



NIH Salary Cap

Purpose: This outlines the process to apply the National Institutes of Health (NIH) salary cap for faculty who are paid over the cap on a Department of Health and Human Services award. Departments follow this process to account for effort over the salary cap. Also, salary costs over the cap are not considered cost sharing and must be tracked for development of the indirect cost study proposal.

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WHAT IS THE NIH SALARY CAP?

A legislatively-mandated provision limiting the direct salary (also known as institutional base salary, but excluding any fringe benefits and F&A costs) for individuals working on NIH grants, cooperative agreement awards, and extramural research and development contracts. The salary limitation rate applies to any individual whose salary is charged directly to awards from NIH and its agencies (such as Health Resources Service Administration, Centers for Disease Control, etc) including pass through funds.

WHO SETS THE RATE?

The rates are set by Congress as part of the annual federal budget appropriations process. The Federal Executive Pay scale changes in January each calendar year and is published on the [NIH website](#).

HOW IS THE SALARY CAP APPLIED?

The cap establishes a maximum annual rate of pay at which an individual's full time effort over a twelve-month period can be charged for a federal contract, grant or cooperative agreement. It is not intended to limit the actual salary paid by the institution. An institution may pay an individual in excess of the salary cap.

The cap is not on the number of dollars that can be charged to an NIH grant. Rather, the cap is on the monthly pay rate that can be charged to an NIH grant.

NIH Salary Cap Calculation

There are four variables in the salary cap calculation for an individual:

1. Salary Cap at time of project period.
2. Institutional Base Salary (IBS) for project period. This is an individual's total compensation for activities for which they were hired over a 12-month period. See [University Policy 41.005](#).
3. Amount of direct salary charged to the sponsor.
4. Amount of salary cost shared for the period.

Appointment type 9 months.

Salary Cap: \$192,300

IBS: \$175,000

Effort: 10% (NIH uses [person months \(PM\)](#) = 9 months x .10 = .90 PM)

$\$192,300/12 = \$16,025 * .90 \text{ PM} = \$14,423$ **.90 PM Capped salary**

$\$175,000/9 = \$19,444 * .90 \text{ PM} = \$17,500$ **PI's .90 PM actual salary**

Effective Date: mm/dd/yyyy

Cost Share Calculation:

\$17,500 - \$14,423 = \$3,077 This is your **cost share amount**.

Appointment type 12 months

Salary Cap: \$192,300

IBS: \$225,000

Effort: 10% (NIH uses **person months (PM)** = 12 months x .10 = 1.20 PM)

\$192,300/12 = \$16,025 * 1.20 PM = \$19,230 **1.20 PM Capped salary**

\$225,000/12 = \$18,750 * 1.20 PM = \$22,500 **PI's 1.20 PM actual salary**

Cost Share Calculation:

\$22,500 - \$19,230 = \$3,270 This is your **cost share amount**.

NIH Salary Cap Reconciliation Tool

Name:	
Employee ID	
Award:	
Project:	
Start Date:	
End Date:	
Date Range:	7/1/19-6/30/20
Salary Cap:	
Monthly Salary cap	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
Period 1	JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY MARCH APRIL MAY JUNE
Direct to Grant	
Cost Shared	
Total	\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -
Fiscal Increment	
Additional Salary	
Summer Rsch	
OU Reg Salary	
Total	\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -
Cap	\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -
Over/(Under)	\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -

**DO NOT ENTER INFORMATION IN GREY BOXES.
ONLY COMPLETE INFORMATION FOR THE FOLLOWING FIELDS.**

Field Name	Enter...
Name	Employee name from Human Resources Dashboard Employee Lookup

NIH SALARY CAP

Document ID:

Effective Date: mm/dd/yyyy

Employee ID	Employee number from Human Resources Dashboard Employee Lookup
Award	Award number from Finance Dashboard Grants Funds Available
Project	Project number from Finance Dashboard Grants Funds Available
Start Date	Start Date from Finance Dashboard Grants Funds Available
End Date	End Date from Finance Dashboard Grants Funds Available
Date Range	This will be the fiscal year that the NIH Salary Cap is being calculated.
Salary Cap	This is the annual salary cap that is published on NIH website .
Direct to Grant	This is the salary that is directly charged to the grant each month according to the actual work completed that was approved in the statement of work and project period. NOTE: Even if the period of a project is less than 12 months the total payroll information for all 12 months must be filled out. This is because the salary cap is a limit on an employee’s rate of earning based on an employee’s full-time compensation.
Cost Shared	Amount that is charged to the department if under the cap or charged to an NIH Salary Cap award if over the cap.
Fiscal Increment	Amount of salary for a fiscal increment entered by month per IBS policy.
Additional Salary	Amount of salary for additional salary entered by month per IBS policy.
Summer Research	Amount of salary for summer research entered by month per IBS policy.
OU Reg Salary	Amount of regular salary entered by month per IBS policy.

If the Total column over/(under) cap calculation is (green) the individual is compliant with the cap. If the calculation is red the number is the amount that must be moved from direct salary and charged to the cost share award. All cost share over the cap must be charged to a cost share award using award type COST SHR NIH SAL CAP (113200). See following examples:

Effective Date: mm/dd/yyyy

Example of Total column (under) the cap. The \$(25.30) is under the cap, no further cost share.

Name:	Smith, John													
Employee ID	123456													
Award:	1234567													
Project:	12345													
Start Date:	9/1/2019													
End Date:	8/31/2023													
Date Range:	7/1/19-6/30/20													
Salary Cap:	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	
Monthly Salary cap	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	
Period 1	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	Total	
Direct to Grant	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 500.00		\$ 8,500.00	
Cost Shared			\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 150.00		\$ 4,150.00	
Total	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 650.00	\$ -	\$ 12,650.00	
Fiscal Increment													\$ -	
Additional Salary													\$ -	
Summer Rsch	\$ 15,000.00	\$ 7,500.00										\$ 7,500.00	\$ 30,000.00	
OU Reg Salary	\$ 15,000.00	\$ 12,500.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 12,500.00		\$ 225,000.00	
Total	\$ 15,000.00	\$ 20,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 12,500.00	\$ 7,500.00	\$ 255,000.00	
Cap	\$ -	\$ -	\$ 961.50	\$ 961.50	\$ 961.50	\$ 961.50	\$ 961.50	\$ 961.50	\$ 961.50	\$ 961.50	\$ 833.30	\$ -	\$ 8,525.30	
Over/(Under)	\$ -	\$ -	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ (333.30)	\$ (25.30)	

Example of Total column over the cap. The \$167.00 must be cost shared.

Name:	Smith, John													
Employee ID	123456													
Award:	1234567													
Project:	12345													
Start Date:	9/1/2019													
End Date:	8/31/2023													
Date Range:	7/1/19-6/30/20													
Salary Cap:	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	\$192,300	
Monthly Salary cap	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	\$16,025	
Period 1	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	Total	
Direct to Grant	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 500.00		\$ 8,500.00	
Cost Shared			\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00			\$ 4,000.00	
Total	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 500.00	\$ -	\$ 12,500.00	
Fiscal Increment													\$ -	
Additional Salary													\$ -	
Summer Rsch	\$ 15,000.00	\$ 7,500.00										\$ 7,500.00	\$ 30,000.00	
OU Reg Salary	\$ 15,000.00	\$ 12,500.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 12,500.00		\$ 225,000.00	
Total	\$ 15,000.00	\$ 20,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 12,500.00	\$ 7,500.00	\$ 255,000.00	
Cap	\$ -	\$ -	\$ 961.50	\$ 961.50	\$ 961.50	\$ 961.50	\$ 961.50	\$ 961.50	\$ 961.50	\$ 961.50	\$ 641.00	\$ -	\$ 8,333.00	
Over/(Under)	\$ -	\$ -	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ 38.50	\$ (141.00)	\$ -	\$ 167.00	

NIH SALARY CAP FAQs

Can salaries subject to the NIH salary cap be supplemented?

Yes, actual salary paid to an individual is not constrained by the salary cap. Only the salary charged to sources that are subject to the cap are affected. Federal regulations permit institutions to supplement salary paid under awards that are subject to the salary cap using non-federal or institutional funds.

How does the NIH salary cap relate to effort?

Ordinarily, the salary chargeable to a sponsored project is the employee's rate of pay multiplied by the employee's level of effort on the project. However, salary charged to an award subject to the

salary cap cannot be paid at a rate that exceeds the capped annual rate of pay in effect, multiplied by the level of effort being devoted to the project.

Higher levels of effort mean proportionately more salary can be charged to the grant, cooperative agreement or contract. Under no circumstances, whether or not an employee is working on an award that is subject to the NIH salary cap, can the percent of full-time salary charged to a contract, grant or cooperative agreement exceed the level of effort devoted to the project.

Is rebudgeting allowed with the NIH salary cap?

Yes, rebudgeting is allowable. If NIH increases the cap during the life of a grant, an individual salary can be increased up to the new salary cap level if there are sufficient funds in the budget and the change is within the allowable re-budgeting parameters. ***Please note: NIH will not provide additional funding to cover the difference in salary.***