March 12, 2012

To: Business Office Staff

From: Suzanne Payne

Re: Administration of NIH FY2012 Salary Limitation at Purdue University

The NIH annual salary that an individual can receive from NIH funding has decreased to Executive Level II ($179,700 for FY, $134,775 for AY, $14,975 monthly) effective for awards with an initial date on/after December 23, 2011. Executive Level I ($199,700 for FY, $149,775 for AY, $16,642) remains in effect for the unobligated balance from previous years funding. This limit (salary cap) usually changes annually through the funds appropriation act for NIH. This memo addresses Purdue procedures for assuring compliance with NIH requirement.

When Purdue receives an award that includes salary support for a staff member earning over the NIH Salary Cap, SPS will contact the business office to verify the actual cost sharing required to fund the individual’s salary. The business office will need to work with Pre-Award to obtain the form 32 (or revised form 32, if applicable). New data will need to be generated by Pre-Award only if the staff salary is different from what was included in the proposal budget. In this case Pre-Award would provide the business office with the form 32 and cost sharing budget required to fund the percent effort supported by the project. The correct form 32 will need to be forwarded to spsdhhs@purdue.edu. SPS Post-Award will then properly establish the Salary Cap budget to support the distribution of effort funded on the project. The University will cost share the difference between the capped rate and the actual salary rate along with the associated fringe benefits from the central reserves.

When Purdue receives FY2012 funding that includes salary support for a staff member earning over the NIH Salary Cap, Executive Level II will apply. Any unobligated balance from previous years funding will continue to use the Executive Level I Salary Cap until the remaining balance has been fully expensed. SPS Post Award will create a new Internal Order (IO) and Sponsored Program for the FY2012 funding increase from NIH, and one for the FY2012 Salary Cap account. These accounts will be named “FY2012” to differentiate between previous years funds and FY2012 funds. Any salary charged to the previous years (old sponsor) IO would need to continue to use the old salary cap IO.

University staff will be notified when the NIH Salary Cap changes.

The original Salary Cap announcement can be found at the following link: <http://grants1.nih.gov/grants/guide/notice-files/NOT-OD-12-035.html>, and the FAQs can be found at: <http://grants.nih.gov/grants/policy/fy2012_salary_cap_faqs.htm>.

Salary Cap Expectations <http://www.purdue.edu/business/sps/doc/Salary%20Cap%20Expectations%202012.docx>

If you have questions regarding this procedure, please contact Suzanne Payne at spsdhhs@purdue.edu, or 494-1066.