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Compensation for Personal Services: Institutional Base Salary

POLICY STATEMENT

University of North Dakota (UND/University) is committed to complying with all federal and sponsor regulations including those relating to compensation for personal services charged to sponsored awards. UND charges for work performed on sponsored awards by employees at the institutional base salary (IBS) rate. IBS applies regardless of the source of funding and may not be increased as a result of replacing or supplementing University salary with sponsored project funds. All salary charges to sponsored projects must be based on the individual's IBS and must not exceed the proportionate share of IBS for the period during which work on the sponsored project was performed.

All community members involved in sponsored project activities are expected to cooperate fully with University processes for reviewing, certifying, and auditing salary charges. Retaliation against individuals who raise concerns about compliance with this policy is strictly prohibited.

REASON FOR POLICY

Federal regulations require institutions receiving federal funding to establish and consistently apply an institutional definition of IBS as the basis for budgeting, charging, and reporting salary costs on sponsored projects. UND must comply with the standards set forth in the Federal Office of Management and Budget 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), federal and state regulations, and sponsor-specific

requirements. Additionally, total compensation must conform to 2 CFR Part 200 (Standards for Documentation of Personnel Expenses) and UND's Sponsored Project Payroll Confirmation policy.

Financial penalties, expenditure disallowances, and reputation harm may result from the failure to accurately propose, charge, and/or document salaries relating to sponsored projects.

SCOPE OF POLICY

This policy applies to all individuals employed by the University who engage in sponsored awards (regardless of the source of funds) and whose salary is charged to sponsored awards, in whole or in part, and to all individuals who have committed effort to a sponsor but are not receiving salary support from the sponsor (cost sharing).

- President
- Vice Presidents, Associate & Assistant Vice Presidents
- Deans, Directors & Department Heads
- Area Managers & Supervisors
- Faculty
- Staff
- Students

CONTACTS

Specific questions should be directed to the following:

Subject	Contact	Telephone	Department/Office E-Mail Web Address
Institutional Base Salary	Grants & Contracts Accounting	701.777.4151	Grants & Contracts Accounting Website UND.grantcontracts@UND.edu
Overload	Grants & Contracts Accounting	701.777.4151	Grants & Contracts Accounting Website UND.grantcontracts@UND.edu

DEFINITIONS

Academic Year Salary	Nine-month employee obligation that runs from August 16 - May 15, unless otherwise contracted.
Calendar Year Appointment	Twelve-month obligation that aligns with the fiscal year, which runs from July 1 through June 30. The start date may coincide with a new employee member's hire date; however, all appointments conclude on June 30.
Course Buyout	Uses external grant funds to pay a portion of a employee member's salary, allowing them to reduce their teaching load to focus on research. The grant covers the salary cost for the released time, and the department uses these funds to hire adjuncts or replacements. The savings cannot be used to pay

	overload on a sponsored award.
Extra Service Pay	Typically represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. This policy uses the term "overload", defined below, in lieu of Extra Service Pay.
Incidental Activities	Activities that are secondary, minor, or supportive of the main sponsored project. They are not the primary purpose of the funding but are necessary or convenient to carry it out. To charge payments of incidental activities directly, such activities must either be expressly authorized in the Federal award budget or receive prior written approval by the Federal agency.
Institutional Base Salary (IBS)	The annual compensation paid by the University for an employee's appointment, whether that individual's time is spent on research, teaching, administration, patient care, or other activities.
Intra-IHE Consulting	Intra-university consulting, now referred to in the Uniform Guidance (2 C.F.R. Part 200) as Intra-Institution of Higher Education (IHE) consulting, is collaboration, cooperation, and consulting among UND employees, expected by the University, and generally requires no compensation above IBS. Intra-IHE consulting by employees should be undertaken as an IHE responsibility requiring no compensation in addition to IBS.
Overload	A payment made to FLSA exempt employees for work performed above 100 percent effort and outside of the normal scope of duties.
Salary Cap	Limitation imposed by some federal agencies and non-federal sponsors on the amount of salary that may be charged to grants or contracts.
Sponsored Award	Funding from an external entity such as a private foundation, corporation, or governmental agency for an activity with a defined scope and purpose undertaken by the University with the expectation of an outcome that directly benefits the public and/or the provider.
Sponsor Limitation	Sponsor imposed limitation on the amount of salary that may be charged to sponsored program awards.
Summer Salary	Compensation paid during the summer months, May 16 – August 15, outside the base salary period of the academic appointment. Summer salary originates from a different source than that generated by the employee's regular appointment.

PRINCIPLES

Compensation, including overload payments, for personnel paid on federal or federal flow-through funds is governed by The Uniform Guidance (2 CFR 200.430--Compensation – Personal Services) (see [Related Information](#)).

Institutional Base Salary

2 CFR 200.430(i)(2) - Salary Basis states (see [Related Information](#)):

"Charges for work performed on Federal awards by faculty members during the academic year are allowable at the institutional base salary (IBS) rate. Except as noted in paragraph (i)(1)(ii), 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 the faculty at an institution. IBS is 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 an individual earns outside of duties performed for the IHE. Unless there is prior approval by the Federal agency, charges of a faculty member's salary to a Federal award may not exceed the proportionate share of the IBS for the period during which the faculty member worked on the Federal award."

IBS is established by the University in an appointment letter, or other similar documentation, regardless of the source of funds. An individual's IBS cannot be increased or decreased based on the availability of funds from a sponsored grant or other revenue sources.

The total compensation for an individual cannot exceed 100% of their compensated activities, meaning the total IBS, or 100% of their effort. Costs of compensation must be reasonable, conform to UND policy, and apply to both Federal and non-Federal activities.

When requesting salary support from a sponsor or providing effort on a sponsored project in the form of cost sharing, IBS must be used as the basis for calculating anticipated person months or percent effort on the sponsored program. The portion of effort multiplied by the IBS will determine the appropriate dollars to request from the sponsor or approved by the University if in the form of cost sharing.

Changes in IBS can result from compensation adjustments due to changes in position description, merit increases, or other adjustments allowable under the applicable UND policy. The effective date of the change and new IBS must be documented in UND's system of record.

For purposes of time and effort reporting on all grants and contracts, only IBS shall be used.

Excluded from Institutional Base Salary

- Adjustment for work performed on a temporary basis that is in addition to the employee's regular departmental workload as defined by the chair or dean and in accordance with approved departmental and college/school policy/procedure.
- Incidental work compensation for a minor amount or casual occurrence of work in excess of an employee's appointment.
- Income earned outside of the University, such as consulting, service on a peer review panel, or leadership in a professional organization.
- Income under performance incentive plans (e.g., teaching awards, grant writing workshops).
- Bonuses, one-time payments or incentive pay, or overload.
- Summer salary.
- Administrative stipends that are temporary, one-time bonuses, or not considered part of the base appointment.

Extra Service Pay or Overload of IBS - Special Considerations for Sponsored Awards

Payment of overload on sponsored awards assumes it is not practicable to reduce the individual's regular workload. The overload adjustment must be on a temporary basis not to exceed one fiscal year and will generally not be greater than 20% of the individual's base salary. Overload appointments may be renewed depending on circumstances with approval of the respective chair, dean, and vice president for academic affairs or vice president for health affairs (VPHA). For the VPHA, the president's approval is also necessary.

Absent unusual and specific circumstances, Federal regulations and some sponsor policies may preclude the University from charging overload (i.e., compensation in excess of IBS) to sponsored projects without prior sponsor approval.

Compensation, including overload payments, for personnel paid on sponsored awards is governed by The Uniform Guidance (2 CFR 200.430(i)(2)-(4)), which states (see [Related Information](#)).

*"(2) **Salary basis.** Charges for work performed on Federal awards by faculty members during the academic year are allowable at the institutional base salary (IBS) rate. Except as noted in paragraph (i)(1)(ii), 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 the faculty at an institution. IBS is 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 an individual earns outside of duties performed for the IHE. Unless there is prior approval by the Federal agency, charges of a faculty member's salary to a Federal award may not exceed the proportionate share of the IBS for the period during which the faculty member worked on the Federal award.*

*(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 members is in addition to their regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are expressly authorized in the Federal award or approved in writing by the Federal agency.*

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

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

(ii) The IHE 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

definition may be described in appointment letters or other documentation.

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

(v) The total salaries charged to Federal awards, including extra service payments, are subject to the standards of documentation as described in paragraph (g)."

Overload charges to sponsored awards must be obtained prior to charging the overload to the sponsored project. Requests for overload from a sponsored project that are submitted after the work was performed will not be allowed. Compensation charges in excess of an individual's IBS charged to sponsored projects must be at a rate not in excess of the IBS rate.

Accordingly, overload payments are not allowed where sponsored funds are involved without sponsor approval. If overload is not proposed and justified in the proposal budget and budget justification, the employee cannot charge overload to a sponsored project until after prior approval from the awarding sponsor is received in writing.

PROCEDURES

Institutional Base Salary

At the time of hire, all employees should receive an official letter or notification, which specifies their IBS. Employees receiving an adjustment on 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. Actions resulting in changes to an individual's IBS, such as a subsequent administrative appointment or subsequent adjustment in salary, will be documented in the related appointment letter(s) and include an effective date of change. Documentation of an individual's IBS shall be consistent with 2 CRF § 200.430(i) (see [Related Information](#)).

When requesting salary support from a sponsor or providing effort on a sponsored project in the form of mandatory or voluntary committed cost sharing, IBS must be used as the basis for calculating anticipated person months or percent effort on the sponsored program. For example, if a researcher has an annual IBS of \$100,000 and proposes to devote 20% effort to a project, the proposed salary for that project is \$20,000 ($\$100,000 \times 0.20$). The portion of effort multiplied by the IBS will determine the appropriate dollars to request from the sponsor or approved by the University if in the form of cost sharing.

Overload Requests on Sponsored Accounts

Overload requests should be in the original project proposal budget and justification. The overload activity cannot interfere with the employee's regular university duties.

It is the responsibility of the PI requesting the overload to obtain approval from the sponsoring agency. If overload is requested after the fact, (i.e., after the award has been received from the sponsor) the written

approval from the sponsoring agency should be sent to the grants officer, with the Award Budget Setup form requesting set up of overload in the financial system.

Charges for unapproved overload work may be deemed unallowable and could become a cost overrun that the department must cover.

Approved overload must be identified on the Award Budget Setup form, and charged to account code 515010 for faculty, and 511005 for staff. Additionally, overload charges to sponsored awards must be added via an additional pay form (see [Forms](#)). If overload is approved after the setup of an award, a revised award budget setup form (see [Forms](#)) is required.

Overload for activities that are not charged to a sponsored award may affect commitments made to sponsors. Faculty should carefully review effort commitments to ensure they are reasonable.

RESPONSIBILITIES

Deans & Chairs	Ensures salary letters are provided on an annual basis to employees indicating the approved institutional base salary.
Principal Investigator	Ensures all requests for salary support in sponsored projects proposals are based on the individual's correct IBS.
Department Administrator	- Ensures proposal budgets reflect salaries consistent with IBS or any applicable salary cap, whichever is lower. - Ensures that entries into Payroll Costing are correctly based on the individual's IBS. - Retains copies of appointment and salary letters for audit purposes.
Grants and Contracts Accounting	Provides guidance to departments and PIs on calculating IBS, budgeting overload on a sponsored project, and charging overload to the sponsored award.

RELATED INFORMATION

- [2 CFR 200.430 - Compensation - personal services](#)
- [2 CFR 200.430\(i\) - Institutions of Higher Education \(IHES\)](#)
- [2 CFR 200.430\(i\)\(2-4\) - Salary basis, Intra-Institution of Higher Education \(IHE\) consulting, and Extra service pay](#)

FORMS

- [Additional Pay Form](#)
- [Award Budget Setup Form](#)

APPENDICES

There are no appendices associated with this document.

Approval Signatures

Step Description	Approver	Date
Campus Comment	Jennifer Rogers: Director of University Policy	Pending
Executive Council (1st Reading)	Jennifer Rogers: Director of University Policy	07/2026
Policy Advisory Group	Jennifer Rogers: Director of University Policy	06/2026
Policy Office	Jennifer Rogers: Director of University Policy	04/2026
Policy Owner	Lauren Pite: Director Grants & Contracts G&C Acctng/PAG Liaison	04/2026

