

## CHARGING SALARY AND REPORTING EFFORT

Once an NIH award has been made, it is important to remember that the actual salary charges on the award must also conform to the applicable NIH salary cap. When preparing an Appointment/Position Data or a Salary Distribution Adjustment form, the monthly salary amount charged to a NIH award during the academic year and/or summer cannot exceed the NIH monthly cap rate multiplied by the percentage of effort. Sponsored Research has created a tool to assist you in correctly distributing payroll charges and reporting effort and the associated cost sharing for an employee over the salary cap. See the NIH Calculation Worksheet. The departmental Representative should ensure the 9 months/12-month worksheet is completed for each employee over the salary cap.

When completing PERT reports, it is also important to remember that the reported percentage of effort on an NIH award should equate to the effort committed and actually expended on the project, NOT to the percentage of salary charged. This percentage should include the effort that could not be charged to the award because of the salary cap (which should be reported as cost sharing).

### Additional Information About the NIH Salary Cap

Q. What is the NIH salary cap?

A. The Federal Consolidated Appropriations Act limits the rate at which salaries are paid under contracts and grants funded by certain agencies of the Department of Health and Human Services (DHHS). Since the inception of the cap in 1989, salary limits have been imposed on awards made by the National Institutes of Health (NIH), and the Substance Abuse and Mental Health Services Administration (SAMHSA). Beginning with the FY 2002 Appropriations Act, the cap was applied to the Agency for Healthcare Research and Quality (AHRQ) awards. Salary cap limits also apply to grants funded by the Administration for Children and Families, the Administration for Community Living, the Center for Disease Control, and the Health Resources and Services Administration.

Q. How is the cap applied?

A. The cap establishes a maximum annual rate of pay at which an individual can be compensated for full time effort over a twelve-month period. Salary charges to a contract, cooperative agreement or grant from these agencies cannot exceed a maximum annual rate of pay of \$100,000.