



Sponsored Projects Accounting

TO: Business Managers and Research Administrators

FROM: Joseph M. Gindhart, Associate Vice Chancellor for Finance & Sponsored Projects

DATE: [February 2024](#)

SUBJECT: NIH Salary Cap for Federal Fiscal Year 2024 (v1.0)

The maximum compensation level for individuals working on grants and contracts from the National Institutes of Health (NIH) and all other Department of Health and Human Services (DHHS) Agencies (includes ACF, AHRQ, AoA, ATSDR, CDC, CMS, HRSA, HIS, NIH, NIS and SAMHSA) has been increased for Federal Fiscal Year (FFY) 2023 [per the NIH Guide Notice NOT-OD-24-057 issued on 1/29/2024](#). [Consolidated Appropriations Act, 2023 \(Public Law 117-328\)](#) restricts the amount of direct salary of an individual under an NIH/DHHS grant, cooperative agreement or applicable contract to **Executive Level II** of the Federal Executive Pay Scale. [The Office of Personnel Management released new salary levels for the Executive Pay Scale and effective January 1, 2024, the salary limitation for Executive Level II is \\$221,900.](#)

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 Award (NOA).

- Competing and non-competing awards issued during the period 1/12/23 through 12/31/23 must use the Federal Fiscal Year 2023 Executive Level II rate (\$212,100).
- Competing and non-competing awards issued on or after 1/1/24 must use the Federal Fiscal Year 2024 **Executive Level II rate (\$221,900)**.

Effective **2/19/24**, Workday began applying the new **Executive Level II rate of \$221,900** to NIH grants funded from Federal Fiscal Year 2023. The University's policies and procedures regarding the salary cap have been updated and included with this memo. This information will also be presented on Sponsored Projects Accounting's web page, see <https://financialservices.wustl.edu/wfin-topic/sponsored-projects-accounting/> and click on [Personnel Cost](#) section. The text of the FFY24 guidelines issued by the NIH can be found at this [link](#).

The Research Management System (RMS) will be updated with the new salary cap rates on **2/19/24**.

If you have any questions or concerns about the NIH Salary Cap, please contact Meredith Fey at meredithfey@wustl.edu or me at jgindhart@wustl.edu.

Washington University
NIH Salary Cap Policies and Procedures
February 2024

Policies:

The regulations issued by the National Institutes of Health (NIH) all other Department of Health and Human Services (DHHS) Agencies include a section covering direct salary limits for individuals charged to grants, cooperative agreements and contracts. Direct salary is exclusive of fringe benefits and facilities and administrative (F&A) expenses, also referred to as indirect costs. Compensation for individuals under awards from these three agencies cannot exceed a stipulated rate of pay per year or per academic appointment (see schedule noted below). The term “rate of pay “ can be further described as follows: the rate of salary or wages that an individual earns for services performed (weekly, bi-weekly, monthly). The appropriate salary cap rate must be applied to competing and non-competing awards based upon the federal fiscal year (FFY) (10/XX – 9/YY) in which the Notice of Grant Award was issued. For faculty members who receive a salary that exceeds the applicable rate, the amount of salary requested/charged to a NIH/DHHS award must be limited to their effort percentage multiplied by the salary cap rate. Faculty and administrative staff in the academic departments are responsible for applying the appropriate salary cap rate in all applicable proposals and existing awards.

FFY 2022 Awards: The award date on the NIH Notice of Award (competing and non-competing) is on or after 10/01/21, Executive Level II rates apply.

<u>Budget Period</u>	<u>Max Salary Rate (ann.)</u>	<u>Max Salary Rate (monthly)</u>
01/03/21 – 01/01/22	\$199,300	\$16,608
01/02/22 – 12/31/22	\$203,700	\$16,975
01/01/23 – 12/31/23	\$212,100	\$17,675
01/01/24 and beyond	\$221,900	\$18,492

FFY 2023 Awards: The award date on the NIH Notice of Award (competing and non-competing) is on or after 10/01/22, Executive Level II rates apply.

<u>Budget Period</u>	<u>Max Salary Rate (ann.)</u>	<u>Max Salary Rate (monthly)</u>
01/02/22 – 12/31/22	\$203,700	\$16,975
01/01/23 – 12/21/23	\$212,100	\$17,675
01/01/24 and beyond	\$221,900	\$18,492

FFY 2024 Awards: The award date on the NIH Notice of Award (competing and non-competing) is on or after 10/01/23, Executive Level II rates apply.

<u>Budget Period</u>	<u>Max Salary Rate (ann.)</u>	<u>Max Salary Rate (monthly)</u>
01/01/23 – 12/31/23	\$212,100	\$17,675
01/01/24 and beyond	\$221,900	\$18,492

Subawards:

Subawards issued **to** Washington University in St. Louis (WashU) 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 NOA date of the Prime award.

Subawards issued **by** WashU 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 the initial NOA date of WashU’s Prime award.

Washington University

NIH Salary Cap Policies and Procedures

February 2024

Annual (ann.) vs. Academic Appointments:

The NIH guidelines state that the amount charged to a grant cannot exceed a stipulated annual rate of pay. Since some faculty have academic year (nine month) appointments, the applicable salary cap for those individuals calculates to 75% of the annual salary cap rate. Accordingly, faculty members with annual (twelve 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.

Faculty with Veterans Administration (VA) Appointments:

Some faculty at the School of Medicine maintain both a WashU and VA appointment. Workday will apply the corresponding WashU FTE figure to determine the applicable NIH salary cap rate of pay ($\$221,900 * X.XX \text{ FTE}$).

Summer Salary:

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

Rebudgeting:

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 rebudget 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 Ask Questions:

The most current version of NIH's Frequently Asked Questions (FAQs) are provided in the 2016 Notice, see <https://grants.nih.gov/grants/guide/notice-files/NOT-OD-16-045.html>.

Procedures:

Workday Payroll Costing Allocations

- Workday (WD) retains and recognizes the NIH salary cap rate based upon its effective date (e.g., 01/01/24). When an employee is Payroll Costing Allocated (PCA) to grant worktag in which the prime source of funding is the NIH/DHHS, WD will compare the individual's actual salary rate and FTE to the applicable cap rate, based upon the effective date of the rate. Please refer to the Payroll Costing Allocation tutorial for additional information, see <https://workday.wustl.edu/items/assign-costing-allocation/>.

Workday Payroll Accounting Adjustments:

- The new NIH salary cap rates were published in **January 2024**. For the period **01/01/2024 through - 02/18/2024**, Payroll Accounting Adjustments are not required to use the new rate (\$221,900), but can be if that's preferred. It **is not** a requirement to adjust salaries related to this specific period, however, the NIH does afford the Principal Investigator and/or the department this option. Please refer to the PAA Reference Guide for additional information (<https://workday.wustl.edu/items/payroll-accounting-adjustments-guide/>) and the Create Payroll Accounting Adjustment tutorial (<https://workday.wustl.edu/items/assign-costing-allocation/>).

Washington University
NIH Salary Cap Policies and Procedures
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Grant / Cost Share Calculation Methodology:

WD will notify the user that the NIH salary cap may apply to the employee, however it will not automatically calculate the applicable grant and cost share amounts. Accordingly, the individual processing the PCA should utilize the [Salary Cap Calculator worksheet](#) (Excel based) to determine the applicable amounts for the grant and related cost sharing. **Note - you can also manually modify the salary cap rate based upon the applicable effective date via cell A13 in the worksheet.**

Payroll Costing Allocation Issues:

- The salary cap limits implemented in WD will continue to effect existing and future Payroll Costing Allocations (PCAs). Salaries for individuals currently paid from NIH/DHHS funded projects will continue to post to the [grant worktag](#) and the [cost sharing worktag](#) based upon the NIH Salary Cap rates in **effect at that time the PCA was originally processed.**
- The NIH Salary Cap limits must be incorporated **for all new PCAs** during the remainder of the University's FY 2023 and for all grants sourced in FY 2024.
- The following practice has been recommended for managing situations when one department (the PI's primary department) is paying for the NIH salary cap cost sharing on grant activity performed in another (secondary) department. To record the effort on the grant in the proper department, the cost sharing [worktag](#) should be maintained by the department in which the grant activity is occurring

