1. PURPOSE & SCOPE

1.1. Purpose – The purpose of this policy is to comply with the requirements for charging compensation for personal services to sponsored awards as outlined in the Office of Management and Budget (OMB) Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

1.2. Scope – This policy applies to all University departments, including those on divisional campuses and the West Virginia University Research Corporation.

2. POLICY

2.1. INSTITUTIONAL BASE SALARY

Institutional Base Salary (IBS) is annual compensation paid by the University for an individual’s appointment whether that individual’s time is spent on research, teaching, administration, or other activities. Federal rules and regulations, including the Uniform Guidance (2 CFR 200) and the National Institutes of Health (NIH) Grants Policy Statement do not allow for an individual’s institutional base salary to be increased as a result of obtaining grant funding. Charges for work performed on sponsored awards by employees must be based on the employee’s institutional base salary during the fiscal year period of performance. Salary increases included in IBS must be applied consistently for those types of compensation (ex. promotions) that are raise eligible and be funding source neutral.

Institutional Base Salary consists of the following types of compensation:
### Type of Compensation

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regular Pay</strong></td>
</tr>
<tr>
<td>Compensation for an employee’s base contract appointment period.</td>
</tr>
<tr>
<td><strong>Summer Pay (in excess of the employee’s base contract appointment for those appointments less than 12 months)</strong></td>
</tr>
<tr>
<td>Charges for work performed during the summer which constitute an addition/extension to the base contract period and must be charged at a rate that does not exceed the base rate for the academic period.</td>
</tr>
<tr>
<td><strong>Supplemental Pay</strong></td>
</tr>
<tr>
<td>Compensation paid in addition to regular salary, including payments for endowed positions, faculty enhancements, and assignments that include administrative duties. It is intended for the position to perform these additional duties on a continuing, long term basis.</td>
</tr>
</tbody>
</table>

The IBS rate of pay must be used as the base salary on all sponsored award proposals unless there is a statutory limit on compensation, such as the NIH Salary cap (for additional information about the NIH Salary cap please refer to [https://financialservices.wvu.edu/cost-compliance/nih-salary-cap](https://financialservices.wvu.edu/cost-compliance/nih-salary-cap)). When requesting salary support from a sponsor or providing effort on a sponsored project in the form of mandatory or voluntary committed cost sharing, the anticipated effort calculated in the form of person months or percent of effort must be based on the individual’s IBS. The portion of effort multiplied by the IBS will determine the appropriate dollars to request from the sponsor, or to provide as support for the project in the form of cost sharing.

Employees who have three or more years of qualifying service receive annual increment pay in recognition of the value of their past and present service and this amount is paid in July of each year for the previous year. Because the annual increment pay amounts are earned by the employee in the prior year, these payments should normally be paid from non-sponsored accounts. In order to charge a portion of this payment to a sponsored award, these payments must be allocable, allowable, and reasonable to charge to a sponsored award and the payment must comply with the Project Expenditures Policy for sponsored awards.
2.2. EXTRA COMPENSATION ON SPONSORED AWARDS

Payment of extra compensation above an individual’s Institutional Base Salary (IBS) is generally not allowed to be charged to sponsored awards. Per section 2 CFR 200.430 of the Uniform Guidance, Intra-University consulting by faculty is assumed to be undertaken as a University obligation requiring no compensation in addition to IBS. In unusual situations, additional compensation such as Intra-University consulting may be an allowable charge to a sponsored award if the following conditions are met:

- The extra compensation is for consultation across departmental lines or involves a separate or remote operation;
- The sponsor specifically approves the extra compensation payment in writing, or as provided for in the proposal and/or award document as Intra-University consulting/extra compensation;
- The work performed is in addition to the employee’s regular workload and does not involve release time;
- The extra compensation amount paid is commensurate with the Institutional Base Salary rate of pay and the amount of additional work performed; and
- The extra compensation amount is in compliance with University compensation policies.

Requests for extra compensation must be clearly labeled as “Extra Compensation” or “Intra-University Consulting” in the budget of the proposal, or a budget adjustment must be approved in writing by the sponsor. Additionally, the additional compensation must be explained and justified within the budget narrative. Generic terms such as “salaries”, “overload”, “honoraria”, “consulting”, etc., may not be used as requests for additional compensation. Principal investigators should be aware that including this information in a budget does not necessarily constitute the agency approval referenced in 2 CFR 200.430 and that approval of extra compensation, even when budgeted within the proposal, is still subject to institutional policies and approvals.

2.3. CHARGING PERSONNEL COSTS TO SPONSORED AWARDS

Charges to sponsored awards for salaries and wages must be reasonable in relation to the work performed. Such charges must be documented in records that meet the standards of documentation as set forth in the Uniform Guidance and must reflect a system of internal controls that ensure the charges are reasonable, allowable, and properly allocated.
Compensation charges to sponsored awards may be made initially based upon the planned or estimated workload, provided that such estimates reasonably approximate the activity expected to be performed. The actual effort of each individual working on a sponsored award must be monitored and reviewed on a periodic basis to ensure charges are modified as necessary to adjust for variances between the estimated and actual effort.

Significant changes in effort during the year, defined as material changes with a duration of greater than two months, should be reflected in the individual’s payroll distribution in a timely manner. Short term fluctuation (such as one or two months) between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term.

In the rare occurrence of an unexpected and extraordinary circumstance that results in the disruption of University activities due to a natural disaster, quarantine, or other rare event, the payment of salaries and benefits should continue to be charged in a manner that is consistent across all funding sources, both Federal and non-Federal. The payment of salaries and benefits must be reasonable in duration and allowable according to applicable sponsoring agency requirements.

The University’s Effort Reporting system provides an after-the-fact review and approval that the salary amounts charged to sponsored awards reasonably reflect the effort expended. Effort must be certified for all employees including faculty, staff, students, and post-doctoral fellows whose salary is charged in whole or in part to a sponsored award or cost share account.

Generally, all employees are required to sign their own effort report. In some cases, the principal investigator (PI) or supervisor may have more knowledge about how an employee’s time was allocated among funding sources, so it is appropriate for the PI or supervisor to certify.

Comprehensive guidance on the Effort Reporting process, including a description of the best practices and institutional requirements can be found at: [https://financialservices.wvu.edu/cost-compliance/effort-reporting](https://financialservices.wvu.edu/cost-compliance/effort-reporting)

2.4. Effort Reports must be certified within 45 days or less of being issued. Failure to fulfill this requirement and to adhere to university policies and procedures will result in the following actions being implemented unless there are extenuating circumstances:

- Award agreements will not be executed and accounts will not be established for spending external funds for new or continuing projects, for a PI with a past due effort report.
Division of Finance
Policy #3

- Salaries that have been charged and not certified will be moved from the sponsored award account to a departmental account.

3. DEFINITIONS

3.1. **INSTITUTIONAL BASE SALARY (IBS)** – The annual compensation paid by the University for an employee’s appointment, whether that employee’s time is spent on research, teaching, patient care, or other activities. The IBS does not include bonuses, one-time payments, or incentive pay.

3.2. **EFFORT** – The proportion of time spent on any activity, expressed as a percentage of the total IBS for which an individual is compensated by West Virginia University/West Virginia University Research Corporation.

4. RESPONSIBILITIES

4.1. **Interpretation** – The responsibility for interpretation of this policy rests with the Vice President for Strategic Initiatives or designee.

4.2. **Application** – All employees are responsible for supporting this policy. It is the responsibility of the dean or director to implement and maintain this policy within their college, department, or unit.

4.3. **Procedure Development** – Procedure development rests with the Cost & Compliance unit within Sponsored Projects & Property Administration. For additional information and detail, refer to the Effort Reporting Guidelines (https://financialservices.wvu.edu/cost-compliance/effort-reporting).

5. AUTHORITY & REFERENCES

5.1. WVU Board of Governors Finance & Administration Rule 5.1 Approvals and Delegation of Authority for Financial and Administrative Matters (under consideration for approval and out for public comment).

6. SUPERCEDES
6.1. This policy supersedes all other Charging & Documentation of Personnel Costs on Sponsored Awards policies, procedures, or guidelines at the University to the extent those documents are inconsistent with and fall under the scope of this policy.

Signature: ________________________________  Date: ______________________________

Anjali Halabe
Senior Associate Vice President – Division of Finance