

## McCormick Faculty Salary Policy

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### Responsibility

Responsible McCormick Official: Senior Associate Dean Richard M. Lueptow

Responsible Office: McCormick Office for Graduate Studies and Research

Last Updated: November 24, 2020

### Policy Overview

#### I. Academic Year Salary Recovery

Recovering academic year salary and associated fringe benefits from sponsored research grants recognizes the time and effort that investigators expend on research related to those grants. Academic year salary recovery (or released funds) brings benefits to both faculty investigators and McCormick. Faculty receive a portion of academic year salary recovery funds for discretionary use, and McCormick and its departments use academic year salary recovery funds to support essential activities and provide the resources to enhance the quality and success of various programs, including cash cost-share commitments for research grants.

Faculty can use salary recovery for research expenses that cannot be charged to sponsored research accounts. Typical expenses include up to 0.5 months of summer salary unrelated to sponsored research, non-sponsored travel, project costs after sponsored funds have been fully expended, and expenses that are not allowable on sponsored grants such as office computers, minor laboratory renovations, refreshments for research seminars, support for academic visitors, and similar expenses.

To encourage academic year salary recovery, the following policy has been enhanced and is in effect for the distribution of academic year salary recovered after September 1, 2020.

1. To accommodate the University's summer salary policy limiting sponsored salary to 2.5 months, 100% of the first 0.5 months of academic year salary plus fringe benefits released funds may be directed to cover the 0.5 months of summer salary plus fringe benefits that cannot be paid from sponsored research grants. Academic year salary released funds beyond 0.5 months will be distributed to the investigator as outlined below. If a PI chooses not to use recovered academic year salary for summer salary, then the recovered salary will be distributed to the investigator as outlined below.
2. After accounting for 0.5 months of summer salary noted above, the remainder of the academic year salary recovery (plus associated fringe benefits) released funds will be credited to the discretionary account of the faculty investigator as follows: 1) 35% of the recovered salary for up to 30% academic year salary recovery, or 2) 50% of the total recovered salary for academic year salary recovery greater than 30%. Faculty who target an academic year salary recovery amount that is greater than 30% benefit from a greater amount of released funds available to support discretionary expenses.

If faculty recover up to an amount equal to the value of 0.5 month of summer salary plus fringe	Faculty have the option to receive 0.5 month of summer salary plus fringe
If faculty recover up to 30% of their AY salary	Faculty receive 35% of recovered salary (after accounting for 0.5 month summer salary, if taken) as discretionary funds
If faculty recover more than 30% of their AY salary	Faculty receive 50% of recovered salary (after accounting for 0.5 month summer salary, if taken) as discretionary funds

3. The distribution of released funds is based on each fiscal year's actual expenses posted. If a payroll correction journal is completed and crosses fiscal years, the dollars will be counted in the year the payroll correction is posted. If a faculty member is overpaid the optional 0.5 month of summer salary without having earned sufficient released funds to cover the summer salary expense, the deficit amount will need to be repaid from the faculty member's discretionary account.
4. Per the McCormick *Teaching Load and Course Buyout Guidelines for Tenured and Tenure-Track Faculty* policy dated January 17, 2012, "A faculty member may buy out of a course if he/she recovers at least 2 months of academic year salary above that to cover any cost-sharing commitments and above the half-month of academic year salary recovery that can be used toward summer salary."

## II. Summer Salary

The Northwestern University policy on summer salary is governed by the Office for Research and published as the [Summer/Research Quarter Salary Policy Statement for 9 Month Appointments](#). This document serves as the primary resource for summer salary eligibility and compliance. This McCormick-specific policy addresses the application of the University policy to McCormick faculty.

The normal maximum amount of summer support faculty may earn is for 2.5 months (one month of summer salary is 1/9<sup>th</sup> of the "institutional base salary" as defined by the University.) Most faculty take some vacation time during the summer quarter, and the intent of this policy is to avoid a situation where a faculty member takes vacation during a period when he/she is supported by an external grant.

Faculty summer salary must directly reflect the sponsored projects that an investigator works on during the summer quarter, from June 16 to September 15, in half month increments. The effort on which the summer salary is based can be distributed throughout the three months of summer, regardless of the month during which the summer salary is paid. For instance, if an investigator has one month of summer salary support from each of two grants for a total of two months, the investigator would be expected to spend an aggregate of one month of work on each grant at some time over the summer. This leaves one month for other, non-grant activities, including vacation. This effort can be distributed throughout the summer, though it would not be appropriate to take a vacation during a time interval that is charged to a grant.

The maximum amount of summer salary a faculty member can receive on sponsored projects is 2.5 months. Faculty may earn up to an additional 0.5 month summer salary from non-sponsored funds to allow for non-sponsored summer work such as administration, attending department/school faculty meetings, university or professional service activities, teaching, teaching preparation, proposal writing, non-sponsor-related conferences, and non-sponsored related research. **Non-sponsored summer salary is not for use as paid vacation time.**

The following non-sponsored funding sources for summer salary are allowed per terms stated:

- AY Salary Recovery Funds -- Per Section I, "the first 0.5 months of academic year salary plus fringe benefits released funds may be directed to cover the 0.5 month of summer salary plus fringe benefits that cannot be paid from sponsored research grants."
- Released or Discretionary Funds – Faculty discretionary funds accumulated from academic year salary recovery or other discretionary sources may be used for summer salary provided that the total summer salary does not exceed 3.0 months.
- Gift Funds – Faculty gift funds may be used as long as this use is within the spirit and intent of the gift agreement. Requests for summer salary support from gift accounts must be approved by the McCormick Office of the Dean.
- Specific Appointments – Certain administrative appointments made by the Office of the Dean such as department chairs, associate deans, professional MS program directors, or other appointments may include terms that provide summer salary.

The following funding sources may not be used for summer salary:

- Start-up or Retention Funds – These funds may not be used for faculty summer salaries, unless they are so designated. Funds designated for equipment, travel, student support, post-doc support or other startup and retention expenses may not be redirected to summer salary.
- Discretionary Funds Associated with a Named Professorship or Administrative Appointment – Faculty funds that come from a named professorship, an administrative appointment, or other McCormick sources may not be directed to summer salary.

**Requests for three months of summer quarter salary from sponsored accounts** is typically not acceptable, except in unique situations. University policy allows this on a limited basis with prior approval from the chair, Dean, and Vice President for Research. During this three-month period investigators may only expend effort on the grants/contracts that are funding their work. If faculty are paid from sponsored projects for three months in the summer, during this time they are ***not allowed to write grant proposals, work on grants they are not getting paid from, work on non-sponsor-related research, teach, prepare for teaching, do administrative work, participate in university service, attend non-sponsor-related conferences, or take any vacations.***

To secure this approval faculty must complete the Summer Salary Pre-Certification Form available on the Office of Human Resources website. Investigators must specify all planned sponsored activities during this time period and certify that only activities directly related to the sponsored project will be undertaken during the funded period. The summer quarter effort report must be consistent with the sponsored account funding.

Some *de minimis* non-grant activity is allowable when three months of summer salary is paid from grants, but it needs to be at the lowest level that is possible. This may include responding to email, as well as attending occasional and essential meetings. It does not include writing competitive proposals, working on unfunded projects, attending non-grant related meetings, or vacation. Furthermore, since effort is defined in terms of an investigator's total work effort, 100% of an investigator's work effort, whether performed during regular work hours or in the evening or on weekends, must be dedicated toward the projects from which an investigator is being paid.

Additionally, faculty cannot use the standard allowance of one day each week for consulting for non-grant activities other than consulting when three months of summer salary is paid from grants. Consulting is an explicitly-defined opportunity for faculty, and it is excluded from measures of University effort.

The University policy on summer salary mentioned above provides further details on consulting, presence at the University during the summer, conference attendance, effort reporting, distribution of effort over the summer, and sponsored awards for three months of summer salary.

### III. NIH Salary Cap Guidelines

These guidelines are set forth to comply with rules established by the federal government regarding the NIH salary cap and apply to faculty with a salary exceeding the NIH salary cap who charge a portion of any month's salary to an NIH grant. In effect, NIH will pay only the percentage effort based on the current salary cap. For example, using the NIH salary cap of \$197,300,\* which is a 9 month rate of \$147,975 or \$16,441 per month, when a PI commits 10% effort in one month, they can only charge \$1,644 to the NIH grant. Any amount above that cannot be charged to the grant. This is most problematic for summer salary because the cost-shared salary above the cap must be charged to non-sponsored funds. It can also have an impact on situations where faculty charge a portion of their academic year salary to NIH grants. Specific guidelines are below:

**Academic Year Salary:** Faculty who have committed effort against a NIH grant and who direct charge academic year salary may charge their percentage effort based on the NIH monthly salary cap against the NIH grant. The difference between the salary cap and the actual salary (called the "cap gap") is covered (cost-shared) by McCormick.

**Summer Salary:** When charging salary to an NIH grant over the summer, a source of non-sponsored funds must be identified to cover the cap gap. If non-sponsored funds cannot be identified, then no summer salary may be charged to the grant. **The expectation is that faculty recover academic year salary sufficient to cover 100% of the cap gap for the summer salary payment.** However, if the released funds from academic year salary recovery are not enough to fully cover the gap between the salary cap and actual summer salary, the remainder of the gap must be covered from a faculty discretionary account. If academic year salary was recovered in excess of what is needed to cover the summer salary cap gap, the remainder may be used for an additional 0.5 months summery salary at the PI's option, per McCormick policy. If after covering both the summer salary cap gap and the additional 0.5 months of summer salary there are still released funds available from the academic year salary recovery, these funds will be distributed according to the standard fraction provided to the investigator.

**Joint Appointments:** Faculty who hold a joint paid appointment in another school are exceptions to these guidelines and will be worked out on a case by case basis.

For additional guidance the following is available:

- [Office for Research NIH Salary Cap Update FY2020](#)
- [ASRSP Key Effort Reporting Policy issued by the Office of Cost Studies](#)
- [NIH Guidance on Salary Limitation for Grants](#)