Summary:

In 2009, the National Science Foundation (NSF) changed its compensation policy to allow greater flexibility in charging senior project salary to NSF and NSF flow-through awards. The new policy dropped the limitation to summer salary and instead restricted the total senior project salary charged to NSF or NSF flow-through awards “to no more than two months regular salary in any one year.”

Issue:

In January 2009, NSF announced new rules on senior personnel salary which was distributed to UVa research administrators in February 2009. Since then, OSP has been actively monitoring NSF’s implementation of this policy and the following is being offered as additional guidance and information.

NSF changed its policy, effective for proposals received on or after January 5, 2009, to allow two months of cumulative salary compensation for senior personnel throughout a one year period. For all proposals received prior to January 5, 2009, NSF still limits summer salary across all NSF awards to no more than two summer months in total. The new policy applied to all senior personnel and dropped the distinction between summer salary and academic year salary.

The NSF Grant Proposal Guide (currently NSF 13-1 January 2013 (Section II, C.2.g.i.a.)) states:

“As a general policy, NSF limits salary compensation for senior project personnel to no more than two months of their regular salary in any one year. This limit includes salary compensation received from all NSF-funded grants. This effort must be documented in accordance with the applicable cost principles. If anticipated, any compensation for such personnel in excess of two months must be disclosed in the proposal budget, justified in the budget justification, and must be specifically approved by NSF in the award notice.”

UVa decided, based on discussions with a policy official at NSF, to define the year to coincide with our fiscal year. The defining of the “any one year” provision was implemented at the start of the fiscal year beginning July 1, 2010.

In those cases where an investigator (or other senior personnel) may need to be compensated for more than two months on a single NSF funded project or across multiple projects in the same year, NSF requires that the support be requested either in the grant application(s) or by obtaining NSF approval by requesting a budget reallocation in FASTLANE. The proposal budget justification is the best place to document and secure NSF approval. The justification should include sufficient detail for NSF to assess the need and approve. UVA does not have the authority to grant exceptions. All requests must be approved through NSF Grants Management. However, we have been informed by a policy official at NSF that approval will not be specifically mentioned in the NSF award notice when a statement is included in the budget justification of the initial grant application. In these instances, approval of the award will constitute approval by NSF.

For awards already made to the University on which more than two months of salary were clearly requested and awarded, no additional steps are required and you may proceed to charge these awards for the requested
and approved amounts.

School and Department Research Administrators should assist investigators in ensuring that when requesting more than 2 months of support for senior personnel (across all NSF awards within any year) that a justification is included in the proposal budget.

In part, NSF changed its policy on summer salary in response to effort reporting audits that have found perceived misuse of the summer salary policy. NSF recommends that faculty not charge 100% of salary in any one given month to NSF grant(s) because audits found that faculty were expending effort in that charged month for other than NSF grant purposes, such as department requirements, teaching and competitive proposal preparation, thus creating audit disallowances.

Practical actions that each department administrator should consider when assisting investigators with this NSF policy include the following:

- Identify senior personnel who are charging salary to NSF or NSF flow-through awards.
- Periodically calculate and review the total support that these individuals receive from NSF or NSF flow-through awards, cumulatively, during any one year.
- Ask the Principal Investigator during proposal preparation if they foresee a need for any senior personnel (faculty, key personnel) to be paid more than two months total support across all NSF funded projects during any one year, and, if so, ask the PI to include necessary language in the budget justification requesting the additional effort and salary.
- Remind anyone being paid 100% from only NSF award(s) or NSF flow-through award(s) that they must devote 100% effort to these awards and to no other activities.
- Discuss salary and effort with faculty and schedule pay accordingly. For example, if an investigator plans to devote and be paid for the equivalent of one month working on a specific NSF project over the entire summer, then schedule one-third of the salary to charge the grant in June, July and August rather than scheduling the salary to be paid in one month.

Please visit the OSP website for additional updates or contact us at osp-help@virginia.edu or 924-4270.