

UC Riverside
Academic Personnel Policy
GUIDELINES ON NATIONAL INSTITUTES OF HEALTH (NIH) SALARY CAP

Revised April 2012, Page 1 of 6

BACKGROUND

The "NIH salary cap," as it is commonly referred to is a statutory limitation imposed by Congress on an individual's rate of pay directly chargeable to grants, cooperative agreements and contracts issued by the National Institutes of Health (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 fiscal year employees.

IMPORTANT CHANGE FOR FY 2012

For FY 2012, the Consolidated Appropriations Action, 2012 (Public Law 112-74) signed into law on December 23, 2011 lowered the salary limitation on NIH Grants from Executive Level I (\$199,700) to Executive Level II (\$179,700). This change is effective with grant awards with an Initial Issue Date On/After 12/23/2011. See NIH Guide Notice [NOT-OD-12-035](#) for additional details. The Summary Table and Questions and Answers are provided on the NIH website as resources to help navigate implementation of this change:
http://grants.nih.gov/grants/policy/fy2012_salary_cap_faqs.html

For PPS questions related to the 2012 NIH Salary Cap, contact Gabe Nwandu at 2-1956.

SALARY CAP AND COMPLIANCE

Compliance with the salary cap requires comparing a University employee's rate of pay with the maximum rate of pay established by Congress for the NIH award. An employee's rate of pay is defined as the salary in dollars payable to the employee per unit of time worked at 1.0000 Full Time Equivalent (FTE) effort. For example, a fiscal year employee who is paid \$120,000 per year for full time work has a monthly rate of pay of \$10,000 per full time month worked. A fiscal year employee who is paid \$60,000 per half time work also has a rate of pay of \$10,000 per full time month worked. An academic year employee who is paid \$120,000 for full time effort during the academic year has a rate of pay of \$13,333.33 per full time month worked, because the annual salary is divided by nine months of effort, not twelve. The rate of pay is unaffected by whether the employee receives pay in nine or twelve monthly pay checks. The timing of paychecks does not determine the rate of pay for salary cap purposes. The NIH salary cap only affects employees whose rate of pay is above the defined rates, and who charge some or all of their salary to awards and/or sub-awards from NIH. The NIH salary cap has no effect on employees whose rate of pay is less than the defined rates, or whose salary is not charged to sponsored projects originating from NIH.

TYPES OF PAY TO DETERMINE THE NIH RATE OF PAY

Not all pay is included in determining whether an employee's rate of pay exceeds the cap. Only categories of pay that can be charged to sponsored projects are counted in an employee's rate of pay for comparison with the salary cap. Administrative stipends, honoraria, outside consulting fees and supplemental compensation for incidental services to University Extension are not included in the rate of pay determination. These types of pay should not be charged to NIH. For employees covered by a health sciences compensation plan, both the UC Health Sciences Salary Scale base salary, or "X" component of salary, and the negotiated additional compensation, or "Y" component of salary, are included in determining the employee's rate of pay. If the combined rate of pay (including both X and Y) exceeds the capped rate, the maximum amount chargeable to the NIH award is the capped rate multiplied by the employee's

effort on each award. However, any incentive/bonus compensation under a health sciences compensation plan, also known as the “Z” component, is not included in the employee’s rate of pay, and is not an allowable charge to the NIH award.

FUND SOURCES FOR SUPPLEMENTATION ABOVE THE SALARY CAP

Salary “supplementation” is the difference between what the employee would have earned at full pay and the maximum amount allowed under the cap for that percent of effort. Or simply put, it is the excess amount of the employee’s rate of pay over and above the salary cap rate. This excess amount over the salary cap may not be charged to another federal award. It may however be charged to a privately sponsored award only when specifically allowed by the private sponsor. Additionally, University policy prohibits the use of State appropriations, including 19900 funds, to pay the salary above the capped level. Unrestricted funds, including gift funds and health sciences compensation plan funds, can be used to make up amounts not chargeable to NIH due to the salary cap.

Supplementation is subject to the availability of funds and is not an entitlement. Supplementation above the capped rate must be pre-authorized by the department chair or equivalent administrative officer. Supplementation is to be paid via the Payroll/Personnel System (PPS) as a by-agreement amount, using the “BYA” description of service (DOS) and 3998, “Salary Supplementation” title codes.

POST AUDIT FOR COMPLIANCE (See Chart 1A, 1B and 1C below)

The Academic Personnel Office will bi-annually announce the updated NIH Salary Cap rate on the Academic Personnel web site <http://academicpersonnel.ucr.edu/> during the fall and spring quarters. Each Dean’s Office will be responsible to conduct an annual post audit of NIH compensation for salary cap compliance. Any salary rate above the maximum capped rate charged to a non-allowable fund source (i.e., state or federal funds) must be reversed. The department chair or equivalent administrative officer is responsible to provide funding for the excess amount from a non-state or non-federal funding source; or repayment of any overpayment shall be required from the employee.

ADDITIONAL SOURCES OF INFORMATION

NIH Guide for Grants and Contracts

<http://grants1.nih.gov/grants/guide/index.html>

Salary Cap Summary

http://grants.nih.gov/grants/policy/salcap_summary.htm

FAQ for NIH Guide Notice [NOT-OD-12-035](#)

http://grants.nih.gov/grants/policy/fy2012_salary_cap_faqs.htm

Salary Limitations on Grants, Cooperative Agreements and Contracts

<http://grants.nih.gov/grants/guide/notice-files/NOT-OD-08-035.html>

Funding Opportunities and Notices

http://grants2.nih.gov/grants/guide/search_results.htm?year=active&scope=not

ACADEMIC YEAR EMPLOYEES (See Chart 1A on the next page)

Most academic year employees receive their academic year salary over twelve monthly pay periods for service rendered over a nine-month period.

Example 1 (monthly salary above salary cap)

Professor Doe has a full-time academic year appointment and an academic year salary of \$151,200 in the 2010-2011 academic year. Professor Doe has elected to receive payment for nine months of service over twelve months (9/12), and receives twelve monthly paychecks of \$12,600.00. The Professor received an NIH grant in July 2010 and was paid from that grant. From 7/1/2010 through 12/31/2010, the NIH salary cap for grants awarded in FY 2010 is \$12,481.25. From 1/1/11 through 6/30/2011, the NIH salary cap for grants awarded in FY 2011 is \$12,481.25. Consequently, the excess salary of \$118.75 per month (\$12,600.00 - \$12,481.25) of Professor Doe's compensation may not be charged to the NIH award. If Professor Doe receives a merit increase or an off-scale salary adjustment effective 07/01/2011, the NIH grant could be charged up to \$12,481.25 per month, but not more than that amount until a new salary cap figure is available.

Example 2 (monthly salary below salary cap)

Professor Smith has a full-time academic year appointment and an academic year salary of \$148,800 in the 2010-2011 academic year. Professor Smith has elected to receive payment for nine months of service over twelve months (9/12), and receives twelve monthly paychecks of \$12,400.00. The Professor received an NIH grant in July 2010 and was paid from that grant. From 7/1/2010 through 12/31/2010, the NIH salary cap for grants awarded in FY 2010 is \$12,481.25. From 1/1/11 through 6/30/2011, the NIH salary cap for grants awarded in FY 2011 is \$12,481.25. The entire \$12,400.00 monthly salary for Professor Smith may be charged to the NIH grant between 7/1/10 through 12/31/10 and 1/1/11 through 6/30/2011. If Professor Smith receives a merit increase or an off-scale salary adjustment effective 07/01/2011, the NIH grant could be charged up to \$12,481.25 per month, but not more than that amount until a new salary cap figure is available.

IMPORTANT CHANGE FOR FY 2012

For FY 2012, the Consolidated Appropriations Action, 2012 (Public Law 112-74) signed into law on December 23, 2011 lowered the salary limitation on NIH Grants from Executive Level I (\$199,700) to Executive Level II (\$179,700).

The applicable Executive Level salary limitation for the 2 cohorts of FY 2012 grants:

- 1) Awards with an Initial Issue Date On/Before 12/22/2011 (use Executive Level I: \$199,700); and,
- 2) Awards with an Initial Issue Date On/After 12/23/2011 (use Executive Level II: \$179,700).

The Summary Table and Questions and Answers are provided on the NIH website as resources to help navigate implementation of this change:

http://grants.nih.gov/grants/policy/fy2012_salary_cap_faqs.html

For PPS questions related to the 2012 NIH Salary Cap, contact Gabe Nwandu at 2-1956.

**CHART 1A – ACADEMIC YEAR EMPLOYEES: Academic Year Service
 (Paid over 12 months)**

NIH Federal Fiscal Year	Date of Salary Earnings	Monthly (1/12) Maximum Pay Rate at 100% Effort	Maximum Annual Salary Rate
FY 2012*	12/23/11 - 9/30/12 (Executive Level II)	\$11,231.25	\$134,775.00
	10/1/11 - 12/22/11 (Executive Level I)	\$12,481.25	\$149,775.00
FY 2011	10/1/10 - 9/30/11	\$12,481.25	\$149,775.00
FY 2010	1/1/10 - 12/31/10	\$12,481.25	\$149,775.00
	10/01/09 - 12/31/09	\$12,293.75	\$147,525.00
FY 2009	1/1/09 – 12/31/09	\$12,293.75	\$147,525.00
	10/1/08 – 12/31/08	\$11,956.25	\$143,475.00
FY 2008	1/1/08 & Beyond	\$11,956.25	\$143,475.00
	10/1/07 – 12/31/07	\$11,662.50	\$139,950.00
FY 2007	1/1/07 & Beyond	\$11,662.50	\$139,950.00
	10/1/06 – 12/31/06	\$11,468.75	\$137,625.00
FY 2006	1/1/06 & Beyond	\$11,468.75	\$137,625.00
	10/1/05 – 12/31/05	\$11,256.25	\$135,075.00
FY 2005	1/1/05 – 12/31/2005	\$11,256.25	\$135,075.00
	10/1/04 – 12/31/04	\$10,981.25	\$131,775.00
FY 2004	3/3/04 – 12/31/04	\$10,981.25	\$131,775.00
	1/1/04 – 3/2/04	\$10,906.25	\$130,875.00
	10/1/03 – 12/31/03	\$10,743.75	\$128,925.00
FY 2003	1/1/03 & Beyond	\$10,743.75	\$128,925.00
	10/1/02 – 12/31/02	\$10,418.75	\$125,025.00
FY 2002	1/1/02 – 12/31/02	\$10,418.75	\$125,025.00
	10/1/01 – 12/31/01	\$10,075.00	\$120,900.00
FY 2001	1/1/02 – 12/31/02	\$10,418.75	\$125,025.00
	1/1/01 – 12/31/01	\$10,075.00	\$120,900.00
	10/1/00 – 12/31/00	\$9,812.50	\$117,750.00
FY 2000	1/1/01 – 12/31/01	\$9,068.75	\$108,825.00
	1/1/00 – 12/31/00	\$8,831.25	\$105,975.00
	10/1/99 – 12/31/99	\$8,543.75	\$102,525.00

***The chart above summarizes the applicable Executive Level salary limitation for the 2 cohorts of FY2012 grants:**

- 1) Awards with an Initial Issue Date On/Before 12/22/2011 (use Executive Level I); and,**
- 2) Awards with an Initial Issue Date On/After 12/23/2011 (use Executive Level II).**

CHART 1B - ACADEMIC YEAR EMPLOYEES: Summer Salary**

NIH Federal Fiscal Year	Date of Salary Earnings	Monthly (1/9) Maximum Pay Rate at 100% Effort	Maximum NIH Summer Compensation
FY 2012*	12/23/11 - 9/30/12 (Executive Level II)	\$14,975.00	\$44,925.00
	10/1/11 - 12/22/11 (Executive Level I)	\$16,641.67	\$49,925.00
FY 2011	10/1/10 - 9/30/11	\$16,641.67	\$49,925.00
FY 2010	1/1/10 - 12/31/10	\$16,641.67	\$49,925.00
	10/01/09 - 12/31/09	\$16,391.67	\$49,175.00
FY 2009	1/1/09 – 12/31/09	\$16,391.67	\$49,175.00
	10/1/08 – 12/31/08	\$15,941.67	\$47,825.00
FY 2008	1/1/08 & Beyond	\$15,941.67	\$47,825.00
	10/1/07 – 12/31/07	\$15,550.00	\$46,650.00
FY 2007	1/1/07 & Beyond	\$15,550.00	\$46,650.00
	10/1/06 – 12/31/06	\$15,291.67	\$45,875.00
FY 2006	1/1/06 & Beyond	\$15,291.67	\$45,875.00
	10/1/05 – 12/31/05	\$15,008.33	\$45,025.00
FY 2005	1/1/05 – 12/31/05	\$15,008.33	\$45,025.00
	10/1/04 – 12/31/04	\$14,641.67	\$43,925.00
FY 2004	3/2/04 – 12/31/04	\$14,641.67	\$43,925.00
	1/1/04 – 3/2/04	\$14,541.67	\$43,625.00
	10/1/03 – 12/31/03	\$14,325.00	\$42,975.00
FY 2003	1/1/03 & Beyond	\$14,325.00	\$42,975.00
	10/1/02 – 12/31/02	\$13,891.67	\$41,675.00
FY 2002	1/1/02 – 12/31/02	\$13,891.67	\$41,675.00
	10/1/01 – 12/31/01	\$13,433.33	\$40,300.00
FY 2001	1/1/02 – 12/31/02	\$13,891.67	\$41,675.00
	1/1/01 – 12/31/01	\$13,433.33	\$40,300.00
	10/1/00 – 12/31/00	\$13,083.33	\$39,250.00
FY 2000	1/1/01 – 12/31/01	\$12,091.67	\$36,275.00
	1/1/00 – 12/31/00	\$11,775.00	\$35,325.00
	10/1/99 – 12/31/99	\$11,391.67	\$34,175.00

***The chart above summarizes the applicable Executive Level salary limitation for the 2 cohorts of FY2012 grants:**

- 1) Awards with an Initial Issue Date On/Before 12/22/2011 (use Executive Level I); and,**
- 2) Awards with an Initial Issue Date On/After 12/23/2011 (use Executive Level II).**

** Policies for payment of additional summer compensation to academic employees during the summer can be found in:
Academic Personnel Manual section 600, Appendix 1

**CHART 1C - FISCAL YEAR EMPLOYEES
(Paid over 12 months)**

NIH Federal Fiscal Year	Date of Salary Earnings	Monthly (1/12) Maximum Pay Rate at 100% Effort	Maximum Annual Salary Rate
FY 2012*	12/23/11 - 9/30/12 (Executive Level II)	\$14,975.00	\$179,700.00
	10/1/11 - 12/22/11 (Executive Level I)	\$16,641.67	\$199,700.00
FY 2011	10/1/10 - 9/30/11	\$16,641.67	\$199,700.00
FY 2010	1/1/10 - 12/31/10	\$16,641.67	\$199,700.00
	10/01/09 - 12/31/09	\$16,391.67	\$196,700.00
FY 2009	1/1/09 – 12/31/09	\$16,391.67	\$196,700.00
	10/1/08 – 12/31/08	\$15,941.67	\$191,300.00
FY 2008	1/1/08 & Beyond	\$15,941.67	\$191,300.00
	10/1/07 – 12/31/07	\$15,550.00	\$186,600.00
FY 2007	1/1/07 & Beyond	\$15,550.00	\$186,600.00
	10/1/06 – 12/31/06	\$15,291.67	\$183,500.00
FY 2006	1/1/06 & Beyond	\$15,291.67	\$183,500.00
	10/1/05 – 12/31/05	\$15,008.33	\$180,100.00
FY 2005	1/1/05 – 12/31/05	\$15,008.33	\$180,100.00
	10/1/04 – 12/31/04	\$14,641.67	\$175,700.00
FY 2004	1/1/04 – 12/31/04	\$14,641.67	\$175,700.00
	1/1/04 – 3/2/04	\$14,541.67	\$174,500.00
	10/1/03 – 12/31/03	\$14,325.00	\$171,900.00
FY 2003	1/1/03 – 12/31/03	\$14,325.00	\$171,900.00
	10/1/02 – 12/31/02	\$13,891.67	\$166,700.00
FY 2002	1/1/02 – 12/31/02	\$13,891.67	\$166,700.00
	10/1/01 – 12/31/01	\$13,433.33	\$161,200.00
FY 2001	1/1/02 – 12/31/02	\$13,891.67	\$166,700.00
	1/1/01 – 12/31/01	\$13,433.33	\$161,200.00
	10/1/00 – 12/31/00	\$13,083.33	\$157,000.00
FY 2000	1/1/01 – 12/31/01	\$12,091.67	\$145,100.00
	1/1/00 – 12/31/00	\$11,775.00	\$141,300.00
	10/1/99 – 12/31/99	\$11,391.67	\$136,700.00

***The chart above summarizes the applicable Executive Level salary limitation for the 2 cohorts of FY2012 grants:**

- 1) Awards with an Initial Issue Date On/Before 12/22/2011 (use Executive Level I); and,**
- 2) Awards with an Initial Issue Date On/After 12/23/2011 (use Executive Level II).**