Caltech Procedure for Implementation and Monitoring of the National Science Foundation Salary Cap on Senior Personnel

Purpose

The purpose of this document is to provide guidance to Caltech personnel with regard to the application of the National Science Foundation’s (NSF) cap on the payment of salaries to Senior Personnel.

References

- NSF Grant Proposal Guide, NSF 11-1 January 2011, Chapter II. C.2.g.(i)(a) Senior Project Personnel Salaries & Wages Policy.
- NSF Grant Proposal Guide, NSF 11-1 January 2011, Chapter II. Exhibit II-7A. Definition of Senior Personnel
- NSF Award and Administration Guide, NSF 11-1 January 2011, Chapter 5.B.1.a.(ii)(a) Senior Project Personnel Salaries and Wages Policies
- NSF Frequently Asked Questions On Proposal Preparation and Award Administration (November 2010)

Definitions

Senior Personnel – NSF defines Senior Personnel as comprising two categories of individuals:

1. (co) Principal Investigator(s) -- the individual(s) designated by the proposer, and approved by NSF, who will be responsible for the scientific or technical direction of the project. NSF does not infer any distinction in scientific stature among multiple PIs, whether referred to as PI or co-PI. If more than one, the first one listed will serve as the contact PI, with whom all communications between NSF program officials and the project relating to the scientific, technical, and budgetary aspects of the project should take place. The PI and any identified co-PIs, however, will be jointly responsible for submission of the requisite project reports.

2. Faculty Associate (faculty member) -- an individual other than the Principal Investigator(s) considered by the performing institution to be a member of its faculty or who holds an appointment as a faculty member at another institution, and who will participate in the project being supported

Year: For purposes of this procedure, the term “Year” will mean as awarded by NSF, or the flow-through sponsor.
NSF Policy

NSF policy limits the charging of salaries of Senior Personnel to NSF awards to a maximum of two months in any one Year. This limitation applies to each individual who is acting in the role of Senior Personnel, and it applies to any NSF award funding the individual may receive, even from other institutions. NSF does allow charging of Senior Personnel salaries in excess of two months, provided the salary exceeding the two month yearly restriction is identified in the proposal budget, described in the budget justification section of the proposal, and included in the approved budget portion of the award documents. In those instances where salary in excess of the two month limit was not identified in the proposal budget or in the award documents, the Principal Investigator of the affected grant will be need to either transfer the excess salary charges onto discretionary funds, or request NSF approval; this is done via the FastLane system through the Office of Sponsored Research.

Caltech Procedures:

Proposals
Any individual designated as Senior Personnel in a proposal to NSF is subject to the two-month salary limitation. Therefore, if the PI wishes to include in a proposal salary for Senior Personnel in excess of the two-month limitation, the PI must justify the additional salary in the budget justification. Note that the term “Senior Personnel” does not apply solely to professorial faculty. It also applies to non-professorial individuals to the extent they are identified in the proposal as Senior Personnel (e.g., by inclusion in the Senior Personnel section of the NSF budget form).

Monitoring NSF Salary Restriction at Caltech

In order to comply with the NSF salary limitation on Senior Personnel, Caltech must monitor the salary of Senior Personnel charged to NSF awards during any particular year to ensure that the individual has not exceeded the cap, or if the cap has been exceeded, that the excess salary was approved by NSF. The primary responsibility for monitoring the salary restriction rests with the Divisions. Project Accounting will run periodic reports to assist Divisions in staying compliant with the NSF salary policy. If Project Accounting identifies Senior Personnel who have exceeded the cap and for whom NSF did not approve the excess salary, Project Accounting will work with the Division to move the excess salary to a Division discretionary account. Alternatively, the Division may work with the Office of Sponsored Research to request approval of the excess salary from NSF; this is accomplished through FastLane.

On receipt of a NSF grant, Caltech Office of Sponsored Research (OSR) will enter Senior Personnel in the “Commitments” tab in OGM for the PI and Co-PI; other senior project personnel who are not PI or Co-PI, will be entered in the “Personnel” tab in OGM, and assigned the NSF Senior Project Personnel role. The NSF Salary Compliance Report in Cognos is made available to the Divisions to monitor compliance with this NSF requirement. The report shows
the salary distribution for Senior Personnel on NSF awards over a 12 month period. If the individual's labor schedule has projected salaries for future months, the report can be run for future periods as well. Note that the report will only return values for individuals who are identified as Senior Personnel. To access the report, in Cognos, Labor Distribution module, select Labor Distribution-NSF Salary Compliance report. Enter the name of the Senior Personnel and select the start date of the reporting period; for fiscal year 2009, use Oct 1, 2008 as the start date. A senior project person’s salary distribution to all NSF awards can exceed 16.66% during a twelve month period, when the increased rate is in the awarded budget and justified in the budget justification.

**Implementation**

The revised policy was implemented by NSF on January 1, 2010. However, given that the previous NSF policy did not apply to Caltech until that time, Caltech realizes that there may need to be flexibility when applying the policy to awards that resulted from proposals submitted before NSF implemented the change. Each such instance will be reviewed on its own merit.

**Frequently Asked Questions**

Can a PI submit a proposal budget with salary for senior personnel exceeding two months of their regular yearly salary?
According to NSF Award and Administration Guide, “Salary is to be paid at a monthly rate not in excess of the base salary divided by the number of months in the period for which the base salary is paid. As such, proposal budgets submitted should not request, and NSF-approved budgets will not include, funding for an individual investigator or co-principal investigator which exceeds two months of their regular year salary. **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.** “(NSF AAG, Chapter V-B Direct Costs)
While submitting such proposals, PIs need to consider entering the higher person months in the budget line, and justify the reason for requesting compensation at a higher than recommended rate.

**Should a PI’s salary be budgeted by dollar amount or person months?**
NSF policy speaks in terms of person months when addressing senior personnel salaries; therefore, always use person months when budgeting a PI’s salary.
For example:
12-month calendar (CAL) appointment x 50% effort on the project = 6.0 CAL person-months.
12-month calendar appointment x 1% effort on the project = 0.12 person-months