

## FACULTY SALARY LIMITATIONS

### UM System Collected rules and Regulations

[https://www.umsystem.edu/ums/rules/collected\\_rules/personnel/ch360/360.010\\_extra\\_compensation](https://www.umsystem.edu/ums/rules/collected_rules/personnel/ch360/360.010_extra_compensation)

[https://www.umsystem.edu/ums/rules/collected\\_rules/personnel/ch360/360.020\\_summer\\_appointments\\_and\\_consultation](https://www.umsystem.edu/ums/rules/collected_rules/personnel/ch360/360.020_summer_appointments_and_consultation)

1. Summer Appointments for Nine-Month Appointees
  1. For faculty on nine-month appointments, compensation for summer appointments may not exceed **one-third of nine-month salary**. (3 months)

### UM System, Institutional Base Salary

[https://www.umsystem.edu/ums/policies/finance/institutional\\_base\\_salary](https://www.umsystem.edu/ums/policies/finance/institutional_base_salary)

#### Policy Statement

A faculty member's IBS is established in her/his offer letter and updated by any notice of an annual raise, and is identified in the PeopleSoft system for all University employees. IBS may not be increased solely as a result of the University having received an externally sponsored award.

The IBS for faculty members **may include** the following salary components as defined below:

- University Base Salary
- Administrative Stipends
- Clinical base salary

The IBS **excludes** the following salary components:

- Summer Salary
- Temporary Extra Compensation
- Incidental Payments or Honoraria
- Incentive payments under a Faculty Practice Plan

- Veterans Administration (VA) salary

Salary charges made to sponsored projects must be calculated pro rata based on the IBS, with the salary billed to the sponsor being directly proportional to the effort devoted to the project. If the sponsoring agency has a salary cap, then the portion of an individual's salary in excess of the cap is considered an unreimbursable cost. The portion of salary over the cap should be charged to a cost sharing chartfield of the project. The sponsor therefore, will not be billed for the portion in excess of the cap.

**Faculty members on nine-month contracts** may be compensated for work on sponsored projects during the summer, with the salary based on the IBS of the previous academic year and the level of summer effort devoted to the project.

Charges to sponsored awards for summer salary must take into account commitments to summer instruction or administrative responsibilities as they may apply in individual cases. Sponsoring agencies may also limit summer compensation.

**DHHS/NIH 2024**      <https://grants.nih.gov/grants/guide/notice-files/NOT-OD-24-057.html>

For new and ongoing awards from HHS, including NIH, the new salary cap is **\$221,900 starting January 1, 2024**. If you have any specific questions, please contact your pre-award office. Jan 29, 2024

**NSF 2024 Proposal & Award Policies & Procedures Guide, pp. II-14 through II-15 (the document is 203 pages)** <https://new.nsf.gov/policies/pappg/24-1>

**(i) Salaries and Wages (Lines A and B on the Proposal Budget)**

**(a) Senior Personnel Salaries & Wages Policy**

NSF regards research as one of the normal functions of faculty members at institutions of higher education. Compensation for time normally spent on research within the term of appointment is deemed to be included within the faculty member's regular organizational salary.

As a general policy, NSF limits the salary compensation requested in the proposal budget for senior personnel to no more than **two months** of their regular salary in any one year. (See **Exhibit II-3** for the definitions of Senior Personnel.) It is the organization's responsibility to define and consistently apply the term "year", and to specify this definition in the budget justification. **This limit includes salary compensation received from all NSF-funded grants.** This effort must be documented in accordance with 2 CFR §200, Subpart E, including 2 CFR §200.430(i). If anticipated, any compensation for such

personnel in excess of two months must be disclosed in the proposal budget, justified in the budget justification, and must be specifically approved by NSF in the award notice budget.<sup>14</sup>

Under normal rebudgeting authority, as described in Chapters VII and X, a recipient can internally approve an increase or decrease in person months devoted to the project after an award is made, even if doing so results in salary support for senior personnel exceeding the two-month salary policy. No prior approval from NSF is necessary unless the rebudgeting would cause the objectives or scope of the project to change. NSF prior approval is necessary if the objectives or scope of the project change.

These same general principles apply to other types of non-academic organizations.

**Code of Federal Regulations** <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200#200.430>

**(h) *Institutions of Higher Education (IHEs).***

(1) Certain conditions require special consideration and possible limitations in determining allowable personnel compensation costs under Federal awards. Among such conditions are the following:

(i) 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.

(ii) Incidental activities. Incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary) need not be included in the records described in [paragraph \(i\)](#) of this section to directly charge payments of incidental activities, such activities must either be specifically provided for in the Federal award budget or receive prior written approval by the Federal awarding agency.

(2) ***Salary basis.*** Charges for work performed on Federal awards by faculty members during the academic year are allowable at the IBS rate. Except as noted in [paragraph \(h\)\(1\)\(ii\)](#) of this section, **in no event will charges to Federal awards, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period.** This principle applies to all members of faculty at an institution. IBS is defined as the annual compensation paid by an IHE 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 the IHE. Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award. **Institutional Base Salary (IBS) is defined as the annual compensation paid.**

**(3) *Intra-Institution of Higher Education (IHE) consulting.*** Intra-IHE consulting by faculty should be undertaken as an IHE responsibility requiring no compensation in addition to IBS. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the Federal award or approved in writing by the Federal awarding agency.

(4) Extra Service Pay normally represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. Where extra service pay is a result of Intra-IHE consulting, it is subject to the same requirements of paragraph (b) above. It is allowable if all of the following conditions are met:

(i) The non-Federal entity establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.

(ii) The non-Federal entity establishes a consistent written definition of work covered by IBS which is specific enough to determine conclusively when work beyond that level has occurred. This may be described in appointment letters or other documentations.

(iii) The supplementation amount paid is commensurate with the IBS rate of pay and the amount of additional work performed. See [paragraph \(h\)\(2\)](#) of this section.

(iv) The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing or otherwise applicable to the non-Federal entity.

(v) The total salaries charged to Federal awards including extra service pay are subject to the Standards of Documentation as described in [paragraph \(i\)](#) of this section.

**(5) *Periods outside the academic year.***

(i) Except as specified for teaching activity in [paragraph \(h\)\(5\)\(ii\)](#) of this section, charges for work performed by faculty members on Federal awards during periods not included in the base salary period will be at a rate not in excess of the IBS.

(ii) Charges for teaching activities performed by faculty members on Federal awards during periods not included in IBS period will be based on the normal written policy of the IHE governing compensation to faculty members for teaching assignments during such periods.

(6) ***Part-time faculty.*** Charges for work performed on Federal awards by faculty members having only part-time appointments will be determined at a rate not in excess of that regularly paid for part-time assignments.