What is Salary Cap?

Salary Cap, per the National Institute of Health (NIH) is “a legislatively-mandated provision limiting the direct salary (also known as institutional base salary, but excluding any fringe benefits and F&A costs) for individuals working on NIH grants, cooperative agreement awards, and extramural research and development contracts.” The cap establishes a maximum annual rate of pay at which an individual’s full time effort over a twelve month period can be charged.

Pre-Award Sponsored Program Responsibilities

1. Enter appropriate salaries on competing and non-competing proposals being submitted to agencies reflecting Salary Cap as applicable.
2. Include reference to Salary Cap in the budget justification and mark “Salary Cap” on the route sheet, when applicable.
3. Provide Coeus budget and corresponding Form 32 to the business office to reflect Salary Cap projection during the competing or non-competing budget period or when requested by the business office in such cases as mid-year increases.

Business Office Responsibilities

1. Notify NIH Sponsored Program Services (SPS) personnel when an individual has exceeded the Salary Cap limitation and is paid on a NIH funded research project (41020000 fund).
2. Verify Form 32 is completed and received from Pre-Award. This will be required once an individual has exceeded the cap at any point in the life of the project. \*\*\* If a revised budget is required due to a reduction in funding and salaries are affected, the business office will work with Pre-Award to obtain a revised form 32 and forward to Post Award.\*\*\*
3. Accurately charge salaries to projects and related cost sharing accounts reflecting *no more than* the percentage of effort identified by the Principal Investigator (PI) on the project multiplied by the applicable salary cap. If effort increases, the distribution should change to ensure appropriate allocation of effort to both the salary cap and sponsor account. SPS Post-Award should be notified for necessary budget adjustments.
4. Utilize a Salary Cap spreadsheet by updating on a monthly basis to track and ensure compliance of sponsor regulations when certifying PARS.
5. Correct any non-compliance issues when identified.

Post-Award Sponsored Program Responsibilities

1. Meet with business offices individually to provide personal training in order to ensure sponsor guidelines are understood and being followed.
2. Distribute agency guidelines to all involved University departments.
3. Review Salary Cap the month following PARs being printed.
4. Contact business office personnel if an issue of non-compliance (Salary Cap account is short, pertaining to salaries) is discovered for any given month.