

Accounting for the Salary Cap....

The maximum compensation level for individuals working on grants and contracts from the National Institutes of Health (NIH) and other Department of Health and Human Services (DHHS) agencies is currently at \$199,300 for Federal Fiscal Year (FY 2021) effective January 3, 2021, Executive Level II.

Direct salary is exclusive of fringe benefits and facilities and administrative (F&A) expenses, also referred to as indirect costs. The appropriate salary cap rate must be applied to competing and non-competing awards based upon the award date on the Notice of Grant Award (NOGA)

- Competing and non-competing awards issued on or after 1/3/2021 must use the Federal Fiscal Year 2021, Executive Level II rate of \$199,300.
- Competing and non-competing awards issued during the period of 1/5/2020-1/2/2021 must use the Federal Fiscal Year 2020 Executive Level II rate of \$197,300.

The text of the FY21 guidelines issued by NIH can be found at [NOT-OD-21-057: Guidance on Salary Limitation for Grants and Cooperative Agreements FY 2021 \(nih.gov\)](#). This text includes additional example calculations and definitions.

Budget Period	Max Salary Rate (Annual)	Max Salary Rate (Monthly)
01/05/2020-01/02/2021	\$197,300	\$16,442
01/03/2021 and beyond	\$199,300	\$16,608

Subawards issued **to** Wayne State University (WSU) by another institution/entity that has received an NIH prime grant, cooperative agreement or contract (i.e., incoming subaward) continue to be subject to the salary cap guidelines. The application of the Level II cap rates is based upon the initial NOGA date of the Prime award.

Subawards issued **by** WSU to another institution/entity based upon an NIH prime grant, cooperative agreement or contract (i.e., outgoing subawards) continue to be subject to the salary cap guidelines. The application of the Level II cap rates is based upon initial NOGA date of WSU's Prime award.

Annual vs. Academic Appointments: The NIH guidelines states the amount charged to a grant cannot exceed a stipulated annual rate of pay. Since some faculty have academic year (9 month) appointments, the applicable salary cap for those individuals calculates to 75% of the annual salary cap rate. Accordingly, faculty members with annual (12 month) appointments that are paid in excess of the applicable NIH rate and faculty members with academic appointment that are paid in excess 75% of the NIH annual rate per year must follow the procedures noted above if they are contributing effort and charging salary to an NIH project.

Summer Salary: The summer salary charged to NIH projects by faculty with academic appointments must also follow the above noted policy and procedures.

Re-budgeting

The NIH will not provide additional funding for awards issued under the previous salary cap rate(s), however they have stated that a PI can re-budget funds to allow for the increase in rates. Accordingly, the amount of salary charged to the project can be increased to the new rate, if there are sufficient remaining funds in the project to cover the additional salary and fringe benefit costs.

Frequently Asked Questions (FAQs):

The most current version of NIH's Frequently Asked Questions (FAQs) are provided in the 2021 Notice, see [NOT-OD-21-057: Guidance on Salary Limitation for Grants and Cooperative Agreements FY 2021 \(nih.gov\)](#).

Note: The [School of Medicine \(SOM\) has a policy which states that SOM faculty salary must be commensurate with effort](#) if allowable by the agency. In cases, where one's salary is above the cap, the amount of the cap in concert with the effort should be submitted as cost-sharing and should be uploaded into Cayuse at the time of proposal routing.

Out of courtesy, when working with other co-investigators within WSU but outside of the SOM, please contact their administrator for budgeted amounts along with justification **in advance** to routing via Cayuse proposals for their authorization. They should provide to you what their college/schools conformities are for their faculty (and vice versa).