

NIH Salary Cap Calculation Examples

Example 1. Individual with Full-Time Appointment

Example 2. Individual with Half-Time Appointment

Example 3. Individual with a Nine-Month Appointment

For all examples:

- the Institutional Full-Time base salary (IBS) is \$240,000
- the requested Fringe Benefits rate is 25% of the direct salary
- the (F&A) indirect cost rate is 45%
- the salary cap for grant awards/contracts issued on or after January 1, 2024, is \$221,900

Example 1. Individual with Full-Time Appointment

Research effort requested in application/proposal – 12 months (50% effort)

a.	Individual's institutional base salary for a FULL-TIME calendar year appointment	\$ 240,000.00	(IBS)
b.	Direct Salary with research effort (50%)	\$ 120,000.00	(a x .50)
c.	Fringe Benefits requested at 25% of salary	\$ 30,000.00	(b x .25)
d.	SUBTOTAL	\$ 150,000.00	(b + c)
e.	Requested F&A (indirect) costs at 45% of subtotal	\$ 67,500.00	(d x .45)
f.	Total amount to be requested	\$ 217,500.00	(d + e)

The salary cap for the above individual will be calculated as follows:

g.	Salary Cap – FY 2024	\$ 221,900.00	
h.	Salary Cap with research effort (50%)	\$ 110,950.00	(g x .50)
i.	Fringe Benefits calculated at 25% of allowable salary	\$ 27,737.50	(h x .25)
j.	SUBTOTAL	\$ 138,687.50	(h + i)

k.	Associated F&A (indirect) costs at 45% of subtotal	\$ 62,409.38	(j x .45)
l.	Total amount to be awarded due to salary limitation	\$ 201,096.88	(j + k)

Therefore, the amount of reduction due to federal salary limitation is:

m.	Total adjustment	\$ (16,403.12)	(l - f)
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Example 2. Individual with Half-Time Appointment

Research effort requested in application/proposal – 6 months (30% effort)

a.	Individual's institutional base salary for a HALF-TIME calendar year appointment	\$ 120,000.00	(IBS x (6/12))
b.	Direct Salary with research effort (30%)	\$ 36,000.00	(a x .30)
c.	Fringe Benefit Requested at 25% of salary	\$ 9,000.00	(b x .25)
d.	SUBTOTAL	\$ 45,000.00	(b + c)
e.	Requested F&A (indirect) costs at 45% of subtotal	\$ 20,250.00	(d x .45)
f.	Total amount requested	\$ 65,250.00	(d + e)

The salary cap for the above individual will be calculated as follows:

g.	Salary Cap FY 2024	\$ 221,900.00	
h.	Salary Cap FY 2024 (6-month rate)	\$ 110,950.00	(g x (6/12))
i.	Salary Cap with Research effort (30%)	\$ 33,285.00	(h x .30)
j.	Fringe Benefits calculated at 25% of allowable salary	\$ 8,321.25	(i x .25)
k.	SUBTOTAL	\$ 41,606.25	(i + j)
l.	Associated F&A (indirect) costs at 45% of subtotal	\$ 18,722.81	(k x .45)
m.	Total amount to be awarded due to salary limitation	\$ 60,329.06	(k + l)

Therefore, the amount of reduction due to federal salary limitation is:

n.	Total Adjustment	\$ (4,920.94)	(m-f)
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Example 3. Individual with a Nine-Month Appointment

Research effort requested in application/proposal – 9 months (30% effort)

a.	Individual's institutional base salary for a nine-month calendar year appointment	\$ 180,000.00	(IBS x (9/12))
b.	Direct salary requested	\$ 54,000.00	(a x .30)
c.	Fringe Benefit Requested at 25% of salary	\$ 13,500.00	(b x .25)
d.	SUBTOTAL	\$ 67,500.00	(b + c)
e.	Requested F&A (indirect) costs at 45% of subtotal	\$ 30,375.00	(d x .45)
f.	Total amount requested	\$ 97,875.00	(d + e)

The salary cap for the above individual will be calculated as follows:

g.	Salary Cap – FY 2024	\$ 221,900.00	
h.	Salary Cap – FY 2024 (9-month rate)	\$ 166,425.00	(g x (9/12))
i.	Salary Cap with Research effort (30%)	\$ 49,927.50	(h x .30)
j.	Fringe Benefits calculated at 25% of allowable salary	\$ 12,481.88	(i x .25)
k.	SUBTOTAL	\$ 62,409.38	(i + j)
l.	Associated F&A (indirect) costs at 45% of subtotal	\$ 28,084.22	(k x .45)
m.	Total amount to be awarded due to salary limitation	\$ 90,493.60	(k + l)

Therefore, the amount of reduction due to federal salary limitation is:

n.	Total Adjustment	\$ (7,381.40)	(m-f)
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