

OSP Salary Cap Guidance

NIH Salary Cap

The National Institutes of Health (NIH) salary cap is a statutory limitation imposed by Congress on an individual's rate of pay directly chargeable to grants, cooperative agreements and contracts issued by NIH. The salary cap limits the rate of pay chargeable to NIH awards to a maximum that is tied to the Federal Executive Pay Scale and the year of the award. The capped rates of pay apply equally to academic year and 12-month employees.

How to account for salary "over the cap"?

If an investigator's salary is over the salary cap, the overage is considered an institutional commitment (cost share), **and a non-federal source account for this overage will need to be identified and reported on a cost-sharing form prior to proposal submission.** PIs and their department research administrators (DRAs) should work with their OSP Proposal Analyst to accurately account for salary when the PI's salary exceeds the cap.

How is NIH salary cap calculated?

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.** When an investigator's pay rate exceeds the salary cap, the cap is applied proportionally to any level of effort the investigator charges to the grant. See example calculations below:

The 2023 NIH salary cap is \$212,100/12 months (**\$17,675/month**). This means that if you were to commit 100% effort during a given month to an NIH grant, the maximum amount of salary that could be charged to the grant is \$17,675. This maximum decreases proportionally with decreasing effort levels.

To determine the percentage of salary that can be charged to NIH, multiply the % effort by the monthly max. For example, if you were to commit 25% effort during a given month to an NIH grant, the maximum amount of salary that could be charged to the grant is:

$$\begin{aligned} \text{Maximum capped monthly salary} \times \text{Effort Committed to Project} &= \text{Maximum monthly} \\ &\text{salary paid by NIH} \\ \$17,675 \times 25\% &= \$4,418.75 \end{aligned}$$

Calculating Salary Cap for 9-Month Appointments

Many faculty PIs are paid on 9-month, rather than 12-month, appointments. The NIH salary cap still applies to PIs paid on 9-month appointments. Using the above example, if

the salary is \$250,000 for a 9-month appointment you would identify your monthly rate as follows:

$\$250,000 / 9 = \$27,777.78$ per month. **\$27,777.78** is your monthly Institutional Base Salary/IBS.

If you are committing 25% effort, your monthly salary for this percent effort would be:

$\$27,777.78 \times 25\% = \mathbf{\$6,944.45}$

This represents the amount of salary that would be owed to you for your effort.

Since your monthly IBS of \$27,777.78 is over the cap, you would identify the amount of institutionally paid salary as follows:

Actual salary cost - Maximum allowed on NIH award = Institutional commitment
required
 $\$6,944.45 - \$4,418.75 = \$2,525.70$

In this example you would need to identify an alternate source of funds for **\$2,525.70**.

Covering salary above the cap

- If you are a faculty PI whose salary is over the cap, and your effort on the NIH grant is being charged during the academic year, you may cite the instructional budget account that covers your faculty appointment as the source account for these funds, provided that your CSU leadership approves of this cost sharing.
- For faculty PIs charging summer salary to NIH grants, and for all non-faculty PIs, you should work with your departmental and/or college leadership to identify a source account to pay your salary above the cap.
- The source of funds used to cover salary above the cap cannot bear any additional effort requirements for the PI. This means that you cannot use an industry-funded or other non-federal sponsored project account to cover your salary over the cap, since any sponsored project account carries with it an effort commitment in form of work performed to achieve the sponsored project's objectives.
- Discretionary funds and endowments may be used to cover salary over the cap.

Other Non-NIH Salary Cap

Various other sponsors have limitations on salary amounts that can be charged to grants. Please refer to the sponsor solicitation for budget limitation amounts.

Sponsor	Annual Salary Cap	Monthly Cap (12 month appointment)
A&M CIADM Salary Cap	\$199,700	\$16,641.67
CPRIT	\$200,000	\$16,666.67
USAID Salary Cap (Contracts Only)	\$170,400	\$14,200.00
Juvenile Diabetes Research Foundation	\$199,300	\$16,608.33
Susan G Komen for the Cure	\$250,000	\$20,833.33

OSP has provided a [Salary Cap Calculator](#) that can be used to calculate the institutional commitment for agencies that have a salary cap. The first tab should be used to calculate salary caps for 12-month appointments, and the second tab for 9-month appointments. NIH and CPRIT caps are listed on the spreadsheet for your information, but the salary cap of any sponsor may be entered into the form.

Institutional Base Salary

Institutional Base Salary or IBS is annual compensation paid for an individual's appointment (9 or 12 months), whether that individual's time is spent on research,

teaching, administration or other activities. Academic Salary and Endowments are included.

IBS does **not** include supplemental payments (one time or recurring), administrative supplements and/ or compensation for special programs and activities. Additionally, IBS does not include payments from other organizations or income that individuals are permitted to earn outside of their institutional responsibilities, such as consulting.

Audit Implications

UT has the obligation of serving as good stewards of sponsored awards. UT cannot be reimbursed for salary above the salary cap on any sponsored award, including awards when UT is a sub-recipient. If UT is found to have charged salary above the limitation, the sponsor can disallow the charges and require the amount to be refunded. Noncompliance with the salary cap could result in audit findings and could negatively affect future funding opportunities.

In the event a department or PI is contacted by a sponsor regarding an audit, please reach out to the Post-Award team in the Office of Sponsored Projects at osp-postaward@Austin.utexas.edu. Post-Award serves as the main point of contact for all research related audits.

Managing Projects with Salary Cap

The Post-Award team has developed a [Post-Award Salary Cap Tool](#) as a resource for departments when managing projects with salary caps. The tool provides assistance in managing projects with salaries over the cap and should be used when processing a cost transfer of personnel expenses.