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
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MEMORANDUM

TO: Deans, Directors, and Department Chairs

FROM: F. John Case 
Executive Director

DATE: February 10, 2001

SUBJECT: Administrative Changes Implemented by the Federal Government

Recently the federal government issued several changes that impact the management of sponsored research, the treatment of certain costs, and the salary cap level for NIH and SAMHSA awards. Each change is discussed briefly below and an Internet address is provided so that the full text of the changes may be accessed to obtain the specific information.

NIH Salary Cap – The FY 2001 HHS Appropriations bill increased the salary cap for NIH and SAMHSA awards from Executive Level II to Executive Level I. The salary cap establishes limitations on the rate of pay requested and charged for researchers on grants and contracts. This latest change represents a significant increase in the cap and reduces the University's contribution for individuals with salaries in excess of the imposed ceiling. For proposals or awards submitted or received after January 1, 2001, the salary cap figure is \$161,200. Specific information may be found at <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-01-013.html>

National Research Service Awards (NRSA) – For NRSA awards issued after October 1, 2000, stipend levels, training related expenses, and institutional allowances for postdoctoral fellows are increased. The new stipend levels are as follows:

<u>Years of Experience</u>	
0	\$28,260
1	\$29,832
2	\$35,196
3	\$36,996
4	\$38,772
5	\$40,560
6	\$42,348
7 or more	\$44,412

Training related expenses for postdoctoral trainees will be increased from \$2,500 to \$3,500 with travel expenses associated with travel to scientific meetings being increased to \$4,000. Predoctoral stipends were increased to \$16,500.

Specific information may be found at

<http://www.nih.gov/niams/grants/notice/notod01-011.html>.

National Science Foundation Fastlane Changes – FastLane now permits the direct uploading of Word documents (and subsequent automatic conversion to PDF). This improves the submission process by eliminating the intermediate step of converting documents to PDF prior to upload. The specifics and technical terminology of this change may be found at <https://www.fastlane.nsf.gov/fastlane.htm>. Questions concerning submission of NSF proposals should be addressed to Edith Hubbard, Associate Director, Office of Research Services at 962-3397.

Voluntary Uncommitted Cost Sharing – A recent Presidential Executive Order (PEO) on strengthening the government-university partnership in research and a related Office of Management and Budget (OMB) clarification memorandum regarding voluntary uncommitted cost sharing effort have been viewed positively by the university research community. Voluntary uncommitted cost sharing effort is defined as university faculty (including senior researchers) effort that is over and above that which is committed and budgeted for in a sponsored research agreement. Most faculty organized research effort is either charged directly to the sponsor, or is considered mandatory or voluntary committed cost sharing (i.e., cost sharing specifically pledged in the proposal's budget or award) on the part of the recipient. Both mandatory and voluntary committed cost sharing are captured in the University's accounting system. Prior to the PEO, the voluntary uncommitted cost sharing effort of faculty was to be accounted for and considered part of the effort on research projects. Therefore, this effort shared a portion of the Facilities and Administrative (F&A) costs of the university. Now, this effort will be treated differently from mandatory and voluntary committed cost sharing and will not be included in the organized research base, therefore not assigned F&A costs. Also, this change eliminates the need for universities to track voluntary uncommitted cost sharing in their effort reporting systems. Full text of the memoranda is available at <http://www.whitehouse.gov/omb/memoranda/m01-06.html>.

Tuition Remission Costs – The OMB memoranda mentioned above also provides a clarification for the tuition remission costs of graduate students charged to federal programs in accordance with OMB Circular A-21, Section J.41, "Scholarships and Student Aid Costs," and Section A.2.c. "Purpose and Scope." Specifically, it clarifies that the Circular's requirement for a "bona fide employer-employee" relationship does not mean that the tuition remission costs are allowable only if the graduate student is treated as an employee for the purposes of the Internal Revenue Service regulations. The Federal policy on support of graduate students participating in research projects is to provide a reasonable amount of support (tuition remission and other support) on the basis of the individual's participation in the project. Sponsoring agencies are supporting graduate students who fulfill a vital role both as students and as researchers. With this clarification, this policy is not contingent on there being an employer-employee relationship, for tax purposes, between the institution and the graduate student. Rather, it recognizes the reality that research activities are an essential component of the individual's educational activities.

Administrative changes similar to those addressed in this memo (whether federal, state, or private) appear on the Office of Contracts and Grants homepage. I encourage you to visit the website frequently to keep abreast of the latest sponsored research administration information. The web page is located at <http://www.ais.unc.edu/candg/cqhome.htm>. If you have any questions relating to this information, please contact Kent Walker at 962-1353.