

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 2016 awards, the effective salary limitation at Executive Level II was \$185,100. For awards **issued after 1/08/2017**, the effective salary limitation at Executive Level II increased to \$187,000. Please see <https://grants.nih.gov/grants/guide/notice-files/NOT-OD-17-049.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> 1/10/16 Executive Level II		All New NIH Awards <u>After</u> 1/08/2017 Executive Level II	
	Maximum Monthly \$	Maximum Annual \$	Maximum Monthly \$	Maximum Annual \$
5%	771	9,255	779	9,350
10%	1,543	18,510	1,558	18,700
15%	2,314	27,765	2,338	28,050
20%	3,085	37,020	3,117	37,400
25%	3,856	46,275	3,896	46,750
30%	4,628	55,530	4,675	56,100
35%	5,399	64,785	5,454	65,450
40%	6,170	74,040	6,233	74,800
45%	6,941	83,295	7,013	84,150
50%	7,713	92,550	7,792	93,500
55%	8,484	101,805	8,571	102,850
60%	9,255	111,060	9,350	112,200
65%	10,026	120,315	10,129	121,550
70%	10,798	129,570	10,908	130,900
75%	11,569	138,825	11,688	140,250
80%	12,340	148,090	12,467	149,600
85%	13,111	157,335	13,246	158,950
90%	13,883	166,590	14,025	168,300
95%	14,654	175,845	14,804	177,650
100%	15,425	185,100	15,583	187,000

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 1/08/2017, the limitation amount for the Federal Executive Level II pay scale increased to \$187,000.

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 2017, the salary maximum is \$15,425 monthly (\$185,100 / 12) for 100% project effort on an **award issued prior to 1/08/17**. Therefore, an employee earning more than \$15,425 monthly (\$185,100 / 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 2017 on NIH award issued before 1/08/2017**

- a) If there **IS NO** mandatory cost-sharing requirement on the award/fund, charge no more than \$7,867 ($\$15,425 * 51\%$) to the NIH project in February 2017 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 \$7,867 to the NIH project in February 2017 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 2017 on a **NEW** NIH award issued after 1/08/2017**

- a) If there **IS NO** mandatory cost-sharing requirement on the award/fund, charge no more than \$4,675 ($\$15,583 * 30\%$) to the NIH project in March 2017 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 \$4,675 to the NIH project in March 2017 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.

G&C Notice 17-III

March 17, 2017

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