

Lebanese American University
Compliance Program for United States Sponsored Programs & Procurement Contracts
Personnel Policy-Faculty Section-Institutional Base Salary Supplement

1. PURPOSE

The purpose of this Policy supplement is to complement the existing university Personnel Policy - Faculty to establish standards and guidelines regarding the Institutional Base Salary, compensation on sponsored awards and compensation for extra service or incidental activities.

2. Terms and Definitions

2.1 The following terms shall have the meanings indicated below for purposes of this Policy supplement, regardless of whether the terms are capitalized:

2.1.1 Administrative Personnel - Personnel providing non-technical support that benefit LAU activities or objectives, generally. For example, although not an exclusive list, non-technical support includes clerical support, accounting and financial management functions, and personnel management.

2.1.2 Awarding Agency – any government department or agency that solicits and enters into a sponsored agreement.

2.1.3 Costs – All costs incurred in connection with a sponsored agreement, charged directly or indirectly, and/or which LAU claims as part of a Cost Share.

2.1.4 Cost Objective - is a program, function, activity, award, organizational subdivision, contract, or work unit for which Cost data are desired or required and for which LAU takes steps to accumulate and measure the cost of processes, products, jobs, capital projects, etc. A Cost objective may be a major function of LAU, a particular service or project, a sponsored agreement, or an indirect cost activity.

2.1.5 Cost Principles - The awarding agency statutes and regulations that govern the treatment and accounting of Costs related to sponsored agreements.

2.1.6 Cost Share or Cost Sharing – Some sponsored agreements are cost sharing Awards, which means LAU will only be paid or reimbursed an agreed-upon portion of its costs to perform the Award. The portion not paid with awarding agency funds is the Cost Share.

2.1.7 Direct Cost – Any cost that can be specifically and accurately identified with a particular sponsored agreement. Examples of

Direct Costs include, but are not limited to, certain equipment, certain salaries, and independent contractor costs.

- 2.1.8 Effort Reporting - The process LAU uses to document and map an accurate percentage of an individual's efforts to its sponsored agreements. Effort reporting applies only to a certain group of LAU individuals working on sponsored agreements and is not used for or required from employees that officially track and submit their time on LAU hourly timesheets and not working on sponsored agreements.
- 2.1.9 Indirect Cost – Costs that are incurred for and benefit multiple activities, including those not directly related to sponsored agreement. Examples of Indirect Costs include, but are not limited to, facilities and administrative costs and depreciation.
- 2.1.10 Institutional Base Salary or “IBS” - The annual compensation paid by LAU for a faculty member's appointment, whether that individual's time is spent on research, instruction (teaching), administration, or other activities. IBS excludes any income that an individual earns outside of regular duties performed for LAU.
- 2.1.11 LAU –refers to the Lebanese American University.
- 2.1.12 Principal Investigator – key personnel on an award or contract as specified in the award/contract document, or prime researcher on a research related award.
- 2.1.13 Sponsored Agreement – any grant, cooperative agreement, and contract funded by a donor agency.
- 2.1.14 Sponsored Program – A program funded at least in part with a sponsored agreement.

3. RESPONSIBILITY

- 3.1 It is the responsibility of LAU and its departments, faculty, staff and all individuals working on sponsored agreements to fully comply with this Policy supplement. It is imperative that each person with such responsibility reviews, understands, and complies with this Policy supplement. Violations may result in severe consequences to LAU and all individual violators.
- 3.2 The Office of the Provost is responsible for the maintenance and general oversight of the Policy in particular:

- 3.2.1 Coordinating with the various Schools to ensure proper application and fulfillment of the terms of this supplement including educating the internal stakeholders;
 - 3.2.2 Coordinating with the University Enterprise Office and Finance Department to properly compensate faculty based on the approved rates;
 - 3.2.3 Coordinating with Human Resources and the Continuous Education Program (CEP) to ensure that rates at CEP are as per approved schedule.
 - 3.2.4 Coordinating with faculty, through the proper channels within the Schools, to ensure their abidance by the terms of this policy and effort reporting;
 - 3.2.5 Coordinating with the Office of Grants and Contracts to update the policy in light of prospective potential changes in awarding agencies requirements.
- 3.3 Human Resources, in coordination with the Schools' administration, including Deans, and/or Chairs and after approval of the Provost, is responsible for ensuring that memoranda of appointments, their amendments and extra service notifications are properly documented and issued in a timely manner, based on the approved allocation of effort by the concerned academic unit across appointment categories as defined henceforth.
- 3.4 Finance is responsible for ensuring that charges on sponsored agreements are commensurate with the terms of this policy supplement.
- 3.5 The Office of Grants and Contracts is responsible for ensuring the allowability of charges on sponsored agreements.

Any questions concerning this Policy should be directed to the following, in this order:

- 3.5.1.1 Office of the Provost for academic matters
- 3.5.1.2 Human Resources for administrative matters pertaining to fringe benefits and allowances.

4. SCOPE / APPLICABILITY

As set forth above, this Policy supplement is applicable to all Schools at LAU and units such as the University Enterprise Office (UEO) and the Continuous Education Program (CEP), and must be consistently applied across the University on sponsored agreements and non-sponsored appointments.

5. STATEMENT OF POLICY

- 5.1 As required by awarding agencies, compensation charged to a sponsored agreement directly, indirectly, and as part of the awarding agency share or LAU' share, must be accurately tracked, recorded, and allocated in order to comply with this Policy supplement. All faculty must completely, accurately, and timely record and verify individual timekeeping and effort records for this purpose as per requirements of the awarding agencies.
- 5.2 Charges to a sponsored agreement may include reasonable amounts for activities contributing and directly related to work under this specific sponsored agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, attending meetings and conferences, reviewing capstone projects, participating in sponsored agreements panels and committees including selection committees, and providing academic advising and oversight beyond the required academic duties.
- 5.3 Charges for work performed on sponsored agreements must follow the terms of the corresponding awarding agencies. Generally, unless specifically and explicitly stated otherwise in writing by a particular awarding agency, charges by faculty members during an academic year are allowable at the Institutional Base Salary Rate (IBS) only. In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period, except for allowable incidental activities defined under the Extra Service Pay. This applies to all faculty members of LAU. Charges in excess of the IBS must follow the terms set forth in this Policy supplement.

6. INSTITUTIONAL BASE SALARY

This section of the Policy provides guidance for Human Resources, Faculty, Finance, UEO, CEP, the Office of Grants and Contracts to determine the institutional base salary (IBS).

- 6.1 As defined in section 2 above, the Institutional Base Salary or "IBS" is the annual compensation paid by LAU for a faculty member's written appointment, whether that individual's time is spent on research, instruction during regular semesters, advising, administration, or other activities. IBS excludes any income or compensation that a faculty member earns outside of regular duties performed for LAU and reflected in their initial memorandum of appointment, extra service pay or incidental activities.
- 6.2 IBS is determined based on the faculty rank, category, appointment as full-time or part-time, and as consistently documented for all faculty, irrespective of their service on sponsored agreements or not, in the corresponding salary rate scales approved by LAU and applicable to each School. IBS is reviewed, at least annually, by the university in conformity with the applicable Personnel Policy – Faculty Compensation.

- 6.3 IBS includes further duties faculty are tasked with to assume additional administrative responsibilities undertaken during regular university semesters. These duties include the appointment of faculty as deans, associate or assistant deans, chairs, associate chairs, coordinators, academic or administrative directors, or other appointments on specific academic/accreditation/administrative committees.
- 6.4 The compensation for additional administrative duties is set uniformly for LAU faculty at large in the corresponding salary/course release supplement for faculty with administrative titles.
- 6.5 IBS may not be increased as a result of increasing the salary paid by the university with sponsored agreements' funding. Nonetheless, the IBS of part-time faculty may be increased proportionally to any increase in their additional effort beyond their initial memorandum of appointment. Therefore, part-timers who (1) may assume additional functions on sponsored grants approved by their school administration, (2) that increase their effort beyond the initially allocated one, and (3) this effort does not qualify as extra service, may receive a proportionate IBS increase based on the number of additional hours allocated to this additional effort. The IBS will be re-adjusted to its initial after the requirements of the additional effort no longer exist.
- 6.6 IBS may change during the year, including upward or downward adjustments as a result of assuming additional administrative duties, including interim ones, or relinquishing specific duties.
- 6.7 IBS may also change during the course of an academic year if cost of living adjustments are applied at the university, merit increases are applied, promotion takes place, the position changes, employment responsibilities are officially amended in the memorandum of appointment, or time allocation is changed from part-time to full-time and vice versa.
- 6.8 Any adjustments to the IBS or duties within the IBS, particularly related to sponsored awards, must be documented through an amended memorandum of appointment or a notification letter.
- 6.9 Typically, the calculation of the monthly IBS is done on the basis of dividing the IBS on the number of months reflected in the memorandum of appointment. Accordingly, faculty on twelve months appointment have their monthly IBS determined on the basis of IBS/12.
- 6.10 IBS includes research on externally funded sponsored agreements though the effort allocated to conduct the research may be allocated in full or in part, subject to awarding agency rules, to the sponsored agreement.
- 6.11 Efforts allocated to prepare proposals, applications, research abstracts in pursuit of sponsored agreements are part of the IBS and must not be allocated as effort on a sponsored agreement and must not be allocated as direct costs. Proposal costs of a current accounting period of both successful and unsuccessful proposal submissions to federal Awarding agencies may be treated solely as indirect charges subject to the specific procedures in the Cost and Cost Accounting procedures.

- 6.12 Standard faculty effort comprises three appointment categories: instruction, research, and services. The percentage distribution of effort amongst the three categories is determined by the School, memorandum of appointment and based on the administrative duties assigned to the faculty, and the number of courses assigned including taught and released ones. The percentage distribution of effort must be reflected accurately in effort reporting on sponsored agreements irrespective whether the assignment is paid in full or in part out of the sponsored agreement or cost-share. Changes in efforts due to administrative appointments or re-assignments must be reflected accurately when they happen in effort reporting on sponsored agreements. It is recognized that teaching, research, and services are often inextricably intermingled at the university. When recording effort allocated and associated charges to sponsored agreements, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is expected.
- 6.13 All effort within the IBS and duties reflected in the initial memorandum of appointment must always total 100%, irrespective of the percentage distribution amongst instruction, research and services. Typically, a percentage increase in a particular category such as services requires a commensurate decrease in the effort percentage allocated illustratively towards instructions.
- 6.14 Any charges on a sponsored agreement for work undertaken as part of the IBS and defined in the memorandum of appointment must be commensurate with the allocated effort and is allowable only within the IBS rate. Budgetary estimates are not acceptable means to document and report effort on sponsored agreements.
- 6.15 Some awarding agencies specify a cap on the IBS portion that may be charged to a sponsored agreement. In such cases, charges must not exceed such set cap. The allocated level of effort may not exceed the set cap on the IBS portion and must be commensurate with the allowable compensation.

7. EXTRA SERVICE PAY

This section of the Policy provides guidance and standards related to extra service pay (ESP). ESP is defined as any compensation for irregular, short-term or specific assignments carried outside of the memorandum of appointment and paid beyond the IBS.

- 7.1 ESP includes compensation for teaching outside the normal academic calendar, adhoc instruction overload, bonuses, and one-time incentive pay such as faculty housing allowances. ESP includes as well intra-institutional consulting, consulting and outside compensated professional work, and clinical services effort that are not guaranteed and not reflected in the memorandum of appointment.
- 7.2 Charges for additional load to teach specific courses designed and dedicated to a sponsored agreement are allowable and may be compensated at rates not exceeding the IBS and as per Personnel Policy – Faculty Compensation rates.
- 7.3 Charges for any additional instruction activities performed outside the academic calendar and beyond the IBS period must be based on the Personnel Policy – Faculty Compensation. Such charges may be allowable and allocable to specific sponsored

agreements if they directly relate to the agreements' scope of work and needs and subject that the charges are at rates not in excess of the IBS. Such charges are only allowable if there is prior written approval by the Federal awarding agency Agreement Officer.

- 7.4 Intra-LAU consulting by faculty is considered to be undertaken as a university obligation requiring no compensation in addition to IBS. In cases where such consultation is across departmental lines, involves a separate or remote operation, and the work performed by the faculty member is in addition to the regular responsibilities reflected in the memorandum of appointment, then intra-university consulting may be compensated in addition to the IBS. Charges will be based pursuant to the hourly rate paid by the University for part-time faculty members at the equivalent IBS rank as per Personnel Policy- Faculty Compensation, and proportionate to the amount of work. These charges are listed in the corresponding salary rate scales approved by LAU. Such charges, representing additional compensation above the established IBS, may be allowable on sponsored agreements subject that the awarding agency rules are applied. Federal funding specifically requires prior approval of the awarding agency for such charges.
- 7.5 Honoraria for lectures and workshops are set as per schedule of approved fees in each School based on the equivalent faculty's IBS rank and category.
- 7.6 Compensation for extra service when conducting outside consulting is set as per schedule of approved remuneration at the University Enterprise Office based on the equivalent faculty's IBS rank and category.
- 7.7 Compensation for extra service rendered through the Continuous Education Program (CEP) is set as per approved CEP schedule and pursuant to the agreed rates by the University at the equivalent IBS rank and category as per Personnel Policy- Faculty Compensation.
- 7.8 Incidental activities such as attending meetings and conferences, reviewing capstone projects, participating in sponsored agreements panels and committees including selection committees, and providing academic advising and oversight beyond the required academic duties will be compensated as ESP and at rates pursuant to the hourly rate paid by the University for part-time faculty members at the equivalent IBS rank and category as per Personnel Policy- Faculty Compensation, and , and proportionate to the amount of work. These charges are listed in the corresponding salary rate scales approved by LAU. Such charges may be allocated to sponsored agreement only when the awarding agency rules are fully applied.
- 7.9 Extra service, of any sort, allocated and charged to a sponsored agreement will be reported distinctly as an additional effort beyond the 100% IBS effort and will not be allocated an effort percentage. Extra service will only be charged to a sponsored agreement if prior written approval of the awarding agency is secured. The faculty member must submit an effort certification as per Timekeeping and Effort Reporting on Sponsored Awards policy and procedures, but must mark each extra service task as such without assigning a percentage level of effort. In preparing proposals and applications to Awarding agencies, budget narratives and budget line items must clearly identify extra

service as separate and clearly identifiable cost items that require approval of this agency. If extra service activities are required post-award due to an unforeseen need not notified earlier in the budget or proposal, such extra service must be notified to the Awarding agency for determination and approval prior to engagement of the faculty member and before any charges are made or allocated to the corresponding award.

Effective Date:

The foregoing Compliance Program for United States Sponsored Programs & Procurement Contracts: Personnel Policy-Faculty Section-Institutional Base Salary Supplement was adopted by the Board of Trustees on September 6 & 7, 2018 and is effective as of September 7, 2018.