

# North Dakota State University

## Policy Manual

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### SECTION 824

#### INSTITUTIONAL BASE SALARY

SOURCE: NDSU President

1. The purpose of this policy is to provide North Dakota State University's definition of Institutional Base Salary (IBS) for all sponsored projects and restricted gifts consistent with U.S. Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200. Pursuant to 2 CFR 200.430, personal services compensation charges for work performed on sponsored projects are allowable at the Institutional Base Salary rate.
2. IBS is the annual compensation paid by North Dakota State University for an individual's appointment, whether that individual's time is spent on research, teaching, administration, patient care, or other activities. IBS excludes any income that an individual may be permitted to earn outside of their duties for North Dakota State University. IBS shall not be increased/decreased as a result of replacing institutional salary funds with sponsored projects funds. To comply with the federal guidelines, salaries need to be managed consistently across the institution, and IBS shall be used for purposes of salary requests on all sponsored projects and restricted gifts.

#### 2.1 IBS **includes** salary from these salary components:

- Regular contractual salary
- Regular hourly wages
- Regular salary earned while on developmental leave
- Paid professional leave, such as annual and sick leave

These components may be paid from these sources:

- External grants, contracts, and cooperative agreements from federal and nonfederal sponsors
- Internal grants
- Retention packages that are added to base salary
- Other funds, including but not limited to:
  - General program revenue (commonly referred to as "local funds")
  - Auxiliary funds
  - F&A return
  - Endowment trust fund income

#### 2.2 IBS **excludes** compensation from these salary components:

- Overtime wages, for hourly employees
- Bonus payments or extra payment for Special Projects
- Temporary supplemental pay for interim or temporary responsibilities
- Overload for regular appointment
- Tuition remission
- Lump-sum payments

## 2.3 IBS **excludes** compensation from these sources:

- Creative practice funds (funds paid directly to an individual by an outside entity)
- Royalties (paid directly to an individual)
- Outside professional work, including but not limited to:
  - Consulting
  - Compensated peer review activities

3. Sponsors (federal or nonfederal) may have a salary rate cap that would limit the amount of IBS that could be used as a basis for charging salary to their projects. When such limitations apply, the requested salary support is determined by multiplying the proposed level of effort by the maximum IBS allowed. Terms and conditions of the award should be reviewed with caution. To comply with the Code of Federal Regulations, Title 2 Part 200, this Policy defines the components of IBS and establishes procedures for budgeting and expensing of salaries.

- 3.1 If a sponsored project has a salary rate cap, then an individual's salary in excess of the salary rate cap is considered an unallowable cost. The unallowable portion of salary over the cap may not be charged to a project/program. It must be charged to a non-sponsored, nonfederal fund cost center. This differential will be recorded as cost-share to show full effort applied to a project, however, it will not be used to satisfy NDSU Policy 814 Cost Sharing Policy requirements of the sponsor if applicable to that award.

When an employee's rate of pay in a given period exceeds the salary rate cap, the amount of salary that can be charged to the award is calculated as follows:

$$[ (\text{Salary rate cap} \times \% \text{ of Effort}) / \text{Total Monthly Compensation} ]$$

4. Individuals employed during the break in contract dates may, to the extent allowed by the funding agency, receive compensation up to the equivalent of their current base salary per pay period. For the purposes of calculating summer salary, payments for efforts during a summer term are calculated using the IBS of the fiscal year ending June 30 even if the summer salary paid will be for effort paid on or after July 1 of the new fiscal year.

- 4.1 NDSU Policy 310 states in part “The base salary for faculty members is normally for the academic year with the pay period beginning August 16, and ending May 15, or for 12 months with the pay period beginning July 1 and ending June 30.”

NDSU Policy 311 states in part “Faculty members employed by NDSU on a full-time basis and who are also employed for the summer session will be paid on the basis of their teaching load multiplied by a percentage of their previous academic year salary.”

- 4.2 For the purposes of calculating hourly rate in relation to institutional base salary, please use 86.67 hours per pay period. This is because NDSU payroll is administered twice monthly.

52 weeks \* 40 hours per week = 2080 hours per year.

2080 hours per year / 24 pay periods = 86.67 hours per pay period

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### HISTORY:

New

May 14, 2025