

## NSF Two-Month Salary Policy

Effective January 29, 2018, the National Science Foundation revised its Proposal & Award Policies & Procedures Guide (PAPPG) Proposal Preparation Instructions regarding limitations on cumulative compensation for senior personnel within a one year period. Excerpts from PAPPG Chapter II.C.2.g(i)(a) appear in *italics* below. NC State guidance appears in underlined text.

***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. It is the organization's responsibility to define and consistently apply the term "year", and to specify this definition in the budget justification.***

For purposes of compliance with NSF PAPPG Proposal Preparation Instructions, NC State defines a year as August 16 – August 15. Please incorporate this definition of a year in budget justifications submitted to NSF.

***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.***

Budgets and budget justifications must be prepared thoughtfully, taking project needs, current and pending support, and department expectations, as well as NSF policy, into consideration.

***Under normal rebudgeting authority, as described in Chapters VII and X, a grantee 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 objectives or scope of the project to change. NSF prior approval is necessary if the objectives or scope of the project change.***

NSF's limit is pertinent only to Principal and Co-Principal Investigators and senior personnel as defined by NSF policy.