

April 6, 2009

TO: Deans, Chairs, Directors, NIH Principal Investigators and Administrators

FROM: Gunta J. Lidars

Associate Vice President for Research Administration

Office of Research & Project Administration (ORPA)

Douglas W. Wylie

University Controller

Office of Research Accounting and Costing Standards (ORACS)

RE: Revised National Institutes of Health (NIH) Salary Limitation

The purpose of this memo is to provide information on the University's implementation of the current NIH salary limitation or cap. Effective January 1, 2009 the cap was increased to \$196,700. The caps in place for the current fiscal year are summarized as follows:

FY 2008 Awards (linked to Executive Level I)¹¹

January 1, 2008 through December 31, 2009	\$191,300
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January 1, 2009 through December 31, 2009	\$196,700
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Additional information on the salary limitation, including a list of the salary caps in place since October 1, 1989, can be found in the March 19, 2009 issue of the NIH Guide at:

<http://grants.nih.gov/grants/guide/notice-files/NOT-OD-09-069.html>

Proposing Salary Costs

Effective immediately, all new and competing proposals should reflect the current salary limitation of \$196,700 for faculty whose salary is above the cap. To be consistent with NIH guidance, a statement indicating that actual institutional base salary exceeds the current salary limitation MUST be included in the budget justification. NIH states that if this information is provided and the cap is increased, NIH staff will make necessary adjustments to requested salaries prior to issuing the new or competing award. According to the NIH, however, no adjustments will be made to new or competing Modular Grants. You may use the new cap for non-competing progress reports, but it is unlikely that NIH will award additional funds to cover the increase in the cap.

Implementing and Accounting for the Salary Limitations

In order to minimize the administrative burden associated with implementing and accounting for the various salary caps and to afford Principal Investigators sufficient time to plan for the increased cap, the University will assess the increased salary cap at the beginning of each grant budget year (anniversary date). In other words, the University will assess the applicable salary limitation upon the budget start date and the start date for each continuation year. In those instances where two caps could be assessed in one budget year, the University will assess the lower cap. The University will assess the higher cap level only when the department initiates a change through the salary cap calculation procedure. This will allow departments to utilize the cap levels in a manner that is most beneficial to each individual project. Please use this as an opportunity to review those individuals for which this applies. Reminder: when the new salary cap is charged, a new “Salary Cap Form” will have to be completed. That form can be found in HRMS by those individuals authorized to access personnel forms under “UR Reports and Interfaces,” then “Labor Distribution “ and must be completed on-line. No retroactive cap adjustments will be done unless it is necessary to bring the project into compliance with the NIH salary cap guidelines. The Notice of Award (NOA) issued by ORPA will list the current salary cap that is applicable to the award.

The examples follow:

- If the start date of the award or anniversary date was prior to 1/1/09, the salary cap assessed will be \$191,300. This level will be retained until the next anniversary date of the grant. At that time, the salary cap will be assessed at \$196,700.
- Any award with a start date or anniversary date of 1/1/09 or after will be assessed the salary cap of \$196,700. It is expected that departments will rebudget grant funds from other categories, if necessary. (See section below.)

Re-budgeting

As in previous years, NIH has stated that no funding adjustments will be made to modular awards or to previously established commitment levels for non-competing grants issued with FY 2009 funds. Re-budgeting is allowable provided that funds are available. Departments should consider optimal strategies for re-budgeting, taking into account that PI effort should NOT be reduced to cover the costs of the increased salary limitation. Principal Investigators who are unable to re-budget due to a lack of funds should contact their Department Chair or Dean’s Office for guidance.

Should you have any questions with respect to the University’s implementation of the cap, please do not hesitate to contact Jane Tolbert in ORPA at x5-4210 (jtolbert@orpa.rochester.edu) or Jeff Sullivan at x5-1648 (jpsullivan@finance.rochester.edu) in the Office of Research Accounting and Costing Standards (ORACS).

[□](#) Federal year (10/01/08-9/30/09) FY 09 awards are defined as competing or non-competing awards made with FY 09 funds.