

Georgia Institute of Technology
NSF Salary Limitation (“2 Months Rule”) – Accounting Treatment

The National Science Foundation (NSF) limits the amount of senior project personnel compensation that can be charged to NSF-funded projects, including flow-through awards from other institutions. Limits are imposed as follows:

- Compensation cannot exceed two months of an employee’s base yearly salary
- The limit applies to salaries charged to **all** NSF-funded projects (combined) for that employee

This limitation is known as NSF’s “two months rule.” More information about the rule can be found within NSF’s Grant Policy Manual (GPM) – Section V.B.1.a.ii(a), located at: http://www.nsf.gov/pubs/policydocs/pappguide/nsf13001/aag_5.jsp

Rule Changes for Calendar Year 2015 Proposals

NSF proposals submitted after January 5, 2009 may request salary compensation for senior project personnel of up to two months of their regular institutional salary during the year. This change moves away from the concept of "Summer" salary and allows for reimbursement of two months of salary per year at whatever time during the year the effort on the grant is expended. This limit still applies to salary compensation received or paid on all NSF grants. Any compensation 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.

Steps to Compliance

1. Calculate 1 month of the individual’s base annual year salary and multiply by 2. The result will be the maximum amount (2 months) of annual salary that can be charged to all NSF-funded projects (combined) for that employee.
2. Distribute the annual salary so that the total amount charged to all NSF-funded projects does not exceed the amount calculated in #1 above.
3. For proposals submitted after January 5, 2009, this maximum salary amount may be charged throughout the year based on the actual effort (performance) period.

Reminder: NSF generally does not fund faculty academic salary unless proposed and budgeted

Questions? Contact Grants and Contracts Accounting or the Salary Planning & Distribution (SPD) Center at the following e-mail addresses:

gc.ask@business.gatech.edu
spd.ask@business.gatech.edu