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Date: December 2009 (originally drafted July 14, 2009)
To: Washington Square Faculty Members
From: Pierre Hohenberg
Re: Salary from Grant Funds

Many of you have raised questions and concerns regarding our recently-issued policy concerning the amount of effort which may be charged to the federal government in any given month. The rationale for the new policy arises from the results of several recent audits of major research universities which have been fined for having charged 100% of faculty time, particularly during the summer, to a federally sponsored project, while maintaining some or all of the administrative and service responsibilities which most faculty have (these include proposal preparation, advisement, teaching, committee work, attendance at conferences not directly related to the project in question, etc.). Although we recognize that the new policy is more complicated than the former one and thus requires more careful accounting, it provides greater flexibility to faculty and it removes a significant risk of noncompliance which business as usual would entail.

Redistribution of Compensation from Sponsored Projects

Effective September 1, 2009, the University will limit the charging of salary to sponsored projects during any given month to 95%, although in most cases, especially during the academic year when more service is usually required, the upper limit will probably be closer to 90%. Because teaching, advising, mentoring, and departmental and University service are assumed to account for about 55% (45% teaching, 10% service) of a faculty member's effort during the academic year, the maximum amount of academic year salary and effort normally chargeable to grants and contracts will be 45%, i.e., 4 months out of 9 unless a buyout of a course has been authorized.

When a portion of academic year salary and fringe benefits is charged to sponsored projects, faculty may request that the University place some portion in a special research account for use by the faculty member. The proportion of the charged amount to be transferred to the research account will be determined by the chair and the dean in accordance with departmental policies to be developed. Funds in the research account may be used to provide for up to three months of summer salary or for any other research/academic purpose. In particular, faculty may use this research account to pay for the additional 5% of summer support not paid for by research grants.

This program will assure that participating faculty members' total University salary will not depend on

whether they conduct research during the summer or the academic year. The program can also provide participating faculty with a source of direct University compensation in return for engaging in University activities other than sponsored research during the summer months.

Faculty members who wish to participate must charge some time to sponsored projects during the academic year, consistent with the terms of the sponsored project and with their actual effort on the project. Faculty must obtain approval of the department chair and the dean for their salary allocation plan. The policy will begin on September 1, 2009 and will be implemented by the department administrator. Research accounts will be allowed to carry over from one academic year to the next.

Generally, PIs can thus use any combination of compensation from sponsored projects to cover academic year and summer salaries, consistent with effort, so long as not more than a total of three months of summer salary are charged to the special research account and sponsored projects combined. All effort commitments (including any cost-sharing of effort) made to sponsors must continue to be met during the budget periods for which the commitment is made.

Faculty accepting three summer months of compensation, no matter the source (including the special research account), are expected to be working on scholarly and other University activities for the full summer.

Limitations on Salary Recovery from National Science Foundation Grants

The National Science Foundation (NSF) generally limits a PI's salary requests to two ninths of academic year salary on any one grant proposal, and it also limits payments to two ninths of academic year salary from all NSF grants. In the past, the two ninths have been understood by faculty as payment for work carried out during the summer period. Recently the NSF issued a policy, effective January 2009, permitting salary to be paid anytime during the academic year or the summer, so long as the payment level is commensurate with effort on the project(s). The program described in this memo is consistent with the new NSF policy.

Examples

Note: All examples assume that salaries charged to sponsored projects are commensurate with the effort devoted to those projects during the relevant time periods.

1. A Principal Investigator (PI) receives four months of salary support from a sponsor for use anytime during the budget period. The faculty member expends four months of effort and charges the corresponding four months of salary during the academic year. The University then deposits a proportion to be determined of the academic year salary and fringe benefits into a special research account. The PI uses these funds to support up to three months of summer effort and salary or allocates them (or the remainder), instead, to other research expenses.
2. A PI receives two months of summer salary from NSF (equal to two-ninths of the academic year) and one month from NIH. The faculty member may rebudget 5% of NSF and/or NIH summer

salary and fringe into the academic year, and devote at least a corresponding level of effort to research during the academic year. With permission from the dean and the chair, the University then would deposit an amount equivalent to the rebudgeted academic year salary and fringe benefits into a special research account. The PI can use these funds to pay for a portion of summer salary or allocate them, instead, to other research expenses. The amount charged to NSF or NIH would never exceed 95% of effort in any month.

3. A PI receives three ninths academic year salary from the NIH and two summer months of salary from NSF for a total of five ninths. Consistent with the NIH grant's budget, three ninths of salary would be charged to the NIH grant during the academic year and the two-ninths salary from NSF can be used in the summer. In this department the policy is that the faculty research account receives 50% of the academic year salary charged to the grant, unless it was charged in exchange for teaching relief in which case no contribution is made to the research account. The equivalent of 1.5 ninths salary (half the NIH budgeted amount) would be placed in the special research account. The PI could use these funds to cover summer salary and allocate the remaining funds to other research expenses. Note that the two months' summer compensation from NSF must be spread over three months since NSF may not be charged more than 95% in any month.

Frequently Asked Questions.

1. **May I go back and charge salary to sponsored projects to reflect my previous effort on those projects?**

No. Salary must be charged to the project(s) prospectively.

2. **My summer salary is subject to the NIH salary cap. May I use the special research fund to make up the difference between the capped amount and my actual salary?**

Yes.

3. **Whom can I call if I have questions about this program?**

Your first point of contact should be your department or school administrator. Prior to September 1, the Senior Vice Provost for Research Office will develop specific instructions on how to implement this program and will share them with your business office.

4. **What is the best way to distribute salary and effort across the academic year?**

The distribution of salary should reflect the anticipated distribution of effort across the academic year. For example, if you anticipate spending approximately 20% (or 1.8 person months) of your time throughout the academic year working on sponsored projects, no more than 20% of your academic year salary can be charged to sponsored projects throughout the academic year. Some portion of that academic year salary and fringe benefits will be placed in the special research account for your use as either summer salary (for the following summer) or for other research purposes.