contractual obligation, which does not otherwise exist in law, on behalf of the University toward any individual or entity. In the event of any conflicts between this policy and any employment contract, the employment contract will control.

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## IBS

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Compensation included in IBS is the amount that is fixed in advance by the appointment letter, letter of hire, or employment agreement and paid through the payroll system.

IBS also includes:

- summer salary paid to ten-month employees for work completed in addition to their ten-month academic appointment, paid at a rate not in excess of their academic year salary;
- salary earned during one and two-semester research leaves; and
- recurring administrative stipends for dean, chair, and other administrative appointments.

IBS excludes:

- fringe benefit payments, non-recurring payments, incentive payments, reimbursed expenses, temporary and supplemental compensation for incidental work, and any portion of income that is not guaranteed to be received;
- salary paid directly by another organization or income an employee earns outside of their University responsibilities, such as consulting; and

- any compensation, including incentive compensation, paid by Baylor and earned by a faculty member for receiving certain thresholds of salary via third party sponsorship.

IBS may not be increased by replacing University salary funds with Sponsored Projects funds. In addition, IBS will not be increased or decreased during a fiscal year due to the loss or gain of salary support from grants, contracts, or other revenues.

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## Salary Caps

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Individual Sponsored Projects, either federal or nonfederal, may have specific terms and conditions limiting IBS. Such terms and conditions may include salary rate caps limiting the amount of IBS that can be charged against the Sponsored Project. If a salary rate cap applies, an employee's salary in excess of the salary rate cap is considered an unallowable cost and cannot be allocated to the Sponsored Project.

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## Compensation Charges

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The following is a chart of Compensation Charges found in the University's Ignite System and their inclusion (I) or exclusion (E) in the IBS definition.

Compensation Charge	IBS Definition
<b>Term or Period Pay</b> – Salaries paid over a specified period of time per an individual appointment letter, or employee agreement	I
<b>Salary Regular</b> – Salaries paid to a faculty/faculty-equivalent or exempt staff employee appointed to a salaried position on a full or part-time basis	I
<b>Administrative Stipend</b> – Stipend paid for administrative roles such as Dean, Chair, or Graduate Program Director. Such stipends are paid in accordance with the individual appointment letter	I
<b>Hourly Regular</b> – Salaries paid to a non-exempt employee on an hourly basis. Baylor Work Hours and Schedules policy: <a href="https://www.baylor.edu/risk/doc.php/339375.pdf">https://www.baylor.edu/risk/doc.php/339375.pdf</a>	I
<b>Rate Adjustment (salary or hourly rate pay adjustments)</b> – Change in the rate of pay for an employee from one period to another	I
<b>Vacation Payout</b> – Compensation for unused vacation time at the time an employee's employment with Baylor terminates. Baylor Vacation Time policy: <a href="https://www.baylor.edu/risk/doc.php/339294.pdf">https://www.baylor.edu/risk/doc.php/339294.pdf</a> .	E
<b>Overtime</b> – Compensation to non-exempt employees for each hour worked beyond 40 hours in a work week. Baylor Overtime Pay policy: <a href="https://www.baylor.edu/risk/doc.php/339257.pdf">https://www.baylor.edu/risk/doc.php/339257.pdf</a> .	E
<b>Other Compensation (Extra Pay)</b> - Salaries paid to employees for a short-term special job which is not part of the employee's usual function and for which compensation is separately established in accordance with Baylor's compensation policies and relevant labor law. Baylor Staff Supplemental Pay policy: <a href="https://www.baylor.edu/risk/doc.php/339256.pdf">https://www.baylor.edu/risk/doc.php/339256.pdf</a> .	E
<b>Summer Salary</b> – Salaries paid to faculty employees for summer work at a rate not in excess of their academic year salary.	I

<p><b>Paid Professional Leave (eg. Sick or Vacation)</b> – Paid time off as defined within Baylor’s Vacation and Sick Time policy. Baylor HR policies: <a href="https://www.baylor.edu/risk/doc.php/339295.pdf">https://www.baylor.edu/risk/doc.php/339295.pdf</a> and <a href="https://www.baylor.edu/risk/doc.php/339294.pdf">https://www.baylor.edu/risk/doc.php/339294.pdf</a>.</p>	I
<p><b>Bonus Payments</b> – One-time merit-based payments in recognition of exemplary work. Baylor Staff Supplemental Pay policy: <a href="https://www.baylor.edu/risk/doc.php/339256.pdf">https://www.baylor.edu/risk/doc.php/339256.pdf</a>.</p>	E
<p><b>Tuition Remission</b> – The monetary value of discounted Baylor tuition for Baylor full-time regular faculty, staff, and their spouses and children. Baylor Employee Tuition Remission and Educational Assistance and Spouse and Children Tuition Remission policies: <a href="https://www.baylor.edu/risk/doc.php/339329.pdf">https://www.baylor.edu/risk/doc.php/339329.pdf</a> and <a href="https://www.baylor.edu/risk/doc.php/339330.pdf">https://www.baylor.edu/risk/doc.php/339330.pdf</a>.</p>	E
<p><b>Lump-Sum Payments</b> – One-time payment for activities performed outside the scope of an employee’s full-time employment. Baylor Staff Supplemental Pay policy: <a href="https://www.baylor.edu/risk/doc.php/339256.pdf">https://www.baylor.edu/risk/doc.php/339256.pdf</a>.</p>	E