

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

Revised January 2016, Page 1 of 9

### **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.

Based on Notice Number, [NOT-OD-16-044](#) the Department of Health and Human Services (HHS), including NIH, operates under the Consolidated and Further Continuing Appropriations Act, 2016 (signed by President Obama on December 18, 2015). Although many of the 2015 Legislative Mandates remain the same, for 2016, there are several additional legislative mandates in effect. Please see the NIH website (<http://www.nih.gov/>) for the most accurate information. In addition, in accordance with Executive Order 13655, the pay scale for Executive Level II was increased from \$183,300 to \$185,100 effective January 10, 2016.

**For PPS questions related to the 2016 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 “AAC” 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 winter and fall quarters. *Department Financial Managers are responsible for ensuring appropriate salary rates are entered in PPS.* It is important for departments to understand the appropriate use of each chart below. For questions that relate to rates of pay, send an email to [apomail@ucr.edu](mailto:apomail@ucr.edu). *Each Dean’s Office will be responsible for ensuring compliance with the NIH Salary Cap for employees in their organization by conducting periodic reviews of compensation rates charged to NIH funding sources. These reviews should occur quarterly and errors must be resolved promptly. All errors must be corrected by fiscal year-end.* 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>

#### **Notice of Legislative Mandates in Effect for FY2016**

<https://grants.nih.gov/grants/guide/notice-files/NOT-OD-16-044.html>

#### **Salary Cap Summary FY 1990 - Present**

[http://grants.nih.gov/grants/policy/salcap\\_summary.htm](http://grants.nih.gov/grants/policy/salcap_summary.htm)

#### **Notice on Salary Limitations on Grants, Cooperative Agreements and Contracts FY2016**

<https://grants.nih.gov/grants/guide/notice-files/NOT-OD-16-045.html>

#### **Funding Opportunities and Notices**

[http://grants2.nih.gov/grants/guide/search\\_results.htm?year=active&scope=not](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 \$144,000 in the 2015-2016 academic year. Professor Doe receives payment for nine months of service over twelve months (9/12), and receives twelve monthly paychecks of \$12,000.00. The Professor received an NIH grant in July 2015 and was paid from that grant. From 7/1/2015 through 12/31/2015, the NIH salary cap for grants awarded for the same period (7/1/15 – 12/31/15) is **\$11,456.25**. Consequently, the excess salary of \$543.75 per month (\$12,000.00 - \$11,456.25) 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 07/01/2015, the NIH grant could be charged up to **\$11,456.25** 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 \$120,000 in the 2015-2016 academic year. Professor Smith receives payment for nine months of service over twelve months (9/12), and receives twelve monthly paychecks of \$10,000.00. The Professor received an NIH grant in July 2015 and was paid from that grant. From 7/1/2015 through 12/31/2015, the NIH salary cap for grants awarded for the same period (7/1/15 – 12/31/15) is **\$11,456.25**. The entire \$10,000.00 monthly salary for Professor Smith may be charged to the NIH grant between 7/1/15 through 12/31/15. If Professor Smith receives a merit increase or an off-scale salary adjustment effective 07/01/2015, the NIH grant could be charged up to **\$11,456.25** per month, but not more than that amount until a new salary cap figure is available.

**CHART 1A – ACADEMIC YEAR EMPLOYEES: Academic Year Service**

<b>NIH Federal Fiscal Year (Paid over 12 months)</b>	<b>Award Issue Date**</b>	<b>Monthly (1/12) Maximum Pay Rate at 100% Effort</b>	<b>Maximum Annual Salary Rate</b>
<b>FY 2016</b>	<b>1/10/16 - 9/30/16 (Executive Level II)</b>	<b>\$11,568.75</b>	<b>\$138,825.00</b>
	<b>10/1/15 - 1/9/16 (Executive Level II)</b>	<b>\$11,456.25</b>	<b>\$137,475.00</b>
	<b>10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I</b>	<b>\$12,481.25</b>	<b>\$149,775.00</b>
<b>FY 2015</b>	1/11/15 - 9/30/15 (Executive Level II)	\$11,456.25	\$137,475.00
	10/1/14 - 1/10/15 (Executive Level II)	\$11,343.75	\$136,125.00
	10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I	\$12,481.25	\$149,775.00
<b>FY 2014</b>	1/12/14 - 9/30/14 (Executive Level II)	\$11,343.75	\$136,125.00
	10/1/13 - 1/11/14 (Executive Level II)	\$11,231.25	\$134,775.00
	10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I	\$12,481.25	\$149,775.00
<b>FY 2013</b>	12/23/11 - 9/30/12 (Executive Level II)	\$11,231.25	\$134,775.00
	10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I	\$12,481.25	\$149,775.00
<b>FY 2012*</b>	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
<b>FY 2011</b>	10/1/10 - 12/31/11	\$12,481.25	\$149,775.00
<b>FY 2010</b>	1/1/10 - 12/31/10	\$12,481.25	\$149,775.00
	10/01/09 - 12/31/09	\$12,293.75	\$147,525.00
<b>FY 2009</b>	1/1/09 – 12/31/09	\$12,293.75	\$147,525.00
	10/1/08 – 12/31/08	\$11,956.25	\$143,475.00
<b>FY 2008</b>	1/1/08 & Beyond	\$11,956.25	\$143,475.00
	10/1/07 – 12/31/07	\$11,662.50	\$139,950.00
<b>FY 2007</b>	1/1/07 & Beyond	\$11,662.50	\$139,950.00
	10/1/06 – 12/31/06	\$11,468.75	\$137,625.00
<b>FY 2006</b>	1/1/06 & Beyond	\$11,468.75	\$137,625.00
	10/1/05 – 12/31/05	\$11,256.25	\$135,075.00

\*Chart 1A 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). For FY 2012 FAQ, click on this link: [http://grants.nih.gov/grants/policy/fy2012\\_salary\\_cap\\_faqs.htm](http://grants.nih.gov/grants/policy/fy2012_salary_cap_faqs.htm)

\*\*Date of earnings will be within the budget period per the terms of the grant. The Salary Cap applied will be based on the “Award Issue Date” as provided in the guidelines above.

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

<b>NIH Federal Fiscal Year</b>	<b>Award Issue Date**</b>	<b>Monthly (1/9) Maximum Pay Rate at 100% Effort</b>	<b>Maximum NIH Summer Compensation</b>
<b>FY 2016</b>	<b>1/10/16 - 9/30/16 (Executive Level II)</b>	<b>\$15,425.00</b>	<b>\$46,275.00</b>
	<b>10/1/15 - 1/9/16 (Executive Level II)</b>	<b>\$15,275.00</b>	<b>\$45,825.00</b>
	<b>10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I</b>	<b>\$16,641.67</b>	<b>\$49,925.00</b>
<b>FY 2015</b>	1/11/15 - 9/30/15 (Executive Level II)	\$15,275.00	\$45,825.00
	10/1/14 - 1/10/15 (Executive Level II)	\$15,125.00	\$45,375.00
	10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I	\$16,641.67	\$49,925.00
<b>FY 2014</b>	1/12/14 - 9/30/14 (Executive Level II)	\$15,125.00	\$45,375.00
	10/1/13 - 1/11/14 (Executive Level II)	\$14,975.00	\$44,925.00
	10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I	\$16,641.67	\$49,925.00
<b>FY 2013</b>	12/23/11 - 9/30/12 (Executive Level II)	\$14,975.00	\$44,925.00
	10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I	\$16,641.67	\$49,925.00
<b>FY 2012*</b>	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
<b>FY 2011</b>	10/1/10 - 12/31/11	\$16,641.67	\$49,925.00
<b>FY 2010</b>	1/1/10 - 12/31/10	\$16,641.67	\$49,925.00
	10/01/09 - 12/31/09	\$16,391.67	\$49,175.00
<b>FY 2009</b>	1/1/09 – 12/31/09	\$16,391.67	\$49,175.00
	10/1/08 – 12/31/08	\$15,941.67	\$47,825.00
<b>FY 2008</b>	1/1/08 & Beyond	\$15,941.67	\$47,825.00
	10/1/07 – 12/31/07	\$15,550.00	\$46,650.00
<b>FY 2007</b>	1/1/07 & Beyond	\$15,550.00	\$46,650.00
	10/1/06 – 12/31/06	\$15,291.67	\$45,875.00
<b>FY 2006</b>	1/1/06 & Beyond	\$15,291.67	\$45,875.00
	10/1/05 – 12/31/05	\$15,008.33	\$45,025.00

\*Chart 1B 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 n/After 12/23/2011 (use Executive Level II). For FY 2012 FAQ, click on this link: [http://grants.nih.gov/grants/policy/fy2012\\_salary\\_cap\\_faqs.htm](http://grants.nih.gov/grants/policy/fy2012_salary_cap_faqs.htm)

\*\*Date of earnings will be within the budget period per the terms of the grant. The Salary Cap applied will be based on the “Award Issue Date” as provided in the guidelines above.

\*\*\* Policies for payment of additional summer compensation can be found in: [Academic Personnel Manual Section 600, Appendix 1](#)

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

<b>NIH Federal Fiscal Year</b>	<b>Award Issue Date**</b>	<b>Monthly (1/12) Maximum Pay Rate at 100% Effort</b>	<b>Maximum Annual Salary Rate</b>
<b>FY 2016</b>	<b>1/10/16 - 9/30/16 (Executive Level II)</b>	<b>\$15,425.00</b>	<b>\$185,100.00</b>
	<b>10/1/15 - 1/9/16 (Executive Level II)</b>	<b>\$15,275.00</b>	<b>\$183,300.00</b>
	<b>10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I</b>	<b>\$16,641.67</b>	<b>\$199,700.00</b>
<b>FY 2015</b>	1/11/15 - 9/30/15 (Executive Level II)	\$15,275.00	\$183,300.00
	10/1/14 - 1/10/15 (Executive Level II)	\$15,125.00	\$181,500.00
	10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I	\$16,641.67	\$199,700.00
<b>FY 2014</b>	1/12/14 - 9/30/14 (Executive Level II)	\$15,125.00	\$181,500.00
	10/1/13 - 1/11/14 (Executive Level II)	\$14,975.00	\$179,700.00
	10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I	\$16,641.67	\$199,700.00
<b>FY 2013</b>	12/23/11 - 9/30/12 (Executive Level II)	\$14,975.00	\$179,700.00
	10/1/11 - 12/22/11 (Executive Level I) PI must document eligibility for Level I	\$16,641.67	\$199,700.00
<b>FY 2012*</b>	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
<b>FY 2011</b>	10/1/10 - 12/31/11	\$16,641.67	\$199,700.00
<b>FY 2010</b>	1/1/10 - 12/31/10	\$16,641.67	\$199,700.00
	10/01/09 - 12/31/09	\$16,391.67	\$196,700.00
<b>FY 2009</b>	1/1/09 – 12/31/09	\$16,391.67	\$196,700.00
	10/1/08 – 12/31/08	\$15,941.67	\$191,300.00
<b>FY 2008</b>	1/1/08 & Beyond	\$15,941.67	\$191,300.00
	10/1/07 – 12/31/07	\$15,550.00	\$186,600.00
<b>FY 2007</b>	1/1/07 & Beyond	\$15,550.00	\$186,600.00
	10/1/06 – 12/31/06	\$15,291.67	\$183,500.00
<b>FY 2006</b>	1/1/06 & Beyond	\$15,291.67	\$183,500.00
	10/1/05 – 12/31/05	\$15,008.33	\$180,100.00

\*Chart 1C 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).

For FY 2012 FAQ, click on this link: [http://grants.nih.gov/grants/policy/fy2012\\_salary\\_cap\\_faqs.htm](http://grants.nih.gov/grants/policy/fy2012_salary_cap_faqs.htm)

\*\*Date of earnings will be within the budget period per the terms of the grant. The Salary Cap applied will be based on the “Award Issue Date” as provided in the guidelines above.