

Northwestern University Feinberg School of Medicine



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# Salary Planning & Effort Reporting

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October 25, 2012



# Part I – Salary Planning and Distribution

*Presented by: Eric Boberg, Michelle Grana and Marsha McClellan*

- Introduction and principles
- Planning for 12-month appointments
- Planning for 9-month appointments

# Part II – Effort Reporting

*Presented by: Jennifer Wei*

- Introduction and principles
- Effort Certification and commitment



# Part I Presentation Overview

- Introduction and Principles Eric Boberg
  
- Putting Principles to Practice  
in 12-month appointments Michelle Grana
  
- Planning for 9-month appointments  
and Impact of Practice Marsha McClellan

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# Principals of Salary Planning

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Eric Boberg, PhD

Executive Director for Research





Get it right the first time  
'Cause that's the main thing  
Can't afford to let it pass  
Get it right the next time  
That's not the same thing  
**It's much, MUCH Harder!**

With apologies to Billy Joel





# Measure Twice, Cut Once...

- Planning begins with pre-award budget
- Adjust/finalize plan with awarded budget
- When planning well, effort reporting is simple and seamless



# Principles & Policies

## From NIH Grants Policy Statement (10/10):

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.



# Key Principles

- Salary tracks with effort, but is not always equivalent
- Institutional base salary (and effort) includes both NU and NMFF
- Cost sharing (including over the cap salary) must come from non-sponsored source
- Identify cost-sharing sources early





# Key Principles

- A PI's career is NOT all one big project; effort must be allocated to specific projects/activities
- Not all faculty activities can come from extramural funding:
  - Instruction
  - Administration
  - Grant writing (usually...)
- No PI should ever be 100% funded



# Key Principles

- When things go wrong...
  - You can't just use up the money
  - Salary changes need scientific justification
  - Review systems may be frustrating, but they are there to ensure compliance



# Putting Principles to Practice

Michelle Grana

Buehler Center on Aging, Health and Society

# Putting Principles to Practice

- Pre-award planning
- Post-award planning
- Dual appointments
- Cost sharing
- Practical solutions

# Putting Principles to Practice

## Pre-award Planning: Consider proposed commitment

- Other support
- Other commitments
  - clinical, teaching, administrative, external commitments (VA)

# Putting Principles to Practice

## Post-award Planning:

- Consider proposed commitment (again)
- Consider any changes from pre-award budget
  - Reduced award?
  - Change in personnel?
  - Change in start date?
  - Change in salary?



A PI is funded for a new award from the NIH. Through routine budget cutbacks, the NIH has reduced the award by 30%. The PI has insisted he can still meet the all of the study aims within the reduced award budget.

- Do you need to do anything?
- What is the research administrator's role in advising PI's of appropriate steps?



# Further complications...

- Dual (NU+NMFF) appointments
- Cost Sharing







# NU & NMFF Appointments

- $NU + NMFF = \text{Base Salary}$
- Institutional base salary represents the combined salary from both NU and NMFF
- Paid by NU under common paymaster
- Number of person months represents NU effort in relation to professional effort encompassed by the dual NU and NMFF appointments



# NU & NMFF Appointments

- % NMFF appointment is based on clinical commitment
  - Faculty appointment letter; other documentation of clinical commitment (clinic notes, clinical billing)
- 2 half-days clinic = 20% NMFF appointment



# NU & NMFF Appointments

- NU appointment represents total % effort available for research, teaching, administrative duties
- NMFF salary represents compensation for clinical activities and may NOT be used in payroll distribution to support **cost sharing** on grants



# Cost Sharing

- Cost sharing occurs when a cost specifically benefits a sponsored project but is not charged to that project.
- Can be mandatory (matching funds) or voluntary (NIH cap gap)
- Most common type of cost sharing on the Chicago campus is the **NIH statutory cap** and the **salary limitation on NIH career (K) awards**

# Voluntary Committed Cost Sharing: Cap Gap



- NIH statutory cap - tied to Executive Level II of the Federal Executive Pay scale
- K-award salary cap - typically limited to only \$75K-\$100K allowable salary recovery (for min. 75% effort)
- Commitments must be met and tracked for sponsor verification in the University's records. (Use your 192's!)

# The K-award Conundrum



K Kiosk - Information about NIH Career Development Awards:

[grants.nih.gov/training/careerdevelopmentawards](https://grants.nih.gov/training/careerdevelopmentawards)

- Institute and Center specific information with links to appropriate websites

Career Award Wizard:

[grants.nih.gov/training/kwizard/index](https://grants.nih.gov/training/kwizard/index)

- Designed to help your faculty identify the most appropriate Individual NIH Career Award



# Practical Solutions

Worksheets for 12-month and 9-month appointments available at ASRSP website

- Plan faculty salary distribution among grant and non-grant chart strings
- Track cost sharing commitments
- Track effort commitments on sponsored projects



# 12-Month Tool

- Includes instruction sheet
- Unprotected Excel worksheet – edit to fit needs
- Summarizes effort @ end of each quarter
- Provides guidance on NU % salary based on % NMFF appointment



# Instructions - Use



- Complete specific instructions available in excel file
- Organized by three chart string categories:
  - Sponsored projects
  - Non-sponsored chart strings
  - Associated cost sharing chart strings



# Features of the Tool

- Worksheet auto-calculates monthly NMFF salary
- Worksheet auto-calculates monthly % NU salary based on % committed effort
- Worksheet auto-calculates and tracks **effort reporting** and **cost sharing**
- Math checks built in (“TRUE”) track monthly totals and also to confirm % base salary + % cost share = % committed effort

# 12-Month Tool



Employee Name: **DOE, Jane**

Annual Base Salary (NU+NMFF): 285,991.16  
Monthly Base Salary (NU + NMFF): 23,832.60

Worksheet Date: 12/29/2011

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

	% APPT	\$ SALARY
NU	69.44%	198,349.80
NMFF	30.56%	87,641.36
	100.00%	

# 12-Month Tool



Acct Short Name/Grant No.	CHART STRING	Salary Cap (Y/N)	Applicable Cap
<b>NU GRANT CHART STRINGS</b>			
R01 CA123456	610-5406000-60012345	Y	199,700.00
R21 HL654321	610-5406000-60054321	Y	196,700.00
Projected NEW R01	TBN (HIGH CONFIDENCE IN FUNDING)	Y	179,700.00
Non-Fed Award	650-5406000-60056789	N	N/A

# 12-Month Tool



<b>SEPTEMBER</b>			
<b>salary</b>	<b>% base</b>	<b>% NU</b>	<b>% effort</b>
3,328.33	13.97%	20.14%	20.00%
1,639.17	6.88%	9.92%	10.00%
2,383.26	10.00%	14.42%	10.00%

# 12-Month Tool



Acct Short Name/Grant No.	CHART STRING	SEPTEMBER			
<b>COST SHARE CHART STRINGS</b> <i>(grant % effort = % cost share + % base)</i>		salary	% base	% NU	
Cost Share for R01CA123456	192-5406000-60022648	1,437.11	6.03%	8.69%	TRUE
Cost Share for R21HL654321	192-5230000-60013756	743.58	3.12%	4.50%	TRUE

# 12- Month Tool

Acct Short Name/Grant No.	CHART STRING	Q1 EFFORT REPORT
<b>NU GRANT CHART STRINGS</b>		
R01 CA123456	610-5406000-60012345	20%
R21 HL654321	610-5406000-60054321	10%
Projected NEW R01	TBN (HIGH CONFIDENCE IN FUNDING)	
Non-Fed Award	650-5406000-60056789	8%
<b>NU NON-GRANT CHART STRINGS</b>		
Chair Endowment	450-5406000-40001234	10%
Operating	110-5406000 (calculated as base salary not covered by grant + NMFF)	21%
<b>COST SHARE CHART STRINGS</b>		
Cost Share for R01CA123456	192-5406000-60022648	N/A
Cost Share for R21HL654321	192-5230000-60013756	N/A
Cost Share for Projected NEW R01	192-5406000-TBN (HIGH CONFIDENCE IN FUNDING)	
<b>NMFF SALARY</b>		
	7998-NMFF-2000	31%
	<b>Monthly Total</b>	<b>100.0%</b>



# Summary Pages

- Provides for both quarterly and annual summaries
- Tracks annualized effort based on number of award months in fiscal year
- Use for department budget projections
- Use for projecting future sponsored awards
- Auto-calculates difference between annualized effort and committed effort



# Year-end summary



			Months	Award	Award Period	Award Period	Award Period	Committed		
Acct Short Name/Grant No.	CHART STRING	TOTAL SALARY CHARGES	Charged	Months	% Base Salary	% NU Salary	% Effort	Effort	Project Period/ Additional Comments	Net Dif
<b>NU GRANT CHART STRINGS</b>										
R01 CA123456	610-5406000-60012345	39,939.96	12.00	12.00	13.97%	20.14%	20.00%	20.0%	9/1/10-8/31/15	0.0%
R21 HL654321	610-5406000-60054321	19,670.04	12.00	12.00	6.88%	9.92%	10.00%	10.0%	9/1/09-8/31/11	0.0%
Projected NEW R01	TBN (HIGH CONFIDENCE IN FUNDING)	3,328.34	2.00	2.00	6.98%	10.07%	10.00%	10.0%	projected: 7/1/11-6/30/16	0.0%
Non-Fed Award	650-5406000-60056789	16,682.82	12.00	14.00	5.00%	7.21%	5.00%	5.0%	7/1/10-6/30/12	0.0%



# Sample Questions

PI's often add effort/salary for employees if they see there is money left. Is this just a matter of continually informing them that they are not to escalate expenses near the end of a grant or is there something else we can use to encourage them not to follow this practice? Also, this is often retroactive which involves 90-day letters.

# Locating the answers...



- COME TO THE EXPENSE MONITORING SESSION ON THURSDAY, NOVEMBER 8<sup>TH</sup> FROM 1PM-4PM
- Meet with PI's regularly regarding budget balance and projections
- Monitor funds so that there is not a large balance or deficit at the end of the project
- Know what the non-salary funds are planned to be used for
- If the budget changes from what was planned pre-award, alert your PI that you need to revise the planned projections for the account (ie. S/he decides not to hire a support staff or it doesn't happen until 6 months into the project. Is this rebudgeting allowable? How will it be accomplished?)

# 12-Month Planning Summary...



## When?

- Pre-award
- Post-award

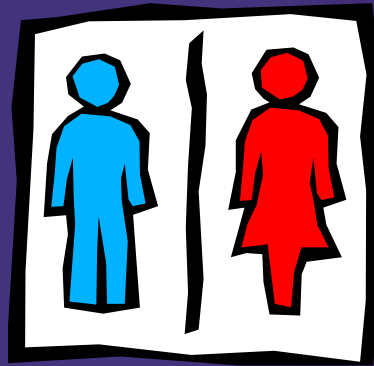
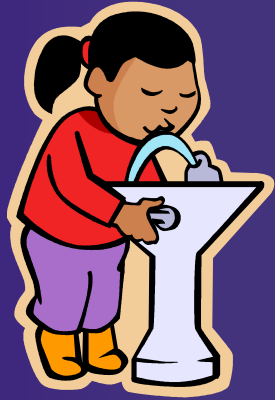
## Special considerations?

- Dual appointments
- Cost sharing

## How?

- Practical solutions

# Break/Questions





# Part II: Effort Reporting





# Part II Presentation Overview

- Why does effort reporting take so much effort?

Eric Boberg

- Effort Certification & Commitment  
FSM Workshop

Jennifer Wei



# Why do we care about effort?

Required by Federal regulation

- OMB Circular A-21, section J.10

[http://www.whitehouse.gov/omb/circulars\\_a021\\_2004#j](http://www.whitehouse.gov/omb/circulars_a021_2004#j)

Documents that effort commitments have been met

- Paid effort
- Mandatory and voluntary committed cost share

Provides support for salary charged to grants & contracts

- Labor  $\approx$  75% of direct research costs
-



# Why is Effort Reporting Especially Tough in Medical Schools?

- No timesheets
  - Inconsistent # of hours
  - Varying schedules
  - Differing relationships between university, practice plan, VA, etc.
  - Research and clinical care can overlap
  - Many faculty don't really care!
-

# What is 100% effort?



It is the individual faculty member's effort required to meet the contracted obligations.

Usually described in appointment letter

Delineates allocation of time

TEACHING

CLINIC

RESEARCH

SERVICE

ADMIN

GRANT  
WRITING

~~STUDY  
SECTIONS~~

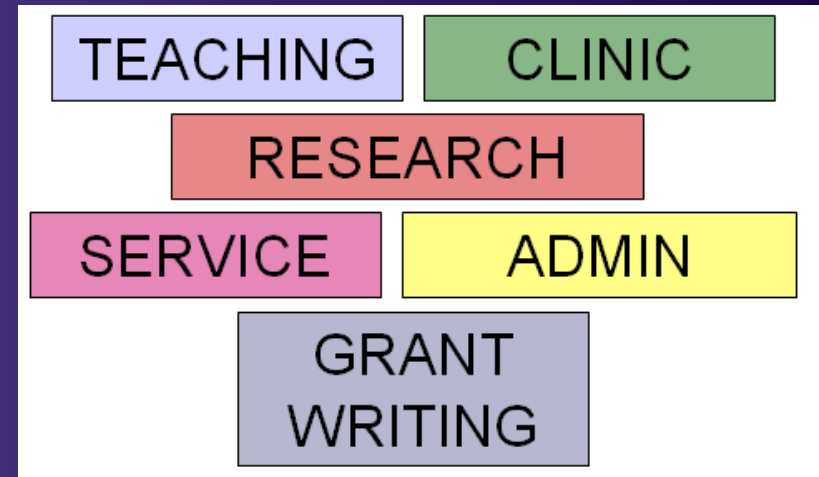
~~OUTSIDE  
CONSULTING~~

# Institutional Base Salary (IBS)



Annual compensation

Paid appointment(s)  
including NU, NMFF, &  
chair/center director



## Additional Points about IBS:

- ✓ Defined in appointment letter
- ✓ Consistent with the definition of 100% effort
- ✓ Salary cap may apply by certain agencies



# Is NMFF salary included in IBS?

**YES**, because it is:

- 1) **Guaranteed** by the university
  - 2) **Reported** on the university's appointment form and paid by the university
  - 3) **Included and accounted for** in the university's effort reports
-



# Why Include NMFF Salary in IBS?

Common pay master

Included in both Proposal Submission and Effort Reporting

Allows easier changes in effort and charging salary during year as grants begin and end

You cannot give a raise (i.e. increase university salary) just because someone got a grant

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# What About the VA?

At NU, VA salary is EXCLUDED from IBS and 100% effort

Separate job, not controlled by University

VA salary is not guaranteed

Language in salary letters must be clear

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# What Else is Excluded from IBS?

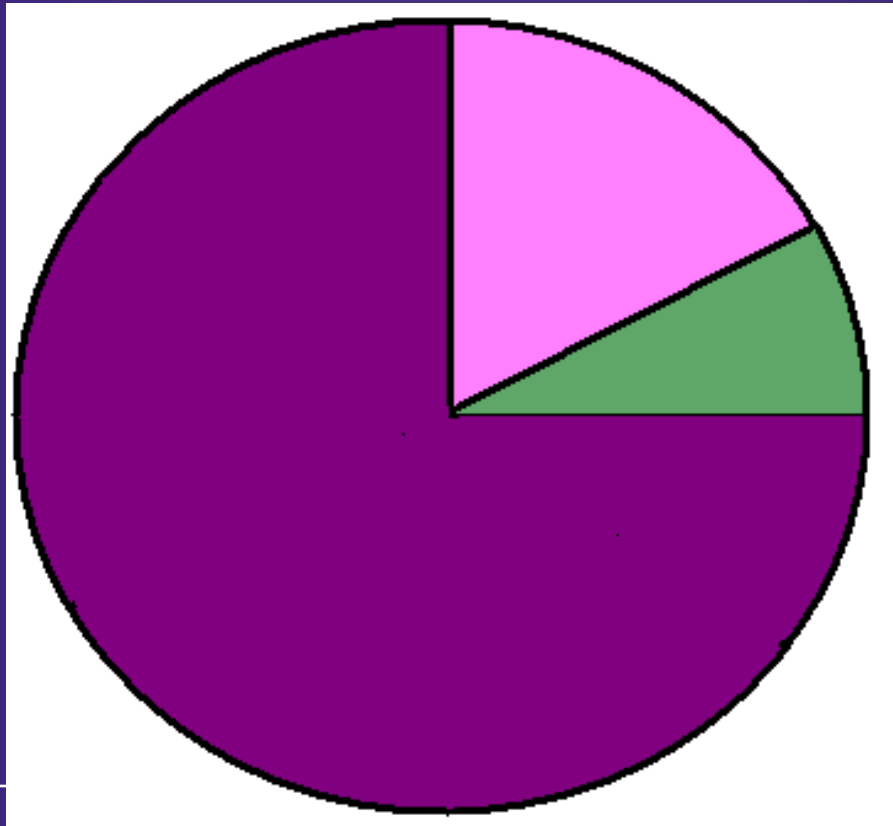
Outside consulting (1 day/week per NU policy)

- Private Industry
  - Speaking honoraria
  - NIH or other Study Sections
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# The K Award Blues

Usually require 75% effort





# The K Award Blues

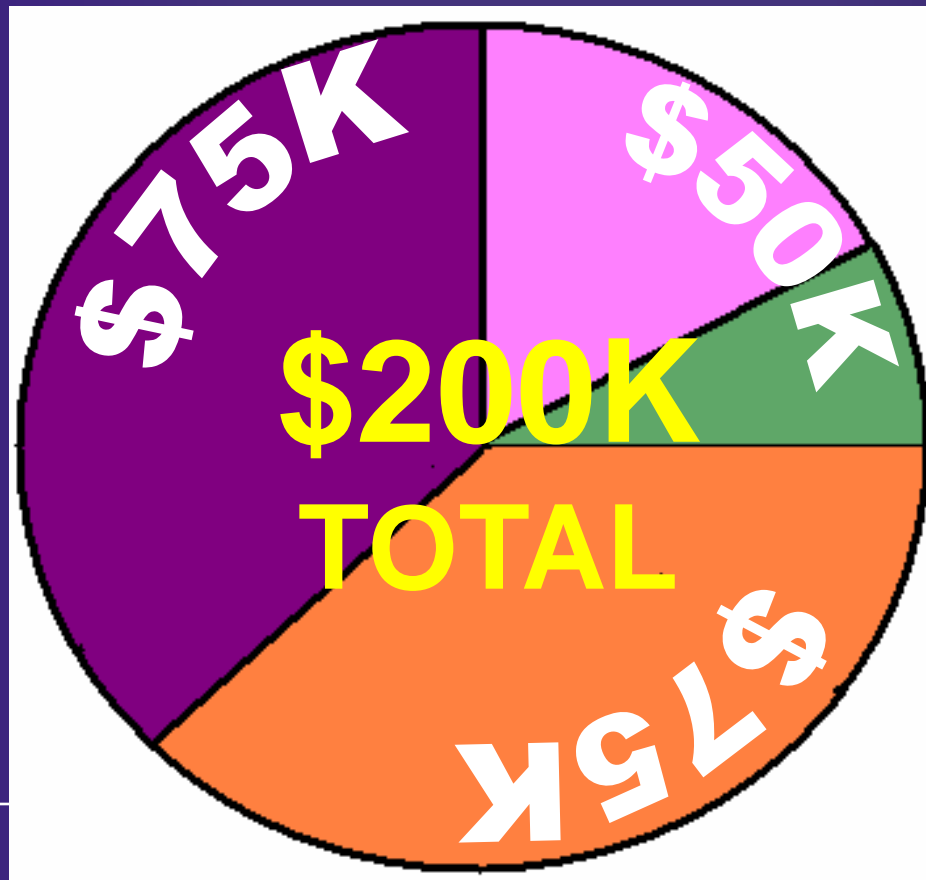
K awards have \$100,000 salary cap



\$100,000 salary can be 75% funded and fit under the cap

# The K Award Blues

\$100K cap may not cover 75% of the salary



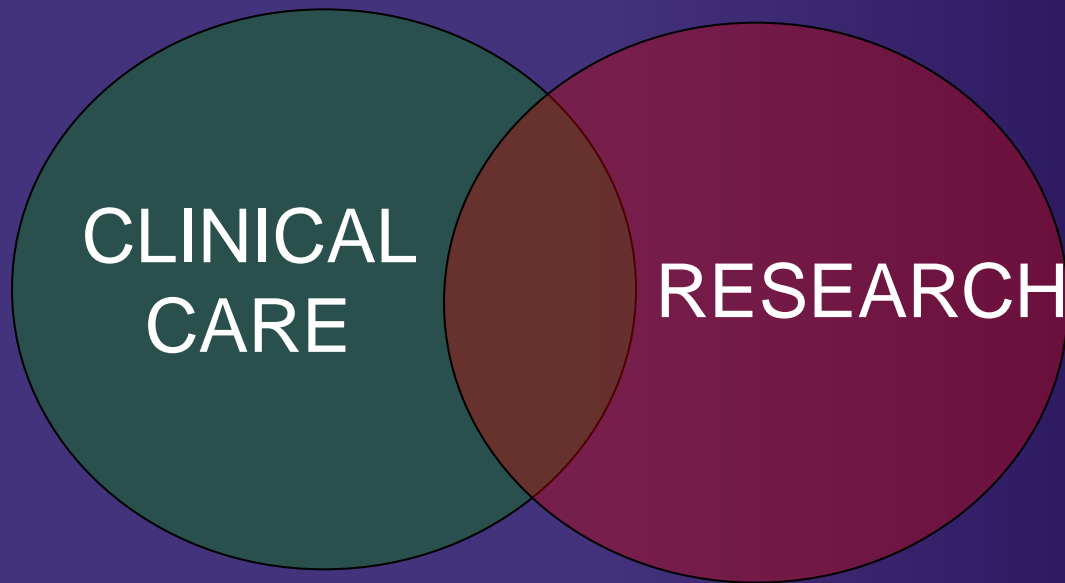
With a \$200,000 salary, cap only covers 1/2 of 75% of salary



# More K Award Blues

- Effort on other grants can sometimes be “subsumed” in K effort;
  - Unpaid commitment on another NIH grant in the same field of study (approved by the sponsor); salary paid by the K
  - Must review terms/conditions of the K award
  - During last 2 years of K, may be PI on a NIH project (with approval)
  - Effort on non-federal grants usually excluded
  - Constant pressure in some specialties for MD’s to do more clinical work
-

# What About Clinical Trials?



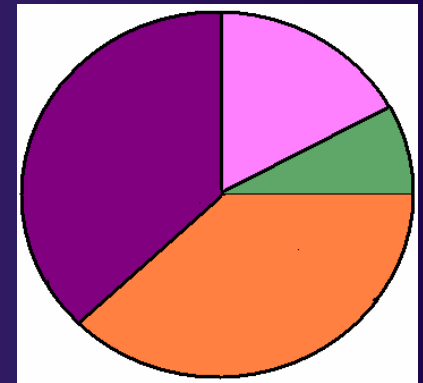
- You CANNOT double-dip (i.e. bill for clinical care and then charge effort to the grant/trial).
  - Some level of effort should be assigned to clinical trial activity, even if it is not committed or directly paid.
  - No clear answers
-

# When % Effort $\neq$ % Salary



## Salary above cap

- K cap = \$100,000
- Other NIH cap currently \$179,700
- Both count as cost sharing



## Voluntary Committed Cost Share (donated effort)

Cost sharing must be accounted for, and funding source identified at time of application

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# Rules of Thumb

- No PI should be 100% funded
- There is ALWAYS some NU effort that must be paid from non-sponsored accounts
- Do not use unreasonable number of hours per week to make effort numbers work
- Clinic schedules may be discoverable
- Effort may vary within a certification period as long as overall percentages are maintained
- Even when regulations are unclear or contradictory, you need a plausible, defensible story for how effort was arrived at
- NIH and DOJ may disagree on interpretation; you cannot rely on the “The Project Officer said it was OK” defense