

Faculty Compensation Policy Summary

This document references university and federal policy regarding faculty compensation, incentive pay, and potential extra service pay above when developing external funding proposals. Institutional policies established by Texas State University (PPS/UPPS) comply with federal policies found in 2 CFR 200 (Uniform Guidance) and apply universally across all external funding sources. Please familiarize yourself with the terms and policies outlined below for use in sponsored programs budget development.

Terms:

Institutional base salary/base annual salary (IBS) – Institutional base salary (IBS) is the annual compensation paid by the University through a school or college or an administrative unit for an individual’s professional services, whether they consist of teaching, research, clinical or other activities, and whether the individual is employed full-time or part-time (excluding overload and incentive pay). For faculty, it is the annual compensation established through contract that serves as the basis for calculating salary budgets for external grants and contracts. A faculty member may have more than one appointment, reflecting a split faculty/staff position.

The institutional base salary is the sum of all position salary payments.

Faculty Incentive Compensation – This program encourages faculty to secure external funding by offering incentive payments to PI and Co-I faculty members receiving salary support through external funding in the academic year.

Extra Service Pay – Compensation in addition to the institutional base salary/base annual salary paid to faculty or staff consulting across departmental lines or involving a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities, provided that such consulting arrangements are specifically provided for in the award or approved in writing by the funding agency.

Salaries Paid Through Sponsored Projects

Salary charges made to sponsored programs 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. Sponsor-supported salaries in the academic year serve as salary replacement to university funds and create salary savings, henceforth used to support approved research incentive payments. Faculty members on nine-month contracts may be compensated for work on sponsored programs 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 consider commitments to summer instruction or administrative responsibilities as they may apply in individual cases.

R/PPS No. 03.01.12 Faculty Incentive Compensation for Externally Funded Sponsored Programs

<https://policies.txst.edu/division-policies/research/03-01-12.html>

- 01.02 - Research incentive compensation is calculated on a semester basis (fall or spring only) and serves as a one-time supplement to the regular compensation of a principal investigator (PI) or co-investigator (Co-I). Incentives are not considered creditable compensation for retirement purposes and are subject to all applicable federal and state taxes and withholdings. Incentive compensation does not affect a PI or Co-I’s eligibility for merit or other salary adjustments.
- 01.03 - Sponsored program funds may not be used for research incentive compensation. Only university funds made available through funding equivalent may be used for such payments.
- 02.01 - The PI or Co-I of an externally funded sponsored program are eligible for incentive compensation. Some of the funding made available for payment of the PI or Co-I must be paid from Education and General (E&G) funds. Only funding made available by E&G funds is considered for incentive compensation purposes and procedures.
- 02.02 - Incentive compensation for a faculty PI or Co-I with assigned administrative duties is based on the faculty portion of the base salary directly related to instructional duties. Administrative and instructional duties are verified by workload reports. The maximum an assistant or associate dean or chair or director may buy out is 50 percent of their salary.

UPPS No. 04.04.12, Pay Above Base (Extra Service Pay) Annual Salary for Staff

<https://policies.txstate.edu/university-policies/04-04-12.html>

- 01.04 - Pay above base annual salary for intra-departmental services is prohibited (see Section 02.).
- 01.06 - A written agreement delineating the consulting terms must document pay above base annual salary from non-sponsored programs.

- 03.01 (a) Each employee is accountable to the university for 100 percent of the employee's regularly assigned duties and may not receive compensation for more than 100 percent time performing those duties.
- 03.01 (b) Pay above base annual salary from sponsored program funding sources is not permitted unless the activity meets the compliance requirements as noted in each sponsored program agreement and sponsor guidance.
- 02.03 (c) If named PI or Co-PI by a sponsor and if the award is accepted by the university, work under a sponsored program, whether compensated or not, is considered a part of the regular duties of that individual and, thus, they are not eligible for pay above base annual salary unless specifically approved in advance by the sponsored agency as an exception to the compensation rules as found in [the Uniform Guidance]

§ 200.430 Compensation - personal services. (h) *Institutions of Higher Education (IHEs)*. Uniform Guidance regarding IHE compensation.

<https://www.law.cornell.edu/cfr/text/2/200.430>

- **(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.
- **(5) *Periods outside the academic year*.** (i) ... 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 p