**Purpose:**

Assure compliance with NIH salary cap restrictions.

**Policy Statement:**

The University of Georgia (UGA) and the University of Georgia Research Foundation, Inc. (UGARF) are responsible for assuring compliance with the NIH salary cap. All NIH funding, whether received directly from the National Institutes of Health (NIH) or via flow through on a subaward from another university or sponsor, is subject to a legislatively imposed salary limitation. The salary cap sets a maximum rate at which an individual person may be paid with NIH funds. The salary cap usually changes annually through the funds appropriation act for NIH. The principles below apply to any funding from a sponsor with a salary rate cap.

**Guidance:**


The cap applicable to FY 15(effective January 11, 2015) awards was $183,300 per year for a 12-month appointment and $137,475 for a 9-month appointment (equivalent to $15,275 per month).

**Effective January 10, 2016,** the cap was raised to $185,100 per year for a 12-month appointment and $138,825 for a 9-month appointment (salary expenses charged to NIH may not exceed the rate of $15,425 per month). Fringe benefits and indirect costs are not included in the salary cap, but the NIH salary limitation does apply to summer payments for faculty on academic year appointments.

**Proposal stage:**

For those whose salary exceeds the NIH salary cap, we are to use the current legislatively imposed salary limitation in the proposal detailed budget and when estimating the number of modules.

An internal cost share budget, provided to the SPA Pre-Award with the proposal, is to include the estimated value of the salary not covered by NIH for the level of effort devoted to the project, along with the associated fringe benefits, and should specify the unit responsible for the cost share. The academic home department (of anyone paid from NIH funding whose salary exceeds the cap) is to pay the salary in excess of the cap, along with the associated fringe benefits, from non-restricted funds - this will be tracked in a CO account and the effort tracked on PAR(s).
Cost share due to the NIH salary cap should be included in the funding proposal section of the eResearch Portal as department cost share, but does not need to be stated as cost share in the proposal itself. We document our adherence to the cap by isolating payroll dollars exceeding the cap in a CO cost share account.

Award Stage:

At the time the award is set up, a CO account (an over the salary cap account - for example, 1021COdddppp) will be set up based on the cost share budget provided. The CO account should be used solely for documenting over the salary cap expenses. These expenses are considered unallowable and must be tracked separately from any other cost share. Contracts and Grants will perform an annual review for over the salary cap personnel.

If the original proposal fails to account for the NIH salary cap or the cap changes and an award is made, the budget will be revised to reflect the correct salary calculation and a CO cost share account will be associated with the funding as described above.

Cross References:

Direct Cost Policy http://policies.uga.edu/FA/nodes/view/864/Direct-Cost
Procedure on Committed Effort http://policies.uga.edu/FA/nodes/view/860/Committed-Effort

Questions:

If you have questions regarding these guidelines, please contact your SPA Award representative. http://research.uga.edu/osp/osp-cg-staff-contacts/