

Sponsor Salary Restrictions: National Institutes of Health Limitations for Graduate Students

Background

In 1994 the Department of Health and Human Services (DHHS) Inspector General reported that several universities were using federal research grant funds to support graduate students at compensation rates that were determined as unreasonably high. The salary and fringe benefit portions of the compensation were within the guidelines, but the addition of tuition remission raised some of the compensation rates to unreasonable levels. Since then, the cost principles in OMB Circular A-21 have been clarified. The treatment of costs must be consistent, and compensation (as a cost) must be allowable, allocable, reasonable, and necessary.

Salary Limitation

The graduate student employee salary limit is \$39,264. This reflects a \$768 increase from the previous limit of \$38,496. As with the previous salary limit, this amount includes salary or wages, fringe benefits, and tuition remission. The new compensation allows compensation at "0" National Research Service Award (NRSA) stipend level. Connecting the research compensation levels to the NRSA stipend schedule provides the potential for annual cost of living increases, which did not occur under the former policy.

Applicability

The salary limitation:

- provides up to \$39,264 for graduate student employees working under competing grant and cooperative agreement awards.
- does not apply to graduate students working on NRSA training grants and fellowships.

Requirements

For modular grant submissions, the requirements include

- a description of the graduate student role in the budget narrative of the proposal.
- institutional assurance that reasonable rates of compensation are being charged to research grants.
- institutional basis for the compensation level in the budget justification section of the proposal.

For rebudgeting,

- the rebudgeted amount must not exceed that paid to a first-year postdoctoral employee at the same institution performing comparable work.

Note: Institutions may continue to rebudget funds to charge more than the awarded amount provided that OMB Circular A-21 cost principles requiring reasonable compensation are observed. In general, graduate student compensation will not be

considered reasonable if in excess of the amount paid to a first-year postdoctoral scientist at the same institution performing comparable work.

References

NIH Guide, December 10, 2001, Graduate Student Compensation (<https://grants.nih.gov/grants/guide/notice-files/not-od-02-017.html>).

[Notice Number: NOT-OD-12-033](#) Ruth L. Kirschstein National Research Service Award (NRSA) Stipends, Tuition/Fees and Other Budgetary Levels Effective for Fiscal Year 2012.

Change History

- **September 25, 2012** - Revised to provide current salary limitations for NIH's FY2012 (October 1, 2011 - September 30, 2012)
- **July 17, 2002** - Revised to provide current salary limitation of \$28, 260.

Feedback

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