

## Documenting Salary Cap on Proposal Budgets

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Some sponsors impose a “salary cap” on the amount that may be awarded for any one person’s effort. [The current NIH salary cap](#) can be found here.

### Two Approaches:

If an individual’s institutional base salary (IBS) is more than the salary cap amount, there are two approaches to reflecting the request for that individual’s salary in a sponsored project budget:

**Option A)** (Recommended and preferred by most federal sponsors): Calculate the request for the salary amount for that individual using the IBS. The sponsor will cap the amount awarded automatically, despite the use of the IBS in the calculation. The result is a lesser amount awarded to compensate that individual than was requested.

**Option B)** Calculate the request for the salary amount for that individual by multiplying the salary cap amount by the calendar month(s) he/she plans to spend on the project: The request will then not exceed what the sponsor is allowing for compensation.

In either Option A or Option B, the actual compensation to that individual for his/her effort will be more than what is paid by the sponsor. This results in salary cap cost-share and the department receiving the funding is required to pay for the difference from non-sponsored funds. More information on salary cap, cost-share and effort reporting at the University of Washington is available [here](#).

### Reminder:

In either Option A or B, **the individual’s Institutional Base Salary (IBS) MUST be reflected in the proposal budget or budget justification section.** This is a requirement of federal sponsors, whether IBS is used as a basis for the calculation or whether the salary cap is used.