National Institutes of Health (NIH) Salary Limitation (Cap)
SPA-11-008

About This Policy

Effective Dates:
03-01-2011

Last Updated:
12-31-2020

Responsible University Administrator:
Vice President for Research

Policy Contact:
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Scope

This policy applies to all Indiana University faculty, staff and students, including approved practice plan employees, paid all or in part on sponsored research accounts that adhere to the DHHS Federal Salary Limitation on Grants, Cooperative Agreements and Contracts. This limitation applies to all funding from federal agencies that report through DHHS (e.g. NIH, CDC, AHRQ, etc.)

Policy Statement

It is the policy of Indiana University to abide by the federal salary limitation guidelines. In order to demonstrate institutional compliance with this limitation, Indiana University records the unallowable salary over the stated salary limitation on a cost share subaccount for applicable awards. Principal investigators of DHHS grants at Indiana University are responsible for identifying internal (non-sponsored program) sources of funds to cover the unallowable salary portion over the applicable salary rate cap.

Reason For Policy

To establish guidelines and best practices for the monitoring of the DHHS salary limitation, and ensure the unallowable portion of salary is appropriately applied to an INST cost share subaccount of the associated grant account.

Procedure

The NIH salary cap is applied as a maximum rate of pay allowable as a direct charge to the sponsored award. The salary rate limitation is applied based on the Institutional base salary and the proportion of salary allocated to the sponsored award. The DHHS will announce new salary limitation figures each year and Indiana University will disseminate the new information.

To establish the individual salary limitation amount for a specific award, the following information must be determined:

1. The individual's appointment (10-Pay, 12-Pay),
2. The institutional base salary for the employee appointment,
3. The current NIH Salary Limitation, and
4. The percentage effort charged to the award.
Academic Summer Salary on DHHS awards for 10-Pay appointments is subject to the same NIH salary rate limitation as during the academic year.

Illustrations of the DHHS Salary Limitation application to academic 10-Pay and 12-Pay appointees are available on the Office of Research Administration NIH Salary Limitation webpage.

Please Note: Departments with individuals receiving compensation from the approved practice plans and having effort on any sponsored research account adhering to DHHS salary limitation guidelines must ensure all individuals meet the DHHS salary limitation guidelines utilizing this methodology. An illustration of the DHHS Salary Cap as applied to individuals with practice plan compensation is available on the Office of Research Administration NIH Salary Limitation webpage.

IU Employee Receiving Indiana University and Practice Plan Compensation

Definitions

Approved Practice Plans: Those practice plans approved by Indiana University to recover salary costs related to research conducted under the auspices of Indiana University.

Institutional Base Salary: The annual salary received for a payroll appointment. At Indiana University this is defined as base pay applicable to an appointment. This includes, if appropriate, compensation from both Indiana University and an approved practice plan.

Cost Share: Cost share is defined as the portion of the project or program costs that are not borne (paid for) by the funding agency.

Sanctions

University faculty, staff and students found to be in violation of this policy will have the unallowable portion of salary exceeding the stated salary limitation reallocated and recorded as cost share. Such failure to adhere to this policy may result in audit findings and further cost disallowances.

History

Replaces:
• III-100 “A-21 Effort Reports”

Previous Versions:
• Effective Dates: 11-21-2012 through 5-3-2017
• Effective Dates: 5-3-2017 through 12-31-2020

Related Information

NIH Grants Policy - Salary Limitation on Grants, Cooperative Agreements and Contracts
OMB 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards