



TO: Stanford Principal Investigators
Stanford Research Administrators

FROM: Randy Livingston, Vice President for Business Affairs and Chief Financial Officer
Kam Moler, Vice Provost and Dean of Research

SUBJECT: Suspension of Salary Charging Flexibility on Federal Awards

We are writing to alert you to an important consequence of updated guidance from the Office of Management and Budget (OMB) regarding support of salaries and benefits by federal grants for individuals whose sponsored work is impeded by COVID-19.

The initial COVID-related OMB guidance ([M-20-17](#)) issued on March 19, 2020, and adopted by most Federal funding agencies in their policies for grantees, allowed institutions to continue charging salary and benefits consistent with the recipient institution's policy for salary continuation for a 90-day period ending June 17, 2020, even if the work supported by the grant was impaired. As you know, Stanford's salary continuation policy extends through August 31, 2020.

On June 18, 2020, OMB issued updated guidance ([M-20-26](#)) extending the flexibility to charge salaries and benefits to active Federal awards during the period from June 18 to August 31, 2020, but with the caveat that grantees "*exhaust other available funding sources to sustain its workforce and implement necessary steps to save overall operational costs during this pandemic period in order to preserve Federal funds for the ramp-up effort.*" Neither OMB nor the funding agencies have defined or explained what other "available funding sources" is intended to mean.

This updated guidance was first reported to the Stanford research community in a July 14, 2020, memo from Russell Brewer, Associate Vice President for Research Administration, while we were evaluating its implications.

After in depth consideration of the updated guidance and recognition of Stanford's financial resources, we have determined that salaries and benefits should not be charged to federal awards beyond June 17, 2020 for those faculty, students, postdocs, and staff who were or are unable to work on those awards.

We ask that Principal Investigators whose awards are impacted reevaluate and try to identify work allocable to the federal award that would allow those individuals to work (on campus or remote) and be charged to the federal award or consider moving those individuals to other sponsored projects where they are able to contribute and receive salary support. PIs should also work with their department, center or institute, school, and the Vice Provost and Dean of Research to restart the research activity as soon as the current safety circumstance and research restart policy allow. If not possible, PIs should move those salaries and benefits to unrestricted funds they may have available or consult with the Department or associated Centers and Institutes for other funding sources to bridge June 18 to August 31, when Stanford's pay continuation policy is ending.

This decision was made after careful examination of the new requirements and Stanford's ability to be in full compliance. We realize this new requirement may create difficulties for some PIs, but failure of any PIs to be in compliance could jeopardize federal funding both for those PIs and for the Stanford research enterprise as a whole. Thank you in advance for your continued efforts to remain in compliance with federal regulations.