NIH Salary Cap

Caltech's Policy and Monitoring Process

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What is the NIH Salary Cap?

- Since 1990, Congress has limited the direct salary that an individual may receive under an NIH award (grants, cooperative agreements, and contracts).

- The salary amount is currently limited to Executive Level II of the Federal Executive pay scale or $185,100 annually.

- As a result, NIH awardees cannot charge more than $185,100 annually for an individual's salary even if he or she earns more than the capped amount.

- The requirement applies to all NIH awardees and subawardees. This means that any NIH-funded pass through awards are also subject to the salary cap requirement.

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The NIH Salary Cap Requirement

- The salary cap does not require awardees to limit the amount of salary paid to individuals funded on NIH grants. Grantees may charge up to $185,100 annually to the award; an individual's remaining salary over the cap must be paid from some other source of institutional funds.

- When submitting proposal budgets, awardees should use the full institutional base salary of individuals who will be paid on the award; NIH will adjust the award amount to cover only the amount of salary up to the cap.

- If the salary cap amount authorized by law increases, awardees are permitted to rebudget award funds to cover the increased salary amount. However, NIH will not provide additional funds to cover these costs.

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How to Calculate the Salary to Be Funded by NIH?

For the proposal budget:

- Start with the individual's institutional base salary

- Determine the percent of effort to be charged to the award

- Multiply that figure by the fringe benefit rate and add to the salary

- Multiple the salary + fringe benefit by the F&A rate for a total

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Proposal Budget Example

	Inst Base Sal	% Effort	Total
Salary - PI @ 50% effort	$ 200,000	50%	$ 100,000
Fringe Benefits - 29% of salary			$ 29,000
Subtotal			$ 129,000
Indirect Costs - 64.3% MTDC			$ 82,947
Grand Total Requested			$ 211,947

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Award Budget Example

	NIH Sal Cap	% Effort	Total
Salary - PI @ 50% effort	$ 185,100	50%	$ 92,550
Fringe Benefits - 29% of salary			$ 26,840
Subtotal			$ 119,390
Indirect Costs - 64.3% MTDC			$ 76,768
Grand Total Awarded			$ 196,158

Amount of reduction: $211,947 - $196,158 = $15,789

See NOT-OD-16-045 for more examples

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Caltech NIH Salary Cap Policy

- Caltech's NIH Salary Cap Policy explains the NIH salary cap requirement.

  - http://finance.caltech.edu/documents/428-nih_salary_cap_policy_1-21-16.pdf

- Caltech's policy provides a brief summary of the tracking process as well as hyperlinks to additional Caltech guidance on the NIH Salary Cap.

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Caltech NIH Salary Cap Tracking Process

- Caltech maintains compliance with the NIH Salary Cap requirements by establishing salary cap companion PTAs with the same funding source award number as the main award for salaries over the cap.

- The set up process to obtain salary cap PTAs is similar to the process used when setting up a new PTA for new award.

- Grant managers should request the SALCAP PTA when requesting the main award PTA. They should also provide OSR with a non-sponsored PTA that will fund the salary above the cap amount.

- Projects will start with the PI's initials, a period, and then "SALCAP." For example –
  - Main award – HLL.DOTE-1-NIH.086354
  - Sal Cap PTA – HLL.SALCAP-1-NIHSAL.086354
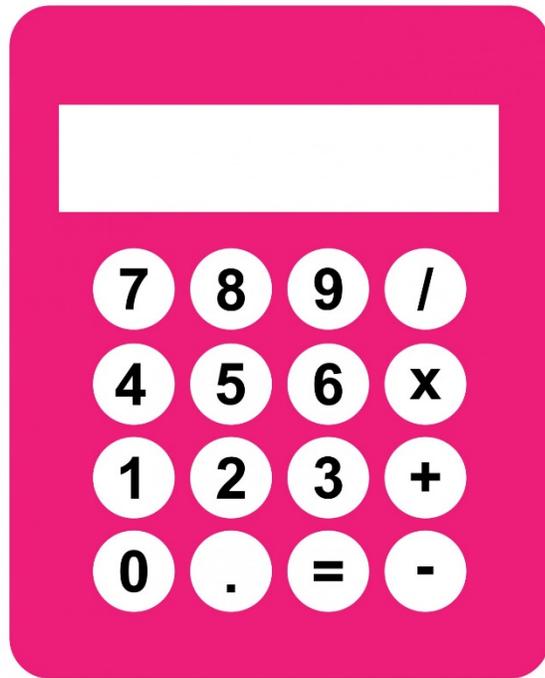
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Tracking Responsibility - GM

- Salary to be charged should be scheduled in the Oracle Labor Distribution Module between the two PTAs, main and salary cap, in accordance with the NIH salary cap in effect for that time period.

- Grant managers are responsible for the initial set-up and routine scheduling of salary on the salary cap companion account for those researchers whose salaries are over the salary cap.

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Tracking Responsibility - PAA

- Post Award Administration (PAA) is responsible for reviewing the PTA at least semi-annually to ensure the salary has been distributed correctly and is in compliance with the appropriate salary cap.

- If an issue arises during PAA's review the GM will be notified to make the appropriate adjustments. In order to show timeliness and due diligence in managing the salary cap companion account, all adjustments must be made within the **fiscal year**, rather than the calendar year in which the particular salary cap was in effect, or the budget year of the grant.

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Caltech Tools to Assist with Monitoring

NIH Salary Cap Calculator

NIH Salary Cap Form & NIH Salary Cap Report

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Caltech Tools – Cap Calculator

Caltech Tools – NIH Salary Cap Form

- Form to assist with setting up initial distribution
- http://finance.caltech.edu/pa/salcal

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Caltech Tools – NIH Salary Cap Report

- The data warehouse contains a report under **Campus Reports/Res Admin Compliance called the NIH Salary Cap Report – Campus**

- Report filters include

  - Period start and end dates

  - Funding Source Award Number

  - Employee

  - Active Awards Only – Yes or No

- The results will provide information on the percent effort charged to the NIH main award PTA as well as the NIH SALCAP PTA

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Other Discussion Items

- How should one best manage the salary cap for PIs with variable monthly effort on an award?

- How should one manage the salary cap when the PI expends more effort than proposed on an annual basis?

- What if the PI expends less effort than proposed?

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Links to NIH Salary Cap Guidance and Information

- National Institutes of Health Notice on Salary Limitation on Grants, Cooperative Agreements, and Contracts

  – http://grants.nih.gov/grants/guide/notice-files/NOT-OD-16-045.html

  – National Institutes of Health Salary Cap Summary (FY 1990 – Present)

  – http://grants.nih.gov/grants/policy/salcap_summary.htm

- Caltech Office of Sponsored Research's Chapter 9.3 – Salary Cap for National Institutes of Health Awards – Guide to Sponsored Programs

  – http://researchadministration.caltech.edu/theguide/tableofcontents/ch9#NIH%20Sal%20Cap

- Caltech Post Award Administration's NIH Salary Cap FAQ

  – http://finance.caltech.edu/pa/faq/nihsalcap

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Questions?

**Post Award Administration –
postawardadmin@caltech.edu**
Or contact your PAA accountant
http://finance.caltech.edu/pa/contact

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