

Georgia Institute of Technology
NIH Salary Limitation – Accounting Treatment

The National Institute of Health (NIH) has published updated information regarding the salary limitation for NIH awards, including flow-through awards from other institutions. For 2022 awards, the effective salary limitation at Executive Level II was \$203,700 effective January 1, 2022. For awards **issued after January 1, 2023** the effective salary limitation at Executive Level II increased to \$212,100. Please see [NIH Guidance on Salary Limitations on 2022 Grants and Cooperative Agreements](#) and [Guidance on Salary Limitation for Grants and Cooperative Agreements FY 2023](#) for complete information.

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, Subcontracts, 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 on or after 1/02/2023, the limitation amount for the Federal Executive Level II pay scale increased to \$212,100.

2. Can the higher cap be used after 1/2/2023?

For issued awards that were restricted to Executive Level II, including competing awards already issued in FY2023, if adequate funds are available in active awards, and if the salary cap increase is consistent with the institutional base salary (IBS), recipients may rebudget funds to accommodate the current Executive Level II salary level.

3. How does Georgia Tech define Institutional Base Salary?

Institutional Base Salary (IBS) represents compensation for administrative, research, and teaching activities. It does NOT include additional pay, extra pay, or bonuses; it also does not include time faculty spend consulting outside of Georgia Tech.

4. Where can I find a historical record of salary cap?

For a historical record of the salary cap, including effective dates, see:

https://grants.nih.gov/grants/policy/salcap_summary.htm

5. What is the maximum monthly amount that can be charged to an NIH Grant?

The salary maximum is \$17,675 monthly (\$212,100/12 months) for 100% grant effort in 2023.

The monthly amount for the applicable cap is the most that can be charged to NIH/DHHS grants for an employee in any month.

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

Grants and Contract has prepared a calculator to help with calculating the correct amount that must be cost shared on an annual basis. The calculator is located on our website at <http://www.grants.gatech.edu/resources>.

We also have developed enhanced reporting capabilities to help determine employees that require additional cost share based on their current level of effort. We communicate over the cap employees to departments that need an adjustment made in Commitment Accounting quarterly and more frequently during 4Q.

7. How does Georgia Tech monitor the NIH Salary Cap?

Grants and Contracts Accounting reviews charges to NIH grants for all employees whose monthly salary exceeds the monthly NIH cap rate. We perform a fiscal year review to make sure the effort charged to the awards aligns with the amount charged to NIH/DHHS grants. We will send a list to the Grant Manager and ASR Financial Manager for all employees that require an EDR in Commitment Accounting.

If an EDR is required, it **must** be made to a **NIH Companion Cost Share** grant linked to the award. This is the only way that an appropriate amount of effort can be captured on the award and allow us to meet audit requirements. If you need an NIH Companion cost share grant please send a request via Workday or contact your Project Accounting Analyst.

If you have questions please feel to send questions to casr.ask@business.gatech.edu.

8. Can you provide an example?

A 12 month employee has a salary of 360,000 and has committed one month to an NIH Grant. The calculation is below using the 2021 NIH cap:

12 Month Salary	\$	360,000	
Monthly Rate	\$	30,000	
Actual NIH Effort (in months)		1.0	
Actual NIH Effort %		8.3%	
NIH Billed March	\$	16,608	Maximum Monthly Amount on NIH awards
Calculated Effort (out of 12 months)		4.6%	Effort charged to NIH awards
Required Cost Share (out of 12 months)		3.7%	Over-the-cap effort which cannot be charged to NIH awards
EDR Required	\$	13,392	Must be to Linked Cost Share

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9. Can you provide a summer salary example?

An employee may charge up to the salary cap amount per month in the summer across all NIH awards. Any additional amounts of pay above and beyond the cap must either be reflected in a cost sharing grant associated with the award (to reflect work done on the award that cannot be charged) or on departmental, non-sponsored funds (to reflect non-sponsored effort). Cost sharing which reflects the over the cap amount of effort devoted to the award but not charged must be fully reflected across the full fiscal year.

Example

A 9 month employee has a contract salary of 180,000, summer pay of 60,000, and has committed two summer months to an NIH Grant. The calculation is below using the 2021 salary cap:

9 Month Contract Salary	\$	180,000	
Monthly Contract Rate	\$	20,000	
Summary Salary entered	\$	60,000	Pay in excess of amount billable to NIH at dept. discretion
Actual Effort NIH (summer months)		2.0	
Actual Effort Non-NIH (summer months)		1.0	
Actual Effort % (9 months plus Summer Pay)		16.7%	
NIH Billed Summer 2021	\$	33,217	Maximum Amount on NIH awards for committed NIH months
Calculated Effort (out of 12 months)		13.8%	Effort charged to NIH awards
Required Cost Share (out of 12 months)		2.8%	Over-the-cap effort which cannot be charged to NIH awards
EDR Required	\$	6,783	Must be to Linked Cost Share during the fiscal year
Salary on non-sponsored sources	\$	20,000	

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

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

11. 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 award. This may be equal to or greater than the percentage of salary charged to the grant.

12. Can Georgia Institute of Technology pay employees more than the cap?

An individual's institutional base salary is not constrained by the legislative provision for a limitation of salary. The rate limitation simply limits the amount that may be awarded and charged to NIH grants, cooperative agreements, and contracts. For individuals whose salary rates are in excess of Executive Level II, the grantee/contractor may pay the excess from non-federal funds.

Contact eamr.ask@business.gatech.edu