UNIVERSITY of IOUISVILLE

Vice President for Finance Policy/Procedure

Subject: Institutional Base Salary	Author: Michael Curtin
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Definitions for faculty:

- 1. Institutional Base Salary (IBS) includes a faculty member's base salary and any supplemental pay, but excludes any x-pay.
- 2. Faculty base salary is addressed in Redbook Section 4.3.2 and shall not be reduced except in a fiscal emergency or under the most extreme circumstances.
- 3. Supplemental pay is pay that is in addition to the faculty base salary. Examples of supplemental pay include, but are not limited to, payments for on-going administrative responsibilities, recognition as a distinguished scholar or endowed chair, research supplements, and other extraordinary compensation arrangements where the supplemental pay can be reduced or eliminated as appropriate. (Note: Research supplements may only be added to the IBS upon employment or during the annual salary adjustment process.)
- 4. X-pay is paid for the assumption of additional duties on a time-limited, short term basis and is excluded in calculations for retirement or other benefits that are a percentage of salary.

Definitions for Staff:

- 1. Institutional Base Salary is regular salary plus any supplemental pay, but excludes any x-pay.
- 2. Supplemental pay is pay that is in addition to the regular salary and that is included in calculations for retirement or other benefits. If the intent is for the position to perform additional duties for more than 12 months but within a project term with an end date, then supplemental pay should be used.
- 3. X-pay is paid for the assumption of additional duties on a time-limited, short term basis, usually 12 months or less. X-pay is excluded in calculations for retirement or other benefits that are a percentage of salary.
- 4. X-pay or supplemental pay shall not be used as a bonus or performance-based form of compensation. Further, neither x-pay nor supplemental pay should be used as a means to compensate for an expense that shall be processed through the Controller's Office.

5. A request for reclassification or in-range adjustment should be completed if any additional duties are to continue indefinitely and have been performed for a time period greater than six months.

Policy:

- 1. The IBS shall be used for all internal salary studies, budget and analyses, cost projections and in making the following calculations:
 - a. Employees' annual salary adjustments;
 - b. Employee Benefits, including retirement, life insurance and other benefits calculated on a percentage of annual university salary;
 - c. The University's annual operating budget, approved by the Board of Trustees.
- 2. For purposes of salary requests on grants and contracts, the IBS shall be used. Further and as required by federal agency grant guidelines, IBS may not be increased as a result of replacing university salary funds with federal grant funds. (See NIH "Allowability of Costs/Activities-Selected Items of Cost-Salaries and Wages").
- 3. For purposes of official time and effort reporting on all grants and contracts, the IBS shall be used exclusively. Further, the IBS shall be used as the denominator in calculating the proportion, or percent of effort, of an employee's activity that is allocated to particular federal awards.
- 4. No unit's X-pay or supplemental pay policy can be in conflict with this policy.