Effective January 1, 2009, the National Science Foundation revised its “Grants Proposal Guide” to allow two months cumulative salary compensation for senior personnel throughout a one year period.

Quote from the new guidance (Grant Proposal Guide NSF 09-1 January 2009):
“Section C.2g(i) Salaries and Wages, has undergone a major revision of NSF’s salary reimbursement policy. The Foundation will now limit 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 change moves away from the concept of summer salary and allows for reimbursement of two months of salary per year whenever appropriate during the year.”

This change pertains to most CSU tenured or tenure-track faculty members who are designated Principal Investigator (PI), co-PI, or senior personnel who are paid salary on NSF grants or NSF flow-through subawards. This policy states that only two months of total salary can be charged to a combination of all NSF grants and NSF flow-through subawards from which an individual faculty member is paid during the course of one year. This limitation does not pertain to “research faculty” who are partially or completely on “soft” funding. However, “Research Faculty” as well as tenured and tenure-track faculty still must justify their salary in all proposal budgets submitted for NSF support.

NSF understands that some projects require more than two months of faculty support. There are provisions which allow more than two months of support to be requested either in grant application(s) or by obtaining NSF approval by requesting a reallocation of budget in FASTLANE.

For faculty whose projects require more than two months total faculty support, the best method of obtaining NSF approval is by using the budget justification section during proposal preparation. The budget justification should give the reason(s) for the additional support requirement in sufficient detail for NSF to assess and approve. All requests must be approved through NSF grants management.

Expanded authorities do not allow the University to surpass the two month rule. If faculty need more than two months total NSF support, they MUST request approval using FASTLANE budget reallocation. There are no automatic or verbal approvals, all requests must be approved through NSF grants management.

NSF contends that this policy is a loosening of the previous policy which allowed two months total salary support for summer months only. However, because NSF effort reporting audits found perceived misuse of the summer salary policy, NSF decided to change their salary reimbursement policy to allow two months of salary throughout a year. NSF recommends that no faculty or “research faculty” charge an entire month 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 proposal preparation, thus creating audit disallowances.

Practical actions that each department should consider:

- Identify faculty who are charging effort to NSF or NSF flow-through awards.
• Develop a method to periodically check, for each faculty member, the total support received from NSF or NSF flow-through awards during the fiscal year.

• Ask tenured and tenure-track faculty during proposal preparation if they foresee a need for more than two months total support.

• Be sure “research faculty” are working only on NSF award(s) or NSF flow-through award(s) if that “research faculty” is being paid a full month’s salary in any one given month from NSF support.

• Develop a departmental internal audit method to verify NSF salary support at the end of each fiscal year.

If there are any questions, contact your Sponsored Programs research administrator.