

Georgia Institute of Technology
NIH Salary Limitation – Accounting Treatment

The National Institute of Health has published updated information regarding the salary limitation for NIH awards, including flow-through awards from other institutions. **NOTE:** In 2012, the base salary was reduced from previous Executive Level I to Executive Level II amounts on new awards where the initial Issue Date of the award is on/after 12/23/2011. For 2017 awards, the effective salary limitation at Executive Level II was \$187,000. For awards **issued after 1/07/2018**, the effective salary limitation at Executive Level II increased to \$189,600. Please see <https://grants.nih.gov/grants/guide/notice-files/NOT-OD-18-137.html> for complete information.

The schedule included below is provided to assist you in determining the amount of monthly and annual capped salary amounts. Frequently Asked Questions are included as well.

Schedule of Allowable NIH Salary Cap Maximums Based on Effort Percentage:

Effort%	All Competing or New NIH Awards <u>prior</u> 1/08/17 Executive Level II		All New NIH Awards <u>After</u> 1/07/2018 Executive Level II	
	Maximum Monthly \$	Maximum Annual \$	Maximum Monthly \$	Maximum Annual \$
5%	779	9,350	790	9,480
10%	1,558	18,700	1,580	18,960
15%	2,338	28,050	2,370	28,440
20%	3,117	37,400	3,160	37,920
25%	3,896	46,750	3,950	47,400
30%	4,675	56,100	4,740	56,880
35%	5,454	65,450	5,530	66,360
40%	6,233	74,800	6,320	75,840
45%	7,013	84,150	7,110	85,320
50%	7,792	93,500	7,900	94,800
55%	8,571	102,850	8,690	104,280
60%	9,350	112,200	9,480	113,760
65%	10,129	121,550	10,270	123,240
70%	10,908	130,900	11,060	132,720
75%	11,688	140,250	11,850	142,200
80%	12,467	149,600	12,640	151,680
85%	13,246	158,950	13,430	161,160
90%	14,025	168,300	14,220	170,640
95%	14,654	175,845	15,010	180,120
100%	15,583	187,000	15,800	189,600

Frequently Asked Questions (FAQs):

1. What awards are subject to the NIH Salary Cap and why does it exist?

All NIH/DHHS Grants, Cooperative Agreements, and Contracts (including flow-through awards from other Institutions) are subject to the NIH salary cap. Congress limits how much compensation an individual can receive under an NIH award. The limitation is equal to the Federal Executive Level II pay scale on all awards issued on or after 12/23/11. For all new awards issued after 1/07/2018, the limitation amount for the Federal Executive Level II pay scale increased to \$189,600.

Frequently Asked Questions (FAQs) - Continued:

2. Is the cap based on the maximum monthly rate or the annual (12 month) total?

The monthly rate -- During 2018, the salary maximum is \$15,583 monthly (\$187,000 / 12) for 100% project effort on an **award issued prior to 1/08/17**. Therefore, an employee earning more than \$15,583 monthly (\$187,000 / 12) in total salary and working on an NIH award would require a salary cap adjustment.

3. What if the monthly salary exceeds the NIH Salary cap?

*** Example: 51% Effort Devoted during February 2018 on NIH award issued before 1/07/2018**

- a) If there IS NO mandatory cost-sharing requirement on the award/fund, charge no more than \$7,948 ($\$15,583 * 51\%$) to the NIH project in February 2018 and charge the difference in monthly salary to a linked NIH Companion Salary Cap project.
- b) If there IS a mandatory cost-sharing requirement on the award/fund, charge no more than \$7,948 to the NIH project in February 2018 and charge the difference in monthly salary to a linked NIH Companion Salary Cap project. Do not charge any salary cap adjustment to the mandatory cost share project.

*** Example: 30% Effort Devoted during March 2018 on a **NEW** NIH award issued after 1/07/2018**

- a) If there IS NO mandatory cost-sharing requirement on the award/fund, charge no more than \$4,740 ($\$15,800 * 30\%$) to the NIH project in March 2018 and charge the difference in monthly salary to a linked NIH Companion Salary Cap project.
- b) If there IS a mandatory cost-sharing requirement on the award/fund, charge no more than \$4,740 to the NIH project in March 2018 and charge the difference in monthly salary to a linked NIH Companion Salary Cap project. Do not charge any salary cap adjustment to the mandatory cost share project.

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4. Why is it necessary to charge the salary amount above the cap to a linked NIH Salary Cap Companion project when cost-sharing is not a requirement of the award?

This allows the NIH cap adjustment to be visible in the accounting records of the Institute without additional effort certification documentation (other than the ASR).

5. What is the difference between Effort Percentage and Salary Percentage?

The two are the same in most cases, but this is not the case when an adjustment is required and made for the NIH salary cap. The effort percentage is the percentage of time devoted to working on the project. This may be equal to or greater than the percentage of salary charged to the project.

6. Who do I contact if I have questions regarding the NIH Salary Cap or to request an additional effort certification document template?

Contact the Salary Planning & Distribution (SPD) Center at 404-385-0120 or send a request to spd.ask@business.gatech.edu