



PROCEDURAL STATEMENT

Procedural Statement Title: NSF Two-Month Salary Rule for Project Senior Personnel

Functional Area: Research Administration

Related Policy:	NSF, <i>Proposal & Award Policies & Procedures Guide (PAPPG)</i>
Effective Date:	01/01/2017, for awards with new funding received after 12/26/2014
Approved by:	Denitta Ward, AVC for Research and Director, Office of Contracts and Grants
Responsible Office:	Office of Contracts and Grants

I. PROCEDURAL STATEMENT

The National Science Foundation's Proposal & Award Policies & Procedures Guide (PAPPG) establishes as a general rule that it "limits the salary compensation requested in the proposal budget for senior personnel to no more than two months of their regular salary in any one year," and adds that this limit "includes salary compensation received from all NSF-funded grants." This procedural statement defines CU-Boulder's processes that are needed to be compliant with this requirement, and when requesting allowable exceptions to this rule.

II. DEFINITIONS

NSF's Two-Month Rule. As specified in the PAPPG, Section II.C.2.g.(i).(a), "As a general policy, NSF limits the salary compensation requested in the proposal budget for senior 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 2 CFR §200, Subpart E, including 2 CFR §200.430(i). 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 budget. Under normal rebudgeting authority, as described in PAPPG Chapters VII and X, a recipient can internally approve an increase or decrease in person months devoted to the project after an award is made, even if doing so results in salary support for senior personnel exceeding the two month salary policy. No prior approval from NSF is necessary as long as that change would not cause the objective or scope of the project to change. NSF prior approval is necessary if the objectives or scope of the project change." *[NOTE: As required by [2 CFR 200.308\(c\)\(1\)\(iii\)](#), a decrease in effort devoted to the project greater than 25% needs sponsor prior approval.]*

CU Boulder Definition of "Year": NSF does not specifically define the 12 month time period they consider "any one year". CU Boulder bases it on the University's fiscal year, July 1 through June 30.

Senior Personnel. As defined in the NSF PAPPG, the term "senior personnel" includes all of the following:

- The principal investigator (PI) or project director (PD) for the project as a whole
- All named co-PIs, if any
- Other project personnel who have been designated as senior personnel (this may include lead investigators on subawards made from the prime project, if those individuals have not already been identified as a project co-PI). These will normally be individuals who have some substantial involvement in the scientific and/or technical direction of the project.

Uncompensated effort. Effort devoted to NSF projects that is supported by University salary and not directly compensated by NSF is not governed by this two-month rule.

III. PROCEDURES, FORMS, GUIDELINES, FAQs, AND OTHER RESOURCES

The sections listed below provide situations in which the 2-month salary limit could be exceeded. This can occur at proposal stage or it is possible to amend the original proposed salary support level after the award has been received. In all situations, additional documentation and justification are required to substantiate the need for the exception to NSF's limitation. Please see each of the sections below for detailed instructions. A one-page [guideline tool](#) is also available that summarizes these requirements.

A. Proposal Requests More than Two Months' Salary

If more than two months' salary will be requested in a given proposal, alert the OCG proposal analyst to that fact as early as possible in the proposal process. The PI and the proposal analyst will need to provide additional justification (in the budget justification, and potentially in the project description as well) for the increased level of supported effort on the project. This can be done in any way that meets NSF guidelines and follows established CU-Boulder procedures. Examples of acceptable circumstances are listed below and sample justification language is provided in Section III.E of this document.

- Research faculty or research associates do not receive a regular academic year salary from CU-Boulder and should be noted in the budget justification.
- Explain why the project requires such a substantial level of supported effort in order to be successful (e.g., providing guidance to the project team on designing experiments, or survey or evaluation criteria).
- The PI is taking a lead role designing and conducting experiments intended to demonstrate the validity of the hypothesis being tested, or which move the project forward to the next milestone.

The following are some questions to ask (or have the project team consider) when writing the justification for the increased level of effort:

- Why and/or how is the additional salary support necessary to fulfill the project's research objective(s)?
- How might the project be negatively impacted if the additional salary support for senior personnel is not included?
- Are there other ways (for example, hiring a postdoctoral researcher, or additional graduate students) in which the effort necessary to fulfill the project's research objectives might be secured, but that do not involve additional senior personnel salary support? If so, why is providing additional support to senior personnel better or more effective for the project?

B. Proposal Requests a Salary Support Level that Pushes Total NSF Salary Support Above the Two-Month Limit

If the amount of salary being requested on an NSF proposal would increase the total amount of salary received from all of the PI's and/or other senior personnel's NSF-funded projects to more than two months, alert the OCG proposal analyst to that fact as early as possible in the proposal process. The PI and the proposal analyst will need to provide additional information in the budget justification to include such details as the following:

- Demonstrate that the level of salary support requested for the new project is commensurate with the scope of the project.
- State that if funded, the PI's and/or other senior personnel's total salary across all funded NSF proposals would equal more than two months of the PI's salary.
- Address the question of why the PI's salary (or that of other senior personnel) on the project could not reasonably be reduced to the point where the total across all funded NSF projects would not exceed the two months' salary limit.
- Address specific ramifications that would negatively impact the project if such a reduction of salary support would be required, and why these would not be reasonably addressed by increasing the amount paid to other project non-senior personnel (e.g., postdocs, graduate

students) or other senior personnel whose effort across all of their funded NSF projects is less than two months.

C. Earlier Proposals Requested Salary Support That Now Exceeds Two Months on All Active NSF Awards

If the PI or other senior personnel have total salary support from all his/her active NSF awards that now exceeds the two-month limit, the proposed salary support can be charged to the project but additional information may be required. If properly disclosed at proposal stage that the total salary support across all NSF projects is expected to exceed the two-month limit, no further action is needed. However, if that was not properly disclosed during the proposal submission stage, the PI or other senior personnel should contact the project's OCG grant officer to complete an explanation for this salary support on the project to include such details as outlined in III.B above. The PI or other senior personnel should also notify his/her proposal analyst to ensure the new level of committed salary support is updated when submitting another proposal to NSF.

D. Changing Salary Support Level After an Award Has Been Received

If the amount of salary paid to the PI or other senior personnel on the project needs to be changed after the project has been awarded, notify the project's OCG grant officer as soon as that becomes apparent. The change must be documented in OCG's proposal and project records, the PI's OCG proposal analyst must be notified, and/or the senior personnel's current and pending support information for the project must be updated to reflect the new level of committed effort when submitting another proposal to NSF. Formal approval from NSF for this change is needed only if it also represents a change in the project's objectives or scope, or if the change represents a decrease in effort of 25% or more of what was originally committed on any of the projects affected by the change.

Documentation for this change in salary support must be provided to substantiate its need. A budget impact statement, justification for a supplemental funding request, or justification for the change in salary support must address **all** of the following:

- Describe why the additional salary support for senior personnel is needed to fulfill the project's research objectives, **or** how the project would be negatively impacted if additional salary support for senior personnel is not provided.
- Describe how the costs proposed are reasonable, directly benefit the project, and represent a prudent use of NSF's funds.
- Explain what other budgeted project costs will be reduced in order to compensate for the additional salary support for senior personnel, **and** why those reductions will not negatively impact the project or its scope of work.

E. Samples of Justification Language

The following are some examples of language that could be used in justifying either a request for more than two months of salary on a single project, a request for salary on a project that would bring an individual's total across all funded NSF projects to more than two months, or for rebudgeting after award to a level greater than two months of salary.

"Due to the time-intensive nature of the work assigned to the PI [*and be sure to specify what that work involves*], we are requesting salary commensurate with the level of effort required, and in excess of NSF's normal allowance of two months per investigator designated as senior personnel across all funded NSF projects."

“Please note that the PI is a research faculty member, and as such does not receive an institutionally supported, 9-month academic contract with time allocated for research in addition to teaching duties. The total level of effort reflected here represents the minimum time needed to carry out the proposed scope of work.”

“If the proposal is funded at the requested level, the PI’s total salary amount across all of her/his funded projects will exceed the two months normally allowed by NSF for senior project personnel. However, the level of effort requested on this project and all of the PI’s other funded projects represents the absolute minimum amount needed to complete the proposed scope of work for these projects. Any reduction in her/his effort to comply with the two-month rule would negatively impact her/his ability to complete the proposed work on time.”

“The original intent was to hire a postdoctoral researcher [*graduate student(s), etc.*] to complete a portion of the proposed work. Despite all reasonable efforts, we have been unable to identify [*hire, retain*] an individual who possesses the necessary background and qualifications to carry out the proposed research. Therefore, in order to complete the approved scope of work on time, we propose to increase salary amounts for the PI and co-PI X to level A and level B, respectively. Co-PI X also has a promising undergraduate student who is interested in this type of research, and the remainder of the funds originally allocated to support the postdoctoral researcher will be used to pay this undergraduate for a total of X hours at \$XX/hour to carry out experiments under the direction of the PI and co-PI X. No changes to the project’s approved scope or objectives will be necessary, and no other changes to the budget are contemplated.”

F. Related Procedural Statements, Forms, Policies, and Tools

- 1.) [Guideline Tool for NSF Senior Personnel 2-Month Salary Rule](#)

G. Frequently Asked Questions

Question: Can I request more than two months of salary on an individual proposal, or can I get paid more than two months of salary across all of my funded NSF projects?

Answer: Yes. The NSF policy is a *general rule*, meaning that exceptions can and will be made where the needs of the project warrant. You should request a salary amount from the project that is commensurate with the effort required to complete the research being proposed. If you ask for more than two months’ salary on a single proposal or if you are receiving more than two months’ salary across all of your funded proposals, you will need to provide additional justification for the amount(s) received.

Question: Do I have to get NSF approval to make changes to the amount of salary I receive on a project that has already been awarded, if that change would exceed the two month salary limit?

Answer: Not necessarily.

- If the change in effort **does not** entail a change to the overall scope or objectives of the project, prior NSF approval is not needed. Notify your grant officer so the change and your documentation can be retained in OCG records, and also alert your proposal analyst during your next NSF proposal submission to adjust your current and pending support information.
- However, if the change in your effort **does** represent a change to the project’s overall scope or objectives, then work with your grant officer who can notify NSF and get approval to make the change, and also work with your proposal analyst during your next NSF proposal submission to adjust your records.

Question: Does the NSF two-month rule apply to all salary funded by the grant?

Answer: Yes. NSF changed its policy in 2009. The policy now applies to any NSF salary support taken in summer and during the academic year during a CU fiscal year.

Question: Does this policy apply to uncompensated effort on proposals?

Answer: No, the two-month rule only applies to NSF-funded salary that is paid to senior personnel. .

Question: Is this policy specific to the National Science Foundation, or do other federal agencies also have this restriction?

Answer: Yes, this policy is specific to the National Science Foundation although some NSF programs have different limits, as do other funding agencies. Always be sure to check the guidelines for the specific competition you are applying to (or from which you have received funding), to ensure that you are following the correct policies.

Question: When did these new NSF regulations about the 2-month salary limit become effective?

Answer: NSF permitted exceptions to this limitation since the ruling became effective in 2009. However, it is only since 12/26/2014 that allowable exceptions were incorporated into the NSF Proposal and Award Policies and Procedures Guide (PAPPG). Therefore, only senior personnel salary earned on awards receiving new funding after 12/26/2014 is governed by CU Boulder's procedural statement, *NSF Two-Month Salary Rule for Project Senior Personnel*.

IV. History

08/18/2017 – Added: CU Boulder Definition of “Year”