Faculty Salary Planning

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Business Administrator
McCormick School of Engineering

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Feinberg School of Medicine
What is Faculty Salary Planning?

- a.k.a. Direct charging
- Begins at the proposal stage
- Faculty must estimate how much time they will spend on the project (effort)
- Administrator uses effort to calculate the salary request from the sponsor
- PI provides the scientific leadership supporting the research
<table>
<thead>
<tr>
<th>ORGANIZATION</th>
<th>Northwestern University</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRINCIPAL INVESTIGATOR/PROJECT DIRECTOR</td>
<td>Charles Darwin</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td>SENIOR PERSONNEL</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appointment Type (9, 11, 12 months)</td>
</tr>
<tr>
<td></td>
<td>CAL</td>
</tr>
<tr>
<td>1. Charles Darwin</td>
<td>9 months</td>
</tr>
<tr>
<td>2. Emma Wedgwood</td>
<td>12 months</td>
</tr>
<tr>
<td>3.</td>
<td></td>
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<tr>
<td>4.</td>
<td></td>
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<tr>
<td></td>
<td></td>
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<tr>
<td>TOTAL SENIOR PERSONNEL COST</td>
<td></td>
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<tr>
<td>OTHER PERSONNEL</td>
<td></td>
</tr>
<tr>
<td>1. ( 1.00 ) POST DOCTORAL ASSOCIATES</td>
<td>12 months</td>
</tr>
<tr>
<td>2. ( ) GRADUATE STUDENTS</td>
<td></td>
</tr>
<tr>
<td>TOTAL SALARIES AND WAGES</td>
<td></td>
</tr>
<tr>
<td>TOTAL FRINGE BENEFITS</td>
<td></td>
</tr>
<tr>
<td>TOTAL SALARIES, WAGES AND FRINGE BENEFITS</td>
<td></td>
</tr>
</tbody>
</table>
Salary Expense on Grants

- Salary charging must adhere to the 4 basic cost principles per the Uniform Guidance, 2 CFR 200:
  - Reasonableness
  - Allowability
  - Allocability
  - Consistency
Principles & Policies

- The NIH Grants Policy Statement:

  Salary and wage amounts charged to grant-supported projects for personal services must be based on an adequate payroll distribution system that documents such distribution in accordance with applicable Federal Cost Principles and consistently applied institutional policy and practices.
Principles & Policies

• The NSF Proposal and Award Policies and Procedures Guide:

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.
Key Principles

• Effort commitments should drive salary planning

• Cost sharing (including over the cap salary) must come from a non-sponsored source

• Identify cost sharing sources early

• Not all faculty activities come from extramural funding:
  – Instruction
  – Administration
  – Grant writing (usually…)

• PIs should generally not be 100% funded from sponsored projects, unless there is a sponsor exception
How is Faculty Salary Paid on the Evanston Campus?

- Tenure/tenure track faculty have 9 month academic year appointments
- May also have another appointment with a different contract period (i.e. 12 month)
- May receive up to 2.5 months of summer salary from sponsored projects
- Academic year: 9/16-6/15
- Summer period: 6/16-9/15
- Partial months of September & June will affect direct charge calculation
How is Faculty Salary Paid on the Evanston Campus?

• Salary is paid over 12 months regardless of appointment length

• On effort report, salary distribution must be restated to appropriately show earned amounts according to appointment (during the academic months)

• Calculating the monthly earned rate is complicated
  – Northwestern has developed tools to help
### Evanston: What is Academic Base Salary?

**9-MONTH ACADEMIC & SUMMER SALARY CONSIDERATIONS FOR FACULTY WITH BOTH 9 AND 12 MONTH APPOINTMENTS - WORKSHEET**

* Enter/update data in the fields highlighted in Yellow and review the updated calculations.

**CONFIDENTIAL**

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<table>
<thead>
<tr>
<th>Employee Name:</th>
<th>Entered by</th>
<th>Fiscal Year</th>
<th>1/8/2018</th>
</tr>
</thead>
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<tr>
<td></td>
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</table>

**Instruction:** Update the entries in the yellow fields (maximum 3 appointments). Annual salary is entered per appointment. Monthly rate, summer months, and 9-month base salary will be automatically updated by the worksheet.

<table>
<thead>
<tr>
<th>RCD</th>
<th>Annual Salary</th>
<th>Appt</th>
<th>Monthly Earned Rate</th>
<th>% Distribution</th>
<th>Summer Monthly Rate per Appointment</th>
<th>Note</th>
<th>9 Mo. Academic Salary per Appt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
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<td>9</td>
<td>0.00</td>
<td>#DIV/0!</td>
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<td>#DIV/0!</td>
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<td>9</td>
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<tr>
<td>2</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.000%</td>
<td>0.00</td>
<td>0.00% not eligible for summer salary</td>
<td>0.00</td>
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<tr>
<td>75</td>
<td>0.00</td>
<td>-</td>
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<td></td>
</tr>
</tbody>
</table>

**Monthly Salary Rate:**

**Institutional Base Salary (IBS):**

**Academic Base Salary (9-month Academic Year Salary shown in Effort Reporting):**

**12-month (Annual) NIH Salary Cap:**

**9-month NIH Salary Cap:**

**Monthly Earned Rate for salary calculation**

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**SUMMER SALARY CALCULATION**

**Total Summer Salary Charges during Summer/Research Qtr.:**

**Maximal Pay Allowed on the Summer Salary Form**

**BASE SALARY DISPLAYED ON NU EFFORT FORMS**

**Notes:**

* This worksheet serves only as a tool to calculate salary rates. It does not replace any NU or school’s policies and business practices.

**For NU administrative appointments such as dean, chair, or division chief, the salary typically cannot be charged to sponsored projects during the contracted period.

**This worksheet is for 9 and 12 months appointments only. 10 and 11 month appointments require additional considerations. Please contact Jennifer Mitchell if you need assistance for 10 or 11 months appointments or if you have questions about this worksheet.
How is Salary Paid on the Chicago Campus?

- Clinical faculty (MDs) have 12 month appointments

- Most Ph.D./investigator track/tenure eligible faculty have 12 month appointments except for a few that elected to remain with 9 month appointments or have joint appointments with an Evanston school

- Institutional base salary (& effort) includes both NU & NMG
- 12 month academic year: 9/1-8/31
- 9 month Academic year: 9/1-5/31
  - Summer Quarter: 6/1-8/31
NIH Salary Cap

- Some sponsors put a limit on the amount of salary that can be charged to federal awards.
  - e.g. NIH salary cap as of 1/7/18 is $189,600 per year or $15,800 per month for 12 month appointments
  - For 9 month appointments, the cap is $142,200 per year or $15,800 per month.
  - If a Faculty member’s salary is over the NIH cap the overage amount must be charged to a non-sponsored account.

Example: Dr. Smith has a 12 mo. appointment and an annual salary of $200,000. He has 10% effort on an NIH grant. The salary would be charged as follows:

10% of salary = $20,000
NIH grant chart string: Charge 10% of NIH cap = $18,960
Non-sponsored chart string: Charge $1,040 ($20,000 - $18,960)
Research/Summer Quarter (Summer Salary)

- Research/Summer quarter payments are made using the Summer/Research Quarter Salary Request Form (not through deployment in myHR)

www.northwestern.edu/hr/payroll/administratorpayments.html
Why Faculty Might Not Direct Charge in Evanston Schools

• The base academic salary is guaranteed by the faculty members’ Dean’s Office
  – Faculty might prefer to utilize the awarded research dollars for other charges to grants

• Some sponsors have salary caps

• Some limit salary charges to a specific number of months

• Some discourage academic year salary/benefit charges to grant budgets entirely

• It is critical to have an understanding of what each sponsor permits

• In contrast, on the Chicago campus, all faculty direct charge their salaries
Why Faculty Might Direct Charge in Evanston

• As an incentive, on the Evanston Campus faculty who direct charge academic salary to grants receive a portion of the appropriated salary funds as an allocation into PI discretionary account.
When Do We Direct Charge?

• The administrator and faculty member must work together to develop an annual plan at the beginning of the FY

• Make monthly adjustments as needed to reflect unanticipated activities

• Reduce compliance risks and save yourself transactional work if you complete direct charging before the 90 day period expires

• Retroactive salary adjustments more than 1 year after date of the initial charge will not be processed
Over 90-day Salary Journals – Dos and Don’ts

- If you need to make a retro adjustment that is more than 90-days old, you will need to process a 90-day payroll journal in myHR.
- Audit risk – 90-day journals are hot topic with auditors.
- Need to attach strong justification and documentation on the 90-day memo.

- See “Over 90 Day Salary Journals – Dos and Don’ts”
  https://www.northwestern.edu/coststudies/salary-cost-transfers.html
### Direct Charging Template for 9-Month Evanston Faculty - with only 1 appointment

Fill in fields highlighted in Yellow; all other fields are calculated by the worksheet. Enter percentages in Section IV, highlighted blue, in FASIS.

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#### Salary & Appointment

- **Faculty Name:**
- **Employee ID:**
- **NIH Salary Cap (9 months):** $142,200
- **NIH Cap Monthly Rate:** $15,800
- **Salary Over the Cap:** No
- **Home Dept:**
- **Monthly Salary:** $0.00
- **Over the Cap Cost per Month:** $0.00

---

#### II. Effort Distribution

<table>
<thead>
<tr>
<th>NIH?</th>
<th>Sept 16 - 30</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June 1 - 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
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<td>100.000</td>
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</tr>
<tr>
<td>Total Monthly Effort (self-check: Must = 100%)</td>
<td>100.000</td>
<td>100.000</td>
<td>100.000</td>
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<td>100.000</td>
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#### III. Amount Charged

<table>
<thead>
<tr>
<th>Monthly rate (if NIH cap applies)</th>
<th>$7,791.67</th>
<th>$15,583.33</th>
<th>$15,583.33</th>
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<th>$15,583.33</th>
<th>$15,583.33</th>
<th>$15,583.33</th>
<th>$15,583.33</th>
<th>$15,583.33</th>
<th>$15,583.33</th>
<th>$15,583.33</th>
<th>$8,162.70</th>
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</thead>
<tbody>
<tr>
<td>Sponsored Cap Cost Share:</td>
<td>$0.00</td>
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<td>$0.00</td>
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<td>$0.00</td>
<td>$0.00</td>
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<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Faculty Salary Acct:</td>
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<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
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</tbody>
</table>

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**Note:** Once on the above website, look under “References and Templates” and click “here” to log in with your NetID and password to access this worksheet.

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# Chicago 12 Month Salary Template

**Employee Name:** Doe, Jane  
**Annual Base Salary (NU+NMG):** 275,000.00  
**Monthly Base Salary (NU + NMG):** 22,916.67

## Worksheet

**Date:** 1/14/2019

<table>
<thead>
<tr>
<th>Worksheet</th>
<th>% APPT</th>
<th>$ SALARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>NU</td>
<td>82.00%</td>
<td>225,000.00</td>
</tr>
<tr>
<td>NMG</td>
<td>18.00%</td>
<td>50,000.00</td>
</tr>
</tbody>
</table>

**Wages commitment**  
(from faculty appt letter)  
(1.5 days clinic/week)

| 100.00% | 275,000.00 |

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<table>
<thead>
<tr>
<th>% Base</th>
<th>% NU</th>
<th>% Effort</th>
<th>Base</th>
<th>100% of Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>NU</td>
<td>14.40%</td>
<td>17.70%</td>
<td>21.00%</td>
<td>17.70%</td>
</tr>
<tr>
<td>NMG</td>
<td>14.40%</td>
<td>17.70%</td>
<td>21.00%</td>
<td>17.70%</td>
</tr>
</tbody>
</table>

**Total Salary:** 275,000.00

### NU GRANT CHART STRINGS

- **NIH Project:** 610-1234567-60031000  
- **NIH Flowthrough Project:** 620-1234567-60032000  
- **Proposed NIH NRW Project:** 610-1234567-TBN (HIGH CONFIDENCE IN FUNDING)  
- **Non-Federal Project:** 650-1234567-60033000

**Net Diff:**

- ** NIH Project:** 4,342.71, 19.0%  
- ** NIH Flowthrough Project:** 4,342.71, 19.0%  
- **Proposed NIH NRW Project:** 4,342.71, 19.0%  
- **Non-Federal Project:** 4,342.71, 19.0%

**NIH Cap:**  
- **09/01/17 - 01/06/18:** 187,000  
- **01/07/18 - 08/31/18:** 189,600 (new cap may not be used until 1/7/18)

**Base Salary Cap** may vary within budget year or fiscal year. See NIH Salary Cap Reference tab for details.

**Budget Note:** Cost sharing charged to endowment cost.

<table>
<thead>
<tr>
<th>CHART STRING</th>
<th>Applicable Grant No.</th>
<th>Applicable Cap*</th>
<th>CHARGED MONTHS</th>
<th>% Base</th>
<th>% NU</th>
<th>% Effort</th>
<th>CHARGED MONTHS</th>
<th>% Base</th>
<th>% NU</th>
<th>% Effort</th>
<th>CHARGED MONTHS</th>
<th>% Base</th>
<th>% NU</th>
<th>% Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIH Grant</td>
<td>610-1234567-60031000</td>
<td>Y</td>
<td>199,900.00</td>
<td>14.44%</td>
<td>17.70%</td>
<td>21.00%</td>
<td>225,000.00</td>
<td>14.44%</td>
<td>17.70%</td>
<td>21.00%</td>
<td>275,000.00</td>
<td>14.44%</td>
<td>17.70%</td>
<td>21.00%</td>
</tr>
</tbody>
</table>

**Non-Governmental Grant:**

- **Chair Appointment:** 400-1234567  
- **Operating Fund:** 110-1234567 (calculated as base salary not covered by grant + NMG)

**Operating Fund:**

<table>
<thead>
<tr>
<th>CHART STRING</th>
<th>Applicable Grant No.</th>
<th>Applicable Cap*</th>
<th>CHARGED MONTHS</th>
<th>% Base</th>
<th>% NU</th>
<th>% Effort</th>
<th>CHARGED MONTHS</th>
<th>% Base</th>
<th>% NU</th>
<th>% Effort</th>
<th>CHARGED MONTHS</th>
<th>% Base</th>
<th>% NU</th>
<th>% Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIH Grant</td>
<td>610-1234567-60031000</td>
<td>N</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<td>N/A</td>
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<td>N/A</td>
</tr>
</tbody>
</table>

**Cost Share Chart Strings:**

- **Cost Share for NIH Project:** 192-1234567-60031000  
- **Cost Share for NIH Flowthrough Project:** 192-1234567-60032000  
- **Cost Share for Proposed NIH NRW Project:** 192-1234567-TBN (HIGH CONFIDENCE IN FUNDING)

**NMG Salary:**

- **NMG:**

**Total Charge to Cost Share:**

<table>
<thead>
<tr>
<th>CHART STRING</th>
<th>Applicable Grant No.</th>
<th>Applicable Cap*</th>
<th>CHARGED MONTHS</th>
<th>% Base</th>
<th>% NU</th>
<th>% Effort</th>
<th>CHARGED MONTHS</th>
<th>% Base</th>
<th>% NU</th>
<th>% Effort</th>
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<th>% Base</th>
<th>% NU</th>
<th>% Effort</th>
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<tbody>
<tr>
<td>NIH Grant</td>
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<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<td>N/A</td>
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</tbody>
</table>
Forms: Where Do You Get Them?

- Summer Salary Forms
  
  [Website Link]

- Salary planning wkst & Academic Base Salary wkst
  
  [Website Link]

*Note*: Once on the above website, look under “References and Templates” and click “here” to log in with your NetID and password to access this worksheet.
Faculty Salary Charging Quiz #1

- Prof. Marie Curie has an academic base salary of $90,000 and a 9-month appointment
- Her earned rate is $10,000/month
- She is paid over 12 months
- What is her monthly pay rate (amount paid out in each paycheck)?

Answer: $7,500. Since the salary is paid over 12 months, only 75% of the earned rate is actually paid out in each paycheck.
Faculty Salary Charging Quiz #2

• Prof. Darwin has an academic base salary of $90,000 and a 9-month appointment
• Prof. Darwin wants to charge 1 month of academic effort to his NSF grant.
• What is the total dollar amount of salary that will be charged to the grant?

Answer: $10,000. The effort is based on the earned rate (1/9) not the paid rate (1/12).
Faculty Salary Charging Quiz #3

• Dr. Oz has an FSM and NMG faculty appointment with an annual base salary on FSM of $50K and a base salary on NMG of $200,000. His total annual base salary is $250,000. In order to calculate effort and salary distribution, would we just use the FSM annual base salary or use both FSM and NMG annual base salaries?

• He has two NIH grants, with effort at 20% on one and 10% on another. Would we have to cost share on these grants or not?

Answer: 1.) We would use the IBS, both FSM and NMG
2.) Yes, his IBS is greater than the NIH’s salary cap of $189,600
Questions?

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Evanston:
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Business Administrator
McCormick School of Engineering
de@northwestern.edu