

**University of Pittsburgh**  
**Office of Research Guidance on the Implementation of the FY2012 NIH Salary Cap**  
**(Guidance is Based on Council on Government Relations Advisory Dated 02/09/12)**

**Implementation of the new NIH Salary Cap**

Official NIH Notice for the FY2012 Salary Cap is found at:

<http://grants.nih.gov/grants/guide/notice-files/NOT-OD-12-035.html>

- 1. *If the initial Issue Date of the FY12 award (competing and non-competing) is on/after 12/23/2011, Executive Level II salary is applicable.***
  - a. For NIH competing grant awards with categorical budgets reflecting salary levels at or above the new limit, NIH will adjust the award downward for the current year and all future years.
  - b. For NIH non-competing grants, awards will not be adjusted downward. Unless otherwise restricted, grantees may re-budget any funds freed as a result of the lower salary level.
  
- 2. *If the initial Issue Date of the FY12 award (competing and non-competing) is on/after 10/1/2011 through on/before 12/22/2011, Executive Level I salary initially is applicable.***
  - a. For NIH competing grant awards with categorical budgets reflecting salary levels at or above the new limit, the grantee may continue to apply the Executive Level I for the FY12 award period and no adjustments are required. However, for future years, NIH will adjust the award downward to reflect Executive Level II and there will be no excess funds freed for re-budgeting
  - b. For NIH non-competing grants, the grantee may continue to apply the Executive Level I for the FY12 award period and no adjustments are required. For future years, Executive Level II is applicable - however, the award will not be adjusted downward and unless otherwise restricted, grantees may rebudget any funds freed as a result of the lower salary level.

Please note that the treatment of the examples above assume that the Executive Level II will remain in effect for the FY13 Federal budget year. If a Federal budget is not approved by 10/1/2012, a Continuing Resolution (CR) will be necessary to keep the Federal Government open for business. Under either scenario, the Executive Level II would remain effective unless legislation provides otherwise.

Additionally funds awarded in prior fiscal years (FY11, FY10, etc.) are not affected by the FY12 salary limitation. For example, if FY11 funds are being carried over into FY12, those funds would not be subject to the salary limitation. However, FY12 funds are subject to the applicable restrictions. The responsibility to manage two salary caps on the same award rests with the institutions where accounts must be managed separately or insure that the carryover be sufficiently documented to comply with the appropriate salary limitation.

For projects that issue subawards/subcontracts, the salary limitation does apply, and is based on the date of issuance of the initial award to the prime grantee.

### **NIH 2012 Fiscal Policy for Grant Awards and Budgeting for Inflationary Increases**

1. Non-competing awards will be issued without cost of living/inflationary adjustments in FY12; however, adjustment for special needs (such as equipment and added personnel) will continue to be accommodated.
2. The NIH will make efforts to keep the average size of awards consistent with FY11 levels or lower.
3. Inflationary increases for future year commitments will be discontinued for all competing and non-competing research grant awards issued in FY12, however adjustments for special needs (such as equipment and added personnel) will continue to be accommodated.
4. FY12 awards that have already been issued will be revised to adjust the award level and future year's commitments in accordance with these principles.
5. For NRSA (Ruth L. Kirschstein National Research Service Awards), the NIH will implement a two percent increase at all stipend levels.

***Although the NIH does not prohibit budgeting for future year inflationary increases in a grant application, given the current budget climate, it is unlikely that those increases will be approved.***