

G&C Notice 20-III

May 1, 2020

**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 2019 awards, the effective salary limitation at Executive Level II was \$192,300. For awards **issued after 01/15/2020**, the effective salary limitation at Executive Level II increased to \$197,300. Please see the [NIH Notice on Salary Limitations on FY2020 Grants, Cooperative Agreements, and Contracts](#) 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 prior 1/05/20 Executive Level II		New NIH Awards On or After 1/05/2020 Executive Level II	
	Maximum Monthly \$	Maximum Annual \$	Maximum Monthly \$	Maximum Annual \$
5%	801	9,615	822	9,865
10%	1,603	19,230	1,644	19,730
15%	2,404	28,845	2,466	29,595
20%	3,205	38,460	3,288	39,460
25%	4,006	48,075	4,110	49,325
30%	4,808	57,690	4,933	59,190
35%	5,609	67,305	5,755	69,055
40%	6,410	76,920	6,577	78,920
45%	7,211	86,535	7,399	88,785
50%	8,013	96,150	8,221	98,650
55%	8,814	105,765	9,043	108,515
60%	9,615	115,380	9,865	118,380
65%	10,416	124,995	10,687	128,245
70%	11,218	134,610	11,509	138,110
75%	12,019	144,225	12,331	147,975
80%	12,820	153,840	13,153	157,840
85%	13,621	163,455	13,975	167,705
90%	14,423	173,070	14,798	177,570
95%	15,224	182,685	15,620	187,435
100%	16,025	192,300	16,422	197,300

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 on or after 1/05/2020, the limitation amount for the Federal Executive Level II pay scale increased to \$197,300.

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

The monthly rate -- During 2020, the salary maximum is \$16,422 monthly ($\$197,300 / 12$) for 100% grant effort on an **award issued after 1/05/20**. Therefore, an employee earning more than \$16,422 monthly ($\$197,300 / 12$) 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 2020 on NIH award issued before 1/05/2020**

- a) If there isn't mandatory cost-sharing requirement on the award, charge no more than \$8,172.75 ($\$16,025 * 51\%$) to the NIH grant in February 2020 and charge the difference in monthly salary to a linked NIH Companion Salary Cap grant.
- b) If there IS a mandatory cost-sharing requirement on the award, charge no more than \$8,172.75 to the NIH grant in February 2020 and charge the difference in monthly salary to a linked NIH Companion Salary Cap grant. Do not charge any salary cap adjustment to the mandatory cost share grant.

*** Example: 30% Effort Devoted during March 2020 on a **NEW** NIH award issued after 1/05/2020**

- a) If there isn't mandatory cost-sharing requirement on the award, charge no more than \$4,932.50 ($\$16,442 * 30\%$) to the NIH grant in March 2020 and charge the difference in monthly salary to a linked NIH Companion Salary Cap grant.
- b) If there IS a mandatory cost-sharing requirement on the award, charge no more than \$4,932.50 to the NIH grant in March 2020 and charge the difference in monthly

salary to a linked NIH Companion Salary Cap grant. Do not charge any salary cap adjustment to the mandatory cost share grant.

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

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

Contact earr.ask@business.gatech.edu or submit a Service Now Request