

**Northwestern Engineering****Interdepartmental Correspondence**

Office of the Senior Associate Dean  
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**NIH Salary Cap Guidelines**

These guidelines are set forth to help faculty stay within rules established by the federal government regarding the NIH salary cap. These guidelines apply to faculty with a 9-month salary exceeding the NIH salary cap who charge a portion of any month's salary to an NIH grant. In effect, NIH will pay only the percentage effort based on the current salary cap. For example, using the NIH salary cap of \$179,700,\* which is a 9 month rate of \$134,775 or \$14,975 per month, when a PI commits 10% effort, he or she can only charge \$1,497.50 to the NIH grant. Any amount above that cannot be charged to the grant. This is most problematic for summer salary because the cost-shared salary above the cap must be charged to non-sponsored funds. It can also have an impact on situations where faculty charge a portion of their academic year salary to NIH grants. Specific guidelines are below:

**Academic Year Salary:** Faculty who have committed effort against a NIH grant and who direct charge academic year salary may charge their percentage effort based on the NIH monthly salary cap against the NIH grant. The difference between the salary cap and the actual salary (called the "cap gap") is covered (cost-shared) by McCormick.

**Summer Salary:** When charging salary to an NIH grant over the summer, a source of non-sponsored funds must be identified to cover the cap gap. *By recovering academic year salary, faculty may redirect 100% of the released funds to cover the gap.* If the released funds from academic year salary recovery are not enough to fully cover the gap between the salary cap and actual summer salary, the remainder of the gap must be covered from a discretionary account or department account (at the department's discretion). If academic year salary was recovered in excess of what is needed to cover the summer salary cap gap, the remainder may be used for an additional 0.5 months summery salary at the PI's option, per McCormick policy. If after covering both the summery salary cap gap and the additional 0.5 months summery salary there are still released funds available from the academic year salary recovery, these funds will be distributed according to the standard split between the investigator, the department, and McCormick.

**Joint Appointments:** Faculty who hold a joint paid appointment in another school are exceptions to these guidelines and will be worked out on a case by case basis.

*\* The salary cap of \$179,900 is for awards starting after December 23, 2011. For NIH awards prior to December 23, 2011, the salary cap is based on the start date of the award (for the appropriate salary cap see [http://grants.nih.gov/grants/policy/salcap\\_summary.htm](http://grants.nih.gov/grants/policy/salcap_summary.htm)).*

*For additional guidance, see the FY2012 NIH Salary Cap and Effort Reporting document issued by the Office of Cost Studies, February 3, 2012.*