

Information

Institutional Base Salary

Effective

June 15 2006

Number

PER 3 11

Applicability

This policy applies to University Administrators Faculty and Staff

Administrative Authority

Vice President for Human Resources

Responsible Unit

Human Resources

Miller Information Technology Center Rm 02C

2315 South First Street Walk

Louisville, KY 40292

Phone: 502-852-6258

Email: askhr@louisville.edu

History

This policy was formerly housed in the Office of Budget and Planning policies and procedures as BFP010. This policy was approved by the Risk and Compliance Oversight Council and is effective November 30, 2017.

Revision Date(s): October 4, 2017; December 10, 2021 (minor edits); August 24, 2022 (minor edit); April 1, 2026 (minor revision)

Reviewed Date(s): October 4, 2017

Categories

Statement:

The Institutional Base Salary (IBS) shall be used for all internal salary studies, budget and analyses, cost projections and in making the following calculations:

- a. Employee annual salary adjustments;
- b. Employee benefits, including retirement, life insurance and other benefits calculated on a percentage of annual university salary; and
- c. The university's annual operating budget, approved by the Board of Trustees.

For purposes of salary requests and payroll transactions on Sponsored Programs, the IBS shall be used. IBS may not be increased as a result of replacing university salary funds with Sponsored Program funds.

For purposes of official time and effort reporting on Sponsored Programs, the IBS shall be used exclusively. Further, the IBS shall be used as the denominator in calculating the proportion, or percent effort, of an employee's activity that is allocated to Sponsored Programs.

Faculty base salary is addressed in [the Redbook Section 4.3.2](#) and shall not be reduced except in a fiscal emergency or under the most extreme circumstances. No unit's X-pay, X-ben or supplemental pay policy can be in conflict with this policy.

Related Information:

All X-pay, X-ben, or supplemental pay shall be in accordance with the university's Additional and Supplemental Pay policy.

Reasoning:

To establish the purposes for which Institutional Base Salary shall be used.

Definitions:

Institutional Base Salary (IBS)

IBS is defined as the annual compensation paid by the university for an individual's appointment (e.g., 9, 10, 12 month Faculty appointment), whether that individual's time is spent on research, instruction, administration, or other activities. The IBS does not include bonuses, one-time payments, or incentive pay.

Definitions for Administrators and Faculty:

1. Institutional Base Salary (IBS) includes base salary and supplemental pay, but excludes X-pay and/or X-ben.
2. Supplemental pay is pay that is in addition to base salary and is included in calculations for retirement or other benefits. Examples of when supplemental pay should be used include, but are not limited to, on-going administrative responsibilities, recognition as a university scholar, distinguished university scholar or endowed chair, and other extraordinary compensation arrangements where the supplemental pay can be reduced or eliminated as appropriate.
3. X-pay is pay for the assumption of teaching overload and/or 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.
4. X-ben (to faculty) is pay for the assumption of research (e.g., summer research) that is performed outside of an individual's academic appointment, and/or an interim assignment on a time-limited, short-term basis and is included in calculations for retirement and other benefits that are a percentage of salary.
5. X-ben (for administrators) is pay for the assumption of an interim assignment and is included in calculations for retirement and other benefits that are a percentage of salary. Interim administrator assignments shall be for a limited duration, not to exceed four years, without a search to fill the position on a regular basis.

Definitions for Professional and Administrative (Exempt) Staff:

1. Institutional Base Salary is regular salary plus supplemental pay, but excludes X-pay and/or X-ben.
2. Supplemental pay is pay that is in addition to their regular salary and 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 pay for the assumption of teaching and/or additional duties of a higher level 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-ben is pay for the assumption of research and/or interim assignment (beyond or in addition to standard job duties as defined in the Job Description Form) on a time-limited, short-term basis and is included in calculations for retirement and other benefits that are a percentage of salary.

Sponsored Program

An externally funded activity that is governed by specific terms and conditions as outlined in a legal agreement or notice of award. Sponsored programs must be separately budgeted and accounted for subject to the terms of the sponsoring organization. Sponsored programs may include grants, contracts (including fixed price agreements), and cooperative agreements for research, training, and other public service activities. A sponsored program encompasses both the main sponsored account(s) and associated cost share and/or program income account(s).