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2 Month Rule Policy

NSF Definition

The National Science Foundation states that “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.”

Sponsor/University Guidance:

Within each fiscal year, Purdue University employees identified as senior personnel within the proposal are allowed to charge up to 2 months salary regardless of their total budgeted salary on the award. Senior personnel may exceed this limit if additional time was included within the proposal budget, justified in the budget justifications, and approved within the NSF award.

Cooperative Agreements:

Large Cooperative Agreements awarded by NSF require a revised budget and budget justification to be submitted on an annual basis. Per Beth Strausser of the NSF Policy Office these budgets “supersede” the original proposed budget. (Please note, it may be necessary to budget additional salary using the COEUS Proposal Budget instead of the NSF Proposal Budget.)

Expectations

General

Pre-Award:

- Enter appropriate salaries (including Administrative Supplements) for proposals being submitted to the National Science Foundation
- Include reference to senior personnel salary in the budget justification and indicate any additional time in excess of 2 person months on the proposal route sheet.
- Upload the most current NSF Proposal Budget in the COEUS Proposal Development record.

Business Office:

- Utilize the Online 2 Month Calculator to ensure compliance of NSF requirement.
  - Review Online 2 Month Calculator for accuracy and notify NSF Post-Award of any discrepancies.
- Correct any non-compliance issues when identified
• Maintain Permission Management within the Web-Based Tool to ensure appropriate accesses of individuals within your department.

Post Award:
• Distribute agency guidelines to all appropriate University departments
• Meet with Business Offices to provide personalized 2 Month Rule training to ensure sponsor guidelines are interpreted correctly
• Update Online 2 Month Calculator
  o Post Award will update the Online 2 Month Calculator at the time of award. Primarily this will be based off the submitted and approved NSF Proposal Budget. Once added, Post Award will notify the business office of the update in the Notice of Award email.
    ▪ Post Award may use the COEUS Proposal Budget for large cooperative agreements when necessary to properly monitor the award.

Award Establishment

Post Award:
• Update the Online Calculator based on the approved NSF budget for all applicable fiscal years.
  o Cooperative Agreements that require yearly revised budget will only have the first year’s time awarded.
• Notify business office using email template that Web-Based Tool has been updated and request that they review the updated budgetary information.
  o Business offices should notify SPS if adjustments are needed to the budget information entered at award set up.

During the Project

Post Award:
• Update Online Calculator as request by Business Office

Business Office:
• Run Overdraft Report within the web-based tool on a monthly basis
• Notify NSF Post-Award if there is to be any change in Administrative Adjustments throughout the year.
• Notify NSF Post-Award if any overdrawn individuals are not senior personnel, and provide necessary documentation to support their exception from the 2 month rule.
• Enter projections of salary to ensure that compliance will be met at the end of the Fiscal Year.
• Provide the approved revised budgets, as required by NSF, to NSF Post-Award for large cooperative agreements and grants.
At Closeout

Post Award:
- Review 2 Month Rule compliance for all senior personnel charged to the project.
- Update Web-Based Calculator for any missing salary data.
- Notify business office of any issues that may arise during this review.
- Remove additional months from award if transferred from Purdue.

Business Office:
- Review web-based calculator and verify accuracy.
- Remove any salary in excess of allowable amount.

Frequently Asked Questions

Does the NSF salary rule apply to all faculty members and staff charged to an NSF grant?
No. The NSF policy applies only to senior personnel. The NSF Grants Policy Guide (GPG) defines senior personnel as:

“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.”

Who does the NSF two-month salary policy NOT apply to?
The NSF two-month salary policy does not apply to:

1. Graduate Students
2. Post docs not considered senior personnel
3. Research scientists not considered senior personnel
4. Other personnel not considered senior personnel

Does the old NSF “2/9 rule” still apply to active grants?
Yes. During close-out, the NSF Account Management Team will be check for salary compliance using
both the old policy and new policy. The old policy will be used prior to 7/1/2008. The new policy will be used starting 7/1/2008.

**Does the NSF two month salary policy apply to Purdue cost share orders associated with NSF projects?**

No, the policy does not apply to Purdue cost share orders.

**If a PI does NOT charge salary in year 1, will that additional time be available for use during a future fiscal year?**

No, the salary limit for each fiscal year is 2 months for all active NSF awards for each senior personnel (unless amount budgeted in a particular year is greater than 2 months).

**What if a PI has multiple salary rates within a given fiscal year?**

Always use the highest salary rate for the fiscal year.

**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.

**How do we determine what fiscal year additional budget applies to?**

The NSF Approved Proposal Budget. Starting Fiscal Year 2015 we no longer use the COEUS Proposal Budget as primary means of allocating budget.

For additional NSF salary questions please contact an NSF Research Administration Specialist or email spsnsf@purdue.edu.

## 2 Month Rule Resources

**NSF Online Calculator**


**NSF Awards and Administration Guide**


**NSF Sponsored Program Services Webpage**

**Sponsored Programs Salary Cap Web Calculator**

The NSF 2 Month Calculator is a tool developed by Sponsored Program Services in an attempt to provide accurate calculations and efficient delivery of information to ensure University compliance with the associated federal regulations.

The online tool is based on guidance released by the National Science Foundation as well as Purdue University grant administration and SPS processes.

Salary data included within the calculator will be updated on a monthly basis (i.e. following the close of each month).

All Business Managers have been granted access to the online calculator.

To grant access to departmental clerical/support staff, business managers can complete the following steps:

1. Login to the DHHS/NSF Salary Online Calculator
2. Click on “Permission Management” on the top gold menu bar
3. Enter individuals Purdue Career Account Username in the search box provided
4. Once located, click the “Add Access” button in the search results
   a. To remove an individual, click on the “remove” button next to the user information
Web Calculator User Guide


Access Instructions:

1. Login to the Online Calculator using your Career Account and Password.
   a. Please note that permissions must be established for you before you will have access to the site.
2. Select the NSF Salary Calculator from either the top gold menu bar or from the button selection at the bottom of the screen.

Welcome to DHHS/NSF Online Salary Calculators

The DHHS Salary Cap Calculator and the NSF Salary Calculator are tools developed by Sponsored Program Services in an attempt to provide accurate calculations and efficient delivery of information to ensure university compliance with the associated sponsor regulations.

The online tools are based on guidance released by the National Science Foundation’s Awards and Administration Guide, the Department of Health and Human Science’s Notice of Salary Limitation on Grants, Cooperative Agreements and Contracts (Notice Number: NOT-OD-12-035), as well as Purdue University grant administration and SPS policies.

Salary data included within these calculators will be updated on a monthly basis (i.e. following the close of each month).

All Business Managers have been granted access to both of these online calculators.

To grant access to departmental clerical/support staff, business managers must complete the following steps:

- Login to the DHHS/NSF Salary Online Calculators
- Click on the “Permission Management” on the above golden menu bar
- Follow the instruction on the top of the “Permission Management” page to finish the process.

Additionally, business managers should periodically review the accesses within their areas, and make appropriate updates when deemed necessary (i.e. instances of new hire and/or turnover).

Please select one of the following calculation tools below to start the online tour:

[DHHS Salary Cap] [NSF Salary Calculator]

Thank you for visiting the DHHS/NSF Online Salary Calculators.

If you have any question, please contact the Post-Award DHHS/NSF team at spsdhhs@purdue.edu or spsnsf@purdue.edu.

3. To search for a specific calculator either enter the Person ID or use the “Look Up” tool to locate the individual.
i. This feature allows you to enter the Person ID number for the individual you wish to review. If the number is unknown, you can utilize the ‘Look Up’ button located directly to the right of the Person ID text field.

b. If an incorrect Person ID is entered, the following error message will display.

   i. No record found for Person ID, 0069700, in year 2015.
   ii. If you believe that this message was received in error, please contact spnsf@purdue.edu

Site Features:

Calculator Screen

1) Fiscal Year
The Web Calculator houses all information for an individual dating back to Fiscal Year 2010. The system will default to the current fiscal year, but you can use the drop down menu to review past or future fiscal years.

2) Payroll Data
   a. Payroll data will be uploaded on a monthly basis. The website utilizes this data to automatically calculate the allowable 2 month salary for the individuals within the system.

   b. The calculator will figure the individual’s annual salary plus their administrative adjustment. This total is then divided by the individual’s appointment; whether Academic Year (AY - 9 Month) or Fiscal Year (FY - 12 month), to determine the individual’s monthly salary. Since NSF allows 2 months, the individual’s monthly salary is then multiplied by 2.

   i. **IMPORTANT NOTE**: This amount will be indicated as the “Allowable Salary”. If additional time was approved by NSF, the “Allowable Salary” will be increased by the additional amount that is included in the ‘Additional Time’ chart. Please refer to the section titled “Additional Time” for more information on this calculation.
3) Additional Time
   
a. NSF allows individuals to charge an excess of 2 months in the event that additional time
   is included and approved within the proposed budget. This section will show any
   awards on which the individual was specifically identified in the budget. Only NSF Post-
   Award has access to update this section. If any additional months are missing or
   incorrect please contact spsnsf@purdue.edu.

   
   
   
   b. Table above lists information regarding a specific budget awarded to an individual. Key
   areas of information are...
      i. Grant Number
         a. SAP Number created by SPS Post-Award
      ii. Additional Months
          a. Additional time that will increase “Allowable Salary”
      iii. NSF Budget Notes
          a. Use primarily to notate on where the “Additional Month” data
             came from.
   
   c. Common Question
i. Why does the budget notes show 7.14 months salary but only 5.14 months is entered under “Additional Months”?

1. In most cases, NSF automatically allows a maximum of 2 months salary to be charged to NSF funded projects. The Additional Months section of the online calculator is used when additional salary beyond 2 months of support is approved. Therefore, the online calculator was developed to automatically provide the maximum allowable salary information based on 2 months of the individual’s institutional salary. If the individual receives approval for support beyond the standard 2 months, this time will be added to the Additional Months section and then included in the maximum allowable salary. Since the calculator automatically calculates 2 months of the individual’s institutional salary, only support beyond the approved 2 months will be added to the Additional Months section. Therefore, if the individual was to receive 7.14 months of support, SPS would only need to enter 5.14 months into the additional months, as 2 months is already built into the calculator.

2. Please contact spsnsf@purdue.edu with additional questions.

4) Salary Information

a. On a monthly basis all salary charged to NSF projects will be uploaded to the Web Calculator. Post Award and Business office staff are able to drill into the salary data for any individual. The data will be displayed in a separate window and will show the associated projects for that salary for the month that was selected. Any months in which salary has not yet posted are available for projection use. Once actual salary has posted to the system, these projections will be replaced with the actual salary charged.
<table>
<thead>
<tr>
<th>Month</th>
<th>Jul</th>
<th>August Summer</th>
<th>August AY</th>
</tr>
</thead>
<tbody>
<tr>
<td>% NSF</td>
<td>110.01</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>$ NSF</td>
<td>$14,296.56</td>
<td>$7,777.80</td>
<td>$8,481.00</td>
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</table>

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<table>
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<th>May AY</th>
<th>May Summer</th>
<th>June</th>
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</thead>
<tbody>
<tr>
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<td>$ NSF</td>
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Notes for Business Managers:

Annual NSF Salary $23,510.10
Available Balance $-2,594.10
5) Overdrawn Salary
   a. If an individual exceeds their allowable balance two warnings will appear on the calculator screen. One located at the top of the calculator by the “Payroll Data” and another by the “Salary Information”. A red message will state that the individual is overdrawn.

![Calculator Screen Image]

Reports Screen

1) The NSF 2 Month Calculator has 4 separate reports for use by Sponsored Programs and Business Office staff
   a. Overdrawn Report
   b. Projection Administrative Report
   c. Administrative Adjustment Pay Report
   d. Additional Months Report
2) To access the report simply click on name of the report you wish to view.

![Report Selection Screen Image]

3) Overdrawn Report
   a. This report includes a listing of all individuals who have exceeded the allowable salary for a given fiscal year. This report is available by Fiscal Year and can be sorted by campus, college, and organizational unit.
   b. Any individual on this report should be reviewed and corrective action should be taken as soon as possible. This may include, but is not limited to:
      i. Removing salary.
      ii. Notifying NSF Post-Award of additional time not located on the individuals calculator.
      iii. Notifying NSF Post-Award that individual is not senior personnel at Purdue.
4) Projection Administrative
   a. This report lists all senior personnel who have a projected administrative adjustment amount entered that differs from the amount that has currently charged.
b. This report should be reviewed to ensure that if the projected amount is incorrect it is corrected in a timely manner by business office personnel. If the amount is incorrect it could potentially cause the calculator to overdraw for the given fiscal year due to the decrease in salary.

5) Administrative Adjustment Amount
   a. This report lists all NSF funding payments that include administrative adjustments.

6) Additional Months
   a. This report can be used to search for all individuals who have additional time. This report should be utilized when a NSF Award is transferred from Purdue University to another institution.

**NSF Salary Calculator Report - Additional Months**

This report lists all users have additional NSF Salary:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Person ID</th>
<th>Grant</th>
<th>Campus</th>
<th>College</th>
<th>Org Unit/Name</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

b. Transfer Process
   i. Once an award is transferred from Purdue University, the Post-Award specialist should run the “Additional Months” report by the grant number being transferred. Remove all additional months from future fiscal years.
   ii. For the current fiscal year, the maximum number of additional months can only equal to how many months past the being of the current fiscal year.
      1. Example: Grant is transferred 12/31/2015. Max number of additional months for the fiscal year can only equal 6 months.