

## MEMORANDUM

**To:** Viterbi School Faculty

**From:** Timothy M. Pinkston, Vice Dean for Faculty Affairs  
Yannis C. Yortsos, Dean

**Date:** April 29, 2021

**Subject:** NIH Salary Cap Practices Guidelines

*Timothy M. Pinkston*  
*Yannis C. Yortsos*

Please see NIH Salary Cap Practices guidelines below, and also attached as a pdf file.

NIH grants have a monthly maximum salary (salary cap) for a faculty investigator who charges academic or summer time to the grant. The current monthly cap is \$16,608.33, which translates into \$149,475 nine-month IBS salary. For faculty whose IBS rate exceeds the cap, the maximum allowable monthly charge to the grant is the NIH cap, although the faculty investigator is committed to 100% effort. This applies to both academic and summer months. Current Viterbi practice is for the difference between full-time effort and the NIH cap to be provided by the school, in case the faculty charges academic-year time, at the NIH cap rate, and by faculty discretionary funds, in the case of summer support.

To address the imbalance between the academic year and summer months, the Viterbi School practice will be modified as follows:

The school will continue paying the difference between the compensation for full effort and the NIH cap for faculty who charge academic time to the grant(s) at the NIH cap rate. In addition, the school will also cover for every summer month (and up to three summer months, if so allowed by the agency) the difference between the compensation for full effort and the NIH cap rate for those faculty who charge summer time to the grant, as long as there is a one-to-one correspondence between the charging of time over summer and of time over the academic year. Namely, the school will cover the difference between a summer month full-time compensation and the NIH cap, under the condition that an academic-year month effort at the NIH cap rate is also charged to NIH grants. With this change, any difference in summer month compensation will no longer need to be covered by the faculty member's discretionary funds, unless the above condition is not met, in which case the difference may be covered by discretionary funds.

The return rate to discretionary funds for academic-year time charged to the NIH grant(s) will remain at the rate of 53%, as is the case with all other grants. This practice will take effect starting in the next fiscal year 2021-2022 (namely starting July 1, 2021).

cc: Kim Bregenzer, Christopher James, Nichole Phillips

