

UNDERSTANDING NIH EXECUTIVE SALARY LIMITATIONS

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Typically, NIH revises its executive compensation limitations on an annual basis (as they have for 2009). In short, NIH does not allow grantees to charge direct labor rates in excess of the executive salary limitation, however, the indirect portion may still be allowable provided that the overall executive compensation is reasonable (you would need to be prepared to show this). Grantees typically run awry when they charge the grant using an effective hourly labor rate consistent with the annual executive salary limitation divided by 2,080 hours, then take all the rest of the excess labor, plus the indirect labor as all indirect labor. This would be incorrect as the grantee would be overcharging F&A because the proportion of direct labor in excess of the executive salary limitations would be unallowable direct labor (included in the F&A base) and not indirect labor.



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IMPORTANT DATES

- ◆ **July 30th, 2009:**
Expiration of SBIR program through continuing resolutions
- ◆ **September 30th, 2009:**
Deadline for OMB A-133 Audit Reports (December 31, 2008 awardees)
- ◆ **October 28th, 2009:**
2nd Annual SBIR Government Contractor Seminar
- ◆ **October 31th, 2009:**
Begin planning your 2009 indirect rates.