

## How to work with NIH Salary Caps

The NIH salary cap does not apply to all NIH Funding Opportunity Announcements (FOAs).

- Check your FOA to determine whether or not it applies.

The NIH salary cap, which is officially \$221,900 as of this writing, but may have since been updated, is for personnel with 12-month (calendar year) appointments.

- If an investigator has a 9-month (academic year) appointment, for the \$221,900 rate the salary cap is \$166,425.
  - $\$221,900 / 12 \text{ months} \times 9 \text{ months} = \$166,425$

SPO waits for NIH's official policy notice to post before officially recognizing any updated salary cap (Executive level II), but the university often receives advance word through other sources of what the updated cap will be.

- SPO advises that PIs/Dept Administrators can choose to use in their proposals the as-yet-unofficial update to the Executive level II rate but does not enforce the updated rate until NIH's official update.

### Entering salary

When entering salary that exceeds the salary cap into a proposal, enter the cap.

- In this screenshot from a sample [OR Budget Template](#) (internal budget) the salaries in the green boxes exceeded the cap:

|                       | Name/Role: | Appt. Type | Effort Type | Base Salary | Months or %: | Person Months           |       |       |  |
|-----------------------|------------|------------|-------------|-------------|--------------|-------------------------|-------|-------|--|
|                       |            |            |             |             |              | Per 1                   | Per 2 | Per 3 |  |
| 1                     | Co-PI 1    | 9/12       | SMR         | 166,425     | Months       | 0.50                    | 0.50  | 0.50  |  |
| 2                     | Co-PI 2    | 9/12       | SMR         | 166,425     | Months       | 0.75                    | 0.75  | 0.75  |  |
| 3                     | Co-PI 3    | 9/12       | SMR         | 158,000     | Months       | 0.25                    | 0.25  | 0.25  |  |
| <b>Personnel by %</b> |            |            |             |             |              | <b>% Time or Effort</b> |       |       |  |
| 1                     | PI         | 12/12      | CAL         | 221,900     | %            | 20.0%                   | 20.0% | 20.0% |  |
| 2                     | Co-PI 1    | 9/12       | AY          | 166,425     | %            | 15.0%                   | 15.0% | 15.0% |  |
| 3                     | Co-PI 2    | 9/12       | AY          | 166,425     | %            | 17.0%                   | 17.0% | 17.0% |  |
| 4                     | Co-PI 3    | 9/12       | AY          | 158,000     | %            | 10.0%                   | 10.0% | 10.0% |  |

**Note:** The salary of Co-PI 3 (orange boxes) did not reach the salary cap, so that individual's full salary is indicated.

While the NIH salary cap may cause your award to insufficiently cover project personnel costs, you must otherwise make best estimates in the proposal for costs.

- Using full salary and reducing effort to not exceed the salary cap cannot be used as a solution to address the difference between actual salary and capped salary.
  - **Effort** committed on the proposal should be a best estimate for the time required to accomplish the goals of the project.

### Escalations

The NIH salary cap also prohibits escalations over the course of the project.

- To remove escalations from the salary section in the OR Budget Templates, change the relevant default entries in the Escal column to 0% (as shown in the green boxes below).

| Bottom | Escalation:     |                 |                 |                 |                 | Multi           |
|--------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|        | Period 1        | Period 2        | Period 3        | Period 4        | Period 5        | Total           |
| *      | 10/1/25-9/30/26 | 10/1/26-9/30/27 | 10/1/27-9/30/28 | 10/1/28-9/30/29 | 10/1/29-9/30/30 | 10/1/25-9/30/30 |
| Escal  |                 |                 |                 |                 |                 |                 |
| 0%     | 9,246           | 9,246           | 9,246           | 0               | 0               | 27,738          |
| 0%     | 13,869          | 13,869          | 13,869          | 0               | 0               | 41,607          |
| 3%     | 4,389           | 4,521           | 4,656           | 0               | 0               | 13,566          |
| 0%     | 44,380          | 44,380          | 44,380          | 0               | 0               | 133,140         |
| 0%     | 24,964          | 24,964          | 24,964          | 0               | 0               | 74,892          |
| 0%     | 28,292          | 28,292          | 28,292          | 0               | 0               | 84,876          |
| 3%     | 15,800          | 16,274          | 16,762          | 0               | 0               | 48,836          |

**Note:** For personnel not yet at the salary cap, you must verify that escalations (indicated at 3% above) won't cause them to exceed the cap.

- To do so, in the OR Budget Templates, you can click on the **Personnel Reference** tab at the bottom of the main spreadsheet (i.e., **Request** form) then check the **Base Salary with escalations**.
  - For the sample above, this is the breakdown:

| Personnel (For Reference) |         | Base Salary with escalations |          |          |          |          |
|---------------------------|---------|------------------------------|----------|----------|----------|----------|
| Name/Role:                |         | Period 1                     | Period 2 | Period 3 | Period 4 | Period 5 |
| 1                         | Co-PI 1 | 166,425                      | 166,425  | 166,425  |          |          |
| 2                         | Co-PI 2 | 166,425                      | 166,425  | 166,425  |          |          |
| 3                         | Co-PI 3 | 158,000                      | 162,740  | 167,622  |          |          |
| 1                         | PI      | 221,900                      | 221,900  | 221,900  |          |          |
| 2                         | Co-PI 1 | 166,425                      | 166,425  | 166,425  |          |          |
| 3                         | Co-PI 2 | 166,425                      | 166,425  | 166,425  |          |          |
| 4                         | Co-PI 3 | 158,000                      | 162,740  | 167,622  |          |          |

Note that Co-PI 3's salary escalating at 3% exceeds the salary cap during Period 3 (indicated in the green boxes). This must therefore be corrected.

- To do so in the OR Budget Templates **Request** form (main spreadsheet), change the **3%** in the **Escal** column to **Custom**.

| Bottom | Escalation:     |                 |                 |                 |                 | Multi           |
|--------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|        | Period 1        | Period 2        | Period 3        | Period 4        | Period 5        | Total           |
| *      | 10/1/25-9/30/26 | 10/1/26-9/30/27 | 10/1/27-9/30/28 | 10/1/28-9/30/29 | 10/1/29-9/30/30 | 10/1/25-9/30/30 |
| Escal  |                 |                 |                 |                 |                 |                 |
| 0%     | 9,246           | 9,246           | 9,246           | 0               | 0               | 27,738          |
| 0%     | 13,869          | 13,869          | 13,869          | 0               | 0               | 41,607          |
| Custom | 4,389           | 4,389           | 4,389           | 0               | 0               | 13,167          |
| 0%     | 44,380          | 44,380          | 44,380          | 0               | 0               | 133,140         |
| 0%     | 24,964          | 24,964          | 24,964          | 0               | 0               | 74,892          |
| 0%     | 28,292          | 28,292          | 28,292          | 0               | 0               | 84,876          |
| Custom | 15,800          | 15,800          | 15,800          | 0               | 0               | 47,400          |

Then return to the **Personnel Reference** tab and enter custom escalations to keep the salary below the cap.

- In this example, the Custom Escalation for P3 is actually 2.264%

| Personnel (For Reference) |         |            | Custom Escalations<br><i>(Choose "Custom" in column O on the "Request" sheet to use these rates)</i> |      |      |    |    | Base Salary with escalations |          |          |          |          |
|---------------------------|---------|------------|--|------|------|----|----|------------------------------|----------|----------|----------|----------|
|                           |         |            | P1   | P2   | P3   | P4 | P5 | Period 1                     | Period 2 | Period 3 | Period 4 | Period 5 |
| 1                         | Co-PI 1 | Senior/Key |  |      |      |    |    | 166,425                      | 166,425  | 166,425  |          |          |
| 2                         | Co-PI 2 | Senior/Key |  |      |      |    |    | 166,425                      | 166,425  | 166,425  |          |          |
| 3                         | Co-PI 3 | Senior/Key | 0.0%   | 3.0% | 2.3% |    |    | 158,000                      | 162,740  | 166,424  |          |          |
| 1                         | PI      | Senior/Key |  |      |      |    |    | 221,900                      | 221,900  | 221,900  |          |          |
| 2                         | Co-PI 1 | Senior/Key |  |      |      |    |    | 166,425                      | 166,425  | 166,425  |          |          |
| 3                         | Co-PI 2 | Senior/Key |  |      |      |    |    | 166,425                      | 166,425  | 166,425  |          |          |
| 4                         | Co-PI 3 | Senior/Key | 0.0%   | 3.0% | 2.3% |    |    | 158,000                      | 162,740  | 166,424  |          |          |

## NIH Policies

- The [HHS Grants Policy Statement](#) includes a section (on page 14) of the **Salary Rate Limit (SRL)**
- The NIH periodically sends Salary Limitation (i.e., salary cap) updates like the [Updated Guidance on Salary Limitation for Grants and Cooperative Agreements](#).