Faculty Salary Planning

Deb Cundiff
Business Administrator
McCormick School of Engineering

Marsha McClellan
Director of Financial Management
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
What is Salary Planning?

• 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.
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 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
- Salary cap consideration
How is 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

• 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

---

**Employee Name:**

**Employee Id:**

**Fiscal Year:**

1/8/2018

---

**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>
<td>-</td>
<td>9</td>
<td>0.00</td>
<td>#DIV/0!</td>
<td>0.00</td>
<td>#DIV/0!</td>
<td>0.00</td>
</tr>
<tr>
<td>1</td>
<td>-</td>
<td>9</td>
<td>0.00</td>
<td>#DIV/0!</td>
<td>0.00</td>
<td>#DIV/0!</td>
<td>0.00</td>
</tr>
<tr>
<td>2</td>
<td>-</td>
<td>12</td>
<td>0.00</td>
<td>0.000%</td>
<td>0.00</td>
<td>#DIV/0!</td>
<td>0.00</td>
</tr>
<tr>
<td>T1</td>
<td>0.00</td>
<td>-</td>
<td>#DIV/0!</td>
<td>0.00</td>
<td>#DIV/0!</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

**Monthly Salary Rate:**

- 

**Institutional Base Salary (IBS):**

- 

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

- 

> 9-month Base Salary for proposal submission if having at least one 9-month appointment

- 

**NIH Cap 09/16/16 - 01/07/17:** 185,100 (new cap may not be used until 01/08/17)

---

### SUMMER SALARY CALCULATION

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

- Maximal Pay

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

- Total Summer Cap per Quarter regarding the 2.5 maximal annual summer months charges on sponsored projects: www.research.northwestern.edu/policies/summer-research-quarter.html.

---

### BASE SALARY DISPLAYED ON NU EFFORT FORMS

<table>
<thead>
<tr>
<th>Evanston Qtrs</th>
<th>21 (09/16 - 11/30)</th>
<th>22 (12/01 - 02/28)</th>
<th>23 (03/01 - 06/15)</th>
<th>24 (06/16 - 09/15)</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Months</td>
<td>2.5</td>
<td>3</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Base Salary</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chicago Qtrs</th>
<th>21 (09/16 - 11/30)</th>
<th>22 (12/01 - 02/28)</th>
<th>23 (03/01 - 05/31)</th>
<th>24 (06/01 - 08/31) / Research Qtr</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Months</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Base Salary</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

**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
- Salary cap.
Cost Sharing

• Cost sharing occurs when a cost specifically benefits a sponsored project but is not charged to that project.

• Can be mandatory (salary or non-salary), over the cap cost sharing or voluntary committed cost sharing (salary and non-salary). Most common type of cost sharing on the Chicago campus is the NIH statutory cap and the salary limitation on NIH career (K) awards.
Cost Sharing Model Changes

• As of 9/1/13, cost sharing changed to a model that illustrates mandatory vs. voluntary committed cost sharing with addition of 193 fund. Allows departments to more effectively manage the cash commitments associated with voluntary committed cost. These funds function as follows:
  • **191**: Used exclusively for mandatory cost sharing (salary and non-salary). A budget is established on an annual basis.
  • **192**: Used exclusively for over-the-cap cost sharing. No budget established. At the end of the fiscal year, FSM requires departments and units to cover the salary cost share chartstrings with non-sponsored chartstrings.
  • **193**: Used exclusively for voluntary committed cost sharing (salary and non-salary). A budget is established on an annual basis.
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 1/8/17 is $187,000 or $15,583.33 per month for 12 month appointments
  – For 9 month appointments, the cap is $140,250
Research/Summer Quarter (Summer Salary)

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

[Website Link]
www.northwestern.edu/hr/payroll/administratorpayments.html
Why is Direct Charging Important?

- Aligns salary expenses to effort commitments on sponsored projects
- Helps achieve compliance
- Utilizes available outside funding sources to cover salary expenses
- Supports all funds budgeting
- Reduces paperwork
- Increases accounting transparency
- Voluntary cost sharing occurs when committed salaries are not charged to awards; the effect is reducing the indirect cost rate
- Requires prospective planning of expense posting based on commitments
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

- Academic year salary portion is supported by an appropriated budget at the school/center level in most Evanston schools
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
**Evanston Salary Planning Worksheet**

**DIRECT CHARGING TEMPLATE FOR 9-MONTH EVANSTON FACULTY • with only 1 appointment**

Enter percentages in Section IV, highlighted blue, in FASIS.

### Salary & Appointment

<table>
<thead>
<tr>
<th>Faculty Name:</th>
<th>NIH Salary Cap (9 months):</th>
<th>$140,250</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee ID:</td>
<td>NIH Cap Monthly Rate:</td>
<td>$15,583.33</td>
</tr>
<tr>
<td>FASIS Position #:</td>
<td>Salary Over the Cap:</td>
<td>NO</td>
</tr>
<tr>
<td>Home Dept:</td>
<td>NIH Salary Cap (9 months):</td>
<td>To be updated January 2018</td>
</tr>
<tr>
<td>9-month Salary:</td>
<td>NIH Cap Monthly Rate:</td>
<td>$15,583.33</td>
</tr>
<tr>
<td>Monthly salary (earned rate)</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>Monthly Pay Rate (12 months)</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>Over the Cap Cost per Month</td>
<td>$0.00</td>
<td></td>
</tr>
</tbody>
</table>

### II. Effort Distribution

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>100.0000</td>
<td>100.0000</td>
<td>100.0000</td>
<td>100.0000</td>
<td>100.0000</td>
<td>100.0000</td>
<td>100.0000</td>
<td>100.0000</td>
<td>100.0000</td>
<td>100.0000</td>
<td>100.0000</td>
</tr>
</tbody>
</table>

#### Faculty Salary Acct:

- Total Monthly Effort (self-check: Must = 100%)
- $14,025.00
- $14,025.00
- $14,025.00
- $14,025.00
- $14,025.00
- $14,025.00
- $14,025.00
- $14,025.00
- $14,025.00
- $14,025.00

### III. Amount Charged

<table>
<thead>
<tr>
<th>Monthly rate (if NIH cap applies)</th>
<th>$7,791.67</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly rate (if no NIH cap applies)</td>
<td>$15,583.33</td>
</tr>
<tr>
<td>Monthly over the cap amount</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

#### Sponsored:

- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00

#### Cap Cost Share:

- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00

#### Faculty Salary Acct:

- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00

### Total Monthly Amount (paid over 12 months)

- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00

### Total of all funding (should match # above)

- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00
- $0.00

---

**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.
## 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:** 1/8/2018

**NU**  
% APPT $ SALARY  
225,000.00

**NMG**  
18.00%  
50,000.00

---

<table>
<thead>
<tr>
<th>Acct Short Name/Grant No.</th>
<th>CHART STRING</th>
<th>Salary Cap (Y/N)</th>
<th>Applicable Cap*</th>
<th>SEPTEMBER</th>
<th>OCTOBER</th>
<th>NOV</th>
<th>Q1 EFFORT REPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>NU GRANT CHART STRINGS</td>
<td></td>
<td>salary % base % NU % effort</td>
<td>salary % base % NU % effort</td>
<td>salary % base % NU % effort</td>
<td>salary % base % NU % effort</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIH Project 610-1234567-60031600</td>
<td>Y</td>
<td>187,000.00</td>
<td>3,272.50 14.28% 17.45% 21.00%</td>
<td>3,272.50 14.28% 17.45% 21.00%</td>
<td>3,272.50 14.28% 17.45% 21.00%</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>NIH Flowthrough Project 620-1234567-60032600</td>
<td>Y</td>
<td>187,000.00</td>
<td>4,675.00 20.40% 24.93% 30.00%</td>
<td>4,675.00 20.40% 24.93% 30.00%</td>
<td>4,675.00 20.40% 24.93% 30.00%</td>
<td>30.00%</td>
<td></td>
</tr>
</tbody>
</table>

---

| NU NON-GRANT CHART STRINGS |              | salary % base % NU % effort | salary % base % NU % effort | salary % base % NU % effort | salary % base % NU % effort |       |                 |
|---------------------------|--------------|-----------------|----------------|---------|---------|-----|                 |
| Chair Appointment 460-1234567 | N | N/A | 1,145.83 5.00% 6.11% 5.00% | 1,145.83 5.00% 6.11% 5.00% | 1,145.83 5.00% 6.11% 5.00% | 5% |                 |
| Operating Fund 110-1234567 | N | N/A | 2,479.18 10.82% 13.22% 10.82% | 2,479.18 10.82% 13.22% 10.82% | 2,479.18 10.82% 13.22% 10.82% | 11% |                 |

---

| COST SHARE CHART STRINGS (grant % effort = % cost share + % base) |              | salary % base % NU % effort | salary % base % NU % effort | salary % base % NU % effort | salary % base % NU % effort |       |                 |
|-----------------------------------------------------------------|--------------|-----------------|----------------|---------|---------|-----|                 |
| Cost Share for NIH Project 192-1234567-60031600 | N | N/A | 1,540.00 6.72% 8.21% TRUE | 1,540.00 6.72% 8.21% TRUE | 1,540.00 6.72% 8.21% TRUE | N/A |                 |
| Cost Share for NIH Flowthrough Project 192-1234567-60032600 | N | N/A | 2,200.00 9.60% 11.73% TRUE | 2,200.00 9.60% 11.73% TRUE | 2,200.00 9.60% 11.73% TRUE | N/A |                 |

---

| NMG SALARY |              | salary % base % NU % effort | salary % base % NU % effort | salary % base % NU % effort | salary % base % NU % effort |       |                 |
|------------|--------------|-----------------|----------------|---------|---------|-----|                 |
| 710 NMG | N | N/A | 4,166.67 18.18% N/A | 4,166.67 18.18% N/A | 4,166.67 18.18% N/A | 18% |                 |
| Monthly Total |              | 22,916.67 100% 100% 100% | 22,916.67 100% 100% 100% | 22,916.67 100% 100% 100% | 100% |                 |

---

**BUDGET NOTE:** Cost sharing charged to endowment account.

**TOTAL CHARGE TO COST SHARE (192s):**

- SEPTEMBER: 4,473.33 19.5% 23.86%  
- OCTOBER: 4,473.33 19.5% 23.86%  
- NOV: 4,473.33 19.5% 23.86%

**Total charge to ENDOWMENT (after transfer to cost share):**

- SEPTEMBER: 5,619.16 30.3% 29.97%  
- OCTOBER: 5,619.16 30.3% 29.97%  
- NOV: 5,619.16 30.3% 29.97%

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

**NIH Cap 09/01/16 - 01/07/17:** 185,100  
**NIH Cap 01/08/17 - 08/31/17:** 187,000 (new cap may not be used until 1/8/17)
### Chicago 12 Month Salary Template (cont.)

<table>
<thead>
<tr>
<th>Month</th>
<th>Q4 Effort Report</th>
<th>Total Salary Charges</th>
<th>Charged</th>
<th>Months</th>
<th>% Base Salary</th>
<th>% NU</th>
<th>% Effort</th>
<th>Effort</th>
<th>Project Period/ Additional Comments</th>
<th>Net Dif</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUG</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,272.50</td>
<td>14.28%</td>
<td>17.45%</td>
<td>21.00%</td>
<td>21%</td>
<td>39,270.00</td>
<td>12.00</td>
<td>12.00</td>
<td>14.28%</td>
<td>17.45%</td>
<td>21.00%</td>
</tr>
<tr>
<td>4,675.00</td>
<td>20.40%</td>
<td>24.93%</td>
<td>30.00%</td>
<td>30%</td>
<td>56,100.00</td>
<td>12.00</td>
<td>12.00</td>
<td>20.40%</td>
<td>24.93%</td>
<td>30.00%</td>
</tr>
<tr>
<td>1,558.33</td>
<td>6.80%</td>
<td>8.31%</td>
<td>10.00%</td>
<td>10%</td>
<td>18,699.96</td>
<td>12.00</td>
<td>12.00</td>
<td>6.80%</td>
<td>8.31%</td>
<td>10.00%</td>
</tr>
<tr>
<td>1,145.83</td>
<td>5.00%</td>
<td>6.11%</td>
<td>5.00%</td>
<td>5%</td>
<td>13,749.96</td>
<td>12.00</td>
<td>12.00</td>
<td>5.00%</td>
<td>6.11%</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Salary Planning</th>
<th>Net Dif</th>
<th>1.5 clinic days/week</th>
<th>11,000.04</th>
<th>100%</th>
<th>100%</th>
<th>99.0%</th>
<th>275,000.04</th>
<th>TRUE</th>
<th>TRUE</th>
<th>TRUE</th>
<th>TRUE</th>
<th>TRUE</th>
<th>TRUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,473.33</td>
<td>19.5%</td>
<td>23.86%</td>
<td>53,679.96</td>
<td>53.679.96</td>
<td>12.00</td>
<td>12.00</td>
<td>12.00</td>
<td>12.00</td>
<td>12.00</td>
<td>1.5 clinic days/week</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,619.16</td>
<td>30.3%</td>
<td>29.97%</td>
<td>67,429.92</td>
<td>67.429.92</td>
<td>12.00</td>
<td>12.00</td>
<td>12.00</td>
<td>12.00</td>
<td>12.00</td>
<td>1.5 clinic days/week</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- **Salary Planning** column indicates the percentage of the employee's time dedicated to the project.
- **Net Dif** column shows the net difference in salary between the committed and actual efforts.
What are your next steps?

• Once you have determined that you will be involved with direct charging faculty salary to sponsored projects, you will need to:
  – Take the myHR training classes that give you access to the system
  – Download the salary planning worksheet and/or the SDA form
  – Consult with your deans office or the Office for Research in the medical school for any further guidance, training, or resources.

ffra.northwestern.edu
Forms: Where Do You Get Them?

- Summer Salary Forms
  - www.northwestern.edu/hr/payroll/administratorpayments.html

- SDA Forms
  - www.northwestern.edu/hr/payroll/administratorpayments.html

- Salary planning wkst & Academic Base Salary wkst
  - www.northwestern.edu/coststudies/effort.html

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 $187,000
Questions?

Chicago:
Marsha McClellan
Director of Financial Management, Feinberg
m-mcclellan@northwestern.edu

Evanston:
Deb Cundiff
Business Administrator
McCormick School of Engineering
deb@northwestern.edu