

April 13, 2020

**Questions and Answers on UofL Leadership Team Announcement of April 9, 2020  
Impact on Externally Sponsored Programs  
Office of the Executive Vice President for Research and Innovation (EVPRI)**

In follow up to the announcement from the UofL Leadership Team on April 9, 2020 outlining plans to address the university's financial situation caused by the COVID-19 pandemic, the Office of the EVPRI is providing the following Q&A to provide guidance to the research community with particular emphasis on the impact to sponsored funding (e.g., grants and contracts). If you have additional questions related to the impact of the financial situation on sponsored funding, please contact Kevyn Merten, PhD, Associate Vice President for Research and Innovation ([kevyn.merten@louisville.edu](mailto:kevyn.merten@louisville.edu)) or Judy Bristow, Sr. Director of Sponsored Programs Administration ([judy.bristow@louisville.edu](mailto:judy.bristow@louisville.edu)).

Hiring Freeze – The University has instituted a hiring freeze, while allowing units to fill only the most critical of positions

**Question:** How will the hiring freeze impact a Principal Investigator's ability to hire a position funded by externally sponsored programs (e.g., a federal grant)?

**Answer:** Positions that are 100% funded by externally sponsored programs will not be impacted by the hiring freeze and will be approved for hiring after submission through the institutional approval process. Positions which are funded at any percentage less than 100% by externally sponsored funds/sources will be reviewed in accordance with the institutional approval processes and may or may not be approved for hiring.

Fiscal Restraint – The leadership team is asking units to practice fiscal restraint, including limiting spending on supplies, equipment, etc., to only truly essential items

**Question:** How does the request for fiscal restraint impact a Principal Investigator's ability to utilize funding from externally sponsored programs?

**Answer:** The request for fiscal restraint does not apply to purchases made using externally sponsored funding. As always, purchases on externally sponsored awards must be allowable, allocable, necessary, and reasonable for carrying out the objectives of the sponsored program.

Prohibition on International and Domestic Travel

**Question:** How does the prohibition of international and domestic travel impact a Principal Investigator's ability to travel using externally sponsored funding.

**Answer:** For financial purposes, the prohibition on international and domestic travel does not apply to travel funded with externally sponsored awards. However, please note that international and domestic university-sponsored travel is suspended through the end of the fiscal year, June 30 due to the COVID-19 pandemic.

Retirement Benefits – The university is evaluating and likely implementing temporary changes to retirement benefits, NOT including health insurance or life insurance

**Question:** If temporary changes to retirement benefits are implemented, can payments from externally sponsored programs (e.g., grants and contracts) be exempted from these changes?

**Answer:** From a sponsored program compensation (i.e., salary and benefits) perspective, the university must treat each funding source in a consistent manner. The university cannot elect to decrease the benefits paid from one source (e.g., institutional funds) while continuing to pay at the original benefit level from a second source (e.g., a federal grant). Therefore, externally sponsored programs cannot be exempt from any changes to retirement benefits.

Furloughs - Over the next several weeks, the university will be implementing part-time and full-time employee furloughs in targeted areas

**Question:** Will employees paid on sponsored programs be subject to university furloughs?

**Answer:** Information on furloughs will be forthcoming from HR. VPs, Deans, and Vice Provosts will make the decisions on furloughs on behalf of their units. Principal Investigators should communicate with their Dean regarding the impact of furloughs on their externally sponsored programs. Furloughs of 100% externally funded employees will not be made unless the project PI has no work for that employee and requests a furlough.

Pay Reductions - The leadership team has agreed, effective April 1 through at least June 30, to the following course of action:

- 10% pay reduction for any university employee with total compensation \$300,000 and greater;
- 5% pay reduction for any university employee with total compensation between \$200,000 - \$299,999;
- 2% pay reduction for any university employee with total compensation between \$100,000 - \$199,999.

**Question:** How do these pay reductions impact the amount that can be charged to externally sponsored programs (e.g., grants and contracts)? If a researcher is paid from externally sponsored programs can the percentage of their compensation charged to the external sponsor be exempt from the pay reduction?

**Answer:** The pay reductions are considered a reduction to the [Institutional Base Salary \(IBS\)](#) of the employee during the April 1<sup>st</sup> to June 30<sup>th</sup> time period (or longer if needed). The IBS serves as the basis for the amount charged to an externally sponsored program and therefore the compensation amount charged to an externally sponsored program will decrease in alignment with the percentage pay reduction. From a sponsored program compensation perspective, the university must treat each funding source in a consistent manner. The university cannot elect to decrease the compensation paid from one source (e.g., institutional funds) while continuing to pay at the original compensation level from a second source (e.g., a federal grant). Therefore, the percentage of an employee's compensation paid from an externally sponsored source cannot

be exempt from the pay reduction. Please note that currently approved X-Pays and X-Bens for funded summer research activities will not be impacted because these are not considered part of IBS. Any new X-Pays and X-Bens for such activities must be approved through the current university approval process.

**Question:** Can an investigator choose to modify the amount of effort that he/she spends on externally sponsored programs during the April 1<sup>st</sup> to June 30<sup>th</sup> time period?

**Answer:** Yes, an investigator may choose to modify (either increase or decrease) the amount of effort that they spend on externally sponsored programs during this time period if the change is in accordance with university policy and the requirements of the external sponsor. In fact, given the rapid and significant changes to the work environment that have occurred due to COVID-19, investigators are encouraged to review their existing effort allocation in the university payroll system and to modify that allocation (as necessary) to align with the current effort spent on all university activities, including research/sponsored programs.